

CITY OF ATTLEBORO, MASSACHUSETTS

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2013

CITY OF ATTLEBORO, MASSACHUSETTS

June 30, 2013

Table of Contents

	Page
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	3-6
Schedule of Expenditures of Federal Awards	7-10
Notes to the Schedule of Expenditures of Federal Awards	11-12
Schedule of Findings and Questioned Costs:	
Summary of Audit Results	13
Findings - Financial Statement Audit	14
Findings and Questioned Costs for Federal Awards	15-22
Summary Schedule of Prior Audit Findings	23

HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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To the Honorable Mayor and Members of the City Council
City of Attleboro
Attleboro, Massachusetts

Independent Auditor's 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*

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 City of Attleboro, Massachusetts ("the City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 23, 2014.

Internal Control over Financial Reporting

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

Continued

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 results 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.

Hague, Sahady & Co. PC

Fall River, Massachusetts
January 23, 2014

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To the Honorable Mayor and Members of the City Council
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Attleboro, Massachusetts

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

Report on Compliance for Each Major Federal Program

We have audited the City of Attleboro, Massachusetts's ("the City's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's 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 City's 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 City's compliance.

Basis for Qualified Opinion on the Community Development Block Grant - Entitlement Cluster

As described in Finding 07-04 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the following:

Findings #	CFDA #	Program (or Cluster) Name	Compliance Requirement
07-04	14.218	Community Development Block Grant - Entitlement Cluster	Cash Management

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on the Community Development Block Grant - Entitlement Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grant - Entitlement Cluster for the year ended June 30, 2013.

Basis for Qualified Opinion on the Child Nutrition Cluster

As described in Findings 13-01, 13-02, 13-03 and 13-04 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the following:

Findings #	CFDA #s	Program (or Cluster) Name	Compliance Requirement
13-01	10.553, 10.555	Child Nutrition Cluster	Reporting
13-02	10.553, 10.555	Child Nutrition Cluster	Special Tests
13-03	10.553, 10.555	Child Nutrition Cluster	Allowable Costs
13-04	10.553, 10.555	Child Nutrition Cluster	Reporting

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City 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 other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the City 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 City's 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 City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (Findings Reference Numbers) 13-02, 13-03 and 07-04 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (Finding Reference Number) 13-01 and 13-04 to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's 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 results 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 City of Attleboro, Massachusetts (“the City”), as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the City’s basic financial statements for the year then ended, and have issued our report thereon dated January 23, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the 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 Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Hague, Sabady & Co. PC

Fall River, Massachusetts
January 23, 2014

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

	<u>Federal CFDA #</u>	<u>Grantor/ Pass-Through Grantors Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/ Expenditures</u>	<u>Major</u>
<i>US Department of Agriculture:</i>					
<i>Passed through Massachusetts Department of Early and Secondary Education:</i>					
Child Nutrition Cluster:					
School Breakfast Program (NSLP)	10.553	DOENUT	144,340	\$ 144,340	
School Lunch Program (NSLP)	10.555	DOENUT	2,602,265	1,752,803	
Total Child Nutrition Cluster				1,897,143	Major
Total US Department of Agriculture				1,897,143	
<i>US Department of Housing and Urban Development:</i>					
<i>US Department of Housing and Urban Development (direct):</i>					
CDBG - Entitlement Grant Cluster:					
Community Development Block Grant FY13	14.218	B-12-MC-25-0030	370,426	327,933	Major
Total US Department of Housing and Urban Development (direct)				327,933	
<i>US Department of Housing and Urban Development (Continued):</i>					
<i>Passed through Massachusetts Department of Housing and Community Development:</i>					
Massachusetts Community Development Block Grant, Neighborhood Stabilization Program (NSP3)	14.228	SCOCD324413590090000	1,002,506	498,415	Major
Total Passed through Massachusetts Department of Housing and Community Development				498,415	
Total US Department of Housing and Urban Development				826,348	
<i>US Department of Justice:</i>					
<i>US Department of Justice (direct):</i>					
DEA Overtime 2012	16.unknown	Unknown	17,202	4,226	
DEA Overtime 2013	16.unknown	Unknown	17,202	12,415	
Northern Bristol County Drug Task Force	16.738	2009djb0104	9,926	9,926	
Total US Department of Justice (direct)				26,567	
<i>Passed through Massachusetts Executive Office of Public Safety and Security:</i>					
Bullet Resistant Vest - FY13	16.607	15-0404-0-1754	10,935	10,935	
ARRA - Byrne Recovery Grant FY11	16.738	2010-DJ-BX-0963	17,482	13,718	
ARRA - Byrne Recovery - (BJA - JAG) FY12	16.803	2010-DJ-BX-0963	67,408	28,378	
Total passed through Massachusetts Executive Office of Public Safety and Security				53,031	
Total US Department of Justice				79,598	

