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**TOWN OF BROOKLYN, CONNECTICUT**

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State Single Audit

For the Year Ended June 30, 2018

**KING, KING & ASSOCIATES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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TOWN OF BROOKLYN, CONNECTICUT

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For the Year Ended June 30, 2018

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**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**

Independent Auditor's Report

To the Board of Finance  
Town of Brooklyn, Connecticut

We have audited, 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Brooklyn, Connecticut (the "Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 21, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-002, 2017-003, and 2018-001 to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-002, 2018-003, and 2017-004 to be significant deficiencies.

## Compliance and Other Matters

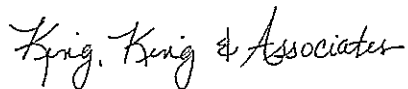
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## The Town of Brooklyn, Connecticut's Response to Findings

The Town's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town'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 result of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



King, King & Associates, CPAs  
Winsted, CT  
June 21, 2019

**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**

Independent Auditor's Report

To the Board of Finance  
Town of Brooklyn, CT

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

We have audited the Town of Brooklyn, CT's (Town) 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's major state programs for the year ended June 30, 2018. The Town'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.

**Auditor's Responsibility**

Our responsibility is to express an opinion for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

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

In our opinion, the Town, 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, 2018.

## **Report on Internal Control over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or 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 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated June 21, 2019, which contained disclaimer opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's 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. We have not issued an opinion on whether 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.

*King, King & Associates*

King, King & Associates, CPAs  
Winsted, CT  
June 21, 2019

**TOWN OF BROOKLYN, CONNECTICUT**  
Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2018

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
<b>Department of Transportation</b>		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	\$ 110,625
Town Aid Road - STO	13033-DOT57131-43459	110,625
<b>Department of Justice</b>		
Jucidial Fines and Fees	34001-JUD95162-40001	2,920
<b>Department of Economic and Community Development</b>		
Small Town Economic Assistance Program	12052-ECD46000-42411-149	6,200
<b>Department of Education</b>		
Healthy Foods Initiative	11000-SDE64370-16212	6,267
Child Nutrition State Match	11000-SDE64370-16211	3,295
Adult Education	11000-SDE64370-17030	33,204
School Breakfast Program	11000-SDE64370-17046	5,788
Magnet Schools	11000-SDE64370-17057	26,000
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes (PILOT) on State- Owned Property	11000-OPM20600-17004	73,149
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	1,231
Municipal Grants-in-aid	12052-OPM20600-43587	10,379
Property Tax Relief for Veterans	11000-OPM20600-17024	6,718
<b>Office of Early Childhood</b>		
School Readiness Quality Enhancement	11000-OEC64845-17097	3,850
School Readiness - Competitive	11000-OEC64845-16274	<u>113,400</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<b>\$ 513,651</b>
<b>EXEMPT PROGRAMS</b>		
<b>Office of Policy and Management</b>		
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	212,937
Municipal Stabilization Grant	12002-OPM20600-17104	113,146
<b>Department of Administrative Services</b>		
School Construction	13010-DAS27635-40901	2,095,125
<b>Department of Education</b>		
Educational Cost Sharing	11000-SDE64370-17041	6,051,008
Excess Cost Student Based	11000-SDE64370-17047	<u>395,027</u>
<b>Total Exempt Programs</b>		<b><u>8,867,243</u></b>
<b>Total State Financial Assistance</b>		<b><u>\$ 9,380,894</u></b>

See notes to schedule.



**TOWN OF BROOKLYN, CONNECTICUT**  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2018

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The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Brooklyn, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2018. 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. These financial assistance programs fund several programs including general government, education, public safety, public works, health and welfare, and culture and recreation.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Brooklyn, Connecticut conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board.

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.

***Basis of Accounting***

The financial statements contained in the Town of Brooklyn, Connecticut's annual report are prepared on the modified accrual basis of accounting. The following is a summary of such basis:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, if measurable.

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 Expenditure of State Financial Assistance.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

We audited the financial statements of the Town of Brooklyn, Connecticut as of and for the year ended June 30, 2018 and issued our disclaimer report thereon dated June 21, 2019.

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

*State Financial Assistance*

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

We have issued an unmodified opinion relating to compliance for major State programs.

