

**CITY OF WALTHAM, MASSACHUSETTS
GAO AND UNIFORM GUIDANCE REPORTS
YEAR ENDED JUNE 30, 2020**



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GAO AND UNIFORM GUIDANCE REPORTS
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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 Mayor and City Council
City of Waltham, 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 City of Waltham Massachusetts, as of and for the year ended June 30, 2020 (except for the Waltham Contributory Retirement System which is as of and for the year ended December 31, 2019), and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 26, 2021.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waltham, 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 statement. 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Boston, Massachusetts
January 26, 2021



**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 Mayor and City Council
City of Waltham, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the City of Waltham, 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 City of Waltham, Massachusetts' major federal programs for the year ended June 30, 2020. The City of Waltham, Massachusetts' major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Waltham, 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 City of Waltham, 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 City of Waltham, Massachusetts' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Waltham, 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, 2020.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The City of Waltham, Massachusetts's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Waltham, Massachusetts's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City of Waltham, 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 City of Waltham, Massachusetts's 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 City of Waltham, Massachusetts's 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.

Honorable Mayor and City Council
City of Waltham, Massachusetts

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 deficiencies 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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The City of Waltham, 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 City of Waltham, Massachusetts' response were 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 City of Waltham, Massachusetts, as of and for the year ended June 30, 2020 (except for the Waltham Contributory Retirement System which is as of and for the year ended December 31, 2019), and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Waltham, Massachusetts. We issued our report thereon dated January 26, 2021, 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.



