

TOWN OF ELLINGTON, CONNECTICUT

**FEDERAL AND STATE
SINGLE AUDITS**

FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF ELLINGTON, CONNECTICUT
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INTERNAL CONTROL AND COMPLIANCE REPORT

**INDEPENDENT AUDITOR'S 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 of the
Town of Ellington, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ellington, Connecticut (the "Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 27, 2019.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of federal findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of federal findings and questioned costs as item 2018-001 to be a material weakness.

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. We consider the deficiencies described in the accompany schedule of federal findings and questioned costs as item 2018-002 to be a significant deficiency.

Compliance and Other Matters

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

Town's Response to Findings

The Town's responses to the findings identified in our audit are described in the accompanying schedule of federal findings and questioned costs. The Town's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



Certified Public Accountants
Glastonbury, Connecticut
September 27, 2019

FEDERAL SINGLE AUDIT

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Finance of the
Town of Ellington, Connecticut

Report on Compliance for Each Major Program

We have audited the Town of Ellington, Connecticut's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2018. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town of Ellington, 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 major federal programs for the year ended June 30, 2018.

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.

Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated September 27, 2019, 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.



Certified Public Accountants
Glastonbury, Connecticut
September 27, 2019

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor; Pass-Through Grantor; Program Title; Description</u>	<u>Pass-Through Entity Identification Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Passed through the State of Connecticut Department of Housing:			
Community Development Block Grants	12060-DOH46920-20730	14.228	\$ 197,852
U.S. DEPARTMENT OF EDUCATION:			
Special Education Cluster (IDEA):			
Passed through the State of Connecticut Department of Education:			
Special Education - Grants to States (IDEA, Part B) - 2018	12060-SDE64370-20977	84.027	423,329
Special Education - Grants to States (IDEA, Part B) - 2017	12060-SDE64370-20977	84.027	6,286
Special Education - Preschool Grants (IDEA Preschool) - 2018	12060-SDE64370-20983	84.173	9,776
Special Education - Preschool Grants (IDEA Preschool) - 2017	12060-SDE64370-20983	84.173	7,272
Total Special Education Cluster (IDEA)			<u>446,663</u>
Title I Grants to Local Educational Agencies - 2018	12060-SDE64370-20679	84.010	68,717
Title I Grants to Local Educational Agencies - 2017	12060-SDE64370-20679	84.010	12,855
Title I Schools of Distinction, Improving Basic Programs - 2017	12060-SDE64370-20679-82166	84.010	16,815
			<u>98,387</u>
Supporting Effective Instruction State Grants - 2018	12060-SDE64370-20858	84.367	29,009
Supporting Effective Instruction State Grants - 2017	12060-SDE64370-20858	84.367	7,699
			<u>36,708</u>
Career and Technical Education Basic Grants to States (Perkins IV) - 2018	12060-SDE64370-20742	84.048	16,614
Student Support and Academic Enrichment Grant - 2018	12060-SDE64370-22854	84.424	10,000
Total U.S. Department of Education			<u>608,372</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed through the State of Connecticut Department of Transportation:			
Alcohol Open Container Requirements	12062-DOT57513-22091	20.607	28,150
DEPARTMENT OF HOMELAND SECURITY:			
Passed through the State of Connecticut Department of Emergency Services and Public Protection:			
Emergency Management Performance Grant - 2016	12060-DPS32160-21881	97.042	7,893
U.S. DEPARTMENT OF AGRICULTURE:			
Child Nutrition Cluster:			
Passed through the State of Connecticut Department of Administrative Services:			
National School Lunch Program - Commodities	-	10.555	23,587
Passed through the State of Connecticut Department of Education:			
National School Lunch Program - 2018	12060-SDE64370-20560	10.555	130,526
National School Lunch Program - 2017	12060-SDE64370-20560	10.555	17,018
National School Breakfast - 2018	12060-SDE64370-20508	10.553	25,109
National School Breakfast - 2017	12060-SDE64370-20508	10.553	2,710
Total Child Nutrition Cluster			<u>198,950</u>
Total U.S. Department of Agriculture			<u>198,950</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 1,041,217</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

The accounting policies of the Town of Ellington, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of federal awards.

COST ALLOCATION PRINCIPLES

The Town has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. The Town has no awards for which an indirect cost rate is applicable.

NOTE 2 - OTHER FEDERAL ASSISTANCE

The United States Department of Agriculture provides commodities to the Town's schools. An amount of \$23,587 is reflected in the expenditures column in the accompanying schedule of expenditures of federal awards, which represents the market value of such commodities received during the year ended June 30, 2018.

