

CITY OF STAMFORD, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2014

CITY OF STAMFORD, CONNECTICUT

STATE SINGLE AUDIT REPORT

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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, 2014. 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, 2014.

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, 2014, 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 January 20, 2015, 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
January 20, 2015

**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development		
Payment In Lieu of Taxes (PILOT)	11000-ECD46400-17012-039	\$ <u>254,421</u>
Department of Housing		
Tax Abatement	11000-DOH46000-17008	<u>361,905</u>
Department of Education		
Magnet Schools	11000-SDE64370-17057-82061	229,637
Magnet Schools	11000-SDE64370-17057-82062	5,691,595
Youth Services Bureau Admin.	11000-SDE64000-12203	60,783
Youth Services Bureau - Enhancement	11000-SDE84000-16201	9,874
Child Nutrition State Matching Grant	11000-SDE64000-16211	60,146
Vocational Agriculture	11000-SDE64000-17017	56,964
Adult Education	11000-SDE64000-17030	321,116
Health Services	11000-SDE64000-17034	536,164
Educational Cost Sharing - Alliance District Funding	11000-SDE64000-17041-82164	1,268,230
Bilingual Education	11000-SDE64000-17042	158,219
Priority School Districts	11000-SDE64000-17043-82052	2,584,125
Extended School Hours Program Grant	11000-SDE64000-17043-82054	295,510
Summer School Accountability Grant	11000-SDE64000-17043-82055	339,234
Interdistrict Cooperative Grant	11000-SDE64000-17045	58,536
School Breakfast	11000-SDE64000-17046	66,135

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**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Youth Services Bureau	11000-SDE64000-17052	\$ 60,783
After School Program	11000-SDE64000-17084	329,679
High Quality School Start Up	12052-SDE64370-43538	489,272
Common Core	11000-SDE64220-12566	<u>1,086</u>
Total Department of Education		<u>12,617,088</u>
Office of Early Childhood		
School Readiness Quality Enhancement	11000-OEC64845-17097	65,335
Child Day Care (CDC)	11000-OEC64000-12520	1,018,317
School Readiness and Quality Enhancement	11000-OEC64845-17101	<u>3,728,841</u>
Total Office of Early Childhood		<u>4,812,493</u>
Department of Energy and Environmental Protection		
Cummings Park Sewall and Pedestrian Path	12052-DEP43000-various	50,733
Clean Diesel Program	12052-DEP43520-35169	83,467
Barrett Park Pedestrian Trail	12060-DEP44321-20296	<u>46,500</u>
Total Department of Energy and Environmental Protection		<u>180,700</u>
Judicial Branch		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	<u>89,656</u>
Connecticut State Library		
Historic Documents Preservation Grants	12060-CSL66094-35150	<u>9,500</u>

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**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Mental Health and Addiction Services		
Grants for Substance Abuse Services	11000-MHA53000-16003	\$ <u>350</u>
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	1,217,778
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OPM20600-17006	1,747,011
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	2,675
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	1,582,441
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	383,778
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	5,000
Property Tax Relief for Veterans	11000-OPM20600-17024	25,930
Local Capital Improvement Program	12050-OPM20600-40254	1,609,685
Municipal Grants-In-Aid	12052-OPM20600-43587	<u>391,381</u>
Total Office of Policy and Management		<u>6,965,679</u>
Department of Public Health		
Children's Health Initiatives	11000-DPH48500-12126	31,185
"AIDS" Services	11000-DPH48500-12236	112,500
Tuberculosis Control and Prevention	11000-DPH48666-16112	59,970
Local and District Departments of Health	11000-DPH48500-17009	113,960

