

**Federal Single Audit  
and  
State Single Audit  
of the  
Town of Vernon, Connecticut  
Year Ended June 30, 2015**

# 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	6-9
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>	10-11
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 OMB Circular A-133	12-14
<u>State Single Audit</u>	
Schedule of Expenditures of State Financial Assistance	15-17
Notes to Schedule of Expenditures of State Financial Assistance	18-19
Summary Schedule of Prior Year Audit Findings	20
Schedule of Findings and Questioned Costs	21-23
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>	24-25
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	26-28

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**Federal  
Single  
Audit**

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**Town of Vernon, Connecticut**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	State Project Number	Revenues	Expenditures
<b><u>U.S. Department of Agriculture</u></b>				
Child Nutrition Cluster:				
Passed through the State Department of Administrative Services, Bureau of Purchases:				
National School Lunch Program - Commodities	10.555	n/a	\$ 51,089	\$ 51,089
Passed through the State Department of Education:				
School Breakfast Program	10.553	12060-20508-82079-2015	151,762	151,762
National School Lunch Program	10.555	12060-20560-82079-2013	4,077	4,077
National School Lunch Program	10.555	12060-20560-82079-2015	623,060	623,060
Summer Food Service Program for Children	10.559	12060-20540-82079-2014	24,808	25,383
Summer Food Service Program for Children	10.559	12060-20548-82079-2014	2,167	-
Total Child Nutrition Cluster			<u>856,963</u>	<u>855,371</u>
Passed through the State Department of Education:				
Child & Adult Care Food Program CCF Program		12060-20518-82079-2015	9,971	9,971
Child & Adult Care Food Program CCFC CIL		12060-20544-82079-2015	828	828
Total Child & Adult Care Food Program	10.558		<u>10,799</u>	<u>10,799</u>
Passed through the State Department of Education:				
Fresh Fruit and Vegetable Program		12060-22051-82079-2014	2,025	2,025
Fresh Fruit and Vegetable Program		12060-22051-82079-2015	18,227	18,227
Total Fresh Fruit and Vegetable Program	10.582		<u>20,252</u>	<u>20,252</u>
Total U.S. Department of Agriculture			<u>888,014</u>	<u>886,422</u>
<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 - 2012		SC 1214601	2,900	51,754
Small Cities - 2013		SC 1314601	103,750	77,463
Total U.S. Department of Housing and Urban Development	14.228		<u>106,650</u>	<u>129,217</u>
<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 Justice & Delinquency Prevention - Allocation to States		2011-JF-FX-0001	4,563	4,563
Juvenile Justice & Delinquency Prevention - Allocation to States		2011-JF-FX-0024	27,125	27,125
Total Juvenile Justice & Delinquency Prevention - Allocation to States	16.540		31,688	31,688
Direct Program - Bureau of Justice Assistance:				
Bulletproof Vest Partnership Program	16.607	2013 BUBX	4,686	4,686
Direct Program - Drug Enforcement Administration Law				
Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004	DEA OT Reimb	21,710	21,710
Total U.S. Department of Justice			<u>58,084</u>	<u>58,084</u>
<b><u>U.S. Department of Transportation</u></b>				
Federal Highway Administration -				
Passed through the State Department of Transportation:				
Highway Planning and Construction		6146 (010); SAFETEA-LU	7,545	4,892
Highway Planning and Construction		6146 (011); SAFETEA-LU	1,562,596	1,562,596
Highway Planning and Construction		1146 (109); STP-U	82,184	82,184
Highway Planning and Construction		6146 (017); SAFETEA-LU	648	648
Total Highway Planning and Construction	20.205		<u>1,652,973</u>	<u>1,650,320</u>

(Continued-1)

