

**CITY OF WORCESTER, MASSACHUSETTS
GAO AND UNIFORM GUIDANCE REPORTS
YEAR ENDED JUNE 30, 2020**



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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**CITY OF WORCESTER, MASSACHUSETTS
GAO AND UNIFORM GUIDANCE REPORTS
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020**

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 <i>GOVERNMENT AUDITING STANDARDS</i>	1
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	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	10



**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, 2020 (except for the Worcester Retirement System, which is as of and for the year ended December 31, 2019), 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 21, 2021. The City of Worcester, Massachusetts' financial statements include the operations of the Worcester Retirement System (as of and for the year ended December 31, 2019) and the Worcester Redevelopment Authority and Upper Blackstone Water Pollution Abatement District (as of and for the year ended June 30, 2020). Our audit described below, did not include operations of those entities because those entities engaged for their own separate audits 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) 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 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 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
January 21, 2021



**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, 2020. 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 \$1,316,202 in federal awards, which is not included in the accompanying schedule of expenditures of federal awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of the Worcester Redevelopment Authority because they engaged for a separate audit.

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, 2020.

Other Matters

The results of our auditing procedures disclosed two 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 2020-001 and 2020-002. 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Worcester, 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 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. *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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002, that we consider to be a significant deficiency in internal control over compliance and a deficiency in internal control over compliance, respectively.

City of Worcester, Massachusetts' responses to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questions 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, 2020, 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 21, 2021, 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, 2019) and the Worcester Redevelopment Authority and Upper Blackstone Water Pollution Abatement District (as of and for the year ended June 30, 2020). 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
September 10, 2021

**CITY OF WORCESTER, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Pass-Through Grantor/ Program Name	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures	Awards to Subrecipients
U.S. Department of Agriculture				
<u>Passed through the State Department of Elementary & Secondary Education:</u>				
<u>Child Nutrition Cluster</u>				
School Breakfast Program - Cash Assistance	10.553	14-348	\$ 3,661,114	\$ -
National School Lunch Program - Cash Assistance	10.555	14-348	10,068,068	-
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	14-348	1,469,768	-
Subtotal CFDA 10.555			11,537,836	-
Subtotal Child Nutrition Cluster			15,198,950	-
Child and Adult Care Food Program	10.558	14-348	60,096	-
Child Nutrition Discretionary Grants Limited Availability	10.579	14-348	32	-
Fruit and Vegetable Program	10.582	14-348	281,688	-
Total U.S. Department of Agriculture			15,540,766	-
U.S. Department of Housing and Urban Development				
<u>Direct programs:</u>				
COVID-19 - Community Development Block Grant	14.218	Not Applicable	1,930,143	1,930,143
Community Development Block Grant	14.218	Not Applicable	4,044,365	1,083,120
Subtotal CFDA 14.218			5,974,508	3,013,263
COVID-19 - Emergency Shelter Grants Program	14.231	Not Applicable	164,652	122,455
Emergency Shelter Grants Program	14.231	Not Applicable	426,466	365,030
Subtotal CFDA 14.231			591,118	487,485
HOME Investment Partnerships Program	14.239	Not Applicable	1,478,433	1,335,696
Housing Opportunities for Persons with AIDS	14.241	Not Applicable	614,528	596,735
Total U.S. Department of Housing and Urban Development			8,658,587	5,433,179
U.S. Department of Justice				
<u>Direct programs:</u>				
COVID-19 - Youth Victims of Opioids	16.582	Not Applicable	29,646	-
Youth Victims of Opioids	16.582	Not Applicable	328,428	-
Subtotal CFDA 16.582			358,074	-
Office of Violence Against Women Improving Criminal Justice Responses	16.590	Not Applicable	48,777	10,530
Edward Byrne Memorial Justice Assistance Grant	16.738	Not Applicable	135,557	-
<u>Passed through the Executive Office of Public Safety and Security</u>				
Violence Against Women Formula Grants (fiscal year 2016)	16.588	SCEPS3001VAWA019WORCE SCEPSVAWA019WORCESTER	58,339	57,513
Total U.S. Department of Justice			600,747	68,043
U.S. Department of Labor				
<u>Passed through the State Department of Career Services:</u>				
Employment Service/Wagner-Peyser Funded Activities	17.207	CT EOL 19CCWORCWP CT EOL 19CCWORCWP CT EOL 20CCWORCWP CT EOL 18CCWORCWP CT EOL 19CCWORCNEGREA CT EOL 20CCWORCVETSUI CT EOL 19CCWORCVETSUI	166,904	-
Unemployment Insurance	17.225	CT EOL 19CCWORCNEGREA CT EOL 18CCWORCTRADE CT EOL 19CCWORCTrade	64,988	-
Trade Adjustment Assistance	17.245	CT EOL 19CCWORCTrade	166,116	-

