

TOWN OF WATERTOWN  
CONNECTICUT

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State Single Audit

For the Fiscal Year Ended  
June 30, 2025

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TOWN OF WATERTOWN, CONNECTICUT  
STATE SINGLE AUDIT  
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JUNE 30, 2025

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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 Town Council  
Town of Watertown, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Watertown, Connecticut, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Watertown, Connecticut's basic financial statements, and have issued our report thereon dated March 30, 2026.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Watertown, Connecticut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Watertown, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Watertown, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2005-001, 2005-002 and 2005-003 that we consider to be significant deficiencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Watertown, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2025-004.

## **The Town of Watertown Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Watertown's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Watertown's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sinnamon & Associates, LLC  
Certified Public Accountants

Litchfield, Connecticut  
March 30, 2026



Independent Auditor's 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 Town Council  
Town of Watertown, Connecticut

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

***Opinion on Each Major State Program***

We have audited the Town of Watertown, Connecticut's compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Watertown, Connecticut's major state programs for the year ended June 30, 2025. The Town of Watertown, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Watertown, 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, 2025.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Watertown, Connecticut and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town of Watertown, Connecticut's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Watertown, Connecticut's state programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Watertown, Connecticut's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Watertown, Connecticut's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Watertown, Connecticut's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Watertown, Connecticut's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town of Watertown, Connecticut's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Watertown, Connecticut and the related notes to the financial statements, which collectively comprise the Town of Watertown, Connecticut's basic financial statements as of and for the year ended June 30, 2025, and have issued our report thereon dated March 30, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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.



Sinnamon & Associates, LLC  
Certified Public Accountants

Litchfield, Connecticut  
March 30, 2026

TOWN OF WATERTOWN, CONNECTICUT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2025

State Grantor/Pass Through Grantor/Program Title	State Grant Program CORE-CT Number	Passed Through to Subrecipients	Expenditures
<u>Office of Policy and Management:</u>			
Reimbursement Property Tax-Disability Exemption	11000-OPM20600-17011	\$ -	\$ 2,277
Property Tax Relief for Veterans	11000-OPM20600-17024	-	20,030
Municipal Purposes & Projects	12052-OPM20600-43587	-	642,281
Local Capital Improvement	12050-OPM20600-40254	-	317,088
Tiered PILOT	11000-OPM20600-17111	-	488,617
		-	1,470,293
<u>Judicial Branch</u>			
Judicial Fines and Fees	34001-JUD95162-40001	-	12,859
<u>Department of Emergency Services and Public Protection</u>			
Enhanced 911 Telecommunications Fund	12060-DPS32741-35190	-	1,249
<u>Department of Energy and Environmental Protection</u>			
PEGPETIA	12060-DEP44620-35363	-	12,000
Connecticut Bikeway	12052-DEP44321-43314	-	222
EVSE EV Charging Station	12060-DEP43520-30760	-	30,063
		-	42,285
<u>Department of Transportation:</u>			
Local Transport Capital Improvement Program	13033-DOT57197-43584	-	1,382,308
Local Bridge Program Transportation Fund	13033-DOT57191-43456	-	61,639
Small Town Economic Assistance Program	12052-DOT57000-40530	-	-
Town Aid Road Grants	12001-DOT57131-17036	-	353,035
		-	1,796,982
<u>Department of Children and Families</u>			
Youth Services Bureaus - Enhancement	11000-DCF91141-17107	-	10,755
Youth Services Bureaus	11000-DCF91147-17052	-	14,103
Community Based Prevention Programs	11000-DCF91141-16092	-	6,678
		-	31,536
<u>Connecticut State Library</u>			
Historic Documents Preservation Grants	12060-CSL66094-35150	-	7,500
<u>Connecticut Office of State Comptroller</u>			
School Security Infrastructure	11000-OSC15301-10020	-	78,263
<u>Department of Public Safety</u>			
Other Expenses - Paraeducators Stipends	12052-DPS32981-43546	-	55,872
<u>Department of Education:</u>			
Child Nutrition State Match	11000-SDE64370-16211	-	11,721
School Breakfast Program	11000-SDE64370-17046	-	13,946
Healthy Foods Initiative	11000-SDE64370-16212	-	20,353
CT Local Food for Schools	11000-SDE64370-55070	-	5,539
Adult Education	11000-SDE64370-17030	-	11,114
Health and Welfare - Private School Pupil	11000-SDE64370-17034	-	42,031
Talent Development	11000-SDE64370-12552	-	2,992
		-	107,696
<u>Total State Financial Assistance Before Exempt Programs</u>			3,604,535
<u>Exempt Programs</u>			
<u>Department of Education:</u>			
Education Cost Sharing	11000-SDE64370-17041	-	12,323,183
Excess Cost Student Based	11000-SDE64370-17047	-	1,124,350
Excess Cost Student Based	11000-SDE64370-34822	-	248,560
<u>Department of Administrative Services</u>			
School Construction Grants	13010-DAS27635-43744	-	4,341,768
<u>Office of Policy and Management:</u>			
Municipal Transition Grant	11000-OPM20600-17103	-	1,322,647
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	-	11,631
<u>Total Exempt Programs</u>			19,372,139
<u>Total State Financial Assistance</u>		\$ -	\$ 22,976,674

