

# **Town of Berlin, Connecticut**

State and Federal Single  
Audit Reports

Year Ended June 30, 2016

## Town of Berlin, Connecticut

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Year Ended June 30, 2016

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**Independent Auditors' 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**

**The Town Council**  
**Town of Berlin, Connecticut**

We have audited, in accordance with 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 Berlin, Connecticut ("Town") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 30, 2016.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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*.

We noted certain other matters that we reported to management of the Town in a separate letter dated December 30, 2016.

**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 result 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 purposes.

*PKF O'Connor Davies, LLP*

December 30, 2016

**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 Auditors' Report**

**The Town Council  
Town of Berlin, Connecticut**

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

We have audited the Town of Berlin, Connecticut's ("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.

***Auditors' 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 significant deficiencies or material weaknesses. 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 December 30, 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 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 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 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 taken as a whole.

*PKF O'Connor Davies, LLP*

December 30, 2016

**Town of Berlin, Connecticut**

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

<b>State Grantor Pass-Through Grantor Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
<b>Connecticut State Library</b>			
Grants to Public Libraries	11000-CSL66051-17003	\$ -	\$ 1,088
Connecticard Payments	11000-CSL66051-17010	-	1,231
Historic Documents Preservation Grants	12060-CSL66094-35150	-	3,000
<b>Total Connecticut State Library</b>		-	5,319
<b>Department of Transportation</b>			
Transit District Grants and Loans Transportation Fund - Bus Operations	12001-DOT57931-12175	-	26,960
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	-	311,160
<b>Total Department of Transportation</b>		-	338,120
<b>Department of Emergency Services and Public Protection</b>			
School Security Infrastructure	12052-DPS32161-43546	-	39,235
Drug Asset Forfeiture Revenue Account DPS	12060-DPS32155-35142	-	549
Enhanced 911 Telecommunication Fund	12060-DPS32741-35190	-	540
Fire School Training and Education - Extension	12060-DPS32251-35180	-	500
<b>Total Department of Emergency Services and Public Protection</b>		-	40,824
<b>Department of Economic and Community Development</b>			
Small Town Economic Assistance Program (ECD)	12052-ECD46260-42411	-	24,000
Small Town Economic Assistance Program (Veterans Memorial Park)	12052-ECD46260-42411	-	449,301
Small Town Economic Assistance Program (Sidewalks)	12052-ECD46260-42411	-	37,181
Brownfield Remediation and Development	12060-ECD46260-35533	-	98,650
<b>Total Department of Economic and Community Development</b>		-	609,132
<b>Department of Housing</b>			
Main Street Investment Fund	12052-DOH46930-43524	-	259,270
<b>Department of Justice</b>			
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	-	30,913
<b>Office of Policy and Management</b>			
Reimbursement of Property Tax - Disability Exemption	11000-OPM20600-17011	-	2,688
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	-	111,121
Property Tax Relief for Veterans	11000-OPM20600-17024	-	11,531
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	-	24,009
Small Town Economic Assistance Program (Façade)	12052-OPM20870-40530	-	177,295
Municipal Grants-In-Aid	12052-OPM20600-43587	-	786,396
<b>Total Office of Policy and Management</b>		-	1,113,040
<b>Department of Education</b>			
Regional Vocational-Tech Schools	11000-SDE64339-12519	-	330
Sheff Settlement	11000-SDE64370-12198	-	208,225
Youth Services Bureau Enhancement	11000-SDE64370-16201	-	5,817
Child Nutrition State Match	11000-SDE64370-16211	-	8,729
Health Foods Initiative	11000-SDE64370-16212	-	17,940
Adult Education	11000-SDE64370-17030	-	14,043
Health and Welfare - Private School Pupil	11000-SDE64370-17034	-	24,753
School Breakfast Program	11000-SDE64370-17046	-	15,158
Youth Services Bureaus	11000-SDE64370-17052	-	14,000
Open Choice Program	11000-SDE64370-17053	-	651,324
Open Choice Program - passed through CREC	11000-SDE64370-17053	-	27,000
High Quality Schools Start Up	11000-SDR63830-12060	-	63,668
<b>Total Department of Education</b>		-	1,050,987
<b>Total State Financial Assistance before Exempt Programs</b>		-	3,447,605

