

TOWN OF VERNON, CONNECTICUT

**FEDERAL AND STATE
SINGLE AUDITS**

FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF VERNON, CONNECTICUT
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**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 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vernon, 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 February 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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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.

A handwritten signature in black ink that reads "Mahoney Sabol + Company, LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants
Glastonbury, Connecticut
February 27, 2019

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

To the Town Council
Town of Vernon, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Vernon, 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 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 of Vernon, 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, 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 February 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
February 27, 2019

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

Grantor; Program Title	Grant Number	Federal CFDA Number	Grant Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed through the Connecticut Department of Administrative Services:			
National School Lunch Program - USDA Commodities	-	10.555	\$ 51,536
Passed through the Connecticut Department of Education:			
National School Lunch Program	12060-SDE64370-20560	10.555	744,736
School Breakfast Program	12060-SDE64370-20508	10.553	237,850
Summer Food Service Program	12060-SDE64370-20540	10.559	14,780
Summer Food Service Program - Administration	12060-SDE64370-20548	10.559	340
Total Child Nutrition Cluster			<u>1,049,242</u>
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE			<u>1,049,242</u>
UNITED STATES DEPARTMENT OF EDUCATION			
Special Education Cluster:			
Passed through the Connecticut Department of Education:			
Special Education - State Grants - 2018	12060-SDE64370-20977	84.027	697,809
Special Education - State Grants - 2017	12060-SDE64370-20977	84.027	242,155
Special Education - Preschool Grants - 2018	12060-SDE64370-20983	84.173	24
Special Education - Preschool Grants - 2017	12060-SDE64370-20983	84.173	47,109
Total Special Education Cluster			<u>987,097</u>
Passed through the Connecticut Department of Education:			
Supprting Effective Instruction State Grant - 2018	12060-SDE64370-20858	84.367	72,409
Supprting Effective Instruction State Grant - 2017	12060-SDE64370-20858	84.367	995
			<u>73,404</u>
Title I Grants to Local Educational Agencies - 2018	12060-SDE64370-20679-82070	84.010	448,773
Title I Grants to Local Educational Agencies - 2017	12060-SDE64370-20679-82070	84.010	82,654
Title I Grants to Local Educational Agencies - 2017	12060-SDE64370-20679-82071	84.010	172,069
Title I Grants to Local Educational Agencies - 2016	12060-SDE64370-20679-82071	84.010	187,048
			<u>890,544</u>
English Language Acquisition State Grants - 2018	12060-SDE64370-20868	84.365	6,543
English Language Acquisition State Grants - 2017	12060-SDE64370-20868	84.365	9,477
			<u>16,020</u>
Adult Basic Education	12060-SDE64370-20784	84.002	<u>203,000</u>
Student Support and Academic Enrichment	12060-SDE64370-22854	84.424	<u>10,000</u>
Career and Technical Education - 2018	12060-SDE64370-20742	84.048	99,919
Career and Technical Education - 2017	12060-SDE64370-20742	84.048	41,920
Passed through Manchester Community College:			
Career and Technical Education	12060-SDE64370-20742	84.048	3,791
			<u>145,630</u>
Passed through the Connecticut Office of Early Childhood:			
Preschool Development Grant	12060-OEC64845-22705	84.419	739,723
TOTAL UNITED STATES DEPARTMENT OF EDUCATION			<u>3,065,418</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Passed through the Connecticut Department of Transportation:			
Highway Planning and Construction - South Street Reconstruction	12062-DOT57191-22108	20.205	1,515,591
Highway Planning and Construction - Pleasantview Drive Bridge	12062-DOT57191-22108	20.205	244,057
Highway Planning and Construction - Main Street Bridge	12062-DOT57191-22108	20.205	82
			<u>1,759,730</u>
Federal Highway Safety Programs	12062-DOT57513-20559	20.600	<u>7,965</u>
Alcohol Open Container Requirements	12062-DOT57513-22091	20.607	16,158
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION			<u>1,783,853</u>

(Continued)

The accompanying notes are an integral part of this schedule.

TOWN OF VERNON, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2018

Grantor; Program Title	Grant Number	Federal CFDA Number	Grant Expenditures
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through East of the River Action for Substance Abuse Elimination:			
Substance Abuse Prevention and Treatment Block Grant	-	93.959	\$ 5,342
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
Passed through the Connecticut Department of Emergency Services and Public Protection:			
Emergency Management Performance Grant	12060-DPS32160-21881	97.042	12,007
Disaster Grants - Public Assistance	12060-DPS32985-21891	97.036	1,275
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY			<u>13,282</u>
UNITED STATES DEPARTMENT OF JUSTICE			
Direct:			
Bulletproof Vest Partnership Program	-	16.607	6,204
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 5,923,341</u>
			<i>(Concluded)</i>

The accompanying notes are an integral part of this schedule.

TOWN OF VERNON, 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 Vernon, 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 federal 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 \$51,536 has been reflected in the expenditures column in the accompanying schedule of expenditures of federal awards, which represents the fair 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 VERNON, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

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 ✓ 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 audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516? _____ Yes ✓ No

Identification of major programs:

CFDA Number	Name of Federal Program
20.205	Highway Planning and Construction
84.010	Title I – Grants to Local Educational Agencies

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

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR 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 Town Council
Town of Vernon, Connecticut

Report on Compliance for Each Major Program

We have audited the Town of Vernon, 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 Vernon, 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 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, 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 February 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. The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.



