

The Town of Windham, 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 Board of Finance
Town of Windham, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Windham, 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.

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 Windham, 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 Windham, Connecticut's basic financial statements. We issued our report thereon dated March 16, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



New Haven, Connecticut
March 16, 2015

Town of Windham, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Education			
Passed Through the State of Connecticut			
Department of Education:			
School Improvement Grants (13/14)	84.377A	12060-SDE64370-22223	\$ 655,781
School Improvement Grants (12/14)	84.377A	12060-SDE64370-22223	173,756
Total School Improvement Grants			<u>829,537</u>
Career and Technical Education - Basic Grants to States (13/14)	84.048	12060-SDE64370-20742	<u>58,722</u>
Improving Teacher Quality State Grants (13/15)	84.367A	12060-SDE64370-20858	266,443
Improving Teacher Quality State Grants (12/14)	84.367A	12060-SDE64370-20858	7,831
Total Improving Teacher Quality State Grants			<u>274,274</u>
Twenty-First Century Community Learning Centers (13/15)	84.287C	12060-SDE64370-20863	280,406
Twenty-First Century Community Learning Centers (12/14)	84.287C	12060-SDE64370-20863	59,524
Total Twenty-First Century Community Learning Centers			<u>339,930</u>
Rural and Low Income School Program (13/15)	84.358B	12060-SDE64370-20866	<u>36,756</u>
Total Rural and Low Income School Grants			<u>36,756</u>
English Language Acquisition Grants (13/15)	84.365A	12060-SDE64370-20868	110,196
English Language Acquisition Grants (12/14)	84.365A	12060-SDE64370-20868	11,771
Total English Language Acquisition Grants			<u>121,967</u>
Title I Grants to Local Educational Agencies (13/15)	84.010A	12060-SDE64370-20679	1,248,847
Title I Grants to Local Educational Agencies (12/14)	84.010A	12060-SDE64370-20679	91,009
Total Title I Grants			<u>1,339,856</u>
Special Education Cluster:			
Special Education - Preschool Grants (13/15)	84.173A	12060-SDE64370-20983	25,421
Special Education - Preschool Grants (12/14)	84.173A	12060-SDE64370-20983	1,927
Special Education - Grants to States (13/15)	84.027A	12060-SDE64370-20977	826,064
Special Education - Grants to States (12/14)	84.027A	12060-SDE64370-20977	4,110
Total Special Education Cluster			<u>857,522</u>
Support for Pregnant and Parenting Teens	93.500	12060-SDE64370-22439	52,674
Educating Homeless Children and Youth Program (13/14)	84.196A	12060-SDE64370-20770	<u>40,000</u>
Total U.S. Department of Education			<u>3,951,238</u>

(Continued)

Town of Windham, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed Through the State of Connecticut			
Department of Economic and Community Development:			
Small Cities Grant Program - ADA Compliance	14.228	12060-DOH46930-20730	<u>\$ 317,000</u>
U.S. Department of Agriculture			
Passed Through the State of Connecticut			
Department of Education:			
Child and Adult Care Food Program	10.558	12060-SDE64370-20518	21,881
Cash-in-Lieu / Commodities	10.558	12060-SDE64370-20544	1,736
Fresh Fruit and Vegetable Program (2014)	10.582	12060-SDE64370-22051	60,531
Fresh Fruit and Vegetable Program (2013)	10.582	12060-SDE64370-22051	<u>13,622</u>
Total			<u><u>97,770</u></u>
Passed Through the State of Connecticut			
Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	12060-SDE64370-20560	1,152,188
School Breakfast Program	10.553	12060-SDE64370-20508	315,456
Summer Food Sponsor Admin	10.559	12060-SDE64370-20548	7,188
Summer Food Program for Children	10.559	12060-SDE64370-20540	69,310
Summer EBT Children Demo Program	10.579	12060-SDE64351-26130	<u>2,968</u>
Total Child Nutrition Cluster			<u><u>1,547,110</u></u>
Total U.S. Department of Agriculture			<u><u>1,644,880</u></u>
U.S. Department of Justice			
Direct Programs:			
Police Forfeiture	16.xxx	N/A	27,463
School Based Arrest Reduction Initiative	16.xxx	N/A	<u>18,345</u>
			<u><u>45,808</u></u>
Passed Through the State of Connecticut			
Department of Public Safety:			
Internet Crimes Against Children - ARRA	16.800	12060-DPS32353-21917	1,275
Edward Byrne Memorial - Justice Assistance Grant	16.738	12060-DPS32523-26185	<u>18,891</u>
			<u><u>20,166</u></u>
Total U.S. Department of Justice			<u><u>65,974</u></u>

