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TOWN OF NEEDHAM, MASSACHUSETTS

Independent Auditor's Reports Pursuant
to Government Auditing Standards
and Uniform Guidance

For the Year Ended June 30, 2022

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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 Select Board
Town of Needham, 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 Needham, Massachusetts (the Town), as of and for the year ended June 30, 2022 (except for the Needham 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 May 18, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's 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 Town'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 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's 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Melanson

Merrimack, New Hampshire
May 18, 2023

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**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**

INDEPENDENT AUDITOR'S REPORT

To the Select Board
Town of Needham, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited the Town of Needham, Massachusetts' (the Town) 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's major federal programs for the year ended June 30, 2022. The Town's 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 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 *(Government Auditing Standards);* 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 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's 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's federal programs.

Auditor's 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 's 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'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's 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's 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's 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 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 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 Needham, Massachusetts, as of and for the year ended June 30, 2022 (except for the Needham 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

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financial statements. We issued our report thereon dated May 18, 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.

Melanson

Merrimack, New Hampshire
May 18, 2023

TOWN OF NEEDHAM, MASSACHUSETTS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Agency Cluster Pass-through Agency Program Title	Federal AL Number	Pass Through Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed Through the Massachusetts Department of Elementary and Secondary Education			
School Breakfast Program	10.553	DOENUT	$ 286,654
National School Lunch Program - Cash Assistance	10.555	DOENUT	2,764,008
National School Lunch Program - Non-Cash Assistance	10.555	UNKNOWN	175,800
National School Lunch Program - Supply Chain Assistance	10.555	DOENUT202203SL-124	78,652
National School Lunch Program - Emergency Operational Costs Reimbursement Program	10.555	DOENUT202109SL-111	5,146
Total Child Nutrition Cluster			3,310,260
Total U.S. Department of Agriculture			3,310,260
U.S. Department of Justice			
Passed Through Massachusetts Executive Office of Public Safety and Security			
Bulletproof Vest Partnership Program	16.607	UNKNOWN	3,383
Total U.S. Department of Justice			3,383
U.S. Department of Treasury			
Passed Through the Massachusetts Department of Elementary and Secondary Education			
COVID-19: Coronavirus Relief Fund-School Reopening Grant	21.019	102-390887-2021-0199	29,664
Passed Through the Massachusetts Executive Office for Administration and Finance			
COVID-19: Coronavirus Relief Fund	21.019	UNKNOWN	256,669
Passed Through Massachusetts Department of Revenue			
ARPA -Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program	21.027	UNKNOWN	551,689
Total U.S. Department of Treasury			838,022
U.S. Department of Education			
Special Education Cluster			
Passed Through the Massachusetts Department of Elementary and Secondary Education			
Special Education Grants to States	84.027	240-531268-2022-0199	1,439,463
COVID-19 - Special Education Grants to States - American Rescue Plan (ARP) - 2022	84.027	252-531270-2022-0199	313,934
Special Education Grants to States - Program Improvements	84.027	274-485269-2021-0199	23,615
COVID-19 - Special Education Grants to States - American Rescue Plan (ARP) - 2022	84.027	264-531271-2022-0199	28,578
Passed Through the Massachusetts Department of Early Education and Care			
Special Education Preschool Grants	84.173	262-531269-2022-0199	37,011
Total Special Education Cluster			1,842,601
Passed Through the Massachusetts Department of Elementary and Secondary Education			
Title I Grants to Local Educational Agencies	84.010	305-401444-2021-0199	125,682
Education for Homeless Children and Youth	84.196	UNKNOWN	4,912
English Language Acquisition State Grants	84.365	180-401440-2021-0199	35,823
Supporting Effective Instruction State Grants	84.367	140-401439-2021-0199	75,137
Student Support and Academic Enrichment Program	84.424	309-401442-2021-0199	7,942
Education Stabilization Fund - Summer and Vacation Learning Program	84.425	UNKNOWN	28,500
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	115-497757-2021-0199	278,386
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	119-511170-2022-0199	670,193
Total U.S. Department of Education			3,069,176

(continued)

The accompanying notes are an integral part of this schedule.

(continued)

TOWN OF NEEDHAM, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

U.S. Department of Health and Human Services			
Direct Federal Program			
Medical Reserve Corps Small Grant Program	93.008	N/A	569
Public Health Emergency Preparedness	93.069	N/A	
Food and Drug Administration Research	93.103	N/A	17,251
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	50,178
Passed Through the Massachusetts Department of Health and Human Services			
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	12705122.000	44,959
COVID-19: Provider Relief Funds	93.498	UNKNOWN	33,149
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF2354186022000072	124,094
Total U.S. Department of Health and Human Services			270,200
U.S. Department of Homeland Security			
Direct Federal Program			
FEMA Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	119,755
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	153,688
Passed Through the Massachusetts Emergency Management Agency			
Emergency Management Performance Grants	97.042	EMPG19-NEEDHAM	8,500
Total U.S. Department of Homeland Security			281,943
Total Federal Expenditures			$ 7,772,984

The accompanying notes are an integral part of this schedule.

TOWN OF NEEDHAM, MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

- The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Town of Needham, Massachusetts (the Town) under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (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, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.
- Expenditures reported on the Schedule are reported on the modified 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 to reimbursement.
- The amounts reported for the National School Lunch Program – Non-Cash Assistance represent the fair value of commodities received.

Note 2. De Minimis Cost Rate

The Town has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Donated Personal Protective Equipment (PPE) (Unaudited)

During fiscal year 2022, the Town did not receive donated PPE from federal sources.

Note 4. Provider Relief Funds

Expenditures of Provider Relief Funds (AL #93.498) awarded from the U.S. Department of Health and Human Services (HHS) are presented on the Schedule in accordance with the reporting period established by the HHS reporting portal requirements.

Note 5. Subrecipients

Of the federal expenditures presented in the Schedule, the Town did not provide federal awards to subrecipients.

TOWN OF NEEDHAM, MASSACHUSETTS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S 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 weakness(es) identified?	___ yes _✓_ no
• Significant deficiency(ies) identified?	___ yes _✓_ none reported
Noncompliance material to financial statements noted?	___ yes _✓_ no

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	___ yes _✓_ no
• Significant deficiency(ies) identified?	___ yes _✓_ none reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
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:

Assistance Listing Number(s)	***Name of Federal Program or Cluster***
10.553/10.555	Child Nutrition Cluster
84.027/84.173	Special Education Cluster
84.425/84.425D/84.425U	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	___ yes _✓_ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS

There were no findings in the prior year.