



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

TOWN OF WELLESLEY, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

YEAR ENDED JUNE 30, 2023

TOWN OF WELLESLEY, MASSACHUSETTS
REPORTS ON FEDERAL AWARD PROGRAMS
YEAR ENDED JUNE 30, 2023

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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

Independent Auditor's Report

To the Honorable Select Board
and the Audit Committee
Town of Wellesley, 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 Wellesley, Massachusetts, as of and for the year ended June 30, 2023, (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2022) and the related notes to the financial statements, which collectively comprise the Town of Wellesley, Massachusetts' basic financial statements, and have issued our report thereon dated December 19, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Wellesley, 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 Wellesley, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wellesley, 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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wellesley, 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 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.

Powers & Sullivan LLC

December 19, 2023



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

Independent Auditor's Report

To the Honorable Select Board
and the Audit Committee
Town of Wellesley, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Wellesley, 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 Wellesley, Massachusetts' major federal programs for the year ended June 30, 2023. The Town of Wellesley, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Wellesley, 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, 2023.

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; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Wellesley, 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 Wellesley, 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 Wellesley, Massachusetts' federal programs.

Auditor's Responsibility 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 Wellesley, 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 generally accepted auditing standards, *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 Wellesley, Massachusetts' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Wellesley, 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 Wellesley, 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 Wellesley, 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.

Report on 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 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 Town of Wellesley, Massachusetts' as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Wellesley, Massachusetts' basic financial statements. We issued our report thereon dated December 19, 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 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.

Powers & Sullivan LLC

December 19, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
CHILD NUTRITION CLUSTER:				
U.S. DEPARTMENT OF AGRICULTURE:				
<u>Passed through the Commonwealth of Massachusetts Department of Elementary and Secondary Education:</u>				
Non-Cash Assistance (Commodities):				
National School Lunch Program.....	10.555	11-317	\$ - \$	97,509
Cash Assistance:				
National School Lunch Program.....	10.555	11-317	-	371,643
COVID-19 - National School Lunch.....	10.555	11-317	-	120,085
Total National School Lunch Program.....			-	589,237
Cash Assistance:				
School Breakfast Program.....	10.553	11-317	-	18,927
TOTAL CHILD NUTRITION CLUSTER.....			-	608,164
HIGHWAY SAFETY CLUSTER:				
<u>Passed through Highway Safety Bureau:</u>				
State and Community Highway Safety.....	20.600	2023MRSPWELLESLEY	-	7,148
SPECIAL EDUCATION CLUSTER:				
<u>Passed through the Commonwealth of Massachusetts Department of Elementary and Secondary Education:</u>				
Special Education - Grants to States (IDEA, Part B).....	84.027	240-687822-2023-0317	-	220,089
Special Education - Grants to States (IDEA, Part B).....	84.027	240-542902-2022-0317	-	676,096
Special Education - Grants to States (IDEA, Part B).....	84.027	248-542969-2022-0317	-	987
COVID-19 - Special Education - Grants to States (IDEA, Part B).....	84.027	252-542903-2022-0317	-	56,130
Total Special Education - Grants to States (IDEA, Part B).....			-	953,302
<u>Passed through the Commonwealth of Massachusetts Department of Early Education and Care:</u>				
Special Education Preschool Grants (IDEA, Preschool).....	84.173	262-687823-2023-0317	-	31,355
TOTAL SPECIAL EDUCATION CLUSTER.....			-	984,657
DIRECT AND PASS THROUGH PROGRAMS:				
U.S. DEPARTMENT OF THE TREASURY:				
<u>Direct Program:</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds.....	21.027	Not Applicable	-	1,500,847
<u>Passed through Norfolk County:</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds.....	21.027	Not Available	-	1,060,372
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds.....			-	2,561,219
DIRECT PROGRAMS:				
U.S. DEPARTMENT OF JUSTICE:				
<u>Direct Program:</u>				
Equitable Sharing Program.....	16.922	Not Applicable	-	124,671
Bulletproof Vest Partnership Program.....	16.607	Not Applicable	-	8,055
TOTAL U.S. DEPARTMENT OF JUSTICE.....			-	132,726
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Direct Program:</u>				
Food and Drug Administration Research.....	93.103	Not Applicable	-	4,763

