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Independent Accountants' Report on Applying Agreed-upon Procedures

The School Committee
of the Town of Oxford, Massachusetts,
and the Massachusetts Department of Elementary
and Secondary Education:

We have performed the procedures included in the Massachusetts Department of Elementary and Secondary Education (ESE), *Compliance Supplement for Massachusetts School Districts Agreed Upon Procedures Engagements: (Updated December 2015)* (the "Supplement") and enumerated below, which were agreed to by management of the Town of Oxford, Massachusetts (the "Town") and the ESE, solely to assist the specified parties in evaluating management's assertion about the Town's compliance with the Supplement for the year ended June 30, 2016 as it relates to the Town's End-of-Year-Report (EOYR). Town management is responsible for maintaining records in support of the Town's compliance with the requirements in the Supplement. 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 representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

Schedule 1

1. Trace revenues from local sources reported on Schedule 1 to the municipal and district accounting ledgers. Also, trace the revenues reported on district's accounting ledgers to revenues reported on Schedule 1. These amounts should agree.

Traced revenues from local sources reported on Schedule 1 to the Town's general ledger. The following exception was noted:

- *Line 101, Column 2 reports no revenue, while the Town's general ledger reports \$197,054. An amendment was filed and this error was subsequently corrected.*

No additional exceptions were found as a results of applying this procedure.

2. Trace the revenue from state aid, federal grants, state grants, and revolving and special funds to the detail in district's accounting ledgers. Also, trace the revenues reported on district's accounting ledgers to revenues reported on Schedule 1. These amounts should agree with the possible exception of revenue from state aid, federal grants and state grants, which are entered by the State based on allotments. **Determine if the district verified the grant amount received with the detail posted on the ESE website and pre-populated by ESE.**

Traced revenues from state aid, federal grants, state grants, and revolving and special funds reported on Schedule 1 to the Town's general ledger. The following exceptions were found:



- *Line 481, Column 1 reports revenue of \$82,296, while the Town's general ledger reports revenue of \$82,820.*
- *Line 590, Column 5 reports revenue of \$88,598, while the Town's general ledger reports revenue of \$118,164. An amendment was filed and this error was subsequently corrected.*
- *Line 610, Column 5 reports revenue of \$446,473 while the Town's general ledger reports revenue of \$461,910. An amendment was filed and this error was subsequently corrected.*
- *Line 650, Column 5 reports revenue of \$87,098 while the Town's general ledger reports revenue of \$104,343. An amendment was filed and this error was subsequently corrected.*

No additional exceptions were found as a results of applying this procedure.

3. Trace the amounts reported for general fund education expenditures from Schedule 1 line 1850 to the municipal accounting ledgers and to the district accounting ledgers. Also trace the expenditures reported on district's accounting ledgers to expenditures reported on Schedule 1. These amounts should agree. If a "crosswalk" exists between the accounting ledgers and the EOYR, verify that the crosswalk agrees with the accounting ledgers in total and trace a sample of expenditures from the crosswalk to the accounting ledger.

Traced the amounts reported for general fund education expenditures on line 1850 of Schedule 1 to the Town's general ledger. No exceptions were found as a result of applying the procedure.

4. Trace the amounts reported for a sample of ESE functions (i.e. teaching, principal), State Objects (i.e. professional salaries (01), other salaries (02), and other expenditures (04-06) and ESE programs (i.e. regular day, SPED, etc.) in Schedule 1 to the detail in the accounting ledgers or to the crosswalk, if applicable. These amount should agree.

Traced the following non-instructional ESE functions, and their related objects and programs, on Schedule 1 to the detail in the general ledger:

- *Superintendent (1210)*
- *Other District-Wide Administration (1230)*
- *Curriculum Directors (Supervisory) (2110)*
- *School Leadership-Building (2210)*
- *Teachers, Classroom (2305)*
- *Textbooks and Related Software/Media/Materials (2410)*
- *Guidance Including Guidance Counselors and Adjustment Counselors (2710)*
- *Medical/Health Services (3200)*
- *Transportation Services (3300)*
- *Athletics (3510)*
- *Custodial Services (4110)*
- *Heating of Buildings (4120)*
- *Utility Services (4130)*
- *Payments to Other Districts (9000)*

No exceptions were found as a result of applying the procedures.

