

City of Norwalk, Connecticut

Federal and State Financial
and Compliance Reports
Year Ended June 30, 2016

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RSM US LLP

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

Independent Auditor's Report

To the Honorable Mayor and
Members of the Common Council
City of Norwalk, Connecticut

Report on Compliance for Each Major Federal Program

We have audited City of Norwalk, Connecticut's (the City) 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's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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'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's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Norwalk, 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, 2016.

Report on Internal Control Over Compliance

Management of the City of Norwalk, 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'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'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 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 Norwalk, Connecticut as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 29, 2016, 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.

RSM US LLP

New Haven, Connecticut
December 29, 2016

City of Norwalk, Connecticut

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Federal Grantor Pass-Through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the State of Connecticut			
Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-SDE64370-20508	\$ 310,403
National School Lunch Program	10.555	12060-SDE64370-20560	2,686,541
Summer Food Service Program for Children	10.559	12060-SDE64370-20548	93,654
Total			<u>3,090,598</u>
Passed through the State of Connecticut			
Department of Health Services:			
Special Supplemental Food Program for Women, Infants and Children	10.557	12060-SDE64370-20508	232,971
WIC Food Benefits Grants to State - Non Cash	10.557	N/A	1,349,086
Total			<u>1,582,057</u>
Total U.S. Department of Agriculture			<u>4,672,655</u>
U.S. Department of Housing and Urban Development			
Direct Program:			
Community Development Block Grants/Entitlement Grants	14.218	N/A	<u>930,877</u>
U.S. Department of Justice			
Direct Program:			
Drug Seizure Fund	16.578	N/A	19,990
Police Overtime Reimbursements	16.xxx	N/A	228
Bullet Proof Vest Partnership Grant	16.607	N/A	3,534
Organized Crime Drug Enforcement Task Force	16.xxx	N/A	68,722
Norwalk JAG Local Pass-Through Project	16.738	N/A	92,822
Total			<u>185,296</u>
Passed through the State Department of			
Office Policy and Management:			
Juvenile Justice and Delinquency Prevention	16.540	12060-OPM20350-21676	10,000
Byrne Criminal Justice Innovation Program	16.817	12060-OPM20350-21921	39,573
Juvenile Accountability	16.523	12060-OPM20350-21672	11,854
Total			<u>61,427</u>
Total U.S. Department of Justice			<u>246,723</u>

(Continued)

City of Norwalk, Connecticut

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016**

Federal Grantor Pass-Through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Education			
Passed through the State of Connecticut			
Department of Education:			
Title I Part A Cluster:			
Title I Grants to Local Education Agencies - 7/13-6/15	84.010A	12060-SDE64370-20679	\$ 767,320
Title I Grants to Local Education Agencies - 7/14-6/16	84.010A	12060-SDE64370-20679	1,456,845
Total			<u>2,224,165</u>
English Language Acquisition State Grants	84.365	12060-SDE64370-20868	<u>26,296</u>
Career and Technical Education - Basic Grants to States	84.048A	12060-SDE64370-20742	<u>140,368</u>
Special Education Cluster:			
Special Education - Preschool Grants	84.173A	12060-SDE64370-20983	78,849
Special Education - Grants to States 7/13-6/15	84.027A	12060-SDE64370-20977	176,862
Special Education - Grants to States 7/14-6/16	84.027A	12060-SDE64370-20977	1,815,719
Total			<u>2,071,430</u>
English Language Acquisition Grants - 7/13-6/15	84.365A	12060-SDE64370-20868	79,352
English Language Acquisition Grants - 7/14-6/16	84.365A	12060-SDE64370-20868	104,117
Total			<u>183,469</u>
Improving Teacher Quality State Grants - 7/13-6/15	84.367A	12060-SDE64370-20858	245,765
Improving Teacher Quality State Grants - 7/14-6/16	84.367A	12060-SDE64370-20858	139,756
Total			<u>385,521</u>
Total U.S. Department of Education			<u>5,031,249</u>
U.S. Department of Homeland Security			
Passed through the State of Connecticut			
Department of Emergency Services and Public Protection:			
Port Security Grant Program	97.056	12060-DPS32160-22327	<u>11,430</u>
Department of the Interior			
Direct Program:			
Refuge Revenue Sharing	99.000	N/A	<u>22,342</u>
National Endowment for the Arts			
Direct Program:			
Promotion of the Arts - Grants to Organizations and Individuals	45.024	N/A	<u>2,355</u>

