

Town of Greenwich, Connecticut

Federal and State Compliance Report
Fiscal Year Ended June 30, 2017

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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

Board of Estimate and Taxation
Town of Greenwich, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Greenwich, Connecticut's (the Town) 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 Town's major federal programs for the year ended June 30, 2017. The Town'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 Town'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 Town'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 Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town 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, 2017.

Report on Internal Control Over Compliance

Management of the Town 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 Town'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 Town'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 Town as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 21, 2017, 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 expenditure 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 21, 2017

Town of Greenwich, Connecticut

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying 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	\$ 23,661
National School Lunch Program	10.555	12060-SDE64370-20560	503,508
Total Child Nutrition Cluster			<u>527,169</u>
Summer Food Service Program for Children	10.559	12060-SDE64370-20548	16,936
Summer Food Service Program for Children	10.559	12060-SDE64370-20540	1,763
Total Summer Food Service Program for children			<u>18,699</u>
Total U.S. Department of Agriculture			<u>545,868</u>
Department of Homeland Security			
Passed through the State of Connecticut			
Emergency Management and Homeland Security:			
2015 Port Security Grant	97.056	EMW-2015-PU-00421	42,174
2016 Port Security Grant	97.056	EMW-2016-PU-00044	1,386
Hazard Mitigation Grant	97.039	12060-DPS32983-22519	11,389
Hazard Mitigation Grant	97.039	12060-DPS32983-22278	118,961
Total Department of Homeland Security			<u>173,910</u>
U.S. Department of Education			
Passed through the State of Connecticut			
Department of Education:			
Title I Cluster:			
Title I - Grants 15-17	84.010A	12060-SDE64370-20679	170,899
Title I - Grants 16-18	84.010A	12060-SDE64370-20679	702,075
Total Title I Cluster			<u>872,974</u>
Special Education Cluster:			
IDEA State Grants (Basic) - Grants to States 15-17	84.027A	12060-SDE64370-20977	68,808
IDEA State Grants (Basic) - Grants to States 16-18	84.027A	12060-SDE64370-20977	2,071,146
IDEA State Grants (Preschool) - Grants to States 15-17	84.173A	12060-SDE64370-20983	26,923
IDEA State Grants (Preschool) - Grants to States 16-18	84.173A	12060-SDE64370-20984	16,502
Total Special Education Cluster			<u>2,183,379</u>
Vocational Education (Perkins)	84.048A	12060-SDE64370-20742	62,705
English Language Acquisition 15-17	84.365A	12060-SDE64370-20868	188,081
English Language Acquisition 16-18	84.365A	12060-SDE64370-20868	16,565
			<u>204,646</u>
Improving Teacher Quality State Grants 15-17	84.367A	12060-SDE64370-20858	88,913
Improving Teacher Quality State Grants 16-18	84.367A	12060-SDE64370-20858	9,353
Total Title II			<u>98,266</u>
Total U.S. Department of Education			<u>3,421,970</u>

(Continued)

Town of Greenwich, Connecticut

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2017

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Program:			
Community Development Block Grant/Entitlement Grants	14.218	N/A	\$ 538,731
Total U.S. Department of Housing and Urban Development			<u>538,731</u>
U.S. Department of Justice			
Passed through the State of Connecticut			
Emergency Management and Homeland Security:			
Bulletproof Vest Partnership Program	16.607	N/A	6,937
Total U.S. Department of Justice			<u>6,937</u>
U.S. Department of Public Health			
Passed through the State Department of Public Health:			
Public Health Emergency Preparedness	93.069	12060-DPH48557-22333	45,377
Vaccines	93.268	non-contract	7,271
Vaccines	93.268	non-contract	244
X-Ray Screen & Tuberculosis Care	93.116	12004-DPH48666-16112	13,347
PPHF Grant	93.758	12060-DPH48558-22664	6,549
Total U.S. Department of Public Health			<u>72,788</u>
U.S. Department of Transportation			
Passed through State Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	12062-DOT57931-22108	325,210
Total Highway Planning and Construction			<u>325,210</u>
Highway Safety Cluster:			
National Highway Traffic Safety Administration (NHTSA)			
Discretionary Safety Grants	20.614	12062-DOT57513-20559	27,415
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	12062-DOT57343-22091	52,192
Total Highway Safety Cluster			<u>79,607</u>
Total U.S. Department of Transportation			<u>404,817</u>
Total expenditures of federal awards			<u>\$ 5,165,021</u>

See notes to schedule of expenditures of federal awards.

