

**CITY OF WORCESTER, MASSACHUSETTS
GAO AND UNIFORM GUIDANCE REPORTS
YEAR ENDED JUNE 30, 2024**



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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, 2024, 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 December 10, 2024. The financial statements of Upper Blackstone Clean Water were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Upper Blackstone Clean Water.

Report on 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.

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.

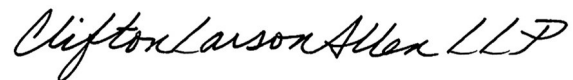
Honorable Mayor and City Council
City of Worcester, Massachusetts

Report on 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Boston, Massachusetts
December 10, 2024



**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

Opinion on Each Major Federal Program

We have audited the City of Worcester, 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 Worcester, Massachusetts' major federal programs for the year ended June 30, 2024. 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.

In our opinion, the City of Worcester, 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, 2024.

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 Worcester, 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Worcester, 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 Worcester, 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 Worcester, 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 Worcester, 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 Worcester, 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 Worcester, 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 Worcester, 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 2024-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Worcester, Massachusetts' response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City of Worcester, 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 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 Worcester, Massachusetts' response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Worcester, 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.

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 the 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, 2024, and the related notes to the financial statements, which collectively comprise the City of Worcester, Massachusetts' basic financial statements. We have issued our report thereon dated December 10, 2024, 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, Worcester Redevelopment Authority and Upper Blackstone Clean Water. 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 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.



CliftonLarsonAllen LLP

Boston, Massachusetts
February 28, 2025

**CITY OF WORCESTER, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/ Program Name	Federal ALN 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>				
National School Lunch Program - Cash Assistance	10.555	14-348	\$ 11,158,454	\$ -
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	14-348	1,624,128	-
Subtotal ALN 10.555 and Child Nutrition Cluster			12,782,582	-
Child Nutrition Discretionary Grants Limited Availability	10.579	14-348	2,500	-
Total U.S. Department of Agriculture			12,785,082	-
U.S. Department of Housing and Urban Development				
<u>Direct programs:</u>				
Community Development Block Grant	14.218	Not Applicable	5,314,376	1,022,866
Emergency Shelter Grants Program	14.231	Not Applicable	647,814	541,171
HOME Investment Partnerships Program	14.239	Not Applicable	1,670,883	1,274,122
Housing Opportunities for Persons with AIDS	14.241	Not Applicable	977,410	728,523
Moving to Work Demonstration Program	14.881	Not Applicable	98,798	-
Lead Hazard Reduction Demonstration Grant Program	14.905	Not Applicable	757,259	-
Total U.S. Department of Housing and Urban Development			9,466,540	3,566,682
U.S. Department of Justice				
<u>Direct programs:</u>				
Edward Byrne Memorial Justice Assistance Grant	16.738	Not Applicable	143,656	-
<u>Passed through the Executive Office of Public Safety and Security</u>				
Violence Against Women Formula Grants	16.588	Not Available	189,306	25,038
Total U.S. Department of Justice			332,962	25,038
U.S. Department of Labor				
<u>Passed through the State Department of Career Services:</u>				
WIOA Adult Program	17.258	CT EOL CCWORCWIA	1,101,361	-
WIOA Youth Activities	17.259	CT EOL CCWORCWIA	1,156,626	920,672
WIOA Dislocated Workers	17.278	CT EOL CCWORCWIA	1,063,682	-
Subtotal WIOA Cluster			3,321,669	920,672
Trade Adjustment Assistance	17.245	CT EOL CCWORCTrade	99,428	-
Trade Adjustment Assistance	17.268	Not Available	134,484	-
Job Corps Experimental Projects and Technical Assistance	17.287	Not Available	3,960	-
Total U.S. Department of Labor			3,559,541	920,672
U.S. Department of Transportation				
<u>Direct Programs:</u>				
Railroad Safety	20.301	Not Applicable	118,552	-
U.S. Department of Treasury				
<u>Direct programs:</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Applicable	23,790,473	8,802,495
National Endowment for the Arts				
<u>Direct Programs:</u>				
Promotion of the Arts	45.024	Not Applicable	49,446	-
Environmental Protection Agency				
<u>Direct Programs:</u>				
Brownfields Job Training Cooperative Agreements	66.815	Not Applicable	58,691	-

