

# **Town of Waterford, Connecticut**

Federal and State Financial  
and Compliance Reports  
Fiscal Year Ended June 30, 2014

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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 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 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, 2014. 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, 2014.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-01. Our opinion on each major program is not modified with respect to this matter.

The Town of Waterford, Connecticut's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Waterford Connecticut's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

## **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 Waterford, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Waterford, Connecticut's basic financial statements. We issued our report thereon dated December 16, 2014, 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.

*McGladrey LLP*

New Haven, Connecticut  
December 16, 2014

**Town of Waterford, Connecticut**

**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2014**

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:			
Nutrition Cluster:			
Summer Food Service Program	10.559	12060-SDE64351-26130	\$ 840
National School Lunch	10.555	12060-SDE64370-20560	385,358
School Breakfast	10.553	12060-SDE64370-20508	96,866
<b>Total Nutrition Cluster</b>			<u>483,064</u>
<b>Total U.S. Department of Agriculture</b>			<u>483,064</u>
<b>U.S. Department of Education</b>			
Passed through the State of Connecticut			
Department of Education:			
Title I, Part A Cluster:			
Title I Grants to LEA - 7/13-6/15	84.010A	12060-SDE64370-20679	<u>212,306</u>
<b>Total Title I, Part A Cluster</b>			<u>212,306</u>
Special Education Cluster:			
Special Education - Grants to States 7/12-6/14	84.027A	12060-SDE64370-20977	108,665
Special Education - Grants to States 7/13-6/15	84.027A	12060-SDE64370-20977	460,624
Special Education Preschool Grant 7/12-6/14	84.173A	12060-SDE64370-20983	173
Special Education Preschool Grant 7/13-6/15	84.173A	12060-SDE64370-20983	15,985
<b>Total Special Education Cluster</b>			<u>585,447</u>
Career and Technical Education -Basic Grants to States 7/13-6/14	84.048A	12060-SDE64370-20742	<u>20,444</u>
Improving Teacher Quality State Grants- 7/12-6/14	84.367A	12060-SDE64370-20858	23,683
Improving Teacher Quality State Grants- 7/13-6/15	84.367A	12060-SDE64370-20858	39,651
			<u>63,334</u>
<b>Total U.S. Department of Education</b>			<u>881,531</u>
<b>U.S. Department of Homeland Security</b>			
Passed through the State Department of Emergency Management and Homeland Security:			
Emergency Management Performance Grants	97.042	12060-EHS99660-21881	9,770
State Homeland Security (SHS)	97.073	12060-EHS99530-21877	60,000
Disaster Grants - Public Assistance	97.036	12060-EHS99690-21891	167,311
			<u>237,081</u>
Passed through the State of Connecticut			
Department of Emergency Services and Public Protection:			
Port Security Grant 2011	97.116	12060-DPS32160-22327	49,005
Port Security Grant 2012	97.116	12060-DPS32160-22327	123,848
			<u>172,853</u>
<b>Total U.S. Department of Homeland Security</b>			<u>409,934</u>

(Continued)

