

TOWN OF STOUGHTON, MASSACHUSETTS

AUDITORS' REPORT AS REQUIRED BY
OMB CIRCULAR A-133
AND ***GOVERNMENT AUDITING STANDARDS***
AND RELATED INFORMATION

FOR THE YEAR ENDED JUNE 30, 2010

TOWN OF STOUGHTON, MASSACHUSETTS

**AUDITORS' REPORT AS REQUIRED BY OMB CIRCULAR A-133
AND *GOVERNMENT AUDITING STANDARDS* AND RELATED INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

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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 Honorable Board of Selectmen
Town of Stoughton, Massachusetts

Compliance

We have audited the Town of Stoughton, 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 Stoughton, Massachusetts' major federal programs for the year ended June 30, 2010. The Town of Stoughton, 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 Stoughton, Massachusetts' management. Our responsibility is to express an opinion on the Town of Stoughton, 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. 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 Stoughton, 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 Stoughton, Massachusetts' compliance with those requirements.

In our opinion, the Town of Stoughton, 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, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item **2010-1**.

Internal Control over Compliance

Management of the Town of Stoughton, 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 Stoughton, 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 Stoughton, 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 Stoughton, Massachusetts, as of and for the year ended June 30, 2010, and have issued our report thereon dated April 14, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Stoughton, Massachusetts' 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 of Stoughton Massachusetts' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Stoughton, Massachusetts' response and, accordingly, we express no opinion on the response.

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.

R. E. Brown & Company

April 14, 2011

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

PROGRAM GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANTOR/ PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
PASS-THROUGH PROGRAMS FROM: COMMONWEALTH OF MASSACHUSETTS - DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION (DESE)			
TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES - FY 10	84.010	305-238-0-0285-K	\$ 401,182
TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES - FY 10 CARRY OVER	84.010	305-385-0-0285-K	352
TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES - FY 09	84.010	305-246-9-0285-J	42,632
TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES - FY 09 CARRY OVER	84.010	305-436-9-0285-J	4,658
SPECIAL EDUCATION GRANTS TO STATES - FY 10	84.027	240-193-0-0285-K	917,766
SPECIAL EDUCATION GRANTS TO STATES - FY 09	84.027	240-152-9-0285-J	57,825
SPECIAL EDUCATION GRANTS TO STATES - 2009 PROGRAM IMPROVEMENT	84.027	274-305-9-0285-J	5,500
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	400-003-0-0285-K	23,697
SPECIAL EDUCATION PRESCHOOL GRANTS - FY 10	84.173	26210STOUGHTONPSS	44,528
SPECIAL EDUCATION PRESCHOOL GRANTS - FY 09	84.173	26209STOUGHTONPSS	741
SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES - STATE GRANTS - FY 10	84.186	331-088-0-0285-K	8,735
SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES - STATE GRANTS - FY 09	84.186	331-020-9-0285-J	1,960
EDUCATION TECHNOLOGY STATE GRANTS - FY 2010	84.318	160-205-0-0285-K	3,656
EDUCATION TECHNOLOGY STATE GRANTS - FY 2009	84.318	160-006-9-0285-J	897
ENGLISH LANGUAGE ACQUISITIONS GRANT - FY 2010	84.365	180-048-0-0285-K	14,037
ENGLISH LANGUAGE ACQUISITIONS GRANT - FY 2009	84.365	180-030-9-0285-J	5,300
IMPROVING TEACHER QUALITY STATE GRANTS - FY 10	84.367	140-216-0-0285-K	11,190
IMPROVING TEACHER QUALITY STATE GRANTS - FY 09	84.367	140-184-9-0285-J	121,345
TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	770-171-0-0-0285-K	67,518
SPECIAL EDUCATION GRANTS TO STATES, RECOVERY ACT	84.391	760-132-0-0285-K	473,499
SPECIAL EDUCATION - PRESCHOOL GRANTS, RECOVERY ACT	84.392	76210STOUGHTONPSS	<u>19,594</u>
TOTAL PASS-THROUGH PROGRAMS FROM: COMMONWEALTH OF MASSACHUSETTS - DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION (DESE)			2,226,612
PASS-THROUGH PROGRAM FROM: COMMONWEALTH OF MASSACHUSETTS - EXECUTIVE OFFICE OF PUBLIC SAFETY			
STATE FISCAL STABILIZATION FUND (SFSF) - GOVERNMENT SERVICES	84.397	N/A	<u>34,371</u>
TOTAL U.S. DEPARTMENT OF EDUCATION:			<u>2,260,983</u>
U.S. DEPARTMENT OF AGRICULTURE:			
PASS-THROUGH PROGRAMS FROM: COMMONWEALTH OF MASSACHUSETTS DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION (DESE): BUREAU OF NUTRITION			
SCHOOL BREAKFAST PROGRAM	10.553	N/A	37,372
NATIONAL SCHOOL LUNCH PROGRAM	10.555	N/A	<u>474,072</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>511,444</u>
U. S. DEPARTMENT OF TRANSPORTATION			
PASS-THROUGH PROGRAM FROM: COMMONWEALTH OF MASSACHUSETTS GOVERNOR'S HIGHWAY SAFETY BUREAU			
STATE AND COMMUNITY HIGHWAY SAFETY	20.600	N/A	<u>9,506</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>9,506</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
DIRECT PROGRAMS FROM: SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION			
DRUG FREE COMMUNITIES SUPPORT PROGRAM GRANT	93.276	N/A	30,820
DRUG ABBUSE AND ADDICTION RESEARCH PROGRAM	93.279	1H79SP13126-01	<u>100,126</u>

SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

PROGRAM GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANTOR/ PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>130,946</u>
U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
PASS-THROUGH PROGRAMS FROM: COMMONWEALTH OF MASSACHUSETTS - BOARD OF LIBRARY COMMISSIONERS			
LIBRARY SERVICES TECHNOLOGY ACT (LSTA) - CONVERSATION CIRCLES	45.310	N/A	4,060
LIBRARY SERVICES TECHNOLOGY ACT (LSTA) - SERVING TEENS & TWEENS PROGRAM	45.310	N/A	3,382
LIBRARY SERVICES TECHNOLOGY ACT (LSTA) - "ON SAME PAGE"	45.310	N/A	<u>3,904</u>
TOTAL U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			<u>11,346</u>
U.S. DEPARTMENT OF LABOR			
PASS-THROUGH PROGRAMS FROM: BROCKTON AREA WORKFORCE INVESTMENT BOARD			
WIA YOUTH ACTIVITIES - ARRA WIA TITLE I	17.259	N/A	34,742
WIA YOUTH ACTIVITIES - ARRA/BYRNE JOBS	17.259	N/A	19,560
WIA YOUTH ACTIVITIES - WIA TITLE I	17.259	N/A	7,735
WIA YOUTH ACTIVITIES - FY09 WIA TITLE I	17.259	N/A	<u>4,050</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>66,087</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
PASS-THROUGH PROGRAM FROM: MASSACHUSETTS EMERGENCY MANAGEMENT AGENCY			
DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTER)	97.036	N/A	<u>71,171</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>71,171</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,061,483</u>

SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

I. 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 policies followed by the Town are as follows:

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant transactions of the Town. The receipts and proceeds from Federal grants are recorded on the modified accrual basis whereby revenue is recognized when it becomes available and measurable. Disbursements of Federal grant funds are recorded on the accrual basis.

II. SCOPE OF AUDIT

The Town of Stoughton, Massachusetts (the Town) is a governmental agency established by the laws of the Commonwealth of Massachusetts. All operations related to the Town's Federal grant programs, (the Department of Agriculture, Department of Education, Department of Health and Human Services, Department of Homeland Security, Department of Labor, Department of Transportation, and U.S. Institute of Museum and Library Services), are included in the scope of the OMB Circular A-133 Audit Requirements for audits of state and local governments (the Single Audit). The U.S. Department of Health and Human Services has been designated as the Town's oversight agency for the Single Audit.