The accompanying notes are an integral part of this schedule

**Town of Berlin, Connecticut**

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

<b>State Grantor Pass-Through Grantor Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
<b>EXEMPT PROGRAMS</b>			
<b>Department of Education</b>			
Education Cost Sharing	11000-SDE64370-17041	\$ -	\$ 6,294,062
Public School Transportation	11000-SDE64370-17027	-	85,252
Nonpublic School Transportation	11000-SDE64370-17049	-	8,593
Special Education - Excess Cost - Student Based	11000-SDE64370-17047	-	675,157
<b>Total Department of Education</b>		-	<u>7,063,064</u>
<b>Department of Administrative Services</b>			
School Construction Grants	13010-DAS27635-40901	-	3,437,915
School Construction Grants	13010-DAS27636-40901	-	4,879,628
<b>Total Department of Children and Families</b>		-	<u>8,317,543</u>
<b>Office of Policy and Management</b>			
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	-	47,285
<b>Total Exempt Programs</b>		-	<u>15,427,892</u>
<b>Total State Financial Assistance</b>		\$ -	<u>\$ 18,875,497</u>

The accompanying notes are an integral part of this schedule



## **Town of Berlin, Connecticut**

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

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

##### **General**

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of the Town of Berlin, Connecticut ("Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2016. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

##### **Basis of Accounting**

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements and the financial statements for the business-type activities are prepared on the full accrual basis of accounting,

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period,
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as certain other expenditures, when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations of the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

## Town of Berlin, Connecticut

### Notes to Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2016

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#### 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 various loan program activity for the year ended June 30, 2016:

#### Department of Energy and Environmental Protection:

##### Clean Water Funds 21015-DEP43720-42318

	Issue Date	Interest Rate	Original Amount	Beginning Balance	Retired	Ending Balance
212-CSL	3/30/2015	2%	<u>\$ 2,236,514</u>	<u>\$ 2,236,514</u>	<u>\$ (195,695)</u>	<u>\$ 2,040,819</u>

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## Town of Berlin, Connecticut

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

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### Section 1 - Summary of Auditors' Results

#### Financial Statements

Type of auditors' opinion issued unmodified

Internal control over financial reporting

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted ☐ yes ☒ no

#### State Financial Assistance

Internal control over major programs

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditors' opinion issued on compliance for major programs unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? ☐ yes ☒ no

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

State Grantor and Program	State Core-CT Number	Expenditures
Department of Housing		
Main Street Investment Fund	12052-DOH46930-43524	\$259,270
Department of Economic and Community Development		
Small Town Economic Assistance Program (STEAP) – Veterans Memorial	12052-ECD46260-42411	449,301
Brownfield Remediation and Development	12060-ECD46260-35533	98,650
Office of Policy and Management		
Property Tax Relieve for Elderly Circuit Breaker	11000-OPM20600-17018	111,121
Small Town Economic Assistance Program (STEAP) – Façade	11000-OPM20600-40530	177,295
Municipal Grants-In-Aid	11000-OPM20600-43587	786,396

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

**Town of Berlin, Connecticut**

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

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**Section II - Financial Statement Findings**

No matters were reported.

