

**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, 2012**

**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 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, 2012, (except for the Northampton Contributory Retirement System, which is as of and for the year ended December 31, 2011), which collectively comprise the City of Northampton, Massachusetts' basic financial statements and have issued our report thereon dated March 22, 2013. We conducted our audit 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.

**Internal Control Over Financial Reporting**

The management of the City of Northampton, Massachusetts, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Northampton, Massachusetts' internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Northampton, Massachusetts' internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in

internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Northampton, Massachusetts' financial statements are free of 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*.

We noted certain matters that we reported to management of the City of Northampton, Massachusetts, in a separate letter dated March 22, 2013.

This report is intended solely for the information and use of management, the Mayor, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Scanlon & Associates, LLC  
South Deerfield, Massachusetts

March 22, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor  
City of Northampton, Massachusetts

Compliance

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, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Northampton, Massachusetts' management. Our responsibility is to express an opinion on the City of Northampton, Massachusetts' compliance based on our audit.

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 the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Northampton, Massachusetts' compliance with those requirements.

As described in item 2012-1 in the accompanying schedule of findings and questioned costs, the City of Northampton, Massachusetts, did not comply with requirements regarding period of availability of federal funds that are applicable to its Special Education Cluster of Programs. Compliance with such requirements is necessary, in our opinion, for the City of Northampton, Massachusetts, to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Northampton, Massachusetts, 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, 2012.

Internal Control Over Compliance

The management of the City of Northampton, Massachusetts, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Northampton, Massachusetts' internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of

expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-1. 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.

#### Schedule of Expenditures of Federal Awards

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, 2012, (except for the Northampton Contributory Retirement System, which is as of and for the year ended December 31, 2011), and have issued our report thereon dated March 22, 2013, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. 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 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 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The City of Northampton, Massachusetts' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Northampton, Massachusetts' response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Mayor, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Scanlon & Associates LLC*  
Scanlon & Associates, LLC  
South Deerfield, Massachusetts  
March 22, 2013

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

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	\$ 58,128
School Breakfast Program - Smith Vocational High School	08-210A	10.553	17,319
National School Lunch Program - Northampton School Department	08-210	10.555	313,205
National School Lunch Program - Smith Vocational High School	08-210A	10.555	65,755
<b>Total Child Nutrition Cluster</b>			<u>454,407</u>
Commodity Supplemental Food Program:			
School Lunch Commodities - Northampton School Department	08-210	10.565	47,552
School Lunch Commodities - Smith Vocational High School	08-210A	10.565	9,292
<b>Total Commodity Supplemental Food Program</b>			<u>56,844</u>
<b>Total U. S. Department of Agriculture</b>			<u>511,251</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	675,892
Program Income		14.218	58,096
<b>Total Community Development Block Grant - Entitlement Grants Cluster</b>			<u>733,988</u>
Supportive Housing Program		14.235	1,536,615
<b>Total U. S. Department of Housing and Urban Development</b>			<u>2,270,603</u>
<b>U. S. Department of Justice</b>			
Direct Programs:			
Office on Violence Against Women			
Arrest Policies and Enforcement of Protection Orders		16.590	152,224
Bureau of Justice Assistance			
Bulletproof Vests		16.607	3,200
Edward Byrne Memorial Justice Assistance Grant		16.738	9,499
ARRA - Edward Byrne Memorial Justice Assistance Grant		16.804	13,255
<b>Total U. S. Department of Justice</b>			<u>178,178</u>
<b>U. S. Department of Transportation</b>			
Passed Through Commonwealth of Massachusetts			
Executive Office of Public Safety:			
State and Community Highway Safety:			
Child Passenger Safety		20.600	4,990
<b>Total U. S. Department of Transportation</b>			<u>4,990</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	4,349
<b>Total Institute for Museum and Library Services</b>			<u>4,349</u>
<b>TOTAL PAGE 1 OF 4</b>			<u>\$ 2,969,371</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, 2012**

