

**CITY OF WATERBURY, CONNECTICUT**

**FEDERAL SINGLE AUDIT REPORT**

**JUNE 30, 2010**

**CITY OF WATERBURY, CONNECTICUT**

**FEDERAL SINGLE AUDIT REPORT**

**JUNE 30, 2010**

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**Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards**

To the Honorable Mayor and  
Board of Aldermen  
City of Waterbury, Connecticut

**Compliance**

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. 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 Waterbury, 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 of the City of Waterbury, Connecticut's compliance with those requirements.

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

## **Internal Control over Compliance**

Management of the City of Waterbury, 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 Waterbury, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Waterbury, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Waterbury, Connecticut, as of and for the year ended June 30, 2010 and have issued our report thereon dated December 13, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Waterbury, Connecticut's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Except for the exclusion of the noncash portion of the Special Supplemental Nutrition Program for Women, Infant and Children (CFDA #10.557) and the Immunization Vaccine program (CFDA #93.268) from the basic financial statements, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Honorable Mayor, the Board of Aldermen, the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Blum, Shapiro & Company, P.C.*

December 13, 2010

**CITY OF WATERBURY, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>United States Department of Agriculture</b>			
<i>Passed Through the State Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-SDE64370-20508	\$ 1,091,737
National School Lunch Program	10.555	12060-SDE64370-20560	<u>5,657,864</u>
			\$ 6,749,601
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051	68,270
ARRA NSLP Equipment Assistance	10.579	12060-SDE64370-29013	36,376
<i>Passed Through the State Department of Agriculture:</i>			
WIC Farmers' Market Nutrition Program	10.572	12060-DAG42710-20736	2,826
<i>Passed Through the State of Connecticut Department of Public Health:</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	12060-DPH48872-20892	<u>5,505,889</u>
Total United States Department of Agriculture			<u>12,362,962</u>
<b>United States Department of Education</b>			
<i>Direct Programs:</i>			
Physical Ed Grant	84.215F		327,298
Literacy and School Libraries	84.364A		419,328
Early Reading First	84.359B		706,075

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**CITY OF WATERBURY, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
Fund for the Improvement of Education - Smaller Learning Communities	84.215L		\$ 314,127
Fund for the Improvement of Education - School Counseling	84.215E		315,644
Impact Aid	84.041		31,383
<i>Passed Through the State of Connecticut Department of Education:</i>			
Adult Education	84.002	12060-SDE64370-20784	88,319
Title I, Part A Cluster: Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679	\$ 12,500,213
Title I Grants to Local Educational Agencies, Recovery Act	84.389	12060-SDE64370-29010	<u>4,154,807</u>
			16,655,020
Title I-(ESEA) State N&D	84.013	12060-SDE64370-29012	61,809
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	12060-SDE64370-20977	4,785,559
Special Education - Preschool Grants	84.173	12060-SDE64370-20983	115,999
Special Education - Grants to States (IDEA, Part B), Recovery Act	84.391	12060-SDE64370-29011	1,653,371
Special Education - Preschool Grants (IDEA Preschool), Recovery Act	84.392	12060-SDE64370-29012	<u>36,833</u>
			6,591,762
Career and Technical Education - Basic Grants to States	84.048	12060-SDE64370-20742	509,093
Safe and Drug-Free Schools and Communities - National Programs	84.184	12060-SDE64370-20873	114,180

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**CITY OF WATERBURY, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863	\$ 989,775
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	12060-SDE64370-20826	\$ 22,290
Education Technology State Grants, Recovery Act (Enhancing Education through Technology Program)	84.386	12060-SDE64370-29063	<u>41,653</u>
			63,943
Reading First State Grants	84.357	12060-SDE64370-20854	482,843
English Language Acquisition Grants	84.365	12060-SDE64370-20868	261,936
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858	1,983,342
School Improvement Grant	84.377	12060-SDE64370-22223	56,276
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)	84.394	12060-SDE64370-29054	10,448,413
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	12060-SDE64370-29053	<u>5,760,781</u>
			<u>16,209,194</u>
Total United States Department of Education			<u>46,181,347</u>

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**CITY OF WATERBURY, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
<b>United States Department of Health and Human Services</b>			
<i>Passed Through the Western Connecticut Area on Aging, Inc.</i>			
Aging Cluster:			
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044		\$ 15,113
<i>Passed Through the State of Connecticut Department of Public Health:</i>			
Immunization Cluster:			
Immunization Grants	93.268	12060-DPH48664-20911	160,632
AIDS Healthcare and Support Services	93.917	12060-DPH48854-22185	98,142
HIV Care Formula Grants	93.917	12060-DPH48854-20985	255,234
HIV Prevention Activities - Health Department Based	93.940	12060-DPH48852-20920	266,745
Preventive Health and Health Services Block Grant	93.991	12060-DPH48766-21530	20,190
Case Management for Pregnant Women	93.994	12060-DPH48831-21531	160,577
Public Health Emergency Preparedness	93.069	12060-DPH48557-22333	47,668
Public Health Emergency Preparedness	93.069	12060-DPH48557-22350	34,119
Vaccines - H1N1	93.069	12060-DPH48557-22350	20,480
<i>Passed Through the State of Connecticut Department of Social Services:</i>			
Social Services Block Grant	93.667	12060-DSS60803-20713	<u>54,514</u>
Total United States Department of Health and Human Services			<u>1,133,414</u>

