

**Federal Single Audit  
and  
State Single Audit  
of the  
Town of Vernon, Connecticut  
Year Ended June 30, 2016**

## Town of Vernon, Connecticut

### Table of Contents

	<u>Page</u>
<u>Federal Single Audit</u>	
Schedule of Expenditures of Federal Awards	1-3
Notes to Schedule of Expenditures of Federal Awards	4
Summary Schedule of Prior Year Audit Findings	5
Schedule of Findings and Questioned Costs	6
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 <i>Government Auditing Standards</i>	7-8
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	9-11
<u>State Single Audit</u>	
Schedule of Expenditures of State Financial Assistance	12-14
Notes to Schedule of Expenditures of State Financial Assistance	15-16
Summary Schedule of Prior Year Audit Findings	17
Schedule of Findings and Questioned Costs	18-19
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 <i>Government Auditing Standards</i>	20-21
Independent Auditor's 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	22-24

---

**Federal  
Single  
Audit**

---

# Town of Vernon, Connecticut

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Revenues	Expenditures
<b><u>U.S. Department of Agriculture</u></b>					
Child Nutrition Cluster:					
Passed through State Department of Administrative Services, Bureau of Purchases:					
National School Lunch Program - Commodities	10.555	n/a	\$ 0	\$ 37,939	\$ 37,939
Passed through the State Department of Education:					
School Breakfast Program	10.553	12060-20508-82079-2016	0	215,571	215,571
National School Lunch Program - Cash	10.555	12060-20560-82079-2016	0	696,778	696,778
Summer Food Service Program for Children	10.559	12060-20540-82079-2015	0	15,659	15,659
Summer Food Service Program for Children	10.559	12060-20548-82079-2015	0	1,344	1,206
Summer Food Service Program for Children	10.559	12060-20540-82079-2016	0	3,708	3,708
Total Child Nutrition Cluster			0	970,999	970,861
Passed through the State Department of Education:					
Child and Adult Care Food Program CCF Program		12060-20518-82079-2016	0	12,906	12,906
Child and Adult Care Food Program CCFC CIL		12060-20544-82079-2016	0	998	998
Total Child and Adult Care Food Program	10.558		0	13,904	13,904
Total U.S. Department of Agriculture			0	984,903	984,765
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Passed through the State Department of Economic and Community Planning and Development:					
Community Development Block Grants/ State's Program and Non-entitlement Grants in Hawaii					
Small Cities - 2013	14.228	SC 1314601	0	173,369	204,087
<b><u>U.S. Department of Justice</u></b>					
Office of Juvenile Justice & Delinquency Prevention:					
Passed through the State Office of Policy and Management:					
Juvenile Accountability Block Grants	16.523	2011-JF-FX-0001	0	10,437	10,437
Direct Program - Bureau of Justice Assistance:					
Bulletproof Vest Partnership Program		2014 BUBX	0	1,114	1,114
Bulletproof Vest Partnership Program		2015 BUBX	0	2,354	2,354
Total Bulletproof Vest Partnership Program	16.607		0	3,468	3,468
Direct Program - Drug Enforcement Administration:					
Law Enforcement Assistance Narcotics and Dangerous Drugs Training	16.004	DEA OT Reimb	0	19,186	19,186
Passed through the State Office of Policy and Management:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0042	0	30,000	29,765
Total U.S. Department of Justice			0	63,091	62,856
<b><u>U.S. Department of Transportation</u></b>					
Highway Planning and Construction Cluster:					
Passed through the State Department of Transportation:					
Highway Planning and Construction		6146 (011); SAFETEA-LU	0	15,214	15,214
Highway Planning and Construction		1146 (109); STP-U	0	150,536	150,536
Highway Planning and Construction		6146 (017); SAFETEA-LU	0	19,075	19,075
Total Highway Planning and Construction Cluster	20.205		0	184,825	184,825
Highway Safety Cluster:					
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	0196-0702-AC	0	4,283	4,283
Total U.S. Department of Transportation			0	189,108	189,108

(Continued-1)

