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**FEDERAL SINGLE AUDIT**  
**AND**  
**STATE SINGLE AUDIT**  
**OF THE**  
**TOWN OF VERNON, CONNECTICUT**

*FOR THE YEAR ENDED*  
*JUNE 30, 2011*

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**TOWN OF VERNON, CONNECTICUT**

FEDERAL SINGLE AUDIT  
AND  
STATE SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011

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**Federal  
Single  
Audit**

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**TOWN OF VERNON, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal / Pass-Through Grantor: Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass-Through Project Number</b>	<b>Revenues</b>	<b>Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>				
Food and Nutrition Service - Passed through the State Department of Administrative Services, Bureau of Purchases:				
National School Lunch Program - Commodities	10.555	n/a	\$ 48,523	\$ 47,284
Passed through the State Department of Education:				
School Breakfast Program	10.553	12060-20508-82079	137,574	137,574
National School Lunch Program - Cash	10.555	12060-20560-82079	535,037	535,037
Special Milk Program for Children	10.556	12060-20500-82079	1,077	1,077
Summer Food Service Program for Children	10.559	12060-20540-82079	9,731	9,731
Summer Food Service Program for Children	10.559	12060-20548-82079	844	844
Total National School Lunch - Cluster			732,786	731,547
U.S. Forest Service, Office of Forest Service - Urban and Community Forestry Program	10.675	PSA 2010-10264	4,868	95
Total U.S. Department of Agriculture			737,654	731,642
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed through the State Department of Economic and Community Development:				
Community Development Block Grant (CDBG) / State's Program (State-Administered Small Cities Program):				
Small Cities - 2010	14.228	SC 1014601	140,100	142,422
Small Cities - 2009	14.228	SC 0914601	471,700	469,916
Total Small Cities			611,800	612,338
Direct Program:				
Economic Development Initiative (EDI - SP)	14.251	B-08-SP-CT-0722	16,860	16,860
Total U.S. Department of Housing and Urban Development			628,660	629,198
<b><u>U.S. Department of Justice</u></b>				
Direct Programs - Bureau of Justice Assistance:				
Bullet Proof Vest Partnership Program	16.607	2010 BUBX	2,497	2,497
Edward Byrne Memorial - Justice Assistance Grant Program	16.738	2009-DJ-BX-0953	12,569	12,569
Passed through the State Office of Policy and Management:				
ARRA - Justice Assistance Grant - Grants to States, Recovery Act	16.803	09RECJAG075114	7,499	28,998
Juvenile Accountability Block Grants	16.523	2008-JB-FX-0006	9,181	9,181
Total U.S. Department of Justice			31,746	53,245

(Continued)

**TOWN OF VERNON, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal / Pass-Through Grantor: Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass-Through Project Number</b>	<b>Revenues</b>	<b>Expenditures</b>
<b><u>U.S. Department of Transportation</u></b>				
Federal Highway Traffic Safety Administration -				
Passed through the State Department of Transportation:				
Highway Planning and Construction	20.205	BRZ-6146 (7)	\$ 74	\$
Highway Planning and Construction	20.205	6146 (009)	10,660	10,660
Highway Planning and Construction	20.205	6146 (010)	30,000	30,000
Highway Planning and Construction	20.205	BRZ-6146 (1)	477	477
Highway Planning and Construction	20.205	BRZ-6146 (005)	119,359	119,359
Highway Planning and Construction	20.205	BRZ-6146 (2)	891	891
Highway Planning and Construction	20.205	BRZ-6146 (006)	472,590	472,590
Highway Planning and Construction	20.205	6146 (016)	2,489	2,489
Highway Planning and Construction	20.205	TCSP 010; 0146-180	305,266	305,266
ARRA - Highway Planning and Construction	20.205	TCSP 010; 0146-180	136,118	136,118
Total Highway Planning and Construction			1,077,924	1,077,850
Federal Highway Administration -				
Passed through the State Department of Environmental Protection:				
National Recreation Trails Program (TEA 21)	20.219	PSA 2007-8345	24,000	20,841
National Recreation Trails Program (TEA 21)	20.219	PSA 2007-8346	27,840	22,883
Total National Recreation Trails Program (TEA 21)			51,840	43,724
State and Community Highway Safety	20.600	11-154AL; 0191-0722-AG	2,827	2,827
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	11-K8; 0191-073OAS	9,716	9,716
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	10-154AL/0190-0722-AO	16,442	16,442
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	WAVE 39 CIOT	2,671	2,671
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	WAVE 40 CIOT	1,979	1,979
Total Alcohol Impaired Driving Countermeasures Incentive Grants			30,808	30,808
Total U.S. Department of Transportation			1,163,399	1,155,209
<b><u>U.S. Department of Education</u></b>				
Passed through the State Department of Education:				
Adult Education - State Grant Program	84.002			
Adult Education		20784-2011-84002-170015	29,400	29,400
Adult Education Carryover		20784-2010-84002-170015		13,535
Adult Education		20784-2011-84002	197,400	197,400
Total Adult Education			226,800	240,335
Title I Grants to Local Educational Agencies:	84.010			
Title I PRD		20679-2011-82070	423,538	417,696
Title I PRD Carryover		20679-2010-82070	51,048	65,960
Total Title I Grants to Local Educational Agencies			474,586	483,656
Title I Grants to Local Educational Agencies, Recovery Act:				
ARRA - Title I	84.389	29010-2009-82070	143,753	132,349
Total Title I Grants to Local Educational Agencies - Cluster			618,339	616,005

