

**TOWN OF MILLBURY, MASSACHUSETTS**

**SINGLE AUDIT REPORTS**

**PURSUANT TO**

**OMB CIRCULAR A-133**

**JUNE 30, 2010**

**TOWN OF MILLBURY, MASSACHUSETTS**  
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# ROSELLI, CLARK & ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT CONSULTANTS

## 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*

Board of Selectmen  
Town of Millbury  
Millbury, Massachusetts

We have audited the financial statements of the governmental activities, the business-type 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, 2010, which collectively comprise the Town of Millbury, Massachusetts's basic financial statements and have issued our report thereon dated December 1, 2010. 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 of Millbury, Massachusetts'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 of Millbury, Massachusetts's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Millbury, Massachusetts's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 of Millbury, Massachusetts'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 other matters that we reported to management of the Town of Millbury, Massachusetts in a separate letter dated December 1, 2010.

This report is intended for the information and use of the 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.

*Roselli Clark & Associates*

Roselli, Clark & Associates  
Certified Public Accountants  
Woburn, Massachusetts  
December 1, 2010

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# ROSELLI, CLARK & ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT CONSULTANTS

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Selectmen  
Town of Millbury  
Millbury, Massachusetts

### **Compliance**

We have audited the Town of Millbury, Massachusetts' compliance 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, 2010. The Town of Millbury, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the Town of Millbury, Massachusetts' management. Our responsibility is to express an opinion on the Town of Millbury, Massachusetts' 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 identified in the accompanying schedule of findings and questioned cost occurred. An audit includes examining, on a test basis, evidence about the Town of Millbury, Massachusetts' 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 of Millbury, Massachusetts' compliance with those requirements.

In our opinion, the Town of Millbury, Massachusetts complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010. However, the results of our audit procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2010-1.

### **Internal Control Over Compliance**

Management of the Town of Millbury, Massachusetts is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town of Millbury, Massachusetts' 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Town of Millbury, Massachusetts' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses in internal control over compliance. 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, the business-type 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, 2010, and have issued our report thereon dated December 1, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise of the Town of Millbury, Massachusetts' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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.

The Town of Millbury's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Millbury's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the 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.

*Roselli Clark & Associates*

Roselli, Clark & Associates  
Certified Public Accountants  
Woburn, Massachusetts  
December 1, 2010

**TOWN OF MILLBURY, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor / Pass-Through Agency / Program Title</b>	<b>CFDA Number</b>	<b>Pass-Through Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
<i>Passed through the Commonwealth of Massachusetts - Department of Elementary and Secondary Education</i>			
School Breakfast Program	10.553	03-331	\$ 17,053
National School Lunch Program:	10.555	03-331	
Cash Assistance			183,574
Non-Cash Assistance (Commodities)			22,352
<b><u>U.S. Department of Justice</u></b>			
<i>Bureau of Justice Assistance</i>			
ARRA - Edward Byrne Memorial Justice Assist. Grant (JAG) - Grants to States	16.803		13,140
<b><u>U.S. Department of Transportation</u></b>			
<i>National Highway Transportation Safety Administration (NHTSA) Passed through the Commonwealth of Massachusetts Executive Office of Public Safety and Security - Highway Safety Division</i>			
State and Community Highway Safety	20.600	Alcohol Enforcement	2,130
<b><u>U.S. Department of Education</u></b>			
<i>Passed through the Commonwealth of Massachusetts - Department of Elementary and Secondary Education</i>			
Title I: Grants to Local Education Agencies	84.010	305-011-0-0186-K 305-023-9-0186-J 323-090-0-0186-K 323-029-9-0186-J	240,053
Special Education: Grants to States	84.027	240-014-0-0186-K 240-094-9-0186-J 250-002-0-0186-K	* 453,169
Title IV - Safe and Drug Free Schools and Communities - State Grants	84.186	331-026-0-0186-K	4,746
Title II - Part D: Education Technology State Grants	84.318	160-005-0-0186-K 160-138-9-0186-J	4,709
Title II - Part A: Improving Teacher Quality State Grants	84.367	140-019-0-0186-K	51,020
ARRA - Title I: Grants to Local Education Agencies	84.389	770-175-0-0186-K	39,064
ARRA - Special Education: Grants to States	84.391	760-068-0-0186-K	* 243,714
ARRA - State Fiscal Stabilization Fund	84.394	780-054-0-0186-K	* 119,625
<i>Passed through the Commonwealth of Massachusetts - Department of Early Education and Care</i>			
Special Education: Preschool Grants	84.173	262MillburyPublicSch10	* 21,766
ARRA - Special Education: Preschool Grants	84.392	272MillburyPublicSch10	* 10,191
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Centers for Disease Control and Prevention Pass through the City of Worcester, Massachusetts Public Health Emergency Preparedness Coalition - Region II</i>			
Public Health Emergency Preparedness	93.069	PHER I, II, and III	17,290
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Federal Emergency Management Agency Pass through the Commonwealth of Massachusetts- Massachusetts Emergency Management Agency</i>			
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	8800-1813	56,861
<b>Total Federal Grant Award Expenditures</b>			<b>\$ 1,500,457</b>

