

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

TOWN OF FREETOWN, MASSACHUSETTS

MANAGEMENT LETTER

Year Ended June 30, 2020



TOWN OF FREETOWN, MASSACHUSETTS

**MANAGEMENT LETTER
YEAR ENDED JUNE 30, 2020**

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TRANSMITTAL LETTER

Board of Selectmen
Town of Freetown
Freetown, 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 Freetown, Massachusetts, (the "Town") as of and for the year ended June 30, 2020, 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.

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 entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Roselli Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
March 4, 2021

INFORMATIONAL ITEMS

The following informational items have all been discussed in the prior years' management letters and are reported here as reminders in summary format.

- **Network security**
 - Challenge current system in place.
 - Assess vulnerabilities.
 - Stay vigilant.
 - Provide ongoing training to employees.
 - Consider outside security assessment.

- **New GASBs**
 - GASB 84 – Fiduciary presentations – fiscal 2021 implementation.
 - GASB 87 – New lease accounting – fiscal 2022 implementation.

- **Fraud/risk assessment**
 - Maintain diligence in this area.
 - Challenge cash handling processes.
 - Rotate departmental reviews.

FINDINGS AND RECOMMENDATIONS

Other Postemployment Benefits

The Town has done a great job managing its other postemployment benefits. Current plan assets increased by about \$233,000 to approximately \$1,060,000. The OPEB liability has been reduced to \$12.3 million from a peak of \$18.6 million in 2017. This was due mainly in part to increased funding and moving the plan assets into a managed account which allowed the Town to increase its discount rate. We applaud the Town for taking these steps in managing this liability.

We did observe however that the Town carries the investments at amortized cost, while the actuary properly carries these at market value. While the difference was small in fiscal 2020, the process could lead to a material error. We suggest that the Treasurer and Town Accountant each maintain their records on plan assets at market value.

Prior Year Comments

All prior year comments have either been resolved or the Town has chosen by policy not to implement comments related to abating old personal property taxes and water meter installations.