

TOWN OF MILLBURY, MASSACHUSETTS

SINGLE AUDIT REPORTS

PURSUANT TO

OMB CIRCULAR A-133

JUNE 30, 2012

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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***

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, (the "Town") as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 16, 2012. 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

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the System'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 *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'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.

Town of Millbury, Massachusetts
Page Two

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 in a separate letter dated October 16, 2012.

This report is intended solely for the information and use of management, the Board of Selectmen, others within the entity, 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.

A handwritten signature in cursive script that reads "Roselli, Clark & Associates".

Roselli, Clark & Associates
Certified Public Accountants
October 16, 2012



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Millbury, Massachusetts' major federal programs for the year ended June 30, 2012. 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 of laws, regulations, contracts, and grants applicable to each of its major federal programs 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 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Town of Millbury, Massachusetts is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. 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 to determine the 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 the Town of Millbury, Massachusetts' internal control over compliance.

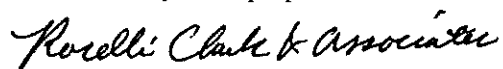
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 over compliance that might be deficiencies, 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, 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, 2012, and have issued our report thereon dated October 16, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Millbury, Massachusetts' financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the Town of Millbury's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the Town of Millbury's compliance but not to provide an opinion of the effectiveness of the Town of Millbury's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Millbury's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.



Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
October 16, 2012

**TOWN OF MILLBURY, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor / Pass-Through Agency / Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through the Commonwealth of Massachusetts - Department of Elementary and Secondary Education</i>			
School Breakfast Program	10.553	03-331	\$ 25,277
National School Lunch Program:	10.555	03-331	
Cash Assistance			201,166
Non-Cash Assistance (Commodities)			35,598
<u>U.S. Department of Justice</u>			
<i>Bureau of Justice Assistance</i>			
ARRA - Edward Byrne Memorial Justice Assit. Grant (JAG) - Grants to States	16.804		742
<u>U.S. Department of Education</u>			
<i>Passed through the Commonwealth of Massachusetts - Department of Elementary and Secondary Education</i>			
Title I: Grants to Local Education Agencies	84.010	305-103-2-0186-M 305-508-2-0186-M 305-192-1-0186-L	202,472
Special Education: Grants to States	84.027	240-260-2-0186-M 274-096-2-0186-M 240-340-1-0186-L 250-007-1-0186-L	508,740
Special Education: Grants to States	84.027A	Circuit Breaker	13,220
Title II - Part A: Improving Teacher Quality State Grants	84.367	140-066-2-0186-M 140-394-1-0186-L	67,431
ARRA - Title I: Grants to Local Education Agencies	84.389	770-132-1-0186-L	2,509
ARRA - Special Education: Grants to States	84.391	760-272-1-0186-L	53,448
ARRA - Race to the Top	84.395	201-088-2-0186-M 201-186-1-0186-L	45,994
Education Jobs Fund	84.410	206-027-2-0186-M 206-051-1-0186-L	173,995
<i>Passed through the Commonwealth of Massachusetts - Department of Early Education and Care</i>			
Special Education: Preschool Grants	84.173	262MillburyPublicSch	23,240
<u>U.S. Department of Homeland Security</u>			
<i>Federal Emergency Management Agency Pass through the Commonwealth of Massachusetts- Massachusetts Emergency Management Agency</i>			
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	FEMA 3330	10,728
Emergency Management Performance Grants	97.042	FY11EMPG0900MILLB	2,400
Total Federal Grant Award Expenditures			\$ 1,366,960

* 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, 2012

A. Scope of Audit

The 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, 84.027A and 84.173) grants was determined to be a major program.

B. Period Audited

Single audit testing procedures were performed for federal grant transactions during the year ended June 30, 2012.

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 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 School Lunch program. In fiscal year 2012, \$35,598 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, the 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 payments from federal grants in fiscal year 2012 was \$23,912.

**TOWN OF MILLBURY, MASSACHUSETTS
SCHEDULES OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

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 that Could Have a Direct and Material Effect on 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. No audit findings relative to the major federal award programs for the Town of Millbury are reported.
7. The program tested as a major program was the Special Education Cluster (CFDA #'s 84.027, 84.027A and 84.173) grants.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Millbury was determined to be a low risk auditee.

B. Schedule of Findings - Financial Statements Audit

None

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

None

D. Schedule of Prior Year Findings and Questioned Costs

None