

**McGladrey & Pullen**

Certified Public Accountants

**CITY OF STAMFORD, CONNECTICUT**

**FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS**

**FISCAL YEAR ENDED JUNE 30, 2008**

**CITY OF STAMFORD, CONNECTICUT**

**FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS**

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# McGladrey & Pullen

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, 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, 2008. 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, 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 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, 2008.

### **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, 2008, and have issued our report thereon dated December 1, 2008. 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  
December 1, 2008

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Passed Through Connecticut Department of Education Food Distribution	10.550	\$ 42,901
School Breakfast Program	10.553	346,507
National School Lunch Program	10.555	1,801,053
Passed Through Connecticut Department of Agriculture Farmer's Market	10.557	1,399
Passed Through Connecticut Department of Health Women, Infants and Children 07/08 2008-0173	10.557	387,909
WIC Food Benefits Provided		5,130,810
Women, Infants and Children 06/07 2006-0090		103,510
		<u>5,622,229</u>
<b>Total U.S. Department of Agriculture</b>		<u>7,814,089</u>
<b>U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY</b>		
Passed Through the Connecticut Office of Emergency Management Emergency Management 07/08	83.503	37,437
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
Passed Through Federal Transit Administration (FTA) Federal Transit - Capital Investment Grants		
Urban Transit Way Design CT-03-0112-03	20.500	3,283,576
Urban Transit Way FWHA CT-70-0001-00		2,379,019
		<u>5,662,595</u>
Passed Through CT Department of Transportation	20.600	
DUI Enforcement Expanded 08-054AL		21,778
DUI Enforcement Expanded 07-154AL		17,739
DUI Enforcement Memorial Day and July 4 07-K8		3,897
Ferry site Analysis		287,894
		<u>331,308</u>
Farms Rd. Bridge 135-284	20.500	236,157
Passed through the CT Dept. of Environmental Protection Mianus River Park Trail 2005-5351	20.219	21,551
<b>Total U.S. Department of Transportation</b>		<u>6,251,611</u>

See Notes to Schedule.

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
 For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>		
Brownfields Cleanup-1 Dock St.	86.818	20,463
Brownfields Cleanup-114 Manhattan St.		189,404
		<u>209,867</u>
Targeted Lead Reduction	66.716	<u>25,508</u>
<b>Total U.S. Environmental Protection Agency</b>		<u>235,375</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
CDP-Home Investment - 04/05 M04MC090204	14.239	648,262
CDP-Home Investment - 05/06 M05MC090204		133,766
		<u>782,028</u>
Community Development Block Grant	14.218	
Project B-05-MC-09-0014-05/06		267,136
Project B-06-MC-09-0014-06/07		1,126,350
		<u>1,393,486</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>2,175,514</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Passed through the Connecticut Department of Public Health		
Behavioral Risk Factors 2008-0060	93.991	<u>18,292</u>
Immunization Expansion Program	93.268	
Project 2007-0181 06/07		29,343
Project 2007-0181 07/08		29,343
		<u>58,686</u>
Tuberculosis Treatment and Prevention 2007-0062	93.116	<u>1,500</u>
Vaccine	93.268	<u>69,926</u>
AIDS Education Risk Reduction		
Project 2006-0265	93.940	<u>127,600</u>
Regional Health Preparedness 206-1192-1	93.283	26,100
Public Health Preparedness and Planning 2008-1008		76,359
Public Health Preparedness and Planning 2006-1008-02		34,457
		<u>136,916</u>

See Notes to Schedule.

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
 For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, Continued</b>		
Passed through the Connecticut Department of Social Sciences		
Social Services Block Grant		
Counseling for the Elderly	93.667	
Project 135 SBG 32		13,156
Project 135 SBG 33		42,320
Day Care 135 CDC 38		496,671
Day Care 135 CDC 39		714,955
		<u>1,267,102</u>
Passed through the Southwest Connecticut Agency on Aging		
Senior Health Program	93.043	
Project 08-D12-01		29,229
Project 07-D06-01-01		10,095
		<u>39,324</u>
		<u>1,719,346</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
CEDAP-31597 Thermal Imager, (received actual piece of equipment)	97.067	15,341
Passed through the CT Dept. of Emergency Management and Homeland Security		
Homeland Security Bomb Squad Robot		135,000
Homeland Security 2005-GE-T5-0016	97.067	51,934
<b>Total Department of Homeland Security</b>		<u>202,275</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>		
Passed through The Connection, Inc.		
Project Safe Neighborhoods	16.609	12,686
Passed through the Office of Violence Against Women		
Arrest Enforcement Program	16.590	137,286
Passed through the Office of Justice Programs		
Justice Assistance 2007DJBX0897	16.592	18,079
Justice Assistance 2006DJBX0596		11,464
		<u>29,543</u>
Bulletproof vest Partnership	16.607	1,695

See Notes to Schedule.

