

CITY OF ATTLEBORO, MASSACHUSETTS

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2014

CITY OF ATTLEBORO, MASSACHUSETTS

June 30, 2014

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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 8, 2015.

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, Sabady & Co. PC

Fall River, Massachusetts
February 8, 2015

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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, 2014. 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 Findings 14-01 and 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
14-01	14.218	Community Development Block Grant - Entitlement Cluster	Reporting
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, 2014.

Basis for Qualified Opinion on the Child Nutrition Cluster

As described in Findings 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
13-03	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, 2014.

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, 2014.

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.

Report on Internal Control over Compliance (Continued)

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) 14-01, 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item (Finding Reference Number) 13-04 to be a significant deficiency.

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, 2014 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 February 8, 2015, 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.



Fall River, Massachusetts
February 8, 2015

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

	<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	10.553	DOENUT	175,404	\$ 175,404	
School Lunch Program	10.555	DOENUT	1,743,890	1,722,036	
Total Child Nutrition Cluster				<u>1,897,440</u>	MAJOR
Total US Department of Agriculture				<u>1,897,440</u>	
 <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	190,594	
Community Development Block Grant FY14	14.218	B-13-MC-25-0030	392,429	109,653	
Total US Department of Housing and Urban Development (direct)				<u>300,247</u>	MAJOR
<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	1,216,580	707,210	MAJOR
Total Passed through Massachusetts Department of Housing and Community Development				<u>707,210</u>	
Total US Department of Housing and Urban Development				<u>1,007,457</u>	
 <i>US Department of Justice:</i>					
<i>US Department of Justice (direct):</i>					
DEA Overtime 2013	16.000	Unknown	17,202	4,785	
DEA Overtime 2014	16.000	Unknown	17,202	16,842	
Northern Bristol County Drug Task Force	16.738	2011-DJ-BX-2235	11,149	11,149	
Byrne Memorial Justice Assistance Grant	16.738	2012-DJ-BX-1000	9,886	167	
Federal Forfeiture	16.922	MA-0030200	59,508	6,968	
Total US Department of Justice (direct)				<u>39,911</u>	
<i>Passed through Massachusetts Executive Office of Public Safety and Security:</i>					
US Marshalls SORB Program	16.000	M-14-D38-O-000360	4,204	4,204	
Bullet Resistant Vest	16.607	15-0404-0-1754	38,065	38,065	
Total passed through Massachusetts Executive Office of Public Safety and Security				<u>42,269</u>	
Total US Department of Justice				<u>82,180</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, 2014

	<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 FY08	45.024	20291	16,000	\$ 18	
Big Read FY09	45.024	20291	16,000	649	
Big Read FY10	45.024	20291	10,000	361	
Big Read FY11	45.024	20291	12,775	9	
Big Read FY12	45.024	20291	11,800	812	
Big Read FY13	45.024	20291	9,700	-	
Big Read FY14	45.054	FY14 - 19567	11,500	11,499	
<i>Passed through the Massachusetts Board of Library Commissioners Agency:</i>					
Library Science STEM Grant	45.310	LST A Grant Acc 7000-9702	7,500	2,667	
Community Languages - LST A	45.310	LST A Grant Acc 7000-9702	10,000	3,185	
Total US Institute of Museum and Library Sciences				<u>19,200</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 FY14	84.010	305-018015-2014-0016	867,550	777,214	
Title I - 305 Distributions FY13	84.010	305-0066110-2013-0017	918,443	69,310	
Total Title I, Part A Cluster				<u>846,524</u>	
Special Education Cluster (IDEA):					
SPED 94-142 TRANSITION	84.027	243-091-4-0016-0	3,045	3,045	
SPED 94-142 TRANSITION/TYDINGS	84.027	240-396-4-0016-0	26,478	14,431	
SPED 94-142 Allocation FY13	84.027	240-327-3-0016-0	1,641,980	82,193	
SPED 94-142 Allocation FY14	84.027	240-271-4-0016-O	1,547,427	1,502,910	
SPED Program Improvement - FY13	84.027	274-261-3-0016-N	43,970	9,138	
SPED Program Improvement - FY14	84.027	274-055-4-0016-0	25,379	25,379	
SPED Early Childhood - FY13	84.173	262-ECSPED-EEC	59,616	212	
SPED Early Childhood - FY14	84.173	262-ECSPED-EEC	57,612	53,817	
SPEC Early Childhood/Tydings	84.173	26213TYD14ATTLEBORO	15,192	7,898	
Total Special Education Cluster (IDEA)				<u>1,699,023</u>	MAJOR

