

CITY OF STAMFORD, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2014

CITY OF STAMFORD, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

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**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Stamford, Connecticut's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Stamford, Connecticut's major federal programs for the year ended June 30, 2014. The City of Stamford, Connecticut's major federal 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 federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Stamford, Connecticut's major federal 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 federal 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 federal program. However, our audit does not provide a legal determination of the City of Stamford, Connecticut's compliance.

Basis for Qualified Opinion on Title I Grants

As described in the accompanying schedule of findings and questioned costs, the City of Stamford, Connecticut, did not comply with requirements regarding Title I Grants CFDA 84.010 Finding number 2014-003 for eligibility determination. 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 the Title I Grants

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 Title I Grants for the year ended June 30, 2014.

Basis for Qualified Opinion on the Child Nutrition Cluster Grants

As described in the accompanying schedule of findings and questioned costs, the City of Stamford, Connecticut, did not comply with requirements regarding Child Nutrition Cluster Grant CFDA 10.553/10.555 Finding number 2014-004 for Special Test and Provision Verification of Free and Reduced Price Applications (NSLP). 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 the Child Nutrition Cluster Grants

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 Child Nutrition Cluster Grant for the year ended June 30, 2014.

Basis for Qualified Opinion on the Supplemental Nutritional Program for Women, Infants and Children (WIC)

As described in the accompanying schedule of findings and questioned costs, the City of Stamford, Connecticut, did not comply with requirements regarding Supplemental Nutritional Program for Women, Infants and Children (WIC) CFDA 10.557 Finding number 2014-005 for monthly compliance reporting to the State Department of Public Health. 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 the Supplemental Nutritional Program for Women, Infants and Children (WIC)

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 Supplemental Nutritional Program for Women, Infants and Children (WIC) Grant for the year ended June 30, 2014.

Basis for Qualified Opinion on Staffing for Adequate Fire and Emergency Response (SAFER) - Hiring Grant

As described in the accompanying schedule of findings and questioned costs, the City of Stamford, Connecticut, did not comply with requirements regarding Staffing for Adequate Fire and Emergency Response (SAFER) - Hiring Grant CFDA 97.044 Finding number 2014-006 for semi-annual reporting compliance. 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 the Staffing for Adequate Fire and Emergency Response (SAFER) - Hiring Grant

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 Staffing for Adequate Fire and Emergency Response (SAFER) - Hiring Grant for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal 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 federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

The City of Stamford, Connecticut's response to the noncompliance 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 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 federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 federal 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 federal 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 federal 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-003, 2014-004, 2014-005 and 2014-006, that we consider to be significant deficiencies.

The City of Stamford, Connecticut's response to the internal control over compliance 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 federal awards 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 FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
United States Department of Agriculture			
<i>Passed Through the State of Connecticut Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-SDE64370-20508	\$ 611,689
National School Lunch Program	10.555	12060-SDE64370-20560	<u>3,441,053</u>
			\$ 4,052,742
<i>Passed Through the State of Connecticut Department of Public Health:</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	12060-DPH48872-20892	<u>4,464,577</u>
Total United States Department of Agriculture			<u>8,517,319</u>
United States Department of Commerce Economic Development Administration			
<i>Direct Programs:</i>			
Economic Adjustment Assistance	11.307		<u>156,637</u>
United States Department of Education			
<i>Direct Program:</i>			
Upward Bound	84.047		230,816
<i>Passed Through the State of Connecticut Department of Education:</i>			
Adult Education	84.002	12060-SDE64370-20784-2014	155,000
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2014	1,812,218
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2013	635,455
Title I Part A School Improvement	84.010	12060-SDE64370-20679-2012	<u>178,568</u>
			2,626,241

