

TOWN OF EAST HARTFORD, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2010

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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance in Accordance with the State Single Audit Act and on the Schedule of Expenditures of State Financial Assistance

To the Members of the Town Council
Town of East Hartford, Connecticut

Compliance

We have audited the Town of East Hartford, 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 of East Hartford, Connecticut's major state programs for the year ended June 30, 2010. The Town of East Hartford, Connecticut's 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 of East Hartford, Connecticut's management. Our responsibility is to express an opinion on the Town of East Hartford, Connecticut'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 of East Hartford, Connecticut'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 of the Town of East Hartford, Connecticut's compliance with those requirements.

In our opinion, the Town of East Hartford, Connecticut, 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, 2010.

Internal Control over Compliance

Management of the Town of East Hartford, Connecticut, 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 of East Hartford, Connecticut's internal control over compliance with the 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 of East Hartford, Connecticut'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.

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 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 of East Hartford, Connecticut, as of and for the year ended June 30, 2010 and have issued our report thereon dated November 27, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Hartford, Connecticut's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Town Council, the Office of Policy and Management, 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.

Blum, Shapiro & Company, P.C.

November 27, 2010

**TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010**

<u>State Grantor/Pass Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Commission on Culture and Tourism		
Historic Restoration Fund	12060-CAT45241-90455	\$ <u>27,100</u>
State Comptroller		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	658,593
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OSC15910-17006	<u>22,786</u>
Total State Comptroller		<u>681,379</u>
Department of Economic and Community Development		
Payment In Lieu of Taxes (PILOT)	11000-ECD46400-17012	<u>53,857</u>
Department of Education		
Primary Mental Health	11000-SDE64000-12198	23,783
School Readiness and Child Care in Priority School Districts	11000-SDE64370-17043	2,224,707
Healthy Food Certification	11000-SDE64370-16072	97,030
Child Nutrition Program - (School Lunch State Match)	11000-SDE64370-16072	44,593
Family Resource Centers	11000-SDE64000-16110	184,628
Youth Services Bureau - Enhancement	11000-SDE84000-16201	5,914
Adult Education	11000-SDE64000-17030	156,477
Health Services	11000-SDE64000-17034	57,086
Bilingual Education	11000-SDE64000-17042	48,580
Priority School Districts	11000-SDE64370-17043	1,187,206
Extended School Hours Program Grant	11000-SDE64370-17043	150,756

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**TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE (CONTINUED)
JUNE 30, 2010**

<u>State Grantor/Pass Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Summer School Accountability Grant	11000-SDE64370-17043	\$ 165,718
School Breakfast	11000-SDE64000-17046	57,390
Youth Services Bureau	11000-SDE64000-17052	46,625
Magnet Schools	11000-SDE64000-17057	1,042,020
After School Program	11000-SDE64000-17084	50,000
School Readiness Quality Enhancement	12060-SDE64000-90242	35,741
<i>Passed Through the Community Renewal Team of Greater Hartford, Inc.:</i>		
Head Start Services Grant Program	11000-SDE64000-16101	144,311
Head Start Enhancement Grant Program	11000-SDE64000-16106	164,078
Head Start Link	11000-SDE64000-16202	<u>30,875</u>
Total Department of Education		<u>5,917,518</u>
Department of Environmental Protection		
Levee Reconstruction Project	17071-DEP43740-43345	1,133,903
Boating Account	12060-DEP44434-35403	9,546
Community Conservation & Development	13019-DEP43153-41239	400,000
Recreation Areas Initiative Grant	13019-DEP43153-41239	<u>54,655</u>
Total Department of Environmental Protection		<u>1,598,104</u>
Connecticut State Library		
Grants to Public Libraries	11000-CSL66051-17003	2,966
ConnectiCard Payments	11000-CSL66051-17010	2,434
Historic Documents Preservation Grants	12060-CSL66094-35150	<u>8,830</u>
Total Connecticut State Library		<u>14,230</u>

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**TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE (CONTINUED)
JUNE 30, 2010**

