

**TOWN OF SHREWSBURY, MASSACHUSETTS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND INDEPENDENT AUDITORS' REPORTS REQUIRED  
UNDER THE SINGLE AUDIT ACT AMENDMENTS OF 1996**

**FOR THE YEAR ENDED JUNE 30, 2005**

**TOWN OF SHREWSBURY, MASSACHUSETTS  
SINGLE AUDIT  
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Thomas J. Scanlon & Associates  
Certified Public Accountants



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Board of Selectmen  
Town of Shrewsbury, Massachusetts

We have audited the financial statements of the Town of Shrewsbury, Massachusetts, as of and for the year ended June 30, 2005, and have issued our report thereon dated March 3, 2006. 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.

Compliance

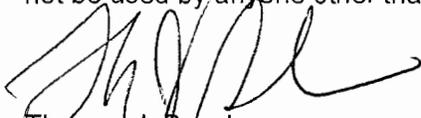
As part of obtaining reasonable assurance about whether the Town of Shrewsbury, Massachusetts' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Shrewsbury, Massachusetts' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Shrewsbury, Massachusetts, in a separate letter dated March 3, 2006.

This report is intended for the information of the Board of Selectmen, management 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 black ink, appearing to read 'T. Scanlon', written in a cursive style.

Thomas J. Scanlon,  
Certified Public Accountant

South Deerfield, Massachusetts  
March 3, 2006

**TOWN OF SHREWSBURY, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
<b>U. S. Department of Agriculture</b>			
Passed Through Commonwealth of Massachusetts Department of Education:			
Food Distribution-School Lunch Commodities	14-271	10.550	\$ 87,898
School Breakfast Program	14-271	10.553	5,915
National School Lunch Program	14-271	10.555	218,682
<b>Total U. S. Department of Agriculture</b>			<u>312,495</u>
<b>U. S. Department of Justice</b>			
Direct Programs:			
Office of Community Oriented Policing			
COPS MORE		16.710	28,156
Cops in Schools		16.710	33,612
Passed Through Commonwealth of Massachusetts			
Executive Office of Public Safety:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Formula Grant			
Multi-Jurisdictional Counter Crime Task Force Program		16.579	46,496
<b>Total U. S. Department of Justice</b>			<u>108,264</u>
<b>U. S. Department of Transportation</b>			
Passed Through Commonwealth of Massachusetts			
Governor's Highway Safety Bureau:			
State and Community Highway Safety		20.600	279
<b>Total U. S. Department of Transportation</b>			<u>279</u>
<b>U. S. Department of Homeland Security</b>			
Passed Through Commonwealth of Massachusetts			
Emergency Management Agency:			
Domestic Preparedness Equipment		97.004	12,745
Snow Removal Emergency Funds		97.036	88,536
<b>Total U. S. Department of Homeland Security</b>			<u>101,281</u>
<b>TOTAL FEDERAL AWARDS EXPENDED - PAGE 1 OF 2</b>			<u>\$ 522,319</u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**TOWN OF SHREWSBURY, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
<b>U. S. Department of Education</b>			
Passed Through Commonwealth of Massachusetts Department of Education:			
Title I-2002	305-109-2-0271-C	84.010	\$ 17,414
Title I-2004	305-133-4-0271-E	84.010	21,851
Title I-2005	305-015-5-0271-F	84.010	392,755
Special Education PL 94-142 Allocation-2004	240-142-4-0271-E	84.027	41,470
Special Education PL 94-142 Allocation-2005	240-186-5-0271-F	84.027	1,101,274
Special Education Program Improvement-2004	274-026-4-0271-E	84.027	7,807
Special Education Program Improvement-2005	274-155-5-0271-F	84.027	27,260
Special Education Corrective Action-2004	252-013-4-0271-E	84.027	1,606
Mental Health Support-2003	216-027-3-0271-D	84.027	80
Mental Health Support-2004	216-005-4-0271-E	84.027	5,874
Mental Health Support-2005	216-007-5-0217-F	84.027	11,065
Special Education Early Childhood Allocation-2004	262-127-4-0271-E	84.173	589
Special Education Early Childhood Allocation-2005	262-031-5-0271-F	84.173	35,049
Drug Free Schools Distribution-2004	331-045-4-0271-E	84.186	401
Drug Free Schools Distribution-2005	331-021-5-0271-F	84.186	24,080
Teacher Training Math & Science-2002	303-272-2-0271-C	84.281	172
Title VI-2002	302-220-2-0271-C	84.298	7,558
Title V-2003	302-204-3-0271-D	84.298	175
Title V-2004	302-111-4-0271-E	84.298	9,850
Title V-2005	302-108-5-0271-F	84.298	12,581
Enhanced Education Through Technology-2004	160-025-4-0271-E	84.318	76
Enhanced Education Through Technology-2005	160-048-5-0271-F	84.318	11,426
Teacher Quality-2004	140-034-4-0271-E	84.367	27,081
Teacher Quality-2005	140-056-5-0271-F	84.367	112,582
Learn & Serve School Based-2003	354-013-3-0271-D	94.004	257
Learn & Serve School Based-2004	354-011-4-0271-E	94.004	2,890
Learn & Serve School Based-2005	354-016-5-0271-F	94.004	12,000
<b>Total U. S. Department of Education</b>			<u>1,885,223</u>
<b>TOTAL FEDERAL AWARDS EXPENDED - PAGE 2 OF 2</b>			1,885,223
<b>TOTAL FEDERAL AWARDS EXPENDED - PAGE 1 OF 2</b>			522,319
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u><u>\$ 2,407,542</u></u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**TOWN OF SHREWSBURY, MASSACHUSETTS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

