

**Federal Single Audit
and
State Single Audit**

of the

Town of Fairfield, Connecticut

For the Year Ended June 30, 2017

Town of Fairfield, Connecticut

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**Federal
Single
Audit**

Town of Fairfield, Connecticut

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

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Passed Through to subrecipients | Total Expenditures |
|--|---------------------------|--|------------------------------------|-----------------------|
| <u>U.S. Department of Agriculture</u> | | | | |
| Direct Program: | | | | |
| Child Nutrition Cluster: | | | | |
| National School Lunch Program - Commodities | 10.555 | | \$ - | \$ 153,187 |
| Passed through State Department of Education: | | | | |
| Child Nutrition Cluster: | | | | |
| School Breakfast Program | 10.553 | 12060-SDE64370-20508 | - | 33,417 |
| National School Lunch Program - Cash | 10.555 | 12060-SDE64370-20560 | - | 488,399 |
| Total U.S. Department of Agriculture | | | | 675,003 |
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| Direct Program: | | | | |
| CDBG - Entitlement Grants Cluster: | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | - | 693,168 |
| Passed through State Department of Housing: | | | | |
| CDBG - Disaster Recovery Grants Cluster | | | | |
| | 14.269 | | | 1,365,372 |
| Total U.S. Department of Housing and Urban Development | | | | 2,058,540 |
| <u>U.S. Department of Transportation</u> | | | | |
| Passed through State Department of Transportation: | | | | |
| Highway Planning and Construction Cluster: | | | | |
| Highway Planning and Construction | | 12062-DOT57191-22109 50-218 | - | 151,142 |
| Highway Planning and Construction | | 12062-DOT57191-22109 50-216 | - | 74,517 |
| Total Highway Planning and Construction Cluster | | | | 225,659 |
| Highway Safety Cluster: | | | | |
| State and Community Highway Safety | 20.600 | 12062-DOT57513-20559 | - | 14,576 |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | 20.601 | 12062-DOT57513-22091 | - | 130,837 |
| National Priority Safety Programs | 20.616 | 12062-DOT57513-22600 | - | 36,792 |
| Total Highway Safety Cluster | | | | 182,205 |
| Passed through State Department of Public Safety: | | | | |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | 20.703 | 12060-DPS32251-22825 | - | 3,000 |
| Total U.S. Department of Transportation | | | | 410,864 |
| <u>U.S. Department of Environmental Protection</u> | | | | |
| Passed through State Department of Environmental Protection: | | | | |
| Clean Water State Revolving Fund Cluster: | | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | 21014-DEP43720-40001 | - | 136,509 |
| <u>U.S. Department of Education</u> | | | | |
| Passed through State Department of Education: | | | | |
| Title I - Grants to Local Educational Agencies | | | | |
| Title I - Grants to Local Educational Agencies | | 12060-SDE64370-20679-2016 | - | 40,981 |
| Title I - Grants to Local Educational Agencies | | 12060-SDE64370-20679-2017 | - | 256,346 |
| Total Title I - Grants to Local Educational Agencies | | | | 297,327 |
| Special Education Cluster (IDEA): | | | | |
| Special Education - Grants to States (IDEA, Part B) | | | | |
| Special Education - Grants to States (IDEA, Part B) | | 12060-SDE64370-20977-2016 | - | 127,022 |
| Special Education - Grants to States (IDEA, Part B) | | 12060-SDE64370-20977-2017 | - | 1,573,844 |
| Total Special Education - Grants to States (IDEA, Part B) | | | | 1,700,866 |
| Special Education - Preschool Grants (IDEA Preschool) | | | | |
| Special Education - Preschool Grants (IDEA Preschool) | | 12060-SDE64370-20983-2016 | - | 26,158 |
| Special Education - Preschool Grants (IDEA Preschool) | | 12060-SDE64370-20983-2017 | - | 32,553 |
| Total Special Education - Preschool Grants (IDEA Preschool) | | | | 58,711 |
| Total Special Education Cluster (IDEA) | | | | 1,759,577 |

(Continued)

See Notes to Schedule of Expenditures of Federal Awards.

