

**TOWN OF COLCHESTER,
CONNECTICUT**

FEDERAL AND STATE FINANCIAL
AND COMPLIANCE REPORTS
Fiscal Year Ended June 30, 2010

TOWN OF COLCHESTER, CONNECTICUT

FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS

TABLE OF CONTENTS

REPORT REQUIRED BY THE FEDERAL SINGLE AUDIT ACT AND OMB CIRCULAR A-133

Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program, on Internal Control Over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards	1-2
Schedule of Expenditures of Federal Awards	3-4
Notes to Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs	6
Summary of Prior Year Audit Findings	7

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

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"	8-9
--	-----

REPORT REQUIRED BY THE STATE SINGLE AUDIT ACT C.G.S.

Independent Auditor's Report on Compliance with Requirements that Could have a Direct and Material Effect on 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	10-11
Schedule of Expenditures of State Financial Assistance	12-13
Notes to Schedule of Expenditures of State Financial Assistance	14
Schedule of State Single Audit Compliance Findings and Questioned Costs	15



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF
EXPEDITURES OF FEDERAL AWARDS**

To the Members of the Board of Finance
Town of Colchester, Connecticut

Compliance: We have audited Town of Colchester, Connecticut's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Colchester, Connecticut's major federal programs for the year ended June 30, 2010. The Town of Colchester, Connecticut's major federal 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 federal programs 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. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance: Management of the Town of Colchester, Connecticut is responsible for establishing and maintaining effective internal control over compliance with the 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 that might be deficiencies, 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, 2010, and have issued our report thereon dated December 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 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 the management and the Board of Finance 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, 2010

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture/ Passed through the State of Connecticut			
Department of Education:			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	12060-SDE64370-20508	\$ 24,857
National School Lunch Program	10.555	12060-SDE64370-20560	195,039
Special School Milk Program	10.556	12060-SDE64370-20500	3,032
Total Child Nutrition Cluster			<u>222,928</u>
U.S. Department of Justice			
Passed through the State of Connecticut			
Office of Policy and Management:			
ARRA-JAG	16.803	12060-OPM20350-29002	5,348
Juvenile Justice and Delinquency Prevention Act	16.540	12060-OPM20350-21676	9,586
Total U.S. Department of Justice			<u>14,934</u>
U.S. Department of Transportation/ Passed through the State of Connecticut			
Department of Transportation:			
Alcohol Open Container Requirements	20.607	12062-DOT57533-22091	<u>13,974</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	<u>104,515</u>
Special Education Cluster:			
IDEA-Part B, Section 611, Special Education	84.027	12060-SDE64370-20977	536,641
ARRA-IDEA-Part B, Section 611, Special Education	84.391	12060-SDE64370-29011	570,076
IDEA-Part B, Section 619	84.173	12060-SDE64370-20983	28,738
ARRA-IDEA-Part B, Section 619	84.392	12060-SDE64370-29012	23,277
Total Special Education Cluster			<u>1,158,732</u>
Carl D. Perkins Act Vocational & Technical Education Act	84.048	12060-SDE64370-20742	<u>27,732</u>
Title IV - Safe and Drug Free Schools	84.186	12060-SDE64370-20873	<u>4,445</u>
Title II - Part A - Teacher and Principal Training	84.367	12060-SDE64370-20858	<u>62,620</u>
See Notes to Schedule			(Continued)
N/A - Not available			

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education, Continued/ Passed through the State of Connecticut			
Department of Education, Continued:			
Title II - Part D - Education Technology	84.318	12060-SDE64370-20826	56
State Fiscal Stabilization Fund Cluster:			
ARRA - Stabilization - Ed Grants	84.394	12060-SDE64370-29054	1,245,825
ARRA - Stabilization - Gov't Services	84.397	12060-SDE64370-29053	686,891
Total State Fiscal Stabilization Fund Cluster			1,932,716
Total U.S. Department of Education			3,290,816
U.S. Department of Homeland Security/ Passed through the State of Connecticut			
Department of Emergency Management & Homeland Security:			
Emergency Management Performance Grant	97.042	12060-EHS99530-21881	6,011
Emergency Management Performance Grant Supplement	97.074	12060-EHS99530-22233	2,060
Disaster Grants - Public Assistance	97.036	12060-EHS99530-21877	11,934
State Homeland Security Grant	97.004	12060-EHS99530-21877	282
Direct Grant:			
Assistance to Firefighters	97.044	N/A	164,432
Total U.S. Department of Homeland Security			184,719
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	30,047
Preventive Health and Health Services Block Grant	93.991	12060-DPH48558-21530	1,926
			31,973
Passed through Eastern Connecticut			
Area Agency on Aging:			
Title III Part B Grants for Supportive Services and Senior Centers	93.044	N/A	2,380
Total Department of Health and Human Services			34,353
Total Expenditures of Federal Awards			\$ 3,761,724

See Notes to Schedule

N/A - Not available

TOWN OF COLCHESTER, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

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 basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. 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

Donated commodities in the amount of \$41,623 from the Department of Agriculture are included in the National School Lunch Cluster, CFDA #10.555. The amount represents the market value of such commodities used during the period.

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

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? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? 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 510(a) of OMB Circular A-133?

