

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

CITY OF SOMERVILLE, MASSACHUSETTS

FEDERAL AWARD REPORTS

PURSUANT TO THE

UNIFORM GUIDANCE

YEAR ENDED JUNE 30, 2025



**CITY OF SOMERVILLE, MASSACHUSETTS
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**INDEPENDENT AUDITOR'S 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**

To the Honorable Mayor and City Council
City of Somerville, 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 Somerville, Massachusetts, as of and for the year ended June 30, 2025 (except for the Somerville Contributory Retirement System which is as of December 31, 2024), and the related notes to the financial statements, which collectively comprise the City of Somerville, Massachusetts's basic financial statements and have issued our report thereon dated February 26, 2026. The financial statements of the Somerville Contributory Retirement System were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Somerville Contributory Retirement System.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Somerville, 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Somerville, 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.

Roselli Clark + Associates

Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts
February 26, 2026



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council
City of Somerville, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Somerville, Massachusetts' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Somerville, Massachusetts' major federal programs for the year ended June 30, 2025. The City of Somerville, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Somerville, 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Somerville, Massachusetts and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Somerville, Massachusetts' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Somerville, Massachusetts' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Somerville, Massachusetts' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Somerville, Massachusetts' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Audit Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Somerville, Massachusetts' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Somerville, Massachusetts' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Somerville, Massachusetts' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Somerville, Massachusetts' response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on 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 Somerville, Massachusetts, as of and for the year ended June 30, 2025 (except for the Somerville Contributory Retirement System which is as of December 31, 2024), and the related notes to the financial statements, which collectively comprise the City of Somerville, Massachusetts's financial statements. We have issued our report thereon dated February 26, 2026, 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.

City of Somerville, Massachusetts
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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.

Roselli Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts

March 24, 2026, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is February 26, 2026

**CITY OF SOMERVILLE, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor / Pass-through Agency / Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
<i>Passed through the Commonwealth of Massachusetts - Department of Elementary and Secondary Education</i>				
Child Nutrition Cluster				
School Breakfast Program	10.553	09-274	\$ -	\$ 411,863
National School Lunch Program:	10.555	09-274		
Cash Assistance			-	2,482,010
Non-Cash Assistance (Commodities)			-	308,520
National School Lunch Program			-	2,790,530
Summer Food Service Program for Children	10.559	09-274	-	132,413
Total Child Nutrition Cluster			-	3,334,806
<i>Direct Award</i>				
SNAP Cluster				
Supplemental Nutrition Assistance Program (SNAP)	10.561		-	3,607
Total U.S. Department of Agriculture			-	3,338,413
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Awards</i>				
Community Development Block Grant Cluster Entitlement/ Special Purpose Grants				
Community Development Block Grant/Entitlement Grants	14.218		173,830	2,028,557
Total Community Development Block Grant Cluster Entitlement/Special Purpose Grants			173,830	2,028,557
Emergency Shelters Grant Program	14.231		-	215,016
COVID-19 - HOME Investment Partnership Program	14.239		-	3,120
HOME Investment Partnership Program	14.239		118,693	7,277,971
Total HOME Investment Partnership Program			118,693	7,281,091
Total U.S. Department of Housing and Urban Development			292,523	9,524,664
<u>U.S. Department of Justice</u>				
<i>Direct Award</i>				
Equitable Sharing Program	16.922		-	232,172
Total U.S. Department of Justice			-	232,172
<i>Passed through the Commonwealth of Massachusetts - Executive Office of Public Safety and Security</i>				
Highway Safety Cluster				
State and Community Highway Safety	20.600	2025MRSPSOMERVILLE	-	41,854
State and Community Highway Safety	20.600	2024MRSPSOMERVILLE	-	50,959
Total Highway Safety Cluster			-	92,813
Total U.S. Department of Transportation			-	92,813

(Continued)

See notes to Schedule of Expenditures of Federal Awards

**CITY OF SOMERVILLE, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor / Pass-through Agency / Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of the Treasury</u>				
<i>Direct Awards</i>				
Equitable Sharing	21.016		-	20,194
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		620,698	24,431,966
<i>Passed through the Commonwealth of Massachusetts - Department of Elementary and Secondary Education</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	209-000623-2024-0274	-	648,691
<i>Passed through the Massachusetts Technology Collaborative</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1025	-	28,022
<i>Passed through the Commonwealth of Massachusetts - Executive Office of Housing and Livable Communities</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SCOCD221024530000012	-	79,102
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SCOCD221024530000009	-	99,950
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			<u>620,698</u>	<u>25,287,731</u>
Total U.S. Department of the Treasury			<u>620,698</u>	<u>25,307,925</u>
<u>U.S. Environmental Protection Agency</u>				
<i>Passed through the Commonwealth of Massachusetts - Massachusetts Clean Water Trust</i>				
Drinking Water State Revolving Fund	66.468	DWPLC-23-42	-	455,418
Total U.S. Environmental Protection Agency			-	<u>455,418</u>
<u>U.S. Department of Education</u>				
<i>Passed through the Commonwealth of Massachusetts - Department of Elementary and Secondary Education</i>				
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	240-000558-2025-0274	-	1,310,965
Special Education - Grants to States	84.027	240-000558-2024-0274	-	551,733
Special Education - Grants to States	84.027	274-000662-2024-0274	-	21,591
Total Special Education - Grants to States			<u>-</u>	<u>1,884,289</u>
Special Education - Preschool Grants	84.173	262-000559-2025-0274	-	64,396
Special Education - Preschool Grants	84.173	262-000559-2024-0274	-	1,974
Total Special Education - Preschool Grants			<u>-</u>	<u>66,370</u>
Total Special Education Cluster (IDEA)			<u>-</u>	<u>1,950,659</u>

