

Town of Waterford, Connecticut

Federal and State Financial and Compliance Reports
Year Ended June 30, 2016

Contents

Report Required by the Federal Single Audit Act and Uniform Guidance

| | |
|--|-----|
| 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 | 1-2 |
| Schedule of expenditures of federal awards | 3-4 |
| Notes to schedule of expenditures of federal awards | 5 |
| Schedule of findings and questioned costs | 6 |

Report Required by Government Auditing Standards

| | |
|---|-----|
| Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> | 7-8 |
|---|-----|

Report Required by the State Single Audit Act C.G.S. Section 4-230 to 4-236

| | |
|--|-------|
| 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 | 9-10 |
| Schedule of expenditures of state financial assistance | 11-12 |
| Notes to schedule of expenditures of state financial assistance | 13 |
| Schedule of state single audit compliance findings and questioned costs | 14 |



RSM US LLP

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 Waterford, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Waterford, 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, 2016. 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 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 of Waterford, Connecticut 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, 2016.

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 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 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 of Waterford, Connecticut as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 14, 2017, 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 expenditures 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
February 14, 2017

Town of Waterford, Connecticut

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

| 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: | | | |
| Nutrition Cluster: | | | |
| Food Distribution | 10.555 | N/A | \$ 34,404 |
| National School Lunch | 10.555 | 12060-SDE64370-20560 | 254,132 |
| School Breakfast | 10.553 | 12060-SDE64370-20508 | 49,165 |
| Total Nutrition Cluster | | | 337,701 |
| Total U.S. Department of Agriculture | | | 337,701 |
| U.S. Department of Education: | | | |
| Passed through the State of Connecticut | | | |
| Department of Education: | | | |
| Title I, Part A Cluster: | | | |
| Title I Grants to LEA - 12/2014-06/2016 | 84.010 | 12060-SDE64370-20679 | 15,327 |
| Title I Grants to LEA - 07/2015-06/2017 | 84.010 | 12060-SDE64370-20679 | 180,395 |
| Total Title I, Part A Cluster | | | 195,722 |
| Special Education Cluster: | | | |
| Special Education - Grants to States 7/14-6/16 | 84.027 | 12060-SDE64370-20977 | 122,796 |
| Special Education - Grants to States 7/15-6/17 | 84.027 | 12060-SDE64370-20977 | 403,548 |
| Special Education Preschool Grant 7/14-6/16 | 84.173 | 12060-SDE64370-20983 | 1,400 |
| Special Education Preschool Grant 7/15-6/17 | 84.173 | 12060-SDE64370-20983 | 17,244 |
| Total Special Education Cluster | | | 544,988 |
| Career and Technical Education - Basic Grants to States 07/2015-06/2016 | 84.048 | 12060-SDE64370-20742 | 20,173 |
| Improving Teacher Quality State Grants- 7/14-6/16 | 84.367 | 12060-SDE64370-20858 | 28,030 |
| Improving Teacher Quality State Grants- 7/15-6/17 | 84.367 | 12060-SDE64370-20858 | 26,145 |
| | | | 54,175 |
| Total U.S. Department of Education | | | 815,058 |
| U.S. Department of Homeland Security: | | | |
| Passed through the State Department of Emergency Management and Homeland Security: | | | |
| Disaster Grants - Public Assistance | 97.036 | 12060-EHS99690-21891 | 188,497 |
| Passed through the State of Connecticut | | | |
| Department of Emergency Services and Public Protection: | | | |
| Port Security Grant 2013 | 97.116 | 12060-DPS32160-22327 | 4,004 |
| Port Security Grant 2014 | 97.116 | 12060-DPS32160-22327 | 89,361 |
| | | | 93,365 |
| Total U.S. Department of Homeland Security | | | 281,862 |

(Continued)