 Yes X No

Identification of Major Programs

CFDA Numbers	Program Name or Cluster
84.027/84.173/84.391/84.392	Special Education Cluster-ARRA
84.394/84.397	State Fiscal Stabilization Fund Cluster-ARRA

Dollar threshold used to distinguish between type A and type B programs

\$300,000

Auditee qualified as low-risk auditee?

 X Yes No

**TOWN OF COLCHESTER, CONNECTICUT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2010**

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 Members of 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, 2010, which collectively comprise the Town of Colchester, Connecticut's basic financial statements, and have issued our report thereon dated December 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 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 *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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, 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, 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
December 29, 2010



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Members of the Board of Finance
Town of Colchester, Connecticut

Compliance: We have audited the Town of Colchester, Connecticut's 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 of Colchester, Connecticut's major state programs for the year ended June 30, 2010. The Town of Colchester, Connecticut's major state programs are identified in the summary of auditors' 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 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 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 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 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, 2010.

Internal Control Over Compliance: 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 Town of Colchester's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 of Colchester, Connecticut'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.

Our consideration of the 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 deficiencies, 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, 2010, and have issued our report thereon dated December 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 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 of Colchester, Connecticut, 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, 2010

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2010

State Grantor/Pass Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
DEPARTMENT OF EDUCATION		
Child Nutrition Program - School Lunch State Match	11000-SDE64370-16072	\$ 32,654
Adult Education	11000-SDE64370-17030	22,823
Youth Service Bureaus	11000-SDE64370-17052	18,750
School Readiness - Severe Need Schools	11000-SDE64370-12113	107,000
Youth Service Bureau - Enhancement	11000-SDE64370-16201	5,000
Total State Department of Education		186,227
DEPARTMENT OF PUBLIC HEALTH		
Tobacco Prevention	11000-DPH48500-35386	4,290
OFFICE OF POLICY AND MANAGEMENT		
Property Tax Reimbursement - Disability Exemption	11000-OPM20600-17011	1,348
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	54,408
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	2,000
Property Tax Relief for Veterans	11000-OPM20600-17024	5,799
Property Tax Relief for Manufacturing Machinery and Equipment	11000-OPM20600-17031	40,030
Local Capital Improvement Program	12050-OPM20600-40254	118,684
Housing Diversity Development	12060-OPM20600-90526	25,422
Total Office of Policy and Management		247,691
STATE COMPTROLLER		
Boat Grant	12027-OSC15910-40211	1,672
Payment in Lieu of Taxes on State-Owned Property	11000-OSC15910-17004	51,997
Total State Comptroller		53,669
CONNECTICUT STATE LIBRARY		
Historic Documents Preservation Grant	12060-CSL66094-35150	5,000
Connecticard	11000-CSL66051-17010	4,718
State Grants to Public Libraries	11000-CSL66051-17003	1,764
Total Connecticut State Library		11,482
DEPARTMENT OF ENVIRONMENTAL PROTECTION		
Flood Control Improvements	17051-DEP43153-40657	44,549
Clean Water Fund	21018-OTT14230-42319	71,466
Total Department of Environmental Protection		116,015
COMMISSION ON CULTURE AND TOURISM		
Historic Restoration Funds	12060-CAT45241-90455	47,623
Arts in Education HOT Schools MiniGrant	N/A	1,396
Arts Presentation Grant-Higher Order Thinking (HOT) Schools	N/A	3,500
Total Commission on Culture and Tourism		52,519

See Notes to Schedule.

N/A - Not available

(Continued)

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
For the Year Ended June 30, 2010

State Grantor/Pass Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
JUDICIAL BRANCH		
Parking Fines	34001-JUD95162-40001	10,120
TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS		682,013
EXEMPT PROGRAMS		
DEPARTMENT OF EDUCATION		
School Construction Projects - Interest	13009-SDE64370-40896	102,457
School Construction Projects - Principal	13010-SDE64370-40901	885,753
Transportation for School Children - Public	11000-SDE64370-17027	221,600
Education Equalization	11000-SDE64370-17041	11,595,838
Excess Cost-Student Based	11000-SDE64370-17047	1,036,203
Total Department of Education		13,841,851
OFFICE OF STATE COMPTROLLER		
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	72,912
Total exempt programs		13,914,763
TOTAL STATE FINANCIAL ASSISTANCE		\$ 14,596,776

See Notes to Schedule.

N/A - Not available

TOWN OF COLCHESTER, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE For the Year Ended June 30, 2010

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 presented on the full accrual basis of accounting.

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, landfill post-closure monitoring, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based 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.

Note 2. LOAN PROGRAMS

In accordance with Section 4-236-23(a)(4) 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, 2010:

Department of Environmental Protection:

Clean Water Fund 200702-C

Balance July 1, 2009	Issued	Retired	Balance June 30, 2010
\$ 2,425,524	\$ 71,466	\$ 218,715	\$ 2,278,275

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

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? ☐ 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

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 State Single Audit:

State Grantor and Program	State Grant Program	Expenditures
	CORE-CT Number	
DOE-School Readiness - Severe Needs Schools	11000-SDE64370-12113	\$ 107,000
OSC-Payment in Lieu of Taxes (PILOT) on State Property	11000-OSC15910-17004	51,997
OPM-Local Capital Improvement Plan	12050-OPM20600-40254	118,684
OPM-Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	54,408
OTT-Clean Water Fund	21018-OTT14230-42319	71,446
• Dollar threshold used to distinguish between Type A and Type B programs		<u>\$100,000</u>