

**CITY OF NORWALK, CONNECTICUT**

FEDERAL AND STATE FINANCIAL  
AND COMPLIANCE REPORTS  
Year Ended June 30, 2012

**CITY OF NORWALK, CONNECTICUT**

**FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS**

**TABLE OF CONTENTS**

---

**REPORTS REQUIRED BY THE FEDERAL SINGLE AUDIT ACT AND OMB CIRCULAR**

**A-133**

Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards .....	1-2
Schedule of Expenditures of Federal Awards.....	3-5
Notes to Schedule of Expenditures of Federal Awards .....	6
Schedule of Findings and Questioned Costs.....	7-10
Summary of Prior Year Audit Findings .....	11

---

**REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	13-14
---	-------

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**REPORTS REQUIRED BY THE STATE SINGLE AUDIT ACT C.G.S. SECTION 4-230 TO**

**4-236**

Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with the State Single Audit Act and on the Schedule of Expenditures of State Financial Assistance .....	15-16
Schedule of Expenditures of State Financial Assistance .....	17-19
Notes to Schedule of Expenditures of State Financial Assistance .....	20
Schedule of State Single Audit Compliance Findings and Questioned Costs.....	21-23

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
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, 2012. 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, 2012.

**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, 2012, and have issued our report thereon dated December 28, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City of Norwalk, Connecticut's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements 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 LLP*

New Haven, Connecticut  
December 28, 2012

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2012

Federal Grantor Pass-Through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal 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	\$ 275,636
National School Lunch Program	10.555	12060-SDE64370-20560	2,267,129
<b>Total Nutrition Cluster</b>			<u>2,542,765</u>
<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	228,648
WIC Food Benefits Grants to State - Non Cash	10.557	N/A	1,305,058
			<u>1,533,706</u>
<b>Total U.S. Department of Agriculture</b>			<u>4,076,471</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>1,156,262</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>283,054</u>
Selective Traffic Enforcement	16.738	N/A	<u>33,883</u>
Bullet Proof Vest Partnership Grant	16.607	N/A	<u>6,636</u>
COPS Technology Grant	16.710	N/A	262,838
COPS Interoperability Grant	16.xxx	N/A	222,134
			<u>484,972</u>
Organized Crime Drug Enforcement Task Force	16.xxx	N/A	<u>52,137</u>
Norwalk Gang Prevention Coordination Program	16.544	N/A	19,532
Youth Gang Prevention and Intervention Program	16.544	N/A	94,341
Gang Prevention Youth Mentoring Program	16.xxx	N/A	146,693
			<u>260,566</u>

(Continued)

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
For the Year Ended June 30, 2012

Federal Grantor Pass-Through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
<b>JAG Grant Cluster:</b>			
Recovery Act JAG Grant Program-ARRA	16.738	N/A	\$ 8,205
Norwalk JAG Local Pass-Through Project	16.738	N/A	26,108
<b>Total JAG Grant Cluster</b>			<u>34,313</u>
<b>Total U.S. Department of Justice</b>			<u>1,155,561</u>
<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	1,825,225
ARRA - Title I Improving Basic Programs	84.389A	12060-SDE64370-29010	196,493
<b>Total Title I Cluster</b>			<u>2,021,718</u>
Carl Perkins Vocational and Technical Education - Basic Grants to State	84.048A	12060-SDE64370-20742	<u>131,705</u>
FIE English Language Learners Through Technology	84.215	U215K090181	<u>21,020</u>
<b>Special Education Cluster:</b>			
Special Education - Preschool Grants	84.173A	12060-SDE64370-20983	83,530
IDEA- Part B, Section 611	84.027A	12060-SDE64370-20977	2,145,212
ARRA - IDEA 611	84.391A	12060-SDE64370-29011	206,474
ARRA - IDEA 619	84.392A	12060-SDE64370-29012	47,806
<b>Total Special Education Cluster</b>			<u>2,483,022</u>
ARRA - Stabilization - Part D Technology	84.386	12060-SDE64370-29063	<u>111</u>
Title III, Part A - English Language	84.365	12060-SDE64370-20868	<u>247,159</u>
Title II, Part A - Teacher/Principal	84.367	12060-SDE64370-20858	<u>239,966</u>
21st Century Community Learning Center	84.287	12060-SDE64370-20863	<u>66,853</u>
Education Jobs Fund	84.410	12060-SDE64730-22405	<u>598,989</u>
<b>Total U.S. Department of Education</b>			<u>5,810,543</u>