(Continued)

City of Norwalk, Connecticut

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016**

Federal Grantor Pass-Through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through the State of Connecticut			
Department of Public Health:			
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds	93.758	12060-DPH48558-22664	\$ 14,123
Childhood Immunization Grants	93.268	12060-DPH48664-20911	115,009
Public Health Emergency Preparedness Grant	93.069	12060-DPH48558-22333	60,120
Total			<u>189,252</u>
Office of Early Childhood:			
Head Start	93.600	12060-OEC64841-26155	970,867
Total U.S. Department of Health and Human Services			<u>1,160,119</u>
U.S. Department of Transportation			
Passed through the State of Connecticut			
Department of Transportation:			
Highway Planning and Construction Cluster:			
West Avenue Corridor Transportation Improvement Project	20.205	12062-DOT57161-22108	1,137,547
West Avenue Pedestrian Improvement Project	20.205	12062-DOT57161-22108	620,473
Westmere Ave. Bridge over Farm Creek Project	20.205	12062-DOT57191-22108	45,670
Perry Ave. Bridge over Norwalk River	20.205	12062-DOT57191-22108	697,842
James St. Bridge over Silvermine River	20.205	12062-DOT57191-22108	5,531
Traffic Signal Upgrade - Phase 3	20.205	12062-DOT57161-22108	46
Total			<u>2,507,109</u>
National Priority Safety Programs	20.616	12062-DOT57513-22600	34,550
Total U.S. Department of Transportation			<u>2,541,659</u>
Direct Program:			
Expanded DUI Enforcement Program	20.500	N/A	57,796
Total U.S. Department of Transportation			<u>2,599,455</u>
Total Expenditures of Federal Awards			<u>\$ 14,677,205</u>

N/A = Not Applicable.

See Notes to Schedule of Expenditures of Federal Awards.

City of Norwalk, Connecticut

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Norwalk, Connecticut (the City) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of the 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, 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 Norwalk, Connecticut.

Note 2. Summary of Significant Accounting Principles

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds. 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. Pass-through entity identifying numbers are presented where available.

Note 3. Noncash Awards

United States Department of Agriculture contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$292,680 represents the market value of such commodities used during the period. This amount is included in the Child Nutrition Cluster within the National School Lunch Program.

WIC food payments: The United States Department of Agriculture makes noncash distributions of food vouchers for WIC. The amount of \$1,349,086 represents the market value of such vouchers used during this period.

Note 4. Indirect Cost Rate

The City has not elected to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance because, at this time, they do not have any grants which require application of an overhead rate.

City of Norwalk, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016**

II. Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2016.

III. Findings and Questioned Costs for Federal Awards

There were no findings or questioned costs for federal awards for the year ended June 30, 2016.



City of Norwalk, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2016**

Finding No. 2015-001

Criteria or specific requirement: Receivables, net of related allowances, not received within 60 days of fiscal year-end must be deferred.

Condition: Not all related allowances were netted out of the required deferral related to the deferral of property tax receivables not received within 60 days of year-end.

Context: Through audit testing performed, it was noted that the calculation of deferred revenue related to tax revenue was miscalculated.

Effect: An overstatement of deferred revenue with a corresponding understatement of tax revenue and fund balance in fiscal year ended June 30, 2015. This significant deficiency is related to both the General Fund and the Governmental Activities Reporting Units.

Cause: Inadequate review of the deferred revenue calculation methodology.

Corrective Action Taken: The City has changed its model so that deferred revenue for all items is properly calculated.

Finding No. 2015-002

Criteria or specific requirement: Payments subsequent to the fiscal year-end should be allocated to the related fiscal year(s).

Condition: Not all portions of payments subsequent to the end of the fiscal year-end were allocated to the proper period.

Context: Through audit testing performed, it was noted that certain expenditures made subsequent to fiscal year ended June 30, 2015 were not properly recorded to account for partial activity in the underlying support relating to the fiscal year ended June 30, 2015.