TOWN OF WATERTOWN, CONNECTICUT  
NOTES TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2025

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Watertown, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2025. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Watertown, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including road repair and maintenance, capital improvements, tax relief, general assistance and education.

Because the schedule of expenditures of state financial assistance presents only a selected portion of the operations of the Town of Watertown, Connecticut, it is not intended to, and does not, present the financial position, changes in net position, changes in fund balance, or cash flows of the Town of Watertown, Connecticut.

**Basis of Accounting**

The accounting policies of the Town of Watertown, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments. The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

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

TOWN OF WATERTOWN, CONNECTICUT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2025

**SECTION 1 - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>    </u> Yes	<u>  X  </u> No
Significant deficiency(s) identified	<u>  X  </u> Yes	<u>    </u> None Reported
Noncompliance material to financial statements noted?	<u>  X  </u> Yes	<u>    </u> No

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	<u>    </u> Yes	<u>  X  </u> No
Significant deficiency(s) identified	<u>    </u> Yes	<u>  X  </u> 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   X   No

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

<u>State Grantor and Program</u>	<u>State CORE-CT Number</u>	<u>Expenditures</u>
<u>Department of Transportation:</u>		
Local Transport Capital Improvement Program	13033-DOT57197-43584	\$ 1,382,308
Town Aid Road Grants	12001-DOT57131-17036	353,035
<u>Office of Policy and Management:</u>		
Municipal Purposes & Projects	12052-OPM20600-43587	642,281
Local Capital Improvement	12050-OPM20600-40254	317,088
Tiered PILOT	11000-OPM20600-17111	488,617
 Dollar threshold used to distinguish between type A and type B programs:	 \$	 300,000

TOWN OF WATERTOWN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**FINDING 2025-001 Fiscal Year-End Close Procedures**

Type of Finding

Significant Deficiency in Internal Control over Financial Reporting.

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. Having effective internal controls and procedures over financial reporting is necessary to ensure that financial information is being accurately presented to allow the governing body to make sound financial decisions on a timely basis.

Condition

During our audit, we noted that the Town did not have adequate reconciliation controls in place to ensure the accuracy of certain balance sheet accounts and interfund activities during the fiscal year. As a result, the Town's internal financial information contained certain misstatements that were identified and corrected during the prior and current year audit process. These included adjustments to reconcile cash accounts, reconcile interfund balances and activities between funds, and properly record certain year-end accruals and deferrals.

Context

A number of audit adjustments were proposed and recorded to prepare the Town's financial statements in conformity with accounting principles generally accepted in the United States of America. The adjustments required were substantially fewer than in the prior year because of improvements implemented by the finance department.

Effect

The Town was subject to certain inaccurate and/or delayed financial reporting during the year, but these were substantially improved as the process changes were implemented and were not as substantial as in the prior year.

Cause

This condition remains attributed to a lack of formal closing procedures to ensure the completeness and accuracy of the general ledger.

Repeat Finding

Yes 2024-001 – which was reported as a material weakness.

Recommendations

We noted many improvements made to the closing process by the Town which took some time to implement. The finance department continues to make improvements to the controls and closing process while also handling daily tasks required to operate the Town.

