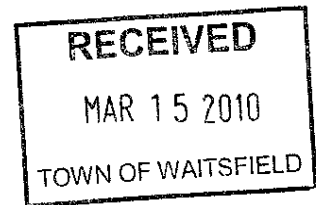


WILLIAM YACAVONI
CERTIFIED PUBLIC ACCOUNTANT
301 North Main Street
Barre, VT 05641

Tel. 476-4464

Fax 476-7785

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS



Board of Selectmen
Town of Waitsfield, Vermont
Waitsfield, Vermont 05673

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Waitsfield, Vermont, as of and for the year ended December 31, 2009, which collectively comprise the Town of Waitsfield, Vermont basic financial statements and have issued my report thereon dated January 27, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Waitsfield, Vermont internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Waitsfield, Vermont internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Waitsfield, Vermont internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Waitsfield, Vermont ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Waitsfield, Vermont financial statements that is more than inconsequential will not be prevented or detected by the Town of Waitsfield, Vermont internal control.

I consider the deficiency in the accompanying Schedule of Findings and Questioned Costs as item 2009-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Waitsfield, Vermont internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, I believe the significant deficiency noted above is also a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Waitsfield, Vermont financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the audit committee, the Board of Selectmen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

William Yacavoni
Certified Public Accountant
License # 92-0000153
January 27, 2010

TOWN OF WAITSFIELD, VERMONT
FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009

2009-1: SEGREGATION OF DUTIES

Condition: The Town Treasurer performed bookkeeping duties, reconciled the bank statements, and had check-signing authority.

Criteria: Proper internal controls require a segregation of duties between the bookkeeping duties and the authority to sign checks (access to cash).

Effect: Due to the lack of segregation of duties, the Town Treasurer had the ability to both perpetrate and conceal errors and/or irregularities.

Recommendation: Due to limited office staff, it is difficult to obtain optimal internal control over access to cash. However, as a minimum, I recommend that the Board of Selectmen appoint an individual other than the Town Treasurer to be responsible for performing the monthly bank reconciliation.