

McGladrey & Pullen

Certified Public Accountants

TOWN OF COLCHESTER, CONNECTICUT

**FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS
YEAR ENDED JUNE 30, 2008**

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, 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, 2008. 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, 2008.

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, 2008, and have issued our report thereon dated December 29, 2008. 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
December 29, 2008

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2008

| 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 | 10.550 | N/A | \$ 45,887 |
| Child Nutrition Cluster: | | | |
| National School Breakfast Program | 10.553 | 12060-SDE64370-20508 | 21,621 |
| National School Lunch Program | 10.555 | 12060-SDE64370-20560 | 124,946 |
| Special School Milk Program | 10.556 | 12060-SDE64370-20500 | 3,403 |
| Total U.S. Department of Agriculture | | | <u>195,857</u> |
| U.S. Department of Housing and Urban Development Passed through the State of Connecticut | | | |
| Department of Housing: | | | |
| Community Development Block Grant-Small Cities | 14.228 | 12060-ECD46350-20730 | <u>186,419</u> |
| U.S. Department of Transportation/ Passed through the State of Connecticut | | | |
| Department of Transportation: | | | |
| Alcohol Traffic Safety and Drunk Driving Prevention | 20.601 | 12062-DOT57533-22086 | 2,560 |
| Alcohol Open Container Requirements | 20.607 | 12062-DOT57533-22091 | 8,560 |
| Capital Assistance Program for Elderly Persons and Persons with Disabilities | 20.513 | 12062-DOT57931-35304 | <u>7,647</u> |
| | | | <u>18,767</u> |
| Passed through the State of Connecticut | | | |
| Department of Environmental Protection: | | | |
| Recreational Trails Program | 20.219 | 12060-DEP44321-20296 | <u>44,658</u> |
| Total U.S. Department of Transportation | | | <u>63,425</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-SDE64370-20679-2007 | 21,593 |
| | | 12060-SDE64370-20679-2008 | <u>84,971</u> |
| | | | <u>106,564</u> |
| Arts in Education | 84.351 | N/A | <u>3,500</u> |

See Notes to Schedule

(Continued)

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2008

| 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: | | | |
| Special Education Cluster: | | | |
| IDEA-Part B, Section 611, Special Education | 84.027 | 12060-SDE64370-20977-2007 | 90,685 |
| | | 12060-SDE64370-20977-2008 | 457,714 |
| | | | <u>548,399</u> |
| IDEA-Part B, Section 619 | 84.173 | 12060-SDE64370-20983-2007 | 7,636 |
| | | 12060-SDE64370-20983-2008 | 28,464 |
| | | | <u>36,100</u> |
| Total Special Education Cluster | | | <u>584,499</u> |
| Carl D. Perkins Act Vocational & Technical Education Act | 84.048 | 12060-SDE64370-20742-2008 | <u>20,360</u> |
| Title IV - Safe and Drug Free Schools | 84.186 | 12060-SDE64370-20873-2007 | 7,178 |
| | | 12060-SDE64370-20873-2008 | 7,147 |
| | | | <u>14,325</u> |
| Title V - Innovative Education Program Strategies | 84.298 | 12060-SDE64370-20909-2007 | 832 |
| | | 12060-SDE64370-20909-2008 | 4,539 |
| | | | <u>5,371</u> |
| Title II - Part A - Teacher and Principal Training | 84.367 | 12060-SDE64370-20858-2007 | 27,470 |
| | | 12060-SDE64370-20858-2008 | 36,973 |
| | | | <u>64,443</u> |
| Total U.S. Department of Education | | | <u>799,062</u> |

See Notes to Schedule

(Continued)

