

TOWN OF VERNON, CONNECTICUT
FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2008

TOWN OF VERNON, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

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**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program, on Internal Control over
Compliance in Accordance with OMB Circular A-133
and on the Schedule of Expenditures of Federal Awards**

To the Members of the Town Council
Town of Vernon, Connecticut

Compliance

We have audited the compliance of the Town of Vernon, Connecticut, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Town of Vernon, Connecticut'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 of Vernon, Connecticut's management. Our responsibility is to express an opinion on the Town of Vernon, Connecticut'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 of Vernon, Connecticut'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 of Vernon, Connecticut's compliance with those requirements.

In our opinion, the Town of Vernon, Connecticut, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control over Compliance

The management of the Town of Vernon, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Vernon, Connecticut's internal control over compliance with the

requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 of Vernon, Connecticut's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the Town's internal control that might be 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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Vernon, Connecticut, as of and for the year ended June 30, 2008 and have issued our report thereon dated February 23, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vernon, Connecticut's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of management, the Town Council, the Board of Education, 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.

Blum, Shapiro & Company, P.C.

February 23, 2009

TOWN OF VERNON, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2008

Federal / Pass-Through Grantor: Program Title	Federal CFDA #	State Pass-Through Project #	Revenues	Expenditures
<u>U.S. Department of Agriculture</u>				
Food and Nutrition Service - Passed through State Department of Administrative Services Bureau of Purchases:				
Food Donation Program	10.550	n/a	\$36,417	\$29,399
Passed through the State Department of Education:				
School Breakfast Program	10.553	12060-20508-82079	87,217	87,217
National School Lunch Program	10.555	12060-20560-82079	406,281	406,281
Special Milk Program for Children	10.556	12060-20500-82079	2,273	2,273
Summer Food Service Program for Children	10.559	12060-20540-82079	6,156	6,156
Summer Food Service Program for Children	10.559	12060-20548-82079	536	536
Total Summer Food Service Program for Children			6,692	6,692
Total U.S. Department of Agriculture			538,880	531,862
<u>U.S. Department of Housing and Urban Development</u>				
Passed through the State Department of Economic and Community Planning and Development:				
Community Development Block Grant (CDBG) / State's Program (State-Administered Small Cities Program):				
Small Cities - 2003	14.228	SC 0414601	198,477	189,389
Small Cities - 2007	14.228	SC 0714601	19,100	14,118
Total Small Cities			217,577	203,507
Program Income	14.228	n/a	30,396	34,558
Total U.S. Department of Housing and Urban Development			247,973	238,065
<u>U.S. Department of Justice</u>				
Direct programs - Bureau of Justice Assistance:				
Bullet Proof Vest Partnership Program	16.607	2007 BUBX	1,598	1,598
Bullet Proof Vest Partnership Program	16.607	2006 BUBX	376	376
Total Bullet Proof Vest Partnership Program			1,974	1,974
<u>U.S. Department of Transportation</u>				
Federal Highway Traffic Safety Administration - Passed through the State Department of Transportation:				
Highway Planning and Construction	20.205	BRZ-6146 (2)	19,530	19,530
Highway Planning and Construction	20.205	BRZ-6146 (7)	4,785	4,785
Highway Planning and Construction	20.205	TCSP 010; 0146-180	14,917	14,917
Highway Planning and Construction	20.205	PSF-HO43(002); 0146-179	435,828	435,828
Total Highway Planning and Construction			475,060	475,060
Alcohol Traffic Safety & Drunk Driving Prevention Incentive Grant	20.601	08-154AL/0188-0722	3,073	3,073
Total U.S. Department of Transportation			478,133	478,133

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TOWN OF VERNON, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2008