Town of Fairfield, Connecticut

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

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Passed through to subrecipients | Total Expenditures |
|--|---------------------------|--|------------------------------------|-----------------------|
| Career and Technical Education - Basic Grants to States (Perkins IV) | 84.048 | 12060-SDE64370-20742-2017 | \$ - | \$ 67,134 |
| English Language Acquisition State Grants (Title III, Part A) | | 12060-SDE64370-20868-2016 | - | 13,092 |
| English Language Acquisition State Grants (Title III, Part A) | | 12060-SDE64370-20868-2017 | - | 22,687 |
| Total English Language Acquisition State Grants (Title III, Part A) | 84.365 | | | 35,779 |
| Improving Teacher Quality State Grants (Title II, Part A) | | 12060-SDE64370-20858-2016 | - | 5,911 |
| Improving Teacher Quality State Grants (Title II, Part A) | | 12060-SDE64370-20858-2017 | - | 114,289 |
| Total Improving Teacher Quality State Grants (Title II, Part A) | 84.367 | | | 120,200 |
| Total U.S. Department of Education | | | | 2,280,017 |
| <u>U.S. Department of Health and Human Services</u> | | | | |
| Direct Program: | | | | |
| Immunization Cooperative Agreements - Commodities | 93.268 | | - | 1,429 |
| Passed through State Department of Public Health: | | | | |
| Public Health Emergency Preparedness | 93.069 | 12060-DPH48557-22333 | - | 98,824 |
| Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF) | 93.758 | 12060-DPH48558-22664 | - | 15,044 |
| Total U.S. Department of Health and Human Services | | | | 115,297 |
| <u>U.S. Department of Homeland Security</u> | | | | |
| Direct Program: | | | | |
| Assistance to Firefighters Grant | 97.044 | | - | 149,157 |
| Passed through State Department of Emergency Management | | | | |
| Homeland Security: | | | | |
| Hazard Mitigation Grant | 97.039 | 12060-DPS32983-22278 | - | 300,000 |
| Hazard Mitigation Grant | 97.039 | 12060-DPS32983-22519 | - | 1,683,566 |
| Total Hazard Mitigation Grant | | | | 1,983,566 |
| Passed through State Department of Public Safety | | | | |
| Homeland Security Grant Program | 97.067 | 12060-DPS32160-21877 | - | 61,015 |
| Emergency Management Performance Grants | 97.042 | 12060-DPS32160-21881 | - | 26,198 |
| Total U.S. Department of Homeland Security | | | | 2,219,936 |
| Total Federal Awards | | | \$ - | \$ 7,896,166 |

(Concluded)

See Notes to Schedule of Expenditures of Federal Awards.

Town of Fairfield, Connecticut

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

1. Basis of presentation

The accompanying schedule of expenditures of federal awards (“Schedule”) includes the federal award activity of the Town of Fairfield, Connecticut (“Town”) under programs of the federal government. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

2. Summary of significant accounting policies

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

B. The Town has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Noncash federal awards

The Town received and expended \$153,187 of USDA donated commodities under the Federal Food Distribution Program, and \$1,429 of vaccines under the Immunization Grants program.

4. Prior year findings and questioned costs

There were no prior year audit findings or questioned costs.

Town of Fairfield, Connecticut

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

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified opinion

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 opinion

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR Section 200.516(a)?

 x yes no

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|--------------------|---|
| 14.269 | CDBG – Disaster Recovery Grants Cluster |
| 20.205 | Highway Planning and Construction Cluster |
| 97.039 | Hazard Mitigation Grant |

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

\$750,000

Auditee qualified as low-risk auditee?

 x yes no

II - Findings - Financial Statement Audit

None

Town of Fairfield, Connecticut

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

III - Findings and Questioned Costs - Major Federal Award Programs Audit

2017-001 Procurement – Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) – 14.269

Passed through – State Department of Housing

Condition

The Water Pollution Control Facility Micro-grid project was awarded to the vendor without proper bid or bid exception procedures performed in accordance with Town and Federal procurement requirements.

