

Town of East Lyme, Connecticut

Federal and State Compliance Reports
Year Ended June 30, 2019

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RSM US LLP

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

Independent Auditor's Report

To the Board of Finance
Town of East Lyme, Connecticut

Report on Compliance for Each Major Federal Program

We have audited Town of East Lyme, Connecticut's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2019. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the 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, 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 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, 2019.

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 a 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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 27, 2020, 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.

RSM US LLP

New Haven, Connecticut
February 27, 2020

Town of East Lyme, Connecticut

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Passed through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.555	12060-SDE64370-20508	\$ -	\$ 40,574
National School Lunch Program	10.555	12060-SDE64370-20560	-	295,753
Total Child Nutrition Cluster			<u>-</u>	<u>40,574</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>295,753</u>
U.S. Department of Education				
Passed through State Department of Education:				
Title I - Improving Basic Programs 17-19				
Title I - Improving Basic Programs 17-19	84.010	12060-SDE64370-20679	-	194,064
Title I - Improving Basic Programs 18-20	84.010	12060-SDE64370-20679	-	192,111
Total Title I			<u>-</u>	<u>194,064</u>
Special Education - Cluster:				
IDEA Part B, Section 619- Preschool 17-19	84.173	12060-SDE64370-20983	-	11,010
IDEA Part B, Sec 611 17-19	84.027	12060-SDE64370-20977	-	127,902
IDEA Part B, Sec 611 18-20	84.027	12060-SDE64370-20977	-	382,479
Total Special Education - Cluster			<u>-</u>	<u>138,912</u>
Carl Perkins - Basic Grants to States	84.048	12060-SDE64370-20742	-	23,522
Title II Part A - Teachers 18-20	84.367	12060-SDE64370-20858	-	41,164
Total U.S. Department of Education			<u>-</u>	<u>574,590</u>

(Continued)

Town of East Lyme, Connecticut

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Expenditures
U.S. Department of Transportation				
Passed through the State Department of Transportation:				
Alcohol Open Container	20.601	12062-DOT57343-22091	\$ -	\$ 76,054
Passed through the State Department of Environmental Protection:				
Recreational Trails Program	20.219	12060-DEP44321-20296	-	2,635
Total U.S. Department of Transportation			<u>-</u>	<u>78,689</u>
U.S. National Endowment for the Humanities				
Passed through the State Department of Economic and Community Development:				
National Endowment of the Arts	45.025	12060-ECD46820-20328	-	358
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 79,047</u>

See Notes to Schedule of Expenditures of Federal Awards.

Town of East Lyme, Connecticut

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of East Lyme, Connecticut (the Town) under programs of the federal government for the year ended June 30, 2019. 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 position, or cash flows of the Town.

Note 2. Summary of Significant Accounting Principles

Expenditures reported in the Schedule are recognized using the modified accrual basis of accounting. Such expenditures are reported following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Noncash Awards

U.S.D.A. contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$35,661 represents the market value of such commodities used during the period. This amount is included in the National School Lunch amount of the Child Nutrition Cluster.

Note 4. Indirect Cost Recovery

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

Town of East Lyme, Connecticut

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

I. Summary of Auditor's Results

Financial Statements

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

- Any audit findings disclosed that are required to be reported in accordance with Section 2CFR 200.516(a)? Yes No

Identification of Major Programs

CFDA Numbers	Name of Federal Program or Cluster
84.173/84.027 84.010	Special Education Cluster Title I

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

\$750,000

Auditee qualified as low-risk auditee?

Yes No

Town of East Lyme, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019**

II. Financial Statement Findings

A. Deficiencies in Internal Control

Significant Deficiencies in Internal Control

2019-001. Federal Reporting Package

Criteria:

In order to comply with federal guidelines, the Town needs to file its federal reporting package within nine months of year-end or thirty days after issuance.

Condition:

The Town did not file the 2018 and 2017 federal reporting package with the Federal Audit Clearinghouse within federal guidelines.

Cause:

Management did not commit adequate resources to enable completion of the financial statements in a timely manner.

Effect:

Management was not in compliance with federal guidelines, which could cause a reduction or loss in funding from Federal grantors.

Recommendation:

Management should complete required timeframes such that the federal reporting package be filed within 30 days after issuance or within nine months of year-end.

Management Response:

Management agrees with the finding.

B. Compliance Findings

No matters to report.

III. Federal Award Findings and Questioned Costs

No matters to report.

Town of East Lyme, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2019**

Financial Statement Findings

2018-001:

Audit Finding: There were numerous journal entries made to the final trial balances, resulting in significant changes from the preliminary trial balances.

Corrective Action: Corrected in current year.

IC2018-002:

Audit Finding: The Town did not file the federal reporting package with the Federal Audit Clearinghouse within federal guidelines.

Corrective Action: The finding has been repeated as 2019-001.

Federal Single Audit Findings

The prior year single audit disclosed no Federal single audit findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from the prior Federal Single Audit's *Summary of Prior Audit Findings*.



RSM US LLP

**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 East Lyme, 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 East Lyme, Connecticut (the Town) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 27, 2020.

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 have not been 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 (2019-001).

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 East Lyme, Connecticut's Response to Finding

The Town of East Lyme, Connecticut's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of East Lyme, 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
February 27, 2020



**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**

RSM US LLP

Independent Auditor's Report

To the Board of Finance
Town of East Lyme, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of East Lyme, 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, 2019. 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, 2019.