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**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	12060-SDE64370-20977-2014	\$ 2,609,695
Special Education - Grants to States	84.027	12060-SDE64370-20977-2013	577,704
Special Education - Preschool Grants	84.173	12060-SDE64370-20983-2014	72,138
Special Education - Preschool Grants	84.173	12060-SDE64370-20983-2013	<u>37,166</u>
			\$ 3,296,703
Career and Technical Education - Basic Grants to States	84.048	12060-SDE64370-20742-2014	184,111
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2014	264,500
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2013	<u>7,000</u>
			271,500
English Language Acquisition Grants	84.365	12060-SDE64370-20868-2014	249,222
English Language Acquisition Grants	84.365	12060-SDE64370-20868-2013	3,609
Immigrant and Youth Education Program	84.365	12060-SDE64370-20868-2014	44,971
Immigrant and Youth Education Program	84.365	12060-SDE64370-20868-2013	<u>171,607</u>
			469,409
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2014	493,592
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2013	<u>105,000</u>
			<u>598,592</u>
Total United States Department of Education			<u>7,832,372</u>
Environmental Protection Agency			
<i>Direct Programs:</i>			
Healthy Communities	66.110	HC-96118601-1	6,550
Mill River Storm Water Management	66.202		<u>20,779</u>
Total Environmental Protection Agency			<u>27,329</u>

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**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
United States Department of Health and Human Services			
<i>Passed Through the State of Connecticut Department of Public Health:</i>			
Immunization Grants	93.268	12060-DPH48664-20911	\$ 89,667
Immunization Grants	93.268	Non-Cash	<u>64,828</u>
			\$ 154,495
Comprehensive HIV Prevention	93.940	12060-DPH48852-22511	37,500
Preventive Health and Health Services Block Grant	93.991	12060-DPH48558-21530	25,793
Public Health Emergency Preparedness	93.069	12060-DPH48558-22333	59,801
<i>Passed Through the State of Connecticut Department of Social Services:</i>			
Social Services Block Grant	93.667	12060-DSS60783-20701	18,944
Social Services Block Grant	93.667	12060-DSS60783-20721	36,539
<i>Passed Through the State of Connecticut Office of Early Childhood:</i>			
SSBG Child Day Care	93.667	12060-OEC64841-26155	<u>876,226</u>
			931,709
<i>Passed Through the State of Connecticut Office of Healthcare Advocate:</i>			
Access Health	93.779		16,475
<i>Passed Through the National Association of County and City Health Officials:</i>			
Medical Reserve Corps Small Grant Program	93.008		<u>183</u>
Total United States Department of Health and Human Services			<u>1,225,956</u>

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**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
United States Department of Homeland Security			
<i>Direct Programs:</i>			
Staffing for Adequate Fire and Emergency Response	97.044		\$ 694,720
Port Security Grants	97.056		89,421
Homeland Security Grant Program - CERT ID Apparel	97.067		\$ 498
<i>Passed Through the Weston/Westport Health District:</i>			
Medical Reserve Corps	97.067		6,056
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>			
Urban Areas Security Initiative	97.067	12060-DPS3216022330	<u>2,759,439</u> 2,765,993
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	12060-DPS32990-21891	12,555
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	12060-DPS32990-22520	<u>91,466</u> 104,021
Emergency Management Performance Grants	97.042	12060-DPS32160-21881	53,373
<i>Passed Through the City of Norwalk:</i>			
Port Security Grants	97.056		<u>5,585</u>
Total United States Department of Homeland Security			<u>3,713,113</u>

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**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
United States Department of Housing and Urban Development			
<i>Direct Programs:</i>			
CDBG-Entitlement Grants Cluster: Community Development Block Grant/Entitlement	14.218		\$ 736,682
Home Investment Partnership Program	14.239		374,904
Community Challenge Planning & DOT Tiger II - VITA	14.704		74,566
<i>Passed Through the State of Connecticut Department of Housing:</i>			
CDBG-State-Administered Small Cities Program Cluster: Neighborhood Stabilization Program	14.228	12060-DOH46930-22466	\$ 54,260
Neighborhood Stabilization Program	14.228	12060-DOH46930-22324	<u>21,244</u>
			<u>75,504</u>
Total United States Department of Housing and Urban Development			<u>1,261,656</u>
United States Department of the Interior			
<i>Passed Through the State of Connecticut Department of Economic and Community Development:</i>			
Historic Preservation Fund - Grant In Aid	15.904	12060-ECD46840-21494	<u>16,000</u>
United States Department of Justice			
<i>Direct Programs:</i>			
Arrest Enforcing Program	16.590	2009-WEAX-0002	166,734
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJBX-0518	26,443
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJBX-0163	9,551
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJBX-2575	9,655

