

CITY OF LOWELL, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2021

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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 City Council
City of Lowell, 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 Lowell, Massachusetts, as of and for the year ended June 30, 2021, (except for the Lowell Contributory 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 Lowell, Massachusetts' basic financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lowell, 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 Lowell, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lowell, 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 Lowell, 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.

A handwritten signature in black ink that reads "Powers & Sullivan, LLC". The signature is written in a cursive style and is positioned above a light gray rectangular background.

March 31, 2022

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 City Council
City of Lowell, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the City of Lowell, 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 Lowell, Massachusetts' major federal programs for the year ended June 30, 2021. The City of Lowell, 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Lowell, 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.

Report on Internal Control Over Compliance

Management of the City of Lowell, 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 Lowell, 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 Lowell, 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 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 City of Lowell, Massachusetts' as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Lowell, Massachusetts' basic financial statements. We issued our report thereon dated March 31, 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 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.

Powers & Sullivan, LLC

March 31, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing 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>				
Cash Assistance:				
School Breakfast Program.....	10.553	09-160	\$ -	\$ 53,938
Non-Cash Assistance (Commodities):				
National School Lunch Program.....	10.555	09-160	-	405,436
Cash Assistance:				
National School Lunch Program.....	10.555	09-160	-	57,526
Total National School Lunch Program.....			-	462,962
Summer Food Service Program.....	10.559	09-160	-	5,002,530
COVID-19 - Summer Food Service Program.....	10.559	09-160	-	296,171
Total Summer Food Service Program.....			-	5,298,701
TOTAL CHILD NUTRITION CLUSTER.....			-	5,815,601
SNAP CLUSTER:				
U.S. DEPARTMENT OF LABOR:				
<u>Passed through Executive Office of Labor and Workforce Development:</u>				
Supplemental Nutrition Assistance Program.....	10.561	20CCLOWWP0000000000	-	8,073
ECONOMIC DEVELOPMENT CLUSTER:				
U.S. DEPARTMENT OF COMMERCE:				
<u>Direct Program:</u>				
Investments for Public Works and Economic Development Facilities.....	11.300	Not Applicable	-	91,522
CDBG ENTITLEMENT GRANTS CLUSTER:				
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
<u>Direct Program:</u>				
Community Development Block Grants/Entitlement Grants.....	14.218	Not Applicable	1,496,140	1,926,008
EMPLOYMENT SERVICE CLUSTER:				
U.S. DEPARTMENT OF LABOR:				
<u>Passed through Executive Office of Labor and Workforce Development:</u>				
Employment Service/Wagner-Peyser Funded Activities.....	17.207	21CCLOWWP	-	157,762
Jobs for Veterans State Grants.....	17.801	21CCLOWVETSUI	-	7,215
TOTAL EMPLOYMENT SERVICE CLUSTER.....			-	164,977
WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA) CLUSTER:				
U.S. DEPARTMENT OF LABOR:				
<u>Passed through Executive Office of Labor and Workforce Development:</u>				
WIOA Adult Program.....	17.258	21CCLOWWIA	-	608,118
WIOA Adult Program.....	17.258	20CCLOWWIA	-	95,488
Total WIOA Adult Program.....			-	703,606
WIOA Youth Activities.....	17.259	21CCLOWWIA	255,265	333,492
WIOA Youth Activities.....	17.259	20CCLOWWIA	-	198,188
Total WIOA Youth Activities.....			255,265	531,680
WIOA Dislocated Worker Formula Grant.....	17.278	21CCLOWWIA	-	9,615
WIOA Dislocated Worker Formula Grant.....	17.278	20CCLOWWIA	-	53,862
Total WIOA Dislocated Workers Formula Grant.....			-	63,477
TOTAL WIOA CLUSTER.....			255,265	1,298,763
HIGHWAY SAFETY CLUSTER:				
U.S. DEPARTMENT OF TRANSPORTATION:				
<u>Passed through the Massachusetts Executive Office of Public Safety and Security:</u>				
State and Community Highway Safety.....	20.600	2020LOWELLSTEP	-	85,399
National Priority Safety Programs.....	20.616	2018OTENF2022LOWELL	-	12,497
National Priority Safety Programs.....	20.616	2020LOWELLPEDBIKE	-	5,408
Total National Priority Safety Programs.....			-	17,905
TOTAL HIGHWAY SAFETY CLUSTER.....			-	103,304

