

CITY OF STAMFORD, CONNECTICUT  
FEDERAL AND STATE FINANCIAL  
AND COMPLIANCE REPORTS  
YEAR ENDED JUNE 30, 2010

City of Stamford, Connecticut  
Federal and State Financial and Compliance Reports  
June 30, 2010

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## CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010

<b>Federal Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity/Identifying Number</b>	<b>NON ARRA</b>	<b>ARRA</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>					
Indirect Programs - Passed Through Connecticut Department of Education					
<i>Child Nutrition Cluster:</i>					
School Breakfast Program	10.553	12060SED6437020508 - 2009	\$ 152,992		\$ 152,992
	10.553	12060SED6437020508 - 2010	333,448		333,448
National School Lunch Program	10.555	12060SED6437020560 - 2009	673,284		673,284
	10.555	12060SED6437020560 - 2010	1,639,046		1,639,046
National School Lunch Program - Commodities	10.555		182,426		182,426
Subtotal Child Nutrition Cluster					<u>2,981,196</u>
Indirect Programs - Passed Through Connecticut Department of Public Health					
Special Supplemental Nutrition Program For Women, Infants and Children (WIC) - Non Cash	10.557	7/1/2009 - 6/30/2010	2,474,123		2,474,123
Special Supplemental Nutrition Program For Women, Infants and Children (WIC)	10.557	12060DPH4887220892 - 2009	193,204		193,204
	10.557	12060DPH4887220892 - 2010	495,254		495,254
Indirect Program - Passed Through Connecticut Department of Education					
Fresh Fruit and Vegetable Program	10.582	12060SDE6437022051 -2009	1,690		1,690
	10.582	12060SDE6437022051 -2010	82,814		82,814
Indirect Program - Passed Through Connecticut Department of Agriculture					
Farmer's Market	10.557	7/1/09-8/30/09	1,553		<u>1,553</u>
Total U.S. Department of Agriculture					<u>6,229,834</u>
<b><u>U.S. Department of Commerce</u></b>					
Direct Program:					
National Oceanic and Atmospheric Administration	11.463		145,000		<u>145,000</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Direct Programs:					
<i>CDBG Entitlement Grant Cluster:</i>					
Community Development Block Grants Entitlement Grants	14.218		1,131,827		1,131,827
Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	14.253			235,994	<u>235,994</u>
Subtotal Direct CDBG Entitlement Grant Cluster					<u>1,367,821</u>
Indirect Programs - Passed Through Connecticut Department of Economic and Community Development					
Neighborhood Stabilization Program	14.218	12060ECD4640022324 - 2010	837,332		<u>837,332</u>
Subtotal Direct and Indirect CDBG Entitlement Grant Cluster					<u>2,205,153</u>
HOME Investment Partnerships Program	14.239	M-05-09-0204	229,700		229,700
	14.239	M-06-09-0204	243,579		<u>243,579</u>
Total U.S. Department of Housing and Urban Development					<u>2,678,432</u>
<b><u>U.S. Department of Justice</u></b>					
Direct Programs:					
The Community-Defined Solutions to Violence Against Women Grant Program - Violence Against Women Office	16.590		150,284		150,284
Bulletproof Vest Partnership Program	16.607		283		283
Edward Byrne Memorial Justice Assistance Grant Program	16.738		43,115		43,115
Public Safety Partnership and Community Policing Grants Office of Community Oriented Policing Services	16.710		30,340		30,340
Indirect Programs - Passed through Connecticut State Criminal Justice Policy and Planning Division					
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grants to States and Territories	16.803	1260OPM2035029002 - 2009		38,723	38,723

See notes to the schedule of expenditures of federal awards and independent auditors' report

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010

<b>Federal Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity/Identifying Number</b>	<b>NON ARRA</b>	<b>ARRA</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. Department of Justice (Continued)</u></b>					
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grants to Units of Local Governments	16.804	1260OPM2035029002 - 2009		\$ 53,368	\$ 53,368
Total U.S. Department of Justice					<u>316,113</u>
<b><u>U.S. Department of Transportation</u></b>					
Direct Programs:					
Federal Transit – Capital Investment Grants - Federal Transit Administration	20.500		10,203,024		10,203,024
Indirect Program - Passed through Connecticut Department of Transportation					
Federal Transit – Capital Investment Grants - Federal Transit Administration	20.500	12062DOT5700022108 - 2010	342,670		342,670
Indirect Program - Passed through Connecticut Department of Transportation					
<b>Highway Planning and Construction Cluster:</b>					
Highway Planning and Construction (Federal-Aid Highway Program) Congestion Mitigation and Air Quality Improvement Program)	20.205	12062DOT5793122108 - 2010	81,500		81,500
Indirect Program - Passed through Connecticut Department of Environmental Protection Recreational Trails					
Recreational Trails Program	20.219	12060DEP4432120296 - 2010	14,953		<u>14,953</u>
Subtotal Highway and Planning Cluster					96,453
Indirect Program - Passed through Connecticut Department of Transportation					
State and Community Highway Safety - DUI Enforcement	20.600	12062DOT5734322091 - 2010	50,382		<u>50,382</u>
Total U.S. Department of Transportation					<u>10,692,529</u>
<b><u>Environmental Protection Agency</u></b>					
Direct Programs:					
Healthy Communities Grant Program	66.110		5,610		5,610
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		54,258		54,258
Indirect Program - Passed through Connecticut Department of Environmental Protection					
Congressionally Mandated Projects - Mill River Storm Water Management	66.202	XP-97144201-0	239,736		<u>239,736</u>
Total Environmental Protection Agency					<u>299,604</u>
<b><u>U.S. Department of Energy</u></b>					
Direct Programs:					
Renewable Energy Research and Development	81.087		334,428		334,428
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128			9,874	<u>9,874</u>
Total Department of Energy					<u>344,302</u>
<b><u>U.S. Department of Education</u></b>					
Indirect Programs -Passed through Connecticut Department of Education					
Adult Education—Basic Grants to State	84.002	12060SDE6437020784 - 2009	35,000		35,000
	84.002	12060SDE6437020784 - 2010	180,000		180,000

