

TOWN OF WINCHESTER, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2005

TOWN OF WINCHESTER, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2005

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**Report of Independent Accountants 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 Board of Selectmen
Town of Winchester, Connecticut

Compliance

We have audited the compliance of the Town of Winchester, 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, 2005. The 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 Winchester, Connecticut's management. Our responsibility is to express an opinion on 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 Winchester, 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 on the Town of Winchester, Connecticut's compliance with those requirements.

In our opinion, the Town of Winchester, 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, 2005. 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 which is described in Part III of the accompanying schedule of findings and questioned costs as item 05-1.

Internal Control over Compliance

The management of the Town of Winchester, 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 internal control over compliance with 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 and to test and report on internal control over compliance in accordance with the State Single Audit Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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 Winchester, Connecticut, as of and for the year ended June 30, 2005 and have issued our report thereon dated December 29, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winchester, 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 for the information and use of management, the Board of Selectmen, the Office of Policy and Management, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

December 29, 2005

TOWN OF WINCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2005

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Education		
School Readiness and Child Care in Severe Need Schools	11000-SDE64370-12113	\$ 177,832
Primary Mental Health	11000-SDE64370-12198	14,086
Child Nutrition Program - (School Lunch State Match)	11000-SDE64370-16072	7,347
Family Resource Centers	11000-SDE64370-16110	102,247
Adult Education	11000-SDE64370-17030	8,678
Health Services	11000-SDE64370-17034	5,618
School Breakfast	11000-SDE64370-17046	10,049
Youth Services Bureau	11000-SDE64370-17052	17,262
<i>Passed Through the Education Connection:</i>		
Bilingual Education	11000-SDE64370-17042	\$ 1,519
Bilingual Education	11000-SDE64370-17042	<u>7,203</u>
		8,722
Total Department of Education		<u>351,841</u>
Department of Social Services		
Emergency Shelter Services (ESS)	11000-DSS60733-17038	<u>14,700</u>
Office of Policy and Management		
State Match Program	11000-OPM20350-12251	400
Property Tax Relief for Disabilities	11000-OPM20600-17011	672
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	70,023
Property Tax Relief for Veterans	11000-OPM20600-17024	1,084
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	245,869

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TOWN OF WINCHESTER, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2005

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Local Capital Improvement Program	11000-OPM20600-40254	\$ 49,915
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	120,981
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OSC15910-17006	114,838
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	142,803
Total Office of Policy and Management		746,585
Connecticut State Library		
Historic Document Preservation	11000-CSL66094-35150	7,000
Department of Transportation		
Town Aid Roads Grants Transportation Fund	12001-DOT57131-17036	95,464
Transportation Urban Action Grants/Municipal Grant Agreements Transportation Fund	13019-DOT57191-41241	21,577
Capital Resurfacing and Related Improvements	13033-DOT57281-41386	12,500
Highway Planning and Construction - Main Street Enhancement	12062-DOT57171-21142	800
Highway Planning and Construction - Munro Street Bridge	12001-DOT57171-21133	1,945
Total Department of Transportation		132,286
Department of Public Safety		
Telecommunications Fund	12060-DPS32740-35190	2,970
Department of Environmental Protection		
Grants for Water Pollution Control	13007-DEP43720-40505	3,800
Clean Water - Discretionary Fund	13019-DEP43720-41239	654,585
Clean Water Grant	17961-DEP43720-42087	1,826
Total Department of Environmental Protection		660,211

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TOWN OF WINCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE

FINANCIAL ASSISTANCE (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2005

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
State Comptroller		
Boat Grant	12027-OSC15910-40211	\$ 14,829
Department of Mental Retardation		
Infant & Toddlers - Disabilities	12060-DMR51538-20513	1,250
Elderly Enrichment Program	11000-DMR50172-16108	169,286
Total Department of Mental Retardation		170,536
Department of Education and Services for the Blind		
Education Aid Blind/Visually Impaired Children	11000-ESB65020-12060	9,507
State Military Department		
Emergency Management Assistance	12060-MIL36172-21092	3,529
Total State Financial Assistance Before Exempt Programs		<u>2,113,994</u>
Exempt Programs		
Department of Education		
Public School Transportation	11000-SDE64370-17027	175,362
Educational Cost Sharing	11000-SDE64370-17041	6,367,495
Excess Costs Student Based and Equity	11000-SDE64370-17047	463,359
Nonpublic School Transportation	11000-SDE64370-17049	17,396
School Construction Grants	13009-SDE64370-40896	73,282
School Construction Grants	13010-SDE64370-40901	244,968
Total Exempt Programs		<u>7,341,862</u>
Total State Financial Assistance		<u>\$ 9,455,856</u>

TOWN OF WINCHESTER, CONNECTICUT

NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2005

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Winchester, 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 programs, social service programs, supplemental tax programs, transportation programs and environmental programs.

Note - 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 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 Winchester, 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.

BlumShapiro

Report of Independent Accountants 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 Board of Selectmen
Town of Winchester, Connecticut

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 Winchester, Connecticut, as of and for the year ended June 30, 2005 which collectively comprise the Town of Winchester, Connecticut's basic financial statements and have issued our report thereon dated December 29, 2005. 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 Winchester, Connecticut's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town of Winchester, Connecticut, in a separate letter dated December 29, 2005.

This report is intended for the information and use of management, the Board of Selectmen, the Office of Policy and Management, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

December 29, 2005

TOWN OF WINCHESTER, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) 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
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's 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? _____ yes x no

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

<u>State Grantor and Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<i>Department of Education:</i>		
School Readiness and Child Care in Severe Need Schools	11000-SDE64370-12113	\$ 177,832
Family Resource Centers	11000-SDE64370-16110	102,247
<i>Office of Policy and Management:</i>		
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	245,869
PILOT on State-Owned Property	11000-OSC15910-17004	120,981
PILOT on Private Colleges and General/Chronic Disease Hospitals	11000- OSC15910-17006	114,838
<i>Department of Environmental Protection:</i>		
Clean Water - Discretionary Fund	13019-DEP43720-41239	654,585
<i>Department of Mental Retardation:</i>		
Elderly Enrichment Program	11000-DMR50172-16108	169,286

II. Financial Statement Findings

1. We issued reports, dated December 29, 2005, 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 reportable conditions.

III. Findings and Questioned Costs for State Financial Assistance

Finding No.: 05-1
Grantor: Department of Mental Retardation
State Program Name: Elderly Enrichment
Pass-Through Entity: None
State Program Identification No.: 11000-DMR50172-16108

Condition: The final COR report was filed on October 26, 2005.

Criteria: Grantees are required by the Department of Mental Retardation to file the COR report by October 15, 2005.

Questioned Costs: None

Effect: The effect is that the Department of Mental Retardation did not receive timely information about program expenditures.

Cause: The Town had to update its version of Excel in order to prepare the report and was not able to do so prior to the filing deadline.

Recommendation: We recommend that the Town of Winchester file future reports in a timely manner.