

## **CITY OF NORWICH, CONNECTICUT**

### **FEDERAL SINGLE AUDIT REPORT**

**JUNE 30, 2015**

**CITY OF NORWICH, CONNECTICUT  
FEDERAL SINGLE AUDIT REPORT  
JUNE 30, 2015  
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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 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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Norwich, Connecticut's major federal programs for the year ended June 30, 2015. The City of Norwich, 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 Norwich, 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 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 each 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 each of its major federal programs for the year ended June 30, 2015.

### **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 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 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 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. 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 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, each major fund and the aggregate remaining fund information of the City of Norwich, 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 Norwich, Connecticut's basic financial statements. We issued our report thereon dated December 4, 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  
December 4, 2015

**CITY OF NORWICH, 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>
<b>United States Department of Agriculture</b>			
<i>Passed Through the State of Connecticut Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-SDE64370-20508	\$ 685,504
National School Lunch Program	10.555	12060-SDE64370-20560	1,509,209
Summer Food Service Program for Children	10.559	12060-SDE64370-20540	<u>117,800</u>
			\$ 2,312,513
Child Nutrition Programs	10.560	12060-SDE64165-20524	<u>1,000</u>
Total United States Department of Agriculture			<u>2,313,513</u>
<b>United States Department of Education</b>			
<i>Direct Programs:</i>			
Impact Aid Cluster:			
Impact Aid	84.041		1,000
<i>Passed Through LEARN:</i>			
Magnet Schools Assistance	84.165		718,123
<i>Passed Through the State of Connecticut Department of Education:</i>			
Adult Education	84.002	12060-SDE64370-20784-2015	195,000
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2013	55,200
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2014	306,316
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2015	<u>1,174,026</u>
			1,535,542
Special Education Cluster:			
Special Education - Grants to States	84.027	12060-SDE64370-20977-2014	285,114
Special Education - Grants to States	84.027	12060-SDE64370-20977-2015	963,077
Special Education - Preschool Grants	84.173	12060-SDE64370-20983-2014	3,795
Special Education - Preschool Grants	84.173	12060-SDE64370-20983-2015	<u>20,496</u>
			1,272,482
Education of Homeless Children and Youth	84.196	12060-SDE64370-20770-2015	50,000

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

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2013	\$ 1,211
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2014	14,592
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2015	<u>380,000</u>
			\$ 395,803
English Language Acquisition Grants	84.365	12060-SDE64370-20868-2014	54,156
English Language Acquisition Grants	84.365	12060-SDE64370-20868-2015	<u>38,321</u>
			92,477
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2014	278,040
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2015	<u>67,718</u>
			<u>345,758</u>
Total United States Department of Education			<u>4,606,185</u>
<b>Environmental Protection Agency</b>			
<i>Passed Through the National Fish and Wildlife Foundation:</i>			
Long Island Sound Program	66.437		8,130
<i>Passed Through the State of Connecticut Department of Energy and Environmental Protection:</i>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	21018-DPH48770-42319	2,735,474
Capitalization Grants for Drinking Water State Revolving Funds	66.468	12060-DPH48770-22467	<u>478,168</u>
			<u>3,213,642</u>
Total Environmental Protection Agency			<u>3,221,772</u>
<b>United States Department of Health and Human Services</b>			
<i>Passed Through the Eastern Connecticut Area Agency on Aging:</i>			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B-Grants for Supportive Services and Senior Centers	93.044		11,708
<i>Passed Through Uncas Health:</i>			
Temporary Assistance for Needy Families	93.558		62,361

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

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<i>Passed Through the Connecticut Department of Labor:</i>			
<i>Passed Through EastConn:</i>			
Youth Employment Opp.	93.674	12060-DOL40000-90615	\$ <u>5,052</u>
Total United States Department of Health and Human Services			<u>79,121</u>
<b>United States Department of Homeland Security</b>			
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>			
Homeland Security Grant Program	97.067	12060-DPS32160-21877	37,376
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	12060-DPS32990-21891	235,381
Hazard Mitigation Grant (HMGP)	97.039	12060-DPS32983-22278	1,002,530
Emergency Management Performance Grants	97.042	12060-DPS32160-21881	18,599
Port Security Grant Award	97.056	12060-DPS32160-22327	<u>4,122</u>
Total United States Department of Homeland Security			<u>1,298,008</u>
<b>United States Department of Housing and Urban Development</b>			
<i>Direct Programs:</i>			
CDBG-Entitlement Grants Cluster: Community Development Block Grant/Entitlement	14.218		886,961
Lead Hazard Reduction Demonstration Grant Program	14.905		791,645
<i>Passed Through the State of Connecticut Department of Economic and Community Development:</i>			
CDBG-State-Administered Small Cities Program Cluster: State Administered Small Cities Program	14.228		<u>1,359</u>
Total United States Department of Housing and Urban Development			<u>1,679,965</u>

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

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>United States Department of Justice</b>			
<i>Direct Programs:</i>			
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		\$ 28,000
Bulletproof Vest Partnership Program	16.607		3,106
Public Safety Partnership and Community Policing Grants COPS	16.710		233,134
JAG Program Cluster:			
<i>Direct Programs:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		\$ 56,690
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-OPM20350-21921	4,435
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-DPS32523-26185	20,010
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-DPS32523-90630	750
			<u>81,885</u>
Total United States Department of Justice			<u>346,125</u>
<b>United States Department of Labor</b>			
<i>Passed Through the Eastern CT Workforce Investment Board:</i>			
WIA Cluster:			
WIA Youth Activities	17.259		<u>73,881</u>
<b>United States Department of Energy</b>			
<i>Direct Programs:</i>			
State Energy Program	81.041		45,000
<i>Passed Through Connecticut Municipal Electric Energy Cooperative:</i>			
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122		<u>1,645,771</u>
Total United States Department of Energy			<u>1,690,771</u>

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**CITY OF NORWICH, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
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>
<b>United States Department of Transportation</b>			
<i>Direct Programs:</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205		\$ 63,110
<i>Passed Through the State of Connecticut Department of Transportation:</i>			
Highway Planning and Construction	20.205	12062-DOT57191-22108	458,320
Highway Planning and Construction	20.205	12062-DOT57151-22108	<u>5,895</u>
			\$ 527,325
State and Community Highway Safety	20.600	12062-DOT57513-20559	5,931
Alcohol Open Container Requirements	20.607	12062-DOT57513-22091	52,378
National Priority Safety Programs	20.616	12062-DOT57513-22600	13,976
Distracted Driver High Visibility Enforcement	20.614		<u>16,304</u>
Total United States Department of Transportation			<u>615,914</u>
<b>National Endowment for the Arts</b>			
<i>Passed Through Department of Economic and Community Development:</i>			
Promotion of the Arts Partnership Agreements	45.025	12060-ECD46820-20328	<u>770</u>
<b>Total Federal Awards Expended</b>			<b>\$ <u>15,926,025</u></b>

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, 2015**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Norwich, 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 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 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 \$109,500 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities 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 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, 2015, 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 December 4, 2015.

**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 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. 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  
December 4, 2015

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

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**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 Section 510(a) of Circular A-133? \_\_\_\_\_ yes        X   no

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
97.039	Hazard Mitigation Grant
81.122	Electricity Delivery and Energy Reliability, Research, Development and Analysis
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 477,781

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.