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010

<b>Federal Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity/Identifying Number</b>	<b>NON ARRA</b>	<b>ARRA</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Education (Continued)</b>					
<i>Title I Part A Cluster:</i>					
Title I Grants to Local Educational Agencies (Title I Part A of ESEA)	84.010	12060SDE6437020679 - 2009	\$ 763,310		\$ 763,310
	84.010	12060SDE6437020679 - 2010	1,963,210		1,963,210
ARRA - Title I Grants to Local Educational Agencies Recovery Act	84.389	12060SDE6437029010 - 2009		821,258	<u>821,258</u>
Subtotal Title I Part A Cluster					<u>3,547,778</u>
<i>Special Education Cluster (IDEA):</i>					
Special Education Grants to States (IDEA, Part B)	84.027	12060SDE6437020977 - 2009	62,434		62,434
	84.027	12060SDE6437020977 - 2010	3,098,138		3,098,138
Special Education Preschool Grants (IDEA, Preschool)	84.173	12060SDE6437020983 - 2009	70,593		70,593
	84.173	12060SDE6437020983 - 2010	27,141		27,141
ARRA - Special Education Grants to States (IDEA, Part B) Recovery Act	84.391	12060SDE6437029011 - 2009		1,714,148	1,714,148
ARRA - Special Education Preschool Grants (IDEA, Preschool) Recovery Act	84.392	12060SDE6437029012 - 2009		54,080	<u>54,080</u>
Subtotal Special Education Cluster (IDEA) Cluster					<u>5,026,534</u>
Career and Technical Education - Basic Grants to States (Perkins IV) 12060-20742-2010-84010-17002	84.048	12060SDE6437020742 - 2010	198,787		198,787
Safe and Drug-Free Schools and Communities - State Grants	84.186	12060SDE6437020873 - 2009	33,784		33,784
		12060SDE6437020873 - 2010	43,330		43,330
Twenty First Century Learning Centers	84.287	12060SDE6437020863 - 2009	197,825		197,825
	84.287	12060SDE6437020863 - 2009	240,512		240,512
<b>Education Technology State Grants Cluster:</b>					
Education Technology State Grants	84.318	12060SDE6437020826 - 2009	5,147		5,147
	84.318	12060SDE6437020826 - 2010	51,043		51,043
ARRA - Education Technology State Grants - Recovery Act	84.386	12060SDE6437029063 - 2009		29,838	<u>29,838</u>
Subtotal Education Technology State Grants Cluster					<u>86,028</u>
English Language Acquisition Gants	84.365	12060SDE6437020868 - 2009	3,869		3,869
	84.365	12060SDE6437020868 - 2010	236,165		236,165
Improving Teacher's Quality State Grant	84.367	12060SDE6437020858 - 2009	94,991		94,991
	84.367	12060SDE6437020858 - 2010	478,592		478,592
School Improvement Grants	84.377	12060SDE6437022223 - 2009	82,765		82,765
<b>State Fiscal Stabilization Fund Cluster:</b>					
ARRA - State Fiscal Stabilization Fund – Education State Grants	84.394	12060SDE6437029054 - 2009		694,503	694,503
ARRA - State Fiscal Stabilization Fund – Government Services	84.397	12060SDE6437029053 - 2009		382,918	<u>382,918</u>
Subtotal State Fiscal Stabilization Cluster					<u>1,077,421</u>
<b>Total U.S. Department of Education</b>					
					<u>11,563,381</u>
<b>U.S. Department of Health and Human Services</b>					
Indirect Programs - Pass through National Association of County and City Health Officials					
Medical Reserve Corps Small Grant Program	93.008		2,709		2,709
Indirect Programs - Pass through Optimus Health Care					
ARRA Mobile Van Outreach Grant	93.UNKNOWN			5,536	5,536
Indirect Programs - Passed through the Southwest Connecticut Agency on Aging					
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	10-D12-01	27,969		27,969
Indirect Programs - Passed through Connecticut Department of Public Health					
Immunization Grants	93.268	1/1/2009-12/31/2009	80,401		80,401
Vaccines Non - Cash	93.268	7/1/2009-6/30/2010	58,147		58,147
Public Health Emergency Preparedness - H1N1 non-cash	93.069	7/1/2009-6/30/2010	157,500		157,500
Public Health Emergency Preparedness	93.069	12060DPH4885722333 - 2010	92,173		92,173
HIV Prevention Activities - Health Department Based	93.940	12060DPH4885220920 - 2009	85,676		85,676
	93.940	12060DPH4885220920 - 2010	85,674		85,674

See notes to the schedule of expenditures of federal awards and independent auditors' report

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2010

<b>Federal Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity/Identifying Number</b>	<b>NON ARRA</b>	<b>ARRA</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. Department of Health and Human Services (Continued)</u></b>					
Indirect Programs - Passed through Connecticut Department of Social Services					
Social Service Block Grant	93.667	12060DSS6079420699 - 2010	\$ 714,955		\$ 714,955
	93.667	12060DSS6078320721 - 2009	10,695		10,695
	93.667	12060DSS6078320721 - 2010	41,868		<u>41,868</u>
Total U.S. Department of Health and Human Services					<u>1,363,303</u>
<b><u>Corporation for National and Community Service</u></b>					
Indirect Program - Passed through Connecticut Department of Education					
Learn and Serve America School and Community Based Programs	94.004	12060SDE6437020902 - 2010	32,000		32,000
<b><u>U.S. Department of Homeland Security</u></b>					
Indirect Programs - Passed through the Connecticut Department of Emergency Management and Homeland Security					
Emergency Management Performance Grants	97.042	12060EHS9966021881 - 2009	55,238		55,238
Homeland Security Grant Program	97.067	12060EHS9953022330 - 2008	842,706		842,706
Buffer Zone Protection Program	97.078	12060EHS9953021903 - 2008	37,617		<u>37,617</u>
Total U.S. Department of Homeland Security					<u>935,561</u>
Total Federal Expenditures			<u>\$ 30,559,819</u>	<u>\$ 4,040,240</u>	<u>\$ 34,600,059</u>

City of Stamford, Connecticut  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. *Expenditures***

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the City of Stamford, Connecticut and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. *USDA Contributions***

The U. S. Department of Agriculture makes available commodities for donations to schools. The amount of \$182,426 represents the market value of such commodities.

