

# **The Town of Windham, Connecticut**

Federal and State Financial  
and Compliance Reports  
Fiscal Year Ended June 30, 2015

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RSM US LLP

**Report on Compliance for Each Major Federal Program; Report on Internal Control  
Over Compliance; and Report on Schedule of Expenditures of Federal Awards  
Required by 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 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, 2015. 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, 2015.

## **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 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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated July 26, 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 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.

*RSM US LLP*

New Haven, Connecticut  
July 26, 2016

**Town of Windham, Connecticut**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015**

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	\$ 55,466
<b>Total School Improvement Grants</b>			<u>55,466</u>
Improving Teacher Quality State Grants (14/16)	84.367A	12060-SDE64370-20858	178,511
Improving Teacher Quality State Grants (13/15)	84.367A	12060-SDE64370-20858	15
<b>Total Improving Teacher Quality State Grants</b>			<u>178,526</u>
Twenty-First Century Community Learning Centers (14/15)	84.287C	12060-SDE64370-20863	487,872
Twenty-First Century Community Learning Centers (13/15)	84.287C	12060-SDE64370-20863	11,114
Twenty-First Century Community Learning Centers (13/14)	84.287C	12060-SDE64370-20863	11,306
<b>Total Twenty-First Century Community Learning Centers</b>			<u>510,292</u>
Rural and Low Income School Program (13/15)	84.358B	12060-SDE64370-20866	19,402
<b>Total Rural and Low Income School Grants</b>			<u>19,402</u>
English Language Acquisition Grants (14/16)	84.365A	12060-SDE64370-20868	91,664
<b>Total English Language Acquisition Grants</b>			<u>91,664</u>
Title I Grants to Local Educational Agencies (14/16)	84.010A	12060-SDE64370-20679	1,168,353
Title I Grants to Local Educational Agencies (13/15)	84.010A	12060-SDE64370-20679	36,823
<b>Total Title I Grants</b>			<u>1,205,176</u>
Special Education Cluster:			
Special Education - Preschool Grants (14/16)	84.173A	12060-SDE64370-20983	26,437
Special Education - Preschool Grants (13/15)	84.173A	12060-SDE64370-20983	10,648
Special Education - Grants to States (14/16)	84.027A	12060-SDE64370-20977	832,372
Special Education - Grants to States (13/15)	84.027A	12060-SDE64370-20977	8,797
<b>Total Special Education Cluster</b>			<u>878,254</u>
Support for Pregnant and Parenting Teens (14/15)	93.500	12060-SDE64370-22439	106,391
Support for Pregnant and Parenting Teens (13/14)	93.500	12060-SDE64370-22439	22,326
Educating Homeless Children and Youth Program (13/14)	84.196A	12060-SDE64370-20770	40,000
<b>Total U.S. Department of Education</b>			<u>3,107,497</u>

(Continued)

**Town of Windham, Connecticut**

**Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2015**

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	14.218	12060-DOH46930-20730	<u>\$ 338,000</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	14,471
Cash-in-Lieu / Commodities	10.558	12060-SDE64370-20544	1,079
Fresh Fruit and Vegetable Program (2015)	10.582	12060-SDE64370-22051	78,452
Fresh Fruit and Vegetable Program (2014)	10.582	12060-SDE64370-22051	8,717
<b>Total</b>			<u>102,719</u>
Passed through the State of Connecticut			
Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	12060-SDE64370-20560	1,223,379
School Breakfast Program	10.553	12060-SDE64370-20508	328,693
Summer Food Sponsor Admin	10.559	12060-SDE64370-20548	7,644
Summer Food Program for Children	10.559	12060-SDE64370-20540	74,148
<b>Total Child Nutrition Cluster</b>			<u>1,633,864</u>
<b>Total U.S. Department of Agriculture</b>			<u>1,736,583</u>
U.S. Department of Justice			
Passed through the State of Connecticut			
Office of Policy Management:			
Edward Byrne Memorial - Justice Assistance Grant	16.738	12060-OPM20350-21921	15,000
<b>Total U.S. Department of Justice</b>			<u>15,000</u>

(Continued)