(Continued)

**TOWN OF VERNON, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal / Pass-Through Grantor: Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass-Through Project Number</b>	<b>Revenues</b>	<b>Expenditures</b>
<b><u>U.S. Department of Education (Continued)</u></b>				
Special Education - Grants to States:	84.027			
Special Education - State Grants (IDEA, Part B)		20977-2011-82032	\$ 643,939	\$ 624,944
Special Education - State Grants (IDEA, Part B) carryover		20977-2010-82032	243,017	238,950
Total Special Education - State Grants (IDEA, Part B)			886,956	863,894
Special Education - Preschool Grants:	84.173			
Special Education - Preschool Grants Program		20983-2011-82032	48,051	45,115
Special Education - Preschool Grants Program carryover		20983-2010-82032	2,000	3,693
Total Special Education - Preschool Grants Program			50,051	48,808
Special Education - Preschool Grants, Recovery Act:				
ARRA - IDEA, Part B, Section 619	84.392	29011-2009-82032	342,245	331,466
ARRA - IDEA, Part B, Section 619	84.392	29012-2009-82032	9,609	9,600
Total Special Education - Preschool Grants, Recovery Act			351,854	341,066
Total Special Education - Cluster			1,288,861	1,253,768
Career and Technical Education - Basic Grants to States:	84.048			
Carl D. Perkins		20742-2011-84010	48,417	48,417
Safe and Drug Free Schools - State Grants:	84.186			
Title IV - Safe and Free Schools carryover		20873-2010-84131	433	1,631
English Language Acquisition Grants:	84.365			
Title III - A		20868-2010-82075	4,278	4,676
Immigrant and Youth Education		20868-2011-82076	12,065	12,065
Passed through CREC:				
Title III - A		n/a	9,054	5,069
Total English Language Acquisition Grants			25,397	21,810
Improving Teacher Quality State Grants:	84.367			
Title II, Part A, Improving Teacher Quality - State Grants		20858-2011-84131	75,386	75,386
Title II, Part A, Improving Teacher Quality - State Grants Carryover		20858-2010-84131	88,041	83,828
Total Title II, Part A, Improving Teacher Quality - State Grants			163,427	159,214
Education Technology State Grants:	84.318			
Title II Part D Educational Technology - State Grants		20826-2009-82079 00005		19,201
State Fiscal Stabilization Fund - Education State Grants, Recovery Act:				
ARRA - Education Grant	84.394	29054-2009-82010	2,517,347	2,517,347
Education Technology State Grants, Recovery Act:				
ARRA - Title II D, Ed Tech	84.386	29063-2009-82079-170002	3,785	4,762
ARRA - Title II Ed Tech	84.386	29063-2009-82079-170003	17,000	16,838
Total Education Technology State Grants, Recovery Act:			20,785	21,600
Education Jobs Fund	84.410	22045-2011-82010	289,300	274,579
Passed through Manchester Community Technical College:				
Tech-Prep Education:	84.243			
Carl Perkins Vocational and Applied Tech		20848-2009-84013	5,660	5,660
Total U.S. Department of Education			5,204,766	5,179,567

