

Town of Brewster  
Fiscal Year 2018 Municipal Accounting Review:  
A Status Report

The Abrahams Group  
Presentation for the Brewster Select Board  
September 17, 2018

# Agenda

**Purpose:** To provide the Brewster Select Board with a status report on the Abrahams Group activities that cover five progress report periods.

- Overview of Brewster's routine accounting practices.
- Problems identified in Fiscal Year 2018 (FY18) accounting records and what they mean.
- Summary of problems.

# Scope

Brewster hired the Abrahams Group on June 19, 2018 to review Brewster's FY18 accounting records, including to:

- Reconcile FY17 general ledger ending balances to FY18 general ledger beginning balances for all funds.
- Reconcile FY18 general and special revenue funds (including water fund):
  - Expenditure subsidiary → match to balance sheet expenditure control
  - Revenue subsidiary → match to balance sheet revenue control
  - Cash and accounts receivable accounts → reconcile with Treasurer's balances
- Close FY18 books of accounts and prepare balance sheet.
- Meet with representatives from Massachusetts Department of Revenue, Brewster's independent audit firm, and others as needed.
- Provide progress reports every other week to Town.

# Overview of Brewster Funds

Brewster uses a multi-fund accounting system:

- **General Fund:** Town's operating fund.
- **Special Revenue Funds (8):** School Lunch, Chapter 90/Transportation, School Grants, Community Preservation, Town Grants, Town Revolving Funds, Receipts Reserved for Appropriation, and Water.
- **Capital Projects Funds (11):** Land Acquisition, Water Betterments, Road Betterments, Golf, Fire Station, School Renovation, Water, Roads, Capital Equipment, Library Parking, Beaches and Landings.
- **Trust and Agency (5):** Unexpendable Trusts, Expendable Trusts, Scholarship Trusts, Agency Off-Duty Detail, Agency Performance Bonds.
- Two **account groups** track fixed assets and long-term debt.

# Overview of Brewster's Accounting Procedures and Funds

Brewster uses the Uniform Massachusetts Accounting System (UMAS), a system created by the state Department of Revenue for local governments.

- Self balancing set of accounts, with **assets** equaling **liabilities + fund balances**.
  - **Assets:** What you have or own (cash, accounts receivable, fixed assets and others).
  - **Liabilities:** What you owe but have not paid (accounts payable, notes payable, bonds payable, withholdings and others).
  - **Fund Balance:** Difference between revenues that you bring in and expenditures that you disburse (what you have left).
    - **Free cash:** Part of what you have left; it gets certified by state Department of Revenue.
- All funds have cash.
- All funds except agency funds have revenue and expenditure control (general ledger), and revenue and expenditure subsidiary ledgers.
- Most funds have accounts receivables and deferred revenues.
- Transfers between funds include cash and expenditures or cash and revenue.

