

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, 2011

**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 information of the City of Northampton, Massachusetts, as of and for the fiscal year ended June 30, 2011, (except for the Northampton Contributory Retirement System, which is as of and for the year ended December 31, 2010), which collectively comprise the City of Northampton, Massachusetts' basic financial statements and have issued our report thereon dated January 10, 2012. 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

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 January 10, 2012.

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
Scanlon & Associates, LLC
South Deerfield, Massachusetts

January 10, 2012

**CITY OF NORTHAMPTON, MASSACHUSETTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
U. S. Department of Agriculture			
Direct Program:			
Integrating Sustainable and Renewable Resources into Agriculture Passed Through Commonwealth of Massachusetts Department of Elementary and Secondary Education: Child Nutrition Cluster:	08-823-38414	10.226	\$ 6,073
School Breakfast Program - Northampton School Department	08-210	10.553	49,951
School Breakfast Program - Smith Vocational High School	08-210A	10.553	16,938
National School Lunch Program - Northampton School Department	08-210	10.555	282,140
National School Lunch Program - Smith Vocational High School	08-210A	10.555	63,487
Total Child Nutrition Cluster			<u>412,516</u>
Commodity Supplemental Food Program:			
School Lunch Commodities - Northampton School Department	08-210	10.565	36,319
School Lunch Commodities - Smith Vocational High School	08-210A	10.565	9,478
Total Commodity Supplemental Food Program			<u>45,797</u>
Total U. S. Department of Agriculture			<u>464,386</u>
U. S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant - Entitlement Grants Cluster:			
Community Development Block Grant Program Income		14.218	785,175
ARRA CDBG-R		14.218	64,848
Total Community Development Block Grant - Entitlement Grants Cluster		14.253	<u>136,503</u>
Supportive Housing Program		14.235	1,294,852
Economic Development Initiative - James House	B-09-SP-MA-0342	14.251	81,600
Total U. S. Department of Housing and Urban Development			<u>2,362,978</u>
U. S. Department of Justice			
Direct Programs:			
Office on Violence Against Women			
Arrest Policies and Enforcement of Protection Orders		16.590	151,000
Bureau of Justice Assistance			
Bulletproof Vests		16.607	18,321
ARRA - Edward Byrne Memorial Justice Assistance Grant	2009-SB-B9-0504	16.804	16,682
Total U. S. Department of Justice			<u>186,003</u>
Environmental Protection Agency			
Passed Through Massachusetts Water Pollution Abatement Trust:			
ARRA - Drinking Water State Revolving Fund - Water Well Chlorination and Upgrades	DWSRF-3184	66.468	58,581
Passed Through Commonwealth of Massachusetts Highway Department:			
Pleasant Street Brownfields Cleanup Project	53686	66.818	2,371
Total Environmental Protection Agency			<u>60,952</u>
TOTAL PAGE 1 OF 4			<u>\$ 3,074,319</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, 2011**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
U. S. Department of Education			
Passed Through Commonwealth of Massachusetts			
Department of Elementary and Secondary Education:			
Title I, Part A Cluster:			
Title I - Prior Years - Northampton School Department		84.010	\$ 12,659
Title I - 2010 - Northampton School Department	305-236-0-0210-K	84.010	33,199
Title I - 2010 - Smith Vocational High School	305-306-0-0406-K	84.010	721
Title I - 2011 - Northampton School Department	305-117-1-0210-L	84.010	309,182
Title I - 2011 - Northampton School Department	305-442-1-0210-L	84.010	21,266
Title I - 2011 - Smith Vocational High School	305-292-1-0406-L	84.010	79,664
Title I - 2011 - Smith Vocational High School	305-544-1-0406-L	84.010	2,157
Title I School Support - 2010 - Northampton School Department	323-020-0-0210-K	84.010	21,426
Title I School Support - 2011 - Northampton School Department	323-053-1-0210-L	84.010	1,646
ARRA Title I - 2010 - Northampton School Department	770-160-0-0210-K	84.389	6,493
ARRA Title I - 2011 - Northampton School Department	770-223-1-0210-L	84.389	113,661
ARRA Title I - 2011 - Smith Vocational High School	770-084-1-0406-L	84.389	23,056
Total Title I, Part A Cluster			<u>625,130</u>
Special Education Cluster:			
Special Education 94-142 Allocation - 2010 - Northampton School Department	240-159-0-0210-K	84.027	67,044
Special Education 94-142 Allocation - 2010 - Smith Vocational High School	240-082-0-0406-K	84.027	28,739
Special Education 94-142 Allocation - 2011 - Northampton School Department	240-269-1-0210-L	84.027	655,529
Special Education 94-142 Allocation - 2011 - Smith Vocational High School	240-188-1-0406-L	84.027	171,439
Special Education Tiered Instruction - 2011 - Northampton School Department	257-019-1-0210-L	84.027	25,000
Mental Health Support - Prior Years - Northampton School Department		84.027	450
