

Town of Southington, Connecticut

Federal and State
Compliance Report
Year Ended June 30, 2019

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RSM US LLP

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Members of the Board of Finance
Town of Southington, Connecticut

Report on Compliance for Its Major Federal Program

We have audited the Town of Southington, 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 the Town's major federal program for the year ended June 30, 2019. The Town's major federal program is 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 the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Its 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 its major federal program for the year ended June 30, 2019.

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 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, 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, 2019, and the related notes to the financial statements, which collectively comprise the Town of Southington, Connecticut's basic financial statements. We have issued our report thereon dated December 16, 2019, which contained unmodified opinions on those financial statements. The beginning net position of the business type activities was restated to a correct an error in previously issued 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

New Haven, Connecticut
December 16, 2019

Town of Southington, Connecticut

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed through State Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.553	12060-SDE64370-20560	\$ -	\$ 584,047
Special Milk Program for Children	10.555	12060-SDE64370-20500	-	144
School Breakfast Program	10.556	12060-SDE64370-20508	-	112,862
Total Child Nutrition Cluster			-	697,053
U.S. Department of Education				
Passed through State Department of Education:				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies - 2018	84.010	12060-SDE64370-20679-2018	-	6,320
Title I Grants to Local Educational Agencies - 2019	84.010	12060-SDE64370-20679-2019	-	445,422
Total Title I, Part A Cluster			-	451,742
Special Education Cluster:				
Special Education - Grants to States	84.027	12060-SDE64370-20977-2019	-	1,195,439
Special Education - Grants to States	84.027	12060-SDE64370-20977-2018	-	216,351
Special Education - Preschool Grants	85.173	12060-SDE64370-20983-2019	-	45,180
Total Special Education Cluster			-	1,456,970
Career and Technical Education-Basic Grants to States	84.048	12060-SDE64370-20742-2018	-	15,027
Career and Technical Education-Basic Grants to States	84.048	12060-SDE64370-20742-2019	-	53,478
Student Support and Academic Enrichment Grant	84.424	12060-SDE64370-22854-2019	-	12,898
Improving Teacher Quality Cluster:				
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2019	-	43,939
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2018	-	61,413
			-	105,352
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2019	-	14,198
			-	14,198
Total U.S. Department of Education			-	2,109,665

(Continued)

Town of Southington, Connecticut

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Passed through the State of Connecticut				
Department of Housing:				
CDBG-State-Administered Small Cities Program Cluster:				
State Administered Small Cities Program	14.228	12060-DOH46920-20730	\$ -	\$ 137,589
Total U.S. Department of Housing and Urban Development			-	137,589
U.S. Department of Justice				
Passed through the State of Connecticut				
Office of Policy and Management				
Juvenile Justice and Delinquency Program	16.540	12060-OPM20350-21676	-	558
Passed through the State of Connecticut				
Department of Emergency Services and Public Protection:				
Internet Crimes Against Children-ARRA	16.543	12060-DPS32353-21917	-	3,850
Total U.S. Department of Justice			-	4,408
U.S. Department of Transportation				
Passed through the State of Connecticut				
Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	12062-DOT57931-21361	-	50,400
National Priority Safety Program	20.616	12062-DOT57513-22600	-	5,337
Federal Highway Safety Grants	20.600	12062-DOT57513-20559	-	3,688
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	12062-DOT57191-22108	-	67,232
Highway Planning and Construction	20.205	12062-DOT57191-22108	-	62,453
Highway Planning and Construction	20.205	12062-DOT57141-22108	-	560
Total Highway Planning and Construction Cluster			-	130,245
Total U.S. Department of Transportation			-	189,670
U.S. Department of Health and Human Services				
Direct:				
Drug-Free Communities Support Program Grants	93.276		-	110,912
Total U.S. Department of Health and Human Services			-	110,912
Total expenditures of federal awards			\$ -	\$ 3,249,297

Town of Southington, Connecticut

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Southington, Connecticut, under programs of the federal government for the year ended June 30, 2019. The information in the 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 of Southington, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balances, and changes in net position or cash flows of the Town of Southington, Connecticut.

Note 2. Summary of Significant Accounting Principles

Expenditures reported in the Schedule are recognized under 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. Pass-through entity identifying numbers are presented where available.

Note 3. Non Cash Awards

The U.S. Department of Agriculture makes available commodities for donations to schools. The amount of \$87,306 represents the market value of such commodities used during the period.

