



Proven Expertise and Integrity

November 7, 2014

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

We have audited the financial statements of the Town of Ferrisburgh, Vermont, for the year ended June 30, 2014.

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, 2014, 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, 2014, where we expressed an unqualified opinion on our independent auditors' report dated October 31, 2014.

Significant Deficiency:

Capital Plan:

The Town should review its current capital and infrastructure needs short term and long term from all Town departments. By this we mean that the Town should create a list of major capital items it may need to replace in the upcoming years with an estimated replacement cost. We recommend that the Town incorporate this into a formal five or more year plan, thus a Capital Plan. With a formal Capital Plan the Town should identify items needed based on priority and identify a means of paying for these items. We would recommend that the Town pay for these items with equal annual appropriations to a capital fund. Thus, when employed, the capital plan would allow for the Town to pay for major items with a consistent effect on its tax rate and possibly prevent the Town from borrowing to pay for these items.

Approved Timesheet's:

We noted during the above mentioned year audited that while performing our payroll test that one of the selected participants time sheet was not approved. We recommend prior to the payment of any payroll, unless another written arrangement exists with the Town that all timesheets and invoices prior to payment be approved.

General Ledger Reconciliations:

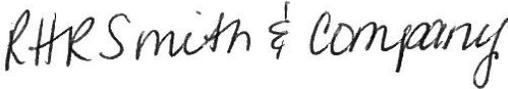
All general ledger accounts should be reconciled on a monthly basis and, if necessary to subsidiary ledgers. At the time of audit fieldwork cash was reconciled but had a variance. This was caused by timing differences with the generating of software reports and reconciliation. We believe these errors were unintentional. The Town needs to reconcile all variances to \$0 monthly. The Town should perform all reconciliations within 21 days from month end. We recommend that any adjustments necessary to balance accounts to detail records and / or subsidiary ledgers also be reviewed by the Town's finance person before posting. In addition, it was also noticed that a CD for a trust account was not on the Town's general ledger. We recommend all accounts at the Town be included within the Town's general ledger.

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 Garrit, Pam 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,

A handwritten signature in cursive script that reads "RHR Smith & Company". The signature is written in black ink and is positioned above the printed name of the firm.

RHR Smith & Company, C.P.A.'s