

CITY OF NORWICH, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2013

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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, 2013. 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, 2013.

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, 2013, 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, 2013, 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, 2013

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

<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>
United States Department of Agriculture			
<i>Passed Through the State of Connecticut</i>			
<i>Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-SDE64370-20508	\$ 575,378
National School Lunch Program	10.555	12060-SDE64370-20560	1,347,872
Summer Food Service Program for Children	10.559	12060-SDE64370-20540	<u>117,725</u>
			\$ 2,040,975
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051	110,529
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580	12060-SDE64351-26130	<u>5,574</u>
Total United States Department of Agriculture			<u>2,157,078</u>
United States Department of Education			
<i>Passed Through the State of Connecticut</i>			
<i>Department of Education:</i>			
Adult Education	84.002	12060-SDE64370-20784-2013	195,000
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2012	835,036
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2013	<u>1,213,530</u>
			2,048,566
Special Education Cluster:			
Special Education - Grants to States	84.027	12060-SDE64370-20977-2012	910,047
Special Education - Grants to States	84.027	12060-SDE64370-20977-2013	710,849
Special Education - Preschool Grants	84.173	12060-SDE64370-20983-2012	7,252
Special Education - Preschool Grants	84.173	12060-SDE64370-20983-2013	<u>35,720</u>
			1,663,868
Education of Homeless Children and Youth	84.196	12060-SDE64370-20770-2013	50,000

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**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

<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>
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2011	\$ 4,828
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2012	20,418
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2013	<u>383,188</u>
			\$ 408,434
English Language Acquisition Grants	84.365	12060-SDE64370-20868-2012	53,750
English Language Acquisition Grants	84.365	12060-SDE64370-20868-2013	<u>50,906</u>
			104,656
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2012	74,565
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2013	<u>301,953</u>
			376,518
<i>Direct Programs:</i>			
Impact Aid Cluster:			
Military Aid Grant	84.041		<u>22,454</u>
Total United States Department of Education			<u>4,869,496</u>
Environmental Protection Agency			
<i>Passed Through the National Fish and Wildlife Foundation:</i>			
Long Island Sound Program	66.437		948
<i>Passed Through the State of Connecticut Department of Public Health:</i>			
Pollution Prevention Grants Program	66.468	21018-DPH48770-42319	71,672
Capitalization Grants for Drinking Water State Revolving Funds	66.468	12060-DPH48770-22467	<u>32,395</u>
Total Environmental Protection Agency			<u>105,015</u>

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**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number/ Project Number	Expenditures
United States Department of Health and Human Services			
<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		\$ <u>13,005</u>
United States Department of Homeland Security			
<i>Passed Through United Way of Southeastern Connecticut:</i>			
Emergency Food and Shelter National Board Program	97.024		18,500
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	12060-DPS32990-21891	1,367,121
Emergency Management Performance Grants	97.042	12060-DPS32960-21881	<u>22,670</u>
Total United States Department of Homeland Security			<u>1,408,291</u>
United States Department of Housing and Urban Development			
<i>Direct Programs:</i>			
CDBG-Entitlement Grants Cluster:			
Community Development Block Grant/Entitlement	14.218		\$ 725,221
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) - (Recovery Act Funded)	14.253		<u>19,363</u>
			744,584
Lead Hazard Control Program	14.905		401,689

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**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number/ Project Number	Expenditures
<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	12060-ECD46400-22466	\$ <u>193,890</u>
Total United States Department of Housing and Urban Development			<u>1,340,163</u>
United States Department of the Interior <i>Passed Through National Parks and Recreation:</i>			
National Outreach and Communication Program	15.653		<u>10,736</u>
United States Department of Justice <i>Passed Through the State of Connecticut Office of Policy Management:</i>			
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	12060-OPM20350-21676	40,000
Bulletproof Vest Partnership Program	16.607	12060-OPM20350-21672	9,581
JAG Program Cluster: Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-OPM20350-21921	32,549
<i>Direct Programs:</i>			
Joint Law Enforcement Operations	16.111		<u>35,853</u>
Total United States Department of Justice			<u>117,983</u>
United States Department of Labor <i>Passed Through EastConn:</i>			
WIA Cluster: WIA Youth Activities	17.259		<u>88,339</u>

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**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

<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>
United States Department of Energy			
<i>Passed Through the State of Connecticut</i>			
<i>Department of Energy and Environmental Protection:</i>			
State Energy Program, Recovery Act	81.041	12060-DEP44720-29072	\$ <u>1,200</u>
United States Department of Transportation			
<i>Passed Through the State of Connecticut</i>			
<i>Department of Transportation:</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	12062-DOT57931-22108	105,260
Federal Transit Cluster:			
Federal Transit - Capital Investment Grants	20.500	12062-DOT57191-32690	43,382
Highway Safety Cluster:			
State and Community Highway Safety	20.600	12062-DOT57513-20559	\$ 2,794
Occupant Protection	20.602	12062-DOT57513-22087	<u>2,312</u>
			5,106
Alcohol Open Container Requirements	20.607	12062-DOT57513-22091	<u>29,195</u>
Total United States Department of Transportation			<u>182,943</u>
National Endowment for the Arts			
<i>Passed Through the Department of Economic and Community Development:</i>			
Promotion of the Arts Partnership Agreements	45.025	12060-ECD46820-20328	<u>2,220</u>
Department of Energy			
<i>Passed Through the Connecticut Municipal Electrical Energy Cooperative:</i>			
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122		<u>169,312</u>
Total Federal Awards Expended			\$ <u><u>10,465,781</u></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, 2013**

NOTE 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, 2013. 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.

NOTE 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.

NOTE 3 - NONCASH AWARDS

Donated commodities in the amount of \$114,076 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, 2013, 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, 2013.

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, 2013

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

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
10.553/10.555/10.556/10.559	Child Nutrition Cluster
84.010	Title I, Part A Cluster
84.287	Twenty-First Century Community Learning Centers
84.367	Improving Teacher Quality State Grants
14.218/14.253	Community Development Block Grant/Entitlement

Dollar threshold used to distinguish between type A and type B programs: \$313,973

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.