(Continued)

Town of Windham, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Transportation			
Passed Through the State of Connecticut			
Department of Transportation:			
Federal Highway Safety Grants	20.600	12062-DOT57513-20559	\$ 1,867
Highway Planning and Construction	20.205	12062-DOT57191-22108	142,248
Alcohol Open Containers Requirements	20.607	12062-DOT57343-22091	58,188
National Priority Safety Program	20.616	12062-DOT57513-22600	3,332
Total			<u>205,635</u>
U.S. Department of Health and Human Services			
Direct Program:			
Drug Free Community Support Program	84.184	N/A	<u>107,518</u>
Passed Through the State of Connecticut			
Department of Social Services:			
Social Services Block Grant - Care Management Program	93.667	12060-DSS60783-20701	10,466
Social Services Block Grant - Protective Services	93.667	12060-DSS60803-20713	1,320
Social Services Block Grant - Day Care Program	93.667	12060-OEC64841-26155	95,654
Total			<u>107,440</u>
Passed Through EASTCONN:			
Headstart - Basic and Early	93.600	CH011507/13	839,853
Headstart - Basic and Early	93.600	CH011507/12	819,086
Total			<u>1,658,939</u>
Total U.S. Department of Health and Human Services			<u>1,873,897</u>
Federal Emergency Management Agency			
Direct Program:			
Emergency Management Performance Grant	97.042	12060-DPS32960-21881	10,767
FEMA Public Assistance	97.036	12060-DPS32990-22520	55,958
Total			<u>66,725</u>
Total Schedule of Expenditures of Federal Awards			<u>\$ 8,125,349</u>

N/A = Not Applicable.

See Notes to Schedule of Federal Awards

Town of Windham, Connecticut

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Windham, 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 and changes in net position or cash flows of the Town of Windham, 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. Noncash Awards

Donated commodities in the amount of \$63,440 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

Town of Windham, Connecticut

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

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
10.553 /10.555 /10.559/10.579	Child Nutrition Cluster
84.173A / 84.027A	Special Education Cluster
93.600	Headstart - Basic and Early
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

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

Town of Windham, Connecticut

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

II. Financial Statement Findings

No matters were reported.

III. Federal Award Findings and Questioned Costs

No matters were reported.

Town of Windham, Connecticut

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2014**

Identifying Number: IC13-1 – Not repeated

Audit Finding: Significant Deficiency – Internal Control

Corrective Action
Taken: Corrected during FY13-14.

Identifying Number: IC13-2 – Not repeated

Audit Finding: Significant Deficiency – Internal Control

Corrective Action
Taken: Corrected during FY13-14.



**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 Board of Finance
Town of Windham, 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 Windham, 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 March 16, 2015.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

The image shows a handwritten signature in cursive script that reads "McGladrey LLP". The signature is written in black ink and is positioned above the typed name and date.

New Haven, Connecticut
March 16, 2015



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 Board of Finance
Town of Windham, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Windham, 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 Windham, 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 Windham, Connecticut's basic financial statements. We issued our report thereon dated March 16, 2015, 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
March 16, 2015

