

## **CITY OF NORWICH, CONNECTICUT**

### **STATE SINGLE AUDIT REPORT**

**JUNE 30, 2015**

**CITY OF NORWICH, CONNECTICUT  
STATE SINGLE AUDIT REPORT  
JUNE 30, 2015  
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## REISSUE

### **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 Norwich, Connecticut

#### **Report on Compliance for Each Major State Program**

We have audited the City of Norwich, 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 Norwich, Connecticut's major state programs for the year ended June 30, 2015. The City of Norwich, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Our original report dated December 4, 2015 has been reissued herein due to the misclassification of an exempt program as nonexempt.

#### ***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 Norwich, 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 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 state program. However, our audit does not provide a legal determination of the City of Norwich, Connecticut's compliance.

### ***Opinion on Each Major State 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 state 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 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 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 state 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 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 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 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 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 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  
December 4, 2015  
Reissued January 21, 2016

**CITY OF NORWICH, CONNECTICUT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2015**

<b>State Grantor/Pass-Through Grantor/ Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>Children's Trust Fund</b>		
<i>Passed Through Probate Court Administration:</i>		
Kinship Grant	12005-PCA98529-40007	\$ <u>53,501</u>
<b>Department of Economic and Community Development</b>		
<i>Direct Programs:</i>		
Arts Commission	11000-ECD46820-16258	2,730
Shipping Street/Municipal Brownfield Assessment & Inventory Program	12060-ECD46260-35533	45,029
<i>Passed Through the Connecticut Trust for Historic Preservation:</i>		
Historic Preservation Activities Grants	12060-CAT45200-90455	<u>5,000</u>
Total Department of Economic and Community Development		<u>52,759</u>
<b>Department of Housing</b>		
Payment In Lieu of Taxes (PILOT)	11000-DOH46920-17012	<u>129,713</u>
<b>Department of Education</b>		
Technical Support for Assessment Projects	11000-SDE64370-12171	10,000
Family Resource Centers	11000-SDE64370-16110	219,000
Youth Services Bureau - Enhancement	11000-SDE64370-16201	7,455
Child Nutrition State Matching Grant	11000-SDE64370-16211	25,194
Health Foods Initiative	11000-SDE64370-16212	51,695
Adult Education	11000-SDE64370-17030	330,944
Health Services	11000-SDE64370-17034	138,819
Educational Cost Sharing - Alliance District Funding	11000-SDE64370-17041-82164	3,878,849
Bilingual Education	11000-SDE64370-17042	13,808
Priority School Districts	11000-SDE64370-17043-82052	1,144,757
Extended School Hours Program Grant	11000-SDE64370-17043-82054	102,884

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**CITY OF NORWICH, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>State Grantor/Pass-Through Grantor/ Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
Summer School Accountability Grant	11000-SDE64370-17043-82055	\$ 117,899
School Breakfast	11000-SDE64370-17046	39,399
Youth Services Bureau	11000-SDE64370-17052	88,833
Magnet School Transportation	11000-SDE64370-17057-82061	75,400
After School Program	11000-SDE64370-17084	218,251
Educational Cost Sharing - Alliance District Funding	11000-SDE00005-17041-82164	250,371
Common Core	11000-SDE64370-12566	2,500
Low Performing Schools Improvement	12052-SDE64370-43594	32,000
Low Performing Schools Start Up	12052-SDE64370-43539	872,056
Commissioner's Network	11000-SDE64370-12547	1,501,189
School Health Coordinator Pilot	11000-SDE64370-12546	90,250
<i>Passed Through the Connecticut Center for School Change:</i>		
Educational Cost Sharing - Alliance District Funding	11000-SDE00005-17041-82164	22,733
<i>Passed Through the United Community &amp; Family Service:</i>		
Children First Norwich	11000-12495-2015-83004	<u>20,833</u>
Total Department of Education		<u>9,255,119</u>
<b>Office of Early Childhood</b>		
School Readiness Quality Enhancement	11000-OEC64845-17097	20,120
School Readiness	11000-OEC64845-17101	<u>2,177,165</u>
Total Office of Early Childhood		<u>2,197,285</u>
<b>Department of Energy and Environmental Protection</b>		
State Energy Program - State Match	12060-DEP44720-20729	15,000
Clean Water Fund - Grant	21014-DEP43720-40001	<u>18,799</u>
Total Department of Energy and Environmental Protection		<u>33,799</u>

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**CITY OF NORWICH, CONNECTICUT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2015**

