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**FEDERAL SINGLE AUDIT**  
**AND**  
**STATE SINGLE AUDIT**  
**OF THE**  
**TOWN OF EAST HAVEN, CONNECTICUT**

***FOR THE YEAR ENDED***  
***JUNE 30, 2009***

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**TOWN OF EAST HAVEN, CONNECTICUT**

**FEDERAL SINGLE AUDIT  
AND  
STATE SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2009**

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# **Federal Single Audit**

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**TOWN OF EAST HAVEN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through State Department of Education:			
School Breakfast Program.....	10.553	12060-20508-82079-2008-170005	\$ 9,944
School Breakfast Program.....	10.553	12060-20508-82079-2009-170005	81,517
National School Lunch Program.....	10.555	12060-20560-82079-2008-170005	53,378
National School Lunch Program.....	10.555	12060-20560-82079-2009-170005	404,130
National School Lunch Program - Commodities.....	10.555		64,650
School Milk Program for Children.....	10.556	12060-20500-82079-2008-170005	547
School Milk Program for Children.....	10.556	12060-20500-82079-2009-170005	2,932
TOTAL U.S. DEPARTMENT OF AGRICULTURE.....			617,098
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed through State Department of Transportation:			
Occupant Protection Incentive Grants.....	20.602		4,306
Alcohol Open Container Requirements.....	20.607		8,864
Safety Belt Performance Grant.....	20.609		4,200
TOTAL U.S. DEPARTMENT OF TRANSPORTATION.....			17,370
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Passed through State Department of Economic and Community Development:			
Community Development Block Grants/Small Cities Program.....	14.228		264,671
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Passed through State Department of Public Safety:			
Public Safety Partnership and Community Policing Grants.....	16.710		2,700
Direct Program:			
Federal Asset Forfeiture.....	16		109,876
TOTAL U.S. DEPARTMENT OF JUSTICE.....			112,576
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed through State Department of Education:			
Adult Education - Basic Grants to States.....		12060-20784-84002-2008-170015	20,513
Adult Education - Basic Grants to States.....		12060-20784-84002-2009-170015	13,000
TOTAL ADULT EDUCATION - BASIC GRANTS TO STATES.....	84.002		33,513
Title I Grants to Local Educational Agencies .....		12060-20679-82070-2008-170002	66,525
Title I Grants to Local Educational Agencies .....		12060-20679-82070-2009-170002	444,472
TOTAL TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES.....	84.010		510,997
Special Education - Grants to States.....		12060-20977-82032-2008-170002	9,856
Special Education - Grants to States.....		12060-20977-82032-2009-170002	408,312
TOTAL SPECIAL EDUCATION - GRANTS TO STATES.....	84.027		418,168
Career and Technical Education - Basic Grants to States.....	84.048	12060-20742-84010-2009-170002	55,684
Special Education - Preschool Grants.....	84.173	12060-20983-82032-2009-170002	37,889

(Continued)

See notes to Schedule of Expenditures of Federal Awards

**TOWN OF EAST HAVEN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Safe and Drug-Free Schools and Communities - State Grants.....		12060-20873-84131-2008-170002	\$ 475
Safe and Drug-Free Schools and Communities - State Grants.....		12060-20873-84131-2009-170002	9,090
TOTAL SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS.....	84.186		9,565
Education Technology State Grants.....	84.318	12060-20826-82079-2009-170002	2,059
Education Technology State Grants.....	84.318	12060-20826-82079-2008-170002	664
TOTAL EDUCATION TECHNOLOGY STATE GRANTS.....			2,723
English Language Acquisition Grants.....		12060-20868-82075-2008-170002	4,105
English Language Acquisition Grants.....		12060-20868-82075-2009-170002	26,239
English Language Acquisition Grants (Immigrant and Youth Education).....		12060-20868-82076-2008-170002	19,720
English Language Acquisition Grants (Immigrant and Youth Education).....		12060-20868-82076-2009-170002	13,685
TOTAL ENGLISH LANGUAGE ACQUISITION GRANTS.....	84.365		63,749
Improving Teacher Quality State Grants.....	84.367	12060-20858-84131-2009-170002	112,869
TOTAL U.S. DEPARTMENT OF EDUCATION.....			1,245,157
<b><u>ELECTION ASSISTANCE COMMISSION:</u></b>			
Passed through Secretary of the State:			
Help America Vote Act Requirements Payments.....	90.401		6,400
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Passed through State Department Emergency & Homeland Security:			
Emergency Management Performance Grants.....	97.042		8,967
State Homeland Security Program (SHSP).....	97.073		29,629
Law Enforcement Terrorism Prevention Program (LETPP).....	97.074		10,030
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			48,626
TOTAL FEDERAL AWARDS.....			\$ 2,311,898