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**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Sexually Transmitted Disease Control	11000-DPH48500-17013	\$ 25,692
Through AIDS Project Greater Danbury	11000-DPH48852-12236	<u>45,139</u>
Total Department of Public Health		<u>388,446</u>
Department of Emergency Services and Public Protection		
Telecommunications Fund	12060-DPS32740-35190	277,393
Fire Training School - Stamford	11000-DPS32251-16179	<u>52,661</u>
Total Department of Emergency Services and Public Protection		<u>330,054</u>
Department of Social Services		
Medicaid	11000-DSS60000-16020	<u>337,465</u>
Department of Transportation		
Cold Spring Road Bridge	12001-DOT551761-42313	3,603
Town Aid Road - STO	13033-DOT57000-43459	1,189,301
Click it or Ticket	12001-DOT57343-22093	5,044
Bus Operations	12001-DOT57000-12175	51,996
South End Collector Road	12001-DOT57951-12168	38,388
June Road Bridge	12001-DOT551761-42313	835,879
Transit Oriented Development	12052-DOT57343-43313	<u>244,821</u>
Total Department of Transportation		<u>2,369,032</u>
Total State Financial Assistance Before Exempt Programs		<u>28,716,789</u>

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**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Exempt Programs		
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	\$ 920,041
Municipal Revenue Sharing	12060-OPM20600-35458	678,749
Municipal Video Competition	12060-OPM20600-35362	<u>164,938</u>
Total Office of Policy and Management		<u>1,763,728</u>
Department of Education		
Public School Transportation	11000-SDE64000-17027	78,927
Educational Cost Sharing	11000-SDE64000-17041-82010	7,925,459
Excess Costs Student Based and Equity	11000-SDE64000-17047	4,445,657
Education Cost Sharing - Charter Schools	11000-SDE64000-17041-84179	3,213,000
Nonpublic School Transportation	11000-SDE64000-17049	<u>52,488</u>
Total Department of Education		<u>15,715,531</u>
Department of Administrative Services		
School Construction Grants	13009-DAS27636-40896	98,736
School Construction Grants	13010-DAS27636-40901	<u>1,491,502</u>
Total Department of Administrative Services		<u>1,590,238</u>
Total Exempt Programs		<u>19,069,497</u>
Total State Financial Assistance		\$ <u>47,786,286</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, 2014**

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, 2014. 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, 2014:

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>
117-C	\$ 193,461	\$	\$ 136,560	\$ 56,901
375-C	154,850		43,214	111,636
414-D	1,403,035		188,620	1,214,415
414-D	47,742,789		3,501,213	44,241,576
	<u>\$ 49,494,135</u>	<u>\$ -</u>	<u>\$ 3,869,607</u>	<u>\$ 45,624,528</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, 2014, 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 January 20, 2015.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-02, that we consider to be significant deficiencies.

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*.

The City of Stamford, Connecticut's Response to Findings

The City of Stamford, Connecticut's response to the findings 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 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 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
January 20, 2015

**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

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? X yes 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:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Education:		
Magnet Schools	11000-SDE64370-17057-82062	\$ 5,691,595
Educational Cost Sharing - Alliance		
District Funding	11000-SDE64000-17041-82164	1,268,230
Priority School Districts	11000-SDE64000-17043-82052	2,584,125
Office of Early Childhood:		
Child Day Care (CDC)	11000-OEC64000-12520	1,018,317
School Readiness and Quality Enhancement	11000-OEC64845-17101	3,728,841
Office of Policy and Management:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	1,217,778
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OPM20600-17006	1,747,011

Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	1,582,441
Local Capital Improvement Program	12050-OPM20600-40254	1,609,685
Department of Transportation: Town Aid Road - STO	13033-DOT57000-43459	1,189,301

Dollar threshold used to distinguish between type A and type B programs: \$574,336

II. FINANCIAL STATEMENT FINDINGS

2014-001 Audit Readiness

Criteria The City is responsible for preparation of the financial statements and designing, implementation and maintaining internal control relevant to preparation and presentation of the financial statements. This requires coordination of efforts and communication with several departments or agencies within the City such as the Tax Department, the Grants Department, Payroll, Office of Legal Affairs, Board of Education, Smith House, SWPCA, etc.

Condition At the commencement of our audit in mid-September, the year-end closing process was not complete. Over 50 journal entries were recorded during our audit, some of which were proposed by management after the audit began. The information required for the Police and Pension Plans actuary reports were significantly delayed.

