

CITY OF NORWICH, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2017

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**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

To the Members of the City Council
City of Norwich, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the City of Norwich, Connecticut's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Norwich, Connecticut's major federal program for the year ended June 30, 2017. The City of Norwich, Connecticut's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City of Norwich, Connecticut's major federal program 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Norwich, 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 the major federal program. However, our audit does not provide a legal determination of the City of Norwich, Connecticut's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Norwich, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the City of Norwich, 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 Norwich, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Norwich, 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 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 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 a 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. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 Norwich, 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 Norwich, Connecticut's basic financial statements. We issued our report thereon dated November 15, 2017, 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 the Uniform Guidance 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
November 15, 2017

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
United States Department of Agriculture				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	12060-SDE64370-20560	\$	\$ 114,605
National School Lunch Program	10.555	12060-SDE64370-20560		1,302,040
School Breakfast Program	10.553	12060-SDE64370-20508		667,406
Summer Food Service Program for Children	10.559	12060-SDE64370-20540		124,655
Summer Food Service Program for Children	10.559	12060-SDE64370-20548		<u>12,883</u>
				2,221,589
Child and Adult Care Food Program	10.558	12060-SDE64370-20518		235,550
Child and Adult Care Food Program	10.558	12060-SDE64370-20544		<u>17,144</u>
				252,694
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051		<u>70,811</u>
Total United States Department of Agriculture			<u>-</u>	<u>2,545,094</u>
United States Department of Transportation				
<i>Passed Through the State of Connecticut Department of Transportation:</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	12062-DOT57513-20559		3,350
National Priority Safety Programs	20.616	12062-DOT57513-22600		<u>6,554</u>
				9,904
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	12062-DOT57191-22108		84,071
Alcohol Open Container Requirements	20.607	12062-DOT57513-22091		<u>39,785</u>
Total United States Department of Transportation			<u>-</u>	<u>133,760</u>
United States Environmental Protection Agency				
<i>Passed Through the State of Connecticut Department of Public Health:</i>				
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	12060-DPH48770-22467		<u>132,871</u>
United States Department of Homeland Security				
<i>Direct:</i>				
Emergency Food and Shelter National Board Program	97.024			17,718
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>				
Homeland Security Grant Program	97.067	12060-DPS32160-21877		60,000
<i>Passed Through the SE CT Council of Governments:</i>				
Emergency Management Performance Grants	97.042	12060-DPS32160-21881		6,299
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>				
Emergency Management Performance Grants	97.042	12060-DPS32160-21881		<u>16,567</u>
				22,866
Hazard Mitigation Grant	97.039	12060-DPS32983-22519		49,046
Hazard Mitigation Grant	97.039	12060-DPS32983-22278		<u>132,867</u>
				181,913
Total United States Department of Homeland Security			<u>-</u>	<u>282,497</u>

The accompanying notes are an integral part of this schedule

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
United States Department of Justice				
<i>Direct:</i>				
Bulletproof Vest Partnership Program	16.607		\$	\$ 5,078
Equitable Sharing Program	16.922			9,709
Public Safety Partnership and Community Policing Grants	16.710			266,654
Edward Byrne Memorial Justice Assistance Grant Program	16.738			42,003
<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	\$	4,250
Local Violent Crime Reduction	16.738	12060-DPS32523-26316		<u>39,886</u>
				44,136
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>				
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	12060-OPM20350-21676		<u>29,490</u>
Total United States Department of Justice			<u>-</u>	<u>397,070</u>
United States Department of Health and Human Services				
<i>Passed Through the Eastern CT Area Agency on Aging:</i>				
<i>Aging Cluster:</i>				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044			13,223
<i>Passed Through the State of Connecticut Mental Health and Addiction Services:</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	12060-MHA53282-22736		68,005
<i>Passed Through the Southeastern Regional Action Council:</i>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	12060-MHA53282-21782		<u>5,675</u>
Total United States Department of Health and Human Services			<u>-</u>	<u>86,903</u>
United States Department of Education				
<i>Passed Through the State of Connecticut Department of Education:</i>				
<i>Special Education Cluster (IDEA):</i>				
Special Education Grants to States	84.027	12060-SDE64370-20977-2017		898,563
Special Education Grants to States	84.027	12060-SDE64370-20977-2016		675,633
Special Education Preschool Grants	84.173	12060-SDE64370-20983-2017		23,598
Special Education Preschool Grants	84.173	12060-SDE64370-20983-2016		<u>19,750</u>
				1,617,544
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2017		1,894,799
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2016		<u>489,028</u>
				2,383,827
Education for Homeless Children and Youth	84.196	12060-SDE64370-20770-2016		40,000
Adult Education - Basic Grants to States	84.002	12060-SDE64370-20784-2017		195,000

The accompanying notes are an integral part of this schedule

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2017	\$	\$ 24,871
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2016		<u>225,149</u>
				250,020
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2017		260,778
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2016		<u>59,015</u>
				319,793
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2017		11,696
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2017		62,384
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2016		<u>46,681</u>
				120,761
School Improvement Grants Cluster: School Improvement Grants	84.377	12060-SDE64370-22223-2015		332,850
<i>Passed Through LEARN:</i>				
Magnet Schools Assistance	84.165			<u>154,190</u>
Total United States Department of Education			-	<u>5,413,985</u>
United States Department of Housing and Urban Development				
<i>Direct:</i>				
CDBG - Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants	14.218		51,804	685,061
Lead Hazard Reduction Demonstration Grant Program	14.905			<u>215,177</u>
Total United States Department of Housing and Urban Development			<u>51,804</u>	<u>900,238</u>
United States Department of Labor				
<i>Passed Through EASTCONN:</i>				
WIOA Cluster: WIA/WIOA Youth Activities	17.259			<u>67,667</u>
United States Department of Energy				
<i>Direct:</i>				
Conservation Research and Development	81.086			20,000
State Energy Program	81.041			<u>5,000</u>
Total United States Department of Energy			-	<u>25,000</u>
Total Federal Awards			\$ <u>51,804</u>	\$ <u>9,985,085</u>

The accompanying notes are an integral part of this schedule

**CITY OF NORWICH, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Norwich, Connecticut, under programs of the federal government for the year ended June 30, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the City of Norwich, 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 Norwich, 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. NONCASH AWARDS

Donated commodities in the amount of \$114,605 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

4. INDIRECT COST RECOVERY

The City of Norwich, Connecticut, did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.



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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 Norwich, 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 Norwich, 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 Norwich, Connecticut's basic financial statements, and have issued our report thereon dated November 15, 2017.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Norwich, 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*.

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 Norwich, 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 Norwich, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
November 15, 2017

**CITY OF NORWICH, 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? _____ 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? _____ 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 2 CFR Section 200.516(a)? _____ yes X no

Major program:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.