



## **TOWN OF TOWNSEND, MASSACHUSETTS**

Management Letter  
For the Year Ended June 30, 2021

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To the Board of Selectmen and Town Administrator  
Town of Townsend, Massachusetts

In planning and performing our audit of the basic financial statements of the Town of Townsend, Massachusetts (the Town) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions 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.

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 Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters.



The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance, including those overseeing the financial reporting process, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Andover, Massachusetts  
September 28, 2022

## **STATUS OF PRIOR YEAR RECOMMENDATIONS:**

### **1. Continue Improvements Over Monthly Reconciliations**

#### ***Prior Year Issue:***

In the prior year we recommended the Town continue to improve monthly reconciliations and devote resources to research and reconcile the tax title variance between the Treasurer/Tax Collector's records and the general ledger.

#### ***Current Year Status:***

In the current year, a tax title variance continued to exist between the Treasurer/Tax Collector's records and the general ledger. Further, a motor vehicle excise variance was identified between the Treasurer/Tax Collector's records and the general ledger. We continue to recommend the Town improve monthly reconciliations and reconcile all receivables to the general ledger in a timely manner.

### **2. Improve Timeliness of Cash Receipts Postings**

#### ***Prior Year Issue:***

In the prior year we recommended the Treasurer's receipt information be reported to the Town Accountant by the third week of the subsequent month in order to facilitate a timelier reconciliation and accurate financial reporting.

#### ***Current Year Issue:***

In the current year, we identified that timeliness delays continued to exist in the Treasurer's receipt information being reported to the Town Accountant. We continue to recommend the Town improve the timeliness of cash receipts postings in fiscal year 2022.

## **INFORMATIONAL RECOMMENDATIONS:**

### **3. Prepare for Implementation of GASB Statement No. 87**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, which will apply to the Town in fiscal year 2022. Statement No. 87 changes the way certain leases are to be accounted for. The changes establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset to enhance the relevance and consistency of information about the Town's leasing activities.

We recommend that the Town prepare to implement Statement No. 87. An Implementation Guide has been published to provide guidance for implementation of this Statement.