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, 2024**

Federal Grantor/Pass-Through Grantor/ Program Name	Federal ALN Number	Pass-Through Identifying Number	Federal Expenditures	Awards to Subrecipients
U.S. Department of Education				
<u>Passed through the State Department of Early Education and Care:</u>				
Adult Education	84.002	MA DESE Code 359	869,825	-
<u>Passed through the State Department of Elementary & Secondary Education:</u>				
Title I Distribution	84.010	MA DESE Code 305	13,123,043	-
Special Education Cluster				
SPED 94-142 Allocation	84.027	MA DESE Code 240	9,261,012	-
<u>Passed through the State Department of Early Education and Care:</u>				
Special Education Cluster (continued)				
SPED Early Childhood Program Improvement	84.173	MA DESE Code 274	272,773	-
Subtotal Special Education Cluster			9,533,785	-
<u>Passed through the State Department of Elementary & Secondary Education:</u>				
Perkins Secondary	84.048	MA DESE Code 400	616,206	-
McKinney-Vento Homeless Education	84.196	MA DESE Code 310	138,143	-
Massachusetts 21st Century Community Learning Centers	84.287	MA DESE Code 645	540	-
Title III - English Language Acquisition	84.365	MA DESE Code 180	1,610,763	-
Title IIA - Improving Teacher Quality	84.367	MA DESE Code 140	1,163,868	-
Title IV	84.424	MA DESE Code 309	1,174,084	-
COVID-19 - Education Stabilization Fund	84.425D	MA DESE Code 423	38,906,226	-
Total U.S. Department of Education			67,136,483	-
U.S. Department of Health and Human Services				
<u>Direct Programs:</u>				
Head Start Program	93.600	Not Applicable	7,923,538	-
Racial and Ethnic Approaches to Community Health Program	93.738	Not Applicable	930,910	300,210
<u>Passed through the State Department of Public Health:</u>				
Partnership for the Enhancement of the Regional Preparedness	93.074	4510-0404/4516-1021	788,821	-
Childhood Lead Poisoning Prevention Program	93.197	180627	31,973	-
COVID-19 - COVID Vaccination	93.268	Not Available	243	-
COVID-19 - COVID Contract Tracing	93.323	Not Available	99,493	-
Public Health Emergency Response	93.354	Not Available	11,990	12,800
Refugee and Entrant Assistance	93.566	Not Available	287,268	-
Opioid Fund	93.788	Not Available	280,847	22,200
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4512-9069	156,617	40,683
Total U.S. Department of Health and Human Services			10,511,700	375,893
U.S. Department of Homeland Security				
<u>Direct Programs:</u>				
Lead Hazard Grant	97.044	Not Applicable	276,958	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Not Applicable	4,530,573	-
<u>Passed through the State Office of Emergency Management:</u>				
Emergency Management Performance Grants	97.042	EMPG	69,157	-
Total U. S. Department of Homeland Security			4,876,688	-
Total			\$ 132,686,158	\$ 13,690,780

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF WORCESTER, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Worcester, 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 Worcester, Massachusetts did not elect to use the 15% 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 Lunch Program – Cash Assistance represent cash receipts from federal reimbursements.

**CITY OF WORCESTER, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

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:

<u>Name of federal program or cluster</u>	<u>Assistance Listing Number</u>
Community Development Block Grant	14.218
WIOA Cluster	17.258, 17.259, 17.278
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027
Special Education Cluster	84.027, 84.173
Staffing for Adequate Fire and Emergency Response	97.083

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

\$ 3,000,000 Type A
\$ 750,000 Type B

Auditee qualified as a low-risk auditee?

 X Yes _____ No

Section II – Financial Statement Findings

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

**CITY OF WORCESTER, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Significant Deficiency in Internal Control over Compliance and Other Matter

2024-001 Community Development Block Grant; ALN # 14.218

Award Period: July 1, 2023 – June 30, 2024

Compliance Requirement: Reporting

Criteria or Specific Requirement: Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Condition and Context: For two (2) of five subawards in our audit sample, the required reports were not filed with FSRS.

Questioned Costs: None.

Cause: Procedures need to be strengthened to ensure all required subaward reports are filed with FSRS.

Effect: Noncompliance with federal reporting requirements.

Repeat Finding: No.

Recommendation: We recommend procedures be strengthened to ensure all required subaward reports are filed with FSRS.

Views of Responsible Officials: Management agrees with the finding.



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