



Financial Audit Advisory Committee

Agenda

Wednesday, April 8, 2026

9:00 AM

The Finance Committee will hold this meeting as a virtual meeting on Wednesday, April 8, 2026 at 9:00 AM. To view this meeting using Zoom use this link: <https://newtonma-gov.zoom.us/j/83359353051> or call 1-646-558-8656 and use the following Meeting ID: 833 5935 3051.

Agenda Items:

- Discuss the FY25 Single Audit Report
- Vote to send the FY25 Audit Report to the Finance Committee
- Discuss plan for FY26 Audit
- Questions/Concerns

Respectfully submitted,

Martha Bixby, Chair of Financial Audit Advisory Committee

The location of this meeting is accessible, and reasonable accommodation will be provided to persons with disabilities who require assistance. If you need a reasonable accommodation, please contact the city of Newton's ADA Coordinator at least two business days in advance of the meeting:

ADACoordinator@newtonma.gov or (617) 796-1253. The city's TTY/TDD direct line is: 617-796-1089.

For the Telecommunications Relay Service (TRS), please dial 711.

**CITY OF NEWTON, MASSACHUSETTS
GAO AND UNIFORM GUIDANCE REPORTS
YEAR END JUNE 30, 2025**



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CITY OF NEWTON, MASSACHUSETTS
GAO AND UNIFORM GUIDANCE REPORTS
YEAR ENDED JUNE 30, 2025

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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**

Honorable Mayor and City Council
City of Newton, Massachusetts
Newton, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the year ended June 30, 2025 (except for the Newton Contributory Retirement System, which is as of and for the year ended December 31, 2024), and the related notes to the financial statements, which collectively comprise the City of Newton, Massachusetts' basic financial statements, and have issued our report thereon dated January 27, 2026. Our report includes a reference to other auditors who audited the financial statements of the Newton Commonwealth Foundation, Inc. as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

Honorable Mayor and City Council
City of Newton, Massachusetts

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Newton, 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.



CliftonLarsonAllen LLP

Boston, Massachusetts
January 27, 2026



**INDEPENDENT AUDITORS' 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**

Honorable Mayor and City Council
City of Newton, Massachusetts'

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Newton, 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 City of Newton, Massachusetts' major federal programs for the year ended June 30, 2025. The City of Newton, Massachusetts' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Newton Massachusetts 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, 2025.

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; 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 City of Newton, 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the City of Newton, Massachusetts' 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 City of Newton, Massachusetts' 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 City of Newton, 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 City of Newton, 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 City of Newton, 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 City of Newton, 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 City of Newton, 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion each major federal program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the City of Newton, Massachusetts' response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City of Newton, 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.

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 in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a combination of deficiencies, in internal control over

Honorable Mayor and City Council
City of Newton, Massachusetts

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 2025-001 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 City of Newton, Massachusetts' responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Newton, Massachusetts' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Newton, Massachusetts' basic financial statements. We have issued our report thereon dated January 27, 2026, 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 City of Newton, Massachusetts' financial statements include the operations of the Newton Contributory Retirement System and Newton Commonwealth Foundation, Inc. (as of and for the year ended December 31, 2024) and the Newton Community Development Authority (as of and for the year ended June 30, 2025). The federal expenditures, where applicable, for these entities are not included in the schedule of expenditures of federal awards.

Honorable Mayor and City Council
City of Newton, Massachusetts

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 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
March 13, 2026

**CITY OF NEWTON, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	Federal ALN Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
<u>Passed through the Massachusetts Department of Elementary & Secondary Education:</u>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program - Cash Assistance	10.553	09-207	-	180,694
National School Lunch Program - Cash Assistance	10.555	09-207	-	1,264,394
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	09-207	-	410,792
Subtotal ALN 10.555			-	1,675,186
Subtotal Child Nutrition Cluster			-	1,855,880
Total U.S. Department of Agriculture			-	1,855,880
U.S. Department of Housing and Urban Development				
<u>Direct Programs:</u>				
Community Development Block Grant	14.218	Not Applicable	2,160,371	2,905,951
Emergency Solutions Grants Program	14.231	Not Applicable	-	174,604
HOME Investment Partnerships Program	14.239	Not Applicable	66,873	1,840,865
Total U.S. Department of Housing and Urban Development			2,227,244	4,921,420
U.S. Department of Justice				
<u>Direct Programs:</u>				
DEA Asset Forfeitures	16.UNK	Not Applicable	-	44,898
DEA Support Overtime Reimbursements	16.UNK	Not Applicable	-	12,201
Community Policing	16.590	Not Applicable	-	54,177
<u>Passed through the Massachusetts Executive Office of Public Safety:</u>				
Bulletproof Vest Partnership Grant	16.607	Not Available	-	21,614
Total U.S. Department of Justice			-	132,890
U.S. Department of the Treasury				
<u>Passed through Massachusetts Office of Administration and Finance:</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	-	7,044,588
Total U.S. Department of Treasury			-	7,044,588
U.S. Department of Education				
Title I Distribution	84.010	305-000549-2025-0207	-	471,579
<i>Special Education Cluster</i>				
SPED 94-142 Allocation	84.027	240-000558-2025-0207	-	3,707,184
Subtotal 84.027			-	3,707,184
<u>Passed through the Massachusetts Department of Early Education and Care:</u>				
<i>Special Education Cluster (continued)</i>				
SPED Early Childhood Allocation	84.173	262-000559-2025-0207	-	83,182
Subtotal 84.173			-	83,182
Subtotal Special Education Cluster			-	3,790,366