Criteria

Town and Federal procurement regulations require that procurement transactions are conducted in a manner providing full and open competition.

Questioned costs

There were no questioned costs.

Context

The deficiency occurred in the awarding process.

Effect

Bidding procedures were not properly followed in the awarding of the contract.

Cause

There were only two potential vendors for the project and one vendor was not available. Sole source vendor procurement procedures were not followed.

Recommendation

We recommend that the Town implement procedures to ensure that all contract are awarded in accordance with the Towns purchasing policy, including sole source awards.

Views of responsible officials and planned corrective actions

The Town concurs with the finding and will review current procedures to ensure compliance with the Town and federal awards purchasing policy.

Town of Fairfield, Connecticut

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

III - Findings and Questioned Costs - Major Federal Award Programs Audit (Continued)

2017-002 Procurement – Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) – 14.269

Passed through – State Department of Housing

Condition

The Water Pollution Control Facility Micro-grid project vendor contract did not include the required wage rate provisions.

Criteria

The grant award and Federal regulations require that construction contracts include a provision that the contractor or subcontractor comply with the Federal wage rate requirements.

Questioned costs

There were no questioned costs.

Context

The deficiency occurred in the development and signing of the vendor contract.

Effect

The contract did not include the requirement that the vendor pay prevailing wages as required by the grant award and federal regulations. However, the vendor provided certified payrolls upon request that indicated that the Connecticut State Department of Labor prevailing wage rates were paid.

Cause

The provision was omitted from the contract.

Recommendation

We recommend the Town implement additional procedures or checklists to include an additional review of vendor contracts that are for projects being funded with federal awards to ensure that they include are in compliance with the grant award.

Views of responsible officials and planned corrective actions

The Town concurs with the finding and will review current procedures to ensure compliance with the Town and federal awards vendor contract requirements.

**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***

**Board of Finance
Town of Fairfield, 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, each major fund and the aggregate remaining fund information of the Town of Fairfield, Connecticut ("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 26, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town'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 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*.

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.

PKF O'Connor Davies, LLP
Wethersfield, Connecticut
December 26, 2017

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 the Uniform Guidance

**Board of Finance
Town of Fairfield, Connecticut**

Report on Compliance for Each Major Federal Program

We have audited the Town of Fairfield, Connecticut's ("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 auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

**Board of Finance
Town of Fairfield, Connecticut**

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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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

The Town's response to the noncompliance findings identified in our audit are 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 compliance and, accordingly, we express no opinion on the response.

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 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.

**Board of Finance
Town of Fairfield, Connecticut**

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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 the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Fairfield, Connecticut, 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 26, 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

