

TOWN OF BOURNE, MASSACHUSETTS
GAO AND OMB A-133 REPORTS
FOR THE YEAR ENDED JUNE 30, 2015

TOWN OF BOURNE, MASSACHUSETTS

GAO AND OMB A-133 REPORTS

FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

	Page
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	1
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	3
Schedule of Expenditures of Federal Award Programs	6
Notes to Schedule of Expenditures of Federal Award Programs	8
Schedule of Findings and Questioned Costs	9



**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 Bourne, 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 Town of Bourne, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Bourne, Massachusetts' basic financial statements, and have issued our report thereon dated December 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Bourne, 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 Town of Bourne, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Bourne, 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 Town of Bourne, 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

Boston, Massachusetts
December 14, 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 Bourne, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited Town of Bourne, 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 Bourne, Massachusetts' major federal programs for the year ended June 30, 2015. The Town of Bourne, 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 Bourne, 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 that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Bourne, 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 Bourne, Massachusetts' compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Bourne, 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, 2015.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

The Town of Bourne, Massachusetts' response to the noncompliance finding in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Bourne, Massachusetts' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Town of Bourne, 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 Bourne, 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 Bourne, 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 a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider to be a significant deficiency.

The Town of Bourne, Massachusetts' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Bourne, Massachusetts' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Bourne, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Bourne, Massachusetts. We issued our report thereon dated December 14, 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

Boston, Massachusetts
December 14, 2015

**TOWN OF BOURNE, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
<u>Passed through the State Department of Elementary & Secondary Education:</u>			
<i>Child Nutrition Cluster</i>			
School Breakfast Program - Cash Assistance	10.553	01-036	\$ 21,863
National School Lunch Program - Cash Assistance	10.555	01-036	215,454
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	01-036	<u>52,633</u>
Total U.S. Department of Agriculture			<u>289,950</u>
U.S. Department of Housing and Urban Development			
<u>Passed through State Department of Housing and Community Development:</u>			
Small Cities Program	14.228	SCOCD3220014640040000	<u>474,551</u>
U.S. Department of the Interior			
<u>Passed through the Massachusetts Department of Fish and Game:</u>			
Clean Vessel Act	15.616	TOWNOFBOURNE9222FY15	<u>20,000</u>
U.S. Department of Education			
<u>Direct Program:</u>			
Impact Aid	84.041	Not Applicable	<u>130,000</u>
<u>Passed through the State Department of Elementary & Secondary Education:</u>			
<i>Title I, Part A Cluster</i>			
Title I Distribution (fiscal year 2014)	84.010	0305-018976-2014-0036	48,675
Title I Distribution (fiscal year 2015)	84.010	0305-059873-2015-0036	<u>236,695</u>
Subtotal Title I, Part A Cluster			<u>285,370</u>
<i>Special Education Cluster</i>			
SPED 94-142 Allocation (fiscal year 2013)	84.027	240-059-3-0036-N	3,153
SPED 94-142 Allocation (fiscal year 2014)	84.027	240-004-4-0036-O	92,352
SPED 94-142 Allocation (fiscal year 2015)	84.027	240-232-5-0036-B	424,928
SPED Program Improvement (fiscal year 2015)	84.027	274-040-5-0036-B	10,206
<u>Passed through the State Department of Early Education and Care:</u>			
SPED Early Childhood Allocation (fiscal year 2015)	84.173	26215BOURNEPUBLICSCH	4,921
SPED Early Childhood Allocation (fiscal year 2014)	84.173	26214BOURNEPUBLICSCH	<u>79</u>
Subtotal Special Education Cluster			<u>535,639</u>
<u>Passed through the State Department of Elementary & Secondary Education:</u>			
Title IIA - Improving Teacher Quality (fiscal year 2014)	84.367	140-028816-2014-0036-2.0	10,229
Title IIA - Improving Teacher Quality (fiscal year 2015)	84.367	140-047472-2015-0036-3.0	66,882
ARRA - Race to the Top (fiscal year 2014)	84.395	201-029611-2014-0036-1.0	<u>3,079</u>
Total U.S. Department of Education			<u>1,031,199</u>

