

**TOWN OF STONEHAM, MASSACHUSETTS
GAO AND UNIFORM GUIDANCE REPORTS
YEAR ENDED JUNE 30, 2022**



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**INDEPENDENT AUDITORS' 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**

Honorable Select Board
Town of Stoneham, 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 Stoneham, Massachusetts, as of and for the year ended June 30, 2022 (except for the Stoneham Contributory Retirement System, which is as of and for the year ended December 31, 2021), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 9, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Stoneham Massachusetts' 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 of Stoneham, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Stoneham, Massachusetts' 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.

Honorable Select Board
Town of Stoneham, Massachusetts

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stoneham, Massachusetts' 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 result 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
June 9, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Select Board
Town of Stoneham, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Stoneham, Massachusetts' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Stoneham, Massachusetts' major federal programs for the year ended June 30, 2022. The Town of Stoneham, Massachusetts' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Stoneham, Massachusetts complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Stoneham, Massachusetts and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Stoneham, Massachusetts' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Stoneham, Massachusetts' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Stoneham, Massachusetts' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Stoneham, Massachusetts's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Stoneham, Massachusetts' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town of Stoneham, Massachusetts' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town of Stoneham, Massachusetts' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Stoneham, Massachusetts' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of Stoneham, Massachusetts' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Stoneham, Massachusetts' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Town of Stoneham, Massachusetts' response was not subjected to the other 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.

Honorable Select Board
Town of Stoneham, Massachusetts

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 Stoneham, Massachusetts as of and for the year ended June 30, 2022 (except for the Stoneham Contributory Retirement System, which is as of and for the year ended December 31, 2021), and the related notes to the financial statements, which collectively comprise the Town of Stoneham, Massachusetts' basic financial statements. We have issued our report thereon, dated June 9, 2023, 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 basic 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.



CliftonLarsonAllen LLP

Boston, Massachusetts
June 9, 2023

**TOWN OF STONEHAM, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Pass-Through Grantor/ Program	Assistance Listing Number	Pass-through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
<u>Passed through the Massachusetts Department of Elementary & Secondary Education:</u>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program - Cash Assistance	10.553	09-284	\$ 242,241	\$ -
National School Lunch Program - Cash Assistance	10.555	09-284	1,042,603	-
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	09-284	55,562	-
Subtotal Assistance Listing Number 10.555			1,098,165	-
Total U.S. Department of Agriculture			1,340,406	-
U.S. Department of Treasury				
<u>Passed through Massachusetts Office of Administration and Finance:</u>				
COVID-19 Coronavirus Relief Fund	21.019	Not Available	85,190	-
U.S. Department of Education				
<u>Passed through the Massachusetts Department of Elementary & Secondary Education:</u>				
Title I Distribution (fiscal year 2021)	84.010	305-403399-2021-0284	96,710	-
Title I Distribution (fiscal year 2022)	84.010	305-558164-2022-0284	67,759	-
Subtotal Assistance Listing Number 84.010			164,469	-
<i>Special Education Cluster</i>				
<u>Passed through the Massachusetts Department of Elementary & Secondary Education:</u>				
SPED 94-142 Allocation (fiscal year 2020)	84.027	240-232630-2020-0284	3,150	-
SPED 94-142 Allocation (fiscal year 2021)	84.027	240-400084-2021-0284	76	-
SPED 94-142 Allocation (fiscal year 2022)	84.027	240-544746-2022-0284	644,559	-
COVID 19 American Rescue Plan IDEA	84.027	252-558189-2022-0284	132,313	-
Subtotal Assistance Listing Number 84.027			780,098	-
<u>Passed through the Massachusetts Department of Early Education and Care</u>				
SPED Early Childhood Allocation (fiscal year 2021)	84.173	262-433074-2021-0284	2,659	-
SPED Early Childhood Allocation (fiscal year 2022)	84.173	262-555962-2022-0284	14,799	-
Subtotal Assistance Listing Number 84.173			17,458	-
Subtotal Special Education Cluster			797,556	-
Title IIA - Improving Teacher Quality (fiscal year 2021)	84.367	140-403400-2021-0284	9,695	-
Title IIA - Improving Teacher Quality (fiscal year 2022)	84.367	140-558167-2022-0284	11,700	-
Subtotal Assistance Listing Number 84.367			21,395	-
Title IVA - Every Student Succeeds Act (fiscal year 2021)	84.424	309-403401-2021-0284	15,631	-
Title IVA - Every Student Succeeds Act (fiscal year 2022)	84.424	309-558169-2022-0284	10,000	-
Subtotal Assistance Listing Number 84.367			25,631	-
ESSER-II COVID Relief (fiscal year 2021)	84.425D	115-497976-2021-0284	118,205	-
ESSER-III COVID Relief (fiscal year 2022)	84.425U	119-585258-2022-0284	262,930	-
Subtotal Assistance Listing Number 84.425D			381,135	-
Total U.S. Department of Education			1,390,186	-

