

CITY OF STAMFORD, CONNECTICUT
STATE SINGLE AUDIT REPORT
JUNE 30, 2021



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**CITY OF STAMFORD, CONNECTICUT
STATE SINGLE AUDIT REPORT
JUNE 30, 2021
TABLE OF CONTENTS**

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	1-3
Schedule of Expenditures of State Financial Assistance	4-6
Notes to Schedule of Expenditures of State Financial Assistance	7
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 <i>Government Auditing Standards</i>	8-9
Schedule of Findings and Questioned Costs	10-12



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

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, 2021. 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 state statutes, regulations, and the terms and conditions of its state awards 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, 2021.

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 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.

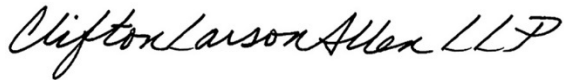
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Members of the Board of Finance
City of Stamford, Connecticut

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, 2021, 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 May 20, 2022, 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.



CliftonLarsonAllen LLP

West Hartford, Connecticut
May 20, 2022

CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Department of Education			
Urban Act Grant	13019-SDE64370-43600		\$ 3,700
Child Nutrition State Match	11000-SDE64370-16211		66,549
Health Foods Initiative	11000-SDE64370-16212		125,122
Vocational Agriculture	11000-SDE64370-17017		571,281
Adult Education	11000-SDE64370-17030	\$ 237,025	
Adult Education	11000-SDE64370-17030	<u>31,868</u>	268,893
Health Services	11000-SDE64370-17034		271,078
Alliance District	11000-SDE64370-17041-82164		5,611,708
Bilingual Education	11000-SDE64370-17042		138,333
Priority School Districts	11000-SDE64370-17043-82052		2,055,220
School Breakfast Program	11000-SDE64370-17046		59,743
Magnet Schools Transportation	11000-SDE64370-17057	453,397	
Magnet Schools Operating	11000-SDE64370-17057	<u>8,606,781</u>	9,060,178
After School Programs	11000-SDE64370-17084		32,711
Extended School Hours	11000-SDE64370-17108		272,097
School Accountability	11000-SDE64370-17109	<u> </u>	<u>328,194</u>
Total Department of Education		<u>-</u>	<u>18,864,807</u>
Department of Social Services			
Medicaid	11000-DSS60000-16020	<u>-</u>	<u>76,744</u>
Connecticut State Library			
Historic Document Preservation	12060-CSL66094-35150	<u>-</u>	<u>13,455</u>
Department of Administrative Services			
Alliance District General Improvements	12052-DAS27635-43651	<u>-</u>	<u>696,791</u>
Department of Children and Families			
Youth Service Bureaus	11000-DCF91141-17052		50,322
Youth Service Bureau Enhancement	11000-DCF91141-17107	<u> </u>	<u>17,175</u>
Total Department of Children and Families		<u>-</u>	<u>67,497</u>
Department of Transportation			
Town Aid Road Grants - Municipal	13033-DOT57131-43459		624,313
Town Aid Road Grants - Municipal	12052-DOT57131-43455		624,313
Bus Operations	12001-DOT57931-12175	<u> </u>	<u>40,885</u>
Total Department of Transportation		<u>-</u>	<u>1,289,511</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, 2021

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Department of Public Health			
Local and District Departments of Health	11000-DPH48558-17009		\$ 139,143
X-Ray Screen & Tuberculosis Care	12004-DPH48666-16112		75,000
Total Department of Public Health		-	214,143
Department of Emergency Services and Public Protection			
Enhanced 911 Telecommunications Fund	12060-DPS32741-35190		356,254
Fire Training Schools - Stamford	11000-DPS32251-16179		22,769
Total Department of Emergency Services and Public Protection		-	379,023
Office of Early Childhood			
Child Care Quality Enhancement	11000-OEC64845-16158		27,437
Early Care and Education	11000-OEC64845-16274	\$ 4,102,259	
Early Care and Education	11000-OEC64845-16274	514,998	
Early Care and Education	11000-OEC64841-16274	1,471,520	
			6,088,777
Total Office of Early Childhood		-	6,116,214
Office of Policy and Management			
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004		931,423
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OPM20600-17006		1,619,805
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011		2,920
Property Tax Relief for Veterans	11000-OPM20600-17024		24,967
Local Capital Improvement	12050-OPM20600-40254		847,217
Municipal Grants-In-Aid	12052-OPM20600-43587		797,064
Distressed Municipalities	12052-OPM20600-43750		1,656,015
Total Office of Policy and Management			5,879,411
Total State Financial Assistance Before Exempt Programs		-	33,597,596
Exempt Programs			
Department of Education			
Education Cost Sharing	11000-SDE64370-17041-82010		7,694,360
Excess Cost - Student Based	11000-SDE64370-17047	745,608	
Excess Cost - Student Based	11000-SDE64370-17047	2,709,947	
			3,455,555
Total Department of Education		-	11,149,915
Department of Administrative Services			
School Construction Progress	13010-DAS27635-43744		2,879,239

