

FOTHERGILL SEGALE & VALLEY

Certified Public Accountants

September 7, 2006

Selectboard Members
Town of Huntington
4930 Main Road
Huntington, VT 05462-9712



John E. (Jeff) Fothergill, CPA
Michael L. Segale, CPA
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Teresa H. Kajenski, CPA
Jane M. Burroughs, CPA
Donald J. Murray, CPA

Dear Members,

We have recently completed our audit of the Town of Huntington's June 30, 2006 financial statements. The following are our observations and recommendations developed during our audit.

FINANCIAL PERFORMANCE

The financial statement format under GASB 34 is presented in two separate types of reporting, 1) the "Government-Wide" reporting and 2) the "Governmental Fund" reporting. Page 3 in the Management's Discussion and Analysis under "Financial Highlights" provides an overview of the financial outcome under each reporting statement. Pages 4 – 8 provide a more detailed analysis.

For budgetary purposes, the Board uses the "Governmental Fund" reporting statements. These statements are shown in Exhibit C and Exhibit E (along with Schedule 1 & 2) of the financial statements. For budgetary purposes, the Town ended with a General Fund fund balance of \$73,038, and Special Revenue Fund fund balances of \$483,214. Exhibit G provides a detailed budget to actual analysis of revenues and expenditures for fiscal year June 30, 2006 for the General Fund.

Unreserved fund balances represent funds that can be used for any purpose. Reserved fund balances represent funds targeted for specific purposes.

CURRENT YEAR OBSERVATIONS

During the past year the accounting system was converted from the Quickbooks accounting software to the NEMRC accounting software. At the time of our audit fieldwork in September 2006, we were very impressed with the completeness of the records considering this transition. We were also very pleased on how the use of the fund options was utilized to track the special revenue funds of the Town.

We would also like to comment on the improvement of the internal controls that have been implemented during this transition.

We would like to take this opportunity to thank the town's personnel and elected officials for their team effort during our process.

Thank you for the opportunity to perform the audit. If you have any questions please call us.

Sincerely,

Fothergill Segale + Valley, CPAs

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