

**TOWN OF EAST WINDSOR, CONNECTICUT**

**FEDERAL AND STATE  
SINGLE AUDITS**

**FOR THE YEAR ENDED  
JUNE 30, 2021**

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**TABLE OF CONTENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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	<u><b>Page</b></u>
 <b>INTERNAL CONTROL AND COMPLIANCE REPORT</b>	
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 <i>Government Auditing Standards</i>	1
 <b>FEDERAL SINGLE AUDIT SECTION</b>	
Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Federal Findings and Questioned Costs	9
 <b>STATE SINGLE AUDIT SECTION</b>	
Independent Auditor's Report on Compliance for Each Major State Program, on Internal Control over Compliance, and on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act	14
Schedule of Expenditures of State Financial Assistance	17
Notes to Schedule of Expenditures of State Financial Assistance	19
Schedule of State Findings and Questioned Costs	20

**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 Finance  
Town of East Windsor, 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, each major fund, and the aggregate remaining fund information of the Town of East Windsor, Connecticut (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 24, 2022.

**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 opinions 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 a 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 a 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 weakness or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

**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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-004.

**Management's Response to Findings**

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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 results 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.

A handwritten signature in black ink that reads "Mahoney Sabol & Company, LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants  
Glastonbury, Connecticut  
February 24, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Finance  
Town of East Windsor, Connecticut

**Report on Compliance for Each Major Federal Program**

We have audited the Town of East Windsor, Connecticut's (the "Town"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2021. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major federal 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 federal 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 federal program. However, our audit does not provide a legal determination of the Town's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Town of East Windsor, 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 major federal programs for the year ended June 30, 2021.

## **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 federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 federal 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 federal 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of federal findings and questioned costs as item 2021-005, that we consider to be a significant deficiency.

### **Management's Response to Finding**

Management's response to the finding identified in our audit is described in the accompanying schedule of federal findings and questioned costs. Management'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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 24, 2022, 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 federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Certified Public Accountants  
Glastonbury, Connecticut  
February 24, 2022

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Grantor; Pass-Through Grantor; Program Title	Grant Number	Federal CFDA Number	Expenditures
<b>U.S. DEPARTMENT OF TREASURY</b>			
<b>Passed through the Connecticut Department of Education:</b>			
Coronavirus Relief Fund	12060-SDE64370-29561	21.019	\$ 199,553
<b>Passed through the Connecticut Office of Policy &amp; Management:</b>			
Coronavirus Relief Fund	12060-OPM20600-29561	21.019	93,592
			<u>293,145</u>
<b>Total U.S. Department of Treasury</b>			<u>293,145</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Child Nutrition Cluster:</b>			
<b>Passed through the Connecticut Department of Education:</b>			
National School Lunch - Commodities	-	10.555	26,383
National School Lunch - 2021	12060-SDE64370-20560	10.555	210,841
School Breakfast Program - 2021	12060-SDE64370-20508	10.553	50,032
National School Lunch - CARES	12060-SDE64370-20560	10.555	16,506
School Breakfast Program - CARES	12060-SDE64370-20508	10.553	4,887
<b>Total Child Nutrition Cluster</b>			<u>308,649</u>
<b>Passed through the Connecticut Department of Education:</b>			
Child Nutrition School Food Equipment	12060-SDE64370-22386	10.579	10,709
<b>Total U.S. Department of Agriculture</b>			<u>319,358</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>Passed through the Connecticut Department of Transportation:</b>			
National Priority Safety Program	12062-DOT57513-22600	20.616	25,747
Alcohol Open Container Requirements	12062-DOT57513-22091	20.607	12,119
<b>Total U.S. Department of Transportation</b>			<u>37,866</u>
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>			
<b>Passed through the Connecticut Secretary of State:</b>			
Help America Vote Act	12060-SOS12500-21465	90.401	8,534
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>Aging Cluster:</b>			
<b>Passed through the Connecticut Department of Rehabilitation Services:</b>			
Special Programs for the Aging, Title III, Part B - CARES Act	12060-SDR63901-29556	93.044	2,500
<b>Passed through the Connecticut Office of Early Childhood:</b>			
Child Care and Development Fund	12060-OEC64845-29628	93.575	31,800
<b>Passed through EdAdvance:</b>			
Child Care and Development Fund - CT CARES for Child Care	-	93.575	35,000
			<u>66,800</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>69,300</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Special Education Cluster:</b>			
<b>Passed through the Connecticut Department of Education:</b>			
Special Education Grants to States - 2020	12060-SDE64370-20977	84.027	239,877
Special Education Preschool Grants - 2020	12060-SDE64370-20983	84.173	10,204
<b>Total Special Education Cluster</b>			<u>250,081</u>
<b>Passed through the Connecticut Department of Education:</b>			
Student Support and Academic Enrichment Grant - 2020	12060-SDE64370-22854	84.424	6,264
Student Support and Academic Enrichment Grant - 2021	12060-SDE64370-22854	84.424	6,568
			<u>12,832</u>
Supporting Effective Instruction State Grants - 2020	12060-SDE64370-20858	84.367	33,035
Title I Grants to Local Educational Agencies - 2020	12060-SDE64370-20679	84.010	188,656
Elementary & Secondary School Emergency Relief Fund (ESSER)	12060-SDE64370-29571	84.425D	19,784
<b>Total U.S. Department of Education</b>			<u>504,388</u>