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, 2021

<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>
Office of Policy and Management			
Municipal Stabilization Grant	11000-OPM20600-17104		\$ 1,846,049
Grants To Towns	12009-OPM20600-17005	_____	_____ 625,635
Total Office of Policy and Management		_____ -	_____ 2,471,684
Total Exempt Programs		_____	_____ 16,500,838
Total State Financial Assistance		\$ _____ -	\$ _____ 50,098,434

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, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2021. 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.

Basis of Accounting

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 2 - 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, 2021:

Department of Energy and Environmental Protection:

Clean Water Funds:

<u>Loan Reference</u>	<u>Balance Beginning</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Ending</u>
414-C	\$ <u>21,699,296</u>	\$ <u>-</u>	\$ <u>21,699,296</u>	\$ <u>-</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***

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, 2021, 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 May 20, 2022.

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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

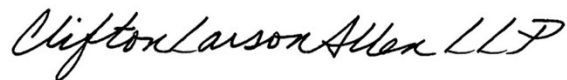
As part of obtaining reasonable assurance about whether the City of Stamford, Connecticut’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

City of Stamford, Connecticut’s Response to Findings

City of Stamford, Connecticut’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Stamford, Connecticut’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



CliftonLarsonAllen LLP

West Hartford, Connecticut
May 20, 2022

**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes 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:		
Alliance District	11000-SDE64370-17041-82164	\$ 5,611,708
Priority School Districts	11000-SDE64370-17043-82052	2,055,220
Magnet Schools	11000-SDE64370-17057	9,060,178
Department of Administrative Services:		
Alliance District General Improvements	12052-DAS27635-43651	696,791
Department of Policy and Management:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	931,423
Payment in Lieu of Taxes (PILOT) on Private Colleges and Hospitals	11000-OPM20600-17006	1,619,805
Distressed Municipalities	12052-OPM20600-43750	1,656,015

Dollar threshold used to distinguish between type A and type B programs: \$ 671,952

II. FINANCIAL STATEMENT FINDINGS

2021-001 School Construction Grants Receivable

Criteria Generally accepted accounting principles (GAAP) requires that revenue be recognized when it is both measurable and available.

Condition	A material audit adjustment was required for the capital projects fund to defer revenue that was not available within the period of availability.
Context	A material audit adjustment was proposed based on the results of audit procedures performed.
Effect	The financial statements would not be materially correct without the audit adjustment.
Cause	In previous years, the City had School Construction projects which were partially funded with grants from the State of Connecticut. The State paid the City on a monthly basis during the project but held back a small percentage of the grant until they could complete a final project audit. Upon completion of these projects, the City recorded a receivable for the percentage of the grant held back. Due to staffing shortages at the State, they have not yet audited these projects and budget cuts at the State has not allowed them to contract with CPA firms to perform these audits.
Recommendation	We recommend that the City continue to record grant revenue only when measurable and available.
Views of Responsible Officials	The City believes the recording of the receivable and related revenue recognition was appropriate at the time the reimbursement request was submitted given the facts at the time. The understanding was that the funds would be received from the State of Connecticut promptly upon conclusion and audit by the State of the projects. The State of Connecticut has continued to delay concluding on the projects despite the requests and actions by the City.

2021-002

Audit Readiness and Internal Controls over Financial Reporting.

Criteria	City's management is responsible for financial reporting in the form of financial statements that present fairly, in all material respects, the respective financial position, changes in financial position and, where applicable, cash flows for governmental activities, business-type activities, the discretely presented component unit each major fund and the aggregate remaining fund information of the City.
Condition	At the commencement of our audit in mid-September, the year-end closing process was not completed. As a result, during the course of our engagement, we proposed significant audit adjustments that would not have been identified as a result of the City's existing internal controls.
Context	Significant audit adjustments were required across multiple funds.
Effect	Management does not have accurate financial information upon which to base management decisions.
Cause	The cause is the lack of effective controls over financial reporting.

Recommendation We recommend the City evaluate the process and internal controls over financial reporting in order to ensure readiness for the audit and to avoid numerous material audit journal entries.

Views of Responsible Officials Management agrees with the finding.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.

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