

TOWN OF BELLINGHAM, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2008

TOWN OF BELLINGHAM, MASSACHUSETTS

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

Compliance

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

In our opinion, the Town of Bellingham, 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, 2008.

Internal Control Over Compliance

The management of the Town of Bellingham, 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 Bellingham, Massachusetts' internal control over compliance with the 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bellingham, 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 first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Bellingham, Massachusetts, as of and for the year ended June 30, 2008, and have issued our report thereon dated January 29, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Bellingham, 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, 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.

R. E. Brown & Company

January 29, 2009

**TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008**

PROGRAM GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANTOR/ PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
PASS-THROUGH PROGRAMS FROM:			
COMMONWEALTH OF MASSACHUSETTS - DEPARTMENT OF EDUCATION			
TITLE I - FY 2008	84.010	305-269-8-0025-I	\$ 67,534
TITLE I - FY 2007	84.010	305-217-7-0025-H	19,605
SPED 94-142 PROJECT ASSIST - FY 2008	84.027	240-161-8-0025-I	619,040
SPED 94-142 PROJECT ASSIST - FY 2007	84.027	240-208-7-0025-H	28,606
MIDDLE SCHOOL READING PROGRAM - FY 2007	84.027	267-027-7-0025-H	323
SPED PROFESSIONAL DEVELOPMENT - FY 2008	84.027	274-109-8-0025-I	15,592
SPED PROFESSIONAL DEVELOPMENT - FY 2007	84.027	274-216-7-0025-H	3,440
EARLY CHILDHOOD - FY 2008	84.173	262 BELLINGHAM PUB	28,205
EARLY CHILDHOOD - FY 2007	84.173	262 BELLINGHAM PUB	1,595
DRUG FREE SCHOOLS - FY 2008	84.186	331-139-8-0025-I	6,444
DRUG FREE SCHOOLS - FY 2007	84.186	331-210-7-0025-H	99
STATE GRANTS FOR INNOVATIVE PROGRAMS - TITLE V - FY 2008	84.298	302-204-8-0025-I	1,574
STATE GRANTS FOR INNOVATIVE PROGRAMS - TITLE V - FY 2007	84.298	302-253-7-0025-H	183
ENHANCED EDUCATION THROUGH TECHNOLOGY - FY 2008	84.318	160-087-8-0025-I	500
TITLE IIA - TEACHER QUALITY - FY 2008	84.367	140-225-8-0025-I	44,950
TITLE IIA - TEACHER QUALITY - FY 2007	84.367	140-291-7-0025-H	12,310
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>850,000</u>
U.S. DEPARTMENT OF AGRICULTURE:			
PASS-THROUGH PROGRAM FROM:			
COMMONWEALTH OF MASSACHUSETTS - DEPARTMENT OF EDUCATION BUREAU OF NUTRITION			
NATIONAL SCHOOL LUNCH PROGRAM	10.555	11-099	<u>216,519</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>216,519</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
PASS-THROUGH PROGRAM FROM:			
COMMONWEALTH OF MASSACHUSETTS - DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT			
COMMUNITY DEVELOPMENT BLOCK GRANT	14.228	CDF II #5672	<u>91,712</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>91,712</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,158,231</u>

SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**TOWN OF BELLINGHAM, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008**

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 Bellingham, 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 Department of Agriculture, Department of Education, and Department of Housing and Urban Development), are included in the scope of the OMB Circular A-133 Audit Requirements for audits of state and local governments (the Single Audit). The Department of Education 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, 2008.

IV. SCHOOL LUNCH PROGRAM

The Town accounts for local, state and federal expenditures of the National School Lunch program in one combined fund. Program expenditures in the accompanying Schedule of Expenditures of Federal Awards represent federal reimbursements for meals provided during fiscal 2008. Non-cash contributions 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.

V. SUBRECIPIENTS

The Town of Bellingham, 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 Bellingham, 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 Bellingham, Massachusetts, as of and for the year ended June 30, 2008, which collectively comprise the Town of Bellingham, Massachusetts' basic financial statements and have issued our report thereon dated January 29, 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 Bellingham, 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 Bellingham, Massachusetts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Bellingham, 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 Bellingham, Massachusetts' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Bellingham, Massachusetts' financial statements that is more than inconsequential will not be prevented or detected by the Town of Bellingham, 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 Bellingham, Massachusetts' internal control.

Our consideration of 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 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 Bellingham, 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, 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.

R. E. Brown & Company

January 29, 2009

**TOWN OF BELLINGHAM, MASSACHUSETTS
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unqualified opinion on the basic financial statements of the Town of Bellingham, 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 Bellingham, 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 Bellingham, 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 program tested as a major program included:

<u>Name</u>	<u>CFDA No.</u>
Special Education - Grants to States & Early Childhood Allocation Cluster of Programs	84.027 & 84.173

8. The threshold used for distinguishing between **Type A** and **B** programs was \$300,000.
9. The Town of Bellingham, 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.

**TOWN OF BELLINGHAM, MASSACHUSETTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2008**

There were no uncorrected prior year findings that affect the current audit.