

TOWN OF ROCKLAND, MASSACHUSETTS
FINANCIAL REPORT PURSUANT TO OMB CIRCULAR A-133
FOR THE YEAR ENDED JUNE 30, 2009

**TOWN OF ROCKLAND, MASSACHUSETTS
FINANCIAL REPORT PURSUANT TO OMB CIRCULAR A-133
FOR THE YEAR ENDED JUNE 30, 2009**

INDEX

	<u>PAGE</u>
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	1- 2
Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in accordance with OMB Circular A-133	3- 4
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7- 8



Malloy, Lynch, Bienvenue, LLP

Certified Public Accountants & Advisors

99 Longwater Circle, Suite 200, Norwell, MA 02061
Telephone (781) 871-5850 Fax (781) 871-5840

9 Baystate Court, Brewster, MA 02631
Telephone (508) 255-2240 Fax (508) 255-2351

Internet: www.mlbcpa.net

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 Rockland, Massachusetts

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Rockland, Massachusetts, as of and for the year ended June 30, 2009, which collectively comprise the Town of Rockland, Massachusetts' basic financial statements and have issued our report thereon dated December 24, 2009. 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 Rockland, 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 Town of Rockland, Massachusetts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Rockland, 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 Rockland, 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 that might be deficiencies, significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control that we consider to be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as 2009-1 and 2009-2, to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Rockland, 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 matters that we reported to the management of the Town of Rockland, Massachusetts in a separate letter dated December 24, 2009.

The Town of Rockland, Massachusetts' response to the findings in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Rockland, Massachusetts' response and, accordingly, we express no opinion on it.

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

Malloy, Lynch, Bienvenue LLP

December 24, 2009



Malloy, Lynch, Bienvenue, LLP

Certified Public Accountants & Advisors

99 Longwater Circle, Suite 200, Norwell, MA 02061
Telephone (781) 871-5850 Fax (781) 871-5840

9 Baystate Court, Brewster, MA 02631
Telephone (508) 255-2240 Fax (508) 255-2351
Internet: www.mlbcpa.net

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

To the Honorable Board of Selectmen
Town of Rockland, Massachusetts

Compliance

We have audited the compliance of the Town of Rockland, 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, 2009. The Town of Rockland, 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 Rockland, Massachusetts' management. Our responsibility is to express an opinion on the Town of Rockland, 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 Rockland, 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 Rockland, Massachusetts' compliance with those requirements.

In our opinion, the Town of Rockland, 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, 2009.

Internal Control Over Compliance

The management of the Town of Rockland, 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 Rockland, 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, but not for the purpose of expressing an opinion on the effectiveness of the Town of Rockland, Massachusetts' internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Rockland, Massachusetts' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Rockland, Massachusetts as of and for the year ended June 30, 2009, and have issued our report thereon, dated December 24, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Rockland, 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.

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

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

Malloy, Lynch, Bienvenue LLP

December 24, 2009

**TOWN OF ROCKLAND, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-through/ Program or Title	Federal CFDA Number	Pass - Through Number	Federal Expenditures
<u>US Department of Agriculture</u>			
Passed through Massachusetts Department of Elementary & Secondary Education:			
Food Distribution	10.550	N/A	\$ 51,551
Child Nutrition Cluster	10.555 & 10.553	N/A	297,744
Total US Department of Agriculture			<u>349,295</u>
<u>US Department of Housing and Urban Development</u>			
Passed through Massachusetts Department of Housing & Community Development			
Community Development Block Grants	14.228	00017	442,123
Total US Department of Housing and Urban Development			<u>442,123</u>
<u>US Department of Justice</u>			
Passed through Massachusetts Executive Office of Public Safety:			
Bullet Proof Vest Grant	16.609	N/A	8,200
Total US Department of Justice			<u>8,200</u>
<u>US Department of Education</u>			
Passed through Commonwealth of Massachusetts			
Title I Distribution	84.010	305-201-9-0251-J	298,279
Drug Free Schools	84.186	331-219-9-0251-J	10,315
Enhanced Ed. Through Tech.	84.318	160-137-9-0251-J	3,236
Teacher Quality	84.367	140-077-9-0251-J	97,442
State Fiscal Stabilization Fund (SFSF) - ARRA	84.394	782-160-9-0251-J	1,089,447
Special Education Cluster:			
SPED 94-142 Allocation	84.027	240-195-9-0251-J	586,837
SPED Program Improvement	84.027	274-256-9-0251-J	9,222
Early Childhood Allocation	84.173	262 Rockland	28,195
Total US Department of Education			<u>2,122,973</u>
<u>US Department of Homeland Security</u>			
Passed through Federal Emergency Management Agency and Massachusetts Emergency Management Agency			
Assistance to Firefighters Grant	97.044	N/A	76,670
Total Federal Emergency Management Agency			<u>76,670</u>
Total Expenditures of Federal Awards			<u>\$ 2,999,261</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**TOWN OF ROCKLAND, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

1. Scope of Audit

The Town of Rockland, Massachusetts (Town) is a governmental agency established by the laws of the Commonwealth of Massachusetts.

