FOTHERGILL SEGALE & VALLEY
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October 14, 2010

To the Board of Commissioners and Management
Southern Windsor County Regional Planning Commission
Ascutney, Vermont

We have audited the financial statements of the governmental activities and each major fund of the Southern Windsor County Regional Planning Commission (the Commission) as of and for the year ended June 30, 2010 and have issued our report thereon dated October 14, 2010. 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 May 26, 2010. 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 Commission are described in Note 1 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 Commission 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 Commission's financial statements was:

- Management's estimate of the depreciation is based on estimated useful lives of the assets. We evaluated the key factors and assumptions used and determined that the estimate used is reasonable in relation to the financial statements taken as a whole.

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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 trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole.

We proposed two immaterial adjustments to your financial statements which were accepted and recorded by management.

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 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 October 14, 2010.

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.

The Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards* includes a finding related to lack of segregation of duties. The details of the finding are on page 24 of the year end audit.

New Accounting Standard

Starting in fiscal year 2011, the Commission will be required to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This new GASB establishes new fund balance classifications for governmental fund types and clarifies the definitions of the governmental fund types.

You will have to present your fund balances in the following components:

- Nonspendable
- Restricted
- Committed
- Assigned
- Unassigned

We would like the Commission to become familiar with this new GASB and be able to implement the new components effective July 1, 2010.

This information is intended solely for the use of the Commissioners and management and is not intended to be and should not be used by anyone other than the Commission.

Very truly yours,

Fothergill Segale & Valley, CPAs

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Index________

ALG-CX-12.2: Audit Difference Evaluation Form

Governmental Unit: ________ Financial Statement Date: ________

Prepared by: DM Date: 8/16/10

Opinion Unit: General fund / gov't activities A Listing of Known Audit Differences Over:[a] > 500

Instructions: This form can be used to accumulate known and likely audit differences (AD). All known and likely misstatements greater than the amount considered trivial (documented at Step 5 of ALG-CX-2.1) should be listed. This form should not include normal closing entries. At the end of the audit, the auditor should evaluate all uncorrected audit differences, individually and in the aggregate, in the context of individual opinion units and conclude on whether they materially misstate the financial statements of an opinion unit taken as a whole. Thus, a separate "Audit Difference Evaluation Form" should be prepared for each opinion unit. The notes following the table provide footnote explanations and a listing of qualitative considerations in evaluating materiality. The authors recommend that in quantifying the effect of misstatements, both the rollover and iron curtain methods be used. The auditor should review the guidance beginning at paragraph 1011.36 before completing this form.

				Financial Statements Effect—Amount of Over (Under) Statement of:						
								%	%	%
Description (Nature) of Audit Difference (AD)	Known (K) or Likely (L)	Cause	Workpaper Ref.	Total Assets	Total Liabilities	Working Cap.	Equity	Revenues	Expen.	Change in Fund Balance/Net Assets[b]
A/R - 6/30/09	K	not recorded	[illegible]						1000	(1000)
Accrued payroll 6/30/09	K	not recorded	[illegible]						2575	(2575)
Accrued payroll 6/30/10	K	not recorded	[illegible]		(3598)	3598	3596		(3598)	3595
A/R - 6/30/10	K	not recorded	[illegible]					1521		1521
Total from Continuation Page(s)										
Total					(3898)	3898	3898	1521	(23)	1544
Less Audit Adjustments Subsequently Booked										
Net Unadjusted (AD)—Current Year (Iron Curtain Method)										
Effect of Unadjusted AD—Prior Years[c]										
Combined Current and Prior Year (Rollover Method)										
Financial Statement Caption Totals										

ALG-CX-12.2
(Continued)

Index________

				Financial Statements Effect—Amount of Over (Under) Statement of:						
								%	%	%
Description (Nature) of Audit Difference (AD)	Known (K) or Likely (L)	Cause	Workpaper Ref.	Total Assets	Total Liabilities	Working Cap.	Equity	Revenues	Expen.	Change in Fund Balance/Net Assets[b]
Current Year AD as % of F/S Captions (Iron Curtain Method)										
Current and Prior Year AD as % of FS Captions (Rollover Method)										

Conclusion: Based on the results of the evaluation performed above, as well as the consideration of qualitative factors, uncorrected audit differences, individually and in the aggregate, ________ do/__X__ do not cause the financial statements of the opinion unit taken as a whole to be materially misstated.[d]