(Concluded)

**TOWN OF EAST HAVEN, CONNECTICUT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of East Haven, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to federal awards:

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting and a current financial resources measurement focus. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

**2. NONCASH FEDERAL AWARDS**

The Town received and expended \$64,650 of USDA donated commodities under the National School Lunch Program.

**TOWN OF EAST HAVEN, CONNECTICUT**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**Finding 2008-1**

Finding has not been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

**Finding 2008-2**

Finding has not been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

**Finding 2008-3**

Finding has not been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

**Finding 2008-4**

Finding has not been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

**Finding 2008-5**

Finding has not been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

**Finding 2008-6**

Finding has not been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

**TOWN OF EAST HAVEN, CONNECTICUT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

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**I - SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?   x   yes        no

Significant deficiency(ies) identified that are  
not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to financial statements noted?        yes   x   no

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?   x   yes        no

Significant deficiency(ies) identified that are  
not considered to be material weakness(es)?        yes   x   none reported

Type of auditors' report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section .510(a)?   x   yes        no

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
10.553/10.555/10.556	Child Nutrition Cluster
84.027/84.173	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee?        yes   x   no



TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

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II - FINANCIAL STATEMENT FINDINGS

Finding

2008-1 Bank Reconciliations - General Fund:

Condition

The bank reconciliations for the Board of Education operating and payroll bank accounts were not reconciled in a regular and timely manner during the year. As a result, the Town and Board of Education did not reconcile disbursement activity/expenditures during the year.

Criteria

Effective internal control over cash requires monthly reconciliations to be performed on a timely basis.

Questioned Cost

There were no questioned costs.

Context

The deficiency was identified during the fiscal year.

Effect

All transactions and activity were not recorded on a timely basis and, therefore, general ledger cash balances were not reconciled to the bank statement.

Cause

The cause is unknown.

Recommendation

We recommend that bank reconciliations be performed on a monthly basis within thirty days of month end and that balances are agreed and reconciled to the general ledger.

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

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II - FINANCIAL STATEMENT FINDINGS

Finding

2008-2 General Ledger Maintenance:

Condition

Certain journal entries, cash receipts, and cash disbursements were not posted timely in the general ledger for certain Board of Education accounts.

Criteria

Effective internal control over the general ledger requires all activity to be posted timely to the general ledger.

Questioned Cost

There were no questioned costs.

Context

The deficiency was identified during the fiscal year.

Effect

Cash balances and other general ledger accounts (Board of Education receivables and liabilities) as well as revenues and expenditures were not accurate at year end.

Cause

The cause is unknown.

Recommendation

We recommend that all activity of the Board of Education be recorded in the general ledger as it occurs.

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

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II - FINANCIAL STATEMENT FINDINGS

Finding

2008-3 Bank Reconciliations - Board of Education Special Revenue Funds:

Condition

The bank reconciliations for the Board of Education's Education Grants and School Lunch bank accounts were not reconciled in a regular and timely manner during the year.

Criteria

Effective internal control over cash requires monthly reconciliations to be performed on a timely basis.