The accompanying notes are an integral part of this schedule

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

	<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 FY13	84.048	400-010-3-0016-N	66,976	\$ 6,976	
Perkins Grant FY14	84.048	400-015-4-0016-0	63,233	58,094	
New Perkins/Technology	84.048	409-015-0016-0	41,766	37,959	
MTSS Partnership	84.323	246-006-4-0016-0	15,493	1,840	
Mass Grad Implementation - FY13	84.360	Unknown	104,333	5,168	
Mass Grad Implementation - FY14	84.360	Unknown	87,500	83,488	
LEP Support FY13	84.365	180-032-3-0016-N	62,769	30,582	
LEP Support FY14	84.365	180-042-4-0016-0	67,068	7,234	
LEP Support Carry-Over FY14	84.365	180-043-4-0016-0	9,981	6,159	
Teacher Quality/Title IIA FY13	84.367	140-009949-2013-0016	222,607	1,659	
Teacher Quality/Title IIA FY14	84.367	140-028810-2014-0016	212,665	201,342	
Race to the Top - FY14	84.395	201-2014-0016	272,548	244,489	
Human Resources Pilot Project (Race to the Top) - FY13	84.395	2005-003-3-0016-N	163,700	84,248	
Human Resources Pilot Project (Race to the Top) - FY14	84.395	205-003-4-0016-0	140,000	83,342	
Total passed through Massachusetts Department of Early and Secondary Education				<u>3,398,127</u>	
Total US Department of Early and Secondary Education				<u>3,398,127</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	93.779	ELD-RFR-2013-13	94,107	83,142	
Total Passed through the Massachusetts Executive Office of Elder Affairs:				<u>83,142</u>	
<i>Passed through the Massachusetts Department of Health and Human Services:</i>					
Fire FEMA DBH (MDU)	93.889	U3REPO90238-03-00	2,000	181	
Total passed through Massachusetts Department of Health and Human Services				<u>181</u>	
Total U.S. Department of Health & Human Services				<u>83,323</u>	
<i>US Department of Homeland Security (direct):</i>					
Emergency Management Blizzard	97.036	FEMA-4110-DR-MA	197,351	\$ 197,351	
Emergency Management Performance	97.042	FFY2012EMPG	14,030	14,020	
Total US Department of Homeland Security (direct)				<u>211,371</u>	
Total US Department of Homeland Security				<u>211,371</u>	
Total Expenditures of Federal Awards				<u>\$ 6,699,098</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, 2014

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>CDFA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant - Entitlement Grant Cluster	14.218	\$ 300,247
Neighborhood Stabilization Program	14.228	\$ 707,210

Note 5. Program Income

Of the federal expenditures and award amounts presented in the Schedule of Expenditures of Federal Awards, the City included \$827,680 of program income for the Child Nutrition Cluster within the “award amount” column. Additionally, \$26,772 and \$7,037 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 2014.

Note 6. Loan Transactions

Included in the Schedule of Expenditures of Federal Awards for the Community Development Block Grant (CDBG) were new loans totaling \$68,289 for the year ended June 30, 2014. As of June 30, 2014 the loan receivables for CDBG totaled \$1,305,700.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

Note 6. Loan Transactions (Continued)

Also included in the Schedule of Expenditures of Federal Awards for the Neighborhood Stabilization Program were new loans totaling \$155,100 for the year ended June 30, 2014. As of June 30, 2014, the loan receivables for NSP totaled \$245,519.

Note 7. Non-Cash Assistance

Included within the expenditures of the Child Nutrition Cluster in the Schedule of Expenditures of Federal Awards is \$6,896 of USDA donated agricultural commodities that the City received during fiscal year 2014.

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

Special Education Cluster (IDEA)

Special Education Grants to States	84.027
Special Education Preschool Grants	84.173

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

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, 2014 and have issued our reports thereon dated February 8, 2015. 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
Special Education Cluster (IDEA) (CFDA 84.027 and 84.173)	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
Special Education Cluster (IDEA)	84.027 and 84.173

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, 2014

Findings - Financial Statement Audit:

NONE

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

Findings and Questioned Costs for Federal Awards:

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
14-01	14.218	The Attleboro Office of Community Development (AOCD) did not submit an accurate final Federal Financial Report.	\$440,158

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, 2014

Condition:

Reporting requirements were not satisfied due to inaccurate submission of the final Standard Form 425 (SF-425). There was a significant variance between what was reported as cash on hand on the SF-425 and what was reported as cash on hand per the general ledger at fiscal year end (6/30/2014).

Criteria:

In accordance with 24 CFR 85.41(b), "Grantees will use the FFR to report the status of funds for all non-construction grants, for construction grants or grants which include both construction and non-construction activities as determined by HUD."

