Mudgett
Jennett &
Krogh-Wisner, P.C.
Certified Public Accountants #435

September 24, 2026

The Selectboard
Town of Guilford, Vermont

In connection with audit engagements, we are required by auditing standards generally accepted in the United States of America to communicate certain matters with those charged with governance. The term "those charged with governance" means the persons with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, for example, the Selectboard (the Board) or a designated Board officer or committee. This communication is provided in connection with our audit of financial statements of the Town of Guilford, Vermont (the Town) as of and for the year ended June 30, 2026.

These standards require us to communicate with you any matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. They also set the expectation that our communication will be two way, and that the Board or their designee will communicate with us matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures.

This letter summarizes those matters which we are required by professional standards to communicate to you in your oversight responsibility for the Town's financial reporting process.

Auditor's Responsibility under Professional Standards

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States were described in our arrangement letter dated February 6, 2026. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

An Overview of the Planned Scope and Timing of the Audit

The scope of the audit was also described in our arrangement letter dated February 6, 2026. The audit was conducted in August 2026; our exit conference with management was held on August 19, 2026; drafts of the financial statements and reports were provided to management on August 24, 2026.

Accounting Policies and Practices

- **Preferability of Accounting Policies and Practices**

  Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

- **Adoption of, or Change in, Accounting Policies**

  Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town. The Town has implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements,* for the year ended June 30, 2026. The most significant impact on these financial statements is that budgetary reporting previously presented within the basic financial statements is now presented as required supplementary information. Other modifications to financial reporting revise the management's discussion and analysis.

- **Significant or Unusual Transactions**

  We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

- **Management's Judgments and Accounting Estimates**

  Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. The significant accounting estimates reflected in the Town's 2026 financial statements are deferred property taxes, depreciation expense and the State of Vermont's estimate of the Town's pension expense, pension deferrals, and net pension liability for the Vermont Municipal Employees' Retirement System.

Audit Adjustments

During the audit we proposed 17 adjustments to the general ledger balances provided for audit. Management also provided 2 adjustments to adjust additional items that were identified by management during the audit.

Management accepted the proposed adjustments, and those changes are reflected in the 2026 financial statements. The significant effects of these adjustments were to (1) correct fund balances, (2) correct interfund transfers and record year end surplus transfers, (3) correct revenues, (4) allocate interest income earned in the General Fund, (5) correct receivables, (6) record accrual for unbilled revenue in the Water Line Operations Fund, (7) adjust deferred property taxes, (8) adjust capital assets, accumulated depreciation and depreciation expense, (9) adjust compensated absences, and (10) adjust pension expense, pension deferrals, and net pension liability for the Vermont Municipal Employees' Retirement System.

Uncorrected Misstatements

During the course of our audit, we identified one uncorrected misstatement that was determined by management to be immaterial to the financial statements, and to the related disclosures. This "passed adjustment" was to record accrued payroll in the amount of $13,335 in the General Fund and governmental activities.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations that management may have had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

We did not have correspondence with management regarding significant issues arising from the audit. We have discussed accounting matters relating to the Town's accounting estimates and audit adjustments.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in working with management during the audit.

Material Weaknesses

We identified one material weakness (finding 2026-001) in the Town's system of internal control over financial reporting during our audit of the financial statements related to Town Meeting Articles.

Certain Written Communications between Management and Our Firm

Management provided written representations in connection with the audit in a letter to our firm dated September 24, 2026. A copy of the letter is available upon your request.

This report is intended solely for the information and use of the Selectboard and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this letter. We appreciate the opportunity to be of service to the Town.

Very truly yours,
Mudgett, Jennett & Krogh-Wisner, P.C.

