

CITY OF ATTLEBORO, MASSACHUSETTS

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2012

CITY OF ATTLEBORO, MASSACHUSETTS

June 30, 2012

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HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
126 President Avenue
Fall River, MA 02720
TEL. (508) 675-7889
FAX (508) 675-7859

CITY OF ATTLEBORO, MASSACHUSETTS

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

Year Ended June 30, 2012

Honorable Mayor and Members of
the City Council
City of Attleboro
Attleboro, Massachusetts

Independent Auditor's Report

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Attleboro, Massachusetts, as of and for the year ended June 30, 2012 (except for the Attleboro Contributory Retirement System and the Attleboro Free Public Library Trust which is as of and for the year ended December 31, 2011), which collectively comprise the City's basic financial statements and have issued our report thereon dated March 1, 2013. We did not audit the financial statements of the Free Public Library Trust, which is presented as a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon furnished to us and our opinion, in so far as it relates to the amounts included for the Library is based on the report of the other auditors. 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 City of Attleboro, Massachusetts is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Attleboro, 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 City of Attleboro, Massachusetts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Attleboro, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected on a timely basis.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

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

Year Ended June 30, 2012

Internal Control Over Financial Reporting (Continued)

Our consideration of the 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 previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Attleboro, 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 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 City of Attleboro, Massachusetts, in a separate letter dated February 19, 2013.

This report is intended solely for the information and use of management, City Council, 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.

Hague, Sabady & Co. PC

March 1, 2013

HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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Fall River, MA 02720
TEL. (508) 675-7889
FAX (508) 675-7859

CITY OF ATTLEBORO, MASSACHUSETTS

Independent Auditors' 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

Year Ended June 30, 2012

Mayor and the Honorable Municipal Council
City of Attleboro, Massachusetts
Attleboro, Massachusetts

Compliance

We have audited the City of Attleboro, Massachusetts' compliance 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 City's major federal programs for the year ended June 30, 2012. The City of Attleboro, 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 City of Attleboro, Massachusetts' management. Our responsibility is to express an opinion on the City'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 the 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 City of Attleboro, Massachusetts' compliance with those requirements and performing such other procedures as we consider 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 City of Attleboro, Massachusetts' compliance with those requirements.

As described in items 12-01 and 07-04 in the accompanying schedule of findings and questioned costs, the City of Attleboro, Massachusetts, did not comply with requirements regarding Reporting and Cash Management that are applicable to its Community Development and Race to the Top programs. Compliance with such requirements is necessary, in our opinion, for the City of Attleboro, Massachusetts, to comply with requirements applicable to that program.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Independent Auditors' 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

Year Ended June 30, 2012

Compliance (Continued):

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Attleboro, 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 year ended June 30, 2012.

Internal Control Over Compliance

Management of the City of Attleboro, Massachusetts 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 City of Attleboro, Massachusetts' internal control over compliance with 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 the internal over compliance 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 City of Attleboro's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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, non compliance 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 non compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-04 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 12-01 to be a significant deficiency.

Hague, Sabady & Co. PC

March 1, 2013

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CITY OF ATTLEBORO, MASSACHUSETTS

Independent Auditors' 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

Year Ended June 30, 2012

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Attleboro, Massachusetts, as of and for the year ended June 30, 2012 (except for the Attleboro Contributory Retirement System and the Attleboro Free Public Library Trust which is as of and for the year ended December 31, 2011) which collectively comprise the City of Attleboro's basic financial statements and have issued our report thereon dated March 1, 2013, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Attleboro, Massachusetts' basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit organizations, and is not a required part of the basic 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 basic 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

This report is intended solely for the information and use of the City of Attleboro, Massachusetts' management, City Council, and federal and state awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hague, Sahady & Co. PC