Questioned Cost

There were no questioned costs.

Context

The deficiency was identified during the fiscal year.

Effect

All transactions and activity were not recorded on a timely basis in a general ledger and, therefore, general ledger cash balances were not reconciled to the bank statement.

Cause

The cause is unknown.

Recommendation

The bank reconciliations for the Board of Education's Education Grants and School Lunch bank accounts were not reconciled in a regular and timely manner during the year.

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

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II - FINANCIAL STATEMENT FINDINGS

Finding

2008-4 General Ledger Maintenance - Board of Education Special Revenue Funds:

Condition

Certain journal entries, cash receipts, and cash disbursements were not posted in the general ledger for the Board of Education's Education Grants and School Lunch funds.

Criteria

Effective internal control over the general ledger requires all activity to be posted timely to the general ledger.

Questioned Cost

There were no questioned costs.

Context

The deficiency was identified during the fiscal year.

Effect

Cash balances and other general ledger accounts (receivables and liabilities) as well as revenues and expenditures were not accurate at year end.

Cause

The cause is unknown.

Recommendation

We recommend that all activity be recorded in the general ledger as it occurs.

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

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III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding

2008-5 Bank Reconciliations - Board of Education Special Revenue Funds:

Condition

The bank reconciliations for the Board of Education's Education Grants and School Lunch bank accounts were not reconciled in a regular and timely manner during the year.

Criteria

Effective internal control over cash requires monthly reconciliations to be performed on a timely basis.

Questioned Cost

There were no questioned costs.

Context

The deficiency was identified during the fiscal year.

Effect

All transactions and activity were not recorded on a timely basis in a general ledger and, therefore, general ledger cash balances were not reconciled to the bank statement.

Cause

The cause is unknown.

Recommendation

We recommend that bank reconciliations be performed on a monthly basis within thirty days of month end and that balances are agreed and reconciled to the general ledger.

**TOWN OF EAST HAVEN, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**Finding**

2008-6 **General Ledger Maintenance - Board of Education Special Revenue Funds:**

**Condition**

Certain journal entries, cash receipts, and cash disbursements were not posted in the general ledger for the Board of Education's Education Grants and School Lunch funds.

**Criteria**

Effective internal control over the general ledger requires all activity to be posted timely to the general ledger.

**Questioned Cost**

There were no questioned costs.

**Context**

The deficiency was identified during the fiscal year.

**Effect**

Cash balances and other general ledger accounts (receivables and liabilities) as well as revenues and expenditures were not accurate at year end.

**Cause**

The cause is unknown.

**Recommendation**

We recommend that all activity be recorded in the general ledger as it occurs.

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

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III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding

2009-1    Cash Management - Special Education Cluster and Title I Grants to Local Educational Agencies:

Condition

Excess monies were drawn down by the Board of Education for the Special Education Cluster and Title I Grants to Local Educational Agencies during the last two month of the fiscal year.

Criteria

Federal cash management regulations require that only immediate cash requirements should be drawn down by the grantee.

Questioned Cost

There were no questioned costs.

Context

The deficiency occurred in the last month of the fiscal year in which the balance of the grant award was drawn down. The other 19 draw downs were done in accordance with the federal requirements.

Effect

Amounts were drawn down in excess of immediate cash requirements.

Cause

The cause is due to the Board of Education being without a Business Manager during that period.

Recommendation

We recommend that all cash drawn down requests be based upon actual immediate cash needed in accordance with federal regulations.



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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**

Town Council  
Town of East Haven, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of East Haven, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 26, 2010. We conducted our audit 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. The deficiencies are described in items 2008-1 to 2008-4.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.





Town of East Haven, Connecticut  
Page Two

Internal Control Over Financial Reporting (Continued)

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are material weaknesses.

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 matters that we reported to management of the Town in a separate letter dated January 26, 2010.

