

**Federal Single Audit
and
State Single Audit**

of the

Town of East Haven, Connecticut

Year Ended June 30, 2013

Town of East Haven, Connecticut

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**Federal
Single
Audit**

Town of East Haven, Connecticut
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	State Project Number	Expenditures
<u>U.S. Department of Agriculture:</u>			
Passed through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-20508-82079-170005	\$ 149,282
National School Lunch Program	10.555	12060-20560-82079-170005	504,550
National School Lunch Program - Commodities	10.555		<u>75,277</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>729,109</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Passed through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	12060-ECD46400-20730	<u>148,000</u>
<u>U.S. Department of Justice:</u>			
Direct Program:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804		34,549
Recovery Act - VOCA Crime Victim Assistance Discretionary Grant Program	16.807	12060-OPM20350-21921	<u>26,631</u>
Total U.S. Department of Justice			<u>61,180</u>
<u>U.S. Department of Transportation:</u>			
Passed through State Department of Transportation:			
Highway Planning & Construction	20.205	12062-DOT57161-22108	<u>8,377</u>
Highway Safety Cluster:			
State and Community Highway Safety	20.600	DOT01920702SA	444
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	DOT01910722SA	13,949
Passed through Meriden Wallingford Substance Abuse Council:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601		4,245
Occupant Protection Incentive Grants	20.602	DOT01910729SA	<u>1,500</u>
Total Highway Safety Cluster			<u>20,138</u>
Total U.S. Department of Transportation			<u>28,515</u>
<u>U.S. Department of Education:</u>			
Passed through State Department of Education:			
Adult Education - Basic Grants to States	84.002	12060-20784-84002-2013-170015	<u>45,642</u>
Title I:			
Title I Grants to Local Educational Agencies		12060-20679-82070-2012-170002	15,840
Title I Grants to Local Educational Agencies		12060-20679-82070-2013-170002	<u>586,266</u>
Total Title I Grants to Local Educational Agencies	84.010		<u>602,106</u>
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	12060-20977-82032-2012-170002	22,289
Special Education - Grants to States (IDEA, Part B)	84.027	12060-20977-82032-2013-170002	652,068
Special Education - Preschool Grants (IDEA, Preschool)	84.173	12060-20983-82032-2013-170002	<u>37,053</u>
Total Special Education Cluster			<u>711,410</u>

(Continued)

Town of East Haven, Connecticut
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	State Project Number	Expenditures
<u>U.S. Department of Education:</u>			
Career and Technical Education - Basic Grants to States	84.048	12060-20742-84010-2013-170002	\$ 44,897
English Language Acquisition Grants		12060-20868-82075-2012-170002	10,356
English Language Acquisition Grants		12060-20868-82075-2013-170002	40
Total English Language Acquisition Grants	84.365		10,396
Improving Teacher Quality State Grants		12060-20858-84131-2012-170002	1,920
Improving Teacher Quality State Grants		12060-20858-84131-2013-170002	77,273
Total Improving Teacher Quality State Grants	84.367		79,193
Total U.S. Department of Education			1,493,644
<u>U.S. Department of Energy:</u>			
Energy Efficiency and Conservation Block Grant Program	81.128	12060-29009-55050-13008	69,473
<u>U.S. Department of Homeland Security:</u>			
Passed through State Department Emergency & Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	12060-DPS32990-21891-21891	562,466
Severe Repetitive Loss Program	97.110	12060-DPS32990-21891-22322	306,927
Total U.S. Department of Homeland Security			869,393
Total Federal Awards			\$ 3,399,314

(Concluded)

See Notes to Schedule of Expenditures of Federal Awards.

Town of East Haven, Connecticut

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013**

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 \$75,277 of USDA donated commodities under the National School Lunch Program.

Town of East Haven, Connecticut

**Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2013**

Finding 2008-1

Condition

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

Current Status

Finding has not been adequately addressed and is repeated in the schedule of findings and questioned costs.

Finding 2009-1

Condition

Excess monies were drawn down by the Board of Education for certain Federally funded education grants during the fiscal year.

