

***TOWN OF BILLERICA, MASSACHUSETTS***

***REPORTS ON FEDERAL AWARD PROGRAMS***

***FISCAL YEAR ENDED JUNE 30, 2010***

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**FISCAL 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 Honorable Board of Selectmen  
Town of Billerica, 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 Billerica, 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 February 25, 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 Billerica'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 Billerica'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.

Our consideration of the internal control over financial reporting 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 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 Billerica's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non compliance 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 were reported to management of the Town of Billerica in a separate letter dated February 25, 2011.

This report is intended solely for the information and use of management of the Town of Billerica, 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.

A handwritten signature in cursive script that reads "Bowers + Sullivan".

Wakefield, Massachusetts  
February 25, 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 Honorable Board of Selectmen  
Town of Billerica, Massachusetts

### **Compliance**

We have audited the compliance of the Town of Billerica, Massachusetts, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town of Billerica, Massachusetts, major federal programs for the fiscal year ended June 30, 2010. The Town of Billerica, Massachusetts, 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 of Billerica's management. Our responsibility is to express an opinion on the Town of Billerica'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 on the Town's compliance with those requirements.

In our opinion, the Town of Billerica, Massachusetts 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 fiscal year ended June 30, 2010.

### **Internal Control Over Compliance**

The management of the Town of Billerica is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Billerica'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 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 the 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.

This report is intended solely for the information and use of management of the Town of Billerica, Massachusetts, 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.

#### **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 Billerica, Massachusetts, as of and for the year ended June 30, 2010 and have issued our report thereon dated February 25, 2011. Our audit was performed for the purpose of forming 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management of the Town of Billerica, Massachusetts, 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.



Wakefield, Massachusetts  
February 25, 2011

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE:		
<u>Passed through the Commonwealth of Massachusetts</u>		
<u>Department of Elementary and Secondary Education:</u>		
Non-Cash Assistance (Commodities):		
Food Donation.....	10.555	\$ 70,439
Cash Assistance:		
School Breakfast Program.....	10.553	15,978
National School Lunch Program.....	10.555	331,008
Special Milk Program for Children.....	10.556	1,909
		<u>419,334</u>
TOTAL AGRICULTURE		
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY		
<u>Passed through the Massachusetts Water Pollution</u>		
<u>Abatement Trust</u>		
ARRA - Capitalization Grants for Clean Water State Revolving Funds.....	66.458	<u>1,264,932</u>
U.S. DEPARTMENT OF EDUCATION:		
<u>Passed through the Commonwealth of Massachusetts</u>		
<u>Department of Elementary and Secondary Education:</u>		
Title 1 Grants to Local Educational Agencies.....	84.010	231,975
Special Education Grants to States.....	84.027	1,241,163
Safe and Drug-Free Schools and Communities State Grants.....	84.186	18,185
Education Technology State Grants.....	84.318	4,383
Improving Teacher Quality State Grants.....	84.367	124,392
ARRA - Special Education Grants to States.....	84.391	634,469
ARRA - State Fiscal Stabilization Fund.....	84.394	1,192,820
<u>Passed through the Commonwealth of Massachusetts</u>		
<u>Department of Early Education and Care:</u>		
Special Education Preschool Grants.....	84.173	78,212
ARRA - Special Education Preschool Grants.....	84.392	<u>12,970</u>
		<u>3,538,569</u>
TOTAL EDUCATION		
U.S. SOCIAL SECURITY ADMINISTRATION:		
<u>Passed through the Commonwealth of Massachusetts</u>		
<u>Department of Transitional Assistance:</u>		
Vocational Rehabilitation Determination.....	96.001	<u>162</u>
		<u>5,222,997</u>
TOTAL		<u>\$ 5,222,997</u>

See notes to Schedule of Expenditures of Federal Awards.

**Note 1 - Definition of Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Billerica, Massachusetts. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included on the schedule.

**Note 2 - Significant Accounting Policies**

The accounting and reporting policies of the Town of Billerica, Massachusetts are set forth below:

- (a) Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. Accordingly, grant revenues are recognized when received and expenditures when paid.
- (b) School Lunch Program - Program expenditures represent federal reimbursement for meals provided during the fiscal year.

**NOTE 3 – PROGRAM CLUSTERS**

In accordance with Subpart A §.105 of OMB Circular No. A-133, *Audits of States, Local Governments and Non Profit Organizations*, certain programs have been clustered in determining major programs. The following represents the clustered programs applicable to the Town of Billerica:

<u>Name of Cluster/Program</u>	<u>CFDA Number</u>
<b>Child Nutrition Cluster</b>	
National School Lunch Program (Non-cash Assistance)	10.555
School Breakfast Program	10.553
National School Lunch Program (Cash Assistance)	10.555
Special Milk Program for Children	10.556
 <b>Special Education Cluster</b>	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Special Education Grants to States, Recovery Act	84.391
Special Education - Preschool Grants, Recovery Act	84.392

**A. Summary of Auditors' Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of the Town of Billerica, Massachusetts.
2. No significant deficiencies 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 Billerica, Massachusetts were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award program for the Town of Billerica, Massachusetts expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award program for the Town of Billerica, Massachusetts.
7. The programs tested as a major grant included:

<u>Program Title</u>	<u>CFDA Number</u>
National School Lunch Program (Non-cash Assistance)	10.555
School Breakfast Program	10.553
National School Lunch Program (Cash Assistance)	10.555
Special Milk Program for Children	10.556
Capitalization Grants for Clean Water Revolving Funds, Recovery Act	66.458
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Special Education Grants to States, Recovery Act	84.391
Special Education Preschool Grants, Recovery Act	84.392

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Billerica, Massachusetts was determined to be a high-risk auditee.

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs**

None

**D. Summary Schedule of Prior Audit Findings**

None