See Notes to Schedule of Expenditures of Federal Awards

(Continued)

**TOWN OF VERNON, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal / Pass-Through Grantor: Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass-Through Project Number</b>	<b>Revenues</b>	<b>Expenditures</b>
<b><u>U.S. Department of Health and Human Services</u></b>				
Passed through the State Department of Social Services:				
Social Services Block Grant:	93.667			
SBG-35		09DSS5002BG	\$ 5,882	\$ 5,882
SBG-34		10DSS5002BG	15,327	15,327
Total Social Services Block Grant			21,209	21,209
Passed through the State Department of Mental Health and Addiction Services and East of the River Action for Substance Abuse Elimination:				
Block Grants-Prevention/Treatment of Substance Abuse	93.959	n/a	4,245	4,245
Total U.S. Department of Health and Human Services			25,454	25,454
<b><u>U.S. Department of Homeland Security</u></b>				
Passed through the State Office of Emergency Management & Homeland Security:				
Public Assistance	97.036	DR-1958-CT	80,080	80,080
Emergency Management - Performance Grants	97.042	146 EMPG FFY 2010	6,724	6,724
Total U.S. Department of Homeland Security			86,804	86,804
<b>Total Federal Financial Assistance</b>			<b>\$ 7,878,483</b>	<b>\$ 7,861,119</b>

CFDA = Catalog of Federal Domestic Assistance  
n/a - Not available

(Concluded)

## **TOWN OF VERNON, CONNECTICUT**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2011**

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#### **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 \$47,284 of USDA donated commodities under the National School Lunch Program.



**TOWN OF VERNON, CONNECTICUT**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

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Summary Schedule of Prior Audit Findings

- There were no prior year audit findings or questioned costs.

**TOWN OF VERNON, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified

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 auditors' report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section .510(a)?       yes   x  no

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
14.228	Community Development Block Grant (CDBG)/State's Program
20.205	Highway Planning and Construction
84.010/84.389	Title 1 Grants to Local Educational Agencies Cluster
84.027/84.173/84.392	Special Education Cluster
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act
84.410	Education Jobs Fund

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

**III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings or questioned cost related to federal award programs.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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 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, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 1, 2012. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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.

We noted certain matters that we reported to management of the Town in a separate letter dated February 1, 2012.

This report is intended solely for the information and use of management, the Town Council, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Farmington, Connecticut  
February 1, 2012

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Town Council  
Town of Vernon, Connecticut

Compliance

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, 2011. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.



### Internal Control Over Compliance (Continued)

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### Schedule of Expenditures of Federal Awards

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, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 1, 2012, which contained unqualified 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of management, the Town Council, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*J H Cohn LLP*

Farmington, Connecticut  
February 1, 2012

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**State  
Single  
Audit**

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TOWN OF VERNON, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2011