Town of Greenwich, Connecticut

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Greenwich, Connecticut (the Town) under programs of the federal government for the year ended June 30, 2017. 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 Town, it is not intended to and does not present the financial position, changes in fund balance, or changes in net position or cash flows of the Town.

Note 2. Summary of Significant Accounting Principles

Expenditures reported on the Schedule are recognized using the modified accrual basis of accounting. Such expenditures are reported following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Noncash Awards

Vaccines – CFDA NO. 93.268: The United States Department of Public Health makes non-cash distributions of vaccines. The amount of \$7,515 represents the fair value of such vaccines used during the period.

Note 4. Indirect Cost Recovery

The Town did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

Note 5. Subrecipients

The Town did not provide any federal funds to subrecipients for the year ended June 30, 2017.

Town of Greenwich, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

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? _____ X Yes _____ 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 auditor's report issued on compliance for major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2CFR 200.516(a)? _____ Yes X No

Identification of Major Programs

CFDA Numbers	Name of Federal Program or Cluster
84.365A	English Language Acquisition Grants
84.010A	Title I Cluster

Dollar threshold used to distinguish between type A and type B programs _____ \$ 750,000 _____

Auditee qualified as low-risk auditee? _____ X Yes _____ No

Town of Greenwich, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2017**

II. Financial Statement Findings

A. Internal Control Findings

2017 - 001 Parking Fund Revenue

Criteria: Internal control over financial reporting

Condition: RSM performed inquiries with parking fund employees. Upon inquiry, we noted that there was a lack of controls and segregation of duties related to the recording of Smart Card and parking ticket activity.

Context: Smart Cards are prepaid cards that can be used for meters. The Town's parking infrastructure includes approximately 1,500 single-space meters accepting coins and pre-paid meter cards, known as Smart Cards. It also includes 14 multi-space parking lot pay stations accepting coin, cash, and credit cards, and two stand-alone Smart Card reloading stations. For parking tickets, RSM notes that the Town offers an incentive for quick payment (i.e. a \$5 discount if you pay within 3 days of receiving the ticket).

Cause: Smart card activities are recorded manually and there was no segregation of duties in place. Additionally, there was no detailed inventory of Smart Cards. Regarding parking tickets, there was no controls in place that could be observed or reviewed.

Effect: Given the lack of internal controls in place to mitigate the risk of misappropriation of assets, more significant losses could occur.

Recommendation: We recommend segregation of duties related to the recording of Smart Card and parking ticket activity, including a periodic review of the detail.

Views of Responsible Officials: Parking Services management has restricted processing of Smart Card sales to one office employee. All Smart card activity is now captured in an electronic systems log and reviewed by management daily. Parking Services management has also restricted the number of employees with permission to void or adjust ticket amounts in its electronic ticket management system to just the office supervisor and the director. The system's vendor now performs the majority of routine voids coming into the Department remotely at its headquarters. Management now creates and reviews daily system reports of all void and adjustment activity performed both in the office and off-site by the vendor. Parking Services management has taken the recommendations provided by internal audit and drafted detailed payment processing and accounting procedures, along with other updates, into a policy manual. Parking Services Management is phasing out its Smart Card program and implementing new parking payment technologies and infrastructure. It is also looking to update and streamline its current parking policies through official amendments to the Town Charter.

B. Compliance Findings

No matters to report.

III. Federal Award Findings and Questioned Costs

No matters to report.

Town of Greenwich, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2017**

There were no prior year findings for federal awards.



RSM US LLP

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

Board of Estimate and Taxation
Town of Greenwich, 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 Town of Greenwich, Connecticut (the Town) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2017-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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*.