(Continued)

See notes to Schedule of Expenditures of Federal Awards

**CITY OF SOMERVILLE, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor / Pass-through Agency / Program Title	Assistance Listing Number	Pass-Through Number	Passed Through to Subrecipients	Federal Expenditures
Adult Education - Basic Grants to States	84.002	340-000600-2024-0274	-	9,976
Title I Grants to Local Educational Agencies	84.010	305-000549-2025-0274	-	1,010,774
Title I Grants to Local Educational Agencies	84.010	305-000549-2024-0274	-	383,692
Title I Grants to Local Educational Agencies	84.010	305-697893-2023-0274	-	36,646
Total Title I Grants to Local Educational Agencies			-	1,431,112
Career and Technical Education-Basic Grants to States	84.048	400-000552-2025-0274	-	74,101
Career and Technical Education-Basic Grants to States	84.048	400-000552-2024-0274	-	13,447
Career and Technical Education-Basic Grants to States	84.048	422-000696-2024-0274	-	3,984
Total Career and Technical Education-Basic Grants to States			-	91,532
English Language Acquisition State Grants	84.365	180-000547-2025-0274	-	79,576
English Language Acquisition State Grants	84.365	180-000547-2024-0274	-	151,852
English Language Acquisition State Grants	84.365	180-697888-2023-0274	-	25,873
English Language Acquisition State Grants	84.365	186-000516-2024-0274	-	9,815
English Language Acquisition State Grants	84.365	186-000516-2023-0274	-	12,257
Total English Language Acquisition State Grants			-	279,373
Supporting Effective Instruction State Grants	84.367	140-000546-2025-0274	-	163,245
Supporting Effective Instruction State Grants	84.367	140-000546-2024-0274	-	11,209
Supporting Effective Instruction State Grants	84.367	140-697884-2023-0274	-	3,800
Total Supporting Effective Instruction State Grants			-	178,254
Comprehensive Literacy Development	84.371	508-805958-2025-0274	-	13,112
Comprehensive Literacy Development	84.371	508-784203-2024-0274	-	12
Total Comprehensive Literacy Development			-	13,124
Student Support and Academic Enrichment Grants	84.424	309-000548-2025-0274	-	44,475
Student Support and Academic Enrichment Grants	84.424	309-000548-2024-0274	-	34,291
Student Support and Academic Enrichment Grants	84.424	309-697886-2023-0274	-	23,042
Total Student Support and Academic Enrichment Grants			-	101,808
COVID-19 - Education Stabilization Fund	84.425U	119-650252-2022-0274	-	621,725
COVID-19 - Education Stabilization Fund	84.425U	339-000652-2024-0274	-	242
Total COVID-19 - Education Stabilization Fund			-	621,967
Total U.S. Department of Education			-	4,677,805

(Continued)

See notes to Schedule of Expenditures of Federal Awards

**CITY OF SOMERVILLE, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor / Pass-through Agency / Program Title	Assistance Listing Number	Pass-Through Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>				
<i>Passed through the Commonwealth of Massachusetts - Department of Public Health</i>				
Aging Cluster				
Special Programs for the Aging	93.044	04-2515-020	-	1,674
Special Programs for the Aging	93.044	04-2515-020	-	1,072
Special Programs for the Aging	93.044	04-2515-020	-	278
Total Aging Cluster			-	<u>3,024</u>
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	INTF5264P01223127055	-	99,464
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	INTF5264P01223127055	-	72,214
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			-	<u>171,678</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF2903P01190128214	-	102,588
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF2903P01190128214	-	620
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF2903P01190128214	-	29
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF2354M78220129158	-	182,092
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF2354M78220129158	-	14,957
Total Block Grants for Prevention and Treatment of Substance Abuse			-	<u>300,286</u>
<i>Passed through Fenway Community Health Center</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Not available	-	14,426
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Not available	-	6,382
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance			-	<u>20,808</u>
Total U.S. Department of Health and Human Services			-	<u>495,796</u>
<u>U.S. Department of Homeland Security</u>				
<i>Direct Award</i>				
Assistance to Firefighters Grant	97.044		-	48,611
<i>Passed through the Commonwealth of Massachusetts - Massachusetts Emergency Management Agency</i>				
Emergency Management Performance Grants	97.042	EMPG2400000SOMVI	-	16,903
<i>Passed through the City of Boston, Massachusetts</i>				
Homeland Security Grant Program (UASI)	97.067	BOSTONUASIFFY25	-	17,466
Homeland Security Grant Program (UASI)	97.067	BOSTONUASIFFY24	-	1,000
Homeland Security Grant Program (UASI)	97.067	BOSTONUASIFFY23	-	293,088
Homeland Security Grant Program (UASI)	97.067	BOSTONUASIFFY22	-	14,256
Total Emergency Management Performance Grants			-	<u>325,810</u>
Total U.S. Department of Homeland Security			-	<u>391,324</u>
Total Federal Grant Award Expenditures			\$ 913,221	\$ 44,516,330

