

# **Town of Colchester, Connecticut**

Federal and State Compliance Reports  
Fiscal Year Ended June 30, 2019

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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 the Uniform Guidance**

**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 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, 2019. 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 federal statutes, regulations and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 of the major federal programs. 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, 2019.

### **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 of the major federal programs 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 the Uniform Guidance, 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 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. *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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated January 31, 2020, 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 the Uniform Guidance 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

New Haven, Connecticut  
January 31, 2020

**Town of Colchester, Connecticut**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019**

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</b>			
Passed through the State of Connecticut			
Department of Education:			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	12060-SDE64370-20508	\$ 34,836
National School Lunch Program	10.555	12060-SDE64370-20560	241,504
<b>Total Child Nutrition Cluster</b>			<u>276,340</u>
Summer EBT Children Demo Program	10.580	12060-SDE64165-26130	<u>788</u>
<b>Total U.S. Department of Agriculture</b>			<u>277,128</u>
<b>U.S. Department of Transportation</b>			
Passed through the State of Connecticut			
Department of Transportation:			
Alcohol Open Container Requirements	20.607	12062-DOT57513-22091	24,621
Highway Safety Cluster:			
Capital Assistance Program for Elderly and Disabled Persons	20.513	12062-DOT57931-21361	<u>53,600</u>
<b>Total Highway Safety Cluster</b>			<u>53,600</u>
<b>Total U.S. Department of Transportation</b>			<u>78,221</u>
<b>U.S. Department of Education</b>			
Passed through the State of Connecticut			
Department of Education:			
Title I - Grants to Local Educational Agencies	84.010A	12060-SDE64370-20679	<u>198,906</u>
Special Education Cluster:			
IDEA-Part B, Section 611, Special Education	84.027A	12060-SDE64370-20977	588,291
IDEA-Part B, Section 619	84.173A	12060-SDE64370-20983	<u>22,606</u>
<b>Total Special Education Cluster</b>			<u>610,897</u>
Carl D. Perkins Act Career & Technical Education	84.048A	12060-SDE64370-20742	<u>56,970</u>
Title II - Part A - Teacher and Principal Training	84.367A	12060-SDE64370-20858	<u>53,222</u>
Title IV - Part A - Student Support and Academic Enrichment	84.424	12060-SDE64370-22854	<u>16,700</u>
Passed through Eastconn:			
Title III - Part A - English Language Acquisition	84.365	12060-SDE20868-82075	<u>4,410</u>
<b>Total U.S. Department of Education</b>			<u>941,105</u>

(Continued)

**Town of Colchester, Connecticut**

**Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>National Endowment for the Arts:</b>			
Passed through the State of Connecticut			
Department of Economic and Community Development:			
Arts Learning - Integration	45.025	2018-AIEHot-23625	\$ 2,893
Arts Learning - Access	45.025	12069-ECD46820-20328	1,431
<b>Total National Endowment for the Arts</b>			<u>4,324</u>
<b>U.S. Department of Health and Human Services</b>			
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>14,527</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed through the State of Connecticut			
Department of Housing:			
Title I - Small Cities Community Development Block Grant Program	14.228	12060-DOH46920-20730	<u>90,449</u>
<b>U.S. Department of Homeland Security</b>			
Passed through the State of Connecticut			
Department of Emergency Services and Public Protection:			
Emergency Management Performance Grant	97.042	12060-DPS32160-21881	7,404
FEMA - Public Assistance	97.036	12060-DPS32990-27580	45,044
<b>Total U.S Department of Homeland Security</b>			<u>52,448</u>
<b>U.S. Substance Abuse and Mental Health Services Administration:</b>			
Passed through United Way of Connecticut:			
Garrett Lee Smith Youth Suicide Prevention	93.243	N/A	<u>4,472</u>
<b>Total expenditures of federal awards</b>			<u><u>\$ 1,462,674</u></u>

N/A - Not available

See notes to schedule of federal awards.

**Town of Colchester, Connecticut**

**Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019**

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**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, 2019. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 fund balances, and changes in net position or cash flows of the Town.

**Note 2. Summary of Significant Accounting Principles**

Expenditures reported on the Schedule are reported 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

**Note 3. Non-Cash Awards**

Donated commodities in the amount of \$27,714 from the Department of Agriculture are included in the National School Lunch Program, CFDA No. 10.555. The amount represents the market value of such commodities used during the period.

**Note 4. Indirect Cost Recovery**

The Town did not recover its indirect cost using the 10% de minimus indirect cost rate provided under Section 200.414 of the Uniform Guidance.

**Note 5. Subrecipients**

The Town did not provide any federal funds to subrecipients for the year ended June 30, 2019.

**Town of Colchester, Connecticut**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

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I. Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued on whether the financial statements audited were in accordance with GAAP:

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 federal major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? \_\_\_\_\_ Yes   X   No

*Identification of Major Federal Programs*

CFDA Numbers	Federal Program Name or Cluster
10.553/10.555	Child Nutrition Cluster
84.010A	Title I –Grants to Local Educational Agencies

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

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes \_\_\_\_\_ No

II. Financial Statement Findings

No matters to report.

III. Federal Award Findings and Questioned Costs

No matters to report.



**Town of Colchester, Connecticut**

**Summary of Prior Year Audit Findings  
For the Year Ended June 30, 2019**

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The prior year single audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from the prior audit's *Summary of Prior Audit Findings*.

