

CITY OF STAMFORD, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2016

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**Independent Auditors' Report on Compliance for Each Major State Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of State Financial Assistance Required by the State Single Audit Act**

To the Members of the Board of Finance
City of Stamford, Connecticut

Report on Compliance for Each Major State Program

We have audited the City of Stamford, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the City of Stamford, Connecticut's major state programs for the year ended June 30, 2016. The City of Stamford, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Stamford, Connecticut's major state programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major state program. However, our audit does not provide a legal determination of the City of Stamford, Connecticut's compliance.

Opinion on Each Major State Program

In our opinion, the City of Stamford, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City of Stamford, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Stamford, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Stamford, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2016, and the related notes to the financial statements, which collectively comprise the City of Stamford, Connecticut's basic financial statements. We issued our report thereon dated December 29, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 29, 2016

**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Connecticut State Library		
Historic Document Preservation	12060-CSL66094-35150	\$ <u>6,500</u>
Department of Administrative Services		
General Improvements to Alliance District's School Buildings	12052-DAS27635-43651	<u>428,542</u>
Department of Energy and Environmental Protection		
Clean Water Fund - Loans	21014-DEP43720-40001	<u>390,150</u>
Department of Transportation		
Rail Operations	12001-DOT57124-12168	\$ 5
Rail Operations	12001-DOT57951-12168	<u>13,178</u>
		13,183
Town Aid Road Grants-Municipal	12052-DOT57131-43455	1,250,000
Ports, Harbors and Marinas	12052-DOT57801-43509	41,285
Fix it First-Repair State Roads	13033-DOT57124-43122	<u>34</u>
Total Department of Transportation		<u>1,304,502</u>
Department of Public Health		
Local & District Departments Of Health	11000-DPH48558-17009	141,631
Childrens Health Initiative	11000-DPH48766-12126	18,556
Tuberculosis Control and Prevention	12004-DPH48665-16112	14,844
Venereal Disease Control	12004-DPH48665-17013	27,036
X-Ray Screen & Tuberculosis Care	12004-DPH48666-16112	45,126
Aids Services	12004-DPH48852-12236	112,500
Vaccines - State	11000-DPH48500-12563	<u>8,818</u>
Total Department of Public Health		<u>368,511</u>
Department of Emergency Services and Public Protection		
Fire Training Schools-Stamford	11000-DPS32251-16179	27,875
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	109,842
Enhanced 911 Telecomm Fund	12060-DPS32741-35190	<u>287,517</u>
Total Department of Emergency Services and Public Protection		<u>425,234</u>

The accompanying notes are an integral part of this schedule

**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Department of Social Services		
Community Services	11000-DSS60783-16160	\$ 338
Community Services	11000-DSS60783-17083	<u>7,264</u>
		\$ 7,602
Neighborhood Facilities	12052-DSS60783-43451	1,287,000
Medicaid	11000-DSS60000-16020	<u>374,652</u>
Total Department of Social Services		<u>1,669,254</u>
Office of Early Childhood		
Child Care Services	11000-OEC64841-12520	1,010,538
School Readiness Quality Enhancement	11000-OEC64845-17097	65,335
School Readiness and Child Day Care Grant	11000-OEC64845-17101	4,280,838
Smart Start	12052-OEC64845-43626	<u>75,000</u>
Total Office of Early Childhood		<u>5,431,711</u>
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on State Owned Property	11000-OPM20600-17004	1,084,271
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OPM20600-17006	1,827,676
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	2,625
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	1,412,580
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	386,954
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	2,000
Property Tax Relief for Veterans	11000-OPM20600-17024	936
Local Capital Improvement	12050-OPM20600-40254	821,608
Municipal Grants-In-Aid	12052-OPM20600-43587	<u>416,142</u>
Total Office of Policy and Management		<u>5,954,792</u>