(Concluded)

See notes to Schedule of Expenditures of Federal Awards

**CITY OF SOMERVILLE, MASSACHUSETTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Somerville, Massachusetts (the City) under programs of the federal government for the year ended June 30, 2025. 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.

B. Summary of Significant Accounting Policies

Accounting policies and financial reporting practices permitted for municipalities in Massachusetts are prescribed by the Uniform Municipal Accounting System (UMAS) promulgated by the Commonwealth of Massachusetts Department of Revenue.

The accompanying Schedule includes the federal grant transactions of the City. Although some of these programs may be supplemented with state and other revenue, only federal activity is shown. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

C. U.S. Department of Agriculture Programs

The City receives non-cash commodities from the U.S. Department of Agriculture as a part of the National School Lunch program. The amounts reported as non-cash assistance represent the fair market value of these commodities received during the year.

The amounts reported as cash assistance represent federal reimbursements for meals provided.

D. HOME Investment Partnership Program Loans

Total expenditures in the accompanying Schedule for the HOME Investment Partnership Program (ALN 14.239) include the unpaid principal balance from July 1, 2024 from loans that are subject to continuing compliance requirements, as well as the total of all new loans made during the fiscal year. At June 30, 2025, the ending balance of the City's HOME Investment Partnership Program loans receivable was \$11,739,326.

**CITY OF SOMERVILLE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

A. Summary of Audit Results

FINANCIAL STATEMENTS

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	Yes

IDENTIFICATION OF MAJOR PROGRAMS

<u>Name of Federal Program</u>	<u>ALN(s)</u>
Community Development Block Grants/Entitlement Grants	14.218
HOME Investment Partnership Program	14.239
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
Special Education Cluster (IDEA)	84.027 & 84.173
Dollar threshold used to distinguish between type A and type B programs	\$ 1,335,490
Auditee qualified as a low-risk auditee?	No

B. Financial Statement Findings

None

**CITY OF SOMERVILLE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

C. Federal Award Findings and Questioned Costs

**2025-001 U.S. Department of Housing and Urban Development
Community Development Block Grant Cluster Entitlement/Special Purpose
Grants – ALN 14.218
HOME Investment Partnership Program – ALN 14.239**

Significant Deficiency in Internal Controls Over Compliance

Criteria: Per 2 CFR section 200.302(b)(2), the City's financial management system must provide for the accurate, current and complete disclosure of the financial results of each Federal award or program.

Condition: The subsidiary ledger for loans funded by the Federal award programs maintained by the Department did not agree to the City's general ledger.

Cause: The subsidiary loans receivable ledger has not been fully reconciled to the City's general ledger, although substantial progress was made during the year to complete these reconciliations.

Effect: The general ledger was potentially understated by \$571,995 and \$346,68 for Community Development Block Grant Cluster Entitlement/Special Purpose Grants loans and HOME Investment Partnership Program loans, respectively.

Questioned Costs: None

Repeat Finding from Prior Year: No.

Recommendation: The City should fully reconcile its subsidiary loan ledger to the City's general ledger. The City should also consider implementing software specifically designed for the maintenance of loans.

Views of Responsible Official: Management agrees with the finding.



City of Somerville, Massachusetts

Jake Wilson

MAYOR

Summary Schedule of Prior Audit Findings

2024-001 Financial Statements Audit

Condition: A judgement rendered against the City was not recorded in the proper period resulting in the understatement of expenditures, capital assets and liabilities as of June 30, 2023. Restatements of beginning net position of governmental activities and fund balance of the general fund were necessary to correct for such misstatements.

Status: Resolved.



City of Somerville, Massachusetts

Jake Wilson

MAYOR

Corrective Action Plan

Finding 2025-001

Condition: The subsidiary ledger for loans funded by the Federal award programs maintained by the Department did not agree to the City's general ledger.

Corrective Action Planned: The City is actively evaluating a Loan Servicing software package to replace the current offline subledger and anticipate on implementing it in fiscal year 2027. Going forward, Office of Strategic Planning and Community Development (OSPCD) Finance in conjunction with the Auditing Department will train the OSPCD program director and staff on the agreed standard methodology and criteria for recording and reporting new loans and payments in both the subledger and MUNIS. Loan activity will be reconciled to the general ledger to ensure compliance each fiscal year. The City will continue to research discrepancies for CDBG and HOME, make necessary adjustments and plans on resolving the remaining variances in these two program accounts.

Anticipated Completion Date: September of 2026

Contact: Alan Inacio, OSPCD Director of Finance and Administration