

CITY OF SALEM, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

YEAR ENDED JUNE 30, 2020

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REPORTS ON FEDERAL AWARD PROGRAMS
YEAR ENDED JUNE 30, 2020

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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, 2020, 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 February 18, 2021.

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 City'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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Powers & Sullivan LLC

February 18, 2021



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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE 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, 2020. 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, 2020.

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.

Powers & Sullivan LLC

March 26, 2021



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

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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, 2020, and the related notes to the financial statements, which collectively comprise the City of Salem, Massachusetts' basic financial statements. We issued our report thereon dated February 18, 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 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

February 18, 2021

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

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:				
Passed through Massachusetts Department of Elementary and Secondary Education:				
Non-Cash Assistance (Commodities):				
National School Lunch Program.....	10.555	05-258	\$ -	\$ 252,256
Cash Assistance:				
National School Lunch Program.....	10.555	05-258	-	947,693
After School Snack Program.....	10.555	05-258	-	2,318
Total National School Lunch Program.....			-	1,202,267
Cash Assistance:				
School Breakfast Program.....	10.553	05-258	-	483,893
Summer Food Service Program.....	10.559	05-258-SF-159	-	169,254
COVID-19 Summer Food Service Program.....	10.559	05-258-SF-159	-	545,321
TOTAL CHILD NUTRITION CLUSTER.....			-	2,400,735
COMMUNITY DEVELOPMENT BLOCK GRANTS CLUSTER:				
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Direct Programs:				
Community Development Block Grant/Entitlement Grants.....	14.218	N/A	442,154	1,070,708
COVID-19 Community Development Block Grant/Entitlement Grants.....	14.218	N/A	-	84,500
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANTS CLUSTER.....			442,154	1,155,208
EMPLOYMENT SERVICE CLUSTER:				
U.S. DEPARTMENT OF LABOR:				
Passed through State Division of Career Services - Workforce Development:				
Employment Service/Wagner Peyser Funded Activities (Fiscal year 2020).....	17.207	20CCSALEWP-WP 20	-	56,080
Employment Service/Wagner Peyser Funded Activities (Fiscal year 2019).....	17.207	19CCSALEWP-WP 19	-	1,946
Total Employment Service/Wagner Peyser Funded Activities.....			-	58,026
Disabled Veterans' Outreach Program (DVOP) (Fiscal year 2020).....	17.801	20CCSALEVETSUI-DVOP 20	-	15,760
TOTAL EMPLOYMENT SERVICE CLUSTER.....			-	73,786
WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA) CLUSTER:				
U.S. DEPARTMENT OF LABOR:				
Passed through State Division of Career Services - Workforce Development:				
WIOA - Adult Program (Fiscal Year 2020).....	17.258	CT EOL 20CCSALEWIA	-	274,535
WIOA - Adult Program (Fiscal Year 2019).....	17.258	CT EOL 19CCSALEWIA	-	123,704
Total WIOA - Adult Program.....			-	398,239
WIOA - Youth Activities (Fiscal Year 2020).....	17.259	CT EOL 20CCSALEWIA	273,385	438,613
WIOA - Youth Activities (Fiscal Year 2019).....	17.259	CT EOL 19CCSALEWIA	-	96,814
Total WIOA - Youth Activities.....			273,385	535,427
WIOA - Dislocated Worker Formula Grants (Fiscal Year 2020).....	17.278	CT EOL 20CCSALEWIA	-	310,967
WIOA - Dislocated Worker Formula Grants (Fiscal Year 2019).....	17.278	CT EOL 19CCSALEWIA	-	226,959
Total WIOA - Dislocated Worker Formula Grants.....			-	537,926
TOTAL WORKFORCE INNOVATION AND OPPORTUNITY ACT CLUSTER.....			273,385	1,471,592
SPECIAL EDUCATION CLUSTER:				
U.S. DEPARTMENT OF EDUCATION:				
Passed through Massachusetts Department of Elementary and Secondary Education:				
Special Education Grants to States (IDEA, Part B) (Fiscal Year 2020).....	84.027	240-304387-2020-0258	-	1,062,681
Special Education Grants to States (IDEA, Part B) (Fiscal Year 2020).....	84.027	245-372311-2020-0258	-	1,118
Special Education Grants to States (IDEA, Part B) (Fiscal Year 2019).....	84.027	240-219356-2019-0258	-	145,215
Special Education Grants to States (IDEA, Part B) (Fiscal Year 2019).....	84.027	244-234321-2019-0258	-	7,100
Special Education Grants to States (IDEA, Part B) (Fiscal Year 2019).....	84.027	245-285023-2019-0258	-	10,000
Special Education Grants to States (IDEA, Part B) (Fiscal Year 2018).....	84.027	240-147770-2018-0258	-	390
Total Special Education Grants to States (IDEA, Part B).....			-	1,226,504
Special Education Preschool Grants (Fiscal Year 2020).....	84.173	262-304388-2020-0258	-	48,065
Special Education Preschool Grants (Fiscal Year 2019).....	84.173	262-219354-2019-0258	-	711
Total Special Education Preschool Grants.....			-	48,776
TOTAL SPECIAL EDUCATION CLUSTER.....			-	1,275,280

