

# **Town of Deep River, Connecticut**

Federal and State Financial and Compliance Report  
Fiscal Year Ended June 30, 2016

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RSM US LLP

**Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

**Independent Auditor's Report**

To the Board of Finance  
Town of Deep River, Connecticut

**Report on Compliance for Each Major Federal Program**

We have audited Town of Deep River, 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 the Town's major federal programs for the year ended June 30, 2016. The Town's major federal program is 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 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 the Town's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

**Opinion on the 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 its major federal program 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town 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 May 9, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

New Haven, Connecticut  
May 9, 2017

**Town of Deep River, Connecticut**

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

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity's Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
Passed through the State of Connecticut			
Department of Education:			
Child Nutrition Cluster:			
School Breakfast	10.553	12060-SDE64370-20508	\$ 6,358
National School Lunch Program	10.555	12060-SDE64370-20560	43,436
<b>Total Child Nutrition Cluster</b>			<u>49,794</u>
Direct Programs:			
Water and Waste Disposal Systems for Rural Communities Grant	10.760	N/A	4,351,644
<b>Total U.S. Department of Agriculture</b>			<u>4,401,438</u>
<b>U.S. Department of Transportation:</b>			
Passed through the Connecticut Department of Transportation:			
Highway Planning and Construction	20.205	12062-DOT57191-22108	22,629
Alcohol Open Container Requirements	20.601	12062-DOT57513-22091	32,443
<b>Total U.S. Department of Transportation</b>			<u>55,072</u>
<b>U.S. Department of Education:</b>			
Passed through the State of Connecticut			
Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-82070-2016	61,745
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-82070-2015	1,126
<b>Total Title I, Part A Cluster</b>			<u>62,871</u>
Title II - Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-84131-2016	2,551
Title II - Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-84131-2015	8,106
<b>Total Title II</b>			<u>10,657</u>
<b>Total U.S. Department of Education</b>			<u>73,528</u>
<b>Total Federal Awards Expended</b>			<u>\$ 4,530,038</u>

See notes to schedule of expenditures of federal awards.

## Town of Deep River, Connecticut

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

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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 Deep River, Connecticut (the Town) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or changes in fund balance of the Town.

#### **Note 2. Summary of Significant Accounting Principles**

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

#### **Note 3. Non-Cash Awards**

**U.S.D.A. contributions:** Donated commodities in the amount of \$9,730 from the Department of Agriculture are included in the National School Lunch Program, CFDA #10.555. The amount represents the market value of such commodities used during the period.

#### **Note 4. Indirect Cost Recovery**

The Town did not recover its indirect cost using the 10% de minimus indirect cost rate provided under Section 200.414 of the Uniform Guidance.

#### **Note 5. USDA Loans**

The Town has a Rural Communities Loan of \$3,659,000. The balance of the loan as of July 1, 2015 was \$-0-.

**Town of Deep River, Connecticut**

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

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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      X   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 2 CFR 200.516(a)? \_\_\_\_\_ Yes      X   No

*Identification of Major Programs*

CFDA Numbers	Program Name or Cluster
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10.760	Waste and Water Disposal Systems for Rural Communities
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- Dollar threshold to distinguish between Type A and Type B programs   \$750,000

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

Town of Deep River, Connecticut

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2016

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II. Financial Statement Findings

**Significant Deficiency in Internal Control**

**2016-001** Financial Reporting Requirements

**Criteria** Management is responsible for establishing and maintaining internal controls to provide reasonable assurance that the financial statements are fairly presented and are in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Condition** Significant adjustments were posted to the Town's financial statements to properly record transactions in accordance with GAAP. Adjustments included, but were not limited to, the following:

- Entry posted for USDA loan activity
- Entries for interfund balances
- Entries related to grant activity

**Context** Systemic

**Effect** Audit adjustments were posted to present the financial statements in accordance with GAAP.

**Cause** All reconciliations should be completed at a more detailed level and all adjustments should be reviewed, and if needed, seek additional guidance as required.

**Recommendation:** We recommended that the Town follow its policies and procedures for effective internal controls over preparation of financial statements. If complex transactions occur, we recommend seeking outside guidance as required.

**Management Response** Management agrees with the finding.

III. Federal Award Findings and Questioned Costs

No matters were reported.

**Town of Deep River, Connecticut**

**Summary of Prior Year Audit Findings  
For the Year Ended June 30, 2016**

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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 Deep River, 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 Deep River, 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 May 9, 2017.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency (2016-001).

**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*.

**The Town of Deep River, Connecticut's Response to Finding**

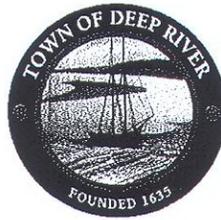
The Town of Deep River, Connecticut's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The Town of Deep River, Connecticut's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*RSM US LLP*

New Haven, Connecticut  
May 9, 2017



SELECTMAN'S OFFICE  
174 Main Street  
Deep River, Connecticut 06417

**Corrective Action Plan  
For the Fiscal Year Ended June 30, 2016**

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**Section II – Financial Statement Findings**

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**Finding:** 2016-001

**Contact Person:** Cathy Kehlenbach

**Corrective Action:** The Town will ensure that all required adjustments to present the financial statements in accordance with GAAP are recorded prior to the commencement of the audit.

