TOWN OF WINCHESTER, CONNECTICUT

State Single Audit

For the Year Ended June 30, 2023

TOWN OF WINCHESTER, CONNECTICUT
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KING, KING & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Winsted, CT (860) 379-0215
Simsbury, CT (860) 431-0054
www.kingcpas.com

INDEPENDENT AUDITOR'S 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 Board of Selectmen
Town of Winchester, Connecticut

We have audited, 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winchester, Connecticut (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the Town'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

King, King & Associates

King, King & Associates, CPAs
Winsted, CT
June 26, 2024

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INDEPENDENT AUDITOR'S 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 Board of Selectmen
Town of Winchester, Connecticut

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Winchester, Connecticut's (the "Town") 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's major state programs for the year ended June 30, 2023. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town, 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, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 the State Single Audit (C.G.S Section 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of the report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on the compliance about the Town's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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. A *significant deficiency in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated June 26, 2024, 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 Town'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 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.

King, King & Associates

King, King & Associates, CPAs
Winsted, CT
June 26, 2024

TOWN OF WINCHESTER, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
Department of Education		
Alliance District	11000-SDE64370-17041	$ 200,966
Healthy Foods Initiative	11000-SDE64370-16212	6,042
Child Nutrition Program - (School Lunch State Match)	11000-SDE64370-16211	3,178
Family Resource Centers	11000-SDE64370-16110	101,725
Adult Education	11000-SDE64370-17030	15,284
School Breakfast	11000-SDE64370-17046	5,324
After School Program	11000-SDE64370-17084	161,878
Office of Early Childhood		
School Readiness and Child Care in Competitive Grant Municipalities	11000-OEC64845-16274	254,262
Child Care Quality Enhancement	11000-OEC64845-16158	3,881
Connecticut State Library		
Historic Documents Preservation Grants	12060-CSL66094-35150	7,330
Judicial Department		
Parking Fines	34001-JUD95162-40001	3,073
Office of Policy and Management		
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	1,021
Property Tax Relief for Veterans	11000-OPM20600-17011	738
Tiered PILOT	11000-OPM20600-17111	132,039
Tiered PILOT - MRSA	12060-OPM20600-35691	35,680
Responsible Growth Incentive	12050-OPM20600-43130	335,658
Municipal Grants-in-aid	12052-OPM20600-43587	306,204
Municipal Revenue Sharing	12060-OPM20600-35458	252,572
Distressed Municipalities	12052-OPM20600-43750	2,826
Distressed Municipalities	11000-OPM20600-17016	798
Department of Children and Families		
Grants for Out Patient Psychiatric Clinics for Children	11000-DCF91100-16024	411
Department of Housing		
Bond Fund Consolidation Receipts	12039-DOH46920-40233	7,497
Department of Emergency Services and Public Protection		
Volunteer Firefighter Training	11000-DPS32251-17110	150
Other Fees- Firefighter	11000-DPS32251-10020	1,000

See notes to schedule.

TOWN OF WINCHESTER, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
Department of Energy and Environmental Protection		
Responsible Growth Incentive	12052-DEP43153-43130	$ 1,317,204
Environmental Conservation Fund	11000-DEP44165-12491	531
Aquatic Invasive Speicies Grant	12060-DEP44140-35667	6,150
Department of Transportation		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	147,745
Town Aid Road - STO	13033-DOT57131-43459	147,745
Alcohol Open Container	12062-DOT57513-22091	1,472
Local Road & Bridge Program	13033-DOT57191-43456	350,355
Department of Development Services		
Employment Opportunities & Day Services	11000-DDS50148-16108	534,562
Total State Financial Assistance Before Exempt Programs		**$ 4,345,301**
EXEMPT PROGRAMS		
Office of Policy and Management		
Municipal Stabilization Grant	11000-OPM20600-17104	105,432
Municipal Transition	11000-OPM20600-17103	93,544
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	49,474
Department of Education		
Educational Cost Sharing	11000-SDE64370-17041	7,765,162
Excess Costs Student Based and Equity	11000-SDE64370-17047	585,716
Department of Administrative Services		
School Construction Grant	13010-DAS27635-43744	1,928,833
	Total Exempt Programs	**10,528,161**
	Total State Financial Assistance	**$ 14,873,462**

See notes to schedule.

The accompanying schedule of expenditures of state financial assistance ("Schedule") includes state grant activity of the Town of Winchester, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2023. 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. These financial assistance programs fund several programs of the Town.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Winchester, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to Governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The financial statements contained in the Town of Winchester, Connecticut's annual 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 expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported 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 of Expenditure of State Financial Assistance.

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, 2023:

Department of Environmental Protection:

Clean Water and Drinking Water Revolving Funds:

Issue Date	Interest Rate	Original Amount	Balance Beginning	Issued	Retired	Balance Ending
1/08	2%	$ 642,019	$ 168,969	$ -	$ 35,557	$ 133,412
6/22	2%	$ 1,092,528	$ 1,092,528	$ -	$ -	$ 1,092,528

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

We audited the financial statements of the Town of Winchester, Connecticut as of and for the year ended June 30, 2023, and issued our unmodified report thereon dated June 26, 2024.

Internal control over financial reporting:

- Material weakness(es) identified? _____Yes ___✓___ No
- Significant deficiency(ies) identified? _____Yes ___✓___ None Reported

Noncompliance material to financial statements noted? _____Yes ___✓___ No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____Yes ___✓___ No
- Significant deficiency(ies) identified? _____Yes ___✓___ None Reported

We have issued an unmodified opinion relating to compliance for major State programs.

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 ___✓___ 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		
Responsible Growth Incentive- Sue Grossman	12052-DEP43153-43130	$ 1,317,204
Office of Policy and Management		
Responsible Growth Incentive	12052-OPM20600-43130	$ 335,658
Department of Transportation		
Local Road and Bridge Program	13033-DOT57191-43456	$ 350,355
Office of Early Childhood		
School Readiness and Child Care in Competitive Grant Municipalities	11000-OEC64845-16274	$ 254,262

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

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated June 26, 2024, on internal control over financial reporting and on compliance and other matters based on our 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 matters were reported.

Prior Year Significant Deficiencies

FINDING 2022-001 – Significant Deficiency in Internal Control over Compliance

This finding has been corrected.