

**CITY OF NORWALK, CONNECTICUT**

FEDERAL AND STATE FINANCIAL  
AND COMPLIANCE REPORTS  
Year Ended June 30, 2010

**CITY OF NORWALK, CONNECTICUT**

**FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS**

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

To the Honorable Mayor and Members  
of the Common Council  
City of Norwalk, Connecticut

**Compliance:** We have audited the City of Norwalk, Connecticut's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Norwalk, Connecticut's major federal programs for the year ended June 30, 2010. The City of Norwalk, Connecticut's 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 Norwalk, Connecticut's management. Our responsibility is to express an opinion on the City of Norwalk, Connecticut's 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. 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 Norwalk, Connecticut's 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 Norwalk, Connecticut's compliance with those requirements.

In our opinion, the City of Norwalk, Connecticut, 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, 2010.

**Internal Control Over Compliance:** Management of the City of Norwalk, Connecticut, 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 Norwalk, Connecticut's internal control over compliance with the 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 Norwalk, Connecticut's 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 the 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 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.

***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 Norwalk, Connecticut, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 28, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Norwalk, Connecticut's 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management of the City of Norwalk, Connecticut, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
December 28, 2010

| CITY OF NORWALK, CONNECTICUT                                      |   |                               |                      |
|---|---|-------------------------------|----------------------|
| SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS                        |   |                               |                      |
| For the Year Ended June 30, 2010                                  |   |                               |                      |
| Federal Grantor   | Catalog of Federal Domestic Assistance Number | Pass-Through Grantor's Number | Federal Expenditures |
| Pass-Through Grantor Program Title                                |   |                               |                      |
| <b>U.S. Department of Agriculture</b>                             |   |                               |                      |
| <b>Passed through the State of Connecticut</b>                    |   |                               |                      |
| <b>Department of Education Child Nutrition Cluster:</b>           |   |                               |                      |
| <b>Nutrition Cluster:</b>   |   |                               |                      |
| Food Distribution - Commodities - Non Cash                        | 10.555  | N/A                           | \$ 183,996           |
| School Breakfast Program  | 10.553  | 12060-SDE64370-20508          | 228,726              |
| National School Lunch Program                                     | 10.555  | 12060-SDE64370-20560          | 1,656,814            |
| <b>Total Nutrition Cluster</b>                                    |   |                               | <b>2,069,536</b>     |
| <b>Passed through the State of Connecticut</b>                    |   |                               |                      |
| <b>Department of Health Services:</b>                             |   |                               |                      |
| Special Supplemental Food Program for Women, Infants and Children | 10.557  | 12060-SDE64370-20508          | 221,134              |
| WIC Food Benefits Grants to State - Non Cash                      | 10.557  | N/A                           | 1,342,578            |
|   |   |                               | 1,563,712            |
| <b>Total U.S. Department of Agriculture</b>                       |   |                               | <b>3,633,248</b>     |
| <b>U.S. Department of Housing and Urban Development</b>           |   |                               |                      |
| <b>Direct program:</b>  |   |                               |                      |
| Community Development Block Grants/Entitlement Grants             | 14.218  | N/A                           | 1,006,725            |
| <b>U.S. Department of Justice</b>                                 |   |                               |                      |
| <b>Passed through the State of Connecticut</b>                    |   |                               |                      |
| <b>Office of Policy and Management:</b>                           |   |                               |                      |
| Drug Seizure Fund   | 16.578  | N/A                           | 33,462               |
| Selective Traffic Enforcement                                     | 16.738  | N/A                           | 27,902               |
| Bullet Proof Vest Partnership Grant                               | 16.607  | N/A                           | 7,525                |
| Community Partnership to Deter Youth Violence                     | 16.730  | N/A                           | 23,231               |
| COPS Technology Grant   | 16.710  | N/A                           | 311,410              |
| Organized Crime Drug Enforcement Task Force                       | 16.xxx  | N/A                           | 17,820               |
| Norwalk Gang Prevention Coordination Program                      | 16.544  | N/A                           | 62,951               |
|   |   |                               | (Continued)          |

N/A = Not Available  
See Notes to Schedule.

