

Town of Millis, Massachusetts
Independent Accountants' Report On Applying
Agreed-Upon Procedures Over Compliance
Applicable To Massachusetts School Districts'
End-Of-Year Pupil and Financial Report

For the Year Ended June 30, 2012

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MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES OVER COMPLIANCE APPLICABLE TO MASSACHUSETTS SCHOOL DISTRICTS' END-OF-YEAR PUPIL AND FINANCIAL REPORT

To the Board of Selectmen of the
Town of Millis, Massachusetts

We have performed the procedures specified in the Massachusetts Department of Elementary and Secondary Education's (ESE) Compliance Supplement applicable to Massachusetts School Districts to the End-of-Year Pupil and Financial Report prepared by the Town of Millis, Massachusetts for the fiscal year ended June 30, 2012. We performed these procedures solely to assist the Town and 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 Pupil and Financial Report. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report.

Consequently, we make no representation regarding the sufficiency of the procedures specified in the Massachusetts Department of Elementary and Secondary Education's Compliance Supplement applicable to Massachusetts School Districts to the End-of-Year Pupil and Financial Report for the purpose for which this report has been requested or for any other purpose. We have listed noncompliance of the agreed-upon procedures in the accompanying Schedule of Findings.

We were not engaged to, and did not; perform an examination, the objective of which would be the expression of an opinion on the End-of-Year Pupil and 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 use of the Town and the ESE and should not be used by those who have not agreed to those procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record, and its distribution is not limited.

Melanson, Heath + Company P.C.

March 28, 2013

SCHEDULE OF FINDINGS

<u>Finding Number</u>	<u>Applicable ESE Compliance Step(s)</u>	<u>Finding</u>
1.	2	<p><u>Report All Revenues</u></p> <p>The Millis Public School Department did not report \$ 5,867 of Circuit Breaker supplemental receipts on line 300, column 2 and did not report receipts of \$ 600 for the Yellow School Bus grant on line 590, column 5.</p> <p>In addition, transportation revolving fund revenues of \$95,560 were reported on line 650, column 5 (undistributed), rather than on line 650 column 4 (other programs).</p> <p><u>Recommendation</u></p> <p>We understand that an amendment has been filed to correct these issues.</p>
2.	3, 10, 11, 12, 14	<p><u>Correctly Report Tuitions on Schedules 1 and 4</u></p> <p>There were numerous tuition misclassifications and reporting issues. As a result, both Schedules 1 and 4 incorrectly reported tuitions. Below is a listing of tuition reporting issues noted:</p> <ul style="list-style-type: none">• \$ 56,665 of FY13 prepaid tuitions were reported on Schedule 1 line 1770, column 2 (\$ 32,169), line 1810 column 2 (\$ 15,941) and line 1820, column 2 (\$ 8,555). Prepaid tuitions for FY13 should not be reported on the current year EOYR.• \$ 20,050 of member collaborative tuitions were reported as Vocational Mass School tuitions on Schedule 1 line 1770, column 3 instead of as Tuitions to Collaboratives on line 1820, column 1.• \$ 33,568 of nonmember collaborative special education tuitions were reported as Tuitions to Collaboratives on Schedule 1 line 1820, column 2 instead of as Mass School Tuitions on line 1770 column 2.

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<u>Finding Number</u>	<u>Applicable ESE Compliance Step(s)</u>	<u>Finding</u>
		<ul style="list-style-type: none">• The Town reported on Schedule 1 by City or Town, \$ 51,659 of Special Education Non-Public School tuition expenditures from a warrant article as function 4220 Maintenance of School buildings on line 1976 instead of as Tuitions to Non-Public Schools on line 2250 column 2.• \$ 95,344 of nonmember special education circuit breaker collaborative tuitions was reported on Schedule 1, C.2. line 3078 as Tuitions to Collaboratives instead of line 3072 as Tuitions to Mass Schools.• \$ 1,700 of Circuit breaker tuitions were not reported on Schedule 1 C.2.

Recommendation

We understand that an amendment has been filed to correct these issues.

3. 4, 13, 14, 15, 17

Properly Report Expenditures

There were numerous expenditure misclassifications and reporting issues on Schedules 1, 3, 4, and 7.

