

**TOWN OF HAMDEN, CONNECTICUT**

**FEDERAL AND STATE  
SINGLE AUDIT REPORTS**

**JUNE 30, 2007**



## LEVITSKY & BERNEY

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS  
100 BRADLEY ROAD • WOODBRIDGE, CONNECTICUT 06525-2394  
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### **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 Legislative Council  
Town of Hamden  
Hamden, Connecticut

We have audited the financial statements of the government and business-type activities, each major program and the aggregate remaining fund information of the Town of Hamden, Connecticut as of and for the year ended June 30, 2007, which collectively comprise the Town of Hamden's basic financial statements and have issued our report thereon dated December 31, 2007. 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 Hamden, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Town of Hamden, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Hamden, Connecticut'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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Hamden, Connecticut's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Hamden, Connecticut's financial statements that is more than inconsequential will not be prevented or detected by the Town of Hamden, Connecticut's internal control.

We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a significant deficiencies in internal control over financial reporting. (Finding 07-1, 07-2, 07-3 and 07-4)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Hamden's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are not material weaknesses.

### **Compliance and Other Matters**

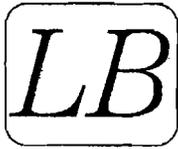
As part of obtaining reasonable assurance about whether the Town of Hamden, Connecticut's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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*.

We noted certain matters that we reported to management of the Town of Hamden, Connecticut in a separate letter dated December 31, 2007.

This report is intended solely for the information and use of the Members of the Legislative Council, Mayor, Board of Education, management, the Office of Policy and Management and federal and 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.

  
LEVITSKY & BERNEY, P.C.  
Certified Public Accountants

December 31, 2007



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Members of the Legislative Council  
Town of Hamden  
Hamden, Connecticut

**Compliance**

We have audited the compliance of the Town of Hamden, Connecticut with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Town of Hamden, Connecticut'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 of Hamden, Connecticut's management. Our responsibility is to express an opinion on the Town of Hamden, 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 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 of Hamden, 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 Hamden, Connecticut's compliance with those requirements.

In our opinion, the Town of Hamden, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

## **Internal Control Over Compliance**

The management of the Town of Hamden, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Hamden, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Hamden, Connecticut's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entities ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies 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 and business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hamden, Connecticut as of and for the year ended June 30, 2007, and have issued our report thereon dated December 31, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Hamden, Connecticut's basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Members of the Legislative Council, Mayor, Board of Education, management, and 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.

  
LEVITSKY & BERNEY, P.C.  
Certified Public Accountants

December 31, 2007

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal C.F.D.A Number	Pass-Through Grantors Number	Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through the State Department of Education:			
School Breakfast Program	10.553		\$ 192,039
National School Lunch	10.555		703,221
Child Care and Adult Care Program	10.558		13,117
Child Care and Adult Care Program - Cash in Lieu	10.550		739
USDA Commodities	10.550		72,438
<b>Total U.S. Department of Agriculture</b>			<b>\$ 981,554</b>
<b>U.S. Department of Education</b>			
Passed through the State Department of Education:			
ESEA Title I	84.010	12060-20679-2006	\$ 79,781
ESEA Title I	84.010	12060-20679-2007	874,441
IDEA Part B, Section 619	84.173	12060-20983-2006	16,748
IDEA Part B, Section 619	84.173	12060-20983-2007	17,297
Title VI - Innovative Education Strategies	84.298	12060-20909-2006	12,927
Title VI - Innovative Education Strategies	84.298	12060-20909-2007	8,977
Title IV - Safe and Drug Free Schools	84.186	12060-20873-2006	7,358
Title IV - Safe and Drug Free Schools	84.186	12060-20873-2007	22,733
IDEA Part B, Section 611	84.027	12060-20977-2006	231,339
IDEA Part B, Section 611	84.027	12060-20977-2007	1,310,266
IDEA Part B, Section 611	84.027	12060-20977-2006	9,567
Adult Education	84.002	12060-20784-2007	50,000
Adult Education	84.002	12060-20784-2007	35,000
Adult Education	84.002	12060-20784-2006	20,000
Adult Education	84.002	12060-20784-2006	50,000
Title II Part A - Teacher and Principal Training	84.367	12060-20858-2006	20,105
Title II Part A - Teacher and Principal Training	84.367	12060-20858-2007	182,345
Title II Part A - English as a Second Language	84.365	12060-20858-2007	22,056
Vocational Education	84.048	12060-20742-2006	91,310
Title II, Part D Technology	84.318	12060-20826-2006	2,033
Mathematics and Science Program	84.366	12060-21592-2006	96,886
Title II, Part D Education Thru Technology	84.318	12060-20826-2006	53,401
Immigrant and Youth Education Program	84.365	12060-20826-2007	37,213
Immigrant and Youth Education Program	84.365	12060-20826-2006	5,552
<b>Total U.S. Department of Education</b>			<b>\$ 3,257,335</b>