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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated February 27, 2020, 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 basic 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
February 27, 2020

Town of East Lyme, Connecticut

**Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2019**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Passed through to Subrecipients	Expenditures
Office of Policy and Management			
Reimbursement Property Tax Disability Exemption	11000-OPM20600-17011	\$ -	\$ 1,413
Property Tax Relief for Veterans	11000-OPM20600-17024	-	14,988
Property Tax Relief State-Owned Property	11000-OPM20600-17004	-	192,581
Municipal Purposes and Projects	12052-OPM20600-43587	-	22,442
Payment in Lieu of Taxes (PILOT) on Private Colleges	11000-OPM20600-17006	-	28,062
		-	<u>259,486</u>
Department of Education			
Child Nutrition State Matching Grant	11000-SDE64370-16211	-	8,685
Healthy Foods Initiative	11000-SDE64370-16212	-	16,548
Youth Service Bureau Enhancement	11000-SDE64370-16201	-	5,753
Youth Service Bureau	11000-SDE64370-17052	-	19,480
School Breakfast	11000-SDE64000-17046	-	14,489
Adult Education	11000-SDE64370-17030	-	16,051
Talent Development	11000-SDE64370-12552	-	5,455
Magnet School	11000-SDE64370-17057	-	46,800
		-	<u>133,261</u>
Department of Transportation			
Town Aid Road Grants-Municipal	12052-DOT57131-43455-34005	-	159,501
Town Aid Road Grants-STO	12052-DOT57131-43459-34005	-	159,501
		-	<u>319,002</u>
Department of Public Health			
Drinking Water State Revolving Fund	21018-DPH48770-42319	-	<u>113,776</u>
Department of Economic and Community Development			
Brownfield Remediation & Development	12060-ECD46260-35533	-	4,520
Small Town Economic Assistance	11000-ECD46260-42411	-	255,797
Arts Commission	11000-ECD46820-16258	-	632
		-	<u>260,949</u>

(Continued)

Town of East Lyme, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2019**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Passed through to Subrecipients	Expenditures
Department of Public Safety			
Enhanced 911 Telecomm Fund	12060-DPS32740-35190	\$ -	\$ 1,600
Fire Sch Train & Ed Extension	12060-DPS32251-35180	-	45
Nuclear Emergency Safety Fund	12060-DPS32982-90428	-	72,362
Drug Asset Forfeiture	12060-DPS32155-35142	-	1,002
		-	75,009
Connecticut State Library			
Historic Documents Preservation Grants	12060-CSL66094-35150	-	4,500
Department of Energy & Environmental Protection			
Passed through University of Connecticut Coastal Resilience Grant	KFS 6365830	-	50,000
Total State Financial Assistance Before Exempt Programs		-	1,215,983
Exempt Programs			
Department of Education			
Education Cost-sharing	11000-SDE64370-17041	-	6,423,087
Excess Cost - Student Based	11000-SDE64370-17047	-	440,939
Total Department of Education		-	6,864,026
Office of Policy and Management			
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	-	270,204
Municipal Stabilization Grant	11000-OPM20600-17104	-	524,097
Total Office of Policy and Management		-	794,301
Office of Construction Services			
School Construction- Principal	13010-DAS27000-40901	-	654,559
Total Exempt Programs		-	8,312,886
Total State Financial Assistance		\$ -	\$ 9,528,869

See Notes to Schedule of Expenditures of State Financial Assistance.

Town of East Lyme, Connecticut

**Notes to Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2019**

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 East Lyme, Connecticut (the Town), under programs of the State of Connecticut for the fiscal year ended June 30, 2019. 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, it is not intended to, and does not, present the financial position, changes in fund balance, and changes in net position or cash flows of the Town.

Note 2. Summary of Significant Accounting Policies

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations, and accordingly, expenditures and revenues are recognized on the modified accrual basis of accounting. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

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(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, 2019:

Department of Energy and Environmental Protection:

Clean Water Funds	Issue Date	Interest Rate	Original Amount	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
<u>6865-3100-888</u>							
2010-8003	12/28/2011	2.06%	\$ 401,454	\$ 276,548	\$ -	\$ 18,751	\$ 257,797
2012-7010	6/30/2013	2.00%	360,516	272,711	-	16,377	256,334
Interim Funding Obligation	4/18/2017	2.00%	390,870	296,365	49,278	345,643	-
2017-7057	9/28/2018	2.00%	345,643	-	345,643	-	345,643
Total				\$ 845,624	\$ 394,921	\$ 380,771	\$ 859,774

Town of East Lyme, Connecticut

**Schedule of State Single Audit Compliance Findings and Questioned Costs
For the Year Ended June 30, 2019**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's opinion 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 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 X No

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

State Grantor and Program	State Core-CT Number	Expenditures
Office of Policy and Management		
Property Tax Relief State-Owned Property	11000-OPM20600-17004	\$ 192,581
Department of Transportation		
Town Aid Road Grants	12052-DOT57131-43459/43455	319,002
Department of Economic and Community Development		
Small Town Economic Assistance Program (STEAP)	11000-ECD46260-42411	255,797
• Dollar threshold used to distinguish between type A and Type B programs:		<u>\$200,000</u>

II. Financial Statement Findings

- We issued report, dated February 27, 2020, on internal control 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 on compliance reported no reportable instances of noncompliance.
- Our report on internal control over financial reporting disclosed one matter (2019-001)

Town of East Lyme, Connecticut

**Schedule of State Single Audit Compliance Findings and Questioned Costs
For the Year Ended June 30, 2019**

III. State Financial Assistance Findings and Questioned Costs

No matters to report.

Town of East Lyme, Connecticut

**Summary of Prior Year State Financial Assistance Audit Findings
For the Year Ended June 30, 2019**

Finding No. SCF2018-001

Condition: The Town did not file the required form for the Local Capital Improvement Program.

Current Status: The finding has been corrected in current year.