<u>State Grantor/Pass Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Developmental Services		
Birth to Three - Early Intervention	11000-DDS50150-12192	\$ <u>490,403</u>
Office of Policy and Management		
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	8,683
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	102,145
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	368,970
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	6,000
Property Tax Relief for Veterans	11000-OPM20600-17024	37,455
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	3,833,097
Local Capital Improvement Program	12050-OPM20600-40254	660,309
Municipal Video Competition Training	12060-OPM20600-35362	14,015
Housing Zone Program	12060-OPM20600-90526	<u>46,660</u>
Total Office of Policy and Management		<u>5,077,334</u>
Department of Public Health		
Local and District Departments of Health	11000-DPH48500-17009	7,015
Immunization Program	11000-DPH48664-10020	<u>7,768</u>
Total Department of Public Health		<u>14,783</u>

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**TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE (CONTINUED)
JUNE 30, 2010**

<u>State Grantor/Pass Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Public Safety		
Telecommunications Fund	12060-DPS32740-35190	\$ 54,291
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	9,656
Collect System	12060-DPS32672-35229	<u>15,098</u>
Total Department of Public Safety		<u>79,045</u>
Department of Social Services		
Medicaid	11000-DSS60000-16020	404,800
SSBG Counseling Services	12060-DSS60783-20721	7,197
Community Services	11000-DSS60783-17083	<u>8,356</u>
Total Department of Social Services		<u>420,353</u>
Department of Transportation		
Town Aid Road Grants - Municipal	12052-DOT57000-43455	76,805
Town Aid Road - STO	13033-DOT57000-43459	211,215
Bus Operations	12001-DOT57931-12175	<u>56,591</u>
Total Department of Transportation		<u>344,611</u>
Total State Financial Assistance Before Exempt Programs		<u>14,718,717</u>
Exempt Programs		
Office of the State Comptroller		
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	<u>303,008</u>

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**TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE (CONTINUED)
JUNE 30, 2010**

<u>State Grantor/Pass Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Education		
Public School Transportation	11000-SDE64000-17027	\$ 448,066
Educational Cost Sharing	11000-SDE64000-17041	35,558,393
Excess Costs Student Based and Equity	11000-SDE64000-17047	2,105,273
Nonpublic School Transportation	11000-SDE64000-17049	71,005
School Construction Grants	13010-SDE64000-40901	<u>739,040</u>
Total Department of Education		<u>38,921,777</u>
Total Exempt Programs		<u>39,224,785</u>
Total State Financial Assistance		\$ <u><u>53,943,502</u></u>

TOWN OF EAST HARTFORD, CONNECTICUT
NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of East Hartford, Connecticut, through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. The financial assistance programs fund several programs including education, economic and community development, environmental protection, library, health, public safety, social services, developmental services, emergency management and homeland security and transportation.

NOTE - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of East Hartford, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to government entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting - The financial statements contained in the Town of East Hartford, Connecticut's annual audit report are prepared on the modified accrual basis of accounting. The following is a summary of such basis:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, if measurable.

The schedule of expenditures of state financial assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Sections 4-236-22), certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.



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**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***

To the Members of the Town Council
Town of East Hartford, 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 Hartford, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Town of East Hartford, Connecticut's basic financial statements, and have issued our report thereon dated November 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of East Hartford, Connecticut'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 of East Hartford, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of East Hartford, Connecticut's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of East Hartford, Connecticut'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*.

This report is intended solely for the information and use of management, the Town Council, 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.

Blum, Shapiro & Company, P.C.

November 27, 2010

**TOWN OF EAST HARTFORD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X 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 to 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>
Office of the State Comptroller:		
Payment in Lieu of Taxes (PILOT) on State Owned Property	11000-OSC15910-17004	\$ 658,593
Department of Education:		
Priority School Districts	11000-SDE64370-17043	1,187,206
Magnet Schools	11000-SDE64000-17057	1,042,020
Department of Environmental Protection:		
Levee Reconstruction Project	17071-DEP43740-43345	1,133,903
Community Conservation & Development	13019-DEP43153-41239	400,000
Department of Developmental Services:		
Birth to Three - Early Intervention	11000-DDS50150-12192	490,403
Office of Policy and Management:		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	368,970
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	3,833,097
Local Capital Improvement Program	12050-OPM20600-40254	660,309
Department of Transportation:		
Town Aid Road Grants - Municipal	12052-DOT57000-43455	76,805
Town Aid Road - STO	13033-DOT57000-43459	211,215

- Dollar threshold used to distinguish between type A and type B programs \$294,374

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.