

**TOWN OF COLCHESTER,  
CONNECTICUT**

FEDERAL AND STATE FINANCIAL  
AND COMPLIANCE REPORTS  
Fiscal Year Ended June 30, 2012

**TOWN OF COLCHESTER, CONNECTICUT**

**FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON 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 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, 2012. 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, *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 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, 2012.

**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 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 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, 2012, and have issued our report thereon dated December 28, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Colchester, Connecticut's 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements 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 LLP*

New Haven, Connecticut  
December 28, 2012

## TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture/ Passed through the State of Connecticut Department of Education: Child Nutrition Cluster:</b>			
National School Breakfast Program	10.553	12060-SDE64370-20508	\$ 33,049
National School Lunch Program	10.555	12060-SDE64370-20560	217,139
Special School Milk Program	10.556	12060-SDE64370-20500	3,088
<b>Total Child Nutrition Cluster</b>			<u>253,276</u>
<b>U.S. Department of Transportation/ Passed through the State of Connecticut Department of Transportation:</b>			
Alcohol Open Container Requirements	20.607	12062-DOT57533-22091	<u>11,511</u>
<b>U.S. Department of Education/ Passed through the State of Connecticut Department of Education:</b>			
Title I - Grants to Local Educational Agencies	84.010	12060-SDE64370-20679	<u>81,380</u>
<b>Special Education Cluster:</b>			
IDEA-Part B, Section 611, Special Education	84.027	12060-SDE64370-20977	547,800
IDEA-Part B, Section 619	84.173	12060-SDE64370-20983	26,624
<b>Total Special Education Cluster</b>			<u>574,424</u>
Carl D. Perkins Act Vocational & Technical Education Act	84.048	12060-SDE64370-20742	<u>21,311</u>
Special Education - State Personnel Development	84.323	N/A	<u>3,247</u>
Title II - Part A - Teacher and Principal Training	84.367	12060-SDE64370-20858	<u>59,023</u>
Education Jobs Fund	84.410	12060-SDE64370-22405	<u>571,778</u>
<b>Passed through Eastconn:</b>			
Title III, Part A, English Language Acquisition	84.365	12060-20868-82075	<u>2,506</u>
<b>Passed through the State of Connecticut Commission on Culture and Tourism:</b>			
Arts in Education High School Mini Grant	84.351	N/A	<u>3,748</u>
<b>Total U.S. Department of Education</b>			<u>1,317,417</u>

(Continued)

**TOWN OF COLCHESTER, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued**  
**For the Year Ended June 30, 2012**

<b>Federal Grantor/ Pass-Through Grantor Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Homeland Security/ Passed through the State of Connecticut Department of Emergency Management &amp; Homeland Security:</b>			
Emergency Management Performance Grant	97.042	12060-EHS99530-21881	\$ 3,142
FEMA - Public Assistance	97.036	12060-EHS99530-21891	125,917
			<u>129,059</u>
<b>Direct Grant:</b>			
Assistance to Firefighters	97.044	N/A	<u>94,505</u>
<b>Total U.S. Department of Homeland Security</b>			<u>223,564</u>
<b>U.S. Department of Health and Human Services/ Passed through the State of Connecticut Department of Public Health:</b>			
Public Health Emergency Preparedness Grant	93.069	12060-DPH48557-22333	20,870
Preventive Health and Health Services Block Grant	93.991	12060-DPH48876-35386	2,000
			<u>22,870</u>
<b>Passed through Eastern Connecticut Area Agency on Aging:</b>			
Title III Part B Grants for Supportive Services and Senior Centers	93.044	N/A	<u>12,004</u>
<b>Total Department of Health and Human Services</b>			<u>34,874</u>
<b>U.S. Department of Energy/ Passed through the State of Connecticut Office of Policy and Management:</b>			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	12060-OPM20810-29009	<u>44,800</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,885,442</u>

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, 2012**

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#### **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 \$43,193 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, 2012**

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**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?        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**

<b>CFDA Numbers</b>	<b>Program Name or Cluster</b>
84.027/84.173	Special Education Cluster
84.410	Education Jobs Fund

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee?        X Yes        No

**II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.



**TOWN OF COLCHESTER, CONNECTICUT  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2012**

There were no findings in the prior year.



**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, 2012, which collectively comprise the Town of Colchester, Connecticut's basic financial statements, and have issued our report thereon dated December 28, 2012. 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:*** Management of the Town of Colchester, Connecticut is responsible for establishing and maintaining effective 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 previously.

***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*.

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 LLP*

New Haven, Connecticut  
December 28, 2012



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND 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, 2012. 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, 2012.