No other federal assistance was received in the form of loans, loan guarantees or insurance.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes _____ No
None reported

Significant deficiency(ies) identified? _____ Yes _____ No
reported

Noncompliance material to financial statements noted? _____ Yes _____ No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? _____ Yes _____ No
None reported

Significant deficiency(ies) identified? _____ Yes _____ No
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 2 CFR Section 200.516(a)? _____ Yes _____ No

Identification of major programs:

CFDA Number	Name of Federal Program
84.027/84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2018-001: Material Weakness in Internal Control over Financial Reporting – Application of Accounting Standards

Criteria: Management is responsible for the preparation and fair presentation of the Town’s financial statements in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). This includes the proper application of the accounting standard relating to the Town’s Volunteer Firefighters’ Length of Service Award Program (“LOSAP”).

Condition: During our audit, we noted that management did not properly identify and apply the accounting standard that addresses the accounting and disclosure requirements for its Volunteer Firefighters’ Length of Service Award Program (“LOSAP”).

Questioned Costs: No costs were questioned.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS *(Continued)*

Finding 2018-001: Material Weakness in Internal Control over Financial Reporting - Application of Accounting Standards *(Continued)*

Effect: The beginning net position of the Town’s governmental activities had to be restated for the application of the accounting standard that addresses the accounting and disclosure requirements for the Town’s LOSAP.

Cause: Failure to properly identify and apply the accounting standard that addresses the accounting and disclosure requirements for LOSAP.

Auditor’s Recommendation: We recommend that the Town provide ongoing training to ensure that appropriate personnel remain current on authoritative accounting guidance. Management should be able to understand the accounting and disclosure requirements of accounting standards, identify whether or not those requirements affect the Town’s financial statements, and properly apply the accounting standards to its financial statements. Management could consider the use of a consultant to assist in the proper application of the accounting standards.

Management’s Response: The Town is currently in the process of reviewing the above finding and recommendation in order to take the necessary steps to address this finding.

Finding 2018-002: Significant Deficiency in Internal Control over Financial Reporting - Timeliness of Financial Reporting

Criteria: Management is responsible for the preparation and fair presentation of the Town’s financial statements in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The timeliness of financial reporting is included as one of the six qualitative characteristics of effective financial reporting by the GASB. Section 7-393 of the Connecticut General Statutes requires that a copy of the Town’s audited financial statements be filed within six months from the end of the Town’s fiscal year.

Condition: The Town’s accounting records were not closed out in a timely manner, which resulted in significant delays in filing the Town’s financial statements for the fiscal year ended June 30, 2018.

Questioned Costs: No costs were questioned.

Effect: The Town was required to request multiple extensions from the State of Connecticut Office of Policy & Management. In addition, the delay in financial reporting exposes the Town to a risk that information necessary to make appropriate fiscal decisions may not be readily available, or lead to misleading or misstated information. This could significantly affect the Town’s financial reporting processes, including but not limited to budgeting, budgeting compliance and overall financial reporting.

Cause: The cause is attributed to vacancies in the Town’s Finance Director position, in addition to multiple inefficiencies in the Town’s current accounting and closing procedures. Specifically, we noted the following:

- The use of a single accounting ledger to account for multiple funds of the Town,
- The use of manual journal entries as part of the year-end closing process to reclassify activity recorded in one general ledger account to another general ledger account for fund reporting purposes,
- A lack of formal documented closing procedures to help ensure that accounts are reconciled and properly balanced periodically throughout the year and at year-end.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS *(Continued)*

Finding 2018-002: Significant Deficiency in Internal Control over Financial Reporting - Timeliness of Financial Reporting *(Continued)*

Auditor’s Recommendation: We recommend that the Town develop and implement a comprehensive plan to overhaul its current system of internal control over financial reporting. Specifically, we recommend the Town consider implementing a fund accounting system that can be integrated with other accounting systems utilized by the Town. In addition, we recommend that the Town develop formal closing procedures to help ensure that accounts are reconciled and properly balanced periodically throughout the year and at year-end.

Management’s Response: The Town is currently in the process of reviewing the above finding and recommendation in order to take the necessary steps to address this finding.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

Prior audit finding 2017-001 has been repeated and expanded upon as finding 2018-002.

STATE SINGLE AUDIT

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES
OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE CONNECTICUT STATE SINGLE AUDIT ACT**

To the Board of Finance of the
Town of Ellington, Connecticut

Report on Compliance for Each Major Program

We have audited the Town of Ellington, Connecticut’s (the “Town”) compliance with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management’s *Compliance Supplement to the State Single Audit Act* that could have a direct and material effect on each of the Town’s major state programs for the year ended June 30, 2018. The Town’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of state 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 of Ellington, 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 major state programs for the year ended June 30, 2018.

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.

Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated September 27, 2019, 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.