|  |                   |                      |                     |
|--|-------------------|----------------------|---------------------|
| <b>CITY OF NORWALK, CONNECTICUT</b>  |                   |                      |                     |
| <b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued</b>               |                   |                      |                     |
| <b>For the Year Ended June 30, 2010</b>                                    |                   |                      |                     |
|  | <b>Catalog of</b> |                      |                     |
|  | <b>Federal</b>    |                      |                     |
| <b>Federal Grantor</b>   | <b>Domestic</b>   | <b>Pass-Through</b>  |                     |
| <b>Pass-Through Grantor</b>  | <b>Assistance</b> | <b>Grantor's</b>     | <b>Federal</b>      |
| <b>Program Title</b>   | <b>Number</b>     | <b>Number</b>        | <b>Expenditures</b> |
| <b>U.S. Department of Justice, Continued</b>                               |                   |                      |                     |
| <b>Passed through the State of Connecticut</b>                             |                   |                      |                     |
| <b>Office of Policy and Management, Continued:</b>                         |                   |                      |                     |
| Recovery Act JAG Grant Program-ARRA  | 16.803            | N/A                  | 278,946             |
| Norwalk JAG Local Pass-Through Project                                     | 16.804            | N/A                  | 71,744              |
|  |                   |                      | <b>350,690</b>      |
| Gang Prevention Youth Mentoring Program                                    | 16.xxx            | N/A                  | 42,835              |
| <b>Total U.S. Department of Justice</b>                                    |                   |                      | <b>877,826</b>      |
| <b>U.S. Department of Education</b>  |                   |                      |                     |
| <b>Passed through the State of Connecticut</b>                             |                   |                      |                     |
| <b>Department of Education:</b>  |                   |                      |                     |
| <b>Title I Cluster:</b>  |                   |                      |                     |
| Title I Programs - Local Educational Agencies                              | 84.010            | 12060-SDE64370-20679 | 1,908,172           |
| ARRA - Title I Improving Basic Programs                                    | 84.389            | 12060-SDE64370-29010 | 621,612             |
| <b>Total Title I Cluster</b>   |                   |                      | <b>2,529,784</b>    |
| Carl Perkins Vocational and Technical Education -<br>Basic Grants to State | 84.048            | 12060-SDE64370-20742 | 149,714             |
| <b>Special Education Cluster:</b>  |                   |                      |                     |
| Special Education - Preschool Grants                                       | 84.173            | 12060-SDE64370-20983 | 83,087              |
| IDEA   | 84.027            | 12060-SDE64370-20977 | 2,146,003           |
| ARRA - IDEA 611  | 84.391            | 12060-SDE64370-29011 | 865,219             |
| ARRA - IDEA 619  | 84.392            | 12060-SDE64370-29012 | 34,765              |
| <b>Total Special Education Cluster</b>                                     |                   |                      | <b>3,129,074</b>    |
| Title IV - Drug-Free Schools and Communities -<br>State Grants             | 84.186            | 12060-SDE64370-20873 | 25,956              |
| <b>Educational Technology State Grants Cluster:</b>                        |                   |                      |                     |
| ARRA - Stabilization - Part D Technology                                   | 84.386            | 12060-SDE64370-29063 | 31,309              |
| Title II, Part D - Enhancing Education Through Technology                  | 84.318            | 12060-SDE64370-20826 | 506                 |
| <b>Total Educational Technology State<br/>Grants Cluster</b>               |                   |                      | <b>31,815</b>       |
| Title III, Part A - English Language                                       | 84.365            | 12060-SDE64370-20868 | 170,397             |
|  |                   |                      | (Continued)         |

N/A = Not Available  
See Notes to Schedule.