**Town of Vernon, Connecticut**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	State Project Number	Revenues	Expenditures
Alcohol Impaired Driving Countermeasures Incentive Grants I		0194-0745-AX	\$ 9,819	\$ 9,819
Alcohol Impaired Driving Countermeasures Incentive Grants I		0195-0745-2-AX	9,545	9,545
Total Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		<u>19,364</u>	<u>19,364</u>
Total U.S. Department of Transportation			<u>1,672,337</u>	<u>1,669,684</u>
<b><u>U.S. Department of Education</u></b>				
Passed through the State Department of Education:				
Adult Education - Basic Grants to States				
Adult Education		12060-20784-2015-84002-170015	35,000	35,000
Adult Education		12060-20784-2015-84002	160,000	160,000
Total Adult Education - Basic Grants to States	84.002		<u>195,000</u>	<u>195,000</u>
Title I Grants to Local Educational Agencies:				
Title I Grants to Local Educational Agencies (carryover)		12060-20679-2014-82070	129,518	129,518
Title I Grants to Local Educational Agencies		12060-20679-2015-82070	414,637	414,637
Total Title I Grants to Local Educational Agencies	84.010		<u>544,155</u>	<u>544,155</u>
Special Education Cluster				
Special Education - Grants to States:				
Special Education - State Grants (IDEA, Part B) carryover		12060-20977-2014-82032	157,953	157,953
Special Education - State Grants (IDEA, Part B)		12060-20977-2015-82032	605,521	605,521
Total Special Education - Grants to States (IDEA, Part B)	84.027		<u>763,474</u>	<u>763,474</u>
Special Education - Preschool Grants:				
Special Education - Preschool Grants Program carryover		12060-20983-2014-82032	38,027	38,027
Special Education - Preschool Grants Program		12060-20983-2015-82032	4,037	4,037
Total Special Education - Preschool Grants (IDEA, Preschool)	84.173		<u>42,064</u>	<u>42,064</u>
Total Special Education Cluster			<u>805,538</u>	<u>805,538</u>
Career and Technical Education - Basic Grants to States:				
Carl D. Perkins		12060-20742-2015-84010	37,547	37,547
Passed through Manchester Community Technical College:				
Tech-Prep Education:				
Carl Perkins Vocational and Applied Tech		12060-20742-2015-84010	1,681	1,675
Total Career and Technical Education - Basic Grants to States	84.048		<u>39,228</u>	<u>39,222</u>
Passed through Capital Region Education Council:				
English Language Acquisition State Grants:				
Title III - A carryover		12060-20868-2014-82075	1,523	2,334
Passed through the State Department of Education:				
English Language Acquisition State Grants:				
Title III - A		12060-20868-2015-82075	11,895	11,638
Total English Language Acquisition State Grants	84.365		<u>13,418</u>	<u>13,972</u>

(Continued-2)

**Town of Vernon, Connecticut**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	State Project Number	Revenues	Expenditures
Improving Teacher Quality State Grants:				
Title II, Part A, Improving Teacher Quality - State Grants carryover		12060-20858-2014-84131	\$ 19,257	\$ 19,257
Title II, Part A, Improving Teacher Quality - State Grants		12060-20858-2015-84131	136,209	136,209
Total Improving Teacher Quality State Grants	84.367		155,466	155,466
Total U.S. Department of Education			1,752,805	1,753,353
<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	10,391	10,391
SBG-38		14DSS5012BG	10,367	10,367
Total Social Services Block Grant	93.667		20,758	20,758
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	4,245	4,245
Total U.S. Department of Health and Human Services			25,003	25,003
<b><u>U.S. Department of Homeland Security</u></b>				
Passed through the State Office of Emergency Management & Homeland Security:				
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	DR-4213-CT	72,631	72,631
Emergency Management Performance Grants	97.042	012E146A EMPG FFY 2013	10,386	10,386
Total U.S. Department of Homeland Security			83,017	83,017
<b>Total Federal Financial Assistance</b>			<b>\$ 4,585,910</b>	<b>\$ 4,604,780</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, 2015**

**1. 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 following is the significant policy relating to Federal awards:

Basis of Presentation

The accompanying schedule of expenditures of Federal awards is presented on the modified accrual basis of accounting and a current financial resources measurement focus. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**2. Noncash Federal awards**

The Town received and expended \$51,089 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, 2015**

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 not been adequately addressed and is repeated in the schedule of findings and questioned costs.