\* Denotes major program.

See notes to the Schedule of Expenditures of Federal Awards.



**TOWN OF MILLBURY, MASSACHUSETTS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2010**

**A. Scope of Audit**

Town of Millbury, Massachusetts (the Town) is a governmental agency established by the laws of the Commonwealth of Massachusetts. All operations related to the Town of Millbury's federal grant programs are included in the scope of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Compliance testing of all requirements, as described in the Compliance Supplement was performed. The Special Education Cluster (CFDA #s: 84.027, 84.173, 84.391, and 84.392) and State Fiscal Stabilization Fund – Education State Grants (CFDA #84.394) were determined to be the major programs.

**B. Period Audited**

Single audit testing procedures were performed for federal grant transactions during the year ended June 30, 2010.

**C. Summary of Significant Accounting Policies**

Accounting policies and financial reporting practices permitted for municipalities in Massachusetts are prescribed by the Uniform Municipal Accounting System (UMAS) promulgated by the Commonwealth of Massachusetts Department of Revenue. The significant accounting principles followed by the Town are as follows:

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant transactions of the Town, although some of these programs may be supplemented with state and other revenue, only federal activity is shown. The receipts, proceeds from federal grants, and disbursements are recorded on the modified accrual basis whereby revenue is recognized when it becomes available and measurable, and expenditures are recognized when the liability is incurred. The activities of these programs are reflected in the basic financial statements in the general and special revenue funds.

**D. Non-Cash Commodities**

The Town receives non-cash commodities from the U.S. Department of Agriculture as a part of the National School Lunch program. In fiscal year 2010, \$22,352 was received; however, this amount is not included in the financial statements.

**E. Teacher Pension On-Behalf Payments**

With regards to specific education grants awarded to the Town which budget for staffing wages, the Commonwealth of Massachusetts Department of Elementary and Secondary Education and Department of Early Education and Care withhold from the total grant awards 7.2% and 9.0% of the amounts shown on applicable wage budget lines. The Commonwealth utilizes those funds as direct payments to the Massachusetts Teachers Retirement Board made on-behalf of the Town. The amount of these direct payments from federal grants in fiscal year 2010 was \$25,112.

**TOWN OF MILLBURY, MASSACHUSETTS  
SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010**

**A. Summary of Audit Results**

1. The auditor's report expresses a unqualified opinion on the financial statements of the Town of Millbury.
2. No reportable conditions relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Town of Millbury were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Town of Millbury expresses a unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs were the Special Education Cluster (CFDA #s: 84.027, 84.173, 84.391, and 84.392) and the State Fiscal Stabilization Fund – Education State Grants (CFDA #84.394).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Millbury was not determined to be a low risk auditee.

