

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

TOWN OF MIDDLETON, MASSACHUSETTS
FEDERAL AWARD REPORTS
PURSUANT TO THE
UNIFORM GUIDANCE
YEAR ENDED JUNE 30, 2021

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TOWN OF MIDDLETON, MASSACHUSETTS
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**INDEPENDENT AUDITOR'S 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 Middleton, Massachusetts

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, Massachusetts, as of and for the year ended June 30, 2021 (except for the Middleton Electric Light Department, which are as of December 31, 2020), and the related notes to the financial statements, which collectively comprise the Town of Middleton, Massachusetts's basic financial statements and have issued our report thereon dated February 14, 2022. Our report includes a reference to other auditors who audited the financial statements of the Hull Municipal Light Plant, as described in our report on the Town of Hull, Massachusetts' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control 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 material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Roselli, Clark & Associates

Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts
February 14, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Honorable Board of Selectmen
Town of Middleton, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the Town of Middleton, Massachusetts' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Middleton, Massachusetts' major federal programs for the year ended June 30, 2021. The Town of Middleton, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Middleton, Massachusetts' major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Middleton, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Middleton, Massachusetts' compliance.

Opinion on Each Major Federal Programs

In our opinion, the Town of Middleton, Massachusetts complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of Middleton, Massachusetts is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Middleton, Massachusetts' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Middleton, Massachusetts' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant efficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

The Town of Middleton, Massachusetts' response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 Middleton, Massachusetts, as of and for the year ended June 30, 2021 (except for the Middleton Electric Light Department, which are as of December 31, 2020), and the related notes to the financial statements, which collectively comprise the Town of Middleton, Massachusetts's basic financial statements. We have issued our report thereon dated February 14, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Roselli, Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts

March 9, 2022, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is February 14, 2022

TOWN OF MIDDLETON, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Agency / Program Title	CFDA Number	Pass-Through Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Child Nutrition Cluster				
<i>Passed through the Commonwealth of Massachusetts - Department of Elementary and Secondary Education</i>				
COVID-19 - National School Lunch Program	10.555	05-184	\$ -	\$ 5,234
National School Lunch Program:	10.555	05-184		
Cash Assistance			-	140,200
Non-Cash Assistance (Commodities)			-	21,669
Total National School Lunch Program			-	167,103
Total Child Nutrition Cluster				
<i>Passed through the Commonwealth of Massachusetts - Department of Conservation and Recreation</i>				
Cooperative Forestry Assistance	10.664	1CTDCR3660FGRAFIR216	-	680
Total U.S. Department of Agriculture				
<u>U.S. Department of the Treasury</u>				
<i>Passed through the Commonwealth of Massachusetts - Executive Office for Administration and Finance</i>				
COVID-19 - Coronavirus Relief Fund	21.019	RD2COVID19 184	89,984	455,849
<i>Passed through the Commonwealth of Massachusetts - Department of Elementary and Secondary Education</i>				
COVID-19 - Coronavirus Relief Fund	21.019	102-394474-2021-0184	-	153,900
COVID-19 - Coronavirus Relief Fund	21.019	118-400775-2021-0184	-	25,966
COVID-19 - Coronavirus Relief Fund	21.019	05-184	-	907
Total COVID-19 - Coronavirus Relief Fund			89,984	636,622
Total U.S. Department of the Treasury				
<u>U.S. Department of Education</u>				
Special Education Cluster (IDEA)				
<i>Passed through the Commonwealth of Massachusetts - Department of Elementary and Secondary Education</i>				
Special Education - Grants to States	84.027	240-432903-2021-0184	-	163,540
Special Education - Grants to States	84.027	274-483220-2021-0184	-	8,567
Special Education - Grants to States	84.027	240-338259-2020-0184	-	3,266
Total Special Education - Grants to States			-	175,373
Special Education - Preschool Grants	84.173	262-443349-2021-0184	-	10,811
Special Education - Preschool Grants	84.173	298-486185-2021-0184	-	1,480
Total Special Education - Preschool Grants			-	12,291
Total Special Education Cluster (IDEA)				

(Continued)