(Continued)

The accompanying notes are an integral part of this schedule.



**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Grantor; Pass-Through Grantor; Program Title	Grant Number	Federal CFDA Number	Expenditures
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Direct:</b>			
Emergency Performance Management Grant	-	97.042	\$      6,770
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<b>Direct:</b>			
Public Safety Partnership Grants	-	16.710	21,832
<b>TOTAL FEDERAL AWARDS</b>			\$   1,261,193
			(Concluded)

*The accompanying notes are an integral part of this schedule.*

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 - ACCOUNTING BASIS**

**BASIC FINANCIAL STATEMENTS**

The accounting policies of the Town of East Windsor, Connecticut (the "Town"), conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of federal awards.

**COST ALLOCATION PRINCIPLES**

The Town has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. The Town has no federal awards for which an indirect cost rate is applicable.

**NOTE 2 - OTHER FEDERAL ASSISTANCE**

The United States Department of Agriculture provides commodities to the Town's schools. An amount of \$26,383 has been reflected in the expenditures column in the accompanying schedule of expenditures of federal awards, which represents the fair market value of such commodities received during the year ended June 30, 2021.

The following is a summary of loan program activity for the year ended June 30, 2021:

**U.S. Department of Agriculture: Rural Utilities Service Loans**

<u>Issue Date</u>	<u>Original Amount</u>	<u>Balance June 30, 2020</u>	<u>Loan Proceeds</u>	<u>Loan Repayments</u>	<u>Balance June 30, 2021</u>
Fiscal 2012	\$ 2,180,000	\$ 1,910,225	\$ -	\$ 38,027	\$ 1,872,198
Fiscal 2015	1,435,000	1,328,566	-	1,328,566	-

No other federal assistance was received in the form of loans, loan guarantees or insurance.

**NOTE 3 - PASS-THROUGH TO SUBRECIPIENTS**

The Town did not pass through any federal awards to a subrecipient organization.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

<input type="radio"/>	Material weakness(es) identified?	<u>✓</u>	Yes		<u>        </u>	No
						None
<input type="radio"/>	Significant deficiency(ies) identified?	<u>        </u>	Yes		<u>✓</u>	reported

Noncompliance material to financial statements noted? No

		<u>✓</u>	Yes		<u>        </u>	No
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**FEDERAL AWARDS**

Internal control over major programs:

<input type="radio"/>	Material weakness(es) identified?	<u>        </u>	Yes		<u>✓</u>	No
						None
<input type="radio"/>	Significant deficiency(ies) identified?	<u>✓</u>	Yes		<u>        </u>	reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR Section 200.516(a)? No

		<u>        </u>	Yes		<u>✓</u>	No
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The following schedule reflects the major federal programs included in the audit:

CFDA Number	Name of Federal Program
10.555/10.553	Child Nutrition Cluster
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

		<u>        </u>			<u>✓</u>	
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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding 2021-001: *Material Weakness in Internal Control over Financial Reporting - System Implementation***

**Criteria:** Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2021-001: Material Weakness in Internal Control over Financial Reporting - System Implementation (Continued)**

**Condition:** The Town's School District did not effectively implement its new accounting system (MUNIS). As a result, the School District's financial information contained material misstatements that were identified and corrected during the audit process. Specifically, the following implementation issues were noted:

- There were differences between the amounts included in the School District's adopted budget and budgetary authorizations inputted into MUNIS;
- Account coding (organization, object, and project) were not fully defined for all expenditure accounts;
- There were several instances where actual expenditures were not recorded against the corresponding budgetary account that had been established; and
- Payroll was not set-up to properly account for the recording of all employee earnings, employer payroll taxes, employer provided insurance coverage, and employee insurance deductions.

**Cause:** Deficiencies in the design and effectiveness of the School District's internal control over financial reporting, due to ineffective implementation of and an inadequate oversight of the implementation of MUNIS.

