

TOWN OF WAREHAM, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

YEAR ENDED JUNE 30, 2017

TOWN OF WAREHAM, MASSACHUSETTS
REPORTS ON FEDERAL AWARD PROGRAMS
YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

Page

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
Report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance	3
Schedule of expenditures of federal awards	6
Notes to schedule of expenditures of federal awards	8
Schedule of findings and questioned costs	9



100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

**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**

Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Wareham, 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 Wareham, Massachusetts, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Wareham, Massachusetts' basic financial statements, and have issued our report thereon dated March 19, 2018.

Internal Control Over Financial Reporting

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

Powers + Sullivan, LLC

March 19, 2018



100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Wareham, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the Town of Wareham, Massachusetts' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Wareham, Massachusetts' major federal programs for the year ended June 30, 2017. The Town of Wareham, Massachusetts' 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Wareham, 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Wareham, 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 Wareham, Massachusetts' compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Wareham, 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 year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Town of Wareham, Massachusetts, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Wareham, 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 the Uniform Guidance, 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 Wareham, 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 Wareham, Massachusetts, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Wareham, Massachusetts's basic financial statements. We issued our report thereon dated March 19, 2018, 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 the Uniform Guidance and is not 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.

Powers + Sullivan, LLC

March 19, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
CHILD NUTRITION CLUSTER:				
U.S. DEPARTMENT OF AGRICULTURE:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Non-Cash Assistance (Commodities):				
National School Lunch Program.....	10.555	12-310	\$ -	\$ 66,312
Cash Assistance:				
National School Lunch Program.....	10.555	12-310	-	761,382
Total National School Lunch Program.....			-	827,694
Cash Assistance:				
School Breakfast Program.....	10.553	12-310	-	412,629
TOTAL CHILD NUTRITION CLUSTER.....			-	1,240,323
SPECIAL EDUCATION CLUSTER:				
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Special Education Grants to States (IDEA, Part B).....				
Special Education Grants to States (IDEA, Part B).....	84.027	240-099961-2017-0310-1	-	573,926
Special Education Grants to States (IDEA, Part B).....	84.027	240-206-6-0310	-	59,641
Special Education Grants to States (IDEA, Part B).....	84.027	274-031-7-310	-	21,219
Special Education Grants to States (IDEA, Part B).....	84.027	245-031-7-0310	-	25,809
Total Special Education Grants to States (IDEA, Part B).....			-	680,595
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Special Education Preschool Grants (IDEA, Preschool).....				
Special Education Preschool Grants (IDEA, Preschool).....	84.173	298-945-7-0310	-	2,250
<u>Passed through Massachusetts Department of Early Education and Care:</u>				
Special Education Preschool Grants (IDEA, Preschool).....				
Special Education Preschool Grants (IDEA, Preschool).....	84.173	26217WAREHAM PUBLPAY3	-	13,159
Special Education Preschool Grants (IDEA, Preschool).....	84.173	26216WAREHAM PUBLPAY	-	844
Total Special Education Preschool Grants (IDEA, Preschool).....			-	16,253
TOTAL SPECIAL EDUCATION CLUSTER.....			-	696,848
PASS-THROUGH PROGRAMS:				
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
<u>Passed through Massachusetts Department of Housing and Community Development:</u>				
Community Development Block Grants/Entitlement Grants.....				
Community Development Block Grants/Entitlement Grants.....	14.218	16 ME 129	-	57,296
Community Development Block Grants/Entitlement Grants.....	14.218	15 ME 129	-	603,790
Community Development Block Grants/Entitlement Grants.....	14.218	14 ME 116	-	377,236
Community Development Block Grants/Entitlement Grants.....	14.218	13 ME 110	-	8,092
Total Community Development Block Grants/Entitlement Grants.....			-	1,046,414
U.S. DEPARTMENT OF THE INTERIOR:				
<u>Passed through the Massachusetts Department of Fish, Wild Life and Environmental Law Enforcement:</u>				
Clean Vessel Act.....				
Clean Vessel Act.....	15.616	TOWNOFWAREHAMCVA2017	-	17,000
Clean Vessel Act.....	15.616	TOWNOFWAREHAMCVA2016	-	524
Total Clean Vessel Act.....			-	17,524
U.S. DEPARTMENT OF TRANSPORTATION:				
<u>Passed through the Massachusetts Emergency Management Agency:</u>				
Interagency Hazardous Materials Public Sector Training and Planning Grants.....	20.703	FFY14HMEPGRANT	-	1,999
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
<u>Passed through the Executive Office of Energy and Environmental Affairs</u>				
National Estuary Program.....	66.456	FY17BBTOWNOFWAREHAM	-	35,000
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Education:				
Title 1 Grants to Local Educational Agencies.....				
Title 1 Grants to Local Educational Agencies.....	84.010	305-094059-2017-0310-5	-	541,939
Title 1 Grants to Local Educational Agencies.....	84.010	305-070312-2016-0310	-	20,270
Total Title 1 Grants to Local Educational Agencies.....			-	562,209
MassGrad Promising Practices Implementation Grant.....				
MassGrad Promising Practices Implementation Grant.....	84.010	320-196-7-0310	-	30,078
MassGrad Promising Practices Implementation Grant.....	84.010	320-158-6-0310	-	9,688
Total MassGrad Promising Practices Implementation Grant.....			-	39,766
District and School Assistance Grant.....				
District and School Assistance Grant.....	84.010	323-029-7-0310	-	9,797
District and School Assistance Grant.....	84.010	323-059-6-0310	-	18,063
Total District and School Assistance Grant.....			-	27,860