The accompanying notes are an integral part of this schedule

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

	<u>Federal CFDA #</u>	<u>Grantor/ Pass-Through Grantors Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/ Expenditures</u>	<u>Major</u>
<i>US Institute of Museum and Library Sciences:</i>					
<i>Passed through the Arts Midwest:</i>					
Big Read FY13	45.024	20291	9,700	<u>9,700</u>	
<i>Passed through the Massachusetts Board of Library Commissioners Agency:</i>					
Library Science STEM Grant	45.310	LSTA Grant Acc 7000-9702	7,500	<u>4,833</u>	
Total US Institute of Museum and Library Sciences				<u>14,533</u>	
 <i>US Department of Education:</i>					
<i>Passed through Massachusetts Department of Early and Secondary Education:</i>					
Title I, Part A Cluster:					
Title I - 305 Distributions FY12	84.010	305-096-2-0016-M	929,524	67,510	
Title I - 305 Distributions FY13	84.010	305-0066110-2013-0017	918,443	849,006	
Title I - Carryover FY12	84.010	305-037-3-016-N	49,988	<u>49,988</u>	
Total Title I, Part A Cluster				<u>966,504</u>	
Special Education Cluster (IDEA):					
SPED 94-142 Allocation FY12	84.027	240-080-2-0016-M	1,585,063	66,783	
SPED 94-142 Allocation FY13	84.027	240-327-3-0016-N	1,641,980	1,533,310	
SPED Program Improvement - FY12	84.027	274-165-2-0016-M	67,996	3,851	
SPED Program Improvement - FY13	84.027	274-261-3-0016-N	43,970	20,965	
Support ICRS - Continuation - FY12	84.027	289-005-2-0016-M	50,000	12,813	
E.C. SPED Program Improvement	84.173	298-119-3-0016-N	4,750	4,750	
SPED Early Childhood - FY12	84.173	262-ECSPED-EEC	59,657	564	
SPED Early Childhood - FY13	84.173	262-ECSPED-EEC	59,616	<u>44,224</u>	
Total Special Education Cluster (IDEA)				<u>1,687,260</u>	

The accompanying notes are an integral part of this schedule

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

	<u>Federal CFDA #</u>	<u>Grantor/ Pass-Through Grantors Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/ Expenditures</u>	<u>Major</u>
<i>US Department of Education (Continued):</i>					
<i>Passed through Massachusetts Department of Early and Secondary Education (Continued):</i>					
Perkins Grant FY12	84.048	400-0141-2-0016-M	64,018	5,167	
Perkins Grant FY13	84.048	400-010-3-0016-N	66,976	58,952	
Mass Grad Implementation - FY12	84.360	Unknown	171,273	23,346	
Mass Grad Implementation - FY13	84.360	Unknown	104,333	99,165	
LEP Support FY12	84.365	180-035-2-0016-M	48,314	18,947	
LEP Support FY13	84.365	180-032-3-0016-N	62,769	22,205	
LEP Support Carry-Over FY12	84.365	180-057-2-0016-M	2,482	204	
LEP Support Carry-Over FY13	84.365	180-070-3-0016-N	5,486	5,486	
Teacher Quality/Title IIA FY12	84.367	140-240-2-0016-M	223,058	1,028	Major
Teacher Quality/Title IIA FY13	84.367	140-009949-2013-0016	222,607	220,431	Major
Teacher Quality/Title IIA Carry-Over - Title I & II Carry Over	84.367	140-017-3-0016-N	4,639	4,639	Major
Early Adopters Project (Race to the Top)	84.395	210-019-2-0016-M	10,000	10,000	Major
Race to the Top - FY12	84.395	201-125-2-0016-M	56,095	-	Major
Race to the Top - FY13	84.395	201-000279-2013-0016	175,593	165,488	Major
Human Resources Pilot Project (Race to the Top) - FY12	84.395	205-001-2-0016-M	192,242	52,053	Major
Human Resources Pilot Project (Race to the Top) - FY13	84.395	2005-003-3-0016-N	163,700	79,451	Major
Total passed through Massachusetts Department of Early and Secondary Education				<u>3,420,326</u>	
Total US Department of Early and Secondary Education				<u>3,420,326</u>	
 <i>U.S. Department of Health & Human Services</i>					
<i>Passed through the Massachusetts Executive Office of Elder Affairs:</i>					
Council on Aging Shine FY13	93.779	ELD-RFR-2002-03	59,502	57,379	
MIPPA - FY13	93.779	ELD-RFR-2002-03	20,265	10,676	
Total Passed through the Massachusetts Executive Office of Elder Affairs:				<u>68,055</u>	
<i>Passed through the Massachusetts Department of Health and Human Services:</i>					
Fire FEMA DBH (MDU) - FY10	93.889	U3REPO90238-03-00	2,000	150	
Fire FEMA DBH (MDU) - FY11	93.889	U3REPO90238-03-00	2,000	1,173	
Fire FEMA DBH (MDU) - FY12	93.889	U3REPO90238-03-00	2,000	1,711	
Total passed through Massachusetts Department of Health and Human Services				<u>3,034</u>	
Total U.S. Department of Health & Human Services				<u>71,089</u>	