|  |                   |                      |                      |
|--|-------------------|----------------------|----------------------|
| <b>CITY OF NORWALK, CONNECTICUT</b>                          |                   |                      |                      |
| <b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued</b> |                   |                      |                      |
| <b>For the Year Ended June 30, 2010</b>                      |                   |                      |                      |
|  | <b>Catalog of</b> |                      |                      |
|  | <b>Federal</b>    |                      |                      |
| <b>Federal Grantor</b>                                       | <b>Domestic</b>   | <b>Pass-Through</b>  |                      |
| <b>Pass-Through Grantor</b>                                  | <b>Assistance</b> | <b>Grantor's</b>     | <b>Federal</b>       |
| <b>Program Title</b>   | <b>Number</b>     | <b>Number</b>        | <b>Expenditures</b>  |
| <b>U.S. Department of Education, Continued</b>               |                   |                      |                      |
| <b>Passed through the State of Connecticut</b>               |                   |                      |                      |
| <b>Department of Education, Continued:</b>                   |                   |                      |                      |
| Title II, Part A - Teacher/Principal                         | 84.367            | 12060-SDE64370-20858 | 414,746              |
| School Improvement-1003(g)                                   | 84.377            | 12060-XCD64370-22223 | 59,867               |
| 21st Century Community Learning Center                       | 84.287            | 12060-SDE64370-20863 | 103,708              |
| <b>State Fiscal Stabilization Cluster:</b>                   |                   |                      |                      |
| ARRA - Stabilization - Government Services                   | 84.397            | 12060-SDE64370-29053 | 511,858              |
| ARRA - Stabilization - Education Grants                      | 84.394            | 12060-SDE64370-29054 | 928,364              |
| <b>Total State Fiscal Stabilization Cluster</b>              |                   |                      | <b>1,440,222</b>     |
| FIE- English Language Learners                               | 84.215            | N/A                  | 49,769               |
| <b>Total U.S. Department of Education</b>                    |                   |                      | <b>8,105,052</b>     |
| <b>U.S. Department of Health and Human Services</b>          |                   |                      |                      |
| <b>Passed through the State of Connecticut</b>               |                   |                      |                      |
| <b>Department of Public Health:</b>                          |                   |                      |                      |
| Childhood Immunization Grants                                | 93.268            | 11000-DPH48500-10020 | 70,403               |
| HIV Prevention Activities-Health Department Based            | 93.940            | 11000-DPH48500-12236 | 60,000               |
| Obesity Prevention   | 93.991            | 11000-DPH48500-10020 | 12,327               |
| Vaccines   | 93.268            | N/A                  | 76,163               |
| Public Health Emergency Preparedness Grant                   | 93.069            | N/A                  | 122,372              |
| <b>Total U.S. Department of Health and Human Services</b>    |                   |                      | <b>341,265</b>       |
| <b>Department of the Interior</b>                            |                   |                      |                      |
| Refuge Revenue Sharing                                       | 99.000            | N/A                  | 16,904               |
| <b>Federal Highway Safety Program</b>                        |                   |                      |                      |
| Expanded DUI Enforcement Program                             | 20.500            | N/A                  | 28,289               |
| <b>Federal Emergency Management Association</b>              |                   |                      |                      |
| Assistance to Firefighters                                   | 97.044            | N/A                  | 18,163               |
| FEMA Public Assistance                                       | 97.036            | 12060-EHS99690-21891 | 399,136              |
| <b>Total Federal Emergency Management Association</b>        |                   |                      | <b>417,299</b>       |
| <b>Total Expenditures of Federal Awards</b>                  |                   |                      | <b>\$ 14,426,608</b> |

N/A = Not Available  
See Notes to Schedule.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2010**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Norwalk and is presented on the modified accrual/accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profits Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Contribution**

U.S.D.A. Contributions

The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$183,966 represents the market value of such commodities used during the period. This amount is included in the Child Nutrition Cluster.

WIC Food Payments

The United States Department of Agriculture makes noncash distributions of food vouchers for WIC. The amount of \$1,342,578 represents the market value of such vouchers used during this period.

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

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**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of auditor's report issued on compliance for major programs: unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?  Yes  No

**Identification of Major Programs**

| CFDA Numbers                | Program Name or Cluster               |
|-----------------------------|---------------------------------------|
| 84.010/84.389               | Title I Cluster                       |
| 84.027/84.173/84.391/84.392 | Special Education Grant Cluster       |
| 16.803                      | ARRA – Recovery Act JAG Grant Program |
| 10.556/10.555/10.553        | Nutrition Cluster                     |
| 84.394/84.397               | State Fiscal Stabilization Cluster    |

Dollar threshold used to distinguish between type A and type B programs \$432,798

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Auditee qualified as low-risk auditee?  Yes  No

**CITY OF NORWALK, CONNECTICUT  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2010**

**CF09-1. Federally Funded Special Education Grant Cluster & Title I Grant Allowable  
Costs/Cost Principal – 84.027/84.173 and 84.010**

**Condition:**

There was not adequate documentation for payroll in accordance with the criteria for certain individuals.

