



CliftonLarsonAllen

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Whitman-Hanson Regional School District
610 Franklin Street
Whitman, Massachusetts 02382

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the agreed-upon procedures engagement CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") will provide for the Whitman-Hanson Regional School District ("you" or "your") for the year ended June 30, 2020.

Matthew S. Hunt, CPA, Signing Director, is responsible for the performance of the agreed-upon procedures engagement.

Scope, objective, and responsibilities

We will apply the agreed-upon procedures which you and the Massachusetts Department of Elementary and Secondary Education (ESE) have specified and agreed to, listed in the attached schedule, to your End-of-Year Pupil and Financial Report (EOYR) for the year ended June 30, 2020 (prepared in accordance with ESE requirements). This engagement is solely to assist you and the ESE evaluate your assertion that you have complied with the ESE compliance requirements applicable to the preparation and filing of a Massachusetts School District's EOYR.

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency (nature, timing, and extent) of the procedures performed or to be performed is solely the responsibility of you and the ESE, and we will require a written acknowledgment of this responsibility. Consequently, we make no representation regarding the sufficiency of the procedures enumerated in the attached schedule either for the purpose for which this report has been requested or for any other purpose. You assume the risk that such procedures might be insufficient for your purposes and the risk that you might misunderstand or otherwise inappropriately use findings properly reported by CLA.

Our responsibility is to perform the specified procedures and report the findings in accordance with the attestation standards. Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, audit, or review, we will not express an opinion or conclusion on the EOYR or your financial statements or any elements, accounts, or items thereof. Also, we will not express an opinion or conclusion on the effectiveness of your internal control over financial reporting or any part thereof. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. This report is intended solely for the information and use of you and the ESE, and should not be used by anyone other than the specified parties. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report and

withdraw from this engagement. Our report will include a statement indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, we will communicate to you any known and suspected fraud and noncompliance with laws or regulations affecting the EOYR that come to our attention, unless they are clearly inconsequential. In addition, if, in connection with this engagement, matters come to our attention that contradict the EOYR, we will disclose those matters in our report. Such disclosures, if any, may not necessarily include all matters that might have come to our attention had we performed additional procedures or an examination or review.

Management is responsible for the presentation of the EOYR in accordance with the ESE and for its assertion about the EOYR. You are responsible for selecting the criteria and determining that such criteria are appropriate for your purposes.

Management is responsible for providing us with (1) access to all information of which you are aware that is relevant to the EOYR and the agreed-upon procedures, such as records, documentation, and other matters, and for the accuracy and completeness of that information; (2) additional information that we may request for the purpose of performing the agreed-upon procedures; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing the procedures. You agree to inform us of events occurring or facts discovered subsequent to the date of the EOYR that may affect the EOYR.

For all accounting services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

At the conclusion of our engagement, we will require a representation letter from management that, among other things, will include management's assertion about and confirm management's responsibility for the presentation of the EOYR in accordance with the ESE.

Engagement administration and other matters

The workpapers supporting the services we perform are the sole and exclusive property of CLA and constitute confidential and proprietary information. We do not provide access to our workpapers to you or anyone else in the normal course of business. Unless required by law or regulation to the contrary, we retain our workpapers in accordance with our record retention policy that typically provides for a retention period of seven years.

Pursuant to authority given by law or regulation, we may be requested to make certain workpapers available to the ESE for their regulatory oversight purposes. We will notify you of any such request. Access to the requested workpapers will be provided to the regulators under the supervision of CLA personnel and at a location designated by our firm. Furthermore, upon request, we may provide copies of selected workpapers to such regulators. The regulators may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

CLA will not disclose any of your confidential, proprietary, or privileged information to any persons without the authorization of your management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Mediation

Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties (i.e., you and CLA). The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Any Dispute will be governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

Time limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute that may arise between the parties. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months ("Limitation Period") after the date when we deliver our final report under this agreement to you, regardless of whether we provide other services for you relating to the report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.

