

**CITY OF NORTHAMPTON, MASSACHUSETTS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND INDEPENDENT AUDITORS' REPORTS REQUIRED  
UNDER THE SINGLE AUDIT ACT AMENDMENTS OF 1996**

**FOR THE YEAR ENDED JUNE 30, 2013**

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SINGLE AUDIT  
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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  
City of Northampton, 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 Northampton, Massachusetts, as of and for the year ended June 30, 2013, (except for the Northampton Contributory Retirement System, which is as of and for the year ended December 31, 2012), and the related notes to the financial statements, which collectively comprise the City of Northampton, Massachusetts' basic financial statements, and have issued our report thereon dated January 10, 2014.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

**Compliance and Other Matters**

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

*Scanlon & Associates, LLC*  
Scanlon & Associates, LLC  
South Deerfield, Massachusetts

January 10, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor  
City of Northampton, Massachusetts

**Report on Compliance for Each Major Federal Program**

We have audited the City of Northampton, Massachusetts' compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Northampton, Massachusetts' major federal programs for the year ended June 30, 2013. The City of Northampton, 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 Northampton, 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Northampton, Massachusetts' compliance with those requirements and performing such other procedures as we considered necessary in circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Northampton, Massachusetts' compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Northampton, 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, 2013.

**Report on Internal Control Over Compliance**

Management of the City of Northampton, 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 Northampton, 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 OMB Circular A-133, 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 Northampton, 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.

#### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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 Northampton, Massachusetts, as of and for the year ended June 30, 2013, (except for the Northampton Contributory Retirement System, which is as of and for the year ended December 31, 2012), and the related notes to the financial statements, which collectively comprise the City of Northampton, Massachusetts' basic financial statements. We issued our report thereon dated January 10, 2014, 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 U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Scanlon & Associates, LLC  
South Deerfield, Massachusetts

