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

FOR THE YEAR ENDED
JUNE 30, 2008
TOWN OF EAST HAVEN, CONNECTICUT

FEDERAL SINGLE AUDIT
AND
STATE SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008

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### TOWN OF EAST HAVEN, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2008**

<table>
<thead>
<tr>
<th>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</th>
<th>FEDERAL CFDA NUMBER</th>
<th>STATE PROJECT NUMBER</th>
<th>EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. DEPARTMENT OF AGRICULTURE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through State Department of Education:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Donation</td>
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<td>Total U.S. Department of Agriculture</td>
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<tr>
<td><strong>U.S. DEPARTMENT OF TRANSPORTATION</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Passed through State Department of Transportation:</td>
<td></td>
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</tr>
<tr>
<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>12060-20508-82079-2008-170005</td>
<td>35,095</td>
</tr>
<tr>
<td>State and Community Highway Safety</td>
<td>20.600</td>
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<td>6,007</td>
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<tr>
<td>Total U.S. Department of Transportation</td>
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<td></td>
<td>41,102</td>
</tr>
<tr>
<td><strong>U.S. DEPARTMENT OF EDUCATION</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Passed through State Department of Education:</td>
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<td></td>
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</tr>
<tr>
<td>Adult Education - Basic Grants to States</td>
<td>84.002</td>
<td>12060-20784-84002-2007-170015</td>
<td>10,555</td>
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<tr>
<td>Title I Grants to Local Educational Agencies</td>
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<td>Title I Grants to Local Educational Agencies</td>
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<td>333,338</td>
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<tr>
<td>Special Education - Grants to States</td>
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<td>Special Education - Grants to States</td>
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<tr>
<td>Total Special Education - Grants to States</td>
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<td>Career and Technical Education - Basic Grants to States</td>
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<tr>
<td>Special Education - Preschool Grants</td>
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<tr>
<td>Safe and Drug-Free Schools and Communities - State Grants</td>
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<td>84.186</td>
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<td>12,727</td>
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<tr>
<td>State Grants for Innovative Programs</td>
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<td>12060-20909-84131-2008-170002</td>
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<tr>
<td>Total State Grants for Innovative Programs</td>
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<td>Total State Grants for Innovative Programs</td>
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<td>7,301</td>
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<tr>
<td>Education Technology State Grants</td>
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<td>Education Technology State Grants</td>
<td>84.318</td>
<td>12060-20826-82079-2008-170002</td>
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<tr>
<td>Total Education Technology State Grants</td>
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<td>1,594</td>
</tr>
<tr>
<td>English Language Acquisition Grants</td>
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<td>12060-20868-82079-2008-170002</td>
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<td>Total English Language Acquisition Grants</td>
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<td>12060-20868-82079-2007-170002</td>
<td>12,782</td>
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<td>Total English Language Acquisition Grants</td>
<td>84.365</td>
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<td>36,738</td>
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<tr>
<td>Improving Teacher Quality State Grants</td>
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<td>96,550</td>
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<tr>
<td>Total Improving Teacher Quality State Grants</td>
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<td>65,320</td>
</tr>
<tr>
<td>Total U.S. Department of Education</td>
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<td>1,294,311</td>
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See notes to Schedule of Expenditures of Federal Awards

(Continued)
<table>
<thead>
<tr>
<th>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</th>
<th>FEDERAL CFDA NUMBER</th>
<th>STATE PROJECT NUMBER</th>
<th>EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELECTION ASSISTANCE COMMISSION:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through Secretary of the State:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help America Vote Act Requirements Payments</td>
<td>90.401</td>
<td></td>
<td>$11,993</td>
</tr>
<tr>
<td>U.S. DEPARTMENT OF HOMELAND SECURITY</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Passed through State Department Emergency &amp; Homeland Security:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Urban Areas Security Initiative</td>
<td>97.008</td>
<td></td>
<td>30,895</td>
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<tr>
<td>Emergency Management Performance Grants</td>
<td>97.042</td>
<td></td>
<td>11,378</td>
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<tr>
<td>State Homeland Security Program (SHSP)</td>
<td>97.073</td>
<td></td>
<td>58,190</td>
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<tr>
<td>Law Enforcement Terrorism Prevention Program (LETPP)</td>
<td>97.074</td>
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<td>1,016</td>
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<tr>
<td>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</td>
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<td>101,479</td>
</tr>
<tr>
<td>TOTAL FEDERAL AWARDS</td>
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<td></td>
<td>$2,062,667</td>
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</tbody>
</table>