This report is intended solely for the information and use of management, the Town Council, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Kostin, Ruffkess & Company, LLC*

Farmington, Connecticut  
January 26, 2010



Business Advisors and Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Town Council  
Town of East Haven, Connecticut

Compliance

We have audited the compliance of the Town of East Haven, Connecticut, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2009. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

As described in item 2009-1 in the accompanying schedule of findings and questioned costs, the Town did not comply with requirements regarding cash management that are applicable to its Special Education Cluster and Title I programs. Compliance with such requirements is necessary, in our opinion, for the Town of East Haven, Connecticut to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Town of East Haven complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.



Town of East Haven, Connecticut  
Page Two

#### Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Town's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and material weaknesses.

A *control deficiency* in a Town's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Town's internal control. The deficiencies are described in items 2008-5 and 2008-6.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Town's internal control. However, we believe that the significant deficiencies described above are material weaknesses.



Town of East Haven, Connecticut  
Page Three

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2009, and have issued our report thereon dated January 26, 2010. Our audit was performed 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 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Town Council, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Kostin, Ruffkess & Company, LLC*

Farmington, Connecticut  
January 26, 2010

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**State  
Single  
Audit**

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**TOWN OF EAST HAVEN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CORE CT NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<b><u>DEPARTMENT OF EDUCATION:</u></b>			
School Readiness and Child Care in Competitive Grant Municipalities.....	11000-SDE64000-12113	11000-12113-82079-2009-170003	\$ 107,000
Healthy Food Certification.....	11000-SDE64000-16072	11000-16072-82010-2009-170005	32,429
Child Nutritional Program (School Lunch State Match).....	11000-SDE64000-16072	11000-16072-82051-2009-170005	14,691
Family Resource Centers.....	11000-SDE64000-16110	11000-16110-82079-2009-170003	97,200
Adult Education.....	11000-SDE64000-17030	11000-17030-84002-2009-170013	370,077
Health Services.....	11000-SDE64000-17034	11000-17034-82010-2009-170006	35,752
Young Parents Program.....	11000-SDE64000-17044	11000-17044-82079-2009-170003	16,381
School Breakfast.....	11000-SDE64000-17046	11000-17046-82057-2009	21,000
School Breakfast.....	11000-SDE64000-17046	11000-17046-82058-2009	2,550
Youth Services Bureau Enhancement.....	11000-SDE64000-16201	11000-16201-82079-2009-170002	6,250
Youth Services Bureau.....	11000-SDE64000-17052	11000-17052-82079-2009-170002	22,059
Open Choice.....	11000-SDE64000-17053	11000-17053-82060-2009	25,000
Early Reading Success Grant Program for Priority School Districts and Eligible Priority Schools.....	11000-SDE64000-17056	11000-17056-82079-2009-170003	100,000
Magnet School Transportation.....	11000-SDE64000-17057	11000-17057-82061-2009	11,700
Passed through A.C.E.S.:			
Open Choice.....	11000-SDE64000-17053	11000-17053-82060-2009	4,057
<b><u>DEPARTMENT OF EDUCATIONAL SERVICES FOR THE BLIND:</u></b>			
Education of Handicapped Blind Children.....	11000-ESB65020-12060		4,195
<b><u>DEPARTMENT OF ENVIRONMENTAL PROTECTION:</u></b>			
Community Conservation and Development.....	13019-DEP43153-41239		7,762
<b><u>DEPARTMENT OF TRANSPORTATION:</u></b>			
Town Aid Road Grants Transportation Fund.....	12001-DOT57000-17036		203,745
<b><u>DEPARTMENT OF PUBLIC UTILITY CONTROL:</u></b>			
Public, Educational and Governmental Programming and Educational Technology Investment Account (PEGPETIA).....	12060-PUC39170-35363		36,952
<b><u>DEPARTMENT OF SOCIAL SERVICES:</u></b>			
Services to the Elderly.....	11000-DSS60000-16123-10158		5,000
<b><u>DEPARTMENT OF ECONOMIC &amp; COMMUNITY DEVELOPMENT:</u></b>			
Passed through State Office of Policy and Management:			
Urban Action Bond - Central Business District PHAS.....	13019-ECD46000-41240-094		1,000,000
<b><u>DEPARTMENT OF PUBLIC SAFETY:</u></b>			
SNTF - Local Officer Incentive Program.....	11000-DPS32539-17089		9,600
Local Officer Incentive Program.....	12060-DPS32523-90361		900
State Assets Forfeiture Revolving Fund.....	12060-DPS32155-35142		34,061
<b><u>DIVISION OF SPECIAL REVENUE:</u></b>			
Payments to Municipalities - Parimutuels.....	34004-DSR18307-29109		66,410

