

**TOWN OF BERLIN, CONNECTICUT**

**STATE SINGLE AUDIT REPORT**

**JUNE 30, 2014**

**TOWN OF BERLIN, CONNECTICUT**

**STATE SINGLE AUDIT REPORT**

**JUNE 30, 2014**

**TABLE OF CONTENTS**

Independent Auditors' 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	1-3
Schedule of Expenditures of State Financial Assistance	4-7
Notes to Schedule of Expenditures of State Financial Assistance	8
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 <i>Government Auditing Standards</i>	9-10
Schedule of Findings and Questioned Costs	11



Accounting | Tax | Business Consulting

**Independent Auditors' 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**

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

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

We have audited the Town of Berlin, Connecticut's 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 of Berlin, Connecticut's major state programs for the year ended June 30, 2014. The Town of Berlin, Connecticut'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 of Berlin, Connecticut'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 of Berlin, Connecticut'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 of Berlin, Connecticut's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Town of Berlin, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

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

Management of the Town of Berlin, Connecticut, 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 of Berlin, Connecticut'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 of Berlin, Connecticut'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 of Berlin, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Berlin, Connecticut's basic financial statements. We issued our report thereon dated November 17, 2014, 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.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
November 17, 2014

**TOWN OF BERLIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>State Grantor/Pass-Through Grantor/ Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>Department of Economic and Community Development</b>		
Brownfield Remediation & Dev.	12060-ECD46260-35533	\$ 41,811
Small Town Economic Assistance Program (STEAP)	2013089001	<u>17,473</u>
Total Department of Economic and Community Development		<u>59,284</u>
<b>Department of Education</b>		
Sheff Settlement	11000-SDE84000-12457	187,125
Regional Vocational-Tech Schools	11000-SDE84000-12519	275
Youth Services Bureau - Enhancement	11000-SDE84000-16201	6,172
Child Nutrition State Matching Grant	11000-SDE64000-16211	9,398
Adult Education	11000-SDE64000-17030	12,293
Health Services	11000-SDE64000-17034	26,545
School Breakfast	11000-SDE64000-17046	9,593
Youth Services Bureau	11000-SDE64000-17052	14,000
High Quality Schools Start Up	12052-SDE64000-43538	180,572
Open Choice	11000-SDE64000-17053	721,325
<i>Passed through the Capitol Region Education Council:</i>		
Open Choice	11000-SDE64000-17053	<u>49,500</u>
Total Department of Education		<u>1,216,798</u>

(Continued on next page)

**TOWN OF BERLIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>State Grantor/Pass-Through Grantor/ Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>Department of Energy and Environmental Protection</b>		
Berlin Facility Repairs	12052-DEP43153-43160	\$ 300,000
Clean Water Fund	21015-DEP43720-42318	<u>1,587,188</u>
Total Department of Energy and Environmental Protection		<u>1,887,188</u>
<b>Connecticut State Library</b>		
Grants to Public Libraries	11000-CSL66051-17003	1,226
ConnectiCard Payments	11000-CSL66051-17010	3,293
Historic Documents Preservation Grants	12060-CSL66094-35150	<u>4,000</u>
Total Connecticut State Library		<u>8,519</u>
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	24,302
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	2,611
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	111,693
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	2,000
Property Tax Relief for Veterans	11000-OPM20600-17024	12,486
Local Capital Improvement Program	12050-OPM20600-40254	58,952
Municipal Grants-In-Aid	12052-OPM20600-43587	739,604
Small Town Economic Assistance Program (STEAP)	13-OPM300AG	<u>30,273</u>
Total Office of Policy and Management		<u>981,921</u>

(Continued on next page)