**Effect:** Unaudited financial information provided to internal and external users was materially misstated. The errors in the recording of payroll taxes, employer provided insurance coverage and employee insurance deductions resulted in an overstatement of unaudited expenditures of approximately \$2,025,000 for the year ended June 30, 2021. The effect on the School District's operation and maintenance of the schools for the year ended June 30, 2021 is unknown. In addition, the deficiencies resulted in delays in the filing of the Town's audited financial statements.

**Recommendation:** We recommend that the School District engage a consultant to assist in effectively implementing MUNIS. In addition, we recommend that the School District consider whether additional resources and/or training are needed to effectively utilize MUNIS going forward.

**Views of Responsible Officials and Planned Corrective Actions:** Management of School District agrees with the finding. The School District has subsequently taken a number of actions to address these issues, which includes the restructuring of its business department and engaging an external consultant.

**Finding 2021-002: Material Weakness in Internal Control over Financial Reporting - General Ledger Maintenance and Reconciliation Controls**

**Criteria:** Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Condition:** The School District has not designed and implemented controls to ensure the accuracy and completeness of its general ledger. Specifically, it was noted that certain cash receipt and payroll transactions were either not recorded or improperly recorded and a number of balance sheet account reconciliations were either not performed or were incomplete. As a result, the School District's financial information contained material misstatements that were identified and corrected during the audit process.

**Cause:** Deficiencies in the design and effectiveness of the District's internal control over financial reporting, due to a lack of accounting procedures and oversight of account reconciliations and the general ledger.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2021-002:** *Material Weakness in Internal Control over Financial Reporting - General Ledger Maintenance and Reconciliation Controls (Continued)*

**Effect:** Financial information provided to internal and external users was materially misstated. Errors within the general ledger included the following:

- an unposted payroll journal that resulted in an understatement of unaudited payroll expenditures for the year ended June 30, 2021 of approximately \$757,000;
- accrued payroll was not recorded, which resulted in an understatement of unaudited payroll expenditures for the year ended June 30, 2021 of approximately \$47,000;
- certain cash receipts and receivables for tuition reimbursements were either not recorded or recorded incorrectly, which resulted in an understatement of unaudited tuition reimbursements of approximately \$1,104,000;
- certain cash receipts and receivables for food service revenues were either not recorded or recorded incorrectly, which resulted in an understatement of unaudited food service revenues of approximately \$164,000; and
- certain cash receipts and receivables for family resource center (FRC) revenues were either not recorded or recorded incorrectly, which resulted in an understatement of unaudited FRC revenues of approximately \$83,000; and
- certain cash receipts, receivables and deferrals for education grant revenues were either not recorded or recorded incorrectly, which resulted in an understatement of unaudited grant revenues of approximately \$413,000.

The effect on the School District's operation and maintenance of the schools for the year ended June 30, 2021 is unknown. In addition, the deficiencies resulted in delays in the filing of the Town's audited financial statements.

**Recommendation:** We recommend the School District develop formal monthly, quarterly and annual closing procedures to ensure that all general ledger accounts are complete and accurate. In addition, we recommend that management of the School District consider whether additional resources or expertise are needed to bring reconciliations up to date and to perform these functions going forward.

**Views of Responsible Officials and Planned Corrective Actions:** Management agrees with the finding. The School District has subsequently taken a number of actions to address these issues, which includes the restructuring of its business department and engaging an external consultant.

**Finding 2021-003:** *Material Weakness in Internal Control over Financial Reporting - Budgetary Monitoring*

**Criteria:** Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Condition:** The former Superintendent and the Board of Education were unable to effectively monitor and evaluate its financial resources and the use of those resources due to inaccuracies in the budget to actual reports provided by the Business Office.

**Cause:** Deficiencies in the design and effectiveness of the District's internal control over financial reporting, due to the ineffective implementation of MUNIS and deficiencies in accounting and reconciliation controls.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2021-003: *Material Weakness in Internal Control over Financial Reporting - Budgetary Monitoring (Continued)***

**Effect:** Budget to actual reports provided to the former Superintendent and the Board of Education were materially misstated. The effect on the School District's operation and maintenance of the schools is unknown.

**Recommendation:** Budgetary monitoring provides an important control that is integral to the financial reporting objectives established by the Governmental Accounting Standards Board. We recommend that the School District develop and implement stronger budgetary monitoring controls. Budget to actual reports should be generated directly from MUNIS and budget to actual results should be scrutinized to determine if general ledger adjustments may be required to properly reflect expenditures or to evaluate the need for budgetary amendments.