The Town's Response to the Findings

The Town's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

New Haven, Connecticut
December 21, 2017

**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

Board of Estimate and Taxation
Town of Greenwich, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Greenwich, Connecticut's (the Town) 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 Town's major state programs for the year ended June 30, 2017. The Town'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 Town'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 Town'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 Town's compliance.

Opinion on Each Major State Program

In our opinion, the Town 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, 2017.

Report on Internal Control over Compliance

Management of the Town, 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 Town'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 our 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 Town'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 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 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 Town as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated December 21, 2017, 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 Town'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 21, 2017

Town of Greenwich, Connecticut

**Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2017**

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
State Department of Education		
School Breakfast	11000-SDE64370-17046	\$ 14,478
Bilingual Education	11000-SDE64370-17042	11,929
Child Nutrition Program - School Lunch State Match	11000-SDE64370-16211	20,794
Nonpublic Health Services	11000-SDE64370-17034	6,708
Youth Service Bureau Enhancement	11000-SDE64370-16201	7,550
Youth Service Bureau	11000-SDE64370-17052	14,000
Total Department of Education		<u>75,459</u>
Judicial Department		
Motor Vehicle Fines	34001-JUD95162-40001	<u>44,181</u>
Connecticut State Library		
Historic Documents Preservation	12060-CSL66094-35150	<u>5,000</u>
Department of Energy and Environmental Protection		
Environmental Settlements	12060-DEP43930-35169	<u>19,657</u>
State Office of Policy and Management		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	153,928
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	1,790
Property Tax Relief for Veterans	11000-OPM20600-17024	19,099
Local Capital Improvement Program	12050-OPM20600-40254	229
Municipal Grants - in - Aid	12052-OPM20600-43587	89,022
Total State Office of Policy and Management		<u>264,068</u>
Department of Emergency Services and Public Protection		
Fire Sch Train & Ed Extension	12060-DPS32251-35180	75
Telecommunications Fund/911 Enhancement	12060-DPS32741-35190	1,510,508
Total Department of Emergency Services and Public Protection		<u>1,510,583</u>
State Department of Transportation		
Pay-As-You-Go Transport Prjcts	12001-DOT57161-12518	1,440
Bus Operations	12001-DOT57931-12175	72,902
Town Aid Road Grant	12052-DOT57131-43455	743,691
Total State Department of Transportation		<u>818,033</u>
State Department of Public Health		
Vaccines	non-contract	4,141
STEAP Fund	12052-DPH48500-43410	26,473
Local and Districts Departments of Health	11000-DPH48000-17009	97,858
		<u>128,472</u>

(Continued)

Town of Greenwich, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2017**

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
Office of Early Childhood		
Early Care Education	11000-OEC68485-16274	\$ 290,476
Competitive School Readiness	11000-OEC64845-17097	869
Total Office of Early Childhood		<u>291,345</u>
State Department of Energy and Environmental Protection		
Nitrogen Credit Exchange	21016-OTT14230-42407	<u>99,032</u>
Total State Financial Assistance Before Exempt Programs		<u>3,255,830</u>
Exempt Programs		
Department of Education		
Education Cost Sharing	11000-SDE64370-17041	361,188
Excess Cost - Student Based and Equity	11000-SDE64370-17047	884,999
Total Department of Education		<u>1,246,187</u>
Office of Policy and Management		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	93,313
Municipal Revenue Sharing	12002-OPM20600-17102	366,588
Total Office of Policy and Management		<u>459,901</u>
Total Exempt Programs		<u>1,706,088</u>
Total State Financial Assistance		<u><u>\$ 4,961,918</u></u>

See notes to schedule of expenditures of state financial assistance.

Town of Greenwich, Connecticut

**Notes to Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2017**

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Greenwich, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2017. 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 Town, it is not intended to and does not present the financial position, changes in fund balance, or changes in net position or cash flows of the Town.

Note 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Greenwich, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments. The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of accounting: The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported 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 of Expenditures of State Financial Assistance.

