

**CITY OF NORWALK, CONNECTICUT**

FEDERAL AND STATE FINANCIAL  
AND COMPLIANCE REPORTS  
Year Ended June 30, 2011

**CITY OF NORWALK, CONNECTICUT**

**FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
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PROGRAM AND 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, 2011. 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, *Audits of State, 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 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, 2011.

**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, 2011, and have issued our report thereon dated December 28, 2011. 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, 2011

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2011

| Federal Grantor<br>Pass-Through Grantor<br>Program Title             | Catalog of<br>Federal<br>Domestic<br>Assistance<br>Number | Pass-Through<br>Grantor's<br>Number | Federal<br>Expenditures |
|--|---|-------------------------------------|-------------------------|
| <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>  |   |                                     |                         |
| School Breakfast Program   | 10.553  | 12060-SDE64370-20508                | \$ 255,433              |
| National School Lunch Program  | 10.555  | 12060-SDE64370-20560                | 1,835,965               |
| <b>Total Nutrition Cluster</b>                                       |   |                                     | <u>2,091,398</u>        |
| <b>Passed through the State of Connecticut</b>                       |   |                                     |                         |
| <b>Department of Health Services:</b>                                |   |                                     |                         |
| Special Supplemental Food Program for Women, Infants<br>and Children | 10.557  | 12060-SDE64370-20508                | 221,635                 |
| WIC Food Benefits Grants to State - Non Cash                         | 10.557  | N/A                                 | 1,096,829               |
|  |   |                                     | <u>1,318,464</u>        |
| <b>Total U.S. Department of Agriculture</b>                          |   |                                     | <u>3,409,862</u>        |
| <b>U.S. Department of Housing and Urban Development</b>              |   |                                     |                         |
| <b>Direct program:</b>   |   |                                     |                         |
| Community Development Block Grants/Entitlement Grants                | 14.218  | N/A                                 | <u>1,261,679</u>        |
| <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                                 | <u>83,224</u>           |
| Selective Traffic Enforcement  | 16.738  | N/A                                 | <u>102,060</u>          |
| Bullet Proof Vest Partnership Grant                                  | 16.607  | N/A                                 | <u>775</u>              |
| COPS Technology Grant  | 16.710  | N/A                                 | <u>553,355</u>          |
| Organized Crime Drug Enforcement Task Force                          | 16.xxx  | N/A                                 | <u>87,923</u>           |
| Norwalk Gang Prevention Coordination Program                         | 16.544  | N/A                                 | 61,346                  |
| Youth Gang Prevention and Intervention Program                       | 16.544  | N/A                                 | 29,936                  |
| Gang Prevention Youth Mentoring Program                              | 16.xxx  | N/A                                 | 145,237                 |
|  |   |                                     | <u>236,519</u>          |
| <b>JAG Grant Cluster:</b>  |   |                                     |                         |
| Recovery Act JAG Grant Program-ARRA                                  | 16.738  | N/A                                 | 41,239                  |
| Norwalk JAG Local Pass-Through Project                               | 16.738  | N/A                                 | 3,248                   |
| <b>Total JAG Grant Cluster</b>                                       |   |                                     | <u>44,487</u>           |
| <b>Total U.S. Department of Justice</b>                              |   |                                     | <u>1,108,343</u>        |

(Continued)

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
For the Year Ended June 30, 2011