**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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 31, 2020.

**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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM VS LLP*

New Haven, Connecticut  
January 31, 2020

**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, 2019. The Town's major state programs are identified in the summary of auditors' 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.

**Auditors' 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, 2019.

### **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 our 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 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 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated January 31, 2020, 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 Town'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 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.

*RSM US LLP*

New Haven, Connecticut  
January 31, 2020

**Town of Colchester, Connecticut**

**Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2019**

State Grantor/Pass Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
<b>Department of Education</b>		
Child Nutrition Program - School Lunch State Match	11000-SDE64370-16211	\$ 6,955
Adult Education	11000-SDE64370-17030	23,850
Youth Service Bureaus	11000-SDE64370-17052	17,732
Youth Service Bureau - Enhancement	11000-SDE64370-16201	4,979
Healthy Foods Initiative	11000-SDE64370-16212	13,253
School Breakfast Program	11000-SDE64370-17046	11,591
Magnet School Transportation	11000-SDE64370-17057	885
TEAM Talent Development	11000-SDE64370-12552	2,750
Stipend for Assisting Districts with Improving Students with Significant Cognitive Disabilities	N/A	5,185
<b>Total State Department of Education</b>		<b>87,180</b>
<b>Office of Early Childhood</b>		
Child Care Quality Enhancement	11000-OEC64845-16158	3,836
Early Care and Education	11000-OEC64845-16274	162,900
<b>Total Office of Early Childhood</b>		<b>166,736</b>
<b>Office of Policy and Management</b>		
Property Tax Reimbursement - Disability Exemption	11000-OPM20600-17011	1,454
Property Tax Relief for Veterans	11000-OPM20600-17024	7,082
Local Capital Improvement Program	12050-OPM20600-40254	136,187
Municipal Grants-in-Aid	12052-OPM20600-43587	6,798
Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	74,928
<b>Total Office of Policy and Management</b>		<b>226,449</b>
<b>Connecticut State Library</b>		
Historic Documents Preservation Grant	12060-CSL66094-35150	4,500
<b>Total Connecticut State Library</b>		<b>4,500</b>
<b>Department of Energy and Environmental Protection</b>		
Connecticut Recreational Trails Grant Program	12052-DEP44321-43314	2,216
<b>Judicial Branch</b>		
Parking Fines	34001-JUD95162-40001	5,776

(Continued)

**Town of Colchester, Connecticut**

**Schedule of Expenditures of State Financial Assistance (Continued)  
For the Year Ended June 30, 2019**

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	13033-DOT57131-43455-34005	\$ 422,455
Bus Operations - Matching Grant	12001-DOT57931-12175	31,188
<b>Total Department of Transportation</b>		<u>453,643</u>
<b>Department of Economic and Community Development</b>		
Remedial Action and Redevelopment Municipal Grant Program	12052-ECD46260-43403	48,121
Arts Learning - Integration	12069-ECD46820-16258	8,569
Arts Learning - Access	2018-ALGAccess-23033	11,874
<b>Total Department of Economic and Community Development</b>		<u>68,564</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>1,015,064</u>
<b>Exempt Programs</b>		
<b>Department of Administrative Services</b>		
School Construction Grants	13010-DAS27635-40901	<u>5,031,238</u>
<b>Department of Education</b>		
Education Cost Sharing	11000-SDE64370-17041-82010	12,660,380
Excess Cost-Student Based	11000-SDE64370-17047	791,903
<b>Total Department of Education</b>		<u>13,452,283</u>
<b>Office of Policy and Management</b>		
Grants to Towns	12009-OPM20600-17005	23,167
Municipal Stabilization Grant	11000-OPM20600-17104	134,167
<b>Total Office of Policy and Management</b>		<u>157,334</u>
<b>Total exempt programs</b>		<u>18,640,855</u>
<b>Total State Financial Assistance</b>		<u><u>\$ 19,655,919</u></u>

See notes to the schedule of expenditures of state assistance.

**Town of Colchester, Connecticut**

**Notes to Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2019**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes state grant activity of the Town of Colchester, Connecticut (the Town) under programs of the State of Connecticut (the State) for the fiscal year ended June 30, 2019. Various departments and agencies of the State have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State. 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 fund balances, and changes in net position or cash flows of the Town.

**Note 2. Summary of Significant Accounting Policies**

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

**Basis of accounting:** The expenditures reported on the Schedule are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, 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.

**Note 3. 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 shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2019:

***Department of Energy and Environmental Protection:***

Clean Water Fund 200702-C

Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
\$ 1,376,896	\$ -	\$ 123,795	\$ 1,253,101



**Town of Colchester, Connecticut**

**Schedule of State Single Audit Compliance Findings and Questioned Costs  
For the Year Ended June 30, 2019**

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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 ☒ 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 state 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 ☒ 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	
OEC - Early Care and Education	11000-OEC64845-16274	\$ 162,900
DOT - Town Aid Road Grant - Transportation Fund	13033-DOT57131-43455-34005	422,455
• Dollar threshold used to distinguish between Type A and Type B programs		<u>\$200,000</u>

II. Financial Statement Findings

No matters to report.

III. State Financial Assistance Findings and Questioned Costs

No matters to report.

**Town of Colchester, Connecticut**

**Summary of Prior Year Audit Findings  
For the Year Ended June 30, 2019**

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The prior year single audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from the prior audit's *Summary of Prior Audit Findings*.