- We noted several instances where expenditures were reported in the incorrect object. For example: supplies and materials and other expenditures were reported as contracted services or professional salaries and professional salaries were reported as clerical salaries, contracted services or supplies and materials.
- We noted \$ 17,950 of instructional encumbrances were not reported in the correct functions, instead were reported as High School professional salaries in function 2305 (Teachers, Classrooms).
- We noted instances where expenditures were reported in the incorrect programs. For example: \$ 55,341 of Special Education teaching and tutoring salaries were reported as Regular Day salaries.

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<u>Finding Number</u>	<u>Applicable ESE Compliance Step(s)</u>	<u>Finding</u>
		<ul style="list-style-type: none">We noted instances where expenditures were reported in the incorrect functions. For example: van lease expenditures of \$25,700 were reported in function 3300 (Transportation) instead of in function 7500 (Motor vehicles) and \$ 47,941 of Special Education teaching expenditures were reported in function 2310 (Teachers, Specialists) instead of 2305 (Teachers, Classroom).

Recommendation

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

4.

6, 11

Properly Report Town Expenditures and Update Agreement to Reflect Current Allocations

The following Town allocated expenditures were reported incorrectly on the End-of-Year Report:

- Human Resource/Benefits Administration expenditures should be allocated based on school employees to total municipal employees per the agreement. However, the calculation was based on school employees to town employees. As a result, the amount reported on line 1912 is incorrect.
- \$ 4,186 of instructional materials was not reported on line 1935.
- The Agreement states that Insurance for Retired School Employees will be reported based on Cherry Sheet expenditures. However, this amount is reported at actual since there are no amounts reported on the Cherry sheet.

Recommendation

We understand that an amendment has been filed to correct some of these issues. In addition, we recommend that the School/Town Allocation agreement be updated to reflect current allocation methodologies.

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<u>Finding Number</u>	<u>Applicable ESE Compliance Step(s)</u>	<u>Finding</u>
5.	12	<p><u>Report Ed Jobs Grant Expenditures</u></p> <p>Ed Jobs grant expenditures were not reported on Schedule 1 C.2. column 1.</p> <p><u>Recommendation</u></p> <p>We understand that an amendment has been filed to correct this issue.</p>
6.	14	<p><u>Retain Supporting Documentation for Expenditure Allocations and Properly Report Expenditures on Schedule 4</u></p> <p>We were unable to determine how Supervisory and Teaching instructional expenditures and tuitions to Mass schools were allocated by Special Education placement on Schedule 4.</p> <p>In addition, we noted that Mass school tuitions were reported in column 4 as Private Separate Day instead of in column 3, Public Separate Day tuitions and tuitions to Collaboratives were reported as Public School programs in column 2 instead of Public Separate Day programs in column 3.</p> <p>Further, we noted that instructional expenditures were allocated to the Private Residential and Homebound/Hospital special education placement; however, no tuitions were reported.</p> <p>Finally, we were unable to determine what made up the amount reported on line 3930.</p> <p><u>Recommendation</u></p> <p>We understand that an amendment has been filed to correct some of these issues. We further recommend that all supporting documentation used to create Schedule 4 be retained.</p>

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<u>Finding Number</u>	<u>Applicable ESE Compliance Step(s)</u>	<u>Finding</u>
7.	15, 17	<p><u>Properly Report Revolving Transportation Expenditures on Schedule 7</u></p> <p>Line 4320 on Schedule 7 was overstated by \$ 20,463 due to the inclusion of athletic, field trip and other transportation costs not associated with transporting students to/from school.</p> <p><u>Recommendation</u></p> <p>We understand that an amendment has been filed to correct this issue.</p>
8.	16, 17	<p><u>Retain Ridership lists for Schedule 7</u></p> <p>Ridership lists provided for Regular Day students reported on line 4000 did not agree to headcounts reported in total or by greater than or less categories.</p> <p><u>Recommendation</u></p> <p>We recommend that ridership lists be retained which agree to headcounts reported on Schedule 7 and if necessary, an amendment be filed to correct any reporting issues.</p>
9.	19	<p><u>Report Total Subsequent Year Budget on Schedule 19</u></p> <p>Fiscal year 2013 budget as reported on Schedule 19 does not agree to support provided reflecting the final year end budget by \$ 10,877.</p> <p><u>Recommendation</u></p> <p>We recommend that an amendment be filed to correct this issue.</p>