

TOWN OF WATERFORD, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2025



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

Board of Finance
Town of Waterford, Connecticut

Report on Compliance for Each Major Federal Program

Qualified Opinion on Each Major Federal Program

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

Qualified Opinion on 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Town of Waterford, Connecticut complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 – Coronavirus State and Local Fiscal Recovery Funds program for the year ended June 30, 2025

In our opinion, the Town of Waterford, 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 federal programs for the year ended June 30, 2025.

Basis for Qualified Opinion on Each Major Federal 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 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). Our responsibilities under those standards and the Uniform Guidance 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 Waterford, 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 federal program. Our audit does not provide a legal determination of the Town of Waterford, Connecticut's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on COVID-19 State and Local Fiscal Recovery Funds

As described in the accompanying schedule of findings and questioned costs, Town of Waterford, Connecticut did not comply with requirements regarding Assistance Listing No. 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds described in finding number 2025-001 for Reporting.

Compliance with such requirements is necessary, in our opinion, for Town of Waterford, Connecticut to comply with the requirements applicable to that program.

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 Waterford, Connecticut's federal 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 the Town of Waterford, 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 Uniform Guidance 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 Waterford, Connecticut's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 the Town of Waterford, 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 Waterford, 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Waterford, 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

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 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 federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Town of Waterford, Connecticut's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Town of Waterford, Connecticut's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Waterford, 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 Waterford, Connecticut's basic financial statements, and have issued our report thereon dated December 19, 2025, 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 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 federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 19, 2025

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
United States Department of Agriculture			
<i>Passed Through the State of Connecticut Department of Education:</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	12060-SDE64370-20560	\$ 89,705
National School Lunch Program	10.555	12060-SDE64370-20560	<u>411,367</u>
			\$ 501,072
School Breakfast Program	10.553	12060-SDE64370-20508	78,620
Local Food for Schools - USDA	10.185	12060-SDE64370-23292	<u>2,932</u>
Total United States Department of Agriculture			582,624
United States Department of Transportation			
<i>Passed Through the State of Connecticut Department of Transportation:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	12062-DOT57513-20559	<u>13,382</u>
			13,382
Alcohol Open Container Requirements	20.607	12062-DOT57513-22091	<u>45,498</u>
Total United States Department of Transportation			<u>58,880</u>
United States Department of Education			
<i>Passed Through the State of Connecticut Department of Education:</i>			
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	12060-SDE64370-20977-2025	537,391
Special Education Grants to States	84.027	12060-SDE64370-20977-2024	<u>164,158</u>
			701,549
Special Education Preschool Grants	84.173	12060-SDE64370-20983-2024	<u>20,321</u>
			<u>20,321</u>
			721,870
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2025	22,036
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2024	<u>325,732</u>
			347,768
Career and Technical Education -- Basic Grants to States	84.048	12060-SDE64370-20742-2025	27,672
Career and Technical Education -- Basic Grants to States	84.048	12060-SDE64370-20742-2024	<u>49,815</u>
			77,487
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2025	4,625
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2024	<u>53,151</u>
			57,776
Title IV - Student Support	84.424	12060-SDE64370-22854-2025	12,423
Title IV - Student Support	84.424	12060-SDE64370-22854-2024	<u>12,394</u>
			24,817
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2025	<u>13,607</u>
			<u>13,607</u>
Total United States Department of Education			1,243,325

See accompanying Notes to Schedule of Expenditures of Federal Awards..