**Views of Responsible Officials and Planned Corrective Actions:** Management agrees with the finding. The School District has subsequently taken a number of actions to address these issues, which includes the restructuring of its business department and engaging an external consultant.

**Finding 2021-004: *Noncompliance - Federal Payroll Tax Deposits***

**Criteria:** Management is responsible for the design, implementation, and maintenance of internal controls over compliance with laws, regulations, contracts, and grants.

**Condition:** The School District underpaid its federal payroll taxes for the quarterly periods ended December 31, 2020 and March 31, 2021 by approximately \$48,000 and \$111,000, respectively. The underpayment was due to a clerical error and was identified upon written notification received from the Internal Revenue Service.

**Cause:** Deficiencies in the effectiveness of the School District's internal control over federal payroll tax deposits.

**Effect:** The underpayment of federal payroll taxes resulted in the assessment of interest and penalties.

**Recommendation:** We recommend that the School District develop and implement controls to ensure the timely processing of federal payroll tax deposits, including a management level review and approval of all payroll tax returns and related deposits.

**Views of Responsible Officials and Planned Corrective Actions:** Management agrees with the finding and is in the process of taking corrective actions to address the issues identified.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2021-005: *Significant Deficiency in Internal Control over Compliance - Grant Reporting***

**Criteria:** Management is responsible for the design, implementation, and maintenance of internal controls over compliance with laws, regulations, contracts, and grants.

**Condition:** Expenditures reported within the Connecticut Department of Education's eGrants Management System for certain grants were either incomplete or inaccurate.

**Cause:** Ineffective and or inadequate training on the use of the eGrants Management System.

**Effect:** Inaccurate grant reporting could result in the loss of grant funds.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**Finding 2021-005:** *Significant Deficiency in Internal Control over Compliance - Grant Reporting (Continued)*

**Recommendation:** We recommend that the School District engage a consultant to assist in addressing reporting issues within the eGrants Management System. In addition, we recommend that the District implement effective oversight controls to monitor the accuracy and timeliness of grant reporting.

**Views of Responsible Officials and Planned Corrective Actions:** Management agrees with the finding and has engaged a consultant.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Prior audit finding 2020-001, *Material Weakness in Internal Control over Financial Reporting – Accounting and Reconciliation Controls over the School District’s General Fund Operating Cash Account* has been repeated and is included in the current year finding 2021-002, *Material Weakness in Internal Control over Financial Reporting - General Ledger Maintenance and Reconciliation Controls*.

Prior audit finding 2020-002, *Significant Deficiency in Internal Control over Financial Reporting - Accounting and Reconciliation Controls over the School District’s Cafeteria Fund* has been repeated and is included in the current year finding 2021-002, *Material Weakness in Internal Control over Financial Reporting - General Ledger Maintenance and Reconciliation Controls*.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES  
OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT**

To the Board of Finance  
Town of East Windsor, Connecticut

**Report on Compliance for Each Major State Program**

We have audited the Town of East Windsor, Connecticut's (the "Town"), compliance with the types of compliance requirements described in the State of Connecticut, 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, 2021. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state 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 of East Windsor, 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 major state programs for the year ended June 30, 2021.



## **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 an 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 a 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of state findings and questioned costs as item 2021-005, that we consider to be a significant deficiency.

### **Management's Response to Finding**

Management's response to the finding identified in our audit is described in the accompanying schedule of state findings and questioned costs. Management'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 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 24, 2022, 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. The schedule of expenditures of state financial assistance 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. Such information has been subjected to the auditing procedures applied in the audit of the basic 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.



