

CITY OF BRIDGEPORT, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2017

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

Report on Compliance for Each Major State Program

We have audited the City of Bridgeport, 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 Bridgeport, Connecticut's major state programs for the year ended June 30, 2017. The City of Bridgeport, 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 Bridgeport, 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 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 state program. However, our audit does not provide a legal determination of the City of Bridgeport, Connecticut's compliance.

Opinion on Each Major State Program

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 major state programs for the year ended June 30, 2017.

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 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 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on the 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, each major fund and the aggregate remaining fund information of the City of Bridgeport, Connecticut, as of and for the year ended June 30, 2017, 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 January 10, 2018, 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 10, 2018

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Department of Education			
Commissioner's Network	11000-SDE64370-12547		\$ 2,050,000
Alternative High School & Adult	11000-SDE64370-12567		91,422
School-Based Diversion Initiative	11000-SDE64370-12587		25,000
Family Resource Centers	11000-SDE64370-16110		412,000
Youth Service Bureau - Enhancement	11000-SDE64370-16201		10,000
Child Nutrition State Matching Grant	11000-SDE64370-16211		162,337
Health Foods Initiative	11000-SDE64370-16212		329,087
Vocational Agriculture	11000-SDE64370-17017		1,276,068
Adult Education	11000-SDE64370-17030		2,102,594
Health Services	11000-SDE64370-17034		190,522
Educational Cost Sharing - Alliance District Funding	11000-SDE64370-17041-82164		16,910,046
Bilingual Education	11000-SDE64370-17042		453,610
Priority School Districts	11000-SDE64370-17043-82052		5,784,353
Extended School Hours Program Grant	11000-SDE64370-17043-82054		393,383
Summer School Accountability Grant	11000-SDE64370-17043-82055		456,187
Young Parents Program	11000-SDE64370-17044		37,990
School Breakfast	11000-SDE64370-17046		97,735
Youth Service Bureaus	11000-SDE64370-17052		112,370
Open Choice	11000-SDE64370-17053		82,523
Magnet School Transportation	11000-SDE64370-17057-82061		821,600
Magnet School Operating	11000-SDE64370-17057-82062		8,070,132
After School Programs	11000-SDE64370-17084		490,158
Low Performing Schools Improvements	12052-SDE64370-43594		<u>499,656</u>
Total Department of Education			<u>40,858,773</u>
Connecticut State Library			
ConnectiCard Payments	11000-CSL66051-17010		1,814
Historic Document Preservation Grants	12060-CSL66094-35150		<u>7,451</u>
Total Connecticut State Library			<u>9,265</u>

The accompanying notes are an integral part of this schedule

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Department of Administrative Services			
Alliance District General Improvements	12052-DAS27635-43651		\$ <u>2,003,119</u>
Department of Children and Families			
Child Abuse & Neglect Intervention	11000-DCF91178-16064		<u>95,446</u>
Department of Energy and Environmental Protection			
Ox Brook Flood Control	12052-DEP43740-42770		61,590
America the Beautiful Grant	12060-DEP44165-35402		12,000
Clean Water Revenue Bonds - Grant	21014-DEP43720-40001	\$ 1,320,768	
Clean Water Revenue Bonds - Loan	21015-DEP43720-42318	<u>1,335,319</u>	<u>2,656,087</u>
Total Department of Energy and Environmental Protection			<u>2,729,677</u>
Department of Transportation			
Town Aid Road Grants - Municipal	12052-DOT57131-43455		<u>1,390,778</u>
Department of Public Health			
Local and District Departments of Health	11000-DPH48558-17009		137,523
Sexually Transmitted Disease Control	12004-DPH48665-17013		25,720
Tuberculosis Control and Prevention	12004-DPH48666-16112		538
Prescription Drug and Opioid Prevention	12060-DPH48882-22776		4,649
Lead Poisoning Prevention Program	35008-DPH48766-40001		<u>122,965</u>
Total Department of Public Health			<u>291,395</u>
Department of Emergency Services and Public Protection			
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142		55,422
Telecommunications Fund	12060-DPS32741-35190		<u>53,221</u>
Total Department of Emergency Services and Public Protection			<u>108,643</u>
Department of Social Services			
Medicaid	11000-DSS60000-16020		<u>548,560</u>
Economic and Community Development			
Brownfield Remediation and Development	12060-ECD46260-35533		45,119
Historic Preservation Grants	12060-ECD46840-90455		<u>3,525</u>
Total Economic and Community Development			<u>48,644</u>