**Town of Windham, Connecticut**

**Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal 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	\$ 1,002
Recreational Trails Program	20.219	12060-DEP44321-20296	21,296
Highway Planning and Construction	20.205	12062-DOT57191-22108	171,390
Alcohol Open Containers Requirements	20.607	12062-DOT57513-22091	33,350
National Priority Safety Program	20.616	12062-DOT57513-22600	14,590
<b>Total</b>			<u>241,628</u>
U.S. Department of Health and Human Services			
Direct Program:			
Drug Free Community Support Program	84.184	N/A	<u>135,693</u>
Passed through the State of Connecticut			
Department of Social Services:			
Social Services Block Grant - Care Management Program	93.667	12060-DSS60783-20701	<u>11,870</u>
Office of Early Childhood:			
Social Services Block Grant - Day Care Program	93.667	12060-OEC64841-26155	<u>156,362</u>
Passed Through EASTCONN:			
Headstart - Basic and Early	93.600	CH011507/14	<u>1,808,124</u>
<b>Total</b>			<u>1,808,124</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>2,112,049</u>
Federal Emergency Management Agency			
Direct Program:			
Emergency Management Performance Grant	97.042	12060-DPS32960-21881	<u>11,338</u>
<b>Total</b>			<u>11,338</u>
<b>Total Schedule of Expenditures of Federal Awards</b>			<u>\$ 7,562,095</u>

N/A = Not Applicable

See notes to schedule of expenditures of federal awards.

## Town of Windham, Connecticut

### Notes to Schedule of Expenditures of Federal Awards

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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 Windham, Connecticut, under programs of the federal government for the year ended June 30, 2015. 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 \$49,242 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**

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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?   X   Yes        No
- Significant deficiency(ies) identified?   X   Yes        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
84.010A	Title I Grants to Local Educational Agencies
84.287C	Twenty-First Century Community Learning Centers
14.218	Small Cities Grant Program - ADA Compliance
93.667	Social Services Block Grant

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

\$ 300,000

Auditee qualified as low-risk auditee?   X   Yes        No

**Town of Windham, Connecticut**

**Schedule of Findings and Questioned Costs (Continued)**

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II. Financial Statement Findings

**Material Weakness in Internal Control**

2015-001 Financial Reporting Requirements

**Criteria:**

Management is responsible for establishing and maintaining internal control policies and procedures to ensure the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Condition:**

Closing procedures, including cash reconciliations and year-end adjustments for the Town, were not performed timely. As a result, significant audit adjustments were posted to the Towns funds and accounts within the general ledger.

**Context:**

Systemic in nature.

**Effect:**

Management did not have adequate financial reporting for decision making.

**Recommendation:**

We recommend that the Town reevaluate its staffing needs in the Finance Department to ensure there are adequate resources to facilitate the timely close of the funds. In addition, we recommend the Town establish policies and procedures to ensure that all accounts are reconciled in a timely manner i.e. cash, compensated absences, accounts payable and accounts receivable.

**Management's Response and Corrective Action Plan:**

Management has implemented a new financial reporting system in FY16 which will facilitate timely reporting.

**Town of Windham, Connecticut**

**Schedule of Findings and Questioned Costs (Continued)**

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**Significant Deficiency in Internal Control**

2015-002      Approval of Journal Entries

**Criteria:**

Journal entries are not reviewed or approved by supervisory personnel.

**Condition:**

Journal entries were posted by accounting personnel and not approved by supervisory personnel.

**Context:**

Journal entries made during the year as well as closing entries were recorded without being approved.

**Effect:**

Journal entries may be incorrectly recorded and/or may give rise to fraudulent journal entries due to inadequate segregation of duties as there is no formal review by supervisory personnel.

**Recommendation:**

We recommend that the Town utilize the approval feature available in the general ledger system to ensure proper review and approval prior to the journal entries being posted.

**Management's Response and Corrective Action Plan:**

Management will implement General Journal workflow for entry, approval and posting in MUNIS.

III.      Federal Award Findings and Questioned Costs

No matters were reported.

**Town of Windham, Connecticut**

**Summary Schedule of Prior Year Audit Findings**

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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 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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 26, 2016. Our report includes an emphasis-of-matter paragraph due to the adoption of Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and its amendment, GASB Statement No. 71.

**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.

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and questioned cost, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiency described in the schedule of findings and questioned costs as 2015-001 to be a material weakness.

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. We consider the deficiency described in the schedule of findings and questioned costs as 2015-002 to be a significant deficiency.

### **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*.

### **Town of Windham's Responses to Findings**

The Town of Windham's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Windham's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

New Haven, Connecticut  
July 26, 2016

**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, 2015. 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, 2015.

## **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 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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated July 26, 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.

