

**CITY OF WORCESTER, MASSACHUSETTS
GAO AND UNIFORM GUIDANCE REPORTS
YEAR ENDED JUNE 30, 2021**



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**CITY OF WORCESTER, MASSACHUSETTS
GAO AND UNIFORM GUIDANCE REPORTS
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YEAR ENDED JUNE 30, 2021**

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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 aggregate 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, 2021 (except for the Worcester Retirement System, which is as of and for the year ended December 31, 2020), 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, 2022. The City of Worcester, Massachusetts' financial statements include the operations of the Worcester Retirement System (as of and for the year ended December 31, 2020) and the Worcester Redevelopment Authority and Upper Blackstone Water Pollution Abatement District (as of and for the year ended June 30, 2021). Our report includes a reference to other auditors who audited the financial statements of the Upper Blackstone Water Pollution Abatement District, as described in our report on the City of Worcester's financial statements. This report does not include the results of the testing of internal control over financial reporting or compliance for the Worcester Retirement System, because this entity engaged for its own separate audit in accordance with *Government Auditing Standards*. The financial statements of Upper Blackstone Water Pollution Abatement District were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Upper Blackstone Water Pollution Abatement District or that are reported on separately by those auditors who audited the financial statements of Upper Blackstone Water Pollution Abatement District.

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

CliftonLarsonAllen LLP

Boston, Massachusetts
January 21, 2022



**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, 2021. 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 \$886,031 in federal awards, which is not included in the accompanying schedule of expenditures of federal awards during the year ended June 30, 2021. 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, 2021.

Other Matters

The results of our auditing procedures disclosed one 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 2021-001. Our opinion on the major federal programs is not modified with respect to this matter.

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

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 a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency in internal control over compliance.

City of Worcester, Massachusetts' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questions costs. The City of Worcester, Massachusetts' response was not subjected to the 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 Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Worcester, Massachusetts, as of and for the year ended June 30, 2021, 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, 2022, 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, 2020) and the Worcester Redevelopment Authority and Upper Blackstone Water Pollution Abatement District (as of and for the year ended June 30, 2021). 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 8, 2022

**CITY OF WORCESTER, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

| 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> | | | | |
| <i>Child Nutrition Cluster</i> | | | | |
| National School Lunch Program - Cash Assistance | 10.555 | 14-348 | \$ 1,393 | \$ - |
| National School Lunch Program - Non-Cash Assistance (Commodities) | 10.555 | 14-348 | 386,056 | - |
| Subtotal ALN 10.555 and Child Nutrition Cluster | | | 387,449 | - |
| Child Nutrition Discretionary Grants Limited Availability | 10.579 | 14-348 | 59,032 | - |
| Fruit and Vegetable Program | 10.582 | 14-348 | 28,213 | - |
| Total U.S. Department of Agriculture | | | 474,694 | - |
| U.S. Department of Defense | | | | |
| <u>Direct programs:</u> | | | | |
| Research in Science and Engineering | 12.630 | Not Applicable | 27,489 | - |
| U.S. Department of Housing and Urban Development | | | | |
| <u>Direct programs:</u> | | | | |
| COVID-19 - Community Development Block Grant (CDBG) | 14.218 | Not Applicable | 902,160 | 424,501 |
| Community Development Block Grant | 14.218 | Not Applicable | 2,536,698 | 866,908 |
| Subtotal ALN 14.218 | | | 3,438,858 | 1,291,409 |
| COVID-19 - Emergency Shelter Grants Program | 14.231 | Not Applicable | 699,708 | 577,675 |
| Emergency Shelter Grants Program | 14.231 | Not Applicable | 135,892 | 104,797 |
| Subtotal ALN 14.231 | | | 835,600 | 682,472 |
| HOME Investment Partnerships Program | 14.239 | Not Applicable | 1,099,611 | 861,860 |
| Housing Opportunities for Persons with AIDS | 14.241 | Not Applicable | 274,106 | 264,054 |
| Moving to Work Demonstration Program | 14.881 | Not Applicable | 57,997 | - |
| Total U.S. Department of Housing and Urban Development | | | 5,706,172 | 3,099,795 |
| U.S. Department of Justice | | | | |
| <u>Direct programs:</u> | | | | |
| Youth Victims of Opioids | 16.582 | Not Applicable | 201,172 | - |
| Office of Violence Against Women Improving Criminal Justice Responses | 16.590 | Not Applicable | 73,547 | 72,188 |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | Not Applicable | 76,875 | - |
| Paul Coverdell Forensic Sciences Improvement Grant Program | 16.742 | Not Applicable | 59,682 | - |
| <u>Passed through the Executive Office of Public Safety and Security</u> | | | | |
| Violence Against Women Formula Grants | 16.588 | SCEPS3001VAWA019WORCE SCEPSVAWA019WORCESTER | 49,551 | 48,508 |
| Total U.S. Department of Justice | | | 460,827 | 120,696 |
| 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 21CCWORCWP CT EOL 19CCWORCWP CT EOL 20CCWORCWP CT EOL 18CCWORCWP | 217,449 | - |
| Unemployment Insurance | 17.225 | CT EOL 19CCWORCNEGREA CT EOL 20CCWORCVETSUI CT EOL 19CCWORCVETSUI CT EOL 21CCWORCVETSUI CT EOL 19CCWORCNEGREA CT EOL 19CCWORCTRADE CT EOL 20CCWORCTrade | 148,289 | - |
| Trade Adjustment Assistance | 17.245 | CT EOL 21CCWORCTrade | 107,401 | - |
| Trade Adjustment Assistance | 17.268 | HG-33043-19-60-A-25 | 17,609 | - |
| Trade Adjustment Assistance | 17.277 | MB-2021-002 | 76,631 | - |

