

TOWN OF FAIRHAVEN, MASSACHUSETTS

Independent Accountants' Report On Applying
Agreed-Upon Procedures Over Compliance
Applicable To Massachusetts School Districts'
End-Of-Year Financial Report

For the Year Ended June 30, 2015

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Additional Offices:

Nashua, NH
Manchester, NH
Andover, MA
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES OVER COMPLIANCE APPLICABLE
TO MASSACHUSETTS SCHOOL DISTRICTS'
END-OF-YEAR FINANCIAL REPORT

To the Board of Selectmen and School Committee
Fairhaven, Massachusetts

We have performed the procedures enumerated below, which were agreed to by the management of the Town of Fairhaven, Massachusetts, solely to assist the Town and the Massachusetts Department of Elementary and Secondary Education (ESE) evaluate the Town's assertion that it has complied with the ESE requirements applicable to the preparation and filing of a Massachusetts School Districts' End-of-Year Financial Report. The Town's management is responsible for the End-of-Year Financial Report. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below for the purpose for which this report has been requested or for any other purpose.

We performed the procedures specified in the Massachusetts Department of Elementary and Secondary Education's Compliance Supplement for Massachusetts School Districts Agreed Upon Procedures Engagements to the End-of-Year Financial Report prepared by the Town of Fairhaven, Massachusetts for the fiscal year ended June 30, 2015. We have listed instances of noncompliance in the accompanying Schedule of Findings.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the End-of-Year Financial Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town and the ESE and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Melanson Heath

March 24, 2016

SCHEDULE OF FINDINGS

<u>Finding Number</u>	<u>Applicable ESE Compliance Steps</u>	<u>Finding</u>
1.	1, 2	<p><u>Report Revenue Properly on Schedule 1</u></p> <p>During our testing of revenues reported on Schedule 1, we noted the following:</p> <ul style="list-style-type: none">- Previous Year Unexpended Encumbrances reported on line 60 was understated by \$1,655.- Other Local Receipts reported on line 650 is understated by \$126,190. <p><u>Recommendation</u></p> <p>We recommend that an amendment be filed to correct these issues.</p>
2.	4	<p><u>Report Expenditures in Appropriate Function</u></p> <p>The School Department classified \$267,312 of expenditures for Business and Finance (1410) as Assistant Superintendents (1220) on Schedule 1.</p> <p><u>Recommendation</u></p> <p>We recommend that an amendment be filed to correct this issue.</p>
3.	6, 8, 9, 11, 19	<p><u>Execute Written Agreement and Report Expenditures by Town Properly on Schedule 1, Section II.B.</u></p> <p>During our testing of the expenditures reported on Schedule 1, Section II.B, we noted the following:</p>

- The School Department has not executed an approved written agreement with the Town of Fairhaven regarding the methodology for allocating Town expenditures on behalf of the School to the EOYR.
- The School Department did not report \$300 of Short-Term BAN interest on line 2065.
- The School Department did not report \$419,462 in MSBA-funded expenditures for the Wood Elementary School Project on line 2100.
- Long-Term Debt Service principal payments reported on line 2130 was overstated by \$520,553.
- Long-Term Debt Service interest payments reported on line 2140 was overstated by \$29,775.

Recommendation

We recommend that an amendment be filed to correct these issues. It is our understanding that a written agreement has been drafted. We further recommend that the draft agreement be approved by the Board of Selectmen and School Committee.

4.

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Amend Methodology for Allocating Expenditures to Placement Categories on Schedule 4

Teaching (2300) expenses should not be allocated to Public Separate Day School, Private Separate Day School, Private Resident School, or Public Residential Institution placements on Schedule 4.

Recommendation

We recommend the School Department amend its methodology and file an amendment to correct these issues.

5. 17 Report Transportation Expenditures Properly on Schedule 7

The School Department reported \$44,520 of homeless transportation expenditures as transported by public utilities (column 2) on line 4283; however, these expenditures should be reported as transported by school transportation vehicle (column 1) on line 4285.

Recommendation

We recommend that an amendment be filed to correct this issue.

6. 18, 19 Report Budgeted Expenditures Properly on Schedule 19, Sections A.1 and A.2.

During our testing of the budgeted expenditures reported on Schedule 19, Sections A.1 and A.2, we noted the following:

- Pupil Transportation payments reported on line 7050 was understated by \$25,000.
- Student Body Activities payments reported on line 7070 was understated by \$9,950.
- Long Term Debt principal payments reported on line 7570 was understated by \$32,420.
- Long Term Debt interest payments reported on line 7580 was overstated by \$157,419.

Recommendation

We recommend that an amendment be filed to correct these issues.