Special Education Autistic Programs - Prior Years - Northampton School Department		84.027	3,235
IEP Training - Prior Years - Northampton School Department		84.027	4,100
Kindergarten Curriculum Development - 2010 - Northampton School Department	264-010-0-0210-K	84.173	5,999
Kindergarten Curriculum Development - 2011 - Northampton School Department	264-029-1-0210-L	84.173	4,027
Language and Literacy Development - 2010 - Northampton School Department	297-013-0-0201-K	84.173	4,878
Language and Literacy Development - 2011 - Northampton School Department	297-042-1-0210-L	84.173	509
ARRA IDEA - 2010 - Northampton School Department	760-118-0-0210-K	84.391	50,250
ARRA IDEA - 2011 - Northampton School Department	760-107-1-0210-L	84.391	409,541
ARRA IDEA - 2011 - Smith Vocational School	760-224-1-0406-L	84.391	93,110
Total Special Education Cluster			<u>1,523,850</u>
Career and Technical Education - Basic Grants to States:			
Occupational Education-Vocational Skills - 2010 - Smith Vocational High School	400-057-0-0460-K	84.048	17,687
Occupational Education-Vocational Skills - 2011 - Smith Vocational High School	400-052-1-0406-L	84.048	72,737
Allocation - Equipment - 2011 - Smith Vocational High School	411-031-0-0406-L	84.048	40,000
Total Career and Technical Education - Basic Grants to States			<u>130,424</u>
Safe and Drug Free Schools and Communities - State Grants:			
Drug Free Schools - Prior Years - Northampton School Department		84.186	7,647
Drug Free Schools - 2010 - Northampton School Department	331-205-0-0210-K	84.186	5,051
Drug Free Schools - 2011 - Northampton School Department	332-168-1-0210-L	84.186	1,748
Total Safe and Drug Free Schools and Communities - State Grants			<u>14,446</u>
Innovative Education Program Strategies:			
Title V - Prior Years - Northampton School Department		84.298	7,361
Even Start Program Grants:			
Even Start - Prior Years - Northampton School Department		84.314	8,386
TOTAL PAGE 2 OF 4			<u>\$ 2,309,597</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, 2011**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
U. S. Department of Education			
Passed Through Commonwealth of Massachusetts			
Department of Elementary and Secondary Education:			
Improving Teacher Quality State Grants:			
Teacher Quality - Prior Years - Northampton School Department		84.367	\$ 2,776
Teacher Quality - 2010 - Northampton School Department	140-327-0-0210-K	84.367	37,102
Teacher Quality - 2010 - Northampton School Department	140-370-0-0210-K	84.367	360
Teacher Quality - 2010 - Smith Vocational High School	140-215-0-0406-K	84.367	1,978
Teacher Quality - 2010 - Smith Vocational High School	140-365-0-0406-K	84.367	85
Teacher Quality - 2011 - Northampton School Department	140-153-1-0210-L	84.367	83,158
Teacher Quality - 2011 - Northampton School Department	140-335-1-0210-L	84.367	13,777
Teacher Quality - 2011 - Smith Vocational High School	140-152-1-0406-L	84.367	18,330
Level 3 Targeted Assistance - 2011 - Northampton School Department	143-034-1-0210-L	84.367	3,204
Level 3 Targeted Assistance - 2011 - Smith Vocational High School	143-024-1-0406-L	84.367	1,769
Total Improving Teacher Quality State Grants			<u>162,539</u>
Statewide Data Systems:			
Streamline Data Management System - 2011 - Northampton School Department	120-004-1-0210-L	84.372	62,636
State Fiscal Stabilization Fund - Education State Grants, Recovery Act:			
ARRA Stabilization - 2011 - Northampton School Department	780-137-1-0210-L	84.394	36,541
ARRA Stabilization - 2011 - Smith Vocational High School	780-306-1-0406-L	84.394	4,729
Total State Fiscal Stabilization Fund - Education State Grants, Recovery Act			<u>41,270</u>
State Fiscal Stabilization Fund - Race to the Top Incentive Grants, Recovery Act:			
Race to the Top - 2011 - Northampton School Department	201-277-1-0210-L	84.395	21,850
Education Jobs Fund:			
Education Jobs - 2011 - Northampton School Department	206-137-1-0210-L	84.410	372,167
Passed Through Commonwealth of Massachusetts			
Department of Early Education and Care:			
Special Education Cluster:			
Special Education Early Childhood Allocation - Prior Years - Northampton School Department		84.173	3,230
Special Education Early Childhood Allocation - 2010 - Northampton School Department	EEC-262	84.173	3,492
Special Education Early Childhood Allocation - 2011 - Northampton School Department	EEC-262	84.173	23,476
ARRA Early Childhood - 2010 - Northampton School Department	EEC-762	84.392	263
ARRA Early Childhood - 2011 - Northampton School Department	EEC-762	84.392	15,953
Total Special Education Cluster			<u>46,414</u>
Passed Through Commonwealth of Massachusetts			
Executive Office of Public Safety and Homeland Security:			
State Fiscal Stabilization Fund - Government Services, Recovery Act - Fire Services Staffing		84.397	66,214
TOTAL PAGE 3 OF 4			<u>773,090</u>
TOTAL PAGE 2 OF 4			<u>2,309,597</u>
Total U. S. Department of Education			<u>\$ 3,082,687</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, 2011**

