
CITY OF SALEM, OREGON

*Federal Grant Compliance Report
Years Ended June 30, 2024*

redw
Advisors & CPAs

CITY OF SALEM, OREGON
FEDERAL GRANT COMPLIANCE REPORT
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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**

Honorable Mayor and
Members of the City Council
City of Salem
Salem, Oregon

We have audited, in accordance with 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, Oregon (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's 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 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 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 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's 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 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.

REDW LLC

Salem, Oregon
December 30, 2024

INDEPENDENT AUDITOR'S 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

Honorable Mayor and
Members of the City Council
City of Salem
Salem, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Salem, Oregon (the "City")'s 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's major federal programs for the year ended June 30, 2024. The City's 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 Salem, Oregon complied, in all material respects, with the 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, 2024.

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 (GAAS); 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 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's 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's 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's 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 GAAS, *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's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional 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's 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's 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's 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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities 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.

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.

Purpose of this Report

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, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 30, 2024, 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.

REDW LLC

Salem, Oregon
February 28, 2025

CITY OF SALEM, OREGON
FEDERAL GRANT COMPLIANCE REPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

<i>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</i>	<i>Listing Number</i>	<i>Pass Through Entity Identifying Number</i>	<i>Federal Expenditures</i>	<i>Paid to Subrecipients</i>
Department of Housing and Urban Development				
Direct Funding				
Community Planning and Development				
HOME Investment Partnerships Program	14.239	M-15-DC-41-0204	\$ 18,744	\$ 18,744
HOME Investment Partnerships Program	14.239	M-16-DC-41-0204	377,136	376,347
HOME Investment Partnerships Program	14.239	M-17-DC-41-0204	457,903	456,464
HOME Investment Partnerships Program	14.239	M-18-DC-41-0204	122,287	122,287
HOME Investment Partnerships Program	14.239	M-19-DC-41-0204	50,620	50,620
HOME Investment Partnerships Program	14.239	M-20-DC-41-0204	25,920	25,920
HOME Investment Partnerships Program	14.239	M-21-MP-41-0204	1,385,946	1,372,274
HOME Investment Partnerships Program	14.239	M-22-MC-41-0204	67,923	67,923
HOME Investment Partnerships Program	14.239	M-23-MC-41-0204	74,306	-
<i>Total Community Planning and Development</i>			2,580,785	2,490,579
CDBG - Entitlement/Special Purpose Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-41-0004	70,518	70,518
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-41-0004	140,536	140,536
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-41-0004	316,560	307,152
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-41-0004	324,451	324,451
Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-41-0004	40,367	40,000
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-41-0004	243,038	243,038
Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-41-0004	72,846	72,846
Community Development Block Grants/Entitlement Grants	14.218	B-23-MC-41-0004	358,333	143,012
<i>Total CDBG - Entitlement/Special Purpose Grants Cluster</i>			1,566,649	1,341,553
Total Department of Housing and Urban Development			4,147,434	3,832,132
Department of the Interior				
Passed through Oregon Parks and Recreation Department				
National Park Service				
Historic Preservation Fund Grants-In-Aid	15.904	OR-21-19	6,000	-
<i>Total Department of the Interior</i>			6,000	-
Department of Justice				
Direct funding				
Drug Enforcement Administration				
Law Enforcement Assistance-Narcotics & Dangerous Drugs Training				
Organized Crime Drug Enforcement Task Force				
DEA Task Force Grant	16.004	Unknown	45,559	-
DEA Task Force Grant-OCDETF Grant	16.004	PA-OR-0300	638	-
Passed through Oregon Criminal Justice Service Division				
Office on Violence Against Women				
Violence Against Women Formula Grants	16.588	VAWA-C-2020-SalemPD-00022	126,422	-
Direct funding				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017/2018/2019	176,430	-
Direct funding				
Criminal Division				
Equitable Sharing Program	16.922	Various	293,745	-
<i>Total Department of Justice</i>			642,794	-
Department of Transportation				
Federal Aviation Administration				
Direct funding				
Airport Improvement Program	20.106	3-41-0055-029-2022	173,151	-
Airport Improvement Program	20.106	3-41-0055-030-2024	39,344	-
<i>Total Federal Aviation Administration</i>			212,495	-

See notes to schedule of expenditures of federal awards.

CITY OF SALEM, OREGON
FEDERAL GRANT COMPLIANCE REPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2024

<i>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Federal Dept. or Pass Through Entity Identifying Number</i>	<i>Federal Expenditures</i>	<i>Amount Paid to Subrecipients</i>
Federal Highway Administration				
Passed through Oregon Department of Transportation:				
<i>Highway Planning and Construction</i>				
Salem Regional Traffic Signal Center	20.205	31840/K19229	\$ 310,000	\$ -
Traffic Signal Enhancements (Unit 2)	20.205	32727/K20220	1,021,057	-
Commercial St: Oxford St SE-Winding Way SE	20.205	32428/K20169	268,158	-
Broadway Street at Pine Street	20.205	32433/K20204	829,340	-
Hilfiker Ln-Commercial St Intersection Improvements	20.205	33020/K20738	1,024,300	-
River Rd: Shangri-La to Wheatland	20.205	33250/K20740	1,354,082	-
Union Street NE: Commercial St NE to 12th St NE	20.205	32443/K20737	1,906,525	-
Pedestrian Safety Improved Crossings	20.205	29113/K21879	120,236	-
Commercial St SE: Vista to Ratcliff	20.205	34467/K21890	61,615	-
Orchard Hts NW: Snowbird to Westhaven	20.205	34466/K21883	163,221	-
McGilchrist St SE: 12th St SE to 25th St SE	20.205	32537/K20739	689,375	-
McGilchrist St SE at 22nd Ave SE	20.205	34064/K21887	3,835,190	-
<i>Total Highway Planning and Construction</i>			<u>11,583,099</u>	<u>-</u>
National Highway Traffic Safety Administration				
Passed through Oregon Association of Chiefs of Police				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety				
Speed Grant	20.600	Unknown	3,875	-
Occupant Protection	20.600	Unknown	17,536	-
<i>Total Highway Safety Cluster</i>			<u>21,411</u>	<u>-</u>
National Priority Safety Programs				
DUII Impaired Driving OT Enforcement	20.616	Unknown	5,666	-
<i>Total Highway Safety Cluster</i>			<u>27,077</u>	<u>-</u>
Direct funding				
Small Community Air Service Development Program	20.930	69A34521400170048	140,898	-
<i>Total Department of Transportation</i>			<u>11,963,569</u>	<u>-</u>
Department of Homeland Security				
Passed through Oregon Emergency Management				
FEMA Disaster DR4499 COVID-19 Pandemic	97.036	DR-4499-OR	24,325	-
Emergency Management Performance Grants	97.042	21-542	66,894	-
Homeland Security Grant Program				
OEM SHSP Grant #22-203	97.067	22-203	51,425	-
<i>Total Department of Homeland Security</i>			<u>142,644</u>	<u>-</u>
<i>Total Federal Expenditures</i>			<u>\$ 16,902,441</u>	<u>\$ 3,832,132</u>

See notes to schedule of expenditures of federal awards.

CITY OF SALEM, OREGON
FEDERAL GRANT COMPLIANCE REPORT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

PURPOSE OF THE SCHEDULE

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Salem, Oregon (the “City”) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*, where applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATE

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

CITY OF SALEM, OREGON
FEDERAL GRANT COMPLIANCE REPORT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Investment Partnership Program
20.205	Highway Planning and Construction Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS

None.