See notes to Schedule of Expenditures of Federal Awards

TOWN OF MIDDLETON, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Agency / Program Title	CFDA Number	Pass-Through Number	Passed Through to Subrecipients	Federal Expenditures
<i>Passed through the Commonwealth of Massachusetts - Department of Elementary and Secondary Education</i>				
Title I Grants to Local Educational Agencies	84.010	305-413383-2021-0184	-	26,089
Title I Grants to Local Educational Agencies	84.010	305-309410-2020-0184	-	525
Total Title I Grants to Local Educational Agencies			-	26,614
Supporting Effective Instruction State Grants	84.367	140-413388-2021-0184	-	3,229
Supporting Effective Instruction State Grants	84.367	140-309409-2020-0184	-	256
Total Supporting Effective Instruction State Grants			-	3,485
Student Support and Academic Enrichment Program	84.424	309-413384-2021-0184	-	4,900
Student Support and Academic Enrichment Program	84.424	309-309411-2020-0184	-	746
Total Student Support and Academic Enrichment Program			-	5,646
COVID-19 - Education Stabilization Fund	84.425D	113-379686-2021-0184	-	6,687
Total COVID-19 - Education Stabilization Fund			-	6,687
Total U.S. Department of Education			-	230,096
<u>U.S. Election Assistance Commission</u>				
<i>Passed through the Secretary of the Commonwealth of Massachusetts</i>				
COVID-19 - HAVA Election Security Grants	90.404	SCSEC192021RPOSTAGE2	-	1,388
Total U.S. Election Assistance Commission			-	1,388
<u>U.S. Department of Health and Human Services</u>				
Aging Cluster				
<i>Passed Through Elder Services of the Merrimack Valley, Inc.</i>				
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	Not Available	-	25,506
Total U.S. Department of Health and Human Services			-	25,506
<u>U.S. Department of Homeland Security</u>				
<i>Direct Award</i>				
COVID-19 - Assistance to Firefighters Grant Program	97.044		-	19,419
<i>Passed Through the Commonwealth of Massachusetts - Massachusetts Emergency Management Agency</i>				
Disaster Grants: Public Assistance (President Declared)	97.036	CTFEMA4496MIDL00145	-	58,750
Disaster Grants: Public Assistance (President Declared)	97.036	CTFEMA4214MIDT00782	-	14,773
Total Disaster Grants: Public Assistance (President Declared)			-	73,523
Emergency Management Performance Grant	97.042	FY21EMPG1900000MIDL	-	2,394
Total U.S. Department of Homeland Security			-	95,336
Total Federal Grant Award Expenditures			\$ 89,984	\$ 1,156,731

(Concluded)

See notes to Schedule of Expenditures of Federal Awards

TOWN OF MIDDLETON, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Middleton, Massachusetts (the Town) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

B. 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 accompanying Schedule includes the federal grant transactions of the Town. Although some of these programs may be supplemented with state and other revenue, only federal activity is shown. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

The Town has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

C. U.S. Department of Agriculture Programs

The Town receives non-cash commodities from the U.S. Department of Agriculture as a part of the National School Lunch program. The amounts reported as non-cash assistance represent the fair market value of these commodities received during the year.

The amounts reported as cash assistance represent federal reimbursements for meals provided.

D. U.S. Department of Homeland Security Programs

U.S. Department of Homeland Security's Disaster Grants – Public Assistance (Presidentially Declared Disaster) expenditures are recognized when the Federal Emergency Management Administration (FEMA) approves the Town's project worksheet (PW) and the Town has incurred the eligible expenditures. The amounts reported in the Schedule include \$66,884 of expenditures incurred in prior fiscal years but awarded by FEMA in the current fiscal year.

TOWN OF MIDDLETON, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

A. Summary of Audit Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

IDENTIFICATION OF MAJOR PROGRAMS

<u>Name of Federal Program</u>	<u>CFDA Number(s)</u>
COVID-19 – Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as a low-risk auditee?	No

B. Financial Statement Findings

None

TOWN OF MIDDLETON, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021
(Continued)

C. Federal Award Findings and Questioned Costs

2021-001 U.S. Department of Treasury
Passed through the Commonwealth of Massachusetts Executive Office for Administration and Finance &
Passed through the Commonwealth of Massachusetts Department of Elementary and Secondary Education
COVID-19 – Coronavirus Relief Fund – CFDA 21.019

Significant Deficiency in Internal Controls Over Compliance

Criteria: The Uniform Guidance requires written policies regarding cash management, determination of allowable costs, employee travel, procurement and subrecipient monitoring.

Condition: The Town has not documented in writing its policies regarding federal awards.

Cause: Lack of documentation of policies and procedures.

Effect: The Town is not in compliance with the Uniform Guidance requirements.

Questioned Costs: None

Repeat Finding from Prior Year: No

Recommendation: The Town should implement procedures to properly document all federal awards policies required by the Uniform Guidance.

Views of Responsible Official: Management agrees with the finding.



OFFICE OF THE TOWN ADMINISTRATOR

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Corrective Action Plan

Finding 2021-001

Condition: The Town has not documented in writing its policies regarding federal awards.

Corrective Action Planned: The Town will create and adopt policies regarding federal awards.

Anticipated Completion Date: Select Board voted the policy on 1/25/2022.

Contact: Sarah Wood, Finance Director/Town Accountant