The accompanying notes are an integral part of this schedule

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

	<u>Federal CFDA #</u>	<u>Grantor/ Pass-Through Grantors Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/ Expenditures</u>	<u>Major</u>
<i>US Department of Homeland Security (direct):</i>					
FEMA Special - FY11	97.036	Unknown	47,084	16,724	
FEMA Hurricane Sandy	97.036	FEMA-4097-DR-MA	43,936	43,936	
Boston Marathon	97.111	FEMA-Unknown	5,617	5,617	
Homeland Security Grant Program Citizen Corps	97.042	FFY2010EMPG	14,000	14,000	
Emergency Management Performance	97.042	CT-CDA-FY13EMPG110000ATTLE	17,500	<u>17,392</u>	
Total US Department of Homeland Security (direct)				<u>97,669</u>	
<i>Passed through Massachusetts Executive Office of Public Safety:</i>					
Community Emergency Response	97.067	FFY132011CCPATTLBOR	5,950	5,522	
Underwater Aid Dive Rescue - FY12	97.067	Unknown	20,160	<u>1,716</u>	
Total Passed through Massachusetts Executive Office of Public Safety:				<u>7,238</u>	
Total US Department of Homeland Security				<u>104,907</u>	
Total Expenditures of Federal Awards				<u>\$ 6,413,944</u>	

The accompanying notes are an integral part of this schedule

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

Note 1. Definition of Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents activity of all financial assistance programs of the City of Attleboro, Massachusetts. All federal financial assistance received directly from a federal agencies as well as federal financial assistance passed through other governmental agencies is included on this schedule.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Attleboro, 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*.

Note 3. Major Programs

The City’s independent auditors have used a risk-based approach to determine which federal programs are “major programs” in accordance with OMB Circular A-133, Subpart E, Section 520. This risk-based approach includes consideration of current and prior audit experience, oversight by Federal Agencies and pass-through entities, the inherent risk of the Federal program, as well as other considerations. The process in paragraphs (b) through (i) of Section 520 govern auditor major program determination. Section 520(h) states “when major program determination was performed and documented in accordance with this part, the auditor’s judgment in applying the risk-based approach to determine major programs shall be presumed correct.”

The City has no responsibility to determine major programs. Our responsibilities are summarized within OMB Circular A-133, Subpart C, Section 300 “Auditee Responsibilities”.

Note 4. Subrecipients

Of the federal expenditures presented in the schedule, City of Attleboro, Massachusetts provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>C DFA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant		
- Entitlement Grant Cluster	14.218	\$ 327,933
Neighborhood Stabilization Program	14.228	\$ 498,415

Note 5. Program Income

Of the federal expenditures and award amounts presented in the Schedule of Expenditures of Federal Awards, the City included \$849,462 of program income for the Child Nutrition Cluster within the “award amount” column. Additionally, \$21,737 and \$2,507 were included in the “award amount” within the CDBG Entitlement Grant Cluster and the Neighborhood Stabilization Program (respectively) that represent program income generated by these programs during fiscal year 2013.

