

CITY OF SALEM, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

YEAR ENDED JUNE 30, 2016

CITY OF SALEM, MASSACHUSETTS
REPORTS ON FEDERAL AWARD PROGRAMS
YEAR ENDED JUNE 30, 2016

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**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**

Independent Auditor's Report

To the Honorable Mayor
and members of the City Council
City of Salem, 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, each major fund, and the aggregate remaining fund information of the City of Salem, Massachusetts, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Salem, Massachusetts' basic financial statements, and have issued our report thereon dated December 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Salem, Massachusetts' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Salem, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Salem, 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 Salem, Massachusetts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Powers & Sullivan LLC

December 13, 2016



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council
City of Salem, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the City of Salem, 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 Salem, Massachusetts' major federal programs for the year ended June 30, 2016. The City of Salem, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the City of Salem, 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, 2016.

Report on Internal Control Over Compliance

Management of the City of Salem, 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 Salem, Massachusetts' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Salem, 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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, each major fund, and the aggregate remaining fund information of the City of Salem, Massachusetts, as of the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Salem, Massachusetts's basic financial statements. We issued our report thereon dated December 13, 2016, 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not 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.

Powers & Sullivan LLC

December 13, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Expenditures |
|---|---------------------|--|---|--------------|
| CHILD NUTRITION CLUSTER: | | | | |
| U.S. DEPARTMENT OF AGRICULTURE: | | | | |
| <u>Passed through Massachusetts Department of Elementary and Secondary Education:</u> | | | | |
| Non-Cash Assistance (Commodities): | | | | |
| National School Lunch Program..... | 10.555 | 05-258 | \$ - | \$ 213,214 |
| Cash Assistance: | | | | |
| National School Lunch Program..... | 10.555 | 05-258 | - | 1,303,905 |
| After School Snack Program..... | 10.555 | 05-258 | - | 8,883 |
| Total National School Lunch Program..... | | | - | 1,526,002 |
| Cash Assistance: | | | | |
| School Breakfast Program..... | 10.553 | 05-258 | - | 621,102 |
| TOTAL CHILD NUTRITION CLUSTER..... | | | - | 2,147,104 |
| EMERGENCY SERVICE CLUSTER: | | | | |
| U.S. DEPARTMENT OF LABOR | | | | |
| <u>Passed through State Division of Career Services - Workforce Development:</u> | | | | |
| Employment Service/Wagner Peyser Funded Activities (Fiscal year 2016)..... | 17.207 | 16CCSALEVETSUIW16 | - | 20,709 |
| Employment Service/Wagner Peyser Funded Activities (Fiscal year 2016)..... | 17.207 | 16CCSALEWPPW16 | - | 49,498 |
| Employment Service/Wagner Peyser Funded Activities (Fiscal year 2015)..... | 17.207 | 10OCC18SALE02B | - | 186,639 |
| Employment Service/Wagner Peyser Funded Activities (Fiscal year 2015)..... | 17.207 | 15CCSALEWPPW15 | - | 21,567 |
| Total Employment Service/Wagner Peyser Funded Activities..... | | | - | 278,413 |
| Disabled Veterans' Outreach Program (DVOP) (Fiscal year 2016)..... | 17.801 | 16CCSALEVETSUIDVOP16 | - | 3,024 |
| Disabled Veterans' Outreach Program (DVOP) (Fiscal year 2015)..... | 17.801 | 15CCSALEVETSUIDVOP16 | - | 8,595 |
