

McGladrey & Pullen

Certified Public Accountants

CITY OF STAMFORD, CONNECTICUT

FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS

FISCAL YEAR ENDED JUNE 30, 2007

CITY OF STAMFORD, CONNECTICUT

FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
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AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the Board of Finance
City of Stamford, Connecticut

Compliance

We have audited the compliance of the City of Stamford, Connecticut with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The City of Stamford, 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 Stamford, Connecticut's management. Our responsibility is to express an opinion on the City of Stamford, Connecticut's compliance based on our audit.

The City of Stamford, Connecticut's basic financial statements include the operations of the URC, a component unit of the City. Our audit, described below, did not include the operations of this component unit.

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 of Stamford, 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 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 are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Stamford, 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 Stamford, Connecticut's internal control over compliance with 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 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by an entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stamford, Connecticut as of and for the year ended June 30, 2007, and have issued our report thereon dated November 30, 2007. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit

of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of management and the 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.

McGladrey & Pullen, LLP

New Haven, Connecticut
November 30, 2007

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Connecticut Department of Education		
Food Distribution	10.550	\$ 169,633
School Breakfast Program	10.553	320,354
National School Lunch Program	10.555	1,805,217
Passed Through Connecticut Department of Agriculture		
Farmer's Market FY 06/07	10.557	1,319
Passed Through Connecticut Department of Health	10.557	
Women, Infants and Children 05/06 2006-0090		78,703
WIC Food Benefits Provided		345,016
Women, Infants and Children 06/07 2006-0090		279,490
WIC Food Benefits Provided 2006-0090		2,934,772
		<u>3,637,981</u>
Total U.S. Department of Agriculture		<u>5,934,504</u>
U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY		
Passed Through the Connecticut Office of Emergency Management		
Emergency Management - 06/07	83.503	37,398
FEMA-FEMA-17900-DR-CT	97.036	56,247
Total U.S. Federal Emergency Management Agency		<u>93,645</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Passed Through Federal Transit Administration (FTA)		
Federal Transit - Capital Investment Grants		
Urban Transit Way Design CT-03-0112-03	20.500	3,498,300
Passed Through CT Department of Transportation	20.600	
DUI Enforcement Expanded 06-154L		7,274
DUI Enforcement Expanded 07-154L		87
DUI Enforcement Thanksgiving, Christmas New Year 07-J8		22,565
DUI Enforcement Memorial Day and July 4 07-K8		8,980
DUI Enforcement Memorial Day and July 4 06-164L		2,270
		<u>41,176</u>
Mill River Bicycle/Pedestrian Path TEA PEDS (78) 135-271	20.500	1,221
Farms Rd. Bridge 135-284		7,418
Buckingham Dr. Bridge 135-236		54,986
Studio Road Bridge - BRZ - 6135 (1) 135-235		21,998
		<u>85,623</u>

See Notes to Schedule.

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
 For the Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION		
Alternative Fuel Vehicles - 170-2487 & 8	14.239	10,200
Passed through the CT Dept. of Environmental Protection Mianus River Park Trail 2005-5351	20.219	6,146
Total U.S. Department of Transportation		3,641,445
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Brownfields Cleanup-1 Dock St.	86.818	3,000
Brownfields Cleanup-114 Manhattan St.		919
		3,919
Targeted Lead Reduction	66.716	24,830
STAG - Waste to Energy 1 EM-97161301-0	66.202	246,300
STAG - Waste to Energy 2 EM-97161401-0		240,600
		486,900
Total U.S. Environmental Protection Agency		515,649
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
CDP-Home Investment - 04/05 M04MC090204	14.239	38,644
CDP-Home Investment - 03/04 M03MC090204		376,959
		415,603
Community Development Block Grant Project B-05-MC-09-0014-05/06	14.218	968,267
Project B-04-MC-09-0014-04/05		267,560
		1,235,827
Total U.S. Department of Housing and Urban Development		1,651,430
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through the Connecticut Department of Public Health Behavioral Risk Factors 2007-0041	93.991	18,595
Immunization Expansion Program Project 2007-0181 06/07	93.268	29,343
Project 2006-0165 05/06		28,050
		57,393

See Notes to Schedule.