Town of Vernon, Connecticut

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

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 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 OMB
Circular A-133, Section .510(a)? x yes no

Identification of major programs:

Table with 2 columns: CFDA Number and Name of Federal Program. Rows include 10.553/10.555/10.559, 14.228, 20.205 and their corresponding program names like Child Nutrition Cluster, Community Development Block Grants, etc.

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? x yes no

II - Financial Statement Findings

None

**Town of Vernon, Connecticut**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

III - Federal Award Findings and Questioned Costs

Department of Transportation

2014-001 Cash Management - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - CFDA No. 14.228

Condition

Grant funds were not disbursed timely upon receipt.

Criteria

Federal cash management regulations require that funds be disbursed within 3 days of receipt.

Questioned costs

There were no questioned costs.

Context

The deficiency occurred for the drawdowns during the fiscal year.

Effect

Cash on hand exceeded grant requirements.

Cause

The cause is due to the practice of requesting drawdowns based upon signed rental rehabilitation contracts and not the receipt of invoices.

Recommendation

We recommend that all cash drawdown requests be based upon actual immediate cash needed in accordance with Federal regulations.

Views of responsible officials and planned corrective actions

The Town concurs with the finding as it applies to Federal regulations. The Town has revised their draw down procedures to request funds only after an invoice has been received from the vendor to ensure compliance with the Federal regulations.

**Town of Vernon, Connecticut**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

Department of Agriculture

2015-001 Child Nutrition Cluster - CFDA No. 10.553/10.555/10.559

Condition

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

Criteria

The school lunch program is required to ensure that sufficient funds are provided to school food service accounts from lunches served to students not eligible for free or reduced price meals.

Questioned costs

None

Context

The deficiency occurred throughout the fiscal year.

Effect

The fees charged for school lunches are less than the Federal requirements.

Cause

The Town has not reviewed the paid lunch price to the Federal guidelines prior to setting the price

Recommendation

We recommend the school lunch prices are increased to meet Federal regulations.

Views of responsible officials and planned corrective actions

The Town concurs with the finding as it applies to Federal regulations.

**Town of Vernon, Connecticut**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

Department of Agriculture

2015-002 Child Nutrition Cluster - CFDA No. 10.553/10.555/10.559

Condition

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

Criteria

Verification of free and reduced price applications must be completed by November 15. The applications were not verified until December.

Questioned costs

Questioned costs are unknown but are estimated to be below \$10,000.

Context

The verification process occurs once during the fiscal year. One student out of one tested was not timely verified.

Effect

The verification of free and reduced price applications was not performed within Federal guidelines. The Town may have received one month of reimbursement for students for which a change was required.

Cause

The verification process was not started in a timely manner.

Recommendation

We recommend procedures be implemented to ensure the verification process occurs on a timely basis. Additionally, a calendar of grant reporting due dates should be developed.

View of responsible officials and planned corrective actions

Personnel involved in the verification of free and reduced price applications will attend training and will begin the process earlier to ensure the verification occurs prior to the deadline.

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, 2015, 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 25, 2016.

#### 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 cursive script that reads "Cohn Reznick LLP".

Hartford, Connecticut  
February 25, 2016

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 OMB Circular A-133

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 Circular A-133 *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, 2015. 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 laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

### *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 2014-001, 2015-001 and 2015-002. Our opinion on each major Federal program is not modified with respect to these matters.

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

### *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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

#### Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 25, 2016, 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 OMB Circular A-133 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.



