

TOWN OF OAK BLUFFS, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

YEAR ENDED JUNE 30, 2018

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**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 Oak Bluffs, 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 Oak Bluffs, Massachusetts, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Oak Bluffs, Massachusetts' basic financial statements, and have issued our report thereon dated March 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Oak Bluffs, 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 Oak Bluffs, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Oak Bluffs, 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 Oak Bluffs, 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 27, 2019



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**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 Oak Bluffs, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the Town of Oak Bluffs, 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 Oak Bluffs, Massachusetts' major federal programs for the year ended June 30, 2018. The Town of Oak Bluffs, 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 Oak Bluffs, 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 Oak Bluffs, 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 Oak Bluffs, Massachusetts' compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Oak Bluffs, 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, 2018.

Report on Internal Control Over Compliance

Management of the Town of Oak Bluffs, 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 Oak Bluffs, 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 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 Oak Bluffs, 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 the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Town of Oak Bluffs, Massachusetts, as of and for the year ended June 30, 2018, and have issued our report thereon dated March 27, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.

Powers + Sullivan, LLC

March 27, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identification Number	Amounts Passed Through to Subrecipients	Expenditures
CHILD NUTRITION CLUSTER				
U.S. DEPARTMENT OF AGRICULTURE:				
<u>Passed through the Commonwealth of Massachusetts Department</u>				
<u>Department of Elementary and Secondary Education:</u>				
Non-Cash Assistance (Commodities):				
National School Lunch Program.....	10.555	04-221	\$ -	\$ 12,659
Cash Assistance:				
National School Lunch Program.....	10.555	04-221	-	80,451
Total National School Lunch Program			-	93,110
Cash Assistance:				
School Breakfast Program.....	10.553	04-221	-	53,002
TOTAL CHILD NUTRITION CLUSTER.....			-	146,112
PASS-THROUGH PROGRAMS				
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
<u>Passed through the Commonwealth of Massachusetts</u>				
<u>Department of Housing and Community Development:</u>				
Community Development Block Grant/State's Program.....	14.228	(CT) SC OCD322018820570000	-	560,684
Community Development Block Grant/State's Program.....	14.228	(CT) SC OCD322017820700000	-	306,796
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT.....			-	867,480
U.S. DEPARTMENT OF COMMERCE-NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION:				
<u>Passed through Commonwealth of Massachusetts Executive Office of</u>				
<u>Environmental Affairs:</u>				
Clean Vessel Act.....	15.616	CVA REIMBURSEMENT ACT 2016	-	7,323
U.S. DEPARTMENT OF JUSTICE:				
<u>Passed through Commonwealth of Massachusetts</u>				
<u>Executive Office of Public Safety and Security:</u>				
Byrne Memorial Justice Assistance Grant.....	16.738	BJAG1FY17OAKBLU04QTR	-	8,454
NATIONAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES:				
<u>Passed through Massachusetts Board of Library Commissioners:</u>				
Library Services Technology Act.....	45.310	110717OAKBLUFFSLIBRO	-	7,085
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Passed through Commonwealth of Massachusetts</u>				
<u>Emergency Management Agency:</u>				
Emergency Management Performance Grants.....	97.042	925170000000020000	-	9,482
TOTAL.....			\$ -	\$ 1,045,936

See notes to Schedule of Expenditures of Federal Awards.

Note 1 - Definition of Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Town of Oak Bluffs, Massachusetts under programs of the federal government for the year ended June 30, 2018. 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 Oak Bluffs, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Oak Bluffs, Massachusetts.

Note 2 - Significant Accounting Policies

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

- (a) Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. Accordingly, grant revenues are recognized when received and expenditures when paid.
- (b) Cash Assistance - School Breakfast and Lunch Program - Program expenditures represent federal reimbursement for meals provided during the fiscal year.
- (c) Non-Cash Assistance (Commodities) - School Lunch Program - Program expenditures represent the value of donated foods received during the fiscal year.
- (d) Disaster grants are recorded in the year that the grant was received.
- (e) The Town of Oak Bluffs, Massachusetts, has not elected to use the 10-percent de-minimis indirect cost rate as allowed under the Uniform Guidance.

A. Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the Town of Oak Bluffs, Massachusetts.
2. No significant deficiencies or material weaknesses relating to the audit of the basic financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Oak Bluffs, 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 Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the Town of Oak Bluffs, Massachusetts, expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for the Town of Oak Bluffs, Massachusetts.
7. The program tested as a major grant is the Community Development Block Grant/States Program, CFDA # 14.228.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Oak Bluffs, Massachusetts was determined to be a low-risk auditee.

B. Findings-Financial Statements Audit

None

C. Finding and Questioned Costs – Major Federal Award Programs

None

D. Summary Schedule of Prior Audit Findings

None