| Federal Grantor<br>Pass-Through Grantor<br>Program Title                       | Catalog of<br>Federal<br>Domestic<br>Assistance<br>Number | Pass-Through<br>Grantor's<br>Number | Federal<br>Expenditures |
|--|---|-------------------------------------|-------------------------|
| <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                                  | 84.010A   | 12060-SDE64370-20679                | 1,895,130               |
| ARRA - Title I Improving Basic Programs  | 84.389A   | 12060-SDE64370-29010                | 303,261                 |
| <b>Total Title I Cluster</b>   |   |                                     | <u>2,198,391</u>        |
| <br>Carl Perkins Vocational and Technical Education -<br>Basic Grants to State | <br>84.048A   | <br>12060-SDE64370-20742            | <br><u>155,830</u>      |
| <b>Special Education Cluster:</b>  |   |                                     |                         |
| Special Education - Preschool Grants   | 84.173A   | 12060-SDE64370-20983                | 83,238                  |
| IDEA   | 84.027A   | 12060-SDE64370-20977                | 1,024,304               |
| ARRA - IDEA 611  | 84.391A   | 12060-SDE64370-29011                | 1,335,343               |
| ARRA - IDEA 619  | 84.392A   | 12060-SDE64370-29012                | 7,219                   |
| <b>Total Special Education Cluster</b>   |   |                                     | <u>2,450,104</u>        |
| <br>Title IV - Drug-Free Schools and Communities -<br>State Grants             | <br>84.186A   | <br>12060-SDE64370-20873            | <br><u>36,797</u>       |
| ARRA - Stabilization - Part D Technology                                       | 84.386  | 12060-SDE64370-29063                | <u>4,071</u>            |
| Title III, Part A - English Language   | 84.365  | 12060-SDE64370-20868                | <u>299,455</u>          |
| Title II, Part A - Teacher/Principal   | 84.367  | 12060-SDE64370-20858                | <u>382,530</u>          |
| School Improvement-1003(g)   | 84.377  | 12060-SDE64370-22223                | <u>14,784</u>           |
| 21st Century Community Learning Center   | 84.287  | 12060-SDE64370-20863                | <u>103,400</u>          |
| ARRA - Stabilization - Education Grants  | 84.394  | 12060-SDE64370-29054                | <u>1,440,224</u>        |
| FIE- English Language Learners   | 84.215  | N/A                                 | <u>72,210</u>           |
| <b>Total U.S. Department of Education</b>                                      |   |                                     | <u>7,157,796</u>        |
| <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                | 35,560                  |
| HIV Prevention Activities-Health Department Based                              | 93.940  | 11000-DPH48500-12236                | 60,000                  |
| Obesity Prevention   | 93.991  | 11000-DPH48500-10020                | 12,303                  |
| Vaccines   | 93.268  | N/A                                 | 51,350                  |
| Public Health Emergency Preparedness Grant                                     | 93.069  | N/A                                 | 61,375                  |
| Early Retirement Reinsurance Program   | 93.546  | N/A                                 | 230,956                 |
| <b>Total U.S. Department of Health and<br/>Human Services</b>                  |   |                                     | <u>451,544</u>          |

(Continued)

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
 For the Year Ended June 30, 2011

| Federal Grantor<br>Pass-Through Grantor<br>Program Title | Catalog of<br>Federal<br>Domestic<br>Assistance<br>Number | Pass-Through<br>Grantor's<br>Number | Federal<br>Expenditures     |
|--|---|-------------------------------------|-----------------------------|
| <b>Department of the Interior</b>                        |   |                                     |                             |
| Refuge Revenue Sharing                                   | 99.000  | N/A                                 | <u>11,911</u>               |
| <b>Federal Highway Safety Program</b>                    |   |                                     |                             |
| Expanded DUI Enforcement Program                         | 20.500  | N/A                                 | 47,154                      |
| ARRA Pavement Preservation                               | 20.205  | 12062-DOT57161-29015                | <u>1,358,131</u>            |
| <b>Total Federal Highway Safety Program</b>              |   |                                     | <u>1,405,285</u>            |
| <b>Federal Emergency Management Association</b>          |   |                                     |                             |
| Assistance to Firefighters                               | 97.044  | N/A                                 | 10,695                      |
| FEMA Public Assistance                                   | 97.036  | 12060-EHS99690-21891                | 37,406                      |
| Fire Prevention and Safety Grant                         | 83.554  | EMW-2008-FP-01011-001               | <u>36,176</u>               |
| <b>Total Federal Emergency Management Association</b>    |   |                                     | <u>84,277</u>               |
| <b>U.S. Department of Energy</b>                         |   |                                     |                             |
| Energy Efficiency and Conservation Block Grant           | 81.128  | 09SC005425                          | <u>773,700</u>              |
| <b>Total Expenditures of Federal Awards</b>              |   |                                     | <u><u>\$ 15,664,397</u></u> |

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, 2011**

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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, Connecticut and is presented on the modified accrual/accrual basis of accounting for grants which are accounted for Connecticut in the government fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. 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 \$185,847 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 \$1,096,829 represents the market value of such vouchers used during this period.