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

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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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>
<b>Department of Transportation</b>		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	\$ 110,625
Town Aid Road - STO	13033-DOT57131-43459	\$ 110,625
Note - While these grants have different State Core CT Numbers, they are considered one major program for testing purposes.		
<b>Department of Education</b>		
Magnet Schools	11000-SDE64370-17057	\$ 26,000
<b>Office of Policy and Management</b>		
Municipal Grants-In-Aid	12052-OPM20600-43587	\$ 10,379
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 100,000</u>

**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated June 21, 2019, on internal control over financial reporting and on compliance and other matters based on our audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated material weaknesses, described below as Findings 2017-001, 2017-002, 2017-003, and 2018-001.

**FINDING 2017-001**

**Criteria**

The Town should have internal controls over financial reporting that provides reasonable assurance that the accounting records can be relied upon and used to prepare the basic financial statements and related notes in conformity with accounting principles generally accepted in the United States of America.

**Condition**

The Town did not periodically reconcile all general ledger accounts.

**Context**

Several years ago, the Town implemented new accounting software. Due to turnover of personnel, staff did not have the expertise to properly maintain the accounting system. The Town engaged consultants to assist staff with the accounting system.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Effect**

The amounts reported in the pooled cash account did not agree to cash balances held by individual funds. Interfund balances receivable and payable were not reconciled and current. Reconciliations performed after year-end produced significant unidentified adjustments.

**Cause**

Town staff did not possess the skills and resources necessary to maintain and reconcile the accounting system.

**Recommendation**

We recommend that the Town acquire staff with the necessary skills to maintain the current accounting system. Procedures need to be implemented to ensure periodic reconciliation of general ledger accounts.

**Views of Responsible Officials and Planned Corrective Actions**

The Town has added a Finance Director that has prior experience with similar accounting systems. The finance departments of the Board of Selectmen and Board of Education have been combined for efficiency and improved communication.

**FINDING 2017-002**

**Criteria**

Monitoring Activities consist of the ongoing evaluations, separate evaluations, or some combination of the two, which are used to ascertain whether each of the five components of internal control including controls to affect the principles within each component, are present and functioning.

**Condition**

The Town's monitoring activities over the controls currently in place are inadequate and the Town lacks many of the necessary internal control functions. Specifically, the Board of Education expenditure detail did not reconcile to the total expenditures reported as educational expenditures in the Board of Selectmen general ledger.

**Context**

The Board of Education expenditures are recorded in a general ledger system separate from the Board of Selectmen general ledger. The Board of Education records individual checks and account codings, while the Board of Selectmen track only gross expenditures.

**Effect**

The reported Board of Education expenditures did not agree to the amount expended in the Board of Selectmen budget.

**Cause**

A periodic reconciliation process between the two general ledgers was not in place.

**Recommendation**

We recommend the two accounting systems be periodically reconciled.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Views of Responsible Officials and Planned Corrective Action**

The Town has created a new Finance Director position and employed an individual to assist with the above tasks. New policies and procedures have been developed and implemented to correct the condition. Outside assistance is being utilized.

**FINDING 2017-003**

**Criteria**

The Town's General Ledger should be maintained effectively in order to produce accurate financial reports.

**Condition**

The Town's general ledger contained significant errors in account balances.

**Context**

The general ledger system was not able to be maintained by the Town staff. Systems implemented by prior staff were not understood by their replacements.

**Effect**

Significant errors existed in the general ledger. Some of the accounts that contained errors were: Small Cities Loans Receivable, Pooled Cash balances, Taxes Receivable, Deferred Revenue, Allowance for Uncollectible Taxes Receivable, Interfund balances, WPCA receivables and deferred revenues, BANS payable.

**Cause**

General ledger account balances were not properly maintained and reconciled.

**Recommendation**

General ledger accounts must be periodically reviewed and reconciled to supporting information.

**Views of Responsible Officials and Planned Corrective Action**

The Town has engaged a new Finance Director to assist with the above tasks. New policies and procedures have been developed and implemented to correct the condition. Outside assistance is being utilized.

**FINDING 2018-001**

**Criteria**

Subsidiary ledgers should be maintained currently and be available for review by Town management.

**Condition**

The Student Activity Fund activity was incomplete at year-end. The Town's consultant completed the annual activity for the account significantly after year-end. The Water Pollution Control Authority is maintained outside of Town Hall and is not subject to Town monitoring and controls. The cafeteria fund was maintained partly in QuickBooks and partly in the Towns accounting software. The consultant combined the two ledgers into QuickBooks subsequent to year-end.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Context**

Certain accounts not integrated in the Town's general ledger system are maintained by other individuals. These accounts were not available to be subject to oversight by Town staff. The Water Pollution Control Authority account is maintained outside of Town offices, and was not available for audit for a significant period of time.