**B. Schedule of Findings - Financial Statements Audit**

None

**TOWN OF MILLBURY, MASSACHUSETTS  
SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010  
(Continued)**

**C. Schedule of Findings and Questioned Costs - Major Federal Award Programs Audit**

<b><u>Finding</u></b>	<b><u>Questioned Costs</u></b>
<b><u>2010-1. U.S. Department of Education</u></b>	
<u>Passed through the Commonwealth of Massachusetts Department of Elementary and Secondary Education, and Department of Early Education and Care Special Education Cluster (CFDA #'s 84.027, 84.173, 84.391, and 84.392)</u>	
<i>Criteria:</i> OMB Circular A-87, Attachment 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.	
<i>Statement of Condition:</i> Not all of the semi-annual payroll certifications could be provided to the auditors upon their request.	
<i>Prospective Information:</i> It was determined that all individuals paid utilizing special education grant funds should be classified under only OMB Circular A-87, Attachment B, paragraph 8.H.(3).	
<i>Cause and Effect:</i> The time and effort documentation did not wholly meet federal requirements.	
<i>Recommendation:</i> The Special Education Director has direct knowledge of the work performed by their staff whose wages are paid utilizing federal grant funds. Accordingly, OMB A-87 allows for the supervising official to solely make the semi-annual certification by documenting exactly who was paid with federal grant funds and certifying that their work activities related to a single federal award or cost objective – in this case the education of special needs students. We suggest that the Special Education Director semi-annually compile a documented list of such individuals paid through that date utilizing special education grant funds and certify that their work related to program activities under the special education grant. These certifications should be filed and available for review as part of any compliance testing performed by the pass-through agency or auditors.	

**TOWN OF MILLBURY, MASSACHUSETTS  
SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010  
(Continued)**

**D. Schedule of Prior Year Findings and Questioned Costs**

<u>Finding</u>	<u>Questioned Costs</u>
<b><u>2009-1. U.S. Department of Education</u></b>	
<u>Passed through the Commonwealth of Massachusetts Department of Elementary and Secondary Education, and Department of Early Education and Care</u>	
<u>Special Education Cluster (CFDA #'s 84.027 and 84.173)</u>	
<p><i>Criteria:</i> OMB Circular A-87, Attachment 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, Attachment B, paragraph 8.H.(4) requires employees to document the portion of time worked on the grant and portion of time worked in areas not related to the grant.</p> <p><i>Statement of Condition:</i> During the audit, a testing sample of payroll disbursements was performed in order to determine if adequate time and effort records were maintained. As a result of the 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.</p> <p><i>Cause and Effect:</i> Certain time and effort documentation did not meet federal requirements.</p> <p><i>Current Year Status:</i> Adequate documentation of certified payroll continues to exist for fiscal year 2010 (see 2010-1).</p>	
	\$366,061

**TOWN OF MILLBURY, MASSACHUSETTS  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2010**

**Findings – Federal Award Programs Audits**

**U.S Department of Education**

**2010-1. Special Education Cluster (CFDA #'s 84.027, 84.173, 84.391, and 84.392)**

*Recommendation:* The Special Education Director has direct knowledge of the work performed by their staff whose wages are paid utilizing federal grant funds. Accordingly, OMB A-87 allows for the supervising official to solely make the semi-annual certification by documenting exactly who was paid with federal grant funds and certifying that their work activities related to a single federal award or cost objective – in this case the education of special needs students. We suggest that the Special Education Director semi-annually compile a documented list of such individuals paid through that date utilizing special education grant funds and certify that their work related to program activities under the special education grant. These certifications should be filed and available for review as part of any compliance testing performed by the pass-through agency or auditors.

*Corrective Action Planned:* The School Department will ensure that the Special Education Director semi-annually compile a documented list of such individuals paid through that date utilizing special education grant funds and certify that their work related to program activities under the special education grant. The Special Education Director will keep available all certifications for public inspection.

*Anticipated Completion Date:* Current fiscal year, FY 2011

*Contact:* Richard G. Bedard, Jr., School Business Manager