

**TOWN OF ROCKLAND, MASSACHUSETTS**  
**FINANCIAL REPORT PURSUANT TO OMB CIRCULAR A-133**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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FINANCIAL REPORT PURSUANT TO OMB CIRCULAR A-133  
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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 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, 2008, which collectively comprise the Town of Rockland, Massachusetts' basic financial statements and have issued our report thereon dated December 9, 2008. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Rockland, Massachusetts' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than remote likelihood that a misstatement of the Town of Rockland, Massachusetts' financial statements that is more than inconsequential will not be prevented or detected by the Town of Rockland, Massachusetts' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Rockland, Massachusetts' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be 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 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 9, 2008.

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 9, 2008



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## 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, 2008. 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.

As described in item 2008-1 in the accompanying schedule of findings and questioned costs, the Town of Rockland, Massachusetts did not comply with requirements regarding cash management that are applicable to its Title I Distribution Grant. Compliance with such requirements is necessary, in our opinion, for the Town of Rockland, Massachusetts to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Town of Rockland, Massachusetts complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008.

### 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.

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 below. However, as described below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Item 2008-1 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

#### **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, 2008, and have issued our report thereon, dated December 9, 2008. 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.

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 9, 2008

**TOWN OF ROCKLAND, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal Grantor/Pass-through/ Program or Title</u>	<u>Federal CFDA Number</u>	<u>Pass - Through Number</u>	<u>Federal Expenditures</u>
<u>US Department of Agriculture</u>			
Passed through Massachusetts Department of Education:			
Food Distribution	10.550	N/A	\$ 65,744
National School Lunch Program	10.555	N/A	<u>275,897</u>
Total US Department of Agriculture			341,641
<u>US Department of Education</u>			
Passed through Massachusetts Department of Education:			
Title I Distribution	84.010	305-274-8-0251-I	353,386
SPED 94-142 Allocation	84.027	240-235-8-0251-I	608,874
SPED Program Improvement	84.027	274-271-8-0251-J	13,901
Title V	84.151	302-153-8-0251-I	3,858
Drug Free Schools	84.186	331-194-8-0251-I	11,179
Enhanced Ed. Through Tech.	84.318	160-130-8-0251-I	3,912
Teacher Quality	84.367	140-052-8-0251-I	105,059
Passed through Massachusetts Early Childhood Education & Care			
Early Childhood Allocation	84.173	262 Rockland	<u>28,722</u>
Total US Department of Education			1,128,891
<u>US Department of Housing and Urban Development</u>			
Passed through Massachusetts Department of Housing & Community Development			
Community Development Block Grants	14.228	00017	<u>335,295</u>
Total US Department of Housing and Urban Development			335,295
<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	<u>54,021</u>
Total Federal Emergency Management Agency			<u>54,021</u>
Total Expenditures of Federal Awards			<u>\$ 1,859,848</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, 2008**

**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, 2008.

**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, 2008**

**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. No control 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. Significant deficiencies over major federal award programs were disclosed during the audit are reported in this Schedule.
5. The auditor's report on compliance for the Title I Grant (CFDA#84.010) expresses a qualified opinion; the report on the remaining program is unqualified.
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 programs tested as major programs included: U.S. Department of Education-Title I Distribution Grant (CFDA#84.010), and U.S. Department of Housing and Urban Development Community Development Grant, (CFDA#14.288).
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 - None**

**C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS**

**QUESTIONED  
COST**

**U.S. DEPARTMENT OF EDUCATION**

**2008- 1 Title I Distribution Grant, CFDA#84.010**

*Condition:* The Town did not minimize the amount of time elapsing between the advance of grant funds and disbursements for certain drawdown requests.

*Criteria:* Cash management requirements require grantees to minimize the amount of time elapsing between the receipt of grant funds (cash advances) and disbursements related thereto.

*Effect:* Costs charged to the grant may be disallowed.

*Cause:* The "request for funds process" as outline by the state pass-through agency implemented for fiscal year 2008 was not followed.

**TOWN OF ROCKLAND, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2008**

**C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS (continued)**

**QUESTIONED  
COST**

*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.

*Response:* See Town's corrective action plan

N/A

**D. FINDINGS - PRIOR YEAR AUDIT -NONE**

N/A