**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2011**

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**II. FINANCIAL STATEMENT FINDINGS**

**A. Significant Deficiencies in Internal Control**

IC11-01. Criteria:

The Board of Education should have formal uniform policies and procedures for Student Activity funds held at various schools throughout the City. They must provide proper policies for segregation of duties, proper approval and oversight of transactions, and proper accounting of funds including monthly bank reconciliations.

Condition:

It was noted that the policies and procedures for Student Activity funds, in relation to the use of funds, documentation of collections, the approval process and the timely completion of bank reconciliations are not currently providing the proper guidance and oversight needed.

There were instances of not maintaining proper documentation. In addition, bank reconciliations and the proper recording of amounts were not being performed accurately and in a timely manner.

Context:

The Student Activity funds' bank reconciliations are not performed timely, and they do not follow proper internal control procedures.

Cause:

Systemic in nature.

Effect:

Bank reconciliations were not timely performed, proper documentation was not obtained, and improper items could be purchased.

Recommendation:

We recommend that the Board of Education adopt, implement and provide proper oversight for uniform Student Activity policies and procedures. They should include policies on types of items that can be purchased with the funds, approval policies, documentation policies, and bank reconciliation policies. In addition, bank reconciliations should be prepared monthly and reviewed by appropriate persons, for accuracy.

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2011**

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Corrective Action:

We had developed a revised bank account procedure to be utilized by the schools of the Board of Education. While mostly all of the schools utilize a reconciliation procedure we felt that the adoption of a consistent format would enhance the process control environment. In September of 2011 we had provided all of the schools within the Norwalk Board of Education with this format along with the related instructions. In addition we intend to establish a training program for the school staff that maintains the school activity accounts to assist them in generating a more accurate and timely activity account reconciliation.

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2011**

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IC11-02. Criteria:

To maintain a proper internal control, all bank accounts must be reconciled on a monthly basis and reconciling items must be properly investigated and corrected.

Condition:

Monthly bank reconciliations were not performed in a timely manner, and reconciling items were not properly investigated throughout the year.

Context:

Bank reconciliations are not performed on a routine/monthly basis and reconciling items are not resolved on a timely basis.

Cause:

Systematic in nature.

Effect:

Transactions may be recorded in error, and general ledger accounts could be misstated.

Recommendation:

All bank accounts should be reconciled on a monthly basis to the general ledger and be properly reviewed for accuracy.

Corrective Action:

Redistributed job duties to reconcile cash on a monthly basis and resolve any differences on a timely basis.

**B. Compliance Finding**

None reported.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**A. Internal Control Over Compliance**

None reported.

**B. Compliance Findings**

None reported.

**CITY OF NORWALK, CONNECTICUT**  
**SUMMARY OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended June 30, 2011

There were no findings in the prior year.

**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, 2011, which collectively comprise the City of Norwalk, Connecticut's basic financial statements, and have issued our report thereon dated December 28, 2011. Our report includes a modification related to the adoption of a new accounting standard. 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:*** Management of the City of Norwalk, Connecticut is responsible for establishing and maintaining effective 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. However, we identified deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting as items IC11-01 and IC11-02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

***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*.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response, and accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the City of Norwalk, Connecticut, in a separate letter dated December 28, 2011.

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, 2011

**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, 2011. 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, 2011.