**Section III - State Financial Assistance Findings and Questioned Costs**

No matters were reported

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

**Independent Auditors' Report**

**To the Town Council  
Town of Berlin, Connecticut**

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

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

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

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

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

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 30, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*PKF O'Connor Davies, LLP*

December 30, 2016

**Town of Berlin, Connecticut**

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

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Expenditures to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>				
Pass-Through programs from:				
Connecticut State Department of Education				
<b>Child Nutrition Cluster</b>				
National School Lunch	10.555	12060-SDE64370-20560	\$ -	\$ 182,867
School Breakfast Program	10.553	12060-SDE64370-20508	-	24,337
<b>Total U.S. Department of Agriculture</b>			-	207,204
<b>U.S. Department of the Interior</b>				
Pass-Through programs from:				
Connecticut Department of Economic and Community Development				
Historic Preservation Fund Grants-In-Aid	15.904	12060-ECD46840-21494	10,000	10,000
<b>U.S. Department of Transportation:</b>				
Pass-Through programs from:				
Connecticut Department of Transportation				
<b>Highway Planning and Construction Cluster:</b>				
Highway Planning and Construction	20.205	12062-DOT57513-22108	-	24,811
Highway Planning and Construction	20.205	12062-DOT57191-22108	-	174,745
Highway Planning and Construction	20.205	12062-DOT57124-22108	-	42
<b>Total Highway Planning and Construction Cluster</b>			-	199,598
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319	12062-DOT57124-22507	-	20,601
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319	12062-DOT57125-22507	-	500
Subtotal			-	21,101
Alcohol Open Container Requirements	20.607	12062-DOT57513-22091	-	6,858
National Priority Safety Programs	20.616	12062-DOT57513-22600	-	27,543
<b>Total U.S. Department of Transportation</b>			-	255,100
<b>U.S. Department of Education:</b>				
Pass-Through programs from:				
Connecticut State Department of Education				
<b>Special Education Cluster (IDEA)</b>				
Special Education - Grants to States (IDEA, Part B)	84.027	12060-SDE64370-20977 Cu	-	487,172
Special Education - Grants to States (IDEA, Part B)	84.027	12060-SDE64370-20977 CO	-	66,955
Subtotal			-	554,127
Special Education - Preschool Grants (IDEA Preschool)	84.173	12060-SDE64370-20983 Cu	-	16,477
Special Education - Preschool Grants (IDEA Preschool)	84.173	12060-SDE64370-20983 CO	-	4,919
Subtotal			-	21,396
<b>Total Special Education Cluster (IDEA)</b>			-	575,523
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679 Cu	-	279,585
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679 CO	-	151,591
Subtotal			-	431,176
Career and Technical Education - Basic Grants to States (Perkins)	84.048	12060-SDE64370-20742 Cu	-	27,744
Title III - English Language Acquisition Grants	84.365	12060-SDE64370-20868 Cu	-	17,063
Title III - English Language Acquisition Grants	84.365	12060-SDE64370-20868 CO	-	2,908
Subtotal			-	19,971
Title II - Supporting Effective Instruction State Grant	84.367	12060-SDE64370-20858 Cu	-	7,635
Title II - Supporting Effective Instruction State Grant	84.367	12060-SDE64370-20858 CO	-	54,857
Subtotal			-	62,492
<b>Total U.S. Department of Education</b>			-	1,116,906
<b>Total Federal Financial Assistance</b>			\$ 10,000	\$ 1,589,210

The accompanying notes are an integral part of this schedule

## **Town of Berlin, Connecticut**

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

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#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Town of Berlin, 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 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 assets, or cash flows of the Town.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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. The Town has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance and indirect costs are not allocated to the federal grants.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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## Town of Berlin, Connecticut

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

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#### Section 1 - Summary of Auditors' Results

##### **Financial Statements**

Type of auditors' report issued on whether financial statements audited  
were prepared in accordance with GAAP unmodified

Internal control over financial reporting

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted ☐ yes ☒ no

##### **Federal Awards**

Internal control over major programs

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major federal programs unmodified

Audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200.516(a)? ☐ yes ☒ no

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

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as a low risk auditee? ☒ yes ☐ no

#### Section II - Financial Statement Findings:

No matters were reported.

#### Section III - Federal Financial Assistance Findings And Questioned Costs

No matters were reported.