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
 For the Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, Continued		
Vaccine	93.268	45,742
AIDS Education Risk Reduction Project 2006-0265	93.940	127,600
Regional Health Preparedness 2006-1192-1	93.283	67,400
Public Health Preparedness and Planning 2006-1008-02		68,306
Public Health Preparedness and Planning 2006-1008-01		37,475
		<u>173,181</u>
Passed through the Connecticut Department of Social Sciences Social Services Block Grant		
Counseling for the Elderly	93.667	
Project 135 SBG 32		40,705
Project 135 SBG 31		13,078
Day Care 135 CDC 38		451,460
Day Care 135 CDC 37		277,528
		<u>782,771</u>
Passed through the Southwest Connecticut Agency on Aging Senior Health Program	93.043	
Project 06-D12-01		8,437
Project 07-D06-01		20,000
Project 07-D06-01-01		7,923
		<u>36,360</u>
		<u>1,241,642</u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed through the CT Dept. of Emergency Management and Homeland Security		
Homeland Security 2004-GE-T4-4053	97.004	634,362
Homeland Security 2005-GE-T5-0016	97.067	220,340
Total Department of Homeland Security		<u>854,702</u>
U.S. DEPARTMENT OF JUSTICE		
Passed through The Connection, Inc.	16.609	
Project Safe Neighborhoods 2004-GPCX-0579		23,431
Passed through the Office of Violence Against Women	16.590	
Arrest Enforcement Program		<u>64,049</u>

See Notes to Schedule.

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
 For the Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE, Continued		
Passed through the Office of Justice Programs		
Justice Assistance 2006DJBX0596	16.592	16,536
Justice Assistance 2005DJBX0930		18,221
		<u>34,757</u>
 Bulletproof vest Partnership	 16.607	 <u>982</u>
Passed through the Office of COPS		
Technology Initiative 2003 CKWX0286	16.710	28,720
Technology GIS 2004CKWX0339		215,629
		<u>244,349</u>
Passed through SEARCH Group, Inc.		
Technology Training		<u>1,000</u>
Total U.S. Department of Justice		<u><u>368,568</u></u>
U.S. DEPARTMENT OF EDUCATION		
Passed through the Connecticut Department of Education		
Education of Handicapped IDEA Part B		
12060-SDE64370-20977	84.027	3,921,136
12060-SDE64370-20983	84.027	100,578
		<u>4,021,714</u>
Title I		
12060-SDE64370-20679	84.010	1,988,826
12060-SDE64370-20854	84.010	280,617
		<u>2,269,443</u>
Even Start Family Literacy Program		
12060-SDE64370-20682	84.213	<u>102,608</u>
Adult Education		
12060-SDE64370-20784	84.002	<u>155,000</u>
Title V- Innovative Educational Strategies		
12060-SDE64370-20909	84.298	<u>20,226</u>
Carl Perkins Vocational and Applied Tech		
12060-SDE64370-20742	84.048	<u>184,460</u>
Title IV - Safe and Drug Free School and Communities		
12060-SDE64370-20873	84.186	<u>40,154</u>

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
 For the Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION, Continued		
Title II - Part A Teachers 12060-SDE64370-20858	84.367	<u>711,289</u>
Title III - Emerging Immigrant Education Program 12060-SDE64370-20868	84.365	<u>335,070</u>
Immigrant and Youth Education Program 12060-SDE64370-20868	84.162	<u>192,593</u>
Title II - D. Enhancing Education Thru Technology 12060-SDE64370-20826	84.318	<u>43,261</u>
Total U.S. Department of Education		<u>8,075,818</u>
NATIONAL ENDOWMNET FOR THE ARTS		
Through the City of Bridgeport The Big Read	45.024	<u>14,842</u>
Total Expenditures of Federal Awards		<u><u>\$ 22,392,245</u></u>

See Notes to Schedule.

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2007

Notes to Schedule of Expenditures of Federal Awards

Expenditures

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Stamford and is presented on the modified accrual/accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-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.

U.S.D.A. Contributions

The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$169,633 represents the market value of such commodities used during the period.

