

February 9, 2015

The Select Board
Town of Greensboro
P.O. Box 119
Town of Greensboro, VT

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Greensboro, Vermont, as of and for the year ended June 30, 2014. 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 previously through verbal conversations. 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 Town of Greensboro, VT are described in Note 1 to the financial statements. The Town adopted GASB 65, *Items Previously Reported as Assets and Liabilities* for the year ending June 30, 2014. We noted no transactions entered into by the governmental unit 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. The most sensitive estimate affecting the governmental activities' financial statements was:

Management's reporting of historical cost and useful lives of capital assets is based on estimated information due to the fact that the Town had not been tracking, depreciating and accounting for capital assets prior to this year. We evaluated the key factors and assumptions used to develop the valuation and useful life of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

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. Management has corrected all such misstatements. The material misstatements corrected by management are shown in the accompanying listing of adjusting journal entries. The misstatements not corrected by management are shown in the accompanying listing of uncorrected misstatements.

The Select Board
Town of Greensboro

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 January 21, 2015.

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 to our retention.

Other Matters

During our audit, we became aware of several matters that are opportunities for strengthening internal controls and operational efficiency. We previously reported on the Organization's internal control in our report dated January 21, 2015, in which we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies. Our comments presented herein are in addition to those previously reported.

Bank Reconciliations

The Town's bank reconciliations reviewed during our audit contained instances of outdated adjustments, in many cases offsetting one another, shown as outstanding as of June 30, 2014. We recommend that these outdated items be investigated and adjusted as appropriate.

Time Card Approval

Time cards are not being inspected prior to the warrant approval process. We recommend having a department head or other responsible individual inspect and sign off on all time cards on a regular basis in order to provide a more effective internal control.

Volunteer Firefighter Stipend Rates

The Town lacks supporting calculation or documentation for the amount paid to volunteer firefighters in fiscal year 2014. We recommend documenting the accepted rates for volunteer firefighters or documenting the process by which volunteer firefighter stipends are determined. In this way, the amount of payment due to each volunteer firefighter will be clear and verifiable.

We applied certain limited procedures to the *Statement of Revenues and Expenditures – Budget and Actual* for the General Fund and the Highway Fund, which are 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 *Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance* for the Other Governmental Funds, 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.