March 1, 2013

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification/Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/Expenditures</u>
US Department of Agriculture:				
Passed through Massachusetts Department of Early and Secondary Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	DOENUT	115,182	\$ 115,182
School Lunch Program	10.555	DOENUT	1,706,973	<u>1,706,973</u>
Total US Department of Agriculture				<u>1,822,155</u>
US Department of Housing and Urban Development (Direct):				
CDBG Entitlement Grants Cluster:				
Community Development Block Grant - FY11	14.218	B-10-MC-25-0030	507,247	157,671
Community Development Block Grant - FY12	14.218	B-11-MC-030	423,533	402,683
ARRA - Community Development Block Grant - FY10	14.253	B-09-MC-25-0030	125,811	<u>23,982</u>
Total US Department of Housing and Urban Development				<u>584,336</u>
US Department of Justice:				
US Department of Justice, Drug Enforcement Administration (Direct):				
DEA Overtime 2011	16.unknown	Unknown	17,202	8,427
DEA Overtime 2012	16.unknown	Unknown	17,202	12,976
DEA - Roca Wear - 2011	16.unknown	Unknown	10,041	<u>4,335</u>
Total US Department of Justice, Drug Enforcement Administration (Direct)				<u>25,738</u>
Passed through Massachusetts Executive Office of Public Safety:				
Bullet Resistant Vest FY12	16.607	15-0404-0-1754	5,965	<u>5,965</u>
Total Passed through Massachusetts Executive Office of Public Safety				<u>5,965</u>
Passed Through County Commissioners of Bristol County:				
ARRA - Bryne Recovery Grant - FY11	16.803	2009-SB-B9-3204	67,408	25,436
ARRA - Bryne Recovery Grant - FY12	16.738	2010-DJ-BX-0963	17,482	<u>2,669</u>
Total Passed Through County Commissioners of Bristol County				<u>28,105</u>
Total US Department of Justice				<u>59,809</u>
US National Endowment for the Arts:				
Passed Through Arts Midwest:				
Big Read FY12	45.024	20291	11,800	<u>10,988</u>
Total US National Endowment for the Arts				<u>10,988</u>
US Department of Energy (Direct):				
ARRA - EECBG-FY10	81.128	EE0002942	179,600	<u>156,007</u>
Total US Department of Energy				<u>156,007</u>

The accompanying notes are an integral part of this schedule

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification/ Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/ Expenditures</u>
<i>US Department of Health & Human Services:</i>				
Passed through the Massachusetts Executive Office of Human Services:				
Fire FEMA DPH (MDU) - FY09	93.889	U3REPO90238-03-00	3,000	1,881
Fire FEMA DPH (MDU) - FY10	93.889	U3REPO90238-03-00	2,000	1,850
Fire FEMA DPH (MDU) - FY11	93.889	U3REPO90238-03-00	2,000	<u>1,327</u>
Total Passed Through the Massachusetts Executive Office of Health & Human Services				<u>5,058</u>
Passed through the Massachusetts Executive Office of Elder Affairs:				
Council on Aging Shine FY12	93.779	ELD-RFR-2002-03	53,516	53,516
MIPPA - FY12	93.779	ELD-RFR-2002-03	44,109	<u>43,812</u>
Total Passed Through the Massachusetts Executive Office of Elder Affairs				<u>97,328</u>
Total US Department of Health & Human Services				<u>102,386</u>
<i>US Department of Homeland Security:</i>				
US Department of Homeland Security, Federal Emergency Management Agency (Direct):				
EMPG - FY11	97.042	Unknown	17,000	8,557
FEMA Special - FY11	97.036	Unknown	47,084	2,924
AFG - Assistance to Firefighters - FY11	97.044	EMW-2010-FO-03420	47,205	<u>47,205</u>
Total US Department of Homeland Security (Direct)				<u>58,686</u>
Passed through Massachusetts Emergency Management Agency				
FEMA Hurricane Irene - FY-12	97.036	CTFEMA4028ATTLE00970	136,034	<u>136,034</u>
Total Passed Through Massachusetts Emergency Management Agency				<u>136,034</u>
Passed Through the Southeastern Regional Planning & Economic Development District:				
Underwater Aid Drive Rescue - FY12	97.067	Unknown	20,160	<u>5,708</u>
Total Passed Through the Southeastern Regional Planning & Economic Development District				<u>5,708</u>
Total US Department of Homeland Security				<u>200,428</u>