WIC Food Payments

The United States Department of Agriculture makes non-cash distributions of food vouchers for WIC. The amount of \$2,934,712 represents the market value of such vouchers used during this period.

CITY OF STAMFORD, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007**

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? 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 that are not considered to be material weaknesses? 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 510(a) of OMB Circular A-133? Yes X No

Identification of Major Programs

CFDA Numbers	Program Name or Cluster
10.557	Women Infant and Children
84.027/84.173	Special Education Cluster
93.667	Daycare
14.218	Community Development Block Grant
97.004/97.067	Homeland Security Cluster

Dollar threshold used to distinguish between type A and type B programs \$671,670

Auditee qualified as low-risk auditee? X Yes No

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2007

II. FINANCIAL STATEMENT FINDINGS

A. Significant Deficiencies in Internal Control

IC07-1. Criteria:

In accordance with the City's accounting policy and procedure manual, in order to maintain proper internal controls, the City's Controllers Office must reconcile all bank accounts to the general ledger on a monthly basis. In addition all reconciliations must be reviewed and approved by a person independent of the cash receipt and disbursement process.

Condition:

Bank reconciliations were not accurately performed for certain City bank accounts in accordance with City policies.

Cause:

The Controllers Office did not comply with the City's policies and procedures which resulted in the reconciliations of all bank accounts not being accurately reconciled to the general ledger on a monthly basis.

Context:

Bank reconciliations were not accurately performed on a routine/ monthly basis.

Effect:

Transactions may be recorded in error, causing monthly information to be misstated.

Recommendation:

All bank accounts should be reconciled on a monthly basis to the general ledger and be properly reviewed, in accordance with City policies and procedures.

CITY OF STAMFORD, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2007**

IC07-2. Journal Entries

Criteria:

Nonstandard journal entries should be properly reviewed, approved and documented.

Condition:

It was noted that several individuals within the Controller's Office and the Board of Education have the ability to make significant journal entries to the HTE system. The entries were not properly reviewed or approved.

Context:

There are limited internal controls over the recording of manual non-routine journal entries.

Effect:

The City's financial statements can be materially misstated, caused by error or fraud.

Cause:

There is no standard review of the journal entries and the applicable supporting documentation before they are posted to ensure they are in accordance with generally accepted accounting principles.

Recommendation:

Management should update their policies and procedures manual to include a nonstandard journal entry process. All manual non standard journal entries generated should require adequate support and should be reviewed and approved by appropriate personnel and posted only by designated individuals.

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2007

IC07-3. Criteria:

Per the City's accounting policy and procedure manual, the Controller's Office is responsible for closing and reconciling all accounts to the general ledger at year end.

Condition:

There were significant adjustments made to the final trial balance at year end including the following:

- ◆ Recording of Bond Anticipation Notes Payable.
- ◆ Recording of deferred revenues.
- ◆ Recording of accounts payable and accrued expenses.
- ◆ Recording amounts in the internal service fund.
- ◆ Recording significant cash entries.

Context:

The City did not make all of the appropriate adjustments at year-end.

Cause:

All closing entries were not properly recorded.

Effect:

The financial statements can be misstated.

Recommendation:

We recommend that the City follow its month-end and year-end closing procedures as documented in the accounting policy and procedure manual.

IC07-4. Criteria:

In order to record, reconcile and depreciate the City's capital assets, a system needs to be in place in which capital asset transactions are properly recorded on a timely basis.

CITY OF STAMFORD, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2007**

Condition:

The City does not have an adequate process in place to recognize which expenditures should be recorded as capital assets and which capital assets should be retired.

Context:

The capital assets are not always identified when purchased, or retired.

Cause:

The City's policies and procedures manual does not adequately address the control process over additions and retirements.

Effect:

Capital asset transactions may not be reported in accordance with generally accepted accounting principles.

Recommendation:

We recommend the City implement a process that will better track capital projects and recognize when long term projects are complete. The City should implement a process where each invoice is reviewed to identify which items should be recorded as a capital asset. The City should also implement a review process of old assets that may be disposed of.

B. Compliance Findings

None reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Significant Deficiencies in Internal Control

None reported.

B. Compliance Findings

None reported.