**3. *WIC Food Payments***

The U. S. Department of Agriculture makes non-cash distributions of food vouchers for WIC. The amount of \$2,474,123 represents the market value of such vouchers used during this period.

**4. *Vaccines***

The U. S. Department of Health and Human Services makes non-cash distributions of vaccines. The amount of \$215,647 represents the market value of such vaccines.



**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**

**INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and Governing Board of Finance  
City of Stamford, Connecticut:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Stamford, Connecticut (the "City") as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the 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 findings items 2010-01 - 2010-03. *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'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as federal items 2010-04 and 2010-05 and state item 10-1.

We noted certain matters that we reported to management of the City in a separate letter dated December 9, 2010.

The City's response to the findings identified in our audit is described in the accompanying attachment "Management's Response and Corrective Action Plan". 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 management and the Governing Board of Finance of the City of Stamford, 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 these specified parties.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**  
December 9, 2010



O'Connor Davies Munns & Dobbins, llp  
ACCOUNTANTS AND CONSULTANTS

**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**

**INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and Governing Board of Finance  
City of Stamford, Connecticut:

**Compliance**

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

The City of Stamford, Connecticut's basic financial statements include the operations of the URC, the Mill River Fund and Old Town Hall Renovation Fund, all component units of the City. Our audit, described below, did not include the operations of these component units.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 of the City of Stamford, Connecticut's compliance with those requirements.

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

## **Internal Control Over Compliance**

Management of the City 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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and 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 weakness, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-4 to 2010-05. *A significant deficiency in internal control over compliance*, is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Stamford, Connecticut as of and for the year ended June 30, 2010 and have issued our report thereon dated December 9, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City'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.

The City's responses to the findings identified in our audit are described in the accompanying attachment "Management's Response and Corrective Action Plan". We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of Management and the Governing Board of Finance of the City of Stamford, Connecticut, federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**

December 9, 2010

City of Stamford, Connecticut  
Schedule of Findings and Questioned Costs - Federal  
June 30, 2010

Section I - Summary of Auditors' Results

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting

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

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?      \_\_\_ yes        X   no
- Significant deficiency(ies) identified?        X   yes      \_\_\_ none reported

Type of auditors' report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?        X   yes      \_\_\_ no

City of Stamford, Connecticut  
 Schedule of Findings and Questioned Costs - Federal (*Continued*)  
 June 30, 2010

Identification of major programs:

<b><u>Program Name</u></b>	<b><u>Federal CFDA Number</u></b>
Special Supplemental Nutrition Program for Women, Infants and Children	10.557
<b>CDBG Entitlement Grants Cluster</b>	
Community Development Block Grants Entitlement Grants	14.218
ARRA Community Development Block Grants Entitlement Grants	14.253
<b>HOME Investment Partnerships Program</b>	14.239
<b>State Fiscal Stabilization Cluster</b>	
ARRA State Fiscal Stabilization Fund Education State Grants	84.394
ARRA State Fiscal Stabilization Government Services	84.397
<b>Special Education Cluster</b>	
Special Education - Grants to States (IDEA, Part B)	84.027
Special Education - Preschool Grants (IDEA Preschool), Recovery Act	84.173
ARRA Special Education - Grants to States (IDEA, Part B), Recovery Act	84.391
ARRA Special Education - Preschool Grants (IDEA Preschool), Recovery Act	84.392
<b>Title I Part A Cluster</b>	
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010
ARRA Title I Grants to Local Educational Agencies	84.389
<b>English Language Acquisition Grants</b>	84.365
<b>Improving Teacher is Quality State Grants</b>	84.367
<b>Twenty-First Century Community Learning Centers</b>	84.287
<b>Social Services Block Grant</b>	93.667

City of Stamford, Connecticut

Schedule of Findings and Questioned Costs - Federal (Continued)

Year Ended June 30, 2010

Dollar threshold used to distinguish  
between Type A and Type B programs \$1,038,002  
Auditee qualified as low-risk auditee? \_\_\_\_\_ yes X no

**Section II – Financial Statement Findings**

**Finding 2010 – 01: Year End Closing Procedures**

**Criteria:** Per City’s accounting and procedure manual the Controller’s Office is responsible for closing and reconciling all accounts to the general ledger at year end inclusive of GASB 34 adjustments. The Charter requirements mandate a draft audit report be presented to the Board of Finance and the Board of Representatives by September 30th.

**Condition:**

In our review of the City’s records, we noted that key accounts requiring full accrual presentation with GASB 34 were not fully converted .

- Adjusting journal entries required to correct and 19 journal entries required for the GASB 34 conversion to full accrual.
- Because the City does not have an adequate system in place to track the purchase, disposition, and depreciation of capital assets as well as transfers between funds. Time consuming year-end analysis and reconciliations were required.
- Manual personnel subsidiary records were not reconciled to the automated system to properly determine compensated absences.

Similar findings were noted in years 2009 and 2008.

**Cause:** The City did not make all of the required year end closing and GASB 34 adjusting journal entries at year end.

**Effect or Potential Effect:** By not making the required year end and GASB 34 entries the City may fail to meet the Charter requirement to present a draft audit report to the Board of Finance and the Board of Representatives and risk that the financial statements may be misstated.

**Recommendation:** The City must follow its month end and year end closing procedures as documented in the accounting policy and procedure manual. Year end accrual items and reversal of prior year accruals, purchase and disposition of capital assets and payroll information should be included in the year end closing procedures.

**Management’s Response:** See attached Corrective Action Plan.

City of Stamford, Connecticut

Schedule of Findings and Questioned Costs - Federal (*Continued*)

Year Ended June 30, 2010

**Section II – Financial Statement Findings (*Continued*)**

**Finding 2010 – 02: Old Town Hall Redevelopment Authority (OTHRA)**

**Criteria:** The City created OTHRA to obtain funding for the rehabilitation and operations of the City of Stamford Old Town Hall. In order to obtain certain tax credits to fund the rehabilitation, several Limited Liability Corporations (LLC) were created in conjunction with outside entities.