*RSM US LLP*

New Haven, Connecticut  
July 26, 2016

**Town of Windham, Connecticut**

**Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2015**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Nonexempt Programs		
Department of Education		
Direct Programs:		
Priority School Districts (14/15)	11000-SDE64370-17043-82052	\$ 1,144,757
Priority School Districts - Extended School Hours (14/15)	11000-SDE64370-17043-82054	61,871
		<u>1,206,628</u>
Family Resource Centers (14/15)	11000-SDE64370-16110	219,000
Child Nutrition - State Match	11000-SDE64370-16211	21,913
Adult Education Cooperative (14/15)	11000-SDE64370-17030	270,901
ECS - Alliance District Funding (13/15)	11000-SDE64370-17041-82164	158,280
ECS - Alliance District Funding (14/16)	11000-SDE64370-17041-82164	2,184,237
Summer School Accountability Grant (14/15)	11000-SDE64370-17043-82055	71,416
Regional Vocational Tech School	11000-SDE64342-12519	8,707
State Mastery Exams	11000-SDE64370-12171	6,870
After School Program (14/15)	11000-SDE64370-17084	214,252
Health Services	11000-SDE64370-17034	40,625
Bilingual Education (14/15)	11000-SDE64370-17042	74,957
Health Food Initiatives	11000-SDE64370-16212	44,962
Special Masters	11000-SDE64370-12568	700,000
Low Performing Schools Start Up	12052-SDE64370-43539	498,725
Young Parents Program	11000-SDE64370-17044	45,000
Talent Development	11000-SDE64370-12552	18,959
School Breakfast - State Match	11000-SDE64370-17046	25,561
Magnet School - Operating	11000-SDE64370-17057	1,831,900
Out of Town Magnet School Transportation	11000-SDE64370-17057	35,729
Common Care	11000-SDE64220-12566	1,500
Commissioner's Network	11000-SDE64370-12547	891,223
		<u>7,364,717</u>
<b>Total Direct Programs</b>		<u>8,571,345</u>
Passed Through EASTCONN:		
HeadStart - Expansion	11000-SDE64370-16101	146,666
HeadStart - Early Link Program	11000-SDE64370-16202	34,875
<b>Total Passed Through EASTCONN</b>		<u>181,541</u>
<b>Total Department of Education</b>		<u>8,752,886</u>
Office of Early Childhood Education		
Child Care Services	11000-OEC64841-12520	365,733
School Readiness - Quality Enhancement	11000-OEC64845-17101	1,389,600
School Readiness	11000-OEC64845-17097	13,963
<b>Total Office of Early Childhood Education</b>		<u>1,769,296</u>
Department of Consumer Protection		
Bingo payments	34003-DCP39930-42350	286

(Continued)

**Town of Windham, Connecticut**

**Schedule of Expenditures of State Financial Assistance (Continued)  
For the Year Ended June 30, 2015**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Connecticut State Library		
State Grant to Public Libraries	11000-CSL66051-17003	\$ 1,158
Connecticard Payments	11000-CSL66051-17010	392
Historical Document Preservation Grant	12060-CSL66094-35150	7,500
<b>Total Connecticut State Library</b>		<b>9,050</b>
Department of Social Services		
Community Services	11000-DSS60783-17083	1,705
Community Services	11000-DSS60783-16160	179
<b>Total Department of Social Services</b>		<b>1,884</b>
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) - Totally Disabled	11000-OPM20600-17011	4,934
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	668,312
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	109,673
Property Tax Relief for Elderly Homeowners - Freeze	11000-OPM20600-17021	13,265
Municipal Grants-In-Aid	12052-OPM20600-43587	427,527
Local Capital Improvement Program	12050-OPM20600-40254	218,603
Regional Performance Incentive	12060-OPM20600-35457	23,400
Payment in Lieu of Taxes (PILOT) - State Owned Property	11000-OPM20600-17004	3,047,008
<b>Total Office of Policy and Management</b>		<b>4,512,722</b>
Department of Housing		
Payment in Lieu of Taxes (PILOT) - Housing Authority	11000-DOH46920-17012-039	56,620
Department of Transportation		
Town Aid Road Grant	12001-DOT57131-43455	215,157
Pay-As-You-Go Transportation Projects	12001-DOT57261-12518	47,688
Improvements for State Bridges / Railroads	13033-DOT57124-41393	49
<b>Total Department of Transportation</b>		<b>262,894</b>
Department of Public Health		
School Based Health Center - Bond Fund	11000-DPH48830-17019	450,672
Department of Public Safety		
School Security Infrastructure	12052-DPS32183-43546	96,417
Asset Forfeiture	12060-DPS32155-35142	4,292
		<b>100,709</b>
Department of Emergency Services and Public Protection		
Nuclear Safety Fund CT Yankee	12060-DPS32982-30464	276
Nuclear Safety Fund Dominion	12060-DPS32982-30465	3,168
		<b>3,444</b>
Department of Energy and Environmental Protection		
Nitrogen Exchange Program	21016-OTT14230-42407	4,914
Off Track Betting	34004-DCP18306-40001	23,436
		<b>28,350</b>
Judicial Department		
Motor Vehicle Fines	34001-JUD95162-40001	9,333