**CITY OF STAMFORD, CONNECTICUT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2007**

Finding 06-1. Federally Funded Special Education Grant Cluster - Allowable Costs/Costs Principal - 84.027/84.173

Criteria:

The standards for payroll documentation must comply with criteria in OMB Circular A-87 which states that there must be adequate documentation to support payroll charges to the grant.

Recommendation:

All payroll charges require proper documentation in accordance with OMB Circular A-87.

Corrective Action Plan:

The payroll charges were supported by proper documentation in accordance with OMB Circular A-87.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Finance
City of Stamford, Connecticut

We have audited the financial statements of the City of Stamford, Connecticut as of and for the year ended June 30, 2007, and have issued our report thereon dated November 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting: In planning and performing our audit, we considered the City of Stamford, 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 Stamford, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Stamford, Connecticut's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Stamford, Connecticut's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Stamford, Connecticut's financial statements that is more than inconsequential will not be prevented or detected by the City of Stamford, Connecticut's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (Items IC07-1 – IC07-4).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are considered to be material weaknesses. However, of the significant deficiencies described above, we consider items IC07-1 and IC07-2 to be material weaknesses.

Compliance and Other Matters: As part of obtaining reasonable assurance about whether the City of Stamford, Connecticut's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards."

We noted certain matters that we reported to management of the City of Stamford, Connecticut in a separate letter dated November 30, 2007.

This report is intended solely for the information and use of management and the 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.

McGladrey & Pullen, LLP

New Haven, Connecticut
November 30, 2007

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT AND ON THE SCHEDULE OF AWARDS/EXPENDITURES OF STATE FINANCIAL ASSISTANCE

To the Board of Finance
City of Stamford, Connecticut

Compliance

We have audited the compliance of the City of Stamford, Connecticut with the types of compliance requirements described in the "Office of Policy and Management Compliance Supplement to the State Single Audit Act" that are applicable to each of its major state programs for the year ended June 30, 2007. The major state programs are identified in the summary of audit results section of the accompanying schedule of state single audit 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 Stamford, Connecticut's management. Our responsibility is to express an opinion on compliance based on our audit.

The City of Stamford, Connecticut's basic financial statements include the operations of the URC, a component unit of the City. Our audit, described below, did not include the operations of this component unit.

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, 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 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 are applicable to each of its major state programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Stamford, 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 internal control over compliance with 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 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by an entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Stamford, Connecticut as of and for the year ended June 30, 2007 and have issued our report thereon dated November 30, 2007. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. 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 of management of the City of Stamford, Connecticut, the Board of Finance, 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.

McGladrey & Pullen, LLP

New Haven, Connecticut
November 30, 2007

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2007

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	State Awards/ Expenditures
DEPARTMENT OF EDUCATION		
Priority School District	11000-SDE64370-17043	\$ 3,004,562
Health Services - Non-Public	11000-SDE64370-17034	405,579
School Readiness & Child Care in Priority School Districts	11000-SDE64370-17043	3,014,875
Quality Enhancement	12060-SDE64370-90242	82,398
Adult Education	12060-SDE64370-17030	210,742
Youth Services Bureau	11000-SDE64370-17052	59,938
Early Reading Success	11000-SDE64370-17043	1,479,493
Bilingual Education	11000-SDE64370-17042	185,390
Extended School Hours and Support Program	11000-SDE64370-17043	260,981
School Accountability - Summer School	11000-SDE64370-17043	307,795
After School Program	11000-SDE64370-17084	141,468
Computer Assisted Writing Instr. And Testing	11000-SDE64370-12332	63,649
		<u>9,216,870</u>
OFFICE OF POLICY AND MANAGEMENT		
Payment in Lieu of Taxes on Private Colleges and General Hospitals	11000-OPM20600-17012	3,112,747
Distressed Municipality	11000-OPM20600-17016	1,073,519
Property Tax Relief	11000-OPM20600-17086	170,360
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	385,589
Manufacturing Machinery and Equipment	11000-OPM20600-17031	983,603
Property Tax Relief for Veterans	11000-OPM20600-17024	15,765
Elderly Freeze	11000-OPM20600-17021	31,966
Local Capital Improvements	12050-OPM20600-40254	1,588,078
		<u>7,361,627</u>
DEPARTMENT OF SOCIAL SERVICES		
Day Care Program 135-CDC-38	12060-DSS60752-17022	488,019
Day Care Program 135-CDC-37	12060-DSS60752-17022	661,951
Glenbrook Community Center Renovations 135-NF-15	11000-DSS60000-Various	28,461
Old Town Hall 135-NF-14A2	11000-DSS60000-Various	570,698
Childcare Learning Center Renovation 135-NF-16	11000-DSS60000-0132	6,090
		<u>1,755,219</u>
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT		
Tax Abatement Program 135-TA-Various	11000-ECD46400-17008-038	321,335
Payment in Lieu of Taxes 135-PILOT-36	11000-ECD46400-17012-039	365,221
Bartlett Arboretum	13019-ECD46000-41240-094	544,717
		<u>1,231,273</u>