Effect: The error understated accounts payable resulting in a corresponding understatement of expenditures.

Cause: Policies related to recording of payments crossing multiple fiscal years should be modified to ensure proper allocation.

Corrective Action Taken: The City has changed its procedure for allocating charges to the proper period so that expenditures are properly recorded. All individuals that are responsible for allocating accounts payable to the correct year for Capital Projects and other items have been made aware of them.

Finding No. 2015-003

Grantor: U.S. Department of Agriculture
CFDA Number: 10.553 / 10.553 / 10.559
Program Name: Child Nutrition Cluster

Criteria: One of the compliance requirements for grant receipts under the Child Nutrition Cluster is that students being charged for lunches must be charged an amount per the grant agreement. The minimum charge amount is calculated using an excel workbook provided by the U.S. Department of Agriculture (“USDA”).

Condition: It was noted that the workbook contained errors which resulted in the students being charged an amount less than the required charge that the USDA workbook would have calculated.

Questioned Costs: None noted.

Context: The USDA workbook is not reviewed in sufficient detail in order to identify errors in the calculation.

Effect: Students were undercharged for lunches relative to the terms of the grant. Contact with grant provider indicated that the finding would have no impact on current or future reimbursements under the grant, but should be corrected for school year 2017 and onward.

Cause: Inadequate review procedures are in place related to the USDA workbook.

Management Response and Planned Corrective Action: The Board of Education approved an increase to meal prices for the 2016-17 school year at their meeting on April 19, 2016. Meals at the elementary level were increased from \$2.40 to \$2.65. Meals at the middle school level were increased from \$2.75 to \$3.25. Meals at the high school level were increased from \$3.25 to \$3.85. In addition, adult meals were increased from \$4.00 to \$4.75. Meal pricing in the City is now in full compliance with the USDA workbook. The Board of Education reviews meal pricing on an annual basis to ensure that we remain in compliance.

**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**

Independent Auditor's Report

To the Honorable Mayor and
Members of the Common Council
City of Norwalk, 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 Norwalk, Connecticut (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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'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'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

New Haven, Connecticut
December 29, 2016



RSM US LLP

**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**

Independent Auditor's Report

To the Honorable Mayor and
Members of the Common Council
City of Norwalk, Connecticut

Report on Compliance for Each Major State Program

We have audited the City of Norwalk, Connecticut's (the City) 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's major state programs for the year ended June 30, 2016. The City's major state 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 state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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'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's compliance.

Opinion on Each Major State Program

In our opinion, the City 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, 2016.

Report on Internal Control over Compliance

Management of the City 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'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'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 a 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 Norwalk, Connecticut as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated December 29, 2016, 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 City's 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.

RSM US LLP

New Haven, Connecticut
December 29, 2016

City of Norwalk, Connecticut

**Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2016**

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
Connecticut State Library		
Grants to Cooperating Library Service Units	11000-CSL66051-17003	\$ 1,087
Historic Document Preservation Grant	12060-CSL66094-35150	4,165
Connecticard Payment	11000-CSL66051-17010	1,887
		<u>7,139</u>
Department of Education		
Family Resource Center	11000-SDE64370-16110	216,733
Adult Education	11000-SDE64370-17030	67,097
Non-Public Health Services	11000-SDE64370-17034	43,719
Bilingual Education	11000-SDE64370-17042	116,622
Priority School District	11000-SDE64370-17043-82052	3,716,687
Magnet School - Transportation	11000-SDE64370-17057	321,100
Youth Services Bureau	11000-SDE64370-17052	61,287
School Accountability - Summer School	11000-SDE64370-17043-82055	247,948
State School Breakfast	11000-SDE64370-17046	60,915
Child Nutrition State Matching Grant	11000-SDE64370-16211	48,903
Healthy Food Grant	11000-SDE64370-16212	100,098
Magnet School - Operating	11000-SDE64370-17057	1,341,880
Extended School Hours	11000-SDE64370-17043-82054	211,454
Youth Services Bureau - Enhancement	11000-SDE64370-16201	7,026
High Quality Schools and Common Core Implementation	12052-SDE64370-43538	247,302
Low Performing Schools	12052-SDE64370-43539	132,529
Commissioner's Network	11000-SDE64370-12547	306,355
Education Cost Sharing - Alliance District Funding	11000-SDE64370-17041-82164	1,598,691
		<u>8,846,346</u>
Office of Policy and Management		
Property Tax Relief - Elderly Circuit Breakers	11000-OPM20600-17018	463,165
Local Capital Improvement Program	12050-OPM20600-40254	638,740
Property Tax Relief - Private Colleges and Hospitals	11000-OPM20600-17004	158,245
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17006	2,596,542
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	12,000
Property Tax Relief for Veterans	11000-OPM20600-17024	4,042
PILOT on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	190,611
Property Tax Relief - Disabled	11000-OPM20600-17011	3,428
Municipal Grants-in-Aid	12052-OPM20600-43587	402,915
		<u>4,469,688</u>

