

TOWN OF BOURNE, MASSACHUSETTS

GAO AND OMB A-133 REPORTS

FOR THE YEAR ENDED JUNE 30, 2014

TOWN OF BOURNE, MASSACHUSETTS

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 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, 2014, 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 November 21, 2014.

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.

CliftonLarsonAllen LLP

Boston, Massachusetts

November 21, 2014

**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, 2014. 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, 2014.

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 2014-001. 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 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.

Report on Internal Control Over Compliance

Management of 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 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 2014-001, 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, 2014, 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 November 21, 2014 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
November 21, 2014

**TOWN OF BOURNE, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass-Through Grantor/ Program	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	\$ 30,672
National School Lunch Program - Cash Assistance	10.555	01-036	245,681
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	01-036	29,939
Total U.S. Department of Agriculture			<u>306,292</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>222,554</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>148,866</u>
<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	0305-000539-2013-0036	53,577
Title I Distribution (fiscal year 2014)	84.010	0305-018976-2014-0036	214,954
Subtotal Title I, Part A Cluster			<u>268,531</u>
<i>Special Education Cluster</i>			
SPED 94-142 Allocation (fiscal year 2012)	84.027	240-094-2-0036-M	538
SPED 94-142 Allocation (fiscal year 2013)	84.027	240-059-3-0036-N	107,088
SPED 94-142 Allocation (fiscal year 2014)	84.027	240-004-4-0036-O	424,926
SPED Program Improvement (fiscal year 2013)	84.027	274-182-3-0036-N	866
SPED Program Improvement (fiscal year 2014)	84.027	274-244-4-0036-O	9,052
SPED 94-142 Transition (fiscal year 2014)	84.027	243-082-4-0036-A	1,600
<u>Passed through the State Department of Early Education and Care:</u>			
SPED Early Childhood Allocation (fiscal year 2014)	84.173	26214BOURNEPUBLICSCH	4,405
SPED Early Childhood Allocation (fiscal year 2013)	84.173	26213BOURNEPUBLICSCH	90
Subtotal Special Education Cluster			<u>548,565</u>
<u>Passed through the State Department of Elementary & Secondary Education:</u>			
Title IIA - Improving Teacher Quality (fiscal year 2013)	84.367	0140-011244-2013-0036	11,901
Title IIA - Improving Teacher Quality (fiscal year 2014)	84.367	140-028816-2014-0036-2.0	56,957
ARRA - Race to the Top (fiscal year 2013)	84.395	201-000291-2013-0036	4,524
ARRA - Race to the Top (fiscal year 2014)	84.395	201-029611-2014-0036-1.0	1,745
Total U.S. Department of Education			<u>1,041,089</u>

TOWN OF BOURNE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
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>16,487</u>
U.S. Department of Homeland Security			
<u>Direct Program:</u>			
Staffing for Adequate Fire and Emergency Response	97.083	Not Applicable	506,162
<u>Passed through the State Office of Emergency Management:</u>			
Public Assistance Grants	97.036	CTFEMA4110BOURN000675	124,835
Emergency Management Performance Grants	97.042	FY13EMPG1100000BOURN	<u>3,978</u>
Total U.S. Department of Homeland Security			<u>634,975</u>
Total			<u>\$ 2,241,397</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, 2014**

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 Public Assistance Grants and 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, 2014

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 x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x 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-Administered Small Cities Program
84.027 & 84.173	Special Education Cluster (IDEA)
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, 2014

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

2014 – 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 December 27, 2014

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, it was noted that the Town was not maintaining documentation of the bi-annual reports filed under the grant agreement. 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 procedures be implemented to ensure there is proper review of the federal financial reports being filed prior to submission to ensure the accuracy of the amounts reported. We also recommend implementation of a process to track and document the 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, 2014

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

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: The Fire Department will adopt procedures which will ensure compliance with federal reporting requirements. There will be a review of the reports prior to filing. All reports will include cumulative totals and have documentation to track the submission and copies of the reports filed.

Responsible party: Mr. Martin Greene, Fire Chief.

Planned completion date for corrective action plan: The Fire Department will file the next report for the period July 1 through December 31 with cumulative totals. The report will be printed with evidence of filing the report maintained with the report.

Plan to monitor completion of corrective action plan: The Fire Department will review its procedures at the next filing deadline to ensure it completed all requirements.

Section IV – Prior Year Major Federal Program Findings

2013 – 001 – Cash Management - CDBG/State-Administered Small Cities Program

During this year's testing of cash management on the CDBG/State-Administered Small Cities Program, no instances of noncompliance were noted. Resolved.

2013 – 002 – Procurement and Suspension and Debarment - CDBG/State-Administered Small Cities Program

During this year's testing of procurement and suspension and debarment on the CDBG/State-Administered Small Cities Program, no instances of noncompliance were noted. Resolved.