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CITY OF BRIDGEPORT, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2015

**CITY OF BRIDGEPORT, 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 City Council
City of Bridgeport, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the City of Bridgeport, 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 Bridgeport, Connecticut's major federal programs for the year ended June 30, 2015. The City of Bridgeport, 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 Bridgeport, 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 Bridgeport, 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 Bridgeport, 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 Bridgeport, Connecticut, did not comply with requirements regarding Title I Grants CFDA #84.010, Annual Report Card, High School Graduation Rate determination, as described in finding number 2015-002. Compliance with such requirements is necessary, in our opinion, for the City of Bridgeport, Connecticut, to comply with the requirements applicable to that program.

Qualified Opinion on Title I Grants

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Bridgeport, 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, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Bridgeport, 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, 2015.

The City of Bridgeport, Connecticut's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Bridgeport, 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 Bridgeport, 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 Bridgeport, 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 Bridgeport, 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 a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item number 2015-002, that we consider to be a significant deficiency.

The City of Bridgeport, Connecticut's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Bridgeport, 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 the 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, each major fund and the aggregate remaining fund information of the City of Bridgeport, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Bridgeport, Connecticut's basic financial statements. We issued our report thereon dated February 15, 2016, 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
February 15, 2016

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

<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</i>			
<i>Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-SDE64370-20508	\$ 4,467,868
National School Lunch Program	10.555	12060-SDE64370-20560	<u>9,640,419</u>
			\$ 14,108,287
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051	<u>767,502</u>
Total United States Department of Agriculture			<u>14,875,789</u>
United States Department of Education			
<i>Direct Programs:</i>			
Magnet Schools Assistance	84.165	U165A130037	2,971,329
Transition to Teaching	84.350A	U350A11013	294,133
Impact Aid Cluster:			
Impact Aid	84.041		78,369
<i>Passed Through the State of Connecticut</i>			
<i>Department of Education:</i>			
Adult Education	84.002	12060-SDE64370-20784-2015	75,000
Title I, Part A:			
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2014	1,604,093
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2015	8,248,795
Title I Grants to Local Educational Agencies (School Improvement Turnaround)	84.010	12060-SDE64370-20679-2013	148,321
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2014	<u>629,613</u>
			10,630,822
Title I-(ESEA) State N&D	84.013	12060-SDE64370-20679-2014	60,886
Title I-(ESEA) State N&D	84.013	12060-SDE64370-20679-2015	<u>120,583</u>
			181,469
Special Education Cluster:			
Special Education - Grants to States	84.027	12060-SDE64370-20977-2014	732,029
Special Education - Grants to States	84.027	12060-SDE64370-20977-2015	4,257,579
Special Education - Preschool Grants	84.173	12060-SDE64370-20983-2015	<u>157,284</u>
			5,146,892
Career and Technical Education - Basic Grants to States	84.048	12060-SDE64370-20742-2015	429,399

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**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number/ Project Number	Expenditures
Education of Homeless Children and Youth	84.196	12060-SDE64370-20770-2015	\$ 40,000
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2014	\$ 49,679
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2015	<u>749,406</u>
			799,085
English Language Acquisition Grants	84.365	12060-SDE64370-20868-2014	100,038
English Language Acquisition Grants	84.365	12060-SDE64370-20868-2015	<u>385,981</u>
			486,019
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2014	594,753
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2015	<u>1,630,888</u>
			2,225,641
School Improvement Grants Cluster: School Improvement Grants	84.377	12060-SDE64370-22223-2013	<u>213,465</u>
Total United States Department of Education			<u>23,571,623</u>
United States Department of Health and Human Services			
<i>Passed Through the State of Connecticut Department of Public Health:</i>			
Public Health & Emergency Preparedness	93.069	12060-DPH48558-22333	59,629
Immunization Grants	93.268	Non-Cash	199
Preventative Health Service Block Grant PPHF	93.758	12060-DPH48558-22664	37,619
<i>Passed Through the State of Connecticut Department of Mental Health and Addiction Services:</i>			
Connecticut Safe Schools Healthy Study Project	93.243	12060-MHA53282-22624	351,752
<i>Passed Through the State of Connecticut Department of Social Services:</i>			
Social Services Block Grant	93.667	12060-DSS60783-20701	203,020
MIEC Home Visiting Program	93.505	12060-DSS60406-26200	325,407
<i>Passed Through the State of Connecticut Department of Education:</i>			
Pregnant & Parenting Teens	93.500	12060-SDE64370-22439	<u>185,945</u>
Total United States Department of Health and Human Services			<u>1,163,571</u>

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**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number/ Project Number	Expenditures
United States Department of Homeland Security			
<i>Direct Programs:</i>			
Assistance to Firefighters Grant	97.044		\$ 142,288
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>			
Homeland Security Grant Program	97.067	12060-DPS32160-21877	303,601
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	12060-DPS32990-22520	688,173
Port Security Grant Program	97.056	12060-DPS32160-22327	<u>88,806</u>
Total United States Department of Homeland Security			<u>1,222,868</u>
United States Department of Housing and Urban Development			
<i>Direct Programs:</i>			
CDBG-Entitlement Grants Cluster: Community Development Block Grant/Entitlement	14.218		1,944,909
Emergency Shelter Grants Program	14.231		212,311
Home Investment Partnership Program	14.239		1,261,930
Housing Opportunities for Persons with AIDS	14.241		829,518
CDBG-Section 108 Loan Guarantees	14.248		1,220,765
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		916,256
<i>Passed Through the State of Connecticut Department of Housing:</i>			
Neighborhood Stabilization Program	14.228	12060-DOH46930-22466	339,870
CDBG-Disaster Recovery Admin	14.269	12060-DOH46961-29502	<u>555</u>
Total United States Department of Housing and Urban Development			<u>6,726,114</u>