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
United States Department of Homeland Security			
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>			
Emergency Management Performance Grants	97.042	12060-DPS32160-21881	\$ 52,264
<i>Direct:</i>			
Assistance to Firefighters Grant	97.044		<u>33,915</u>
Total United States Department of Homeland Security			<u>86,179</u>
United States National Endowment for the Humanities			
<i>Passed Through the State of Connecticut Economic and Community Development:</i>			
Promotion of the Arts Partnership Agreements	45.025	12060-ECD46820-20328	<u>1,250</u>
Total United States National Endowment for the Humanities			1,250
<i>Passed Through the State of Connecticut Department of Education:</i>			
COVID-19 ARPA-FAFSA Completion	21.027	12060-SDE64370-28092	\$ 2,519
COVID-19 ARPA-ParaEducational PD	21.027	12060-SDE64370-28098	8,000
COVID-19 ARPA Summer Mental Health Support Grant	21.027	12060-SDE64370-28096	17,803
COVID-19 ARPA-Free Meals for Students	21.027	12060-SDE64370-28105	7,941
<i>Passed Through the State of Connecticut Department of Administrative Services:</i>			
COVID-19 ARPA Senior Centers	21.027	12060-SDR63901-28009	58,221
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>			
COVID-19 ARPA-Auto Theft and Violence	21.027	12060-DPS32155-28122	35,266
<i>Direct:</i>			
COVID-19 State and Local Fiscal Recovery Funds	21.027		<u>2,043,828</u>
Total United States Department of the Treasury			<u>2,173,578</u>
Total Expenditures of Federal Awards			<u>\$ 4,145,836</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards..

TOWN OF WATERFORD, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Waterford, Connecticut, under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the 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).

Because the Schedule presents only a selected portion of the operations of the Town of Waterford, 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 Waterford, Connecticut.

Basis of Accounting

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Under these principles certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 INDIRECT COST RECOVERY

The Town of Waterford, Connecticut, has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

NOTE 3 NONCASH AWARDS

Donated commodities in the amount of \$89,705 are included in the Department of Agriculture's National School Lunch Program, Assistance Listing #10.555. The amount represents the market value of commodities received.

NOTE 4 SUBRECIPIENTS

The Town of Waterford, Connecticut did not provide any federal funds to subrecipients for the year ended June 30, 2025.



**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**

Board of Finance
Town of Waterford, 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 Waterford, 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 Waterford, Connecticut's basic financial statements, and have issued our report thereon dated December 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Waterford, 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 Waterford, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Waterford, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Waterford, 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*.

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.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 19, 2025

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified		
2. Internal control over financial reporting:			
• Material weakness(es) identified?	_____	yes	<input checked="" type="checkbox"/> no
• Significant deficiency(ies) identified?	_____	yes	<input checked="" type="checkbox"/> none reported
3. Noncompliance material to financial statements noted?	_____	yes	<input checked="" type="checkbox"/> no

Federal Awards

1. Internal control over major federal programs:			
• Material weakness(es) identified?	<input checked="" type="checkbox"/>	yes	_____ no
• Significant deficiency(ies) identified?	_____	yes	<input checked="" type="checkbox"/> none reported
2. Type of auditors' report issued on compliance for federal programs:	Qualified		
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/>	yes	_____ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
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21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
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Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? yes no

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Section III – Findings and Questioned Costs – Major Federal Programs

<u>2025-001</u>	Reporting
Federal Agency:	Department of the Treasury
Federal Program Name:	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number:	21.027
Federal Award Identification Number and Year:	March 3, 2021 through December 31, 2026
Award Period:	2025

Type of Finding: Material Weakness in Internal Control over Compliance

Criteria:	The Town is required to submit annual Project and Expenditure Reports as of March 31 st , per Coronavirus State and Local Fiscal Recovery Fund Reporting Compliance Requirements. The Town internal control processes over reporting require review and approval of project expenditure reports for accuracy prior to submission to the granting agency.
Condition:	Testing of the March 31, 2025 report revealed cumulative expenditures did not match underlying accounting records, indicating no effective controls to ensure accuracy.
Questioned Costs:	Total cumulative expenditures were underreported by \$271,749.
Context:	The Town submitted Project and Expenditure Reports that did not tie to underlying accounting records.
Cause:	Expenditures were underreported due to incorrect report parameters used to generate supporting documentation used in the report preparation and inadequate review controls.
Effect:	Inaccurate reporting could result in misrepresentation of progress in program/project status and eligible expenditures to date. Without proper controls in place over reporting, inaccurate project information could be reported and not detected by the Town.
Repeat Finding:	No
Recommendation:	We recommend the Town strengthen processes and internal controls over grant expenditure reporting to ensure accurate data and proper review before submission.
Views of Responsible Officials:	Management agrees with this finding.



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