

**TOWN OF MASHPEE, MASSACHUSETTS**  
**GAO AND OMB A-133 REPORTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Honorable Board of Selectmen  
Town of Mashpee, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mashpee, Massachusetts, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Mashpee, Massachusetts' basic financial statements, and have issued our report thereon dated January 6, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Mashpee, Massachusetts' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mashpee, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Mashpee, Massachusetts' internal control.

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


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

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

A handwritten signature in black ink that reads "Sullivan, Ray & Company, LLC". The signature is written in a cursive, flowing style.

January 6, 2014



Certified Public Accountants

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**Independent Auditors' Report on Compliance for Each Major Program and on  
Internal Control Over Compliance Required by OMB Circular A-133**

To the Honorable Board of Selectmen  
Town of Mashpee, Massachusetts

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Mashpee, Massachusetts' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Mashpee, Massachusetts' major federal programs for the fiscal year ended June 30, 2013. The Town of Mashpee, Massachusetts' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the Town of Mashpee, Massachusetts complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2013.

## *Other Matters*

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-001. Our opinion on the major federal program is not modified with respect to this matter.

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

## **Report on Internal Control over Compliance**

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

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

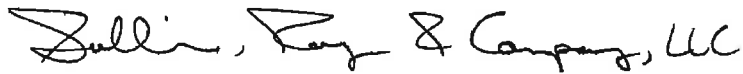
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-001, that we consider to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the 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 Town of Mashpee, Massachusetts, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Mashpee, Massachusetts' basic financial statements. We issued our report thereon dated January 6, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



January 6, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
<u>Direct Program:</u>			
ARRA - Watershed Protection and Flood Prevention	10.904	Not Applicable	\$ 207,822
<u>Passed through State Department of Elementary &amp; Secondary Education:</u>			
<i>Child Nutrition Cluster</i>			
School Breakfast Program - Cash Assistance	10.553	01-172	27,971
National School Lunch Program - Cash Assistance	10.555	01-172	190,138
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	01-172	<u>44,398</u>
Total U.S. Department of Agriculture			<u>470,329</u>
<b>U.S. Department of the Interior</b>			
<u>Direct Program:</u>			
State Wildlife Grants	15.634	Not Applicable	4,423
<u>Passed through the Massachusetts Division of Marine Fisheries:</u>			
Clean Vessel Act	15.616	CT FWE 042707-3622	<u>1,159</u>
Total U.S. Department of Interior			<u>5,582</u>
<b>U.S. Department of Justice</b>			
<u>Direct Programs:</u>			
Equitable Sharing Program	16.922	Not Applicable	241
U.S. Marshals Service Badges for Baseball Program	16.unk	Not Applicable	2,288
<u>Passed through the State Executive Office of Public Safety:</u>			
Violence Against Women Formula Grants (fiscal year 2012)	16.588	SCEPS3001VAWA12MASHP	9,963
Violence Against Women Formula Grants (fiscal year 2013)	16.588	SCEPS3001VAWA13MASHP	<u>20,175</u>
Total U.S. Department of Justice			<u>32,667</u>
<b>U.S. Department of Education</b>			
<u>Direct Programs:</u>			
Title IV 92-138 Indian Education (fiscal year 2012)	84.006	Not Applicable	18,409
Title IV 92-138 Indian Education (fiscal year 2013)	84.006	Not Applicable	46,970
Physical Education Grant	84.215F	Not Applicable	190,512
<u>Passed through the State Department of Elementary &amp; Secondary Education:</u>			
<i>Title I, Part A Cluster</i>			
Title I Distribution (fiscal year 2012)	84.010	305-217-2-0172-M	32,038
Title I Distribution (fiscal year 2013)	84.010	0305-000613-2013-0172	202,682
Title I Carryover (fiscal year 2013)	84.010	305-189-3-0172-N	420
<i>Special Education Cluster</i>			
SPED 94-142 Allocation (fiscal year 2012)	84.027	240-068-2-0172-M	71,669
SPED 94-142 Allocation (fiscal year 2013)	84.027	240-071-3-0172-N	336,206
SPED Program Improvement (fiscal year 2012)	84.027	274-069-2-0172-M	462
SPED Program Improvement (fiscal year 2013)	84.027	274-107-3-0172-N	11,503
SPED Early Childhood Program Improvement (fiscal year 2013)	84.173	298-031-3-0172-N	3,000
<u>Passed through the State Department of Early Education and Care:</u>			
<i>Special Education Cluster (continued)</i>			
SPED Early Childhood Allocation (fiscal year 2013)	84.173	26213 MASHPEE PUBLIC SC	18,234

