
TOWN OF ASHFORD, CONNECTICUT

State Single Audit

For the Year Ended June 30, 2019

TOWN OF ASHFORD, CONNECTICUT

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**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**

Independent Auditor's Report

To the Board of Finance
Town of Ashford, 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, each major fund, and the aggregate remaining fund information of the Town of Ashford, Connecticut (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 31, 2020.

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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness as Finding 2019-01.

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 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*.

The Town of Ashford's Response to Findings

The Town of Ashford's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town'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 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, CPAs
Winsted, CT
March 31, 2020

**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**

Independent Auditor's Report

To the Board of Finance
Town of Ashford, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Ashford, 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, 2019. The Town'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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town'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'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's compliance.

Opinion on Each Major State Program

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, 2019.

Report on Internal Control over Compliance

Management of the Town 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'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 our 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'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. 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 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, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated March 31, 2020, 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
March 31, 2020

TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019

| State Grantor/Pass-Through Grantor/Program Title | State Grant Program Core-CT Number | Expenditures |
|-----------------------------------------------------------------------|---------------------------------------|-------------------|
| Connecticut State Library | | |
| Connecticard Payments | 11000-CSL66051-17010 | \$ 127 |
| Historic Document Preservation Grant | 12060-CSL66094-35150 | 4,500 |
| Department of Transportation | | |
| Town Aid Road Grants - Municipal | 12052-DOT57131-43455 | 146,447 |
| Town Aid Road Grants - STO | 13033-DOT57131-43459 | 146,446 |
| Department of Economic and Community Development | | |
| Brownfield Remediation Program - Squaw Hollow Road/Boston Turnpike | 12052-ECD46260-43403 | 127,175 |
| Arts Commission | 11000-ECD46820-16258 | 3,555 |
| Office of Early Childhood | | |
| School Readiness in Competitive Grant Municipalities | 11000-OEC64845-16274-83013 | 113,400 |
| Child Care Quality Enhancement | 11000-OEC64845-16158 | 3,881 |
| Department of Justice | | |
| Judicial Fines and Fees | 34001-JUD95162-40001 | 2,815 |
| Department of Education | | |
| Primary Mental Health Grant | 11000-SDE64370-12198 | 20,000 |
| Youth Service Bureau Grant | 11000-SDE64370-17052 | 14,000 |
| Youth Service Bureau Enhancement Grant | 11000-SDE64370-16201 | 3,038 |
| Healthy Foods Initiative Grant | 11000-SDE64370-16212 | 3,072 |
| School Breakfast Grant | 11000-SDE64370-17046 | 2,898 |
| Talent Development | 11000-SDE64370-12552 | 1,818 |
| Child Nutrition State Matching Grant | 11000-SDE64370-16211 | 1,613 |
| Office of Policy and Management | | |
| Payment in Lieu of Taxes (PILOT) on State- Owned Property | 11000-OPM20600-17004 | 2,817 |
| Reimbursement of Property Taxes - Disability Exemption | 11000-OPM20600-17011 | 924 |
| Local Capital Improvement Program | 12050-OPM20600-40254 | 57,925 |
| Municipal Grants-in-aid | 12052-OPM20600-43587 | 3,582 |
| Property Tax Relief for Veterans | 11000-OPM20600-17024 | 1,700 |
| Total State Financial Assistance Before Exempt Programs | | \$ 661,733 |

See notes to schedule.

TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019

| 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 | 12009-OPM20600-17005 | \$ 12,010 |
| Municipal Stabilization Grant | 11000-OPM20600-17104 | <u>44,498</u> |
| Total Office of Policy and Management | | <u>56,508</u> |
| Department of Education | | |
| Educational Cost Sharing | 11000-SDE64370-17041-82010 | 3,612,295 |
| Excess Cost Student Based and Equity | 11000-SDE64370-17047 | <u>100,095</u> |
| Total Department of Education | | <u>3,712,390</u> |
| | Total Exempt Programs | <u>3,768,898</u> |
| | Total State Financial Assistance | <u>\$ 4,430,631</u> |

See notes to schedule.