Restrictions on Use

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

Very truly yours,

Pace & Hawley, LLC

1/21/2015 4:38PM

Entry #	Status	Account/Code	Description	Workpaper	Misstate	Debit	Credit
AJE 1	Posted	100-1-00-190.0	Due From Other Funds	60-1/2			8,935.35
		100-6-97-920.0	Transfer from Other Fund			8,898.60	
		100-7-15-099.0	Misc Expense			36.75	
		740-7-80-740.0	Eradication Expenses				8,935.35
		740-1-00-190.0	Due From Other Funds			8,935.35	
			Adjust NEMRC GJE #20140050, #20140055, #20140204 to eliminate balance in transfers, due to / due from and duplicate expenditures in Fund #740				
AJE 2	Posted	510-3-00-300.0	Fund Balance-Gravel Pit	60-1/1		18,500.00	
		510-6-70-201.0	Town Appropriation				18,500.00
			Adjust transfer from General Fund for FY14 gravel pit loan payment				
AJE 3	Posted	900-2-00-000.0	Debt - Fire Station Note	CC-1		815,000.00	
		900-3-00-000.0	Debt - Offset				815,000.00
			To record long term debt at year end FY 14				
AJE 4	Posted	100-1-20-200.0	Property Tax Receivable	B-1		21,209.84	
		100-6-20-201.0	Property Tax-Current				18,443.36
		100-6-20-205.0	Delinquent Tax Interest				1,291.01
		100-6-20-205.0	Penalt on Delinquent Tax				1,475.47
			To record property tax receivable on 6/30/14				
AJE 5	Posted	530-1-00-100.0	Conservation Fund #6029	A-3/3		2,000.00	
		530-6-00-201.0	Town Appropriation				2,000.00
			Record Conservation Fund Town Appropriation				
AJE 6	Posted	700-6-10-700.0	PUBLIC SAFTEY GRANTS	10-4/1		3,676.00	
		700-7-80-810.0	PUBLIC SAFETY GRANT EXPEN				3,676.00
			To record grant related pmt as expense instead of reduction of revenue				
AJE 7	Posted	100-6-80-810.0	G'BORO GRANGE BLDG	10-4/3-1		3,467.50	
		100-1-00-150.0	Accounts Receivable				3,467.50
			To reverse revenue improperly recorded in FY 14 and undo receivable still on books at year end (PY auditor adjustment)				
AJE 8	Posted	100-6-80-810.0	G'BORO GRANGE BLDG	10-4/3-2		3,711.25	
		100-1-00-150.0	Accounts Receivable				3,711.25
			To book incoming grant revenue as receivable on 6/30/14				
AJE 9	Posted	900-2-00-100.0	Accrued Vacation	CC-5		11,034.74	
		900-3-00-000.0	Debt - Offset				11,034.74
			To record accrued vacation for gov't-wide F/S				
AJE 10	Posted	100-1-10-100.0	Prepaid Health Insurance	E-1		3,997.93	
		100-7-10-013.0	Town Clerk-Health Insur.				1,165.58
		200-7-60-013.0	Health Insurance				2,832.35
		100-1-00-190.0	Due From Other Funds				2,832.35
		200-1-00-190.0	Due From Other Funds			2,832.35	
			To record prepaid asset on 6/30/14				
AJE 11	Posted	100-7-65-267.0	New Equipment	AA-1/1		665.56	
		100-7-50-020.0	Repairs & Maintenance			1,800.00	
		100-7-65-267.0	New Equipment			1,895.00	
		100-7-62-100.0	Legal			360.00	
		100-7-65-267.0	New Equipment			878.00	
		100-2-00-220.0	Accounts Payable				5,598.56
		200-7-50-260.0	Equip. Repairs/Maint.			545.93	
		200-2-00-220.0	Accounts Payable				545.93
			Record 6/30/2014 A/P as provided by client. REVERSE ENTRY ON 7/1/2014				
AJE 12	Posted	200-7-45-605.0	Mowing/Brush	AA-2/1		6,000.00	
		200-2-00-220.0	Accounts Payable				6,000.00
			Accrue J A Mitchell Contracting invoice # 183 for FY14 mowing				
AJE 13	Posted	510-2-00-290.0	Due To Other Funds	EE-1		301,365.84	
		510-3-00-300.0	Fund Balance-Gravel Pit				301,365.84
			Adjust NEMRC GJE #20140005 to properly record beginning fund equity of capital project fund				

