

**TOWN OF BUCKLAND, MASSACHUSETTS**  
**MANAGEMENT LETTER**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**TOWN OF BUCKLAND, MASSACHUSETTS**

**Management Letter**

**Year Ended June 30, 2019**

	<u>Page</u>
<b>TABLE OF CONTENTS</b> .....	2
<b>INTRODUCTORY LETTER</b> .....	3
<b>CURRENT YEAR COMMENTS AND RECOMMENDATIONS – Informational Items</b>	
1. Implementation of Future GASB Statements .....	4
<b>CURRENT YEAR COMMENTS AND RECOMMENDATIONS – Other Matters</b>	
1. Improve Timeliness of Cash Reconciliations .....	5
2. Other Areas .....	5
<b>PRIOR YEAR COMMENTS AND RECOMMENDATIONS – Other Matters</b>	
1. Billing of Sewer User Fees .....	6

To the Honorable Select Board  
Town of Buckland  
Buckland, Massachusetts

Dear Members of the Board:

In planning and performing our audit of the basic financial statements of the Town of Buckland 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 Town of Buckland's internal accounting control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic 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.

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 significant deficiency is a deficiency, or 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We have already discussed these comments and suggestions with Town personnel. We will be pleased to discuss them in further detail and to assist you in implementing the recommendations.

The Town's written response to our comments and suggestions has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it. This communication is intended solely for the information and use of the management, the Select Board, others within the entity and the Commonwealth of Massachusetts Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

*Scanlon and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

September 15, 2020

## CURRENT YEAR COMMENTS AND RECOMMENDATIONS – Informational Items

### 1. Implementation of Future GASB Statements

Comment:

In an effort to enhance financial information of a government's financial statements, the GASB is continually issuing new pronouncements that will effect what is required to be reported in a government's financial statements. Over the past couple years GASB has been active in developing new standards. It is important that the Town be aware of the current and future statements. The following are some of new GASB pronouncements that will be required to be implemented in future fiscal years:

- GASB Statement No. 84 – *Fiduciary Activities*. This statement is required to be implemented in fiscal year 2020.
- GASB Statement No. 87 – *Leases*. This statement is required to be implemented in fiscal year 2021.

Given the significant impact of these GASB statements on the Town's financial accounting and reporting, we recommend that the Town familiarize and educate themselves with the aforementioned statements to ensure proper implementation.

Town's Response:

The Town acknowledges receipt of GASB Statement No. 84 and GASB Statement No. 87.

## CURRENT YEAR COMMENTS AND RECOMMENDATIONS - Other Matters

### 1. Improve Timeliness of Cash Reconciliations

Comment:

During our audit fieldwork, (January 2020), we reviewed and inspected the bank reconciliations subsequent to the year-end and noted the last bank reconciliation performed was through July 31, 2019. In order to have an effective system of internal control cash reconciliations must be performed timely and accurately. Based on the above time frame we would consider the cash reconciliations not to be timely.

The absence of having timely and proper cash reconciliations significantly increases the risk that misstatement due to error or fraud may occur and not be detected, prohibits the safeguarding of assets and does not provide for accurate and timely financial reporting.

We cannot emphasize enough the importance of the timely cash reconciliations in order to have an effective system of internal controls. We strongly recommend management closely monitor this situation to ensure that cash is reconciled in a timely manner.

Town's Response:

The Town acknowledges its delinquencies found in the January field work. The town has implemented a new cash management software program that is compatible with our accounting system. This has resulted in greater efficiencies and timeliness of monthly cash reconciliations. Specifically, cash was reconciled through May 31<sup>st</sup> before year end and June was reconciled before July 31<sup>st</sup>.

### 2. Other Areas

- Establish Receivable for Veterans Benefits Due from State.

Town's Response:

The Town acknowledges this statement. The Town has moved its Veterans' Benefits Reconciliation from an Excel based log to an actual receivable in the accounting system

- Bank Transfers for Accounts that Retain its Investment Income.

Town's Response:

The Town acknowledges this statement. To fix this, the Town is utilizing the new cash management and timely reconciliation to better track income and expenses for these accounts and to systematically transfer funds to maintain appropriate balances and properly retain investment income.

- Review Firearm Fees Account.

Town's Response:

The Town acknowledges this statement. The Town Accountant will reconcile all receipts to the Firearms ID Cards Fund #892 to the quarterly State Dept. of Criminal Justice invoice and transfer all funds in excess of the invoice back to the general fund as a local receipt.

## **PRIOR YEAR COMMENTS AND RECOMMENDATIONS - Other Matters**

### **1. Billing of Sewer User Fees**

#### Prior Year Comment:

The Town records meter readings from all users twice a year in order to record the amount of gallons used. This data is used to calculate the amount to be billed for the Fiscal Year. The Sewer user fees are billed once a year. During our audit, we noticed that the Fiscal Year 2018 bills in the amount of \$149,123 were not mailed out until June 28, 2018. This caused the Fiscal Year 2018 Sewer user fee revenue to be recorded in Fiscal Year 2019.

We recommend the Town mail out the Sewer user fees in a timely manner in order to have proper revenue recognition.

#### Status- Fiscal Year 2019 Audit:

The Town has taken our recommendation under advisement and fully understands the impact of Sewer bills being mailed late in the fiscal year. In fiscal year 2019 the Sewer bills were dated June 17, 2019.

#### Town's Response:

The Town acknowledges this statement and advises that it mailed current fiscal year bills approximately a month earlier than last year and will continue to incrementally move the mailing date ahead each year as to lessen the impact on 'back to back' bills to the resident consumer while improving collections. We have worked with our Collection software company to integrate the data, allowing for less manual work and a quicker more streamlined billing process.