**Condition:** The accounting for OTHRA as a blended component unit and its blended component unit LLC entities is complex in nature. An outside accountant and the City's Finance Department share the responsibility of accounting for OTHRA activities. The City does not have an adequate process in place to properly account for the complex nature of OTHRA's entities and their reporting requirements. The use of an outside accountant and the City's financial management has resulted in duplicated and unrecorded transactions. This is a repeated finding from 2009.

**Cause:** Management does not have the experience to record the complex OTHRA transactions.

**Effect or Potential Effect:** Transactions related to OTHRA and related LLC's were not properly recorded in accordance with generally accepted accounting principles. .

**Recommendation:** The City should seek the necessary personnel resources to ensure that the accounting for this complex activity is properly recorded prior to the commencement of the annual audit.

**Management's Response:** See attached Corrective Action Plan.

**Finding 2010 – 03: Debt Refunding**

**Criteria:** In order to record bond refunding, policies and procedures need to be in place in which the City calculates and identifies the bond premiums or discounts, gains or losses and bond offering costs to be recorded in conjunction with the refunding.

**Condition:** The City does not have policies and procedures in place to identify, record and report the accounting for premiums, discounts, bond offerings costs and gains and losses for debt refunding allocations and transactions. This is a repeated finding from 2009.

**Cause:** The City's policies and procedures manual does not adequately address the process of accounting and reporting of bond refunding.



City of Stamford, Connecticut

Schedule of Findings and Questioned Costs - Federal (*Continued*)

Year Ended June 30, 2010

**Section II – Financial Statement Findings (*Continued*)**

**Finding 2010 – 03: Debt Refunding (*Continued*)**

**Effect or potential effect:** Activity related to debt refunding may not be properly accounted and reported on in the general ledger and the financial statements in accordance with generally accepted accounting principles.

**Recommendation:** The City should perform a comprehensive review of the debt service allocations prepared by the third party financial institution. The City must implement a process including a checklist and example entries for recording debt refunding activity in its policies and procedures manual.

**Management’s Response:** See attached Corrective Action Plan.

**Section III – Federal Award Findings and Questioned Costs**

**Finding 2010 – 04: Schedule of Expenditures of Federal Awards**

**Criteria:** As per OMB Circular A-133, Subpart C, Section 300, it is the auditee’s (the “City’s”) responsibility to prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the City’s financial statements.

**Condition:** Auditors were initially unable to obtain a SEFA for the audit period; the City’s personnel did not prepare the schedule.

**Cause:** The SEFA was not prepared by the City at the commencement of field work due to the lack of personnel available to prepare the schedule.

**Effect or Potential Effect:** Without the timely preparation and review of the SEFA, the City risks that financial information and related disclosure will not be consistent and reconcilable to its financial statements for the same period.

**Recommendation:** Management should have effective control activities in place to ensure the SEFA is prepared on a timely basis. The City should train additional personnel to properly prepare the SEFA on a timely basis to be in compliance with Federal requirements.

**Management’s Response:** See attached Corrective Action Plan.

Schedule of Findings and Questioned Costs - Federal (*Continued*)

Year Ended June 30, 2010

**Section III – Federal Award Findings and Questioned Costs (*Continued*)**

**Finding 2010 – 05: Catalogue of Federal Domestic Assistance Numbers (CFDA)**

**Criteria:** As per OMB Circular A-133, Subpart C, Section 300, the City is responsible to identify, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include the CFDA title and number.

**Condition:** Nine programs were identified with an incorrect CFDA number.

**Cause:** CFDA numbers were carried forward from previous years and are not confirmed with the grantor or pass-through agencies.

**Effect or Potential Effect:** Management risks not properly identifying the expenditures with the correct CFDA number and not properly identifying the types of compliance requirements applicable to the program.

**Recommendation:** There are sources available to correctly identify the CFDA numbers of Federal programs including Federal websites and pass-through entities contact manager. Management should review the CFDA numbers and if uncertain should reach out to the pass-through entities or refer to Federal websites.

**Management's Response:** See attached Corrective Action Plan.

City of Stamford, Connecticut  
Summary of Prior Audit Findings - Federal  
Year Ended June 30, 2010

**Finding IC09-1: Year End Closing Procedures**

**Condition:** There were several non-client adjustments made to the final trial balance at year end including the following:

- Recording of deferred revenues
- Recording of other transactions, including Old Town Hall Redevelopment Authority
- Recording amounts for the GASB 34
- Recording of debt refunding
- Recording of fixed assets

**Current Status:** The condition remained uncorrected. The finding was first reported in 2008 and repeated in 2009. Similar finding is included in the current year.

**Finding IC09-2: Capital Assets**

**Condition:** The City does not have an adequate process to segregate additions, disposals, and transfers as well as recognize which expenditures when paid by wire transfer should be recorded in capital assets.

**Current Status:** The condition remained uncorrected. The finding was first reported in 2008 and repeated in 2009. See similar finding 2010 - 01.

**Finding IC09-3: Old Town Hall Redevelopment Authority**

**Condition:** The City does not have an adequate process in place to properly account for the complex nature of OTHRA's entities. The use of an outside accountant and the City's financial management to account for these entities has resulted in duplicated and unrecorded accounting information.

**Current Status:** The condition remained uncorrected. A similar finding was noted in 2010, see finding 2010 - 02.

**Finding IC09-4: Debt Refunding**

**Condition:** The City does not have an adequate process in place to record premiums, discounts and bond offering costs and gains and losses on debt refunding transactions.

**Current Status:** The condition remained uncorrected. A similar finding was noted in 2010, see finding 2010 - 03.



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVA A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE 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**

**INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and Governing Board of Finance  
City of Stamford, Connecticut:

**Compliance**

We have audited the City of Stamford, Connecticut's compliance with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of the City's major state programs for the year ended June 30, 2010. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of City of Stamford, Connecticut's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City of Stamford, Connecticut's basic financial statements include the operations of the URC, the Mill River Fund and Old Town Hall Renovation Fund, all component units of the City. Our audit, described below, did not include the operations of these component units.

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 Stamford'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 of City of Stamford, Connecticut's compliance with those requirements.