1/21/2015 4:38PM

Entry #	Status	Account/Code	Description	Workpaper	Misstate	Debit	Credit
AJE 14	Posted	100-7-97-510.2	Transfer Out - Beginning Balanc	SS-1		159,200.02	
		100-3-00-300.0	Fund Balance				159,200.02
		200-3-00-300.0	Fund Balance			19,455.43	
		200-6-99-000.0	Transfer In - Beginning Balanc				19,455.43
		450-3-00-300.0	Nonspendable Fund Balance			308.35	
		450-6-99-000.0	Transfer In - Beginning Balanc				308.35
		520-3-00-300.0	Committed Fund Balance			363.35	
		520-6-99-000.0	Transfer In - Beginning Balanc				363.35
		530-3-00-300.0	Committed Fund Balance			10,381.13	
		530-6-99-000.0	Transfer In - Beginning Balanc				10,381.13
		570-3-00-300.0	Committed Fund Balance			51,029.68	
		570-6-99-000.0	Transfer In - Beginning Balanc				51,029.68
		580-3-00-300.0	Fund Balance			2,178.00	
		580-6-99-000.0	Transfer In - Beginning Balanc				2,178.00
		590-3-00-300.0	Committed Fund Balance			34,427.76	
		590-6-99-000.0	Transfer In - Beginning Balanc				34,427.76
		710-3-00-300.0	Restricted Fund Balance			2,328.31	
		710-6-99-000.0	Transfer In - Beginning Balanc				2,328.31
		720-3-00-300.0	Restricted Fund Balance			6,320.00	
		720-6-99-000.0	Transfer In - Beginning Balanc				6,320.00
		740-3-00-300.0	Restricted Fund Balance			29,448.30	
		740-6-99-000.0	Transfer In - Beginning Balanc				29,448.30
		750-3-00-300.0	Restricted Fund Balance			2,959.71	
		750-6-99-000.0	Transfer In - Beginning Balanc				2,959.71
			Adjust initial creation of funds as transfer out of General Fund not direct equity				
AJE 15	Posted	300-7-97-510.2	Transfer Out - Beginning Balanc	SS-1/1		323,774.26	
		300-3-00-300.0	Fund Balance				323,774.26
		510-3-00-300.0	Fund Balance-Gravel Pit			301,365.84	
		510-6-99-000.0	Transfer In - Beginning Balanc				301,365.84
		560-3-00-300.0	Committed Fund Balance			22,408.42	
		560-6-99-000.0	Transfer In - Beginning Balanc				22,408.42
			Adjust initial creatio of funds as transfer out of Reserve Fund not direct equity				
AJE 16	Posted	560-3-00-300.0	Committed Fund Balance	SS-1/2		546.22	
		560-6-99-999.0	Misc revenue				546.22
		590-3-00-300.0	Committed Fund Balance			262.73	
		590-6-99-999.0	Misc revenue				262.73
			Adjust NEMRC GJE #20140091 and #20140093 which were posted directly to equity				
AJE 17	Posted	100-3-00-300.0	Assigned Subsequent Yr FB	SS-1/3		21,195.91	16,000.00
		100-3-00-300.0	Fund Balance				
		100-6-15-099.0	Misc Revenue				5,195.91
			Reclass balance assigned to subsequen year and adjust for client's prior period adjustments posted directly to equity				
TOTALS						2,204,764.06	2,204,764.06

Town of Greensboro
Summary of Uncorrected Misstatements
June 30, 2014

PAJE	W/P	Type	Assets	Liabilities	Revenues	Expenses	Transfers	Other	Income	Equity
Prior year misstatements:										
Grant expense in wrong period	10-4/1-1	KM	3,612	(3,612)	n/a	n/a	n/a	n/a	n/a	-
Net client prior period adjustments	SS-1/3	ULD	5,196	-	n/a	n/a	n/a	n/a	n/a	(5,196)
			-	-	n/a	n/a	n/a	n/a	n/a	-
Total prior year misstatements			<u>8,808</u>	<u>(3,612)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,196)</u>
Reverse of prior misstatements:										
Net client prior period adjustments	SS-1/3	ULD	(5,196)	-	5,196	-	-	-	5,196	n/a
			-	-	-	-	-	-	-	n/a
			-	-	-	-	-	-	-	n/a
Total reverse of prior year misstatements			<u>(5,196)</u>	<u>-</u>	<u>5,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,196</u>	<u>n/a</u>
Cumulative effect of prior year misstatements			<u>3,612</u>	<u>(3,612)</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>-</u>
Current year misstatements:										
Accounts Payable	AA-1	ULD	-	3,541	-	(3,541)	-	-	(3,541)	n/a
			-	-	-	-	-	-	-	n/a
			-	-	-	-	-	-	-	n/a
Total current year misstatements			<u>-</u>	<u>3,541</u>	<u>-</u>	<u>(3,541)</u>	<u>-</u>	<u>-</u>	<u>(3,541)</u>	<u>n/a</u>
Total cumulative misstatements			<u>3,612</u>	<u>(71)</u>	<u>-</u>	<u>(3,541)</u>	<u>-</u>	<u>-</u>		
Total misstatement to current year income									<u>1,655</u>	
Cumulative misstatements to equity										<u>(3,541)</u>