

***TOWN OF BILLERICA, MASSACHUSETTS***

***REPORTS ON FEDERAL AWARD PROGRAMS***

***YEAR ENDED JUNE 30, 2018***

**TOWN OF BILLERICA, MASSACHUSETTS**  
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100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

## **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 Honorable Board of Selectmen  
Town of Billerica, 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 Billerica, Massachusetts, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Billerica, Massachusetts' basic financial statements, and have issued our report thereon dated March 25, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Billerica, Massachusetts' internal control over financial reporting (internal control) to determine the 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 of Billerica, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Billerica, 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 Billerica, 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 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*.

**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.

A handwritten signature in cursive script, appearing to read "Bowers & Sullivan LLC".

March 25, 2019



100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAMS;  
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 Honorable Board of Selectmen  
Town of Billerica, Massachusetts

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Billerica, 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 Billerica, Massachusetts' major federal programs for the year ended June 30, 2018. The Town of Billerica, 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

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

**Opinion on Each Major Federal Program**

In our opinion, the Town of Billerica, 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, 2018.

## **Report on Internal Control Over Compliance**

Management of the Town of Billerica, 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 Billerica, 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 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 Billerica, 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. 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 the 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 Billerica, Massachusetts, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Billerica, Massachusetts' basic financial statements. We issued our report thereon dated March 25, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the 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 cursive script that reads "Bowers & Sullivan LLC". The signature is written in black ink and is positioned above the date.

March 25, 2019

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
U.S. DEPARTMENT OF AGRICULTURE:				
<u>Passed through the Commonwealth of Massachusetts</u>				
<u>Department of Elementary and Secondary Education:</u>				
Non-Cash Assistance (Commodities):				
National School Lunch Program.....	10.555	DOENUT201801SL	\$ -	\$ 146,260
Cash Assistance:				
National School Lunch Program.....	10.555	DOENUT201801SL	-	531,911
Total National School Lunch Program.....			-	678,171
School Breakfast Program.....	10.553	DOENUT201801SL	-	86,852
TOTAL CHILD NUTRITION CLUSTER.....			-	765,023
<b>SPECIAL EDUCATION CLUSTER:</b>				
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through the Commonwealth of Massachusetts</u>				
<u>Department of Elementary and Secondary Education:</u>				
Special Education Grants to States (Fiscal Year 2017).....	84.027	240-101121-2017-0031	-	300,169
Special Education Grants to States (Fiscal Year 2018).....	84.027	240-147712-2018-0031	-	661,345
Special Education Grants to States (Fiscal Year 2018).....	84.027	274-201829-2018-0031	-	39,914
Total Special Education Grants to States.....			-	1,001,428
<u>Passed through the Commonwealth of Massachusetts</u>				
<u>Department of Early Education and Care:</u>				
Special Education Preschool Grants (Fiscal Year 2016).....	84.173	26216BILLERIPAY1PAY2	-	7,073
Special Education Preschool Grants (Fiscal Year 2017).....	84.173	26217BILLERIPAY1PAY2	-	12,400
Special Education Grants to States (Fiscal Year 2018).....	84.173	26218BILLERICAPUPAY1	-	87,262
Special Education Grants to States (Fiscal Year 2018).....	84.173	298	-	720
Total Special Education Preschool Grants.....			-	107,455
TOTAL SPECIAL EDUCATION CLUSTER.....			-	1,108,883
<b>PASS-THROUGH PROGRAMS:</b>				
U.S. DEPARTMENT OF TRANSPORTATION				
<u>Passed through Commonwealth of Massachusetts</u>				
<u>Executive Office of Public Safety and Security:</u>				
State and Community Highway Safety.....	20.600	2018BILLERICAEDUL	-	5,908
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY				
<u>Passed through the Massachusetts Clean Water Trust</u>				
Capitalization Grants for Clean Water State Revolving Funds.....	66.458	CS25000116-CW 2016	-	1,286,788
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through the Commonwealth of Massachusetts</u>				
<u>Department of Elementary and Secondary Education:</u>				
Title I Grants to Local Educational Agencies (Fiscal Year 2016).....	84.010	305-083626-2016-0031	-	146,632
Title I Grants to Local Educational Agencies (Fiscal Year 2017).....	84.010	305-121290-2017-0031	-	302,834
Title I Grants to Local Educational Agencies (Fiscal Year 2018).....	84.010	305-140905-2018-0031	-	120,638
Total Title I Grants to Local Educational Agencies.....			-	570,104
Mathematics and Science Partnerships (Fiscal Year 2016).....	84.366	150-002-6-0031-A	-	22,428
Mathematics and Science Partnerships (Fiscal Year 2017).....	84.366	150-002-7-0031-A	-	222,497
Mathematics and Science Partnerships.....			-	244,925
Supporting Effective Instruction State Grants (Fiscal Year 2017).....	84.367	140-126607-2017-0031	-	17,439
Supporting Effective Instruction State Grants (Fiscal Year 2018).....	84.367	140-142769-2018-0031	-	50,352
Total Improving Teacher Quality State Grants.....			-	67,791
Student Support and Academic Enrichment Program (Fiscal Year 2018).....	84.424	309-155281-2018-0031	-	15,369
TOTAL EDUCATION PASS-THROUGH PROGRAMS.....			-	898,189
U.S. SOCIAL SECURITY ADMINISTRATION:				
<u>Passed through the Commonwealth of Massachusetts</u>				
<u>Department of Transitional Assistance:</u>				
Vocational Rehabilitation Determination.....	96.001	18MRCDDS00000000MER	-	205
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Passed through Massachusetts</u>				
<u>Emergency Management Agency:</u>				
Presidentially Declared Disasters.....	97.036	FFY16 EMPG Grant	-	14,460
TOTAL			\$ -	\$ 4,079,456