Note 6. Loan Transactions

Included in the Schedule of Expenditures of Federal Awards for the Community Development Block Grant (CDBG) were new loans totaling \$163,138 for the year ended June 30, 2013. As of June 30, 2013 the loan receivables for CDBG totaled \$1,264,065.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

Note 7. Non-Cash Assistance

Included within the expenditures of the Child Nutrition Cluster in the Schedule of Expenditures of Federal Awards is \$5,490 of USDA donated agricultural commodities that the City received during fiscal year 2013.

Note 8. Program Cluster

In accordance with Subpart A, Section 105 of OMB Circular No. A-133, *Audits of States, Local Governments and Non-Profit Organizations*, certain programs have been clustered in determining major programs. The following represent the cluster programs:

National School Lunch Cluster

School Breakfast Program	10.553
School Lunch Program	10.555

JAG Program Cluster

Edward Bryne Memorial Justice Assistance Grant Program	16.738
ARRA Edward Bryne Memorial Justice Assistance Grant Program	16.803

Special Education Cluster (IDEA)

Special Education Grants to States	84.027
Special Education Preschool Grants	84.173

Title I Part A Cluster

Title I - Distributions	84.010
Title I - Carryover	84.010

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Summary of Audit Results

Financial Statements:

We have audited the financial statements of the City of Attleboro, Massachusetts, as of and for the year ended June 30, 2013 and have issued our reports thereon dated January 23, 2014. We conducted our audit 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 with the requirements of the *U.S. Office of Management and Budget (OMB) Circular A-133*. The results of our audit are as follows:

Type of Report issued on the Financial Statements	Unmodified
Internal Control over Financial Reporting:	
Significant Deficiencies Identified?	None Reported
Material Weaknesses Identified?	No
Noncompliance Material to the Financial Statements Noted?	No

Federal Awards

Internal Control over Major Programs:	
Significant Deficiencies Identified?	Yes
Material Weaknesses Identified?	Yes
Type of Report on Compliance for Major Programs:	
Child Nutrition Cluster (CFDA 10.553 and 10.555)	Qualified
CDBG Entitlement Grant Cluster (CFDA 14.218)	Qualified
Neighborhood Stabilization Program (CFDA 14.228)	Unmodified
Teacher Quality/Title IIA (CFDA 84.367)	Unmodified
Race to the Top (CFDA 84.395)	Unmodified
Disclosure of Audit Findings required to be reported under Section .510(a) Of OMB Circular A-133:	Yes

Identification of Major Programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Child Nutrition Cluster	10.553 and 10.555
CDBG Entitlement Grant Cluster	14.218
Neighborhood Stabilization Program	14.228
Teacher Quality/Title IIA	84.367
Race to the Top	84.395

Threshold for distinguishing Type A and Type B Programs was \$300,000.

The City of Attleboro, Massachusetts does not qualify as a low risk auditee.

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Findings - Financial Statement Audit:

NONE

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
13-01	10.553 & 10.555	<p>The School Department did not submit reports expected to be submitted by the State administering agency of a federal program (the Child Nutrition Cluster)</p> <p>Information on the Federal Programs: United States Department of Agriculture, passed through Massachusetts Department of Elementary and Secondary Education – Child Nutrition Cluster CFDA Nos. 10.553 & 10.555; Grant ID- DOENUT; Grant Period Ending Fiscal Year End 2013.</p> <p>Condition: The City/School Department has not been preparing or submitting “Supplemental Financial Reports” as required by the Massachusetts Department of Elementary and Secondary Education (“DESE”).</p> <p>Criteria: The City/School Department is <i>expected</i> to submit the report to the MA DESE on a monthly basis in order for the State to be able to assess the financial health of the Child Nutrition Cluster, per our discussion with DESE management.</p> <p>According to Paragraph 4.11 of the 2011 GAO Yellow Book, <i>criteria</i> identify an expectation or a required or desired state. Criteria for audit findings are the “laws, regulations, contracts, grant agreements, standards, measures, <i>expected performance</i>, defined business practices, and benchmarks against which performance is compared or measured.”</p> <p>Cause: The necessary reporting documents were not complete and available for independent auditor analysis at the time of fieldwork during the fiscal year 2013 City of Attleboro Single Audit.</p> <p>Effect: The State administering agency (i.e. the DESE) cannot monitor the status of the Federal funding associated with the Child Nutrition Cluster in a timely manner when determined to be necessary.</p> <p>Isolated Instance or Systemic Problem: This appears to be a systematic problem; the “Supplemental Financial Reports” have not been filed since February 2011 per correspondence with DESE management.</p> <p>Recommendation: The City/School department should prepare and submit the report on a go-forward basis; in addition to submitting the report for all prior periods. Our recommendation mirrors the recommendation from DESE management based on our correspondence with the DESE.</p> <p>Management’s Response and Corrective Action Plan: <i>The Attleboro School Department has improved communication with Whitsons, the food service vendor, and monthly Supplemental Financial Reports are being entered into the DESE secure portal.</i></p>	NONE