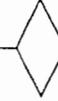
**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant expenditures of the Town.

The modified accrual basis of accounting is followed in the schedule. Under the modified accrual basis of accounting, the receipts and proceeds from federal grants are recorded when they become available and measurable. Expenditures are recorded when the liability is incurred, if measurable.

Non-cash assistance, such as food commodities and donated equipment, is valued at fair market value at the time of receipt provided by the federal agency.

Thomas J. Scanlon & Associates  
Certified Public Accountants



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Honorable Board of Selectmen  
Town of Shrewsbury, Massachusetts

Compliance

We have audited the compliance of the Town of Shrewsbury, Massachusetts, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Town of Shrewsbury, 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 Shrewsbury, Massachusetts' management. Our responsibility is to express an opinion on the Town of Shrewsbury, 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; 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 of Shrewsbury, 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 on the Town of Shrewsbury, Massachusetts' compliance with those requirements.

In our opinion, the Town of Shrewsbury, Massachusetts, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Town of Shrewsbury, 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 Town of Shrewsbury, Massachusetts' internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the

internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the Town of Shrewsbury, Massachusetts as of and for the year ended June 30, 2005, and have issued our report thereon dated March 3, 2006. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Town of Shrewsbury, Massachusetts, taken as a whole. 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 general purpose financial statements of the Town of Shrewsbury, Massachusetts. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of the Board of Selectmen, management 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.



Thomas J. Scanlon,  
Certified Public Accountant

South Deerfield, Massachusetts  
March 3, 2006

**TOWN OF SHREWSBURY, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**Section 1-Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Reportable condition identified not considered to be a material weakness?	None Reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness identified?	No
Reportable condition identified not considered to be a material weakness?	None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.010	U. S. Department of Education - Title I
84.027	U. S. Department of Education - Special Education Grants
84.173	U. S. Department of Education - Special Education Early Childhood

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	Yes

**Section II-Financial Statement Findings**

There are no reportable conditions in internal control over major programs.

**Section III-Federal Award Findings and Questioned Costs**

There are no federal award findings of questioned costs.