**TOWN OF BERLIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>State Grantor/Pass-Through Grantor/ Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>Department of Emergency Services and Public Protection</b>		
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	\$ <u>371</u>
<b>Department of Transportation</b>		
Town Aid Road - STO	13033-DOT57000-43459	383,123
Bus Operations	12001-DOT57000-12175	28,589
Small Town Economic Assistance Program (STEAP)	12052-DOT57191-40532	5,897
Intrastate Highway Projects	13033-DOT57125-41404	<u>500</u>
Total Department of Transportation		<u>418,109</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>4,572,190</u>
<b>Exempt Programs</b>		
<b>Office of Policy and Management</b>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	48,353
Municipal Revenue Sharing	12060-OPM20600-35458	275,004
Municipal Video Competition	12060-OPM20600-35362	<u>2,882</u>
Total Office of Policy and Management		<u>326,239</u>
<b>Department of Education</b>		
Public School Transportation	11000-SDE64000-17027	78,577
Educational Cost Sharing	11000-SDE64000-17041-82010	6,308,120
Excess Costs Student Based and Equity	11000-SDE64000-17047	492,133
Nonpublic School Transportation	11000-SDE64000-17049	<u>6,930</u>
Total Department of Education		<u>6,885,760</u>

(Continued on next page)



**TOWN OF BERLIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>State Grantor/Pass-Through Grantor/ Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>Department of Administrative Services</b>		
School Construction Grants	13010-DAS27636-40901	\$ <u>11,046,291</u>
Total Exempt Programs		<u>18,258,290</u>
<b>Total State Financial Assistance</b>		\$ <u><u>22,830,480</u></u>

The accompanying notes are an integral part of this schedule

**TOWN OF BERLIN, CONNECTICUT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the Town of Berlin, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2014. 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. Because the Schedule presents only a selected portion of the operations of the Town of Berlin, Connecticut, 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 Berlin, Connecticut.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Berlin, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented 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.

**NOTE 3 - 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, 2014:

Department of Energy and Environmental Protection:

Clean Water Funds Temporary Financing:

<u>Interest Rate</u>		<u>Balance Beginning</u>		<u>Issued</u>		<u>Retired</u>		<u>Balance Ending</u>
2%	\$	454,700	\$	1,587,188	\$	-	\$	2,041,888

The loans will be permanently financed at a future date. Currently, the notes are reported as short-term notes in the Water and Sewer Enterprise Fund.



Accounting | Tax | Business Consulting

**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***

To the Members of the Town Council  
Town of Berlin, 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 Berlin, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Berlin, Connecticut's basic financial statements, and have issued our report thereon dated November 17, 2014.

**Internal Control over Financial Reporting**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town of Berlin, Connecticut'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 of Berlin, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
November 17, 2014

**TOWN OF BERLIN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

**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 auditors' 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 audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Energy and Environmental Protection:		
Berlin Facility Repairs	12052-DEP43153-43160	\$ 300,000
Clean Water Fund - Loan	21015-DEP43720-42318	1,587,188
Office of Policy and Management:		
Municipal Grants-In-Aid	12052-OPM20600-43587	739,604

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

**II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**TOWN OF BERLIN, CONNECTICUT**

**FEDERAL SINGLE AUDIT REPORT**

**JUNE 30, 2014**

**TOWN OF BERLIN, CONNECTICUT**

**FEDERAL SINGLE AUDIT REPORT**

**JUNE 30, 2014**

**TABLE OF CONTENTS**

Independent Auditors' 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 OMB Circular A-133	1-3
Schedule of Expenditures of Federal Awards	4-6
Notes to Schedule of Expenditures of Federal Awards	7
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 <i>Government Auditing Standards</i>	8-9
Schedule of Findings and Questioned Costs	10



Accounting | Tax | Business Consulting

**Independent Auditors' 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 OMB Circular A-133**

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

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

We have audited the Town of Berlin, Connecticut's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Berlin, Connecticut's major federal programs for the year ended June 30, 2014. The Town of Berlin, Connecticut's major federal 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 federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town of Berlin, Connecticut'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 of Berlin, Connecticut'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 of Berlin, Connecticut's compliance.