Town of Waterford, Connecticut

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016**

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|--|-------------------------|
| U.S. Department of Justice: | | | |
| Passed through the State Department of Office of Policy and Management: | | | |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 12060-OPM20350-21921 | \$ 15,735 |
| Local Violent Crime Reduction | 16.738 | 12060-OPM20350-26316 | 5,524 |
| Equitable sharing program | 16.922 | 12060-OPM20350-20127 | <u>1,496</u> |
| Total U.S. Department of Justice | | | <u>22,755</u> |
| U.S. Department of Housing and Urban Development: | | | |
| Passed through the State of Connecticut | | | |
| Department of Economic and Community Development: | | | |
| Community Development Block Grants - Small Cities 2013 | 14.228 | 12060-ECD46400-20730 | <u>288,914</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>288,914</u> |
| U.S. Department of Transportation: | | | |
| Passed through State Department of Transportation | | | |
| Highway Planning and Construction: | | | |
| Highway Planning and Construction | 20.205 | 12062-DOT57151-22108 | 60,788 |
| Highway Planning and Construction - Willetts Avenue | 20.205 | 12062-DOT57151-22108 | <u>21,195</u> |
| | | | <u>81,983</u> |
| Highway Safety Cluster: | | | |
| Alcohol Traffic Safety Grants | 20.601 | 12062-DOT57513-22086 | 14,542 |
| Safety Belt Performance Grant | 20.609 | 12062-DOT57513-22093 | 4,717 |
| National Priority Safety Programs - Distracted Driving | 20.616 | 12062-DOT57513-22600 | <u>3,342</u> |
| Total Highway Safety Cluster | | | <u>22,601</u> |
| Total U.S. Department of Transportation | | | <u>104,584</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 1,850,874</u> |

N/A - Not Applicable

See notes to schedule of expenditures of federal awards.

Town of Waterford, Connecticut

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Waterford, Connecticut (the Town), under programs of the federal government for the year ended June 30, 2016. 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 of Waterford, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town.

Note 2. Summary of Significant Accounting Principles

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Noncash Awards

Donated commodities in the amount of \$34,404 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

Note 4. Indirect Cost Rate

The Town currently does not have any grants which require the application of an overhead rate. However, if they did, the Town would elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Town of Waterford, Connecticut

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

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 2 CFR 200.516(a)? Yes X No

Identification of Major Federal Programs

| CFDA Numbers | Name of Federal Program or Cluster |
|---|------------------------------------|
| 84.027/84.173 | Special Education Cluster |
| Dollar threshold used to distinguish between type A and type B programs | <u> </u> \$ 750,000 |
| Auditee qualified as low-risk auditee? | <u> X </u> Yes <u> </u> No |

II. Financial Statement Findings

No matters were reported.

III. Federal Award Findings and Questioned Costs

No current year findings noted.

**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 Waterford, 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 Waterford, Connecticut (the Town) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 14, 2017.

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.

RSM US LLP

New Haven, Connecticut
February 14, 2017



RSM US LLP

**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 Waterford, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Waterford, 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, 2016. 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, 2016.

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.

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 Waterford, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Waterford, Connecticut's basic financial statements. We have issued our report thereon dated February 14, 2017, 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.

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.

RSM US LLP

New Haven, Connecticut
February 14, 2017

Town of Waterford, Connecticut

**Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2016**

| State Grantor Pass-Through Grantor Program Title | State Grant Program CORE-CT Number | Expenditures |
|--|---------------------------------------|----------------|
| State Department of Education: | | |
| Health Services | 11000-SDE64300-17034 | \$ 6,070 |
| Youth Service Bureau | 11000-SDE64300-17052 | 14,000 |
| School Breakfast | 11000-SDE64300-17046 | 15,269 |
| Child Nutrition State Match | 11000-SDE64300-16211 | 12,206 |
| Adult Education | 11000-SDE64300-17030 | 12,621 |
| Magnet School Transportation | 11000-SDE64300-17057 | 101,400 |
| Youth Service Bureau Enhancement | 11000-SDE64300-16201 | 5,817 |
| Health Foods Initiative | 11000-SDE64300-16212 | 19,179 |
| High Quality Schools Start Up | 12060-SDE64300-43538 | 55,494 |
| | | <u>242,056</u> |
| State Office of Policy and Management: | | |
| Connect to Nutmeg Network | 12060-OPM20600-35457 | 4,838 |
| Neglected Cemetery | 12060-OPM20600-35570 | 989 |
| Property Tax Relief for Elderly Homeowners - Freeze Program | 11000-OPM20600-17021 | 2,000 |
| Property Tax Relief for Elderly and Totally Disabled Homeowners | 11000-OPM20600-17018 | 177,973 |
| Property Tax Relief for Veterans | 11000-OPM20600-17024 | 12,495 |
| Reimburse Property Tax - Disabled Exemption | 11000-OPM20600-17011 | 2,368 |
| Payment in Lieu of Taxes (PILOT) on State-Owned Property | 11000-OPM15910-17004 | 124,651 |
| Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals | 11000-OPM15910-17006 | 156,519 |
| Municipal Grants-in-Aid | 12052-OPM20600-43587 | 34,255 |
| Local Capital Improvement Program | 12050-OPM20600-40254 | 165,841 |
| | | <u>681,929</u> |
| State Department of Transportation: | | |
| Town Aid Road | 12001-DOT57000-17036 | <u>321,800</u> |
| Department of Emergency Services and Public Protection: | | |
| Local Prevention Council | N/A | 3,701 |
| Local Officer Incentive | 12060-DPS32523-26185 | 1,500 |
| Telecommunications Fund | 12060-DPS32740-35190 | 22,936 |
| Nuclear Safety Program | 12060-EHS99681-30465 | 27,788 |
| Nuclear Safety Program - Safety Exercise Reimbursements | 12060-EHS99681-90428 | 54,660 |
| State Assets Forfeiture Revolving Fund | 12060-DPS32155-35142 | 7,024 |
| | | <u>117,609</u> |
| Department of Energy and Environmental Protection: | | |
| Jordan Mill Pond Fishway | 12026-DEP43760-40202 | <u>9,976</u> |
| Connecticut State Library: | | |
| Historic Documents Preservation | 12060-CSL66094-35150 | <u>3,000</u> |

