

## **Independent Accountants' Report on Applying Agreed-Upon Procedures**

Mr. Calvin Nutting, Chair  
and Board of Selectmen  
Town of Casco  
P.O. Box 60  
Casco, Maine 04015

We have performed the procedures enumerated below, which were agreed to by the Town of Casco, solely to assist the Town in determining possible irregularities and to provide a summary of activity relating to transactions involving fuel assistance funds referred to as "Casco Helping Casco" for the period October 8, 2008 through January 31, 2010. Additionally, we applied procedures to transactions involving fuel assistance funds referred to as "Casco Fire Association" for the period January 17, 2006 through March 3, 2009. The Town of Casco's management is responsible for the accounting records. 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 the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Fuel Assistance Fund History

It is our understanding that on or about January 2006, the Casco Fire Association (the Association) expressed an interest in providing funds for citizens of Casco who needed assistance with paying their heating costs and requested Town officials to manage disbursement of the funds for this purpose. An initial deposit from the Association was made on January 17, 2006. These funds were to be disbursed by Town management by using the same general guidelines used by the Town for general assistance purposes as prescribed by Maine Department of Health & Human Services – General Assistance statutes.

Subsequently, around the time period of October 2008, a group of Casco citizens referred to as "Casco Helping Casco" (CHC) began organizing for the purpose of raising funds for fellow citizens needing energy assistance. CHC requested Town officials manage disbursement of these funds in the same manner noted with the Association funds above. Funds were raised by CHC and provided to Town staff for deposit and subsequent disbursement.

For administering these funds, Town staff utilized the procedures in place applicable to Town operations with regard to processes for cash receipts and disbursements. Procedures in place for utilizing the Town's accounting system were also utilized with each of the "funds" whereby a separate account was utilized to report the transactions of deposits and disbursements. As has been the historical practice of

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the Town, a separate checking account was not established specifically for these funds. For the majority of the Town's funds typically referred to as "special revenue" or "reserve" funds, the Town generally maintains one operating account with separate bookkeeping by account. This is a common accounting practice for Maine municipalities.

Given the nature and purpose of these two "funds" were virtually the same, the Town began accounting for the activities of these fuel assistance funds within one internal account around the time period of August 2009. The time periods noted in the first paragraph of our report above were based on the internal account reporting for the two separate accounts. After the accounts were combined, our procedures were applied to the one account. Procedures were applied to the fuel assistance funds for the period of January 17, 2006 through January 31, 2010.

Our procedures were applicable only to transactions as processed by the Town from the deposit process through the disbursement process.

During the process of applying our procedures, we received various written communications from representatives of "Casco Helping Casco" and we have considered their comments and concerns in the application of our procedures.

Our procedures and findings are as follows:

1. Through inquiry and walk-through of processes we obtained an understanding of the Town of Casco's systems and procedures relating to cash receipting and cash disbursements as it relates to the fuel assistance funds.

*Findings:* We noted the Town is utilizing its regular operating internal accounting system to account for receipt and disbursement of funds, specifically through account numbers 60-11 for Casco Fire Association (the Association) and 60-12 for Casco Helping Casco (CHC). Account number 60-10 is used to account for Town general assistance. We were able to view procedures related to deposits and disbursements of these funds noting no differences in procedures with normal operations of Town deposits and disbursements.

2. Through inquiry and discussion we obtained an understanding of the criteria used and the systems in place at the Town to determine eligibility for fuel assistance, including the Town's policy for "General Assistance" and the policy with regard to funds provided under "Casco Helping Casco" and "Casco Fire Association".

*Findings:* It is our understanding that the Town follows the State Department of Health & Human Services – General Assistance statutes with respect to criteria and eligibility determination for general assistance. We obtained a copy of the most recent "Department of Human Services – General Assistance Exit Conference/Review Findings" dated March 31, 2010 to which the auditor noted "The Town of Casco is in compliance with DHHS-GA statutes and law with 1 concern: GA files must be in locked cabinet". The subsequent field examiner letter also dated March 31, 2010, states: "the review indicates that your program for the Town of Casco is in compliance with the General Assistance statutes and the Department of Health and Human Services' General Assistance policy".

We further understand that the Town has followed the same criteria and eligibility determinations with respect to fuel assistance provided with funds under "Casco Helping Casco" and "Casco Fire Association" except that persons in need could receive assistance from these funds who may not have been eligible under regular general assistance criteria. We also viewed guidelines from "Casco Helping Casco" provided to Town staff with regard to disbursement of funds in a letter dated April 5, 2009. With regard to funds provided by the "Casco Fire Association", we are not aware of any additional guidelines.

