

**CITY OF WORCESTER, MASSACHUSETTS  
GAO AND UNIFORM GUIDANCE REPORTS  
YEAR ENDED JUNE 30, 2018**



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**WEALTH ADVISORY  
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CONSULTING**

**CITY OF WORCESTER, MASSACHUSETTS  
GAO AND UNIFORM GUIDANCE REPORTS  
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YEAR ENDED JUNE 30, 2018**

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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 Worcester, 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 discretely presented component units, each major fund and the aggregate remaining fund information of the City of Worcester, Massachusetts, as of and for the year ended June 30, 2018 (except for the Worcester Retirement System, which is as of and for the year ended December 31, 2017), and the related notes to the financial statements, which collectively comprise the City of Worcester, Massachusetts' basic financial statements, and have issued our report thereon dated January 11, 2019. The City of Worcester, Massachusetts' financial statements include the operations of the Worcester Retirement System (as of and for the year ended December 31, 2017) and the Worcester Redevelopment Authority and Upper Blackstone Water Pollution Abatement District (as of and for the year ended June 30, 2018). Our audit described below, did not include operations of those entities because those entities engaged for their own separate audit in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

Honorable Mayor and City Council  
City of Worcester, Massachusetts

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 Worcester, 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 result 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 11, 2019



**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 Worcester, Massachusetts

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

We have audited the City of Worcester, 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 Worcester, Massachusetts' major federal programs for the year ended June 30, 2018. The City of Worcester, Massachusetts' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City of Worcester, Massachusetts' financial statements include the operations of the Worcester Redevelopment Authority, which received \$721,947 in federal awards, which is not included in the accompanying schedule of expenditures of federal awards during the year ended June 30, 2018. Our audit, described below, did not include the operations of the Worcester Redevelopment Authority because they engaged for a separate audit and their audit did not meet the requirements of OMB.

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, contracts, and the terms and conditions of its federal awards.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Worcester, 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 Worcester, 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 Worcester, Massachusetts' compliance.

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

In our opinion, the City of Worcester, 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, 2018.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002. Our opinion on the major federal programs is not modified with respect to these matters.

The City of Worcester, Massachusetts' responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Worcester, Massachusetts' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the City of Worcester, 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 Worcester, 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 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 Worcester, Massachusetts' internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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.

Honorable Mayor and City Council  
City of Worcester, Massachusetts

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 to be significant deficiencies.

The City of Worcester, Massachusetts' responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Worcester, Massachusetts' responses were not subjected to the 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Worcester, Massachusetts, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Worcester, Massachusetts. We issued our report thereon dated January 11, 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 City of Worcester, Massachusetts' financial statements include the operations of the Worcester Retirement System (as of and for the year ended December 31, 2017) and the Worcester Redevelopment Authority and Upper Blackstone Water Pollution Abatement District (as of and for the year ended June 30, 2018). The federal expenditures, where applicable, for these entities are not included in the schedule of expenditures of federal awards. 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.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
March 12, 2019, except for the schedule of federal awards  
which is dated January 11, 2019

