

TOWN OF VERNON, CONNECTICUT

**FEDERAL AND STATE
SINGLE AUDIT REPORTS**

JUNE 30, 2017

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INTERNAL CONTROL AND COMPLIANCE REPORT

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

To the Town Council
Town of Vernon, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vernon, Connecticut (the "Town"), as of and for the year ended June 30, 2017, 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 23, 2018.

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

February 23, 2018

FEDERAL SINGLE AUDIT SECTION

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

To the Town Council
Town of Vernon, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Vernon, Connecticut's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2017. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town of Vernon, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 23, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Glastonbury, Connecticut
February 23, 2018

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Grantor; Program Title	Grant Number	Federal CFDA Number	Grant Revenues	Grant Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster:				
Passed through the Connecticut Department of Administrative Services:				
National School Lunch Program - USDA Commodities	-	10.555	\$ 65,401	\$ 65,401
Passed through the Connecticut Department of Education:				
National School Lunch Program	12060-SDE64370-20560	10.555	703,059	703,059
School Breakfast Program	12060-SDE64370-20508	10.553	224,162	224,162
Summer Food Service Program	12060-SDE64370-20540	10.559	17,747	14,366
Summer Food Service Program - Administration	12060-SDE64370-20548	10.559	1,233	66
Total Child Nutrition Cluster			1,011,602	1,007,054
Passed through the Connecticut Department of Education:				
Child and Adult Care Food Program	12060-SDE64370-20518	10.558	11,496	11,496
Child and Adult Care Food Program - Commodities	12060-SDE64370-20544	10.558	837	837
			12,333	12,333
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE			1,023,935	1,019,387
UNITED STATES DEPARTMENT OF EDUCATION				
Special Education Cluster:				
Passed through the Connecticut Department of Education:				
Special Education - State Grants - 2017	12060-SDE64370-20977	84.027	590,305	590,305
Special Education - State Grants - 2016	12060-SDE64370-20977	84.027	242,267	242,267
Special Education - Preschool Grants - 2017	12060-SDE64370-20983	84.173	300	300
Special Education - Preschool Grants - 2016	12060-SDE64370-20983	84.173	46,404	44,974
Total Special Education Cluster			879,276	877,846
Passed through the Connecticut Department of Education:				
Title II Part A Improving Teacher Quality - 2017	12060-SDE64370-20858	84.367	136,425	136,425
Title II Part A Improving Teacher Quality - 2016	12060-SDE64370-20858	84.367	460	460
			136,885	136,885
Title I Grants to Local Educational Agencies - 2017	12060-SDE64370-20679	84.010	438,665	438,665
Title I Grants to Local Educational Agencies - 2016	12060-SDE64370-20679	84.010	42,548	42,210
			481,213	480,875
English Language Acquisition State Grants - 2017	12060-SDE64370-20868	84.365	6,585	6,585
English Language Acquisition State Grants - 2016	12060-SDE64370-20868	84.365	10,115	10,115
			16,700	16,700
Adult Basic Education	12060-SDE64370-20784	84.002	195,000	194,991
Career and Technical Education	12060-SDE64370-20742	84.048	64,894	60,393
Passed through the Connecticut Office of Early Childhood:				
Preschool Development Grant	12060-OEC64845-22705	84.419	725,020	725,020
TOTAL UNITED STATES DEPARTMENT OF EDUCATION			2,498,988	2,492,710
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
Passed through the Connecticut Department of Emergency Services and Public Protection:				
Emergency Management Performance Grant	12060-DPS32160-21881	97.042	13,110	13,110
UNITED STATES DEPARTMENT OF TRANSPORTATION				
Passed through the Connecticut Department of Transportation:				
Highway Planning and Construction - Data Processing	12062-DOT57191-22108	20.205	4,473	4,473
Highway Planning and Construction - Southstreet Reconstruction	12062-DOT57191-22108	20.205	655,288	655,288
Highway Planning and Construction - Bridge Reconstruction	12062-DOT57191-22108	20.205	65,474	65,474
			725,235	725,235
Federal Highway Safety Programs	12062-DOT57513-20559	20.600	5,315	5,315
Alcohol Open Container Requirements	12062-DOT57513-22091	20.607	2,859	2,859
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION			733,409	733,409

The accompanying notes are an integral part of this schedule.