See Notes to Schedule of Expenditures of Federal Awards.

**TOWN OF HAMDEN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
<b>U. S. Department of Housing and Urban Development</b>			
Directly Funded:			
Community Development Block Grant	14.218		\$ <u>879,745</u>
<b>U. S. Department of Transportation</b>			
Passed through by the State Department of Transportation:			
Farmington Canal Linear Trail	20.000	DOT57125-22108	\$ 130,459
Holiday DUI Enforcement	20.601	DOT57125-20559	17,160
State & Community Highway Safety	20.600	DOT57125-22086	<u>13,720</u>
<b>Total U. S. Department of Transportation</b>			<b>\$ <u>161,339</u></b>
<b>Department of Homeland Security</b>			
Passed through State Office of Emergency and Homeland Security			
Public Assistance Grants - Equipment	97.036	EH99530-21879/7	\$ 182,487
Public Assistance Grants - Tower	97.036	EH99530-21878	202,700
Public Assistance Grants - Computer	97.036	EH99530-21878	4,500
Emergency Management performance Grant	97.004		32,428
FEMA Public Assistance	97.000		<u>65,715</u>
<b>Total Department of Homeland Security</b>			<b>\$ <u>487,830</u></b>
<b>U.S. Department of Health &amp; Human Services</b>			
Passed through the State Department of Social Services			
Social Service Block Grant	93.667		\$ 104,533
Passed through the New Haven Regional Workforce Development Board:			
Temporary Assistance to Needy Families	93.558		<u>168,962</u>
<b>Total U.S. Department of Health &amp; Human Services</b>			<b>\$ <u>273,495</u></b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u><u>6,041,298</u></u></b>

See Notes to Schedule of Expenditures of Federal Awards.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Hamden, Connecticut (The Town) and is presented on the accrual basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**Note 2 – Non-Cash Awards**

The National School Lunch Program involves noncash assistance to the Town of Hamden in the form of donated commodities. For the year ended June 30, 2007, \$72,438 was reported in the accompanying Schedule of Expenditures of Federal Awards.

**TOWN OF HAMDEN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**I SUMMARY OF AUDITORS RESULTS**

***Financial Statements***

Type of auditors report issued: **Unqualified**

Internal Control over Financial Reporting:

Material weakness(es) identified?  yes  no

Significant deficiency (ies) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency (ies) identified that are not considered to be material weakness(es)?  yes  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 §510(a) of OMB Circular A-133?  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.558 & 10.550 84.010	National School Lunch Cluster ESEA, Title I

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

Auditee qualified as low-risk auditee?  yes  no

**TOWN OF HAMDEN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**Section II – Federal Awards Findings and Questioned Costs**

No Findings Reported.