State Grantor / Pass-Through Grantor: Program Title	State Grant Program Core-CT Number	Revenue	Expenditures
<b>Department of Economic and Community Development</b>			
Urban Act; 2011-146-001	13019-EDC-46000	\$ 3,521	\$ 3,521
Special Act 07-7; 2008-146-002	12052-ECD-46000	569,663	569,663
<b>Department of Transportation:</b>			
Town Aid Road (Municipal) Transportation Fund	12052-DOT57000-43455	55,301	40,844
Town Aid Road (STO) Transportation Fund	13033-DOT57000-43459	152,078	116,250
Total Town Aid Road Transportation Fund		207,379	157,094
Elderly & Disabled Demand Responsive Transportation	12062-DOT57931-35304	30,223	30,223
Special Act 89-50	0146; 0181 (GR)	9,811	9,811
Local Bridge Program Transportation Fund 146-159; 146-160	21010-DOT57191-42313	342	342
Local Bridge Program Transportation Fund 146-159; 146-160	21010-DOT57191-42313	147,987	147,987
Local Bridge Program Transportation Fund 146-181	21010-DOT57191-42313	311	311
Total Local Bridge Program Transportation Fund		148,640	148,640
<b>Office of Policy and Management:</b>			
Local Capital Improvement Program	12050-OPM20600-40254	161,203	161,203
Property Tax Relief for Elderly & Disabled Homeowners	11000-OPM20600-17018	139,904	139,904
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	3,237	3,237
Property Tax Relief for Veterans	11000-OPM20600-17024	23,656	23,656
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	121,917	121,917
Contingency Needs	11000-OPM20100-13001		231,032
Property Tax Relief Grant	11000-OPM20600-17086	11,019	11,019
Student Attendance Program - Reaching Higher	08 JJ432031 AA	2,275	
<b>Department of Environmental Protection:</b>			
Boat Grant	12027-OSC15910-40211	8,537	8,537
Lawn Equipment Exchange Fund program	LEEF	7,566	7,566
<b>Office of State Comptroller:</b>			
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OSC15910-17006	341,964	341,964
PILOT on State-Owned Property	11000-OSC15910-17004	199,681	199,681

(Continued)

See Notes to Schedule of Expenditures of State Financial Assistance



**TOWN OF VERNON, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE YEAR ENDED JUNE 30, 2011**

<b>State Grantor / Pass-Through Grantor: Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Revenue</b>	<b>Expenditures</b>
<b>Department of Education:</b>			
School Readiness - Severe Needs	11000-SDE64370-12113	\$ 107,000	\$ 107,000
Healthy Foods Grant	11000-SDE64370-16072	36,323	36,323
Child Nutrition Program	11000-SDE64370-16072	16,667	16,667
Vocational Agriculture	11000-SDE64370-17017	112,423	112,423
Adult Education - Provider	11000-SDE64370-17030	253,754	253,754
Health Services	11000-SDE64370-17034	5,041	5,041
State School Breakfast Program - Per Meal	11000-SDE64370-17046	1,444	1,444
State School Breakfast Program - Basic	11000-SDE64370-17046	9,000	9,000
Total State School Breakfast Program		10,444	10,444
Youth Services Bureaus	11000-SDE64370-17052	23,085	23,085
Youth Services Bureau Enhancement	11000-SDE64370-16201	6,250	6,250
Open Choice Program	11000-SDE64370-17053	58,745	58,745
Sheff Settlement	11000-SDE64370-12457	24,150	24,150
Primary Mental Health	11000-SDE64370-12198	13,990	11,693
<b>Connecticut State Library:</b>			
Historic Documents Preservation Grant	12060-CSL66094-35150	6,000	6,000
<b>Department of Public Safety:</b>			
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	5,565	5,565
Passed through the Town of Manchester: State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	4,316	17,179
Total State Assets Forfeiture Revolving Fund		9,881	22,744
<b>Department of Special Revenue:</b>			
Bingo Payments	34003-DSR18309-42350	210	210
<b>Judicial Department:</b>			
Treasurer Distribution (Parking Fines)	34001-JUD95162-40001	50	50
Treasurer Distribution (Littering Fines Surcharge)	34001-JUD95162-40001	498	498
Treasurer Distribution (Motor Vehicle Violation Surcharge)	34001-JUD95162-40001	14,970	14,970
Treasurer Distribution (Hand-Held Device Violation Surcharge)	34001-JUD95162-40001	1,699	1,699
Total Treasurer Distribution		17,217	17,217

(Continued)

TOWN OF VERNON, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE YEAR ENDED JUNE 30, 2011**

