

TOWN OF MASHPEE, MASSACHUSETTS
GAO AND OMB A-133 REPORTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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GAO AND OMB A-133 REPORTS
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Board of Selectmen
Town of Mashpee, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mashpee, Massachusetts, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Mashpee Massachusetts' basic financial statements, and have issued our report thereon dated June 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Mashpee, Massachusetts' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 of Mashpee, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Mashpee, Massachusetts' 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Mashpee, Massachusetts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lexington, Massachusetts
June 25, 2015



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Board of Selectmen
Town of Mashpee, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the Town of Mashpee, Massachusetts' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Mashpee, Massachusetts' major federal programs for the fiscal year ended June 30, 2014. The Town of Mashpee, Massachusetts' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Mashpee, Massachusetts' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Town of Mashpee, Massachusetts' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Mashpee, Massachusetts' compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Mashpee, Massachusetts complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed three instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as 2014-001, 2014-002 and 2014-003. Our opinion on the major federal programs is not modified with respect to these matters.

The Town of Mashpee, Massachusetts' responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Mashpee, Massachusetts' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Town of Mashpee, Massachusetts is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Mashpee, Massachusetts' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Mashpee, Massachusetts' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified three deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, and 2014-003 that we consider to be significant deficiencies.

The Town of Mashpee, Massachusetts' responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Mashpee, Massachusetts' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mashpee, Massachusetts, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Mashpee, Massachusetts. We issued our report thereon dated June 25, 2015, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Lexington, Massachusetts
June 25, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
TOWN OF MASHPEE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/ <u>Pass-Through Grantor/ Program</u>	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
<u>Direct Program:</u>			
ARRA - Watershed Protection and Flood Prevention	10.904	Not Applicable	\$ 184,434
<u>Passed through State Department of Elementary & Secondary Education:</u>			
<i>Child Nutrition Cluster</i>			
School Breakfast Program - Cash Assistance	10.553	01-172	30,264
National School Lunch Program - Cash Assistance	10.555	01-172	208,823
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	01-172	<u>33,512</u>
Total U.S. Department of Agriculture			<u>457,033</u>
U.S. Department of the Interior			
<u>Passed through the Massachusetts Division of Marine Fisheries:</u>			
Clean Vessel Act	15.616	CT FWE 042707-3622	<u>1,336</u>
Total U.S. Department of Interior			<u>1,336</u>
U.S. Department of Justice			
<u>Direct Programs:</u>			
Equitable Sharing Program	16.922	Not Applicable	390
U.S. Marshals Service Badges for Baseball Program	16.unk	Not Applicable	227
<u>Passed through the State Executive Office of Public Safety:</u>			
Violence Against Women Formula Grants (fiscal year 2013)	16.588	SCEPS3001VAWA13MASHP	6,825
Violence Against Women Formula Grants (fiscal year 2014)	16.588	SCEPS3001VAWA14MASHP	<u>20,175</u>
Total U.S. Department of Justice			<u>27,617</u>
U.S. Department of Education			
<u>Direct Programs:</u>			
Title IV 92-138 Indian Education (fiscal year 2013)	84.006	Not Applicable	163
Title IV 92-138 Indian Education (fiscal year 2014)	84.006	Not Applicable	42,262
Physical Education Grant	84.215F	Not Applicable	125,581
<u>Passed through the State Department of Elementary & Secondary Education:</u>			
<i>Title I, Part A Cluster</i>			
Title I Distribution (fiscal year 2013)	84.010	0305-000613-2013-0172	17,485
Title I Distribution (fiscal year 2014)	84.010	305-030713-2014-0172	188,826
<i>Special Education Cluster</i>			
SPED 94-142 Allocation (fiscal year 2013)	84.027	240-071-3-0172-N	80,807
SPED 94-142 Allocation (fiscal year 2014)	84.027	240-062-4-0172-O	324,138
SPED Program Improvement (fiscal year 2013)	84.027	274-107-3-0172-N	88
SPED Program Improvement (fiscal year 2014)	84.027	274-228-4-0172-O	4,734
SPED Early Childhood Program Improvement (fiscal year 2014)	84.173	298-031-3-0172-N	2,135
<u>Passed through the State Department of Early Education and Care:</u>			
<i>Special Education Cluster:</i>			
SPED Early Childhood Allocation (fiscal year 2014)	84.173	26214 MASHPEE PUBLIC SC	17,764

