

TOWN OF DUDLEY, MASSACHUSETTS

**INDEPENDENT AUDITOR'S REPORTS PURSUANT
TO GOVERNMENT AUDITING STANDARDS
AND UNIFORM GUIDANCE**

FOR THE YEAR ENDED JUNE 30, 2023

TOWN OF DUDLEY, MASSACHUSETTS

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

For the Year Ended June 30, 2023

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**INDEPENDENT AUDITOR'S 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 Honorable Board of Selectmen
Town of Dudley, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dudley, Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Dudley, Massachusetts' basic financial statements and have issued our report thereon dated March 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Dudley, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Dudley, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Dudley, 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

March 15, 2024

**INDEPENDENT AUDITOR'S 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 Honorable Board of Selectmen
Town of Dudley, Massachusetts

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited the Town of Dudley, Massachusetts' 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 of Dudley, Massachusetts' major federal programs for the year ended June 30, 2023. The Town of Dudley, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Town of Dudley, Massachusetts, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds for the year ended June 30, 2023.

Basis for Qualified Opinion

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 of Dudley, Massachusetts, 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 of Dudley, Massachusetts' compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to the Qualified Opinion on Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying schedule of findings and questioned costs, the Town of Dudley, Massachusetts, did not comply with requirements regarding Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds as described in finding number 2023-001 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the Town of Dudley, Massachusetts, to comply with the requirements applicable to that program.

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 of Dudley, Massachusetts' 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 of Dudley, Massachusetts' 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 of Dudley, Massachusetts' 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 of Dudley, Massachusetts' 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 of Dudley, Massachusetts' 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 of Dudley, Massachusetts' 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 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 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 a certain deficiency in internal control over compliance that we consider for be a significant deficiency.

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 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 of Dudley, Massachusetts' response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Town of Dudley, Massachusetts' 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dudley, Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Dudley, Massachusetts' basic financial statements. We issued our report thereon, dated March 15, 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 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.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

March 15, 2024

**TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identification Number	Passed Through to Subrecipients	Total Federal Expenditures
U. S. Department of Housing and Urban Development				
Passed Through Commonwealth of Massachusetts				
Department of Housing and Urban Development				
Community Development Fund - 2019	14.228		\$ -	\$ 147
Community Development Fund - 2021	14.228		-	83,666
Total U. S. Department of Housing and Urban Development			-	83,813
U. S. Department of Justice				
Passed Through Commonwealth of Massachusetts				
Executive Office of Public Safety and Security:				
Edward Byrne Memorial Justice Assistance Program	16.738		-	2,428
Total U. S. Department of Housing and Urban Development			-	2,428
U. S. Department of Transportation				
Passed Through Commonwealth of Massachusetts				
Executive Office of Public Safety and Security:				
State and Community Highway Safety:				
Municipal Road Safety Program	20.600		-	11,210
Total U. S. Department of Transportation			-	11,210
U. S. Department of Treasury				
Direct Program:				
Coronavirus State and Local Fiscal Recovery Funds	21.027		-	2,046,370
Total U. S. Department of Treasury			-	2,046,370
U. S. Department of Homeland Security				
Passed Through Commonwealth of Massachusetts				
Emergency Management Agency:				
Disaster Grants Public Assistance - COVID-19	97.036	DR-4496	-	89,222
Emergency Management Performance Grant	97.042		-	3,500
Total U. S. Department of Homeland Security			-	92,722
TOTAL FEDERAL AWARDS EXPENDED			\$ -	\$ 2,236,543

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Town of Dudley, Massachusetts, under programs of the federal government for the year ended June 30, 2023. 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 Dudley, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Dudley, Massachusetts.

NOTE B – 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.

NOTE C – INDIRECT COSTS

The Town of Dudley, Massachusetts, did not use the de minimis indirect cost rate.

NOTE D – U.S. DEPARTMENT OF HOMELAND SECURITY PROGRAMS

U. S. Department of Homeland Security's Disaster Grants – Public Assistance (Presidentially Declared Disaster) expenditures are recognized when the Federal Emergency Management Administration (FEMA) approves the Town of Dudley, Massachusetts' project worksheets (PW) and the Town has incurred eligible expenditures. The amounts reported in the Schedule includes \$89,222 of expenditures incurred in prior fiscal years but awarded by FEMA in the current fiscal year.