<b>State Grantor/Pass-Through Grantor/ Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>Department of Labor</b>		
<i>Passed Through the Eastern CT Workforce Investment Board:</i>		
State Summer Youth Employment Program	11000-DOL40000-12471	\$ <u>21,426</u>
<b>Connecticut State Library</b>		
Historic Documents Preservation Grants	12060-CSL66094-35150	<u>7,500</u>
<b>Department of Developmental Services</b>		
Neighborhood Facilities	12052-DDS60783-43510	<u>350,729</u>
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	804,821
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OPM20600-17006	810,449
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	5,952
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	212,309
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	2,000
Property Tax Relief for Veterans	11000-OPM20600-17024	27,291
Local Capital Improvement Program	12050-OPM20600-40254	320,837
Municipal Grants-In-Aid	12052-OPM20600-43587	175,997
Property Tax Relief	11000-OPM20600-17086	<u>3,211</u>
Total Office of Policy and Management		<u>2,362,867</u>
<b>Department of Emergency Services and Public Protection</b>		
Telecommunications Fund	12060-DPS32181-35190	43,948
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	9,772
School Security Infrastructure	12052-DPS32183-43546	<u>382,998</u>
Total Department of Emergency Services and Public Protection		<u>436,718</u>

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**CITY OF NORWICH, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>State Grantor/Pass-Through Grantor/ Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>Department of Social Services</b>		
Medicaid	11000-DSS60000-16020	\$ <u>174,253</u>
<b>Department of Transportation</b>		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	501,077
Sherman Street Bridge	12062-DOT57191-22108-34001	1,315
Roadmap for CT Economic Future	13033-DOT57951-43115	<u>50,000</u>
Total Department of Transportation		<u>552,392</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>15,628,061</u>
<b>Exempt Programs</b>		
<b>Office of Policy and Management</b>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	<u>2,001,692</u>
<b>Department of Education</b>		
Public School Transportation	11000-SDE64370-17027	590,316
Educational Cost Sharing	11000-SDE64370-17041-82010	32,049,356
Excess Costs Student Based and Equity	11000-SDE64370-17047	1,914,333
Educational Cost Sharing - Charter Schools	11000-SDE64370-17041-84179	3,630,000
Nonpublic School Transportation	11000-SDE64370-17049	<u>100,784</u>
Total Department of Education		<u>38,284,789</u>
Total Exempt Programs		<u>40,286,481</u>
<b>Total State Financial Assistance</b>		\$ <u><u>55,914,542</u></u>

The accompanying notes are an integral part of this schedule

**CITY OF NORWICH, CONNECTICUT  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

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**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 Norwich, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2015. 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 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Norwich, 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.

**CITY OF NORWICH, CONNECTICUT  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

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**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, 2015:

Department of Environmental Protection:

Clean Water Funds (Dollars in Thousands):

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance Beginning</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
CWF Note (106-C)	10/31/97	2.0%	\$ 3,410	\$ 467	\$	\$ 197	\$ 270
CWF Note (298-C)	06/60/00	2.0	1,508	377		75	302
CWF Note (9714-C)	12/31/02	2.8	1,899	827		101	726
CWF Note (349-C)	12/31/02	2.0	881	369		46	323
CWF Note (200801-C)	07/01/09	2.3	450	336		23	313
Drinking Water State Revolving Fund (2010-8006)	03/31/10	2.1	326	261		16	245
Drinking Water State Revolving Fund (2010-8005)	03/31/10	2.1	145	112		7	105
CWF Note (625-D)	12/31/12	2.0	1,865	1,655		80	1,575
CWF Note (495-C)	05/31/13	2.0	5,748	5,201		245	4,956
Drinking Water State Revolving Fund (2011-7005)	04/30/14	2.0	160	159		9	150
Drinking Water State Revolving Fund (2011-7006)	04/30/14	2.0	148	147		9	138
CWF Note (625-D1)	05/31/15	2.0	2,510		2,540	135	2,375
Drinking Water State Revolving Fund (2014-7027)	06/30/15	2.3	506		506		506

In addition to the permanently financed Clean Water Funds noted above, the City has \$2,615 of temporary loans accumulated under Project DWSRF (2014-7036).



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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

**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 Education:		
Adult Education	11000-SDE64000-17030	\$ 330,944
Educational Cost Sharing - Alliance District Funding	11000-SDE64000-17041-82164	3,878,849
Commissioner's Network	11000-SDE64370-12547	1,501,189
Office of Early Childhood:		
School Readiness	11000-OEC64845-17101	2,177,165
Department of Developmental Services:		
Neighborhood Facilities	12052-DDS60783-43510	350,729
Office of Policy and Management:		
Local Capital Improvement Program	12050-OPM20600-40254	320,837
Department of Emergency Services and Public Protection:		
School Security Infrastructure	12052-DPS32183-43546	382,998
Dollar threshold used to distinguish between type A and type B programs:		\$ 312,561

**II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No matters were reported.