TOWN OF SEYMOUR, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2012

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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance in Accordance with the State Single Audit Act and on the Schedule of Expenditures of State Financial Assistance

To the Members of the Board of Finance
Town of Seymour, Connecticut

Compliance

We have audited the Town of Seymour, 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 Seymour, Connecticut's major state programs for the year ended June 30, 2012. The Town of Seymour, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town of Seymour, Connecticut's management. Our responsibility is to express an opinion on the Town of Seymour, Connecticut's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Seymour, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Seymour, Connecticut's compliance with those requirements.

In our opinion, the Town of Seymour, Connecticut, complied, in all material respects, with the 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, 2012.

Internal Control over Compliance

Management of the Town of Seymour, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Seymour, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act, 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 Seymour, 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Seymour, Connecticut, as of and for the year ended June 30, 2012 and have issued our report thereon dated January 24, 2013, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Seymour, Connecticut's 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 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 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 financial statements or to the 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.

This report is intended solely for the information and use of management, the Board of Finance others within the entity, the Office of Policy and Management and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
January 24, 2013

TOWN OF SEYMOUR, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
Department of Economic and Community Development		
Payment In Lieu of Taxes (PILOT)	11000-ECD46400-17012-039	$ 69,605
Small Town Economic Assistance Program (STEAP)	12052-ECD46000-42411-149	149,563
Total Department of Economic and Community Development		219,168
Department of Education		
School Readiness and Child Care in Competitive Grant Municipalities	11000-SDE64000-12113	107,000
Child Nutrition State Matching Grant	11000-SDE64000-16211	12,238
Vocational Agriculture	11000-SDE64370-16212	26,596
Adult Education	11000-SDE64000-17030	66,325
School Breakfast	11000-SDE64000-17046	12,477
Magnet Schools	11000-SDE64000-17057	11,700
School Readiness Quality Enhancement	12060-SDE64000-90242	3,971
Total Department of Education		240,307
Department of Energy and Environmental Protection		
Nitrogen Credit Exchange Program	21016-OTT14230-42407	8,980
Small Town Economic Assistance Program	1052-DEP43740-40531	45,152
Total Department of Energy and Environmental Protection		54,132

(Continued on next page)

TOWN OF SEYMOUR, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
Connecticut State Library		
Grants to Public Libraries	11000-CSL66051-17003	$ 1,241
ConnectiCard Payments	11000-CSL66051-17010	1,574
Historic Documents Preservation Grants	12060-CSL66094-35150	3,500
Total Connecticut State Library		6,315
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	23,189
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	2,318
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	35,119
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	132,024
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	500
Property Tax Relief for Veterans	11000-OPM20600-17024	18,310
Total Office of Policy and Management		211,460
Department of Emergency Services and Public Protection		
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	1,825
Department of Transportation		
Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	148,936
Total State Financial Assistance Before Exempt Programs		882,143

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TOWN OF SEYMOUR, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
Exempt Programs		
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	$ 75,077
Municipal Revenue Sharing	12060-OPM20600-35458	159,304
Municipal Video Competition	12060-OPM20600-35362	2,878
Total Office of Policy and Management		237,259
Department of Education		
Public School Transportation	11000-SDE64000-17027	114,276
Educational Cost Sharing	11000-SDE64000-17041	9,898,087
Excess Costs Student Based and Equity	11000-SDE64000-17047	454,307
Total Department of Education		10,466,670
Department of Public Works		
School Construction Grants	13009-DPW27000-40901	5,800,939
School Construction Grants	13010-DPW27610-40901	9,101,189
Total Department of Public Works		14,902,128
Total Exempt Programs		25,606,057
Total State Financial Assistance		$ 26,488,200

The accompanying notes are an integral part of this schedule

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of state financial assistance (the Schedule) includes the state grant activity of the Town of Seymour, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2012. 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 Seymour, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net assets or cash flows of the Town of Seymour, Connecticut.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Seymour, 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 3 - 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, 2012:

Department of Environmental Protection:
Clean Water Funds (6865-3100-888):

	Issue Date	Interest Rate	Original Amount	Balance Beginning	Issued	Retired	Balance Ending
#121C	4/30/1993	2%	$ 10,154,887	$ 423,125	$ -	$ 423,125	$ -
#146C	6/30/1995	2%	4,714,906	707,233	-	235,745	471,488
#146CDI	12/23/1996	2%	627,428	107,559	-	35,853	71,706

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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 Board of Finance
Town of Seymour, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Seymour, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of Seymour, Connecticut's basic financial statements, and have issued our report thereon dated January 24, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Town of Seymour, Connecticut, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Seymour, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures 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 Seymour, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Seymour, Connecticut's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town of Seymour, Connecticut, in a separate letter dated January 24, 2013.

This report is intended solely for the information and use of management, the Board of Finance, others within the entity, the Office of Policy and Management and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
January 24, 2013

TOWN OF SEYMOUR, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ____ yes X no

State Financial Assistance

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? ____ yes X no

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

State Grantor and Program	State Core-CT Number	Expenditures
Department of Economic and Community Development:		
Small Town Economic Assistance Program (STEAP)	12052-ECD46000-42411-149	$ 149,563
Department of Education:		
School Readiness and Child Care in Competitive Grant Municipalities	11000-SDE64000-12113	107,000
Office of Policy and Management:		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	132,024
Department of Transportation:		
Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	148,936

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

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.