(Continued)

**Town of Windham, Connecticut**

**Schedule of Expenditures of State Financial Assistance (Continued)  
For the Year Ended June 30, 2015**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Administrative Services Non-Budgeted Operating Appropriation	13048-DAS27662-40001	<u>\$ 80,333</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>16,038,479</u>
Exempt Programs		
Office of Policy and Management Mashantucket Pequot Grant	12009-OPM20600-17005	<u>892,577</u>
<b>Total Office of Policy and Management</b>		<u>892,577</u>
Department of Education:		
Transportation for School Children - Non-Public	11000-SDE64370-17049	37,827
Transportation for School Children - Public	11000-SDE64370-17027	283,675
Education Cost Sharing	11000-SDE64370-17041-82010	24,152,653
Charter Schools - Path Academy	12052-SDE64000-17041-84179	1,474,000
Special ED-AG. Placements and Excess Costs	11000-SDE64370-17047	<u>918,064</u>
<b>Total Department of Education</b>		<u>26,866,219</u>
Department of Construction Services		
School Construction Progress Payments	13010-DCS28000-40901	5,949,577
School Construction - Principal	13010-DCS28000-40901	819,378
School Construction - Interest	13009-DCS28000-40896	<u>75,512</u>
<b>Total Department of Construction Services</b>		<u>6,844,467</u>
<b>Total Exempt Programs</b>		<u>34,603,263</u>
<b>Total Expenditures of State Financial Assistance</b>		<u><b>\$ 50,641,742</b></u>

See Notes to Schedule of Expenditures of State Financial Assistance.

## Town of Windham, Connecticut

### Notes to Schedule of Expenditures of State Financial Assistance

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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, 2015. 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, 2015:

#### 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, 2014	Issued	Retired	Balance June 30, 2015
CWF 551-D	12/29/2005	2.00%	\$ 789,646	\$ 456,661	\$ -	\$ 29,429	\$ 427,232
CWF 551-C	9/22/2008	2.00%	15,811,494	13,610,768	-	834,621	12,776,147

\* Represents total loan commitment from the Clean Water Fund.

**Town of Windham, Connecticut**

**Schedule of State Single Audit Compliance Findings and Questioned Costs**

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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?  Yes  No  
None reported
- Significant deficiency(ies) identified?  Yes  No
- Noncompliance material to financial statements noted?  Yes  No

*State Financial Assistance*

Internal control over major programs:

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

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

**Town of Windham, Connecticut**

**Schedule of State Single Audit Compliance Findings and Questioned Costs (Continued)**

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

State Grantor and Program	State CORE-CT Number	Expenditures
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes - State Owned Property	11000-OPM20600-17004	\$ 3,047,008
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	668,312
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	109,673
<b>Department of Education</b>		
Low Performing Schools Start Up	12052-SDE64370-43539	498,725
Magnet School - Operating	11000-SDE64370-17057	1,831,900
Commissioner's Network	11000-SDE64370-12547	891,223
Special Masters	11000-SDE64370-12568	700,000
<b>Office of Early Childhood</b>		
Child Care Services	11000-OEC64841-12520	365,733
<b>Department of Public Safety</b>		
School Security Infrastructure	12052-DPS32183-43546	96,417
Dollar threshold used to distinguish between Type A and Type B programs		\$ 320,770

II. Financial Statement Findings

- We issued reports dated July 26, 2016, on internal control over financial reporting and compliance with other matters based on an audit of the basic financial statements performed in accordance with "Government Auditing Standards."
- Our report on internal control over financial reporting noted two matters (2015-001 and 2015-002).

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**

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There were no findings in the prior year.