

---

**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**

**TABLE OF CONTENTS**

---

	<b><u>PAGE</u></b>
<b><u>FEDERAL SINGLE AUDIT</u></b>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	3
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS .....	4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	5
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 <u>GOVERNMENT AUDITING STANDARDS</u> .....	12
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 .....	14
<b><u>STATE SINGLE AUDIT</u></b>	
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE.....	16
NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE.....	18
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS .....	19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	20
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 <u>GOVERNMENT AUDITING STANDARDS</u> .....	27
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.....	29

---

**Federal  
Single  
Audit**

---

**TOWN OF EAST HAVEN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

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:			
Food Donation.....	10.550		\$ 90,820
School Breakfast Program.....	10.553	12060-20508-82079-2008-170005	74,866
School Breakfast Program.....	10.553	12060-20508-82079-2007-170005	7,101
National School Lunch Program.....	10.555	12060-20560-82079-2008-170005	391,927
National School Lunch Program.....	10.555	12060-20560-82079-2007-170005	45,634
School Milk Program for Children.....	10.556	12060-20500-82079-2008-170005	3,407
School Milk Program for Children.....	10.556	12060-20500-82079-2007-170005	427
TOTAL U.S. DEPARTMENT OF AGRICULTURE.....			614,182
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed through State Department of Transportation:			
Highway Planning and Construction.....	20.205		35,095
State and Community Highway Safety.....	20.600		6,007
TOTAL U.S. DEPARTMENT OF TRANSPORTATION.....			41,102
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed through State Department of Education:			
Adult Education - Basic Grants to States.....	84.002	12060-20784-84002-2007-170015	10,565
Title I Grants to Local Educational Agencies .....		12060-20679-82070-2008-170002	249,707
Title I Grants to Local Educational Agencies .....		12060-20679-82070-2007-170002	83,831
TOTAL TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES.....	84.010		333,538
Special Education - Grants to States.....		12060-20977-82032-2008-170002	642,905
Special Education - Grants to States.....		12060-20977-82032-2007-170002	10,079
TOTAL SPECIAL EDUCATION - GRANTS TO STATES.....	84.027		652,984
Career and Technical Education - Basic Grants to States.....	84.048	12060-20742-84010-2008-170002	34,248
Special Education - Preschool Grants.....		12060-20983-82032-2008-170002	37,889
Special Education - Preschool Grants.....		12060-20983-82032-2007-170002	5,447
TOTAL SPECIAL EDUCATION - PRESCHOOL GRANTS.....	84.173		43,336
Safe and Drug-Free Schools and Communities - State Grants.....		12060-20873-84131-2008-170002	10,027
Safe and Drug-Free Schools and Communities - State Grants.....		12060-20873-84131-2007-170002	3,314
TOTAL SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS.....	84.186		12,727
State Grants for Innovative Programs.....		12060-20909-84131-2008-170002	6,466
State Grants for Innovative Programs.....		12060-20909-84131-2007-170002	835
TOTAL STATE GRANTS FOR INNOVATIVE PROGRAMS.....	84.298		7,301
Education Technology State Grants.....	84.318	12060-20826-82079-2007-170002	346
Education Technology State Grants.....	84.318	12060-20826-82079-2008-170002	1,248
TOTAL EDUCATION TECHNOLOGY STATE GRANTS.....			1,594
English Language Acquisition Grants.....		12060-20868-82075-2008-170002	18,146
English Language Acquisition Grants.....		12060-20868-82076-2008-170002	5,810
English Language Acquisition Grants.....		12060-20868-82075-2007-170002	12,782
TOTAL ENGLISH LANGUAGE ACQUISITION GRANTS.....	84.365		36,738
Improving Teacher Quality State Grants.....		12060-20858-84131-2008-170002	96,550
Improving Teacher Quality State Grants.....		12060-20858-84131-2007-170002	65,320
TOTAL IMPROVING TEACHER QUALITY STATE GRANTS.....	84.367		161,870
TOTAL U.S. DEPARTMENT OF EDUCATION.....			1,294,311