**Section III – Financial Statement Findings**

**Finding 07-1: Unfunded Pension and Medical Self-Insurance Funds**

**Condition**

The Town has not properly funded its pension fund for several years. The following is a summary of the obligation and the percentage actually funded:

<u>Fiscal Year</u>		<u>Annual Required Contribution</u>	<u>Percent Funded</u>
2007	\$	15,956,437	56.4
2006		13,951,743	43.0
2005		13,287,374	22.6
2004		10,660,385	9.4
2003		10,152,747	8.9
2002		6,044,233	4.1
2001		5,756,815	0.0
2000		7,252,800	0.0
1999		7,073,400	24.7
1998		6,801,300	58.8

In addition, the Town's medical self-insurance fund has maintained a fund deficit for several years. The fund deficit recent history is as follows:

<u>Fiscal Year</u>		<u>Fund Deficit</u>
2007	\$	1,521,367
2006		3,393,849
2005		2,903,974
2004		2,184,234
2003		1,420,310
2002		886,616
2001		878,816
2000		546,155
1999		485,541
1998		895,457

The funding for the medical insurance fund was increased; however, the current assets cannot fully fund the current liabilities as of June 30, 2007.

**TOWN OF HAMDEN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**Section III – Financial Statement Findings** (Continued)

**Finding 07-1: Unfunded Pension and Medical Self-Insurance Funds** (Continued)

**Criteria**

The Governmental Accounting Standards Board Statement No. 27, (*Accounting for Pensions by State and Local Governmental Employers*), requires employers that participate in a defined benefit pension plan to make an annual contribution equal to the annual required contribution (ARC) calculated on an actuarial determined basis.

Governmental Auditing Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, allows a medical self-insurance fund to be funded by an actuarial determined basis and allows that fund deficits in the internal service fund need not necessarily be charged back to the governmental funds in one year as long as adjustments are made over a series of years and the fund recovers in a reasonable amount of time. However, if the fund does not recover in a reasonable amount of time, the deficit should be charged back to the governmental funds and an expenditure should be recognized in that fund.

**Context**

The pension fund and the self-insurance medical fund liabilities are based on a significant amount of statistical data and actuarial assumptions and not actual data. Accordingly, future results may be significantly different than the information reported in the accompanying report. However, we believe that there is a sufficient amount of data available that shows the trend of increased under-funding and fund deficits.

**Cause**

Decreases in the market value of the securities held by the trust fund, along with poorly funding the pension, led to the large net pension obligation. The medical self-insurance fund deficit was also caused by under-funding.

**Effect**

The net pension obligation, recorded as a long term liability in the Government-Wide Financial Statements, has increased to approximately \$104 million and the deficit in the medical self-insurance fund is over \$1.5 million. These funds will require future resources from the governmental funds to satisfy the debts and liquidate future costs.

**Recommendation**

The Town should properly fund the pension trust fund and the medical self-insurance fund in accordance with an actuarial determined basis. In addition, the Town should develop and implement a plan to fund these deficits so that they may recover in a reasonable amount of time. We recommend these deficits be budgeted over a five year period.

**TOWN OF HAMDEN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**Section III – Financial Statement Findings** (Continued)

**Finding 07-2 Proper Bank Reconciliations**

**Condition**

The Department of Education does not perform proper monthly bank reconciliations on the accounts payable and payroll accounts.

**Criteria**

To ensure a proper control environment and provide internal monitoring over cash disbursements and receipts, the Department should reconcile the bank accounts on a monthly basis sufficiently enough so that unrecognized differences are reviewed and understood in the subsequent month.

**Context**

Currently, the Department of Education performs reconciliation on all bank accounts. However, when differences are discovered, a note is made but the difference is not resolved in the subsequent month.

The Department uses a complex method of recording cash on the general ledger. This includes reporting encumbrances, accrued payroll and accounts payable directly to the cash account. The monthly reconciliation includes reversing these adjustments.

**Cause**

The Departments complex method of recording cash may make other reporting requirements easier, however, bank reconciliations are difficult with this method.

**Effect**

Approximately \$100,000 of additional expenditures were included in the Education expenditures five months after the fiscal year end because of poor bank reconciliation procedures.