**Corrective Action Taken:**

All IDEA and Title I employees that are paid 100% from the grant now furnish a certification that he/she has been engaged solely in activities related to the grant. This certification is verified by the employee's immediate supervisor and recorded and kept on file in the Office of Pupil Personnel. This occurs semi-annually at the end of January and the end of June.

All IDEA and Title I employees that are paid a portion from the grant and a portion from other revenue sources must maintain time and effort distribution records prepared at least monthly. The BOE has designed forms and advised the various departments regarding the necessary requirement for compliance. This certification will be verified by the employee's immediate supervisor and recorded and kept on file in the Office of Pupil Personnel.

**CF09-2. Federally Funded Special Education Grant Cluster/Procurement and  
Suspension and Debarment 84.027/84.173**

**Condition:**

The Board of Education was unable to show support for compliance with OMB Circular A-110 for a certain consultant.

**Corrective Action Taken:**

The Board of Education passed a policy which outlines the process for hiring consultants. Consultants, including those that are hired to serve the special needs of students, now must provide credentials attesting to their qualifications and submit to a criminal background check.

In addition, the Board of Education's attorney created a model contract which all consultants must sign. Multiple signatures of Board of Education administrators assure compliance with all applicable standards.



**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 and Members  
of the Common Council  
City of Norwalk, Connecticut

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 Norwalk, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the City of Norwalk, Connecticut's basic financial statements, and have issued our report thereon dated December 28, 2010. 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 Norwalk, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Norwalk, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Norwalk, Connecticut's 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 Norwalk, Connecticut's 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 Norwalk, Connecticut, in a separate letter dated December 28, 2010.

This report is intended solely for the information and use of the management of the City of Norwalk, Connecticut, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
December 28, 2010



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT AND ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

To the Honorable Mayor and Members  
of the Common Council  
City of Norwalk, Connecticut

**Compliance:** We have audited the City of Norwalk, Connecticut's compliance with the types of compliance requirements described in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on each of the City of Norwalk, Connecticut's major state programs for the year ended June 30, 2010. The City of Norwalk, Connecticut's major state 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 state programs is the responsibility of the City of Norwalk, Connecticut's management. Our responsibility is to express an opinion on the City of Norwalk, Connecticut's 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 the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state program occurred. An audit includes examining, on a test basis, evidence about the City of Norwalk, Connecticut's 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 Norwalk, Connecticut's compliance with those requirements.

In our opinion, the City of Norwalk, Connecticut, 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 state programs for the year ended June 30, 2010.

**Internal Control Over Compliance:** Management of the City of Norwalk, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the City of Norwalk, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major state 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 the State Single Audit Act, 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 Norwalk, Connecticut's 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 state 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 state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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.

***Schedule of Expenditures of State Financial Assistance:*** 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 Norwalk, Connecticut, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 28, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Norwalk, Connecticut's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management of the City of Norwalk, Connecticut, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
December 28, 2010

