

# **SALEM STATE UNIVERSITY**

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## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO THE MASSACHUSETTS OFFICE OF STUDENT FINANCIAL ASSISTANCE ATTESTATION GUIDE**

**JUNE 30, 2017**

# SALEM STATE UNIVERSITY

## Independent Accountants' Report Pursuant to the Massachusetts Office of Student Financial Assistance Attestation Guide

June 30, 2017

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SPECIFIED  
REQUIREMENTS APPLICABLE TO THE MASSACHUSETTS OFFICE OF STUDENT  
FINANCIAL ASSISTANCE PROGRAM CLUSTER**

To the Board of Trustees  
Salem State University  
Salem, Massachusetts

We have examined Salem State University's compliance with the following requirements as specified in the Massachusetts Office of Student Financial Assistance ("MOSFA") *Student Financial Assistance Attestation Guide, Fifth Edition* for the year ended June 30, 2017:

- Institutional eligibility
- Student eligibility
- Reporting
- Disbursements
- Refunds

Management of Salem State University is responsible for Salem State University's compliance with the specified requirements. Our responsibility is to express an opinion on Salem State University's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Salem State University complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Salem State University complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on Salem State University's compliance with specified requirements.

In our opinion, Salem State University complied, in all material respects, with the aforementioned requirements of the Massachusetts Office of Student Financial Assistance *Student Financial Assistance Attestation Guide, Fifth Edition* for the year ended June 30, 2017.

This report is intended solely for the use of the Massachusetts Board of Higher Education, the Office of the State Auditor, the Office of the State Comptroller and the Board of Trustees and management of Salem State University, and is not intended to be, and should not be, used by anyone other than those specified parties.

*O'Connor and Drew, P.C.*

Certified Public Accountants  
Braintree, Massachusetts  
November 29, 2017

**SALEM STATE UNIVERSITY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2017**

There were no findings in the current year ended June 30, 2017.

**SALEM STATE UNIVERSITY**

**Summary Schedule of Prior Findings**

**For the Year Ended June 30, 2017**

There were no prior findings.

Salem State University has not been subjected to these procedures since fiscal year ended June 30, 2014, as the University received a two year exemption from performing the examination of the Massachusetts financial assistance from the Massachusetts Office of Student Financial Assistance.



**Opinion on Financial Statements and Supplementary Schedule of Population, Items Tested and Findings  
for Massachusetts Office of Student Financial Assistance Program Cluster**

**Independent Auditors' Report**

To the Board of Trustees of  
Salem State University  
Salem, Massachusetts

***Report on the Financial Statements***

We have audited the financial statements of Salem State University (an agency of the Commonwealth of Massachusetts, the "Commonwealth") (the "University"), which comprise the statements of net position as of June 30, 2017, the related statements of revenues, expenses and changes in net position, cash flows, combining statements of net position of major component units, combining statements of revenues and expenses of major component units for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. We also audited the financial statements of Salem State University Foundation, Inc. (the "Foundation") and Salem State University Assistance Corporation (the "Assistance Corp.") as of June 30, 2017 and 2016.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Salem State University as of June 30, 2017, and the changes in net position and cash flows, and combining statements of net position of major component units, combining statements of revenues and expenses of major component units for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

***Financial Statements as of June 30, 2016***

The financial statements of Salem State University as of June 30, 2016 were audited by other auditors whose report dated November 16, 2016 expressed an unmodified opinion on those financial statements.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the 2017 financial statements that collectively comprise the University's basic financial statements. The accompanying Schedule of Population, Items Tested, and Findings for Massachusetts State Financial Aid Program Cluster is presented for purposes of additional analysis as required by the Massachusetts Office of Student Financial Assistance Compliance Attestation Guide, 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 2017 financial statements. This 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material aspects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*O'Connor and Duen, P.C.*

**Certified Public Accountants  
Braintree, Massachusetts**

October 11, 2017

(except for the Schedule of Population, Items Tested, and Findings for Massachusetts State Financial Aid Program Cluster, for which the date is November 29, 2017)