**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, 2012, and have issued our report thereon dated December 28, 2012, which contains unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Colchester, Connecticut's financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the financial statements 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.



New Haven, Connecticut  
December 28, 2012

TOWN OF COLCHESTER, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**For the Year Ended June 30, 2012**

<b>State Grantor/Pass Through Grantor/Program Title</b>	<b>State Grant Program CORE-CT Number</b>	<b>Expenditures</b>
<b>DEPARTMENT OF EDUCATION</b>		
Child Nutrition Program - School Lunch State Match	11000-SDE64370-16211	\$ 8,966
Adult Education	11000-SDE64370-17030	24,365
Youth Service Bureaus	11000-SDE64370-17052	18,753
School Readiness - Severe Need Schools	11000-SDE64370-12113	107,000
Youth Service Bureau - Enhancement	11000-SDE64370-16201	5,220
Healthy Foods Initiative	11000-SDE64370-16212	19,484
School Breakfast Program	11000-SDE64000-17046	6,549
School Readiness - Quality Enhancement	11000-SDE64370-17097	3,971
<b>Passed through United Community &amp; Family Services:</b>		
Community Plans for Early Childhood	11000-12495-2011	12,500
<b>Passed through Eastconn:</b>		
TEAM Mentor Program	09SDE015AA	4,750
<b>Total State Department of Education</b>		<b>211,558</b>
<b>DEPARTMENT OF PUBLIC HEALTH</b>		
Tobacco Prevention	11000-DPH48500-35386	3,635
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Property Tax Reimbursement - Disability Exemption	11000-OPM20600-17011	1,721
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	48,263
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	2,000
Property Tax Relief for Veterans	11000-OPM20600-17024	5,080
Local Capital Improvement Program	12050-OPM20600-40254	120,273
Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	50,470
<b>Total Office of Policy and Management</b>		<b>227,807</b>
<b>CONNECTICUT STATE LIBRARY</b>		
Historic Documents Preservation Grant	12060-CSL66094-35150	3,500
Connecticard	11000-CSL66051-17010	4,414
State Grants to Public Libraries	11000-CSL66051-17003	1,239
<b>Total Connecticut State Library</b>		<b>9,153</b>
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>		
Small Town Economic Assistance Program	12052-DEP43720-40531	18,175
<b>JUDICIAL BRANCH</b>		
Parking Fines	34001-JUD95162-40001	15,201

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, 2012

State Grantor/Pass Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
<b>DEPARTMENT OF TRANSPORTATION</b>		
Town Aid Road Grant - Transportation Fund	12001-DOT57131-17036	\$ 177,099
Bus Operations - Matching Grant	12001-DOT57931-12175	28,209
<b>Total Department of Transportation</b>		<u>205,308</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS</b>		<u>690,837</u>
<b>EXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
Transportation for School Children - Public	11000-SDE64370-17027	216,872
Education Equalization	11000-SDE64370-17041	13,550,768
Excess Cost-Student Based	11000-SDE64370-17047	1,004,649
<b>Total Department of Education</b>		<u>14,772,289</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	73,709
Municipal Revenue Sharing	12060-OPM20600-35458	187,394
Municipal Video Competition	12060-OPM20600-35362	74
<b>Total Office of Policy and Management</b>		<u>261,177</u>
<b>DEPARTMENT OF PUBLIC WORKS</b>		
School Construction Projects - Interest	13009-DPW64370-40896	19,601
School Construction Projects - Principal	13010-DPW64370-40901	575,757
		<u>595,358</u>
<b>Total exempt programs</b>		<u>15,628,824</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 16,319,661</u>

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, 2012

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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, 2012:

##### ***Department of Environmental Protection:***

###### Clean Water Fund 200702-C

Balance July 1, 2011	Issued	Retired	Balance June 30, 2012
\$ 2,173,776	\$ -	\$ 106,735	\$ 2,067,041



**TOWN OF COLCHESTER, CONNECTICUT**

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS  
AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

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**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

**State Financial Assistance**

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 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 Single Audit:

State Grantor and Program	State Grant Program	Expenditures
	CORE-CT Number	
DOE-School Readiness - Severe Needs Schools	11000-SDE64370-12113	\$ 107,000
OPM-Local Capital Improvement Plan	12050-OPM20600-40254	120,273
DOT - Town Aid Road	12001-DOT57131-17036	177,099
OPM - Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	50,470
• Dollar threshold used to distinguish between Type A and Type B programs		<u>\$100,000</u>

**II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

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

No matters were reported.