

McGladrey & Pullen

Certified Public Accountants

TOWN OF COLCHESTER, CONNECTICUT

**FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS
FISCAL YEAR ENDED JUNE 30, 2009**

TOWN OF COLCHESTER, CONNECTICUT

FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Finance
Town of Colchester, Connecticut

Compliance

We have audited the compliance of the Town of Colchester, Connecticut, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2009. The Town of Colchester, Connecticut's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town of Colchester, Connecticut's management. Our responsibility is to express an opinion on the Town of Colchester, Connecticut's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 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 federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Colchester, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Colchester, Connecticut's compliance with those requirements.

In our opinion, the Town of Colchester, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Town of Colchester, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Colchester, Connecticut's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Colchester, Connecticut's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Colchester, Connecticut's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Town of Colchester, Connecticut's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by an entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

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 Colchester, Connecticut as of and for the year ended June 30, 2009, and have issued our report thereon dated January 29, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Colchester, Connecticut's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the management and the Board of Finance of the Town of Colchester, Connecticut and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

New Haven, Connecticut
January 29, 2010

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2009

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture/ Passed through the State of Connecticut			
Department of Education:			
Food Distribution Program	10.555	N/A	\$ 43,226
Child Nutrition Cluster:			
National School Breakfast Program	10.553	12060-SDE64370-20508	24,750
National School Lunch Program	10.555	12060-SDE64370-20560	137,953
Special School Milk Program	10.556	12060-SDE64370-20500	3,408
Total U.S. Department of Agriculture			<u>209,337</u>
U.S. Department of Transportation/ Passed through the State of Connecticut			
Department of Transportation:			
Alcohol Open Container Requirements	20.607	12062-DOT57533-22091	5,299
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	12062-DOT57931-35304	31,457
			<u>36,756</u>
Passed through the State of Connecticut			
Department of Environmental Protection:			
Recreational Trails Program	20.219	12060-DEP44321-20296	2,405
Total U.S. Department of Transportation			<u>39,161</u>
U.S. Department of Education/ Passed through the State of Connecticut			
Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	12060-SDE64370-20679	109,227
Special Education Cluster:			
IDEA-Part B, Section 611, Special Education	84.027	12060-SDE64370-20977	552,940
IDEA-Part B, Section 619	84.173	12060-SDE64370-20983	29,472
Total Special Education Cluster			<u>582,412</u>
Carl D. Perkins Act Vocational & Technical Education Act	84.048	12060-SDE64370-20742	26,565

(Continued)

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2009

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Education/ Passed through the State of Connecticut Department of Education, Continued:			
Title IV - Safe and Drug Free Schools	84.186	12060-SDE64370-20873	<u>2,054</u>
Title V - Innovative Education Program Strategies	84.298	12060-SDE64370-20909	<u>171</u>
Title II - Part A - Teacher and Principal Training	84.367	12060-SDE64370-20858	<u>71,126</u>
Title II - Part D - Education Technology	84.318	12060-SDE64370-20826	<u>1,118</u>
Total U.S. Department of Education			<u><u>792,673</u></u>
U.S. Department of Homeland Security/ Passed through the State of Connecticut Department of Emergency Management & Homeland Security:			
State Domestic Preparedness Equipment Support Program	97.004	12060-EHS99530-21877	4,128
Law Enforcement Terrorism Prevention Program	97.074	12060-EHS99530-21879	709
Direct Grant:			
Assistance to Firefighters	97.044	N/A	<u>10,430</u>
Total U.S. Department of Homeland Security			<u><u>15,267</u></u>
U.S. Department of Health and Human Services Passed through the State of Connecticut Department of Public Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	12060-DPH48557-21096	<u>38,078</u>
Preventive Health and Health Services Block Grant	93.991	12060-DPH48558-21530	<u>1,985</u>
Total Department of Health and Human Services			<u><u>40,063</u></u>
U.S. Election Assistance Commission Passed through the State of Connecticut Secretary of the State			
Help America Vote Act Requirements Payments	90.401	12060-SOS12500-21465	<u>3,055</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,099,556</u></u>

See Notes to Schedule

TOWN OF COLCHESTER, CONNECTICUT

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Colchester, Connecticut and is presented on the modified accrual/accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Contributions

U.S.D.A. contributions

The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$43,226 represents the market value of such commodities used during the period.