| Total Disabled Veterans' Outreach Program (DVOP)..... | | | - | 11,619 |
| TOTAL EMERGENCY SERVICE CLUSTER..... | | | - | 290,032 |
| WORKFORCE INVESTMENT ACT CLUSTER: | | | | |
| U.S. DEPARTMENT OF LABOR | | | | |
| <u>Passed through State Division of Career Services - Workforce Development:</u> | | | | |
| Workforce Investment Act - Adult Program (Fiscal Year 2016)..... | 17.258 | 16CCSALEWIAWIOA16 | - | 435,023 |
| Workforce Investment Act - Adult Program (Fiscal Year 2015)..... | 17.258 | 15CCSALEWIAWIA15 | - | 279,014 |
| Total Workforce Investment Act - Adult Program..... | | | - | 714,037 |
| Workforce Investment Act - Youth Activities (Fiscal Year 2016)..... | 17.259 | 16CCSALEWIAWIOA16 | - | 647,853 |
| Workforce Investment Act - Youth Activities (Fiscal Year 2015)..... | 17.259 | 15CCSALEWIAWIA15 | - | 121,316 |
| Total Workforce Investment Act - Youth Activities..... | | | - | 769,169 |
| Workforce Investment Act - Dislocated Worker Formula Grants | | | | |
| Worker Formula Grants (Fiscal Year 2016)..... | 17.278 | 16CCSALEWIAWIOA16 | - | 619,187 |
| Workforce Investment Act - Dislocated Worker Formula Grants | | | | |
| Worker Formula Grants (Fiscal Year 2016)..... | 17.278 | 16CCSALEWIADIP16 | - | 18,043 |
| Workforce Investment Act - Dislocated Worker Formula Grants | | | | |
| Worker Formula Grants (Fiscal Year 2016)..... | 17.278 | 16CCSALEWIARRSS16 | - | 13,537 |
| Workforce Investment Act - Dislocated Worker Formula Grants | | | | |
| Worker Formula Grants (Fiscal Year 2015)..... | 17.278 | 15CCSALEWIAWIA15 | - | 160,232 |
| Total Workforce Investment Act - Dislocated Worker Formula Grants | | | - | 810,999 |
| Worker Formula Grants..... | | | - | |
| TOTAL WORKFORCE INVESTMENT ACT CLUSTER..... | | | - | 2,294,205 |
| TRANSIT SERVICES CLUSTER: | | | | |
| U.S. DEPARTMENT OF TRANSPORTATION: | | | | |
| <u>Passed through State Department of Transportation:</u> | | | | |
| New Freedom Program..... | 20.521 | 85442 | - | 511,425 |
| SPECIAL EDUCATION CLUSTER: | | | | |
| U.S. DEPARTMENT OF EDUCATION: | | | | |
| <u>Passed through Massachusetts Department of Elementary and Secondary Education:</u> | | | | |
| Special Education Grants to States (IDEA, Part B) (Fiscal Year 2016)..... | 84.027 | 240-271-6-0258 | - | 1,077,603 |
| Special Education Grants to States (IDEA, Part B) (Fiscal Year 2015)..... | 84.027 | 240-258-5-0258 | - | 98,252 |
| Special Education Grants to States (IDEA, Part B) (Fiscal Year 2016)..... | 84.027 | 245-049-6-0258 | - | 325 |
| Special Education Grants to States (IDEA, Part B) (Fiscal Year 2016)..... | 84.027 | 274-254-6-0258 | - | 27,974 |
| Special Education Grants to States (IDEA, Part B) (Fiscal Year 2015)..... | 84.027 | 274-086-5-0258 | - | 750 |
| Total Special Education Grants to States (IDEA, Part B)..... | | | - | 1,204,904 |
| <u>Passed through Massachusetts Department of Elementary and Secondary Education:</u> | | | | |
| Special Education Preschool Grants (Fiscal Year 2016)..... | 84.173 | 298-804-6-0258 | - | 1,284 |
| Special Education Preschool Grants (Fiscal Year 2015)..... | 84.173 | 298-603-5-0258 | - | 234 |
| Special Education Preschool Grants (Fiscal Year 2016)..... | 84.173 | 39116SALEMPUBLICPAY | - | 75,789 |
| <u>Passed through Massachusetts Department of Early Education and Care:</u> | | | | |
| Special Education Preschool Grants (Fiscal Year 2016)..... | 84.173 | 26216 | - | 46,914 |
| Special Education Preschool Grants (Fiscal Year 2015)..... | 84.173 | 26215 | - | 10,807 |
| Total Special Education Preschool Grants..... | | | - | 135,028 |
| TOTAL SPECIAL EDUCATION CLUSTER..... | | | - | 1,339,932 |
| AGING CLUSTER: | | | | |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: | | | | |
| <u>Passed through North Shore Elder Services, Inc.:</u> | | | | |
| Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers..... | 93.044 | VC6000192137 | - | 14,199 |
| Special Programs for the Aging Title III, Part C Nutrition Services..... | 93.045 | VC6000192137 | - | 51,628 |
| TOTAL AGING CLUSTER..... | | | - | 65,827 |