Per line 13 on the Federal Financial Report, "I [the grantee] verify to the best of my knowledge and belief that the report is true, complete and accurate, and the expenditures, disbursements and cash receipts are for the purposes and intent set forth in the awarding documents."

Cause:

Inadequate internal control over Federal financial reporting to grantor agencies (i.e. HUD). The SF-425 reported cash on hand at Fiscal Year Ended June 30, 2014 of \$460,693 while the general ledger reported a cash balance of \$20,535 at Fiscal Year Ended June 30, 2014.

Effect:

The cash on hand status reported to the Federal government was overstated.

Isolated Instance or Systemic Problem:

This appears to be a systemic problem, as the control structure over Federal financial reporting appears weak.

Recommendation:

It is recommended that the AOCD assess the effectiveness of the internal control structure over Federal financial reporting and make necessary changes to ensure that Federal financial reporting is accurate and in line with the underlying financial reporting system (MUNIS).

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

Findings and Questioned Costs for Federal Awards (continued):

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
14-01	14.218	The Attleboro Office of Community Development (AOCD) did not submit an accurate final Federal Financial Report.	\$440,158

Response and Corrective Action Plan:

The City of Attleboro's Office of Community Development and the Office of the City Auditor have met and discussed this finding. Attleboro's new Community Development Director completed the Standard Form 425 in the format of the community in which she previously served having the report in its totality reflect the expenditure and availability of funds in IDIS. Upon inquiry to a HUD representative in the financial area it was learned that the SF 425 may be interpreted in more than one fashion.

Subsequent to the receipt of the Single Audit for fiscal year 2014 the Office of the City Auditor and the Community Development Director met and determined the proper methodology to complete the form so that the report is consistent with both the City's general ledger and the expenditure and availability of funds in IDIS. At present the reports for fiscal year 2014 are being revisited so that each reflects the proper inputs for reporting purposes.

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

Findings and Questioned Costs for Federal Awards (continued):

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
13-03	<p>The City/School Department Failed To Obtain Payroll Certifications For Employees Who Work Solely For A Single Federal Program</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 2014.</p> <p>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.</p> <p>Criteria: <i>OMB Circular A-87</i>, Attachment B(h) states ...(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.</p> <p>Cause: Management was unaware of this requirement.</p> <p>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</p> <p>Isolated Instance or Systemic Problem: This appears to be a systematic problem as the controls over this compliance requirement are weak/lacking.</p> <p>Response and Corrective Action Plan: The new Director of Finance within the Attleboro Public Schools has been made aware of this finding and a set of sample forms that would satisfy this requirement under the OMB Circular A-87 have been provided to the school department. A plan to implement the utilization of the forms is underway with full reporting compliance expected in fiscal 2015.</p>	NONE

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

Findings and Questioned Costs for Federal Awards (continued):

Reference Number	Finding	Questioned Costs
13-04	The City/School Department Failed To Complete Required Accuclaim On-Site Reviews	NONE
	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 2014.	
	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	
	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.”	
	Cause: Management was unaware of this requirement.	
	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.	
	Isolated Instance or Systemic Problem: This appears to be a systematic problem as the controls over this compliance requirement are weak/lacking.	
	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”.	
	Response and Corrective Action Plan: In fiscal 2014 the sitting Business Manager was responsible for the Accuclaim Report and did not complete the task. Historically the report has been submitted on time by the school Business Office. The report was submitted timely in February of 2015. It is the position of the school department that failure to submit the Accuclaim Report in fiscal 2014 is not indicative of a systematic problem, but rather was an isolated occurrence tied to a single individual.	

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

Findings and Questioned Costs for Federal Awards (continued):

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
07-04	The National Objective of Benefitting Low-and-Moderate-Income Persons May Not Have Been Met for the Technical Assistance / Economic Development Projects	\$183,120 2006 Funding and \$95,700 2007 Funding

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, 2014

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) per review of the Integrated Disbursement and Information System (IDIS) PR02 reports.

Per review of the IDIS PR02 report, the plan year 2006 IDIS Project # 14, Activity ID # 243 for the “ARA – Industrial Business Park (IBP)” is indicated to be “open” and fully drawn in the amount of \$189,119.35.

Per review of the IDIS PR02 report, the plan year 2007 IDIS Project # 11, Activity ID # 263 for the “ARA – Industrial Business Park” is indicated to be “open” and fully drawn in the amount of \$95,700.

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.”

The required number of jobs has *not* been created to ensure that the national objectives were met.

Cause:

Project completion issues with the Industrial Business Park.

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. As a result, the potential exists that the two projects indicated above could be subject to recapture if subject to an OIG Audit of the IDIS Community Development Block Grant Program at the City of Attleboro, Massachusetts.