Certified Public Accountants  
Glastonbury, Connecticut  
February 24, 2022

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2021**

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core - CT Number	Expenditures
<b>NONEXEMPT PROGRAMS:</b>		
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
Open Choice	11000-SDE64370-17053-82060	\$ 597,765
Alliance District	11000-SDE64370-17041-82164	186,987
Family Resource Centers	11000-SDE64370-16110	101,530
Open Choice - Academic, Student & Social Support	11000-SDE64370-12457	75,950
Adult Education	11000-SDE64370-17030	13,958
Healthy Foods Initiative	11000-SDE64370-16212	10,863
School Breakfast	11000-SDE64370-17046	8,147
Child Nutrition State Matching Grant	11000-SDE64370-16211	5,464
Bilingual Education	11000-SDE64370-17042	1,294
<b>Total Department of Education</b>		<u>1,001,958</u>
<b>OFFICE OF POLICY &amp; MANAGEMENT</b>		
<b>Direct:</b>		
Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	548,433
Municipal Grants-In-Aid	12052-OPM20600-43587	294,344
Property Tax Relief for Veterans	11000-OPM20600-17024	6,305
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	1,727
<b>Total Office of Policy and Management</b>		<u>850,809</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
<b>Direct:</b>		
Town Aid Road Grant - Transportation Fund	12052-DOT57131-43455-34005	133,883
Town Aid Road Grant - Transportation Fund	13033-DOT57131-43459-34005	133,883
		<u>267,766</u>
Rail Operations	12001-DOT57191-12168	320
<b>Total Department of Transportation</b>		<u>268,086</u>
<b>CONNECTICUT STATE LIBRARY</b>		
<b>Direct:</b>		
Historic Documents Preservation Grants	12060-CSL66094-35150	5,500
<b>DEPARTMENT OF ADMINSTRATIVE SERVICES</b>		
<b>Direct:</b>		
Alliance District Funding - Capital Grant	12052-DAS27635-43651	342,818
<b>OFFICE OF THE TREASURER</b>		
<b>Direct:</b>		
Nitrogen Credit Exchange Program	21016-OTT14230-42407	3,580
<b>DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION</b>		
<b>Direct:</b>		
Drug Asset Forfeiture	12060-DPS32155-35142	724
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>		
<b>Direct:</b>		
Responsible Growth Incentive Grant	12052-ECD46260-43130	28,898

(Continued)

The accompanying notes are an integral part of this schedule.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core - CT Number	Expenditures
<b>NONEXEMPT PROGRAMS: (Continued)</b>		
<b>DEPARTMENT OF CHILDREN AND FAMILIES</b>		
<b>Direct:</b>		
Youth Service Bureaus	11000-DCF91141-17052	\$ 983
Youth Service Bureau Enhancement	11000-DCF91141-17107	3,218
<b>Total Department of Children and Families</b>		<u>4,201</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>2,506,574</u>
<b>EXEMPT PROGRAMS:</b>		
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
Education Cost Sharing	11000-SDE64370-17041-82010	5,481,166
Excess Costs Student Based and Equity	11000-SDE64370-17047	180,603
<b>Total Department of Education</b>		<u>5,661,769</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	15,432
<b>DEPARTMENT OF ADMINISTRATIVE SERVICES</b>		
<b>Direct:</b>		
School Construction Grants	13010-DAS27635-43744	141,529
<b>Total Exempt Programs</b>		<u>5,818,730</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 8,325,304</u> <i>(Concluded)</i>

*The accompanying notes are an integral part of this schedule.*

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of East Windsor, Connecticut (the "Town"), under programs of the State of Connecticut for the fiscal year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

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. The following is a summary of the more significant policies relating to the aforementioned grant programs.

**BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. In accordance with Section 4-236-22 of the regulations to the Connecticut State Single Audit Act, these financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

**NOTE 2 - PASS-THROUGH TO SUBRECIPIENTS**

The Town did not pass through any state financial assistance to a subrecipient organization.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

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

Type of auditor's report issued on compliance for major programs: Unmodified

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:

<u>State Grantor/Program</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>DEPARTMENT OF EDUCATION</b>		
Open Choice	11000-SDE64370-17053-82060	\$ 597,765
<b>OFFICE OF POLICY &amp; MANAGEMENT</b>		
Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	548,433
<b>DEPARTMENT OF TRANSPORTATION</b>		
Town Aid Road Grant - Transportation Fund	12052-DOT57131-43455-34005 13033-DOT57131-43459-34005	267,766
<b>DEPARTMENT OF ADMINISTRATIVE SERVICES</b>		
Alliance District Funding - Capital Grant	12052-DAS27635-43651	342,818

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

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Refer to findings 2021-001, 2021-002, 2021-003 and 2021-004 reported in the accompanying schedule of federal findings and questioned costs.

**SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

Refer to finding 2021-005 reported in the accompanying schedule of federal findings and questioned costs.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Prior audit finding 2020-001, *Material Weakness in Internal Control over Financial Reporting – Accounting and Reconciliation Controls over the School District’s General Fund Operating Cash Account* has been repeated and is included in the current year finding 2021-002, *Material Weakness in Internal Control over Financial Reporting - General Ledger Maintenance and Reconciliation Controls*. Refer to finding 2021-002 in the accompanying schedule of federal findings and questioned costs.

Prior audit finding 2020-002, *Significant Deficiency in Internal Control over Financial Reporting - Accounting and Reconciliation Controls over the School District’s Cafeteria Fund* has been repeated and is included in the current year finding 2021-002, *Material Weakness in Internal Control over Financial Reporting - General Ledger Maintenance and Reconciliation Controls*. Refer to finding 2021-002 in the accompanying schedule of federal findings and questioned costs.