Certified Public Accountants
Glastonbury, Connecticut
February 27, 2019

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

<u>State Grantor; Pass-Through Grantor; Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Sub-recipients</u>	<u>Grant Expenditures</u>
NONEXEMPT PROGRAMS:			
DEPARTMENT OF EDUCATION			
Direct:			
Alliance District Program	11000-SDE64370-17041-82164	\$ -	\$ 1,590,551
Adult Education	11000-SDE64370-17030	-	219,514
Vocational Agriculture	11000-SDE64370-17017	-	200,693
Low Performing Schools - Capital Projects	12052-SDE64370-43679	-	101,000
Healthy Foods Initiative	11000-SDE64370-16212	-	31,127
School Breakfast Program	11000-SDE64370-17046	-	20,258
Youth Services Bureau	11000-SDE64370-17052	-	19,485
Child Nutrition State Matching Grant	11000-SDE64370-16211	-	16,366
Youth Services Bureau Enhancement	11000-SDE64370-16201	-	3,852
Total Department of Education		<u>-</u>	<u>2,202,846</u>
DEPARTMENT OF SOCIAL SERVICES			
Direct:			
Medicaid	11000-DSS60000-16020	-	154,800
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT			
Direct:			
Urban Action Bonds	13019-ECD46000-41240	-	452,258
Brownfield Remediation and Development Grant	12060-ECD46260-35533	-	59,107
Total Department of Economic and Community Development		<u>-</u>	<u>511,365</u>
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION			
Direct:			
Clean Water Fund	21014-DEP43720-40001	-	39,465
Flood Control	17081-DEP43740-43345	-	8,840
Total Department of Energy and Environmental Protection		<u>-</u>	<u>48,305</u>
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION			
Direct:			
Drug Asset Forfeiture	12060-DPS32155-35142	-	1,458
School Security Competitive Grant	12052-DPS32161-43546	-	129
		<u>-</u>	<u>1,587</u>
Passed through the Town of Manchester:			
Drug Asset Forfeiture	12060-DPS32155-35142	-	27,794
Total Department of Emergency Services and Public Protection		<u>-</u>	<u>29,381</u>
DEPARTMENT OF TRANSPORTATION			
Direct:			
Town Aid Road Grant - STO	13033-DOT57131-43459	-	200,468
Town Aid Road Grant	12052-DOT57131-43455	-	137,909
Bus Operations	12001-DOT57391-12175	-	31,441
Total Department of Transportation		<u>-</u>	<u>369,818</u>
DEPARTMENT OF CONSUMER PROTECTION			
Direct:			
Bingo Payments	34003-DCP39930-42350	-	129

(Continued)

The accompanying notes are an integral part of this schedule.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2018

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Passed Through to Sub recipients	Grant Expenditures
NONEXEMPT PROGRAMS: <i>(Continued)</i>			
DEPARTMENT OF JUSTICE			
Direct:			
Court Fees	34001-JUD95162-40001	\$ -	\$ 31,547
CONNECTICUT STATE LIBRARY			
Direct:			
Historic Documents Preservation Grants	12060-CSL66094-35150	-	5,000
OFFICE OF POLICY AND MANAGEMENT			
Direct:			
Payment in Lieu of Taxes on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	-	219,351
Municipal Grants-In-Aid	12052-OPM20600-43587	-	153,970
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004	-	113,496
Property Tax Relief for Veterans	11000-OPM20600-17024	-	19,194
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	-	3,364
Total Office of Policy and Management		-	509,375
DEPARTMENT OF ADMINISTRATIVE SERVICES			
Direct:			
Alliance District Funding - Capital Grant	12052-DAS27635-43651	-	511,099
OFFICE OF EARLY CHILDHOOD			
Direct:			
Early Care and Education	11000-OEC64845-16274	160,632	313,880
School Readiness Quality Enhancement	11000-OEC64845-16158	-	3,881
Total Office of Early Childhood		160,632	317,761
Total State Financial Assistance Before Exempt Programs		160,632	4,691,426
EXEMPT PROGRAMS:			
DEPARTMENT OF EDUCATION			
Direct:			
Education Cost Sharing	11000-SDE64370-17041-82010	-	17,639,421
Excess Costs Student Based and Equity	11000-SDE64370-17047	-	930,078
Total Department of Education		-	18,569,499
DEPARTMENT OF ADMINISTRATIVE SERVICES			
Direct:			
School Construction Grants	13010-DAS27635-40901	-	477,310
OFFICE OF POLICY AND MANAGEMENT			
Direct:			
Municipal Stabilization Grant	11000-OPM20600-17104	-	362,272
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	-	156,412
Total Office of Policy and Management		-	518,684
Total Exempt Programs		-	19,565,493
TOTAL STATE FINANCIAL ASSISTANCE		\$ 160,632	\$ 24,256,919

(Concluded)

The accompanying notes are an integral part of this schedule.

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

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/ Program	State Grant Program Core-CT Number	Expenditures
Department of Education:		
Alliance District Program	11000-SDE64370-17041-82164	\$ 1,590,551
Department of Economic and Community Development:		
Urban Action Bonds	13019-ECD46000-41240	452,258
Department of Transportation:		
Town Aid Road Grant - STO	13033-DOT57131-43459	200,468
Town Aid Road Grant	12052-DOT57131-43455	137,909

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