**CITY OF WORCESTER, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

Federal Grantor/ Pass-Through Grantor/ Program Name	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures	Awards to Subrecipients
<b>U.S. Department of Agriculture</b>				
<u>Passed through the State Department of Elementary &amp; Secondary Education:</u>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program - Cash Assistance	10.553	14-348	\$ 4,059,887	\$ -
National School Lunch Program - Cash Assistance	10.555	14-348	11,247,100	-
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	14-348	<u>1,053,580</u>	<u>-</u>
Subtotal CFDA 10.555			<u>12,300,680</u>	<u>-</u>
Subtotal Child Nutrition Cluster			<u>16,360,567</u>	<u>-</u>
Supplemental Nutrition Assistance Program (State Administrative Match)	10.561	14-348	8,525	-
Fruit and Vegetable Program	10.582	14-348	<u>322,858</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>16,691,950</u>	<u>-</u>
<b>U.S. Department of Housing and Urban Development</b>				
<u>Direct programs:</u>				
Community Development Block Grant	14.218	Not Applicable	3,697,455	1,286,055
Emergency Shelter Grants Program	14.231	Not Applicable	428,557	339,408
HOME Investment Partnerships Program	14.239	Not Applicable	1,430,047	1,314,756
Housing Opportunities for Persons with AIDS	14.241	Not Applicable	<u>506,880</u>	<u>489,442</u>
Total U.S. Department of Housing and Urban Development			<u>6,062,939</u>	<u>3,429,661</u>
<b>U.S. Department of Justice</b>				
<u>Direct programs:</u>				
Office of Juvenile Justice and Delinquency Prevention - Youth Gang Prevention	16.544	Not Applicable	225,198	124,916
Office of Violence Against Women Improving Criminal Justice Responses	16.590	Not Applicable	95,944	-
Edward Byrne Memorial Justice Assistance Grant	16.738	Not Applicable	152,754	-
Edward Byrne Memorial Criminal Justice Innovative Program	16.817	Not Applicable	36,920	-
<u>Passed through the Executive Office of Public Safety and Security</u>				
Violence Against Women Formula Grants (fiscal year 2016)	16.588	2016-WF-AX-0029	25,400	24,892
<u>Passed through the DOJ to Worcester County Sheriff's Office</u>				
Residential Substance Abuse Treatment	16.593	SDW	<u>2,868</u>	<u>-</u>
Total U.S. Department of Justice			<u>539,084</u>	<u>149,808</u>
<b>U.S. Department of Labor</b>				
<u>Passed through the State Department of Career Services:</u>				
Employment Service/Wagner-Peyser Funded	17.207	CT EOL 18CCWORCWP CT EOL 17CCWORCWP CT EOL 16CCWORCWP CT EOL 15CCWORCNEGREA CT EOL 17CCWORCNEGREA CT EOL 18CCWORCNEGREA CT EOL 18CCWORCVETSUI CT EOL 17CCWORCVETSUI	424,371	-
Unemployment Insurance	17.225	CT EOL 17CCWORCNEGREA	96,620	-
Trade Adjustment Assistance	17.245	CT EOL 16CCWORCTRADE CT EOL 18CCWORCTRADE	39,104	-
<i>WIA Cluster:</i>				
WIA Adult Program	17.258	CT EOL 17CCWORCWIA CT EOL 18CCWORCWIA CT EOL 17CCWORCWIA	588,313	-
WIA Youth Activities	17.259	CT EOL 18CCWORCWIA CT EOL 17CCWORCWIA	1,121,877	788,337
WIA Dislocated Workers	17.278	CT EOL 18CCWORCWIA	<u>723,391</u>	<u>-</u>
Subtotal WIA Cluster			<u>2,433,581</u>	<u>788,337</u>
Disabled Veterans' Outreach Program	17.801	CT EOL 17CCWORCVETSUI CT EOL 18CCWORCVETSUI	45,601	-
Total U.S. Department of Labor			<u>3,039,277</u>	<u>788,337</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF WORCESTER, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**U.S. Department of Transportation**

Passed through the State Department of Transportation:

Public Transportation Research	20.514	49USC5322	6,716	-
<u>Passed through the State Office of Emergency Management:</u>				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	2017 2018 HMEP	3,199	-
Total U.S. Department of Transportation			9,915	-

**National Endowment for the Humanities**

Direct Programs:

Division of Preservation and Access	45.149	Not Applicable	5,997	-
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**Environmental Protection Agency**

Direct Programs:

Environmental Policy and Innovation Grants	66.811	Not Applicable	30,873	-
ARRA - Brownfields Cleanup and Assessment Cooperative Agreements	66.818	Not Applicable	5,944	-
Total Environmental Protection Agency			36,817	-

**U.S. Department of Education**

Passed through the State Department of Early Education and Care:

Adult Education:

Community Adult Learning Centers	84.002	359-022-7-0348-R 184-138234-2018-0348-1.0	92,182	-
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Passed through the State Department of Elementary & Secondary Education:

Title I Distribution (fiscal year 2018)	84.010	6305-094062-2018-0348	6,619,221	-
Title I Distribution (fiscal year 2017)	84.010	6305-094062-2017-0348	2,385,450	-
Title I Distribution (fiscal year 2016)	84.010	305-075149-2016-0348	24,680	-
Title I School Redesign (fiscal year 2018)	84.010	511-047-8-0348	382,296	-
Title I School Support	84.010	323-201842-2018-0348	65,949	-
Title I School Support	84.010	321-002-7-0348-R	37,093	-
Title I School Support	84.010	323-007-7-0348-R	62,280	-
Title I School Support	84.010	321-005-7-0348-R	3,433	-
Subtotal Title I and CFDA 84.010			9,580,402	-

