

**TOWN OF COLCHESTER,
CONNECTICUT**

FEDERAL AND STATE FINANCIAL
AND COMPLIANCE REPORTS
Fiscal Year Ended June 30, 2013

TOWN OF COLCHESTER, CONNECTICUT

FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS

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SECTION 4-230 TO 4-236

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Colchester, Connecticut's (the "Town") 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's major federal programs for the year ended June 30, 2013. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

compliance for each major federal program 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'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 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise the Town of Colchester, Connecticut's basic financial statements. We issued our report thereon dated December 30, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



New Haven, Connecticut
December 30, 2013

TOWN OF COLCHESTER, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013**

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	\$ 34,697
National School Lunch Program	10.555	12060-SDE64370-20560	204,082
Special School Milk Program	10.556	12060-SDE64370-20500	2,547
Total Child Nutrition Cluster			<u>241,326</u>
Summer EBT Children Demo Program	10.580	12060-SDE64351-26130	<u>1,854</u>
Total U.S. Department of Agriculture			<u>243,180</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>3,869</u>
Occupant Protection Incentive Grant	20.602	0193-0702-AC	<u>934</u>
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	12062-DOT57931-21361	<u>40,000</u>
Total U.S. Department of Transportation			<u>44,803</u>
U.S. Department of Education/ Passed through the State of Connecticut			
Department of Education:			
Title I - Grants to Local Educational Agencies	84.010A	12060-SDE64370-20679	<u>89,450</u>
Special Education Cluster:			
IDEA-Part B, Section 611, Special Education	84.027A	12060-SDE64370-20977	588,371
IDEA-Part B, Section 619	84.173A	12060-SDE64370-20983	28,559
Total Special Education Cluster			<u>616,930</u>
Carl D. Perkins Act Vocational & Technical Education Act	84.048A	12060-SDE64370-20742	<u>55,915</u>
Title II - Part A - Teacher and Principal Training	84.367A	12060-SDE64370-20858	<u>56,214</u>
Special Education - State Personnel Development	84.323	N/A	<u>5,780</u>
Passed through Eastconn:			
Title III - Part A - English Language Acquisition	84.365	12060-20868-82075	<u>2,571</u>
Total U.S. Department of Education			<u>826,860</u>

(Continued)

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security/ Passed through the State of Connecticut Department of Emergency Management & Homeland Security:			
FEMA - Public Assistance	97.036	12060-EHS99530-21891	<u>209,623</u>
Citizen Corp	97.067	12060-DPS32160-21880	<u>1,163</u>
Direct Grant:			
Assistance to Firefighters	97.044	N/A	<u>51,880</u>
Total U.S. Department of Homeland Security			<u>262,666</u>
U.S. Department of Health and Human Services/ Passed through the Eastern Connecticut Area Agency on Aging:			
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	N/A	<u>10,038</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,387,547</u></u>

See Notes to Schedule of Federal Awards

N/A - Not available

TOWN OF COLCHESTER, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2013

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Town of Colchester, Connecticut (the "Town") under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town.

Note 2. Summary of Significant Accounting Principles

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 funds 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 \$33,245 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, 2013

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unmodified

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: unmodified

- 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
84.027A/84.173A	Special Education Cluster
97.036	FEMA-Public Assistance

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, 2013**

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 FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colchester, Connecticut (the "Town") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 30, 2013.

Internal Control Over Financial Reporting

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

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

New Haven, Connecticut
December 30, 2013



**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL
CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Town of Colchester, Connecticut's (the "Town") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2013. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the Town of Colchester, Connecticut's basic financial statements. We issued our report thereon dated December 30, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



New Haven, Connecticut
December 30, 2013

TOWN OF COLCHESTER, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2013**

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-SDE64370-16211	\$ 9,677
Adult Education	11000-SDE64370-17030	26,497
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	4,888
Healthy Foods Initiative	11000-SDE64370-16212	21,022
School Breakfast Program	11000-SDE64000-17046	9,861
School Readiness - Quality Enhancement	11000-SDE64370-17097	4,487
Passed through Eastconn:		
TEAM Mentor Program	09SDE015AA	3,000
Total State Department of Education		205,182
OFFICE OF POLICY AND MANAGEMENT		
Property Tax Reimbursement - Disability Exemption	11000-OPM20600-17011	1,969
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	50,265
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	2,000
Property Tax Relief for Veterans	11000-OPM20600-17024	6,386
Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	49,876
Total Office of Policy and Management		110,496
CONNECTICUT STATE LIBRARY		
Historic Documents Preservation Grant	12060-CSL66094-35150	4,000
Connecticard	11000-CSL66051-17010	4,153
State Grants to Public Libraries	11000-CSL66051-17003	1,222
Library Services and Technology	12060-CSL66055-21031	2,599
Total Connecticut State Library		11,974
DEPARTMENT OF ENVIRONMENTAL PROTECTION		
Small Town Economic Assistance Program	12052-DEP43720-40531	230,226
Emergency Planning and Preparedness Initiative	N/A	1,200
		231,426
JUDICIAL BRANCH		
Parking Fines	34001-JUD95162-40001	11,007
DEPARTMENT OF TRANSPORTATION		
Town Aid Road Grant - Transportation Fund	13033-DOT57131-43459	139,798
Bus Operations - Matching Grant	12001-DOT57931-12175	27,076
Total Department of Transportation		166,874
DEPARTMENT OF AGRICULTURE		
Farm Viability Grant	12060-3002-90456	17,300
TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS		754,259

(Continued)

N/A - Not available

TOWN OF COLCHESTER, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
For the Year Ended June 30, 2013

State Grantor/Pass Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
EXEMPT PROGRAMS		
DEPARTMENT OF EDUCATION		
Transportation for School Children - Public	11000-SDE64370-17027	\$ 203,028
Education Equalization	11000-SDE64370-17041	13,759,751
Excess Cost-Student Based	11000-SDE64370-17047	1,134,223
Total Department of Education		<u>15,097,002</u>
OFFICE OF POLICY AND MANAGEMENT		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	72,749
Municipal Revenue Sharing	12060-OPM20600-35458	141,045
Municipal Video Competition	12060-OPM20600-35362	225
Total Office of Policy and Management		<u>214,019</u>
Total exempt programs		<u>15,311,021</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 16,065,280</u>

See Notes to Schedule of Expenditures of State Assistance
N/A - Not available

TOWN OF COLCHESTER, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE For the Year Ended June 30, 2013

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, 2013:

Department of Environmental Protection:

Clean Water Fund 200702-C

Balance July 1, 2012	Issued	Retired	Balance June 30, 2013
\$ 2,067,041	\$ -	\$ 109,020	\$ 1,958,021

TOWN OF COLCHESTER, CONNECTICUT

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS
AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unmodified.

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: unmodified.

- 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 CORE-CT Number	Expenditures
DEP - Small Town Economic Assistance Program	12052-DEP43720-40531	\$ 230,226
DOT- Town Aid Road Grant - Transportation Fund	13033-DOT57131-43459	139,798
OPM -Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	50,265

- Dollar threshold used to distinguish between Type A and Type B programs \$ 100,000

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.

**TOWN OF COLCHESTER, CONNECTICUT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2013**

There were no findings in the prior year for the State Single Audit.