(Continued)

Town of Waterford, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2016**

| State Grantor Pass-Through Grantor Program Title | State Grant Program CORE-CT Number | Expenditures |
|--|---------------------------------------|-------------------------|
| <hr/> | | |
| Division of Criminal Justice: | | |
| New London County Cold Case Unit Grant | 12060-DCJ30122-26119 | \$ 965 |
| | | |
| Department of Economic and Community Development: | | |
| Brownfield Remediation Program | 12052-ECD46260-43403 | 232,696 |
| Small Town Economic Assistance Program | 12052-ECD46000-42411 | 64,257 |
| Historic Preservation Fund | 12060-ECD46840-21494 | 7,000 |
| National Endowment for the Art | 11000-ECD46820-20328 | 3,203 |
| Arts Commission | 11000-ECD46820-16258 | 4,297 |
| | | <u>311,453</u> |
| Total State Financial Assistance Before Exempt Programs | | <u>1,688,788</u> |
| | | |
| Exempt Programs: | | |
| Office of Policy and Management: | | |
| Grants to Towns | 12009-OPM20600-17005 | \$ 46,103 |
| | | |
| Department of Construction Services: | | |
| School Construction Grants | 13010-DCS28000-40901 | 188,547 |
| | | |
| Department of Education: | | |
| Education Cost Sharing | 11000-SDE64000-17041-82010 | 1,487,125 |
| Transportation of School Children | 11000-SDE64000-17027 | 27,112 |
| Excess Cost - Student Based | 11000-SDE64000-17047 | 519,513 |
| Total Department of Education | | <u>2,033,750</u> |
| Total Exempt Programs | | <u>2,268,400</u> |
| Total State Financial Assistance | | <u>\$ 3,957,188</u> |

See notes to schedule of expenditures of state financial assistance.

Town of Waterford, Connecticut

Notes to Schedule of Expenditures of State Financial Assistance For the Year Ended June 30, 2016

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes state grant activity of the Town of Waterford, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2016. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the Town of Waterford, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of Waterford, Connecticut.

Note 2. Summary of Significant Accounting Policies

The accounting policies of the Town of Waterford, 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.

The information in the Schedule of Expenditures of State Financial Assistance 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 of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds. 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 of Expenditures of State Financial Assistance.

Town of Waterford, Connecticut

**Schedule of State Single Audit Compliance Findings and Questioned Costs
For the Year Ended June 30, 2016**

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

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 programs included in the State Single Audit.

| State Grantor and Program | State CORE-CT Number | Expenditures |
|---|-------------------------|--------------|
| DECD - Brownfield Remediation Program | 12052-ECD46260-43403 | \$ 232,696 |
| DOT - Town Aid Road | 12001-DOT57000-17036 | 321,800 |
| OPM - PILOT - State-Owned Property | 11000-OPM15910-17004 | 124,651 |
| OPM - Local Capital Improvement Program | 11000-OPM20600-40254 | 165,841 |
| Dollar threshold used to distinguish between type A and type B programs | | \$ 200,000 |

II. Financial Statement Findings

No matters were reported.

III. State Financial Assistance Findings and Questioned Costs

No current year findings noted.