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**CITY OF STAMFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>			
Edward Byrne Memorial Justice Assistance Grant Program (2005)	16.738	12060-OPM20350-21921	\$ <u>38,636</u>
			84,285
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	12060-OPM20350-21676	<u>10,327</u>
Total United States Department of Justice			<u>261,346</u>
United States Department of Transportation			
<i>Passed Through the State of Connecticut Department of Transportation:</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	12062-DOT57551-22108	\$ 42,746
Highway Planning and Construction	20.205	12062-DOT57191-22108	<u>124,765</u>
			167,511
Federal Transit Cluster:			
Federal Transit - Capital Investment Grants	20.500	CT-04-0034-00	444,627
Federal Transit - Capital Investment Grants	20.500	CT-04-0025-00	2,282,659
Federal Transit - Capital Investment Grants	20.500	CT-03-0151-00	38,400
Federal Transit - Capital Investment Grants	20.507	CT-03-0138-01	289,385
Federal Transit - Capital Investment Grants	20.507	CT-03-0144-00	21,442
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CT-95-0005-01	<u>799,868</u>
			3,876,381
Highway Safety Cluster:			
Alcohol Traffic Safety and Drunk Driving	20.601	12062-DOT57513-22086	<u>53,151</u>
Total United States Department of Transportation			<u>4,097,043</u>
Total Federal Awards Expended			\$ <u><u>27,108,771</u></u>

The accompanying notes are an integral part of this schedule

**CITY OF STAMFORD, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Stamford, Connecticut, under programs of the federal government for the year ended June 30, 2014. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - NONCASH AWARDS

Donated commodities in the amount of \$340,011 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

Donated vaccines in the amount of \$64,828 are included in the Department of Public Health's Immunization Grant Program, CFDA #93.268. The amount represents the market value of vaccines received.

WIC Food Payments

The City of Stamford, Connecticut, also reports noncash awards under the Special Supplemental Nutrition Program for Women, Infants and Children. The amount of \$4,464,577 included in the schedule of federal awards includes \$3,674,601 of noncash benefit payments made directly to suppliers by the State of Connecticut, as reported by the State Department of Public Health for eligible participants of the program.

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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

Federal Awards

Internal control over major programs:

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

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

- Qualified Opinion on Compliance - Title I Cluster - Eligibility
- Qualified Opinion on Compliance - Child Nutrition Cluster - Special Test and Provision Verification of Free and Reduced Price Applications
- Qualified Opinion on Compliance - Supplemental Nutritional Program for Women, Infants and Children (WIC) - Reporting
- Qualified Opinion on the Staffing for Adequate Fire and Emergency Response (SAFER) Hiring Grant - Reporting
- Unmodified for other requirements and programs

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

 X yes no

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555	Child Nutrition Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
84.010	Title I, Part A Cluster
84.027/84.173	Special Education Cluster
93.667	SSBG Child Day Care
97.044	Staffing for Adequate Fire and Emergency Response
97.067	Urban Areas Security Initiative
14.218	Community Development Block Grant/Entitlement
20.500/20.507	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs: \$813,263

Auditee qualified as low-risk auditee? yes no

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	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>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. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2014-003	Eligibility
Program	Title I Grants, CFDA 84.010
Pass-Through Agency	State of Connecticut Department of Education
Criteria	The City is required to ensure that students identified as needing assistance under the Targeted Assistance Program qualify to receive assistance based on the State requirements and the District established criteria.
Condition	Our testing indicated some students did not meet the criteria for inclusion in the program.
Questioned Costs	None
Context	Of the 40 participants selected for testing, three were incorrectly identified as Title I students.
Effect	The inclusion of ineligible students in the program diverts program funding from eligible students. Costs may be disallowed by the grantor.
Cause	There was a change in the database system, and lack of review due to staffing constraints.
Recommendation	We recommend that the City institute procedures to ensure that students are properly identified in the student database system.
Management Response and Planned Corrective Action	<p>The 2015-2016 protocol for the tagging of targeted Title I students in the SPS Student Information System (SIS) is as follows:</p> <ol style="list-style-type: none">1) Scientific Research Based Intervention (SRBI) teams at each Title I school will meet to review multiple assessment data to determine eligibility of Title I services.2) Student services are identified and documented in the SIS at the school level.3) Student lists are generated and verified for accuracy by each building SRBI team prior to the end of the school year.

