

**TOWN OF SOUTHTON, CONNECTICUT**  
**STATE SINGLE AUDIT REPORT**  
**JUNE 30, 2021**



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**TOWN OF SOUTHTON, CONNECTICUT**  
**STATE SINGLE AUDIT REPORT**  
**JUNE 30, 2021**  
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**Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act**

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

**Report on Compliance for Each Major State Program**

We have audited the Town of Southington, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Southington, Connecticut's major state programs for the year ended June 30, 2021. The Town of Southington, Connecticut's major state 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 the requirements of laws, regulations, contracts and grants applicable to its state programs.

***Auditors' Responsibility***

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

### ***Opinion on Each Major State 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 state 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 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 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 state 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 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.

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 the State Single Audit Act**

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 state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
February 22, 2022

**TOWN OF SOUTHTON, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>State Grantor/Pass-Through Grantor/ Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
<b>Department of Education</b>			
Sheff Settlement	11000-SDE64370-12457		\$ 99,725
Talent Development	11000-SDE64370-12552		10,539
Child Nutrition State Match	11000-SDE64370-16211		18,166
Health Foods Initiative	11000-SDE64370-16212		36,622
Vocational Agriculture	11000-SDE64370-17017		765,170
Adult Education	11000-SDE64370-17030		12,149
Health & Welfare Private School Pupils	11000-SDE64370-17034		16,816
School Breakfast Program	11000-SDE64370-17046		29,872
Open Choice Program	11000-SDE64370-17053		<u>396,476</u>
Total Department of Education			<u>1,385,535</u>
<b>Department of Social Services</b>			
Medicaid	11000-DSS60000-16020		<u>41,356</u>
<b>Connecticut State Library</b>			
Historic Document Preservation	12060-CSL66094-35150		7,500
Connecticard Payments	11000-CSL66051-17010		<u>3,411</u>
Total Connecticut State Library			<u>10,911</u>
<b>Department of Children and Families</b>			
Youth Service Bureaus	11000-DCF91141-17052		24,166
Youth Service Bureau Enhancement	11000-DCF91141-17107		<u>12,727</u>
Total Department of Children and Families			<u>36,893</u>
<b>Department of Energy and Environmental Protection</b>			
Clean Water Revenue Bonds	21015-DEP43720-42318	\$ 7,577,851	
Clean Water Revenue Bonds	21014-DEP43720-40001	<u>3,060,715</u>	
			10,638,566
Municipal Open Space Program	12052-DEP43153-43144		82,600
Public Educational and Governmental Programming and Educational Technology Investment Account Program	12060-DEP44620-35363		<u>45,968</u>
Total Department of Energy and Environmental Protection			<u>10,767,134</u>
<b>Department of Transportation</b>			
Capital Resurfacing - Related Improvements	13033-DOT57251-41386		13,505
Town Aid Road-STO	13033-DOT57131-43459		385,873
Town Aid Road Grants-Municipal	12052-DOT57131-43455		385,874
Bus Operations	12001-DOT57931-12175		<u>30,472</u>
Total Department of Transportation			<u>815,724</u>