**Recommendation**

The Town should reevaluate the financial procedures of the Town and Board of Education's recording of cash so that the bank reconciliations could be completed in a timely manner.

**TOWN OF HAMDEN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**Section III – Financial Statement Findings**

**Finding 07-3: Cash Disbursements, Supporting Documentation**

**Condition**

In reviewing the cash disbursements for the Department of Recreation, we noted the following:

- Payments were paid to employees for reimbursements of expenditures without proper documentation. This includes e-mails received and spreadsheet of expenditures.
- Receiving documents were not maintained on several items prior to payment making it difficult to determine if the correct items was delivered to the correct location.
- Invoices submitted for payment were altered. Specifically, we found one item that appeared to be altered so that the original contracts to be paid are submitted for payment below the procurement level.

**Criteria**

Prior to payment, the Town should be sure that all required documentation is submitted and maintained. Under the risk managements of internal controls, if information is discovered subsequent to payment on a contract, the Town should have the appropriate documentation on file so that a corrective action can easily be performed.

**Context**

The Department of Recreation administers several types of programs. Some of these include expenditures such as small deliveries or maintenance jobs in several of the Town parks or routine purchases for recreational day programs. Consideration of expenditures may be limited in these cases to assure that services are delivered in a timely manner. However, consideration should not be limited to allow a weak internal control environment or a lack of risk management control.

**Cause**

Invoices are being paid without the assurance that the proper documentation is on file.

**Effect**

This limits the Town's ability to react to instances where funds were provided for items or service that were not fully received.

**Recommendation**

All the proper information should be maintained prior to payment of invoices.

**TOWN OF HAMDEN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**Finding 07-4 – Review of General Ledger Accounts**

Condition

During our audit we noticed that several accounts in the general ledger contained residual balances that have remained in these accounts for several years without adjustments. These include inter-fund payables and receivables not liquidated, designated fund balances in accounts without activity and un-cashed checks remaining on the bank reconciliations for several years.

Criteria

Balance sheet accounts used in fund accounting are maintained with a current financial resource measurement focus under the modified accrual basis of accounting. When using this method, accounts should be maintained with consideration of current period resources and the ability to liquidate current liabilities.

Context

The Town maintains the correct operating accounts and fund balances in each of the accounts. However, certain transactions in some of these accounts have remained passed the current period. In allowing this to happen, resources are recorded or designated for liabilities that have been liquidated.

An example of this is when funds are approved to be designated for a certain project. At the end of the project only a portion of the funds are used and remaining balance remains designated instead of being transferred back to the general fund. Similar resources remain against cash and internal balance accounts.

Cause

Balance sheet accounts in the fund financial statements are not being routinely monitored because these accounts tend to have little or no activity.

Effect

In these cases, a conservative approach of recognition is being used so that the general fund's undesignated fund balance is properly recorded and understated.

Recommendation

The Town should review these accounts and determine if the resources are properly recorded and if these funds are undesignated and can be closed.

**TOWN OF HAMDEN, CONNECTICUT**  
**SUMMARY SCHEDULE OF PRIOR YEARS AUDIT FINDINGS**  
**JUNE 30, 2007**

The Town had no findings reported in the prior year audit that are required to be reported in this schedule.



## LEVITSKY & BERNEY

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### **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO 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 Legislative Council  
Town of Hamden  
Hamden, Connecticut

#### **Compliance**

We have audited the compliance of the Town of Hamden, Connecticut with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2007. 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 of Hamden, Connecticut's management. Our responsibility is to express an opinion on compliance based on our audit.

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

In our opinion the Town of Hamden, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2007.

## **Internal Control Over Compliance**

The management of the Town of Hamden, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Hamden, Connecticut's internal control over compliance.