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, Part A Cluster:			
Title I - 2011 - Northampton School Department	305-117-1-0210-L	84.010	\$ 20,789
Title I - 2011 - Northampton School Department	305-442-1-0210-L	84.010	9,841
Title I - 2011 - Smith Vocational High School	305-292-1-0406-L	84.010	4,838
Title I - 2012 - Northampton School Department	305-201-2-0210-M	84.010	317,783
Title I - 2012 - Northampton School Department	305-333-2-0210-M	84.010	10,320
Title I - 2012 - Smith Vocational High School	305-129-2-0406-M	84.010	68,853
Title I - 2012 - Smith Vocational High School	305-479-2-0406-M	84.010	7,226
Title I School Support - 2011 - Northampton School Department	323-053-1-0210-L	84.010	14,187
Title I School Support - 2012 - Northampton School Department	323-034-2-0210-M	84.010	8,096
ARRA Title I - 2011 - Northampton School Department	770-223-1-0210-L	84.389	13,413
ARRA Title I - 2011 - Smith Vocational High School	770-084-1-0406-L	84.389	1,427
Total Title I, Part A Cluster			<u>476,773</u>
Special Education Cluster:			
Special Education 94-142 Allocation - 2011 - Northampton School Department	240-269-1-0210-L	84.027	55,291
Special Education 94-142 Allocation - 2011 - Smith Vocational High School	240-188-1-0406-L	84.027	1,902
Special Education 94-142 Allocation - 2012 - Northampton School Department	240-211-2-0210-M	84.027	707,142
Special Education 94-142 Allocation - 2012 - Northampton School Department	240-351-2-0210-M	84.027	26,043
Special Education 94-142 Allocation - 2012 - Smith Vocational High School	240-032-2-0406-M	84.027	161,327
Special Education Program Improvement - 2012 - Northampton School Department	274-050-2-0210-M	84.027	26,443
Circuit Breaker Supplemental Payments		84.027	18,626
Kindergarten Curriculum Development - 2011 - Northampton School Department	264-029-1-0210-L	84.173	3,973
Language and Literacy Development - 2011 - Northampton School Department	297-042-1-0210-L	84.173	9,491
ARRA IDEA - 2011 - Smith Vocational School	760-224-1-0406-L	84.391	43
Total Special Education Cluster			<u>1,010,281</u>
Career and Technical Education - Basic Grants to States:			
Occupational Education-Vocational Skills - 2011 - Smith Vocational High School	400-052-1-0406-L	84.048	1,791
Occupational Education-Vocational Skills - 2012 - Smith Vocational High School	400-055-2-0406-M	84.048	62,518
Total Career and Technical Education - Basic Grants to States			<u>64,309</u>
Safe and Drug Free Schools and Communities - State Grants:			
Drug Free Schools - 2011 - Northampton School Department	332-168-1-0210-L	84.186	340
			<u>\$ 1,551,703</u>
<b>TOTAL PAGE 2 OF 4</b>			

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, 2012

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 - 2011 - Northampton School Department	140-153-1-0210-L	84.367	\$ 23,064
Teacher Quality - 2011 - Northampton School Department	140-335-1-0210-L	84.367	6,043
Teacher Quality - 2011 - Smith Vocational High School	140-152-1-0406-L	84.367	646
Teacher Quality - 2012 - Northampton School Department	140-096-2-0210-M	84.367	96,233
Teacher Quality - 2012 - Northampton School Department	140-333-2-0210-M	84.367	8,562
Teacher Quality - 2012 - Smith Vocational High School	140-320-2-0406-M	84.367	10,367
Level 3 Targeted Assistance - 2011 - Northampton School Department	143-034-1-0210-L	84.367	10,128
Level 3 Targeted Assistance - 2011 - Smith Vocational High School	143-024-1-0406-L	84.367	1,225
Level 3 Targeted Assistance - 2012 - Northampton School Department	143-058-2-0210-M	84.367	4,433
Total Improving Teacher Quality State Grants			<u>160,701</u>
Statewide Data Systems:			
Streamline Data Management System - 2011 - Northampton School Department	120-004-1-0210-L	84.372	25,629
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	45,352
Education Jobs Fund:			
Education Jobs - 2012 - Northampton School Department	206-146-2-0210-M	84.410	88,019
Education Jobs - 2012 - Smith Vocational High School	206-058-2-0406-M	84.410	53,997
Total Education Jobs Fund			<u>142,016</u>
Passed Through Commonwealth of Massachusetts			
Department of Early Education and Care:			
Special Education Cluster:			
Special Education Early Childhood Allocation - 2011 - Northampton School Department	EEC-262	84.173	394
Special Education Early Childhood Allocation - 2012 - Northampton School Department	EEC-262	84.173	22,551
Total Special Education Cluster			<u>22,945</u>
<b>TOTAL PAGE 3 OF 4</b>			<u>396,643</u>
<b>TOTAL PAGE 2 OF 4</b>			<u>1,551,703</u>
<b>Total U. S. Department of Education</b>			<u>\$ 1,948,346</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, 2012**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
<b>Environmental Protection Agency</b>			
Passed Through Massachusetts Water Pollution Abatement Trust:			
Clean Water State Revolving Fund - Comprehensive Wastewater Management Plan	CWP-10-14	66.458	\$ 416,667
<b>Total Environmental Protection Agency</b>			<u>416,667</u>
<b>U. S. Department of Energy</b>			
Passed Through Commonwealth of Massachusetts			
Department of Energy Resources:			
ARRA - Energy Efficiency and Conservation Block Grant		81.128	150,000
<b>Total U. S. Department of Energy</b>			<u>150,000</u>
<b>U. S. Department of Health and Human Services</b>			
Direct Program:			
Drug Free Communities - 2011		93.276	42,338
Drug Free Communities - 2012		93.276	67,249
Passed Through Commonwealth of Massachusetts			
Executive Office of Public Safety:			
Fire Mass Deployment Unit Training		93.003	2,768
Passed Through Highland Valley Elder Services, Inc.:			
Title III-B-Community Program on Aging		93.044	6,437
Passed Through City of Easthampton, Massachusetts:			
Emergency Planning Coalition		93.069	11,567
<b>Total U. S. Department of Health and Human Services</b>			<u>130,359</u>
<b>U. S. Department of Homeland Security</b>			
Direct Programs:			
Federal Emergency Management Agency			
Assistance to Firefighters Grant Program No. EMW-2011-FO-07253		97.044	50,795
Staffing for Adequate Fire and Emergency Response Grant No. EMW-2007-FF-01128		97.083	222,038
Passed Through Commonwealth of Massachusetts			
Executive Office of Public Safety and Homeland Security:			
Flood Plain Hazard Mitigation - Barret Street Marsh		97.029	3,740
Flood Plain Hazard Mitigation - Flood Damage		97.029	10,703
Passed Through Commonwealth of Massachusetts			
Emergency Management Agency:			
Disaster Grants - Public Assistance:			
Tropical Storm Irene		97.036	72,331
October 2011 Snow Storm		97.036	173,308
Passed Through Franklin Regional Council of Governments:			
Critical Infrastructure Prioritization Phase I		97.067	47,000
Critical Infrastructure Prioritization Phase II		97.067	24,552
<b>Total U. S. Department of Homeland Security</b>			<u>604,467</u>
<b>TOTAL PAGE 4 OF 4</b>			1,301,493
<b>TOTAL PAGE 3 OF 4</b>			396,643
<b>TOTAL PAGE 2 OF 3</b>			1,551,703
<b>TOTAL PAGE 1 OF 4</b>			2,969,371
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u>\$ 6,219,210</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, 2012**