The accompanying notes are an integral part of this schedule

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Judicial Branch			
Youth Violence Initiative	11000-JUD96114-12555		\$ <u>639,841</u>
Office of Early Childhood			
School Readiness in Priority School Districts	11000-OEC64845-16274-83014	\$ 12,437,467	12,437,467
School Readiness Quality Enhancement	11000-OEC64845-17097		350,110
Children's Trust Fund	11000-OEC64860-12042		13,098
Smart Start	12052-OEC64845-43626		8,659
Maternal, Infant, and Early Childhood Home Visiting Grant	12060-OEC64860-22709		<u>253,590</u>
Total Office of Early Childhood		<u>12,437,467</u>	<u>13,062,924</u>
Office of Policy and Management			
Project Longevity	11000-OPM20350-12573		51,504
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004		2,367,096
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OPM20600-17006		7,454,025
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011		18,070
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016		479,032
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018		679,900
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021		8,000
Property Tax Relief for Veterans	11000-OPM20600-17024		37,637
Local Capital Improvement Program	12050-OPM20600-40254		730,626
Municipal Grants-In-Aid	12052-OPM20600-43587		1,031,564
Transit Oriented Development	17151-OPM20870-43550		<u>82,500</u>
Total Office of Policy and Management			<u>12,939,954</u>
Total State Financial Assistance Before Exempt Programs		<u>12,437,467</u>	<u>74,727,019</u>

The accompanying notes are an integral part of this schedule

CITY OF BRIDGEPORT, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Exempt Programs			
Department of Education			
Education Cost Sharing	11000-SDE64370-17041-82010		\$ 164,274,690
Excess Costs Student Based and Equity	11000-SDE64370-17047		<u>5,186,327</u>
Total Department of Education			<u>169,461,017</u>
Department of Administrative Services			
School Construction Grants	13010-DAS27635-40901		37,366,990
School Construction Grants	13009-DAS27636-40896		<u>175,937</u>
Total Department of Administrative Services			<u>37,542,927</u>
Office of Policy and Management			
Municipal Revenue Sharing	12002-OPM20600-17102		17,571,952
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005		<u>5,913,094</u>
Total Office of Policy and Management			<u>23,485,046</u>
Total Exempt Programs			<u>230,488,990</u>
Total State Financial Assistance		\$ <u>12,437,467</u>	\$ <u>305,216,009</u>

The accompanying notes are an integral part of this schedule

**CITY OF BRIDGEPORT, CONNECTICUT
 NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2017**

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 Bridgeport, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2017. 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 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Bridgeport, 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, 2017:

Department of Environmental Protection:

Clean Water Funds:

	<u>Balance Beginning</u>		<u>Issued</u>		<u>Retired</u>		<u>Balance Ending</u>
\$	37,347,850	\$	1,001,990	\$	4,017,915	\$	34,331,925



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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, 2017, 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 January 10, 2018.

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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

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
January 10, 2018

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

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:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Energy and Environmental Protection:		
Clean Water Revenue Bonds - Loan	21015-DEP43720-42318	\$ 1,335,319
Clean Water Revenue Bonds - Grant	21014-DEP43720-40001	1,320,768
Department of Education:		
Educational Cost Sharing - Alliance District Funding	11000-SDE64370-17041-82164	16,910,046
Department of Administrative Services:		
Alliance District General Improvements	12052-DAS27635-43651	2,003,119
Office of Early Childhood:		
School Readiness in Priority School Districts	11000-OEC64845-16274-83014	12,437,467
Office of Policy and Management:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	2,367,096
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OPM20600-17006	7,454,025
Dollar threshold used to distinguish between type A and type B programs:		\$ 1,494,540

II. FINANCIAL STATEMENT FINDINGS

2017-001	General Ledger Maintenance
Criteria	Accounts receivable and unearned revenue were not updated at the commencement of our audit.
Condition	Our audit indicates that the City did not update certain balances at year end. Numerous journal entries needed to be posted in order to reflect proper accounts receivable and unearned revenue balances.
Context	Accounts receivable and unearned revenue balances were not updated at year end.
Effect	The accounts receivable and unearned revenue balances were misstated.
Cause	Incomplete review due to time constraints and staffing shortages.
Recommendation	We recommend that appropriate corrective actions be implemented as soon as possible. The City should review and update balance sheet accounts in a timely manner to ensure balances are being properly recorded.
Management Response and Planned Corrective Action	Management concurs with finding.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.