January 10, 2014

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
<b>U. S. Department of Agriculture</b>			
Passed Through Commonwealth of Massachusetts			
Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
School Breakfast Program - Northampton School Department	08-210	10.553	\$ 46,134
School Breakfast Program - Smith Vocational High School	08-210A	10.553	15,448
National School Lunch Program - Northampton School Department	08-210	10.555	298,614
National School Lunch Program - Smith Vocational High School	08-210A	10.555	73,239
Total Child Nutrition Cluster			<u>433,435</u>
Commodity Supplemental Food Program:			
School Lunch Commodities - Northampton School Department	08-210	10.565	44,510
School Lunch Commodities - Smith Vocational High School	08-210A	10.565	9,547
Total Commodity Supplemental Food Program			<u>54,057</u>
<b>Total U. S. Department of Agriculture</b>			<u>487,492</u>
<b>U. S. Department of Housing and Urban Development</b>			
Direct Programs:			
Community Development Block Grants/Entitlement Grants:			
Community Development Block Grant		14.218	554,148
Program Income		14.218	82,867
Total Community Development Block Grant - Entitlement Grants			<u>637,015</u>
Supportive Housing Program		14.235	851,940
<b>Total U. S. Department of Housing and Urban Development</b>			<u>1,488,955</u>
<b>U. S. Department of Justice</b>			
Direct Programs:			
Office on Violence Against Women			
Arrest Policies and Enforcement of Protection Orders		16.590	127,000
Bureau of Justice Assistance			
Bulletproof Vests		16.607	3,495
Edward Byrne Memorial Justice Assistance Grant		16.738	1,057
ARRA - Edward Byrne Memorial Justice Assistance Grant		16.804	697
<b>Total U. S. Department of Justice</b>			<u>132,249</u>
<b>U. S. Department of Transportation</b>			
Passed Through Commonwealth of Massachusetts			
Executive Office of Public Safety:			
State and Community Highway Safety:			
Highway Safety		20.600	13,206
<b>Total U. S. Department of Transportation</b>			<u>13,206</u>
<b>Institute for Museum and Library Services</b>			
Passed Through Commonwealth of Massachusetts			
Board of Library Commissioners:			
Library Services and Technology Act:			
Readers Advisory		45.310	3,151
<b>Total Institute for Museum and Library Services</b>			<u>3,151</u>
<b>TOTAL PAGE 1 OF 4</b>			<u>\$ 2,125,053</u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
<b>U. S. Department of Education</b>			
Passed Through Commonwealth of Massachusetts			
Department of Elementary and Secondary Education:			
Title I Grants to Local Educational Agencies:			
Title I - 2012 - Northampton School Department	305-201-2-0210-M	84.010	\$ 20,064
Title I - 2012 - Northampton School Department	305-333-2-0210-M	84.010	4,328
Title I - 2012 - Smith Vocational High School	305-129-2-0406-M	84.010	10,801
Title I - 2012 - Smith Vocational High School	305-479-2-0406-M	84.010	8,699
Title I - 2013 - Northampton School Deptment	0305-012972-2013-0210	84.010	322,377
Title I - 2013 - Smith Vocational High School	0305-009955-2013-0406	84.010	84,254
Title I - 2013 - Smith Vocational High School	305-115-3-0406-N	84.010	3,687
Title I School Support - 2012 - Northampton School Department	323-034-2-0210-M	84.010	7,514
Title I School Support - 2012 - Smith Vocational High School	323-075-2-0406-M	84.010	2,702
Title I School Support - 2013 - Northampton School Department	323-059-3-0210-N	84.010	2,295
Title I School Support - 2013 - Smith Vocational High School	323-025-3-0406-N	84.010	5,817
Total Title I Grants to Local Educational Agencies			<u>472,538</u>
Special Education Cluster:			
Special Education 94-142 Allocation - 2012 - Northampton School Department	240-211-2-0210-M	84.027	19,415
Special Education 94-142 Allocation - 2012 - Northampton School Department	240-351-2-0210-M	84.027	428
Special Education 94-142 Allocation - 2012 - Smith Vocational High School	240-032-2-0406-M	84.027	7,651
Special Education 94-142 Allocation - 2013 - Northampton School Department	240-091-3-0210-N	84.027	721,916
Special Education 94-142 Allocation - 2013 - Northampton School Department	240-395-3-0210-N	84.027	2,125
Special Education 94-142 Allocation - 2013 - Smith Vocational High School	240-116-3-0406-N	84.027	147,479
Special Education Program Improvement - 2012 - Northampton School Department	274-050-2-0210-M	84.027	5,011
Special Education Program Improvement - 2013 - Northampton School Department	274-234-3-0210-N	84.027	20,296
Early Childhood Learning Together - 2013 - Northampton School Department	298-161-3-0210-N	84.173	2,959
Total Special Education Cluster			<u>927,280</u>
Career and Technical Education - Basic Grants to States:			
Occupational Education-Vocational Skills - 2012 - Smith Vocational High School	400-055-2-0406-M	84.048	15,004
Occupational Education-Vocational Skills - 2013 - Smith Vocational High School	400-052-3-0406-N	84.048	77,274
Total Career and Technical Education - Basic Grants to States			<u>92,278</u>
<b>TOTAL PAGE 2 OF 4</b>			<u>\$ 1,492,096</u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
<b>U. S. Department of Education</b>			
Passed Through Commonwealth of Massachusetts			
Department of Elementary and Secondary Education:			
Improving Teacher Quality State Grants:			
Teacher Quality - 2012 - Northampton School Department	140-096-2-0210-M	84.367	\$ 13,558
Teacher Quality - 2012 - Northampton School Department	140-333-2-0210-M	84.367	10,175
Teacher Quality - 2012 - Smith Vocational High School	140-320-2-0406-M	84.367	5,481
Teacher Quality - 2013 - Northampton School Department	0140-012971-2013-0210	84.367	86,904
Teacher Quality - 2013 - Smith Vocational High School	0140-006475-2013-0406	84.367	18,417
Level 3 Targeted Assistance - 2012 - Northampton School Department	143-058-2-0210-M	84.367	4,100
Level 3 Targeted Assistance - 2012 - Smith Vocational High School	143-063-2-0406-M	84.367	1,324
Total Improving Teacher Quality State Grants			<u>139,959</u>
State Fiscal Stabilization Fund - Race to the Top Incentive Grants, Recovery Act:			
Race to the Top - 2012 - Northampton School Department	201-091-2-0210-M	84.395	387
Race to the Top - 2013 - Northampton School Department	201-000353-2013-0210	84.395	59,774
Total State Fiscal Stabilization Fund - Race to the Top Incentive Grants, Recovery Act			<u>60,161</u>
Education Jobs Fund:			
Education Jobs - 2012 - Northampton School Department	206-146-2-0210-M	84.410	775
Education Jobs - 2012 - Smith Vocational High School	206-058-2-0406-M	84.410	65
Total Education Jobs Fund			<u>840</u>
Passed Through Commonwealth of Massachusetts			
Department of Early Education and Care:			
Special Education Cluster:			
Special Education Early Childhood Allocation - 2012 - Northampton School Department	EEC-262	84.173	1,310
Special Education Early Childhood Allocation - 2013 - Northampton School Department	EEC-262	84.173	23,648
Total Special Education Cluster			<u>24,958</u>
State Fiscal Stabilization Fund - Race to the Top Incentive Grants, Recovery Act:			
Race to the Top - MKEA - 2013 - Northampton School Department		84.395	16,391
Race to the Top - ELC - 2013 - Northampton School Department		84.395	1,747
Total State Fiscal Stabilization Fund - Race to the Top Incentive Grants, Recovery Act			<u>18,138</u>
Passed Through United Way of Massachusetts Bay and Merrimack Valley:			
State Fiscal Stabilization Fund - Race to the Top Incentive Grants, Recovery Act:			
QIRS - Early Learning Challenge - 2012		84.395	4,392
<b>TOTAL PAGE 3 OF 4</b>			<u>248,448</u>
<b>TOTAL PAGE 2 OF 4</b>			<u>1,492,096</u>
<b>Total U. S. Department of Education</b>			<u>\$ 1,740,544</u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
<b>U. S. Department of Health and Human Services</b>			
Direct Programs:			
Drug Free Communities Support Program Grants:			
Drug Free Communities - 2012		93.276	\$ 37,670
Drug Free Communities - 2013		93.276	82,945
STOP Act - 2013		93.276	6,525
<b>Total Drug Free Communities Support Program Grants</b>			<u>127,140</u>
Passed Through Commonwealth of Massachusetts			
Executive Office of Public Safety:			
Fire Mass Deployment Unit Training		93.003	3,273
Passed Through Highland Valley Elder Services, Inc.:			
Title III-B-Community Program on Aging		93.044	4,000
<b>Total U. S. Department of Health and Human Services</b>			<u>134,413</u>
<b>U. S. Department of Homeland Security</b>			
Direct Programs:			
Federal Emergency Management Agency			
Staffing for Adequate Fire and Emergency Response Grant No. EMW-2007-FF-01128		97.083	165,511
Passed Through Commonwealth of Massachusetts			
Executive Office of Public Safety and Homeland Security:			
Flood Plain Hazard Mitigation - Barret Street Marsh		97.029	4,982
Flood Plain Hazard Mitigation - Flood Damage		97.029	11,803
Passed Through Franklin Regional Council of Governments:			
Critical Infrastructure Prioritization Phase II		97.067	24,909
Current Awareness in EMS and Law Enforcement		97.067	6,429
<b>Total U. S. Department of Homeland Security</b>			<u>213,634</u>
<b>TOTAL PAGE 4 OF 4</b>			348,047
<b>TOTAL PAGE 3 OF 4</b>			248,448
<b>TOTAL PAGE 2 OF 4</b>			1,492,096
<b>TOTAL PAGE 1 OF 4</b>			2,125,053
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u>\$ 4,213,644</u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2013**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the City of Northampton, Massachusetts, under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Northampton, Massachusetts, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Northampton, Massachusetts.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting.
- (2) Pass-through entity identifying numbers are presented where available.