See notes to Schedule of Expenditures of Federal Awards.

**Note 1 - Definition of Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Town of Billerica, Massachusetts under programs of the federal government for the year ended June 30, 2018. 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 Billerica, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Billerica, Massachusetts.

**Note 2 - Significant Accounting Policies**

The accounting and reporting policies of the Town of Billerica, 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. Accordingly, expenditures are recognized when the liability is incurred. 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.
- (b) Cash Assistance – National School Lunch Program and School Breakfast Program - Program expenditures represent federal reimbursement for meals provided during the year.
- (c) Non-Cash Assistance (Commodities) – National School Lunch Program – Program expenditures represent the value of donated foods received during the year.
- (d) Disaster Grants have been recorded in the year the grant was approved.
- (e) The Town of Billerica, Massachusetts has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**A. Summary of Auditor’s Results**

1. The auditor’s report expresses an unmodified opinion on the financial statements of the Town of Billerica, Massachusetts.
2. No material weaknesses or 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 Town of Billerica, Massachusetts, were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the 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.
5. The auditor’s report on compliance for the major federal award programs for the Town of Billerica, Massachusetts expresses an unmodified opinion on all major federal award programs.
6. There were no audit findings relative to the major federal award programs for the Town of Billerica, Massachusetts.
7. The programs tested as a major grant is the Capitalization Grants for Clean Water State Revolving Funds.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Billerica, Massachusetts was determined to be a low-risk auditee.

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs**

None

**D. Summary Schedule of Prior Audit Findings**

**U.S. DEPARTMENT OF EDUCATION**

Passed Through Massachusetts Department of Elementary and Secondary Education

Special Education Grants	84.027
Special Education Preschool Grants	84.173

2017-001: Timely Filing of Final Financial Reports

*Condition and Criteria:* Fiscal year 2016 Forms FR-1 (Final Financial Report) for the Special Education Grants to States and Special Education Preschool Grants are required to be filed by October 31, 2016. The Special Education 94-142 Allocation grant FR-1 was not filed until April 4, 2017.

*Auditors' Recommendation:* We recommend that the School Department implement procedures to ensure that reports are filed timely per the Department of Elementary and Secondary Education (DESE) guidelines.

*Current Status:* The Town resolved this situation during fiscal year 2018.