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**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number/ Project Number	Expenditures
United States Department of Justice			
<i>Direct Programs:</i>			
Public Safety Partnership and Community Policing Grants COPS	16.710		\$ 1,721,140
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-DPS32523-26185	<u>161,108</u>
Total United States Department of Justice			<u>1,882,248</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-DOT57191-22108	\$ 66,391
Highway Planning and Construction	20.205	12062-DOT57191-22108	89
Pleasure Beach	20.205	12062-DOT57191-22108	<u>680,158</u>
			746,638
DOT NHTSA MAP 21 405 Funds	20.616	12062-DOT57513-22600	41,391
Tiger II - Steel Point	20.XXX	12060-DOT57191-22108	<u>4,585,463</u>
Total United States Department of Transportation			<u>5,373,492</u>
Total Federal Awards Expended			\$ <u>54,815,705</u>

The accompanying notes are an integral part of this schedule

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Bridgeport, Connecticut, under programs of the federal government for the year ended June 30, 2015. 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 Bridgeport, 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 Bridgeport, Connecticut.

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.

3. NONCASH AWARDS

Donated commodities in the amount of \$849,068 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 \$199 are included in the Department of Public Health's Immunization Grant Program, CFDA #93.268. The amount represents the market value of vaccines received.

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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 City Council
City of Bridgeport, 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, each major fund and the aggregate remaining fund information of the City of Bridgeport, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Bridgeport, Connecticut's basic financial statements, and have issued our report thereon dated February 15, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bridgeport, 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 Bridgeport, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bridgeport, Connecticut's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item number 2015-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bridgeport, 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 Bridgeport, Connecticut's Response to Findings

The City of Bridgeport, Connecticut's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Bridgeport, 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 Bridgeport, 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 Bridgeport, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
February 15, 2016

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

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

- Qualified Opinion on Compliance - Title I, Part A - Special Tests
- 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
84.165	Magnet Schools Assistance
84.010	Title I, Part A
84.027/84.173	Special Education Cluster
14.228	Neighborhood Stabilization Program
16.710	Public Safety Partnership and Community Policing Grants COPS
20.XXX	Tiger II - Steel Point

Dollar threshold used to distinguish between type A and type B programs: \$1,644,471

Auditee qualified as low-risk auditee? yes X no

II. FINANCIAL STATEMENT FINDINGS

2015-001	Salaries calculations
Criteria	Salaries should be calculated in accordance with bargaining union agreements and contracts.
Condition	The Board of Education incorrectly calculated payroll for several employees in fiscal year 2015.
Context	182 teachers were overpaid by \$1,000 each.
Effect	The payroll was overstated by \$182,000.
Cause	Lack of controls over the salary update process. Salary tables are updated annually in the financial management system (MUNIS), but there is no formal review of updates.
Recommendation	We recommend that management put measures in place to strengthen internal controls to ensure the any and all salary updates are done correctly and in accordance to applicable union agreements and contracts.
Management Response and Planned Corrective Action	<p>Immediately upon notification of this finding in late October 2015, the CFO instituted the following actions in order to recoup the funds overpaid in FY15:</p> <ul style="list-style-type: none">• The Superintendent and BEA representative were notified.• The Payroll Supervisor notified the affected teachers that \$1,000 would be deducted from the remaining pay periods in the school year, on a pro-rated basis, \$62.50/pp.• The payroll deductions were initiated in the pay period of 11/13/2015 and will continue until the 21st pay of the 2015-16 school year, \$62.50/pp. <p>In order to prevent a recurrence of a similar situation in the future, the CFO instituted strengthened internal controls to ensure that any and all salary updates are done correctly and in accordance with union agreements and contracts. Specifically, a two-step process is in place:</p> <ul style="list-style-type: none">• The salary tables for MUNIS are not transmitted to the City until verified by the Payroll Supervisor, CFO and Manager of Budget and Financial Reporting.<ul style="list-style-type: none">○ All salary tables, prior to transmittal to the City for entry into MUNIS, are reviewed carefully to assure consistency and accuracy with the rates stipulated in the contractual agreements.• After the City completes the updates to salary tables in MUNIS, the Payroll Supervisor and Manager, Budget and Financial Reporting review the completed tables in MUNIS to re-confirm accuracy.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2015-002	Annual Report Card, High School Graduation Rate
Program	Title I Grants CFDA Number 84.010
Criteria	The City is required to maintain appropriate written documentation to support the removal of a student from the district. Additionally, the City is required to ensure that the proper exit code is utilized to remove a student from the adjusted regulatory cohort.
Condition	Our testing included a population of sixty selections. The City could not provide written documentation to verify the removal of eighteen students from the District. Also, nine students were reported under the incorrect code.
Questioned Costs	None
Context	Not applicable
Effect	The lack of retaining supporting documentation on file results in a material noncompliance.
Cause	This requirement is fairly new. Although training sessions were held, the need for additional training is evident. Further emphasis must be placed on the importance of utilizing the correct form, as well as the significance of retaining supporting documentation to justify the removal of a student from the database. The need to utilize the correct code must also be emphasized.
Recommendation	We recommend the City provide additional training as well as ensuring that written procedures are adhered to.
Management Response and Planned Corrective Action	We have created a new withdrawal form. Schools will upload the form into PowerSchool, which will be part of the permanent student record, and a hard copy placed into their physical (cumulative) folder.

IV. STATUS OF PRIOR YEAR FINDINGS

Prior Audit Findings Resolved:

<u>Finding Number</u>	<u>Description</u>
2014-001	The finding has been resolved.
2014-002	The finding has been resolved.
2014-003	The finding has been repeated and modified as finding 2015-001.