PKF O'Connor Davies, LLP
Wethersfield, Connecticut
December 26, 2017

State Single Audit

Town of Fairfield, 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 | Passed Through to subrecipients | Total Expenditures |
|---|---------------------------------------|------------------------------------|-----------------------|
| Department of Education: | | | |
| Youth Services Bureau Enhancement | 11000-SDE64370-16201 | \$ - | \$ 7,550 |
| Child Nutrition State Matching Grant | 11000-SDE64370-16211 | - | 26,976 |
| Healthy Foods Initiative | 11000-SDE64370-16212 | - | 54,684 |
| Adult Education | 11000-SDE64370-17030 | - | 1,783 |
| Health Services | 11000-SDE64370-17034 | - | 38,595 |
| School Breakfast | 11000-SDE64370-17046 | - | 11,583 |
| Youth Services Bureau | 11000-SDE64370-17052 | - | 25,188 |
| Open Choice | 11000-SDE64370-17053 | - | 224,680 |
| Magnet Schools | 11000-SDE64370-17057 | - | 55,900 |
| Department of Economic and Community Development: | | | |
| Small Town Economic Assistance Program (STEAP) | 12052-ECD46210-42411 | - | 500,000 |
| Department of Emergency Services and Public Protection: | | | |
| Fire Training Center Grant | 11000-DPS32251-16065 | - | 19,000 |
| School Security Competitive Grant Program | 12052-DPS32183-43546 | - | 13,398 |
| Asset Forfeiture | 12060-DPS32155-35142 | - | 5,053 |
| Telecommunications Fund | 12060-DPS32741-35190 | - | 136,313 |
| Department of Energy and Environmental Protection: | | | |
| Small Town Economic Assistance Program (STEAP) | 12052-DEP43153-40531 | - | 33,860 |
| Microgrid Design & Installation Grant for Critical Facilities | 12052-DEP44720-43531 | - | 253,780 |
| Regional Green House Gas | 12060-DEP44165-35402 | - | 3,800 |
| Office of Policy and Management: | | | |
| Payment in Lieu of Taxes (PILOT) on State Owned Property | 11000-OPM20600-17004 | - | 137 |
| Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals | 11000-OPM20600-17006 | - | 1,997,360 |
| Property Tax Relief on Property of Totally Disabled Persons | 11000-OPM20600-17011 | - | 3,443 |
| Property Tax Relief for Elderly and Totally Disabled Homeowners | 11000-OPM20600-17018 | - | 380,723 |
| Property Tax Relief for Elderly Homeowners - Freeze Program | 11000-OPM20600-17021 | - | 2,000 |
| Property Tax Relief for Veterans | 11000-OPM20600-17024 | - | 143,032 |
| Municipal Grants-in-Aid | 12052-OPM20600-43587 | - | 96,747 |
| Small Town Economic Assistance Program (STEAP) | 12052-OPM20870-40530 | - | 54,433 |
| Department of Public Health: | | | |
| Connecticut Vaccine Program | 11000-DPH48500-12563 | - | 2,035 |
| Local and District Departments of Health | 11000-DPH48558-17009 | - | 64,254 |
| Connecticut State Library: | | | |
| Connecticard Payments | 11000-CSL66051-17010 | - | 27,844 |
| Historic Documents Preservation Grant | 12060-CSL66094-35150 | - | 5,000 |
| Department of Transportation: | | | |
| Town Aid Roads Grants Transportation Fund | 12052-DOT57131-43455 | - | <u>714,539</u> |
| Total State Financial Assistance Before Exempt Programs | | | <u>4,903,690</u> |

(Continued)

See Notes to Schedule of Expenditures of State Financial Assistance.

Town of Fairfield, Connecticut
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2017

| <u>State Grantor/Pass-Through Grantor/Program Title</u> | <u>State Grant Program Core CT Number</u> | <u>Passed through to subrecipients</u> | <u>Total Expenditures</u> |
|---|---|--|-------------------------------|
| <u>Exempt Programs:</u> | | | |
| Department of Education: | | | |
| Education Cost Sharing | 11000-SDE64370-17041 | \$ - | \$ 1,095,886 |
| Special Education - Excess Cost - Student Based | 11000-SDE64370-17047 | - | 3,436,446 |
| Department of Administrative Services: | | | |
| School Construction Projects - Interest | 13009-DAS27636-40896 | - | 4,406 |
| School Construction Projects - Principal | 13010-DAS27636-40901 | - | 91,603 |
| School Construction Projects - Principal | 13010-DAS27635-40901 | - | 3,552,178 |
| Office of Policy and Management: | | | |
| Municipal Revenue Sharing | 12002-OPM20600-17102 | - | 795,318 |
| Mashantucket Pequot/Mohegan Fund Grant | 12009-OPM20600-17005 | - | 277,695 |
| Total Exempt Programs | | <u> </u> | <u>9,253,532</u> |
| Total State Financial Assistance | | <u>\$ -</u> | <u>\$ 14,157,222</u> |
| | | | (Concluded) |

See Notes to Schedule of Expenditures of State Financial Assistance.

