

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, 2010

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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, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 5, 2011. 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 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 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.

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 the 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. 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 April 5, 2011.

This report is intended solely for the information and use of management, the 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
April 5, 2011



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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

To the Board of Selectmen
Town of North Attleborough, Massachusetts

Compliance

We have audited the Town of North Attleborough, 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 its major federal programs for the year ended June 30, 2010. 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 grants 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 items 10-1 and 10-2 in the accompanying schedule of findings and questioned costs, the Town did not comply with requirements regarding time and effort documentation and final financial reporting that could have a direct and

material effect on its Special Education Cluster grants. Compliance with such requirements is necessary, in our opinion, for the Town to comply with the 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Town 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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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 the Town's 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 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 as of and for the year ended June 30, 2010, and have issued our report thereon dated April 5, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town's basic financial state-

ments. 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 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's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the 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
August 2, 2011

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/ <u>Program Name</u>	Federal Catalogue <u>Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Passed Through Massachusetts Department of Elementary and Secondary Education		
School Breakfast Program	10.553	\$ 241,548
School Lunch Program	10.555	<u>12,117</u>
Total U.S. Department of Agriculture		253,665
<u>U.S. Department of Housing and Urban Development</u>		
Passed Through Massachusetts Department of Housing and Community Development		
Community Development Block Grants	14.228	<u>11,345</u>
Total U.S. Department of Housing and Urban Development		11,345
<u>U.S. Department of Environmental Protection</u>		
Passed Through the Commonwealth of Massachusetts Water Pollution Trust		
Clean Water - ARRA	66.458	<u>51,702</u>
Total U.S. Department of Environmental Protection		51,702
<u>U.S. Department of Education</u>		
Passed Through Massachusetts Department of Elementary and Secondary Education		
Title I	84.010	169,287
SPED 94-142	84.027	919,646
SPED Professional Development	84.027	721
Drug Free Schools	84.186	9,520
Enhanced Education through Technology	84.318	3,146
Title IID	84.318	200
Teacher Quality	84.367	97,971
Title IIA	84.367	6,704
ARRA IDEA	84.391	358,293
Passed Through State Department of Early Education and Care		
Early Childhood	84.173	31,480
ARRA Early Childhood	84.392	<u>19,931</u>
Total U.S. Department of Education		1,616,899
<u>U.S. Department of Homeland Security</u>		
Passed Through Massachusetts Emergency Management Agency		
Homeland Security Grant	97.004	<u>2,328</u>
Total U.S. Department of Homeland Security		<u>2,328</u>
Grand Total		<u>\$ 1,935,939</u>

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 NORTH ATTLEBOROUGH, MASSACHUSETTS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

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

Special Education Cluster with ARRA 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>
84.027/84.173/84.391/84.392	Special Education Cluster with ARRA

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>
10-1	Special Education Cluster	<u>Maintain Employee's Time and Effort Records</u>	
	84.027	<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 partially charged to federal grants 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.	\$ 930,747
	84.173		\$ 31,526
	84.391		\$ 323,449
	84.392		\$ 11,462
		<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 there were inconsistencies with the maintenance of time and effort documentation. We noted annual certifications that were not dated or signed by a supervisor and were used instead of semi-annual certifications, and no time and effort documentation was maintained for one employee.	

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<u>Finding #</u>	<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Cost</u>
		<p><u>Effect:</u> Certain time and effort documentation did not meet Federal requirements.</p> <p><u>Recommendation:</u> We recommend the Town maintain adequate time and effort documentation for full-time grant employees and maintain activity reports or timesheets for all employees not engaged solely in grant activities, whose salaries are partially paid from federal grant funds. In addition, we recommend all time and effort documentation be completed in a timely manner and indicate all activities the employees worked and be properly signed and dated after the period of certification indicated. This will help ensure that the Town is in full compliance with these requirements.</p> <p><u>Town's Response:</u> The guidelines state that time and effort certifications must be done after the fact. The one employee with no documentation left the employ of the School Department prior to the end of the school year when we collected the signatures. The School Department will begin to collect semi-annual certifications instead of annual certifications.</p>	
10-2	Early Childhood ARRA 84.392	<p><u>Ensure Proper Return of Unspent Funds</u></p> <p><u>Criteria:</u> Massachusetts Department of Early Education and Care requires all unspent grant monies be returned at the time of filing the final financial report. Unspent monies are then distributed in the subsequent year upon submission of a grant application.</p> <p><u>Condition:</u> During our audit, we determined that the Early Childhood ARRA grant final financial report was submitted to the Massachusetts Department of Early Education and Care</p>	\$ 10,723

(continued)

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<u>Finding #</u>	<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Cost</u>
		<p>within the required 60 days after the end of the grant, however, the unspent grant revenues received were not returned to the State agency as required.</p> <p><u>Effect:</u> Certain State requirements were not met.</p> <p><u>Recommendation:</u> We recommend that all unspent grant monies be authorized by the state agency to be reallocated to next year or be returned when the final financial reports are submitted.</p> <p><u>Town's Response:</u> The Department of Early Education and Care did not indicate to us that unspent funds from a two-year grant needed to be returned and then reapplied for. In the future, if we have unspent funds from a multi-year grant, we will get the determination in writing from the awarding authority as to what to do with the funds.</p>	

SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS

There were no findings in the prior year.