

**TOWN OF CHESTER, MASSACHUSETTS**

**MANAGEMENT LETTER**

**June 30, 2021**

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# Adelson & Company PC

CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Selectmen of  
**TOWN OF CHESTER, MASSACHUSETTS**

Dear Members of the Board of Selectmen:

In planning and performing our audit of the financial statements of the Town of Chester, Massachusetts as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Chester, Massachusetts' internal control over financial reporting (internal control) as a basis for designing our 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 the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 discussed below, we identified certain deficiencies in internal control 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 Town's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in the Town's internal control and presented in Finding 2021-001, and 2021-002 to be material weaknesses.

In addition, we noted other matters involving the internal control and its operation that we have reported to management that would improve operations and internal accounting control.

This communication is intended solely for the information and use of management, the Board of Selectmen, and others within the Town, and is not intended to be, and should not be used by anyone other than these specified parties.

Sincerely yours,

ADELSON & COMPANY PC

March 21, 2022

## Comments and Recommendations – Material Weaknesses

### Finding 2021-001 – Tax Possession and Tax Liens

The Town has recorded tax possessions of \$21,208 and tax liens of \$45,196 at June 30, 2021. The Town provided no support for these balances during our audit.

Recommendation:

The Town should maintain proper documentation for each property listed in tax possession or tax lien. The Town must comply with the documentation requirements of M.G.L. Chapter 60.

### Finding 2021-002 – Minutes for Town Meetings

During our review of the Town's meeting minutes, we noted that the Finance Committee does not consistently prepare minutes of their meetings. We were able to obtain minutes for only two of six meetings held in fiscal year 2021.

Recommendation:

All governing boards of the Town should comply with M.G.L. Chapter 30A, Section 22 which, in part, states the following:

“(a) A public body shall create and maintain accurate minutes of all meetings, including executive sessions, setting forth the date, time and place, the members present or absent, a summary of the discussions on each subject, a list of documents and other exhibits used at the meeting, the decisions made and the actions taken at each meeting, including the record of all votes.

(c) Minutes of all open sessions shall be created and approved in a timely manner. The minutes of an open session, if they exist and whether approved or in draft form, shall be made available upon request by any person within 10 days.

(d) Documents and other exhibits, such as photographs, recording or maps, used by the body at an open or executive session shall, along with the minutes, be part of the official record of the session.”

## Comments and Recommendations – Other Matters

1. During our review of the Town's cash accounts, we noted the following:
  - a. At June 30, 2021, the Treasurer's reconciliations contain various reconciling items of immaterial amounts in order to agree to the Accountant's balance, including long-outstanding checks. We understand this is due to prior staff in the Treasurer and Accountant's offices not reconciling cash accounts accurately and timely on a monthly basis. As of May 2021, there is new staff in the Treasurer and Accounting departments.
  - b. Several Town bank accounts which have been closed continue to have immaterial balances reported on the general ledger at June 30, 2021.

### Recommendations:

- a. The Treasurer and Accountant should continue to review the reconciling items and adjust the cash book and general ledger as needed to accurately report the Town's cash balances. The Accountant and Treasurer should ensure that cash is reconciled between the two departments on a timely basis after the close of each month.
  - b. The Town should review and adjust the general ledger balances for the closed bank accounts accordingly.
2. The Chester Municipal Electric Light Department (CMELD) maintains its own general ledger using Sage Accounting software. CMELD's financial activity is included in the Town's financial statements as an enterprise fund. We noted no reconciliation of CMELD's general ledger to the Town's general ledger.

### Recommendation:

CMELD's general ledger should be reconciled to what is reported in the Town's general ledger each month.

3. During our review and testing of real estate taxes, we noted that there are balances dating back to 1987.

### Recommendation:

The Town should review the open balances and determine which amounts need to be added to the tax title process.

## Comments and Recommendations – Other Matters

4. During our review of the Town's payroll files, we noted that Form I-9, Employment Eligibility and Verification was either missing or incomplete for many employees. Of the 20 files tested, 15 Form I-9's were not provided, and four were incomplete. Of the 20 files, we also noted five employees did not have personnel files at all.

Recommendation:

The Town should review its personnel records for all current employees and ensure that all required information is on file and accurately completed. A well-organized personnel file should be maintained for all active employees.

5. The Town has multiple vendor accounts/credit cards used for purchases by Town departments. In fiscal year 2022, the Town is also preparing to obtain debit cards to be used by Town departments.

Recommendation:

The Town should adopt a policy over the use of vendor accounts, credit and debit cards. At a minimum, the policy should include:

- a. A listing of all accounts held by the Town,
  - b. The spending limit on each account,
  - c. The individual in possession of each card,
  - d. The types of purchases that are permitted to be made on the cards,
  - e. Require the original invoice or purchase receipt submitted to the Accounting Department to be reconciled to the monthly account statement.
6. The Town has not presented government-wide full-accrual basis financial statements in accordance with Governmental Accounting Standards Board requirements. As a result, we have issued an adverse opinion on the financial statements as a whole.

Recommendation:

The Town should work towards preparing a government-wide statement of net position and a statement of activities, which are presented on the full-accrual basis of accounting. The additional information needed for preparation of these statements will include the following:

- a. A detailed depreciation schedule of the Town's capital assets, including those held by CMELD,
- b. Obtain an actuarial valuation of the Town's other postemployment benefits (OPEB) plan.