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2008

| 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 Homeland Security/ Passed through the State of Connecticut Department of Emergency Management & Homeland Security: | | | |
| State Homeland Security | 97.004 | 12060-EHS99530-21877 | 13,143 |
| Assistance to Firefighters | 97.044 | N/A | 38,000 |
| | | | <u>51,143</u> |
| U.S. Department of Health and Human Services Passed through the State of Connecticut Department of Public Health: | | | |
| Bioterrorism Program | 93.283 | 12060-DPH48557-21096-2007 | 28,528 |
| | | 12060-DPH48557-21096-2008 | 34,466 |
| | | | <u>62,994</u> |
| Preventive Health and Health Services Block Grant | 93.991 | 12060-DPH48558-21530 | <u>1,989</u> |
| Total Department of Health and Human Services | | | <u>64,983</u> |
| U.S. Election Assistance Commission Passed through the State of Connecticut Secretary of the State | | | |
| Help America Vote Act | 90.401 | 12060-SOS12500-21465 | <u>3,465</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 1,364,354</u></u> |

See Notes to Schedule

TOWN OF COLCHESTER, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Colchester 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.

U.S.D.A. Contributions:

Donated commodities in the amount of \$45,887 are included in Department of Agriculture above, Agriculture's Food Distribution Program (CFDA #10.550). The amount represents the market value of the commodities used during the period.

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

| | | |
|---|-------------------|----------------------------|
| Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | <u> </u> Yes | <u> X </u> 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 510(a) of OMB Circular A-133? | <u> </u> Yes | <u> X </u> No |
|--|-------------------|-----------------|

Identification of Major Programs

| | |
|---|---|
| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
| 84.027/84.173 | Special Education Cluster |
| Dollar threshold used to distinguish between type A and type B programs | <u> \$300,000 </u> |
| Auditee qualified as low-risk auditee? | <u> X </u> Yes <u> </u> No |

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2008

II. FINANCIAL STATEMENT FINDINGS

A. Deficiencies in Internal Control

None reported.

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, 2008**

There were no findings relative to federal awards in the prior year.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON 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 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, 2008, which collectively comprise the Town of Colchester, Connecticut's basic financial statements, and have issued our report thereon dated December 29, 2008. 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 opinions 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 December 29, 2008.

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
December 29, 2008

**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, 2008. 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 (C.G.S. Sections 4-230 and 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of 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, 2008.

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 entity'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, 2008, and have issued our report thereon dated December 29, 2008. 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 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
December 29, 2008

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2008

| 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 | \$ 29,836 |
| Adult Education | 11000-SDE64370-17030 | 21,031 |
| Youth Service Bureaus | 11000-SDE64370-17052 | 18,744 |
| Magnet School Transportation | 11000-SDE64370-17057 | 1,510 |
| School Readiness - Severe Need Schools | 11000-SDE64370-12113 | 107,000 |
| Preschool Quality Initiative | 11000-SDE64370-12454 | 20,294 |
| Youth Service Bureau - Enhancement | 11000-SDE64370-16201 | 5,000 |
| Minor Capital Improvements & Wiring | 12052-SDE64370-42861 | 66,058 |
| Total State Department of Education | | 269,473 |
| DEPARTMENT OF PUBLIC HEALTH | | |
| Obesity Prevention | 11000-DPH48500-12126 | 100 |
| Per Capita Funding | 11000-DPH48500-17009 | 18,448 |
| Fall Prevention | 11000-DPH48500-10020 | 285 |
| Total Department of Public Health | | 18,833 |
| OFFICE OF POLICY AND MANAGEMENT | | |
| Property Tax Reimbursement - Disability Exemption | 11000-OPM20600-17011 | 1,189 |
| Property Tax Relief for Elderly and Totally Disabled Homeowners | 11000-OPM20600-17018 | 54,485 |
| Property Tax Relief for Elderly Homeowners - Freeze Program | 11000-OPM20600-17021 | 4,243 |
| Property Tax Relief for Veterans | 11000-OPM20600-17024 | 5,099 |
| Property Tax Relief for Manufacturing Machinery and Equipment | 11000-OPM20600-17031 | 25,436 |
| Local Capital Improvement Program | 12050-OPM20600-40254 | 119,835 |
| Mashantucket Pequot/Mohegan Fund | 12009-OSC15910-17005 | 134,778 |
| Payment in Lieu of Taxes on State-Owned Property | 11000-OSC15910-17004 | 65,612 |
| Total Office of Policy and Management | | 410,677 |
| DEPARTMENT OF TRANSPORTATION | | |
| Town Aid Roads Grants | 12001-DOT57131-17036 | 50,691 |
| STATE COMPTROLLER | | |
| Boat Grant | 12027-OSC15910-40211 | 3,264 |
| BOARD OF EDUCATION AND SERVICES FOR THE BLIND | | |
| Education of Handicapped Blind Children | 11000-ESB65020-12060 | 11,511 |

