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TOWN OF SOUTH WINDSOR, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2017

TOWN OF SOUTH WINDSOR, CONNECTICUT
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**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**

To the Members of the Town Council
Town of South Windsor, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of South Windsor, Connecticut's 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 of South Windsor, Connecticut's major state programs for the year ended June 30, 2017. The Town of South Windsor, Connecticut'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 of South Windsor, Connecticut'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 of South Windsor, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of South Windsor, Connecticut's compliance.

Basis for Qualified Opinion on Local Capital Improvement Program (LOCIP)

As described in the accompanying schedule of findings and questioned costs, the Town of South Windsor, Connecticut, did not comply with requirements regarding Reporting for the LOCIP Program (12050-OPM20600-40254) as described in finding number 2017-001. Compliance with such requirements is necessary, in our opinion, for the Town of South Windsor, Connecticut, to comply with the requirements applicable to that program.

Qualified Opinion on Local Capital Improvement Program (LOCIP)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Town of South Windsor, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on LOCIP for the year ended June 30, 2017.

Unmodified Opinion on Each of the Other Major State Programs

In our opinion, the Town of South Windsor, 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 other major state programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

The Town of South Windsor, Connecticut's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of South Windsor, Connecticut'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 of South Windsor, 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 Town of South Windsor, Connecticut'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 Town of South Windsor, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

The Town of South Windsor, Connecticut's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of South Windsor, Connecticut's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, each major fund and the aggregate remaining fund information of the Town of South Windsor, Connecticut, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of South Windsor, Connecticut'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 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.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 21, 2017

**TOWN OF SOUTH WINDSOR, 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
Department of Education		
Sheff Settlement	11000-SDE64370-12457	\$ 100,725
Youth Service Bureau Enhancement	11000-SDE64370-16201	6,250
Child Nutrition State Match	11000-SDE64370-16211	13,294
Health Foods Initiative	11000-SDE64370-16212	26,950
Adult Education	11000-SDE64370-17030	12,542
School Breakfast Program	11000-SDE64370-17046-82058	\$ 3,616
School Breakfast Program	11000-SDE64370-17046-82057	<u>10,867</u>
		14,483
Youth Service Bureaus	11000-SDE64370-17052	20,521
Open Choice Program	11000-SDE64370-17053	<u>767,737</u>
Total Department of Education		<u>962,502</u>
Connecticut State Library		
Connecticard Payments	11000-CSL66051-17010	<u>11,766</u>
Department of Energy and Environmental Protection		
Community Conservation and Development	13019-DEP43153-41239	<u>10,288</u>
Department of Transportation		
Bus Operations	12001-DOT57931-12175	25,083
Town Aid Road Grants-Municipal	12052-DOT57131-43455	330,948
Capitol Resurfacing-Related Improvement	13033-DOT57251-41386	<u>15,925</u>
Total Department of Transportation		<u>371,956</u>
Department of Emergency Services and Public Protection		
Drug Asset Forfeiture Revolving Account	12060-DPS32155-35142	840
Enhanced 911 Telecomm Fund	12060-DPS32741-35190	<u>1,770</u>
Total Department of Emergency Services and Public Protection		<u>2,610</u>
Department of Social Services		
Medicaid	11000-DSS60000-16020	<u>85,776</u>
Economic and Community Development		
Small Town Economic Assistance Program ECD	12052-ECD46210-42411	52,500
Historic Preservation Grants	12060-ECD46840-90455-73001	7,100
Historic Preservation Grants	12060-ECD46840-90455-73003	<u>24,000</u>
		<u>31,100</u>
Total Economic and Community Development		<u>83,600</u>