(Continued)

TOWN OF VERNON, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2017

Grantor; Program Title	Grant Number	Federal CFDA Number	Grant Revenues	Grant Expenditures
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through East of the River Action for Substance Abuse Elimination:				
Substance Abuse Prevention and Treatment Block Grant	-	93.959	\$ 5,342	\$ 5,342
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the Connecticut Department of Housing:				
Community Development Block Grants	12060-DOH46930-20730	14.228	46,969	47,538
UNITED STATES DEPARTMENT OF JUSTICE				
Direct:				
Drug Enforcement Grant - Law Enforcement Assistance	-	16.004	17,753	17,753
Bulletproof Vest Partnership Program	-	16.607	4,757	4,757
TOTAL UNITED STATES DEPARTMENT OF JUSTICE			<u>22,510</u>	<u>22,510</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 4,344,263</u>	<u>\$ 4,334,006</u>
				<i>(Concluded)</i>

The accompanying notes are an integral part of this schedule.

TOWN OF VENRON, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A - ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

The accounting policies of the Town of Vernon, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

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

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

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

COST ALLOCATION PRINCIPLES

The Town has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. The Town has no federal awards for which an indirect cost rate is applicable.

NOTE B - OTHER FEDERAL ASSISTANCE

The United States Department of Agriculture provides commodities to the Town's schools. An amount of \$65,401 has been reflected in the expenditures column in the accompanying schedule of expenditures of federal awards, which represents the fair market value of such commodities received during the year ended June 30, 2017.

No other federal assistance was received in the form of loans, loan guarantees or insurance.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION 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 the Uniform Guidance, Section 200.516? _____ Yes ✓ No

Identification of major programs:

CFDA Number	Name of Federal Program
10.553/10.555/10.556/10.559 84.419	Child Nutrition Cluster Preschool Development Grant

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

No prior audit findings were reported.

STATE SINGLE AUDIT SECTION

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

To the Town Council
Town of Vernon, Connecticut

Report on Compliance for Each Major Program

We have audited the Town of Vernon, Connecticut's (the "Town") compliance with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management's *Compliance Supplement to the State Single Audit Act* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2017. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Town of Vernon, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 23, 2018, 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.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
February 23, 2018

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Passed Through to Sub recipients	Grant Revenues	Grant Expenditures
NONEXEMPT PROGRAMS:				
DEPARTMENT OF EDUCATION				
Direct:				
Alliance District Funding Program	11000-SDE64370-17041-82164	\$ -	\$ 1,605,068	\$ 1,605,068
Adult Education	11000-SDE64370-17030	-	221,803	221,803
Vocational Agriculture	11000-SDE64370-17017	-	194,560	150,313
Healthy Food Initiative	11000-SDE64370-16212	-	33,086	33,086
Investing and Personal Finance Education	12060-SDE64370-35358	-	24,000	23,670
Youth Services	11000-SDE64370-17052	-	20,897	20,866
School Breakfast Program	11000-SDE64370-17046	-	20,583	20,583
Child Nutrition State Matching Grant	11000-SDE64370-16211	-	16,321	16,321
Youth Services Bureau Enhancement	11000-SDE64370-16201	-	6,250	6,215
Total Department of Education		<u>-</u>	<u>2,148,568</u>	<u>2,097,925</u>
DEPARTMENT OF HOUSING				
Direct:				
Main Street Investment Fund	12052-DOH46930-43524	-	358,505	358,505
DEPARTMENT OF SOCIAL SERVICES				
Direct:				
Medicaid Reimbursement	11000-DSS60000-16020	-	200,242	200,242
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT				
Direct:				
Brownfield Remediation and Development Grant	12060-ECD46260-35533	-	2,598,506	2,598,506
Urban Action Bonds	13019-ECD46000-41236	-	19,147	19,147
Total Department of Economic and Community Development		<u>-</u>	<u>2,617,653</u>	<u>2,617,653</u>
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION				
Direct:				
Clean Water Fund	21014-DEP43000-40001	-	442,199	442,199
Various Flood Control Improvements	17081-DEP43740-43345	-	9,541	9,541
Total Department of Energy and Environmental Protection		<u>-</u>	<u>451,740</u>	<u>451,740</u>
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION				
Direct:				
School Security Competitive Grant	12052-DPS32183-43546	-	15,007	15,007
Drug Asset Forfeiture	12060-DPS32155-35142	-	10,205	10,205
Telecommunications Fund	12060-DPS32741-35190	-	1,629	1,629
		<u>-</u>	<u>26,841</u>	<u>26,841</u>
Passed through the Town of Manchester:				
Drug Asset Forfeiture	12060-DPS32155-35142	-	5,195	4,928
Total Department of Emergency Services and Public Protection		<u>-</u>	<u>32,036</u>	<u>31,769</u>
DEPARTMENT OF TRANSPORTATION				
Direct:				
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	-	401,696	231,915
Bus Operations	12001-DOT57391-12175	-	31,441	31,441
Capital Resurfacing Related Improvements	13033-DOT57251-41386	-	6,825	6,825
Total Department of Transportation		<u>-</u>	<u>439,962</u>	<u>270,181</u>
DEPARTMENT OF CONSUMER PROTECTION				
Direct:				
Bingo Payments	34003-DCP39930-42350	-	110	110

