



Board of Finance
City of Stamford, Connecticut

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 City of Stamford, Connecticut as of and for the year ended June 30, 2021, and have issued our report thereon dated May 20, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Stamford, Connecticut are described in Note 1 to the financial statements.

As described in Note 13, the entity changed accounting policies related to fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, in 2021. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of net position of governmental activities, statement of revenues, expenditures and changes in fund balance of governmental funds and statement of net position of fiduciary funds.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Management's estimate of the net pension liability/asset is based on actuarial valuation utilizing various assumptions and estimates approved by management. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the net other post employment benefit (OPEB) liability is based on actuarial valuation utilizing various assumptions and estimates approved by management. We evaluated the key factors and assumptions used to develop the net OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of depreciation expense is based on the estimated useful lives of governmental activities and business-type activities capital assets, which are based on history and industry standards. We evaluated the key factors and assumptions used to determine the useful lives in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for doubtful accounts is based on historical taxes, sewer revenues, special connection revenue, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of amounts incurred but not reported (IBNR) health insurance claims is based on historical information and analysis of claims processed. We evaluated the key factors and assumptions used to develop the IBNR liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the workers' compensation and heart and hypertension liability is based on an actuarial valuation utilizing various assumptions and approved by management. We evaluated the key factors and assumptions used to develop the workers' compensation and heart and hypertension liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the loss contingency is based on information provided by legal counsel. We evaluated the key factors and assumptions used to develop the loss contingency in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the pollution remediation obligation and mold remediation obligation is based on information from existing contracts provided by project managers and approved by management. We evaluated the key factors and assumptions used to develop the pollution remediation obligation and mold remediation obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit

The completion of our audit was delayed because the entity was not audit ready for the scheduled audit fieldwork. Numerous audit requests were provided post scheduled field work.

Uncorrected misstatements Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatements of the financial statements:

- General Fund - Tax revenue was overstated by an estimated amount of \$1,029,793
- Business-Type Activities/SPCA Fund – Liabilities were overstated by \$705,122 due to the use of straight-line amortization versus the effective interest rate method.

Discretely Presented Component Unit – Investment balance was overstated by \$9,196. Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated May 20, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided a separate letter to you dated May 20, 2022, communicating internal control related matters identified during the audit.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the combining and individual fund financial statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 20, 2022.

The introductory section and statistical section accompanying the financial statements, which is the responsibility of management, were prepared for purposes of additional analysis and are not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on them.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

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This communication is intended solely for the information and use of the Board of Finance and management of City of Stamford, Connecticut and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

West Hartford, Connecticut
May 20, 2022