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
 For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF JUSTICE, Continued</b>		
Passed through the Office of COPS	16.710	
Public Safety Partnership and Community Policing Grants		
Technology Initiative 2005CKWX0322		493,322
Technology Initiative 2006CKWX0198		246,272
Technology GIS 2004CKWX0339		86,648
Secure Our Schools 2005CKWX0511		12,919
Secure Our Schools 2006CKWX0632		16,167
		<u>855,328</u>
<b>Total U.S. Department of Justice</b>		<u>1,036,538</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
Passed through the Connecticut Department of Education		
Education of Handicapped IDEA Part B		
12060-SDE64370-20977	84.027	3,044,608
12060-SDE64370-20983	84.027	137,006
		<u>3,181,614</u>
Title I		
12060-SDE64370-20679	84.010	1,847,460
12060-SDE64370-20854	84.010	238,741
		<u>2,086,201</u>
Even Start Family Literacy Program		
12060-SDE64370-20682	84.213	104,529
Adult Education		
12060-SDE64370-20784	84.002	155,000
Title V- Innovative Educational Strategies		
12060-SDE64370-20909	84.298	19,801
Carl Perkins Vocational and Applied Tech		
12060-SDE64370-20742	84.048	192,140
Title IV - Safe and Drug Free School and Communities		
12060-SDE64370-20873	84.186	67,068
Title II - Part A Teachers		
12060-SDE64370-20858	84.367	652,237
Title III - Emerging Immigrant Education Program		
12060-SDE64370-20868	84.365	434,834

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
 For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION, Continued</b>		
Immigrant and Youth Education Program 12060-SDE64370-20868	84.162	<u>92,824</u>
Title II - D. Enhancing Education Thru Technology 12060-SDE64370-20826	84.318	<u>11,721</u>
<b>Total U.S. Department of Education</b>		<u>6,997,969</u>
<b>US Department of Energy</b>		
Through the Environmental Protection Agency Waste to Energy Phase 1 DE-FG36-06GO86013	81.087	<u>317,883</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 26,788,037</u>

See Notes to Schedule.

**CITY OF STAMFORD, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
For the Year Ended June 30, 2008**

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**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 \$43,000 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 \$5,131,000 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, 2008**

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

Financial Statements

**Type of auditor's report issued: unqualified**

**Internal control over financial reporting:**

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

Federal Awards

**Internal control over major programs:**

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

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

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

Identification of Major Programs

CFDA Numbers	Program Name or Cluster
20.500	Urban Transit Way
93.667	Daycare
16.710	Public Safety Partnership and Community Policing Grants
10.557	Women Infants and Children

Dollar threshold used to distinguish between type A and type B programs \$803,600

Auditee qualified as low-risk auditee?  Yes  No

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2008

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II. FINANCIAL STATEMENT FINDINGS

A. Significant Deficiencies in Internal Control

IC08-1. 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 deferred revenues.
- ◆ Recording of accounts payable and accrued expenses.
- ◆ Recording amounts related to the transfer of the Smith House from an enterprise fund to a governmental fund.
- ◆ Recording amounts for GASB 34.

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.

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2008

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**IC08-2.**     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.

Condition:

The City does not have an adequate process in place to recognize which expenditures when paid via wire should be recorded as capital assets.

Context:

The capital assets are not always identified when purchased via wire.

Cause:

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

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 when purchased via wire. The City should implement a process where each invoice is reviewed to identify which items should be recorded as a capital asset.

**IC08-3.     Sewer Usage Billings**

Criteria:

Before bills are sent out, someone should verify that amounts billed are proper based on usage information.

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2008

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Condition:

The City sent out incorrect usage bills to tax payers, and had to send subsequent corrected bills.

Context:

Bills were not sent out correctly.

Cause:

The City began using a new service provider to provide them with proper usage.

Effect:

There is a potential for material misstatement of revenue and accounts receivable.

Recommendation:

We recommend that before bills are mailed out, the appropriate personnel review the bills for propriety.

**B. Compliance Findings**

None reported.

**CITY OF STAMFORD, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2008**

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

**A. 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, 2008**

- IC07-1.** Bank reconciliations not timely performed.  
  
Finding was corrected in Fiscal Year 2008, not repeated.
- IC07-2.** Journal Entries  
  
Finding was corrected in Fiscal Year 2008, not repeated.
- IC07-3.** Significant Journal Entries.  
  