III. PERIOD AUDITED

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

IV. SCHOOL LUNCH AND BREAKFAST PROGRAMS

The Town accounts for local, state and federal expenditures of the National School Lunch and School Breakfast programs in one combined fund. Program expenditures in the accompanying Schedule of Expenditures of Federal Awards represent federal reimbursements for meals provided during fiscal 2010. Non-cash contributions of commodities under the Food Distribution program are received under a State distribution formula and are valued at federally published wholesale prices for purposes of this schedule.

V. SUBRECIPIENTS

The Town of Stoughton, Massachusetts passed no federal awards through to sub-recipients during the period under audit.

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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 Honorable Board of Selectmen
Town of Stoughton, 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 Stoughton, Massachusetts, as of and for the year ended June 30, 2010, which collectively comprise the Town of Stoughton, Massachusetts' basic financial statements and have issued our report thereon dated April 14, 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 of Stoughton, Massachusetts' 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 Stoughton, Massachusetts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Stoughton, Massachusetts' 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 Town of Stoughton, Massachusetts' 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 Stoughton, Massachusetts' 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 an instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item **2010-1**.

We noted certain matters that we reported to management of the Town of Stoughton, Massachusetts in a separate letter dated April 14, 2011.

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

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.

R. E. Brown & Company

April 14, 2011

**TOWN OF STOUGHTON, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unqualified opinion on the basic financial statements of the Town of Stoughton, Massachusetts.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the report on the basic financial statements.
3. No instances of noncompliance material to the basic financial statements of the Town of Stoughton, Massachusetts were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the 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 Stoughton, Massachusetts expresses an unqualified opinion on all major federal programs.
6. Audit finding relating to one of the major federal award programs for the Town of Stoughton, Massachusetts is described in **Section D** on the following page.
7. The programs tested as major programs included:

Name	CFDA No.
Child Nutrition Cluster	10.553 & 10.555
Title I, Part A Cluster	84.010 & 84.389
Special Education Cluster (IDEA)	84.027, 84.173, 84.391, & 84.392

8. The threshold used for distinguishing between **Type A** and **B** programs was \$300,000.
9. The Town of Stoughton, Massachusetts **did not** qualify as a low-risk auditee.

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT – NONE.

C. PRIOR YEAR FINDINGS & QUESTIONED COSTS – NONE

**TOWN OF STOUGHTON, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

D. CURRENT YEAR FINDING AND QUESTIONED COSTS

Department of Education

Finding 2010-1 – Special Education (IDEA) Cluster – CFDA No.’s 84.027, 84.173, 84.391, & 84.392;
Grant period: Year Ended June 30, 2010

Condition:

During our test of controls over compliance with time and effort certifications the school department was not able to provide evidence that required semi-annual certifications of time and effort for those employees whose salaries or wages were wholly funded by these program funds had been completed by the affected employees and signed by either the employees or supervisory official having first-hand knowledge of the work performed by the employees as required by OMB Circular A-87.

Criteria:

OMB Circular A-87 requires the following:

- Where employees work solely on a single Federal award or cost objective, their salaries or wages must be supported by periodic certification that the employee worked solely on that program for the period covered by the program. 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.

Effect: Stoughton Public Schools was not in compliance with the time and effort certification requirements as specified in OMB Circular A-87.

Questioned Costs: None

Cause: The District did not have a full-time Director of Special Education on staff during fiscal year 2010, however, there was an individual designated as Interim Director of Special Education. Due to the change in personnel there may have been a lapse in management oversight of this compliance requirement.

Recommendation: We recommend the School Department follow procedures to ensure that semi-annual certifications are prepared and signed by either the employees or supervisory official having first-hand knowledge of the work performed by the employees in order to comply with the time and effort certification requirement.

(continued)

**TOWN OF STOUGHTON, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

D. CURRENT YEAR FINDING AND QUESTIONED COSTS

Department of Education

Finding 2010-1 – Special Education (IDEA) Cluster – CFDA No.’s 84.027, 84.173, 84.391, & 84.392;
Grant period: Year Ended June 30, 2010

Management’s Response:

The School Department will follow the recommendation to ensure that the person in the supervisory capacity, the Special Education Director, will complete the appropriate certifications in a timely manner, in order to meet this compliance requirement. The process is already under way, and the procedure is in place to ensure that the certifications are regularly in place in the right time lines, every subsequent year.