We were not engaged to review nor did we review individual household applicant eligibility determinations. Primarily these files are limited by confidentiality laws and secondly, the State Department of Health & Human Services audits this process on a regular basis as noted above.

3. Based on our understanding obtained in #1 and #2 above, we designed our procedures as follows:
  - A. For cash receipts posted to the fuel fund accounts, using sampling techniques, we tested whether receipts posted were appropriately applied to the fuel assistance accounts.

*Findings:*

#60-11 Casco Fire Association (January 17, 2006 through March 3, 2009):

During this time period we noted three receipts from the Association totaling \$15,000. We were able to view copies of the checks written by the Association and trace to deposit in the Town's checking account.

#60-12 Casco Helping Casco (October 8, 2008 through January 31, 2010):

During this time period, the Town has recorded 86 deposit transactions totaling \$15,855. Using common audit sampling techniques, we selected 12 deposit transactions totaling \$12,960 for testing. We were able to view appropriate supporting internal documentation for these transactions and trace to deposits in the Town's checking account. We noted a receipt transaction for \$50 where supporting documentation indicates a purpose of "food for hungry kids". We noted no corresponding expense for this purpose recorded in the fuel assistance account. The Town may want to review this transaction for applicability to this account.

- B. For cash receipts not posted to the fuel fund account, using sampling techniques, we reviewed various cash receipts transactions to determine whether there is any evidence to suggest fuel assistance receipts have been misposted. Our population included receipts posted to the regular general assistance accounts and miscellaneous clerk fees account.

*Findings:* We identified no receipt transactions for "Casco Helping Casco" that were not appropriately applied to the correct account. We did view a \$50 receipt transaction (June 16, 2009) that was posted to an incorrect Town account and later corrected (June 17, 2009) by Town staff and properly reflected in the "Casco Helping Casco" account.

- C. For cash disbursements from the fuel fund account, we looked at supporting documentation available for each disbursement and determined whether it met the criteria determined under item #2 above.

*Findings:*

#60-11 Casco Fire Association (January 17, 2006 through March 3, 2009):

During this time period the Town processed 46 disbursements totaling \$12,748. We were able to view appropriate supporting documentation for each disbursement applicable to fuel assistance, noting one exception. The exception was a non-fuel assistance disbursement of \$1,000 from these funds labeled as "Donation to Veterans" and requested by the Casco Fire Association.

Total disbursements from this fund through June 30, 2007 did exceed funds provided by the Association by \$940 as a result of the "Donation to Veterans" disbursement.

Therefore, the Association account's balance (\$3,192) carried into the "Casco Helping Casco" account is overstated by \$940. Effectively, this \$940 in assistance came from Town general funds.

We identified no transactions processed that were not consistent with criteria understood under item #2 above.

#60-12 Casco Helping Casco (October 8, 2008 through January 31, 2010):

During this time period the Town processed 33 disbursements (24 household cases) totaling \$8,422. The disbursements consisted of 25 transactions for fuel assistance; 2 for electricity; 2 for rent; 2 for Casco churches food pantries; and 2 for "Casco Helping Casco" representatives.

We were able to view appropriate supporting documentation for each disbursement applicable to fuel assistance and electricity. We did note however, one instance for a check dated April 7, 2009, where an internal assistance request form was inconsistent as to procedural direction. The request was identified for payment to come from "Casco Helping Casco" funds but the account number on the form indicates a General Assistance account. However, the actual charge was appropriately recorded against the "Casco Helping Casco" account. It should be noted that this same assistance request (for electricity disconnection), was dated April 3, 2009. The "Casco Helping Casco" letter was dated April 5, 2009, with the transaction being completed on April 7, 2009. While the transaction had proper supporting documentation, the date sequencing appears out of order.

We identified no transactions processed for fuel assistance and electricity that were not consistent with criteria understood under item #2 above.

The rent disbursements were subsequently removed from the account after citizen concerns were raised on this use. As the Town was using overall general assistance guidelines to administer the funds, an interpretation was made as being appropriate for rent. Lacking specific guidelines on the applicability of rent to the use of these funds, the transactions were removed as inconsistent with intended use of the funds.

The disbursements to the Casco churches food pantries were issued at the direction of an April 5, 2009 letter from "Casco Helping Casco".

The 2 transactions to "Casco Helping Casco" representatives consisted of one check for \$50 labeled "reimburse CHC" and another for \$300 labeled "CHC/bean supper". Neither of these two transactions had appropriate supporting documentation available for review.