**NOTE C - SUBRECIPIENTS**

Of the expenditures presented in the Schedule, the City of Northampton, Massachusetts, provided federal awards to subrecipients as follows:

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Amount Provided</b>
Community Development Block Grant	14.218	\$ 135,134
Supportive Housing Program	14.235	800,411
		<u>\$ 935,545</u>

**NOTE D – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified not considered to be a material weakness?	None Reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency identified not considered to be a material weakness?	None Reported
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 Circular A-133, Section .510(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	U. S. Department of Housing and Urban Development - Community Development Block Grants/Entitlement Grants
14.235	U. S. Department of Housing and Urban Development - Supportive Housing Program
84.010	U. S. Department of Education - Title I Grants to Local Educational Agencies

Special Education Cluster (IDEA):

84.027	U. S. Department of Education - Special Education Grants to States
84.173	U. S. Department of Education - Special Education Preschool Grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	No

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Section II - Financial Statement Findings**

There are no financial statement findings reported.

**Section III - Federal Award Findings and Questioned Costs**

There are no federal award findings or questioned costs reported.

**Section IV - Prior Audit Findings**

Status of prior year finding is reported on page 13.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Finding 2012-1**

**Non-Compliance/Significant Deficiency in Internal Control Over Compliance – Period of Availability of Federal Funds – U. S. Department of Education – Special Education Cluster – Northampton School Department**

**Comment:**

The finding indicated that the Northampton School Department charged to the Special Education PL 94-142 grant costs for transportation that were incurred prior to the start of the grant period of availability.

**Status:**

The Northampton School Department has implemented procedures to review bills prior to payment so that they are not charged prior to or after the end of the period of availability.

The finding has been rectified.