# How Do We Know When an Accounting System is in Balance?

Controls are built into the accounting system

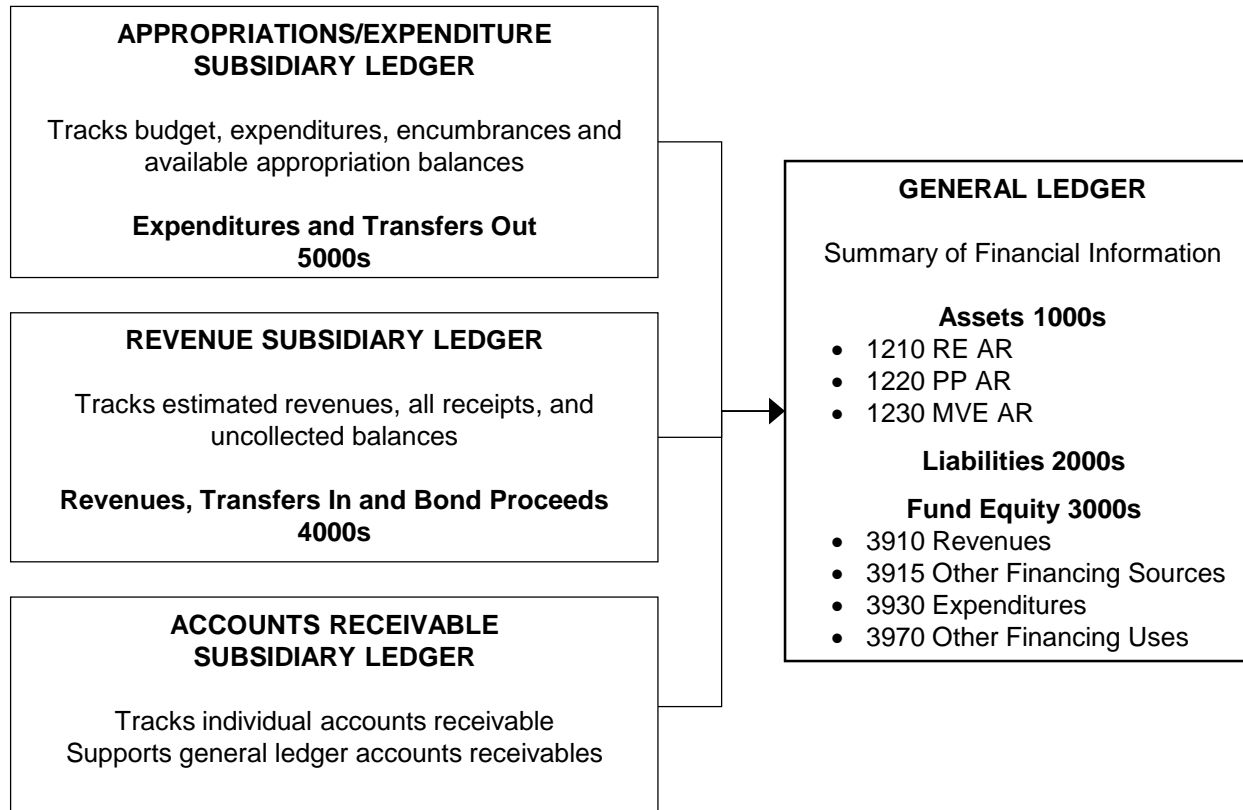
- Subsidiary accounts post to general ledger control accounts
- Red flags show budget overruns
- Encumbrances commit funds when goods or services are procured

Periodic and frequent reconciliations are critical; these must be regularly reconciled:

- Accountant's cash to Treasurer/Collector's cash
- Treasurer/Collector's accounts receivable to Accountant's control accounts
- Treasurer's long and short term debt to Accountant's debt
- Assets = liabilities + fund balance
- Ending year end balances = current year opening balances
- Accounts receivables = deferred revenues
- Subsidiary revenue and expenditure accounts to Accountant's control accounts

“Accountant” refers to the Town’s Director of Municipal Finance, also called Finance Director.

# How an Accounting System Works



- Each fund has a general ledger with revenue and expenditure controls and a revenue and expenditure subsidiary (detail) ledger.
- There is also an accounts receivable subsidiary ledger and general ledger control accounts.
- These ledgers should be reconciled periodically, preferably monthly.

# Problem 1: General Ledger, Subsidiary Ledgers Were Not Reconciled

Instances were found where general ledger and subsidiary ledgers did not match.

- General ledgers are automatically posted through subsidiary revenue and expenditure subsidiary journal entries.
- Finance Director bypassed this control and posted directly to general ledger in several instances, including but not limited to:
  - School Lunch
  - Town Grant Funds
  - Gift and Donation
  - Receipt Reserved for Appropriation
  - Water Betterment Fund

## Why is this an issue?

- General ledger and subsidiary ledgers are to be reconciled periodically.
- When not in balance, it is difficult to know:
  - Which number is correct amount.
  - If all transactions have been posted.