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<u>ELECTION ASSISTANCE COMMISSION:</u>			
Passed through Secretary of the State:			
Help America Vote Act Requirements Payments.....	90.401		\$ 11,593
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through State Department Emergency & Homeland Security:			
Urban Areas Security Initiative.....	97.008		30,895
Emergency Management Performance Grants.....	97.042		11,378
State Homeland Security Program (SHSP).....	97.073		58,190
Law Enforcement Terrorism Prevention Program (LETPP).....	97.074		1,016
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			101,479
TOTAL FEDERAL AWARDS.....			\$ 2,062,667
(Concluded)			

**TOWN OF EAST HAVEN, CONNECTICUT**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

---

**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:

---

CFDA NUMBER	NAME OF FEDERAL PROGRAM
-------------	-------------------------

---

10.553/10.555/10.556	Child Nutrition Cluster
84.027/84.173	Special Education Cluster

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.

**TOWN OF EAST HAVEN, CONNECTICUT**

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

---

**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, 2008**

---

**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**

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, 2008**

---

**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, 2008**

---

**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**

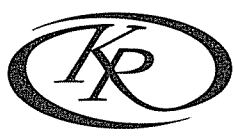
Cash balances and other general ledger accounts (receivables and liabilities) as well as revenues and expenditures were not accurate at year end.

**Cause**

The cause is unknown.

**Recommendation**

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



**KOSTIN,  
RUFFKESS  
& COMPANY, LLC**

Business Advisors and Certified Public Accountants

Farmington • New London  
Springfield, MA

Pond View Corporate Center  
76 Batterson Park Road  
Farmington, CT 06032

Main Line: (860) 678-6000  
Toll Free: (800) 286-KRCO  
Fax: (860) 678-6110  
Web: www.kostin.com

**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.



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 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





**KOSTIN,  
RUFFKESS  
& COMPANY, LLC**

Business Advisors and Certified Public Accountants

Farmington • New London  
Springfield, MA

Pond View Corporate Center  
76 Batterson Park Road  
Farmington, CT 06032

Main Line: (860) 678-6000  
Toll Free: (800) 286-KRCCO  
Fax: (860) 678-6110  
Web: www.kostin.com

**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.

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.

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**

---

**TOWN OF EAST HAVEN, CONNECTICUT**

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

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	11000-12113-82079-2008-170003	\$ 111,190
Healthy Food Certification.....	11000-SDE64000-16072	11000-16072-82010-2008-170005	33,375
Child Nutritional Program (School Lunch State Match).....	11000-SDE64000-16072	11000-16072-82051-2008-170005	15,133
Family Resource Centers.....	11000-SDE64000-16110	11000-16110-82079-2008-170003	102,400
Adult Education.....	11000-SDE64000-17030	11000-17030-84002-2008-170013	379,746
Health Services.....	11000-SDE64000-17034	11000-17034-82010-2008-170006	25,679
Young Parents Program.....	11000-SDE64000-17044	11000-17044-82079-2008-170003	16,381
School Breakfast.....	11000-SDE64000-17046	11000-17046-82057-2008	21,000
School Breakfast.....	11000-SDE64000-17046	11000-17046-82058-2008	3,356
Youth Services Bureau Enhancement.....	11000-SDE64000-16201	11000-16201-82079-2008-170002	5,482
Youth Services Bureau.....	11000-SDE64000-17052	11000-17052-82079-2008-170002	22,059
Open Choice.....	11000-SDE64000-17053	11000-17053-82060-2008	22,500
Early Reading Success Grant Program for Priority School Districts and Eligible Priority Schools.....	11000-SDE64000-17056	11000-17056-82079-2008-170003	100,000
Magnet School Transportation.....	11000-SDE64000-17057	11000-17057-82061-2008	10,400
Passed through A.C.E.S.: Open Choice.....	11000-SDE64000-17053	11000-17053-82060-2008	32,342
<b><u>DEPARTMENT OF ENVIRONMENTAL PROTECTION:</u></b>			
Community Conservation and Development.....	13019-DEP44420-41239		1,367
<b><u>DEPARTMENT OF TRANSPORTATION:</u></b>			
Town Aid Road Grants Transportation Fund.....	12001-DOT57000-17036		202,444
<b><u>DEPARTMENT OF PUBLIC SAFETY:</u></b>			
SNITF - Local Officer Incentive Program.....	11000-DPS32539-17089		12,842
State Assets Forfeiture Revolving Fund.....	12060-DPS32155-35142		735
<b><u>DIVISION OF SPECIAL REVENUE:</u></b>			
Payments to Municipalities - Parimutuels.....	34004-DSR18307-29109		66,330
<b><u>OFFICE OF POLICY AND MANAGEMENT:</u></b>			
Property Tax Relief for Elderly and Totally Disabled Homeowners.....	11000-OPM20600-17018		342,391
Property Tax Relief for Totally Disabled Homeowners.....	11000-OPM20600-17011		5,096
Property Tax Relief for Elderly Homeowners - Freeze Program.....	11000-OPM20600-17021		19,639
Property Tax Relief for Veterans.....	11000-OPM20600-17024		82,650
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles.....	11000-OPM20600-17031		30,074
Local Capital Improvement Program.....	12050-OPM20600-40254		258,509
<b><u>CONNECTICUT STATE LIBRARY:</u></b>			
State Grants to Public Libraries.....	11000-CSL66051-17003		12,000