(Co)
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 $90,820 of USDA donated commodities under the Federal Food Distribution Program.
TOWN OF EAST HAVEN, CONNECTICUT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

There were no prior year audit findings or questioned costs.
TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

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)? yes  x no

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA NUMBER</th>
<th>NAME OF FEDERAL PROGRAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.553/10.555/10.556</td>
<td>Child Nutrition Cluster</td>
</tr>
<tr>
<td>84.027/84.173</td>
<td>Special Education Cluster</td>
</tr>
</tbody>
</table>

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

Auditee qualified as low-risk auditee? x yes  no
TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

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.
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.
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.
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.
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, 2008

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.
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, 2008, which collectively comprise the Town's basic financial statements and have
issued our report thereon dated April 23, 2009. 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.
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 April 23, 2009.

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

New London, Connecticut
April 23, 2009
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, 2008. 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.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008.

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.
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.

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.

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, 2008, and have issued our report thereon dated April 23, 2009. 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

New London, Connecticut
April 23, 2009
State
Single
Audit
<table>
<thead>
<tr>
<th>STATE GRANTOR/PASS-THROUGH</th>
<th>STATE GRANT PROGRAM</th>
<th>STATE PROJECT NUMBER</th>
<th>EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEPARTMENT OF EDUCATION:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Readiness and Child Care in Competitive Grant Municipalities</td>
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<td>11000-12113-82079-2008-170003</td>
<td>$111,190</td>
</tr>
<tr>
<td>Healthy Food Certification</td>
<td>11000-SDE64000-16072</td>
<td>11000-16072-82010-2008-170005</td>
<td>33,375</td>
</tr>
<tr>
<td>Child Nutritional Program (School Lunch State Match)</td>
<td>11000-SDE64000-16072</td>
<td>11000-16072-82051-2008-170005</td>
<td>15,133</td>
</tr>
<tr>
<td>Family Resource Centers</td>
<td>11000-SDE64000-16110</td>
<td>11000-16110-82079-2008-170003</td>
<td>102,400</td>
</tr>
<tr>
<td>Adult Education</td>
<td>11000-SDE64000-17030</td>
<td>11000-17030-84002-2008-170013</td>
<td>379,746</td>
</tr>
<tr>
<td>Health Services</td>
<td>11000-SDE64000-17034</td>
<td>11000-17034-82010-2008-170006</td>
<td>25,679</td>
</tr>
<tr>
<td>Young Parents Program</td>
<td>11000-SDE64000-17044</td>
<td>11000-17044-82079-2008-170003</td>
<td>16,381</td>
</tr>
<tr>
<td>School Breakfast</td>
<td>11000-SDE64000-17046</td>
<td>11000-17046-82057-2008-170005</td>
<td>21,000</td>
</tr>
<tr>
<td>School Breakfast</td>
<td>11000-SDE64000-17046</td>
<td>11000-17046-82058-2008-170005</td>
<td>3,356</td>
</tr>
<tr>
<td>Youth Services Bureau Enhancement</td>
<td>11000-SDE64000-16201</td>
<td>11000-16201-82079-2008-170002</td>
<td>5,482</td>
</tr>
<tr>
<td>Youth Services Bureau</td>
<td>11000-SDE64000-17052</td>
<td>11000-17052-82079-2008-170002</td>
<td>22,059</td>
</tr>
<tr>
<td>Open Choice</td>
<td>11000-SDE64000-17053</td>
<td>11000-17053-82060-2008</td>
<td>22,300</td>
</tr>
<tr>
<td>Early Reading Success Grant Program for Priority School Districts and Eligible Priority Schools</td>
<td>11000-SDE64000-17056</td>
<td>11000-17056-82079-2008-170003</td>
<td>100,000</td>
</tr>
<tr>
<td>Magnet School Transportation</td>
<td>11000-SDE64000-17057</td>
<td>11000-17057-82061-2008</td>
<td>10,400</td>
</tr>
<tr>
<td>Passed through A.C.E.S.:</td>
<td>11000-SDE64000-17053</td>
<td>11000-17053-82060-2008</td>
<td>32,342</td>
</tr>
<tr>
<td>DEPARTMENT OF ENVIRONMENTAL PROTECTION:</td>
<td>13019-DEP44420-41239</td>
<td>1,367</td>
<td></td>
</tr>
<tr>
<td>DEPARTMENT OF TRANSPORTATION:</td>
<td>12001-DOT57000-17036</td>
<td>202,444</td>
<td></td>
</tr>
<tr>
<td>DEPARTMENT OF PUBLIC SAFETY:</td>
<td>11000-DPS32539-17089</td>
<td>12,842</td>
<td></td>
</tr>
<tr>
<td>State Assets Forfeiture Revolving Fund</td>
<td>12000-DPS32155-35142</td>
<td>735</td>
<td></td>
</tr>
<tr>
<td>DIVISION OF SPECIAL REVENUE:</td>
<td>34004-DSR18307-29109</td>
<td>66,330</td>
<td></td>
</tr>
<tr>
<td>OFFICE OF POLICY AND MANAGEMENT:</td>
<td>34004-DSR18307-29109</td>
<td>66,330</td>
<td></td>
</tr>
<tr>
<td>Property Tax Relief for Elderly and Totally Disabled Homeowners</td>
<td>11000-OPM20600-17018</td>
<td>342,391</td>
<td></td>
</tr>
<tr>
<td>Property Tax Relief for Totally Disabled Homeowners</td>
<td>11000-OPM20600-17011</td>
<td>5,096</td>
<td></td>
</tr>
<tr>
<td>Property Tax Relief for Elderly Homeowners - Freeze Program</td>
<td>11000-OPM20600-17021</td>
<td>19,639</td>
<td></td>
</tr>
<tr>
<td>Property Tax Relief for Veterans</td>
<td>11000-OPM20600-17024</td>
<td>82,650</td>
<td></td>
</tr>
<tr>
<td>Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles</td>
<td>11008-OPM20600-17031</td>
<td>30,074</td>
<td></td>
</tr>
<tr>
<td>Local Capital Improvement Program</td>
<td>12050-OPM20600-40254</td>
<td>258,509</td>
<td></td>
</tr>
<tr>
<td>CONNECTICUT STATE LIBRARY:</td>
<td>11000-CSL66051-17003</td>
<td>12,000</td>
<td></td>
</tr>
</tbody>
</table>