**Salem State University**  
 Schedule of Population, Items Tested, and Findings for the  
 Massachusetts State Financial Aid Program Cluster

**Attachment E**

Year Ended June 30, 2017

	<u>Description of Category</u>	<u>Number of students</u>	<u>Percent of population</u>	<u>Amount of awards</u>	<u>Percent of population</u>
General Scholarship (MASSGrant)	Population	1,750	100%	\$ 1,845,970	100%
	Tested	14	1%	18,300	1%
	Findings	-	0%	-	0%
Christian Herter Memorial Scholarship	Population	2	100%	22,800	100%
	Tested	1	50%	13,300	58%
	Findings	-	0%	-	0%
Part Time Grant	Population	42	100%	15,000	100%
	Tested	2	5%	425	3%
	Findings	-	0%	-	0%
Need Based Cash Grant Program	Population	951	100%	1,537,821	100%
	Tested	11	1%	19,400	1%
	Findings	-	0%	-	0%
Massachusetts No Interest Loans	Population	41	100%	117,200	100%
	Tested	1	2%	2,000	2%
	Findings	-	0%	-	0%
Massachusetts Foster Child Grant	Population	27	100%	151,890	100%
	Tested	1	4%	6,000	4%
	Findings	-	0%	-	0%
Paraprofessional Teacher Preparation Grant	Population	1	100%	4,050	100%
	Tested	1	100%	4,050	100%
	Findings	-	0%	-	0%
Early Educators Scholarship	Population	18	100%	64,000	100%
	Tested	1	6%	3,600	6%
	Findings	-	0%	-	0%
John & Abigail Adams Scholarship	Population	556	100%	474,719	100%
	Tested	2	0%	1,820	0%
	Findings	-	0%	-	0%
Scholar-Internship Match Fund Program	Population	75	100%	75,000	100%
	Tested	2	3%	2,000	3%
	Findings	-	0%	-	0%
GEAR UP Scholarship	Population	67	100%	61,700	100%
	Tested	2	3%	2,000	3%
	Findings	-	0%	-	0%

*See accompanying report.*



**Salem State University**  
 Schedule of Population, Items Tested, and Findings for the  
 Massachusetts State Financial Aid Program Cluster - Continued

**Attachment E**

Year Ended June 30, 2017

	<u>Description of Category</u>	<u>Number of students</u>	<u>Percent of population</u>	<u>Amount of awards</u>	<u>Percent of population</u>
National Guard Tuition & Fee Assistance	Population	43	100%	251,323	100%
	Tested	1	2%	455	0%
	Findings	-	0%	-	0%
Need Based Tuition Waivers	Population	1,135	100%	911,313	100%
	Tested	7	1%	5,163	1%
	Findings	-	0%	-	0%
Categorical Tuition Waivers	Population	253	100%	149,850	100%
	Tested	5	2%	4,550	3%
	Findings	-	0%	-	0%
Massachusetts Educational Financing Authority Prepaid Tuition Waiver	Population	21	100%	9,466	100%
	Tested	-	0%	-	0%
	Findings	-	0%	-	0%
Senator Paul E. Tsongas Scholarship Tuition Waiver	Population	21	100%	168,244	100%
	Tested	1	5%	19,472	12%
	Findings	-	0%	-	0%
DCF Adopted Child Tuition Waiver and Fee Assistance	Population	31	100%	257,057	100%
	Tested	1	3%	9,736	4%
	Findings	-	0%	-	0%
DCF Foster Child Tuition Waiver and Fee Assistance	Population	41	100%	391,838	100%
	Tested	2	5%	19,472	5%
	Findings	-	0%	-	0%
Stanley Z. Koplik Certificate of Mastery Tuition Waiver	Population	6	100%	4,550	100%
	Tested	1	17%	910	20%
	Findings	-	0%	-	0%
Validictorian Tuition Waiver	Population	2	100%	1,365	100%
	Tested	1	50%	455	33%
	Findings	-	0%	-	0%

*See accompanying report.*