A control deficiency in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the Town of Hamden, Connecticut's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be 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 and business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hamden, Connecticut as of and for the year ended June 30, 2007 and have issued our report thereon dated December 31, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hamden, 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 the Members of the Legislative Council, Mayor, Board of Education, management, the Office of Policy and Management, and 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.



LEVITSKY & BERNEY, P.C.  
Certified Public Accountants

December 31, 2007

**TOWN OF HAMDEN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2007**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Grant Program Identification Number</u>	<u>Expenditures</u>
<b>Office of Policy &amp; Management:</b>		
Local Capital Improvements	12050-OPM20600-40254	\$ 521,776
Property Tax Relief	11000-OPM2060017086	370,446
Property Tax Relief for Elderly - Curcuit Breaker	11000-OPM20600-17018	431,168
PILOT - Distressed Municipalities	11000-OPM20600-17016	33,664
Property Tax Relief - Home Owner Freeze	11000-OPM20600-17021	30,086
Property Tax Relief For Veterans	11000-OPM20600-17024	108,420
Property Tax Relief - Manufacturing Equipment	11000-OPM20600-17031	185,928
Reimbursed Property Taxes - Disability Exemption	11000-OPM20600-17011	7,235
Combat Underage Drinking	12060-OPM20350-21674	20,000
<b>Total Office of Policy &amp; Management</b>		<b>\$ 1,708,723</b>
<b>Department of Transportation:</b>		
Town Aid Improved and Unimproved Roads	12001-DOT57000-17036	\$ 330,604
<b>Department of Economic &amp; Community Development:</b>		
Urban Action - Whitneyville Town Center (07-106UA)	13019-ECD46350-41240	\$ 100,000
<b>Commission On Culture &amp; Tourism:</b>		
National Endowment for the Arts	12060-CAT45220-20328	\$ 729
Historical Preservation Grants	12060-CAT45241-21494	2,750
<b>Total Commission On Culture &amp; Tourism</b>		<b>\$ 3,479</b>
<b>Department of Education:</b>		
School Readiness - Severe Needs School	11000-SDE64000-12113	\$ 136,542
Early Reading Success - Competitive	11000-SDE64000-17056	100,000
Adult Education - Provider	11000-SDE64000-17030	443,238
Child Nutrition Program	11000-SDE64000-16072	28,145
Family Resource Center	11000-SDE64000-16110	102,250
State School Breakfast	11000-SDE64000-17046	31,139
Non-public Health Services	11000-SDE64000-17034	175,073
Youth Services	11000-SDE64000-17052	37,251
Open Choices - Receiving District	11000-SDE64000-17053	227,788
State Funds For Technology Infrustructure	12052-SDE64000-42860	20,677
Minor Capital Improvements and Wiring	12052-SDE64000-42861	22,933
Magnet School Transportation	11000-SDE64000-17057	70,000
<b>Total Department of Education</b>		<b>\$ 1,395,036</b>

See Notes to Schedule

**TOWN OF HAMDEN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2007**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Grant Program Identification Number</u>	<u>Expenditures</u>
<b>Office of the State Comptroller:</b>		
Indian Gaming Funds	12009-OSC15910-17005	\$ 1,446,086
PILOT - Private Colleges and Hospitals	11000-OSC15910-17006	2,407,299
PILOT - State Owned Property	11000-OSC15910-17004	641,438
Boat Grant	12027-OSC15910-40211	9,094
<b>Total Office of the State Comptroller</b>		<b>\$ 4,503,917</b>
<b>Department of Environmental Protection:</b>		
Hamden Ice Rink Renovation	13019-DEP43000-41239	\$ 577,686
<b>Department of Social Services:</b>		
Child Day Care (CDC-32) Sleeping Giant	11000-DSS60794-17022	\$ 80,965
<b>Department of Public Safety:</b>		
Telecommunications Fund	12060-DPS32740-35190	\$ 78,694
Local Officer Enforcement	11000-DPS32539-17089	13,815
State Forfeiture Revolving Fund	12060-DPS32155-35142	5,625
<b>Total Department of Public Safety</b>		<b>\$ 98,134</b>
<b>Department of Special Revenue:</b>		
Bingo	34003-DSR18309-42350	\$ 223
<b>Educational Services For the Blind:</b>		
Educational Services For the Blind	11000-ESB65020-12060	\$ 35,740
<b>Connecticut State Libraries:</b>		
Connecticard Payments	11000-CSL66051-17010	\$ 10,344
Grants to Public Libraries	11000-CSL66051-17003	3,835
Public Library Construction (62P-SC-05)	12052-CSL66055-40368	10,946
Historic Property Preservation	12060CSL66094-35150	12,000
<b>Total Connecticut State Libraries</b>		<b>\$ 37,125</b>
<b>Total Expenditures of State Financial Assistance Before Exempt Programs</b>		<b>\$ 8,871,632</b>