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, 2020**

<i>WIOA Cluster:</i>				
WIOA Adult Program	17.258	CT EOL 20CCWORCWIA CT EOL 19CCWORCWIA CT EOL 18CCWORCWIA CT EOL 20CCWORCWIA CT EOL 19CCWORCWIA CT EOL 18CCWORCWIA CT EOL 19CCWORCWIA CT EOL 19CCWORCWIA CT EOL 18CCWORCWIA	831,721	-
WIOA Youth Activities	17.259	CT EOL 18CCWORCWIA CT EOL 20CCWORCWIA CT EOL 18CCWORCWIA CT EOL 19CCWORCWIA CT EOL 19CCWORCWIA CT EOL 18CCWORCWIA	744,830	462,621
WIOA Dislocated Workers	17.278	CT EOL 18CCWORCWIA	735,849	-
Subtotal WIOA Cluster			2,312,400	462,621
Disabled Veterans' Outreach Program	17.801	CT EOL 20CCWORCVETSUI CT EOL 19CCWORCVETSUI	35,333	-
Total U.S. Department of Labor			2,745,741	462,621
U.S. Department of Transportation				
<u>Direct Programs:</u>				
Federal Railroad Administration (Worcester Trespass Prevention)	20.301	Not Applicable	74,884	-
U.S. Department of Treasury				
<u>Passed through the State Executive Office for Administration and Finance:</u>				
COVID-19 - Coronavirus Relief Fund (CARES Act)	21.019	SLT0023 SLT0219 SLT0470	46,581	-
Environmental Protection Agency				
<u>Direct Programs:</u>				
Environmental Policy and Innovation Grants	66.811	Not Applicable	185,598	-
ARRA - Brownfields Cleanup and Assessment Cooperative Agreements	66.818	Not Applicable	217,841	78,007
Total Environmental Protection Agency			403,439	78,007
U.S. Department of Education				
<u>Passed through the State Department of Early Education and Care:</u>				
Integrated English Literacy & Civics	84.002	359-288572-2020-0348-1.0 359-209326-2019-0348	41,905	-
<u>Passed through the State Department of Elementary & Secondary Education:</u>				
Title I Distribution (fiscal year 2020)	84.010	305-291850-2020-0348	8,923,234	-
Title I Distribution (fiscal year 2019)	84.010	305-209354-2019-0348	3,945,815	-
Title I Distribution (fiscal year 2018)	84.010	6305-094062-2018-0348	(323,160)	-
Targeted Assistance (fiscal year 2020)	84.010	325-368737-2020-0348	48,112	-
Targeted Assistance (fiscal year 2019)	84.010	325-277894-2019-0348	17,560	-
Increased Access to Quality After-School and Summer	84.010	528-371487-2020-0348	6,127	-
Title I School Support (fiscal year 2019)	84.010	539-139771-2018-0348-2.0	64,593	-
Subtotal Title I and CFDA 84.010			12,682,281	-
<i>Special Education Cluster</i>				
SPED 94-142 Allocation (fiscal year 2020)	84.027	240-291856-2020-0348	7,086,174	-
SPED 94-142 Allocation (fiscal year 2019)	84.027	240-095231-2019-0348	711,212	-
SPED 94-142 Allocation (fiscal year 2018)	84.027	240-095231-2018-0348	130,336	-
SPED Mass Urban (fiscal year 2019)	84.027	240-283118-2019-0348	13,138	-
SPED Mass Urban (fiscal year 2018)	84.027	240-202452-2018-0348	278	-
Leading Educational Access (LEAP) DCP Incentive	84.027	231 LEAP DCP	5,712	-
Subtotal CFDA 84.027			7,946,850	-
<u>Passed through the State Department of Early Education and Care:</u>				
<i>Special Education Cluster (continued)</i>				
SPED Early Childhood Program Improvement (fiscal year 2020)	84.173	298-277893-2019-0348	3,325	-
SPED Early Childhood Allocation (fiscal year 2020)	84.173	262-291857-2020-0348	294,283	-
SPED Early Childhood Allocation (fiscal year 2019)	84.173	26219WORCESTER	4,892	-
Subtotal CFDA 84.173			302,500	-
Subtotal Special Education Cluster			8,249,350	-
<u>Passed through the State Department of Elementary & Secondary Education:</u>				
Career and Technical Education Partnership Implementation	84.048	405-289470-2020-0348-1	5,001	-
College, Career and Tech Education	84.048	405-372-082-2020-0348	30	-
Perkins Secondary (fiscal year 2020)	84.048	400-291855-2020-0348	243,536	-
Perkins Secondary (fiscal year 2019)	84.048	400-209356-2019-0348	153,495	-
Subtotal CFDA 84.048			402,062	-