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

**Internal Control Over Compliance**

Management of the City of Stamford 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's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our 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 Stamford, 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 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 10-1. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

### **Schedule of Expenditures of State Financial Assistance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Stamford, Connecticut as of and for the year ended June 30, 2010, and have issued our report thereon dated December 9, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of Stamford, 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 management and Governing Board of Finance, of the City of Stamford, Connecticut the Office of Policy and Management, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*O'Connor Davies Munno & Dobbins, LLP*

Stamford, Connecticut  
December 9, 2010

City of Stamford, Connecticut

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2010

<b>State Grantor/ Pass Through Grantor Program Title</b>	<b>State Grant Program ID#</b>	<b>Expenditure</b>
<b>Department of Education</b>		
Priority School District	11000-SDE64370-17043-82052	\$ 2,860,834
Health Services -Non-Public	11000-SDE64370-17034	509,578
School Readiness & Child Care in Priority School Districts	11000-SDE64370-17043-82056	3,658,922
Adult Education	11000-SDE64370-17030	* 293,848
Interdistrict Cooperative	11000-SDE64370-17045	92,795
Youth Services Bureau 09/10	11000-SDE64370-17043	59,984
Youth Services Bureau	11000-SDE64370-16201	10,000
Child Nutrition State Matching Grant	11000-SDE64370-16072	50,072
Bilingual Education	11000-SDE64370-17042	187,246
Extended School Hours and Supportive Program	11000-SDE64370-17043-82054	281,041
School Accountability - Summer School	11000-SDE64370-17043-82055	313,331
After School Program	11000-SDE64370-17084-82079	90,000
Magnet School Operating	11000-SDE64370-17057-82062	3,900,240
State School Breakfast	11000-SDE64370-17046	60,000
ESC Accountability Priorities	11000-SDE64370-17041-82079	85,354
Vocational Agriculture	11000-SDE64370-17017	90,433
		<u>12,543,678</u>
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes on Private Colleges and General Hospitals	11000-OPM20600-17006	2,043,243
Distressed Municipalities	11000-OPM20600-17016	994,459
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	2,052
Manufacturing Machinery and Equipment	11000-OPM20600-17031	721,801
Property Tax Relief for Veterans	11000-OPM20600-17024	11,980
Elderly Freeze	11000-OPM20600-17021	10,788
		<u>3,784,323</u>
<b>Department of Social Services</b>		
Day Care Program 135-CDC-40 08/09	12060-DSS60752-17022	403,645
Day Care Program 135-CDC-40 09/10	12060-DSS60752-17022	347,687
Dental Improvement Initiative 135-DEN-01	N/A	72,507
		<u>823,839</u>
<b>Department of Economic and Community Development</b>		
Tax Abatement Program 135-TA-Various	11000-ECD46400-17008-038	354,538
Payment in Lieu of Taxes 135-PILOT-38	11000-ECD46400-17012-039	318,170
Bartlett Arboretum	13019-ECD46000-41240-094	80,301
Brownfield Municipal Pilot	12052-ECD46400-43236	366,906
		<u>1,119,915</u>

City of Stamford, Connecticut

Schedule of Expenditures of State Financial Assistance

Continued

Year ended June 30, 2010

**State Library Board**

Historic Document Preservation 135-PC-07	10000-CSL66051-21017	\$ 15,000
Telecommunications Fund/911 Enhancement	12060-DPS32740-35190	<u>265,391</u>

**Department of Public Health**

Sexually Transmitted Diseases 08/09	11000-DPH48500-17013	968
Sexually Transmitted Diseases 09/10	11000-DPH48500-17013	26,768
AIDS Prevention 2009-0144 08/09	11000-DPH48500-12236	1,590
AIDS Prevention 2009-0144	11000-DPH48500-12236	114,233
AIDS Syringe Exchange 2009-0144 08/09	11000-DPH48500-12100	928
AIDS Syringe Exchange 2009-0144	11000-DPH48500-12100	19,117
Tuberculosis Treatment 2007-0062-2	11000-DPH48500-16112	59,376
Per Capita Grant	11000-DPH48500-10020	101,787
Immunization	11000-DPH48500-12236	<u>7,696</u>
		<u>332,463</u>

**Department of Transportation**

Town Aid Highway Fund	13033-DOT57131-43459	430,527
Town Aid Highway Fund	12052-DOT57131-43455	2,221
Click it or Ticket	12062-DOT57343-22093	2,508
Click it or Ticket	12062-DOT57343-20559	3,041
Elderly and Disabled Responsive Transportation	12062-DOT57931-35304	<u>9,540</u>
		<u>447,837</u>

**Department of Judicial Services**

Motor Vehicle Fines	34001-JUD95162-40001	<u>29,690</u>
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**State Comptroller's Office**

Boat Registration Reimbursement	12027-OSC15910-40211	53,759
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004	<u>1,383,141</u>
		<u>1,436,900</u>

**Through the Connecticut Firemen's Association**

Fire Training School 08/09	12037-OSC15910-00000	9,268
Fire Training School 09/10	12037-OSC15910-00000	<u>52,660</u>
		<u>61,928</u>

**Connecticut Commission on Culture and Tourism**

Boyle Stadium Renovation CT-CIA-HRF-27	12060-CAT45241-73001	<u>152,000</u>
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**Connecticut Department of Environmental Protection**

Cove Island Estuarine Habitat	12060-DEP43000-Various	<u>77,000</u>
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**Department of Mental Health and Addiction Services**

Local Prevention Control 08/09	11000-MHA53000-12215	2,750
Local Prevention Control 09/10	11000-MHA53000-12215	<u>3,120</u>
		<u>5,870</u>

See notes to the schedule of expenditures of state financial assistance and independent auditors' report

City of Stamford, Connecticut  
 Schedule of Expenditures of State Financial Assistance  
 Year ended June 30, 2010

Continued

**Department of Public Health**

Through the CT Assoc. Directors of Health (CADH)		
Lead Poisoning Prevention and Control 08/09	11000-DPH48500-1227	\$ 1,184
Lead Poisoning Prevention and Control 09/10	11000-DPH48500-1227	<u>16,543</u>
		<u>17,727</u>
Total State Assistance Before Exempt Programs		<u>21,113,561</u>