(Continued)

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
For the Year Ended June 30, 2012

Federal Grantor Pass-Through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
<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	\$ 73,667
HIV Prevention Activities-Health Department Based	93.940	11000-DPH48500-12236	53,363
Obesity Prevention	93.991	11000-DPH48500-10020	12,259
Vaccines	93.268	N/A	45,965
Public Health Emergency Preparedness Grant	93.069	N/A	86,115
Early Retirement Reinsurance Program	93.546	N/A	<u>277,476</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>548,845</u>
<b>Department of the Interior</b>			
Refuge Revenue Sharing	99.000	N/A	<u>12,764</u>
<b>Federal Highway Safety Program</b>			
<b>Direct Program:</b>			
Expanded DUI Enforcement Program	20.500	N/A	<u>35,563</u>
<b>Passed through the State of Connecticut</b>			
<b>Department of Transportation:</b>			
ARRA Pavement Preservation	20.205	12062-DOT57161-29015	<u>425,110</u>
<b>Total Federal Highway Safety Program</b>			<u>460,673</u>
<b>Federal Emergency Management Association</b>			
<b>Direct Program:</b>			
Assistance to Firefighters	97.044	N/A	<u>32,300</u>
<b>Passed through the State of Connecticut</b>			
<b>Emergency and Homeland Security:</b>			
Disaster Grants- Public Assistance	97.036	12060-EHS99690-21891	<u>489,248</u>
<b>Total Federal Emergency Management Association</b>			<u>521,548</u>
<b>U.S. Department of Energy</b>			
Energy Efficiency and Conservation Block Grant	81.128	09SC005425	<u>31,300</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 13,773,967</u>

N/A = Not Applicable.  
See Notes to Schedule.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2012**

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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 basis of accounting for grants which are accounted for 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 \$268,834 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 \$1,305,058 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, 2012**

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**II. FINANCIAL STATEMENT FINDINGS**

**A. Significant Deficiencies in Internal Control**

**IC12-01. 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, 2012**

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Management Response and Corrective Action:

We had developed a revised bank account procedure to be utilized by the schools of the Board of Education. While the schools utilize a reconciliation procedure we felt that the adoption of a consistent format would enhance the process control environment. In September of 2012 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.

**IC12-02.** Criteria:

Norwalk High School should have a uniform policy and procedure that when a charge is made to a fund within the Student Activity Account, such charge to the fund is proper and adequate and that amounts are available to pay for the disbursement.

Condition:

It was noted that Norwalk High School had no policy or procedure in which activity advisors review account activity for which they are responsible.

Context:

The Norwalk High School Student Activity Account was not reviewed by advisors and amounts were charged for items in which no funds existed.

Effect:

Activities within the Student Activity Account were overdrawn.

Recommendation:

The following control procedures should be implemented at Norwalk High School to address the aforementioned control weaknesses:

- The Principal should review detailed financial statements each month. These statements should be initialed by the Principal when reviewed and maintained in hard copy form.
- The Principal should review a report of all journal entries and adjustments each month.
- The Principal should review a reconciliation of all cash accounts (i.e., a rollforward of beginning to ending balances) each month.
- All bank statements and bank reconciliations should be reviewed by the Principal with copies sent to the Central Office.
- Accounts classified as principal discretion accounts should be reviewed and monitored by the Central Office.

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued**  
**For the Year Ended June 30, 2012**

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- All accounts should be reviewed for purpose and use.
- Additional training should be provided to the Bookkeeper regarding the reconciliation process and accounting determination and uses.

