

**Federal Single Audit
and
State Single Audit

of the

Town of East Haven, Connecticut

Year Ended June 30, 2012**

TOWN OF EAST HAVEN, CONNECTICUT

FEDERAL SINGLE AUDIT
AND
STATE SINGLE AUDIT

YEAR ENDED JUNE 30, 2012

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**Federal
Single
Audit**

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

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	12060-20508-82079-2011-170005	\$ 42,628
School Breakfast Program.....	10.553	12060-20508-82079-2012-170005	103,155
National School Lunch Program.....	10.555	12060-20560-82079-2011-170005	22,152
National School Lunch Program.....	10.555	12060-20560-82079-2012-170005	524,754
National School Lunch Program - Commodities.....	10.555		65,001
School Milk Program for Children.....	10.556	12060-20500-82079-2011-170005	1,559
TOTAL CHILD NUTRITION CLUSTER.....			<u>759,249</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through State Department of Transportation:			
Highway Planning & Construction.....	20.205		<u>679,082</u>
Highway Safety Cluster:			
State and Community Highway Safety.....	20.600	DOT01920702SA	1,846
Alcohol Impaired Driving Countermeasures Incentive Grants I.....	20.601	DOT01910722SA	41,273
Alcohol Impaired Driving Countermeasures Incentive Grants I.....	20.601	DOT01910730SA	4,189
Safety Belt Performance Grants.....	20.609	DOT01910729SA	1,766
TOTAL HIGHWAY SAFETY CLUSTER.....			<u>49,074</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION.....			<u>728,156</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through State Department of Economic and Community Development:			
Community Development Block Grants/Small Cities Program.....	14.228		<u>133,301</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through State Department of Education:			
Adult Education - Basic Grants to States.....		12060-20784-84002-2012-170015	14,948
Adult Education - Basic Grants to States.....		12060-20784-84002-2012-170015	32,270
TOTAL ADULT EDUCATION - BASIC GRANTS TO STATES.....	84.002		<u>47,218</u>
Title I Cluster:			
Title I Grants to Local Educational Agencies		12060-20679-82070-2011-170002	5,145
Title I Grants to Local Educational Agencies		12060-20679-82070-2012-170002	641,219
TOTAL TITLE I CLUSTER.....	84.010		<u>646,364</u>
Special Education - Cluster:			
Special Education - Preschool Grants.....	84.173	12060-20983-82032-2012-170002	37,174
Special Education - Grants to States.....	84.027	12060-20977-82032-2011-170002	321,673
Special Education - Grants to States.....	84.027	12060-20977-82032-2012-170002	627,409
TOTAL SPECIAL EDUCATION - CLUSTER.....			<u>986,256</u>

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

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	12060-20742-84010-2012-170002	\$ 48,794
English Language Acquisition Grants.....		12060-20868-82075-2011-170002	22,752
English Language Acquisition Grants.....		12060-20868-82076-2011-170002	28,768
English Language Acquisition Grants.....		12060-20868-82075-2012-170002	20,056
TOTAL ENGLISH LANGUAGE ACQUISITION GRANTS.....	84.365		71,576
Improving Teacher Quality State Grants.....	84.367	12060-20858-84131-2012-170002	87,851
Education Jobs Fund.....	84.410	12060-22105-82010-2011-170002	1,016,209
TOTAL U.S. DEPARTMENT OF EDUCATION.....			2,904,268
<u>U.S. DEPARTMENT OF ENERGY</u>			
Energy Efficiency Community Block Grant.....	81.128	12060-29009-55050-13008	20,407
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through State Department Emergency & Homeland Security: State Domestic Preparedness Equipment Support Program (State Homeland Security Grant Program).....	97.004		71,200
Disaster Grants - Public Assistance.....	97.036		603,907
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			675,107
TOTAL FEDERAL AWARDS.....			\$ 5,220,488
			(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, 2012

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 \$65,001 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, 2012**

Summary Schedule of Prior Audit Financial Statement Findings

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 2011-1

Condition:

Expenditures for the Town Capital Projects Fund that occurred at year end were not recorded in the proper fiscal year.

Current Status:

Finding has been adequately addressed.

Summary Schedule of Prior Audit Federal Award Findings

Finding 2009-1

Condition:

Excess monies were drawn down by the Board of Education for the 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, 2012

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? 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 auditors' report issued on compliance
for major programs: Unqualified

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

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
10.553/10.555/10.556	Child Nutrition Cluster
20.205	Highway Planning & Construction
84.010	Title I Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster
84.410	Education Jobs Fund
97.036	Disaster Grants – Public Assistance

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, 2012

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.

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
YEAR ENDED JUNE 30, 2012

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 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 drawn down requests be based upon actual immediate cash needed in accordance with Federal regulations.

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, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 26, 2012. 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

Management of the Town is responsible for establishing and maintaining effective 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting 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 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 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 December 26, 2012.

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

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Farmington, Connecticut
December 26, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON 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 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, 2012. 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 each of 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 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2009-1.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

Internal Control Over Compliance (Continued)

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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, 2012, and have issued our report thereon dated December 26, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.