Note 4. Indirect Cost Recovery

The Town of Southington, Connecticut did not recover its indirect cost using the 10 percent de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

Town of Southington, Connecticut

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of Major Programs

Grantor and Program	CDFA Numbers	Expenditures
U.S. Department of Education		
Special Education Cluster	84.027/84.173	\$ 1,456,970
Dollar threshold used to distinguish between type A and type B programs		\$ 750,000

Auditee qualifies as low-risk auditee? Yes No

Town of Southington, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019**

II. Financial Statement Findings

Material Weakness in Internal Control

2019-001 Financial Reporting

Criteria:

Auditing standards require internal control policies and procedures to enable the preparation of financial statements in accordance with generally accepted accounting principles.

Condition:

The internal control procedures did not prevent misapplication of certain accounting standards, which resulted in restatement of the prior year's financial statements in the sewer enterprise fund. The amount recognized for revenue earned was not recorded on the accrual basis of accounting, resulting in an understatement of revenue for earned but unbilled amounts.

Context:

Although the Town made every effort to present their financial statements in accordance with generally accepted accounting principles, in the prior year accounting standards related to reporting unbilled revenues was applied incorrectly.

Effect:

The financial statements had to be restated to properly reflect earned revenue in the sewer enterprise fund.

Recommendation:

Management should develop a procedure to ascertain that all generally accepted accounting principles are followed.

Management Response:

The Town will establish a procedure to ascertain that financial statements are prepared in accordance with generally accepted accounting principles.

III. Federal Award Findings and Questioned Costs

No matters were reported.

Town of Southington, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2019**

The prior year single audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from the prior audit's *Summary of Prior Audit Findings*.

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

Independent Auditor's Report

To the Members of the Board of Finance
Town of Southington, 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 United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Southington, Connecticut (the Town) as of and for the year ended June 30, 2019, 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 16, 2019. The beginning net position of the business type activities was restated due to an error found in the previously issued financial statements.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

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.

RSM US LLP

New Haven, Connecticut
December 16, 2019



RSM US LLP

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

Independent Auditor's Report

To the Members of the Board of Finance
Town of Southington, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Southington, 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, 2019. The Town's major state 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 the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's 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, 2019.

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 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's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, 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, 2019, and the related notes to the financial statements, which collectively comprise the Town of Southington, Connecticut's basic financial statements. We issued our report thereon dated December 16, 2019, which contained unmodified opinions on those financial statements. The beginning net position of the business type activities was restated to a correct an error in previously issued 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 basic 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 16, 2019

Town of Southington, Connecticut

**Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2019**

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Passed Through to Subrecipients	Expenditures
Department of Education			
Sheff Settlement	11000-SDE64370-12457	\$ -	\$ 96,423
Youth Service Bureau Enhancement	11000-SDE64370-16201	-	6,082
Child Nutrition State Match	11000-SDE64370-16211	-	18,982
Health Foods Initiative	11000-SDE64370-16212	-	36,128
Vocational Agriculture	11000-SDE64370-17017	-	621,880
Adult Education	11000-SDE64370-17030	-	13,873
Health & Welfare-Private School Pupil	11000-SDE64370-17034	-	23,876
School Breakfast Program	11000-SDE64370-17046	-	26,081
Youth Service Bureaus	11000-SDE64370-17052	-	23,977
Open Choice Program	11000-SDE64370-17053	-	169,976
Talent Development	11000-SDE64370-16049	-	12,727
Total Department of Education		-	1,050,005
Connecticut State Library			
Connecticard Payments	11000-CSL66051-17010	-	3,255
Historic Document Preservation	12060-CSL66094-35150	-	6,500
Total Connecticut State Library		-	9,755
Department of Energy and Environmental Protection			
Clean Water Revenue Bonds	21015-DEP43720-42318	-	2,486,311
Clean Water Revenue Bonds	21014-DEP43720-40001	-	1,004,228
		-	3,490,539
Department of Transportation			
Community Connectivity Grant	13033-DOT57000-43667	-	314,339
Bus Operations	12001-DOT57931-12175	-	65,544
Town Aid Road Grants-Municipal	12052-DOT57131-43455	-	262,824
Town Aid Road-STO	13033-DOT57131-43459	-	262,824
Local Transport Capital Program	13033-DOT57197-43584	-	18,777
Total Department of Transportation		-	924,308
Department of Public Health			
Drinking Water Revenue Bonds	21018-DPH48770-42319	1,101,384	1,101,384
Office of the State Treasurer			
Nitrogen Credit Exchange Program	21016-OTT14230-42407	-	11,114
Department of Emergency Services and Public Protection			
Fire School Training & Education Extension	12060-DPS32251-35180	-	1,095
Enhanced 911 Telecommunication Fund	12060-DPS32741-35190	-	72,441
Total Department of Emergency Services and Public Protection		-	73,536

