

TOWN OF SOUTHTON, CONNECTICUT
FEDERAL SINGLE AUDIT REPORT
JUNE 30, 2021



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**TOWN OF SOUTHLINGTON, CONNECTICUT
FEDERAL SINGLE AUDIT REPORT
JUNE 30, 2021
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Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Members of the Board of Finance
Town of Southington, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Southington, Connecticut's 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 of Southington, Connecticut's major federal programs for the year ended June 30, 2021. The Town of Southington, Connecticut's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Southington, Connecticut'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 of Southington, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Southington, Connecticut's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Southington, 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, 2021.

Report on Internal Control over Compliance

Management of the Town of Southington, Connecticut, 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 of Southington, Connecticut'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 of Southington, Connecticut'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 a 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.

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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southington, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Southington, Connecticut's basic financial statements. We issued our report thereon dated February 22, 2022, 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.



CliftonLarsonAllen LLP

West Hartford, Connecticut
February 22, 2022

**TOWN OF SOUTHLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Agriculture				
<i>Passed through the State of Connecticut Department of Education:</i>				
Child Nutrition Cluster:				
National School Lunch Program Commodities	10.555	12060-SDE64370-20560	\$ 71,004	
National School Lunch Program	10.555	12060-SDE64370-20560		1,234,921
COVID-19 National School Lunch Program	10.555	12060-SDE64370-29572		72,541
COVID-19 National School Lunch Program	10.555	12060-SDE64370-29576		11,584
School Breakfast Program	10.553	12060-SDE64370-20508		<u>252,976</u>
Total United States Department of Agriculture				\$ <u>1,643,026</u>
United States Department of Transportation				
<i>Passed Through the State of Connecticut Department of Transportation:</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	12062-DOT57191-22108		<u>345,728</u>
United States Department of Education				
<i>Passed through the State of Connecticut Department of Education:</i>				
Special Education Cluster (IDEA):				
Special Education_Grants to States	84.027	12060-SDE64370-20977-2021	1,259,079	
Special Education_Grants to States	84.027	12060-SDE64370-20977-2020		220,503
Special Education_Preschool Grants	84.173	12060-SDE64370-20983-2021		<u>46,407</u>
				1,525,989
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2021	476,730	
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2020		20,425
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2019		<u>3,618</u>
				500,773
Career and Technical Education -- Basic Grants to States	84.048	12060-SDE64370-20742-2021	58,005	
Career and Technical Education -- Basic Grants to States	84.048	12060-SDE64370-20742-2020		<u>24,813</u>
				82,818
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2021	23,699	
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2020		104,139
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2019		<u>8,372</u>
				136,210
Title IV - Student Support	84.424	12060-SDE64370-22854-2021	18,491	
Title IV - Student Support	84.424	12060-SDE64370-22854-2020		5,748
Title IV - Student Support	84.424	12060-SDE64370-22854-2019		<u>7,510</u>
				31,749
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2021		16,363
COVID-19 ESSERF K-12 Fund	84.425D	12060-SDE64370-29571-2021	516,846	
COVID-19 ESSERF K-12 Fund	84.425D	12060-SDE64370-29571-2020		<u>418,883</u>
				935,729
Total United States Department of Education				<u>3,229,631</u>
United States Environmental Protection Agency				
<i>Passed Through the State of Connecticut Department of Public Health:</i>				
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	21018-DPH48770-42319	\$ <u>1,033,980</u>	<u>1,033,980</u>
United States Department of Housing and Urban Development				
<i>Passed Through the State of Connecticut Department of Housing:</i>				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				
	14.228	12060-DOH46930-20730		<u>95,730</u>

The accompanying notes are an integral part of this schedule

**TOWN OF SOUTHTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Homeland Security				
<i>Direct:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ 87,806	
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	12060-DPS32990-21891	14,166	\$ 101,972
<i>Direct:</i>				
Assistance to Firefighters Grant	97.044		68,410	
Assistance to Firefighters Grant	97.044		4,472	
			<u>72,882</u>	
Total United States Department of Homeland Security				<u>174,854</u>
United States Department of the Treasury				
<i>Passed Through the State of Connecticut Department of Education:</i>				
COVID-19 Coronavirus Relief Fund	21.019	12060-SDE64370-29561	856,076	
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>				
COVID-19 Coronavirus Relief Fund	21.019	12060-OPM20600-29561	396,718	
Total United States Department of the Treasury				<u>1,252,794</u>
United States Department of Health and Human Services				
<i>Direct:</i>				
Aging Cluster: COVID-19 CARES Title III B	93.044	12060-SDR63901-29556		<u>2,500</u>
United States Election Assistance Commission				
<i>Passed through the State of Connecticut Office of the Secretary of the State</i>				
Help America Vote Act Requirements Payments	90.401	12060-SOS12500-21465		<u>38,698</u>
United States National Endowment for the Humanities				
<i>Passed Through the State of Connecticut Connecticut State Library:</i>				
COVID-19 Institute of Museum and Library Services Library Services and Technology Act American Rescue Plan Act	45.312	12060-CSL66011-29642		<u>10,394</u>
Total Expenditures of Federal Awards			<u>\$ 1,033,980</u>	<u>\$ 7,827,335</u>