TOWN OF ASHFORD, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Ashford, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2019. 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 Ashford, 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 fund financial statements contained in the Town of Ashford, Connecticut's annual report are prepared on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become both measurable and available while expenditures are recognized in the accounting period in which the fund liability is incurred.

The government-wide financial statements are prepared on the accrual basis of accounting. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred.

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the 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.

TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

We audited the financial statements of the Town of Ashford, Connecticut as of and for the year ended June 30, 2019 and issued our unmodified report thereon dated March 31, 2020.

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 Transportation | | |
| Town Aid Road Grants - Municipal | 12052-DOT57131-43455 | \$ 146,447 |
| Town Aid Road - STO | 13033-DOT57131-43459 | \$ 146,446 |

Note - While these grants have different State Core CT Numbers, they are considered one major program for testing purposes.

Department of Economic and Community Development

| | | |
|------------------------------------------------------------------------|----------------------|------------|
| Brownsfield Remediation Program - Squaw Hollow Road/Boston Turnpike | 12052-ECD46260-43403 | \$ 127,175 |
|------------------------------------------------------------------------|----------------------|------------|

Dollar threshold used to distinguish between type A and type B programs \$ 100,000

TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated March 31, 2020, 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 material weaknesses, described below as finding 2019-01.

FINDING 2019-01

Criteria

The Town should have internal controls over financial reporting that provides reasonable assurance that the accounting records can be relied upon to prepare the basic financial statements and the related notes to the basic financial statements, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition

The Ashford Board of Education accounting records were not reconciled on a timely basis, nor were they ready for audit until nearly nine months after the fiscal year-end. Monitoring procedures should be in place to ensure that the funds under the control of the Board of Education are reported accurately and on a timely basis. The affected areas included the annual budget allocation, the School Cafeteria Fund, Student Activity Fund, and the Scholarship Fund.

Effect

The Board of Education accounting records were not reconciled to the Town's General Fund. There were adjustments that needed to be made to the other funds under the Board of Education's control. The annual audit process was significantly delayed while interim personnel made adjustments to the financial records.

Cause

Transition of personnel within the Board of Education Business Office resulted in changes to the timeliness and accuracy of the information that had previously been provided to the Town Treasurer. In addition, the Board of Education staff reported that information from the primary Board of Education accounting software could not initially be relied upon.

Recommendation

The Board of Education should review the records of the Student Activity Fund, the Cafeteria Fund, and the Scholarship Fund on an ongoing basis and make any adjustments that are necessary. We also recommend that the Board of Education and the Town develop formal reconciliation procedures to ensure that the accounting records of the Board of Education reconcile with the accounting records of the Town Treasurer on a timely basis. The procedures should document the specific reports and supporting documentation to be provided by the Board of Education in order for the Town Treasurer to record transactions within the Town's general ledger. In addition, the reconciliation procedures should incorporate timely communication of any errors identified by or any journal entries recorded by the Board of Education that would have an impact on any prior information provided to the Town Treasurer.

TOWN OF ASHFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Views of Responsible Officials and Planned Corrective Actions

The Board of Education accounting records were not reconciled with the Town Treasurer, nor ready for audit, due to multiple personnel changes that began in May, 2019, and the inaccuracy of the Board of Education's ("BOE") accounting software.

The BOE will implement the following moving forward:

- In conjunction with the Town Treasurer, will develop procedures for communicating journal entries recorded by the BOE, for inclusion in the Town's General Ledger;
- Perform a quarterly reconciliation with the Town;
- Perform a full review of the records of the Student Activity Fund, the Cafeteria Fund, and the Scholarship Fund on a regular basis. Procedures will be developed to maintain a separation of duties in these areas;
- The BOE and the Town are in the process of transitioning to a new accounting software, which will go live January 1, 2021. Once utilized, it will allow for multiple levels of approval to enhance our accounting procedures, ensure data reliability, and provide a smoother reconciliation process with the Town.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- No findings or questioned costs are reported relating to State Financial Assistance Programs.