

06.12.2017

Memo

Comments:

To

Town of Brookfield Board
of Selectmen

From

Scott Eagen, CFE
Senior Manager
Plodzik & Sanderson, PA

Re

MS-535 Update

I have completed the MS-535 and a draft version is available on the DRA portal, a .pdf copy also accompanies this memo and has also been sent to the Treasurer. I have the following comments relative to the changes made on the MS-535:

- Beginning balances were restated, mainly due to an overstatement in the prior year tax receivable balance. As part of my procedures I analyzed the activity of the Tax Collector. I found no irregularities in the Tax Collector activity. I reconciled the balances per the Tax Collector to the QuickBooks record (general ledger), and prior year (2015) MS-535. There were discrepancies between the Tax Collector's balance and the MS-535/general ledger balances that resulted from not reconciling the general ledger to the Tax Collector's records and entries made to close the books that were incorrect.
- The 2015 MS-535 reported an unassigned fund balance of \$502,766, as a result of the required adjustments the unassigned fund balance at 12/31/2015 was restated to \$402,574 and committed fund balance was restated to \$9,264 (previously recorded as zero) to reflect the restriction on funds set aside for conservation and heritage purposes.
- The 2016 MS-535 had similar tax adjustments as noted in 2015. General ledger tax receivable balances were reconciled to the Tax Collector and the end result was an unassigned fund balance at 12/31/2016 of \$513,773, and a committed fund balance of \$9,625.
- The end result is a significantly lower fund balance than originally reported in 2015 or anticipated in 2016 (unassigned fund balance range was \$660,000-\$680,000).
- I want to reinforce that these changes are due to accounting issues and I did not identify any issues with missing money or misappropriated funds.
- The Board of Selectmen and Treasurer should review and approve the 2016 MS-535. Once approved by the Town and can certify the report on the DRA portal. and I am available to answer any questions.
- I have some procedural improvements and accounting training that I am proposing to help ensure an accurate balance sheet can be provided on a monthly basis. A summary of some of my recommendations follows.

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- Recommendations and follow up Items to be performed with the Treasurer.
 - Review and post adjusting journal entries in the general ledger.
 - Review MS-535 preparation and changes to 2015 and 2016 forms.
 - Review process for monthly reconciliation of general ledger to Tax Collector.
 - Review new method for recording property tax revenue, receivable, and payments to facilitate an easy reconciliation process with the Tax Collector.
 - Review process for recording school tax payments and reconciling liability due to the school district on a monthly basis.
 - Review process for monthly reconciliations for all bank accounts maintained in QuickBooks.
 - Discuss accounting for conservation, heritage and trust fund money going forward to ensure compliance with GASB recording.

I called and emailed the Treasurer today to discuss setting up a time to begin working on these items. It would make sense to break these tasks up into a couple of meetings and check progress on process changes at the second meeting.

Please feel free to contact me with any questions.

Thanks

Scott