

TOWN OF LINCOLN, MASSACHUSETTS
AGREED UPON PROCEDURES REPORT
ON THE END OF YEAR FINANCIAL REPORT

June 30, 2010

Town of Lincoln, Massachusetts
Agreed Upon Procedures Report on the
End of Year Financial Report
For the Year Ended June 30, 2010

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES

School Committee
Lincoln Public School District
6 Ballfield Road
Lincoln, MA 01773

We have performed the procedures enumerated in the accompanying Summary of Procedures and Findings section of the Special Report that follows and is incorporated by reference herein. The procedures, which were agreed to by the Town of Lincoln, Massachusetts were performed solely to assist in determining if the School District properly prepared and filed the Department of Elementary and Secondary Education's End of Year Financial Report for the year ended June 30, 2010. 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 described in the accompanying Summary of Procedures and Findings section that follows either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on any of the account totals included in the School District's annual report or any other records of the School District that may be referenced in our procedures. 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.

Giusti, Hingston and Company

Giusti, Hingston and Company
Certified Public Accountants
June 14, 2011

Town of Lincoln, Massachusetts
SPECIAL REPORT

Scope

To determine whether:

1. financial data reported on all End of Year Report schedules are traceable to the detail contained in the municipal or district accounting ledgers or records or to a documented methodology.
2. non-financial data reported on all End of Year Report schedules are traceable to the district's records or to a documented methodology.
3. there are documented methodologies supporting the financial and other reported information contained in these schedules, whether these methodologies are followed, and whether the methodologies are reasonable.
4. internal controls exist to provide reasonable assurance that the revenues, expenditures and other data are accounted for consistent with the Department regulations and guidelines.

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 Requirements

Procedure 1

For all EOYR Schedules (Except for Special Revenue Funds, which are not reported on the budgetary basis of accounting):

- A. Ascertain if the financial information were 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. Note that expenditures of federal awards should be reported through the end of the grant period.

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Summary of Procedures and Findings
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B. Trace non-financial data to records that accumulate and summarize data.

a. Perform tests of underlying data to verify that the data were 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 provides for the reporting of all instructional costs by school location.

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.

Results

The General Requirements were tested and the objectives were met.

Procedure 2

Obtain written representation from management that the reports provided to the auditor are true copies of the End of Year Report submitted or electronically transmitted to the Department of Education.

Results

A representation letter was received from management.

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Specific Requirements

Schedule 1

I. Revenue

A. Revenue from Local Sources

Procedure 1

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

Results

The amounts reported were materially correct.

A. Revenue From State Grants

B. Revenue From Federal Grants

C. Revenue From Revolving & Special Funds

Procedure 2

Trace revenues from state aid, federal grants, state grants, and revolving and special funds to the detail in the District's accounting ledger. These amounts should agree with the possible exception of state aid, federal grants and state grants, which are entered by the State based on allotments.

Results

The amounts reported were materially correct.

II. Expenditures

A. By School Committee

B. By City or Town

Procedure 1

Trace the amounts reported for general fund education expenditures from Schedule 1 Line 1850 to the municipal accounting ledgers and to the District's accounting ledger. 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 End of Year Report, verify that the crosswalk agrees with the accounting ledgers in total and trace a sample of expenditures from the crosswalk to the accounting ledgers.

Results

The amounts reported were materially correct.

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Procedure 2

Trace the amounts reported for a sample of the Department of Elementary and Secondary Education's:

- a) functions (i.e. Teaching, Principal),
- b) state objects (i.e. Professional Salaries (01), Other Salaries (02), Expenditures (04-06)),
- c) 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.

Results

The amounts reported were materially correct.

Procedure 3

Test expenditures for Extraordinary Maintenance (4300). Trace the expenditures to the detail in the accounting ledgers. Verify that:

- a) expenditures do not include salaries,
- b) expenditures include applicable principal portions of a loan or the cost of a lease / purchase agreement,
- c) expenditures do not exceed the per project dollar limit for Extraordinary Maintenance (\$100,000).

Results

Not applicable. No expenditures were reported.

Procedure 4

Determine how expenditures for fringe benefits are assigned or allocated to the Schedule 1, Employee Benefits and Insurance function (5100, 5200). Trace the reported cost to the detail in the accounting ledgers using the methodology indicated. These amounts should agree.

Results

Not applicable. No expenditures were reported.

Procedure 5

Verify that expenditures charged to Line 1683 and 2060 – Short-term Interest (5400) related exclusively to Revenue Anticipation Notes.

Results

Not applicable. No expenditures were reported.

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Procedure 6

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

Results

Not applicable. No expenditures were reported.

Procedure 7

Identify expenditures reported as long-term school construction debt in 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 amounts 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 MSBA, verify that the revenue was reported on Line 130 and that expense were reported for pay down of principal (8100), or purchase of land and buildings (7100,7200) if applicable.

Results

Not applicable. No expenditures were reported and a lump sum payment was not received.

Procedure 8

Trace the expenditures for tuition payments:

- a) to other school districts in the state (9100),
 - b) to out of state schools (9200),
 - c) to non-public schools (9300),
 - d) to member collaborative (9400),
 - e) to regional school assessment (9500) – by city or town,
- to the detail in the accounting ledgers. These amounts should agree.

Note:

If the District prepaid fiscal year 2011 special education tuition, verify prepaid tuition was not included as a fiscal year 2010 expense. If the District prepaid fiscal year 2010 tuition from fiscal year 2009, that amount should be included as a fiscal year 2010 expense.

Results

The expenditures reported as regional school assessment – by city or town was the budgeted amount. The actual expenditure was \$84,503 less.

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Procedure 9

For municipal expenditures that result in services directly related to the School Committee:

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

Results

Except as indicated in Procedure 8, the amounts reported were materially correct.

Procedure 10

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 grant; and
- b. trace amounts claimed as circuit breaker expenses on Line 3080 Column 6 to the accounting ledgers or journals.

Results

The amounts reported were materially correct.

Schedule 3

Procedure 1

- a) 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 school maintains a payroll system or spreadsheet to document the assignment of staff salaries by school location.
- c) If allocations are used to assign 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.

Results

The amounts reported were materially correct.

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Schedule 4

Procedure 1

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

Results

The amounts reported were materially correct.

Schedule 7

Procedure 1

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 these allocations. Also, if applicable, verify that the reimbursable expenditures have been reduced by transportation revenue received from students transported.

Results

The methodology was reasonable and the amounts reported were materially correct.

Procedure 2

Trace the transportation expenditures 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.

Results

The amounts reported were materially correct.

Procedure 3

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 and charter school).

Results

The District's accounting system properly separates costs in order to facilitate the reporting requirements of Schedule 7.

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Schedule 19

Procedure 1

Determine if the School District has reported all changes to Schedule 19, Part A.1 – “Appropriation by School Committee” to the Department of Education. Compare the final School Committee appropriations to the Schedule 19, Part A.1 file/amended to determine if all changes were reported.

Results

The amounts reported were materially correct.