

**TOWN OF SOUTHTON, CONNECTICUT**

**STATE SINGLE AUDIT REPORT**

**JUNE 30, 2011**

**TOWN OF SOUTHLINGTON, CONNECTICUT**

**STATE SINGLE AUDIT REPORT**

**JUNE 30, 2011**

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**Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance in Accordance with the State Single Audit Act and on the Schedule of Expenditures of State Financial Assistance**

To the Board of Finance  
Town of Southington, Connecticut

**Compliance**

We have audited the Town of Southington, 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 Southington, Connecticut's major state programs for the year ended June 30, 2011. The Town of Southington, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town of Southington, Connecticut's management. Our responsibility is to express an opinion on the Town of Southington, Connecticut's compliance based on our audit.

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 Southington, 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. Our audit does not provide a legal determination of the Town of Southington, Connecticut's compliance with those requirements.

In our opinion, the Town of Southington, Connecticut, complied, in all material respects, with the 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, 2011.

## **Internal Control over Compliance**

Management of the Town of Southington, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Southington, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Southington, 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## **Schedule of Expenditures of State Financial Assistance**

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 of Southington, Connecticut, as of and for the year ended June 30, 2011 and have issued our report thereon dated December 21, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Southington, Connecticut'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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of management, the Board of Finance, the Town Council, the Board of Education and state awarding agencies is not intended to be and should not be used by anyone other than these specified parties.

*Blum, Shapiro & Company, P.C.*

December 21, 2011

**TOWN OF SOUTHLINGTON, CONNECTICUT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2011**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Commission on Culture and Tourism</b>		
Historic Preservation Activities Grants	12060-CAT45200-90455	\$ <u>1,400</u>
<b>Office of the State Comptroller</b>		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	34,009
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OSC15910-17006	<u>145,713</u>
Total Office of the State Comptroller		<u>179,722</u>
<b>Department of Economic and Community Development</b>		
Capital Improvements Special Account	12052-ECD46440-42871	<u>29,350</u>
<b>Department of Education</b>		
Sheff Settlement	11000-SDE84000-12457	12,500
Child Nutrition Program - (School Lunch State Match)	11000-SDE64370-16211	17,649
Youth Services Bureau - Enhancement	11000-SDE84000-16201	7,550
Vocational Agriculture	11000-SDE64000-17017	174,881
Adult Education	11000-SDE64000-17030	19,444
Health Services	11000-SDE64000-17034	55,124
Youth Services Bureau	11000-SDE64000-17052	<u>26,705</u>
Total Department of Education		<u>313,853</u>

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**TOWN OF SOUTHLINGTON, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Department of Environmental Protection</b>		
Boat Grant	12060-DEP44434-34907	\$ 11,052
Clean Water Fund	21015-DEP43720-42318	<u>1,745,530</u>
Total Department of Environmental Protection		<u>1,756,582</u>
<b>Connecticut State Library</b>		
Grants to Public Libraries	11000-CSL66051-17003	2,770
ConnectiCard Payments	11000-CSL66051-17010	2,784
Historic Documents Preservation Grants	12060-CSL66094-35150	<u>6,000</u>
Total Connecticut State Library		<u>11,554</u>
<b>Office of Policy and Management</b>		
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	5,453
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	57,781
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	298,098
Property Tax Relief for Veterans	11000-OPM20600-17024	49,604
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	658,809
Local Capital Improvement Program	12050-OPM20600-40254	277,790
Municipal Video Competition Trust	12060-OPM20600-35362	<u>13,920</u>
Total Office of Policy and Management		<u>1,361,455</u>

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**TOWN OF SOUTHLINGTON, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Department of Public Safety</b>		
Telecommunications Fund	12060-DPS32740-35190	\$ 120,533
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	<u>31,763</u>
Total Department of Public Safety		<u>152,296</u>
<b>Department of Social Services</b>		
Medicaid	11000-DSS60000-16020	36,563
Child Day Care (CDC)	11000-DSS60000-17022	<u>167,444</u>
Total Department of Social Services		<u>204,007</u>
<b>Department of Transportation</b>		
Town Aid Road Grants - Municipal	12052-DOT57000-43455	69,645
Town Aid Road - STO	13033-DOT57000-43459	191,525
Bus Operations	12001-DOT57000-12175	<u>69,598</u>
Total Department of Transportation		<u>330,768</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>4,340,987</u>

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**TOWN OF SOUTHLINGTON, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Exempt Programs</b>		
<b>Office of the State Comptroller</b>		
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	\$ <u>145,034</u>
<b>Department of Education</b>		
Public School Transportation	11000-SDE64000-17027	197,852
Educational Cost Sharing	11000-SDE64000-17041	16,973,998
Excess Costs Student Based and Equity	11000-SDE64000-17047	1,808,100
Nonpublic School Transportation	11000-SDE64000-17049	46,751
School Construction Grants	13009-SDE64000-40896	18,366
School Construction Grants	13010-SDE64000-40901	<u>991,584</u>
Total Department of Education		<u>20,036,651</u>
Total Exempt Programs		<u>20,181,685</u>
<b>Total State Financial Assistance</b>		<b>\$ <u><u>24,522,672</u></u></b>



**TOWN OF SOUTHLINGTON, CONNECTICUT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Southington, Connecticut, through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. The financial assistance programs fund several programs including education, tax relief, transportation, environmental protection and social service programs.

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Southington, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to government entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

**Basis of Accounting** - The financial statements contained in the Town of Southington, Connecticut's annual audit report are prepared on the modified accrual basis of accounting. The following is a summary of such basis:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, if measurable.

The schedule of expenditures of state financial assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Sections 4-236-22), 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 - 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, 2011:

Department of 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>
590-C	6/30/11	2%	\$ 11,068,356	\$ 11,068,356	\$ -	\$ -	\$ 11,068,356



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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 Board of Finance  
Town of Southington, Connecticut

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 of Southington, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town of Southington, Connecticut's basic financial statements, and have issued our report thereon dated December 21, 2011. We conducted our audit in accordance with 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Town of Southington, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures 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 Southington, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Southington, Connecticut's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Southington, Connecticut's financial statements are free of 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*.

We noted certain matters that we reported to management of the Town of Southington, Connecticut, in a separate letter dated December 21, 2011.

This report is intended for the information and use of management, the Board of Finance, the Town Council, the Board of Education and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Blum, Shapiro & Company, P.C.*

December 21, 2011

**TOWN OF SOUTHLINGTON, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified

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' report issued on compliance for major programs: Unqualified

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 audit:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Environmental Protection:		
Clean Water Fund	21015-DEP43720-42318	\$ 1,745,530
Office of Policy and Management:		
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	658,809

- 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**

No matters were reported.