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, 2021**

| | | | | |
|---|--------|--------------------------|------------|---------|
| <i>WIOA Cluster:</i> | | | | |
| | | CT EOL 21CCWORCWIA | | |
| | | CT EOL 20CCWORCWIA | | |
| WIOA Adult Program | 17.258 | CT EOL 19CCWORCWIA | 429,442 | - |
| | | CT EOL 21CCWORCWIA | | |
| | | CT EOL 20CCWORCWIA | | |
| WIOA Youth Activities | 17.259 | CT EOL 19CCWORCWIA | 697,756 | 468,909 |
| | | CT EOL 21CCWORCWIA | | |
| | | CT EOL 20CCWORCWIA | | |
| WIOA Dislocated Workers | 17.278 | CT EOL 19CCWORCWIA | | |
| Subtotal WIOA Cluster | | CT EOL 18CCWORCWIA | 559,014 | - |
| | | | 1,686,212 | 468,909 |
| | | CT EOL 21CCWORCVETSUI | | |
| Disabled Veterans' Outreach Program | 17.801 | CT EOL 20CCWORCVETSUI | 36,834 | - |
| | | | | |
| Total U.S. Department of Labor | | | 2,290,425 | 468,909 |
| U.S. Department of Transportation | | | | |
| <u>Passed through the State Office of Emergency Management:</u> | | | | |
| | | 2018-2019 HMEP | | |
| Interagency Hazardous Materials Training and Planning | 20.703 | 2017 2018 HMEP | 1,844 | - |
| U.S. Department of Treasury | | | | |
| <u>Passed through the State Department of Elementary & Secondary Education:</u> | | | | |
| COVID-19 - Coronavirus Relief Fund (School Reopening) | 21.019 | 102-393214-2021-0348 | 5,677,495 | - |
| COVID-19 - Coronavirus Relief Fund (School Lunch) | 21.019 | 14-348 | 134,641 | - |
| <u>Passed through the State Executive Office for Administration and Finance:</u> | | | | |
| | | SLT0023 | | |
| | | SLT0219 | | |
| COVID-19 - Coronavirus Relief Fund (CARES Act) | 21.019 | SLT0470 | 13,032,295 | - |
| Subtotal ALN 21.019 | | | 18,844,431 | - |
| | | | | |
| Total U.S. Department of Treasury | | | 18,844,431 | - |
| Environmental Protection Agency | | | | |
| <u>Direct Programs:</u> | | | | |
| Environmental Policy and Innovation Grants | 66.811 | Not Applicable | 854,820 | 854,820 |
| ARRA - Brownfields Cleanup and Assessment Cooperative Agreements | 66.818 | Not Applicable | 248,869 | - |
| | | | | |
| Total Environmental Protection Agency | | | 1,103,689 | 854,820 |
| U.S. Department of Education | | | | |
| <u>Passed through the State Department of Early Education and Care:</u> | | | | |
| | | 359-288572-2020-0348-1.0 | | |
| Adult Education | 84.002 | 359-209326-2019-0348 | 715,108 | - |
| <u>Passed through the State Department of Elementary & Secondary Education:</u> | | | | |
| Title I Distribution (fiscal year 2021) | 84.010 | 305-400821-2021-0348 | 7,937,758 | - |
| Title I Distribution (fiscal year 2020) | 84.010 | 305-291850-2020-0348 | 2,094,590 | - |
| Title I Distribution (fiscal year 2019) | 84.010 | 305-209354-2019-0348 | 159,180 | - |
| Subtotal Title I and ALN 84.010 | | | 10,191,528 | - |
| <u>Special Education Cluster</u> | | | | |
| SPED 94-142 Allocation (fiscal year 2021) | 84.027 | 240-391747-2021-0348 | 6,929,878 | - |
| SPED 94-142 Allocation (fiscal year 2020) | 84.027 | 240-291856-2020-0348 | 652,860 | - |
| SPED 94-142 Allocation (fiscal year 2019) | 84.027 | 240-095231-2019-0348 | 195,874 | - |
| Subtotal ALN 84.027 | | | 7,778,612 | - |
| <u>Passed through the State Department of Early Education and Care:</u> | | | | |
| <u>Special Education Cluster (continued)</u> | | | | |
| SPED Early Childhood Program Improvement (fiscal year 2021) | 84.173 | 274-482192-2021-0348 | 1,831 | - |
| SPED Early Childhood Allocation (fiscal year 2021) | 84.173 | 262-400824-2021-0348 | 270,692 | - |
| SPED Early Childhood Allocation (fiscal year 2020) | 84.173 | 262-291857-2020-0348 | 2,866 | - |
| Subtotal ALN 84.173 | | | 275,389 | - |
| Subtotal Special Education Cluster | | | 8,054,001 | - |
| <u>Passed through the State Department of Elementary & Secondary Education:</u> | | | | |
| College, Career and Tech Education | 84.048 | 405-372-082-2020-0348 | 52 | - |
| Perkins Secondary (fiscal year 2021) | 84.048 | 400-400815-2021-0348 | 168,986 | - |
| Perkins Secondary (fiscal year 2020) | 84.048 | 400-291855-2020-0348 | 214,401 | - |
| Subtotal ALN 84.048 | | | 383,439 | - |