(Continued)

**TOWN OF EAST HAVEN, CONNECTICUT**

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2009

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CORE CT NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<b><u>OFFICE OF POLICY AND MANAGEMENT:</u></b>			
Property Tax Relief for Elderly and Totally Disabled Homeowners.....	11000-OPM20600-17018		\$ 338,056
Property Tax Relief for Totally Disabled Homeowners.....	11000-OPM20600-17011		4,627
Property Tax Relief for Elderly Homeowners - Freeze Program.....	11000-OPM20600-17021		23,166
Property Tax Relief for Veterans.....	11000-OPM20600-17024		76,091
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles.....	11000-OPM20600-17031		43,816
Local Capital Improvement Program.....	12050-OPM20600-40254		39,786
Municipal Video Competition Trust Acct Grant.....	12060-35362-2008-13046		855
Heating Assistance Schools.....	11000-OPM20600-17096		43,878
<b><u>CONNECTICUT STATE LIBRARY:</u></b>			
State Grants to Public Libraries.....	11000-CSL66051-17003		2,665
Connecticard.....	11000-CSL66051-17010		6,327
Historical Preservation Grant.....	12060-CSL66094-35150		12,000
<b><u>OFFICE OF STATE COMPTROLLER:</u></b>			
Payment in Lieu of Taxes (PILOT) on State Owned Property.....	11000-OSC15910-17004		290,775
Mashantucket Pequot/Mohegan Fund.....	12009-OSC15910-17005		279,049
Boat Grant.....	12027-OSC15910-40211		8,585
TOTAL STATE ASSISTANCE BEFORE EXEMPT PROGRAMS.....			3,404,447
<b>EXEMPT PROGRAMS:</b>			
<b><u>DEPARTMENT OF EDUCATION:</u></b>			
Public School Transportation.....	11000-SDE64000-17027	11000-17027-82010-2009-170005	440,886
Equalization Cost Sharing.....	11000-SDE64000-17041	11000-17041-82010-2009-170002	18,748,275
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82016-2009	286,508
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82018-2009	491,966
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82019-2009	14,489
Nonpublic School Transportation.....	11000-SDE64000-17049	11000-17049-82010-2009-170006	32,069
School Construction Project - Interest.....	13009-SDE64000-40896	13009-40896-82004-2008-170063	242,412
School Construction Project - Interest.....	13009-SDE64000-40896	13009-40896-82004-2009-170063	351,503
School Construction Project - Principal.....	13010-SDE64000-40901	13010-40901-82003-2008-170001	1,386,517
School Construction Project - Principal.....	13010-SDE64000-40901	13010-40901-82003-2009-170001	383,185
TOTAL EXEMPT PROGRAMS.....			22,377,810
TOTAL STATE FINANCIAL ASSISTANCE.....			\$ 25,782,257

(Concluded)

## **TOWN OF EAST HAVEN, CONNECTICUT**

### **NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2009**

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Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of East Haven through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including Department of Education, Department of Transportation, Department of Environmental Protection, Office of Policy and Management, Connecticut State Library, Office of State Comptroller, Division of Special Revenue, and Department of Public Safety.