Management Response and Corrective Action:

The Norwalk Public Schools hired an outside consultant to perform an operational review and will implement a policy regarding the administration and financial management of student activity funds based on their recommendation.

**IC12-03.** Criteria:

The Norwalk Public Schools use an Internal Service Fund to account for cost associated with providing health benefits to its employees. In the current year, the Internal Service Fund has a deficit of approximately \$3,889,000 of which the Norwalk Public Schools is responsible for \$4,529,000 of the deficit and the City has positive net assets of \$640,000.

Condition:

It was noted that the Norwalk Public Schools did not budget the proper amount to cover all employee related health claims.

Context:

The budget procedures for funding the self-insured Health Benefit Plan should be reviewed for proper calculations.

Effect:

The Norwalk Public Schools has accumulated a deficit in its Health Benefit Plan that will need to be replenished with future appropriations.

Recommendation:

The Norwalk Public Schools should review their budgeting practices in regards to employee benefits.

Management Response and Corrective Action:

The Norwalk Public Schools hired an outside consultant to perform an operational review on their budget process. Once completed we will review the consultant's findings and recommendations and implement procedures to enhance the budget process.

**B. Compliance Finding**

None reported.

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

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**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, 2012

- IC11.01. Repeated in current year
- IC11-02. Corrected during 2012 fiscal year.



**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, 2012, which collectively comprise the City of Norwalk, Connecticut's basic financial statements, and have issued our report thereon dated December 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting:*** 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 previously. 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 IC12-01 – IC12-03. 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 findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses, and accordingly, we express no opinion on them.

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 LLP*

New Haven, Connecticut  
December 28, 2012



**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, 2012. 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, 2012. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with the State Single Audit Act and which is described in the accompanying schedule of findings and questioned costs as item SC12-1.

**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, 2012, and have issued our report thereon dated December 28, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City of Norwalk, Connecticut's financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements 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.



New Haven, Connecticut  
December 28, 2012

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
For the Year Ended June 30, 2012

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
<b>CONNECTICUT STATE LIBRARY:</b>		
Grants to Cooperating Library Service Units	11000-CSL66051-17003	\$ 1,360
Connecticard Payment	11000-CSL66051-Various	2,367
		<u>3,727</u>
<b>DEPARTMENT OF EDUCATION:</b>		
School Readiness and Child Daycare Grant	11000-SDE64000-17043	3,887,362
Family Resource Center	11000-SDE64000-16110	184,870
Adult Education	11000-SDE64370-17030	72,012
Non-Public Health Services	11000-SDE64000-17034	43,504
Bilingual Education	11000-SDE64370-17042	97,951
Priority School District	11000-SDE64370-17043	2,934,578
Young Parents Program	11000-SDE64370-17044	12,484
Magnet School - Transportation	11000-SDE64370-17057	309,404
Youth Services Bureau	11000-SDE64370-17052	66,013
School Accountability - Summer School	11000-SDE64370-17043	246,834
State School Breakfast	11000-SDE64370-17046	64,797
Child Nutrition State Matching Grant	11000-116211-82051-2012-17	46,202
Healthy Food Grant	11000-SDE64370-16212	99,913
Magnet School - Operating	11000-SDE64370-17057	1,326,438
Extended School Hours	11000-SDE64000-17043	210,715
Quality Enhancement Grant	12060-SDE64370-90242	47,777
Youth Services Bureau - Enhancement	11000-SDE64370-16201	7,550
		<u>9,658,404</u>
<b>OFFICE OF POLICY AND MANAGEMENT:</b>		
Property Tax Relief - Elderly Circuit Breakers	11000-OPM20600-17018	463,471
Local Capital Improvement Program	11000-OPM20600-40254	625,905
Property Tax Relief - Private Colleges and Hospitals	11000-OSC15910-17006	1,633,256
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	344,163
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	20,334
Property Tax Relief for Veterans	11000-OPM20600-17024	1,779
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	31,359
Property Tax Relief - Disabled	11000-OPM20600-17011	3,277
DOJ Local Pass Through Summer 2012 violence Reduction	N/A	10,652
Transit Zone Planning Initiative	HGGTA-09-103	20,000
School/Police Just Start Program	2008-JB-FX-0006	18,903
		<u>3,173,099</u>
<b>DEPARTMENT OF AGRICULTURE:</b>		
Farmer's Market Program	N/A	<u>990</u>
<b>DEPARTMENT OF SOCIAL SERVICES:</b>		
Reimbursement for Michael Campbell	N/A	<u>1,472</u>

