

TOWN OF MILLBURY, MASSACHUSETTS

**Independent Auditors' Reports Pursuant
to Governmental Auditing Standards
and The Single Audit Act Amendments of 1996**

For the Year Ended June 30, 2009

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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**

To the Board of Selectmen
Town of Millbury, Massachusetts

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Millbury, Massachusetts, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 29, 2009. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Additional Offices:

Greenfield, MA • Ellsworth, ME • Nashua, NH • Manchester, NH

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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*.

We noted certain matters that we reported to management of the Town in a separate letter dated December 29, 2009.

This report is intended solely for the information and use of management, Board of Selectmen, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Melanson, Heath + Company P.C.

Andover, Massachusetts
December 29, 2009



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Selectmen
Town of Millbury, Massachusetts

Compliance

We have audited the compliance of the Town of Millbury, Massachusetts, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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's 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. Our audit does not provide a legal determination of the Town's compliance with those requirements.

As described in item 09-1 in the accompanying schedule of findings and questioned costs, the Town did not comply with requirements regarding time and effort documentation that is applicable to its Special Education Cluster grants. Compliance with such requirements is necessary, in our opinion, for the Town to comply with requirements applicable to that program.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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's internal control over compliance.

A *control deficiency* in a Town's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Town's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Millbury, Massachusetts, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 29, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, Board of Selectmen, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Melanson, Heath + Company P.C.

Andover, Massachusetts
March 23, 2010

TOWN OF MILLBURY, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2009

Federal Grantor/ Pass-Through Grantor/ <u>Program Name</u>	Federal Catalogue <u>Number</u>	Federal <u>Expenditures</u>
U.S. Department of Agriculture		
Passed Through State Department of Nutrition		
School Lunch Program	10.555	\$ 170,184
Total U.S. Department of Agriculture		170,184
U.S. Department of Education		
Passed Through Massachusetts Department of Elementary and Secondary Education		
Title I	84.010	201,210
Title VIB -SPED PL 94-142	84.027	419,355
Program Improvement	84.027	9,437
Title IV - 21st Century Schools	84.184	7,487
Title II Improving Teacher Quality	84.367	56,699
ARRA State Stabilization Funds	84.394	731,592
Central MA Community of Care	84.unknown	7,500
Passed Through State Department of Early Childhood and Care		
Project Early Childhood	84.173	22,295
Total U.S. Department of Education		1,455,575
U.S. Department of Justice		
School Resource Officers	16.710	7,072
Community Policing Grant	16.710	16,291
Total U.S. Department of Justice		23,363
U.S. Department of Homeland Security		
Passed Through Commonwealth of Massachusetts Emergency Management Agency		
Emergency Management - Public Works	97.036	7,128
Total U.S. Department of Homeland Security		7,128
Total Federal Expenditures		\$ 1,656,250

See Independent Auditors' Report on Compliance with OMB A-133

This schedule has been prepared on the modified accrual basis of accounting.

State identifying numbers were not available for the pass-through grants listed above.

TOWN OF MILLBURY, MASSACHUSETTS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2009

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs:

ARRA State Stabilization Funds	Unqualified
Special Education Cluster	Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☒ yes ☐ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster
84.394	ARRA State Stabilization Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

<u>Finding #</u>	<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Cost</u>
09-1	Special Education Cluster 84.027/84.173	<u>Maintain Employee's Time and Effort Records</u> <u>Criteria:</u> OMB Circular A-87, Attach. B, paragraph 8.h.3 requires all employees paid in full from federal grant funds to furnish semi-annual certifications that they have been engaged solely in activities supported by the grant. These certifications must be signed by the employee or supervisor with knowledge of the work performed. In addition, OMB Circular A-87, Attach. B, Paragraph 8.h.4 requires employees to document the portion of time worked on the grant and the portion of time worked in areas not related to the grant. Circular A-87 also requires that these time and effort distribution records must (1) be done after the fact (not estimated or budgeted), (2) account for the total activities for which the employee is paid, (3) be prepared at least monthly and coincide with one or more pay periods, and (4) be signed by the employee. <u>Condition:</u> During our audit, we tested a sample of payroll disbursements in order to determine if adequate time and effort records were maintained. As a result of our testing, it was determined that although the Millbury Public School Department maintained semi-annual certifications for its employees paid from the Special Education Cluster grants, all were signed prior to the end of the service dates being certified.	\$ 366,061

(continued)

(continued)

<u>Finding #</u>	<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Cost</u>
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Effect:

Certain time and effort documentation did not meet Federal requirements.

Recommendation:

We recommend that the Millbury Public School Department ensure that all time and effort semi-annual certifications be signed after the service period indicated for those employees charged fully to the Special Education Cluster grants.

Town's Response:

The School Department will ensure that all time and effort semi-annual certifications will be signed after the service period indicated for those employees charged fully to the Special Education Cluster grants. The reports will be collected and signed at the end of the school year.

SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS

None.