(Continued)

See note to Schedule of Expenditures of State Financial Assistance

16
TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2008

<table>
<thead>
<tr>
<th>STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</th>
<th>STATE GRANT PROGRAM CORE CT NUMBER</th>
<th>STATE PROJECT NUMBER</th>
<th>EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>OFFICE OF STATE COMPTROLLER:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment in Lieu of Taxes (PILOT) on State</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned Property</td>
<td>11000-OSC15910-17004</td>
<td></td>
<td>$379,079</td>
</tr>
<tr>
<td>Mashantucket Pequot/Mohegan Fund</td>
<td>12009-OSC15910-17005</td>
<td></td>
<td>277,778</td>
</tr>
<tr>
<td>Boat Grant</td>
<td>12027-OSC15910-40211</td>
<td></td>
<td>8,585</td>
</tr>
<tr>
<td>TOTAL STATE ASSISTANCE BEFORE EXEMPT PROGRAMS</td>
<td></td>
<td></td>
<td>2,600,562</td>
</tr>
<tr>
<td>EXEMPT PROGRAMS:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEPARTMENT OF EDUCATION:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public School Transportation</td>
<td>11000-SDE64000-17027</td>
<td>11000-170027-82010-2008-170005</td>
<td>419,753</td>
</tr>
<tr>
<td>Equalization Cost Sharing</td>
<td>11000-SDE64000-17041</td>
<td>11000-170041-82010-2008-170002</td>
<td>17,983,752</td>
</tr>
<tr>
<td>Special Education: Excess Costs Student Based and Equity</td>
<td>11000-SDE64000-17047</td>
<td>11000-170047-82016-2008</td>
<td>197,748</td>
</tr>
<tr>
<td>Special Education: Excess Costs Student Based and Equity</td>
<td>11000-SDE64000-17047</td>
<td>11000-170047-82018-2008</td>
<td>551,093</td>
</tr>
<tr>
<td>Special Education: Excess Costs Student Based and Equity</td>
<td>11000-SDE64000-17047</td>
<td>11000-170047-82019-2008</td>
<td>24,379</td>
</tr>
<tr>
<td>Nonpublic School Transportation</td>
<td>11000-SDE64000-17049</td>
<td>11000-170049-82010-2008-170006</td>
<td>26,699</td>
</tr>
<tr>
<td>School Construction Project - Interest</td>
<td>13009-SDE64000-40896</td>
<td>13009-40896-82004-2008-1700063</td>
<td>373,293</td>
</tr>
<tr>
<td>School Construction Project - Principal</td>
<td>13010-SDE64000-40901</td>
<td>13010-40901-82003-2008-170001</td>
<td>289,603</td>
</tr>
<tr>
<td>School Construction Project - Principal</td>
<td>13010-SDE64000-40901</td>
<td>13010-40901-82003-2007-170001</td>
<td>75,419</td>
</tr>
<tr>
<td>TOTAL EXEMPT PROGRAMS</td>
<td></td>
<td></td>
<td>21,576,079</td>
</tr>
<tr>
<td>TOTAL STATE FINANCIAL ASSISTANCE</td>
<td></td>
<td></td>
<td>$24,176,641</td>
</tr>
</tbody>
</table>