(Continued)

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued  
 For the Year Ended June 30, 2012

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
<b>CONNECTICUT HEALTH &amp; EDUCATIONAL FACILITIES AUTHORITY:</b>		
National Ely Child Development Center	N/A	\$ 5,677
<b>DEPARTMENT OF TRANSPORTATION:</b>		
Interstate 95 Southbound Widening	N/A	30,021
Town Aid Road Grants	12001-DOT57131-17036	436,988
Click it or Ticket	N/A	5,538
Closed Loop Traffic Signal System Installation	N/A	2,325,655
Bridge Over Water Project	N/A	84,404
West Avenue Corridor Transportation Improvement Project	N/A	33,700
Norwalk City-Wide Traffic Management Plan	09DOT0223AA	267,093
Fiber Optic Relocation and Camera Installation	102DOT1004AA	9,200
		<u>3,192,599</u>
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:</b>		
Special Act Grants - Pine St. Ext.	12060-ECD46400-20294	900,000
South Norwalk Transit Remediation	N/A	4,273
Payment in Lieu of Taxes	11000-ECD46400-17008	15,628
Special Grants - H/P West Avenue	12060ECD46400-20294	431,890
City Canvases Initiative	2012-CC-20249	3,332
		<u>1,355,123</u>
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION:</b>		
O&M of Norwalk Visitors Dock	N/A	5,598
Clean Water Fund- Grants and Loans	21044-OTI4230-4001	12,193,874
Fodor Farm/Urban Green and Community Garden	PS-2009-9310	8,587
Mathews Park Design and Improvement/Urban Green and Community Garden	PSAUGCG-13-2010	16,882
		<u>12,224,941</u>
<b>JUDICIAL DEPARTMENT:</b>		
Littering Fines	34001-JUD95162-40001	874
Motor Vehicle Violation Surcharge	34001-JUD95162-40001	60,304
Motor Vehicle Fines - Cell Phone	N/A	14,829
		<u>76,007</u>
<b>DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION:</b>		
State Asset Forfeiture Revolving Fund	12060-DPS32155-35142	113,680
State 911 Enhancement	12060-DPS32740-35190	186,208
CIT Reimbursement	N/A	2,893
		<u>302,781</u>
<b>DEPARTMENT OF REVENUE SERVICES:</b>		
Payments to Municipalities - OTB	34003-DRS16442-18010	154,374
Bingo Payments	11000-DRS16324-10020	133
		<u>154,507</u>
<b>STATE COMPTROLLER:</b>		
Nitrogen Credit Exchange Program	21016-OTT14230-42407	368,577

(Continued)

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued  
 For the Year Ended June 30, 2012

