

TOWN OF CARLISLE, MASSACHUSETTS

**INDEPENDENT AUDITORS' REPORTS REQUIRED BY TITLE 2 U.S. *CODE OF
FEDERAL REGULATIONS* PART 200, *UNIFORM ADMINISTRATIVE
REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL
AWARDS* (UNIFORM GUIDANCE) AND *GOVERNMENT AUDITING STANDARDS***

FOR THE YEAR ENDED JUNE 30, 2023

TOWN OF CARLISLE, MASSACHUSETTS

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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 Select Board
Town of Carlisle, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Carlisle, Massachusetts (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 7, 2024.

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.

Marcum LLP

Andover, MA
February 7, 2024



**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 Select Board
Town of Carlisle, Massachusetts

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Town of Carlisle's (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 the Town's major federal program for the year ended June 30, 2023. The Town's major federal program is identified in the summary of Auditors' 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 its major federal program for the year ended June 30, 2023.

Basis for Opinion on 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 auditors' 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 the 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.

Auditors' 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 its 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

Our consideration of internal control over compliance was for the limited purpose described in the auditors' 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 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, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a significant deficiency. Our opinion on each major federal program is not modified with respect to these matters.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, each major fund, and the aggregate remaining fund information of the Town of Carlisle, Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 7, 2024, 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.

Marcum LLP

Andover, MA

April 17, 2024, except for the report on the schedule of expenditures of federal awards, which is dated February 7, 2024.

TOWN OF CARLISLE, MASSACHUSETTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

<i>Federal Agency</i> Cluster Pass-through Agency Program Title	Federal Assistance Listing Number	Pass Through Identifying Number	Federal Expenditures	Passed Through to Subrecipient
<i>U.S. Department of Agriculture</i>				
Child Nutrition Cluster				
Passed Through the Massachusetts Department of Elementary and Secondary Education				
National School Lunch Program - Cash Assistance	10.555	09-051	\$ 79,351	\$ --
National School Lunch Program - Non-Cash Assistance	10.555	09-051	<u>26,715</u>	<u>--</u>
Total Child Nutrition Cluster			<u>106,066</u>	<u>--</u>
Total U.S. Department of Agriculture			<u>106,066</u>	<u>--</u>
<i>U.S. Department of the Treasury</i>				
Passed Through the Massachusetts Executive Office for Administration and Finance				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Unknown	<u>409,456</u>	<u>--</u>
Total U.S. Department of the Treasury			<u>409,456</u>	<u>--</u>
<i>U.S. Department of Education</i>				
Special Education Cluster				
Passed Through the Massachusetts Department of Elementary and Secondary Education				
Special Education Grants to States	84.027	240-585436-2023-0051	165,065	--
Special Education Preschool Grants	84.173	262-585440-2023-0051	<u>9,271</u>	<u>--</u>
Total Special Education Cluster			<u>174,336</u>	<u>--</u>
Passed Through the Massachusetts Department of Elementary and Secondary Education				
Title I Grants to Local Educational Agencies	84.010	305-567386-2023-0051	17,339	--
Rural Education Achievement Program	84.358A	Unknown	57,549	--
Supporting Effective Instruction State Grant	84.367	140-567384-2023-0051	7,606	--
Student Support and Academic Enrichment Program	84.424	309-567387-2023-0051	<u>15,585</u>	<u>--</u>
Total U.S. Department of Education			<u>272,415</u>	<u>--</u>
<i>U.S. Department of Homeland Security</i>				
Passed Through the Massachusetts Emergency Management Agency				
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	CT CDA CTFEMA4496CARLS	<u>282,662</u>	<u>--</u>
Total U.S. Department of Homeland Security			<u>282,662</u>	<u>--</u>
Total Federal Expenditures			<u>\$ 1,070,599</u>	<u>\$ --</u>

See accompanying notes to this schedule.

TOWN OF CARLISLE, MASSACHUSETTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Town of Carlisle, Massachusetts (the Town) under programs of the federal government for the year ended June 30, 2023. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and 2) the Town has incurred the eligible expenditures. The \$282,662 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 2023.

NOTE 3 - 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 4 - DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE) (UNAUDITED)

During fiscal year 2023, the Town did not receive donated PPE from federal sources.

TOWN OF CARLISLE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I — SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report 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

Non-compliance 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 auditors' 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:

<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>	<u>ASSISTANCE LISTING NUMBER(S)</u>
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Coronavirus State and Local Fiscal Recovery Funds	21.027
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Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee? Yes No

TOWN OF CARLISLE, MASSACHUSETTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2023-001 *Document Policies and Procedures Over Federal Awards*

Cluster/Program: All federal programs

Type of Finding

Compliance

Internal Control over Compliance – Significant Deficiency

Criteria or Specific Requirement

OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UG) established significant new requirements related to Federal Awards. The new requirements stipulate that federal award recipients must document their policies and procedures over certain aspects of financial and program management. Specifically, written policies are required for the following:

- Cash management
- Determination of allowable costs
- Employee travel
- Procurement
- Subrecipient monitoring and management

Condition and Context

The Town has not formalized written policies and procedures related to federal awards required under Uniform Guidance.

Cause

Weaknesses in the design of internal controls.

Effect or Potential Effect

There are no questioned costs as a result of this finding as there are no costs directly associated with this compliance requirement and this is a procedural requirement under the Uniform Guidance.

TOWN OF CARLISLE, MASSACHUSETTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

2023-001 *Improve Controls and Documentation over Disbursements Process (Continued)*

Recommendation

Written policies and procedures should be implemented in accordance with the Uniform Guidance.

Views of Responsible Official and Planned Corrective Action

Management agrees with the finding. Management’s corrective action plan is included at the end of this report after the Schedule of Prior Year Findings.

SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS

<u>Finding #</u>	<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Current Year Status</u>
2022-001	Child Nutrition Cluster	Suspension and Debarment Verification	Resolved



Town of Carlisle

66 Westford Street
Carlisle, Massachusetts 01741

TO: Marcum, LLP
FROM: Kelly Beyer, Town Accountant *Kelly Beyer*
CC: Ryan McLane, Town Administrator
RE: Corrective Action Plan (CAP) for FY2023 Single Audit

Finding 2023-001 – Document Policies and Procedures over Federal Awards

The Town will work to formalize written policies and procedures related to federal awards as required under Uniform Guidance. This action will be performed by the Finance Team, with approval of the Finance Committee and Select Board. We anticipate that the policies and procedures will be completed by June 30, 2024.