Context The adjusting journal entries resulted from account reconciliations completed after the start of the audit as well as information that was not available to the Controller's Department through the ordinary course of business. The most significant adjustments related to capital projects, property taxes, medical funds, and the Pension and OPEB trust fund.

Effect The completion of the Comprehensive Annual Financial Report (CAFR) was significantly delayed.

Cause Departments did not follow defined processes and procedures in place for communicating the required information to the Controller's Department, especially the Fire and Pension Plans.

Recommendation We recommend that appropriate corrective actions be implemented as soon as possible.

**Management
Response and
Planned
Corrective
Action**

The Controller's Office acknowledges that at the commencement of the audit, the year-end closing process was not complete.

Similar to the prior year: 1) A year-end closing checklist had been created that included deadlines and due dates for all departments, functions and related entities that was shared with the auditors in conjunction with planning the timing and execution of the audit field work, and; 2) Instruction memos outlining the auditor's expectations regarding the scope and timing of informational schedules and other work required to be completed were sent to each department, function or related entities (including various boards as appropriate).

Despite those efforts, the following items significantly impacted the City's ability to complete the financial reporting process:

- An adjustment was required to increase the balance in the Disputed Assessments Fund to fund the total estimated settlement amounts related to the 2012 Revaluation. That entry was not received until January 2015.
- Pension financial information and schedules needed by the Actuary to complete his calculations of the total benefits liabilities were not provided by the Fire and Police pension trust accountants until December, well after their due dates. As a result, the Actuary could not update his calculation of the benefits liabilities and provide support for the related adjusting journal entries until much later than originally anticipated.

Management plans to address these issues as follows:

- a. Work with the Tax Collectors office to review and analyze all tax related reserves well in advance of the cutoff for closing adjustments.
- b. Suggest alternatives to the current approach of relying on the related pension boards to provide fiscal year-end financial information and schedules to the City and to the Actuary.
- c. Continue to work on the Controller's Office internal processes and responsibility assignments to better meet the requirements of the fiscal year-end closing and financial reporting process.

2014-002	Old Town Hall Redevelopment Agency (OTHRA)
Criteria	OTHRA was created to finance the redevelopment of the Old Town Hall in downtown Stamford. In addition, OTHRA was expected to manage the accounting, operating and strategic functions of the project.
Condition	The City does not have an adequate process in place to properly account for the complex nature of OTHRA's entities and their reporting requirements.
Context	The closing entries to eliminate intra-company transactions were not posted in the general ledger.
Effect	Without an adequate process for properly accounting for OTHRA's activities, the financial statements at year end were delayed.
Cause	Accounting entries related to OTHRA activity were not being properly recorded in the City's accounting records. In addition, the annual audits of OTH Manager and QALICB, as required by the underlying legal documents, were not performed.
Recommendation	We recommend that the City define the process of accounting for the OTHRA, OTH Manager, QUALIB and other related entities in order to complete the financial information on time. Also, we recommend that the required audits should be completed in order to comply with underlying agreements and to allow for the collection of the Federal tax credits - the New Markets and Historic tax credits.
Management Response and Planned Corrective Action	<p>OTHRA is a quasi-governmental agency with its own Board and outside counsel. The Controller's Office had previously advised the OTHRA Board of the need to complete its required annual audits from inception to date in compliance with certain underlying tax credit financing agreements.</p> <p>When the Board finally acted, the completion of the audit had to be delayed until after the City completed its annual audit so as to not interfere with the City's timely completion of its year-end closing and any related audit support schedules. OTHRA's auditors are expected to issue their calendar year audit reports for the years 2009 through 2014 soon after the City issues its fiscal year 2014 CAFR.</p> <p>Management agrees that the Board and the City should enter into a memorandum of understanding regarding support to be provided by the City's Controller's Office so that all accounting and administrative responsibilities associated with the OTHRA-related entities are clearly identified, assigned and completed within the required time frames.</p>

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.

IV. STATUS OF PRIOR YEAR FINDINGS

<u>Finding Number</u>	<u>Status</u>
2013-001	Partially resolved - see similar finding 2014-001
2013-002	The finding has been resolved
2013-003	Partially resolved - see similar finding 2014-002