

Following up the Comptroller's Audit Report from September 2024, the Town of Shelby retained Nichole Ruf with Drescher Malecki to reconcile the Town's cash and fund balances for 2023 and retained Tina DeNigro from LGSS to bring all bookkeeping activity current and to reconcile the Town's 2024 financials. This is a summary of their reports to the Town Board during the February 11, 2025 Board meeting.

Prior to 2023, the Town used KVS as its bookkeeping software. KVS was bought out and the Town needed to switch to a new software system. The Town Board in 2022 chose Williamson Law Books to replace KVS as its new bookkeeping software. Ms. DeNigro advised that Williamson was a significant step back from KVS and had certain limitations. For example, at month end, once the month is closed, Williamson did not allow any more entries to be made to that month. In other words, any receivables (monies owed to the Town) that came in after month end or any errors that were discovered after month end could not be accounted for in the month in which they occurred. Instead, entries would have to be added manually to make any necessary adjustments. Other accounting software programs do not have that limitation.

It also appeared that the conversion from KVS to Williamson Law was performed with insufficient direction and oversight. When implementing a new software program, the beginning balances should always agree to the audited ending balances for the prior year, but that did not happen because the conversion was completed prior to the completion of the audit of the Town's 2022 financials.

Additional issues were created as a result of the conversion to Williamson. For example, only the Town's cash accounts were created in Williamson; no balances were carried forward for the accrual accounts, such as accounts payable, accounts receivable, and unearned revenue. Accordingly, fund balances (total operating surpluses and deficits) were not established in Williamson.

The Town's account structure also changed significantly during the conversion. Specifically, the Town's computer account, which is the Town's clearing and disbursement account, was set up as one general ledger account (record of all financial transactions for a specific account) in KVS. In Williamson Law this was set up as 18 different accounts. Finally, the code structure of the funds changed so that the 204 accounts in KVS became the 200 accounts in Williamson, the 200 accounts in KVS became 201 accounts in Williamson, and 201 accounts in KVS became 202 accounts in Williamson.

Ms. DeNigro noted that given these issues, the conversion to Williamson would have been difficult for any bookkeeper to understand. Ms. Ruf noted it was clear that during the course of 2023, the process was starting to work better and fewer corrections were

needed, but given the structure of Williamson, it was difficult to go back and make adjustments to previous months.

For year end 2023, Ms. Ruf noted that it was her opinion that there was “never anything that was intentionally done wrong.” There is a difference of approximately \$3000 to the positive, which means there is not any money missing (the Town’s bank accounts show \$3000 more than the Town’s books).

The year end numbers for 2023 will be audited and then provided to Ms. DeNigro for LGSS to complete the Town’s financial reports for 2024. However, looking at 2024 as a stand alone year, the checking account and the payroll account have a discrepancy of less than \$100 each.

Both Ms. Ruf and Ms. DeNigro identified issues with the Town’s utility payment software and procedures that will need to be addressed moving forward.

Both Ms. Ruf and Ms. DeNigro noted that in their opinions it would not be worth the Town expending additional funds and resources to go back to any previous years. The Town is in a good place moving forward.