**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, 2011, and have issued our report thereon dated December 28, 2011. 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, 2011

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2011

| State Grantor/Pass-Through<br>Grantor/Program Title   | State Grant Program<br>CORE-CT<br>Number | Expenditures     |
|---|--|------------------|
| <b>CONNECTICUT STATE LIBRARY:</b>   |  |                  |
| Grants to Cooperating Library Service Units   | 11000-CSL66051-17003                     | \$ 5,111         |
| Fiscal 2011 Connecticard Payment  | 11000-CSL66051-Various                   | 2,684            |
|   |  | <u>7,795</u>     |
| <b>DEPARTMENT OF EDUCATION:</b>   |  |                  |
| School Readiness and Child Daycare Grant  | 11000-SDE64000-17043                     | 3,886,106        |
| Family Resource Center  | 11000-SDE64000-16110                     | 97,000           |
| Adult Education   | 11000-SDE64370-17030                     | 72,893           |
| Non-Public Health Services  | 11000-SDE64000-17034                     | 40,784           |
| Child Nutrition   | 11000-SDE64370-06072                     | 44,011           |
| Bilingual Education   | 11000-SDE64370-17042                     | 98,041           |
| Priority School District  | 11000-SDE64370-17043                     | 2,957,294        |
| Young Parents Program   | 11000-SDE64370-17044                     | 40,000           |
| Interdistrict Cooperative Grant   | 11000-SDE64370-17045                     | 106,454          |
| Magnet School - Transportation  | 11000-SDE64370-17057                     | 318,063          |
| Youth Services Bureau   | 11000-SDE64370-17052                     | 66,013           |
| School Accountability - Summer School   | 11000-SDE64370-17043                     | 230,544          |
| State School Breakfast  | 11000-SDE64370-17046                     | 64,423           |
| Healthy Food Grant  | 11000-SDE64370-16072                     | 95,402           |
| Magnet School - Operating   | 11000-SDE64370-17057                     | 1,273,410        |
| Extended School Hours   | 11000-SDE64000-17043                     | 204,575          |
| Quality Enhancement Grant   | 12060-SDE64370-90242                     | 60,243           |
| Youth Services Bureau - Enhancement   | 11000-SDE64370-16201                     | 7,550            |
| School Readiness - Priority School District   | 11000-SDE64370-17043                     | 3,171            |
|   |  | <u>9,665,977</u> |
| <b>OFFICE OF POLICY AND MANAGEMENT:</b>   |  |                  |
| Property Tax Relief - Elderly Circuit Breakers  | 11000-OPM20600-17018                     | 410,327          |
| Local Capital Improvement Program   | 11000-OPM20600-40254                     | 623,199          |
| Property Tax Relief for Manufacturing Machinery and Equipment   | 11000-OPM20600-17031                     | 328,472          |
| Property Tax Relief - Private Colleges and Hospitals  | 11000-OSC15910-17006                     | 1,776,676        |
| State-Owned Property  | 11000-OPM20600-17004                     | 347,091          |
| Property Tax Relief for Elderly Homeowners - Freeze Program   | 11000-OPM20600-17021                     | 24,000           |
| Property Tax Relief for Veterans  | 11000-OPM20600-17024                     | 1,804            |
| Payment in Lieu of Taxes (PILOT) on Exempt Property of<br>Manufacturing Facilities in Distressed Municipalities | 11000-OPM20600-17016                     | 477,350          |
| Property Tax Relief - Disabled  | 11000-OPM20600-17011                     | 3,166            |
| Municipal Video Competition Trust Account   | N/A                                      | 353,921          |
| Municipal Plan of Conservation and Development Grant  | 2011 0506 15B                            | 12,000           |
|   |  | <u>4,358,006</u> |

(Continued)

N/A= Not Available  
See Notes to Schedule.