**Proposed Completion Date:** The Finance Department will implement the above corrective action for the fiscal year ended June 30, 2017.

**Report on Compliance for Each Major State Program;  
Report on Internal Control over Compliance; and Report on the 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 Deep River, Connecticut

**Report on Compliance for Each Major State Program**

We have audited the Town of Deep River, Connecticut's (the Town) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2016. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

**Opinion on Each Major State Program**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

## **Report on Internal Control over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 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 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 have issued our report thereon dated May 9, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's 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  
May 9, 2017

**Town of Deep River, 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
<b>Department of Economic and Community Development:</b>		
Small Town Economic Assistance Program (STEAP)	12052-ECD46350-42411	\$ 352,263
<b>Department of Education:</b>		
Child Nutrition Program - School Lunch State Match	11000-SDE64000-16211	1,353
Healthy Foods Initiative	11000-SDE64000-16212	2,781
School Breakfast Program	11000-SDE64000-17046	3,084
High Quality Schools Start Up	12052-SDE64370-43538	7,185
<b>Total Department of Education</b>		<b>14,403</b>
<b>Connecticut State Library:</b>		
Historic Documents Preservation Grant	12060-CSL66094-35150	3,000
Grants to Public Libraries	11000-CSL66051-17003	1,088
Connecticard Payments	11000-CSL66051-17010	467
<b>Total Connecticut State Library</b>		<b>4,555</b>
<b>Office of Policy and Management:</b>		
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	287
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	40,763
Property Tax Relief for Veterans	11000-OPM20600-17024	3,638
Local Capital Improvement Program	12050-OPM20600-40254	30,364
Municipal Grants in Aid	12052-OPM20600-43587	104,136
<b>Total Office of Policy and Management</b>		<b>179,188</b>
<b>Department of Transportation:</b>		
Town Aid Road	12052-DOT57131-43455	198,560
<b>Department of Environmental Protection:</b>		
Environmental Conservation Fund	11000-DEP43153-12491	50
<b>Judicial Branch:</b>		
Non-Budgeted Operating Appropriations	34001-JUD95162-40001	5,890
<b>Total State Financial Assistance Before Exempt Programs</b>		<b>754,909</b>

(Continued)

**Town of Deep River, Connecticut**

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

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
<b>Exempt Programs:</b>		
<b>Office of Policy and Management:</b>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	\$ 14,288
<b>Total Office of Policy and Management</b>		<u>14,288</u>
<b>State Department of Education:</b>		
Transportation for School Children - Public	11000-SDE64370-17027	5,662
Education Cost Sharing	11000-SDE64370-17041	1,716,611
Excess Cost - Student Based	11000-SDE64370-17047	110,351
<b>Total State Department of Education</b>		<u>1,832,624</u>
<b>Total Exempt Programs</b>		<u>1,846,912</u>
<b>Total State Financial Assistance</b>		<u>\$ 2,601,821</u>

See notes to schedule of expenditures of state financial assistance.

**Town of Deep River, Connecticut**

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

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Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Deep River, 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 safety, general government, public works, library, public health, transportation, property tax relief for certain individuals and economic and community development.

**Note 1. Summary of Significant Accounting Policies**

The accounting policies of the Town of Deep River, 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.

**Basis of accounting:** The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. 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 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 the loan program activity for the year ended June 30, 2016:

***Department of Environmental Protection:***

Clean Water Fund 21014-OTT14230-42318

Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
\$ 1,975,586	\$ -	\$ 164,975	\$ 1,810,611

**Town of Deep River, Connecticut**

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

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I. Summary of Independent Auditor's Audit 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? \_\_\_\_\_   X   Yes \_\_\_\_\_ None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

*State Financial Assistance*

Internal control over major programs:

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

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

- Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? \_\_\_\_\_ Yes   X   No

The following schedule reflects the major programs included in the State Single Audit.

State Program	State Grant Program State Core - CT	Expenditures
Office of Policy and Management:		
Small Town Economic Assistance Program	12052-OPM20870-40530	\$ 352,263
Local Capital Improvement Program	12050-OPM20600-40254	\$ 30,364
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	\$ 40,763
• Dollar threshold to distinguish between Type A and Type B programs		<u>\$100,000</u>

II. Financial Statement Findings

We issued reports dated May 9, 2017 on internal controls over financial reporting and compliance and other matters based on an audit of the basic financial statements performed in accordance with *Government Auditing Standards*. Our report noted one matter that we considered to be a significant deficiency (2016-001).

III. State Financial Assistance Findings and Questioned Costs

No matters were reported.

**Town of Deep River, Connecticut**

**Summary of Prior Year Audit Findings  
For the Year Ended June 30, 2016**

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There were no findings in the prior year for the State Single Audit.