

**Federal Single Audit
and
State Single Audit**

of the

Town of East Haven, Connecticut

Year Ended June 30, 2014

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, 2014

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	\$ 125,354
National School Lunch Program - Cash	10.555	12060-20560-82079-170005	562,994
National School Lunch Program - Commodities	10.555		97,585
Total U.S. Department of Agriculture Child Nutrition Cluster			785,933
<u>U.S. Department of Justice:</u>			
Direct Program:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	12060-OPM20350-21921	19,130
<u>U.S. Department of Transportation:</u>			
Passed through State Department of Transportation:			
Highway Planning & Construction	20.205	12062-DOT57161-22108	470,587
Highway Safety Cluster:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	DOT01910722SA	279
Total U.S. Department of Transportation			470,866
<u>U.S. Department of Education:</u>			
Passed through State Department of Education:			
Adult Education - Basic Grants to States		12060-20784-84002-2014-170015	30,443
Adult Education - Basic Grants to States		12060-20784-84002-2013-170015	18,663
Total Adult Education - Basic Grants to States	84.002		49,106
Title I:			
Title I Grants to Local Educational Agencies		12060-20679-82070-2014-170002	561,986
Title I Grants to Local Educational Agencies		12060-20679-82070-2013-170002	14,163
Total Title I Grants to Local Educational Agencies	84.010		576,149
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	12060-20977-82032-2014-170002	599,835
Special Education - Grants to States (IDEA, Part B)	84.027	12060-20977-82032-2013-170002	338
Special Education - Preschool Grants (IDEA, Preschool)	84.173	12060-20983-82032-2014-170002	35,682
Total Special Education Cluster			635,855
<u>U.S. Department of Education:</u>			
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	12060-20742-84010-2014-170002	\$ 40,112
English Language Acquisition State Grants		12060-20868-82075-2014-170002	613
English Language Acquisition State Grants		12060-20868-82075-2013-170002	31,922
Total English Language Acquisition State Grants	84.365		32,535
Improving Teacher Quality State Grants		12060-20858-84131-2014-170002	54,343
Improving Teacher Quality State Grants		12060-20858-84131-2013-170002	9,963
Total Improving Teacher Quality State Grants	84.367		64,306
Total U.S. Department of Education			1,398,063
<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	50,055
Severe Repetitive Loss Program	97.110	12060-DPS32990-21891-22322	168,898
Total U.S. Department of Homeland Security			218,953
Total Federal Awards			\$ 2,892,945

(1) \$151 nonpublic expenditures omitted in error in June 30, 2013 Schedule of Expenditures of Federal Awards.

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, 2014**

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 \$97,585 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, 2014**

Financial Statement Finding

2008-1 Board of Education Bank Reconciliations

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.

Department of Housing and Urban Development

2013-1 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - CFDA # 14.228

Condition

Excess monies were drawn down by the Town for the grant during the fiscal year in violation of cash management requirements.

Current Status

There were no drawdowns for this grant noted in the 2013 audit; therefore, this finding has not been repeated.

Department of Education

2009-1 Special Education Cluster – CFDA # 84.027/84.173

Condition

Excess monies were drawn down by the Board of Education for the grant during the fiscal year in violation of cash management requirements.

Current Status

Finding has been adequately addressed.

Town of East Haven, Connecticut

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

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>
10.553/10.555	Child Nutrition Cluster
20.205	Highway Planning & Construction
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? yes x no

Town of East Haven, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

II - Financial Statement Findings

2008-1 Bank Reconciliations

Condition

The bank reconciliations for the Board of Education accounts were not reconciled in a regular and timely manner during the year. Due to the bank reconciliations not being completed timely, other general ledger account were also not timely reconciled.

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. In addition, other general ledger accounts such as interfunds and control accounts should also be reconciled on a monthly basis.

Views of Responsible Officials

We have hired additional staff to address this issue. Bank reconciliations will be performed on a timely basis. In addition the other general ledger account will also be reconciled.