Title I, Part D, Subpart 1 Neglected or Delinquent	84.013	320-198771-2018-0348SDW	1,228	-
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*Special Education Cluster*

SPED 94-142 Allocation (fiscal year 2018)	84.027	240-095231-2018-0348	7,105,499	-
SPED 94-142 Allocation (fiscal year 2017)	84.027	240-095231-2017-0348	197,598	-
SPED Program Improvement (fiscal year 2018)	84.027	274-204560-2018-0348	13,102	-
SPED Program Improvement (fiscal year 2017)	84.027	274-257-7-0348-R	84,648	-
SPED Mass Urban (fiscal year 2018)	84.027	240-202452-2018-0348	38,987	-
SPED Mass Urban (fiscal year 2017)	84.027	240-136408-2017-0318-1.0	10,027	-
Secondary Transition	84.027	243-189-7-0348-R	28,596	-
Subtotal CFDA 84.027			7,478,457	-
SPED Early Childhood Program Improvement (fiscal year 2018)	84.173	298-204559-2018-0348	636	-
SPED Early Childhood Program Improvement (fiscal year 2017)	84.173	298-003-7-0348-R	4,177	-

Passed through the State Department of Early Education and Care:

*Special Education Cluster (continued)*

SPED Early Childhood Allocation (fiscal year 2018)	84.173	26218WORCESTER	261,147	-
SPED Early Childhood Allocation (fiscal year 2017)	84.173	26217WORCESTER	268,141	-
Subtotal CFDA 84.173			534,101	-
Subtotal Special Education Cluster			8,012,558	-

Passed through the State Department of Elementary & Secondary Education:

Secondary Education:

Career and Technical Education	84.048	406-006-7-0348-R	103,248	-
Perkins Secondary (fiscal year 2018)	84.048	400-098241-2018-0348	302,860	-
Perkins Secondary (fiscal year 2017)	84.048	400-006-7-0348	111,782	-
Subtotal CFDA 84.048			517,890	-
Education for Homeless Children & Youth (fiscal year 2018)	84.196	310-002-8-0348	22,375	-
Education for Homeless Children & Youth (fiscal year 2017)	84.196	310-092-7-0348	34,327	-
Education for Homeless Children & Youth Emergency Support	84.196	313-201842-2018-0348	693	-
Subtotal CFDA 84.196			57,395	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF WORCESTER, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

