

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, 2006

**TOWN OF SHREWSBURY, MASSACHUSETTS
SINGLE AUDIT
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**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, 2006, and have issued our report thereon dated January 19, 2007. 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

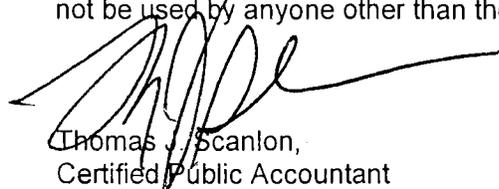
As part of obtaining reasonable assurance about whether the Town of Shrewsbury, Massachusetts' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct 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 January 19, 2007.

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', with a long horizontal line extending to the right.

Thomas J. Scanlon,
Certified Public Accountant

South Deerfield, Massachusetts
January 19, 2007

**TOWN OF SHREWSBURY, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
U. S. Department of Agriculture			
Passed Through Commonwealth of Massachusetts Department of Education:			
Food Distribution-School Lunch Commodities	14-271	10.550	\$ 73,161
School Breakfast Program	14-271	10.553	6,947
National School Lunch Program	14-271	10.555	238,567
Total U. S. Department of Agriculture			<u>318,675</u>
U. S. Department of Justice			
Passed Through Commonwealth of Massachusetts			
Executive Office of Public Safety:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Formula Grant			
Watch Your Car		16.579	75
Multi-Jurisdictional Counter Crime Task Force Program		16.579	43,400
Total U. S. Department of Justice			<u>43,475</u>
U. S. Department of Transportation			
Passed Through Commonwealth of Massachusetts			
Executive Office of Public Safety and Homeland Security:			
State and Community Highway Safety		20.600	3,862
Total U. S. Department of Transportation			<u>3,862</u>
National Endowment for the Arts and Humanities			
Passed Through Commonwealth of Massachusetts Board of Library Commissioners:			
Library Services and Technology Act - FY 2006 - Discovery Kits		45.310	3,562
Total National Endowment for the Arts and Humanities			<u>3,562</u>
U. S. Department of Homeland Security			
Passed Through Commonwealth of Massachusetts			
Emergency Management Agency:			
Domestic Preparedness Equipment		97.004	11,990
Domestic Preparedness Training		97.005	3,784
FCAM Field Communications Training		97.005	1,400
LEPC Training		97.020	609
Passed Through Commonwealth of Massachusetts			
Emergency Management Agency:			
October 2005 Flood Damage	FEMA-1614-DR-MA	97.036	60,262
Total U. S. Department of Homeland Security			<u>78,045</u>
TOTAL FEDERAL AWARDS EXPENDED - PAGE 1 OF 2			<u>\$ 447,619</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, 2006**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
U. S. Department of Education			
Passed Through Commonwealth of Massachusetts Department of Education:			
Title I - 2004	305-133-4-0271-E	84.010	\$ 2,340
Title I - 2005	305-015-5-0271-F	84.010	6,570
Title I - 2006	305-173-6-0271-G	84.010	341,965
Special Education PL 94-142 Allocation - 2005	240-186-5-0271-F	84.027	51,149
Special Education PL 94-142 Allocation - 2006	240-218-6-0271-G	84.027	1,202,901
Special Education Program Improvement - 2005	274-155-5-0271-F	84.027	2,330
Special Education Program Improvement - 2006	274-156-6-0271-G	84.027	15,000
Special Education Corrective Action - 2004	252-013-4-0271-E	84.027	1,595
Mental Health Support - 2003	216-027-3-0271-D	84.027	906
Mental Health Support - 2006	216-016-6-0271-G	84.027	11,094
Special Education Early Childhood Allocation - 2005	262-031-5-0271-F	84.173	589
Drug Free Schools - 2005	331-021-5-0271-F	84.186	884
Drug Free Schools - 2006	331-141-6-0271-G	84.186	22,534
Title V - 2006	302-190-6-0271-G	84.298	9,328
Enhanced Education Through Technology - 2005	160-048-5-0271-F	84.318	534
Enhanced Education Through Technology - 2006	160-065-6-0271-G	84.318	8,774
LEP Support - 2006	180-043-6-0271-G	84.365	17,613
Teacher Quality - 2005	140-056-5-0271-F	84.367	888
Teacher Quality - 2006	140-208-6-0271-G	84.367	106,751
Hurricane Katrina Emergency Impact Aid for Displaced Students - 2006	EIADS	84.938	3,750
Passed Through Commonwealth of Massachusetts Department of Early Education and Care:			
Special Education Early Childhood Allocation - 2006	EEC-262	84.173	35,073
Total U. S. Department of Education			<u>1,842,568</u>
Corporation for National and Community Service			
Passed Through Commonwealth of Massachusetts Department of Education:			
Learn & Serve School Based - 2002		94.004	48
Learn & Serve School Based - 2006		94.004	10,703
Total Corporation for National and Community Service			<u>10,751</u>
TOTAL FEDERAL AWARDS EXPENDED - PAGE 2 OF 2			1,853,319
TOTAL FEDERAL AWARDS EXPENDED - PAGE 1 OF 2			447,619
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 2,300,938</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, 2006**

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.

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**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, 2006. 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, 2006.

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, 2006, and have issued our report thereon dated January 19, 2007. Our audit was performed for the purpose of forming opinions 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
January 19, 2007

**TOWN OF SHREWSBURY, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

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.