

TOWN OF ARLINGTON, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

FISCAL YEAR ENDED JUNE 30, 2003

TOWN OF ARLINGTON, MASSACHUSETTS
REPORTS ON FEDERAL AWARD PROGRAMS
FISCAL YEAR ENDED JUNE 30, 2003

TABLE OF CONTENTS

	PAGE
Independent auditors' report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with <u>Government Auditing Standards</u>	1
Independent auditors' report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133	2
Independent auditors' report on schedule of expenditures of federal awards	4
Schedule of expenditures of federal awards	5
Notes to schedule of expenditures of federal awards	6
Schedule of findings and questioned costs	7
Summary schedule of prior audit findings	7



323 New Boston Street
Woburn, MA 01801
T 781 937 9322
F 781 937 9474

www.powersandsullivan.com

 RAN ONE | member

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Selectmen
Town of Arlington, Massachusetts

We have audited the basic financial statements of the Town of Arlington, Massachusetts, as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated August 29, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the Town of Arlington's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of basic 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Arlington's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Arlington in a separate letter dated August 29, 2003.

This report is intended solely for the information and use of management of the Town of Arlington, Massachusetts, 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.

August 29, 2003



323 New Boston Street

Woburn, MA 01801

T 781 937 9322

F 781 937 9474

www.powersandsullivan.com

 member

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

To the Board of Selectmen
Town of Arlington, Massachusetts

Compliance

We have audited the compliance of the Town of Arlington, 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 fiscal year ended June 30, 2003. The Town of Arlington's major federal programs are identified in the summary of auditors' 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 Arlington's management. Our responsibility is to express an opinion on the Town of Arlington'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 Town of Arlington'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 Town of Arlington's compliance with those requirements.

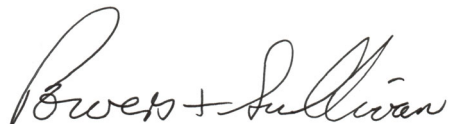
In our opinion, the Town of Arlington, Massachusetts complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2003.

Internal Control Over Compliance

The management of the Town of Arlington, 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 Arlington'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider being material weaknesses.

This report is intended solely for the information and use of management of the Town of Arlington, Massachusetts, 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.

A handwritten signature in cursive script that reads "Bowers + Sullivan". The signature is written in black ink and is positioned above the date.

August 29, 2003



323 New Boston Street

Woburn, MA 01801

T 781 937 9322

F 781 937 9474

www.powersandsullivan.com

 RAN ONE | member

INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Selectmen
Town of Arlington, Massachusetts

We have audited the basic financial statements of the Town of Arlington, Massachusetts, as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated August 29, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. 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 of the Town of Arlington, Massachusetts, 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.

August 29, 2003

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE:		
<u>Passed through State Department of Education:</u>		
Food Distribution	10.550	\$ 52,270
School Breakfast Program	10.553	27,487
School Lunch Program	10.555	<u>173,284</u>
TOTAL AGRICULTURE		<u>253,041</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
<u>Passed through State Office for Communities and Development:</u>		
CDBG Program Income	14.218	471,155 *
Community Development Block Grant	14.218	<u>1,602,599 *</u>
TOTAL HOUSING AND URBAN DEVELOPMENT		<u>2,073,754</u>
U.S. DEPARTMENT OF JUSTICE:		
<u>Direct Programs:</u>		
Student Awareness of Fire Education	16.523	2,030
Narcotics Control Assistance	16.579	15,152
Law Enforcement Block Grant	16.592	<u>24,435</u>
TOTAL JUSTICE		<u>41,617</u>
U.S. DEPARTMENT OF EDUCATION:		
<u>Passed through State Department of Education:</u>		
Library Services and Technology Act	45.310	14,253
Parent Involvement	47.076	733
Title I Distribution	84.010	481,200
SPED 94-142 Allocation	84.027	794,793 *
SPED Program Improvement	84.027	27,833 *
Federal 50-50 Program	84.027	34,865 *
SPED Supplement	84.027	124 *
Emergency Immigration Act	84.162	11,375
Early Childhood Allocation	84.173	21,499
Drug Free Schools	84.186	18,667
G 2000 Curriculum Study Groups	84.276	23,056
Math/Science Program	84.281	17,096
Title V	84.298	7,631
Technology Literacy Challenge	84.318	21,337
Class Size Reduction	84.340	64,569
Language Instruction	84.365	8,562
Teacher Quality	84.367	95,396
Refugee Children - Impact	93.576	<u>7,965</u>
TOTAL EDUCATION		<u>1,650,954</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY:		
<u>Passed through Massachusetts Emergency Management Agency:</u>		
404 Hazard Mitigation	83.535	754,457 *
Snow Removal Funds February 17-18, 2003	83.544	93,632
Emergency Management Assistance	83.552	<u>19,393</u>
TOTAL EMERGENCY MANAGEMENT ASSISTANCE		<u>867,482</u>
U.S. DEPARTMENT OF ENERGY:		
<u>Passed through State Office for Communities and Development:</u>		
Weatherization Assistance Program	93.568	<u>291,621</u>
SOCIAL SECURITY ADMINISTRATION:		
<u>Passed through Massachusetts Rehabilitation Commission:</u>		
Vocational Rehabilitation Determination	96.001	<u>255</u>
TOTAL		<u>\$ 5,178,724</u>

See notes to schedule of expenditures of federal awards.

Note 1 - Definition of Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Arlington, Massachusetts. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included on the schedule.

Note 2 - Significant Accounting Policies

The accounting and reporting policies of the Town of Arlington, Massachusetts are set forth below:

(a) Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. Accordingly, grant revenues are recognized when received and expenditures when paid.

(b) School Breakfast and Lunch Program - Program expenditures represent federal reimbursement for meals provided during the fiscal year.

A. Summary of Auditors' Results

1. The auditors' report expresses a unqualified opinion on the basic financial statements of the Town of Arlington, Massachusetts.
2. No reportable conditions relating to the audit of the basic financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the basic financial statements of the Town of Arlington, Massachusetts, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Town of Arlington, Massachusetts, expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the Town of Arlington, Massachusetts.
7. The programs tested as major grants include:

<u>Program Title</u>	<u>CFDA Number</u>
CDBG Program Income	14.218
Community Development Block Grant	14.218
404 Hazard Mitigation 914	83.535
Title I Distribution	84.010
SPED 94-142 Allocation	84.027
SPED Program Improvement	84.027
Federal 50-50 Program	84.027
SPED Supplement	84.027

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Arlington, Massachusetts, was not determined to be a low-risk auditee.

B. Findings-Financial Statements Audit

None

C. Findings and Questioned Costs-Major Federal Award Program Audit

None

D. Summary Schedule of Prior Audit Findings

None