Town of Fairfield, Connecticut

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

1. Basis of presentation

The accompanying schedule of expenditures of state financial assistance ("Schedule") includes state grant activity of the Town of Fairfield, Connecticut ("Town"), under programs of the State of Connecticut. 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. These financial assistance programs fund several programs including general government, finance, public safety, public works, health and welfare, culture and recreation and education.

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, changes in net position, or cash flows of the Town.

2. Summary of significant accounting policies

The accounting policies of the Town of Fairfield, Connecticut, conform to accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board.

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.

Town of Fairfield, Connecticut

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

3. Loan program

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:

Department of Energy and Environmental Protection:

Clean Water Funds: (21014-OTT14230-40001)

| Grant ID | Issue Date | Interest Rate | Original Amount | Balance July 1, 2016 | Retired | Balance June 30, 2017 |
|-------------|---------------|------------------|--------------------|-------------------------|---------------------|--------------------------|
| CWF 399D | 07/31/99 | 2.0% | \$ 2,280,106 | \$ 237,512 | \$ 114,005 | \$ 123,507 |
| CWF 245C | 07/01/98 | 2.0% | 830,224 | 47,429 | 41,511 | 5,918 |
| CWF 399C | 07/30/03 | 2.0% | 29,436,399 | 10,118,618 | 1,580,015 | 8,538,603 |
| | | | | <u>\$10,403,559</u> | <u>\$ 1,735,531</u> | <u>\$ 8,668,028</u> |

4. Prior year findings and questioned costs

There were no prior year audit findings or questioned costs.

Town of Fairfield, Connecticut

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

I. Summary of Auditors' Results

Financial Statements

Type of auditors' opinion issued: Unmodified opinion

Internal control over financial reporting:
 Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

State Financial Assistance

Internal control over major programs:
 Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified? yes x none reported

Type of auditors' opinion issued on compliance
 for major programs: Unmodified opinion

Any audit findings disclosed that are required
 to be reported in accordance with Section 4-236-24
 of the Regulations of the State Single Audit Act? yes x no

The following schedule reflects the major programs included in the audit:

| <u>State Grantor and Program</u> | <u>State Core -CT Number</u> | <u>Expenditures</u> |
|--|------------------------------|---------------------|
| Department of Education: Open Choice | 11000-SDE64370-17053 | \$ 224,680 |
| Office of Policy and Management: Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals | 11000-OPM20600-17006 | 1,997,360 |
| Property Tax Relief for Elderly and Totally Disabled Homeowners | 11000-OPM20600-17018 | 380,723 |
| Dollar Threshold used to distinguish between type A and type B programs: | | \$ <u>200,000</u> |

II. Financial Statement Findings

None

III. State Financial Assistance Findings and Questioned Costs

None

**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***

**Board of Finance
Town of Fairfield, 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, each major fund and the aggregate remaining fund information of the Town of Fairfield, Connecticut ("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 26, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town'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.

**Board of Finance
Town of Fairfield, Connecticut**

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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*.

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.

PKF O'Connor Davies, LLP
Wethersfield, Connecticut
December 26, 2017

Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

**Board of Finance
Town of Fairfield, Connecticut**

Report on Compliance for Each Major State Program

We have audited the Town of Fairfield, Connecticut's("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.

**Board of Finance
Town of Fairfield, Connecticut**

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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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

**Board of Finance
Town of Fairfield, Connecticut**

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**Report on the Schedule of Expenditures of State Financial Assistance Required by the
State Single Audit Act**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Fairfield, Connecticut, 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 26, 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.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut

December 26, 2017