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

In our opinion, the Town of Berlin, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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

Management of the Town of Berlin, Connecticut, 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 of Berlin, Connecticut'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 of Berlin, Connecticut'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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Berlin, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Berlin, Connecticut's basic financial statements. We issued our report thereon dated November 17, 2014, 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.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
November 17, 2014

**TOWN OF BERLIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>United States Department of Agriculture</b>			
<i>Passed Through the State of Connecticut Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-SDE64370-20508	\$ 37,334
National School Lunch Program	10.555	12060-SDE64370-20560	217,062
Special Milk Program for Children	10.556	12060-SDE64370-20500	<u>578</u>
Total United States Department of Agriculture			\$ <u>254,974</u>
<b>United States Department of Education</b>			
<i>Passed Through the State of Connecticut Department of Education:</i>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2013	44,491
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2014	<u>271,770</u>
			316,261
Special Education Cluster:			
Special Education - Grants to States	84.027	12060-SDE64370-20977-2013	41,078
Special Education - Grants to States	84.027	12060-SDE64370-20977-2014	480,046
Special Education - Preschool Grants	84.173	12060-SDE64370-20983-2014	<u>20,914</u>
			542,038
Career and Technical Education - Basic Grants to States	84.048	12060-SDE64370-20742-2014	31,999
English Language Acquisition Grants	84.365	12060-SDE64370-20868-2013	7,361
English Language Acquisition Grants	84.365	12060-SDE64370-20868-2014	<u>8,191</u>
			15,552
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2013	17,578
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2014	<u>24,525</u>
			<u>42,103</u>
Total United States Department of Education			<u>947,953</u>

(Continued on next page)

**TOWN OF BERLIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>United States Department of Housing and Urban Development</b>			
<i>Passed Through the State of Connecticut Department of Housing:</i>			
CDBG-State-Administered Small Cities Program Cluster: State-Administered Small Cities Program	14.228	12060-DOH46930-20730	\$ <u>375,295</u>
<b>United States Department of Justice</b>			
JAG Program Cluster:			
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-OPM20350-21921	\$ 28,484
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-DPS32523-26230	3,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-DPS32523-26185	25,500
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-DPS32523-90630	<u>5,625</u>
Total United States Department of Justice			<u>62,609</u>
<b>United States Department of Transportation</b>			
<i>Passed Through the State of Connecticut Department of Transportation:</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	12062-DOT57191-22108	135,745
Highway Planning and Construction	20.205	12062-DOT57124-22108	<u>21</u>
			135,766
Highway Safety Cluster:			
State and Community Highway Safety	20.600	12062-DOT57513-20559	5,995

(Continued on next page)

**TOWN OF BERLIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319	12062-DOT57124-22507	\$ 420
Alcohol Open Container Requirements	20.607	12062-DOT57513-22091	33,042
National Priority Safety Programs	20.616	12062-DOT57513-22600	<u>3,772</u>
Total United States Department of Transportation			<u>178,995</u>
<b>United States Institute of Museum and Library Services</b> <i>Passed Through the Connecticut State Library:</i>			
Library Services & Technology Act	45.310	12060-CSL66055-21031	<u>1,437</u>
<b>Total Federal Awards Expended</b>			\$ <u><u>1,821,263</u></u>

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, 2014**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Berlin, Connecticut, under programs of the federal government for the year ended June 30, 2014. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Because the Schedule presents only a selected portion of the operations of the Town of Berlin, Connecticut, 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 Berlin, Connecticut.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. 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 \$30,073 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.



Accounting | Tax | Business Consulting

**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***

To the Members of the Town Council  
Town of Berlin, 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 Berlin, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Berlin, Connecticut's basic financial statements, and have issued our report thereon dated November 17, 2014.

**Internal Control over Financial Reporting**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town of Berlin, Connecticut'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 of Berlin, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
November 17, 2014



**TOWN OF BERLIN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported

Type of auditors' 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 Circular A-133?

\_\_\_\_\_ yes        X   no

Identification of major program:

CFDA #	Name of Federal Program or Cluster
84.010	Title I, Part A Cluster
14.228	State Administered Small Cities Program Cluster

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

Auditee qualified as low-risk auditee?   X   yes      \_\_\_\_\_ no

**II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.