

CITY OF STAMFORD, CONNECTICUT

STATE SINGLE AUDIT REPORT
JUNE 30, 2018

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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, 2018. 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.

Basis for Qualified Opinion on Local Capital Improvement Program

As described in the accompanying schedule of findings and questioned costs, the City of Stamford, Connecticut, did not comply with requirements regarding the Local Capital Improvement Program requirements for costs allowed or disallowed, as noted in finding 2018-001. Compliance with such requirements is necessary, in our opinion, for the City of Stamford, Connecticut, to comply with the requirements applicable to that program.

Qualified Opinion on Local Capital Improvement Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Local Capital Improvement Program for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major State Programs

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 other major state programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

The City of Stamford, Connecticut's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Stamford, Connecticut's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 our 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a material weakness.

The City of Stamford, Connecticut's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Stamford, Connecticut's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2018, 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 28, 2018, 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 28, 2018

**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Department of Education			
Youth Services Bureau Enhancement	11000-SDE64370-16201		\$ 9,277
Child Nutrition State Matching Grant	11000-SDE64370-16211		67,121
Healthy Foods Initiative	11000-SDE64370-16212		125,293
Vocational Agriculture	11000-SDE64370-17017		386,940
Adult Education	11000-SDE64370-17030		322,210
Health Services	11000-SDE64370-17034		447,544
Alliance District	11000-SDE64370-17041-82164		2,824,882
Bilingual Education English Learner Pilot Program	11000-SDE64370-17042		133,953
Extended School Hours Program Grant	11000-SDE64370-17043-82054		269,074
Priority School Districts	11000-SDE64370-17043-82052		2,029,121
Summer School Accountability Grant	11000-SDE64370-17043-82055		313,776
School Breakfast Program	11000-SDE64370-17046		60,773
Youth Services Bureau	11000-SDE64370-17052		46,996
Magnet Schools Transportation	11000-SDE64370-17057	\$ 6,971,346	
Magnet Schools Operations	11000-SDE64370-17057	<u>442,528</u>	
			7,413,874
After School Program	11000-SDE64370-17084		259,136
Low Performing Capital Projects	12052-SDE64370-43679		116,900
Low-Performing School Improvement	12052-SDE64370-43594		<u>59,444</u>
Total Department of Education			<u>14,886,314</u>
Connecticut Port Authority			
Ports, Harbors & Marinas	12052-CPA47300-43509		<u>23,157</u>
Connecticut State Library			
Historic Document Preservation	12060-CSL66094-35150		<u>15,000</u>
Department of Administrative Services			
Alliance District General Improvements	12052-DAS27635-43651		<u>112,931</u>
Department of Energy and Environmental Protection			
Clean Water Funds	21014-DEP43720-40001		191,031
Environmental Settlements	12060-DEP43930-35169		<u>14,361</u>
Total Department of Energy and Environmental Protection			<u>205,392</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, 2018**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Department of Transportation			
Rail Operations	12001-DOT57951-12168		\$ 12,981
Town Aid Road Grants-Municipal	12052-DOT57131-43455		617,751
Town Aid Road-STO	13033-DOT57131-43459		617,751
Fix it First - Repair State Roads	13033-DOT57125-43122		29,000
Fix it First - Repair State Roads	13033-DOT57161-43122		471,272
Intrastate Highway Projects	13033-DOT57186-41404		150,000
Local Transportation Capital Improvement Program	13033-DOT57197-43584		<u>3,601,307</u>
Total Department of Transportation			<u>5,500,062</u>
Department of Public Health			
Local and District Departments of Health	11000-DPH48558-17009		117,448
Sexually Transmitted Diseases	12004-DPH48665-17013		29,301
X-Ray Screening & Tuberculosis Care	12004-DPH48666-16112		75,000
Immunization Services	12004-DPH48500-12563		<u>13,787</u>
Total Department of Public Health			<u>235,536</u>
Department of Emergency Services and Public Protection			
Drug Asset Forfeiture Revenue Account	12060-DPS32155-35142		5,521
Telecommunications Fund	12060-DPS32741-35190		<u>290,863</u>
Total Department of Emergency Services and Public Protection			<u>296,384</u>
Department of Social Services			
Medicaid	11000-DSS60000-16020		<u>449,441</u>
Office of Early Childhood			
Child Day Care (CDC)	11000-OEC64841-16274	\$ 1,544,262	1,544,262
School Readiness in Priority School Districts	11000-OEC64845-16274-83014	3,702,435	4,239,217
Child Care Quality Enhancement	11000-OEC64845-16158	48,970	48,970
Smart Start	12060-OEC64845-35586		<u>75,000</u>
Total Office of Early Childhood		<u>5,295,667</u>	<u>5,907,449</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, 2018