# Problem 1 (Cont'd): School Lunch General Ledger

Account Number	Allocated	Debits: This Period To Date	Credits: This Period To Date	Ending
<b>Group 1: Segment 3: Category</b>	Code 1000 - Cash			
012100-1000-1040		\$104,234.06	\$80,405.62	
Cash - Unrestricted Checking	\$24,051.89	\$104,234.06	\$80,405.62	\$4,788,033.00
<b>Total Group 1: Segment 3: Category</b>		\$104,234.06	\$80,405.62	
Code: 1000 - CASH	\$24,051.89	\$104,234.06	\$80,405.62	\$4,788,033.00
<b>Group 1: Segment 3: Category</b>				
012-300-3590-3590		\$0.00	\$0.00	
Undesignated Fund Balance	-\$24,051.89	\$0.00	\$0.00	-\$24,051.89
<b>Total Group 1: Segment 3: Category</b>		\$0.00	\$0.00	
Code 3590 - UNDESIGNATED FUND	-\$24,051.89	\$0.00	\$0.00	-\$24,051.89
<b>Group 1: Segment 3: Category</b>				
012-300-3900-3910		\$268,107.39	\$372,196.25	
Revenue Credit	\$0.00	\$268,107.39	\$372,196.25	-\$104,088.86
012-300-3900-3930		\$132,085.52	\$51,825.10	
Expenditures Debit	\$0.00	\$132,085.52	\$51,825.10	\$80,260.42
<b>Total Group 1: Segment 3: Category</b>		\$400,192.91	\$424,021.35	
Code : 3900 - ACTUAL ACCOUNTS	\$0.00	\$400,192.91	\$424,021.35	-\$23,828.44
<b>4 Accounts Totals</b>		<b>\$504,426.97</b>	<b>\$504,426.97</b>	<b>\$0.00</b>

- The general ledger records cash and fund balances, based on revenue and expenditure subsidiary ledger entries.
- In this example \$104,088.86 of revenues and \$80,260.42 of expenditures were posted.
- This fund is out of balance by \$23,828.44.

# Problem 1 (Cont'd): School Lunch Revenue Ledger

Account Number	Budget Encumbered	Transfer: This Period To Date	Allocated	Journal Entry: This Period To Date	Receipt: This Period To Date	Payment: This Period To Date	Ending	% Var.
<b>Group 1: Segment 4: Department</b>		<b>Code: 300 - STONY BROOK ELEMENTARY SCHOOL</b>						
012-999-300-300-1100-0480-016-99	0.00	0.00		0.00	245.59	0.00		
Lunch - Misc Revenue - Misc.	0.00	0.00	0.00	0.00	245.59	0.00	245.59	0.00
012-999-300-300-1100-0485-010-99	0.00	0.00		0.00	20,710.88	0.00		
Lunch - Meal Charges - Fee	0.00	0.00	0.00	0.00	20,710.88	0.00	20,710.88	0.00
012-999-300-300-1100-0486-997-99	0.00	0.00		0.00	48,467.63	0.00		
Lunch - Reimb - Federal	0.00	0.00	0.00	0.00	48,467.63	0.00	48,467.63	0.00
012-999-300-300-1100-0487-998-99	0.00	0.00		0.00	1,568.22	0.00		
Lunch - Reimb - State	0.00	0.00	0.00	0.00	1,568.22	0.00	1,568.22	0.00
<b>Total Group 1: Segment 4: Department</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	<b>70,992.32</b>	<b>0.00</b>		
<b>Code: 300 - STONY BROOK ELEMENTARY</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>70,992.32</b>	<b>0.00</b>	<b>70,992.32</b>	<b>n/a</b>
<b>Group 1: Segment 4: Department</b>		<b>Code: 317 - THE EDDY ELEMENTARY SCHOOL</b>						
012-999-300-317-1100-0485-010-99	0.00	0.00		0.00	33,096.54	0.00		
Lunch - Meals Charges - Eddy	0.00	0.00	0.00	0.00	33,096.54	0.00	33,096.54	0.00
<b>Total Group 1: Segment 4: Department</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	<b>33,096.54</b>	<b>0.00</b>		
<b>Code: 317 - THE EDDY ELEMENTARY</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>33,096.54</b>	<b>0.00</b>	<b>33,096.54</b>	<b>n/a</b>
<b>5 Account(s) totaling:</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>104,088.86</b>	<b>0.00</b>	<b>104,088.86</b>	<b>n/a</b>

- This is an example of a revenue subsidiary ledger – and it is in balance.
- In this example, \$104,088.86 of revenues were posted, matching the general ledger.