5. Test Extraordinary Maintenance expenditures for the following (4300): Verify that expenditures do not include salaries. Verify that the expenditures include applicable principal portions of a loan or the cost of a lease/purchase agreement. Verify that expenditures classified as Extraordinary Maintenance (4300) do not exceed the per project dollar limit for extraordinary maintenance (\$150,000). Trace the expenditures to the detail in the accounting ledgers.



There were no expenditures reported on Schedule 1 for ESE function 4300, Extraordinary Maintenance.

6. Determine how expenditures for fringe benefits are assigned or allocated to Schedule 1 Employee Benefits, Insurance (5100, 5200). Trace the reported cost to the detail in the accounting ledgers using the methodology indicated. These amounts should agree. **Determine if the district reported Insurance for Retired Employers (5260) separately and appropriately.**

Traced expenditures assigned to Schedule 1 Employee Benefits & Insurance (5100, 5200) to the Town's general ledger. We also found that the Town reported Insurance for Retired School employees separately. No exceptions were found as a result of applying the procedure.

7. Verify that expenditures charged to Line(s) 1683 and 2060 – Short-term Interest (5400) relate exclusively to Revenue Anticipation Notes (RAN's).

There were no expenditures reported on Schedule 1, lines 1683 or 2060, for ESE function 5400, Short-term Interest.

8. Verify that expenditures charged to Line 1684 and 2065 – Short-term Interest – BAN's (5450) relate exclusively to Bond Anticipation Notes (BAN's).

There were no expenditures reported on Schedule 1, lines 1684 or 2065, for ESE function 5450, Short-term Interest-BAN's.

9. Identify expenditures reported as long-term School Construction debt for principal (8100) and interest (8200). Verify that bond anticipation notes are not included in these functions. Trace the reported costs to the Treasurer's debt schedule. Trace the reported amount to the detail in the accounting ledgers. These amounts should agree. **Note: If the district received a lump sum wait list or progress payment from the Mass. School Building Authority, verify that the revenue was reported on line 130 and that expenses were reported for pay down of principal (8100), or Purchase of Land and Buildings (7100, 7200) if applicable.**

Traced expenditures reported as long-term School Construction debt for principal (8100) and interest (8200) to the Town's general ledger and the Treasurer's debt schedules.

Traced revenue reported as lump sum payment from the Mass. School Building Authority on line 130 to the Town's general ledger. Traced expense reported as paydown of principal (8100) to lump sum payment from Mass. School Building Authority. The following exceptions were found:

- *Line 2130, Column 5 reports payments of \$655,000 while the Town's general ledger reports payments of \$710,000. An amendment was filed and this error was subsequently corrected.*
- *Line 2140, Column 5 reports payments of \$178,564 while the Town's general ledger reports payments of \$215,670. An amendment was filed and this error was subsequently*

No additional exceptions were found as a results of applying this procedure.

10. Trace the expenditures for tuition payments: to other school districts in state (9100), to out of state schools (9200), to non-public schools (9300), to member collaboratives (9400), and assessments to member regional school districts (9500) to the detail in the accounting ledgers. These amounts should agree. **Note: If the district prepaid FY'14 Special Education Tuition, verify prepaid tuition was not included as an FY'13 expense. If the district prepaid FY'13 tuition from FY'12, that amount should be included as an FY'13 expense.**

Traced expenditures for tuition payments to the Town's general ledger and noted that none of the Special Education tuition was prepaid in either the current or prior fiscal years. No exceptions were found as a result of applying the procedure.



11. For municipal expenditures that result in services directly related to the school committee:

- a. Obtain a copy of a written agreement between the School Committee and Municipal officials documenting agreed upon methodologies to be used when allocating, distributing or assigning Municipal expenditures to the District.
- b. Test the amounts reported using the documented methodology. These amounts should agree.

It was noted that there were no written agreement between the school committee and Town officials documenting an agreed upon methodology to be used when allocating, distributing, or assigning municipal expenditures.

Traced expenditures reported on Schedule I, Revenue and Expenditure Summary, II. Expenditures, B. By City of Town to a report provided by the Town entitled "FISCAL 2016 – Actuals." No exceptions were found as a result of applying this procedure.

12. Expenditures from Federal Grants, State Grants and Special Funds

- a. Determine amounts reported in Column 1 by expenditure classification agree with filed Final Grant Expenditure reports for SFSF and EdJobs grants.