2014-004	Special Tests and Provisions
Programs	Child Nutrition Cluster, CFDA 10.553/10.555
Pass-Through Agency	The State of Connecticut Department of Education (SDE)
Criteria	The City used the Standard Sample Size Method for selecting applications for verification. Based on this method, the lesser of 3% or 3,000 of the applications must be selected for verification.
Condition	The sample size for application verification was incorrectly calculated. 83 applications were selected instead of 111.
Questioned Costs	None
Context	Not applicable.
Effect	The validity of the sample results may be questioned by the grantor.
Cause	Lack of review of verification sampling calculations.
Recommendation	We recommend that the verification sampling calculations are reviewed to ensure that sample size is accurate.
Management Response and Planned Corrective Action	<p>The Board of Education Finance Department agrees with this finding. The State of Connecticut Department of Child Nutrition reviewed the same information in December 2013 and had the same comments. Since then, to verify that the correct number of applications are being sampled, district staff has spent additional time reviewing lunch program verification protocol including: review of the eligibility manual and “Important Points to Remember when Doing Verification” and conversations with Fionnuala Brown and Teri Dandeneau of the Department of Child Nutrition (most recently in November 2014).</p> <p>On an annual basis, the district plans on attending verification training workshops sponsored by the Department of Child Nutrition.</p>

2014-005	Program Reporting
Programs	Special Supplemental Nutritional Program for Women, Infants and Children (WIC) CFDA 10.557
Pass-Through Agency	The State of Connecticut Department of Public Health (DPH)
Criteria	The sub-grantee is required to file monthly compliance reports with the State of Connecticut Department of Public Health no later than the 20 th day following the end of each month.
Condition	The three monthly reports selected for testing were filed late.
Questioned Costs	None
Context	Not applicable.
Effect	State program managers are unable to monitor sub-grantee performance.
Cause	Staffing constraints within the department.
Recommendation	We recommend that management ensure that procedures are put in place so all reporting requirements for the program are met within the stipulated timeframe.
Management Response and Planned Corrective Action	Management acknowledges that the reports identified were submitted late. The Grants Office is developing a system to track reporting requirements for each program and notify respective departments when deadlines are approaching. The target date for implementation is February 13, 2015. Grants Office staff will review reporting requirements for all new programs with operating departments to ensure understanding and compliance. In the event a report is late due to unforeseen circumstances, the grantor will be notified and a record of the communication will be kept in the project file.

2014-006	Program Reporting
Programs	Staffing for Adequate Fire and Emergency Response (SAFER) - Hiring Grant CFDA 97.044
Pass-Through Agency	N/A - Direct
Criteria	The grantee is required to submit semi-annual financial reports with the Department of Homeland Security. Reports for January 1 through June 30 are due by July 31; and July 1 through December is due by January 30.
Condition	The report tested for the period ended December 31, 2013 was filed on March 17, 2014.
Questioned Costs	None
Context	The report was not filed on a timely basis.
Effect	Program managers are unable to monitor sub-grantee performance.
Cause	Staff turnover within the Fire Department.
Recommendation	We recommend that management ensure that procedures are put in place so all reporting requirements for the program are met within the stipulated timeframe.
Management Response and Planned Corrective Action	Management acknowledges that the reports identified were submitted late. The Grants Office is developing a system to track reporting requirements for each program and notify respective departments when deadlines are approaching. The target date for implementation is February 13, 2015. Grants Office staff will review reporting requirements for all new programs with operating departments to ensure understanding and compliance. In the event a report is late due to unforeseen circumstances, the grantor will be notified and a record of the communication will be kept in the project file.

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