

TOWN OF MONTVILLE, CONNECTICUT
FEDERAL AND STATE SINGLE AUDIT REPORTS
JUNE 30, 2016

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INTERNAL CONTROL AND COMPLIANCE REPORT

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and
Members of the Town Council
Town of Montville, 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 Montville, 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 December 8, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Mahoney Sabol + Company, LLP". The signature is written in a cursive, flowing style.

Glastonbury, Connecticut
December 8, 2016

FEDERAL SINGLE AUDIT SECTION

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE,
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Honorable Mayor and
Members of the Town Council
Town of Montville, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Montville, 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 federal 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 Montville, 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.

Purpose of this Report

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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 8, 2016, 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.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
December 8, 2016

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Grantor; Pass-Through Grantor; Program Title	Grant Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster			
Passed through the State of Connecticut Department of Administrative Services:			
National School Lunch Program - USDA Commodities	-	10.555	\$ 41,714
Passed through the State of Connecticut Department of Education:			
National School Lunch Program - 2016	12060-SDE64370-20560	10.555	327,341
National School Lunch Program - 2015	12060-SDE64370-20560	10.555	53,779
National School Breakfast Program - 2016	12060-SDE64370-20508	10.553	82,295
National School Breakfast Program - 2015	12060-SDE64370-20508	10.553	11,505
Total Child Nutrition Cluster			<u>516,634</u>
Passed through the State of Connecticut Department of Education:			
Child Nutrition Discretionary Grant	12060-SDE64351-26130	10.579	848
Total Department of Agriculture			<u>517,482</u>
U.S. DEPARTMENT OF EDUCATION			
Special Education Cluster			
Passed through the State of Connecticut Department of Education:			
Special Education - Grants to States - 2016	12060-SDE64370-20977	84.027	513,010
Special Education - Grants to States - 2015	12060-SDE64370-20977	84.027	45,000
Special Education - Preschool Grants - 2015	12060-SDE64370-20983	84.173	14,053
Total Special Education Cluster			<u>572,063</u>
Passed through the State of Connecticut Department of Education:			
Title I - Grants to Local Educational Agencies - 2016	12060-SDE64370-20679	84.010	218,610
Title I - Grants to Local Educational Agencies - 2015	12060-SDE64370-20679	84.010	29,470
			<u>248,080</u>
Title II - Part A Improving Teacher Quality - 2016	12060-SDE64370-20858	84.367	73,575
Title II - Part A Improving Teacher Quality - 2015	12060-SDE64370-20858	84.367	453
			<u>74,028</u>
Title III - Part A English Language Acquisition - 2016	12060-SDE64370-20868	84.365	18,240
Title III - Part A English Language Acquisition - 2015	12060-SDE64370-20868	84.365	256
			<u>18,496</u>
Career and Technical Education - Basic Grants to States	12060-SDE64370-20742	84.048	23,127
Total Department of Education			<u>935,794</u>
U.S. DEPARTMENT OF HOUSING			
Passed through the State of Connecticut Department of Housing:			
Community Development Block Grant	12060-DOH4692-20730	14.228	25,095

(Continued)

The accompanying notes are an integral part of this schedule.

TOWN OF MONTVILLE, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2016

<u>Grantor; Pass-Through Grantor; Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through the State of Connecticut Department of Emergency Services and Public Protection:			
Disaster Grant - Public Assistance	12060-DPS32990-21891	97.036	\$ 115,590
Emergency Management Performance Grant	12060-DPS32160-21881	97.042	19,533
Total Department of Homeland Security			<u>135,123</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the State of Connecticut Department of Transportation:			
Highway Planning and Construction	12062-DOT57513-22108	20.205	92,453
Alcohol Open Container Requirements	12062-DOT57513-22091	20.607	20,070
Federal Highway Safety Grant	12062-DOT57513-20559	20.600	1,778
Total Department of Transportation			<u>114,301</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through the State of Connecticut Department of Economic Development:			
Brownfields Assessment and Cleanup Cooperative Agreements	12060-ECD46555-21775	66.818	5,796
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 1,733,591</u>

The accompanying notes are an integral part of this schedule.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A – ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

The accounting policies of the Town of Montville, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of federal awards.

COST ALLOCATION PRINCIPLES

The Town has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. The Town has no federal awards for which an indirect cost rate is applicable.

NOTE B – OTHER FEDERAL ASSISTANCE

The United States Department of Agriculture makes available commodities for donations to schools. An amount of \$41,714 is reflected in the expenditures column in the accompanying schedule of expenditures of federal awards and represents the market value of such commodities received during the period.

No other federal assistance was received in the form of loans, loan guarantees or insurance.

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

SECTION 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 No

○ Significant deficiency(ies) identified? _____ Yes None reported

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards

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 programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 510(a)? _____ Yes No

Identification of major programs:

CFDA Number	Name of Federal Program
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

No prior audit findings were noted.

STATE SINGLE AUDIT SECTION

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

To the Honorable Mayor and
Members of the Town Council
Town of Montville, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Montville, Connecticut's (the "Town") compliance with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management *Compliance Supplement to the State Single Audit Act* 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 state findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards 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 of Montville, 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 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.