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
TOWN OF MASHPEE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/ <u>Pass-Through Grantor/ Program</u>	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
U.S. Department of Education (continued)			
<u>Passed through the State Department of Elementary & Secondary Education:</u>			
Title IIA - Improving Teacher Quality (fiscal year 2013)	84.367	0140-002894-2013-0172	999
Title IIA - Improving Teacher Quality (fiscal year 2014)	84.367	140-038470-2014-0172	57,458
<i>State Fiscal Stabilization Fund - Race to the Top Incentive Grants</i>			
ARRA - Race to the Top (fiscal year 2013)	84.395	201-000338-2013-0172	4,506
ARRA - Race to the Top (fiscal year 2014)	84.395	201-018001-2014-0172	13,578
Total U.S. Department of Education			<u>880,524</u>
U.S. Department of Health and Human Services			
<u>Passed through the State Executive Office of Health and Human Services:</u>			
School-Based Medicaid Reimbursement Program	93.778	1951696	92,589
Total U.S. Department of Health and Human Services			<u>92,589</u>
U.S. Department of Homeland Security			
<u>Passed through the State Office of Emergency Management:</u>			
Public Assistance Grants	97.036	CDA CTFEMA4110MASHPEE	5,262
Public Assistance Grants	97.036	CDA CTFEMA4097MASHPEE	54,602
Total U.S. Department of Homeland Security			<u>59,864</u>
Total			<u>\$ 1,518,963</u>

See notes to schedule of expenditures of federal awards.

**TOWN OF MASHPEE, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Mashpee, Massachusetts and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - U.S. Department of Agriculture

The amount reported for the National School Lunch Program - Non-Cash Assistance (Commodities) represents non-monetary assistance and is reported in the schedule at the fair market value of the commodities received. The amounts reported for the National School Lunch Program - Cash Assistance and School Breakfast Program - Cash Assistance represent cash receipts from federal reimbursements.

Note 3 - U.S. Department of Justice

The amount reported for the U.S. Marshals Service Badges for Baseball Program represents federal reimbursements.

Note 4 - U.S. Department of Health and Human Services

The amount reported for the School-Based Medicaid Reimbursement Program represents federal reimbursements related to the Administrative Activity Claims.

**TOWN OF MASHPEE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over Financial Reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X No

Noncompliance material to the financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ X Yes _____ No

Type of auditors' report on compliance for major programs: Unmodified

Were any findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ X Yes _____ No

Identification of Major Programs:

Name of federal program or cluster	CFDA Number
<i>Child Nutrition Cluster</i>	
School Breakfast Program - Cash Assistance	10.553
National School Lunch Program - Cash Assistance	10.555
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555
<i>Title I, Part A Cluster</i>	
Title I Distribution	84.010
Title I Carryover Grant	84.010
Title I School Support	84.010
<i>Special Education Cluster</i>	
SPED 94-142 Allocation	84.027
SPED Program Improvement	84.027
SPED Early Childhood Program Improvement	84.173
SPED Early Childhood Allocation	84.173

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as a low-risk auditee? _____ Yes X No

TOWN OF MASHPEE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section II – Financial Statement Findings

None.

Section III – Findings and Questioned Costs – Major Federal Programs

2014-001

Federal Agency: Department of Agriculture

Federal Program: Child Nutrition Cluster – CFDA No.'s 10.553, 10.555 and 10.559

Award Number: 01-172

Award Period: July 1, 2013 to June 30, 2014

Type of Finding: Noncompliance and significant deficiency in internal control over major program

Compliance Requirement: Eligibility

Criteria: The Code of Federal Regulations (CFR) Title 7, part 245.6c states that school officials must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. The local educational agency must determine eligibility for free or reduced price meals when a household submits an application or, if feasible, through direct certification, at any time during the school year.

Condition/Context: Three of the 60 student files selected for testing did not contain an application

Effect: The lunch status for the three students for which applications were not maintained by the Town could not be verified for accuracy.

Cause: Procedures were not in place to maintain lunch applications for all students receiving lunch benefits.

Questioned Costs: \$1,613 (calculated as the free lunch reimbursement rate multiplied by 180 school days in the year for the three students identified in this finding).

Auditors' Recommendation: Procedures must be implemented to maintain lunch applications for all students receiving lunch benefits.

**TOWN OF MASHPEE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2014-001 (Continued)

Views of Responsible Officials and Corrective Action:

Actions planned in response to finding: Our review of this finding indicates that, while we obtain and approve applications for students approved for services, the missing applications may be absent either due to the volume of applications reviewed at the beginning of the school year. We will modify our procedures to ensure all student applications are maintained.