We repeat our recommendation that the Town develop formal closing procedures to ensure that all accounts are reconciled throughout the year and at year-end. The formal closing procedures should identify all necessary reconciliations and required approvals.

TOWN OF WATERTOWN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025

Bank reconciliations must be prepared monthly by the Assistant Finance Director and reviewed for accuracy and signed-off on by the Finance Director. We recommend that monthly bank reconciliation copies for significant accounts also be provided to and signed off on by the Town manager. These reconciliations must be prepared within the financial accounting software. We noted that this process was improved but the Town was playing “catch up” with prior periods throughout the 2024/25 fiscal year.

We repeat our recommendation that the Town evaluate the way the pooled asset accounts are utilized and consolidate several of its pooled bank accounts to simplify the reconciliation of these funds. We also recommend that the Town consider establishing separate cash accounts for several of the funds currently flowing through the pooled accounts in order to segregate this activity and enhance internal control over these funds.

Views of Responsible Officials and Planned Corrective Actions

The Town agrees with the finding regarding internal control over financial reporting. In response to prior year finding 2024-001 – Material Weakness in Internal Control Over Financial Reporting, the Town has hired a new Assistant Finance Director and recruited a qualified Finance Director to strengthen leadership and oversight, establish and document standardized monthly closing procedures, ensure all bank reconciliations are completed monthly, implement formal review and sign-off of reconciliations and key financial reports by the Finance Director and Town Manager, create a structured year-end timeline to reduce audit delays, enhanced oversight through review of trial balances, journal entries, and financial statements prior to auditor submission, and allocate additional internal and external resources during the transition period to bring reconciliations current and maintain timeliness.

**FINDING 2025-002 Reconciliation with Board of Education**

Type of Finding

Significant Deficiency in Internal Control over Financial Reporting.

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. Having effective internal controls and procedures over financial reporting is necessary to ensure that financial information is being accurately presented and allow the governing body to make sound financial decisions on a timely basis.

Condition

The Town’s general ledger is not currently integrated with the Board of Education general ledger. As a result, there is a significant volume of transactions that are being recorded on both systems for Board of Education payroll and general fund expenditures as well as certain grants and other funds. The Town did not have adequate reconciliation controls in place during the fiscal year to ensure the accuracy of Board of Education fund expenditures reported on the Town’s general ledger.

Context

A number of audit adjustments were proposed and recorded in order to prepare the Town’s financial statements in conformity with accounting principles generally accepted in the United States of America. The adjustments required were substantially fewer than in the prior year because of improvements implemented by the both the board of education business office and the town finance department.

TOWN OF WATERTOWN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025

Effect

Inaccurate and/or delayed financial reporting.

Cause

This condition is attributed to a lack of formal closing procedures to reconcile on a month-to-month basis the expenditures reported by the Board of Education to the expenditures reported for education in the Town's general ledger. The design and current limitations of the Board of Education software is a significant contributing factor to this finding.

Repeat Finding

Yes 2024-002 – which was reported as a material weakness.

Recommendations

We repeat our recommendation that, on a monthly basis, the Town and the Board of Education formally reconcile the amounts reported by the Board of Education to the amounts reported in the Towns general ledger. The Board of Education should provide, and the Town should record; expenditures for payroll and check runs, any voided checks and/or reimbursements, and any adjusting entries made to reclassify expenditures between funds. We noted that the Board of Education is providing many of these reports to the Town but there is not a consistent reconciliation process being documented although we noted improvements were made during the year.

We repeat our recommendation that the Board of Education upgrade or modify its accounting software to allow for full tracking of the bank and other account balances for all funds under the Boards control which will both enhance the controls and simplify this process. We recommend that the Town and the Board of Education review the accounts and funds being tracked on each software and how the activity is reflected on both systems. There are opportunities to simplify the way these funds are being tracked, reduce duplication and enhance control and oversight by adjusting the current process. We noted that this process was started and in a work in process. We also noted the significant demands and time required by the board of education business office in producing numerous reports and documentation required for grant and other compliance requirements which have placed a strain on that department.