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued

For the Year Ended June 30, 2007

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	State Awards/ Expenditures
STATE LIBRARY BOARD		
Historic Document Preservation 135-PC-06	10000-CSL66051-21017	10,000
Historic Document Preservation 135-PC-07	10000-CSL66051-21017	7,485
		<u>17,485</u>
DEPARTMENT OF PUBLIC SAFETY		
Telecommunications Fund/ 911 Enhancement	12060-DPS32740-35190	<u>227,859</u>
DEPARTMENT OF PUBLIC HEALTH		
Sexually Transmitted Diseases 2005-0144-1 06/07	11000-DPH48500-17013	29,540
Sexually Transmitted Diseases 2005-0144-1 05/06	11000-DPH48500-17013	2,785
AIDS Prevention 2006-0265	11000-DPH48500-12236	106,966
AIDS Needle Exchange 05/06 2006-0265	11000-DPH48500-12100	5,439
AIDS Needle Exchange 06/07 2006-0265	11000-DPH48500-12100	41,903
Behavioral Risk Factors/Preventive Health Services	11000-DPH48500-10020	2,669
Tuberculosis Treatment 2005-0144-1	11000-DPH48500-16112	66,975
Per Capital Grant	11000-DPH48500-17009	114,661
Immunization 2007-0181 06/07	11000-DPH48500-10020	13,345
Immunization 2006-0165 05/06	11000-DPH48500-12236	17,482
Dental Clinic Expansion 2005-2512-1	11000-DPH48500-14000	138,134
		<u>539,899</u>
DEPARTMENT OF TRANSPORTATION		
Town Aid Highway Fund	12001-DOT57131-17036	632,708
Local Bridge Program - Cold Spring Rd. Bridge	12001-DOT57161-42313	3,291
Local Bridge Program - Studio Rd. Bridge 135-235	12001-DOT57161-42313	5,500
Click it or Ticket		4,815
		<u>646,314</u>
DEPARTMENT OF JUDICIAL SERVICES		
Motor Vehicle Fines	34001-JUD95162-40001	<u>18,465</u>
STATE COMPTROLLER'S OFFICE		
Boat Registration Reimbursement	12027-OSC15910-40211	104,924
Mashantucket Pequot Grant	11000-OPM20600-16053	1,427,503
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004	2,174,403
		<u>3,706,830</u>
Through the Connecticut Firemen's Association		
Fire Training School 05/06	12037-OSC15910-00000	55,000
Fire Training School 06/07	12037-OSC15910-00000	55,000
		<u>110,000</u>
Total State Comptroller's Office		<u>3,816,830</u>

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
 For the Year Ended June 30, 2007

