

TOWN OF TRUMBULL, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2013

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**Independent Auditors' 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 Members of the Town Council
Town of Trumbull, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Trumbull, 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 Trumbull, Connecticut's major state programs for the year ended June 30, 2013. The Town of Trumbull, Connecticut'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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Trumbull, Connecticut'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 of Trumbull, 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Trumbull, Connecticut's compliance.

Basis for Qualified Opinion on Urban Action Bonds

As described in the accompanying schedule of findings and questioned costs, the Town of Trumbull, Connecticut, did not comply with requirements regarding reporting as described in finding number 2013-002. Compliance with such requirements is necessary, in our opinion, for the Town of Trumbull, Connecticut, to comply with the requirements applicable to that program.

Qualified Opinion on Urban Action Bonds

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Town of Trumbull, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Urban Action Bonds for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major State Programs

In our opinion, the Town of Trumbull, Connecticut, 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 other major state programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

The Town of Trumbull, Connecticut's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Trumbull, Connecticut's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Town of Trumbull, Connecticut, 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 of Trumbull, Connecticut'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 of Trumbull, 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. 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-002 that we consider to be a significant deficiency.

The Town of Trumbull, Connecticut's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Trumbull, Connecticut's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

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 of Trumbull, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Trumbull, Connecticut's basic financial statements. We issued our report thereon dated December 14, 2013, 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 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 financial statements as a whole.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 14, 2013

**TOWN OF TRUMBULL, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2013**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development		
Urban Action Bonds	13019-ECD46000-41240	\$ <u>346,882</u>
Department of Education		
Youth Services Bureau - Enhancement	11000-SDE84000-16201	7,382
Child Nutrition State Matching Grant	11000-SDE64000-16211	20,816
Vocational Agriculture	11000-SDE64000-17017	411,336
Adult Education	11000-SDE64000-17030	15,631
Health Services	11000-SDE64000-17034	78,919
Youth Services Bureau	11000-SDE64000-17052	25,429
Open Choice	11000-SDE64000-17053	162,000
Magnet Schools	11000-SDE64000-17057	<u>94,900</u>
Total Department of Education		<u>816,413</u>
Department of Energy and Environmental Protection		
Clean Water Fund	21014-DEP43720-40001	134,364
Small Town Economic Assistance Program (STEAP)	12052-DEP43153-40531	<u>145,078</u>
Total Department of Energy and Environmental Protection		<u>279,442</u>
Connecticut State Library		
ConnectiCard Payments	11000-CSL66051-17010	13,047
Historic Documents Preservation Grants	12060-CSL66094-35150	<u>6,500</u>
Total Connecticut State Library		<u>19,547</u>

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**TOWN OF TRUMBULL, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2013**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	\$ 84,956
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	3,577
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	255,626
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	2,000
Property Tax Relief for Veterans	11000-OPM20600-17024	35,835
Local Capital Improvement Program	12050-OPM20600-40254	<u>262,638</u>
Total Office of Policy and Management		<u>644,632</u>
Department of Emergency Services and Public Protection		
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	<u>820</u>
Department of Transportation		
Town Aid Road - STO	13033-DOT57000-43459	278,843
Capital Resurfacing - Related Improvements	13033-DOT57271-41386	<u>11,375</u>
Total Department of Transportation		<u>290,218</u>
Total State Financial Assistance Before Exempt Programs		<u>2,397,954</u>
Exempt Programs		
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	52,530
Municipal Revenue Sharing	12060-OPM20600-35458	414,560
Municipal Video Competition	12060-OPM20600-35362	<u>54,064</u>
Total Office of Policy and Management		<u>521,154</u>

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**TOWN OF TRUMBULL, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2013**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Education		
Public School Transportation	11000-SDE64000-17027	\$ 84,336
Educational Cost Sharing	11000-SDE64000-17041-82010	3,126,555
Excess Costs Student Based and Equity	11000-SDE64000-17047	917,542
Nonpublic School Transportation	11000-SDE64000-17049	<u>24,916</u>
Total Department of Education		<u>4,153,349</u>
Department of Construction Services		
School Construction Grants	13009-DCS27610-40896	83,147
School Construction Grants	13010-DCS27610-40901	<u>12,625,119</u>
Total Department of Construction Services		<u>12,708,266</u>
Total Exempt Programs		<u>17,382,769</u>
Total State Financial Assistance		\$ <u>19,780,723</u>