There were no expenditures reported in Column 1 by expenditure classification.

- b. Trace amounts claimed as Circuit Breaker expenses on line 3080 Column 5 to the Accounting ledgers or journals.

Traced amounts claimed as Circuit Breaker expenses on line 3080, Column 6, to the Town's general ledger. No exceptions were found as a result of applying this procedure.

Schedule 3

13. For Schedule 3 expenditures:

- a. Trace the amounts reported by school location on the linked file to the accounting ledgers. These amounts should agree.

Traced the amounts reported by school location. The following exceptions were noted:

- *For Oxford High – Line 3545, Column 1 reports expenditures of \$13,479 while the Town's general ledger reports expenditures of \$0. An amendment was filed and this error was subsequently corrected.*
- *For Oxford High – Line 3546, Column 1 reports expenditures of \$3,395 while the Town's general ledger reports expenditures of \$16,874. An amendment was filed and this error was subsequently corrected.*
- *For Oxford High – Line 3550, Column 5 reports expenditures of \$3,392 while the Town's general ledger reports expenditures of \$592. An amendment was filed and this error was subsequently corrected.*
- *For Oxford High – Line 3554, Column 5 reports expenditures of \$64,750, while the Town's general ledger reports expenditures of \$67,550. An amendment was filed and this error was subsequently corrected.*
- *For Project Coffee – Line 3425, Column 5 reports expenditures of \$0, while the Town's general ledger reports expenditures of \$36.*



No additional exceptions were found as a result of applying this procedure.

- b. If staff is assigned to more than one school, determine if the District maintains a payroll system or spreadsheet to document the assignment of staff salaries by school location.

The Town did not allocate staff salaries to more than one school.

- c. If allocations are used to assign staff salaries to schools, programs, functions or objects, was the allocation supported by a documented methodology?

The Town did not allocated staff salaries to schools, programs, functions or objects.

- d. If allocations are used for non-salary expenditures, determine if the District maintains a documented methodology for consistency in application. Allocations are acceptable on Schedule 3 for non-Salary expenditures although direct assignment or charging is preferable.

The Town did not allocate non-salary expenditures.

Schedule 4

14. Ascertain the methodology used to allocate, distribute or assign SPED costs to the placement on Schedule 4. Test the amounts reported on Schedule 4 using this methodology. These amounts should agree.

The Town allocates special education (SPED) costs reported on Schedule 1 to Schedule 4 for functions 2100, 2200, 2300, 2400, 2700, 2800, 9300 and 9400. The allocation is based on enrollment. We traced and agreed the costs reported on Schedule 1 to Schedule 4 for the assigned costs. No exceptions were found as a result of applying these procedures. We recalculated the allocated amounts reported on Schedule 4 using the methodology and noted the Town's methodology was applied. All allocated expenses were calculated incorrectly. The following total's exceptions were found:

- Line 3860, Columns 1, 2, 3, 4, 5 and 6 reports expenditures of \$537,064, \$1,879,724, \$268,532, \$383,617, \$0 and \$0, respectively, while using the Town's methodology calculates \$223,776, \$2,354,985, \$340,993, \$127,873, \$10,656, and \$10,656, respectively. An amendment was filed and this error was subsequently corrected.*
- Line 3920, Columns 1, 2, 3, 4, 5 and 6 reports expenditures of \$170,649, \$656,242, \$85,325, \$121,892, \$0 and \$0, respectively, while using the Town's methodology calculates \$71,104, \$807,253, \$108,348, \$40,631, \$3,386, and \$3,386, respectively. An amendment was filed and this error was subsequently corrected.*
- Line 3930, Columns 1, 2, 3, 4, 5 and 6 reports expenditures of \$66,499, \$232,748, \$33,250, \$47,500, \$0 and \$0, respectively, while using the Town's methodology calculates \$27,708, \$291,594, \$42,222, \$15,833, \$1,607, and \$1,607, respectively. An amendment was filed and this error was subsequently corrected.*

No additional exceptions were found as a result of applying this procedure.

Schedule 7

15. Trace the transportation expenditures reported on Schedule 7 to the transportation expenditures reported on Schedule 1. These amounts should agree. Determine the methodology used to allocate transportation expenditures on Schedule 7 and verify the accuracy of the allocations. Also if applicable, verify that reimbursable expenditures have been reduced by transportation revenue received from students transported.