Responsible Party: Director of Food Services

Planned completion date for corrective action plan: June 2015

Plan to monitor completion of corrective action plan: The School Department will review its procedures quarterly to ensure all student applications are maintained on file at the School.

2014-002

Federal Agency: Department of Agriculture

Federal Program: Child Nutrition Cluster – CFDA No.’s 10.553, 10.555 and 10.559

Award Number: 01-172

Award Period: July 1, 2013 to June 30, 2014

Type of Finding: Noncompliance and significant deficiency in internal control over major program

Compliance Requirement: Special Tests and Provisions

Criteria: A School Food Authority (SFA) participating in the National School Lunch Program (NSLP) is required to ensure sufficient funds are provided to its nonprofit school food service accounts from lunches served to students not eligible for free or reduced price meals. A SFA charging less for a paid lunch than the difference between the federal reimbursement rate for such a lunch and that for a free lunch is required to comply. The difference is known as equity. SFAs with an average weighted price at or above equity (\$2.59 for the 2013-14 school year) have met the requirement.

Condition/Context: The weighted average price for the Town’s paid school lunches is less than that of the federal requirement of \$2.59.

**TOWN OF MASHPEE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2014-002 (Continued)

Effect: The amounts of funds provided to the Town’s school food service bank accounts is not sufficient, based on federal regulations.

Cause: Procedures were not in place to ensure school lunch prices charged to paid lunch students were sufficiently high enough to meet federal price equity regulations.

Questioned Costs: None

Auditor’s Recommendation: Procedure be implemented to ensure school lunch prices charged to students not eligible for free or reduced price lunches is consistent with federal regulations.

Views of Responsible Officials and Corrective Action:

Actions planned in response to finding: The School Department will perform the procedures and comply with USDA School Program regulations at 7 CFR 210.14 (e) to ensure sufficient funds are provided to the school food service fund for meals served to students not eligible for free or reduced price meals.

Responsible Party: Director of Food Services

Planned completion date for corrective action plan: School Year 2014-2015

Plan to monitor completion of corrective action plan: School Business Office will review the process to ensure compliance

DEPARTMENT OF EDUCATION

Noncompliance and Significant Deficiency in Internal Control Over Major Programs

2014-003

Federal Agency: Department of Agriculture

Federal Program: Special Education Cluster – CFDA No.’s 84.027 and 84.173

Award Number: 240-071-3-0172-N, 240-062-4-0172-O, 274-107-3-0172-N, 274-228-4-0172-O, 298-031-3-0172-N,
26214 MASHPEE PUBLIC SC

**TOWN OF MASHPEE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2014-003 (Continued)

Award Period: July 1, 2013 to June 30, 2014

Type of Finding: Noncompliance and significant deficiency in internal control over major program

Compliance Requirement: Reporting

Criteria: The Town is required to submit Final Financial Reports (FR-1) to the pass-through entity, the Massachusetts Department of Elementary and Secondary Education (DESE), by October 31st each year to close out the Special Education grants.

Condition: The Town did not file the FR-1 for the fiscal year 2014 SPED 94-142 Allocation grant, SPED Program Improvement grant, and SPED Early Childhood grant with the DESE by the deadline date of October 31, 2014.

Context: Three of the three reports tested were not submitted to the DESE by the required deadline.

Effect: There was noncompliance with the pass through agency's reporting requirements.

Cause: Policies and procedures were not in place to timely submit FR-1's in accordance with DESE requirements.

Questioned Costs: None

Auditors' Recommendation: Policies and procedures must be implemented to ensure all FR-1's are submitted timely in accordance with DESE requirements.

Views of Responsible Officials and Corrective Action:

Actions planned in response to finding: The School Department has implemented procedures to ensure that the FR-1 is filed timely in accordance with DESE requirements.

Responsible Party: School Business Administrator

Planned completion date for corrective action plan: July, 2015

Plan to monitor completion of corrective action plan: School Business Office will review the FR-1 process to ensure compliance.

**TOWN OF MASHPEE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section IV – Summary of Prior Audit Findings

DEPARTMENT OF EDUCATION

Noncompliance and Significant Deficiency in Internal Control Over Major Programs

2013-001 Special Education Cluster – CFDA No.’s 84.027 and 84.173; Fiscal year ended June 30, 2013

Compliance Requirement: Reporting

Condition: The Town is required to submit Final Financial Reports (FR-1) to the pass through entity, the Massachusetts Department of Elementary and Secondary Education (DESE), by October 31st each year to close out the Special Education grants.

Current Status: The status remains unchanged. Please see current year finding 2014-003.