**Exempt Programs**

**Department of Education**

Education Cost Sharing	11000-SDE64370-17041	6,726,009
Transportation of School Children	11000-SDE64370-17027	120,549
Nonpublic School Transportation	11000-SDE64370-17049	31,040
School Construction Projects-Principal	13010-SDE64370-40901	679,522
School Construction Projects-Interest	13009-SDE64370-40896	223,107
School Construction Projects-Payments	13010-SDE64370-40901	7,251,333
Magnet School Transportation	11000-SDE64370-17057	183,427
Special Education-Agency Placements I and Excess Costs	11000-SDE64370-17047	2,325,309

**State Comptroller's Office**

Mashantucket Pequot Grant	12009-OSC15910-17005	<u>911,055</u>
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18,451,351

Total State Assistance	<u>\$ 39,564,912</u>
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\* Represents State reimbursement portion; amount reported on ED141 was \$1,511,039



City of Stamford, Connecticut

Notes to Schedule of Expenditures of  
State Financial Assistance

Year Ended June 30, 2010

Various departments and agencies of the State of Connecticut have provided financial assistance to the City of Stamford, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

**1. Summary of Significant Accounting Policies**

The accounting policies of City of Stamford, Connecticut conform to generally accepted accounting principles as applicable to government agencies. 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 City of Stamford, Connecticut basic financial statements are prepared on the modified accrual basis of accounting. The financial statements for the business-type activities are prepared on the full accrual basis of accounting.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is also prepared on the modified accrual basis of accounting while amounts relating to the business-type activities are reported on the full accrual basis of accounting and on 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 awards/expenditures column of the Schedule of Expenditures of State Financial Assistance.

As a result, certain classifications of revenue and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for the Schedule of Expenditures of State Financial Assistance.

**2. Loan Programs**

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2010.

City of Stamford, Connecticut

Notes to Schedule of Expenditures of  
State Financial Assistance

Year Ended June 30, 2010

2. Loan Programs (*continued*)

Department of Environmental Protection

Clean Water Funds 21104-OTT14230-4001

	<u>Balance</u> <u>July 01, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2010</u>
117-C	\$ 739,703	\$ -	\$ 136,561	\$ 603,142
375-C	327,706	-	43,214	284,492
414-D	2,120,927	-	174,130	1,946,797
414-D	<u>61,068,492</u>	<u>-</u>	<u>3,232,241</u>	<u>57,836,251</u>
	<u>\$ 64,256,828</u>	<u>\$ -</u>	<u>\$ 3,586,146</u>	<u>\$ 60,670,682</u>

**City of Stamford, Connecticut**

Schedule of Findings and Questioned Costs - State  
Year Ended June 30, 2010

**I. Summary of Auditors' Results**

***Financial Statements***

Type of auditors' 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?  X  yes \_\_\_\_\_ none reported

Type of auditors' 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 the major programs included in the audit:

<b>State Grantor and Program</b>	<b>State Grant Program/ Identification Number</b>	<b>State Expenditures</b>
<b>Department of Education</b>		
Priority School District	11000-SDE64370-17043-82052	\$ 2,860,834
Health Services - Non-Public	11000-SDE64370-17034	509,578
School Readiness & Child Care in Priority School Districts	11000-SDE64370-17043-82056	3,658,922
Magnet School operating	11000-SDE64370-17057-82062	3,900,240
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes on Private Colleges and General Hospitals	11000-OPM20600-17006	2,043,243
Distressed Municipalities	11000-OPM20600-17016	994,459
Manufacturing Machinery and Equipment	11000-OPM20600-17031	721,801
<b>Department of Social Services</b>		
Day Care Program 135-CDC-40	12060-DSS60752-17022	751,332
<b>State Comptroller's Office</b>		
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004	1,383,141
<b>Department of Transportation</b>		
Town Aid Highway Fund	13033-DOT57131-43459	430,527

## City of Stamford, Connecticut

### Schedule of Findings and Questioned Costs -State Year Ended June 30, 2010

#### I. Summary of Auditors' Results (*continued*)

Dollar threshold used to distinguish between Type A and Type B programs: \$422,271

#### II. Financial Statement Findings

- We issued reports, dated December 9, 2010 on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Governmental Auditing Standards*.
- Our report on compliance indicated one reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated three significant deficiencies. See findings 2010-1 – 2010-3.

#### III. State Financial Assistance Findings and Questioned Costs

##### A. Deficiencies in Internal Control

##### Item #10-1 – Schedule of Expenditures of State Assistance

**Criteria:** As per State Single Audit Regulations of Connecticut State Agencies, the auditee (the "City") shall prepare a Schedule of Expenditures of State Financial Assistance for the period covered by the City's financial statements.

**Condition:** Auditors were initially unable to obtain a Schedule of Expenditures of State Assistance (SESA) for the audit period; the City's personnel did not prepare the schedule.

**Causes:** The Schedule of Expenditures of State Assistance (SESA) was not prepared by the City at the commencement of field work due to the lack of personnel available to prepare the schedule.

**Effect or Potential Effect:** Without the timely preparation and review of the SESA, the City risks that financial information and related disclosure will not be consistent and reconcilable to its financial statements for the same period.

**Recommendation:** Management should have effective control activities in place to ensure the Schedule of Expenditures of State Assistance on a timely basis. The City should assign personnel to prepare the SESA on a timely basis to be in compliance with state requirements.

**Management's Response:** See attached Corrective Action Plan.

##### B. Compliance Findings

None reported.

## City of Stamford, Connecticut

### Schedule of Findings and Questioned Costs - State Year Ended June 30, 2010

#### IV. Prior Financial Statement Findings and State Financial Assistance Findings and Questioned Costs

##### IC09-1 – Year-End Closing Procedures

**Condition:** There are several non-client adjustments made to the final trial balance at year end including the following:

- Recording of deferred revenues
- Recording of other transactions, including Old Town Hall Redevelopment Authority
- Recording amounts for GASB 34
- Recording of debt refunding
- Recording of fixed assets

**Current Status:** The finding was first reported in 2008. Similar findings were noted in 2009 and 2010. See finding 2010-1.