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
PASS THROUGH PROGRAMS:				
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through the Commonwealth of Massachusetts Department of Elementary and Secondary Education:</u>				
Title I Grants to Local Educational Agencies.....	84.010	305-684863-2023-0317	-	55,063
Title I Grants to Local Educational Agencies.....	84.010	305-555836-2022-0317	-	21,873
Total Title I Grants to Local Educational Agencies.....			-	76,936
English Language Acquisition State Grants.....	84.365	180-684865-2023-0317	-	16,014
English Language Acquisition State Grants.....	84.365	180-555845-2022-0317	-	13,314
English Language Acquisition State Grants.....	84.365	180-389078-2021-0317	-	2,345
Total English Language Acquisition State Grants.....			-	31,673
Supporting Effective Instruction State Grants.....	84.367	140-684864-2023-0317	-	41,152
Supporting Effective Instruction State Grants.....	84.367	140-555838-2022-0317	-	41,452
Supporting Effective Instruction State Grants.....	84.367	140-389077-2021-0317	-	3,736
Total Supporting Effective Instruction State Grants.....			-	86,340
Student Support and Academic Enrichment.....	84.424	309-555884-2022-0317	-	5,006
Student Support and Academic Enrichment.....	84.424	309-389079-2021-0317	-	843
Total Student Support and Academic Enrichment.....			-	5,849
COVID-19 - Education Stabilization Fund.....	84.425D	115-526688-2022-0317	-	369,972
COVID-19 - Education Stabilization Fund.....	84.425D	119-575046-2022-0317	-	46,520
Total COVID-19 - Education Stabilization Fund.....			-	416,492
TOTAL U.S. DEPARTMENT OF EDUCATION.....			-	617,290
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Passed through the Commonwealth of Massachusetts Emergency Management Agency:</u>				
Disaster Grants - Public Assistance (Presidentially Declared).....	97.036	CTFEMA4651WLSLY00073	-	231,235
Emergency Management Performance Grants.....	97.042	FY23EMPG2200000WELLE	-	6,500
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			-	237,735
TOTAL.....			\$ -	\$ 5,153,702

See notes to schedule of expenditures of federal awards.

(Concluded)

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Town of Wellesley, Massachusetts under programs of the federal government for the year ended June 30, 2023. 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 of Wellesley, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Wellesley, Massachusetts.

Note 2 – Summary of Significant Accounting Policies

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

- (a) Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. Accordingly, expenditures are recognized when the liability is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (b) Cash Assistance – School Breakfast and Lunch Program – Program expenditures represent federal reimbursement for meals provided during the year.
- (c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received during the year.
- (d) Disaster grants have been recorded the year the grant was approved.
- (e) The Town of Wellesley, Massachusetts has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

After a presidentially declared disaster, the Federal Emergency Management Agency (FEMA) provides disaster grants to reimburse eligible costs related to the disaster. The federal government makes reimbursements in the form of cost-shared grants that require state matching funds. In 2023, the Town received \$231,325, for costs incurred throughout 2022.

A. Summary of Auditors' Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Wellesley, Massachusetts.
2. No material weaknesses or 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 Town of Wellesley, Massachusetts were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the 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.
5. The auditor's report on compliance for the major federal award programs for the Town of Wellesley, Massachusetts expresses an unmodified opinion on all major federal award programs.
6. There were no audit findings relative to the major federal award programs for the Town of Wellesley, Massachusetts.
7. The programs tested as a major grant are the Coronavirus State and Local Fiscal Recovery Funds (21.027), and the Special Education Cluster (84.027 and 84.173).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Wellesley, 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