

TOWN OF NORTH ATTLEBOROUGH,
MASSACHUSETTS

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

For the Year Ended June 30, 2008

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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 North Attleborough, 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 North Attleborough, Massachusetts, as of and for the year ended June 30, 2008 which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 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.

Additional Offices:

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

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of the 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 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 of North Attleborough, in a separate letter dated June 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
June 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 North Attleborough, Massachusetts

Compliance

We have audited the compliance of the Town of North Attleborough, 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, 2008. 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 08-1 in the accompanying schedule of findings and questioned costs, the Town did not comply with requirements regarding Time and Effort Certifications that are applicable to its SPED Programs. Compliance with such requirements is necessary, in our opinion, for the Town to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs of the year ended June 30, 2008.

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 Expenditure 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 North Attleborough, as of and for the year ended June 30, 2008, and have issued our report thereon dated June 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.

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

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
June 29, 2009

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2008

<u>Program Title</u>	<u>Federal Catalogue Number</u>	<u>FY2008 Federal Expenditures</u>
U.S. Department of Agriculture		
Passed Through the MA Department of Elementary and Secondary Education:		
School Breakfast Program	10.553	\$ 9,882
School Lunch Program	10.555	<u>181,459</u>
Total Department of Agriculture		191,341
U.S. Department of Education		
Passed Through the MA Department of Elementary and Secondary Education:		
Title I	84.010	281,197
SPED 94-142	84.027	911,264
SPED Professional Development	84.027	31,771
SPED Electronic Portfolio	84.027	594
SPED Program Improvement	84.027	22,976
Title V	84.151	5,785
SPED Early Childhood	84.173	30,245
Drug Free Schools	84.186	13,359
Enhanced Education Through Technology	84.318	4,630
Teacher Quality	84.367	<u>106,309</u>
Total Department of Education		1,408,130
U.S. Department of Environmental Protection		
Passed Through the Commonwealth of Massachusetts:		
Water Loss Prevention	66.468	<u>9,463</u>
Total Department of Environmental Protection		<u>9,463</u>
Total Federal Assistance		<u>\$ 1,608,934</u>

This schedule was prepared on a modified accrual basis of accounting.

See Independent Auditors' Report on Schedule of Expenditures of Federal Awards.

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

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2008

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: 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	SPED Cluster

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>
08-1	SPED Cluster (84.027/84.173)	<p><u>Prepare Certifications/Time and Effort Records for Teachers</u></p> <p><u>Criteria:</u> Federal grant recipients are required to maintain adequate payroll documentation for salaries and wages, including time distribution records for all grant-funded employees. These records must be maintained in accordance with the standards stipulated in OMB Circular A-87 (2CFR, Subtitle A, Chapter II, Part 225, Appendix B, Section 8 (h)).</p> <p><u>Condition:</u> Per OMB Circular A-187, when employees work solely on a single Federal award or cost objective, their salaries and wages must be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. The certifications should be prepared at least semi-annually and should be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.</p> <p>Per OMB Circular A-187, when employees work on multiple activities or cost objectives, a distribution of their salaries and wages must be supported by personnel activity reports or equivalent documentation. This documentation must (a) reflect an after-the-fact distribution of the actual activity of each employee; (b) account for the total activity for which each employee is compensated; (c) be prepared at least monthly and coincide with one or more pay periods; and (d) be signed by the employee.</p> <p>Our testing indicated that the School Department did not maintain the required time distribution records for salaried employees who were either fully or partially paid with SPED 94-142 grant funds.</p> <p><u>Questioned Costs:</u> We tested eleven of the twenty-two employees who were paid with monies funded by the SPED 94-142.</p>	\$ 831,845

Six of the employees tested were salaried and the other five employees were hourly. These instructional staff members were either paid solely or partially from SPED 94-142 grant funds. The School Department was unable to provide us with time distribution records for these employees. Based on the results of this testing, we determined that none of the \$ 831,845 that the School Department expended for Instructional Staff employees was adequately supported in compliance with OMB Circular A-87. Therefore, we have identified this as a questioned cost.

Cause:

The School Department does not have a formal system in place to comply with required Federal time distribution standards for salaried and hourly, grant-funded employees.

Effect:

The School Department is not in compliance with Federal cost principles pertaining to the support for grant-funded employee compensation.

Recommendation:

We recommend the School Department maintain the required documentation for all employees who are charged to a federal grant. This will help to ensure the Town's compliance with the employee compensation documentation requirements of OMB Circular A-87.

Town's Response:

The SPED Department was not aware of this requirement. Previous audits did not mention that we were not in compliance with the time and effort certifications. We will begin to maintain these documents immediately.

SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS

There were no findings in the prior year.