The accompanying notes are an integral part of this schedule

**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Department of Education		
Youth Service Bureau Enhancement	11000-SDE64370-16201	\$ 9,307
Child Nutrition State Match	11000-SDE64370-16211	62,996
Health Foods Initiative	11000-SDE64370-16212	73,475
Vocational Agriculture	11000-SDE64370-17017	394,107
Adult Education	11000-SDE64370-17030	326,667
Health Services	11000-SDE64370-17034	403,247
Education Cost Sharing - Alliance District Funding	11000-SDE64370-17041-82164	3,093,215
Bilingual Education	11000-SDE64370-17042	142,754
Priority School Districts	11000-SDE64370-17043-82052	2,332,236
Extended School Hours Program Grant	11000-SDE64370-17043-82054	292,614
Summer School Accountability Grant	11000-SDE64370-17043-82055	340,068
Interdistrict Cooperation	11000-SDE64370-17045	58,329
School Breakfast Program	11000-SDE64370-17046	63,845
Youth Service Bureaus	11000-SDE64370-17052	55,829
Magnet School Operations	11000-SDE64370-17057	5,892,785
Magnet School Transportation	11000-SDE64370-17057	240,789
After School Programs	11000-SDE64370-17084	254,437
High Quality Schools Start Up	12052-SDE64370-43538	<u>351,230</u>
Total Department of Education		<u>14,387,930</u>
Total State Financial Assistance Before Exempt Programs		<u>30,367,126</u>
Exempt Programs		
Department of Administrative Services		
School Construction-Interest	13009-DAS27636-40896	45,934
School Construction-Principal SDE	13010-DAS27636-40901	<u>451,892</u>
Total Department of Administrative Services		<u>497,826</u>
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	<u>938,305</u>

The accompanying notes are an integral part of this schedule

CITY OF STAMFORD, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2016

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Department of Education		
Transportation Of School Children	11000-SDE64370-17027	\$ 89,059
Charter Schools	11000-SDE64370-17041-84179	4,818,000
Education Cost Sharing	11000-SDE64370-17041-82010	8,031,326
Excess Cost - Student Based	11000-SDE64370-17047	984,181
Excess Cost - Student Based and Equity	11000-SDE64370-17047	3,782,883
Nonpublic School Transportation	11000-SDE64370-17049	<u>59,978</u>
Total Department of Education		<u>17,765,427</u>
Total Exempt Programs		<u>19,201,558</u>
Total State Financial Assistance		\$ <u><u>49,568,684</u></u>

**CITY OF STAMFORD, CONNECTICUT
 NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City of Stamford, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2016. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the City of Stamford, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the City of Stamford, Connecticut.

NOTE 2 - 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 governmental organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.

NOTE 3 - LOAN PROGRAMS

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the schedule of expenditures of state financial assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2016:

Department of Environmental Protection:

Clean Water Funds:

<u>Loan Reference</u>	<u>Balance Beginning</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Ending</u>
375-C	\$ 68,422	\$	\$ 43,214	\$ 25,208
414-D	1,021,988		196,311	825,677
414-D	40,669,694		3,643,978	37,025,716
	<u>\$ 41,760,104</u>	<u>\$ -</u>	<u>\$ 3,883,503</u>	<u>\$ 37,876,601</u>



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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 Members of the Board of Finance
City of Stamford, Connecticut

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the 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, 2016, and the related notes to the financial statements, which collectively comprise the City of Stamford, Connecticut's basic financial statements, and have issued our report thereon dated December 29, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Stamford, Connecticut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Stamford, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Stamford, Connecticut's internal control.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Stamford, Connecticut's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Stamford, Connecticut's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Stamford, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 29, 2016

**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

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

State Financial Assistance

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: Unmodified

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 X no

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

State Grantor and Program	State Core-CT Number	Expenditures
Department of Education:		
Educational Cost Sharing - Alliance		
District Funding	11000-SDE64370-17041-82164	\$ 3,093,215
Priority School Districts	11000-SDE64370-17043-82052	2,332,236
Magnet School Operations	11000-SDE64370-17057	5,892,785
Office of Policy and Management:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	1,084,271
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OPM20600-17006	1,827,676
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM-20600-17016	1,412,580
Dollar threshold used to distinguish between type A and type B programs:		\$ 607,343

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.