Town of Windham, 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
<u>NONEXEMPT PROGRAMS</u>		
Department of Education		
Direct Programs:		
Priority School Districts (13/15)	11000-SDE64370-17043-82052	\$ 88,562
Priority School Districts (13/14)	11000-SDE64370-17043-82052	1,057,500
Priority School Districts - Extended School Hours (13/14)	11000-SDE64370-17043-82054	62,512
		<u>1,208,574</u>
Family Resource Centers (13/14)	11000-SDE64370-16110	209,000
Child Nutrition - State Match	11000-SDE64370-16211	23,258
Adult Education Cooperative (13/14)	11000-SDE64370-17030	279,895
ECS - Alliance District Funding (13/14)	11000-SDE64370-17041-82164	1,936,477
Summer School Accountability Grant (13/14)	11000-SDE64370-17043-82055	71,327
Regional Vocational Tech School	11000-SDE64342-12519	7,367
After School Program (13/14)	11000-SDE64370-17084	188,252
Health Services	11000-SDE64370-17034	41,156
Bilingual Education (13/14)	11000-SDE64370-17042	76,009
Health Food Incentives	11000-SDE64370-16212	47,603
Young Parents Program	11000-SDE64370-17044	50,000
Early Childhood Facilities Grants	12052-SDE64370-43582	5,000
School Breakfast - State Match	11000-SDE64370-17046	24,333
Magnet School - Operating	11000-SDE64370-17057	1,316,670
Out of Town Magnet School Transportation	11000-SDE64370-17057	20,362
High Quality Schools and Common Care	12052-SDE64370-43538	349,525
Commissioner's Network	11000-SDE64370-12547	500,000
		<u>5,146,234</u>
Total Direct Programs		<u>6,354,808</u>
Passed Through EASTCONN:		
HeadStart - Expansion	11000-SDE64370-16101	141,256
HeadStart - Early Link Program	11000-SDE64370-16202	34,875
Total Passed Through EASTCONN		<u>176,131</u>
Total Department of Education		<u>6,530,939</u>
Office of Early Childhood Education		
Child Care Services	11000-OEC64841-12520	430,610
School Readiness - Quality Enhancement	11000-OEC64845-17097	13,963
School Readiness	11000-OEC64845-17101	1,234,439
Total Office of Early Childhood Education		<u>1,679,012</u>
Connecticut State Library		
State Grant to Public Libraries	11000-CSL66051-17003	1,227
Library Services and Technology Act	12060-CSL66055-21031	-
Connecticard Payments	11000-CSL66051-17010	384
Historical Document Preservation Grant	12060-CSL66094-35150	6,500
Total Connecticut State Library		<u>8,111</u>

(Continued)

Town of Windham, 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
Department of Social Services		
Community Services	11000-DSS60783-17083	\$ 1,884
Other Expenses	11000-DSS61201-10020	152,606
Total Department of Social Services		<u>154,490</u>
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) - Totally Disabled	11000-OPM20600-17011	4,327
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	637,832
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	121,523
Property Tax Relief for Elderly Homeowners - Freeze	11000-OPM20600-17021	1,166
Property Tax Relief for Veterans	11000-OPM20600-17024	12,202
Municipal Grants-In-Aid	12052-OPM20600-43587	427,527
Local Capital Improvement Program	12050-OPM20600-40254	147,884
Incentive Housing Zone (IHZ) Program	12060-OPM20600-90526	20,000
Payment in Lieu of Taxes (PILOT) - State Owned Property	11000-OPM20600-17004	2,787,866
Total Office of Policy and Management		<u>4,160,327</u>
Department of Housing		
Payment in Lieu of Taxes (PILOT) - Housing Authority	11000-DOH46920-17012-039	<u>77,882</u>
Department of Transportation		
Town Aid Road Grant	12001-DOT57131-43459	370,007
Pay-As-You-Go Transportation Projects	12001-DOT57261-12518	11,922
Capital Resurfacing Related Improvements	13033-DOT57261-41386	6,650
Total Department of Transportation		<u>388,579</u>
Department of Public Health		
School Based Health Center - Bond Fund	11000-DPH48830-17019	<u>478,353</u>
Department of Public Safety		
Asset Forfeiture	12060-DPS32155-35142	<u>327</u>
Department of Consumer Protection		
Bingo Payments	34003-DCP39930-42350	348
Non-Budgeted Operating Appropriation	34004-DCP18306-40001	32,326
		<u>32,674</u>
Judicial Department		
Motor Vehicle Fines	34001-JUD95162-40001	<u>8,498</u>
Department of Administrative Services		
Non-Budgeted Operating Appropriation	13048-DAS27662-40001	<u>18,008</u>
Total State Financial Assistance Before Exempt Programs		<u>13,537,200</u>