Fees

Our fixed fee for these services will be \$6,000. Our fees include all expenses, including internal technology and administrative charges.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Agreement

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign, date, and email a scanned copy to us.

If the need for additional procedures arises, or the procedures need to be modified, our agreement with you will need to be revised. It is customary for us to enumerate revisions in an addendum to this letter. If additional specified parties of the report are added, we will require that they acknowledge in writing their agreement with the procedures performed or to be performed and their responsibility for the sufficiency of the procedures.

Sincerely,
CliftonLarsonAllen LLP

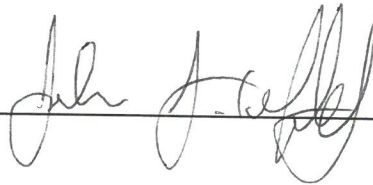


Matthew S. Hunt, CPA
Signing Director

Response:

This letter correctly sets forth the understanding of the Whitman-Hanson Regional School District.

Authorized Signature: _____



Title: _____

Director of Business + Finance

Date: _____

5/28/21



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Compliance Supplement for Massachusetts School Districts Agreed Upon Procedures Engagements: (Updated January 2021)

1. Introduction and Scope
2. Objectives, General Compliance Requirements, and Specific Compliance Requirements

1. Introduction and Scope

Introduction

Every Massachusetts school district is required to, within nine months of the close of its fiscal year, arrange for and undergo an independent audit of its financial records, to include using the Department of Elementary and Secondary Education Compliance Supplement (Compliance Supplement), and submit the report of this audit to the Massachusetts Department of Elementary and Secondary Education (DESE or Department). This requirement shall be satisfied if the school district's records are audited using the Department's Compliance Supplement as part of a general audit of all municipal financial records. The audit must be conducted by an independent public accounting firm based on

the compliance requirements, audit objectives, and suggested audit procedures contained in this Compliance Supplement. The auditor shall comply with professional standards included in "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" adopted by the Comptroller General of the United States in the conduct of the audit.

Each city, town, and regional school district is required to submit an End-of-Year Financial Report (EOYR) to DESE on or before September 30 of each year. The EOYR must be consistent with Department regulations and guidelines. The EOYR consists of several schedules as follows:

- Schedule 1 Revenue and Expenditure Summary
- Schedule 2 Assessments Received from Member Towns or Cities of Regional School Districts
- Schedule 3 Instructional Services by School
- Schedule 4 Special Education Expenditures by Placement
- Schedule 7 Pupil Transportation Reimbursement
- Schedule 19 Annual School Budget

Schedule 1 is the primary schedule reporting the results of operations for the fiscal year. Schedule 1 includes all revenues (Part I) and expenditures (Part II) received or made by the district directly or indirectly (Part IIA), as well as those expenditures made by the city or town (Part IIB) or third parties, grants and special funds (Part IIC) in support of these educational programs for a specific fiscal year. Schedule 1 contains information by fund, source, program, function, and object. The Department utilizes this schedule for net school spending compliance, federal reporting, state aid, local contribution calculations, and other needs. As such, it is critical that the amounts reported on Schedule 1 are accurate and verifiable.

While Schedule 1 financial information is generally derived from the municipal or district accounting system, other data in the EOYR are generally prepared in part from sources other than the accounting system. Districts utilize various allocations, distributions, or assignments of costs to complete the EOYR schedules or to report non-financial data. It is critical that these allocations, distributions, or assignment of costs are consistent with documented and reasonable methodologies and that non-financial data are supported by appropriate records or documented methodologies.