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Findings and Questioned Costs for Federal Awards:

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
13-02	10.553 & 10.555	<p>The City/School Department did not comply with various Verification requirements.</p> <p>Information on the Federal Programs: U.S. Department of Agriculture, passed through the Massachusetts Department of Elementary and Secondary Education – Child Nutrition Cluster, CFDA Nos. 10.553 & 10.555; Grant ID –DOENUT; Grant Period Ending Fiscal Year 2013.</p> <p>Condition: The City/School Department elected to use the “Alternate-Random” verification sampling method for calculations on the “School Food Authority Verification Summary Report”. However, utilization of this sampling method is only allowable if the determined “non-response rate” in the prior year was less than 20%, which could not be determined as the alternate sampling method was also used in the prior year, and the exact amount of verified applications for the prior year is not known.</p> <p>In addition, the amount of applications selected for verification was based on a per student estimate, as opposed to a selection of “error-prone” applications from a calculated percentage of total approved applications (See criteria below).</p> <p>Criteria: Per 7 CFR Section 245.6a (c)(3) Standard sample size: Unless eligible for an alternative sample size under paragraph (d) of this section, the sample size for each local educational agency shall equal the lesser of:</p> <ul style="list-style-type: none"> (i) Three (3) percent of all applications approved by the local educational agency for the school year, as of October 1 of the school year, selected from error prone applications; or (ii) 3,000 error prone applications approved by the local educational agency for the school year, as of October 1 of the school year. (iii) Local educational agencies shall not exceed the standard sample size in paragraphs (c)(3)(i) or (c)(3)(ii) of this section, as applicable, and, unless eligible for one of the alternative sample sizes. <p>Cause: The School Department did not have adequate monitoring and oversight procedures in place over the verification process.</p> <p>Effect: The School Department may be granting children with an incorrect eligibility status.</p> <p>Isolated Instance or Systematic Problem: This appears to be a systematic problem; after reviewing the “School Food Authority Verification Summary Report” for fiscal year 2012, it was observed that the same verification procedures were utilized in the prior year.</p> <p>Recommendation: The School Department should review all verification requirements detailed in 7 CFR Section 245.6a and update verification procedures in order to ensure that the appropriate sampling method and size are utilized.</p>	NONE

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
13-02	10.553 & 10.555	<p>The City/School Department did not comply with various Verification requirements (continued)</p> <p>Response and Corrective Action Plan: <i>The Attleboro School Department used the "Alternate Random" verification sampling method in FY 13 and the ASD has historically always used the "Alternate Random" verification sampling method. And it may have been ok to do so. But because the ASD used the same method in FY 12, the auditor could not verify that the non-response rate was less than 20% in FY 12. Therefore, the auditor included the as a Management Letter Comment.</i></p> <p><i>The Attleboro School Department will review all verification requirements in 7 CFR Section 245.6A and update verification procedures.</i></p>	NONE