Comment repeated.
- IC07-4.** Capital Assets  
  
Comment repeated.

# McGladrey & Pullen

Certified Public Accountants

## 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, 2008, and have issued our report thereon dated December 1, 2008. 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 IC08-1 – IC08-3).

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, we believe that none of the significant deficiencies described above are 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 December 1, 2008.

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  
December 1, 2008

# McGladrey & Pullen

Certified Public Accountants

## **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, 2008. 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, 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, 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, 2008.

### **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, 2008 and have issued our report thereon dated December 1, 2008. 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  
December 1, 2008

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2008

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	State Awards/ Expenditures
<b>DEPARTMENT OF EDUCATION</b>		
Priority School District	11000-SDE64370-17043	2,914,918
Health Services - Non-Public	11000-SDE64370-17034	396,892
School Readiness & Child Care in Priority School Districts	11000-SDE64370-17043	3,585,111
Quality Enhancement	12060-SDE64370-90242	82,398
Adult Education	11000-SDE64370-17030	1,344,525
Interdistrict Cooperative	11000-SDE64370-17045	66,965
Youth Services Bureau	11000-SDE64370-17052	59,930
Youth Services Bureau	11000-SDE64370-17052	10,000
Early Reading Success	11000-SDE64370-17043	1,495,257
Bilingual Education	11000-SDE64370-17042	202,498
Extended School Hours and Support Program	11000-SDE64370-17043	264,500
School Accountability - Summer School	11000-SDE64370-17043	309,820
After School Program	11000-SDE64370-17084	149,945
Magnet School operating	11000-SDE64370-17057	1,865,256
State School Breakfast	11000-SDE64370-17046	70,661
		12,818,676
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Payment in Lieu of Taxes on Private Colleges and General Hospitals	11000-OPM20600-17012	3,032,984
Distressed Municipality	11000-OPM20600-17016	768,564
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	384,800
Manufacturing Machinery and Equipment	11000-OPM20600-17031	903,265
Property Tax Relief for Veterans	11000-OPM20600-17024	26,186
Elderly Freeze	11000-OPM20600-17021	25,188
Local Capital Improvements	12050-OPM20600-40254	795,489
		5,936,476
<b>DEPARTMENT OF SOCIAL SERVICES</b>		
Day Care Program 135-CDC-38	12060-DSS60752-17022	441,841
Day Care Program 135-CDC-39	12060-DSS60752-17022	612,926
Old Town Hall 135-NF-14A2	11000-DSS60000-Various	921,570
		1,976,337
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>		
Old Town Hall 2005-135-001	13019-ECD46000-41240-094	6,422
Tax Abatement Program 135-TA-Various	11000-ECD46400-17008-038	329,458
Payment in Lieu of Taxes 135-PILOT-37	11000-ECD46400-17012-039	338,501
Bartlett Arboretum	13019-ECD46000-41240-094	183,895
		858,276

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued

For the Year Ended June 30, 2008

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	State Awards/ Expenditures
<b>STATE LIBRARY BOARD</b>		
Historic Document Preservation 135-PC-07	1000-CSL66051-21017	9,475
<b>DEPARTMENT OF PUBLIC SAFETY</b>		
Telecommunications Fund/ 911 Enhancement	12060-DPS32740-35190	237,506
<b>DEPARTMENT OF PUBLIC HEALTH</b>		
Sexually Transmitted Diseases 2005-0144-1 06/07	11000-DPH48500-17013	85
Sexually Transmitted Diseases 2008-0062 07/08	11000-DPH48500-17013	29,686
AIDS Prevention 2006-0265	11000-DPH48500-12236	106,966
AIDS Needle Exchange 07/08 2006-0265-2	11000-DPH48500-12100	43,970
AIDS Needle Exchange 06/07 2006-0265	11000-DPH48500-12100	580
Behavioral Risk Factors/Preventive Health Services	11000-DPH48500-10020	2,621
Tuberculosis Treatment 2007-0062	11000-DPH48500-16112	66,251
Per Capital Grant	11000-DPH48500-17009	108,737
Immunization 2007-0181 06/07	11000-DPH48500-10020	16,694
Immunization 2007-0181 07/08	11000-DPH48500-12236	14,696
Dental Clinic Expansion 2005-2512-1	12052-DPH48500-40362	101,866
		<u>492,152</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
Town Aid Highway Fund	12001-DOT57131-17036	569,716
Local Bridge Program - Cold Spring Rd. Bridge	12001-DOT57161-42313	7,110
Click it or Ticket	N/A	3,039
		<u>579,865</u>
<b>DEPARTMENT OF JUDICIAL SERVICES</b>		
Motor Vehicle Fines	34001-JUD95162-40001	29,450
<b>STATE COMPTROLLER'S OFFICE</b>		
Boat Registration Reimbursement	12027-OSC15910-40211	104,924
Mashantucket Pequot Grant	11000-OPM20600-16053	1,439,360
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004	2,195,172
		<u>3,739,456</u>
Through the Connecticut Firemen's Association		
Fire Training School 07/08	12037-OSC15910-00000	53,019
		<u>53,019</u>
<b>Total State Comptroller's Office</b>		<u>3,792,475</u>