The accompanying notes are an integral part of this schedule

TOWN OF SOUTH WINDSOR, 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 Policy and Management		
Payment In Lieu Of Taxes (Pilot) On State-Owned Property	11000-OPM20600-17004	\$ 78
Property Tax Relief on Totally Disabled Persons	11000-OPM20600-17011	1,726
Property Tax Relief for Totally Disabled Homeowners	11000-OPM20600-17018	149,185
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	2,000
Property Tax Relief For Veterans	11000-OPM20600-17024	16,878
Municipal Grants In-Aid	12052-OPM20600-43587	1,338,190
Small Town Economic Assistance Program	12052-OPM20870-40530	149,769
Local Capital Improvement Program	12050-OPM20600-40254	486,869
Total Office of Policy and Management		<u>2,144,695</u>
Total State Financial Assistance Before Exempt Programs		<u>3,673,193</u>
Exempt Programs		
Department of Education		
Education Cost Sharing	11000-SDE64370-17041-82010	12,231,269
Excess Cost - Student Based	11000-SDE64370-17047-82016	\$ 176,921
Excess Cost - Student Based	11000-SDE64370-17047-82018	<u>1,337,127</u>
		<u>1,514,048</u>
Total Department of Education		<u>13,745,317</u>
Department of Administrative Services		
School Construction-Principal SDE	13010-DAS27635-40901	<u>9,739,976</u>
Office of Policy and Management		
Municipal Revenue Sharing	12002-OPM20600-17102	558,715
Grants To Towns	12009-OPM20600-17005	<u>54,351</u>
Total Office of Policy and Management		<u>613,066</u>
Total Exempt Programs		<u>24,098,359</u>
Total State Financial Assistance		<u><u>\$ 27,771,552</u></u>

The accompanying notes are an integral part of this schedule

**TOWN OF SOUTH WINDSOR, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the Town of South Windsor, Connecticut, under programs of the State of Connecticut for the 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 of South Windsor, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of South Windsor, Connecticut.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of South Windsor, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented 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.

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:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance Beginning</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Ending</u>
01/01/2002	2%	\$ 800,000	\$ 228,818	\$ -	\$ 43,866	\$ 184,952
12/31/1997	2%	482,056	14,412	-	14,412	-
11/30/2005	2%	402,727	197,654	-	20,454	177,200
12/28/2006	2%	1,568,029	860,497	-	77,804	782,693
10/31/2012	2%	27,516,583	23,158,628	-	1,218,380	21,940,248



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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Members of the Town Council
Town of South Windsor, 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 South Windsor, Connecticut, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of South Windsor, Connecticut'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 of South Windsor, Connecticut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of South Windsor, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of South Windsor, Connecticut's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of South Windsor, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town of South Windsor, Connecticut's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of South Windsor, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 21, 2017

**TOWN OF SOUTH WINDSOR, 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

Internal control over financial reporting:

- | | | | |
|---|-----------|------------------------------|--|
| • Material weakness(es) identified? | _____ yes | _____ <u>X</u> no | |
| • Significant deficiency(ies) identified? | _____ yes | _____ <u>X</u> none reported | |
| Noncompliance material to financial statements noted? | _____ yes | _____ <u>X</u> no | |

State Financial Assistance

Internal control over major programs:

- | | | | |
|---|--------------------|---------------------|--|
| • Material weakness(es) identified? | _____ yes | _____ <u>X</u> no | |
| • Significant deficiency(ies) identified? | _____ <u>X</u> yes | _____ none reported | |

Type of auditors' report issued on compliance for major programs: Qualified for reporting under LOCIP program, Unmodified for all other requirements and programs

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? _____ X yes _____ no

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

State Grantor and Program	State Core-CT Number	Expenditures
Office of Policy and Management:		
Municipal Grants-In-Aid	12052-OPM20600-43587	\$ 1,338,190
Local Capital Improvement Program	12050-OPM20600-40254	486,869
Department of Transportation:		
Town Aid Road Grants Aid - Municipal	12052-DOT57131-43455	330,948
Dollar threshold used to distinguish between type A and type B programs:		\$ 200,000

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

2017-001	Reporting
Grantor	Office of Policy and Management
Program	Local Capital Improvement Program (LOCIP)
Core-CT Number	12050-OPM20600-40254
Criteria	The grantee must annually submit FORM OPM-DE-2017 to OPM within 90 days of the grantee's fiscal year end.
Condition	The LOCIP annual detail of expenditure form OPM-DE-2017 was not filed within 90 days of the fiscal year ending June 30, 2017.
Questioned Costs	None noted.
Context	Form was submitted on November 8, 2017.
Effect	The grantor is unable to monitor grantee spending.
Cause	The Town was not aware of the requirement.
Recommendation	We recommend that the Town implement procedures to ensure timely reporting of grant expenditures.
Management Response and Planned Corrective Action	The Town concurs with the finding and the form was prepared and submitted to OPM on November 8, 2017. Procedures will be developed to ensure the proper filing of reports in accordance with LOCIP grant.