

**TOWN OF WILLINGTON, CONNECTICUT**

**STATE SINGLE AUDIT REPORT**

**JUNE 30, 2014**

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## **Internal Control and Compliance Report**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Finance  
Town of Willington, 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 Willington, Connecticut (the "Town"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 23, 2014.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Glastonbury, Connecticut  
December 23, 2014

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**State Single  
Audit Section**

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

To the Board of Finance  
Town of Willington, Connecticut

**Report on Compliance for Each Major Program**

We have audited the Town of Willington, Connecticut's (the "Town") compliance with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management *Compliance Supplement to the State Single Audit Act* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2014. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major State Program***

In our opinion, the Town of Willington, Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

## ***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 item 2014-1. 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 an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-1, that we consider to be a significant deficiency.

The Town's response to the internal control over compliance finding 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.

## **Purpose of this Report**

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



## Report on Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 23, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Mahoney Sabol & Company, LLP".

Glastonbury, Connecticut  
December 23, 2014

**TOWN OF WILLINGTON, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>State Grantor; Pass-Through Grantor; Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>NONEXEMPT PROGRAMS:</b>		
<b>CONNECTICUT STATE LIBRARY</b>		
<b>Direct Programs:</b>		
Connecticard Payments	11000-CSL66051-17010-2014	\$ 891
Grants to Public Libraries	11000-CSL66051-17003-2014	1,208
<b>Total Connecticut State Library</b>		<u>2,099</u>
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct Programs:</b>		
Child Nutrition - State Match	11000-SDE64370-16211-2014	2,383
Health Food Initiative	11000-SDE64370-16212-2014	4,877
Youth Services Bureau	11000-SDE64370-17052-2014	14,000
Youth Services Bureau Enhancement	11000-SDE64370-16201-2014	3,259
Technology Grant for Investments to Implement Common Core	12052-SDE64370-43538-2014	37,993
<b>Total Department of Education</b>		<u>62,512</u>
<b>DEPARTMENT OF PUBLIC SAFETY</b>		
<b>Direct Programs:</b>		
School Security Infrastructure	12052-DPS32183-43546-2014	<u>18,810</u>
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>		
<b>Direct Programs:</b>		
Small Town Economic Assistance Program - Old Town Hall	12052-ECD46000-42411-149	<u>80,430</u>
<b>Total Department of Public Health</b>		<u>80,430</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
<b>Direct Programs:</b>		
Town Aid Road	13033-DOT57131-43459-2014	<u>258,023</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct Programs:</b>		
Local Capital Improvement Program	12050-OPM20600-40254-2014	43,272
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004-2014	42,154
Property Tax Relief Disability Exemption	11000-OPM20600-17011-2014	537
Property Tax Relief for Elderly and Disabled Homeowners	11000-OPM20600-17018-2014	15,632
Property Tax Relief for Veterans	11000-OPM20600-17024-2014	793
Municipal Purposes & Projects	12052-OPM20600-43587-2014	18,827
Small Town Economic Assistance Program - Turnpike Road	12052-OPM20870-40530-2012	69,996
<b>Total Office of Policy and Management</b>		<u>191,211</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>613,085</u>
<b>EXEMPT PROGRAMS:</b>		
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct Programs:</b>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005-2014	<u>25,917</u>
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct Programs:</b>		
Education Cost - Sharing	11000-SDE64370-17041-2014	3,714,824
Excess Cost - Student Based	11000-SDE64370-17047-2014	39,993
Transportation of School Children	11000-SDE64370-17027-2014	52,681
<b>Total Department of Education</b>		<u>3,807,498</u>
<b>Total Exempt Programs</b>		<u>3,833,415</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u><u>\$ 4,446,500</u></u>

*The accompanying note is an integral part of this schedule.*

**TOWN OF WILLINGTON, CONNECTICUT**  
**NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Willington, Connecticut (the "Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2014. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The following is a summary of the more significant policies relating to the aforementioned grant programs.

**BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of state financial assistance is presented in accordance with regulations established by the State of Connecticut, Office of Policy and Management.

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

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

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

**TOWN OF WILLINGTON, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**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

**STATE FINANCIAL ASSISTANCE**

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 Section 4-236-24 of the Regulations to the State Single Audit Act? ✓ Yes \_\_\_\_\_ No

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

State Grantor/ Program	State Grant Program Core-CT Number	Expenditures
<b>Department of Transportation:</b>		
Town Aid Road Program	13033-DOT57131-43459	\$ 258,023
<b>Department of Economic and Community Development</b>		
Small Town Economic Assistance Program	12052-ECD46000-42411	80,430

Dollar threshold used to distinguish between Type A and Type B programs: \$100,000

**II. FINANCIAL STATEMENT FINDINGS**

No findings were reported.

**TOWN OF WILLINGTON, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

**Finding 2014-1: Noncompliance and Significant Deficiency in Internal Control Over Compliance**

**Grantor:** State of Connecticut Department of Economic and Community Development

**Program Name:** Small Town Economic Assistance Program

**State Grant Program Core CT Number:** 12052-ECD46000-42411

**Criteria**

The Town should design internal controls over compliance to ensure compliance with reporting required by state programs. The Town's Assistance Agreement with the State of Connecticut Department of Economic and Community Development ("DECD") requires the Town to provide a semi-annual unaudited balance sheet and cumulative program cost reports to the Commissioner of the DECD within 30 days after June 30<sup>th</sup> and December 31<sup>st</sup> until the expiration date of the grant.

**Condition**

The Town did not submit the required semi-annual unaudited balance sheet and cumulative program cost reports to the DECD.

**Questioned Cost**

None reported

**Context**

None of the required semi-annual unaudited balance sheet and cumulative program cost reports have been submitted to the DECD.

**Effect**

The Town did not comply with the grant reporting requirements.

**Cause**

Deficiencies in the design of the Town's internal control over compliance resulted in the Town not being aware of the grant reporting requirements.

**Recommendation**

We recommend that the Town implement the use of a centralized reporting database where grant reporting requirements can be documented and monitored for timely submission of all required reports.

**Views of responsible officials and planned corrective actions**

The Town agrees with the finding and has subsequently submitted the required reports to the DECD. The Town is in the process of developing an appropriate corrective action plan.

**SCHEDULE OF PRIOR AUDIT FINDINGS**

No audit findings were reported in the prior year.