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2009

II. FINANCIAL STATEMENT FINDINGS

A. Deficiencies in Internal Control

None noted.

B. Compliance Findings

None reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Deficiencies in Internal Control

None reported.

B. Compliance Findings

None reported.

**TOWN OF COLCHESTER, CONNECTICUT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2009**

There were no findings in the prior year.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Finance
Town of Colchester, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Colchester, Connecticut as of and for the year ended June 30, 2009, which collectively comprise the Town of Colchester, Connecticut's basic financial statements, and have issued our report thereon dated January 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Colchester, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Colchester, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Colchester, Connecticut's internal control over financial reporting.

A control deficiency 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 and detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Colchester, Connecticut's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Colchester, Connecticut's financial statements that is more than inconsequential will not be prevented or detected by the Town of Colchester, Connecticut's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Colchester, Connecticut's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town of Colchester, Connecticut in a separate letter dated January 29, 2010.

This report is intended solely for the information and use of the Board of Finance, the management of the Town of Colchester, Connecticut, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

New Haven, Connecticut
January 29, 2010

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT AND ON
THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

To the Board of Finance
Town of Colchester, Connecticut

Compliance

We have audited the compliance of the Town of Colchester, Connecticut with the types of compliance requirements described in the "Office of Policy and Management Compliance Supplement" that are applicable to each of its major state programs for the year ended June 30, 2009. The major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town of Colchester, Connecticut's management. Our responsibility is to express an opinion on compliance based on our audit.

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

In our opinion, the Town of Colchester, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Town of Colchester, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Colchester, Connecticut's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Colchester, Connecticut's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the Town of Colchester, Connecticut's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the Town of Colchester, Connecticut's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colchester, Connecticut as of and for the year ended June 30, 2009, and have issued our report thereon dated January 29, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Colchester, Connecticut'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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Finance, the Office of Policy and Management, State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

New Haven, Connecticut
January 29, 2010

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2009

State Grantor/Pass Through Grantor/Program Title	State CORE-CT Number	Expenditures
DEPARTMENT OF EDUCATION		
Child Nutrition Program - School Lunch State Match	11000-SDE64370-16072	\$ 31,082
Adult Education	11000-SDE64370-17030	22,715
Youth Service Bureaus	11000-SDE64370-17052	18,744
Magnet School Transportation	11000-SDE64370-17057	7,800
School Readiness - Severe Need Schools	11000-SDE64370-12113	107,000
Preschool Quality Initiative	11000-SDE64370-12454	29,706
Youth Service Bureau - Enhancement	11000-SDE64370-16201	5,000
Total State Department of Education		<u>222,047</u>
DEPARTMENT OF PUBLIC HEALTH		
Obesity Prevention	11000-DPH48500-12126	27,790
Per Capita Funding	11000-DPH48500-17009	18,268
Fall Prevention	11000-DPH48500-10020	280
Total Department of Public Health		<u>46,338</u>
OFFICE OF POLICY AND MANAGEMENT		
Property Tax Reimbursement - Disability Exemption	11000-OPM20600-17011	1,243
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	58,336
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	4,359
Property Tax Relief for Veterans	11000-OPM20600-17024	5,995
Property Tax Relief for Manufacturing Machinery and Equipment	11000-OPM20600-17031	22,009
Heating Assistance - Schools	11000-OPM20600-17096	38,671
Local Capital Improvement Program	12050-OPM20600-40254	119,912
Housing Diversity Development	12060-OPM20600-90526	20,655
Total Office of Policy and Management		<u>271,180</u>
DEPARTMENT OF TRANSPORTATION		
Town Aid Roads Grants	12001-DOT57131-17036	<u>222,404</u>
STATE COMPTROLLER		
Boat Grant	12027-OSC15910-40211	3,264
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	133,703
Payment in Lieu of Taxes on State-Owned Property	11000-OSC15910-17004	62,554
Total State Comptroller		<u>199,521</u>
BOARD OF EDUCATION AND SERVICES FOR THE BLIND		
Education of Handicapped Blind Children	11000-ESB65020-12060	<u>1,398</u>

See Note to Schedule.