# Problem 1 (Cont'd): School Lunch Expenditure Subsidiary Ledger

Account Number	Budget Encumbered	Transfer: This Period To Date	Allocated	Journal Entry: This Period To Date	Receipt: This Period To Date	Payment: This Period To Date	Ending	% Var.
<b>Group 1: Segment 4: Department</b>		<b>Code: 300 - STONY BROOK ELEMENTARY SCHOOL</b>						
012-999-300-300-5100-5117-100-99	24,051.89	0.00		0.00	0.00	-39,632.79		
Wages: School Lunch	0.00	0.00	24,051.89	0.00	0.00	-39,632.79	-15,580.90	164.78
012-999-300-300-5700-5700-700-99	0.00	0.00		0.00	0.00	-12,654.27		
School Lunch - Stony Other Charges	0.00	0.00	0.00	0.00	0.00	-12,654.27	-12,654.27	0.00
<b>Total Group 1: Segment 4: Department</b>	<b>24,051.89</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>-52,287.06</b>		
<b>Code: 300 - STONY BROOK ELEMENTARY</b>	<b>0.00</b>	<b>0.00</b>	<b>24,051.89</b>	<b>0.00</b>	<b>0.00</b>	<b>-52,287.06</b>	<b>-28,235.17</b>	<b>217.39</b>
<b>Group 1: Segment 4: Department</b>		<b>Code: 317 - THE EDDY ELEMENTARY SCHOOL</b>						
012-999-300-317-5100-5117-100-99	0.00	0.00		0.00	0.00	-39,638.91		
Wages: School Lunch	0.00	0.00	0.00	0.00	0.00	-39,638.91	-39,638.91	0.00
012-999-300-317-5700-5700-700-99	0.00	0.00		0.00	0.00	-27,973.36		
School Lunch - Eddy Other Charges	0.00	0.00	0.00	0.00	0.00	-27,973.36	-27,973.36	0.00
<b>Total Group 1: Segment 4: Department</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>-67,612.27</b>		
<b>Code: 317 - THE EDDY ELEMENTARY</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-67,612.27</b>	<b>-67,612.27</b>	<b>n/a</b>
<b>Group 1: Segment 4: Department</b>		<b>Code: 999 - unnamed</b>						
012-999-999-999-5000-5000-999-99	0.00	0.00		51,679.90	0.00	0.00		
Subsidiary Expenditure Control	0.00	0.00	0.00	51,679.90	0.00	0.00	51,679.90	0.00
<b>Total Group 1: Segment 4: Department</b>	<b>0.00</b>	<b>0.00</b>		<b>51,679.90</b>	<b>0.00</b>	<b>0.00</b>		
<b>Code: 999 - unnamed</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>51,679.90</b>	<b>0.00</b>	<b>0.00</b>	<b>51,679.90</b>	<b>n/a</b>
<b>5 Account(s) totaling:</b>	<b>24,051.89</b>	<b>0.00</b>	<b>24,051.89</b>	<b>51,679.90</b>	<b>0.00</b>	<b>-119,899.33</b>	<b>-44,167.54</b>	<b>283.63</b>

- This is an example of an expenditure subsidiary ledger.
- \$119,899.33 of expenditures were posted, but do not match general ledger.
- Account appears not to have been reconciled for 7 months.

## Problem 2: Water Fund Ledgers, Commitments, and Abatement Accounts Were Not Properly Maintained

- Water accounts receivable balance and monthly activity maintained by Water Department was not reconciled to general ledger on a monthly and timely basis by Finance Director.
- Water Commitment and Abatement accounts were inactivated by Finance Director, and only one receivable account was in use, instead of several on the balance sheet.
  - Inactivated accounts were reactivated by the Abrahams Group.

### Why is this an issue?

- As a result of above deficiency, there was a significant water receivable variance between the Water Department and the general ledger balances at year-end.
- It is difficult to understand which numbers are the correct amount.

# Problem 3: Insufficient General Fund Debt Funding

The debt budget presented to May 2017 Town Meeting by the Finance Director was insufficient.

- Debt budget was underfunded:

Debt Service Requirement	\$1,609,448.62
Town Meeting Appropriation	<u>\$1,275,888.00</u>
<b>Shortfall:</b>	<b>\$333,560.62</b>

Why is this an issue?

- The debt budget account went into deficit in FY18.
- Money had to be transferred to cover the deficit (\$233,560.62 from other departments and \$100,000 from reserve fund to total \$333,560.62).
- This could have been identified earlier if reconciliations were being done.
- Will result in less money available for free cash.

*Note: Initial media reports of shortfall reflected initial estimates that differ from the final numbers.*

# Problem 4: Fire Department Salaries Were Underfunded in FY18

## Fund 01 General Fund – Fire Budget

- Finance Director made a Feb. 2018 journal entry that increased the Fire Salary line item WITHOUT TOWN MEETING APPROVAL to support the additional funding.
  - Abrahams Group reversed Finance Director's budget entry (an example of an "accounting adjustment").
- In correcting the budget entry, the fire appropriation became over-spent by \$96,056.86.
- This deficit was covered by a year-end transfer from the utilities budget.

