

**TOWN OF CLARKSBURG, MASSACHUSETTS**

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures**

**TOWN OF CLARKSBURG, MASSACHUSETTS**

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Selectmen  
Town of Clarksburg, Massachusetts

We have performed the procedures detailed in the accompanying Schedule of Procedures and Findings, which were agreed to by the Board of Selectmen of the Town of Clarksburg, Massachusetts, solely to assist you with respect to Tax Collector accounts receivable and Treasurer's cash and investment reconciliation procedures of the Town of Clarksburg, Massachusetts. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the accompanying schedule of procedures and findings, either for the purpose for which this report has been requested or for any other purpose.

Our agreed-upon procedures and related findings are presented in the accompanying schedule to this report.

We were not engaged to, and did not conduct an audit, the objective of which would be to express an opinion on the specified elements, accounts or items referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users listed above and is not intended to be, and should not be, used by anyone other than those specified parties.

We are presenting for your consideration our recommendations regarding Tax Collector accounts receivable and Treasurer's cash and investment reconciliation procedures for the Town of Clarksburg, Massachusetts. The recommendations were developed during the course of our performing agreed-upon procedures.

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

September 25, 2013

## TOWN OF CLARKSBURG, MASSACHUSETTS

### Schedule of Agreed-Upon Procedures and Related Findings

#### Cash and Investment Reconciliation Procedures

The agreed-upon procedures performed with regards to the Town's cash and investment reconciliations were as follows:

1. We gained an understanding of the cash and investment reconciliation policies and procedures used by the Town Treasurer.
2. We reviewed the Treasurer's individual bank account reconciliations for completeness and reliability. We inspected the accuracy of the overall cash and investment reconciliation between the Treasurer and Town Accountant at June 30, 2012.

#### Procedures Used:

1. We reviewed the policies and procedures used by the Treasurer's office to reconcile cash and investments.
2. We obtained all individual bank account reconciliations and related reconciling items from the Treasurer. We traced the reconciling items to proper supporting documentation at June 30, 2012.
3. We obtained and reviewed the Treasurer's and Town Accountant's supporting documentation of the total reconciliation between the Treasurer's cash and investment balances and those reported in the Town Accountant's General Ledger at June 30, 2012.

#### Findings and Recommendations:

The Treasurer's office and Accountant's office is responsible to complete timely reconciliations of activity and balances of the cash and investments. We cannot emphasize enough the importance of the timely and accurate reconciliations of cash and investments in order to have an effective system of internal controls.

Internal control procedures should be designed in a manner that ensures all activity is recorded in the cashbook prepared by the Treasurer as the transactions occur. At the same time as the activity is being posted to the cashbook a corresponding posting would be made to the general ledger maintained by the Accountant's office. The cashbook balance and the general ledger cash balance must match at all times. At the end of each month the Treasurer would complete a reconciliation between the cashbook and bank statements. The Treasurer and Accountant would then reconcile the cashbook and the general ledger shortly thereafter.

The absence of having timely and proper cash and investments reconciliations between the Treasurer's records and the Town Accountant's general ledger 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 a timely financial reporting

Our procedures found the following:

1. The Treasurer's cash and investments were not reconciled to the Town Accountant's General Ledger at June 30, 2012. We further noted that monthly reconciliations between the Treasurer and Accountant were not performed for fiscal year 2012. The Town reported a variance of \$39,233 between the town accountant's general ledger and treasurer records (general ledger being higher). The Town's certified free cash was reduced by the above variance. The results of our procedures resulted in a variance of \$ 53,522 at June 30, 2012 as detailed in the Schedule of Treasurer's Cash and Investments included in this report. One of the major reasons for the difference in variances is the fact that year-end cutoff procedures were not effectively performed by the Town. Also, we noted that a student activity bank account balance was used as part of the Treasurer's records and the activity was not recorded on general ledger.
2. We could not find that the Treasurer maintained a proper cashbook for fiscal year 2012.
3. Individual bank reconciling items for fiscal year 2012 were not properly documented and retained by Treasurer's office (i.e. outstanding checks, deposits in transit, cash on hand, etc.).

