

**TOWN OF TYNGSBOROUGH, MASSACHUSETTS**

**Management Letter**

**For the Year Ended June 30, 2018**

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**Additional Offices:**

Nashua, NH  
Manchester, NH  
Greenfield, MA  
Ellsworth, ME

To the Board of Selectmen  
Tyngsborough, Massachusetts

In planning and performing our audit of the basic financial statements of the Town of Tyngsborough, Massachusetts as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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.

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 also 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 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 management, Board of Selectmen and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Melanson Heath*

February 28, 2019

## **1. Expand Chart of Accounts**

The Town currently records the activity associated with multiple opinion units within only two general ledger funds. As a result, numerous reclassifying adjustments are required to properly present activity in the respective fund financial statements. The following accounts should be recorded as separate funds in the general ledger:

- OPEB trust funds (fiduciary funds)
- Private purpose trust funds (fiduciary funds)
- Nonexpendable permanent funds (governmental funds)
- Expendable permanent funds (governmental funds)

Additionally, multiple grant years are tracked in the same account, making the financial reporting of each individual grant more complicated.

We recommend that the Town expand the general ledger chart of accounts to eliminate the need for reclassifying adjustments. Additionally, we recommend that grants in special revenue be tracked in the general ledger by grant year. Implementation of these recommendations will result in the proper presentation of the above noted funds and will streamline the year-end closing process.

### Town's Response:

The chart of accounts will be expanded in parallel with the financial software conversion which is slated for FY2020.

## **2. Prepare for GASB Statements 84 and 87**

GASB Statements 84 and 87 will apply to the Town in fiscal years 2020 and 2021, respectively. Statement 84 addresses Fiduciary Activities and may require change in how the Town accounts and reports these activities. Statement 87 addresses leases and significantly changes the accounting standards for the leases and will now require various operating leases to be reported on the Town's balance sheets.

We recommend that the Finance Department prepare for these accounting changes by ensuring all other Departments are aware of the pending changes. The Finance Department should also consider updating its lease accounting policy to ensure all material leases are properly identified.

### Town's Response:

The Town will begin preparing for GASB 84 and 87.