### Why is this an issue?

- Every budget adjustment must have a Town Meeting vote to support the entry; there was no corresponding vote to support this entry.
- Result is an over-expenditure of a budget needing a year-end transfer that reduces free cash to be certified.

# Problem 5: Finance Director Inactivated Accounts with Positive Balances

## Examples of Accounts the Finance Director Inactivated

<u>Name</u>	<u>Balance</u>
Assistance to FF Grant A3 STM 11/14	19,663.00
Assistance to FF Grant A3 STM 11/16	10,000.00
Water Resource Management A8 ATM 5/16	48,231.56
Town Hall Roof Replacement A4 STM 5/16	25,601.00
Town Hall Window Replacement A4 STM 5/16	11,281.09
Window Repair Project A4 STM 11/14	25,368.00
Workman Utility Vehicle A2 STM 9/15	10,097.20
Race to the Top FY11 Federal Grant	783.10
Maple Lane Water Betterment	1,952.28
Slough Road Water Main A23 ATM 5/01	63,380.27
Cranview Rd Water Main Ext A30 ATM 5/06	74,437.33
Fiddlers Lane Water Betterment A30 ATM 5/07	11,641.61
Tower Hill Circle PRB Improvements A20 ATM 5/15	171,900.76
Moss Commons & Magnet PRB A19 ATM 5/15	36,913.50
Leona Terrace Improvements A20 ATM 5/16	45,568.00

### Why is this an issue?

- All accounts with balances should remain active until the close of the fiscal year.
- Numerous inactivated accounts were uncovered in FY18 accounts.
- It is difficult to identify surplus funds when positive balances are inactive.

## Problem 6: Water Debt Service Was Not Reimbursed

- In FY17 water debt service costs were budgeted in the general fund (\$667,802 total).
- These costs are raised in water fund user charges to reimburse the general fund; then at year-end, a journal entry should be made to reimburse the general fund.
- The FY17 audit proposed an adjusting journal entry to transfer cash from water fund to reimburse general fund.
  - Finance Director did not make a FY17 entry, and noted, “Debt previously in GF budget – not needed”.

### Why is this an issue?

- Finance Director did not transfer cash from Water Department fund to general fund at year-end as directed by auditor.
  - This resulted in the Water Department fund and general fund not being correct.



# Problem 7: General Fund Deferred Revenues Were Posted Incorrectly

- Every accounts receivable has a deferred revenue account that defers revenue until cash is collected.
- Finance Director used wrong deferred revenue account for Boat and Motor Vehicle Accounts when posting journal entries.
  - Abrahams Group reconciled the deferred revenue accounts in general ledger to corresponding receivables.

## Why is this an issue?

- If accounts receivables and deferred revenue accounts were reconciled periodically, this issue would have been prevented.
- Accounts receivable and deferred revenue must balance, this is another balancing/control procedure.
- When accounts receivable do not match deferred revenues, fund balance is typically incorrect.

# Problem 8: Expenditures Were Authorized Without Town Meeting Approval

- Town meeting did not authorize building a new fuel depot as part of the warrant article to build a new fire station.
- Finance Director made charges to the fire station project under a new engineering services contract with Kleinfelder for construction of a new fuel depot.
- Funding source should have been under May 2016 Annual Town Meeting, Article 3, for removal of the old fuel tank.
- Brewster Bond Counsel only allowed expenses for removal of old tank under the fire station project.  
→Abrahams Group made journal entries to reallocate expenses to proper article.

## Why is this an issue?

- There was no town meeting authorization.
- It is the Finance Director's responsibility to ensure sufficient funds are available for all contracts.
- This problem required a year-end transfer that will reduce the amount of certified retained earnings.
- Funding for fuel depot construction and removal of existing underground tank will need to be sought at FY18 Fall Town meeting for \$600,000.

# Problem 9: Contracts Were Authorized Without Valid Balances in Accounts

Contracts for Long Pond Boat Ramp, Betty's Curve Project, and 375 Paines Creek Road Parking Lot Design were signed without proper funding sources.

- Expenses related to these contracts were charged to Freemans Pond Engineering and Paving-Millsite projects.
- But these two articles were Federal grants, and not related or appropriate funding sources for the three contracts.
  - All expenses were charged back to Natural Resources budget causing a deficit.
    - This deficit was corrected by a July 2018 year-end transfer.