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of East Haven, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to State financial assistance:

##### **Basis of Presentation**

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the modified accrual basis of accounting and a current financial resources measurement focus.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), 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 EAST HAVEN, CONNECTICUT**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**Finding 2008-1**

Finding has not been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

**Finding 2008-2**

Finding has not been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

**Finding 2008-3**

Finding has not been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

**Finding 2008-4**

Finding has not been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

**Finding 2008-5**

Finding has not been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

**Finding 2008-6**

Finding has not been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

**TOWN OF EAST HAVEN, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?   x   yes        no

Significant deficiency(ies) identified that are  
not considered to be material weaknesses?        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?   x   yes        no

Significant deficiency(ies) identified that are  
not considered to be material weakness(es)?        yes   x   none reported

Type of auditors' report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with Section  
4-236-24 of the Regulations of 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 EDUCATION:		
School Readiness and Child Care in		
Competitive Grant Municipalities	11000-SDE64000-12113	\$ 107,000
Adult Education	11000-SDE64000-17030	370,077
Early Reading Success Grant Program for		
Priority School Districts and Priority Schools	11000-SDE64000-17056	100,000
DEPARTMENT OF TRANSPORTATION:		
Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	203,745
OFFICE OF POLICY AND MANAGEMENT:		
Property Tax Relief for Elderly and		
Totally Disabled Homeowners	11000-OPM20600-17018	338,056
OFFICE OF STATE COMPTROLLER:		
Payment in Lieu of Taxes (PILOT) on		
State-Owned Property	11000-OSC15910-17004	290,775
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	279,049
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:		
Urban Action Bond	13019-ECD46000-41240-094	1,000,000

## TOWN OF EAST HAVEN, CONNECTICUT

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

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#### II. FINANCIAL STATEMENT FINDINGS

- We issued our report dated January 26, 2010, 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.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated significant deficiencies, which are also considered to be material weaknesses.

#### Finding

##### 2008-1 Bank Reconciliations - General Fund:

#### Condition

The bank reconciliations for the Board of Education operating and payroll bank accounts were not reconciled in a regular and timely manner during the year. As a result, the Town and Board of Education did not reconcile disbursement activity/expenditures during the year.

#### Criteria

Effective internal control over cash requires monthly reconciliations to be performed on a timely basis.

#### Questioned Cost

There were no questioned costs.

#### Context

The deficiency was identified during the fiscal year.

#### Effect

All transactions and activity were not recorded on a timely basis and, therefore, general ledger cash balances were not reconciled to the bank statement.

#### Cause

The cause is unknown.

#### Recommendation

We recommend that bank reconciliations be performed on a monthly basis within thirty days of month end and that balances are agreed and reconciled to the general ledger.

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

---

II. FINANCIAL STATEMENT FINDINGS

2008-2 General Ledger Maintenance:

Condition

Certain journal entries, cash receipts, and cash disbursements were not posted timely in the general ledger for certain Board of Education accounts.

Criteria

Effective internal control over the general ledger requires all activity to be posted timely to the general ledger.

Questioned Cost

There were no questioned costs.

Context

The deficiency was identified during the fiscal year.

Effect

Cash balances and other general ledger accounts (Board of Education receivables and liabilities) as well as revenues and expenditures were not accurate at year end.

Cause

The cause is unknown.

Recommendation

We recommend that all activity of the Board of Education be recorded in the general ledger as it occurs.

**TOWN OF EAST HAVEN, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

---

**II - FINANCIAL STATEMENT FINDINGS**

**Finding**

2008-3 **Bank Reconciliations - Board of Education Special Revenue Funds:**

**Condition**

The bank reconciliations for the Board of Education's Education Grants and School Lunch bank accounts were not reconciled in a regular and timely manner during the year.

**Criteria**

Effective internal control over cash requires monthly reconciliations to be performed on a timely basis.

**Questioned Cost**

There were no questioned costs.

**Context**

The deficiency was identified during the fiscal year.