The accompanying notes are an integral part of this schedule

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification/ Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/ Expenditures</u>
<i>US Department of Education (Continued):</i>				
<i>US Department of Education (Direct):</i>				
Federation SPED FY11	84.310A		19,500	<u>17,102</u>
Total US Department of Education (Direct)				<u>17,102</u>
Passed Through Massachusetts Department of Early and Secondary Education:				
Chapter 1 Neglected-Delinquent Children - FY12	84.013	306-015-2-0016-M	15,551	15,551
Career Guidance FY11	84.048	400-004-1-0016-L	71,069	13,424
Career Guidance FY12	84.048	400-0141-2-0016-M	64,018	63,711
Mass Grad Implementation - FY11	84.360		100,000	28,727
Mass Grad Implementation - FY12	84.360		171,273	143,594
LEP Support - FY11	84.365	180-007-1-0016-L	59,759	24,444
LEP Support - FY12	84.365	180-035-2-0016-M	48,314	23,862
LEP Support Carry-Over - FY12	84.365	180-057-2-0016-M	2,482	2,279
Teacher Quality FY - 12	84.367	140-240-2-0016-M	223,058	217,391
ARRA - Race to the Top - FY11	84.395	201-288-1-0016-L	72,592	35,680
ARRA - Race to the Top - FY12	84.395	201-125-2-0016-M	56,095	46,187
Human Resources Pilot Project - FY11	84.395	205-001-1-0016-L	57,200	40,066
Human Resources Pilot Project - FY12	84.395	205-001-2-0016-M	192,242	134,909
RTTT-Vertical SIF Implementation - FY12	84.395	204-014-2-016-M	480	480
ARRA - Education Jobs Program - FY12	84.410	206-270-2-0016-M	26,145	<u>26,145</u>
Total Passed through Massachusetts Department of Early & Secondary Education				<u>816,450</u>
<i>Title I, Part A Cluster:</i>				
Passed through Massachusetts Department of Early and Secondary Education:				
Title 1 - 305 Distributions FY11	84.010	305-183-1-0016-L	828,537	43,744
Title 1 - 305 Distributions FY12	84.010	305-096-2-0016-M	929,524	815,608
Title 1 - Carry over FY11	84.010	305-373-1-0016-L	120,843	34,150
Title 1 - Carry over FY12	84.010	305-380-2-0016-M	190,927	190,927
School Achievement - FY11	84.010	316-014-1-0016-L	10,000	10,000
ARRA - Title 1 - FY11	84.389	770-146-1-0016-L	547,611	<u>77,249</u>
Total Title I, Part A Cluster Passed through Massachusetts Department of Early and Secondary Education				<u>1,171,678</u>

The accompanying notes are an integral part of this schedule

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification/Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Disbursements/Expenditures</u>
<i>Special Education Cluster (IDEA):</i>				
Passed through Massachusetts Department of Early and Secondary Education:				
SPED 94-142 Allocation - FY11	84.027	240-044-1-0016-L	1,599,552	61,100
SPED 94-142 Allocation - FY12	84.027	240-080-2-0016-M	1,585,063	1,518,280
SPED Program Improvement - FY12	84.027	274-165-2-0016-M	67,996	64,145
SPED Program Carry-Over - FY12	84.027	240-382-2-0016-M	17,009	17,009
Support ICRS - Continuation - FY12	84.027	289-005-2-0016-M	50,000	37,187
Kindergarten Curr Development - FY11	84.173	284-013-1-0016-L	14,000	10,720
ARRA - EEC - FY11	84.392	76210ATTLEBOROPUBLIC	47,741	<u>566</u>
<i>Total Special Education Cluster Period through Massachusetts Department of Early & Secondary Education</i>				<u>1,709,007</u>
Passed Through Massachusetts Department of Early Education & Care:				
SPED - Early Childhood - FY11	84.173	262-ESCPED-EEC	59,695	2,848
SPED - Early Childhood - FY12	84.173	262-ESCPED-EEC	59,657	<u>59,093</u>
<i>Total Special Education Cluster Passed through Massachusetts Department of Early Education and Care</i>				<u>61,941</u>
<i>Total Special Education Cluster (IDEA) Passed through the State of Massachusetts</i>				<u>1,770,948</u>
<i>Total Passed through Massachusetts Department Of Education</i>				<u>3,759,076</u>
<i>Total US Department of Education</i>				<u>3,776,178</u>
<i>Total Expenditures of Federal Awards</i>				<u>\$ 6,712,286</u>