Federal Grantor/Pass-Through Grantor/ Program Title	State/ Pass-Through Identification Number	Federal CFDA Number	Federal Awards Expended
U. S. Department of Health and Human Services			
Direct Program:			
Drug Free Communities		93.276	\$ 36,825
Passed Through Highland Valley Elder Services, Inc.:			
Title III-B-Community Program on Aging		93.044	3,546
Passed Through City of Easthampton, Massachusetts:			
Emergency Planning Coalition		93.069	30,326
Total U. S. Department of Health and Human Services			<u>70,697</u>
U. S. Department of Homeland Security			
Direct Programs:			
Federal Emergency Management Agency			
Assistance to Firefighters Grant Program No. EMW-2008-FO-07616		97.044	2,118
Assistance to Firefighters Grant Program No. EMW-2010-FO-08024		97.044	79,064
Staffing for Adequate Fire and Emergency Response Grant No. EMW-2007-FF-01128		97.083	48,210
Staffing for Adequate Fire and Emergency Response - Recovery Act		97.083	5,963
Passed Through Commonwealth of Massachusetts			
Executive Office of Public Safety and Homeland Security:			
Flood Plain Hazard Mitigation		97.029	1,405
Passed Through Franklin Regional Council of Governments:			
Emergency Communications Training		97.043	9,487
Total U. S. Department of Homeland Security			<u>146,247</u>
TOTAL PAGE 4 OF 4			216,944
TOTAL PAGE 3 OF 4			773,090
TOTAL PAGE 2 OF 3			2,309,597
TOTAL PAGE 1 OF 4			3,074,319
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 6,373,950</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, 2011**

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, 2011. 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:

Program Title	Federal CFDA Number	Amount Provided
Community Development Block Grant	14.218	\$ 241,450
Supportive Housing Program	14.235	1,224,378
		<u>\$ 1,465,828</u>

NOTE D – FOOD DISTRIBUTION

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

**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, 2011. 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 2011-1 in the accompanying schedule of findings and questioned costs, the City of Northampton, Massachusetts did not comply with requirements regarding allowable costs/cost principles that are applicable to its Title I and Special Education Clusters 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, 2011.

