

TOWN OF BRANFORD, CONNECTICUT
STATE SINGLE AUDIT REPORT
JUNE 30, 2020



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**TOWN OF BRANFORD, CONNECTICUT
STATE SINGLE AUDIT REPORT
JUNE 30, 2020
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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 Board of Finance
Town of Branford, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Branford, 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 Branford, Connecticut's major state programs for the year ended June 30, 2020. The Town of Branford, 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 Branford, 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 Branford, 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 Branford, Connecticut's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Branford, 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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the State Single Audit Act and which are described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

Audit 2020 Branford's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Audit 2020 Branford'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 Branford, 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 Branford, 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 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 of Branford, 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 a 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. 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 of Branford, Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Branford, Connecticut's basic financial statements. We issued our report thereon dated August 4, 2021, 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 basic financial statements as a whole.

Clifton Larson Allen LLP

West Hartford, Connecticut
August 4, 2021

**TOWN OF BRANFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Department of Education			
Talent Development	11000-SDE64370-12552		\$ 3,086
Family Resource Centers	11000-SDE64370-16110		101,530
Child Nutrition State Match	11000-SDE64370-16211		9,688
Health Foods Initiative	11000-SDE64370-16212		18,456
Adult Education	11000-SDE64370-17030		21,851
Health & Welfare Private School Pupils	11000-SDE64370-17034		7,634
School Breakfast Program	11000-SDE64370-17046		14,335
Open Choice Program	11000-SDE64370-17053		<u>250,573</u>
Total Department of Education			<u>427,153</u>
Connecticut State Library			
Connecticard Payments	11000-CSL66051-17010		1,442
Historic Document Preservation	12060-CSL66094-35150		<u>7,500</u>
Total Connecticut State Library			<u>8,942</u>
Department of Children and Families			
Youth Service Bureaus	11000-DCF91141-17052		34,036
Youth Service Bureau Enhancement	11000-DCF91141-17107		<u>2,769</u>
Total Department of Children and Families			<u>36,805</u>
Department of Energy and Environmental Protection			
Small Town Economic Assistance Program	12052-DEP43153-40531		<u>53,652</u>
Department of Transportation			
Harbor Street Culvert	9014-002		950,033
Town Aid Road Grants-Municipal	12052-DOT57131-43455		130,591
Town Aid Road-STO	13033-DOT57131-43459		<u>130,591</u>
Total Department of Transportation			<u>1,211,215</u>
Department of Public Health			
School Based Health Clinics	11000-DPH48832-17019		<u>306,585</u>
Department of Social Services			
Medicaid	11000-DSS60000-16020		<u>60,435</u>

The accompanying notes are an integral part of this schedule

**TOWN OF BRANFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Office of Early Childhood			
Early Care and Education	11000-OEC64841-16274	\$ 394,081	\$ 394,081
Child Care Quality Enhancement	11000-OEC64845-16158		3,881
Early Care and Education	11000-OEC64845-16274		191,323
Total Office of Early Childhood		<u>394,081</u>	<u>589,285</u>
Office of Policy and Management			
Reimbursement Towns - Tax Loss on State O	11000-OPM20600-17004		12,155
Reimbursement Towns - Private Tax Exempt	11000-OPM20600-17006		105,041
Reimbursement Property Tax Disability Exem	11000-OPM20600-17011		2,365
Property Tax Relief for Veterans	11000-OPM20600-17024		23,110
Local Capital Improvement	12050-OPM20600-40254		522,880
Total Office of Policy and Management			<u>665,551</u>
Economic and Community Development			
Indian Neck Firehouse Renovation - STEAP	12052-ECD46000-42411		133,442
Total State Financial Assistance Before Exempt Programs		<u>394,081</u>	<u>3,493,065</u>
Exempt Programs			
Department of Education			
Education Cost Sharing	11000-SDE64370-17041-82010		2,493,731
Excess Cost - Student Based	11000-SDE64370-17047		372,078
Total Department of Education			<u>2,865,809</u>
Department of Administrative Services			
School Construction - Principle SDE	13010-DAS27635-40901		1,585,933
School Construction Progress	13010-DAS27635-43744		6,328,305
Total Department of Administrative Services			<u>7,914,238</u>
Total Exempt Programs		<u>-</u>	<u>10,780,047</u>
Total State Financial Assistance		<u>\$ 394,081</u>	<u>\$ 14,273,112</u>

The accompanying notes are an integral part of this schedule

**TOWN OF BRANFORD, CONNECTICUT
 NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the Town of Branford, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2020. 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 Branford, 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 Branford, Connecticut.