Traced and agreed the total transportation expenditures reported on Schedule 7 to the total transportation expenditures reported on Schedule 1. No exception was found as a result of applying this procedure.



The Town allocates total transportation costs to Schedule 7 based on the percentage of actual ridership figures. Recalculated the expenditures allocated on Schedule 7 using the rider figures reported in column in columns 6, 7, 8 and 9 on Schedule 7. The following exceptions were found:

- Line 4110, Column 7 reports the number of riders as 7, while the Town's transportation listing reports 10. An amendment was filed and this error was subsequently corrected.*
- Line 4110, Column 2 reports the expenditures of \$45,824, while the recalculation of the Town's methodology totals \$65,463. An amendment was filed and this error was subsequently corrected.*
- Line 4120, Column 7 reports the number of riders as 10, while the Town's transportation listing reports 7. An amendment was filed and this error was subsequently corrected.*
- Line 4120, Column 2 reports the expenditures of \$65,463, while the recalculation of the Town's methodology totals \$45,824. An amendment was filed and this error was subsequently corrected.*

No additional exception was found as a result of applying this procedure.

16. Trace the pupils reported on Schedule 7 to the detailed transportation records and verify that the amounts reported on Schedule 7 are accurate and consistent with the detailed records.

Traced and agreed the pupils reported on Schedule 7 to a document entitled "Transportation List". Traced and agreed the pupils reported on Schedule 7 for SPED to a listing of special education students requiring transportation. No exceptions were found as a result of applying this procedure.

17. Determine if the district's accounting system separates costs in order to facilitate reporting as outlined in Schedule 7 (In or Out of District, Pre-School, Non-Public, School Choice & Charter School). Determine if reimbursable expenditures claimed on Line 4283 (Homeless to Outside the District) and Line 4285 (Homeless from Outside the District) are supported by adequate documentation. If a cost allocation plan was used to determine reimbursable expenditures, review the propriety of the plan and test the expenditures reported.

Reviewed the Town's general ledger and found that transportation costs are reported by "accounts" to facilitate Schedule 7 reporting. The "accounts" are as follows:

- 5401-330010 – Contracted Services/Transportation*
- 5401-330020 – Contracted Services/Transportation*
- 5401-330080 – Contracted Services/Transportation*
- 5501-330020 – Supplies & Materials Services/Transportation*
- 5601-330010 – Other Expenses – Transportation Services*
- 5602-330020 – Travel/ Transportation Services*
- 5429-330010 – Vehicle Maintenance/Transportation*
- 5429-330020 – Vehicle Maintenance/Transportation*

We found that no expenditures were reported on line 4285 or line 4283. However, the transportation detail shows there were homeless students transported. Therefore the lines are not properly supported.

No additional exceptions were found as a result of applying this procedure.

Schedule 19

18. Determine if the School District has reported all changes to Schedule 19 Part A.1 – Appropriation by School Committee to the ESE. Compare the final School Committee Appropriation to Schedule 19 Part A.1 as filed/amended to determine if all changes were reported.



Traced and agreed the Appropriation by School Committee for the 2016/2017 school year budget reported on Schedule 19, line 7010-7320, to the "Fiscal Year 2017 Budget" adopted by the Annual Town Meeting and to the School expenditure Statements for non-instructional departments. The following was found:

- *Line 7320 on Schedule 19, Total Appropriation by School Committee as originally reported by the Town was \$16,475,045 while the Oxford Publics Schools approved appropriation for Fiscal Year 2017 is \$16,474,706.*

No additional exceptions were found as a result of applying this procedure.

19. Determine amounts budgeted in Schedule 19 Part A.2 are consistent with methodologies outlined in the agreement noted in procedure II A.4 a. above.

Determined amounts budgeted in Schedule 19 Part A.2 are consistent with methodologies outlined in the agreement noted in procedure II A.4 a. above.

20. Determine that retiree health insurance (5250) is reported separately.

Traced the retiree health insurance expenditure to Schedule 19, line 7120, and ensured it is reported separately. No exceptions were found as a result of applying this procedure.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance with the Supplement for the year ended June 30, 2016. 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 the School Committee, management of the Town, and the Massachusetts Department of Elementary and Secondary Education, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Boston, Massachusetts
May 05, 2017