**Management's Response:** See attached Corrective Action Plan.

##### IC09-2 – Capital Assets

**Condition:** The City does not have an adequate process in place to segregate additions, deletions, and transfers as well as recognize which expenditures when paid via wire should be recorded as capital assets.

**Current Status:** The finding was first reported in 2008. Similar findings were noted in 2009 and 2010. Included in finding 2010-1.

**Management's Response:** See attached Corrective Action Plan.

##### IC90-3 – Old Town Hall Redevelopment Authority

**Condition:** The City does not have an adequate process in place to properly account for the complex nature of OTHRA's entities. The use of an outside accountant and the City's financial management to account for these entities has resulted in duplicated and unrecorded accounting information.

**Current Status:** The finding was first reported in 2009. Similar findings were noted in 2010. See finding 2010-2.

**Management's Response:** See attached Corrective Action Plan.

**City of Stamford, Connecticut**

Schedule of Findings and Questioned Costs - State  
Year Ended June 30, 2010

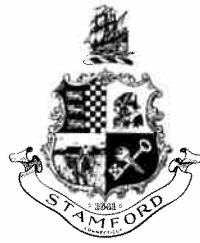
**V. Prior Financial Statement Findings and State Financial Assistance Findings and Questioned Costs (*continued*)**

**IC09-4 – Debt Refunding**

**Condition:** The City does not have an adequate process in place to record premiums, discounts, bond offering costs and gains or losses on debt refunding transactions.

**Current Status:** The finding was first reported in 2009. Similar findings were noted in 2010. See finding 2010-3.

**Management's Response:** See attached Corrective Action Plan.



**CITY OF STAMFORD**  
**OFFICE OF ADMINISTRATION**  
888 WASHINGTON BOULEVARD  
P.O. BOX 10152  
STAMFORD, CONNECTICUT 06904-2152

**City of Stamford**  
**CORRECTIVE ACTION PLAN**  
**December 9, 2010**

Office of Policy and Management  
450 Capitol Avenue MS-54MFS  
Hartford, CT 06106-1379

Municipal Financial Services Unit

Attn: William Plummer

The City of Stamford respectfully submits the following Corrective Action plan for the year ended June 30, 2010.

**Independent Public Accounting Firm**

O'Connor Davies Munns & Dobbins LLP (ODMD)  
One Stamford Landing  
Stamford CT 06902

**Audit Period: June 30, 2010**

The findings from the December 9, 2010 schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**Section I – Financial Statement Findings**  
**SIGNIFICANT DEFICIENCIES**

**Finding 2010 – 01: Year-End Closing Procedures**

A. Comments on Findings and Recommendations

Management agrees that it would be optimal to have all year-end journal entries completed before providing the trial balance to the auditors.

B. Action Taken or Planned

The Stamford Charter requires a draft audit by September 30, an uncommon and very ambitious cut-off period in which to gather information from responsible parties (often third party providers), analyze it for accuracy, and record such transactions. A Charter change to extend this date (e.g. to October 31) is not considered realistic near term. Nevertheless, through more rigorous monthly accounting reviews, increased focus on such activity, and better advance planning of year-end procedures, we expect to address this issue, with the objective of minimizing such possible client adjustments required by the auditors. The Controllers Office must take more active and direct responsibility for the quality, completeness and timeliness of the year-end closing. Management is committed to ensure that this occurs and that measurable improvement in the City's fiscal 2011 year-end closing process is achieved. In light of recent staffing reductions and increasingly complex accounting transactions, if necessary management will consider supplementing existing staff temporarily at year-end to ensure that it can meet this requirement.

**Finding 2010 – 02: Old Town Hall Redevelopment Authority (OTHRA)**

A. Comments on Findings and Recommendations

Management agrees with the comment and is in the process of hiring the necessary personnel to strengthen operational controllership (including ensuring that the accounting for this type of complex activity is properly recorded).

B. Action Taken or Planned

We are in the process of documenting appropriate accounting policies and procedures related to OTHRA's operations. The Controller's Office will develop written policies and procedures by March 31, 2011 to ensure regular communication with OTHRA's outside accountant and to accurately record OTHRA transactions. The City also plans to evaluate changing OTHRA's outside auditor to improve the timeliness of accounting work, communications and reconciliation processes.

**Finding 2010 – 03: Debt Refunding**

A. Comments on Findings and Recommendations

The City should perform a comprehensive review of the debt service allocations prepared by the third party financial institution. The City must implement a process including a checklist and example entries for recording debt refunding activity in its policies and procedures manual.

Management agrees with the comment and is in the process of hiring the necessary personnel to strengthen operational controllership (including improving debt administration practices).

B. Action Taken or Planned

The City intends to undertake a comprehensive review of debt administration (including roles/responsibilities and accounting policies/procedures) to ensure that financing transactions are accounted for on an accurate and timely basis.

**Section II – State Financial Assistance Findings and Questioned Costs**

**Finding 10 – 04: Schedule of Expenditures of State Awards**

A. Comments on Findings and Recommendations

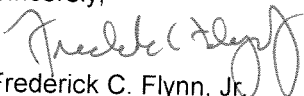
Management agrees with comment and will have a plan in place in order to insure the timeliness of the state requirements.

B. Action Taken or Planned

Grants Office personnel currently reconcile State grant expenditures to the City's general ledger on a quarterly basis. Due to the untimely medical leave of the Grants Account Analyst, the year-end reconciliation was delayed but was completed by September 30 as required. To strengthen this process and ensure timely reporting, Grants Office personnel will meet at least on a quarterly basis with recipient Departments to reconcile State grant expenditures and provide oversight of State requirements. The Grants Office will also pilot a monthly review process for significant programs as determined by management. This process will be formalized in an amendment to the City's Accounting Policy and Procedures Manual by January 31, 2011, and the monthly reconciliation process will be implemented effective in January 2011.

If the Office of Policy and Management and/or any oversight agencies have questions regarding this plan please contact Frederick C. Flynn, Jr. at (203) 977-4182.

Sincerely,



Frederick C. Flynn, Jr.  
Director of Administration



Mayor  
MICHAEL A. PAVIA



DIRECTOR OF ADMINISTRATION  
FREDERICK C. FLYNN, JR.