Note 2. Noncash Awards

Vaccines: The United States Department of Public Health makes non-cash distributions of vaccines. The amount of \$3,269 represents the fair value of such vaccines used during the period.

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, 2017:

Department of Energy and Environmental Protection:

Clean Water Funds 21014-OTT1400-4001:

	Issue Date	Interest Rate	Original Amount	Balance Beginning	Issued	Retired	Balance Ending
430C	10/31/2000	2%	\$ 708,676	\$ 137,326	\$ -	\$ (40,242)	\$ 97,084
364C	12/31/2004	2%	8,671,620	3,906,163	-	(425,865)	3,480,298
				<u>\$ 4,043,489</u>	<u>\$ -</u>	<u>\$ (466,107)</u>	<u>\$ 3,577,382</u>

Town of Greenwich, Connecticut

**Schedule of State Single Audit Compliance Findings and Questioned Costs
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? X Yes 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 the major programs included in the State Single Audit:

State Grantor and Program	State Core-CT Number	Expenditures
State Office of Policy and Management		
Municipal Grants - in - Aid	12052-OPM20600-43587	89,022
Judicial Department		
Motor Vehicle Fines	34001-JUD95162-40001	\$ 44,181
Department of Emergency Services and Public Protection		
Telecommunications Fund/911 Enhancement	12060-DPS32741-35190	\$ 1,510,508
Dollar threshold used to distinguish between Type A and Type B Programs		<u> \$ 200,000 </u>

Town of Greenwich, Connecticut

Schedule of State Single Audit Compliance Findings and Questioned Costs (Continued)
Year Ended June 30, 2017

II. Financial Statement Findings

A. Internal Control Findings

2017 - 001 Parking Fund Revenue

Criteria: Internal control over financial reporting

Condition: RSM performed inquiries with parking fund employees. Upon inquiry, we noted that there was a lack of controls and segregation of duties related to the recording of Smart Card and parking ticket activity.

Context: Smart Cards are prepaid cards that can be used for meters. The Town's parking infrastructure includes approximately 1,500 single-space meters accepting coins and pre-paid meter cards, known as Smart Cards. It also includes 14 multi-space parking lot pay stations accepting coin, cash, and credit cards, and two stand-alone Smart Card reloading stations. For parking tickets, RSM notes that the Town offers an incentive for quick payment (i.e. a \$5 discount if you pay within 3 days of receiving the ticket).

Cause: Smart card activities are recorded manually and there was no segregation of duties in place. Additionally, there was no detailed inventory of Smart Cards. Regarding parking tickets, there was no controls in place that could be observed or reviewed.

Effect: Given the lack of internal controls in place to mitigate the risk of misappropriation of assets, more significant losses could occur.

Recommendation: We recommend segregation of duties related to the recording of Smart Card and parking ticket activity, including a periodic review of the detail.

Views of Responsible Officials:

Parking Services management has restricted processing of Smart Card sales to one office employee. All Smart card activity is now captured in an electronic systems log and reviewed by management daily. Parking Services management has also restricted the number of employees with permission to void or adjust ticket amounts in its electronic ticket management system to just the office supervisor and the director. The system's vendor now performs the majority of routine voids coming into the Department remotely at its headquarters. Management now creates and reviews daily system reports of all void and adjustment activity performed both in the office and off-site by the vendor. Parking Services management has taken the recommendations provided by internal audit and drafted detailed payment processing and accounting procedures, along with other updates, into a policy manual. Parking Services Management is phasing out its Smart Card program and implementing new parking payment technologies and infrastructure. It is also looking to update and streamline its current parking policies through official amendments to the Town Charter.

B. Compliance Findings

No matters to report.

Town of Greenwich, Connecticut

Schedule of State Single Audit Compliance Findings and Questioned Costs (Continued)
Year Ended June 30, 2017

III. State Financial Assistance Findings and Questioned Costs

A. Internal Control Findings

No matters to report.

B. Compliance Findings

No matters to report.

Town of Greenwich, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2017**

There were no prior year findings for state awards.