

***CITY OF SPRINGFIELD, MASSACHUSETTS***

***REPORTS ON FEDERAL AWARD PROGRAMS***

***FISCAL YEAR ENDED JUNE 30, 2010***

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**TABLE OF CONTENTS**

	<b>PAGE</b>
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1
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	3
Schedule of expenditures of federal awards	5
Notes to schedule of expenditures of federal awards	7
Schedule of findings and questioned costs	9



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**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, the City Council, and Management  
City of Springfield, 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 Springfield, Massachusetts, as of and for the year ended June 30, 2010, which collectively comprise the City of Springfield, Massachusetts' basic financial statements and have issued our report thereon dated March 18, 2011. 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 City of Springfield, 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 Springfield, Massachusetts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Springfield, 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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 Springfield, 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 other matters that we reported to management of the City of Springfield, Massachusetts, in a separate letter dated March 18, 2011.

This report is intended solely for the information and use of management, City Council, and others within the City, 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.

A handwritten signature in cursive script that reads "Bowers + Sullivan".

Wakefield, Massachusetts  
March 18, 2011



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**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, the City Council, and Management  
City of Springfield, Massachusetts

**Compliance**

We have audited the compliance of the City of Springfield, Massachusetts, 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 Springfield's major federal programs for the fiscal year ended June 30, 2010. The City of Springfield, Massachusetts' major federal programs are identified in the summary of auditors' 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 Springfield, Massachusetts' management. Our responsibility is to express an opinion on the City of Springfield, 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 Springfield, 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 on the City of Springfield, Massachusetts' compliance with those requirements.

In our opinion, the City of Springfield, Massachusetts' complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2010.

**Internal Control Over Compliance**

Management of the City of Springfield, Massachusetts is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Springfield, Massachusetts' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Springfield, 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 would not necessarily identify all deficiencies in internal control that might be 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.

### **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 Springfield, Massachusetts, as of and for the year ended June 30, 2010, (except for the Springfield Contributory Retirement System which is as of and for the year ended December 31, 2009), and have issued our report thereon dated March 18, 2011. In our report, our opinion on the basic financial statements of the City of Springfield, Massachusetts was qualified relating to the exclusion of financial data for three legally separate entities which accounting principles generally accepted in the United States of America require to be reported as discretely presented component units. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Springfield, Massachusetts' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, City Council, and others within the City, 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.



Wakefield, Massachusetts  
March 18, 2011

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>		
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	\$ 862,468
Cash Assistance:		
School Breakfast Program	10.553	2,485,719
National School Lunch Program	10.555	8,362,283
Summer Food Service Program for Children	10.559	249,741
ARRA - National School Lunch Program - Equipment Assistance	10.579	<u>234,498</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>		<u><b>12,194,709</b></u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>		
Community Development Block Grants/Entitlement Grants	14.218	4,637,102
Urban Development Action Grants	14.221	594,764
Emergency Shelter Grants Program	14.231	177,218
Supportive Housing Program	14.235	952,451
Shelter Plus Care	14.238	230,210
HOME Investment Partnership Program	14.239	2,365,398
Housing Opportunities for Persons with AIDS	14.241	460,439
Community Development Block Grants Section 108 Loan Guarantees	14.248	1,469,423
ARRA - Community Development Block Grant ARRA Entitlement Grant	14.253	729,572
ARRA - Neighborhood Stabilization Program	14.256	364,605
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	564,784
Lead-Based Paint Hazard Control In Privately-Owned Housing	14.900	<u>3,292</u>
<b>TOTAL HOUSING AND URBAN DEVELOPMENT</b>		<u><b>12,549,258</b></u>
<b>U.S. DEPARTMENT OF JUSTICE:</b>		
<u>Passed through Massachusetts Executive Office of Public Safety:</u>		
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	114,453
Edward Byrne Memorial State and Local Law Enforcement Assistance		
Discretionary Grants Program	16.580	341,343
Violence Against Women Formula Grants	16.588	53,639
Public Safety Partnership and Community Policing Grants	16.710	3,374
Edward Byrne Memorial Justice Assistance Grant Program	16.738	274,199
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.804	<u>1,021,820</u>
<b>TOTAL JUSTICE</b>		<u><b>1,808,828</b></u>
<b>U. S. DEPARTMENT OF LABOR:</b>		
<u>Passed through Senior Service America, Inc.</u>		
Senior Community Service Employment Program	17.235	860,043
ARRA - Senior Community Service Employment Program	17.235	<u>232,453</u>
<b>TOTAL LABOR</b>		<u><b>1,092,496</b></u>
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</b>		
<u>Passed through Massachusetts Board of Library Commissioners:</u>		
Grants to States	45.310	<u>2,663</u>
<b>ENVIRONMENTAL PROTECTION AGENCY:</b>		
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	<u>208,640</u>
<b>U.S. DEPARTMENT OF ENERGY:</b>		
Energy Efficiency and Conservation Block Grant Program	81.128	<u>94,726</u>
<b>U.S. DEPARTMENT OF EDUCATION:</b>		
Magnet Schools Assistance	84.165	3,267,685
Fund for the Improvement of Education	84.215	480,627
Arts in Education	84.351	230,938
Striving Readers	84.371	2,797,779