Massachusetts 21st Century Community Learning Centers (CLC) - Sullivan Middle-Summer	84.287	647-183-7-0348-R	2,779	-
Massachusetts 21st Century Community Learning Centers (CLC) - Sullivan Middle	84.287	647-091-8-0348	31,380	-
Massachusetts 21st Century CLC - Summer	84.287	644-205826-2018-0348-4.0	40	-
Massachusetts 21st Century CLC - Burncoat	84.287	647-030-8-0348	35,000	-
Massachusetts 21st Century CLC - Burncoat	84.287	647-087-8-0348	39,298	-
Massachusetts 21st Century CLC - Burncoat	84.287	647-134-7-0348-R	7,742	-
Massachusetts 21st Century CLC - Out-of-School-Time	84.287	647-118-8-0348	72,060	-
21st Century CLC (fiscal year 2018)	84.287	0647-096578-2018-0348	91,906	-
21st Century CLC (fiscal year 2017)	84.287	647-038-7-0348	9,436	-
Subtotal CFDA 84.287			<u>289,641</u>	-
Title III - English Language Acquisition (ELA) (fiscal year 2018)	84.365	180-153676-2018-0348	451,125	-
Title III - English Language Acquisition (ELA) (fiscal year 2018)	84.365	186-201911-2018-0348	8,106	-
Title III - English Language Acquisition (ELA) (fiscal year 2017)	84.365	180-041-7-0348	388,489	-
Title III - ELA - Summer (fiscal year 2018)	84.365	184-080-8-0348	23,738	-
Title III - ELA - Continuation	84.365	180-036-7-0348-R	98,823	-
Subtotal CFDA 84.365			<u>970,281</u>	-
Title IIA - Improving Teacher Quality (ITQ) (fiscal year 2018)	84.367	0140-096278-2018-0348	1,202,091	-
Title IIA - Improving Teacher Quality (ITQ) (fiscal year 2017)	84.367	0140-096278-2017-0348	100,996	-
Title IIA - Improving Teacher Quality (ITQ) (fiscal year 2016)	84.367	140-077370-2016-0348	1,303	-
Title IIA - Improving Teacher Quality (ITQ) - High Quality Instructional	84.367	144-206186-2018-0348-1.0	40	-
Subtotal CFDA 84.367			<u>1,304,430</u>	-
Professional Development for Frameworks & Standards	84.370	144-010-7-0348-R	46,099	-
School Improvement Grants	84.377	539-045-8-0348	285,323	-
Title IV	84.424	309-070115-2018-0348	108,049	-
Impact Aid Temporary Emergency Impact Aid for Displaced Students	84.938C	312-258231-2019-0348	2,075,906	-
Total U.S. Department of Education			<u>23,341,384</u>	-
<b>U.S. Department of Health and Human Services</b>				
<u>Direct Programs:</u>				
Head Start Program	93.600	Not Applicable	6,545,097	-
<u>Passed through the State Department of Public Health:</u>				
Medical Reserve Corps Grant	93.008	4516-1010	1,279	-
Public Health Emergency Preparedness	93.069	45100404/45161024	376,218	-
		4516-1021		-
Partnership for the Enhancement of the Regional Preparedness	93.074	4516-1010	538,275	-
Early Childhood Mental Health	93.104	4512-9069	78,863	-
		180627		-
Childhood Lead Poisoning Prevention Program	93.197	701516	37,540	-
Substance Abuse and Mental Health Services	93.243	W50091	85,100	-
Mass in Motion	93.758	502925	53,190	-
National Bioterrorism Hospital Preparedness	93.889	45100404/45161024	64,086	-
		200218		-
		4512-9068		-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4512-9069	318,208	-
<u>Passed through the State Department of Health and Human Services:</u>				
Refugee and Entrant Assistance - Targeted Assistance Grants	93.584	CT ORI 0100 15 TAG000003	75,869	-
School-Based Medicaid Reimbursement Program	93.778	1950622	1,803,127	-
Total U.S. Department of Health and Human Services			<u>9,976,852</u>	-
<b>Executive Office of the President</b>				
<u>Direct Programs:</u>				
High Intensity Drug Trafficking Areas Program	95.001	Not Applicable	88,350	-
<b>U.S. Department of Homeland Security</b>				
<u>Direct Programs:</u>				
Staffing for Adequate Fire and Emergency Response	97.083	Not Applicable	973,241	-
Lead Hazard Grant	97.044	Not Applicable	945,212	101,717
FEMA	97.044	Not Applicable	8,602	-
Subtotal CFDA 97.044			<u>953,814</u>	<u>101,717</u>
<u>Passed through the State Office of Emergency Management:</u>				
Emergency Management Performance Grants	97.042	FY18EMPG1000000WORC	8,987	-
Emergency Management Performance Grants	97.042	FY17EMPG1600000WORC	62,143	-
Subtotal CFDA 97.042			<u>71,130</u>	-
<u>Passed through the State Executive Office of Public Safety &amp; Homeland Security:</u>				
Homeland Security Grant Program	97.067	80004700	1,001	-
Total U. S. Department of Homeland Security			<u>1,999,186</u>	<u>101,717</u>
Total			<u>\$ 61,791,751</u>	<u>\$ 4,469,523</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF WORCESTER, MASSACHUSETTS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Worcester, Massachusetts under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of 2 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 City of Worcester, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Worcester, Massachusetts.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Worcester, 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**

The amount reported for the National School Lunch Program – Noncash Assistance (Commodities) represents nonmonetary assistance and is reported in the Schedule at the fair market value of the commodities received. The amounts reported for the National School Breakfast, National School Lunch – Cash Assistance, and Fruit and Vegetable Program represent cash receipts from federal reimbursements.

**NOTE 4 U.S. DEPARTMENT OF TRANSPORTATION**

The amount reported for the Interagency Hazardous Materials Public Sector Training and Planning Grants program represents federal cash receipts.

**NOTE 5 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

The amount reported for the School-Based Medicaid Reimbursement Program represents federal reimbursements for the Administrative Activity Claims.

**NOTE 6 U.S. DEPARTMENT OF HOMELAND SECURITY**

The amounts reported for the Emergency Management Performance Grants programs represent federal cash receipts.