Basis of Accounting

The accounting policies of the Town of Branford, 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.

NOTE 2 - LOAN PROGRAMS

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the schedule of expenditures of state financial assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2020:

Department of Environmental Protection:

Clean Water Funds:

Issue dates		04/30/03	03/01/07	12/01/08
Interest rates		2%	2%	2%
Original amounts	\$	20,909,997	\$ 6,163,287	\$ 2,500,898
Balance, June 30, 2019	\$	3,657,844	\$ 2,657,330	\$ 1,174,799
Loan repayments		<u>1,100,295</u>	<u>323,961</u>	<u>128,081</u>
Balance, June 30, 2020	\$	<u>2,557,549</u>	<u>2,333,369</u>	<u>1,046,718</u>



**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 Board of Finance
Town of Branford, 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 Branford, Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Branford, Connecticut's basic financial statements, and have issued our report thereon dated August 4, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Branford, Connecticut'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 of Branford, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Branford, 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 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 weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

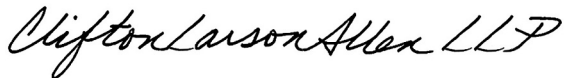
As part of obtaining reasonable assurance about whether the Town of Branford, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Branford's Response to Findings

Town of Branford's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Town of Branford'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 results of that testing, and not to provide an opinion on the effectiveness of the Town of Branford, 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 Branford, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



West Hartford, Connecticut
August 4, 2021

**TOWN OF BRANFORD, CONNECTICUT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2020**

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? _____ yes X none reported

Type of auditors' 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? X 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: Harbor Street Culvert	9014-002	\$ 950,033
Office of Policy and Management: Local Capital Improvement	12050-OPM20600-40254	522,800
Office of Early Childhood: Early Care and Education	11000-OEC64841-16274	394,081
Dollar threshold used to distinguish between type A and type B programs:		\$ 200,000

II. FINANCIAL STATEMENT FINDINGS

2020-001 Tax Collections
 Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria The tax department is charged with following the Connecticut general statutes, as well as local laws and regulations regarding the collection of tax payments, statutorily required interest, and reporting certain data to the State of Connecticut Department of Transportation regarding unpaid motor vehicle taxes.

Condition During the performance of our audit procedures, we became aware of some weaknesses in the policies and procedures in the tax department, as well as some recommendations for improvement.

Context During the current year audit, we noted the following issues with the operations in the tax department:

- Interest appeared to have been waived by posting tax payments on dates prior to the receipt of the tax payment.
- Payments were made directly to principal while taxpayers had outstanding interest owed on the same list number.
- Some taxpayers paid less in interest during the year ended June 30, 2020 than they owed in interest as of June 30, 2019, while also paying down their unpaid principal.
- There is one large taxpayer in town that owes approximately \$1 million in outstanding personal property, motor vehicle, and motor vehicle supplemental taxes. This taxpayer appears to be making nominal tax payments and changing taxpayer names to work around the motor vehicle registration rules with the DMV, and continuing to register new motor vehicles, without paying outstanding taxes on older motor vehicles.

Effect The Town has lost out on the collection of principal and interest.

Cause The controls within the Tax Department were either insufficient, or the controls were circumvented or overridden to allow for the occurrence of the above noted items.

Recommendation We recommend that the Town review the procedures in the tax department, specifically the procedures over the collection of taxes, the reporting of unpaid motor vehicles to DMV and the record retention policy. These processes and procedures should be formally documented and enhanced to ensure compliance with all laws and regulations.

Views of Town Leadership It is the opinion of Town leadership that the presence of elected tax collectors is seemingly anachronistic given the complexity of today’s modern tax systems, laws and compliance requirements. As a result, the Town is contemplating code and or charter revisions to change the position of Tax Collector to a nonelected official.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

2020-002 Local Capital Improvement - Special Reporting
Type of Finding: Audit Finding Noncompliance

Grantor Office of Policy and Management

Program Local Capital Improvement
12050-OPM20600-40254

Criteria Program regulations require that the Town submit form OPM-DE-2017 within 90 days of the fiscal year end.

Condition The Town did not submit the required form within 90 days of the fiscal year end.

Questioned Costs None

Context	The annual report was not filed timely.
Effect	The required form was not submitted as required by program regulations.
Cause	The Town was unaware of the requirement to file form OPM-DE-2017 within the 90-day window.
Recommendation	We recommend that the Town review procedures to ensure that all grantor required forms are filed timely.
Views of Responsible Officials and Planned Corrective Actions	Management agrees with the recommendations. Corrective action will be taken to ensure that reports are filed timely in the future.

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