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, 2021**

| | | | | |
|--|---------|-----------------------|---------------|--------------|
| McKinney-Vento Homeless Education (fiscal year 2021) | 84.196 | 310-385157-2021-0348 | 98,888 | - |
| McKinney-Vento Homeless Education (fiscal year 2020) | 84.196 | 310-229197-2020-0348 | 32,785 | - |
| Subtotal ALN 84.196 | | | 131,673 | - |
| Massachusetts 21st Century Community Learning Centers (CLC) - fiscal year 2020 | 84.287 | 645-304256-2020-0348 | 44,661 | - |
| 21st Century Exemplary (fiscal year 2020) | 84.287 | 646-316039-2020-0348 | 14,898 | - |
| 21st Century CLC (fiscal year 2020) | 84.287 | 647-314568-2020-0348 | 35,928 | - |
| Subtotal ALN 84.287 | | | 95,487 | - |
| Title III - English Language Acquisition (ELA) (fiscal year 2021) | 84.365 | 180-400825-2021-0348 | 558,243 | - |
| Title III - English Language Acquisition (ELA) (fiscal year 2020) | 84.365 | 180-291841-2020-0348 | 313,438 | - |
| Title III - English Language Acquisition (ELA) (fiscal year 2019) | 84.365 | 180-209351-2019-0348 | 164,477 | - |
| Subtotal ALN 84.365 | | | 1,036,158 | - |
| Title IIA - Improving Teacher Quality (fiscal year 2021) | 84.367 | 0140-400827-2021-0348 | 889,226 | - |
| Title IIA - Improving Teacher Quality (fiscal year 2020) | 84.367 | 0140-291840-2020-0348 | 171,313 | - |
| Title IIA - Improving Teacher Quality (fiscal year 2019) | 84.367 | 0140-209349-2019-0348 | 53,792 | - |
| Subtotal ALN 84.367 | | | 1,114,331 | - |
| Comprehensive Literacy | 84.371 | 507-497897-2021-0348 | 52 | - |
| Title IV | 84.424 | 309-400817-2021-0348 | 1,042,267 | - |
| | | 113-378380-2021-0348 | | |
| | | 432-496521-2021-0348 | | |
| | | 333-397297-2021-0348 | | |
| | | 118-400813-2021-0348 | | |
| COVID-19 - Education Stabilization Fund | 84.425D | 423-483246-2021-0348 | 5,310,671 | |
| Emergency Impact Aid for Homeless Children and Youth | 84.938 | 314-281917-2019-0348 | 25,077 | - |
| Total U.S. Department of Education | | | 28,099,792 | - |
| U.S. Department of Health and Human Services | | | | |
| <u>Direct Programs:</u> | | | | |
| Head Start Program | 93.600 | Not Applicable | 7,232,203 | - |
| Racial and Ethnic Approaches to Community Health Program | 93.738 | Not Applicable | 738,610 | - |
| <u>Passed through the State Department of Public Health:</u> | | | | |
| | | 4510-0404/4516-1021 | | |
| Public Health Emergency Preparedness | 93.069 | 4512-9069 | 281,068 | - |
| Partnership for the Enhancement of the Regional Preparedness | 93.074 | 4510-0404/4516-1021 | 547,288 | - |
| Childhood Lead Poisoning Prevention Program | 93.197 | 180627 | 42,105 | - |
| Substance Abuse and Mental Health Services | 93.243 | 4964 | 31,265 | - |
| Mass in Motion | 93.758 | 502925 | 30,895 | - |
| National Bioterrorism Hospital Preparedness | 93.889 | 45100404/45161024 | 25,767 | - |
| | | 190128 | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 4512-9069 | 174,047 | - |
| <u>Passed through the State Department of Health and Human Services:</u> | | | | |
| School-Based Medicaid Reimbursement Program | 93.778 | 1950622 | 319,776 | - |
| Total U.S. Department of Health and Human Services | | | 9,423,024 | - |