(Continued)

**TOWN OF EAST HAVEN, CONNECTICUT**

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

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CORE CT NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<b><u>OFFICE OF STATE COMPTROLLER:</u></b>			
Payment in Lieu of Taxes (PILOT) on State			
Owned Property.....	11000-OSC15910-17004		\$ 379,079
Mashantucket Pequot/Mohegan Fund.....	12009-OSC15910-17005		277,778
Boat Grant.....	12027-OSC15910-40211		<u>8,585</u>
TOTAL STATE ASSISTANCE BEFORE EXEMPT PROGRAMS.....			<u>2,600,562</u>
<b>EXEMPT PROGRAMS:</b>			
<b><u>DEPARTMENT OF EDUCATION:</u></b>			
Public School Transportation.....	11000-SDE64000-17027	11000-17027-82010-2008-170005	419,753
Equalization Cost Sharing.....	11000-SDE64000-17041	11000-17041-82010-2008-170002	17,983,752
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82016-2008	197,748
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82018-2008	551,093
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82019-2008	24,379
Nonpublic School Transportation.....	11000-SDE64000-17049	11000-17049-82010-2008-170006	26,699
School Construction Project - Interest.....	13009-SDE64000-40896	13009-40896-82004-2008-170063	373,293
School Construction Project - Interest.....	13009-SDE64000-40896	13009-40896-82004-2007-170063	289,603
School Construction Project - Principal.....	13010-SDE64000-40901	13010-40901-82003-2008-170001	75,419
School Construction Project - Principal.....	13010-SDE64000-40901	13010-40901-82003-2007-170001	<u>1,634,340</u>
TOTAL EXEMPT PROGRAMS.....			<u>21,576,079</u>
TOTAL STATE FINANCIAL ASSISTANCE.....			<u>\$ 24,176,641</u>

(Concluded)

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

### **NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2008**

---

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?   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	\$ 111,190
Family Resource Centers	11000-SDE64000-16110	102,400
Adult Education	11000-SDE64000-17030	379,746
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	202,444
OFFICE OF POLICY AND MANAGEMENT:		
Property Tax Relief for Elderly and		
Totally Disabled Homeowners	11000-OPM20600-17018	342,391
Local Capital Improvement Program	12050-OPM20600-40254	258,509
OFFICE OF STATE COMPTROLLER:		
Payment in Lieu of Taxes (PILOT) on		
State-Owned Property	11000-OSC15910-17004	379,079
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	277,778



## TOWN OF EAST HAVEN, CONNECTICUT

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

---

#### 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.

**TOWN OF EAST HAVEN, CONNECTICUT**

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

---

**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, 2008**

---

**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.

**TOWN OF EAST HAVEN, CONNECTICUT**

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

---

**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, 2008**

---

**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.



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 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.

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.

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.

*Kostin, Ruffkess & Company, LLC*

New London, Connecticut  
April 23, 2009