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
<b>DEPARTMENT OF PUBLIC HEALTH:</b>		
Immunization Action Plan	11000-DPH48500-10020	\$ 15,881
AIDS Prevention Education Services	11000-DPH48500-12236	40,658
Per Capita Grant	11000-DPH48500-17009	91,612
Venereal Disease Control	11000-DPH48500-17013	13,731
		<u>161,882</u>
<b>EDUCATION AND SERVICES FOR THE BLIND:</b>		
Services for the Blind	11000-ESB65020-12060	<u>55,878</u>
<b>CONNECTICUT COMMISSION ON CULTURE AND TOURISM:</b>		
Local Arts Agency Partnership	N/A	<u>3,741</u>
<b>EMERGENCY MANAGEMENT AND HOMELAND SECURITY:</b>		
Port Security Grant Program - Critical Infrastructure Protection	N/A	<u>6,118</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS</b>		<u>30,745,523</u>
<b>EXEMPT PROGRAMS</b>		
<b>OFFICE OF STATE COMPTROLLER:</b>		
Municipal Revenue Sharing	12060-OPM20600-35458	941,397
Municipal Video Competition Trust Account	N/A	225,100
Mashantucket Pequot Grant	11000-OPM20600-16053	858,213
		<u>2,024,710</u>
<b>DEPARTMENT OF EDUCATION:</b>		
Education Cost Sharing	11000-SDE64370-17041	10,093,384
Transportation of School Children	11000-SDE64370-17027	60,295
Non-Public School Transportation	11000-SDE64370-17049	13,804
School Construction Progress Payments	13010-SDE64370-40901	4,014
Special Education - Excess Costs	11000-SDE64730-17047	1,846,569
Special Education - Excess Cost - Student Based Supplement	11000-SDE64730-17047	73,850
		<u>12,091,916</u>
<b>TOTAL EXEMPT PROGRAMS</b>		<u>14,116,626</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 44,862,149</u>

N/A = Not Applicable.  
 See Notes to Schedule.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
For the Year Ended June 30, 2012**

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The accompanying schedule of expenditures of state financial assistance includes state grant activity of the City of Norwalk, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2012. Various departments and agencies of the State of Connecticut have provided financial assistance 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.

**Note 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 information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

***Basis of Accounting***

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, 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.

**Note 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, 2012:

***Department of Environmental Protection***

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

Balance July 1, 2011	Issued	Retired	Balance June 30, 2012
\$ 36,128,509	\$ 8,260,467	\$ 2,887,592	\$ 41,501,384

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF STATE SINGLE AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

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**I. SUMMARY OF 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?   X   Yes          No

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

State Grantor and Program	State CORE-CT Number	Expenditures
Department of Education		
School Readiness	11000-SDE64000-17043	\$ 3,887,362
Department of Economic and Community Development		
Special Acts – Pine St. Ext.	12060-ECD46400-20294	431,890
Department of Environmental Protection		
Clean Water Fund	21044-OTI4230-4001	12,193,874
Department of Transportation		
Closed Loop Traffic Signal System Installation	N/A	2,325,655
Norwalk City-Wide Traffic Management Plan	09DOT0223AA	267,093
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	344,163
Department of Emergency Services and Public Protection		
State 911 Enhancement	12060-DPS32740-35190	186,208
Dollar threshold used to distinguish between type A and type B programs		<u>\$638,252</u>

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF STATE SINGLE AUDIT FINDINGS AND QUESTIONED COSTS, Continued**  
**For the Year Ended June 30, 2012**

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**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated December 28, 2012, 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 three matters that we consider to be significant deficiencies.

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

**Finding SC12-1.**

Grantor: Office of Policy and Management

State Program Name: Payment in Lieu of Taxes on State-Owned Property

Pass-Through Entity: N/A

State Grant Program

CORE-CT Number: 11000-OPM20600-17004

Criteria:

The M-37 form is required to be submitted to OPM by the deadline of April 1<sup>st</sup>.

Condition:

We noted that the M-37 was filed after the deadline and on April 22<sup>nd</sup>. There was no waiver obtained for the late filing.

Context:

The M-37 was not filed within state guidelines, which resulted in noncompliance with the State Single Audit Act.

Effect:

The City was not in compliance with state guidelines.

Cause:

Form M-37 was not prepared timely.

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF STATE SINGLE AUDIT FINDINGS AND QUESTIONED COSTS, Continued**  
**For the Year Ended June 30, 2012**

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Recommendation:

We recommend the Assessor's office review the grant submission deadlines and ensure filing in accordance with the State guidelines.

Management Response and Corrective Action:

The City will file the M-37 form on a timely basis in accordance with the requirements from the Office of Policy and Management.