Scope

The purpose of this Compliance Supplement is to provide guidance in the conduct of an independent audit of a district's system for managing and reporting financial and non-financial information the district is required to report to DESE on the EOYR. The objectives of the Compliance Supplement are to determine whether:

- Financial data reported on all EOYR schedules are traceable to the detail contained in the municipal or district accounting ledgers or records or to a documented methodology.
- Non-financial data reported on all EOYR schedules are traceable to the district's records or to a documented methodology.
- There are documented methodologies supporting the financial and other reported information contained in these schedules, whether these methodologies were followed, and whether the methodologies are reasonable.
- Internal controls exist to provide reasonable assurance that the revenues, expenditures, and other data are accounted for consistent with Department regulations and guidelines.

This document describes the compliance requirements, audit objectives, and suggested audit procedures for Massachusetts school districts. These requirements, objectives, and procedures are intended to be consistent with the objectives and requirements of Part 3, Compliance Requirement L, Reporting Requirements of the March 2000 OMB A-133 Compliance Supplement. This document is written with the understanding that the internal control systems for Schedule 1 and other EOYR financial and other reported data are subject to the same tests as other municipal data.

2. Objectives, General Compliance Requirements, and Specific Compliance Requirements

Objectives

Determine whether required reports for Massachusetts school districts include all activity of the reporting period, are supported by applicable accounting records, and are fairly presented in accordance with State requirements.

General Compliance Requirements

Districts must use the standard financial reporting schedules contained in the (EOYR). These schedules include financial and non-financial data. The financial information must be traceable to the accounting ledgers of the district or of the municipality or to a documented methodology. If a "crosswalk" exists between the municipal and district ledgers, this crosswalk should be documented. The non-financial information must be traceable to records or to a documented methodology that demonstrates the information was compiled from existing records. Each district must report income on the modified accrual basis and expenditures on the modified accrual plus encumbrance basis.

1. For all EOYR Schedules:

- A. Ascertain if the financial information was prepared in accordance with the budgetary basis of accounting (e.g., modified accrual plus current year encumbrances minus expenditures of prior year encumbrances).
 - a. Trace the amounts reported to accounting and other records that support the audited financial statements and verify agreement or perform alternative procedures to verify the accuracy and completeness of the reports and that they agree with the accounting records.
- B. Trace non-financial data to records that accumulate and summarize data.
 - a. Perform tests of the underlying data to verify that the data was accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the schedules. For Schedule 7, test eligibility criteria for reimbursable riders (pupils residing greater than 1.5 miles from their school of attendance).
 - b. When intervening computations or calculations are required between the records and the schedules, trace reported data elements to supporting worksheets or other documentation that link the schedules to the data.

- C. Determine if the district's accounting system meets the following DESE requirements:
 - a. Determine whether the district uses an accounting system that 1) provides for the reporting of all instructional costs by school location and 2) is in accordance with 603 CMR 10.03 (3)(a).
 - b. Determine if the accounting system is supported by up-to-date written policies and procedures and that the policies and procedures are followed on a uniform and consistent basis.
 - c. Determine if the District maintains written policies and procedures related to the classification of salaries and expenses by program, function and object and that the policies and procedures are followed on a uniform and consistent basis.
2. Obtain written representation from management that the reports provided to the auditor are true copies of the EOYR submitted or electronically transmitted to the Department
3. Determine that the district submitted a signed Certification Statement.
4. Determine if amendments required from prior year's audit were submitted.

Specific Compliance Requirements

Schedule 1 — Revenue & Expenditure Summary

I. Revenues

A. Revenue from Local Sources

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.

C, D, and E. Revenues from Federal Grants, State Grants and Revolving and Special Funds

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 amounts received with the detail posted on the DESE website and pre-populated by DESE.**

Note: Amounts deposited in legally authorized revolving accounts (e.g. School Choice) cannot be transferred to the General Fund.

