



TOWN OF DOUGLAS, MASSACHUSETTS

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

For the Year Ended June 30, 2021

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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 Board of Selectmen
Town of Douglas, 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 Douglas, Massachusetts (the Town), as of and for the year ended June 30, 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 April 13, 2022.

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 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 may exist that have not been identified.

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.



Andover, Massachusetts
April 13, 2022



**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 Board of Selectmen
Town of Douglas, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the Town of Douglas Massachusetts's (the Town) 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's major federal programs for the year ended June 30, 2021. 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.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's 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* (CFR) 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Merrimack, New Hampshire
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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's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Douglas, 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 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'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 Town'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.

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. 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Douglas, Massachusetts as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated April 13, 2022, 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.

A handwritten signature in black ink that reads "Melanson".

Andover, Massachusetts
September 28, 2022

TOWN OF DOUGLAS, MASSACHUSETTS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Agency				
Cluster	Federal	Pass Through		Passed
Pass-through Agency	AL	Identifying	Federal	Through to
Program Title	<u>Number</u>	<u>Number</u>	<u>Expenditures</u>	<u>Subrecipient</u>
U.S. Department of Agriculture				
Child Nutrition Cluster				
Passed Through the Massachusetts Department of Elementary and Secondary Education				
National School Breakfast Program	10.553	DOENUT2021	\$ 31,012	\$ -
National School Lunch Program - Cash Assistance	10.555	DOENUT2021	221,638	-
National School Lunch Program - Non-Cash Assistance	10.555	DOENUT2021	17,997	-
Total Child Nutrition Cluster			<u>270,647</u>	<u>-</u>
Total U.S. Department of Agriculture			270,647	-
U.S. Department of Justice				
Direct Federal Program				
Equitable Sharing Program	16.922	N/A	<u>72,362</u>	<u>-</u>
Total U.S. Department of Justice			72,362	-
U.S. Department of Transportation				
Highway Safety Cluster				
Passed Through the Massachusetts Executive Office of Public Safety				
State and Community Highway Safety	20.600	PD MRSP 1/2021 ENF	<u>5,226</u>	<u>-</u>
Total Highway Safety Cluster			<u>5,226</u>	<u>-</u>
Total U.S. Department of Transportation			5,226	-
U.S. Department of the Treasury				
Passed Through the Massachusetts Executive Office for Administration and Finance				
COVID-19 - Coronavirus Relief Fund	21.019	RD2COVID19 077	133,280	-
COVID-19 - Coronavirus Relief Fund	21.019	102-394670-2021-0077	<u>253,776</u>	<u>-</u>
Total U.S. Department of the Treasury			387,056	-
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	240-420-206-2021-0077	297,309	-
Special Education Grants to States	84.027	274-482641-2021-0077	8,974	-
Special Education Preschool Grants	84.027	262-420205-2021-0077	10,785	-
Special Education Preschool Grants	84.173	298-482639-2021-0077	<u>1,536</u>	<u>-</u>
Total Special Education Cluster			318,604	-
Passed Through the Massachusetts Department of Elementary and Secondary Education				
Title I Grants to Local Educational Agencies	84.010	305-300693-2020-0077	260	-
Title I Grants to Local Educational Agencies	84.010	305-405586-2021-0077	46,915	-
Supporting Effective Instruction State Grants	84.367	140-300695-2020-0077	7,637	-
Supporting Effective Instruction State Grants	84.367	140-405587-2021-0077	12,193	-
Student Support and Academic Enrichment Grants	84.424	309-212010-2019-0077	309	-
Student Support and Academic Enrichment Grants	84.424	309-300700-2020-0077	2,026	-
Student Support and Academic Enrichment Grants	84.424	309-405589-2021-0077	1,484	-
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	113-378414-2021-0077	94,616	-
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	114-395164-2021-0077	<u>8,960</u>	<u>-</u>
Total U.S. Department of Education			493,004	-
U.S. Department of Health and Human Services				
Direct Federal Program				
Drug-Free Communities Support Program Grants	93.276	N/A	<u>16,894</u>	<u>-</u>
Total U.S. Department of Health and Human Services			16,894	-
U.S. Department of Homeland Security				
Passed Through the Massachusetts Emergency Management Agency				
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	UNKNOWN	27,587	-
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4496-DR-MA	6,002	-
Passed Through the Massachusetts Executive Office of Public Safety and Security				
Emergency Management Performance Grants	97.042	EM19 Douglas	2,900	-
Emergency Management Performance Grants	97.042	EM20 Douglas	<u>2,662</u>	<u>-</u>
Total U.S. Department of Homeland Security			39,151	-
Total Federal Expenditures			<u>\$ 1,284,340</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

TOWN OF DOUGLAS, MASSACHUSETTS

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

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 Douglas Massachusetts (the Town) under programs of the federal government for the year ended June 30, 2021. 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.
- Expenditures awarded from the Federal Emergency Management Agency (FEMA), must be presented on the Schedule when; 1) FEMA has approved the Town's project worksheet (PW) and 2) the Town has incurred the eligible expenditures. The \$33,589 reported for Disaster Grants – Public Assistance (Presidentially Declared Disasters), AL 97.036, represents expenditures incurred in prior years that were approved by FEMA during fiscal year 2021.

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 2021, the Town did not receive donated PPE from federal sources.

TOWN OF DOUGLAS, MASSACHUSETTS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

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 federal programs:

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

Type of auditor's report issued on compliance for
major 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:

AL Number(s)

21.019
84.027/84.173

Name of Federal Program or Cluster

COVID-19 – Coronavirus Relief Fund
Special Education Cluster

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 was no single audit required in the prior year.