

TOWN OF NEWINGTON, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2009

TOWN OF NEWINGTON, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2009

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**Independent Auditors' Report on Compliance with Requirements
Applicable to 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 Newington, Connecticut

Compliance

We have audited the compliance of the Town of Newington, Connecticut, with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2009. The Town of Newington, 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 Newington, Connecticut's management. Our responsibility is to express an opinion on the Town of Newington, 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. 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 Newington, 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 Newington, Connecticut's compliance with those requirements.

In our opinion, the Town of Newington, Connecticut, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2009. The results of our auditing procedures also disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the State Single Audit Act and which is described in the accompanying schedule of findings and questioned costs as item 2009-1.

Blum, Shapiro & Company, P.C.

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Internal Control over Compliance

The management of the Town of Newington, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Newington, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major state 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 Newington, Connecticut's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Town's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 state 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 state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-1 to be a significant deficiency.

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 state program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Newington, Connecticut, as of and for the year ended June 30, 2009 and have issued our report thereon dated December 9, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Newington, Connecticut's 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 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 solely for the information and use of management, the Town Council, the Office of Policy and Management 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 9, 2009

TOWN OF NEWINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2009

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Board of Education and Services for the Blind		
Education Aid Blind/Visually Impaired Children	11000-ESB65020-12060	\$ <u>3,496</u>
Office of the State Comptroller		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	803,109
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OSC15910-17006	946,274
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	330,012
Boat Grant	12027-OSC15910-40211	<u>5,405</u>
Total Office of the State Comptroller		<u>2,084,800</u>
Department of Economic and Community Development		
Small Town Economic Assistance Program (STEAP)	12052-ECD46000-42411-149	100,024
Urban Action Bonds	13019-ECD46350-41240	<u>391,286</u>
Total Department of Economic and Community Development		<u>491,310</u>
Department of Education		
Child Nutrition Program - (School Lunch State Match)	11000-SDE64000-16072-82051	61,534
Adult Education	11000-SDE64000-17030	25,549
Health Services	11000-SDE64000-17034	16,754
Youth Services Bureau	11000-SDE64000-17052	22,865

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TOWN OF NEWINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Open Choice	11000-SDE64000-17053	\$ 140,999
Magnet Schools	11000-SDE64000-17057	26,000
Youth Service Bureau Enhancement	11000-SDE64370-16201	6,250
Financial Literacy - UBS	12060-SDE64370-35358	<u>25,000</u>
Total Department of Education		<u>324,951</u>
Connecticut State Library		
Grants to Public Libraries	11000-CSL66051-17003	3,000
ConnectiCard Payments	11000-CSL66051-17010	42,993
Historic Documents Preservation Grants	12060-CSL66094-35150	<u>12,000</u>
Total Connecticut State Library		<u>57,993</u>
Office of Policy and Management		
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	4,030
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	272,298
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	15,915
Property Tax Relief for Veterans	11000-OPM20600-17024	29,799
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	859,895
Local Capital Improvement Program	12050-OPM20600-40254	239,292

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TOWN OF NEWINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Heating Assistance Schools PA08-1	11000-OPM20600-17096	\$ 54,315
Municipal Plan of Conservation and Development Grant	12052-OPM20600-43129	<u>15,000</u>
Total Office of Policy and Management		<u>1,490,544</u>
Department of Public Health		
Local and District Departments of Health	11000-DPH48500-17009	<u>5,421</u>
Department of Public Safety		
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	<u>1,686</u>
Department of Social Services		
Services To The Elderly	11000-DSS60782-16123	<u>8,450</u>
Department of Transportation		
Town Aid Roads Grants Transportation Fund	12001-DOT57000-17036	<u>362,472</u>
Department of Veterans' Affairs		
Veterans Assistance	12010-DVA21134-16049	<u>2,100</u>
Department of Emergency Management and Homeland Security		
School Security Grant Program	12060-EHS99530-90516	<u>80,740</u>
Total State Financial Assistance Before Exempt Programs		<u>4,913,963</u>

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TOWN OF NEWINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Exempt Programs		
Department of Education		
Public School Transportation	11000-SDE64000-17027	\$ 401,038
Educational Cost Sharing	11000-SDE64000-17041	12,629,330
Excess Costs Student Based and Equity	11000-SDE64000-17047	873,330
Nonpublic School Transportation	11000-SDE64000-17049	9,088
School Construction Grants	13010-SDE64000-40901	<u>757,510</u>
Total Exempt Programs		<u>14,670,296</u>
Total State Financial Assistance		\$ <u><u>19,584,259</u></u>

TOWN OF NEWINGTON, CONNECTICUT

NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2009

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Newington, Connecticut, through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. The financial assistance programs fund several programs including education, property tax relief, transportation, environmental protection and public works.

Note - **Summary of Significant Accounting Policies:**

The accounting policies of the Town of Newington, 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 Accounting - The financial statements contained in the Town of Newington, Connecticut's annual audit report are prepared on the modified accrual basis of accounting. The following is a summary of such basis:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, if measurable.

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 (Sections 4-236-22), 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 of expenditures of state financial assistance.



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**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 Newington, Connecticut

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Newington, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town of Newington, Connecticut's basic financial statements, and have issued our report thereon dated December 9, 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 Newington, 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 Newington, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Newington, 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.

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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 Newington, 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 Office of Policy and Management 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 9, 2009

TOWN OF NEWINGTON, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

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 that are not considered to be material weaknesses? _____ 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 that are not considered to be material weaknesses? X yes _____ 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>
Office of the State Comptroller:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	\$ 803,109
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OSC15910-17006	946,274
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	330,012
Department of Economic and Community Development:		
Small Town Economic Assistance Program (STEAP)	12052-ECD46000-42411-149	100,024
Urban Action Bonds	13019-ECD46350-41240	391,286

Department of Education:			
Open Choice	11000-SDE64000-17053	\$	140,999
Office of Policy and Management:			
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018		272,298
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031		859,895
Local Capital Improvement Program	12050-OPM20600-40254		239,292
Department of Transportation:			
Town Aid Roads Grants Transportation Fund	12001-DOT57000-17036		362,472

II. Financial Statement Findings

1. We issued reports, dated December 9, 2009, on internal control over financial reporting and on compliance based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
2. Our report on compliance indicated no reportable instances of noncompliance.
3. Our report on internal control over financial reporting indicated no significant deficiencies.

III. State Financial Assistance Findings and Questioned Costs

2009-1	Reporting Grantor: U.S. Department of Economic and Community Development State Core-CT Number: 12052-ECD46000-42411 Program Name: Small Town Economic Assistance Program
Condition	The Town did not file the reconciliation of expenses by contract to the amount reported in the State Single Audit Schedule of State Financial Assistance.
Criteria	All entities are required to submit a reconciliation of expenditures by contract to the amount reported in the State Single Audit Schedule of State Financial Assistance. The reconciliation should be filed at the same time as the audit report.
Perspective	Because the reconciliation was not prepared, the client failed to report expenditures for one additional Small Town Economic Assistance Program grant in fiscal year 2008-2009.
Cause	The Town was not aware of this compliance requirement.

Recommendation

We recommend that the Town develop and implement procedures to ensure that the reconciliation of expenditures by contract to the amount reported in the State Single Audit Schedule of State Financial Assistance are submitted to DECD in a timely manner.