

**TOWN OF HOLDEN, MASSACHUSETTS**

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

FOR THE YEAR ENDED JUNE 30, 2011

**TOWN OF HOLDEN, MASSACHUSETTS**

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

### **Compliance**

We have audited the Town of Holden, 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 Holden, Massachusetts' major federal programs for the year ended June 30, 2011. The Town of Holden, 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 Holden, Massachusetts' management. Our responsibility is to express an opinion on the Town of Holden, 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, *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 Holden, 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 Holden, Massachusetts' compliance with those requirements.

In our opinion, the Town of Holden, 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, 2011.

## **Internal Control Over Compliance**

Management of the Town of Holden, 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 Holden, 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 Holden, 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 Holden, Massachusetts, as of and for the year ended June 30, 2011, and have issued our report thereon dated January 30, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Holden, 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.

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***

January 30, 2012

**TOWN OF HOLDEN, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2011**

PROGRAM GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANTOR/ PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<b>U.S ENVIRONMENTAL PROTECTION AGENCY</b>			
PASS-THROUGH PROGRAM FROM: MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST			
CAPITALIZATION GRANT FOR DRINKING WATER STATE REVOLVING FUNDS, RECOVERY ACT	66.458	PROJECT NO. DWSRF #3188	\$ 330,787
<b>TOTAL U.S ENVIRONMENTAL PROTECTION AGENCY</b>			<u>330,787</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
DIRECT PROGRAM:			
ASSISTANCE TO FIREFIGHTERS GRANT	97.044	EMW-2009-FO-07073	<u>30,020</u>
TOTAL DIRECT PROGRAM			<u>30,020</u>
PASS-THROUGH PROGRAM FROM: MASSACHUSETTS EXECUTIVE OFFICE OF PUBLIC SAFETY			
CITIZENS CORPS	97.053		<u>4,000</u>
TOTAL PASS-THROUGH PROGRAM FROM: MASSACHUSETTS EXECUTIVE OFFICE OF PUBLIC SAFETY			<u>4,000</u>
<b>TOTAL U.S DEPARTMENT OF HOMELAND SECURITY</b>			<u>34,020</u>
<b>U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
PASS-THROUGH PROGRAMS FROM: MASSACHUSETTS EXECUTIVE OFFICE OF HEALTH & HUMAN SERVICES			
PUBLIC HEALTH EMERGENCY PREPAREDNESS - H1N1-A	93.069		9,661
PUBLIC HEALTH EMERGENCY PREPAREDNESS - H1N1-B	96.069		<u>280</u>
<b>TOTAL U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>9,941</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
DIRECT PROGRAM FROM: OFFICE OF COMMUNITY ORIENTED POLICING SERVICES (COPS)			
PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANT	16.710	2008-CK-WX-0519	<u>444,268</u>
TOTAL DIRECT PROGRAM FROM OFFICE OF COMMUNITY ORIENTED POLICING SERVICES (COPS)			<u>444,268</u>
PASS-THROUGH PROGRAM FROM: MASSACHUSETTS EXECUTIVE OFFICE OF PUBLIC SAFETY			
GRANT TO ENCOURAGE ARREST POLICIES AND ENFORCEMENT OF PROTECTION ORDERS	16.590		<u>1,000</u>
TOTAL PASS-THROUGH PROGRAM FROM: MASSACHUSETTS EXECUTIVE OFFICE OF PUBLIC SAFETY			<u>1,000</u>
<b>TOTAL U.S DEPARTMENT OF JUSTICE</b>			<u>445,268</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 820,016</u>

SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**TOWN OF HOLDEN, MASSACHUSETTS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2011**

**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 Holden, 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 Environmental Protection Agency, Department of Health and Human Services, Department of Homeland Security, and Department of Justice), 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 Justice 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, 2011.

**IV. SUBRECIPIENTS**

The Town of Holden, 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 Holden, 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 Holden, Massachusetts, as of and for the year ended June 30, 2011, which collectively comprise the Town of Holden, Massachusetts' basic financial statements and have issued our report thereon dated January 30, 2012. Our report includes a reference to 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. Other auditors audited the financial statements of the Holden Electric Light Department, as described in our report on the Town of Holden, Massachusetts' financial statements. The financial statements of the Holden Electric Light Department were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

Management of the Town of Holden, Massachusetts is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Holden, Massachusetts' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Holden, Massachusetts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Holden, 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 Holden, 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 Holden, 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*.

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***

January 30, 2012



**TOWN OF HOLDEN, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Town of Holden, 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 Holden, 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 Holden, Massachusetts expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 reported in this Schedule.
7. The programs tested as major programs included:

<u>Name</u>	<u>CFDA No.</u>
Public Safety Partnership and Community Policing Grant	16.710
Capitalization Grant for Drinking Water State Revolving Funds	66.458

8. The threshold used for distinguishing between **Type A** and **B** programs was \$300,000.
9. The Town of Holden, Massachusetts **qualified** as a low-risk auditee.

**B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT – NONE.**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT – NONE.**

**D. PRIOR YEAR FINDINGS & QUESTIONED COSTS – NONE**