**Town of Vernon, Connecticut**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016**

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA #</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed- Through to Subrecipients</b>	<b>Revenues</b>	<b>Expenditures</b>
<b>U.S. Department of Education</b>					
Passed through the State Department of Education:					
Adult Education - Basic Grants to States					
Adult Education		12060-20784-2016-84002-170015	\$ 0	\$ 35,000	\$ 35,000
Adult Education		12060-20784-2016-84002	0	160,000	160,000
Total Adult Education Basic Grants to States	84.002		0	195,000	195,000
Passed through the State Department of Education:					
Title I Grants to Local Educational Agencies:					
Title I PRTD carryover		12060-20679-2015-82070	0	54,406	54,406
Title I PRTD		12060-20679-2016-82070	0	445,104	445,104
Total Title I Grants to Local Educational Agencies	84.010		0	499,510	499,510
Special Education Cluster:					
Special Education - Grants to States:					
Special Education - Grants to States (IDEA, Part B) carryover		12060-20977-2015-82032	0	201,235	201,235
Special Education - Grants to States (IDEA, Part B)		12060-20977-2016-82032	0	571,577	571,577
Total Special Education - Grants to States (IDEA, Part B)	84.027		0	772,812	772,812
Special Education - Preschool Grants:					
Special Education - Preschool Grants Program carryover	84.173	12060-20983-2015-82032	0	42,347	34,189
Total Special Education Cluster			0	815,159	807,001
Career and Technical Education - Basic Grants to States					
Passed through Manchester Community Technical College:					
Tech-Prep Education:					
Carl Perkins Vocational and Applied Tech		12060-20742-2016-84010	0	1,410	759
Passed through the State Department of Education:					
Carl Perkins Vocational and Applied Tech		12060-20742-2016-84010	0	39,600	39,600
Total Career and Technical Education - Basic Grants to States:	84.048		0	41,010	40,359
English Language Acquisition State Grants:					
Title III carryover		12060-20868-2015-82075	0	1,988	2,245
Title III		12060-20868-2016-82075	0	6,472	6,472
Total English Language Acquisition State Grants	84.365		0	8,460	8,717
Improving Teacher Quality State Grants:					
Title II, Part A, Improving Teacher Quality - carryover		12060-20858-2015-84131	0	2,885	2,885
Title II, Part A, Improving Teacher Quality		12060-20858-2016-84131	0	138,750	138,750
Total Improving Teacher Quality State Grants	84.367		0	141,635	141,635
Preschool Development Grants	84.419	12060-22705-2015-83004	0	629,910	545,243
Total U.S. Department of Education			0	2,330,684	2,237,465

(Continued-2)

**Town of Vernon, Connecticut**

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2016**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Revenues	Expenditures
<b><u>U.S. Department of Health and Human Services</u></b>					
Passed through the State Department of Social Services:					
Social Services Block Grant:					
SBG-37		14DSS5002BG	\$ 0	\$ 10,367	\$ 10,367
SBG-38		14DSS5012BG	0	5,183	5,183
Total Social Services Block Grant	93.667		0	15,550	15,550
Passed through the State Department of Mental Health and Addiction Services and East of the River Action for Substance Abuse Elimination:					
Block Grants for Prevention and Treatment of Substance Abuse	93.959	n/a	0	5,342	5,342
Total U.S. Department of Health and Human Services			0	20,892	20,892
<b><u>U.S. Department of Homeland Security</u></b>					
Passed through the State Office of Emergency Management and Homeland Security:					
Emergency Management Performance Grants	97.042	012E146A EMPG FFY 2013	0	14,570	14,570
<b>Total Federal Financial Assistance</b>			<b>\$ 0</b>	<b>\$ 3,776,617</b>	<b>\$ 3,713,743</b>
CFDA = Catalog of Federal Domestic Assistance					(Concluded-3)

See Notes to Schedule of Expenditures of Federal Awards.

**Town of Vernon, Connecticut**

**Notes to Schedule of Expenditures of Federal Awards  
June 30, 2016**

**1. Basis of presentation**

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

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

**2. Summary of significant accounting policies**

A. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

**3. Noncash federal awards**

The Town received and expended \$37,939 of USDA donated commodities under the National School Lunch Program.