See Note to Schedule.

(Continued)

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
For the Year Ended June 30, 2008

| State Grantor/Pass Through Grantor Program Title | State CORE-CT Number | Expenditures |
|--|-------------------------------------|----------------------|
| CONNECTICUT STATE LIBRARY | | |
| Historic Documents Preservation Grant | 12060-CSL66094-35150 | 7,000 |
| State Grants to Public Libraries | 11000-CSL66051-17003 | 1,799 |
| Connecticard | 11000-CSL66051-17010 | 5,280 |
| Total Connecticut State Library | | 14,079 |
| DEPARTMENT OF AGRICULTURE | | |
| Farm Viability Grant | N/A | 23,322 |
| DEPARTMENT OF ENVIRONMENTAL PROTECTION | | |
| Flood Control and Beach Erosion | 17051-DEP44420-40657 | 352,697 |
| Clean Water Fund | 21018-OTT14230-42319 | 1,895,061 |
| Total Department of Environmental Protection | | 2,247,758 |
| TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS | | 3,049,608 |
| DEPARTMENT OF EDUCATION | | |
| School Construction Projects - Interest | 13009-SDE64370-40896 | 205,295 |
| School Construction Projects-Principal | 13010-SDE64370-40901 | 1,123,328 |
| School Construction Progress Payments | 13010-SDE64370-40901 | 2,310,933 |
| Transportation for School Children - Public | 11000-SDE64370-17027 | 394,830 |
| Education Equalization | 11000-SDE64370-17041 | 12,960,643 |
| Excess Cost-Student Based | 11000-SDE64370-17047 | 963,592 |
| Total exempt programs | | 17,958,621 |
| TOTAL STATE FINANCIAL ASSISTANCE | | \$ 21,008,229 |

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, 2008**

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, social services, property tax relief and public safety.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Colchester, Connecticut conform to generally accepted accounting principles 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, 2008

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, 2008:

Department of Environmental Protection:

Clean Water Fund 200702-C

| Balance July 1, 2007 | Issued | Retired | Balance June 30, 2008 |
|-------------------------|--------------|---------|--------------------------|
| \$ - | \$ 1,895,061 | \$ - | \$ 1,895,061 |

TOWN OF COLCHESTER, CONNECTICUT

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS
AND QUESTIONED COSTS
For the Year Ended June 30, 2008**

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 ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ 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 that are not considered to be material weaknesses? ☐ Yes ☒ 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 ☒ No

The following schedule reflects the major state programs included in the 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 | 119,835 |
| OPM-Mashantucket Pequot/Mohegan Fund | 12009-OSC15910-17005 | 134,779 |
| DEP-Flood Control and Beach Erosion | 17051-DEP44420-40657 | 352,697 |
| DEP-Clean Water Fund | 21018-OTT14230-42319 | 1,895,061 |

TOWN OF COLCHESTER, CONNECTICUT

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS
AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2008**

II. FINANCIAL STATEMENT FINDINGS

We issued reports, dated December 29, 2008, on internal control over financial reporting and on compliance and other matters based on an audit of basic 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. Significant Deficiencies in Internal Controls

None reported.

B. Compliance Findings

None reported.