**Effect**

The Student Activity Funds did not have all activity recorded on a timely basis. The cafeteria fund did not have all activity recorded in a single ledger on a timely basis. The decentralized Water Pollution Control Authority accounts are not available for oversight or review by the Selectman's Office.

**Cause**

These funds are not maintained by the Town's centralized finance department.

**Recommendation**

All Town accounts should be maintained in a manner to allow Town oversight and control, in connection with its fiduciary responsibility over the funds.

**Views of Responsible Officials and Planned Corrective Action**

The Town has created a new Finance Director position and employed an individual to assist with the above tasks. New policies and procedures have been developed and implemented to correct the condition. Outside assistance is being utilized.

- Our report on internal control over financial reporting indicated significant deficiencies, described below as Findings 2018-002, 2018-003, and 2017-004.

**FINDING 2018-002**

**Criteria**

Disbursements should be supported by documentation evidencing of the Board of Selectmen and Board of Education's obligations and proper management approval of the disbursement.

**Condition**

During our audit, we tested a sample of disbursements from Board of Selectmen and Board of Education funds. A number of the disbursements selected for testing was accompanied by supporting documentation that did not show evidence of approval by management prior to payment.

**Context**

The disbursements were supported by documentation from outside vendors and other sources, but the documentation did not have physical evidence of approval for payment by management.

**Effect**

Lack of evidence of management approval for disbursements.

**Cause**

Unknown.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Recommendation**

We recommend that all disbursements be supported by documentation that contains evidence of approval for payment.

**Views of Responsible Officials and Planned Corrective Actions**

In the future, the disbursements will have supporting documentation approved by administration.

**FINDING 2018-003**

**Condition**

The Town and the Board of Education do not have a formal accounting manual documenting the procedures for fiscal operations adopted by the respective board. A written, approved, accounting manual is necessary to ensure that transactions are treated in a standardized manner and that proper internal controls exist in the accounting system.

**Recommendation**

We recommend that operating guidelines for fiscal activities be prepared and approved, including a description of each significant fiscal procedure such as invoice paying, processing receipts, maintenance of accounts receivable and accounts payable subsidiary records, and payroll procedures.

**Views of Responsible Officials and Planned Corrective Actions**

The Board of Education has hired a consultant and begun developing an accounting manual documenting the accounting policies and procedures and the Town will begin developing a manual.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

- The State Single Audit identified a finding on the internal control over State Financial Assistance.

**FINDING 2017-004**

**Criteria**

The Town should have internal controls to ensure accurate grant financial reporting.

**Condition**

The grant financial reports submitted to the Connecticut State Department of Education for federal and state Education grants were not reconciled to the Board of Education general ledger.

**Context**

Expenditures for education grants awarded to the Board of Education are reported through the State of Connecticut EFS system. These reports are filed by Board of Education staff subsequent to year-end.

**Effect**

The grant financial reports submitted to the Connecticut State Department of Education for federal and state Education grants did not agree to the Board of Education general ledger.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Cause**

The grant budgets were generally approved for qualifying wages; however, the ledger reported amounts for employee benefits and payroll taxes. These additional amounts were not included on the grant financial reports submitted to the state.

**Recommendation**

Grant financial reports must agree to the supporting general ledger. Any revisions to the approved grant budget must be requested from the State Department of Education.

**Views of Responsible Officials and Planned Corrective Action**

The Board has discussed with the State Department of Education and has submitted revised reports where allowable. New policies and procedures have been developed and implemented to correct the condition. Outside assistance is being utilized.



**TOWN OF BROOKLYN, CONNECTICUT**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Prior Year Material Weaknesses**

**Finding 2017-001 – Material Weakness in Internal Control over Financial Reporting**

This finding has been repeated and enhanced.

**Finding 2017-002 – Material Weakness in Monitoring Activities**

This finding has been repeated and enhanced.

**Prior Year Significant Deficiencies**

**Finding 2017-003 – Significant Deficiency over General Ledger Maintenance**

This finding has been repeated and enhanced as a material weakness.

**Prior Year State Single Audit Findings**

**Finding 2017-004 – Special Reporting Activities**

This finding has been repeated and revised for education grant reporting.