**CITY OF WORCESTER, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes  no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes  no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes  no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. 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**

<p>14.218 84.027 and 84.173 84.938C</p>	<p>Community Development Block Grant Special Education Cluster Impact Aid Temporary Emergency Impact Aid for Displaced Students</p>
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**CITY OF WORCESTER, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

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***Section I – Summary of Auditors’ Results (Continued)***

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Dollar threshold used to distinguish between  
Type A and Type B programs: \$ 1,853,753

Auditee qualified as low-risk auditee pursuant  
to Uniform Guidance?     x     yes                      no

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***Section II – Financial Statement Findings***

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

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2018-001**

Federal agency: U.S. Department of Education  
Federal program title: Special Education Cluster  
CFDA Number: 84.027 and 84.173  
Pass-Through Agency: Massachusetts Departments of Education and Early Education and Care  
Pass-Through Number(s): Various – See Schedule of Expenditures of Federal Awards  
Award Period: July 1, 2017 through June 30, 2018  
Type of Finding: Other Matter and Significant Deficiency in Internal Control Over Major Programs

**Compliance requirement:** Allowable Costs/Cost Principles.

**Criteria or specific requirement:** For employees who work on a Federal grant program, semi-annual time and effort certifications, personnel activity forms, or time sheets must support the portion of time and effort dedicated to the grant.

**Condition and Context:** Signed time and effort certifications identified certain employees’ time as 100% dedicated to the Special Education Cluster grant. For 5 of 40 transactions tested, employees on the certifications were paid from funding sources other than the Special Education Cluster grant.

**Questioned costs:** None.

**Effect:** In the absence of accurate time and effort certifications (and/or untimely certifications), it is possible that salaries charged to the grant are overstated or understated resulting in noncompliance of certain allowable cost requirements.

**Repeat Finding:** No.

**CITY OF WORCESTER, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

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***Section III – Findings and Questioned Costs – Major Federal Programs (Continued)***

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**Recommendation:** We recommend procedures be implemented to ensure that time and effort certifications are accurately maintained, using personnel activity reports or time sheets for employees whose salary is charged to various cost objectives or other revenue sources.

**Views of responsible officials:** Management agrees with the finding. Please refer to the Corrective Action Plan.

**2018-002**

Federal agency: U.S. Department of Education

Federal program title: Special Education Cluster

CFDA Number: 84.027 and 84.173

Pass-Through Agency: Massachusetts Departments of Education and Early Education and Care

Pass-Through Number(s): Various – See Schedule of Expenditures of Federal Awards

Award Period: July 1, 2017 through June 30, 2018

Type of Finding: Other Matter and Significant Deficiency in Internal Control Over Major Programs

**Compliance requirement:** Reporting.

**Criteria or specific requirement:** 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the provisions of reporting. The pass-through entity (Massachusetts Department of Elementary and Secondary Education, or DESE) requires Final Financial Reports (FR-1) be submitted within 60 days of the grant period end date.

**Condition and Context:** 1 of 2 reports tested was not filed timely.

**Questioned costs:** None.

**Effect:** Noncompliance with reporting requirements.

**Repeat Finding:** No.

**Recommendation:** Procedures must be implemented to file all required reports timely.

**Views of responsible officials:** Management agrees with the finding. Please refer to the Corrective Action Plan.

CITY OF WORCESTER, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018

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***Section IV – Prior Year Findings and Questioned Costs – Major Federal Programs***

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**2017 – 001 – Allowable Costs/Cost Principles – Title III – English Language Acquisition**

**Condition:** This finding was a significant deficiency related to time and effort documentation and approvals.

**Status:** Corrected.

**2017 – 002 – Reporting – Title III – English Language Acquisition**

**Condition:** This finding was a significant deficiency related to timeliness of filing financial reports.

**Status:** Corrected.

**2017 – 003 – Allowable Costs/Cost Principles – Title IIA – Improving Teacher Quality**

**Condition:** This finding was a significant deficiency related to time and effort documentation.

**Status:** Corrected.

**2017 – 004 – Reporting – Title IIA – Improving Teacher Quality**

**Condition:** This finding was a significant deficiency related to timeliness of filing financial reports.

**Status:** Corrected.

**2017 – 005 – Special Tests and Provisions – Title IIA – Improving Teacher Quality**

**Condition:** This finding was a significant deficiency related to school wide plans not containing all required elements.

**Status:** Corrected.

**2017 – 006 – Allowable Costs/Cost Principles – Head Start Cluster**

**Condition:** This finding was a significant deficiency related to time and effort documentation.

**Status:** Corrected.

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