**CITY OF NEWTON, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal ALN Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>Passed through the Massachusetts Department of Elementary & Secondary Education:</u>				
Carl Perkins Occupational Education	84.048	400-000552-2025-0207	\$ -	\$ 107,264
Title III - English Language Acquisition	84.365	180-000547-2025-0207	-	144,735
Title IIA - Improving Teacher Quality	84.367	140-000546-2025-0207	-	183,817
Title IVA	84.424	309-687842-2024-0207	-	31,619
Elevating Student Voice and Well-Being	84.424F	Not Available	-	50,000
Elementary and Secondary School Emergency Relief Fund	84.425	119-511492-2022-0207	-	396,486
Reducing Time-Out Rooms	84.027A	Not Available	-	199,460
Total U.S. Department of Education			-	5,375,326
U.S. Food & Drug Administration				
<u>Direct Programs:</u>				
Food Safety Inspection Grant	93.103	Not Applicable	-	22,672
U.S. Department of Homeland Security				
<u>Direct Program:</u>				
Assistance to Firefighters Grant	97.044	Not Applicable	-	225,408
Federal Rescue Truck Grant	97.044	Not Applicable	-	29,019
Subtotal 97.044			-	254,427
<u>Passed through the Massachusetts Executive Office of Public Safety:</u>				
Public Assistance Grants	97.137	EMPG2000000NEWTO	-	11,153
<u>Passed through the Massachusetts Emergency Management Agency:</u>				
COVID-19 Disaster Grants - Public Assistance	97.036	CTFEMA4496NEWTN FY23EMPG2200000NEWTO	-	1,008,254
Emergency Management Performance Grants	97.042	FY24EMPG2300000NEWTO	-	50,687
Total U.S. Department of Homeland Security			-	1,324,521
Total			\$ 2,227,244	\$ 20,677,297

CITY OF NEWTON, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Newton, Massachusetts and is presented on the modified accrual basis of accounting. 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). Expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – INDIRECT COSTS

The City of Newton, Massachusetts did not elect to use the 10% de minimis indirect cost rate identified in §200.414 of the Uniform Guidance.

NOTE 3 – U.S. DEPARTMENT OF AGRICULTURE PROGRAMS

The amount reported for the National School Lunch Program – Non-Cash Assistance (Commodities) represents non-monetary assistance and is reported in the schedule at the fair market value of the commodities received. The amounts reported for the National School Breakfast, Lunch, Equipment, and Supply Chain Assistance Programs – Cash Assistance represent cash receipts from federal reimbursements.

NOTE 4 – U.S. DEPARTMENT OF HOMELAND SECURITY

The amounts reported for the COVID-19 Disaster Grants – Public Assistance, Public Assistance Grants, and Emergency Management Performance Grants represent federal cash receipts related to expense reimbursements.

This information is an integral part of the accompanying schedule of expenditures of federal awards.

**CITY OF NEWTON, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

Section I – Summary of Auditors’ Results

A. Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over Financial Reporting:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None reported

Noncompliance material to the financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ x 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)? _____ x Yes No

Identification of Major Programs:

Name of federal program or cluster	Assistance Listing Number
Child Nutrition Cluster	10.553 & 10.555
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027
COVID-19 Disaster Grants - Public Assistance	97.036

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

Auditee qualified as a low-risk auditee? _____ Yes x No

**CITY OF NEWTON, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2025**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

UNITED STATES DEPARTMENT OF AGRICULTURE

Significant Deficiency in Internal Control Over Compliance and Other Noncompliance Matter

2025-001 Child Nutrition Cluster, ALN's 10.553 & 10.555

Federal Award Identification Number (FAIN) and Year: 2025; FAIN not available.

Pass-through Agency: Massachusetts Department of Elementary and Secondary Education

Pass-through Identifying Number: 09-207

Award Period: July 1, 2024 through June 30, 2025

Compliance Requirement: Reporting

Criteria or Specific Requirement: School food authorities and sponsors must submit monthly claims for reimbursement of meals served to eligible students within sixty (60) days following the last day of the month covered by the claim in accordance with CFR Title 7, sections 210.8, 220.11, 215.10, and 225.15(c). Each month's claim for reimbursement and all data used in the claims review process must be maintained on file, and failure to maintain such records may be grounds for denial of reimbursement for meals served during the period covered by the records in question.

Condition and Context: For one (1) of thirty-seven (37) claims for reimbursement selected for testing, the meal count within the data used in the claims review process did not categorically agree with the corresponding meal count identified within the monthly claim for reimbursement submitted to the State.

Questioned Costs: None above the reportable threshold.

Cause: The standard internal controls implemented for the review and submission of monthly claims for reimbursement were not applicable for the discrepancy observed resulting in a categorical difference (2) between the meal count data compared to meals claimed for reimbursement from the State.

Effect: Noncompliance with the federal program occurred as the City claimed a reimbursement which did not categorically align with the supporting meal count record.

Repeat Finding: Yes, 2024-002

Recommendation: We recommend the review and approval process over monthly claims for reimbursement be strengthened to enhance the prevention of discrepancies between the claim for reimbursement and underlying data.

Views of Responsible Officials: Management agrees with the finding.



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