The accompanying notes are an integral part of this schedule

**TOWN OF SOUTHTON, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Southington, Connecticut, under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the 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).

Because the Schedule presents only a selected portion of the operations of the Town of Southington, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of Southington, Connecticut.

Basis of Accounting

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Federal Assistance Listing Number 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

2. INDIRECT COST RECOVERY

The Town of Southington, Connecticut, has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

3. NONCASH AWARDS

Donated commodities in the amount of \$71,004 are included in the Department of Agriculture's National School Lunch Program, Federal Assistance Listing Number 10.555. The amount represents the market value of commodities received.



**Independent Auditors' 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 Members of the Board of Finance
Town of Southington, 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 Southington, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Southington, Connecticut's basic financial statements, and have issued our report thereon dated February 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Southington, Connecticut's internal control over financial reporting (internal control) as a basis for designing 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 of Southington, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Southington, Connecticut'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 and 2021-002 that we consider to be a material weaknesses.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Town of Southington, Connecticut'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 financial statements. 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*.

Town of Southington, Connecticut's Response to Findings

Town of Southington, Connecticut's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Southington, Connecticut's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 of Southington, Connecticut'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 of Southington, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

West Hartford, Connecticut
February 22, 2022

**TOWN OF SOUTHTON, CONNECTICUT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes 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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes X no

Identification of Major Federal Programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
21.019	COVID-19 Coronavirus Relief Fund
84.425D	COVID-19 Education Stabilization Fund
66.468	Capitalization Grants for Drinking Water State Revolving Funds

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

Auditee qualified as low-risk auditee? yes X no

II. FINANCIAL STATEMENT FINDINGS

2021-001

School Construction Grants Receivable

Type of Finding:

Material Weakness in Internal Control over Financial Reporting

Criteria or specific requirement

Generally accepted accounting principles (GAAP) requires that revenue be recognized when it is both measurable and available.

Condition

A material audit adjustment was required in the capital projects fund to reclassify revenue for a grant receivable that was not available within the period of availability.

Context

A material audit adjustment was proposed based on the results of audit procedures performed.

Effect

The financial statements would not be materially correct without the audit adjustment.

Cause

In previous years, the Town had School Construction projects which were partially funded with a grant from the State of Connecticut. The State paid the Town on a monthly basis during the project but held back a small percentage of the grant until they could complete a final project audit. Upon completion of these projects the Town recorded a receivable for the percentage of the grant held back. Due to staffing shortages at the State, they have not yet audited these projects and budget cuts at the State has not allowed them to contract with CPA firms to perform these audits.

Recommendation

We recommend that the Town continue to record grant revenue only when measurable and available.

Views of Responsible Officials

The Town believes the recording of the receivable and related revenue recognition was appropriate at the time the reimbursement request was submitted given the facts at the time. The understanding was that the funds would be received from the State of Connecticut promptly upon conclusion and audit by the State of the projects. The State of Connecticut has continued to delay concluding on the projects despite the requests and actions by the Town of Southington.

2021-002

Southington Water Company Debt Service Arrangement

Type of Finding

Material Weakness in Internal Control over Financial Reporting

Criteria or specific requirement

Financial Statements should be presented in accordance with Generally Accepted Accounting Principles.

Condition

A material audit adjustment and restatement was required in the debt service fund to record the full amount of principal payments owed from the Southington Water Company at year end for debt issued by the Town.

Context

A material audit adjustment was proposed based on the results of audit procedures performed.

Effect

The financial statements would not be materially correct without the audit adjustment.

Cause

Per further inspection of the debt documents related to the Water Company, the Town of Southington pledged its full faith and credit to the payment of principal and interest on the bonds when due, therefore the debt remains on the books of the Town, as recorded. The Water Company has agreed to pay back the Town its portion of principal and interest payments on a yearly basis based on the amortization schedule which is long term in nature and not considered current available resources and therefore the client chose not to record this initial receivable.

Recommendation

We recommend that the Town continue to record the full amount for the Water Company as a receivable in the governmental fund statements and restricted fund balance.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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