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Expenditures |
|--|---------------------------|--|---|--------------|
| OTHER PROGRAMS: | | | | |
| U.S. DEPARTMENT OF DEFENSE: | | | | |
| <u>Direct Program:</u> | | | | |
| ROTC Language and Culture Training Grants..... | 12.357 | N/A | - | 90,060 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT: | | | | |
| <u>Direct Program:</u> | | | | |
| Community Development Block Grant/Entitlement Grants..... | 14.218 | N/A | - | 837,332 |
| U.S. DEPARTMENT OF JUSTICE: | | | | |
| <u>Direct Program:</u> | | | | |
| Local Law Enforcement Trust Funds Program..... | 16.592 | N/A | - | 24,266 |
| Bulletproof Vest Partnership Program..... | 16.607 | N/A | - | 4,586 |
| Edward Byrne Memorial Justice Assistance Grant Program..... | 16.738 | N/A | - | 9,631 |
| Byrne Criminal Justice Innovation Program..... | 16.817 | N/A | - | 9,868 |
| TOTAL U.S. DEPARTMENT OF JUSTICE..... | | | - | 48,351 |
| U.S. ENVIRONMENTAL PROTECTION AGENCY: | | | | |
| <u>Direct Program:</u> | | | | |
| Investigations and Special Purpose Utilities Grant..... | 66.610 | N/A | - | 1,999 |
| Brownfield Assessment & Cooperative Cleanup Program..... | 66.818 | N/A | 5,072 | 34,185 |
| TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY..... | | | 5,072 | 36,184 |
| U.S. DEPARTMENT OF HOMELAND SECURITY: | | | | |
| <u>Direct Program:</u> | | | | |
| Port Security Grant Program..... | 97.056 | N/A | - | 22,143 |
| PASS-THROUGH PROGRAMS: | | | | |
| U.S. DEPARTMENT OF AGRICULTURE: | | | | |
| <u>Passed through Massachusetts Department of Elementary and Secondary Education:</u> | | | | |
| ARRA - Equipment Assistance School Equipment Grant School Equipment Grant (Fiscal Year 2016)..... | 10.579 | 722-008-6-0258 | - | 34,310 |
| ARRA - Equipment Assistance School Equipment Grant School Equipment Grant (Fiscal Year 2015)..... | 10.579 | 722-008-5-0258 | - | 17,754 |
| Total ARRA - Equipment Assistance School Equipment Grant School Equipment Grant..... | | | - | 52,064 |
| Fresh Fruit and Vegetable Program..... | 10.582 | 05-258 | - | 92,665 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE..... | | | - | 144,729 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT: | | | | |
| <u>Passed through Massachusetts Office for Communities and Development:</u> | | | | |
| Home Investment Partnership Program..... | 14.239 | M-15-DC-250216 | - | 99,053 |
| U.S. DEPARTMENT OF THE INTERIOR: | | | | |
| <u>Passed through the Massachusetts Division of Marine Fisheries:</u> | | | | |
| Clean Vessel Act..... | 15.616 | V-5-3 | - | 6,926 |
| U.S. DEPARTMENT OF LABOR: | | | | |
| <u>Passed through State Division of Career Services - Workforce Development:</u> | | | | |
| Unemployment Insurance..... | 17.225 | 16CCSALENEGREAARESEA16 | - | 67,738 |
| Trace Adjustment Assistance..... | 17.245 | 15CCSALETRADE16 | - | 12,953 |
| H-1b Job Training Grants..... | 17.268 | 16CCSALENEGREAAPPR16 | - | 3,416 |
| <u>Passed through the City of Lawrence:</u> | | | | |
| Workforce Investment Act - National Emergency Grants..... | 17.277 | City of Lawrence | - | 106,478 |
| TOTAL U.S. DEPARTMENT OF LABOR..... | | | - | 190,585 |
| U.S. DEPARTMENT OF TRANSPORTATION: | | | | |
| <u>Passed through Highway Safety Bureau:</u> | | | | |
| National Highway Traffic Safety Administration Discretionary Safety Grants..... | 20.614 | 20130TENF2017XXXXXXX | - | 424 |
| U.S. DEPARTMENT OF TRANSPORTATION: | | | | |
| <u>Passed through Highway Safety Bureau:</u> | | | | |
| National Priority Safety Programs..... | 20.616 | 2015SALEMEUDLXXXXXXX | - | 10,124 |
| U.S. DEPARTMENT OF EDUCATION: | | | | |
| <u>Passed through Massachusetts Department of Elementary and Secondary Education:</u> | | | | |
| Adult Education Basic Grants to States (Fiscal Year 2015)..... | 84.002 | 540-009-5-1529-P | - | 11,110 |
| Title I Grants to Local Educational Agencies (Fiscal Year 2016)..... | 84.010 | 305-078061-2016-0258 | - | 983,869 |
| Title I Grants to Local Educational Agencies (Fiscal Year 2016)..... | 84.010 | 305-078061-2015-0258 | - | 238,722 |
| Title I Grants to Local Educational Agencies (Fiscal Year 2016)..... | 84.010 | 323-038-6-0258 | - | 29,842 |
| Title I Grants to Local Educational Agencies (Fiscal Year 2015)..... | 84.010 | 323-019-5-0258 | - | 42,433 |
| Total Title I Grants to Local Educational Agencies..... | | | - | 1,294,866 |
| Career and Technical Education - Basic Grants to States (Fiscal Year 2016)..... | 84.048 | 400-015-6-0258 | - | 45,999 |
| Career and Technical Education - Basic Grants to States (Fiscal Year 2015)..... | 84.048 | 400-011-6-0258 | - | 25,923 |
| Total Career and Technical Education - Basic Grants to States..... | | | - | 71,922 |