<b>State Grantor / Pass-Through Grantor: Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Revenue</b>	<b>Expenditures</b>
<b>State Department of Social Services:</b>			
Special Funding Initiative	146-SFM 01/08 DSS0302BG	\$	\$ 5,538
Medicaid Reimbursement	11000-DSS60000-16020	38,820	38,820
<b>Connecticut Trust for Historic Preservation:</b>			
Historic Preservation Technical Assistance Grant	CTHP11-05	8,150	8,150
Total State Financial Assistance before Exempt Programs		2,738,346	2,932,922
<b>EXEMPT PROGRAMS</b>			
<b>State Comptroller:</b>			
Mashantucket Pequot / Mohegan Fund	12009-OSC15910-17005	245,131	245,131
<b>Department of Education:</b>			
Transportation of School Children - Public	11000-SDE64370-17027	224,899	224,899
Education Cost Sharing	11000-SDE64370-17041	15,097,045	15,097,045
Special Education - Agency Placement	11000-SDE64370-17047	255,734	255,734
Special Education - Excess Cost	11000-SDE64370-17047	627,888	627,888
Special Education - Excess Cost Student Based Supplemental	11000-SDE64370-17047	128,580	128,580
Special Education - Agency Placement	11000-SDE64370-17047	91,684	91,684
Total Excess Cost - Student Based		1,103,886	1,103,886
Non-Public School Transportation	11000-SDE64370-17049	19,319	19,319
Commitments for School Construction - Progress Payments	13010-SDE64370-40901	975,040	975,040
Commitments for School Construction - Principal	13010-SDE64370-40901	228,122	228,122
Commitments for School Construction - Interest	13009-SDE64370-40896	12,598	12,598
Total Commitments for School Construction		1,215,760	1,215,760
<b>Total Exempt Programs</b>		17,906,040	17,906,040
Total State Financial Assistance		\$ 20,644,386	\$ 20,838,962

(Concluded)

## TOWN OF VERNON, CONNECTICUT

### NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2011

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 following is the significant policy relating to State financial assistance:

##### Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the modified accrual basis of accounting and a current financial resources measurement focus.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), 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**

##### DEPARTMENT OF ENVIRONMENTAL PROTECTION:

Clean Water Funds (6865-3100-888):

Issue Date	Interest Rate	Original Amount	Balance July 1, 2010	Retired	Balance June 30, 2011
02/20/92	2%	\$ 199,611	\$ 9,149	\$ 9,149	\$ -
05/28/93	2%	649,740	78,510	32,487	46,023
12/31/97	2%	21,687,035	10,122,618	1,473,042	8,649,576

#### **3. SUBRECIPIENTS**

Town of Vernon provided state awards to subrecipients as follows:

State Grant Program Core-CT Number	Program Name	Amount
11000-SDE64370-12113	School Readiness - Severe Needs	\$ 107,000

**TOWN OF VERNON, CONNECTICUT**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

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Summary Schedule of Prior Audit Findings

- There were no prior year audit findings or questioned costs

**TOWN OF VERNON, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified

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 auditors' report issued on compliance  
for major programs: Unqualified

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

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

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
<u>DEPARTMENT OF ECONOMIC &amp; COMMUNITY:</u>		
<u>DEVELOPMENT:</u>		
Special Act.....	12052-ECD-46000	\$ 569,663
<u>DEPARTMENT OF TRANSPORTATION:</u>		
Local Bridge Program Transportation Fund.....	21010-DOT57191-42313	148,640
<u>OFFICE OF THE STATE COMPTROLLER:</u>		
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals .....	11000-OSC15910-17006	341,964
PILOT on State-owned Property.....	11000-OSC15910-17004	199,681
<u>OFFICE OF POLICY AND MANAGEMENT:</u>		
Contingency Needs.....	11000-OPM20100-13001	231,032

**TOWN OF VERNON, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**II. FINANCIAL STATEMENT FINDINGS**

There were no findings related to the Town's financial statements.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

There were no findings or questioned costs reported relating to State Financial Assistance programs.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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 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, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 1, 2012. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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.

We noted certain matters that we reported to management of the Town in a separate letter dated February 1, 2012.

This report is intended solely for the information and use of management, the Town Council, others within the entity, Office of Policy and Management, State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

JH Gln LLP

Farmington, Connecticut  
February 1, 2012



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT

Town Council  
Town of Vernon, Connecticut

Compliance

We have audited the Town of Vernon, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management 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, 2011. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town's management. Our responsibility is to express an opinion on compliance based on our audit.

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. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

### Internal Control Over Compliance (Continued)

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### Schedule of Expenditures of State Financial Assistance

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, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 1, 2012, which contained unqualified 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of management, the Town Council, others within the entity, Office of Policy and Management, State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*JH Gln LLP*

Farmington, Connecticut  
February 1, 2012