**Effect**

All transactions and activity were not recorded on a timely basis in a general ledger and, therefore, general ledger cash balances were not reconciled to the bank statement.

**Cause**

The cause is unknown.

**Recommendation**

The bank reconciliations for the Board of Education's Education Grants and School Lunch bank accounts were not reconciled in a regular and timely manner during the year.

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

---

II. FINANCIAL STATEMENT FINDINGS

2008-4 General Ledger Maintenance - Board of Education Special Revenue Funds:

Condition

Certain journal entries, cash receipts, and cash disbursements were not posted in the general ledger for the Board of Education's Education Grants and School Lunch funds.

Criteria

Effective internal control over the general ledger requires all activity to be posted timely to the general ledger.

Questioned Cost

There were no questioned costs.

Context

The deficiency was identified during the fiscal year.

Effect

Cash balances and other general ledger accounts (receivables and liabilities) as well as revenues and expenditures were not accurate at year end.

Cause

The cause is unknown.

Recommendation

We recommend that all activity be recorded in the general ledger as it occurs.

**TOWN OF EAST HAVEN, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**Finding**

2008-5 **Bank Reconciliations - Board of Education Special Revenue Funds:**

**Condition**

The bank reconciliations for the Board of Education's Education Grants and School Lunch bank accounts were not reconciled in a regular and timely manner during the year.

**Criteria**

Effective internal control over cash requires monthly reconciliations to be performed on a timely basis.

**Questioned Cost**

There were no questioned costs.

**Context**

The deficiency was identified during the fiscal year.

**Effect**

All transactions and activity were not recorded on a timely basis in a general ledger and, therefore, general ledger cash balances were not reconciled to the bank statement.

**Cause**

The cause is unknown.

**Recommendation**

We recommend that bank reconciliations be performed on a monthly basis within thirty days of month end and that balances are agreed and reconciled to the general ledger.

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

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III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

Finding

2008-6 General Ledger Maintenance - Board of Education Special Revenue Funds:

Condition

Certain journal entries, cash receipts, and cash disbursements were not posted in the general ledger for the Board of Education's Education Grants and School Lunch funds.

Criteria

Effective internal control over the general ledger requires all activity to be posted timely to the general ledger.

Questioned Cost

There were no questioned costs.

Context

The deficiency was identified during the fiscal year.

Effect

Cash balances and other general ledger accounts (receivables and liabilities) as well as revenues and expenditures were not accurate at year end.

Cause

The cause is unknown.

Recommendation

We recommend that all activity be recorded in the general ledger as it occurs.





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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

Town Council  
Town of East Haven, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of East Haven, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 26, 2010. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. The deficiencies are described in items 2008-1 to 2008-4.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Town of East Haven, Connecticut  
Page Two

Internal Control Over Financial Reporting (Continued)

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are material weaknesses.

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 matters that we reported to management of the Town in a separate letter dated January 26, 2010.

This report is intended solely for the information and use of management, the Town Council, the Office of Policy and Management, and state awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

*Kostin, Ruffkess & Company, LLC*

Farmington, Connecticut  
January 26, 2010



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT

Town Council  
Town of East Haven, Connecticut

Compliance

We have audited the compliance of the Town of East Haven, Connecticut, with the types of compliance requirements described in the Office of Policy and Management Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2009. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town's management. Our responsibility is to express an opinion on compliance based on our audit.

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. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Town of East Haven, Connecticut  
Page Two

Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Town's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and material weaknesses.

A *control deficiency* in a Town's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the Town's internal control. The significant deficiencies are described in items 2008-5 and 2008-6 in the accompanying schedule of findings and questioned costs.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the Town's internal control. However, we believe that the significant deficiencies described above are material weaknesses.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2009, and have issued our report thereon dated January 26, 2010. Our audit was performed 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Town Council, the Office of Policy and Management, and state awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

*Kostin, Ruffkess & Company, LLC*

Farmington, Connecticut  
January 26, 2010