

TOWN OF LEE, MASSACHUSETTS
Schedule of Expenditures of Federal Awards
and OMB Uniform Guidance Auditors' Reports
June 30, 2021

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

To the Board of Selectmen
TOWN OF LEE, MASSACHUSETTS

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Lee, Massachusetts' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Lee, Massachusetts' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Lee, Massachusetts' compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Town of Lee, Massachusetts is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Lee, Massachusetts' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Lee, Massachusetts' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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, material weaknesses may exist that have not been identified.

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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lee, Massachusetts as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Lee, Massachusetts' basic financial statements. We issued our report thereon dated March 2, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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.

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March 2, 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

To the Board of Selectmen
TOWN OF LEE, 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 information of Town of Lee, Massachusetts, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Lee, Massachusetts' basic financial statements, and have issued our report thereon dated March 2, 2022.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

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March 2, 2022

TOWN OF LEE, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed through Massachusetts Department of Elementary and Secondary Education				
Child Nutrition Cluster:				
National School Lunch Program	10.555	CT DOE SCDOE20758V70532112A	\$ 203,231	\$ -
U.S. Department of the Treasury				
Passed through Massachusetts Executive Office of Administration and Finance				
COVID-19 Coronavirus Relief Fund	21.019	N/A	238,908	-
Passed through Massachusetts Department of Elementary and Secondary Education				
COVID-19 Coronavirus Relief Fund - School Reopening	21.019	102-403882-2021-0150	121,983	-
COVID-19 Coronavirus Relief Fund - Remote Learning Technology Essentials	21.019	118-403438-2021-0150	27,560	-
Total U.S. Department of the Treasury			388,451	-
U.S. Environmental Protection Agency				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		57,399	-
U.S. Department of Education				
Passed through Massachusetts Department of Elementary and Secondary Education				
Special Education (IDEA) Cluster:				
Special Education Grants to States	84.027	240-420164-2021-0150	253,956	-
Special Education Preschool Grants	84.173	262-420165-2021-0150	14,350	-
Total cluster			268,306	-
Title I Grants to Local Education Agencies	84.010	305-432941-2021-0150	91,291	-
Supporting Effective Instruction State Grants	84.367	140-432942-2021-0150	18,291	-
Student Support and Academic Enrichment	84.424	309-432943-2021-0150	9,038	-
COVID-19 Education Stabilization Fund - ESSER	84.425D	113-385-683-2021-0150	69,652	-
COVID-19 Education Stabilization Fund - Summer Vacation	84.425D	114-400904-2021-0150	11,084	-
Total U.S. Department of Education			467,662	-
U.S. Department of Health and Human Services				
Passed through Massachusetts Department of Public Health				
Preventative Health and Health Services Block Grant	93.991	INTF4200P01502925083	2,609	-
U.S. Department of Homeland Security				
Assistance to Firefighters grant	97.044		562	-
COVID-19 Disaster Grants - Public Assistance	97.036		76,840	-
Total U.S. Department of Homeland Security			77,402	-
Total Expenditures of Federal Awards			\$ 1,196,754	\$ -

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF LEE, MASSACHUSETTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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.

The Town of Lee, Massachusetts has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

TOWN OF LEE, MASSACHUSETTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ☐yes ☒no
- Significant deficiencies identified? ☐yes ☒none reported

Noncompliance material to financial statements noted? ☐yes ☒no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ☐yes ☒no
- Significant deficiencies? ☐yes ☒none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified opinion on all major programs

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐yes ☒no

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
Cluster	Special Education (IDEA) Cluster
84.027	Special Education (IDEA, Part B)
84.173	Special Education Preschool Grants (IDEA Preschool)

See detail on Schedule of Expenditures of Federal Awards

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

Auditee qualified as low-risk auditee? ☐yes ☒no

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the year ended June 30, 2021.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2021.

STATUS OF PRIOR AUDIT FINDINGS

There were no findings or questioned costs for the prior year ended June 30, 2020.