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Reference Number	Finding	Questioned Costs
13-03	The City/School Department Failed To Obtain Payroll Certifications For Employees Who Work Solely For A Single Federal Program Information on the Federal Programs: United States Department of Agriculture, passed through Massachusetts Department of Elementary and Secondary Education - Child Nutrition Cluster CFDA Nos. 10.553 & 10.555; Grant ID- DOENUT; Grant Period Ending Fiscal Year End 2013. Condition: The City and School Department do not have on file the signed semi-annual certifications which are required for all employees who work solely on a single Federal award. Criteria: <i>OMB Circular A-87, Attachment B(h) states ...</i> (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Cause: Management was unaware of this requirement. Effect: The potential exists that employees could have been charged to the Attleboro School District's federal award who did not devote 100% of their time to Attleboro's award program Recommendation: The City and School Department should develop a system to ensure that signed certifications are obtained from all employees who worked on a single Federal award at least semi-annually as well as reviewing OMB Circular A-87, Attachment B (h) to ensure compliance with the regulations Response and Corrective Action Plan: <i>The Attleboro School Department has a strong Salary check and balance system. Grant managers are assigned to each grant award and financial communication/coordination usually flows well among the Grant Manager, the Business Office and the Payroll Office. I am very sure that any employee who charged their time to a specific grant actually worked on that particular grant.</i> <i>But, I, Tom Rose, did not know that semi-annual certifications were required and now I do. I will fix the mistake beginning this fiscal year, FY 14.</i>	NONE

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
13-04	<p>The City/School Department Failed To Complete Required Accuclaim On-Site Reviews</p> <p>Information on the Federal Programs: United States Department of Agriculture, passed through Massachusetts Department of Elementary and Secondary Education – Child Nutrition Cluster CFDA Nos. 10.553 & 10.555; Grant ID- DOENUT; Grant Period Ending Fiscal Year End 2013.</p> <p>Condition: The City/School Department did not complete required On-Site reviews required by federal regulation for districts/agencies with two or more schools/sites</p> <p>Criteria: 7 CFR 210.8(a)(1) - “Every school year, each school food authority with more than one school shall perform no less than one on-site review of the lunch counting and claiming system employed by each school under its jurisdiction. The on-site review shall take place prior to February 1 of each school year.”</p> <p>Cause: Management was unaware of this requirement.</p> <p>Effect: Meal counting/claiming process not verified with respect to reimbursable meals being accurately identified and counted. Lack of on-site review does not ensure that (1) the school’s claim is based on the counting system authorized by the State agency under 7 CFR 210.7(c) and (2) that the counting system, as implemented, yields the actual number of reimbursable free, reduced price and paid lunches, respectively, served for each day of operation.</p> <p>Recommendation: Accuclaim reviews should be completed by February 1 of each school year with the online summary report submitted to the DESE within 10 days. The Accuclaim report is located in the Security Portal under “Compliance”.</p> <p>Response and Corrective Action Plan: <i>Accuclaim reviews will be completed by the end of February in FY 14 and by February 1 for the succeeding school years.</i></p>	NONE

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Findings and Questioned Costs for Federal Awards:

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
07-04	14.218	<p>The National Objective of Benefitting Low-and-Moderate-Income Persons may not Have Been Met for the Technical Assistance/Economic Development Projects</p> <p>Information on the Federal Programs: Department of Housing and Urban Development (direct funding), Community Development Block Grant - CFDA No. 14.218. Grant Period: Year Ended June 30, 2013</p> <p>Condition: The national objective of benefiting low-and-moderate-income persons through job creation was not satisfied for the technical assistance/economic development funds provided to the Attleboro Redevelopment Authority (ARA) in accordance with 24 CFR Section 570.208(a)(4)(i).</p> <p>Criteria: In accordance with 24 CFR 570.208 (a)(4)(i) “for an activity that creates jobs, the recipient must document that at least 51 percent of the jobs will be held by, or will be available to, low-and-moderate-income persons.”</p> <p>The required number of jobs has not been created to ensure that the national objectives were met.</p> <p>Cause: Project completion issues with the Industrial Business Park and Intermodal Transportation Facility.</p> <p>Effect: The national objective of benefiting low-and-moderate income persons through job creation was not met. There was a lack of documentation on file to prove that the jobs that were created met the requirements under Housing and Urban Development regulations.</p> <p>Recommendation: It is recommended that documentation and evidence be produced and held on file in the Community Development Office that proves that the national objective of benefiting low-and-moderate-income persons through job creation was met for the technical assistance grants. In addition, a comparison of the timeline and agreement established with the ARA should be periodically monitored to ensure compliance.</p>	<p>\$123,791 2008 Funding</p>

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Findings and Questioned Costs for Federal Awards:

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
07-04	14.218	The National Objective of Benefitting Low-and-Moderate-Income Persons may not Have Been Met for the Technical Assistance/Economic Development Projects	\$123,791 2008 Funding

Response and Corrective Action Plan:

We continue to be aware of this outstanding finding from HUD; and that it applies to the Industrial Business Park (hereinafter "IBP") project and to the downtown Attleboro Intermodal Transportation Center (hereinafter "ITC") project. In a letter dated December 3, 2009, HUD acknowledged that the City of Attleboro had entered into a Purchase and Sales and a Jobs Agreement with a company known as MAR Seafood for a 5.89 acre site in the IBP. MAR Seafood's plan is to relocate its existing seafood manufacturing plant from Warwick, Rhode Island to Attleboro, Massachusetts and to create/retain thirty (30) permanent full-time equivalent jobs. Moreover, although HUD also acknowledged by December 2009 that the Intermodal Transportation Center was a project that did not come into fruition, it stated in its December 2009 letter that by creating/retaining thirty (30) permanent full-time equivalent jobs at the IBP, the City will satisfy the CDBG National Objective requirements for job creation/retention for both the IBP and ITC. HUD's requirements contained in 570.209(b)(1)(i) requires the creation of twenty (20) permanent full-time equivalent jobs, or one (1) job for every \$35,000.00 of CDBG funds expended. HUD wrote that until the project is closed (the building being constructed and the employees hired), the finding will remain open. MAR purchased the site, obtained all of its local and state permits, has constructed the building's foundation, and steel has been delivered to the site. Its building permit is still valid. At the request of a status report from HUD's Regional Office in Boston on February 18, 2012 relative to the construction of the MAR Seafood plant at the IBP, the Attleboro Community Development Office informed Boston in writing that it had spoken with the President of MAR Seafood, Mr. Joseph Fernandes, and that Mr. Fernandes said the company is still going to relocate its operations to Attleboro but that the schedule had been delayed due to slow sales as a result of the current economy. The Attleboro Community Development Office also informed HUD's Regional Office in Boston in writing that we have updated our IDIS records to reflect this new information. In closing, we are still awaiting MAR Seafood to complete the construction of its plant in the IBP and will continue to monitor its progress until the requisite jobs are created. The Department of Planning and Development will be meeting with HUD officials on March 13, 2013 to discuss this finding, its status, and future steps. The Department will maintain its position that MAR Seafood has not completed construction of its 30,000 square foot plant because it is directly related to the continuing stagnant national economy; and that municipalities officials have reached out to the company to assist in any way that would help the company undertake construction activities.

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Findings and Questioned Costs for Federal Awards:

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
07-04	14.218	The National Objective of Benefitting Low-and-Moderate-Income Persons may not Have Been Met for the Technical Assistance/Economic Development Projects	\$123,791 2008 Funding

Response and Corrective Action Plan (Continued):

In addition, the City of Attleboro and the Redevelopment Authority are in negotiations with another branch of government to move a facility from its current location to a 28-acre site located in the IBP. The Department will make the case that the relocation of governmental facility to the IBP will generate at least twenty (20) permanent full-time equivalent jobs to satisfy the HUD's requirements contained in 570.209(b)(1)(i). In addition, a substantial job creation opportunity manifested in 2013 for the IBP that could also fulfill the City's obligations to generate a minimum of twenty (20) permanent full-time equivalent jobs that would satisfy the HUD's requirements contained in 570.209(b)(1)(i). The opportunity is the development proposal from Sports Village, LLC. Sports Village, LLC. In September 2013, Longfellow Advisors, a Boston-based investment firm, signed a Purchase & Sales Agreement with the Attleboro Redevelopment Authority to purchase 110± acres at the IBP to construct a \$36,000,000.00 state-of-the-art sports complex and hotel to be named New England Sports Village. The company, Sports Village, LLC, proposes to construct a 400,000 square foot sports complex that will consist of four connected facilities - one will house two regulation size NHL hockey rinks, one will house a regulation size MLS soccer field and four regulation size NBA basketball courts, one will accommodate an aquatic facility housing an Olympic-size pool, and the fourth facility is a 125-room hotel. The sports complex will also include a myriad of complementary businesses such as sports medicine, food, and retail. The local permitting process is anticipated to begin by the end of December 2013. Construction is expected to begin in spring 2014. Substantial completion is expected by late-fall 2014. This multi-million dollar economic development project is expected to create approximately two hundred (200) permanent full-time equivalent jobs dozens of which will be available for low-income and moderate-income households and individuals.