(Continued)

The accompanying notes are an integral part of this schedule.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2017

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Passed Through to Sub recipients	Grant Revenues	Grant Expenditures
NONEXEMPT PROGRAMS: (Continued)				
DEPARTMENT OF JUSTICE				
Direct:				
Non-Budgeted Operating Appropriations	34001-JUD95162-40001	\$ -	\$ 15,715	\$ 15,715
CONNECTICUT STATE LIBRARY				
Direct:				
Historic Documents Preservation Grants	12060-CSL66094-35150	-	5,000	5,000
OFFICE OF POLICY AND MANAGEMENT				
Direct:				
Payment in Lieu of Taxes on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	-	317,760	317,760
Inter-Town Capital Equipment Program	12052-OPM20600-43515	-	188,058	188,058
Municipal Grants-In-Aid	12052-OPM20600-43587	-	151,598	183,698
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	-	130,566	130,566
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004	-	113,496	113,496
Body Worn Recording Equipment	12052-OPM20350-43676	-	25,895	25,895
Property Tax Relief for Veterans	11000-OPM20600-17024	-	20,512	20,512
Local Capital Improvement Program	12050-OPM20600-40254	-	14,653	14,653
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	-	3,071	3,071
Total Office of Policy and Management		<u>-</u>	<u>965,609</u>	<u>997,709</u>
DEPARTMENT OF ADMINISTRATIVE SERVICES				
Direct:				
Alliance District Funding - Capital Grant	12052-DAS27635-43651	-	980,904	980,904
OFFICE OF EARLY CHILDHOOD				
Direct:				
Early Care and Education	11000-OEC64845-16274	160,632	321,439	314,970
School Readiness Quality Enhancement	11000-OEC64845-17097	-	3,881	3,719
Total Office of Early Childhood		<u>160,632</u>	<u>325,320</u>	<u>318,689</u>
Total State Financial Assistance Before Exempt Programs		<u>160,632</u>	<u>8,541,364</u>	<u>8,346,142</u>
EXEMPT PROGRAMS:				
DEPARTMENT OF EDUCATION				
Direct:				
Educational Cost Sharing	11000-SDE64370-17041	-	17,626,225	17,626,225
Excess Costs	11000-SDE64370-17047	-	891,542	891,542
Total Department of Education		<u>-</u>	<u>18,517,767</u>	<u>18,517,767</u>
DEPARTMENT OF ADMINISTRATIVE SERVICES				
Direct:				
School Construction Grants	13010-DAS27636-40901	-	829,860	829,860
OFFICE OF POLICY AND MANAGEMENT				
Direct:				
Municipal Revenue Sharing	11000-OPM20600-17102	-	641,027	641,027
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	-	158,914	158,914
Total Office of Policy and Management		<u>-</u>	<u>799,941</u>	<u>799,941</u>
Total Exempt Programs		<u>-</u>	<u>20,147,568</u>	<u>20,147,568</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 160,632</u>	<u>\$ 28,688,932</u>	<u>\$ 28,493,710</u>

(Concluded)

The accompanying notes are an integral part of this schedule.

TOWN OF VERNON, CONNECTICUT
 NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2017

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Vernon, Connecticut (the "Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2017. 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 A - 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.

NOTE B - LOAN PROGRAMS

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 finance assistance shall include loans and loan activities. The following is a summary of the loan program activity for the year ended June 30, 2017:

Department of Energy and Environmental Protection: Clean Water Fund Loan

<u>Project</u>	<u>Issue Year</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
200-C	1997	2%	\$ 21,635,550	\$ 826,194	\$ -	\$ 826,194	\$ -

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

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 Reported

Noncompliance material to financial statements noted? _____ Yes No

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

Material weakness(es) identified? _____ Yes No

Significant deficiency(ies) identified? _____ Yes Reported

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

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

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

<u>State Grantor/ Program</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development:		
Brownfield Remediation and Development Grant	12060-ECD46260-35533	\$ 2,598,506
Department of Energy and Environmental Protection:		
Clean Water Fund	21014-DEP43000-40001	442,199
Department of Housing:		
Main Street Investment Fund	12052-DOH46930-43524	358,505
Office of Early Childhood:		
Early Care and Education	11000-OEC64845-16274	314,970
Department of Transportation:		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	231,915
Office of Policy and Management:		
Payment in Lieu of Taxes on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	317,760

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

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2017

II. FINANCIAL STATEMENT FINDINGS

No findings are reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

Finding 2016-001, *Medicaid – 11000-DSS60000-16020 – Annual Cost Reporting*, is considered resolved.