|   |                            |                     |
|---|----------------------------|---------------------|
| <b>CITY OF NORWALK, CONNECTICUT</b>   |                            |                     |
| <b>SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>   |                            |                     |
| <b>For the Year Ended June 30, 2010</b>   |                            |                     |
|   | <b>State Grant Program</b> |                     |
|   | <b>CORE-CT</b>             |                     |
| <b>State Grantor/Pass-Through</b>   | <b>Number</b>              | <b>Expenditures</b> |
| <b>Grantor/Program Title</b>  |                            |                     |
| <b>CONNECTICUT STATE LIBRARY:</b>   |                            |                     |
| Grants to Cooperating Library Service Units   | 11000-CSL66051-17003       | \$ 4,932            |
| Fiscal 2006 Connecticard Payment  | 11000-CSL66051-Various     | 3,164               |
|   |                            | <u>8,096</u>        |
| <b>DEPARTMENT OF EDUCATION:</b>   |                            |                     |
| School Readiness Grant  | 11000-SDE64000-14043       | 3,885,404           |
| Family Resource Center  | 11000-SDE64000-16110       | 184,650             |
| Adult Education   | 11000-SDE64370-17030       | 81,399              |
| Non-Public Health Services  | 11000-SDE64000-17034       | 43,935              |
| Child Nutrition   | 11000-SDE64370-06072       | 43,150              |
| Bilingual Education   | 11000-SDE64370-17042       | 111,044             |
| Priority School District  | 11000-SDE64370-17043       | 2,957,924           |
| Young Parents Program   | 11000-SDE64370-17044       | 11,017              |
| Interdistrict Cooperative Grant   | 11000-SDE64370-17045       | 118,308             |
| Magnet School - Transportation  | 11000-SDE64370-17057       | 331,764             |
| Youth Services Bureau   | 11000-SDE64370-17052       | 73,534              |
| School Accountability - Summer School   | 11000-SDE64370-17043       | 225,905             |
| State School Breakfast  | 11000-SDE64370-17046       | 61,793              |
| Healthy Food Grant  | 11000-SDE64370-16072       | 93,329              |
| Magnet School - Operating   | 11000-SDE64370-17057       | 1,330,980           |
| Extended School Hours   | 11000-SDE64000-17043       | 198,380             |
| Quality Enhancement Grant   | 12060-SDE64370-90242       | 63,414              |
|   |                            | <u>9,815,930</u>    |
| <b>OFFICE OF POLICY AND MANAGEMENT:</b>   |                            |                     |
| Property Tax Relief - Elderly Circuit Breakers  | 11000-OPM20600-17018       | 387,514             |
| Local Capital Improvement Program   | 11000-OPM20600-40254       | 616,531             |
| Property Tax Relief for Manufacturing Machinery and Equipment   | 11000-OPM20600-17031       | 366,173             |
| Property Tax Relief - State-Owned Property  | 11000-OSC15910-17006       | 1,393,403           |
| Property Tax Relief for Elderly Homeowners - Freeze Program   | 11000-OPM20600-17021       | 28,166              |
| Property Tax Relief for Veterans  | 11000-OPM20600-17024       | 1,740               |
| Payment in Lieu of Taxes (PILOT) on Exempt Property of<br>Manufacturing Facilities in Distressed Municipalities | 11000-OPM20600-17016       | 623,596             |
| Property Tax Relief - Disabled  | 11000-OPM20600-17011       | 2,982               |
| Norwalk Violence Prevention Program   | N/A                        | 46,889              |
| Municipal Video Competition Trust Account   | N/A                        | 61,015              |
|   |                            | <u>3,528,009</u>    |
| <b>DEPARTMENT OF AGRICULTURE:</b>   |                            |                     |
| Farmers Market Program  |                            | 1,640               |
|   |                            |                     |
|   |                            | (Continued)         |

N/A= Not Available  
See Notes to Schedule.

|  |                            |                     |
|--|----------------------------|---------------------|
| <b>CITY OF NORWALK, CONNECTICUT</b>                                      |                            |                     |
| <b>SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued</b> |                            |                     |
| <b>For the Year Ended June 30, 2010</b>                                  |                            |                     |
|  | <b>State Grant Program</b> |                     |
| <b>State Grantor/Pass-Through</b>  | <b>CORE-CT</b>             |                     |
| <b>Grantor/Program Title</b>   | <b>Number</b>              | <b>Expenditures</b> |
| <b>DEPARTMENT OF TRANSPORTATION:</b>                                     |                            |                     |
| Town Aid Road Grants   | 12001-DOT57131-17036       | 437,325             |
| Click it or Ticket   | N/A                        | 6,054               |
| Closed Loop Traffic Signal System Installation                           | N/A                        | 29,915              |
| Bridge Over Water Project  | N/A                        | 27,628              |
|  |                            | <b>500,922</b>      |
| <b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:</b>                 |                            |                     |
| Special Act - Pine St. Ext.  | 12060-ECD46400-20294       | 3,175,745           |
| Payment in Lieu of Taxes   | 11000-ECD46400-17008       | 21,007              |
|  |                            | <b>3,196,752</b>    |
| <b>DEPARTMENT OF ENVIRONMENTAL PROTECTION:</b>                           |                            |                     |
| Storm Water Utility (Pilot)  | CWF 616-PG                 | 92,983              |
| Urban Green and Community Garden   | PS 2009-9310               | 84,939              |
| Oyster Shell Park CUAP 2007-10   | N/A                        | 28,893              |
| Maintenance of MSDF  | N/A                        | 6,000               |
| O&M of Norwalk Visitors Dock   | N/A                        | 11,723              |
| Clean Water Fund   | 21044-OTI4230-4001         | 8,839,624           |
|  |                            | <b>9,064,162</b>    |
| <b>CONNECTICUT HEALTH &amp; EDUCATIONAL FACILITIES AUTHORITY:</b>        |                            |                     |
| Nathaniel Ely Child Development Center                                   | N/A                        | 4,460               |
| <b>JUDICIAL DEPARTMENT:</b>  |                            |                     |
| Littering Fines  | 34001-JUD95162-40001       | 354                 |
| Motor Vehicle Violation Surcharge  | 34001-JUD95162-40001       | 29,055              |
|  |                            | <b>29,409</b>       |
| <b>PUBLIC SAFETY:</b>  |                            |                     |
| State Asset Forfeiture Revolving Fund                                    | 12060-DPS32155-35142       | 47,926              |
| State 911 Enhancement  | 12060-DPS32740-35190       | 191,531             |
|  |                            | <b>239,457</b>      |
| <b>DEPARTMENT OF REVENUE SERVICES:</b>                                   |                            |                     |
| Payments to Municipalities - OTB   | 34003-DRS16442-18010       | 131,417             |
| Bingo Payments   | 11000-DRS16324-10020       | 120                 |
|  |                            | <b>131,537</b>      |
|  |                            | (Continued)         |