We recommend that following:

1. Procedures should be implemented to reconcile that Treasurer's cash and investments to the Town accountant's general ledger on a monthly basis. The variance from June 30, 2012 should be maintained at the same amount as part of these reconciliations.
2. The Treasurer maintain a proper cashbook that should contain the dates and amounts of all receipts and deposits, dates and amounts of all warrants/disbursements and a reconciliation of all cash and investments. A cashbook provides a control that enables the Treasurer to perform their individual bank statements reconciliations and a reconciliation with the Town Accountant's general ledger.
3. All individual bank statement reconciling items be properly documented and retained.

## TOWN OF CLARKSBURG, MASSACHUSETTS

### Schedule of Agreed-Upon Procedures and Related Findings

#### Tax Collector Accounts Receivable Reconciliation Procedures

The agreed-upon procedures performed with regards to the Town's accounts receivable reconciliations were as follows:

1. We gained an understanding of the accounts receivable reconciliation policies and procedures used by the Tax Collector.
2. We reviewed the accounts receivable subsidiary ledgers maintained by the Tax Collector and compared the outstanding balances to the Town Accountant's General Ledger control accounts at June 30, 2012.

#### Procedures Used:

1. We reviewed the policies and procedures used by the Tax Collector to reconcile the detail listing of outstanding receivables to the control totals in the Town Accountant's General Ledger.
2. We obtained the Tax Collector's accounts receivable subsidiary ledgers for the Fiscal Year 2012 (July 1, 2011 to June 30, 2012) and compared the detailed activity to the Town Accountant's General Ledger for each respective levy and commitment. Any variances were traced to relevant supporting documentation. Further adjustments noted from the agreed-upon procedures performed will be formally proposed to the Tax Collector and Town Accountant.

#### Findings and Recommendations:

- The tax collector accounts receivable subsidiary records were not periodically reconciled to the general ledger. Variances exist between the accounts receivable subsidiary records and the general ledger as detailed in the schedule of tax collector accounts receivable. A considerable amount of time was spent on these accounts receivable and we have proposed adjustments to the general ledger. The Town should implement procedures to reconcile the accounts receivable subsidiary records monthly to the general ledger in order to have an effective system of internal control. Any variances should be researched and resolved in a timely manner.

- As of June 30, 2012 the general ledger has tax title and tax possession balances of \$0 and \$24,301, respectively. During our procedures we found that tax title takings, tax foreclosures and sale of tax foreclosures were done in prior fiscal years. We further noted that a tax title receivable subsidiary ledger is not being properly maintained and reconciled to the General Ledger on a periodic basis. Also, there are older outstanding real estate accounts that tax title takings have not been done. An accurate tax title receivable balance and tax title takings are critical to protecting the Town's interest as the Town pursues the collection or possession of these receivable accounts. An accurate accounting of the detail tax title accounts is also necessary to facilitate an effective reconciliation process with the town accountant.
- We noted that the tax receipt stubs for the day's work were not stamped consistently with the date paid, indicating whether payment was made with cash or check and indicating who took the payment. Because of the higher risk of currency (cash) transactions it is important that a trail exists from time of collection to bank deposit. Therefore all tax receipt stubs should indicate whether payment is cash or check, date paid and who received. For fiscal year 2012 we were unable to locate all of the tax collector receipt stubs.
- Our procedures found that there is no consistent procedure to reconcile the payments posted to the tax collector subsidiary ledger accounts to the bank deposits. Furthermore, we found interest paid by taxpayers was not being properly applied to the taxpayer accounts.