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
Twenty-First Century Community Learning Centers.....	84.287	647-152-7-0310	-	260,774
Twenty-First Century Community Learning Centers.....	84.287	647-129-6-0310	-	73,263
Total Twenty-First Century Community Learning Centers.....			-	334,037
Supporting Effective Instruction State Grants.....	84.367	140-086939-2016-0310	-	140,984
Supporting Effective Instruction State Grants.....	84.367	140-086939-2016-0310	-	5,229
Total Supporting Effective Instruction State Grant.....			-	146,213
Special Education Grants to States (IDEA, ARRA).....	84.391	760-262-1-0310-H	-	126
<u>Passed through Massachusetts Department of Career, Technical, and Adult Education:</u>				
Career and Technical Education - Basic Grants to States.....	84.048	400-016-7-0310	-	16,465
TOTAL U.S. DEPARTMENT OF EDUCATION.....			-	1,126,676
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Passed through the Massachusetts Emergency Management Agency:</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	CTFEMA4214WAREA00924	-	111,084
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	CTFEMA1895WAREH00436	-	368
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters).....			-	111,452
Emergency Management Performance Grants.....	97.042	FY16EMPG1500000WAREH	-	4,960
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			-	116,412
TOTAL.....			\$ -	\$ 4,281,196

See notes to schedule of expenditures of federal awards.

(Concluded)

Note 1 - Definition of Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Town of Wareham, Massachusetts under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Wareham, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Wareham, Massachusetts.

Note 2 - Significant Accounting Policies

The accounting and reporting policies of the Town of Wareham, Massachusetts, are set forth below:

- a) Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. Accordingly, expenditures are recognized when the liability is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Cash Assistance - School Breakfast and Lunch Program - Program expenditures represent federal reimbursement for meals provided during the year.
- c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received during the year.
- d) Public Assistance Grants – Program expenditures represent federal reimbursement for eligible disaster assistance costs.
- e) The Town of Wareham, Massachusetts has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Wareham, Massachusetts.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of the Town of Wareham, Massachusetts, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Town of Wareham, Massachusetts, expresses an unmodified opinion on all major federal award programs.
6. There were no findings relative to the major federal award programs for the Town of Wareham, Massachusetts, which are described in schedule of findings and questioned costs.
7. The programs tested as major grants included the Child Nutrition Cluster.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Wareham, Massachusetts, was determined to be a high-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

None

D. Summary Schedule of Prior Audit Findings**2016-001: Late Filing of Final Financial Report**

Condition and Criteria: Form FR-1 (Final Financial Report) for the Special Education – Grants to States (IDEA, Part B) Program Improvement Grant, CFDA No. 84.027, was due on October 31, 2015. The Final Financial Report for this grant was submitted on April 11, 2016. There were no extensions filed to allow the late filing of the final report.

Cause: The School did not have adequate procedures in place to ensure that all final financial reports were submitted timely.

Current Status: Form FR-1 (Final Financial Report) for the Special Education – Grants to States (IDEA, Part B) Program Improvement Grant, CFDA No. 84.027, that was due on October 31, 2016 was submitted by the due date.

2016-002: Supporting Documentation for Grant Expenditures Reports on the Final Financial Report

Condition and Criteria: Form FR-1 (Final Financial Report) for the Special Education – Grants to States (IDEA, Part B) Special Education Entitlement Grant, CFDA No. 84.027, reports all of the expenditures incurred throughout the grant year. The expenditures reported must be supported by actual expenditures recorded on the ledgers.

Context: The final financial report for this grant was not properly supported with information that could be traced to the Town’s ledgers.

Current Status: The expenditures reported on Form FR-1 (Final Financial Report) for the Special Education – Grants to States (IDEA, Part B) Special Education Entitlement Grant, CFDA No. 84.027, were able to be traced back to the accounting ledgers.