Hartford, Connecticut  
February 25, 2016

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**State  
Single  
Audit**

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**Town of Vernon, Connecticut**

**Schedule of Expenditures of State Financial Assistance  
Year Ended June 30, 2015**

State Grantor / Pass-Through Grantor/ Program Title	State Grant Program Core-CT ID Number	Revenue	Expenditures
<b>Department of Economic and Community Development, Office of Brownfield Remediation and Redevelopment:</b>			
Municipal Brownfield Assessment and Inventory Grant	12060-ECD46260-35533	\$ 176,614	\$ 176,614
Remedial Action Redevelopment Municipal Grant Program	12060-ECD46260-35533	<u>32,515</u>	<u>32,515</u>
Total Municipal Brownfield/Remedial Action Grant		<u>209,129</u>	<u>209,129</u>
<b>Department of Transportation:</b>			
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	<u>402,328</u>	<u>215,196</u>
Transit District Grants and Loans Transportation Fund	12001-DOT57931-12175	<u>31,441</u>	<u>31,441</u>
<b>Office of Early Childhood:</b>			
School Readiness and Childcare in Competitive Grant Municipalities	11000-OEC64840-12113	<u>348,960</u>	<u>346,919</u>
School Readiness Quality Enhancement	12060-OEC64840-17097	<u>3,790</u>	<u>3,790</u>
<b>Office of Policy and Management:</b>			
Property Tax Relief for Elderly & Totally Disabled Homeowners	11000-OPM20600-17018	<u>143,811</u>	<u>143,811</u>
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	<u>3,260</u>	<u>3,260</u>
Property Tax Relief for Veterans	11000-OPM20600-17024	<u>23,275</u>	<u>23,275</u>
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	<u>339,449</u>	<u>339,449</u>
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	<u>239,453</u>	<u>239,453</u>
Municipal Grants-in-Aid	12052-OPM20600-43587	<u>142,578</u>	<u>-</u>
<b>Department of Education:</b>			
Alliance District Funding Program	11000-SDE64370-17041-82164	<u>1,989,961</u>	<u>1,982,304</u>
Healthy Foods Initiative	11000-SDE64370-16212	<u>31,705</u>	<u>31,705</u>
Child Nutrition State Matching Grant	11000-SDE64370-16211	<u>15,452</u>	<u>15,452</u>
Vocational Agriculture	11000-SDE64370-17017	<u>188,800</u>	<u>108,834</u>

(Continued-1)

**Town of Vernon, Connecticut**  
**Schedule of Expenditures of State Financial Assistance**  
**Year Ended June 30, 2015**

State Grantor / Pass-Through Grantor/ Program Title	State Grant Program Core-CT ID Number	Revenue	Expenditures
Adult Education - Provider	11000-SDE64370-17030	\$ 233,691	\$ 233,691
School Breakfast Program - Per Meal	11000-SDE64370-17046	1,556	1,556
School Breakfast Program - Basic	11000-SDE64370-17046	21,000	21,000
Total School Breakfast Program		<u>22,556</u>	<u>22,556</u>
Youth Services Bureau	11000-SDE64370-17052	23,238	23,238
Youth Services Bureau Enhancement	11000-SDE64370-16201	6,171	6,171
Open Choice	11000-SDE64370-17053-82060	15,000	14,910
High Quality Schools & Common Core Implementation	12052-SDE64370-43538	-	445
Common Core Professional Learning Mini Grant	11000-SDE64370-12566	500	495
<b>Connecticut State Library:</b>			
Historic Documents Preservation Grant	12060-CSL66094-35150	7,500	7,500
<b>Department of Emergency Services and Public Protection:</b>			
Passed through the Town of Manchester:			
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	8,760	45,422
School Security Competitive Grant	12052-DPS32183-43546	330,032	330,032
School Security Competitive Grant	12052-DPS32183-43546	4,168	4,168
Total School Security Competitive Grant		<u>334,200</u>	<u>334,200</u>
<b>Department of Consumer Protection:</b>			
Bingo Payments	14A146	120	120
<b>Judicial Department:</b>			
Treasurer Distribution (Parking fines)	34001-JUD95162-40001	50	50
Treasurer Distribution (Littering fines surcharge)	34001-JUD95162-40001	919	919
Treasurer Distribution (Motor Vehicle Violation surcharge)	34001-JUD95162-40001	14,015	14,015
Treasurer Distribution (Hand-Held device Violation surcharge)	34001-JUD95162-40001	6,215	6,215
Total Treasurer Distribution		<u>21,199</u>	<u>21,199</u>
<b>Department of Social Services:</b>			
Medicaid	11000-DSS60000-16020	306,159	306,159
Total State Financial Assistance before Exempt Programs		<u>5,092,486</u>	<u>4,710,124</u>