Federal / Pass-Through Grantor: Program Title	Federal CFDA #	State Pass-Through Project #	Revenues	Expenditures
<u>U.S. Environmental Protection Agency</u>				
Office of Water passed through the State Department of Environmental Protection and the North Central Conservation District:				
NonPoint Source Implementation Grants (Clean Water Act - Sec	66.460	12060-2007-20871-61004	\$47,100	\$47,100
<u>U.S. Department of Education</u>				
Passed through the State Department of Education:				
Adult Education - State Grant Program	84.002			
Adult Education		20784-2007-84005-170015	20,000	20,000
Adult Education		20784-2008-84005-170014	35,000	35,000
Adult Education		20784-2008-84005-170017	25,000	25,000
Adult Education		20784-2008-84005-170017	34,996	34,996
Adult Education		20784-2008-84005-170017	50,000	50,000
Total Adult Education			164,996	164,996
Title I Grants to Local Educational Agencies:	84.010			
Title I PRTD carryover		20679-2007-82070		11,270
Title I PRTD		20679-2008-82070	470,381	439,979
Total Title I Grants to Local Educational Agencies			470,381	451,249
Special Education - Grants to States:	84.027			
IDEA Part B Individuals with Disabilities carryover		20977-2007-82032		47,881
IDEA Part B Individuals with Disabilities		20977-2008-82032	819,659	716,833
Total Special Education - Grants to States			819,659	764,714
Vocational Education - Basic Grants to States:	84.048			
Carl D. Perkins		20742-2008-84010	44,185	44,185
Special Education - Preschool Grants:	84.173			
Preschool Grants Program		20983-2008-82032	48,624	47,947
Safe and Drug Free Schools - State Grants:	84.186			
Title IV - Safe and Free Schools carryover		20873-2007-84131		3,479
Title IV - Safe and Free Schools		20873-2008-84131	13,799	10,650
Total Safe and Drug Free Schools - State Grants			13,799	14,129
State Grants for Innovative Programs:	84.298			
Title V - Innovative Education Strategies carryover		20909-2007-84131		6,505
Title V - Innovative Education Strategies		20909-2008-84131	7,460	3,530
Total Title V - Innovative Education Strategies			7,460	10,035
English Language Acquisition Grants:	84.365			
Title III, Language Bilingual carryover		20868-2007-82075		518
Passed through the Capital Region Education Council:				
Title III, Language Bilingual		20868-2008-82075	8,488	8,488
Total Title III, Language Bilingual			8,488	9,006

(Continued on next page)

TOWN OF VERNON, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2008

Federal / Pass-Through Grantor: Program Title	Federal CFDA #	State Pass-Through Project #	Revenues	Expenditures
<u>U.S. Department of Education (continued)</u>				
Passed through the State Department of Education (continued):				
Improving Teacher Quality State Grants:				
Title II, Part A, Teacher and Principal Training carryover	84.367	20858-2007-84131		\$23,278
Title II, Part A, Teacher and Principal Training		20858-2008-84131	\$165,747	116,240
Total Title II, Part A, Teacher and Principal Training			165,747	139,518
Education Technology State Grants				
Title II Part D Technology carryover	84.318	20826-2007-82079		644
Title II Part D Technology		20826-2008-82079	2,843	993
Total Title II Part D Technology			2,843	1,637
Passed through Manchester Community Technical College:				
Tech-Prep Education:				
Carl Perkins Vocational and Applied Tech	84.243	20848-2007-84013	5,800	5,800
Total U.S. Department of Education			1,751,982	1,653,216
<u>U.S. Department of Health and Human Services</u>				
Passed through the State Department of Social Services:				
Social Services Block Grant:				
SBG-33	93.667	07DSS5002BG	16,632	16,632
SBG-32		06DSS5002BG	5,383	5,383
Total Social Services Block Grant			22,015	22,015
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			26,260	26,260
<u>U.S. Department of Homeland Security</u>				
Passed through the State Office of Emergency Management & Homeland Security:				
Emergency Management - Performance Grants	97.042	146 EMPG FFY 2008	3,957	3,957
Emergency Management - Performance Grants	97.042	146 EMPG FFY 2007	3,772	3,772
Total Emergency Management - Performance Grants			7,729	7,729
Homeland Security Grant Program	97.067	2006-GE-T6-0008	18,483	18,483
Total U.S. Department of Homeland Security			26,212	26,212
Total Federal Financial Assistance			\$3,118,514	\$3,002,822

CFDA = Catalog of Federal Domestic Assistance

TOWN OF VERNON, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2008

Various agencies of the Federal Government have made financial assistance available to the Town of Vernon, Connecticut. These grants fund several programs including housing, education, human services, transportation and general government activities.

Note 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 as applicable to government entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Presentation - The accounts of the Town of Vernon, Connecticut, are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

Basis of Accounting - The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Vernon, Connecticut, and is presented on the modified accrual basis of accounting. 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*.

Note 2 - **Noncash Awards:**

Donated commodities in the amount of \$36,417 are included in the Department of Agriculture's Food Donation program, CFDA #10.550. The amount represents the market value of commodities received.



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Members of the Town Council
Town of Vernon, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Vernon, Connecticut, as of and for the year ended June 30, 2008, which collectively comprise the Town of Vernon, Connecticut's basic financial statements, and have issued our report thereon dated February 23, 2009. 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 of Vernon, Connecticut'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 of Vernon, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Vernon, Connecticut's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the Town's internal control that might be 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 of Vernon, Connecticut'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 of Vernon, Connecticut, in a separate letter dated February 23, 2009.

This report is intended for the information and use of management, the Town Council, the Board of Education, 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.

Blum, Shapiro & Company, P.C.

February 23, 2009

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ 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 that are not considered to be material weaknesses? _____ yes X none reported

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

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster
84.010	Title I Grants to Local Educational Agencies

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

- We issued reports, dated February 23, 2009, 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*.

- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

III. Federal Award Findings and Questioned Costs

- No findings or questioned costs are reported relating to federal awards.