**Town of Vernon, Connecticut**

**Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2016**

Federal Award Findings and Questioned Costs

2014-001     Cash Management - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - 14.228

Condition

Grant funds were not disbursed timely upon receipt.

Current Status

The finding has been adequately addressed.

2015-001     Child Nutrition Cluster – CFDA No. 10.533/10.555/10.559

Condition

The price for paid lunches does not meet the Federal paid lunch equity guidelines.

Current Status

The finding has been adequately addressed.

2015-002     Child Nutrition Cluster – CFDA No. 10.533/10.555/10.559

Condition

Verification of free and reduced price applications were not performed within the guidelines set by the grant.

Current Status

The finding has been adequately addressed.



**Town of Vernon, Connecticut**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016**

**I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified?       yes   x  no

Significant deficiency(ies) identified?       yes   x  none reported

Noncompliance material to financial statements noted?       yes   x  no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?       yes   x  no

Significant deficiency(ies) identified ?       yes   x  none reported

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

Unmodified opinion

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

      yes   x  no

Identification of major programs:

CFDA Number

Name of Federal Program

84.027/84.173  
84.419

Special Education Cluster  
Preschool Development Grants

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

\$750,000

Auditee qualified as low-risk auditee?

  x  yes       no

**II - Findings - Financial Statement Audit**

None

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

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*

Town Council  
Town of Vernon, 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 Vernon, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 13, 2017.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut  
February 13, 2017

Independent Auditor's Report on Compliance for Each  
Major Federal Program; Report on Internal Control over  
Compliance; and Report on the Schedule of Expenditures  
of Federal Awards Required by the Uniform Guidance

Town Council  
Town of Vernon, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Vernon, Connecticut's 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, 2016. The Town's major federal 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 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 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### *Opinion on Each Major Federal Program*

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### *Report on Internal Control over Compliance*

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

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



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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Vernon, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 13, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "CohnReznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut  
February 13, 2017

---

**State  
Single  
Audit**

---

# Town of Vernon, Connecticut

## Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2016

State Grantor / Pass-Through Grantor: Program Title	State Grant Program CORE CT #	Revenues	Expenditures
<b>Department of Economic and Community Development, Office of Brownfield Remediation and Redevelopment:</b>			
Municipal Brownfield Assessment and Inventory Grant		\$ 22,801	\$ 22,801
Remedial Action Redevelopment Municipal Grant Program		658,623	658,623
Historic Brownfield Revitalization Program 2015-146-005		100,678	100,678
Total Brownfield/Remedial Programs	12052-ECD46260-35533	782,102	782,102
<b>Department of Transportation:</b>			
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	402,246	429,637
Transit District Grants and Loans Transportation Fund	12001-DOT57931-12175	31,441	31,441
<b>Office of Policy and Management:</b>			
Local Capital Improvement Program	12050-OPM20600-40254	400	400
Property Tax Relief for Elderly & Totally Disabled Homeowners	11000-OPM20600-17018	142,254	142,254
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	3,537	3,537
Property Tax Relief for Veterans	11000-OPM20600-17024	21,236	21,236
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	320,005	320,005
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	113,593	113,593
Municipal Grants-In-Aid	12052-OPM20600-43587	151,598	-
Regional Performance Incentive Program	12060-OPM20600-35457	6,000	6,000
<b>Office of Early Childhood:</b>			
School Readiness and Childcare in Competitive Grant Municipalities	11000-OEC64840-12113	324,081	315,955
School Readiness Quality Enhancement	11000-OEC64840-17097	3,881	3,881
<b>Department of Education:</b>			
Alliance District Funding Program	11000-SDE64370-17041-82164	2,019,961	2,019,811
Healthy Foods Initiative	11000-SDE64370-16212	31,935	31,935
Child Nutrition State Matching Grant	11000-SDE64370-16211	15,540	15,540

(Continued-1)