The accompanying notes are an integral part of this schedule

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

Note 1. Definition of Reporting Entity

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

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Attleboro, Massachusetts and is presented on the modified accrual basis of accounting with the exception of the National School Lunch Program which is reported on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 3. Major Programs

The City of Attleboro has defined its major programs for OMB Circular A-133 (the Circular) reporting purposes by using the required risk-based approach after classifying the programs as Type A or Type B as provided in Section 520 of the Circular. The determination was based on an overall evaluation of the risk of non-compliance occurring, which could be material to the federal program.

Note 4. Subrecipients

Of the federal expenditures presented in the schedule, City of Attleboro, Massachusetts provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CDFA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant - Entitlement Grants	14.218	\$ 58,492

Note 5. Program Income

Included in the Schedule of Federal Expenditures was program income of \$873,341 for the National School Lunch Program and \$9,180 for the Community Development Block Grant.

Note 6. Loan Transactions

Included in the Schedule of Federal Expenditures for the Community Development Block Grant (CDBG) were new loans totaling \$305,547 for the year ended June 30, 2012. As of June 30, 2012 the loan receivables for CDBG totaled \$1,110,935.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

Note 7. Program Cluster

In accordance with Support AE _ .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 represent the cluster programs:

National School Lunch Cluster

School Breakfast Program	10.553
School Lunch Program	10.555

CDGB Entitlement Cluster

Community Development Block Grant	14.218
Community Development Block Grant - ARRA	14.253

Special Education Cluster

Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
ARRA - EEC	84.392

Title 1, Part A Cluster

Title 1 - Distributions	84.010
Title 1 - Carryover	84.010
Title 1 - ARRA	84.389

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

Summary of Audit Results

Financial Statements:

We have audited the financial statements of the City of Attleboro, Massachusetts, as of and for the year ended June 30, 2012 and have issued our reports thereon dated March 1, 2013. We conducted our audit 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 with the requirements of the *U.S. Office of Management and Budget (OMB) Circular A-133*. The results of our audit are as follows:

Type of Report issued on the Financial Statements	Unqualified
Internal Control over Financial Reporting:	
Significant Deficiencies Identified?	No
Significant Deficiencies Identified considered to be Material Weaknesses	No
Noncompliance Material to the Financial Statements Noted?	No

Federal Awards

Internal Control over Major Programs:

Significant Deficiencies Identified?	Yes
Significant Deficiencies Identified considered to be Material Weaknesses	Yes

Type of Report on Compliance for Major Programs:

Race to the Top (CFDA 84.395)	Qualified
Title 1, Part A Cluster (CFDA 84.010 and 84.389)	Unqualified
Community Development Block Grant Cluster (CFDA 14.218 and 14.253)	Qualified
Special Education Cluster (CFDA 84.027, 84.173, 84.391 and 84.392)	Unqualified

Disclosure of Audit Findings required to be reported under Section .510(a) Of OMB Circular A-133:	Yes
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Identification of Major Programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Race to the Top	84.395
Title 1, Part A Cluster	84.010 and 84.389
Community Development Block Grant Cluster	14.218 and 14.253
Special Education Cluster	84.027, 84.173 and 84.392

Threshold for distinguishing Type A and Type B Programs was \$300,000.

The City of Attleboro, Massachusetts does not qualify as a low risk auditee.

