

TOWN OF TOLLAND, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2012

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TABLE OF CONTENTS

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance in Accordance with the State Single Audit Act and on the Schedule of Expenditures of State Financial Assistance	1-3
Schedule of Expenditures of State Financial Assistance	4-6
Notes to Schedule of Expenditures of State Financial Assistance	7
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 <i>Government Auditing Standards</i>	8-9
Schedule of Findings and Questioned Costs	10-11



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance in Accordance with the State Single Audit Act and on the Schedule of Expenditures of State Financial Assistance

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

Compliance

We have audited the Town of Tolland, 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 Tolland, Connecticut's major state programs for the year ended June 30, 2012. The Town of Tolland, Connecticut's major state 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 state programs is the responsibility of the Town of Tolland, Connecticut's management. Our responsibility is to express an opinion on the Town of Tolland, 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 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 Tolland, 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 of the Town of Tolland, Connecticut's compliance with those requirements.

In our opinion, the Town of Tolland, Connecticut, complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with the State Single Audit Act and that is described in the accompanying schedule of findings and questioned costs as item 2012-1.

Internal Control over Compliance

Management of the Town of Tolland, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Tolland, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Tolland, 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 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.

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 deficiencies, 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 State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Tolland, Connecticut, as of and for the year ended June 30, 2012 and have issued our report thereon dated December 19, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Tolland, Connecticut's 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 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 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 financial statements or to the 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 financial statements as a whole.

The Town of Tolland, Connecticut's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Tolland, Connecticut's response, and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Town Council, the Board of Education, others within the entity and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

December 19, 2012

**TOWN OF TOLLAND, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Department of Education		
Primary Mental Health	11000-SDE64000-12198	\$ 22,800
Family Resource Centers	11000-SDE64000-16110	92,435
Youth Services Bureau - Enhancement	11000-SDE84000-16201	5,000
Child Nutrition State Matching Grant	11000-SDE64000-16211	10,947
Health Foods Initiative	11000-SDE64370-16212	23,789
Adult Education	11000-SDE64000-17030	9,804
Youth Services Bureau	11000-SDE64000-17052	<u>21,113</u>
Total Department of Education		<u>185,888</u>
Department of Energy and Environmental Protection		
Protected Open Space Watershed Land Acquisition Grant Program	12052-DEP43000-43144	270,000
Nonpoint Source Implementation	12060-DEP43720-20871	<u>6,896</u>
Total Department of Energy and Environmental Protection		<u>276,896</u>
Connecticut State Library		
Grants to Public Libraries	11000-CSL66051-17003	1,237
ConnectiCard Payments	11000-CSL66051-17010	1,091
Historic Documents Preservation Grants	12060-CSL66094-35150	<u>3,500</u>
Total Connecticut State Library		<u>5,828</u>

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**TOWN OF TOLLAND, CONNECTICUT
SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	\$ 53,022
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	1,695
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	65,913
Property Tax Relief for Veterans	11000-OPM20600-17024	7,182
Local Capital Improvement Program	12050-OPM20600-40254	<u>130,287</u>
Total Office of Policy and Management		<u>258,099</u>
Department of Social Services		
Medicaid	11000-DSS60000-16020	<u>7,730</u>
Department of Transportation		
Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	290,000
Bus Operations	12001-DOT57000-12175	<u>19,853</u>
Total Department of Transportation		<u>309,853</u>
Department of Veterans' Affairs		
Headstones	12010-DVA21134-16049	<u>300</u>
Total State Financial Assistance Before Exempt Programs		<u>1,044,594</u>

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**TOWN OF TOLLAND, CONNECTICUT
SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Exempt Programs		
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	\$ 44,618
Municipal Revenue Sharing	12060-OPM20600-35458	48,744
Municipal Video Competition	12060-OPM20600-35362	<u>2,225</u>
Total Office of Policy and Management		<u>95,587</u>
Department of Education		
Public School Transportation	11000-SDE64000-17027	140,903
Educational Cost Sharing	11000-SDE64000-17041	10,778,986
Excess Costs Student Based and Equity	11000-SDE64000-17047	<u>1,087,132</u>
Total Department of Education		<u>12,007,021</u>
Department of Public Works		
School Construction Grants	13009-DPW27610-40896	23,833
School Construction Grants	13009-DPW27000-40896	27,804
School Construction Grants	13010-DPW27610-40901	<u>299,343</u>
Total Department of Public Works		<u>350,980</u>
Total Exempt Programs		<u>12,453,588</u>
Total State Financial Assistance		<u><u>\$ 13,498,182</u></u>

The accompanying notes are an integral part of this schedule

TOWN OF TOLLAND, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of state financial assistance (the Schedule) includes the state grant activity of the Town of Tolland, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2012. 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 Tolland, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net assets or cash flows of the Town of Tolland, Connecticut.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Tolland, 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.



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**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***

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 Tolland, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of Tolland, Connecticut's basic financial statements, and have issued our report thereon dated December 19, 2012. 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

Management of the Town of Tolland, Connecticut, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Tolland, 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 Tolland, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Tolland, Connecticut's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, 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 Tolland, 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*.

This report is intended solely for the information and use of management, the Town Council, the Board of Education, others within the entity and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

December 19, 2012

**TOWN OF TOLLAND, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X 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: Unqualified

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? X yes _____ no

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Energy and Environmental Protection:		
Protected Open Space Watershed Land Acquisition Grant Program	12052-DEP43000-43144	\$ 270,000
Department of Transportation:		
Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	290,000
Office of Policy and Management:		
Local Capital Improvement Program	12050-OPM20600-40254	130,287

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

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

2012-1

Grantor	Department of Energy and Environmental Protection
Program	Protected Open Space Watershed Land Acquisition Grant
Core-CT Number	12052-DEP43000-43144
Criteria	The State of Connecticut Department of Energy and Environmental Protection requires that within six months after the recording of a permanent conservation easement in the land records, a town must erect a permanent plaque or sign identifying the project area and funding source (program), and that the project is a preserved open space accessible to the public for passive recreation.
Condition	The required sign or plaque has not been erected within six months of the recording of the conservation easement.
Questioned Costs	None reported.
Context	The required sign or plaque has not been erected within the six-month period.
Effect	No effect can be determined.
Cause	The Town of Tolland was unaware of the compliance requirement.
Recommendation	The Town should erect the required sign as soon as the sign is delivered from the third-party vendor.
Management Response and Planned Corrective Action	The client was unaware of the requirement but is currently in the process of ordering the plaque.