The accompanying notes are an integral part of this schedule

**TOWN OF TRUMBULL, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of state financial assistance (the Schedule) includes the state grant activity of the Town of Trumbull, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2013. 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 Trumbull, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of Trumbull, Connecticut.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Trumbull, 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*

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

We have audited, in accordance with the 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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Trumbull, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Trumbull, Connecticut's basic financial statements, and have issued our report thereon dated December 14, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Trumbull, Connecticut'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Trumbull, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Trumbull, Connecticut'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. 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 may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Trumbull, Connecticut'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 Trumbull, Connecticut's Response to Findings

The Town of Trumbull, Connecticut's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Trumbull, Connecticut'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 of Trumbull, Connecticut'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 of Trumbull, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 14, 2013

**TOWN OF TRUMBULL, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes 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? X yes none reported

Type of auditors' report issued on compliance for major programs:

Qualified for reporting in the Urban Action Bond Program, unmodified for all other requirements and 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?

 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 Economic and Community Development:		
Urban Action Bonds	13019-ECD46000-41240	\$ 346,882
Department of Education:		
Vocational Agriculture	11000-SDE64000-17017	411,336
Office of Policy and Management:		
Local Capital Improvement Program	12050-OPM20600-40254	262,638
Department of Transportation:		
Town Aid Road - STO	13033-DOT57000-43459	278,843

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

II. FINANCIAL STATEMENT FINDINGS

2013-001	Financial Reporting Requirements
Criteria	Management is responsible for establishing and maintaining internal controls to ensure the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United State of America (GAAP).
Condition	Significant audit adjustments were posted to the Town's financial statements to properly record expenditures within the proper period.
Context	The Town's General Fund, Enterprise Funds and Capital Project Funds were misstated.
Effect	Significant adjustments were posted to present the financial statements in accordance with GAAP.
Cause	Lack of internal controls and procedures in place to ensure the general ledger and financial statements were reported in conformity with GAAP.
Recommendation	We recommend that the Town continue to develop policies and procedures to establish effective internal controls to ensure financial statements are presented in accordance with GAAP.
Management Response and Planned Corrective Action	The Town's Finance Department is now fully staffed and will develop procedures to comply with generally accepted accounting principles for fiscal year ending June 30, 2014.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

2013-002	Reporting
Grantor	State of Connecticut
Program	Urban Action Bonds
Pass-Through Agency	Department of Economic and Community Development
Core-CT Number	13019-ECD46000-41240
Criteria	The Department of Economic and Community Development (DECD) requires semi-annual Balance Sheet and Statement of Program Costs be submitted to DECD 30 days after June 30 and December 31 until the expiration of the Finance Plan Budget.
Condition	The Town did not file the required semi-annual Balance Sheet and Statement of Program Costs.
Questioned Costs	No costs were questioned.
Context	Semi-annual reports are required by the DECD to ensure accountability and financial responsibility.
Effect	No direct effect can be determined.
Cause	There are no internal Town procedures to ensure that reports are filed. The Town was unaware of this reporting requirement and received no correspondence from the DECD requesting the reports.
Recommendation	We recommend that the Town develop and implement procedures to ensure that all reporting requirements are identified and followed as per the grant agreements.
Management Response and Planned Corrective Action	<p>The Town was not aware of the filing requirement. As of December 13, 2013, filings have been completed and full funding has been released and the Town's payment request has been approved by the State.</p> <p>The Town is now aware of the filing requirements for the Urban Action Bonds and will comply going forward. The Town will initiate review of all filing requirements with funders to ensure requirements are met in the future.</p>

IV. STATUS OF PRIOR YEAR FINDINGS

Prior Audit Findings Unresolved:

<u>Finding Number</u>	<u>Description</u>
2012-01	Financial Reporting Requirements - Finding has been updated for the year ended June 30, 2013 and is included as finding 2013-001 above.