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Office of Policy and Management			
Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004		\$ 931,423
Payment in Lieu of Taxes on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006		1,619,805
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011		2,509
Property Tax Relief for Veterans	11000-OPM20600-17024		29,549
Municipal Grants-in-Aid	12052-OPM20600-43587		416,142
Local Capital Improvement Program	12050-OPM20600-40254		<u>1,545,130</u>
Total Office of Policy and Management			<u>4,544,558</u>
Total State Financial Assistance Before Exempt Programs		<u>5,295,667</u>	<u>32,176,224</u>
Exempt Programs			
Department of Education			
Education Cost Sharing	11000-SDE64370-17041-82010		7,783,854
Excess Costs Student Based and Equity	11000-SDE64370-17047		<u>4,422,563</u>
Total Department of Education			<u>12,206,417</u>
Department of Administrative Services			
School Construction Grants	13010-DAS27635-40901		3,640,986
School Construction Grants	13010-DAS27636-40901		429,333
School Construction-Interest	13009-DAS27636-40896		<u>14,020</u>
Total Department of Administrative Services			<u>4,084,339</u>
Office of Policy and Management			
Municipal Stabilization Grant	11000-OPM20600-17104		1,719,921
Grants to Towns	12009-OPM20600-17005		<u>875,635</u>
Total Office of Policy and Management			<u>2,595,556</u>
Total Exempt Programs			<u>18,886,312</u>
Total State Financial Assistance		<u>\$ 5,295,667</u>	<u>\$ 51,062,536</u>

The accompanying notes are an integral part of this schedule

**CITY OF STAMFORD, CONNECTICUT
 NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018. 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, 2018:

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>
414-D	\$ 625,403	\$	\$ 204,316	\$ 421,087
414-C	33,308,187		3,792,564	29,515,623
	<u>\$ 33,933,590</u>	<u>\$ -</u>	<u>\$ 3,943,011</u>	<u>\$ 33,933,590</u>

**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, 2018, 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 28, 2018.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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 results 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 28, 2018

**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

- Qualified Opinion on Compliance - Local Capital Improvement Program (13033-DOT57197-43584) - Costs Allowed or Disallowed
- Unmodified for other requirements and programs

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

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Education:		
Educational Cost Sharing - Alliance		
District Funding	11000-SDE64370-17041-82164	\$ 2,824,882
Magnet Schools	11000-SDE64370-17057	7,413,874
Priority School Districts	11000-SDE64370-17043-82052	2,029,121
Department of Transportation:		
Local Transportation Capital Improvement	13033-DOT57197-43584	3,601,307
Office of Policy and Management:		
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OPM20600-17006	1,619,805
Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	931,423
Local Capital Improvement Program	12050-OPM20600-40254	1,545,130
Dollar threshold used to distinguish between type A and type B programs:		\$ 643,524

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

2018-001	Costs Allowed or Disallowed
Grantor	Office of Policy and Management
Program	Local Capital Improvement Program (LoCIP)
Pass-Through Agency	N/A
Core-CT Number	12050-OPM20600-40254
Criteria	Expenditures related to LoCIP should be reported on the Schedule of Expenditures of State Financial Assistance in the fiscal year in which they were incurred.
Condition	It is common for a LoCIP project to span over more than one fiscal year. The expenditures reported on the Schedule of Expenditures of State Financial Assistance for the LoCIP program for the year ended June 30, 2018 relate to the years ended June 30, 2015 and 2016. These expenditures were not reported on either the Schedules of Expenditures of State Financial Assistance for the years ended June 30, 2015 or 2016. Similarly, expenditures related to the year ended June 30, 2018 were not included on the respective Schedule of Expenditures of State and Financial Assistance.
Questioned Costs	No costs were questioned.
Context	For the year ended June 30, 2018, \$1,545,130 of expenditures reported on the Schedule of Expenditures of State Financial Assistance for the LoCIP program relate to the years ended June 30, 2015 and 2016. Expenditures under the LoCIP program for the years ended June 30, 2018 and June 30, 2017 have not been identified or reported on the Schedule of Expenditures of State Financial Assistance.
Effect	LoCIP expenditures have not been reported on the Schedule of Expenditures of State Financial Assistance in the year in which they were incurred.
Cause	Reimbursement requests for LoCIP are not prepared in the fiscal year in which they are incurred. Current year expenditures to be reimbursed under LoCIP in future years are not tracked separately to be reported on the Schedule of Expenditures of State Financial Assistance.
Recommendation	We recommend the City implement policies and procedures to ensure that grants are properly recorded in the period in which the expense occurred.
Views of Responsible Officials	The City plans to implement policies and procedures to ensure that grants are properly recorded in the period expended.