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
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).....	84.027	240-432969-2021-0160	-	2,914,469
Special Education-Grants to States (IDEA, Part B).....	84.027	240-342155-2020-0160	-	631,431
Special Education-Grants to States (IDEA, Part B).....	84.027	240-218827-2019-0160	-	4,548
Special Education-Grants to States (IDEA, Part B).....	84.027	274-485306-2021-0160	-	15,477
Special Education-Grants to States (IDEA, Part B).....	84.027	244-338307-2020-0160	-	35,543
Special Education-Grants to States (IDEA, Part B).....	84.027	245-372317-2020-0160	-	36,000
Total Special Education-Grants to States (IDEA, Part B).....			-	3,637,468
Special Education Preschool Grants (IDEA, Preschool).....	84.173	262-432970-2021-0160	-	67,874
Special Education Preschool Grants (IDEA, Preschool).....	84.173	262-291379-2020-0160	-	25,334
Special Education Preschool Grants (IDEA, Preschool).....	84.173	298-484690-2021-0160	-	7,246
Total Special Education Preschool Grants (IDEA, Preschool).....			-	100,454
TOTAL SPECIAL EDUCATION CLUSTER.....			-	3,737,922
DIRECT PROGRAMS:				
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
<u>Direct Programs:</u>				
Emergency Shelter Grants Program.....	14.231	Not Applicable	-	468,648
HOME Investment Partnerships Program.....	14.239	Not Applicable	-	1,451,270
Housing Opportunities for Persons with AIDS.....	14.241	Not Applicable	1,163,223	1,164,306
Continuum of Care Grants.....	14.267	Not Applicable	-	550,547
Job-Plus Pilot Initiative.....	14.895	Not Applicable	-	10,120
Lead-Based Paint Hazard Control in Privately-Owned Housing.....	14.900	Not Applicable	-	8,712
TOTAL HOUSING AND URBAN DEVELOPMENT.....			1,163,223	3,653,603
U.S. DEPARTMENT OF THE INTERIOR - NATIONAL PARKS SERVICE:				
<u>Direct Program:</u>				
Cultural Resources Management.....	15.946	Not Applicable	-	13,008
U.S. DEPARTMENT OF JUSTICE:				
<u>Direct Programs:</u>				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program.....	16.590	Not Applicable	-	151,517
Edward Byrne Memorial Justice Assistance Grant Program.....	16.738	Not Applicable	-	146,240
Criminal and Juvenile Justice and Mental Health Collaboration Program.....	16.745	Not Applicable	-	65,694
Comprehensive Opioid, Stimulant, and Substance Abuse Program.....	16.838	Not Applicable	-	226,626
Equitable Sharing Program.....	16.922	Not Applicable	-	172,259
TOTAL DEPARTMENT OF JUSTICE.....			-	762,336
U.S. DEPARTMENT OF TREASURY:				
<u>Direct Programs:</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds.....	21.027	Not Applicable	-	7,976,729
PASS-THROUGH PROGRAMS:				
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
<u>Passed through Executive Office of Labor and Workforce Development:</u>				
Moving to Work Demonstration Program.....	14.881	20CAREERNAVLOWELL	-	65,656
U.S. DEPARTMENT OF JUSTICE:				
<u>Passed through the Massachusetts Attorney General Office:</u>				
Public Safety Partnership and Community Policing Grants.....	16.710	21COPSOTLOWELLPD	-	17,198
U.S. DEPARTMENT OF LABOR:				
<u>Passed through Executive Office of Labor and Workforce Development:</u>				
Unemployment Insurance.....	17.225	21CCLOWNEGREA	-	11,854
Unemployment Insurance.....	17.225	20CCLOWNEGREA	-	32,330
Total Unemployment Insurance.....			-	44,184
Trade Adjustment Assistance.....	17.245	21CCLOWTRADE	-	51,115
WIOA National Emergency Grants.....	17.277	21CCLOWNEGREA	-	606,322
TOTAL DEPARTMENT OF LABOR.....			-	701,621
U.S. DEPARTMENT OF TREASURY:				
<u>Passed through Executive Office of Administration and Finance:</u>				
COVID-19 - Coronavirus Relief Fund.....	21.019	21COVIDRELIEFFUND002	-	7,724,112
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
COVID-19 - Coronavirus Relief Fund.....	21.019	102-397266-2021-0160	-	3,136,104
COVID-19 - Coronavirus Relief Fund.....	21.019	DOENUT202012SL	-	152,442
COVID-19 - Coronavirus Relief Fund.....	21.019	118-400788-2021-0160	-	762,945
Total Coronavirus Relief Fund.....			-	11,775,603
INSTITUTE OF MUSEUM AND LIBRARY SERVICES:				
Small Business Administration:				
<u>Passed through Executive Office of Labor and Workforce Development:</u>				
State Trade and Export Promotion PILOT Grant Program.....	59.061	21CCLOWTRADE	-	51,115