(Continued-2)

**Town of Vernon, Connecticut**

**Schedule of Expenditures of State Financial Assistance  
Year Ended June 30, 2015**

State Grantor / Pass-Through Grantor/ Program Title	State Grant Program Core-CT ID Number	Revenue	Expenditures
<b>EXEMPT PROGRAMS</b>			
<b>Office of Policy and Management:</b>			
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	\$ 176,683	\$ 176,683
<b>Department of Education:</b>			
Public School Transportation	11000-SDE64370-17027	129,963	129,963
Education Cost Sharing	11000-SDE64370-17041-82010	17,634,861	17,634,861
Special Education - Agency Placement	11000-SDE64370-17047	426,254	426,254
Special Education - Excess Cost	11000-SDE64370-17047	618,946	618,946
Regular Education - Agency Placement	11000-SDE64370-17047	56,908	56,908
Total Excess Cost Student Based and Equity		1,102,108	1,102,108
<b>Total Exempt Programs</b>		<b>19,043,615</b>	<b>19,043,615</b>
Total State Financial Assistance		\$ 24,136,101	\$ 23,753,739

(Concluded-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, 2015**

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, 2015. 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, 2015.

Department of Energy and Environmental Protection:

Clean Water Funds (21014-OTT14230-40001):

Grant Number	Issue Date	Interest Rate	Original Amount	Balance July 1, 2014	Retired	Balance June 30, 2015
200-C	12/31/97	2.0%	\$21,635,550	\$4,049,643	\$1,595,621	\$ 2,454,022

**Town of Vernon, Connecticut**

**Notes to Schedule of Expenditures of State Financial Assistance  
June 30, 2015**

**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	\$ 127,710
12060-OEC64840-17097	School Readiness Quality Enhancement	3,790

**Town of Vernon, Connecticut**

**Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2015**

State Awards Findings and Questioned Costs

2013-2 Time Study Reports - Medicaid 11000-DSS60000-16020

Condition

There was no supporting documentation for certain time study reports.

Current status

The finding has been adequately addressed.

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, 2015 is based upon the 2013 annual cost report.

Therefore, the finding is being repeated in the schedule of findings and questioned costs.

**Town of Vernon, Connecticut**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

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   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 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?   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>
<u>Department of Economic and Community Development, Office of Brownfield Remediation and Redevelopment:</u> Municipal Brownfield/Remedial Action Grant	12060-EDC46260-35533	\$ 209,129
<u>Department of Transportation:</u> Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	215,196
<u>Office of Early Childhood:</u> School Readiness and Childcare in Competitive Grant Municipalities	11000-OEC64840-12113	346,919
<u>Office of Policy and Management:</u> Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	239,453
<u>Department of Education:</u> Alliance District Funding Program	11000-SDE64370-17041-82164	1,982,304
<u>Department of Emergency Services and Public Protection:</u> School Security Competitive Grant	12052-DPS32183-43546	334,200

**Town of Vernon, Connecticut**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

<u>State Grantor and Program</u>	<u>State Core CT Number</u>	<u>Expenditures</u>
<u>Department of Social Services:</u>		
Medicaid	11000-DSS60000-16020	\$ 306,159
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, 2015**

III - State Awards Findings and Questioned Costs

Program - Medicaid 11000-DSS60000-16020

2013-3 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

\$7,446

Context

The fringe benefit amount reported in the cost report was incorrect for the seven 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 reports 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, 2015, 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 25, 2016.

#### 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 cursive script that reads "Cohn Reznick LLP".

Hartford, Connecticut  
February 25, 2016

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, 2015. 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, 2015.

### *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 2013-3. 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 Town of Vernon, Connecticut, as of and for the year ended June 30, 2015, 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 25, 2016, 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 25, 2016