

CITY OF REVERE, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

YEAR ENDED JUNE 30, 2019

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100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
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 Mayor and City Council
City of Revere, 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 City of Revere, Massachusetts, as of and for the year ended June 30, 2019, (December 31, 2018 for the Revere Contributory Retirement System), and the related notes to the financial statements, which collectively comprise the City of Revere, Massachusetts' basic financial statements, and have issued our report thereon dated December 23, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Revere, 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 City of Revere, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Revere, 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 City of Revere, 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.

Powers & Sullivan, LLC

December 23, 2019



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Wakefield, MA 01880
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F. 781-914-1701
www.powersandsullivan.com

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL REWARDS REQUIRED
BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Honorable Mayor and City Council
City of Revere, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the City of Revere, 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 City of Revere, Massachusetts' major federal programs for the year ended June 30, 2019. The City of Revere, Massachusetts' 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 City of Revere, 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 City of Revere, 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 City of Revere, Massachusetts' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Revere, 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, 2019.

Report on Internal Control over Compliance

Management of the City of Revere, 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 City of Revere, 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 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 City of Revere, 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 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 City of Revere, Massachusetts, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Revere, Massachusetts' basic financial statements. We issued our report thereon dated December 23, 2019, 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 the purposes of additional analysis as required by Uniform Guidance and is not a required part of the 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.

Powers & Sullivan, LLC

December 23, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
CHILD NUTRITION CLUSTER:				
U.S. DEPARTMENT OF AGRICULTURE:				
<u>Passed through the Massachusetts Department of Elementary and Secondary Education:</u>				
Non-Cash Assistance (Commodities):				
National School Lunch Program.....	10.555	13-248	\$ -	\$ 318,057
Cash Assistance:				
National School Lunch Program.....	10.555	13-248	-	2,452,366
After School Snack Program.....	10.555	13-248	-	295,654
Total National School Lunch Program.....			-	3,066,077
Cash Assistance:				
School Breakfast Program.....	10.553	13-248	-	882,607
Summer Food Service Program.....	10.559	13-248	-	222,599
TOTAL CHILD NUTRITION CLUSTER.....			-	4,171,283
HIGHWAY SAFETY CLUSTER:				
U.S. DEPARTMENT OF TRANSPORTATION:				
<u>Passed through the Massachusetts Executive Office of Public Safety and Security:</u>				
State and Community Highway Safety.....	20.600	2019REVEREPEDBIKE	-	4,388
<u>Passed through the Massachusetts Executive Office of Public Safety and Security:</u>				
National Priority Safety Programs.....	20.616	2018OTENF2022REVEREX	-	10,592
TOTAL HIGHWAY SAFETY CLUSTER.....			-	14,980
SPECIAL EDUCATION CLUSTER:				
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through the Massachusetts Department of Elementary and Secondary Education:</u>				
Special Education Grants to States (2018 award).....	84.027	240-146836-2018-0248	-	94,162
Special Education Grants to States (2019 award).....	84.027	240-247768-2019-0248	-	1,645,047
Total Special Education Grants to States.....			-	1,739,209
<u>Passed through the Massachusetts Department of Elementary and Secondary Education:</u>				
Special Education - Preschool Grants (2019 award).....	84.173	262-262763-2019-0248	-	27,976
<u>Passed through the Massachusetts Department of Early Childhood and Care:</u>				
Special Education - Preschool Grants (2018 award).....	84.173	26218TYD19REVEREPUBL	-	2,959
Total Special Education Preschool Grants (IDEA, Preschool).....			-	30,935
TOTAL SPECIAL EDUCATION CLUSTER.....			-	1,770,144
OTHER PROGRAMS:				
U.S. DEPARTMENT OF COMMERCE				
<u>Direct Program:</u>				
Habitat Conservation.....	11.463	Not Applicable	-	262
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
<u>Direct Program:</u>				
Community Development Block Grants/Entitlement Grants.....	14.218	Not Applicable	-	555,743
Neighborhood Stabilization Program.....	14.264	Not Applicable	-	68,193
TOTAL HOUSING AND URBAN DEVELOPMENT.....			-	623,936
U.S. DEPARTMENT OF JUSTICE:				
<u>Direct Program:</u>				
Equitable Sharing (Asset Forfeiture Program).....	16.922	Not Applicable	-	33,805
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Direct Program:</u>				
Assistance to Firefighters Grant	97.044	Not Applicable	-	70,434
PASS-THROUGH PROGRAMS:				
U.S. DEPARTMENT OF JUSTICE:				
<u>Passed through the Office of the Suffolk County (MA) District Attorney</u>				
Juvenile Justice and Delinquency Prevention.....	16.540	19REVEREPDCOMMGRANT	-	17,081
<u>Passed through the Massachusetts Executive Office of Public Safety and Security:</u>				
Bulletproof Vest Partnership Program.....	16.607	SCEPSBULLETPROOSFY19	-	4,239
Edward Byrne Memorial Justice Assistance Grant Program.....	16.738	SCEPSBJAG1FY19REVERE	-	29,907
TOTAL JUSTICE.....			-	51,227

