

Board of Directors
VLCT Unemployment Insurance Trust

In planning and performing our audit of the financial statements of VLCT Unemployment Insurance Trust ("the Trust") as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During the course of our audit work, we had the opportunity to observe the operations in some detail. We submit the following comments to you, which are not considered to be material weaknesses, but represent areas in which internal controls could be strengthened.

The following control deficiency was noted during the course of our audit. The Trust's written response to the control deficiency identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Review of underwriting process:

During the audit, it was noted that there was a lack of review controls within the underwriting process, as well as lack of documentation supporting any reviews performed.

- We recommend that management develop and implement a process to review the contribution renewal workbook and we recommend that management enhance the documentation for the review of the contribution renewal workbook and supporting documentation.

Staff Response: Staff has implemented enhanced review processes pertaining to the annual contribution renewal. For example, we have performed a thorough review across multiple staff levels of the taxable wage data used in the 2011 renewal calculation. In addition, we have ensured the formulas are accurate and functioning properly throughout the 2011 workbook.

During our audit, we also noted the following item, which has been discussed with management. This item is not considered a control deficiency but is presented for consideration by management.

Financial statement review process:

Currently the financial statements are reviewed by multiple individuals but limited documentation is recorded. Documentation of the review provides evidence that the controls in place are operating effectively and can be relied upon during the financial statement audit.

- We recommend that management enhance the documentation of the financial statement review process.

Staff Response: Staff meets quarterly to review budget to actual reports along with detailed trial balance reports and signs off when this review has been completed. Management also reviews the quarterly financial statements and analysis summary and emails final approval. With increased staffing in the finance department, Staff will continue to enhance this process by creating additional documentation to clearly identify significant areas of review and cross checking to work papers.

This communication is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Johnson Lambert & Co. LLP

Burlington, Vermont
March 28, 2011