## Why is this an issue?

- Contract authorizations must be made with proper funding in the accounts.
- Finance Director authorized these contracts without proper funding.
- Long Pond Boat Ramp, and Betty's Curve and Paines Creek projects are incomplete and on hold.
- If these projects are to move forward, town meeting will need to identify funds to complete these projects.

# Problem 10: Invalid Funding Sources for Long Pond Boat Ramp and Upper Mill Pond Projects

Article 10 (Capital & Special Projects) of May 2018 Town Meeting transferred \$263,720 from Article 10 (Capital & Special Projects) of September 2, 2015 Town Meeting (Fisherman's Landing and Linnell Landing).

- Finance Director set up new accounts in FY17 for balances that did not exist, and carried them forward into FY18.
- The amounts that were transferred in May 2018 (\$116,350 from Fisherman's Landing and \$147,370 from Linnell Landing) did not exist.
- The Fisherman's Landing and Linnell Landing projects were completed, and all money was expended.

## Why is this an issue?

- Transfer of funds must be made from projects or accounts with correct balances in accounts.
- Due to lack of funds, the Town has had to stop work on Long Pond Boat Ramp and Upper Mill Pond projects.
- The Town will have to rescind the original authorization for these projects, and identify new funding sources for for them, if approved at a future Town Meeting.

# Problem 11: Over-Budget Control Turned Off

- Finance Director turned off the over-budget control on October 3, 2017.
- From that date forward, Brewster's accounting system had no warning for overspending.
  - →Abrahams Group turned control back on.

## Why is this an issue?

- Without this control feature being active, overspending was not flagged.
- There were many instances in FY18 where accounts were overspent.
- If the over-budget control had not been disabled, some of these instances could have been flagged and over-spending prevented.

## Problem 12: FY18 End of Year Transfers Were Required to Correct Finance Director Errors\*

- \$380,000 was transferred between accounts to avoid deficits.
- \$160,077 was transferred from the fringe benefits and “other post-employment benefits” accounts and \$73,483 from general insurance to the long-term debt account to cover a deficit.
  - The account was “in the red” because the general fund debt budget was not adequately funded at the May 2017 annual town meeting.
- \$96,056 was transferred from utilities budget to the Fire Department salary budget to cover insufficient wages.
- \$43,768 was transferred from contractual obligations to the Natural Resources Department.
  - This transfer was needed to pay for an employee raise and increase in hours, and to cover contracts that were funded by improperly applying Federal grant money.
- \$6,716 was transferred from contractual obligations to the Select Board to cover deficits in salaries and expenses.

### Why is this an issue?

- While year-end transfers are not uncommon, transfers of this magnitude and for these purposes are highly unusual.

*\* These year-end transfers were authorized by a joint meeting of the Select Board and Finance Committee on July 13, 2018 in accordance with MGL c. 44, § 33B.*

# Summary of Issues to Date

## **1. Reconciliations Were Not Consistently Performed**

- Finance Director did not perform vital monthly reconciliations on a regular basis.  
→ Monthly reconciliations are now being performed.

## **2. Out of Balance Accounts Required Adjustments**

- Many funds were out of balance because Finance Director improperly used journal entry system.  
→ Errors were reversed by Abrahams Group.

## **3. Finance Director Bypassed Software Controls**

- Budget over-expenditure warnings were disabled.  
→ Warnings are no longer disabled.

# Summary of Issues to Date (Cont'd)

## **4. Poor Communication Contributed to Accounting Problems**

- Finance Director failed to communicate regularly with other Town employees.
  - Abrahams Group now participates in weekly finance staff meetings, and has worked with departments to address budgetary issues.

## **5. Inactive Accounts Required Adjustments**

- Accounts were inactivated mid-year, many had a balance.
  - The accounts were reactivated, investigated, and corrected if needed.

## **6. Attention to Detail Was Lacking**

- Documentation in support of journal entries lacked proper detail.
  - A journal entry log was re-instituted with proper documentation now being attached.



# Abrahams Group – Additional Comments

Accuracy and reliability are paramount in accounting; without accurate accounting records, governments cannot make fully informed financial decisions. The Abrahams Group is restoring accuracy to Brewster's FY18 accounting records but the process requires time and exacting scrutiny.