Certified Public Accountants
Glastonbury, Connecticut
September 27, 2019

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018

State Grantor; Pass-through Grantor; Program Title	State Grant Program Core - CT Number	Expenditures
NON-EXEMPT PROGRAMS:		
OFFICE OF POLICY AND MANAGEMENT:		
Direct:		
Municipal Grants-in-Aid	12052-OPM20600-43587	\$ 223,527
Local Capital Improvement Program	12050-OPM20600-40254	195,025
Property Tax Relief for Veterans	11000-OPM20600-17024	15,671
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	1,813
Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	88
Total Office of Policy and Management		436,124
CONNECTICUT JUDICIAL BRANCH:		
Direct:		
Court Fees	34001-JUD95162-40001	3,824
DEPARTMENT OF TRANSPORTATION:		
Direct:		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	168,996
Town Aid Road Grants Transportation Fund - STO	13033-DOT57131-43459-34005	168,995
Bus Operations	12001-DOT57931-12175	27,023
Total Department of Transportation		365,014
DEPARTMENT OF EDUCATION:		
Direct:		
Open Choice	11000-SDE64370-17053-82060	216,192
Open Choice - Academic, Student & Social Support	11000-SDE64370-12457-82160	83,347
School Breakfast	11000-SDE64370-17046	14,470
Youth Service Bureau	11000-SDE64370-17052	14,000
Adult Education	11000-SDE64370-17030	13,583
Healthy Foods Initiative	11000-SDE64370-16212	13,355
Child Nutrition on State Matching Grant	11000-SDE64370-16211	7,022
Youth Service Bureau Enhancement	11000-SDE64370-16201	4,639
Total Department of Education		366,608
CONNECTICUT STATE LIBRARY:		
Direct:		
Historic Documents Preservation Grants	12060-CSL66094-35150	4,000
Connecticard	11000-CSL66051-17010	1,689
Total Connecticut State Library		5,689
OFFICE OF EARLY CHILDHOOD:		
Direct:		
School Readiness in Competitive Grant Municipalities	11000-OEC64845-16274-83013	136,147
Child Care Quality Enhancement	11000-OEC64845-16158	961
Total Office of Early Childhood		137,108
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION:		
Direct:		
School Security Infrastructure	12052-DPS32183-43546	23,578
Total State Assistance Before Exempt Programs		1,337,945

(Continued)

The accompanying notes are an integral part of this schedule.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (Concluded)
FOR THE YEAR ENDED JUNE 30, 2018

State Grantor; Pass-through Grantor; Program Title	State Grant Program Core - CT Number	Expenditures
EXEMPT PROGRAMS:		
OFFICE OF POLICY AND MANAGEMENT:		
Direct:		
Municipal Stabilization Grant	11000-OPM20600-17104	\$ 74,208
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	44,853
Total Office of Policy and Management		<u>119,061</u>
DEPARTMENT OF EDUCATION:		
Direct:		
Education Cost Sharing	11000-SDE64370-17041-82010	8,424,841
Excess Costs Student Based and Equity	11000-SDE64370-17047	746,665
Total Department of Education		<u>9,171,506</u>
DEPARTMENT OF ADMINISTRATIVE SERVICES:		
Direct:		
School Construction Grants	13010-DAS27635-40901	2,016,027
Total Exempt programs		<u>11,306,594</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 12,644,539</u>
		<i>(Concluded)</i>

The accompanying notes are an integral part of this schedule.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Ellington, Connecticut (the "Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2018. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

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. The following is a summary of the more significant policies relating to the aforementioned grant programs.

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. In accordance with Section 4-236-22 of the regulations to the Connecticut State Single Audit Act, these financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ✓ Yes No

Significant deficiency(ies) identified? ✓ Yes Reported

Noncompliance material to financial statements noted? Yes ✓ No

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified? Yes ✓ 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 ✓ No

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

State Grantor and Program	State Grant Program Core-CT Number	Expenditures
Department of Transportation:		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	\$ 168,996
Town Aid Road Grants Transportation Fund - STO	13033-DOT57131-43459-34005	168,995
		\$ 337,991
Office of Policy and Management:		
Municipal Grants-in-Aid	12052-OPM20600-43587	\$ 223,527
Department of Education:		
Open Choice	11000-SDE64370-17053-82060	216,192

Dollar threshold used to distinguish between Type A and Type B programs: \$200,000

SECTION II - FINANCIAL STATEMENT FINDINGS

Refer to financial statement findings 2018-001 and 2018-002 reported in the accompanying schedule of federal findings and questioned costs.

SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings were reported.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2018

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

Prior audit finding 2017-001 has been repeated and expanded upon as finding 2018-002.