Views of Responsible Officials and Planned Corrective Actions

The Town agrees with the finding regarding internal control over financial reporting. In response to Finding 2024-002 – Material Weakness in Internal Control over Financial Reporting, the Town's Assistant Finance Director and the Board of Education's Business Manager are working hard towards strengthened internal controls to ensure amounts reported by the Board of Education are accurately recorded in the Town's general ledger, with formal monthly reconciliations significantly reducing discrepancies and improving the accuracy and completeness of combined financial reporting. The Town and Board of Education are working towards performing documented monthly reconciliations comparing all Board expenditures—including the General Fund, Education Grants Fund, and other applicable funds—to the Town's records; ensuring each reconciliation is supported by detailed expenditure reports, reviewed and approved by designated supervisory personnel (with documented evidence of review), and assigned to specific staff within both finance offices who are responsible for preparation, review, and timely resolution of discrepancies. Any variances identified are promptly investigated and corrected to ensure accurate monthly and year-end financial reporting.

TOWN OF WATERTOWN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025

**FINDING 2025-003 Capital Asset Tracking**

Type of Finding

Significant Deficiency in Internal Control over Financial Reporting.

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. Having effective internal controls and procedures over financial reporting is necessary to ensure that financial information is being accurately presented and allow the governing body to make sound financial decisions on a timely basis.

Condition

Information necessary for preparation of the government-wide financial statements including capital assets, notes and leases required significant adjustments at year-end. Capital assets have been maintained on an older accounting software and are not a module of the current system and this system was not updated during the current year for new additions and disposals.

Context

A number of audit adjustments were proposed and recorded in order to adjust the Town's government-wide financial statements to include capital assets, notes and leases in conformity with accounting principles generally accepted in the United States of America.

Effect

Inaccurate and delayed financial reporting on a government-wide basis and accurate tracking of capital assets and related debt.

Cause

This condition is attributed to the outdated capital asset software.

Repeat Finding

No.

Recommendations

We recommend the Town implement a new capital asset tracking module with the current accounting software and establish more formal process for tracking notes and leases payable. The current capital asset listing should be reviewed in detail and updated for assets to be removed. We noted that this process was started during the year.

Views of Responsible Officials and Planned Corrective Actions

The Town has engaged a consultant to access the outdated system and has exported the existing capital assets detail to excel files which are being reviewed and updated. The town expects to have a new capital asset tracking system implemented with the current accounting software and will establish new procedures for tracking and recording capital assets, notes and leases.

TOWN OF WATERTOWN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025

**FINDING 2025-004 Uniform Guidance Reporting Requirements**

Type of Finding

Compliance Finding

Criteria

Uniform Guidance requires entities to electronically file required reports within nine months of year-end.

Condition

The Town did not comply with Uniform Guidance Reporting Requirements.

Effect

The Towns Federal Single Audit reporting package was uploaded electronically after the nine-month period.

Cause

The Town experienced turnover at key positions in the Finance Department which delayed the issuance of the financial statements and reporting under the Uniform Guidance Reporting Requirements.

Repeat Finding

Yes.

Recommendation

We recommend that the Town develop a formal financial close process to ensure the financial statements of the Town are ready for audit inspection to meet state and federal requirements.

Views of Responsible Officials and Planned Corrective Actions

The Town agrees with this finding and the current year June 30, 2025 audit report is being uploaded within the nine-month period which will resolve this finding.

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

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No state financial assistance findings or questioned costs were reported.

**SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS**

Prior audit finding 2024-001, *Material Weakness in Internal Control over Financial Reporting: Fiscal Year-end Close Procedures*, has been repeated and reported as current year finding 2025-001. Because of improvements made by the town this finding has been changed from a material weakness in the prior year to a significant deficiency.

Prior audit finding 2024-002, *Material Weakness in Internal Control over Financial Reporting: Reconciliation with Board of Education*, has been repeated and reported as current year finding 2025-002. Because of improvements made by the town this finding has been changed from a material weakness in the prior year to a significant deficiency.

Prior audit finding 2024-003, Compliance Finding: Uniform Guidance Reporting Requirements, has been repeated and reported as current year finding 2025-004. Because the current audit for the year ended June 30, 2025, has been filed by March 31, 2026, this finding will be resolved in the fiscal year June 30, 2026.

Prior audit finding 2024-004, Compliance Finding: State Grant Reporting Requirements, has been resolved.