

CITY OF NORWICH, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT
JUNE 30, 2018

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TABLE OF CONTENTS**

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	1-3
Schedule of Expenditures of Federal Awards	4-6
Notes to Schedule of Expenditures of Federal Awards	7
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 <i>Government Auditing Standards</i>	8-9
Schedule of Findings and Questioned Costs	10

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 each of the City of Norwich, Connecticut's major federal programs for the year ended June 30, 2018. 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 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 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 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 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, 2018.

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 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, 2018, 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 12, 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 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
December 12, 2018

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
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	\$ 78,463	
National School Lunch Program	10.555	12060-SDE64370-20560	1,318,109	
School Breakfast Program	10.553	12060-SDE64370-20508	656,245	
Summer Food Service Program for Children	10.559	12060-SDE64370-20540	122,146	
Summer Food Service Program for Children	10.559	12060-SDE64370-20548	<u>12,581</u>	
				\$ 2,187,544
Child and Adult Care Food Program	10.558	12060-SDE64370-20518	177,614	
Child and Adult Care Food Program	10.558	12060-SDE64370-20544	<u>12,785</u>	
				190,399
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051		<u>51,670</u>
Total United States Department of Agriculture				<u>2,429,613</u>
United States Department of Housing and Urban Development				
<i>Direct:</i>				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants / Entitlement Grants	14.218		\$ 155,195	1,407,125
Lead Hazard Reduction Demonstration Grant Program	14.905			<u>601,473</u>
Total United States Department of Housing and Urban Development			<u>155,195</u>	<u>2,008,598</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	9,374	
National Priority Safety Programs	20.616	12062-DOT57513-22600	<u>25,490</u>	
				34,864
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	12062-DOT57191-22108		290,721
Alcohol Open Container Requirements	20.607	12062-DOT57513-22091		<u>25,076</u>
Total United States Department of Transportation				<u>350,661</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		230,669
<i>Direct:</i>				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818			<u>30,937</u>
Total United States Environmental Protection Agency				<u>261,606</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, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Homeland Security				
<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		\$ 1,657	
<i>Passed Through the Department of Emergency Management and Homeland Security:</i>				
Emergency Management Performance Grants	97.042	12060-DPS32160-21881	5,250	6,907
<i>Passed Through the Department of Emergency Services & Public Protection:</i>				
Port Security Grant Program	97.056			75,414
<i>Passed Through the United Way of SE Connecticut:</i>				
Emergency Food & Shelter National Board Program	97.024			17,720
Total United States Department of Homeland Security				160,041
United States Department of Justice				
<i>Direct:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		8,000	
<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	8,521	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-DPS32523-26316	26,629	43,150
<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		9,125
<i>Direct:</i>				
Public Safety Partnership and Community Policing Grants	16.710			86,048
Bulletproof Vest Partnership Program	16.607			4,644
Equitable Sharing Program	16.922			259
Total United States Department of Justice				143,226
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 & Senior Centers	93.044			14,450
<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		172,109
Total United States Department of Health and Human Services				186,559

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, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Education				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	12060-SDE64370-20977-2018	\$ 1,001,034	
Special Education Grants to States	84.027	12060-SDE64370-20977-2017	540,632	
Special Education Preschool Grants	84.173	12060-SDE64370-20983-2018	28,606	
Special Education Preschool Grants	84.173	12060-SDE64370-20983-2017	<u>14,954</u>	
				\$ 1,585,226
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2018	2,165,753	
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2017	<u>316,627</u>	
				2,482,380
Education for Homeless Children and Youth	84.196	12060-SDE64370-20770-2017		40,000
Adult Education - Basic Grants to States	84.002	12060-SDE64370-20784-2018		258,000
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2018	168,222	
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2017	<u>329,243</u>	
				497,465
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2018	254,122	
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2017	<u>19,222</u>	
				273,344
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2018	60,300	
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2017	38,882	
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2018	14,629	
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2017	<u>8,516</u>	
				122,327
School Improvement Grants	84.377	12060-SDE64370-22223-2015		366,057
Student Support and Academic Enrichment Program	84.424A	12060-SDE64370-22854-2018		34,976
Emergency Impact Aid for Displaced Students	84.938C	12060-SDE64370-22911-2019		200,875
<i>Passed Through LEARN:</i>				
Magnet School Assistance	84.165A			<u>583,849</u>
Total United States Department of Education				<u>6,444,499</u>
United States Department of Energy				
<i>Direct:</i>				
Conservation Research and Development	81.086			<u>10,000</u>
United States Department of Labor				
<i>Passed Through EASTCONN:</i>				
WIOA Cluster:				
WIA/WIOA Youth Activities	17.259			<u>79,110</u>
Total Federal Awards			\$ <u>155,195</u>	\$ <u>12,073,913</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, 2018**

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, 2018. 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 \$78,463 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.

**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, 2018, 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 12, 2018.

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 results 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 12, 2018

**CITY OF NORWICH, CONNECTICUT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2018**

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
84.027/84.173 84.010	Special Education Cluster (IDEA) Title I Grants to Local Education Agencies

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.