See Notes to Schedule of Expenditures of State Financial Assistance

**TOWN OF HAMDEN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<b>State Grantor/Pass-Through Grantor/Program Title</b>	<b>State Grant Program Identification Number</b>	<b>Expenditures</b>
<b>Exempt Programs:</b>		
Education Cost Sharing	11000-SDE64000-17041	\$ 19,511,592
Transportation of School Children - Nonpublic	11000-SDE64000-17049	189,505
Transportation of School Children - Public	11000-SDE64000-17027	940,539
School Building Grant - Principal	11000-SDE64000-17002	1,707,870
School Building Grant - Interest	11000-SDE64000-17002	653,487
Special Education Costs Agency Placement	11000-SDE64000-17047	1,371,003
Special Education Excess Cost Equity	11000-SDE64000-17048	254,725
School Construction Grants - H.M.S.	13010-SDE64000-40896	3,473,636
<b>Total Exempt Programs</b>		<b>\$ <u>28,102,357</u></b>
<b>Total Expenditures of State Financial Assistance</b>		<b>\$ <u><u>36,973,989</u></u></b>

See Notes to Schedule of Expenditures of State Financial Assistance

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2007**

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Hamden through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including public safety, education, roadwork and general services.

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Town of Hamden, Connecticut conform to accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board.

**Basis of Presentation**

The Schedule of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditures 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 HAMDEN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2007**

Major Programs for the State Financial Assistance are as follows:

<u>State Grantor and Program</u>	<u>State Grant Identification Number</u>	<u>Expenditures</u>
Indian Gaming Fund	12009-OSC15910-17005	\$ 1,446,086
Local Capital Improvements	11000-OPM20600-40254	521,776
Property Tax Relief For the Elderly	11000-OPM20600-17018	431,168
Property Tax Relief - Manufacturing & Equipment	11000-OPM20600-17016	185,928
PILOT - Private Colleges & Hospitals	11000-OSC15910-17006	2,407,299
PILOT - State Owned Property	11000-OSC15910-17004	641,438
Town Aid Improved & Unimproved Roads	12001-DOT57000-17036	330,604
Ice Rink Renovations	13019-DEP43000-41239	577,686
Adult Education – Provider	11000-SDE64000-17030	443,238
Nonpublic Health Services	11000-SDE64000-17034	175,073
Open Choices - Receiving District	11000-SDE64000-17053	227,788
School Readiness	11000-SDE64000-12113	136,542
Family Resources	11000-SDE64000-16110	102,250
Early Reading Success	11000-DSS60000-17056	100,000
		<u>\$ 7,726,876</u>

**II. SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS REQUIRED UNDER GOVERNMENT AUDITING STANDARDS**

We issued reports, dated December 31, 2007 on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

Our report on compliance indicated no reportable instances of noncompliance.

Our report on internal control over financial reporting indicates four significant deficiencies as Items 07-1, 07-2, 07-3 and 07-4. These items are not considered material weaknesses.

**III - FINDINGS AND QUESTIONED COSTS RELATING TO MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS**

No findings relating to major State Financial Assistance programs are being reported.