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.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

Findings and Questioned Costs for Federal Awards (continued):

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
07-04	The National Objective of Benefitting Low-and-Moderate-Income Persons May Not Have Been Met for the Technical Assistance / Economic Development Projects	\$183,120 2006 Funding <u>and</u> \$95,700 2007 Funding

Response and Corrective Action Plan:

The Office of Community Development is working diligently to offer an alternative remediation to the Department of Housing and Urban Development for IDIS Activity # 243 and activity # 263. It is the City's desire to have said resolution prior to the next audit.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2014

Findings and Questioned Costs for Financial Statements Which are Required to be Reported Over Major Federal Programs:

Finding 13-01: The School Department did not submit reports expected to be submitted by the State administering agency of a federal program (the Child Nutrition Cluster)

Information on the Federal Programs: US Department of Agriculture, passed through Massachusetts Department of Elementary and Secondary Education – Child Nutrition Cluster CFDA No. 10.553 & 10.555; Grant ID – DOENUT; Grant Period Ending Fiscal Year End 2013.

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”)

Recommendation: It was recommended that the City/School Department prepare and submit the report on a go-forward basis; in addition to submitting the report for all prior periods. Our recommendation mirrored the recommendation from DESE management based on our correspondence with the DESE.

Current Status: This finding was resolved in the current year.

Finding 13-02: The City/School Department did not comply with various Verification requirements.

Information on the Federal Programs: US Department of Agriculture, passed through Massachusetts Department of Elementary and Secondary Education – Child Nutrition Cluster CFDA No. 10.553 & 10.555; Grant ID – DOENUT; Grant Period Ending Fiscal Year End 2013.

Condition: The City/School Department elected to use the “Alternative-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 alternative sampling method was also used in the prior year, and the exact amount of verified applications for the prior year is not known. 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).

Recommendation: It was recommended the School Department 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.

Current Status: This finding was resolved in the current year.

CITY OF ATTLEBORO, MASSACHUSETTS

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2014

Findings and Questioned Costs for Financial Statements Which are Required to be Reported Over Major Federal Programs (Continued):

Finding 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: US Department of Agriculture, passed through Massachusetts Department of Elementary and Secondary Education – Child Nutrition Cluster CFDA No. 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.

Recommendation: It was recommended that 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.

Current Status: This finding was repeated in the current year.

Finding 13-04: The City/School Department Failed to Complete Required Accuclaim On-Site Reviews

Information on the Federal Programs: US Department of Agriculture, passed through Massachusetts Department of Elementary and Secondary Education – Child Nutrition Cluster CFDA No. 10.553 & 10.555; Grant ID – DOENUT; Grant Period Ending Fiscal Year End 2013.

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.

Recommendation: It was recommended that 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”.

Current Status: This finding was repeated in the current year.

CITY OF ATTLEBORO, MASSACHUSETTS

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2014

Findings and Questioned Costs for Financial Statements Which are Required to be Reported Over Major Federal Programs (Continued):

Finding 07-04: **The National Objective of Benefitting Low-and-Moderate-Income Persons may not Have Been Met for the Technical Assistance / Economic Development Projects**

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

Condition: The national objective of benefitting low-and-moderate-income persons through job creation was not met 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).

Recommendation: It was recommended that documentation and evidence be produced and held on file in the Community Development Office that proves that the national objective of benefitting 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.

Current Status: This finding was modified in the current year.

The City repaid the U.S. Department of Housing and Urban Development (HUD) a total of \$194,453 for three Industrial Business Park activities (ID# 202, 203 and 202) during fiscal 2014 as a result of a 2011 Office of the Inspector General (OIG) Audit of IDIS. According to a letter from HUD received by the Planning Department on February 21, 2014 (Subject: "Remote Monitoring Finding, 2011 OIG Audit of IDIS, Community Development Block Grant Program (CDBG) Attleboro, MA") the remaining two activities (ID #204 and 223) were closed, with HUD citing that "the City provided accomplishment data and supporting documentation to demonstrate that the activities undertaken by the City to clean-up the contaminated sites associated with the Development of the Intermodal Transportation Center demonstrate compliance with the national objective of addressing or eliminating slums or blight on a spot basis".

Per review of the IDIS PR02 Report, the plan year 2006 IDIS Project #14, Activity ID #243 for the "ARA - Industrial Business Park (IBP)" is indicated to be "open" and fully drawn in the amount of \$189,119.35. Additionally, the IDIS PR02 Report indicates that the plan year 2007 IDIS Project #11, Activity ID #263 for the "ARA - Industrial Business Park (IBP)" is indicated to be "open" and fully drawn in the amount of \$95,700. The potential exists that these two projects could be subject to recapture if subject to an OIG Audit of the IDIS Community Development Block Grant Program at the City of Attleboro, Massachusetts.