**Town of Vernon, Connecticut**  
**Schedule of Expenditures of State Financial Assistance**  
**Year Ended June 30, 2016**

<b>State Grantor / Pass-Through Grantor: Program Title</b>	<b>State Grant Program CORE CT #</b>	<b>Revenues</b>	<b>Expenditures</b>
Vocational Agriculture	11000-SDE64370-17017	\$ 233,901	\$ 296,286
Adult Education	11000-SDE64370-17030	232,000	232,000
School Breakfast - Per Meal		556	556
School Breakfast - Basic		21,000	21,000
Total School Breakfast	11000-SDE64370-17046	21,556	21,556
Youth Services Bureau	11000-SDE64370-17052	22,260	22,260
Youth Services Bureau Enhancement	11000-SDE64370-16201	5,817	5,817
Open Choice	11000-SDE64370-17053-82060	12,000	12,090
High Quality Schools & Common Core Implementation	12052-SDE64370-43538	71,698	71,698
<b>Connecticut State Library:</b>			
Historic Documents Preservation Grants	12060-CSL66094-35150	4,000	4,000
<b>Department of Housing:</b>			
Main Street Investment Fund	12052-DOH46930-43524	41,495	41,495
<b>Department of Public Safety:</b>			
Passed through the Town of Manchester:			
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	7,576	16,012
<b>Department of Energy and Environmental Protection:</b>			
Various Flood Control Improvements	17081-DEP43740-43345	13,508	13,508
<b>Department of Administrative Services:</b>			
General Improvements to Alliance Districts' School Buildings	12052-DAS27635-43651	225,972	225,972
<b>Department of Emergency Management and Homeland Security:</b>			
School Security Competitive Grant - 013S146A		20,206	20,206
School Security Competitive Grant - 014S146A		70,904	70,904
Total School Security Competitive Grant	12052-DPS32183-43546	91,110	91,110
<b>Department of Consumer Protection:</b>			
Bingo Payments	34003-DCP39930-42350	103	103

(Continued-2)

# Town of Vernon, Connecticut

## Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2016

State Grantor / Pass-Through Grantor: Program Title	State Grant Program CORE CT #	Revenues	Expenditures
<b>Judicial Department:</b>			
Treasurer Distribution (Parking fines)		\$ 50	\$ 50
Treasurer Distribution (Littering fines surcharge)		720	720
Treasurer Distribution (Motor Vehicle Violation surcharge)		13,155	13,155
Treasurer Distribution (Hand-Held device Violation surcharge)		1,725	1,725
Total Treasurer Distribution	34001-JUD95162-40001	15,650	15,650
<b>State Department of Social Services:</b>			
Medicaid	11000-DSS60000-16020	190,017	190,017
Total State Financial Assistance before Exempt Programs		5,558,473	5,496,901
<b>EXEMPT PROGRAMS</b>			
<b>Office of Policy and Management:</b>			
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	173,419	173,419
<b>Department of Education:</b>			
Public School Transportation	11000-SDE64370-17027	118,922	118,922
Education Cost Sharing	11000-SDE64370-17041-82010	17,557,331	17,557,331
Special Education - Agency Placement	11000-SDE64370-17047	523,690	523,690
Special Education - Excess Cost	11000-SDE64370-17047	545,757	545,757
Total Excess Cost Student Based and Equity		1,069,447	1,069,447
Commitments for School Construction - Progress Payments	13010-SDE64370-40901	1,364,925	1,364,925
<b>Total Exempt Programs</b>		20,284,044	20,284,044
Total State Financial Assistance		\$ 25,842,517	\$ 25,780,945

(Continued-3)

See Notes to Schedule of Expenditures of State Financial Assistance.

## Town of Vernon, Connecticut

### Notes to Schedule of Expenditures of State Financial Assistance June 30, 2016

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Vernon, Connecticut, under programs of the State of Connecticut for the fiscal year ended June 30, 2016. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Vernon through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, public safety, maintenance and development, human services and education.

#### 1. Summary of significant accounting policies

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

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

##### Basis of Accounting

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

#### 2. Loan program

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the schedule of expenditures of state financial assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2016.

