

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

**COUNTY OF DUKES COUNTY, MASSACHUSETTS**  
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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 County Commissioners  
County of Dukes County, Massachusetts

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Dukes County as of and for the year ended June 30, 2009, which collectively comprise the County of Dukes County's basic financial statements and have issued our report thereon dated December 1, 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 County of Dukes County's 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 County of Dukes County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Dukes County's 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 County of Dukes County's 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 County of Dukes County's financial statements that is more than inconsequential will not be prevented or detected by the County of Dukes County's 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 County of Dukes County's 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 County of Dukes County's 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 management of the County of Dukes County, in a separate letter dated December 1, 2009.

This report is intended solely for the information and use of management, County Commissioners, 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, Bionveve, LLP*

December 1, 2009

**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 County Commissioners  
County of Dukes County, Massachusetts

**Compliance**

We have audited the compliance of the County of Dukes County 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 County of Dukes County's 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 County of Dukes County's management. Our responsibility is to express an opinion on the County of Dukes County's 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 County of Dukes County's 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 County of Dukes County's compliance with those requirements.

In our opinion, the County of Dukes County 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 County of Dukes County 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 County of Dukes County's 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Dukes County's 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 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, each major fund and the aggregate remaining fund information of the County of Dukes County as of and for the year ended June 30, 2009, and have issued our report thereon, dated December 1, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County of Dukes County's 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, County Commissioners, 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 1, 2009

**COUNTY OF DUKES COUNTY, MASSACHUSETTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AGENCY OR PASS THROUGH NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Transportation Security Administration			
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0208HSLR222	\$ 151,801
Total U.S. Department of Homeland Security			151,801
<b><u>U.S. Department of Transportation</u></b>			
Federal Aviation Administration passed through			
Massachusetts Aeronautics Commission:			
Airport Improvement Program	20.106	3-25-0031-30	599,659
Install RW 15-33 MIRLS and Remark RW 15-33	20.106	3-25-0031-31	67,772
Runway 6-24 Approach Study	20.106	3-25-0031-32	2,660
Construct Runway 6-24 Safety Area	20.106	3-25-0031-34	134,578
Total U.S. Department of Transportation			804,669
Total			\$ 956,470

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

**1. Scope of Audit**

The County of Dukes County (the County) is a governmental agency established by the laws of the Commonwealth of Massachusetts.

All operations related to the County'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. Office of Management and Budget has been designated as the District's oversight agency for the single audit.

**2. Period Audited**

Single audit testing procedures were performed for the County'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 County are as follows:

**(a) Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant transactions of the County 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.



**COUNTY OF DUKES COUNTY, 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 County of Dukes County, Massachusetts.
2. No significant deficiencies relating to the audit of the financial statements are 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 County of Dukes County, which would be required to be reported in accordance with *Governmental Auditing Standards*, 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 the major federal awards programs for the County of Dukes County, Massachusetts.
6. There are no audit findings relative to the major federal awards programs for the County of Dukes County, Massachusetts.
7. The programs tested as major programs included: U.S. Department of Transportation: Airport Improvement Program (CFDA #20.106).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The County of Dukes County, Massachusetts was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None.

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

None.

**D. FINDINGS - PRIOR YEAR AUDIT**

None.