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, 2020**

Education for Homeless Children & Youth (fiscal year 2020)	84.196	310-229197-2020-0348	99,021	-
Education for Homeless Children & Youth (fiscal year 2019)	84.196	310-229197-2019-0348	25,738	-
McKinney-Vento Homeless Education	84.196	310-281784-2019-0348	5,657	-
Subtotal CFDA 84.196			130,416	-
Massachusetts 21st Century Community Learning Centers (CLC) - fiscal year 2020	84.287	645-304256-2020-0348	56,817	-
Massachusetts 21st Century CLC (fiscal year 2019)	84.287	645-209312-2019-0348	153,940	-
21st Century Exemplary (fiscal year 2020)	84.287	646-316039-2020-0348	54,277	-
21st Century CLC (fiscal year 2020)	84.287	647-314568-2020-0348	71,725	-
Subtotal CFDA 84.287			336,759	-
High School Graduation Initiative	84.360	12CRJC3	4,567	-
Title III - English Language Acquisition (ELA) (fiscal year 2020)	84.365	180-291841-2020-0348	541,790	-
Title III - English Language Acquisition (ELA) (fiscal year 2020)	84.365	186-375013-2020-0348	85	-
Title III - English Language Acquisition (ELA) (fiscal year 2019)	84.365	180-209351-2019-0348	164,719	-
Title III - English Language Acquisition (ELA) (fiscal year 2018)	84.365	180-153676-2018-0348	218,970	-
Title III - English Language Acquisition (ELA) (fiscal year 2018)	84.365	186-201911-2018-0348	1,416	-
Subtotal CFDA 84.365			926,980	-
Title IIA - Improving Teacher Quality (fiscal year 2020)	84.367	0140-291840-2020-0348	923,583	-
Title IIA - Improving Teacher Quality (fiscal year 2019)	84.367	0140-209349-2019-0348	228,453	-
Title IIA - Improving Teacher Quality (fiscal year 2018)	84.367	0140-096278-2018-0348	34,191	-
Subtotal CFDA 84.367			1,186,227	-
		309-291842-2020-0348		
		309-209355-2019-0348		
Title IV	84.424	309-070115-2018-0348	378,963	-
Emergency Impact Aid for Homeless Children and Youth	84.938	314-281917-2019-0348	22,863	-
Total U.S. Department of Education			24,362,373	-
U.S. Department of Health and Human Services				
<u>Direct Programs:</u>				
Head Start Program	93.600	Not Applicable	6,676,585	-
Racial and Ethnic Approaches to Community Health Program	93.738	Not Applicable	767,524	-
<u>Passed through the State Department of Public Health:</u>				
Medical Reserve Corps Grant	93.008	4516-1010	9	-
		4510-0404/4516-1021		
Public Health Emergency Preparedness	93.069	4512-9069	357,291	-
Partnership for the Enhancement of the Regional Preparedness	93.074	4510-0404/4516-1021	354,500	-
Early Childhood Mental Health	93.104	180627	136,235	-
Childhood Lead Poisoning Prevention Program	93.197	180627	29,104	-
Substance Abuse and Mental Health Services	93.243	4964	71,693	-
The Patient Protection and Affordable Care Act	93.541	INTF1100P01203816181	952	-
Mass in Motion	93.758	502925	58,458	-
		190128		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4512-9069	187,196	-
<u>Passed through the State Department of Health and Human Services:</u>				
School-Based Medicaid Reimbursement Program	93.778	1950622	1,404,648	-
Total U.S. Department of Health and Human Services			10,044,195	-
Executive Office of the President				
<u>Direct Programs:</u>				
High Intensity Drug Trafficking Areas Program	95.001	Not Applicable	149,152	-
U.S. Department of Homeland Security				
<u>Direct Programs:</u>				
Lead Hazard Grant	97.044	Not Applicable	944,921	37,259
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Not Applicable	211,894	-
<u>Passed through the State Office of Emergency Management:</u>				
Emergency Management Performance Grants	97.042	FY20EMPG1000000WORCE	2,465	-
Emergency Management Performance Grants	97.042	FY19EMPG1000000WORCE	44,888	-
Subtotal CFDA 97.042			47,353	-
Total U. S. Department of Homeland Security			1,204,168	-
Total			\$ 63,830,633	\$ 6,041,850