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued  
 For the Year Ended June 30, 2008

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	State Awards/ Expenditures
<b>CONNECTICUT DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>		
Cove Island Estuarian Habitat CSAP-2005-01	12060-DEP43000-Various	30
<b>DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES</b>		
Local Prevention Council	11000-MHA53000-12215	7,130
<b>DEPARTMENT OF PUBLIC HEALTH</b>		
Through the CT Assoc. Directors of Health (CADH) Bio-terrorism Laboratory Development		512
<b>Total State Financial Assistance Before Exempt Programs</b>		26,738,360
<b>EXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
Education Cost Sharing	11000-SDE64370-17041	7,302,455
Transportation of School Children	11000-SDE64370-17027	125,491
Nonpublic School Transportation	11000-SDE64370-17049	29,005
School Construction Projects-Principal	13010-SDE64370-40901	1,016,379
School Construction Projects-Interest	13009-SDE64370-40896	284,269
School Construction Progress-Payments	13010-SDE64370-40901	19,411,567
Magnet School Transportation	11000-SDE64370-17057	31,200
Special Education - Agency Placements I	11000-SDE64370-17047	838,838
Special Education - Excess Cost	11000-SDE64370-17047	1,305,583
<b>Total Exempt Programs</b>		30,344,787
<b>Total State Financial Assistance</b>		\$ 57,083,147

See Notes to Schedule.

**CITY OF STAMFORD, CONNECTICUT**

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**For the Year Ended June 30, 2008**

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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 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, 2008:

CITY OF STAMFORD, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE, Continued  
For the Year Ended June 30, 2008

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*Department of Environmental Protection*

Clean Water Funds 21104-OTT14230-4001

	Balance July 1, 2007	Issued	Retired	Balance June 30, 2008
117-C	\$ 990,065	\$ -	\$ 113,802	\$ 876,263
375-C	406,932	-	36,012	370,920
414-D	2,432,460	-	140,825	2,291,635
414-D	67,342,390	-	3,105,174	64,237,216
	<u>\$ 71,171,847</u>	<u>\$ -</u>	<u>\$ 3,395,813</u>	<u>\$ 67,776,034</u>

CITY OF STAMFORD, CONNECTICUT

SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS  
AND QUESTIONED COSTS  
For the Year Ended June 30, 2008

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I. SUMMARY OF INDEPENDENT AUDITOR'S AUDIT RESULTS

**Financial Statements**

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

**State Financial Assistance**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

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

- Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?  Yes  No

**CITY OF STAMFORD, CONNECTICUT**

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS  
AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2008**

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	\$ 2,914,918
Health Services - Non-Public	11000-SDE64000-17034	396,892
School Readiness	11000-SDE64000-14043	3,585,111
Adult Education	11000-SDE64370-17030	1,344,525
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School Accountability - Summer School	11000-SDE64370-17043	309,820
Magnet School Operating	11000-SDE64370-17057	1,865,256
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Distressed Municipalities	11000-OPM20600-17016	768,564
Property Tax Relief for Elderly & Disabled Homeowners	11000-OPM20600-17018	384,800
Manufacturing Machinery and Equipment	11000-OPM20600-17031	903,265
Local Capital Improvements	11000-OPM20600-40254	795,489
Day Care Program	12060-DSS60752-17022	441,841
Day Care Program	12060-DSS60752-17022	612,926
Old Town Hall	11000-DSS60000-Various	921,570
Tax Abatement Program 135-TA-Various	11000-ECD46400-17008-038	329,458
Payment in Lieu of Taxes	11000-ECD46400-17012-039	338,501
Town Aid Highway Fund	12001-DOT57131-17036	569,716
Mashantucket Pequot Grant	11000-OPM20600-16053	1,439,360
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004	2,195,172

**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated December 1, 2008, 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 three matters that we consider to be significant deficiencies.

**CITY OF STAMFORD, CONNECTICUT**

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS  
AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2008**

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

**A. Deficiencies in Internal Control**

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.