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued  
For the Year Ended June 30, 2011

| State Grantor/Pass-Through<br>Grantor/Program Title      | State Grant Program<br>CORE-CT<br>Number | Expenditures      |
|--|--|-------------------|
| <b>DEPARTMENT OF TRANSPORTATION:</b>                     |  |                   |
| Town Aid Road Grants                                     | 12001-DOT57131-17036                     | 436,250           |
| Click it or Ticket                                       | N/A                                      | 4,465             |
| Closed Loop Traffic Signal System Installation           | N/A                                      | 15,154            |
| Bridge Over Water Project                                | N/A                                      | 22,147            |
| West Avenue Corridor Transportation Improvement Project  | N/A                                      | 77,305            |
| Norwalk City-Wide Traffic Management Plan                | N/A                                      | 69,993            |
|  |  | <u>625,314</u>    |
| <b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:</b> |  |                   |
| Special Act Grants - Pine St. Ext.                       | 12060-ECD46400-20294                     | 2,700,000         |
| South Norwalk Transit Remediation                        | N/A                                      | 8,892             |
| Payment in Lieu of Taxes                                 | 11000-ECD46400-17008                     | 17,896            |
|  |  | <u>2,726,788</u>  |
| <b>DEPARTMENT OF ENVIRONMENTAL PROTECTION:</b>           |  |                   |
| O&M of Norwalk Visitors Dock                             | N/A                                      | 5,598             |
| Clean Water Fund- Grants and Loans                       | 21044-OT14230-4001                       | 11,590,078        |
|  |  | <u>11,595,676</u> |
| <b>JUDICIAL DEPARTMENT:</b>                              |  |                   |
| Littering Fines  | 34001-JUD95162-40001                     | 336               |
| Motor Vehicle Violation Surcharge                        | 34001-JUD95162-40001                     | 33,549            |
| Motor Vehicle Fines - Cell Phone                         | N/A                                      | 4,400             |
|  |  | <u>38,285</u>     |
| <b>PUBLIC SAFETY:</b>                                    |  |                   |
| State Asset Forfeiture Revolving Fund                    | 12060-DPS32155-35142                     | 60,092            |
| State 911 Enhancement                                    | 12060-DPS32740-35190                     | 186,118           |
| CIT Reimbursement  | N/A                                      | 627               |
|  |  | <u>246,837</u>    |
| <b>DEPARTMENT OF REVENUE SERVICES:</b>                   |  |                   |
| Payments to Municipalities - OTB                         | 34003-DRS16442-18010                     | 136,404           |
| Bingo Payments   | 11000-DRS16324-10020                     | 141               |
|  |  | <u>136,545</u>    |
| <b>STATE COMPTROLLER:</b>                                |  |                   |
| Boat Grant   | 12027-OSC15910-40211                     | 101,431           |

(Continued)

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued  
 For the Year Ended June 30, 2011