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Amount Passed Through to Sub-Recipients | Expenditures |
|--|---------------------------|--|---|---------------|
| Twenty-First Century Community Learning Centers (Fiscal Year 2016)..... | 84.287 | 647-047-6-0258 | - | 390,366 |
| Twenty-First Century Community Learning Centers (Fiscal Year 2016)..... | 84.287 | 647-088-6-0258 | - | 69,706 |
| Twenty-First Century Community Learning Centers (Fiscal Year 2016)..... | 84.287 | 647-202-6-0258 | - | 3,244 |
| Twenty-First Century Community Learning Centers (Fiscal Year 2016)..... | 84.287 | 647-182-6-0258 | - | 52,070 |
| Twenty-First Century Community Learning Centers (Fiscal Year 2015)..... | 84.287 | 647-109-5-0258 | - | 26,536 |
| Twenty-First Century Community Learning Centers (Fiscal Year 2015)..... | 84.287 | 647-128-5-0258 | - | 12,661 |
| Total Twenty-First Century Community Learning Centers..... | | | - | 554,583 |
| English Language Acquisition Grants (Fiscal Year 2016)..... | 84.365 | 180-051-6-0258 | - | 44,230 |
| English Language Acquisition Grants (Fiscal Year 2015)..... | 84.365 | 180-052-5-0258 | - | 58,175 |
| Total English Language Acquisition Grants..... | | | - | 102,405 |
| Improving Teacher Quality State Grants (Fiscal Year 2016)..... | 84.367 | 140-077363-2016-0258 | - | 79,563 |
| Improving Teacher Quality State Grants (Fiscal Year 2015)..... | 84.367 | 140-059930-2015-0258 | - | 86,470 |
| Total Improving Teacher Quality State Grants..... | | | - | 166,033 |
| ARRA - School Improvement Grant, Recovery Act (Fiscal Year 2015)..... | 84.388 | 511-057-5-0258 | - | 147,334 |
| ARRA - Race to the Top Incentive Grants, Recovery Act (Fiscal Year 2015)... | 84.395 | 133-026-5-0258 | - | 77,266 |
| TOTAL U.S. DEPARTMENT OF EDUCATION..... | | | - | 2,425,519 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: | | | | |
| <u>Passed through Executive Office of Health and Human Services:</u> | | | | |
| <u>Passed through Center for Disease Control and Prevention:</u> | | | | |
| Cooperative Agreements to Promote Adolescent Health Through School Based Surveillance (Fiscal Year 2016)..... | 93.079 | 649-006-6-0258 | - | 2,622 |
| Cooperative Agreements to Promote Adolescent Health Through School Based Surveillance (Fiscal Year 2015)..... | 93.079 | 649-006-5-0258 | - | 2,605 |
| Total Cooperative Agreements to Promote Adolescent Health Through School Based Surveillance..... | | | - | 5,227 |
| <u>Passed through Executive Office of Health and Human Services:</u> | | | | |
| Strengthening Public Health Infrastructure..... | 93.507 | INTF1100P01203816184 | - | 50,332 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES..... | | | - | 55,559 |
| U.S. DEPARTMENT OF HOMELAND SECURITY: | | | | |
| <u>Passed through Massachusetts Emergency Management Agency:</u> | | | | |
| Hazard Mitigation Grant Program..... | 97.039 | HMGP189516SALEM0000 | - | 373,742 |
| Emergency Management Performance Grants (Fiscal Year 2015)..... | 97.042 | FY16EMPG1500000SALEM | - | 14,460 |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY..... | | | - | 388,202 |
| TOTAL..... | | | \$ 5,072 | \$ 11,003,716 |

See notes to schedule of expenditures of federal awards.

(Concluded)

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Salem, Massachusetts under programs of the federal government for the year ended June 30, 2016. 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). Because the Schedule presents only a selected portion of the operations of the City of Salem, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Salem, Massachusetts.

Note 2 – Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Salem, Massachusetts are set forth below:

- a) Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. Accordingly, expenditures are recognized when the liability is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Cash Assistance – School Breakfast and National School Lunch Programs – Program expenditures represent federal reimbursement for meals provided during the year.
- c) Non-Cash Assistance (Commodities) – National School Lunch Program – Program expenditures represent the value of donated foods received during the year.
- d) The City of Salem, Massachusetts has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Salem, Massachusetts.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City of Salem, Massachusetts, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the City of Salem, Massachusetts, expresses an unmodified opinion on all major federal award programs.
6. There were no audit findings relative to the major federal award programs for the City of Salem, Massachusetts.
7. The programs tested as major grants are the Child Nutrition Cluster and the Community Development Block Grant.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City of Salem, Massachusetts was determined to be a low-risk auditee.

B. Findings-Financial Statements Audit

None

C. Findings and Questioned Costs-Major Federal Award Programs

None

D. Summary Schedule of Prior Audit Findings

None