CliftonLarsonAllen LLP

Boston, Massachusetts
January 26, 2021

**CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Pass-Through Grantor/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipient
U.S. Department of Agriculture				
<u>Passed Through the State Department of Elementary and Secondary Education:</u>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program - Cash Assistance	10.553	09-308	\$ 341,530	\$ -
National School Lunch Program - Cash Assistance	10.555	09-308	1,245,247	-
National School Lunch Program - Noncash Assistance (Commodities)	10.555	09-308	246,817	-
Subtotal - 10.555			1,492,064	-
Subtotal - Child Nutrition Cluster			1,833,594	-
Total U.S. Department of Agriculture			1,833,594	-
U.S. Department of Housing and Urban Development				
<u>Direct Program:</u>				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grant	14.218	Not Applicable	859,831	-
Subtotal - CDBG Entitlements Grants Cluster			859,831	-
<u>Passed Through the City of Newton, Massachusetts</u>				
Emergency Solutions Grant Program	14.231	Unknown	67,564	-
HOME Investment Partnerships Program	14.239	Unknown	17,184	-
Total U.S. Department of Housing and Urban Development			944,580	-
U.S. Department of Justice				
<u>Direct Programs:</u>				
DEA Asset Forfeitures	16.922	Not Applicable	588,816	-
<u>Passed Through the State Executive Office of Public Safety:</u>				
Edward Byrne Memorial Justice Assistance Grant	16.738	Not Available	8,452	-
Total U.S. Department of Justice			597,268	-
U.S. Department of Transportation				
<u>Passed through the State Department of Transportation:</u>				
<i>Highway Safety Cluster</i>				
National Priority Safety Programs	20.616	Not Available	3,911	-
Total U.S Department of Transportation			3,911	-
U.S. Department of Treasury				
<u>Passed through Massachusetts Office of Administration and Finance:</u>				
Coronavirus Aid, Relief, and Economic Security Act (CARES)	21.019	21COVIDRELIEFFUND001	1,125,527	-
Total US Department of Treasury			1,125,527	-
Institute of Museum and Library Services				
<u>Passed Through the State Library Board of Commissioners:</u>				
Library Services and Technology Grant	45.310	Not Available	4,012	-
Total Institute of Museum and Library Services			4,012	-
U.S. Department of Education				
<u>Passed Through the State Department of Elementary and Secondary Education:</u>				
<i>Secondary Education:</i>				
Title I Distribution (fiscal year 2019)	84.010	305-215667-2019-0308	238,684	-
Title I Distribution (fiscal year 2020)	84.010	305-304162-2020-0308	493,909	-
Subtotal - Title I, Part A			732,593	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipient
U.S. Department of Education (Continued)				
<u>Passed Through the State Department of Elementary and Secondary Education:</u>				
<u>Special Education Cluster</u>				
SPED 94-142 Allocation (fiscal year 2019)	84.027	240-209288-2019-0308	\$ 370,190	\$ -
SPED 94-142 Allocation (fiscal year 2020)	84.027	240-300718-2020-0308	1,121,180	-
Systems for Student Success (fiscal year 2019)	84.027	248-281225-2019-0308	28,873	-
Systems for Student Success (fiscal year 2020)	84.027	248-376899-2020-0308	10,000	-
Subtotal - CFDA 84.027			<u>1,530,243</u>	<u>-</u>
<u>Passed Through the State Department of Early Education and Care:</u>				
SPED Early Childhood Allocation (fiscal year 2019)	84.173	262-209297-2019-0308	18,346	-
SPED Early Childhood Allocation (fiscal year 2020)	84.173	262-300719-2020-0308	34,821	-
Subtotal - CFDA 84.173			<u>53,167</u>	<u>-</u>
Subtotal - Special Education Cluster			<u>1,583,410</u>	<u>-</u>
U.S. Department of Education (Continued)				
<u>Passed Through the State Department of Elementary and Secondary Education:</u>				
<u>Carl Perkins Occupational Education</u>				
Carl Perkins Occupational Education (fiscal year 2019)	84.048	400-241264-2019-0308	20,919	-
Carl Perkins Occupational Education (fiscal year 2020)	84.048	400-334413-2020-0308	41,455	-
Subtotal - CFDA 84.048			<u>62,374</u>	<u>-</u>
Education for Homeless Children & Youth (fiscal year 2020)	84.196	310-288680-2020-0308	10,867	-
Subtotal - CFDA 84.196			<u>10,867</u>	<u>-</u>
Title III - English Language Acquisition (fiscal year 2018)	84.365	180-162871-2018-0308	15,250	-
Title III - English Language Acquisition (fiscal year 2019)	84.365	180-215669-2019-0308	162,341	-
Title III - English Language Acquisition (fiscal year 2020)	84.365	180-304165-2020-0308	57,140	-
Title III - 186 (fiscal year 2018)	84.365	186-202032-2018-0308	6,214	-
Title III - 186 (fiscal year 2019)	84.365	186-285740-2019-0308	9,239	-
Subtotal - CFDA 84.365			<u>250,183</u>	<u>-</u>
Title IIA - Improving Teacher Quality (fiscal year 2019)	84.367	140-215668-2019-0308	39,332	-
Title IIA - Improving Teacher Quality (fiscal year 2020)	84.367	140-304164-2020-0308	132,060	-
Subtotal - CFDA 84.367			<u>171,392</u>	<u>-</u>
RADAR Grant (fiscal year 2019)	84.372	110-212000-2019-0308	18,214	-
Subtotal - CFDA 84.372			<u>18,214</u>	<u>-</u>
Title IV (fiscal year 2019)	84.424	309-215670-2019-0308	8,762	-
Title IV (fiscal year 2020)	84.424	309-304163-2020-0308	32,837	-
Subtotal - CFDA 84.424			<u>41,599</u>	<u>-</u>
Total U.S. Department of Education			<u>2,870,632</u>	<u>-</u>
U.S. Department of Health and Human Services				
<u>Passed Through the State Executive Office of Health and Human Services:</u>				
<u>Medicaid Cluster</u>				
School-Based Medicaid Reimbursement Program	93.778	110030884	322,734	-
Total U.S. Department of Health and Human Services			<u>322,734</u>	<u>-</u>
U.S. Department of Homeland Security				
<u>Direct Program:</u>				
Assistance to Firefighters Grant	97.044	Not Applicable	596,823	-
<u>Passed Through the State Office of Emergency Management:</u>				
Public Assistance Grants	97.036	CTFEMA4379WALTH00289	13,863	-
Public Assistance Grants	97.036	CTCDAFY2020EMAC1288	31,254	-
Subtotal - CFDA 97.036			<u>45,117</u>	<u>-</u>
Emergency Management Performance Grants	97.042	FY18EMPG1600000WALTH	25,599	-
Total U.S. Department of Homeland Security			<u>667,539</u>	<u>-</u>
Total			<u>\$ 8,369,797</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF WALTHAM, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Waltham, Massachusetts under programs of the federal government for the year ended June 30, 2020. 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 City of Waltham, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Waltham, 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Waltham, 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 – Noncash 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, School Breakfast Program – Cash Assistance and Fresh Fruit and Vegetable Program 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 Emergency Management Performance and Public Assistance Grants represent federal reimbursements.

**CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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

84.027, 84.173
14.218
21.029

Special Education Cluster
CDBG – Entitlement Grants Cluster
Coronavirus Relief Fund

**CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results (Continued)

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

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

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

2020-001

Federal agency: U.S. Department of Housing and Urban Development

Federal program: Community Development Block Grant

CFDA Number: 14.218

Award Period: July 1, 2019 – June 30, 2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Compliance Requirement: Reporting

Criteria or specific requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of reporting. The City of Waltham, Massachusetts should have internal controls designed to ensure compliance with those provisions.

Financial Reporting – The City of Waltham, Massachusetts is required annually to submit a C04PR26 – CDBG Financial Summary report through the *Integrated Disbursements and Information System* (IDIS).

Condition: Internal controls were not in place to ensure the accuracy of the financial reporting requirements.

**CITY OF WALTHAM, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2020-001 (Continued)

Questioned costs: None

Context: The annual C04PR-26 report was tested for accuracy and certain amounts reported in the IDIS report were unable to be traced to the underlying accounting records or other support.

Cause: Procedures were not in place to ensure the accuracy of the information reporting in the C04PR26 within the IDIS system.

Effect: Inaccurate reporting within the IDIS system.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2019-001.

Recommendation: Procedures should be updated to review and ensure the accuracy of the financial amounts reporting the in the IDIS system.

Views of responsible officials: There is no disagreement with the audit finding.