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION - continued:		
<u>Passed through State Department of Elementary and Secondary Education:</u>		
Adult Education State Grant Program	84.002	185,934
Title I Grants to Local Educational Agencies	84.010	19,260,518
Special Education Grants to States	84.027	7,662,734
Vocational Education Basic Grants to States	84.048	755,844
Safe and Drug Free Schools and Communities State Grants	84.186	321,554
Education for Homeless Children and Youth	84.196	3,464
State School Improvement Grants	84.218	71,280
Twenty-First Century Community Learning Centers	84.287	840,310
Education Technology State Grants	84.318	408,926
Vocational Education Occupational and Employment Information State Grants	84.346	305,354
Reading First State Grants	84.357	61,455
English Language Acquisition Grants	84.365	742,918
Improving Teacher Quality State Grants	84.367	2,965,470
School Improvements Grants	84.377	309,568
ARRA - Education for Homeless Children and Youth	84.387	31,071
ARRA - Title I Grants to Local Educational Agencies	84.389	7,675,426
ARRA - Special Education Grants to States	84.391	1,875,525
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	8,394,980
<u>Passed through State Department of Early Education and Care:</u>		
Special Education Preschool Grants	84.173	228,186
ARRA - Special Education - Preschool Grants	84.392	103,695
<u>Passed through Massachusetts Executive Office of Public Safety and Security:</u>		
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	84.397	21,093
TOTAL EDUCATION		<u>59,002,334</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
Model State-Supported Area Health Education Centers	93.107	52,389
Consolidated Health Centers	93.224	1,124,100
ARRA - Health Center Integrated Services Development Initiative	93.703	47,996
<u>Passed through Massachusetts Department of Public Health:</u>		
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	113,327
<u>Passed through Massachusetts Department of Higher Education</u>		
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	7,389
TOTAL HEALTH AND HUMAN SERVICES		<u>1,345,201</u>
U. S. DEPARTMENT OF HOMELAND SECURITY:		
<u>Passed through Massachusetts Executive Office of Public Safety and Security:</u>		
State Domestic Preparedness Equipment Support Program	97.004	250
State and Local Homeland Security Training Program	97.005	567
Homeland Security Grant Program	97.067	347,714
TOTAL HOMELAND SECURITY		<u>348,531</u>
TOTAL		<u>\$ 88,647,386</u>

(concluded)

See notes to Schedule of Expenditures of Federal Awards

**Note 1 – Definition of Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Springfield, Massachusetts. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included on the schedule.

**Note 2 – Significant Accounting Policies**

The accounting and reporting policies of the City of Springfield, Massachusetts, are set forth below:

(a) Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. Accordingly, grant revenues are recognized when received and expenditures when paid.

(b) Cash Assistance - School Breakfast and Lunch Program - Program expenditures represent federal reimbursement for meals provided during the fiscal year.

(c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received during the fiscal year.