The accompanying notes are an integral part of this schedule

**TOWN OF SOUTHLINGTON, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2021**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<b>Department of Emergency Services and Public Protection</b>			
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142		\$ 1,617
Enhanced 911 Telecommunications Fund	12060-DPS32741-35190		<u>101,359</u>
Total Department of Emergency Services and Public Protection			<u>102,976</u>
<b>Economic and Community Development</b>			
Urban Act Grant-OPM	13019-ECD46560-41240		12,961
Brownfield Remediation & Development	12060-ECD46200-35533		<u>104,078</u>
Total Economic and Community Development			<u>117,039</u>
<b>Office of Early Childhood</b>			
Early Care and Education	11000-OEC64841-16274	\$ 276,919	\$ 276,919
Early Care and Education	11000-OEC64845-16274	<u>102,201</u>	<u>102,201</u>
Total Office of Early Childhood		<u>379,120</u>	<u>379,120</u>
<b>Office of Policy and Management</b>			
Reimbursement Towns - Tax Loss on State Owned Property	11000-OPM20600-17004		6,766
Reimbursement Towns - Private Tax Exempt Property	11000-OPM20600-17006		94,474
Reimbursement Property Tax Disability Exemption	11000-OPM20600-17011		4,900
Property Tax Relief for Veterans	11000-OPM20600-17024		51,612
Local Capital Improvement	12050-OPM20600-40254		101,786
Municipal Grants-In-Aid	12052-OPM20600-43587		<u>1,133,854</u>
Total Office of Policy and Management			<u>1,393,392</u>
<b>Office of the State Treasurer</b>			
Nitrogen Credit Exchange Program	21016-OTT14230-42407		<u>63,481</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>379,120</u>	15,113,561
<b>Exempt Programs</b>			
<b>Department of Education</b>			
Education Cost Sharing	11000-SDE64370-17041-82010		20,687,642
Excess Cost - Student Based	11000-SDE64370-17047		187,971
Excess Cost - Student Based	11000-SDE64370-17047		<u>1,468,711</u>
Total Department of Education			<u>22,344,324</u>
<b>Office of Policy and Management</b>			
Grants To Towns	12009-OPM20600-17005		<u>7,160</u>
Total Exempt Programs			<u>22,351,484</u>
<b>Total State Financial Assistance</b>		\$ <u>379,120</u>	\$ <u>37,465,045</u>

The accompanying notes are an integral part of this schedule

**TOWN OF SOUTHTON, CONNECTICUT  
 NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2021**

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

**Basis of Presentation**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the Town of Southington, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. 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**

The accounting policies of the Town of Southington, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.

**NOTE 2 - 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 financial assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2021:

Department of Energy and Environmental Protection:

Clean Water Funds:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance Beginning</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Ending</u>
590-C	6/30/11	2%	\$ 11,068,365	\$ 5,683,750	\$ -	\$ 5,683,750	\$ -
651-DC (IFO)	N/A	N/A	N/A	26,022,078	6,569,800	22,000,000	10,591,878
651-DC (PLO)	10/31/20	2%	22,000,000	-	22,000,000	825,000	21,175,000





**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 items 2021-001 and 2021-002 that we consider to be material weaknesses.

## **Compliance and Other Matters**

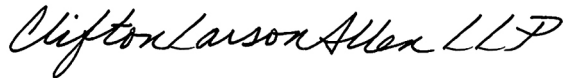
As part of obtaining reasonable assurance about whether the Town of Southington, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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**

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**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

**State Financial Assistance**

Internal control over major programs:

- Material weakness(es) identified?        yes   X   no
- Significant deficiency(ies) identified?        yes   X   none reported

Type of auditors' report issued on compliance for major programs: 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   X   no

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

State Grantor and Program	State Core-CT Number	Expenditures
Department of Energy and Environmental Protection:		
Clean Water Revenue Bonds	21014-DEP43720-40001	\$ 3,060,715
Clean Water Revenue Bonds	21015-DEP43720-42318	7,577,851
Department of Education:		
Open Choice Program	11000-SDE64370-17053	396,476
Office of Early Childhood:		
Early Care and Education	11000-OEC64841-16274	276,919
Early Care and Education	11000-OEC64845-16274	102,201
Dollar threshold used to distinguish between type A and type B programs:		\$ 302,271

**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.

<b>Condition</b>	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.
<b>Context</b>	A material audit adjustment was proposed based on the results of audit procedures performed.
<b>Effect</b>	The financial statements would not be materially correct without the audit adjustment.
<b>Cause</b>	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.
<b>Recommendation</b>	We recommend that the Town continue to record grant revenue only when measurable and available.
<b>Views of Responsible Officials</b>	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.
<b>2021-002</b>	Southington Water Company Debt Service Arrangement  <b>Type of Finding</b> Material Weakness in Internal Control over Financial Reporting
<b>Criteria or specific requirement</b>	Financial Statements should be presented in accordance with Generally Accepted Accounting Principles.
<b>Condition</b>	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.

<b>Context</b>	A material audit adjustment was proposed based on the results of audit procedures performed.
<b>Effect</b>	The financial statements would not be materially correct without the audit adjustment.
<b>Cause</b>	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.
<b>Recommendation</b>	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.
<b>Views of Responsible Officials</b>	The Town agrees with the revised treatment of this transaction.

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

No matters were reported.

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