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Findings - Financial Statement Audit:

NONE

Findings and Questioned Costs for Federal Awards:

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
12-01	84.395	<p>The City did not Minimize the Time Between Receipt and Disbursements of Grant Funds</p> <p>Information on the Federal Programs: Department of Education, passed through Massachusetts Department of Early and Secondary Education, Race to the Top (including ARRA funds) - CFDA No. 84.395; Grant ID-Various; Grant Period: Various</p> <p>Condition: The School Department received funding in the amount of \$14,000 related to the grant awards which was not expended in a timely manner between November 2011 and April 2012. It was noted that purchase orders were received for various expenditures which would have decreased funding on hand; however, their respective invoices were not received as timely as originally documented.</p> <p>Criteria: 31 CFR Section 205.11 states: "A State and a Federal Program Agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the State's payout of funds for Federal assistance program purpose, whether the transfers occurs before or after the payout of funds."</p> <p>Cause: The City has not implemented cash management policies and procedures that are consistent with Federal regulations, and based on actual cash needs for the Race to the Top program.</p> <p>Effect: The School Department had funding on hand that was not being spent consistently with 31 CFR 205.11 as noted about. In being out of compliance with this regulation the School Department was also gaining interest on Federal funding. While this interest did not exceed the \$100 threshold, future grants could potentially gain significantly more interest.</p> <p>Recommendation: The School Department should develop a system to ensure funds are requested in a timely manner and accordingly to cash needs. It is also recommended that the School Department minimize the time between filing purchase orders and ordering the particular service/good. This will help minimize the time between the receipt and disbursement of funds.</p> <p>Response and Corrective Action Plan: The School Department will be more careful in the future to only request the funds that are needed for a particular period of time. Once the funds are received, the School Department will do a better job of collecting the invoices which match up with the previously issued Purchase Orders.</p>	\$14,000

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Findings and Questioned Costs for Federal Awards:

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
07-04	14.218	The National Objective of Benefitting Low-and-Moderate-Income Persons may not Have Been Met for the Technical Assistance/Economic Development Projects	\$123,791 2008 Funding

Information on the Federal Programs:

Department of Housing and Urban Development (direct funding), Community Development Block Grant - CFDA No. 14.218. Grant Period: Year Ended June 30, 2012

Condition:

The national objective of benefiting low-and-moderate-income persons through job creation was not satisfied for the technical assistance/economic development funds provided to the Attleboro Redevelopment Authority (ARA) in accordance with 24 CFR Section 570.208(a)(4)(i).

Criteria:

In accordance with 24 CFR 570.208 (a)(4)(i) “for an activity that creates jobs, the recipient must document that at least 51 percent of the jobs will be held by, or will be available to, low-and-moderate-income persons.”

The required number of jobs has not been created to ensure that the national objectives were met.

Cause:

Project completion issues with the Industrial Business Park and Intermodal Transportation Facility.

Effect:

The national objective of benefiting low-and-moderate income persons through job creation was not met. There was a lack of documentation on file to prove that the jobs that were created met the requirements under Housing and Urban Development regulations.

Recommendation:

It is recommended that documentation and evidence be produced and held on file in the Community Development Office that proves that the national objective of benefiting low-and-moderate-income persons through job creation was met for the technical assistance grants. In addition, a comparison of the timeline and agreement established with the ARA should be periodically monitored to ensure compliance.

CITY OF ATTLEBORO, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Findings and Questioned Costs for Federal Awards:

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
07-04	14.218	The National Objective of Benefitting Low-and-Moderate-Income Persons may not Have Been Met for the Technical Assistance/Economic Development Projects	\$123,791 2008 Funding

Response and Corrective Action Plan:

We continue to be aware of this outstanding finding from HUD; and that it applies to the Industrial Business Park (hereinafter "IBP") project and to the downtown Attleboro Intermodal Transportation Center (hereinafter "ITC") project. In a letter dated December 3, 2009, HUD acknowledged that the City of Attleboro had entered into a Purchase and Sales and a Jobs Agreement with a company known as MAR Seafood for a 5.89 acre site in the IBP. MAR Seafood's plan is to relocate its existing seafood manufacturing plant from Warwick, Rhode Island to Attleboro, Massachusetts and to create/retain thirty (30) permanent full-time equivalent jobs. Moreover, although HUD also acknowledged by December 2009 that the Intermodal Transportation Center was a project that did not come into fruition, it stated in its December 2009 letter that by creating/retaining thirty (30) permanent full-time equivalent jobs at the IBP, the City will satisfy the CDBG National Objective requirements for job creation/retention for both the IBP and ITC. HUD's requirements contained in 570.209(b)(1)(i) requires the creation of twenty (20) permanent full-time equivalent jobs, or one (1) job for every \$35,000.00 of CDBG funds expended. HUD wrote that until the project is closed (the building being constructed and the employees hired), the finding will remain open. MAR purchased the site, obtained all of its local and state permits, has constructed the building's foundation, and steel has been delivered to the site. Its building permit is still valid. At the request of a status report from HUD's Regional Office in Boston on February 18, 2012 relative to the construction of the MAR Seafood plant at the IBP, the Attleboro Community Development Office informed Boston in writing that it had spoken with the President of MAR Seafood, Mr. Joseph Fernandes, and that Mr. Fernandes said the company is still going to relocate its operations to Attleboro but that the schedule had been delayed due to slow sales as a result of the current economy. The Attleboro Community Development Office also informed HUD's Regional Office in Boston in writing that we have updated our IDIS records to reflect this new information. In closing, we are still awaiting MAR Seafood to complete the construction of its plant in the IBP and will continue to monitor its progress until the requisite jobs are created. The Department of Planning and Development will be meeting with HUD officials on March 13, 2013 to discuss this finding, its status, and future steps. The Department will maintain its position that MAR Seafood has not completed construction of its 30,000 square foot plant because it is directly related to the continuing stagnant national economy; and that municipals officials have reached out to the company to assist in any way that would help the company undertake construction activities. In addition, the City of Attleboro and the Redevelopment Authority are in negotiations with another branch of government to move a facility from its current location to a 28-acre site located in the IBP. The Department will make the case that the relocation of governmental facility to the IBP will generate at least twenty (20) permanent full-time equivalent jobs to satisfy the HUD's requirements contained in 570.209(b)(1)(i).

CITY OF ATTLEBORO, MASSACHUSETTS

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2012

Findings and Questioned Costs for Financial Statements Which are Required to be Reported Over Major Federal Programs:

Finding 10-01: **The Community Development Program did not Minimize the Time Between Receipt and Disbursement of Grant Funds**

Information on the Federal Programs: Department of Housing and Urban Development (direct funding), Community Development Block Grant - CFDA No. 14.218 and 14.253 (including ARRA funds); Grant Period: Year Ended June 30, 2011

Condition: In some instances, funding for reimbursement of expenses was drawn down in an untimely manner after the payout of funds.

Recommendation: The program should implement a plan to ensure that all requirements of 3 CFR are fulfilled such that reimbursements of expenses are drawn down in a timely manner.

Current Status: This finding was resolved in the current year.

Finding 07-04: **The National Objective of Benefitting Low-and-Moderate-Income Persons may not Have Been Met for the Technical Assistance / Economic Development Projects**

Information on the Federal Programs: Department of Housing and Urban Development (direct funding), Community Development Block Grant - CFDA No. 14.218; Grant Period: Year Ended June 30, 2011

Condition: The national objective of benefitting low-and-moderate-income persons through job creation was not met for the technical assistance / economic development funds provided to the Attleboro Redevelopment Authority (ARA) in accordance with 24 CFR Section 570.208(a)(4)(i).

Recommendation: It was recommended that documentation and evidence be produced and held on file in the Community Development Office that proves that the national objective of benefitting low-and-moderate-income persons through job creation was met for the technical assistance grants. In addition, a comparison of the timeline and agreement established with the ARA should be periodically monitored to ensure compliance.

Current Status: This finding will be repeated in the current year.