- D. For cash disbursements posted to the regular General Assistance (not related to the fuel fund account), we used sampling techniques to test whether there is any evidence to suggest "Casco Helping Casco" disbursements have been misposted therein.

*Findings:* During the time period October 8, 2008 through January 31, 2010, the Town processed 575 transactions with respect to its regular General Assistance program. We identified no disbursement transactions in our selected sample, recorded through the Town's General Assistance program, that suggest they should have been recorded against "Casco Helping Casco" funds.

- E. On a test basis, we reviewed General Assistance State reporting for evidence of any overlap requests between General Assistance payments reported to the State of Maine and transactions reported in the "Casco Helping Casco" account.

*Findings:* Our tests of General Assistance State reporting found no instances of requests for reimbursement to the State for any assistance provided through "Casco Helping Casco" funds.

4. We have provided a summary of activity of the funds during the time periods as follows and attached:

Attachment #1 – Casco Fire Association: Fuel Assistance Activity Summary (internal fund #60-11) for period January 17, 2006 through March 3, 2009.

Attachment #2 – Casco Helping Casco: Fuel Assistance Activity Summary (internal fund #60-12) for period October 8, 2008 through January 31, 2010.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. 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 of the Board of Selectmen of the Town of Casco and is not intended to be and should not be used by anyone other than those specified parties.

*Purdy Powers + Company*

**Purdy Powers & Company**

**May 19, 2010**

**Casco Fire Association  
Fuel Assistance Activity Summary  
Internal Fund # 60-11**

Initial deposit	1/17/2006	\$ 5,000.00
Disbursements for period January 2006 through June 2006:		
Fuel oil		<u>1,641.10</u>
Unspent balance as of June 30, 2006 (carried to fiscal year end June 30, 2007)		<b>3,358.90</b>
Disbursements for period July 2006 through June 2007:		
Fuel oil	3,299.32	
Donation to Veterans	<u>1,000.00</u>	<u>4,299.32</u>
Overspent balance as of June 30, 2007		<b>(940.42)</b>
Deposit	12/17/07	5,000.00
Disbursements for period July 2007 through June 2008:		
Fuel oil		<u>5,000.00</u>
Balance as of June 30, 2008		<b>-</b> **
Deposit	10/7/08	5,000.00
Disbursements for period July 2008 through June 2009:		
Fuel oil	1,558.49	
Propane	249.50	<u>1,807.99</u>
Unspent balance as of June 30, 2009 ("transferred" to internal fund # 60-12 - 8/21/09)		<b>\$ 3,192.01</b> **

\*\* without inclusion of overspent balance

Casco Fire Association  
Fuel Assistance Activity Summary  
Internal Fund # 60-11

Summary

Deposits	\$ 15,000.00
Disbursements	<u>12,748.41</u>
Balance	2,251.59
Balance "transferred"	3,192.01
Difference (overspent noted above)	<b>\$ 940.42</b>

**Casco Helping Casco  
Fuel Assistance Activity Summary  
Internal Fund # 60-12**

Inflows for period October 2008  
through June 2009:

"Transfer" in from Firemen's Assoc	\$ 3,192.01	**
Cash deposits/donations	<u>12,583.52</u>	
		\$ 15,775.53

Disbursements for period October 2008  
through June 2009:

Fuel oil	1,606.49	
Electricity	150.00	
Propane	303.84	
Casco Church food pantries	<u>750.00</u>	
		<u>2,810.33</u>

Unspent balance as of June 30, 2009  
(carried to fiscal year end June 30, 2010)

**12,965.20**

Inflows for period July 2009  
through January 2010:

Cash deposits/donations	3,271.77
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Disbursements for period July 2009  
through January 2010:

Fuel oil	4,076.50	
Reimburse CHC	50.00	
CHC Bean Supper	300.00	
Rent	897.00	
Reverse rent payments	(897.00)	
Electricity	<u>288.00</u>	<u>4,714.50</u>

Unspent balance as of January 31, 2010

**\$ 11,522.47**

\*\* without inclusion of overspent balance



Casco Helping Casco  
Fuel Assistance Activity Summary  
Internal Fund # 60-12

Summary	Deposits (see below)	\$ 15,855.29
	Fire Assoc balance	3,192.01
	Disbursements***	<u>7,524.83</u>
	Balance	<u>\$ 11,522.47</u>

## Deposit summary:

	Fire Assoc	\$ 7,213.85
	One donor	4,362.50
	Various cash and check deposits	<u>4,278.94</u>
		<u>\$ 15,855.29</u>

\*\*\* excludes 2 payments for rent (\$897)