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 2011-1. 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, 2011, (except for the Northampton Contributory Retirement System, which is as of and for the year ended December 31, 2010), and have issued our report thereon dated January 10, 2012, 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 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 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 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
South Deerfield, Massachusetts

January 10, 2012

**CITY OF NORTHAMPTON, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

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>
14.235	U. S. Department of Housing and Urban Development - Supportive Housing Program
84.410	U. S. Department of Education - Education Jobs Fund
Child Nutrition Cluster:	
10.553	U. S. Department of Agriculture - School Breakfast Program
10.555	U. S. Department of Agriculture - National School Lunch Program
CDBG Entitlement Grants Cluster:	
14.218	U. S. Department of Housing and Urban Development - Community Development Block Grants/Entitlement Grants
14.253	U. S. Department of Housing and Urban Development - Community Development Block Grant ARRA Entitlement Grants (CDBG-R)
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
84.392	U. S. Department of Education - Special Education Preschool Grants, 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, 2011**

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 2011-1 on pages 12-13.

Section IV - Prior Audit Findings

Status of prior year finding is reported on page 14.

**CITY OF NORTHAMPTON, MASSACHUSETTS
SUMMARY SCHEDULE OF CURRENT AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

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 Public Schools

Criteria:

OMB Circular A-87 Attachment B, paragraph 8.h.(3) states, “Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.”

OMB Circular A-87 Attachment B, paragraph 8.h.(4) states, “When employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation...” The personnel activity reports must reflect an after-the-fact distribution of the actual activity of each employee, must account for the total activity for which each employee is compensated, must be prepared at least monthly, must coincide with one or more pay periods, and must be signed by the employee and countersigned by an administrator or supervisor.

Condition:

During Fiscal Year 2011, the Northampton Public Schools obtained time and effort certifications semi-annually from employees paid from Federal grants. Time and effort certifications were obtained semi-annually from employees whose salaries were split between funding sources, although these time and effort certifications should have been obtained monthly. Also, no time and effort certifications were obtained from two newly hired individuals whose salaries were paid from the Title I grant.

Questioned Costs:

None reported.

Cause:

The administration at the Northampton Public Schools did not properly review the Federal programs for compliance with time and effort documentation.

Effect:

Some employees' salaries may be inappropriately charged to Federal programs.

Recommendation:

The administrators at the Northampton Public Schools should review whether employees paid from Federal grants were paid 100% from the grant or their salaries were split between funding sources and should obtain time and effort certifications monthly from employees whose salaries were split between funding sources. Time and effort certifications should be obtained from all employees, including newly hired individuals.

**CITY OF NORTHAMPTON, MASSACHUSETTS
SUMMARY SCHEDULE OF CURRENT AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Management's Response:

Northampton Public Schools initially believed that semi-annual certification was sufficient under the OMB Circular A-87, Attachment B, paragraph 8.h(3) but will now switch to monthly certification under 8.h(4) as stated above for teachers who are paid through all Federal grants. In the future the district will obtain time and effort certifications for all teachers including the newly hired employees who were paid through the Title I grant in FY11.

**CITY OF NORTHAMPTON, MASSACHUSETTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Finding 2010-1

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

Comment:

The finding indicated that the Smith Vocational and Agricultural High School did not obtain time and effort certifications from employees paid from Federal grants for the second half of the year for Fiscal Year 2010.

Status:

Time and effort certifications were obtained from all employees paid from Federal grants at the Smith Vocational and Agricultural High School for Fiscal Year 2011.