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	State Awards/ Expenditures
CONNECTICUT DEPARTMENT OF ENVIRONMENTAL PROTECTION		
Open Space, 205 Magee Ave Acquisition	12060-DEP43000-Variou	325,000
Open Space, 4 West Park Place Acquisition	12060-DEP43000-Variou	520,000
Cove Island Wildlife Sanctuary CSAP-2005-01	12060-DEP43000-Variou	101,781
Cummings Park Seawall CSAP2005-05	12060-DEP43000-Variou	123,816
Urban Forestry 2005-5302	12060-DEP43000-65021	2,348
		<u>1,072,945</u>
DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES		
Local Prevention Council	11000-MHA53000-12215	<u>7,130</u>
Total State Financial Assistance Before Exempt Programs		<u>25,911,916</u>
EXEMPT PROGRAMS		
DEPARTMENT OF EDUCATION		
Education Cost Sharing	11000-SDE64370-17041	5,913,883
Transportation of School Children	11000-SDE64370-17027	107,332
Nonpublic School Transportation	11000-SDE64370-17049	24,869
School Construction Projects-Principal	13010-SDE64370-40901	1,084,530
School Construction Projects-Interest	13009-SDE64370-40896	323,697
School Construction Progress-Payments	13010-SDE64370-40901	29,595,688
Magnet School Transportation	11000-SDE64370-17057	1,132,318
Total Exempt Programs		<u>38,182,317</u>
Total State Financial Assistance		<u><u>\$ 64,094,233</u></u>

CITY OF STAMFORD, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2007

Various departments and agencies of the State of Connecticut have provided financial assistance to the City of Stamford 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 the City of Stamford, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The financial statements for the governmental fund types contained in the City of Stamford, Connecticut's 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 4-236-5), 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 as awards in the 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 Awards/ Expenditures of State Financial Assistance.

2. LOAN PROGRAMS

In accordance with the State Single Audit Act, Loan Program Participation constitutes State Financial Assistance (C.G.S. Section 4-236-5). The following is a summary of the various loan program activity for the year ended June 30, 2007:

CITY OF STAMFORD, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
For the Year Ended June 30, 2007

Department of Environmental Protection

Clean Water Funds 21104-OTT14230-4001

	Balance			Balance
	July 1, 2006	Issued	Retired	June 30, 2007
117-C	\$ 1,126,625	\$ -	\$ 21,774	\$ 1,104,851
375-C	450,146	-	8,751	441,395
414-D	2,596,451	-	50,960	2,545,491
414-C	73,561,480	-	1,881,339	71,680,141

CITY OF STAMFORD, CONNECTICUT

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS
AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2007**

The following schedule reflects the major state programs included in the audit:

State Grantor and Program	State CORE-CT Number	State Expenditures
Priority School District	11000-SDE64370-17043	\$ 3,004,562
Health Services - Non-Public	11000-SDE64000-17034	405,579
School Readiness	11000-SDE64000-14043	3,014,875
Early Reading Success	11000-SDE64370-17056	1,479,493
Extended School Hours	11000-SDE64370-17043	260,981
School Accountability	11000-SDE64370-17043	307,795
Payment in Lieu of Taxes on Private Colleges & Hospitals	11000-OPM20600-17012	3,112,747
Distressed Municipalities	11000-OPM20600-17016	1,073,519
Property Tax Relief for Elderly & Disabled Homeowners	11000-OPM20600-17018	385,589
Manufacturing Machinery and Equipment	11000-OPM20600-17031	983,603
Local Capital Improvements	11000-OPM20600-40254	1,588,078
Mashantucket Pequot Grant	11000-OPM20600-16053	1,427,503
Day Care Program	12060-DSS60752-17022	488,019
Day Care Program	12060-DSS60752-17022	661,951
Old Town Hall	11000-DSS60000-Various	570,698
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004	2,174,403
Town Aid Highway Fund	12001-DOT57131-17036	632,708
Bartlett Arboretum	13019-ECD46000-41240-094	544,717
Tax Abatement Program 135-TA-Various	11000-ECD46400-17008-038	321,335
Payment in Lieu of Taxes	11000-ECD46400-17012-039	365,221
Open Space- 205 Magee Ave Acquisition	12060-DEP43000-Various	325,000
Open Space-4West Park Place Acquisition	12060-DEP43000-Various	520,000

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated November 30, 2007, 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.”
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated four matters that we consider to be significant deficiencies, two of which are material weaknesses.

CITY OF STAMFORD, CONNECTICUT

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS
AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2007**

III. FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE

A. Internal Controls Over Compliance

None reported.

B. Compliance Findings

None reported.

IV. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

A. Internal Controls Over Compliance

None reported.

B. Compliance Findings

None reported.