(Continued)

City of Norwalk, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2016**

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Transportation		
Town Aid Road Grants	12052-DOT57131-43455	\$ 891,306
Click it or Ticket	12062-DOT57513-22600	8,000
Grant in Aid for Improvement to Norwalk Waterways	12052-DOT57801-43509	358,387
Closed Loop Traffic Signal System Installation	12062-DOT57161-22108	87,501
City of Norwalk's Transit-Oriented Development Pilot Program Project	N/A	40,194
		<u>1,385,388</u>
Department of Economic and Community Development		
Urban Act Grant-Waypointe Development	13019-ECD46440-41240	<u>617,908</u>
Department of Energy and Environmental Protection		
Operations and Maintenance of Norwalk Visitors Dock	12060-DEP43760-20954	12,481
Oak Hills Park Improvements	CPAP 2015-05	187,082
Oyster Shell Park CUAP 2007-10	2009-9069	6,055
		<u>205,618</u>
Judicial Department		
Littering Fines	34001-JUD95162-40001	411
Motor Vehicle Violation Surcharge	34001-JUD95162-40001	42,053
Motor Vehicle Fines - Cell Phone	34001-JUD95162-40001	26,250
		<u>68,714</u>
Department of Emergency Services and Public Protection		
State Asset Forfeiture Revolving Fund	12060-DPS32155-35142	33,353
State 911 Enhancement	12060-DPS32181-35190	195,038
		<u>228,391</u>
Department of Revenue Services		
Connecticut Income Tax Reimbursement	N/A	35,300
Payments to Municipalities - Off-Track Betting	34003-DRS16442-18010	142,195
		<u>177,495</u>
Department of Consumer Protection		
Bingo Payments	34003-DCP39930-42350	<u>40</u>

(Continued)

City of Norwalk, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2016**

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Public Health		
Lead Poisoning Prevention	11000-DPH48852-12126	18,238
Per Capita Grant	11000-DPH48558-17009	83,966
Connecticut Vaccine Program	11000-DPH48500-12563	2,094
Venereal Disease Control	11000-DPH48665-17013	13,868
		<u>118,166</u>
Emergency Management and Homeland Security		
Emergency Management Program Grant	12060-EHS99660-21881	43,888
Office of Early Childhood		
School Readiness and Child Care Grant	11000-OEC64845-17101	5,099,050
School Readiness Quality Enhancement	11000-OEC64845-17097	50,282
Total Office of Early Childhood		<u>5,149,332</u>
Department of Administrative Services		
ECS Alliance District Construction	12052-DAS27635-43651	30,190
		<u>30,190</u>
Total State Financial Assistance Before Exempt Programs		<u>21,348,303</u>
Exempt Programs		
Office of Policy and Management		
Mashantucket Pequot Grant	12009-OPM20600-17005	866,981
		<u>866,981</u>
Department of Education		
Education Cost Sharing	11000-SDE64370-17041-82010	10,368,578
Transportation of School Children	11000-SDE64370-17027	58,998
Non-Public School Transportation	11000-SDE64370-17049	13,930
Special Education - Agency Placement	11000-SDE64730-17047	38,351
Special Education - Excess Costs	11000-SDE64730-17047	4,102,026
Total Department of Education		<u>14,581,883</u>
Department of Education		
School Construction Grants	13010-DCS28000-40901	643,199
		<u>643,199</u>
Total Exempt Programs		<u>16,092,063</u>
Total State Financial Assistance		<u>\$ 37,440,366</u>

N/A = Not Applicable.