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

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 X No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? ___ Yes X None Reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? X Yes ___ None Reported

Type of Auditor’s Report issued on compliance for major federal programs: *Qualified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes ___ No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	U. S. Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? ___ Yes X No

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Non-compliance and significant deficiency in internal control of compliance for Coronavirus State and Local Fiscal Recovery Funds is reported as finding 2023-001 following on page 11.

SECTION IV – PRIOR YEAR FINDINGS

Status of prior year finding is reported following on page 12.

**TOWN OF DUDLEY, MASSACHUSETTS
SUMMARY SCHEDULE OF CURRENT AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Finding 2023-001

Non-Compliance/Significant Deficiency in Internal Control Over Compliance – U.S. Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds – (Federal Assistance Listing Number 21.027) – Reporting

Criteria:

Recipients of Coronavirus State and Local Fiscal Recovery Funds are required to file Project and Expenditure Reports on a regular, recurring basis. For local governments that are in the tier which the Town of Dudley is in, the reporting is required annually as of the end of March each year. The Project and Expenditure Reports require information to be reported on financial data, projects funded, expenditures, and contracts and subawards over \$50,000, and other information. The financial data and expenditures reported should reflect the financial activity and expenditures on the municipal general ledger.

Condition:

The Town of Dudley did submit a Project and Expenditure Report as of March 2023. The Town used all of the funds awarded of \$3,519,030.12 as Revenue Loss, as allowed in the requirements of the program. The report has a detailed narrative of how the Revenue Loss funds were applied to various budget line items in Fiscal Year 2022 and Fiscal Year 2023. However, on the last page of the report, the Town reported zero dollars in obligations and zero dollars in expenditures as of March 2023, when the amount of \$3,519,030.12 should have been reported as total obligations, total expenditures, and total budget.

This is a repeat of prior year finding 2022-001.

Cause:

This condition may have been a result of an oversight error by the preparer of the report.

Effect:

The amount of total obligations and the amount of total expenditures on the Project and Expenditure Report is misstated. Failure to report the correct amount of expenditures may result in a request by the Federal government to return the funds when they were all expended.

Questioned Costs:

None.

Recommendation:

The person preparing the Project and Expenditure Report should report the total amount as budgeted, obligated, and expended in the Overview section on the last page on the next annual Project and Expenditure Report.

Views of Responsible Officials and Planned Corrective Action:

The Overview page of the SLFRF COMPLIANCE REPORT MA0080 P&E REPORT 2023 was left blank, as we did not know that it had to be completed, as the Town reported a revenue loss.

**TOWN OF DUDLEY, MASSACHUSETTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Finding 2022-001

Non-Compliance/Significant Deficiency in Internal Control Over Compliance – U.S. Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds – (Federal Assistance Listing Number 21.027) – Reporting

Condition:

The Town of Dudley did submit a Project and Expenditure Report as of March 2022. However, the Town reported zero dollars in obligations and zero dollars in expenditures as of March 2022. The Town had charged \$386,405.65 in bills and payrolls as of March 31, 2022, under the category of providing government services under revenue loss, as reflected on the Town's general ledger.

Recommendation:

The person preparing the Project and Expenditure Report should reconcile the expenditures reported to the Town Accountant's general ledger. The amounts expended and not reported should be included on the next annual Project and Expenditure Report.

Current Condition:

The Town of Dudley did submit a Project and Expenditure Report as of March 2023. The Town used all of the funds awarded of \$3,519,030.12 as Revenue Loss, as allowed in the requirements of the program. The report has a detailed narrative of how the Revenue Loss funds were applied to various budget line items in Fiscal Year 2022 and Fiscal Year 2023. However, on the last page of the report, the Town reported zero dollars in obligations and zero dollars in expenditures as of March 2023, when the amount of \$3,519,030.12 should have been reported as total obligations, total expenditures, and total budget.

The finding is repeated as a current year finding number 2023-001.

**TOWN OF DUDLEY, MASSACHUSETTS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2023**

Finding No. 2023-001

Non-Compliance/Significant Deficiency in Internal Control Over Compliance – U.S. Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds – (Federal Assistance Listing Number 21.027) – Reporting

Name of Person Responsible:

Deborah Thibaudeau/Jonathan Ruda

Corrective Action Planned:

Attempted to sign into portal several times, the system at SLFRF does not recognize my sign in credentials. I looked for a phone number, but cannot locate one. I have sent two emails to slfrf@treasury.gov asking for assistance and explaining that I want to update the report and fill in the last OVERVIEW page.

Anticipated Completion Date:

If SLFRF responds, this will be completed as soon as possible.