

# Sullivan, Powers & Co., P.C.

Certified Public Accountants

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September 6, 2024

Selectboard  
Town of Waterford, Vermont  
P.O. Box 56  
Lower Waterford, VT 05848-0056

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Waterford, Vermont as of and for the year ended December 31, 2023, and have issued our report dated September 6, 2024. 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 engagement letter to you dated April 11, 2024. Professional standards also require that we communicate to you the following information related to our audit.

## Our Responsibilities under U.S. Generally Accepted Auditing Standards and “Government Auditing Standards”

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Town of Waterford, Vermont. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the Town of Waterford, Vermont’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

### 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 of Waterford, Vermont are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town of Waterford, Vermont 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.

We did not audit the transfer station revenues because of inadequacies in the Town's controls over transfer station receipts during the year. We were unable to obtain sufficient appropriate audit evidence about the completeness of the transfer station revenues in the Statement of Activities – Modified Cash Basis and Statement of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balances – General Fund (stated at \$31,273) by other auditing procedures.

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

We encountered no 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. We proposed adjustments that, in our judgement, either individually or in the aggregate, had a significant effect on the financial reporting process. These audit adjustments related to cash, due from/to other funds, fund balance/net position, cash receipts and cash disbursements. These audit adjustments were caused by not reconciling the supporting documentation to the general ledger. These corrections were considered significant in relation to the governmental activities, the General Fund and the aggregate remaining fund information. These adjustments were all posted by management.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is 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 September 6, 2024.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Waterford, Vermont's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*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 our acceptance as the Town of Waterford, Vermont's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our acceptance.

Other Matters

We were not engaged to report on the Statement of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balance – Budget and Actual – Budgetary Basis – General Fund and combining fund financial statements which accompany the financial statements. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Respectfully submitted,

*Sullivan, Powers & Co.*

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