**Town of Waterford, Connecticut**

**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Justice</b>			
Passed through the State Department of Office of Policy and Management: Police Video Equipment Technology (PVET) Grant	16.738	12060-OPM20350-21921	\$ 30,144
<b>U.S. Department of Health and Human Services</b>			
Direct Grant: Drug Free Communities Support Program	93.276	N/A	23,421
<b>U.S. Department of Housing and Urban Development</b>			
Passed through the State of Connecticut Department of Economic and Community Development: Community Development Block Grants- Small Cities 2012 Community Development Block Grants- Small Cities 2013	14.228 14.228	12060-ECD46400-20730 12060-ECD46400-20730	192,218 10,000
<b>Total U.S. Department of Housing and Urban Development</b>			
			202,218
<b>U.S. Department of Transportation</b>			
Passed through State Department of Transportation Highway Planning and Construction: Highway Planning and Construction Highway Planning and Construction - Willetts Avenue	20.205 20.205	12062-DOT57151-22108 12062-DOT57151-22108	34,361 12,500
Highway Safety Cluster: Alcohol Traffic Safety Grants Safety Belt Performance Grant	20.601 20.609	12062-DOT57513-22086 12062-DOT57513-22093	13,161 3,044
<b>Total Highway Safety Cluster</b>			
Capital Assistance Program for Elderly Persons	20.513	12062-DOT57931-21361	59,035
<b>Total U.S. Department of Transportation</b>			
			122,101
<b>National Endowment for the Arts</b>			
Passed through State Department of Economic and Community Development: Promotion of the Arts - Partnership Agreements	45.025	11000-ECD46820-20328	1,563
<b>Total Expenditures of Federal Awards</b>			
			\$ 2,153,976

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, 2014**

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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 Waterford, Connecticut, under programs of the federal government for the year ended June 30, 2014. The information in the 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 fund balance, changes in net position or cash flows of the Town of Waterford, Connecticut.

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

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Contributions**

U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$48,151 represents the market value of such commodities used during the period. This amount is included with the Child Nutrition Cluster.

**Town of Waterford, Connecticut**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014**

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**I. Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No
• Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No

*Federal Awards*

Internal control over major programs:

• Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No
• Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?	<input checked="" type="checkbox"/> X	Yes	<input type="checkbox"/> No
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*Identification of Major Programs*

CFDA Numbers	Name of Federal Program or Cluster
84.027A/84.173A	Special Education Cluster
10.553/10.555/10.559	Nutrition Cluster
97.116	Port Security Grant 2012
Dollar threshold used to distinguish between type A and type B programs	\$ 300,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> X Yes <input type="checkbox"/> No

**II. Financial Statement Findings**

No matters were reported.

**Town of Waterford, Connecticut**

**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2014**

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**III. Federal Award Findings and Questioned Costs**

**Finding No. 2014-01 Reporting**

Grantor: U.S. Department of Homeland Security

CFDA Number: 97.116

Program Name: Port Security Grant 2012

<b>Criteria</b>	Federal financial reports (SF-425) are required to be filed no later than 30 days following the quarterly reporting period end.
<b>Condition</b>	Federal financial reports (FFR) were not filed timely for one out of two reports sampled by McGladrey. In addition, the engagement team inquired with the Department of Homeland Security auditor who performed a desk audit in January 2014, noting the FFR's were not filed since acceptance of the grant beginning with September 30, 2012 through their review in January 2014. All prior reports were filed on March 10, 2014. No issues were noted with the content reported.
<b>Questioned Costs</b>	None noted.
<b>Context</b>	The Town has two individual grants under this program.
<b>Effect</b>	No effect can be determined.
<b>Cause</b>	The Town did not have sufficient controls in place to ensure timely filing of required reports.
<b>Recommendation</b>	We recommend that the Town implement procedures to ensure the timely filing of reports in accordance with grant requirements.
<b>Management</b>	Management will implement procedures to ensure that required reports are filed timely in accordance with all grant requirements.
<b>Response and Corrective Action</b>	The Finance Director will work with the Police Department to develop and implement procedures to insure timely completion of SF-425 financial reports. The procedures are expected to be in place by the 1st quarter of 2015.

**Town of Waterford, Connecticut**  
**Summary of Prior Year Audit Findings**  
**For the Year Ended June 30, 2014**

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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 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, 2014, 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 16, 2014.

**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.

*McGladrey LLP*

New Haven, Connecticut  
December 16, 2014



**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, 2014. 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, 2014.