| Executive Office of the President | | | | |
| <u>Direct Programs:</u> | | | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | Not Applicable | 39,782 | - |
| U.S. Department of Homeland Security | | | | |
| <u>Direct Programs:</u> | | | | |
| Lead Hazard Grant | 97.044 | Not Applicable | 760,865 | 140,194 |
| <u>Passed through the State Office of Emergency Management:</u> | | | | |
| Emergency Management Performance Grants | 97.042 | FY21EMPG1000000WORCE | 33,918 | - |
| Total U. S. Department of Homeland Security | | | 794,783 | 140,194 |
| Total | | | \$ 67,266,952 | \$ 4,684,414 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF WORCESTER, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

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 with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, 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, 2021. 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 National School Lunch – Cash Assistance 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, 2021**

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 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

Assistance Listing Number

14.218
21.019
84.027, 84.173
84.425D

Name of Federal Program or Cluster

CDBG
CARES Act
Special Education Cluster
Education Stabilization Fund

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

\$ 2,018,009

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, 2021**

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

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Other Matters and Significant Deficiency in Internal Control over Compliance

2021-001 Community Development Block Grants, Assistance Listing No. 14.218

Federal Agency: U.S. Department of Housing and Urban Development
Award Period: July 1, 2020 – June 30, 2021

Compliance Requirement: Reporting

Criteria or Specific Requirement: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (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). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000.

Condition and Context: The FFATA reports for the two (2) subawards selected for testing in our statistically valid sample were submitted greater than one month after the subaward obligation date.

The following is a summary of the testing performed and the results:

| Transactions Tested | Subaward not reported | Report not timely | Subaward amount incorrect | Subaward missing key elements |
|---|------------------------------|--------------------------|----------------------------------|--------------------------------------|
| 2 | 0 | 2 | 0 | 0 |
| Dollar Amount of Tested Transactions | Subaward not reported | Report not timely | Subaward amount incorrect | Subaward missing key elements |
| \$110,780 | \$0 | \$110,780 | \$0 | \$0 |

Questioned Costs: None

Cause: Procedures were not adhered to for complying with FFATA reporting requirements.

Effect: Noncompliance with the federal grant program occurred.

Repeat Finding: No.

Recommendation: We recommend procedures be strengthened to comply with reporting requirements.

Views of Responsible Officials: Management agrees with the finding.