

CITY OF SPRINGFIELD, MASSACHUSETTS

***REPORT ON APPLYING AGREED-UPON PROCEDURES
OVER COMPLIANCE APPLICABLE TO
MASSACHUSETTS SCHOOL DISTRICTS'
END-OF-YEAR PUPIL AND FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2007

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES OVER COMPLIANCE APPLICABLE TO MASSACHUSETTS SCHOOL DISTRICTS' END-OF-YEAR PUPIL AND FINANCIAL REPORT

To the Honorable Mayor,
Finance Control Board and the School Committee
City of Springfield, Massachusetts

We have performed the procedures specified in the Massachusetts Department of Education's (DOE) Compliance Supplement applicable to Massachusetts School Districts to the End-of-Year Pupil and Financial Report prepared by the City of Springfield, Massachusetts (City) for the fiscal year ended June 30, 2007. We performed these procedures solely to assist the City and DOE in evaluating the City's assertion that it has complied with the DOE requirements applicable to the preparation and filing of a Massachusetts School Districts' End-of-Year Pupil and Financial Report. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report.

Consequently, we make no representation regarding the sufficiency of the procedures specified in the Massachusetts Department of Education's Compliance Supplement applicable to Massachusetts School Districts End-of-Year Pupil and Financial Report for the purpose for which this report has been requested or for any other purpose.

We have listed noncompliance with agreed-upon procedures in the accompanying Schedule of Findings.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on the End-of-Year Pupil and Financial Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the City and the DOE and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

April 25, 2008

Finding #1 – Specific Requirement #2

Specific requirement #2 requires verification that the revolving and special fund revenues reported on the City's accounting ledgers are in agreement with the amounts reported on Schedule 1. While completing this requirement, we noted the following matters:

- o The District understated revenue from direct federal grants by approximately \$3,000,000 (Fund 2553 – Magnet Grant). This understatement was due to an entry made on the District's crosswalk that eliminated the fiscal 2007 revenue received. Because the End-of-Year Pupil and Financial Report (EOYR) is prepared on the budgetary basis of accounting, revenues should be reported in the period in which they are received.
- o The District understated revenue from private grants by approximately \$1,200,000 (Fund 2992 – Dewitt/Wallace Lead Grant). This understatement was due to an entry made on the District's crosswalk that eliminated the fiscal 2007 revenue received. Because the EOYR is prepared on the budgetary basis of accounting, revenues should be reported in the period in which they are received.

Finding #2 – Specific Requirement #11

Specific requirement #11 requires that a written agreement is obtained between the School Committee and municipal officials documenting the agreed upon methodologies to be used when allocating, distributing or assigning municipal expenditures to the EOYR and that the municipal expenditures reported on Schedule 1 Part 2B are tested to ensure compliance with the municipal agreement. We were unable to complete this requirement because we were not provided with a written agreement.

Finding #3 – Specific Requirement #14

Specific requirement #14 requires verification of the allocation of Special Education (SPED) expenditures on Schedule 4. While completing this requirement, we noted that the District did not report expenditures from federal grants on line 3930. However, the fiscal 2007 DOE grant listing indicated that the District was awarded \$7,199,423 of federal SPED funds.

Finding #4 – Specific Requirement #17

Specific requirement #17 requires that the pupils reported on Schedule 7 are traced to the detailed transportation records and verified for accuracy and consistency. We were provided with detailed school transportation records, however the totals reported on Schedule 7 did not agree with the detailed records.