**TOWN OF BOURNE, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
<u>Passed through the State Department of Health and Human Services:</u>			
School-Based Medicaid Reimbursement Program	93.778	1953656	<u>18,798</u>
U.S. Department of Homeland Security			
<u>Direct Program:</u>			
Staffing for Adequate Fire and Emergency Response	97.083	Not Applicable	561,511
Assistance to Firefighters Grant	97.044	Not Applicable	724
<u>Passed through the State Office of Emergency Management:</u>			
Emergency Management Performance Grants	97.042	FY15EMPG120000BOURN	3,600
Emergency Management Performance Grants	97.042	FY15EMPG1314000BOURN	<u>2,218</u>
Total U.S. Department of Homeland Security			<u>568,053</u>
Total			<u>\$ 2,402,551</u>

The accompanying notes are an integral part of this schedule.

**TOWN OF BOURNE, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Bourne, 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. 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 Education

The amount reported for the Impact Aid program represents federal cash receipts.

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

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

Note 5 - U.S. Department of Homeland Security

The amounts reported for the Emergency Management Performance Grants programs represent federal cash receipts.

This information is an integral part of the accompanying schedule of expenditures of federal awards.

**TOWN OF BOURNE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes none reported
3. Noncompliance material to financial statements noted? _____ yes no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ x yes _____ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit 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 Federal Programs

14.228 CDBG/State-Administred Small Cities Program

97.083 Staffing for Adequate Fire and Emergency Response (SAFER)

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

Auditee qualified as low-risk auditee pursuant to OMB Circular A-133? _____ x yes _____ no

TOWN OF BOURNE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

Section II - Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III - Findings and Questioned Costs - Major Federal Programs

2015 - 001

Federal agency: U.S. Department of Homeland Security

Federal program: Staffing for Adequate Fire and Emergency Response (SAFER)

CFDA Number: 97.083

Award Period: December 28, 2012 to August 10, 2015

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Compliance

Criteria or specific requirement: Recipients of a SAFER grant are required to submit a semi-annual Federal Financial Report (FFR) via the automated system on the Standard Form 425. The cash receipts and cash disbursements reported on the form are to be cumulative. The reporting periods for the FFR are January 1 through June 30 (report due July 31), and July 1 through December 31 (report due by January 30).

Condition: The bi-annual federal financial reports were not being prepared in accordance with the reporting requirements and evidence of timely submission of the reports was not maintained.

Questioned costs: None

Context: During our testing of one semi-annual report, we identified that documentation supporting bi-annual reports filed under the grant agreement was not maintained. In addition, the cash disbursements reported on the forms were for the six months covered by the report and not the required cumulative amounts.

Cause: Procedures are not in place to prepare and file the semi-annual FFR's in accordance with federal requirements.

Effect: The Town is not in compliance with federal reporting requirements.

Recommendation: We recommend documentation be maintained to support cumulative cash disbursement amounts on the semi-annual Federal Financial Reports. We also recommend implementation of a process to track and document the timely submission of the reports and to ensure copies of the reports are maintained in the grant files.

TOWN OF BOURNE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: The previous grant had been reported but not cumulatively.

Actions planned in response to finding: Effective in fiscal year 2016 with the new grant, the Fire Chief is keeping track of cumulative revenues and expenses on the Federal Financial Report.

Responsible party: Fire Department

Planned completion date for corrective action plan: The previous grant is completed.

Plan to monitor completion of corrective action plan: The new grant will keep cumulative totals as required by the grant.

Section IV - Prior Year Major Federal Program Findings

2014 - 001 - Cash Management - Staffing for Adequate Fire and Emergency Response (SAFER)

During this year's testing of the reporting requirements related to the SAFER grant, the prior year finding was not resolved. See finding 2015-001.