(Concluded)

See note to Schedule of Expenditures of State Financial Assistance
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, 2008

There were no prior year audit findings or questioned costs.
TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

I - SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: ___________________________ Unqualified ___________________________

Internal control over financial reporting:
Material weakness(es) identified? ___________________________ yes __________ no ___________________________
Significant deficiency(ies) identified that are not considered to be material weaknesses? ___________________________ yes __________ none reported ___________________________
Noncompliance material to financial statements noted? __________ yes __________ no ___________________________

State Financial Assistance

Internal control over major programs:
Material weakness(es) identified? ___________________________ yes __________ no ___________________________
Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___________________________ yes __________ 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 __________ no ___________________________

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

<table>
<thead>
<tr>
<th>State Grantor and Program</th>
<th>State Core-CT Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEPARTMENT OF EDUCATION:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Readiness and Child Care in Competitive Grant Municipalities</td>
<td>11000-SDE64000-12113</td>
<td>$111,190</td>
</tr>
<tr>
<td>Family Resource Centers</td>
<td>11000-SDE64000-16110</td>
<td>102,400</td>
</tr>
<tr>
<td>Adult Education</td>
<td>11000-SDE64000-17030</td>
<td>379,746</td>
</tr>
<tr>
<td>Early Reading Success Grant Program for Priority School Districts and Priority Schools</td>
<td>11000-SDE64000-17056</td>
<td>100,000</td>
</tr>
<tr>
<td>DEPARTMENT OF TRANSPORTATION:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town Aid Road Grants Transportation Fund</td>
<td>12001-DOT57000-17036</td>
<td>202,444</td>
</tr>
<tr>
<td>OFFICE OF POLICY AND MANAGEMENT:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Tax Relief for Elderly and Totally Disabled Homeowners</td>
<td>11000-OPM20600-17018</td>
<td>342,391</td>
</tr>
<tr>
<td>Local Capital Improvement Program</td>
<td>12050-OPM20600-40254</td>
<td>258,509</td>
</tr>
<tr>
<td>OFFICE OF STATE COMPTROLLER:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment in Lieu of Taxes (PILOT) on State-Owned Property</td>
<td>11000-OSC15910-17004</td>
<td>379,079</td>
</tr>
<tr>
<td>Mashantucket Pequot/Mohegan Fund</td>
<td>12009-OSC15910-17005</td>
<td>277,778</td>
</tr>
</tbody>
</table>
II. FINANCIAL STATEMENT FINDINGS

- We issued our report dated April 23, 2009, 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.
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.
II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

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

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.
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.
III. STATE FINANCIAL ASSISTANCE 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, 2008

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.
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, 2008, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 23, 2009. 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.
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 April 23, 2009.

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

New London, Connecticut
April 23, 2009
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, 2008. 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, 2008.

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.
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.

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 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 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, 2008, and have issued our report thereon dated April 23, 2009. 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.

New London, Connecticut
April 23, 2009