| State Grantor/Pass-Through<br>Grantor/Program Title                | State Grant Program<br>CORE-CT<br>Number | Expenditures         |
|--|--|----------------------|
| <b>DEPARTMENT OF PUBLIC HEALTH:</b>                                |  |                      |
| Immunization Action Plan   | 11000-DPH48500-10020                     | 41,929               |
| AIDS Prevention Education Services                                 | 11000-DPH48500-12236                     | 38,914               |
| Per Capita Grant   | 11000-DPH48500-17009                     | 153,031              |
| Venereal Disease Control   | 11000-DPH48500-17013                     | 13,731               |
|  |  | <u>247,605</u>       |
| <b>EDUCATION AND SERVICES FOR THE BLIND:</b>                       |  |                      |
| Services for the Blind   | 11000-ESB65020-12060                     | 67,849               |
| <b>CONNECTICUT COMMISSION ON CULTURE AND TOURISM:</b>              |  |                      |
| Local Arts Agency Partnership                                      | N/A                                      | 6,346                |
| Community Investment Act. Const. Grant                             | N/A                                      | 73,603               |
|  |  | <u>79,949</u>        |
| <b>EMERGENCY MANAGEMENT AND HOMELAND SECURITY:</b>                 |  |                      |
| Emergency Management Performance Grant                             | 12060-EHS99660-21881                     | 38,266               |
| <b>TOTAL STATE FINANCIAL ASSISTANCE BEFORE<br/>EXEMPT PROGRAMS</b> |  | <u>29,936,323</u>    |
| <b>EXEMPT PROGRAMS</b>   |  |                      |
| <b>OFFICE OF STATE COMPTROLLER:</b>                                |  |                      |
| Mashantucket Pequot Grant  | 11000-OPM20600-16053                     | 841,953              |
| <b>DEPARTMENT OF EDUCATION:</b>                                    |  |                      |
| Education Cost Sharing   | 11000-SDE64370-17041                     | 8,708,480            |
| Transportation of School Children                                  | 11000-SDE64370-17027                     | 91,389               |
| Commitments for School Construction-Principal                      | 13010-SDE64370-40901                     | 58,970               |
| Non-Public School Transportation                                   | 11000-SDE64370-17049                     | 10,902               |
| School Construction Progress Payments                              | 13010-SDE64370-40901                     | 574,921              |
| Commitments for School Construction-Interest                       | 13009-SDE64370-40896                     | 1,832                |
| Special Education - Excess Costs                                   | 11000-SDE64730-17047                     | 1,494,277            |
| Special Education - Excess Cost - Student Based Supplement         | 11000-SDE64730-17047                     | 73,850               |
| Special Education - Regular Education                              | 11000-SDE64730-17047                     | 57,075               |
| Special Education - Agency Placement                               | 11000-SDE64730-17047                     | 453,110              |
|  |  | <u>11,524,806</u>    |
| <b>TOTAL EXEMPT PROGRAMS</b>                                       |  | <u>12,366,759</u>    |
| <b>TOTAL STATE FINANCIAL ASSISTANCE</b>                            |  | <u>\$ 42,303,082</u> |

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, 2011

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Various departments and agencies of the State of Connecticut have provided financial assistance to the City of Norwalk, Connecticut 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 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, 2011

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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, 2011:

*Department of Environmental Protection*

Clean Water Funds 21044-OTI4230-4001

| Balance<br>July 1, 2010 | Issued       | Retired      | Balance<br>June 30, 2011 |
|-------------------------|--------------|--------------|--------------------------|
| \$ 32,205,460           | \$ 6,753,533 | \$ 2,830,484 | \$ 36,128,509            |

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF STATE SINGLE AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011**

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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   X   No
- Significant deficiency(ies) identified?   X   Yes          None reported

Noncompliance material to financial statements noted?

         Yes   X   No

**State Financial Assistance**

Internal control over major programs:

- Material weakness(es) identified?          Yes   X   No
- Significant deficiency(ies) identified?          Yes   X   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   X   No

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

| State Grantor and Program   | State<br>CORE-CT Number | Expenditures     |
|---|-------------------------|------------------|
| Department of Education<br>School Readiness   | 11000-SDE64000-17043    | \$ 3,886,106     |
| Department of Economic and Community Development<br>Special Acts – Pine St. Ext.        | 12060-ECD46400-20294    | 2,700,000        |
| Department of Environmental Protection<br>Clean Water Fund                              | 21044-OTI4230-4001      | 11,590,078       |
| Office of Policy and Management Property Tax Relief -<br>Private Colleges and Hospitals | 11000-OSC15910-17006    | 1,776,676        |
| • Dollar threshold used to distinguish between type A and type B programs               |                         | <u>\$598,726</u> |

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF STATE SINGLE AUDIT FINDINGS AND QUESTIONED COSTS, Continued**  
**For the Year Ended June 30, 2011**

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**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated December 28, 2011, on internal control over financial reporting and compliance and other matters based on an audit of the basic financial statements performed in accordance with the standards applicable to financial audits contained in "Government Auditing Standards."
- Our report on compliance indicated no reportable instances of non compliance.
- Our report on internal control over financial reporting disclosed two matters that we consider to be a significant deficiencies.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No matters were reported.