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
U.S. DEPARTMENT OF EDUCATION:				
Passed through Massachusetts Department of Elementary and Secondary Education:				
Adult Education - Basic Grants to States.....	84.002	340-378731-2021-0160	-	819,955
Adult Education - Basic Grants to States.....	84.002	340-288799-2020-0160	-	130,112
Adult Education - Basic Grants to States.....	84.002	340-137839-2018-0160	-	57,660
Adult Education - Basic Grants to States.....	84.002	359-378732-2021-0160	-	146,168
Adult Education - Basic Grants to States.....	84.002	359-288800-2020-0160	-	26,278
Total Adult Education - Basic Grants to States.....			-	1,180,173
Title I Grants to Local Education Agencies.....	84.010	305-403831-2021-0160	-	3,872,702
Title I Grants to Local Education Agencies.....	84.010	305-304317-2020-0160	-	1,367,425
Title I Grants to Local Education Agencies.....	84.010	305-217643-2019-0160	-	2,299
Title I Grants to Local Education Agencies.....	84.010	539-420529-2021-0160	-	226,372
Title I Grants to Local Education Agencies.....	84.010	539-292302-2020-0160	-	91,556
Title I Grants to Local Education Agencies.....	84.010	319-460613-2021-0160	-	22,290
Title I Grants to Local Education Agencies.....	84.010	320-420171-2021-0160	-	18,471
Title I Grants to Local Education Agencies.....	84.010	320-361925-2020-0160	-	5,879
Title I Grants to Local Education Agencies.....	84.010	325-456716-2021-0160	-	73,703
Title I Grants to Local Education Agencies.....	84.010	325-368668-2020-0160	-	102,935
Total Title I Grants to Local Education Agencies.....			-	5,783,632
Career and Technical Education - Basic Grants to States.....	84.048	400-433005-2021-0160	-	108,151
Career and Technical Education - Basic Grants to States.....	84.048	400-338283-2020-0160	-	47,478
Total Career and Technical Education - Basic Grants to States.....			-	155,629
Education for Homeless Children and Youth.....	84.196	310-385850-2021-0160	-	54,786
Education for Homeless Children and Youth.....	84.196	310-288743-2020-0160	-	18,147
Total Education for Homeless Children and Youth.....			-	72,933
Fund for the Improvement of Education.....	84.215	S21-5E-150-154	-	261,949
Twenty-First Century Community Learning Centers.....	84.287	645-403721-2021-0160	-	677,562
Twenty-First Century Community Learning Centers.....	84.287	645-302145-2020-0160	-	261,249
Twenty-First Century Community Learning Centers.....	84.287	646-413216-2021-0160	-	76,283
Twenty-First Century Community Learning Centers.....	84.287	646-304461-2020-0160	-	125,185
Twenty-First Century Community Learning Centers.....	84.287	647-304462-2020-0160	-	49,871
Total Twenty-First Century Community Learning Centers.....			-	1,190,150
English Language Acquisition Grants.....	84.365	180-403835-2021-0160	-	174,436
English Language Acquisition Grants.....	84.365	180-304319-2020-0160	-	289,312
English Language Acquisition Grants.....	84.365	180-217675-2019-0160	-	9,544
English Language Acquisition Grants.....	84.365	186-375099-2020-0160	-	23,085
English Language Acquisition Grants.....	84.365	186-285591-2019-0160	-	232
Total English Language Acquisition Grants.....			-	496,609
Supporting Effective Instruction State Grants.....	84.367	140-403833-2021-0160	-	352,520
Supporting Effective Instruction State Grants.....	84.367	140-304318-2020-0160	-	189,814
Supporting Effective Instruction State Grants.....	84.367	140-217674-2019-0160	-	132
Total Supporting Effective Instruction State Grants.....			-	542,466
Striving Readers.....	84.371	507-497379-2021-0160	-	5,721
Student Support and Academic Enrichment.....	84.424	309-403836-2021-0160	-	89,047
Student Support and Academic Enrichment.....	84.424	309-304320-2020-0160	-	160,918
Total Student Support and Academic Enrichment.....			-	249,965
COVID-19 - Education Stabilization Fund.....	84.425D	113-379670-2021-0160	-	4,571,010
COVID-19 - Education Stabilization Fund.....	84.425D	115-510168-2022-0160	-	2,370
COVID-19 - Education Stabilization Fund.....	84.425	333-390118-2021-0160	-	35,950
COVID-19 - Education Stabilization Fund.....	84.425	423-480626-2021-0160	-	234,194
COVID-19 - Education Stabilization Fund.....	84.425	432-498049-2021-0160	-	14,240
COVID-19 - Education Stabilization Fund.....	84.425D	435-662715-2022-1542	-	26,787
Total Education Stabilization Fund.....			-	4,884,551
Hurricane Education Recovery.....	84.938	314-288745-2020-0160	-	11,875
TOTAL DEPARTMENT OF EDUCATION.....			-	14,835,653