N/A= Not Available  
See Notes to Schedule.

|  |                            |                     |
|--|----------------------------|---------------------|
| <b>CITY OF NORWALK, CONNECTICUT</b>                                      |                            |                     |
| <b>SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued</b> |                            |                     |
| <b>For the Year Ended June 30, 2010</b>                                  |                            |                     |
|  | <b>State Grant Program</b> |                     |
|  | <b>CORE-CT</b>             |                     |
| <b>State Grantor/Pass-Through</b>  | <b>Number</b>              | <b>Expenditures</b> |
| <b>Grantor/Program Title</b>   |                            |                     |
| <b>STATE COMPTROLLER:</b>  |                            |                     |
| Boat Grant   | 12027-OSC15910-40211       | 64,217              |
| Nitrogen Credit Exchange Program   | 21016-OTT14230-42407       | 170,820             |
|  |                            | 235,037             |
| <b>DEPARTMENT OF PUBLIC HEALTH:</b>                                      |                            |                     |
| Immunization Action Plan   | 11000-DPH48500-10020       | 20,893              |
| Obesity Prevention   | 11000-DPH48500-10020       | 15,503              |
| AIDS Prevention Education Services                                       | 11000-DPH48500-12236       | 38,914              |
| Per Capita Grant   | 11000-DPH48500-17009       | 119,823             |
| Venereal Disease Control   | 11000-DPH48500-17013       | 13,731              |
|  |                            | 208,864             |
| <b>EDUCATION AND SERVICES FOR THE BLIND:</b>                             |                            |                     |
| Services for the Blind   | 11000-ESB65020-12060       | 135,723             |
| <b>CONNECTICUT COMMISSION ON CULTURE AND TOURISM:</b>                    |                            |                     |
| Local Arts Agency Partnership  | N/A                        | 7,150               |
| Community Investment Act. Const. Grant                                   | N/A                        | 26,397              |
|  |                            | 33,547              |
| <b>EMERGENCY MANAGEMENT AND HOMELAND SECURITY:</b>                       |                            |                     |
| Emergency Management Performance Grant                                   | 12060-EHS99660-21881       | 38,265              |
| ETE Grant  | N/A                        | 9,483               |
|  |                            | 47,748              |
| <b>DEPARTMENT OF PUBLIC UTILITY CONTROL:</b>                             |                            |                     |
| Public Education and Gov't Programming                                   | N/A                        | 20,714              |
| <b>TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS</b>           |                            | 27,202,007          |
|  |                            | (Continued)         |

N/A= Not Available  
See Notes to Schedule.