(Continued)

Town of Windham, 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
EXEMPT PROGRAMS		
Office of Policy and Management:		
Municipal Revenue Sharing Grant	12060-OPM20600-35458	\$ 504,641
Mashantucket Pequot Grant	12009-OPM20600-17005	881,841
Total Office of Policy and Management		<u>1,386,482</u>
Department of Education:		
Transportation for School Children - Non-Public	11000-SDE64370-17049	45,517
Transportation for School Children - Public	11000-SDE64370-17027	273,234
Education Cost Sharing	11000-SDE64370-17041-82010	24,144,950
Special ED-AG. Placements and Excess Costs	11000-SDE64370-17047	690,200
Total Department of Education		<u>25,153,901</u>
Department of Public Works:		
School Construction Progress Payments 12	13010-DCS28000-40901	2,986,818
School Construction - Principal 2012	13010-DCS28000-40901	824,597
School Construction - Interest 2011	13009-DCS28000-40896	113,640
Total Department of Public Works		<u>3,925,055</u>
Total Exempt Programs		<u>30,465,438</u>
Total Expenditures of State Financial Assistance		<u><u>\$ 44,002,638</u></u>

See Notes to Schedule of State Financial Assistance

Town of Windham, Connecticut

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

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Windham, 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 Windham, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. The financial assistance programs fund several programs including education, public works, 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 Windham, Connecticut.

Note 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Windham, 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.

Note 2. Loan Program

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 the loan program activity for the year ended June 30, 2014:

Department of Energy and Environmental Protection:

Clean Water Funds (21014-OTT14230-40001 and 21015-DEP43270-42318):

Contract No.	Issue Date	Interest Rate	Original Amount*	Balance July 1, 2013	Issued	Retired	Balance June 30, 2014
CWF 551-D	12/29/2005	2.00%	\$ 789,646	\$ 488,266	\$ -	\$ 31,605	\$ 456,661
CWF 551-C	9/22/2008	2.00%	15,811,494	14,316,987	-	706,219	13,610,768

* Represents total loan commitment from the Clean Water Fund.

Town of Windham, Connecticut

**Schedule of State Single Audit Compliance Findings and Questioned Costs
For the Year Ended June 30, 2014**

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 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 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 compliance audit:

State Grantor and Program	State CORE-CT Number	Expenditures
Office of Policy and Management:		
Payment in Lieu of Taxes - State Owned Property	11000-OPM20600-17004	\$ 2,787,866
Municipal Grants-In-Aid	12052-OPM20600-43587	427,527
Department of Education:		
Priority School Districts	11000-SDE64000-17043-82052	1,146,062
Magnet School - Operating	11000-SDE64370-17057	1,316,670
Commissioner's Network	11000-SDE64370-12547	500,000
High Quality Schools and Common Care	12052-SDE64370-43538	349,525
Young Parents Program	11000-SDE64000-17044	50,000
HeadStart - Early Link Program	11000-SDE64370-16202	34,875
Office of Early Childhood		
School Readiness	11000-OEC64845-17101	1,234,439
Department of Public Health		
School Based Health Center - Bond Fund	11000-DPH48830-17019	478,353

Town of Windham, Connecticut

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

State Grantor and Program	State CORE-CT Number	Expenditures
Department of Transportation		
Town Aid Road Grant	12001-DOT57131-43459	370,007
Department of Public Housing		
Payment in Lieu of Taxes (PILOT) - Housing Authority	11000-DOH46920-17012-039	77,882
Dollar threshold used to distinguish between Type A and Type B programs		<u>\$263,399</u>

II. Financial Statement Findings

No matters were reported

III. Findings and Questioned Costs Relating to State Financial Assistance

No matters were reported.

Town of Windham, Connecticut

**Summary of State Prior Year Audit Findings
For the Year Ended June 30, 2014**

There were no findings in the prior year.