(continued)

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**TOWN OF STONEHAM, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

(continued)

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	Assistance Listing Number	Pass-through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
<u>Direct Funding:</u>				
Drug-Free Communities (DFC) Support Program	93.276	N/A	168,294	-
<u>Passed through the Massachusetts Department of Health and Human Services:</u>				
School-Based Medicaid Reimbursement Program/Medicaid Cluster	93.778	110032873A	315,246	-
Total U.S. Department of Health and Human Services			483,540	-
U.S. Department of Homeland Security				
<u>Direct Funding:</u>				
Assistance to Firefighters Grants	97.044	N/A	72,201	-
<u>Passed through the Massachusetts Emergency Management Agency:</u>				
COVID 19 Public Assistance Grants	97.036	CT CDA CTFEMA4496	110,750	
Emergency Management Performance Grants	97.042	CT CDA FY21EMPG2000000	5,100	-
Total U.S. Department of Homeland Security			115,850	-
Total			\$ 3,487,373	\$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**TOWN OF STONEHAM, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Stoneham, Massachusetts under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 of Stoneham, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Stoneham, Massachusetts.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the United States Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

The Town of Stoneham, Massachusetts did not elect to use the 10-percent de minimis indirect cost rate identified in §200.414 of the Uniform Guidance.

NOTE 3 U.S. DEPARTMENT OF AGRICULTURE

The amount reported for the National School Lunch Program – Non-Cash Assistance (Commodities) represents non-monetary assistance and is reported in the Schedule at the fair market value of the commodities received. The amounts reported for the National School Lunch Program – Cash Assistance and School Breakfast Program – Cash Assistance represent cash receipts from federal reimbursements.

NOTE 4 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

The amount reported for the School-Based Medicaid Reimbursement Program represents federal reimbursements for Administrative Activity Claims.

NOTE 5 U.S. DEPARTMENT OF HOMELAND SECURITY

The amounts reported for the COVID-19 Public Assistance Grants and Emergency Management Performance Grants represent cash receipts from federal reimbursements.

**TOWN OF STONEHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with Subpart F, Section 516(a) of the Uniform Guidance? x yes _____ no

Identification of Major Federal Programs

10.553 and 10.555	Child Nutrition Cluster
84.027 and 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee pursuant to Uniform Guidance? _____ yes x no

**TOWN OF STONEHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2022-001

Federal Agency: Department of Education
Federal Program: Special Education Cluster
Pass-Through Agency: Massachusetts State Department of Elementary and Secondary Education (DESE)
Pass-Through Number(s): Various – See Schedule of Expenditures of Federal Awards
Assistance Listing Numbers: 84.027, 84.173
Award Period: September 30, 2019 – December 31, 2021
Type of Finding: Significant Deficiency in Internal Control over Compliance
Other Matters

Criteria or specific requirement: 2 CFR Part 200, 200.309 states that a non-federal agency may charge to the federal award only allowable costs incurred during the period of performance.

Condition: The Town of Stoneham, Massachusetts did not have adequate controls designed to ensure expenditures charged to the grant were incurred during the period of performance.

Questioned Costs: None Reportable

Context: For 1 of 1 transaction tested, we identified the Town charged expenditures to the grant that were incurred outside the period of performance, after the end date of the grant.

Cause: Procedures are not in place to ensure expenditures charged to the grant were incurred during the period of performance.

Effect: The expenditures incurred after the period of performance are subject to disallowance and are considered questioned costs.

Recommendation: We recommend procedures be implemented to ensure that all costs charged to the grant are incurred within the grant period of performance.

Views of responsible officials: Management agrees with the finding.