|  |                            |                      |
|--|----------------------------|----------------------|
| <b>CITY OF NORWALK, CONNECTICUT</b>                                      |                            |                      |
| <b>SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued</b> |                            |                      |
| <b>For the Year Ended June 30, 2010</b>                                  |                            |                      |
|  | <b>State Grant Program</b> |                      |
|  | <b>CORE-CT</b>             |                      |
| <b>State Grantor/Pass-Through</b>  | <b>Number</b>              | <b>Expenditures</b>  |
| <b>Grantor/Program Title</b>   |                            |                      |
| <b>EXEMPT PROGRAMS</b>   |                            |                      |
| <b>OFFICE OF STATE COMPTROLLER:</b>                                      |                            |                      |
| Mashantucket Pequot Grant  | 11000-OPM20600-16053       | 837,802              |
| <b>DEPARTMENT OF EDUCATION:</b>  |                            |                      |
| Education Cost Sharing   | 11000-SDE64370-17041       | 8,685,599            |
| Transportation of School Children  | 11000-SDE64370-17027       | 148,614              |
| Commitments for School Construction-Principal                            | 13010-SDE64370-40901       | 119,579              |
| Non-Public School Transportation   | 11000-SDE64370-17049       | 22,505               |
| School Construction Progress Payments                                    | 13010-SDE64370-40901       | 1,556,351            |
| Commitments for School Construction-Interest                             | 13009-SDE64370-40896       | 4,499                |
| Special Education - Excess Costs   | 11000-SDE64730-17047       | 1,193,228            |
| Special Education - Excess Cost - Student Based Supplement               | 11000-SDE64730-17047       | 73,850               |
| Special Education - Regular Education                                    | 11000-SDE64730-17047       | 16,538               |
| Special Education - Agency Placement                                     | 11000-SDE64730-17047       | 273,304              |
|  |                            | 12,094,067           |
| <b>TOTAL EXEMPT PROGRAMS</b>   |                            | 12,931,869           |
| <b>TOTAL STATE FINANCIAL ASSISTANCE</b>                                  |                            | <b>\$ 40,133,876</b> |

N/A= Not Available  
See Notes to Schedule.

## CITY OF NORWALK, CONNECTICUT

### NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE For the Year Ended June 30, 2010

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Various departments and agencies of the State of Connecticut have provided financial assistance to the City of Norwalk through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. The financial assistance programs fund several programs including education, public works, social services, property tax relief and public safety.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Norwalk, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

##### ***Basis of Accounting***

The City of Norwalk's basic financial statements are prepared on the modified accrual basis of accounting.

The financial statements for the governmental fund types contained in the City of Norwalk, Connecticut's basic financial statements are prepared on the modified accrual basis of accounting. The financial statements for the business-type activities are presented on the full accrual basis of accounting.

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, landfill post-closure monitoring, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

The Schedule of Expenditures of State Financial Assistance, contained in this report, is also prepared based on the regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

CITY OF NORWALK, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued  
For the Year Ended June 30, 2010

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2. LOAN PROGRAMS

In accordance with Section 426-23(a)4(f) of the regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2010:

*Department of Environmental Protection*

**Clean Water Funds 21044-OTI4230-4001**

| Balance<br>July 1, 2009 | Issued       | Retired      | Balance<br>June 30, 2010 |
|-------------------------|--------------|--------------|--------------------------|
| \$ 30,235,770           | \$ 4,744,072 | \$ 2,774,382 | \$ 32,205,460            |

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF STATE SINGLE AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

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**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**State Financial Assistance**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of auditor's report issued on compliance for major programs: unqualified.

- Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

Yes  No

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF STATE SINGLE AUDIT FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2010**

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The following schedule reflects major programs included in the State Single Audit:

|  | State                |              |
|--|----------------------|--------------|
| State Grantor and Program                        | CORE-CT Number       | Expenditures |
| Department of Education                          |                      |              |
| School Readiness                                 | 11000-SDE64000-14043 | \$ 3,885,404 |
| Priority School District                         | 11000-SDE64370-17043 | 2,957,924    |
| Magnet School-Operating                          | 11000-SDE64370-17057 | 1,330,680    |
| Department of Economic and Community Development |                      |              |
| Special Acts – Pine St. Ext.                     | 12060-ECD46400-20294 | 3,175,745    |
| Department of Environmental Protection           |                      |              |
| Clean Water Fund                                 | 21044-OTI4230-4001   | 8,839,624    |

- Dollar threshold used to distinguish between type A and type B programs

\$544,000