Phone: (203) 977-4182  
FAX: (203) 977-5657  
Email: [fflynn@ci.stamford.ct.us](mailto:fflynn@ci.stamford.ct.us)

**CITY OF STAMFORD**  
**OFFICE OF ADMINISTRATION**  
888 WASHINGTON BOULEVARD  
P.O. BOX 10152  
STAMFORD, CONNECTICUT 06904-2152

**City of Stamford**  
**CORRECTIVE ACTION PLAN**  
**December 9, 2010**

U.S. Department of Agriculture  
U.S. Department of Commerce  
U.S. Department of Housing and Urban Development  
U.S. Department of Justice  
U.S. Department of Transportation  
Environmental Protection Agency  
U.S. Department of Energy  
U.S. Department of Education  
U.S. Department of Health and Human Services  
Corporation for National and Community Service  
U.S. Department of Homeland Security

The City of Stamford respectfully submits the following Corrective Action plan for the year ended June 30, 2010.

**Independent Public Accounting Firm**

O'Connor Davies Munns & Dobbins LLP (ODMD)  
One Stamford Landing  
Stamford CT 06902

**Audit Period: June 30, 2010**

The findings from the December 9, 2010 schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**Section II – Financial Statement Findings**

**SIGNIFICANT DEFICIENCIES**

**Finding 2010 – 01: Year-End Closing Procedures**

**ODMD Recommendation**

The City must follow its month-end and year-end closing procedures as documented in the accounting policy and procedure manual. Year end accrual items and reversal of prior year accruals, purchase and disposition of capital assets and payroll information should be included in the year-end closing procedures.

**Action Taken or Planned**

Management agrees that it would be optimal to have all year-end journal entries completed before providing the trial balance to the auditors. The Stamford Charter requires a draft audit by September 30, an uncommon and very ambitious cut-off period in which to gather information from responsible parties (often third party providers), analyze it for accuracy, and record such transactions. A Charter change to extend this date (e.g. to October 31) is not considered realistic near term. Nevertheless, through more rigorous monthly accounting reviews, increased focus on such activity, and better advance planning of year-end procedures, we expect to address this issue, with the objective of minimizing such possible non client adjustments required by the auditors. The Controllers Office must take more active and direct responsibility for the quality,

completeness and timeliness of the year-end closing. Management is committed to ensure that this occurs and that measurable improvement in the City's fiscal 2011 year-end closing process is achieved. In light of recent staffing reductions and increasingly complex accounting transactions, if necessary management will consider supplementing existing staff temporarily at year-end to ensure that it can meet this requirement.

**Finding 2010 – 02: Old Town Hall Redevelopment Authority (OTHRA)**

ODMD Recommendation

The City should seek the necessary personnel resources to ensure that the accounting for this complex activity is properly recorded prior to the commencement of the annual audit.

Action Taken or Planned

We are in the process of documenting appropriate accounting policies and procedures related to OTHRA's operations. The Controller's Office will develop written policies and procedures by March 31, 2011 to ensure regular communication with OTHRA's outside accountant and to accurately record OTHRA transactions. Management is in the process of hiring the necessary personnel to strengthen operational controllership (including ensuring that the accounting for this type of complex activity is properly recorded). The City also plans to evaluate changing OTHRA's outside auditor to improve the timeliness of accounting work, communications and reconciliation processes.

**Finding 2010 – 03: Debt Refunding**

ODMD Recommendation

The City should perform a comprehensive review of the debt service allocations prepared by the third party financial institution. The City must implement a process including a checklist and example entries for recording debt refunding activity in its policies and procedures manual.

Action Taken or Planned

Management agrees and intends to undertake a comprehensive review of debt administration (including roles/responsibilities and accounting policies/procedures) to ensure that financing transactions are accounted for on an accurate and timely basis.

**Section III – Federal Award Findings and Questioned Costs**

**Finding 2010 – 04: Schedule of Expenditures of Federal Awards**

ODMD Recommendation

Management should have effective control activities in place to ensure the SEFA is prepared on a timely basis. The City should train additional personnel to properly prepare the SEFA on a timely basis to be in compliance with Federal requirements.

Action Taken or Planned

Grants Office personnel currently reconcile State grant expenditures to the City's general ledger on a quarterly basis. Due to the untimely medical leave of the Grants Account Analyst, the year-end reconciliation was delayed but was completed by September 30 as required. To strengthen this process and ensure timely reporting, Grants Office personnel will meet at least on a quarterly basis with recipient Departments to reconcile State grant expenditures and provide oversight of State requirements. The Grants Office will also pilot a monthly review process for significant programs as determined by management. This process will be formalized in an amendment to the City's Accounting Policy and Procedures Manual by January 31, 2011, and the monthly reconciliation process will be implemented effective in January 2011. Further cross training will be addressed by management as considered necessary.

**Finding 2010 – 05: Catalogue of Federal Domestic Assistance Numbers (CFDA)**

ODMD Recommendation

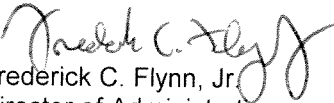
There are sources available to correctly identify the CFDA numbers of Federal programs including Federal websites and pass-through entities contact manager. Management should review the CFDA numbers and if uncertain should reach out to the pass-through entities or refer to Federal websites.

Action Taken or Planned

Grants Office personnel currently reconcile State grant expenditures to the City's general ledger on a quarterly basis. Due to the untimely medical leave of the Grants Account Analyst, the year-end reconciliation was delayed but was completed by September 30 as required. To strengthen this process and ensure timely reporting, Grants Office personnel will meet at least on a quarterly basis with recipient Departments to reconcile State grant expenditures and provide oversight of State requirements. The Grants Office will also pilot a monthly review process for significant programs as determined by management. This process will be formalized in an amendment to the City's Accounting Policy and Procedures Manual by January 31, 2011, and the monthly reconciliation process will be implemented effective in January 2011.

If there are any questions regarding this plan please contact Frederick C. Flynn, Jr. at (203) 977- 182.

Sincerely,

  
Frederick C. Flynn, Jr.  
Director of Administration