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Passed through the Massachusetts Department of Public Health:</u>				
COVID-19 - Immunization and Vaccines for Children.....	93.268	INTF1208P01W21143090	-	20,345
Block Grants for Prevention and Treatment of Substance Abuse.....	93.959	INTF2354M04301822060	-	54,188
Preventative Health and Health Services Block Grant.....	93.991	LOWMIMFY19Q1	-	30,000
			<hr/>	<hr/>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES.....			-	104,533
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Passed through the Massachusetts Executive Office of Public Safety:</u>				
Emergency Management Performance Grants.....	97.042	EMPG18 - LOWELL	-	6,852
Assistance to Firefighters Grant.....	97.044	EMW-2015-FV-01444	-	3,502
			<hr/>	<hr/>
TOTAL DEPARTMENT OF HOMELAND SECURITY.....			-	10,354
TOTAL.....			<hr/> <u>\$ 2,914,628</u>	<hr/> <u>\$ 53,113,579</u>

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 Lowell, Massachusetts (City) 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 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, 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 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 Lunch Program – Program expenditures represent federal reimbursement for meals provided during the year.
- c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received during the year.
- d) Disaster grants have been recorded the year the grant was approved.
- e) The City does not 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.
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, was 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 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, 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.
7. The programs tested as major grants are as follows:

• Coronavirus Relief Fund	<u>CFDA #</u> 21.019
• Coronavirus State and Local Fiscal Recovery Funds	21.027
• Education Stabilization Fund	84.425 & 84.425D

8. The threshold for distinguishing Types A and B programs was \$1,593,407.
9. The City of Lowell, 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.