

CITY OF PEABODY, MASSACHUSETTS

***REPORT ON APPLYING AGREED-UPON PROCEDURES
OVER COMPLIANCE APPLICABLE TO
MASSACHUSETTS SCHOOL DISTRICTS'
END-OF-YEAR FINANCIAL REPORT***

YEAR ENDED JUNE 30, 2021

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

To the Honorable Mayor, City Council
and the School Committee
City of Peabody, Massachusetts

We have performed the procedures specified in the Massachusetts Department of Elementary and Secondary Education's (DESE) Compliance Supplement applicable to Massachusetts School Districts to the End-of-Year Financial Report prepared by the City of Peabody, Massachusetts (City) for the year ended June 30, 2021. We performed these procedures solely to assist the City and the DESE in evaluating the City's assertion that it has complied with the DESE requirements applicable to the preparation and filing of a Massachusetts School Districts' End-of-Year Financial Report. The School District's management is responsible for preparing the End-of-Year Financial Report. This agreed-upon procedures engagement was performed in accordance with attestation 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 End-of-Year Financial Report for the purpose for which this report has been requested or for any other purpose.

We have listed noncompliance with 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 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.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the use of the City and the DESE and should not be used by those who have not agreed to the 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.

Powers & Sullivan, LLC

June 21, 2022

Finding #1 – General Requirement #1.A.a

General requirement #1.A.a requires verification of the accuracy and completeness of the financial information contained in the End-of-Year Financial Report (EOYR).

We were unable to verify the accuracy and completeness of the special revenue expenditures reported within Schedule 1, Part C.2. - Expenditures from Federal Grants, State Grants and Special Funds because we were not provided with supporting documentation.

Finding #2 – General Requirement #4

General Requirement #4 requires us to determine if amendments were filed with DESE to correct the prior year findings noted in the agreed-upon procedures engagement.

While completing this requirement, we noted that the District did not file amendments to correct prior year findings.

Finding #3 – Specific Requirement #1

Specific requirement #1 requires that revenues from other local sources are traced from Schedule 1 to the accounting ledgers and from the accounting ledgers to Schedule 1.

We were unable to verify the prior year unexpended encumbrances, totaling \$68,023, reported on line 60 because were not provided with adequate supporting documentation.

Finding #4 – Specific Requirement #7

Specific requirement #7 requires us to verify if expenditures are reported for the rental/lease of equipment or buildings (function 5300 or 5350) and if so, to verify that the required rental/lease schedule is maintained locally.

While completing this requirement, we noted that the District reported \$96,841 of expenditures for the rental/lease of buildings on line 1682; however, the required rental/lease schedule was not maintained locally.

Finding #5 – Specific Requirement #12a and #12b

Specific requirement #12a and #12b requires that a written agreement is obtained between the School Committee and Municipal officials documenting the agreed upon methodologies to be used when allocating, distributing or assigning municipal expenditures to the EOYR and that the municipal expenditures reported on Schedule 1 are tested to ensure compliance with the Municipal agreement.

We were provided with an agreement; however, the agreement was not formally signed by City Officials and the School Committee.

Finding #6 – Specific Requirement #16, #17 and #18

Specific requirement #16 requires us to trace transportation expenditures reported on Schedule 7 to the transportation expenditures reported on Schedule 1. We are also required to determine the methodology used to allocate transportation expenditures on Schedule 7 and verify the accuracy of the allocations. Also, as applicable, we are required to verify that reimbursable expenditures have been reduced by transportation revenue received from students transported.

Specific requirement #17 requires us to determine if there is adequate detail to support amounts (expenses and riders) for Special Education pupils transported outside of the district.

Specific requirement #18 requires us to trace the pupils reported on Schedule 7 to the detailed transportation records and to verify the accuracy and consistency of the amounts reported with the detailed records.

We were unable to complete these specific requirements because we were not provided with supporting documentation.

Finding #7 – Specific Requirement #19

Specific requirement #19 requires us to determine if reimbursable expenditures claimed on Schedule 7, line 4283 - Homeless Transportation to Outside the District and line 4285 - Homeless Transportation from Outside the District are supported by adequate documentation. We are also required to verify that foster care transportation was not claimed as homeless transportation.

While reviewing the supporting documentation for homeless transportation expenditures reported on Schedule 7, we noted that the expenditures included \$175,788 of foster care transportation expenditures which should be reported on line 4286.

We also noted that the homeless transportation riders were overstated by 239 riders and the foster care riders were understated by 58 riders.