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
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	15COA258000000002015	-	14,072
Special Programs for the Aging Title III, Part C Nutrition Services.....	93.045	15COA258000000002015	-	15,876
TOTAL AGING CLUSTER.....			-	29,948
DIRECT PROGRAMS:				
U.S. DEPARTMENT OF DEFENSE:				
<u>Direct Program:</u>				
ROTC Language and Culture Training Grants.....	12.357	N/A	-	28,960
U.S. DEPARTMENT OF JUSTICE:				
<u>Direct Programs:</u>				
COVID-19 Coronavirus Emergency Supplemental Funding Program.....	16.034	N/A	-	15,925
Grants to Encourage Arrest Policies and Enforcement of Protection Orders.....	16.590	N/A	-	62,154
Bulletproof Vest Partnership Program.....	16.607	N/A	-	11,688
Public Safety Partnership and Community Policing Grants.....	16.710	N/A	-	77,644
Edward Byrne Memorial Justice Assistance Grant Program.....	16.738	N/A	-	11,923
TOTAL U.S. DEPARTMENT OF JUSTICE.....			-	179,334
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
<u>Direct Program:</u>				
Brownfield Assessment & Cooperative Cleanup Program.....	66.818	N/A	-	12,329
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Direct Program:</u>				
Port Security Grant Program.....	97.056	N/A	-	1,621
PASS-THROUGH PROGRAMS:				
U.S. DEPARTMENT OF AGRICULTURE:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Fresh Fruit and Vegetable Program (Fiscal Year 2020).....	10.582	05-258	-	94,118
Fresh Fruit and Vegetable Program (Fiscal Year 2019).....	10.582	05-258	-	1,998
Total Fresh Fruit and Vegetable Program.....			-	96,116
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
<u>Passed through the North Shore Home Consortium:</u>				
Home Investment Partnership Program.....	14.239	M19-DC250216	-	147,073
U.S. DEPARTMENT OF THE INTERIOR:				
<u>Passed through Massachusetts Division of Marine Fisheries</u>				
Clean Vessel Act.....	15.616	CVA REIMBURSEMENT	-	5,493
<u>Passed through the Massachusetts Secretary of State:</u>				
Historic Preservation Fund Grants-In-Aid.....	15.904	PVSEC480020351008000	-	11,500
TOTAL U.S. DEPARTMENT OF THE INTERIOR.....			-	16,993
U.S. DEPARTMENT OF LABOR:				
<u>Passed through State Division of Career Services - Workforce Development:</u>				
Unemployment Insurance.....	17.225	19CCSALENEGREA-REA8-19	-	44,902
Trade Adjustment Assistance.....	17.245	19CCSALETRADE-TAA-CM19	-	23,624
H-1b Job Training Grants.....	17.268	16CCSALENEGREA	1,343	218,620
Workforce Investment Act - National Emergency Grants.....	17.277	CT EOL19CCSALENEGREA	-	137,698
Apprenticeship USA Grants (Fiscal Year 2020).....	17.285	CT EOL20CCSALENEGREA	-	14,000
Apprenticeship USA Grants (Fiscal Year 2019).....	17.285	CT EOL19CCSALENEGREA	93,020	139,659
Apprenticeship USA Grants (Fiscal Year 2017).....	17.285	CT EOL 17CCSALENEGREA	4,800	22,298
Total Apprenticeship USA Grants.....			97,820	175,957
TOTAL U.S. DEPARTMENT OF LABOR.....			99,163	600,801
U.S. DEPARTMENT OF TREASURY:				
<u>Passed through Executive Office of Administration and Finance:</u>				
COVID-19 Coronavirus Relief Fund.....	21.019	COVID19 258	-	177,407
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through State Division of Career Services - Workforce Development:</u>				
Adult Basic Education - Basic Grants to States.....	84.002	20CCSALEWP-W-PRTN 20	-	4,867

