

**EAST MONTPELIER VOLUNTEER FIRE DEPARTMENT, INC.**

**COMMUNICATION ON INTERNAL CONTROL**

**JUNE 30, 2019**

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

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Certified Public Accountants #435

The Board of Directors  
East Montpelier Volunteer Fire Department, Inc.

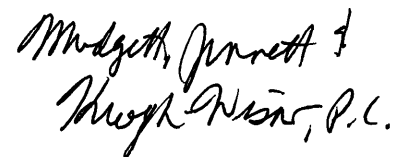
In planning and performing our audit of the financial statements of the East Montpelier Volunteer Fire Department, Inc. (the Department) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department'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 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying Schedule of Findings as item 2019-001.

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

Montpelier, Vermont  
November 16, 2019



**EAST MONTPELIER VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2019**

**2019-001 Cash Management:**

During the audit we noted that the Department has eight different bank accounts. We observed that numerous transfers between these bank accounts occur every month and that the monthly bank statements that the Department receives do not end at the end of the month. Currently, the Department has two bank accounts that it writes checks out of monthly. Lastly, we noted that cash balances at the Department were in excess of \$250,000 at the end of several months during the year ended June 30, 2019. In the event of a bank failure where the Department has more than \$250,000 on deposit the Department risks losing deposits that are in excess of this amount since FDIC coverage only goes to \$250,000.

We recommend that the Department consider pooling these eight bank accounts into one bank account and continue tracking these accounts separately in QuickBooks for monthly reporting to the Board. Having one bank account would create fewer checks to sign on a monthly basis as there would only be one check series and not two, and manual transfers between bank accounts would not be needed. By using one bank account only one bank reconciliation would be required instead of the current eight monthly bank reconciliations. Lastly, we recommend that the Department contact the bank regarding its options for safeguarding its cash balances that are in excess of \$250,000 in the event its local bank were to fail as FDIC coverage only goes to \$250,000 and request that monthly bank statements include all activity for a given month.