

**FERRISBURGH TOWN SCHOOL DISTRICT**

**ADDITIONAL REQUIRED REPORT**

**JUNE 30, 2013**

## CONTENTS

	Page
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 and 2
Schedule of Findings and Responses	3

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of School Directors  
Ferrisburgh Town School District  
Ferrisburgh, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ferrisburgh Town School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Ferrisburgh Town School District's basic financial statements and have issued our report thereon dated October 9, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Ferrisburgh Town School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ferrisburgh Town School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ferrisburgh Town School District'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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 a 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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ferrisburgh Town School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Ferrisburgh Town School District's Response to Findings**

Ferrisburgh Town School District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Ferrisburgh Town School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*AM. Peisch & Company, LLP*

St. Albans, Vermont  
October 9, 2014  
VT Reg. No. 92-0000102

**Ferrisburgh Town School District  
Schedule of Findings and Responses  
June 30, 2013**

**A-1 Capital Assets Records**

*Condition:* Ferrisburgh Town School District does not maintain a record of its capital assets records in the governmental activities.

*Criteria:* U.S. generally accepted accounting principles require that governmental fund capital assets be recorded in the governmental activities (after adoption of GASB Statement No. 34).

*Effect:* The School District is not in compliance with U.S. generally accepted accounting principles.

*Recommendation:* Ferrisburgh Town School District should develop a detailed listing of its capital assets in the governmental activities to meet the reporting requirements under U.S. generally accepted accounting principles. Capital assets should be identified and inventoried. Amounts should be recorded at historical cost whenever possible. Extrapolated amounts may be used when exact historical acquisition and installation costs can not be obtained. In addition to reporting purposes, the list of capital assets may be useful in determining insurance needs, planning for future acquisitions, and keeping track of those assets susceptible to loss or theft.

*Response:* The School District plans on establishing and maintaining capital asset records and bring financial statements in to compliance with GASB 34 in fiscal year 2015.

**A-2 Lack of Segregation of Duties for Hot Lunch Fund**

*Condition:* There exists a lack of segregation of duties over cash receipts and disbursements for the Hot Lunch Fund. Currently, the food service manager receives lunch money, brings the deposit to the bank, mails signed checks, maintains the checkbook, and performs the bank reconciliation.

*Criteria:* The School District is responsible for implementing internal control procedures to ensure that all cash is received and recorded.

*Effect:* Assets could be misappropriated and cash could be misstated due to error or fraud.

*Recommendation:* We recommend that cash procedures be reviewed and duties segregated to minimize the risk of misappropriation or misstatement.

*Response:* In fiscal year 2015, procedures will be implemented to address the existence of lack of segregation of duties over the hot lunch fund.