(Continued)

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
For the Year Ended June 30, 2009

State Grantor/Pass Through Grantor/Program Title	State CORE-CT Number	Expenditures
CONNECTICUT STATE LIBRARY		
Historic Documents Preservation Grant	12060-CSL66094-35150	7,000
Connecticard	11000-CSL66051-17010	5,385
State Grants to Public Libraries	11000-CSL66051-17003	1,833
Total Connecticut State Library		<u>14,218</u>
DEPARTMENT OF ENVIRONMENTAL PROTECTION		
Greenways Account	17051-DEP44420-40657	5,000
Clean Water Fund	21018-OTT14230-42319	530,463
Total Department of Environmental Protection		<u>535,463</u>
DEPARTMENT OF SOCIAL SERVICES		
Area Agencies on Aging: Elderly Nutrition and Discretionary	11000-DSS60782-16123-10160	8,450
DEPARTMENT OF AGRICULTURE		
Farm Viability Grant	N/A	3,700
COMMISSION ON CULTURE AND TOURISM		
Local Arts Agency Program	11000-CAT45220-16196	3,500
JUDICIAL BRANCH		
Parking Fines	34001-JUD95162-40001	13,022
HOMELAND SECURITY		
School Security Grant	12060-EHS99530-90516	43,333
TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS		<u>1,584,574</u>
DEPARTMENT OF EDUCATION		
School Construction Projects - Interest	13009-SDE64370-40896	147,677
School Construction Projects - Principal	13010-SDE64370-40901	900,557
School Construction Progress Payments	13010-SDE64370-40901	120,234
Transportation for School Children - Public	11000-SDE64370-17027	401,482
Education Equalization	11000-SDE64370-17041	13,529,614
Excess Cost-Student Based	11000-SDE64370-17047	926,311
Total exempt programs		<u>16,025,875</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 17,610,449</u>

See Note to Schedule.

**TOWN OF COLCHESTER, CONNECTICUT
STATE FINANCIAL ASSISTANCE PROGRAMS**

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2009**

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Colchester, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. The financial assistance programs fund several programs including education, public works, property tax relief, public health, transportation and public safety.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Colchester, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The financial statements for the governmental fund types contained in the Town of Colchester, Connecticut's basic financial statements are prepared on the modified accrual basis of accounting. The financial statements for the business-type activities are prepared on the full accrual basis of accounting.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared on the modified accrual basis of accounting, while amounts related to the business-type activities are reported on the full accrual basis of accounting, and on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), 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.

As a result, certain classifications of revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for the Schedule of Expenditures of State Financial Assistance.

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS
AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2009

Note 2. LOAN PROGRAMS

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2009:

Department of Environmental Protection:

Clean Water Fund 200702-C

Balance July 1, 2008	Issued	Retired	Balance June 30, 2009
\$ 1,895,061	\$ 530,463	\$ -	\$ 2,425,524

TOWN OF COLCHESTER, CONNECTICUT

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS
AND QUESTIONED COSTS
For the Year Ended June 30, 2009**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: unqualified.

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

The following schedule reflects the major state programs included in the State Compliance Audit:

State Grantor and Program	State CORE-CT Number	Expenditures
DOE-School Readiness - Severe Needs Schools	11000-SDE64370-12113	\$ 107,000
OPM-Local Capital Improvement Program	12050-OPM20600-40254	119,912
DOT-Town Aid Road Grants	12001-DOT57131-17036	222,404
OTT-Clean Water Fund	21018-OTT14230-42319	530,463

TOWN OF COLCHESTER, CONNECTICUT

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS
AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2009**

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated January 29, 2010, on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with the standards applicable to financial audits contained in "Government Auditing Standards."
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

A. Deficiencies in Internal Control

None reported.

B. Compliance Findings

None reported.