- **Issues found to date are being addressed and corrected.**
- Finance Director made errors in FY18 accounts, and used procedures that resulted in the accounts being out of balance.
- These errors have had direct impacts on the town, including departments like Natural Resources; that department had to freeze projects even though the “books” indicated sufficient funds were available to complete them.
- Cash, accounts receivable, and debt are now reconciled, and we are working on other reconciliations.
- **There is no money missing.**
- We have had regular meetings with Brewster's audit firm, state Department of Revenue, town departments, Finance Committee, and town officials.
- We have provided the Town with frequent updates, leading to this presentation.
- We will continue to address FY18 accounting issues, and work with the Town to design strategies to prevent these problems from occurring in the future.

# Background Information

# About The Abrahams Group

The Abrahams Group is an independent firm based in Framingham that has assisted governments to function more efficiently and effectively for 24 years.

- **Mark D. Abrahams, CPA, the firm's president:**

- Teaches, writes, and consults with governments on financial, operational, and performance management
- Served as Financial Management Coordinator for City of Worcester and Assistant to the Massachusetts State Controller.
- Is a member of the Mass. Society of Certified Public Accountants Government Accounting and Auditing Committee.
- Retained by the Massachusetts Department of Revenue to revise the UMAS accounting system.

- **Barbara Costa, Retired Certified Town Accountant:**

- Served as Town Accountant for 14 years in the Town of Weymouth, MA, and 9 years in the Town of Marshfield, MA.
- Is a member of Massachusetts Municipal Auditors & Accountants Association (MMAAA) Certified Government Accountants since 2000.
- Teaches in the Annual MMAAA Certification Program.

# Glossary: Town Finance Positions

- **Director of Municipal Finance (also called Finance Director, Accountant):**
  - Responsible for:
    - Managing Town's municipal accounts, accounting systems, and accounting controls.
    - Performing all accounting and bookkeeping operations including maintaining Town's general ledger.
    - Maintaining detailed records of all receipts and expenditures for all Town departments
    - Preparing all financial and operational reports about Town finances.
    - Working collaboratively with Assistant Town Accountant, Treasurer/Collector, and other Town employees in the best interests of the Town.
- **Town Treasurer/Collector**
  - Responsible for cash investment; administration of Town funds including payroll; and management of real estate, motor vehicle excise, and boat excise bills.

# Glossary: Accounting Terms

- **Accounting adjustment:** Making a correction to accounting records to fairly state the financial position and results of operations.
- **Accounting controls:** Methods and procedures used to ensure a government's financial statements are accurate.
- **Accounting system:** Total structure of records and procedures that record, classify, and report the financial position and operations of the Town.
- **Capital assets:** All tangible property used in the operation of government; includes vehicles, machinery, equipment, water lines and infrastructure like roads.
- **Chapter 90 Highway Funds:** State funds apportioned to communities for highway projects.
- **Expense:** An identified cost incurred to accomplish a particular goal.
- **Fund:** A single financial entity in the accounting system that records assets and obligations; it is self-balancing and segregated for the purpose of attaining certain objectives.
- **Fund balance:** The difference between assets and liabilities reported in a government fund.
- **General fund:** The fund used to account for most financial resources and activities governed by town meeting process

# Glossary: Accounting Terms (Cont'd)

- **General ledger:** A set of accounts that reflect the financial position of the Town; the debit balance equals the credit balance. It is instrumental in creating a record of all government financial activity.
- **Journal:** A record of financial transactions in order by date.
- **Journal entry:** Recording of a transaction in the accounting records.
- **Reconciliation:** Periodic process where accountant and treasurer compare records to confirm available cash in accounts.
- **Revenue:** All monies received from any source that finance the Town's operations.
- **Special revenue funds:** Funds that contain revenues earmark for and restricted to expenditures for specific purposes.
- **Subsidiary ledger:** Stores records of specific types of accounting transactions, and is posted to an account in the general ledger.
- **Transfers:** Transactions between funds; also called inter-fund transfers.
- **UMAS:** The Uniform Massachusetts Accounting System serves as a uniform accounting system in Massachusetts. It conforms to Generally Accepted Accounting Principles (GAAP) and offers increased consistency in reporting and record-keeping.
- **VADAR:** Brewster's municipal finance software.
- **Year-end transfer:** A municipal fund transfer permitted at year-end; authorized under MGL c. 44, § 33B.