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**CITY OF WATERBURY, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
<b>Environmental Protection Agency</b>			
<i>Passed Through the State of Connecticut Department of Public Health</i>			
Surveys, Studies Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	12060-DPH48874-22232	\$ <u>1,900</u>
<b>United States Department of Homeland Security</b>			
<i>Direct Programs:</i>			
Assistance to Firefighters Grant	97.044		<u>636,156</u>
<b>United States Department of Housing and Urban Development</b>			
<i>Direct Programs:</i>			
Community Development Block Grant/Entitlement	14.218		\$ 1,980,526
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) - (Recovery Act Funded)	14.253		45,748
<i>Passed Through the State of Connecticut Department of Economic and Community Development:</i>			
Neighborhood Stabilization Program	14.218	12060-ECD46350-22324	<u>1,505,009</u>
			3,531,283
<i>Direct Programs:</i>			
Emergency Shelter Grants Program	14.231		114,810
Home Investment Partnership Program	14.239		653,095
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		1,177,451

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**CITY OF WATERBURY, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
Economic Development Initiative - Special Project	14.251		\$ 86,783
Homeless Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257		<u>311,043</u>
Total United States Department of Housing and Urban Development			<u>5,874,465</u>
<b>United States Department of Justice</b>			
<i>Direct Programs:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		119,049
Edward Byrne Memorial Justice Assistance - ARRA	16.738		270,098
Public Safety Partnership and Community Policing Grants COPS	16.710		40,397
Federally Seized Assets	16.000		91,094
<i>Passed Through the State of Connecticut Department of Public Safety:</i>			
Drug Task Force	16.803	12060-DPS32523-29078	13,500
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>			
Justice Assistance Grant-ARRA	16.803	12060-OPM20350-29002	50,770
After School Enlightenment	16.540	12060-OPM20350-21676	<u>32,592</u>
Total United States Department of Justice			<u>617,500</u>

**CITY OF WATERBURY, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
<b>United States Department of Transportation</b>			
<i>Passed Through the State of Connecticut Department of Transportation:</i>			
Highway Planning and Construction Cluster: Highway Planning and Construction 51620-34001	20.205	12062-DOT57124-22108	\$ 121,130
Highway Safety Cluster: State and Community Highway Safety	20.600	12062-DOT57343-20559	\$ 88,270
Safety Belt Performance Grants	20.609	12062-DOT57343-22093	<u>17,262</u>
			<u>105,532</u>
Total United States Department of Transportation			<u>226,662</u>
<b>United States Department of Defense</b>			
<i>Direct Programs:</i>			
Waterbury Industrial Commons Redevelopment Project	12.599		<u>704,614</u>
<b>Total Federal Awards Expended</b>			<u>\$ 67,739,020</u>

**CITY OF WATERBURY, CONNECTICUT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

Various agencies of the Federal Government have made financial assistance available to the City of Waterbury, Connecticut. These grants fund several programs including housing, education, human services, transportation and general government activities.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Waterbury, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to government entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

**Basis of Accounting** - The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Waterbury, 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*.

**NOTE 2 - USDA NONCASH AWARDS**

Donated commodities in the amount of \$380,312 are included in the Department of Agriculture's National School Lunch program, CFDA #10.555. The amount represents the market value of commodities received.

**NOTE 3 - WIC AND IMMUNIZATION NONCASH AWARDS**

The City of Waterbury, Connecticut, also reports noncash awards under the Special Supplemental Nutrition Program for Women, Infants, and Children. The amount of \$5,505,889 included in the schedule of federal awards includes \$4,464,780 of noncash benefit payments made directly to suppliers by the State of Connecticut, as reported by the State Department of Public Health, for eligible participants of the program. In addition, the amount of \$160,632 included on the schedule of federal awards also includes \$78,729 of noncash benefit payments made for the Immunization program, as reported by the State Department of Public Health.



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**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and  
Board of Aldermen  
City of Waterbury, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Waterbury, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the City of Waterbury, Connecticut's basic financial statements, and have issued our report thereon dated December 13, 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 of Waterbury, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Waterbury, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Waterbury, Connecticut's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waterbury, 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*.

This report is intended solely for the information and use of the Honorable Mayor, the Board of Aldermen, the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Blum, Shapiro & Company, P.C.*

December 13, 2010

**CITY OF WATERBURY, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE 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? \_\_\_\_\_ yes        X   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? \_\_\_\_\_ yes        X   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? \_\_\_\_\_ yes        X   no

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555 10.557	Child Nutrition Cluster Special Supplemental Nutrition Program for Women, Infants and Children
84.010/84.389	Title I Grants to Local Educational Agencies
84.027/84.173/84.391/84.392	Special Education Cluster
84.394/84.397	State Fiscal Stabilization Fund Cluster
14.218/14.253	Community Development Block Grant/Entitlement Grants Cluster

Dollar threshold used to distinguish between type A and type B programs: \$2,032,171

Auditee qualified as low-risk auditee?   X   yes      \_\_\_\_\_ no

## **II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

## **III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.