



## **TOWN OF MONTAGUE, 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 Montague, 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 Montague, Massachusetts (the Town), as of and for the year ended June 30, 2022 (except for the Montague 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 January 26, 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 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 entity's financial statements will not be prevented,

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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 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 black ink that reads "Melanson".

Greenfield, Massachusetts  
January 26, 2023



**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 Montague, Massachusetts

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

***Opinion on Each Major Federal Program***

We have audited the Town of Montague, 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.

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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 as of and for the year ended June 30, 2022 (except for the Montague 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. We issued our



report thereon dated January 26, 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*

Greenfield, Massachusetts  
January 26, 2023



**TOWN OF MONTAGUE, MASSACHUSETTS**

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

<b>Federal Agency</b>		Federal	Pass Through	
Cluster		Assistance	Identifying	
Pass-through Agency		Listing	Number	Federal
Program Title		<u>Number</u>	<u>Number</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>				
Passed Through the Commonwealth of Massachusetts				
Department of Housing and Community Development				
Community Development Block Grant/State Grants and Non-Entitlement Grants in Hawaii - GY19	14.228		19 CDF 845	\$ 179,598
Community Development Block Grant/State Grants and Non-Entitlement Grants in Hawaii - GY20	14.228		20 CFD 896	<u>380,671</u>
Total U.S. Department of Housing and Urban Development				560,269
<b>U.S. Department of Justice</b>				
Direct Federal Program				
Bulletproof Vest Partnership Program		16.607	n/a	<u>5,625</u>
Total U.S. Department of Justice				5,625
<b>U.S. Department of Transportation</b>				
Passed Through the Massachusetts Aeronautics Commission				
Airport Improvement Program - 2020	20.106		0032-021-2020	20,753
Airport Improvement Program - 2021	20.106		0032-023-2021	<u>305,974</u>
Total U.S. Department of Transportation				326,727
<b>U.S. Department of the Treasury</b>				
Passed through the Massachusetts Executive Office for				
Administration and Finance				
COVID-19 - Coronavirus Relief Fund	21.019		COVID19 325	45,038
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027		ARPACNTYSH192	<u>152,380</u>
Total U.S. Department of the Treasury				197,418
<b>U.S. Department of Homeland Security</b>				
Passed Through the Massachusetts Emergency Management Agency				
COVID-19 - Disaster Grants - Public Assistance				
(Presidentially Declared Disasters)		97.036	FEMA-4496-DR-MA	<u>24,727</u>
Total U.S. Department of Homeland Security				<u>24,727</u>
Total Federal Expenditures				<u>\$ 1,114,766</u>

The accompanying notes are an integral part of this schedule.

## TOWN OF MONTAGUE, 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 Montague, 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.
- Expenditures reported for the Airport Improvement Program – 2021 were incurred by the Town in fiscal year 2021.
- 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 \$24,727 reported for Disaster Grants – Public Assistance (Publicly Declared Disasters), AL #97.036, represents expenditures incurred in prior years that were approved by FEMA during fiscal year 2022.

#### **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. Subrecipients**

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

**TOWN OF MONTAGUE, 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***

14.228

***Name of Federal Program or Cluster***

Community Development Block Grants/States Program and Non-Entitlement Grant in Hawaii

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.