



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

TOWN OF MILTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2023



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To the Honorable Select Board
Town of Milton, Massachusetts

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milton, Massachusetts, as of and for the year ended June 30, 2023, 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

However, during our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town personnel and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

Powers & Sullivan, LLC

March 25, 2024

TOWN OF MILTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2023

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Current Year Comments

Purchase Orders Dated After Invoice

Current Year Comment

During expenditure testing we noted that a number of purchase orders were dated past their corresponding invoice dates. Creating purchase orders after the invoice is received bypasses the Town's purchasing policies and defeats the control that a purchase order system is intended to provide. Purchase orders play a primary role as they allow the Town to ensure that budgetary funds are available and that the purchase has been properly approved before funds are expended.

Recommendation

We recommend the Town Accountant's Office as well as the Town Administrator's Office work with the Departments found to be in violation of Town policy regarding the use of purchase orders.

Prior Year Comments

General Long-Term Debt Account Group (GLTDAG)

Prior Year Comment

Under the Uniform Massachusetts Accounting System, communities maintain a general long-term debt account group (GLTDAG) which is a memo fund that accounts for all long-term debt of the community. This fund should reconcile to the statement of indebtedness and the Treasurer's balance of outstanding long-term debt.

The GLTDAG fund should be updated for all long-term debt activity of the Town such as issuances, paydowns, refunding of debt, essentially every transaction that impacts the Town's balance of long-term debt.

During our review of the GLTDAG fund we noted that the fund had not been updated for new long-term debt issuances in the current year. As a result, the fund did not reconcile to the Treasurer's records or the statement of indebtedness.

Correcting journal entries were made for financial statement presentation and the Town Accountant's Office made them to the general ledger.

Current Status

There has been progress made in the current year to correct this issue.

Continuing Recommendation

We continue to recommend that procedures be put in place to reconcile the GLTDAG fund with the Treasurer's long-term debt records at least quarterly, and to the statement of indebtedness at fiscal year-end. Reconciling the GLTDAG fund on a consistent basis will ensure that the general ledger accounts are correct and accurate and help to facilitate reconciliations between the Accounting Office and the Treasurer's Office.

Accounting for Debt and Related Proceeds and Premiums

Prior Year Comment

We noted that short-term notes are being recorded as revenue as opposed to a bond anticipation note payable. Under the Uniform Municipal Accounting System (UMAS), the entry to record short-term notes is to increase cash and notes payable. Recognizing revenue on short-term borrowings could result in inaccurate management decisions because fund balance is then overstated by the amount of the borrowings.

We noted that debt premiums were recorded as part of the bond proceeds and not properly broken out to a premium revenue account.

Correcting journal entries were made for financial statement presentation and the Town Accountant's Office made them to the general ledger.

We recommended that the Town record short-term debt and bond premiums according to UMAS accounting.

Current Status

In fiscal year 2023, Town properly recorded the short-term debt and bond premiums according to UMAS accounting.