Town of East Haven, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

III - Federal Awards Findings and Questioned Costs

Finding: Department of Agriculture

2014-001 Child Nutrition Cluster - CFDA #10.553/10.555

Condition

Verification of free and reduced price applications were not performed within the guidelines set by the grant.

Criteria

Verification of free and reduced price applications must be completed by November 15. The applications were not verified until January of the following year.

Questioned Costs

Questioned costs are unknown but are estimated to be below \$10,000.

Context

The verification process occurs once during the fiscal year. One student out of the two tested did not provide verification.

Effect

One student was provided assistance to which they were not entitled for two months after the required verification date.

Cause

The verification did not occur in a timely manner since the clerk did not enter the information into the system in a timely manner and, therefore, the verification was not performed.

Recommendation

We recommend procedures be implemented to ensure the verification process occurs on a timely basis. Additionally, a calendar of grant reporting due dates should be developed.

View of Responsible Officials

Management has changed the personnel assigned to the project. Assigned personnel have been provided training on the process. Also, a chart was created detailing who is responsible for which portion of this project and the related deadlines. This year all deadlines to date have been met.

Town of East Haven, Connecticut
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Finding: Department of Transportation

2014-002 Highway Planning and Construction - CFDA #20.205

Condition

Verification and monitoring of vendor payrolls to ensure compliance with payment of prevailing wages was not performed by the Town.

Criteria

Verification that vendors are paying the prevailing wages required by the contract is required to ensure compliance with Federal program requirements.

Questioned Costs

Questioned costs are unknown.

Context

The verification process should occur as invoices are submitted for payment by the vendor. There was one construction vendor for this project.

Effect

Vendors may not be paying employees prevailing wages for work performed under the contract.

Cause

The cause is unknown.

Recommendation

We recommend procedures be implemented to ensure vendors are paying the prevailing wages required by the contract, which is required to ensure compliance with Federal program requirements.

View of Responsible Officials

Management will implement procedures to ensure that vendors pay employees prevailing wages as required by the contract and Federal requirements.

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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 14, 2015.

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*.

The Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Hartford, Connecticut
January 14, 2015

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, 2014. 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, 2014.

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 2014-001 and 2014-002. Our opinion on each major Federal program is not modified with respect to these matters.

The Town's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated January 14, 2015, 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.



Hartford, Connecticut
January 14, 2015

**State
Single
Audit**

Town of East Haven, Connecticut

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2014

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core- CT Number	Expenditures
<u>Department of Education:</u>		
Family Resource Centers	11000-SDE64000-16110	\$ 104,500
Youth Services Bureau Enhancement	11000-SDE64000-16201	5,739
Child Nutrition State Matching Grant	11000-SDE64000-16211	13,731
Healthy Foods Initiative	11000-SDE64000-16212	28,103
Adult Education	11000-SDE64000-17030	481,091
Health Services	11000-SDE64000-17034	34,044
Alliance District Funding Program	11000-SDE64000-17041-82164	851,986
Bilingual Education	11000-SDE64000-17042	2,000
School Breakfast	11000-SDE64000-17046	33,000
Youth Services Bureau	11000-SDE64000-17052	22,209
Open Choice	11000-SDE64000-17053	33,000
<u>Passed through ACES:</u>		
Open Choice	11000-SDE64000-17053	35,750
Magnet Schools	11000-SDE64000-17057	3,900
High Quality Schools & Common Core Implementation	12052-SDE64000-43538	603,875
<u>Department of Labor:</u>		
<u>Passed through Workforce Alliance:</u>		
Connecticut's Youth Employment Program	11000-DOL40000-12205	22,141
<u>Department of Mental Health and Addiction Services:</u>		
<u>Passed through South Central CT Substance Abuse Council:</u>		
Grants for Substance Abuse Services	11000-MHA53000-16003	1,992
<u>Passed through BH Care:</u>		
Managed Service System	11000-MHA53000-12157	60,645
<u>Department of Public Health:</u>		
School-Based Health Clinics	11000-DPH48500-17019	22,506
<u>Department of Transportation:</u>		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	474,127
<u>Department of Emergency Services and Public Protection:</u>		
Drug Asset Forfeiture Revolving Fund	12060-DPS32155-35142	1,183
Telecommunications Fund	12060-DPS32740-35190	1,111
<u>Department of Consumer Protection:</u>		
Payments to Municipalities - Parimutuels	34004-DCP39930-29109	64,740
<u>Office of Early Childhood:</u>		
School Readiness and Child Care in Competitive Grant Municipalities	11000-OEC64840-12113	257,024
School Readiness Quality Enhancement	12060-OEC64840-17097	4,331
Early Childhood Facilities Grant Program for Minor Capital Improvements	12052-SDE64000-43582	38,500