(Continued)

Town of Southington, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2019**

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Passed Through to Subrecipients	Expenditures
Economic and Community Development			
Regional Initiative Grant Program	000-46820-16258-73003-20	\$ -	\$ -
Historic Preservation Grants	12060-ECD46840-90455	-	3,150
Total Economic and Community Development		<u>-</u>	<u>3,150</u>
Judicial Branch			
Ilota Court Fees	34001-JUD95162-40001	\$ -	\$ 16,928
Mental Health and Addiction Services			
Urban Act Grant-MHA	13019-MHA53188-43696	-	309,696
Office of Early Childhood			
Early Care and Education	11000-OEC64841-16274	339,598	339,598
Total Office of Early Childhood		<u>339,598</u>	<u>339,598</u>
Office of Policy and Management			
Reimbursement Property Tax-Disability Exemption	11000-OPM20600-17011	-	4,568
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	-	94,474
Property Tax Relief For Veterans	11000-OPM20600-17024	-	55,180
Local Capital Improvement	12050-OPM20600-40254	-	3,852
Municipal Purposes & Projects	12052-OPM20600-43587	-	820,795
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	12052-OPM20600-43740	-	728
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	-	6,766
Total Office of Policy and Management		<u>-</u>	<u>986,363</u>
Total State Financial Assistance Before Exempt Programs		<u>1,440,982</u>	<u>8,316,376</u>
Exempt Programs			
Department of Education			
Education Cost Sharing	1000-SDE64370-17041-8201	-	20,181,680
Excess Costs Student Based and Equity	11000-SDE64370-17047	-	1,994,563
Total Department of Education		<u>-</u>	<u>22,176,243</u>
Department of Administrative Services			
School Construction-Principal SDE	13010-DAS27636-40901	-	184,659
Total Department of Administrative Services		<u>-</u>	<u>184,659</u>
Office of Policy and Management			
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	-	7,160
Total Office of Policy and Management		<u>-</u>	<u>7,160</u>
Total Exempt Programs		<u>-</u>	<u>22,368,062</u>
Total State Financial Assistance		<u>\$ 1,440,982</u>	<u>\$30,684,438</u>

See notes to schedule of expenditures of state financial assistance.

Town of Southington, Connecticut

Note to Schedule of Expenditures of State Financial Assistance For the Year Ended June 30, 2019

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes state grant activity of the Town of Southington, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2019. 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 Town of Southington, Connecticut, it is not intended to and does not present the financial position, changes in fund balances, changes in net position or cash flows of the Town of Southington, Connecticut.

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 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 in 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. 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 activities for the year ended June 30, 2019:

Department of Energy and Environmental Protection:

Clean Water Funds

	Balance June 30, 2018	Issued	Retired	Balance June 30, 2019
590-C1	\$ 5,683,750	\$ -	\$ 568,375	\$ 6,252,125
651-DC (IFO)	-	2,486,311	-	2,486,311
	<u>\$ 5,683,750</u>	<u>\$ 2,486,311</u>	<u>\$ 568,375</u>	<u>\$ 8,738,436</u>

Town of Southington, Connecticut

**Schedule of State Single Audit Findings and Questioned Costs
For the Year Ended June 30, 2019**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
 - Significant deficiency(ies) identified? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified.

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

The following schedule reflects the major programs included in the State Single Audit:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Education		
Vocational Agriculture	11000-SDE64370-17017	\$ 621,880
Office of Policy and Management		
Municipal Purposes & Projects	12052-OPM20600-43587	820,795
Department of Transportation:		
Town Aid Road- Municipal/STO	12052-DOT57131-43455/43459	525,648
Department of Energy and Environmental Protection		
Clean Water Revenue Bonds	21015-DEP43720-42318	2,486,311
Clean Water Revenue Bonds	21014-DEP43720-40001	1,004,228
Dollar threshold used to distinguish between Type A and Type B Programs		<u> \$ 200,000 </u>

Town of Southington, Connecticut

**Schedule of State Single Audit Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019**

II. Financial Statement Findings

See finding 2019-001 Financial Reporting on page 7 of this report.

III. State Financial Assistance Findings and Questioned Costs

No matters were reported.

Town of Southington, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2019**

The prior year single audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from the prior audit's *Summary of Prior Audit Findings*.