All operations related to the Town's Federal Grant Programs are included in the scope of the OMB Circular A-133 Audit Requirements for audits of state, local governments, and non-profit organizations (the single audit). The U.S. Department of Education has been designated as the Town's oversight agency for the single audit.

2. Period Audited

Single audit testing procedures were performed for the Town's federal grant transactions during the year ended June 30, 2009.

3. 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 and is presented on the modified accrual 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(b) Food Distribution Program

Non-monetary assistance of commodities under the Food Distribution Program are received under a state distribution formula and are valued at federally published wholesale prices for purposes of this schedule. Such commodities are not recorded in the financial records although memorandum records are maintained.

**TOWN OF ROCKLAND, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Rockland, Massachusetts.
2. Significant deficiencies were disclosed during the audit of the financial statements which are required to be 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 Rockland, Massachusetts were disclosed during the audit.
4. No significant deficiencies over major federal award programs were disclosed during the audit.
5. The auditor's report on compliance for its major program expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program was: U.S. Department of Education-State Fiscal Stabilization Fund (SFSF)-ARRA (CFDA#84.394).
8. The threshold for distinguishing Types A and B programs was \$300,000. Type A programs are those that exceed \$300,000.
9. The Town of Rockland, Massachusetts was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2009-1 Accounts receivable reconciliations

Condition: Reconciliation of account receivable balances were not performed to the appropriate detail listings throughout the fiscal year. Furthermore, certain adjustments in were posted to the general ledger to reconcile various accounts receivable balances to actual outstanding detail at June 30, 2009.

Criteria: Internal controls should be in place that which provide for timely, routine, periodic (monthly) reconciliations of account receivable balances, rather than on an annualized basis.

Cause: The Town experienced significant personnel changes during the fiscal year, which didn't facilitate reconciling account receivable balances until after the end of the year.

Effect: Outstanding receivable balances and associated activity related thereto may be misstated or inappropriate.

Recommendation: Formalized procedures should be implemented which require routine, periodic (monthly) reconciliations of all account receivable balances to the appropriate detail. All reconciliations should be formally documented and reviewed and attested to by appropriate supervisory personnel. Such policies and procedures should be formally documented to allow for uninterrupted implementation with personnel changes.

Response: i.e. The Town agrees with this finding and appropriate corrective procedures have been implemented during fiscal year 2010.

**TOWN OF ROCKLAND, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009**

2009-2 Cash reconciliations

Condition: Cash reconciliations, inclusive of reconciling balances between the treasurer and the town accountant were not completed throughout the fiscal year. Furthermore, cash balance reconciliations as of June 30, 2009 were not completed by the treasurer until after commencement of the audit.

Criteria: Internal controls should be in place that provide for timely, monthly reconciliations of the treasurer's cash and cash balances maintained by the town accountant in the general ledger. Such procedures should include, but not be limited to insuring all reconciling items are properly documented, investigated and corrected in a timely manner.

Cause: The Town experienced significant personnel changes during the fiscal year which didn't facilitate the Town's reconciling of cash balances on a routine periodic basis. Furthermore, treasury internal cash books and reporting schedules were not designed to adequately report changes in market values of investments until after the fiscal year concluded.

Effect: Cash activity and reconciling items may not be appropriate.

Recommendation: Formalized procedures should be implemented which require routine, periodic (monthly) reconciliations of all account receivable balances to the appropriate detail. All reconciliations should be formally documented and reviewed and attested to by appropriate supervisory personnel. Such policies and procedures should be formally documented to allow for uninterrupted implementation with personnel changes.

Response: i.e. The Town agrees with this finding and appropriate corrective procedures have been implemented during fiscal year 2010.

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS - NONE

D. FINDINGS – PRIOR YEAR AUDIT

**U.S. DEPARTMENT OF EDUCATION
2008- 1 Title I Distribution Grant, CFDA#84.010**

Recommendations: Policies and procedures should be implemented which ensure that grant funds are drawdown on an "as needed" basis in accordance with cash management requirements. All drawdown requests and appropriate supporting documentation for each be maintained on file.

Current status: The Town has implemented procedures to address drawdown requirements.