## **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 Waterford, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Waterford, Connecticut's basic financial statements. We issued our report thereon dated December 16, 2014, 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 16, 2014

**Town of Waterford, Connecticut**

**Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2014**

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
<b>State Department of Education:</b>		
Health Services	11000-SDE64300-17034	\$ 7,483
Youth Service Bureau	11000-SDE64300-17052	14,000
School Breakfast	11000-SDE64300-17046	16,270
Child Nutrition State Matching Grant	11000-SDE64300-16211	12,332
Adult Education - Cooperative	11000-SDE64300-17030	12,208
Magnet School Transportation	11000-SDE64300-17057	111,800
Youth Service Bureau Enhancement	11000-SDE64300-16201	6,171
Health Foods Initiative	11000-SDE64300-16212	25,242
		<u>205,506</u>
<b>State Office of Policy and Management:</b>		
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	182,305
Property Tax Relief for Veterans	11000-OPM20600-17024	12,224
Reimburse Property Tax-Disabled Exemption	11000-OPM20600-17011	2,112
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM15910-17004	367,117
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OPM15910-17006	46,015
Municipal Grants-in-Aid	12052-OPM20600-43587	32,217
		<u>643,990</u>
<b>State Department of Transportation:</b>		
Town Aid Road	12001-DOT57000-17036	<u>321,859</u>
<b>Department of Emergency Services and Public Protection:</b>		
Local Prevention Council	N/A	3,230
Telecommunications Fund	12060-DPS32740-35190	22,971
Nuclear Safety Program	12060-EHS99681-30465	23,438
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	1,122
		<u>50,761</u>
<b>Judicial Branch:</b>		
Judicial Fines	34001-JUD95162-40001	<u>11,449</u>
<b>Department of Emergency Services and Public Protection:</b>		
New London County Cold Case Unit Grant	12060-DCJ30122-26119	<u>1,040</u>
<b>Department of Economic and Community Development:</b>		
2013 Vibrant Communities Initiative	N/A	44,901
Art Commission	11000-ECD46820-16258	2,104
		<u>47,005</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<b><u>1,281,610</u></b>

**Town of Waterford, Connecticut**

**Schedule of Expenditures of State Financial Assistance (Continued)**  
**For the Year Ended June 30, 2014**

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
<b>EXEMPT PROGRAMS</b>		
<b>Office of Policy and Management:</b>		
Municipal Revenue Sharing	12060-OPM20600-35458	\$ 111,756
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	46,897
Municipal Video Competition	12060-OPM20600-35362	6,745
<b>Total Office of Policy and Management</b>		<b>165,398</b>
<b>Department of Administrative Services:</b>		
School Construction Grants	13010-DAS27610-40901	2,304,860
<b>Department of Education:</b>		
Education Cost Sharing	11000-SDE64300-17041	1,449,981
Transportation of School Children	11000-SDE64300-17027	29,958
Excess Cost Student Based and Equity	11000-SDE64300-17047	802,756
<b>Total Department of Education</b>		<b>2,282,695</b>
<b>Total Exempt Programs</b>		<b>4,752,953</b>
<b>Total State Financial Assistance</b>		<b>\$ 6,034,563</b>

See Notes to Schedule of Expenditures of State Financial Assistance.

**Town of Waterford, Connecticut**

**Note to Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2014**

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The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Waterford, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2014. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Waterford 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, social services, property tax relief and public safety. 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 balance, changes in net position or cash flows of the Town of Waterford, Connecticut.

**Note 1. 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, 2014**

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**I. Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: unmodified.

Internal control over financial reporting:

• Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

*State Financial Assistance*

Internal control over major programs:

• Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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The following schedule reflects the major programs included in the State Single Audit.

State Grantor and Program	State CORE-CT Number	Expenditures
OPM - Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	\$ 367,117
DOT - Town Aid Road	12001-DOT57000-17036	321,859
OPM - Property Tax Relief for Elderly Homeowners	11000-OPM20600-17018	182,305
OPM - Municipal Grants-in-Aid	12052-OPM20600-43587	32,317
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 200,000</u>

**II. Financial Statement Findings**

No matters were reported.

**III. State Financial Assistance Findings and Questioned Costs**

No matters were reported.