**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, 2012. 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	\$ 165,943
Supportive Housing Program	14.235	1,431,213
		<u>\$ 1,597,156</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, 2012**

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

**Financial Statements**

Type of auditor's report issued:	Unqualified
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?	Yes
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Yes

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
66.458	U. S. Environmental Protection Agency - Capitalization Grants for Clean Water State Revolving Funds

Title I, Part A Cluster:

84.010	U. S. Department of Education - Title I Grants to Local Educational Agencies
84.389	U. S. Department of Education - Title I Grants to Local Educational Agencies, Recovery Act

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
84.391	U. S. Department of Education - Special Education Grants to States, Recovery Act

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, 2012**

**Section II - Financial Statement Findings**

There are no financial statement findings noted.

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

Non-compliance and significant deficiency in internal control over compliance finding is reported as finding number 2012-1 on page 12.

**Section IV - Prior Audit Findings**

Status of prior year finding is reported on page 13.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**SUMMARY SCHEDULE OF CURRENT AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Finding 2012-1**

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

**Criteria:**

OMB Circular A-110, paragraph 28, states that where a funding period is specified, a non-Federal entity may charge to the award only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Obligations means the amounts of orders placed, contracts and sub-grants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period.

**Condition:**

The Northampton School Department received a Special Education PL 94-142 Allocation grant with a stated period of availability of September 1, 2011 to August 31, 2012. The Northampton School Department charged to the grant costs for transportation that were incurred in July and August 2011, prior to September 1, 2011, the start of the grant period of availability.

**Questioned Costs:**

A total of \$32,422.37 paid from the Special Education PL 94-142 Allocation grant for transportation services rendered prior to the start of the grant period of availability is questioned.

**Cause:**

The Special Education Department received bills in September and October 2011 for transportation services rendered in July and August 2011 and, although the bills were received and paid during the grant period, the Special Education Department did not review the bills to determine that the charges were for services rendered during the grant period.

**Effect:**

The effect of paying bills prior to the start of the grant period of availability is that funds are paid for goods and services outside the period of time for which the grant is intended to benefit the students who are receiving the services.

**Recommendation:**

The School Department should establish procedures to prevent the use of grant funds from being used for goods purchased or services rendered prior to the start of or after the end of the grant period.

**Management's Response:**

Northampton Public Schools has been made aware of this single audit finding 2012-1, OMB Circular A-110, paragraph 28. The combination of the late vendor billings and oversight by the Special Education Department has been addressed. In the future the Special Education Department will review invoices for greater accuracy, which should improve better grant reporting.

CITY OF NORTHAMPTON, MASSACHUSETTS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

**Finding 2011-1**

**Non-Compliance/Significant Deficiency in Internal Control Over Compliance – Allowable Costs/Cost Principles – U. S. Department of Education Grants – Time and Effort Certifications – Northampton School Department**

**Comment:**

The finding indicated that the Northampton School Department obtained time and effort certifications semi-annually from employees whose salaries were split between funding sources although these time and effort certifications should have been obtained monthly and that no time and effort certifications were obtained from two newly hired individuals whose salaries were paid from the Title I grant.

**Status:**

Time and effort certifications were obtained monthly from all employees paid from Federal grants in the Northampton School Department for Fiscal Year 2012.