



Proven Expertise and Integrity

“Draft”

January 23, 2018

Board of Selectmen
Town of Ferrisburgh
P.O. Box 6
Ferrisburgh, VT 05456

We have audited the financial statements of the Town of Ferrisburgh, Vermont, for the year ended June 30, 2017.

In planning and performing our audit of the financial statements of the Town of Ferrisburgh, Vermont as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Ferrisburgh, Vermont’s 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 an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurances that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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. However, as discussed below, we identified certain deficiencies in internal that we consider to be significant deficiencies but that we did not consider to be material weaknesses.

A deficiency in design exists when:

- A control necessary to meet the control objective is missing; or
- An existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.

A deficiency in operation exists when:

- A properly designed control does not operate as designed; or
- The person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a significant deficiency, or combination of deficiencies, 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.

A significant deficiency is a control deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2017, where we expressed an unqualified opinion on our independent auditors' report dated January 23, 2018.

Significant Deficiencies:

General Ledger Reconciliations:

All general ledger accounts should be reconciled on a monthly basis and when necessary to subsidiary ledgers. At the time of fieldwork various general ledger accounts including cash, payroll tax liabilities and other various accounts did not reconcile. These accounts were still being reconciled by client at field work time. Reconciling cash is crucial to the fiscal affairs of the Town and crucial in allowing the Town to make good business decisions based on accurate financial information. Some of these accounts still contain immaterial variances. The Town should reconcile within 21 days from month end all general ledger accounts.

Cash Receipting:

While performing the audit for the above mentioned year end, it was noticed while performing our subsequent event testing of cash receipts, that deposits were taking longer than a reasonable period of time upon collection of the Town to depositing in the Town's bank account for use. Some of the deposits were significant. It should be noted that this appears to be isolated to early on in the fiscal year. The Town should continue to review this area for best practice.

This letter is intended solely for the information and use of management, those charged with governance, and others within the Town and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank Deb, Pam, Gloria and all of the staff at the Town for all of their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

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RHR Smith & Company, CPAs