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
<u>Passed through the Massachusetts Clean Water Trust:</u>				
Capitalization Grants for Clean Water State Revolving Funds.....	66.458	CWP-14-12 (2017)	-	46,638
Capitalization Grants for Clean Water State Revolving Funds.....	66.458	CWP-15-29 (2017)	-	361,108
Capitalization Grants for Clean Water State Revolving Funds.....	66.458	CWP-15-29 (2018)	-	6,288
TOTAL ENVIRONMENTAL PROTECTION AGENCY.....			-	414,034
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through the Massachusetts Department of Elementary and Secondary Education:</u>				
Title I Grants to Local Educational Agencies (2018 award).....	84.010	305-146530-2018-0248	-	603,048
Title I Grants to Local Educational Agencies (2019 award).....	84.010	305-216435-2019-0248	-	2,081,270
Title I Grants to Local Educational Agencies (2019 award).....	84.010	320-260014-2019-0248	-	14,890
Total Title I Grants to Local Educational Agencies.....			-	2,699,208
English Language Acquisition Grants (2018 award).....	84.365	180-145546-2018-0248	-	92,862
English Language Acquisition Grants (2019 award).....	84.365	180-212586-2019-0248	-	198,203
Total English Language Acquisition Grants.....			-	291,065
Improving Teacher Quality State Grants (2018 award).....	84.367	140-145669-2018-0248	-	3,563
Improving Teacher Quality State Grants (2019 award).....	84.367	140-217654-2019-0248	-	380,417
Total Improving Teacher Quality State Grants.....			-	383,980
Student Support and Academic Enrichment (2018 award).....	84.424	309-147830-2018-0248	-	41,653
Student Support and Academic Enrichment (2019 award).....	84.424	309-217655-2019-0248	-	141,000
Total Student Support and Academic Enrichment.....			-	182,653
TOTAL EDUCATION.....			-	3,556,906
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Passed through the Cambridge Health Alliance:</u>				
Hospital Preparedness Program.....	93.074	INU90TP921913-01-00	-	9,956
<u>Passed through the Massachusetts Department of Public Health:</u>				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance.....	93.243	INTF2354190182000	-	112,126
Block Grants for Prevention and Treatment of Substance Abuse.....	93.959	INTF2354195009000	-	64,123
TOTAL HEALTH AND HUMAN SERVICES.....			-	186,205
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Passed through the Massachusetts Emergency Management Agency:</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters).....	97.036	CTFEMA4097REVER00174	-	39,800
Emergency Management Performance Grants (EMPG).....	97.042	EMPG18 REVERE	-	3,965
Total Massachusetts Emergency Management Agency.....			-	43,765
<u>Passed through the City of Boston, Massachusetts:</u>				
Homeland Security Grant Program.....	97.067	BOSTONFFY15UASI	-	7,630
Homeland Security Grant Program.....	97.067	BOSTONFFY16UASI	-	177,366
Homeland Security Grant Program.....	97.067	BOSTONFFY17UASI	-	147,867
Total City of Boston, Massachusetts.....			-	332,863
TOTAL HOMELAND SECURITY.....			-	376,628
TOTAL.....			\$ -	\$ 11,269,844

See notes to schedule of expenditures of federal awards.

(Concluded)

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Revere, Massachusetts under programs of the federal government for the year ended June 30, 2019. 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 City of Revere, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Revere, Massachusetts.

Note 2 – Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Revere, 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 – School Breakfast and Lunch Program – Program expenditures represent federal reimbursement for meals provided during the year.
- c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received during the year.
- d) Disaster grants are recognized in the year the grant was approved.
- e) The City of Revere, Massachusetts has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

A. Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Revere, 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 City of Revere, 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 Schedule Of Expenditures Of Federal Rewards Required By The Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the City of Revere, Massachusetts expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for the City of Revere, Massachusetts.
7. The major program tested was the Title 1 Grants to Local Educational Agencies program, CFDA #84.010.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City of Revere, Massachusetts was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Program Audit

None

D. Summary Schedule of Prior Audit Findings

None