Current Status

Finding has not been adequately addressed and is repeated in the schedule of findings and questioned costs.

Town of East Haven, Connecticut
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? x yes no
Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? yes x none reported

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
84.027/84.173	Special Education Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.110	Severe Repetitive Loss Program

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

Auditee qualified as low-risk auditee? yes x no

Town of East Haven, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

II - Financial Statement Findings

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.

Criteria

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

Questioned Costs

There were no questioned costs.

Context

The deficiency was identified during both the prior and current fiscal years and occurs throughout the 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 due to lack of adequate staffing.

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
Year Ended June 30, 2013

III - Federal Awards Findings and Questioned Costs

Finding

2009-1 Cash Management - Certain Federally Funded Education Grants:

Condition

Excess monies were drawn down by the Board of Education for certain Federally funded Education grants during the fiscal year.

Criteria

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

Questioned Costs

There were no questioned costs.

Context

In the current and prior years, the deficiency occurred in the last two to four months of the fiscal year in which the balance of the grant award was drawn down.

Effect

Amounts were drawn down in excess of immediate cash requirements.

Cause

The cause is due to the Board of Education requesting funds from these programs without an adequate process and analysis of the actual amount of monies needed to pay immediate amounts due.

Recommendation

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

Town of East Haven, Connecticut
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

III - Federal Awards Findings and Questioned Costs

Finding

2013-1 Cash Management – Small Cities Grant

Condition

Excess monies were drawn down by the Town for the Small Cities grant during the fiscal year.

Criteria

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

Questioned Costs

There were no questioned costs.

Context

The deficiency occurred throughout the fiscal year in which the balance of the grant award was drawn down.

Effect

Amounts were drawn down in excess of immediate cash requirements.

Cause

The cause is due to the Town requesting funds from these programs without an adequate process and analysis of the actual amount of monies needed to pay immediate amounts due.

Recommendation

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

Independent Auditor's 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*

Board of Finance
Town of East Haven, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 30, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (Finding 2008-1).

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Farmington, Connecticut
December 30, 2013

Independent Auditor's Report on Compliance for Each
Major Federal Program; Report on Internal Control over
Compliance; and Report on the Schedule of Expenditures
of Federal Awards Required by OMB Circular A-133

Board of Finance
Town of East Haven, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of East Haven, Connecticut's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town's major Federal programs for the year ended June 30, 2013. The Town's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major Federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 2009-1 and 2013-1. Our opinion on each major Federal program is not modified with respect to these matters.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 30, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Farmington, Connecticut
December 30, 2013

**State
Single
Audit**

Town of East Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2013**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core- CT Number	Expenditures
<u>Department of Education:</u>		
School Readiness and Child Care in Competitive Grant Municipalities	11000-SDE64000-12113	\$ 223,844
Healthy Foods Initiative	11000-SDE64000-16212	31,824
Child Nutrition State Matching Grant	11000-SDE64000-16211	14,649
Family Resource Centers	11000-SDE64000-16110	105,213
Youth Services Bureau Enhancement	11000-SDE64000-16201	6,111
Adult Education	11000-SDE64000-17030	471,821
Nonpublic Health Services	11000-SDE64000-17034	28,295
Bilingual Education	11000-SDE64000-17042	2,134
Alliance District Funding Program	11000-SDE64000-17041-82164	398,263
School Breakfast	11000-SDE64000-17046	30,218
Youth Services Bureau	11000-SDE64000-17052	22,069
Open Choice	11000-SDE64000-17053	74,750
Passed through ACES:		
Open Choice	11000-SDE64000-17053	45,500
Magnet School Transportation	11000-SDE64000-17057	5,200
School Readiness Quality Enhancement	12060-SDE64000-90242	4,380
<u>Department of Mental Health and Addiction Services:</u>		
Financial Literacy - UBS	12060-SDE64000-35358	24,409
Passed through Harbor Health Services, Inc.:		
Managed Service System	11000-MHA53000-12157	78,772
<u>Department of Transportation:</u>		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	216,942
<u>Department of Emergency Services and Public Protection:</u>		
Drug Asset Forfeiture Revolving Fund	12060-DPS32155-35142	2,394
Telecommunications Fund	12060-DPS32740-35190	755
<u>Department of Consumer Protection:</u>		
Payments to Municipalities - Parimutuels	34004-DCP39930-29109	65,302
<u>Department of Energy and Environmental Protection:</u>		
Grants to Municipalities to Improve Incinerators/Landfills	12052-DEP43930-40518	29,405
<u>Office of Policy and Management:</u>		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	317,295
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	5,721
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	8,000
Property Tax Relief for Veterans	11000-OPM20600-17024	81,651
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	241,025
Local Capital Improvement Program	12050-OPM20600-40254	5,161
<u>Connecticut State Library:</u>		
State Grants to Public Libraries	11000-CSL66051-17003	2,478
Connecticard	11000-CSL66051-17010	1,864
Historic Documents Preservation Grants	12060-CSL66094-35150	6,500
Total State Financial Assistance before Exempt Programs		2,551,945