(Continued)

Town of East Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2014**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core- CT Number	Expenditures
<u>Office of Policy and Management:</u>		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	\$ 351,907
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	5,127
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	312,685
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	8,000
Property Tax Relief for Veterans	11000-OPM20600-17024	82,755
Local Capital Improvement Program	12050-OPM20600-40254	557,513
Municipal Grants-In-Aid	12052-OPM20600-43587	9,969
<u>Connecticut State Library:</u>		
State Grants to Public Libraries	11000-CSL66051-17003	1,239
Connecticard	11000-CSL66051-17010	1,943
Historic Documents Preservation Grants	12060-CSL66094-35150	6,500
Total State Financial Assistance before Exempt Programs		<u>4,538,866</u>
Exempt Programs:		
<u>Department of Education:</u>		
Education Cost Sharing	11000-SDE64000-17041-82010	18,447,831
Excess Costs Student Based and Equity	11000-SDE64370-17047	1,078,930
Nonpublic School Transportation	11000-SDE64000-17049	33,051
Public School Transportation	11000-SDE64000-17027	235,306
<u>Department of Construction Services:</u>		
School Construction Grants - Interest	13009-DCS28000-40896	244,906
School Construction Grants	13010-DCS28000-40901	1,531,783
<u>Office of Policy and Management:</u>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	165,781
Municipal Revenue Sharing	12060-OPM20600-35458	8,631
Municipal Video Competition	12060-OPM20600-35362	9,759
Total Exempt Programs		<u>21,755,978</u>
Grand Total State Financial Assistance		<u>\$ 26,294,844</u>
		(Concluded)

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, 2014

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, 2014. 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, 2014

Financial Statement Finding

Finding 2008-1 Board of Education Bank Reconciliations

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.

Planned Corrective Action

See response included in the current year schedule of findings and questioned costs.

Town of East Haven, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

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

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>		
Family Resource Centers	11000-SDE64000-16110	\$ 104,500
Adult Education	11000-SDE64000-17030	481,091
Alliance District Funding Program	11000-SDE64000-17041-82164	851,986
High Quality Schools & Common Core Implementation	12052-SDE64000-43538	603,875
<u>Office of Early Childhood:</u>		
School Readiness and Child Care in Competitive Grant Municipalities	11000-OEC64840-12113	257,024
<u>Office of Policy and Management:</u>		
Local Capital Improvement Program	12050-OPM20600-40254	557,513

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

Town of East Haven, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

II - Financial Statement Findings

2008-1 Bank Reconciliations - General Fund

Condition

The bank reconciliations for the Board of Education accounts were not reconciled in a regular and timely manner during the year. Due to the bank reconciliations not being completed timely, other general ledger account were also not timely reconciled.

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.

Views of Responsible Officials

We have hired additional staff to address this issue. Bank reconciliations will be performed on a timely basis. In addition the other general ledger account will also be reconciled.

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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 14, 2015.

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*.

The Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Hartford, Connecticut
January 14, 2015

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, 2014. 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, 2014.

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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated January 14, 2015, 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

Hartford, Connecticut
January 14, 2015