

***CITY OF WALTHAM, MASSACHUSETTS***

***REPORTS ON FEDERAL AWARD PROGRAMS***

***FISCAL YEAR ENDED JUNE 30, 2011***

**CITY OF WALTHAM, MASSACHUSETTS**  
**REPORTS ON FEDERAL AWARD PROGRAMS**  
**FISCAL YEAR ENDED JUNE 30, 2011**

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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**

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To the Honorable Mayor Jeannette A. McCarthy  
and Members of the City Council  
City of Waltham, Massachusetts

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, 2011, which collectively comprise the City of Waltham, Massachusetts' basic financial statements and have issued our report thereon dated December 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Waltham, Massachusetts' internal control over financial reporting as a basis for designing our audit procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Waltham, Massachusetts' internal control over financial reporting.

*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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Waltham, Massachusetts' financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City of Waltham, Massachusetts in a separate letter dated December 27, 2011.

This report is intended solely for the information and use of management of the City of Waltham, Massachusetts, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Powers & Sullivan LLC". The signature is written in a cursive, flowing style.

December 27, 2011



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor Jeannette A. McCarthy  
and Members of the City Council  
City of Waltham, Massachusetts

## **Compliance**

We have audited the City of Waltham, Massachusetts' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 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, 2011. The City of Waltham, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Waltham, Massachusetts' management. Our responsibility is to express an opinion on the City of Waltham, Massachusetts' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination on the City of Waltham Massachusetts' compliance with those requirements.

In our opinion, the City of Waltham, 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 fiscal year ended June 30, 2011.

## **Internal Control Over Compliance**

Management of the City of Waltham, Massachusetts, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Waltham, Massachusetts' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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' 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

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, 2011, and have issued our report thereon dated December 27, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

This report is intended solely for the information and use of management of the City of Waltham, Massachusetts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Powers & Sullivan - LLC". The signature is written in a cursive, flowing style.

December 27, 2011

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE:		
<u>Passed through State Department</u>		
<u>of Elementary and Secondary Education:</u>		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	\$ 131,151
Cash Assistance:		
School Breakfast Program	10.553	147,640
National School Lunch Program	10.555	794,765
Special Milk Program for Children	10.556	1,023
Fresh Fruit and Vegetable Program	10.582	39,687
		<u>1,114,266</u>
TOTAL AGRICULTURE		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
<u>Direct Program:</u>		
Community Development Block Grants/Entitlement Grants	14.218	<u>1,035,611</u>
U.S. DEPARTMENT OF JUSTICE:		
<u>Passed through the Executive Office</u>		
<u>of Public Safety and Security:</u>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>1,663</u>
U.S. DEPARTMENT OF TRANSPORTATION:		
<u>Passed through Pipeline and Hazardous Materials Safety Administration:</u>		
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	<u>4,008</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES:		
<u>Passed through the Board of Library Commissioners:</u>		
Grants to States	45.310	<u>1,432</u>
NATIONAL SCIENCE FOUNDATION:		
<u>Direct Program:</u>		
Education and Human Resources	47.076	<u>1,893</u>
U.S. DEPARTMENT OF ENERGY:		
<u>Direct Program:</u>		
ARRA - Energy Efficiency and Conservation Block Grant Program, Recovery Act	81.128	<u>630,500</u>

(continued)

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION:		
<u>Passed through State Department</u>		
<u>of Elementary and Secondary Education:</u>		
Title I Grants to Local Educational Agencies	84.010	714,012
Special Education Grants to States	84.027	1,260,745
Vocational Education Basic Grants to States	84.048	53,254
Safe and Drug-Free Schools and Communities State Grants	84.186	18,019
Education of Homeless Children and Youth	84.196	20,601
Even Start State Educational Agencies	84.213	298,858
Twenty-First Century Community Learning Centers	84.287	6,530
Education Technology State Grants	84.318	4,876
English Language Acquisition Grants	84.365	113,207
Improving Teacher Quality State Grants	84.367	234,867
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	65,595
ARRA - Special Education - Grants to States, Recovery Act	84.391	1,175,145
ARRA - State Fiscal Stabilization Fund (SFSF)		
- Education State Grants, Recovery Act	84.394	21,600
<u>Passed through State Department</u>		
<u>of Early Education and Care:</u>		
Special Education - Preschool Grants	84.173	57,048
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	21,587
TOTAL EDUCATION		4,065,944
SOCIAL SECURITY ADMINISTRATION:		
<u>Passed through Massachusetts Rehabilitation Commission:</u>		
Social Security Disability Insurance	96.001	340
DEPARTMENT OF HOMELAND SECURITY:		
<u>Direct Program:</u>		
Assistance to Firefighters Grant	97.044	678,812
<u>Passed through Massachusetts Emergency Management Agency:</u>		
Disaster Grants - Public Assistance	97.036	182,528
TOTAL HOMELAND SECURITY		861,340
TOTAL		\$ 7,716,997
		(concluded)

See notes to schedule of expenditures of federal awards.



**Note 1 – Definition of Reporting Entity**

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

**Note 2 – Significant Accounting Policies**

The accounting and reporting policies of the City of Waltham, Massachusetts are set forth below:

- (a) Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting.
- (b) School Breakfast and Lunch Program (Cash Assistance) – Program expenditures represent federal reimbursement for meals provided during the fiscal year.
- (c) School Lunch Program (Non-Cash Assistance) – Program expenditures represent the value of donated foods received during the fiscal year.

**Note 3 – Program Clusters**

In accordance with Subpart A §.105 of OMB Circular No. A-133, *Audits of States, Local Governments and Non Profit Organizations*, certain programs have been clustered in determining major programs. The following represents the clustered programs:

<u>Name of Cluster/Program</u>	<u>CFDA Number</u>
<b>Child Nutrition Cluster</b>	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
<b>Title I, Part A Cluster</b>	
Title I Grants to Local Educational Agencies	84.010
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389
<b>Special Education Cluster</b>	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
ARRA - Special Education - Grants to States, Recovery Act	84.391
ARRA - Special Education - Preschool Grants, Recovery Act	84.392

**A. Summary of Auditors' Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Waltham, Massachusetts.
2. No 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 City of Waltham, Massachusetts, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the City of Waltham, Massachusetts, expresses an unqualified opinion.
6. No audit findings were required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major grants include:

<u>Program Title</u>	<u>CFDA Number</u>
ARRA - Energy Efficiency and Conservation Block Grant	
Program, Recovery Act	81.128
Title I Grants to Local Educational Agencies	84.010
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389
ARRA - Special Education - Grants to States, Recovery Act	84.391
ARRA - Special Education - Preschool Grants, Recovery Act	84.392
Assistance to Firefighters Grant	97.044

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Waltham, Massachusetts, was determined to be a low-risk auditee.

**B. Findings-Financial Statements Audit**

None.

**C. Findings and Questioned Costs-Major Federal Award Programs Audit**

None.