II. Expenditures

A. By School Committee and B. By City or Town

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 the 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.
4. Trace the amounts reported for a sample of DESE functions (i.e., teachers, principals), object codes (i.e., professional salaries (01), other salaries (02), and other expenditures (04-06)) and DESE programs (i.e., regular day, special education, etc.) in Schedule 1 to the detail in the accounting ledgers or to the crosswalk, if applicable. These amounts should agree.
5. Test Extraordinary Maintenance (4300) expenditures for the following: 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; and verify that expenditures classified as Extraordinary Maintenance (4300) do not exceed the per project per school dollar limit for extraordinary maintenance of \$150,000. Trace the expenditures to the detail in the accounting ledgers.
6. Determine how expenditures for fringe benefits are assigned or allocated to Schedule 1 Employee Benefits, Insurance (5100, 5200).
 - a. Trace the reported cost to the detail in the accounting ledgers using the methodology indicated. These amounts should agree.
 - b. Determine if expenses are charged to 5150 Employee Separation Costs. If no expenses are charged inquire if any district employees retired in FY20. In the event district employees retired, there should be costs/expenses reported.
 - c. **Determine if the district reported Insurance for Retired Employees (5260) separately and appropriately.**
7. If amounts are reported for Rental Lease of Equipment or Buildings determine if the required rental lease schedule is maintained locally.
8. Verify that expenditures charged to lines 1683 or 2060, Short-term Interest RAN's (5400) relate exclusively to Revenue Anticipation Notes (RAN's).
9. Verify that expenditures charged to line 1684 or 2065, Short-term Interest BAN's (5450) relate exclusively to Bond Anticipation Notes (BAN's).
10. Identify expenditures reported as long-term School Construction debt for principal (8100) and interest (8200). Verify that BAN's 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 Massachusetts School Building Authority, verify that the revenue was reported on line 130 and that expenses were reported for paydown of principal (8100) or Purchase of Land and Buildings (7100,7200) if applicable.**
11. Trace the expenditures for tuition payments to other public 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 FY21 special education tuition, verify that prepaid tuition was not included as an FY20 expense. If the district prepaid FY20 tuition from FY19, that amount should be included as an FY20 expense.**

12. 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.
13. Expenditures from Federal Grants, State Grants and Special Funds
 - a. Trace amounts claimed as Circuit Breaker expenses on line 3080 column 7 to the accounting ledgers or journals.
 - b. Determine if the district charged a restricted indirect rate to grants and indicate so in the report (including the rate charged).

Schedule 3

14. For Schedule 3 expenditures:
 - a. Verify that the district's accounting system includes school location codes and trace the amounts reported by school location on the linked file to the accounting ledgers. These amounts should agree.
 - 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.
 - c. If allocations are used to assign staff salaries to schools, programs, functions, or objects, was the allocation supported by a documented methodology?
 - 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.
 - e. Ensure amounts reported as districtwide expenditures cannot be assigned to a specific school.

Schedule 4

15. Ascertain the methodology used to allocate, distribute, or assign special education costs to the placement categories on Schedule 4 and review the propriety of the methodology. Test the amounts reported on Schedule 4 using this methodology. These amounts should agree.

Schedule 7

In the event that a municipal district does not have complete ridership data for Regular Day expenditures, please just note the inconsistency. That inconsistency should not be considered a finding.

16. 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.
17. Determine if there is adequate detail to support amounts reported (expenses and riders) for special education pupils transported outside the district.
18. Trace the riders 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.
19. Determine if the district's accounting system separates costs in order to facilitate reporting as outlined in Schedule 7, including in- or out-of-district, pre-school, non-public, school choice, charter school).
 - l. 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.
 - m. Verify that foster care transportation was *not* claimed as homeless and is reported appropriately on line 4286.

If a cost allocation plan was used to determine reimbursable expenditures, review the propriety of the plan and test the expenditures reported.

Schedule 19

20. Determine if the school district has reported all changes to Schedule 19 Part A.1 — Appropriation by School Committee to the Department. Compare the final School Committee appropriation to Schedule 19 Part A.1 as filed/amended to determine if all changes were reported.
21. 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.
22. Determine that retiree health insurance (5250) is reported separately.