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF WORCESTER, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020**

NOTE 1 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 2 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, 2020. 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 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, Child and Adult Care Food Program, Child Nutrition Discretionary Grants Limited Availability and Fruit and Vegetable Program represent cash receipts from federal reimbursements.

NOTE 4 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 5 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, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? x 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 Subpart F, Section 516(a) of the Uniform Guidance? x yes _____ no

Identification of Major Federal Programs

10.553, 10.555
17.258, 17.259, 17.278
93.600

Child Nutrition Cluster
WIOA Cluster
Head Start Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 1,914,919

Auditee qualified as low-risk auditee pursuant to Uniform Guidance?

 x yes _____ no

**CITY OF WORCESTER, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

2020-001

Federal agency: U.S. Department of Agriculture

Federal program: Child Nutrition Cluster

CFDA Number: 10.553, 10.555

Pass-Through Agency: Massachusetts State Department of Elementary and Secondary Education

Pass-Through Number(s): 14-348

Award Period: July 1, 2019 – June 30, 2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Noncompliance

Compliance Requirement: Procurement, Suspension and Debarment

Criteria or Specific Requirement: The Code of Federal Regulations (CFR) Title 2 Part 200.213 states that nonfederal entities are subject to the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Condition and Context: For four of ten vendors in our statistically valid sample, documentation was not provided to support that the Authority verified the vendor was not debarred or suspended from participation in Federal assistance programs or activities.

Questioned Costs: None

Cause: Procedures were not in place to document the verification that all vendors were not suspended or debarred from participation in Federal assistance programs or activities.

Effect: While this did not occur in the instances identified in this finding, lack of verification of vendors' debarment or suspension status could cause federal grant funds to be expended with vendors that are excluded from participation in Federal assistance programs or activities.

Repeat Finding: No

**CITY OF WORCESTER, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

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

Recommendation: We recommend procedures be strengthened to document the verification that all vendors are not suspended or debarred from participation in Federal assistance programs or activities.

Views of Responsible Officials: Management agrees with the finding.

2020-002

Federal agency: U.S. Department of Labor

Federal program: WIOA Cluster

CFDA Number: 17.258, 17.259, 17.278

Pass-Through Agency: Massachusetts State Department of Career Services

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

Award Period: July 1, 2019 – June 30, 2020

Type of Finding:

- Deficiency in Internal Control over Compliance
- Noncompliance

Compliance Requirement: Subrecipient Monitoring

Criteria or specific requirement: CFR Title 2 Part 200.331(d) through (f) states that a pass-through entity must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals.

Condition and Context: One of three subrecipients in our statistically valid sample was not monitored in accordance with CFR Title 2 Part 200.331(d) through (f).

Questioned costs: None

Cause: The COVID-19 pandemic created challenges in performing monitoring procedures.

Effect: Noncompliance with the federal program occurred.

Repeat Finding: No

Recommendation: We recommend procedures be developed to perform and document monitoring procedures through remote/online means in the event that monitoring cannot be performed in-person/onsite.

Views of responsible officials: Management agrees with the finding.

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