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

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Farmington, Connecticut
December 26, 2012

**State
Single
Audit**

TOWN OF EAST HAVEN, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2012**

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CORE-CT NUMBER	STATE PROJECT NUMBER	EXPENDITURES
DEPARTMENT OF EDUCATION:			
School Readiness and Child Care in Competitive Grant Municipalities.....	11000-SDE64000-12113	11000-12113-82079-2012-170003	\$ 108,000
Healthy Food Certification.....	11000-SDE64000-16072	11000-16072-82010-2012-170005	30,562
Child Nutrition State Matching Grant.....	11000-SDE64000-16211	11000-16211-82051-2012-170005	14,064
Family Resource Centers.....	11000-SDE64000-16110	11000-16110-82079-2012-170003	92,435
Adult Education.....	11000-SDE64000-17030	11000-17030-84002-2012-170013	473,729
Health Services.....	11000-SDE64000-17034	11000-17034-82010-2012-170006	20,044
School Breakfast.....	11000-SDE64000-17046	11000-17046-82057-2012	27,000
School Breakfast.....	11000-SDE64000-17046	11000-17046-82058-2012	1,730
Youth Services Bureau Enhancement.....	11000-SDE64000-16201	11000-16201-82079-2012-170002	6,250
Youth Services Bureau.....	11000-SDE64000-17052	11000-17052-82079-2012-170002	22,073
Magnet Schools.....	11000-SDE64000-17057	11000-17057-82061-2012	5,200
Open Choice.....	11000-SDE64000-17053	11000-17053-82060-2012	60,500
Bilingual Education.....	11000-SDE64000-17042	11000-17042-82079-2012-170002	2,941
School Readiness Quality Enhancement.....	12060-SDE64000-90242	11000-17097-82079-2012-170035	3,971
DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES			
Passed through Harbor Health Services, Inc.:			
Managed Service System.....	11000-MHA53000-12157		80,860
DEPARTMENT OF TRANSPORTATION:			
Town Aid Road Grants Transportation Fund.....	12001-DOT57000-17036		110,257
DEPARTMENT OF PUBLIC SAFETY:			
State Assets Forfeiture Revolving Fund.....	12060-DPS32155-35142		875
Telecommunications Fund.....	12060-DPS32740-35190		2,573
DIVISION OF SPECIAL REVENUE:			
Payments to Municipalities - Parimutuels.....	34004-DSR18307-29109		69,898
OFFICE OF POLICY AND MANAGEMENT:			
Property Tax Relief for Elderly and Totally Disabled Homeowners.....	11000-OPM20600-17018		317,572
Property Tax Relief for Totally Disabled Homeowners.....	11000-OPM20600-17011		5,164
Property Tax Relief for Elderly Homeowners - Freeze Program.....	11000-OPM20600-17021		8,000
Property Tax Relief for Veterans.....	11000-OPM20600-17024		77,244
Payment in Lieu of Taxes (PILOT) on State-Owned Property.....	11000-OPM20600-17004		253,137
Local Capital Improvement Program.....	12050-OPM20600-40254		235,045
CONNECTICUT STATE LIBRARY:			
State Grants to Public Libraries.....	11000-CSL66051-17003		1,289
Connecticard.....	11000-CSL66051-17010		2,102
Historical Documents Preservation Grant.....	12060-CSL66094-35150		6,000
TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS.....			2,038,515
EXEMPT PROGRAMS:			
DEPARTMENT OF EDUCATION:			
Public Achool Transportation.....	11000-SDE64000-17027	11000-17027-82010-2012-170005	254,761
Education Cost Sharing.....	11000-SDE64000-17041	11000-17041-82010-2012-170002	18,780,393
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82163-2012	164,591
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82016-2011	227,475
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82018-2011	701,673
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82019-2011	55,931
Nonpublic School Transportation.....	11000-SDE64000-17049	11000-17049-82010-2012-170006	38,099
School Construction Project - Interest.....	13009-DPW27000-40896	13009-40896-82004-2012-170063	154,905
School Construction Project - Interest.....	13009-DPW27610-40896	13009-40896-82004-2012-170063	219,346
School Construction Project - Principal.....	13010-DPW27000-40901	13010-40901-82003-2012-170001	1,371,317
School Construction Project - Principal.....	13010-DPW27610-40901	13010-40901-82003-2012-170001	252,389
OFFICE OF POLICY AND MANAGEMENT:			
Mashantucket Pequot/Mohegan Fund.....	12009-OPM20600-17005		172,986
Municipal Revenue Sharing.....	12060-OPM20600-35458		358,434
Municipal Video Competition.....	12060-OPM20600-35362		13,618
TOTAL EXEMPT PROGRAMS.....			22,765,918
TOTAL STATE FINANCIAL ASSISTANCE.....			\$ 24,804,433

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, 2012

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, 2012. 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, 2012

Summary Schedule of Prior Audit **Financial Statement** Findings

Finding 2008-1

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.

Current Status:

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

Finding 2011-1

Condition:

Expenditures for the Town Capital Projects Fund that occurred at year end were not recorded in the proper fiscal year.

Current Status:

Finding has been adequately addressed.

TOWN OF EAST HAVEN, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

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? 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 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

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>
DEPARTMENT OF EDUCATION:		
Adult Education	11000-SDE64000-17030	\$ 473,729
OFFICE OF POLICY AND MANAGEMENT:		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	317,572
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	253,137
Local Capital Improvement Program	12050-OPM20600-40254	235,045

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

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.

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.

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, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 26, 2012. 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

Management of the Town is responsible for establishing and maintaining effective 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting 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 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 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 December 26, 2012.

This report is intended solely for the information and use of management, the Town Council, others within the entity, the Office of Policy and Management, state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Farmington, Connecticut
December 26, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON 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 Town of East Haven, Connecticut's compliance with the types of compliance requirements described in the *Office of Policy and Management 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, 2012. 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 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 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 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, 2012.

Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state 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 state program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

Internal Control over Compliance (Continued)

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, 2012, and have issued our report thereon dated December 26, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Town's 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 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 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 financial statements or to the 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 financial statements as a whole.

This report is intended solely for the information and use of management, the Town Council, others within the entity, the Office of Policy and Management, state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Farmington, Connecticut
December 26, 2012