**Town of Clarksburg, Massachusetts**  
**Schedule of Treasurer's Cash and Investments**  
as of June 30, 2012

**Composition of Treasurer's Cash and Investments:**

<u>Bank</u>	<u>Purpose/Type</u>	<u>Balance</u>
<b>Cash:</b>		
Berkshire Bank	Agency Checking	35,844.20
Berkshire Bank	Collector	15,679.87
Berkshire Bank	Payroll	19,935.65
Berkshire Bank	Sewer	146,821.45
Berkshire Bank	North Houghton Water	990.24
Berkshire Bank	Town Clerk Depository	7,827.11
Berkshire Bank	Stabilization	1,401.97
Berkshire Bank	Landfill	24,000.00
Berkshire Bank	Collector	44,988.96
TD Bank	Vendor	29,452.82
TD Bank	Cafeteria	17,402.51
TD Bank	State Payments	579,167.23
Citizens Bank	Cemetery/Water	31,326.01
Citizens Bank	General	2,818.74
Hoosac Bank	Cemetery	430.89
Peoples United Bank	Stabilization	150,000.00
Peoples United Bank	Stabilization	100,005.41
Unibank	Transfer	75.09
Unibank	Turnover	48,876.59
Unibank	Stabilization	54,483.08
	<b>Total</b>	<b>\$ 1,311,527.82</b>

**Composition of Cash and Investments on General Ledger:**

<u>Fund</u>	<u>Balance</u>
General Fund	\$ 831,829.07
Special Revenue Funds	104,910.88
Enterprise Funds	79,725.42
Trust and Agency Funds	348,584.25
	<b>Total</b>
	<b>\$ 1,365,049.62</b>
<b>Variance</b>	<b>\$ (53,521.80)</b>



**Town of Clarksburg, Massachusetts**  
**Schedule of Tax Collector Accounts Receivable**  
**July 1, 2011 to June 30, 2012**

	Uncollected Taxes July 1, 2011	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2012	Uncollected Taxes Per Detail June 30, 2012
\$	-	\$ 1,407,262	\$ 28,040	\$ 1,314,499	\$ 64,723	\$ 64,723
Levy of 2012	85,965	-	444	54,785	30,736	30,736
Levy of 2011	32,616	-	-	9,825	22,791	18,764
Levy of 2010	12,207	-	-	809	11,398	16,595
Levy of 2009	12,676	-	-	4,888	7,788	10,618
Levy of 2008	3,683	-	-	6,837	(3,154)	5,195
Levy of 2007	10,733	-	-	-	10,733	-
Prior Years	157,880	1,407,262	28,484	1,391,643	145,015	146,631

**Real Estate Taxes:**

Levy of 2012  
 Levy of 2011  
 Levy of 2010  
 Levy of 2009  
 Levy of 2008  
 Levy of 2007  
 Prior Years

**Personal Property Taxes:**

Levy of 2012  
 Levy of 2010  
 Levy of 2008  
 Levy of 2007  
 Levy of 2006

-	19,067	251	18,259	557	557
141	-	-	141	-	-
1,321	-	-	1,321	-	-
62	-	-	62	-	-
-	-	-	-	-	111
1,524	19,067	251	19,783	557	668

**Tax Possessions**

24,301	-	-	-	24,301	-
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**Motor Vehicle Excise Taxes:**

Levy of 2012  
 Levy of 2011  
 Levy of 2010  
 Levy of 2009  
 Levy of 2008  
 Prior Years

-	151,973	5,727	135,907	10,339	10,339
14,634	24,091	4,074	30,892	3,759	3,759
3,946	1,332	-	3,959	1,319	1,323
1,606	39	48	510	1,087	1,109
938	-	-	468	470	471
15,328	-	-	164	15,164	5,345
36,452	177,435	9,849	171,900	32,138	22,346

Town of Clarksburg, Massachusetts  
 Schedule of Tax Collector Accounts Receivable  
 July 1, 2011 to June 30, 2012

	Uncollected Taxes July 1, 2011	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2012	Uncollected Taxes Per Detail June 30, 2012
	-	215,702	-	189,801	25,901	25,901
	26,566	-	17,040	8,660	866	358
	-	-	-	-	-	211
	26,566	215,702	17,040	198,461	26,767	26,470
<b>Total</b>	\$ 246,723	\$ 1,819,466	\$ 55,624	\$ 1,781,787	\$ 228,778	\$ 196,115

**Sewer:**  
 Levy of 2012  
 Levy of 2011  
 Levy of 2010