

# FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



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January 14, 2016

To the Selectboard  
Town of Westford, Vermont

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westford, Vermont as of and for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 21, 2015. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. The application of existing policies was not changed during the year. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates that were particularly sensitive.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements was:

- The disclosure of an extraordinary item in Note 12 to the financial statements describes the cumulative financial impact of this event, along with construction commitments for fiscal year 2016.
- The disclosures relating to the Highway Fund deficit in Note 13 to the financial statements describes the beginning and ending deficits for this fund, which was newly created for fiscal year 2015.

The financial statement disclosures are neutral, consistent and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The uncorrected misstatement of the financial statements was related to property tax revenues of \$4,382.

Management has determined, and we agree, that its effects are immaterial, both individually and in the aggregate, to the financial statements as a whole.

We prepared seventeen (17) adjustments to your financial statements which were accepted and recorded by management. Of these adjustments, twelve (12) were detected by audit procedures and three (3) of those were material adjustments. The material adjustments were related to grant revenues and related receivables and prior year accounts payable.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 14, 2016.

### *Material Weaknesses and Significant Deficiencies in Internal Control*

Please see the Schedule of Findings where we reported two (2) material weaknesses in internal control and one (1) significant deficiency. The schedule also includes management's response to these findings.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

### *Bank Reconciliations*

When reviewing bank reconciliations, we noted that the reconciliations selected did not have a clear sign-off by the Town Auditors. We recommend that the reconciliations be signed and dated by the Town Auditors.

### *Timesheets*

We noted that not all timesheets were signed by employees. We recommend that all employees sign their timesheets to certify their time.

### *Financial Policies*

The Town has a well-developed financial policies and procedures manual. However, we noted that some of the policies and procedures have not been updated to reflect current practices. We discussed this with the Treasurer during the course of our audit and recommend that the manual be reviewed and updated.

### *Fund Balance Policy*

In 2009, the Governmental Accounting Standards Board issued GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." The Selectboard has not adopted a policy which addresses the Town's ability to classify the components of fund balance. We recommend that the Selectboard adopt a fund balance policy.

### *Other Matters*

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information presented in Schedules 1-2, which accompany the financial statements, but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

*Restriction on Use*

This information is intended solely for the use of the Selectboard and management of the Town of Westford, Vermont and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Fothergill Segale & Valley, CPAs*

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