See Notes to Schedule of Expenditures of State Financial Assistance.

City of Norwalk, Connecticut

**Notes to Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2016**

The accompanying schedule of expenditures of State Financial Assistance (the Schedule) includes state grant activity of the City of Norwalk, Connecticut (the City) under programs of the State of Connecticut (the State) for the fiscal year ended June 30, 2016. Various departments and agencies of the State have provided financial assistance to the City through grants and other authorizations in accordance with the General Statutes of the State. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in fund balance, and changes in net position or cash flows of the City.

Note 1. Summary of Significant Accounting Policies

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

The information in the Schedule is presented based upon regulations established by the State's Office of Policy and Management.

Basis of accounting: The expenditures reported on the Schedule are reported on the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds. 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.

Note 2. Loan Programs

In accordance with Section 426-23(a)4(f) of the regulations to the State Single Audit Act, the notes to the Schedule shall include loans and loan activities. The following is a summary of the loan program activity for the year ended June 30, 2016:

Department of Energy and Environmental Protection

Clean Water Funds 21044-OTI4230-4001

Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
\$ 31,683,127	\$ -	\$ (3,815,357)	\$ 27,867,770

City of Norwalk, Connecticut

**Schedule of State Single Audit Findings and Questioned Costs
For the Year Ended June 30, 2016**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's 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 auditor's 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 major programs included pursuant to the State Single Audit:

State Grantor and Program	State CORE-CT Number	Expenditures
Department of Education:		
Priority School District	11000-SDE64370-17043-82052	\$ 3,716,687
Education Cost Sharing - Alliance District Funding	11000-SDE64370-17041-82164	1,598,691
Magnet School - Operating	11000-SDE64370-17057	1,341,880
Office of Early Childhood:		
School Readiness and Child Care Grant	11000-OEC64845-17101	5,099,050
Department of Transportation:		
Town Aid Road Grants	12052-DOT57131-43455	891,306
Grant in Aid for Improvement to Norwalk Waterways	12052-DOT57801-43509	358,387
Office of Policy and Management:		
Local Capital Improvement Program	12050-OPM20600-40254	638,740
Property Tax Relief - Elderly Circuit Breakers	11000-OPM20600-17018	463,165
Department of Energy and Environmental Protection:		
Oak Hills Park Improvements	CPAP 2015-05	187,082

Dollar threshold used to distinguish between type A and type B programs

\$ 426,966

City of Norwalk, Connecticut

**Schedule of State Single Audit Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016**

II. Financial Statement Findings:

There were no financial statement findings for the year ended June 30, 2016.

III. State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for state financial assistance for the year ended June 30, 2016.



City of Norwalk, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2016**

Finding No. 2015-1

Condition: Not all related allowances were netted out of the required deferral related to the deferral of property tax receivables not received within 60 days of year-end.

Current Status: The City has changed its model so that deferred revenue for all items is properly calculated in the future.

Finding No. 2015-2

Condition: Not all portions of payments subsequent to the end of the fiscal year-end were allocated to the proper period.

Current Status: The City enhanced expenditure controls to improve monitoring of transactions applicable to multiple fiscal years to ensure proper recording in all periods.

Finding No. 2015-3

Condition: Funds disbursed to a sub-recipient from the School Readiness and Family Resource Center grants were not properly monitored to provide reasonable assurance that the sub-recipient administered state awards in compliance with state requirements.

Corrective actions: Board of Education staff independently discovered the condition cited here in October 2015 as part of its ongoing monitoring of the School Readiness and Family Resource Center grants. The District subsequently brought this matter to the attention of both the City's independent auditors and the State Department of Education. The State Department of Education subsequently advised the District to seek to require the sub-recipient to engage an independent auditor, and to have outside, independent audits conducted for the fiscal years ended 6/30/2015 and 6/30/2016. The District has instructed the sub-recipient to have the required audits completed and is awaiting completion of these reports by the sub-recipient.

The District requires sub-recipients of School Readiness grants to furnish the District with annual audited financial statements. These financial statements are maintained in the files of the District's Early Childhood Director, and copies of these audits are furnished to and reviewed by the District's Chief Financial Officer.