**Note 3 – Subrecipients**

The City of Springfield provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 137,602
Supportive Housing Program	14.235	700,206
Adult Education State Grant Program	84.002	<u>5,000</u>
Total		<u>\$ 842,808</u>

**Note 4 – Program Clusters**

In accordance with Subpart A §\_105 of OMB Circular No. A-133, *Audits of States, Local Governments and Non Profit Organizations*, certain programs have been clustered in determining major programs. The following represents the clustered programs applicable to the City of Springfield, Massachusetts:

<u>Name of Cluster/Program</u>	<u>CFDA Number</u>
<b>Child Nutrition Cluster</b>	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
<b>CDBG – Entitlement and (HUD-Administered) Small Cities Cluster</b>	
Community Development Block Grant/Entitlement Grants	14.218
Community Development Block Grant/Small Cities Program	14.219
<b>Title I, Part A Cluster</b>	
Title I Grants to Local Educational Agencies	84.010
ARRA – Title I Grants to Local Educational Agencies	84.389
<b>Special Education Cluster</b>	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
ARRA – Special Education Grants to States	84.391
ARRA – Special Education Preschool Grants	84.392
<b>State Fiscal Stabilization Fund (SFSF) Cluster</b>	
ARRA – SFSF – Education State Grants	84.394
ARRA – SFSF – Government Services	84.397
<b>Homeland Security Cluster</b>	
State Domestic Preparedness Equipment Support Program	97.004
Homeland Security Grant Program	97.067

**A. Summary of Auditors’ Results**

1. The auditors’ report expresses a qualified opinion on the financial statements of the City of Springfield, Massachusetts relating to the exclusion of financial data for three legally separate entities which accounting principles generally accepted in the United States of America require to be reported as discretely presented component units.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City of Springfield, Massachusetts, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the 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.
5. The auditors’ report on compliance for the major federal award programs for the City of Springfield, Massachusetts, expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the City of Springfield, Massachusetts.
7. The programs tested as major grants include:

<u>Program Title</u>	<u>CFDA Number</u>
School Lunch Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
ARRA – National School Lunch Program – Equipment Assistance	10.579
Community Development Block Grants/Entitlement Grants	14.218
ARRA – Community Development Block Grant ARRA Entitlement Grants	14.253
ARRA – Homelessness Prevention and Rapid Re-Housing Program	14.257
Edward Byrne Memorial Justice Assistance Program	16.738
ARRA – Edward Byrne Memorial Justice Assistance Program	16.804
Senior Community Service Employment Program	17.235
ARRA – Senior Community Service Employment Program	17.235
Title I Grants to Local Educational Agencies	84.010
ARRA – Title I Grants to Local Educational Agencies	84.389
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173
ARRA – Special Education – Grants to States	84.391
ARRA – Special Education – Preschool Grants	84.392
ARRA – State Fiscal Stabilization Funds (SFSF) – Education State Grants	84.394
ARRA – State Fiscal Stabilization Funds (SFSF) – Government Services	84.397

8. The threshold for distinguishing Type A and B programs was \$2,615,339.
9. The City of Springfield, Massachusetts, was not determined to be a low-risk auditee.

**B. Findings – Financial Statements Audit**

None

**C. Findings and Questioned Costs – Major Federal Award Programs Audit**

None

**D. Prior Year Audit Findings and Questioned Costs**

**UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Home Investment Partnership Program  
CFDA No: 14.239

09-1: *Condition and Criteria:* Under the Home Investment Partnership Program the City is required to conduct long term monitoring of property standards, tenant income levels, and rental limitations as established by HUD. Our inquires and review of the City's documentation for these requirements indicated that this monitoring is not being conducted on a regularly scheduled basis.

*Cause:* Lack of personnel in place to conduct the required monitoring.

*Effect:* The City is not in compliance with the grant agreements entered into with the Department of Housing and Urban Development (HUD).

*Questioned Costs:* None

*Auditors' Recommendation:* We recommend that the City implement procedures to comply with the HUD long term monitoring requirements.

*Current Status:* The City provided HUD with a Corrective Action Plan addressing this finding. After a period of monitoring and review, HUD has accepted the City's Corrective Action Plan and has closed the finding.