Purpose of this Report

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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 8, 2016, 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.



Glastonbury, Connecticut
December 8, 2016

TOWN OF MONTVILLE, 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
NONEXEMPT PROGRAMS		
OFFICE OF POLICY AND MANAGEMENT		
Direct:		
Payment in Lieu of Taxes on State-owned Property	11000-OPM20600-17004	\$ 2,192,340
Municipal Grant In-Aid	12052-OPM20600-43587	528,644
Property Tax Relief for Elderly and Disabled Homeowners	11000-OPM20600-17018	104,867
Local Capital Improvements	12050-OPM20600-40254	90,942
Property Tax Relief for Veterans	11000-OPM20600-17024	9,159
Property Tax Relief for the Totally Disabled	11000-OPM20600-17011	3,444
Municipal Reimbursement and Revenue	12060-OPM20600-35525	2,739
Total Office of Policy and Management		<u>2,932,135</u>
DEPARTMENT OF EDUCATION		
Direct:		
Magnet School Transportation	11000-SDE64370-17057	92,300
High Quality Schools Start Up	12052-SDE64370-43538	51,502
Adult Education	11000-SDE64370-17030	34,184
Afterschool Program	11000-SDE64370-17084	25,000
Health Food Initiative	11000-SDE64370-16212	22,662
Aid to Private Schools - Health Services	11000-SDE64370-17034	20,723
Youth Services Bureau	11000-SDE64370-17052	17,876
School Breakfast Match	11000-SDE64370-17046	15,459
Child Nutrition Sate Match	11000-SDE64370-16211	11,027
Youth Services Bureau - Enhancement	11000-SDE64370-16201	5,817
Bilingual Education	11000-SDE64370-17042	2,297
Total Department of Education		<u>298,847</u>
DEPARTMENT OF TRANSPORTATION		
Direct:		
Small Town Economic Assistance Program - Old Colchester Road	12052-DOT57191-40532	371,721
Town Aid Road	12052-DOT57131-43455	211,596
Bus Operations	12001-DOT57931-12175	75,150
Small Town Economic Assistance Program - Chesterfield Sidewalks	12052-DOT57191-40532	12,467
Total Department of Transportation		<u>670,934</u>

(Continued)

The accompanying notes are an integral part of this schedule.

TOWN OF MONTVILLE, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2016

<u>State Grantor; Pass-Through Grantor; Program Title</u>	<u>State Grant Program Core - CT Number</u>	<u>Expenditures</u>
NONEXEMPT PROGRAMS <i>(Continued)</i>		
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION		
Direct:		
WPCF Improvements	12052-DEP43720-43175	\$ 91,609
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION		
Direct:		
Nuclear Emergency Safety Fund	12060-DPS32982-90428	19,225
OFFICE OF THE STATE TREASURER		
Direct:		
Nitrogen Credit Exchange Program	21016-OTT14230-42407	23,804
CONNECTICUT STATE LIBRARY		
Direct:		
Preservation of Historic Documents	12060-CSL66094-35150	3,000
Total State Assistance Before Exempt Programs		<u>4,039,554</u>
EXEMPT PROGRAMS		
DEPARTMENT OF EDUCATION		
Direct:		
Education Cost Sharing	11000-SDE64370-17041	12,864,273
Public School Transportation	11000-SDE64370-17027	249,391
Special Education: Excess Costs Student Based	11000-SDE64370-17047	162,321
Nonpublic School Transportation	11000-SDE64370-17049	13,156
Total Department of Education		<u>13,289,141</u>
OFFICE OF POLICY AND MANAGEMENT		
Direct:		
Mashantucket Pequot Grant	12009-OPM20600-17005	1,019,799
Total Exempt Programs		<u>14,308,940</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 18,348,494</u>

The accompanying notes are an integral part of this schedule.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Montville, Connecticut (the "Town") through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

NOTE A – 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 governmental organizations. The following is a summary of the more significant policies relating to the aforementioned grant programs.

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of state financial assistance is presented in accordance with regulations established by the State of Connecticut, Office of Policy and Management.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

The schedule of expenditures of state financial assistance contained in this report is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

NOTE B – LOAN PROGRAMS

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the schedule of expenditures of state financial assistance shall include loans and loan activities. The following is a summary of loan activity for the year ended June 30, 2016:

Department of Environmental Protection – Clean Water Funds:

<u>Loan No.</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance July 1, 2015</u>	<u>Loan Repayments</u>	<u>Balance July 1, 2016</u>
662-DC	1/30/2015	2.0%	\$ 245,631	\$ 245,632	\$ 20,778	\$ 224,854

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF STATE 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 ✓ No

○ Significant deficiency(ies) identified? _____ Yes ✓ 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 ✓ 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 ✓ No

The following schedule reflects the major programs included in the audit:

<u>State Grantor/ Program</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Office of Policy and Management		
Payment in Lieu of Taxes on State-owned Property	11000-OPM20600-17004	\$ 2,192,340

Dollar threshold used to distinguish between Type A and Type B programs: \$200,000

II. FINANCIAL STATEMENT FINDINGS

No findings were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings were reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

No prior audit findings were noted.