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
<b>U.S. Department of Education (continued)</b>			
<u>Passed through the State Department of Elementary &amp; Secondary Education:</u>			
Title IIA - Improving Teacher Quality (fiscal year 2012)	84.367	140-138-2-0172-M	874
Title IIA - Improving Teacher Quality (fiscal year 2013)	84.367	0140-002894-2013-0172	60,481
<i>State Fiscal Stabilization Fund - Race to the Top Incentive Grants</i>			
ARRA - Race to the Top (fiscal year 2011)	84.395	201-306-1-0172-L	5,200
ARRA - Race to the Top (fiscal year 2012)	84.395	201-019-2-0172-M	6,469
ARRA - Race to the Top (fiscal year 2013)	84.395	201-000338-2013-0172	37,001
ARRA - Race to the Top: Early Adopters Educator Evaluation Initiative (fiscal year 2012)	84.395	210-023-2-0172-M	2,060
Total U.S. Department of Education			<u>1,044,190</u>
<b>U.S. Department of Health and Human Services</b>			
<u>Direct Program:</u>			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	Not Applicable	206
<u>Passed through the State Executive Office of Health and Human Services:</u>			
School-Based Medicaid Reimbursement Program	93.778	1951696	88,270
Total U.S. Department of Health and Human Services			<u>88,476</u>
Total			<u>\$ 1,641,244</u>

See notes to schedule of expenditures of federal awards.

**Note 1 – Basis of Presentation**

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

**Note 2 – U.S. Department of Agriculture Programs**

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

**Note 3 – U.S. Department of Justice**

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

**Note 4 – U.S. Department of Health and Human Services**

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

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal Control over Financial Reporting:

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

Noncompliance material to the financial statements noted? \_\_\_\_\_ Yes       X       No

*Federal Awards*

Internal control over major programs:

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

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

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

*Identification of Major Programs:*

Name of federal program or cluster	CFDA Number
ARRA - Watershed Protection and Flood Prevention	10.904
<i>Title I, Part A Cluster</i>	
Title I Distribution	84.010
Title I Carryover	84.010
<i>Special Education Cluster</i>	
SPED 94-142 Allocation	84.027
SPED Program Improvement	84.027
SPED Early Childhood Program Improvement	84.173
SPED Early Childhood Allocation	84.173

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

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

**B. Findings - Financial Statement Audit**

None.

**C. Findings and Questioned Costs – Major Federal Award Programs Audit****DEPARTMENT OF EDUCATION***Noncompliance and Significant Deficiency in Internal Control Over Major Programs*

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

Compliance Requirement: Reporting

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

*Condition:* The Town did not file the FR-1 for the fiscal year 2013 SPED 94-142 Allocation Grant with the DESE by the deadline date of October 31, 2013.

*Context:* The condition related to one (1) FR-1 report.

*Effect:* There was noncompliance with, and a significant deficiency in internal control over, the federal award program's reporting requirements.

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

*Questioned Costs:* None

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

*Views of Responsible Officials and Corrective Action:* The Town will implement policies and procedures to ensure that all FR-1's are filed timely in accordance with DESE requirements.

**D. Summary of Prior Audit Findings****DEPARTMENT OF AGRICULTURE***Material Weakness in the Internal Control over Major Programs*

2012-001 ARRA – Watershed Protection and Flood Prevention – CFDA No. 10.904; Fiscal year ended June 30, 2012

Compliance Requirement: Procurement, Suspension and Debarment

*Condition:* The Town did not have internal controls in place related to compliance with the program's procurement, suspension and debarment compliance requirements.

*Current Status:* This finding has been resolved.

**DEPARTMENT OF EDUCATION***Material Weaknesses in the Internal Control over Major Programs*

2012-002 Special Education Cluster - CFDA No.'s 84.027, 84.173, 84.391, and 84.392; Fiscal year ended June 30, 2012

Compliance Requirement: Allowable costs/cost principles

*Condition:* The Town did not have complete internal controls in place related to full compliance with the allowable costs/cost principles compliance requirements related to the program.

*Current Status:* This finding has been resolved.

2012-003 Special Education Cluster - CFDA No.'s 84.027, 84.173, 84.391, and 84.392; Fiscal year ended June 30, 2012

Compliance Requirement: Allowable costs/cost principles

*Condition:* Two (2) of the seven (7) federal grant invoices tested did not contain any evidence of the Grant Administrator's (or other supervisory personnel) review and approval prior to payment.

*Current Status:* This finding is no longer considered a material weakness in internal controls.

*Noncompliance Related to Major Programs*

2012-004 Special Education Cluster - CFDA No.'s 84.027, 84.173, 84.391, and 84.392; Fiscal year ended June 30, 2012

Compliance Requirement: Allowable costs/cost principles

*Condition:* Time and effort reports were not maintained as support for one of the employees whose salary was charged to the grant program, as required by OMB Circular A-87.

*Current Status:* This finding has been resolved.

2012-005 Special Education Cluster - CFDA No.'s 84.027, 84.173, 84.391, and 84.392; Fiscal year ended June 30, 2012

Compliance Requirement: Reporting

*Condition:* The Town did not file the Final Financial Report (FR-1) for the SPED 94-142 Allocation Grant with the DESE by the deadline date of October 31, 2012.

*Current Status:* The status remains unchanged. Please see current year finding 2013-001.

2012-006      ARRA – Education Jobs Grant - CFDA No. 84.410; Fiscal year ended June 30, 2012

Compliance Requirement: Reporting

*Condition:* The Town did not file the FR-1 with the DESE by the deadline date of August 31, 2012.

*Current Status:* Not applicable since the grant program ended in fiscal year 2012.