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Title I Grants to Local Educational Agencies (Fiscal Year 2020).....	84.010	305-304292-2020-0258	-	907,883
Title I Grants to Local Educational Agencies (Fiscal Year 2019).....	84.010	305-218813-2019-0258	-	249,942
Title I Grants to Local Educational Agencies (Fiscal Year 2018).....	84.010	305-146333-2018-0258	-	1,111
Total Title I Grants to Local Educational Agencies.....			-	1,158,936
Career and Technical Education Basic Grants to States (Fiscal Year 2020).....	84.048	400-327549-2020-0258	-	17,571
Career and Technical Education Basic Grants to States (Fiscal Year 2019).....	84.048	400-218915-2019-0258	-	15,979
Total Career and Technical Education Basic Grants to States.....			-	33,550
Education for Homeless Children and Youth (Fiscal Year 2020).....	84.196	310-288721-2020-0258	-	5,377
Education for Homeless Children and Youth (Fiscal Year 2019).....	84.196	310-235139-2019-0258	-	5,444
Total Education for Homeless Children and Youth.....			-	10,821
Twenty-First Century Community Learning Centers (Fiscal Year 2020).....	84.287	645-324718-2020-0258	-	45,414
Twenty-First Century Community Learning Centers (Fiscal Year 2020).....	84.287	646-314671-2020-0258	-	123,328
Twenty-First Century Community Learning Centers (Fiscal Year 2019).....	84.287	645-239213-2019-0258	-	118,663
Twenty-First Century Community Learning Centers (Fiscal Year 2019).....	84.287	646-219371-2019-0258	-	67,837
Total Twenty-First Century Community Learning Centers.....			-	355,242
English Language Acquisition Grants (Fiscal Year 2020).....	84.365	180-304385-2020-0258	-	14,633
English Language Acquisition Grants (Fiscal Year 2019).....	84.365	180-218821-2019-0258	-	50,652
English Language Acquisition Grants (Fiscal Year 2018).....	84.365	180-146344-2018-0258	-	3,120
Total English Language Acquisition Grants.....			-	68,405
Supporting Effective Instruction State Grants (Fiscal Year 2020).....	84.367	140-304383-2020-0258	-	38,648
Supporting Effective Instruction State Grants (Fiscal Year 2019).....	84.367	140-218819-2019-0258	-	169,015
Supporting Effective Instruction State Grants (Fiscal Year 2018).....	84.367	140-146341-2018-0258	-	9,539
Total Supporting Effective Instruction State Grants.....			-	217,202
Student Support and Academic Enrichment (Fiscal Year 2020).....	84.424	309-304386-2020-0258	-	33,539
Student Support and Academic Enrichment (Fiscal Year 2019).....	84.424	309-218824-2019-0258	-	53,883
Total Student Support and Academic Enrichment.....			-	87,422
TOTAL U.S. DEPARTMENT OF EDUCATION.....			-	1,936,445
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Teenage Pregnancy Prevention Program (Fiscal Year 2020).....	93.297	716-299636-2020-0258	-	16,361
Teenage Pregnancy Prevention Program (Fiscal Year 2019).....	93.297	716-270833-2019-0258	-	11,100
Total Teenage Pregnancy Prevention Program.....			-	27,461
Improving Student Health and Academic Achievement.....	93.981	650-288610-2020-0258	-	10,000
Improving Student Health and Academic Achievement.....	93.981	650-270834-2019-0258	-	5,200
Total Improving Student Health and Academic Achievement.....			-	15,200
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES.....			-	42,661
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
<u>Passed through Massachusetts Emergency Management Agency:</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters).....	97.036	DR - 4372 PW	-	123,919
Disaster Grants - Public Assistance (Presidentially Declared Disasters).....	97.036	DR - 4379 PW	-	248,320
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters).....			-	372,239
Emergency Management Performance Grants.....	97.042	EMPG19 - SALEM	-	15,120
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			-	387,359
TOTAL.....			\$ 814,702	\$ 10,033,648

(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 (City) 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 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.

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) Disaster grants have been recorded the year that the grant was approved.
- e) The City 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 material weaknesses or 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 material weaknesses or 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 were the Special Education Cluster CFDA #84.027 and 84.173 and Title I Grants to Local Educational Agencies CFDA #84.010.
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.