Town of East Haven, Connecticut

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2013

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core- CT Number	Expenditures
Exempt Programs:		
<u>Department of Education:</u>		
Education Cost Sharing	11000-SDE64000-17041-82010	\$ 18,778,306
Excess Costs Student Based and Equity	11000-SDE64370-17047	1,294,156
Nonpublic School Transportation	11000-SDE64000-17049	42,361
Public School Transportation	11000-SDE64000-17027	233,627
<u>Department of Construction Services:</u>		
School Construction - Interest	13009-DCS28000-40896	307,591
School Construction Grants	13010-DCS28000-40901	1,625,313
<u>Office of Policy and Management:</u>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	171,955
Municipal Revenue Sharing	12060-OPM20600-35458	289,059
Municipal Video Competition	12060-OPM20600-35362	30,462
Total Exempt Programs		<u>22,772,830</u>
Grand Total State Financial Assistance		<u>\$ 25,324,775</u>

See Note to Schedule of Expenditures of State Financial Assistance.

Town of East Haven, Connecticut

Note to Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2013

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of East Haven, Connecticut, under programs of the State of Connecticut for the fiscal year ended June 30, 2013. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, public safety, public works, culture and recreation, health and welfare, and education.

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 as applicable to the Governmental Accounting Standards Board.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

Town of East Haven, Connecticut

**Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2013**

Finding 2008-1

Condition

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

Current Status

Finding has not been adequately addressed and is repeated in the schedule of findings and questioned costs.

Town of East Haven, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? x yes no
 Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

State Financial Assistance

Internal control over major programs:
 Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified? yes x none reported

Type of auditor's report issued on compliance
 for major programs: Unmodified

Any audit findings disclosed that are required
 to be reported in accordance with Section
 4-236-24 of the Regulations of the
 State Single Audit Act? yes x no

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

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>
<u>Department of Education:</u>		
School Readiness and Child Care in Competitive Grant Municipalities	11000-SDE64000-12113	\$ 223,844
Adult Education	11000-SDE64000-17030	471,821
Alliance District Funding Program	11000-SDE64000-17041-82164	398,263
<u>Department of Transportation:</u>		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	216,942
<u>Office of Policy and Management:</u>		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	317,295
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	241,025

Town of East Haven, Connecticut
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

II. Financial Statement Findings

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.

Criteria

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

Questioned Costs

There were no questioned costs.

Context

The deficiency was identified during both the prior and current fiscal years and occurs throughout the 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 due to lack of adequate staffing.

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.

III. State Financial Assistance Findings and Questioned Costs

None.

Independent Auditor's 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*

Board of Finance
Town of East Haven, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 30, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (Finding 2008-1).

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Farmington, Connecticut
December 30, 2013

Independent Auditor's Report on Compliance for Each Major
State Program; Report on Internal Control over Compliance;
and Report on the Schedule of Expenditures of State
Financial Assistance Required by the State Single Audit Act

Board of Finance
Town of East Haven, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of East Haven, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2013. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated December 30, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

CohnReznick LLP

Farmington, Connecticut
December 30, 2013