##### Department of Energy and Environmental Protection:

##### Clean Water Funds (21014-OTT14230-40001):

Grant Number	Issue Date	Interest Rate	Original Amount	Balance July 1, 2015	Retired	Balance June 30, 2016
200-C	12/31/97	2.0%	\$21,635,550	\$2,454,022	\$1,627,828	\$ 826,194

**Town of Vernon, Connecticut**

**Notes to Schedule of Expenditures of State Financial Assistance  
June 30, 2016**

**3. Subrecipients**

The Town of Vernon, Connecticut has provided state awards to subrecipients as follows:

<u>State Core-CT Number</u>	<u>Program Name</u>	<u>Amount</u>
11000-OEC64840-12113	School Readiness and Childcare in Competitive Grant Municipalities	\$ 176,539
11000-OEC64840-17097	School Readiness Quality Enhancement	3,783

**Town of Vernon, Connecticut**

**Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2016**

State Awards Findings and Questioned Costs

2013-3 Annual Cost Report - Medicaid 11000-DSS60000-16020

Condition

The fringe benefits reported in the cost report did not agree to the supporting documentation.

Current status

The reimbursement received and reported on the Schedule of Expenditures of State Financial Assistance for the fiscal year ended June 30, 2016 is based upon the 2014 annual cost report. The finding was not addressed in the 2014 report and is being repeated in the schedule of findings and questioned costs as Finding 2016-001.

# Town of Vernon, Connecticut

## Schedule of Findings and Questioned Costs Year Ended June 30, 2016

### I. Summary of Auditor's Results

#### Financial Statements

Type of auditor's opinion issued: Unmodified

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 auditor's opinion 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?       x yes       no

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

<u>State Grantor and Program</u>	<u>State Core CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development, <u>Office of Brownfield Remediation and Redevelopment:</u> Municipal Brownfield/Remedial Action Grant	12060-ECD46260-35533	\$ 782,102
<u>Department of Administrative Services:</u> General Improvements to Alliance Districts' School Buildings	12052-DAS27635-43651	225,972
<u>Department of Education:</u>  Alliance District Funding Program	11000-SDE64370-17041-82164	2,019,811
Vocational Agriculture	11000-SDE64370-17017	296,286
Adult Education	11000-SDE64370-17030	232,000
Dollar threshold used to distinguish between type A and type B programs:		\$ 200,000

### II. Financial Statement Findings

None

**Town of Vernon, Connecticut**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016**

**III -State Financial Assistance Findings and Questioned Costs**

Program - Medicaid 11000-DSS60000-16020

2016-001 Annual Cost Report

Condition

The fringe benefits reported in the cost report did not agree to the supporting documentation.

Criteria

Fringe benefit amounts reported should agree to supporting documentation and be for costs that support the program.

Questioned costs

\$4,940

Context

The fringe benefit amount reported in the cost report was incorrect for six of the items tested.

Effect

Incorrect amounts reported in the cost report will lead to incorrect reimbursement amounts.

Cause

The amounts reported for the incorrect fringe benefit amounts were clerical errors.

Recommendation

We recommend the cost report be prepared in accordance with the instructions and that an employee in the finance department review the application for accuracy before submitting it to the State.

Views of responsible officials and planned corrective actions

The Town agrees with this finding. The annual cost report is being prepared in accordance with the instructions provided by the State Department of Social Services and all financial data shall be submitted through and verified by the Business Office.

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*

Town Council  
Town of Vernon, 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 Vernon, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 13, 2017.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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



## Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut  
February 13, 2017

Independent Auditor's 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

Town Council  
Town of Vernon, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Vernon, 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's major state programs for the year ended June 30, 2016. 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, 2016.

### *Other Matters*

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the State Single Audit Act and which is described in the accompanying schedule of findings and questioned costs as Finding 2016-001. Our opinion on each major state program is not modified with respect to this matter.

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

### *Report on Internal Control over Compliance*

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Vernon, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated February 13, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



Hartford, Connecticut  
February 13, 2017