

TOWN OF HAMDEN, CONNECTICUT

FEDERAL AND STATE FINANCIAL
AND COMPLIANCE REPORT
Fiscal Year Ended June 30, 2010

TOWN OF HAMDEN, CONNECTICUT

FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORT

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**REPORT REQUIRED BY THE STATE SINGLE AUDIT ACT C.G.S.
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**INDEPENDENT AUDITOR'S 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 OMB CIRCULAR
A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Compliance: We have audited the Town of Hamden, 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 of Hamden, Connecticut's major federal programs for the year ended June 30, 2010. The Town of Hamden, Connecticut's major federal programs are identified in the summary of auditor's 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. 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 on 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 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, 2010.

Internal Control Over Compliance: Management of the Town of Hamden, Connecticut 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 of Hamden, Connecticut'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 of Hamden, 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 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 the 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 of Hamden, Connecticut as of and for the year ended June 30, 2010, and have issued our report thereon dated January 3, 2011. 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 management and the Legislative Council of the Town of Hamden, Connecticut, 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.

McGladrey & Pullen, LLP

New Haven, Connecticut
January 3, 2011

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture/ Passed Through the State of Connecticut		
Department of Education:		
Child Nutrition Cluster:		
National School Breakfast Program	10.553	253,442
National School Lunch Program	10.555	929,882
Child Care Food Program	10.555	19,556
Cash-in-Lieu/Commodities-CCFP	10.555	1,049
Total Child Nutrition Cluster		1,203,929
U.S. Department of Education/ Passed Through the State of Connecticut		
Department of Education:		
Special Education Cluster:		
IDEA-Part B, Section 611	84.027	1,346,931
ARRA - IDEA-Part B, Section 611	84.391	1,028,848
IDEA-Part B, Section 619	84.173	39,473
ARRA - IDEA-Part B, Section 619	84.392	46,508
Total Special Education Cluster		2,461,760
Carl D. Perkins Act Vocational & Technical Education Act	84.048	84,660
Title I - Grants to Local Education Agencies Cluster:		
Title I - Grants to Local Education Agencies	84.010	1,121,181
ARRA - Title I - Grants to Local Education Agencies	84.389	606,306
Total Title I - Grants to Local Education Agencies Cluster		1,727,487
Title V - Innovative Education Program Strategies	84.298	3,680
Title II - Part A - Teacher and Principal Training	84.367	228,647
Enhanced Education Through Technology Cluster:		
Title II - Part D - Enhanced Education Through Technology	84.318	128,497
ARRA - Title II - Part D - Enhanced Education Through Technology	84.386	129,030
Total Title II - Part D - Enhanced Education Through Technology Cluster		257,527

(Continued)

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
Title IV - Safe & Drug Free Schools	84.186	<u>10,047</u>
Adult Basic Education	84.002	<u>174,000</u>
Title III - Emerging Immigrant Education Program	84.365	<u>23,799</u>
ARRA - NSLP Equipment Assistance Grant	84.384	<u>17,879</u>
State Fiscal Stabilization Fund Cluster:		
ARRA - Educational Stabilization Grant	84.394	2,117,944
ARRA - Governmental Stabilization Grant	84.397	<u>1,167,739</u>
Total State Fiscal Stabilization Fund Cluster		<u>3,285,683</u>
Total U.S. Department of Education		<u>8,275,169</u>
U.S. Department of Justice		
ARRA - Justice Assistance Grant	16.378	<u>56,250</u>
U.S. Department of Transportation/ Passed Through the State of Connecticut Department of Transportation:		
Alcohol Traffic Safety	20.601	49,399
Highway Planning and Construction	20.205	<u>255,603</u>
Total U.S. Department of Transportation		<u>305,002</u>
U.S. Department of Emergency and Homeland Security/ Passed Through the State of Connecticut Emergency and Homeland Security:		
Emergency Management Performance	97.004	<u>10,154</u>
U.S. Department of Health and Human Services Passed Through the State Department of Social Services:		
Social Services Block Grant	93.667	<u>119,918</u>
Department of Housing & Urban Development		
HOME Investment Partnerships Program	14.239	<u>223,149</u>
TOTAL FEDERAL AWARDS		<u><u>\$ 10,193,571</u></u>

See Notes to Schedule.

TOWN OF HAMDEN, CONNECTICUT

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Hamden, Connecticut and is presented on the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the propriety fund types. 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. Contributions

U.S.D.A. Contributions

The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$96,954 represents the market value of such commodities received. This amount is included in Child Nutrition Cluster CFDA # 10.555.

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ X Yes _____ None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

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

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of Major Programs

CFDA Numbers	Program Name or Cluster
84.027/84.173/84.391/84.392	Special Education Cluster
84.010/84.389	Title I Grant to LEA's Cluster
84.394/84.397	ARRA - State Fiscal Stabilization Fund Cluster
84.318/84.386	Title II Enhanced Education Cluster

Dollar threshold used to distinguish between type A and type B programs \$305,807

Auditee qualified as low-risk auditee? _____ Yes X No

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2010

II. FINANCIAL STATEMENT FINDINGS

A. Significant Deficiency in Internal Control

IC10-1. Criteria:

Trial balance information should be provided and coordinated from the Board of Education and other departments such as risk management, to ensure accurate reporting on a monthly basis.

Condition:

There were adjustments made to the final trial balance such as:

- Recording of cash transactions.
- Recording of deferred revenue.
- Recording of internal service funds activity.
- Recording of special revenue fund activity.

Context:

Several general ledger accounts required information and coordination with the Board of Education and other departments such as risk management, resulting in adjustments.

Cause:

Accounting information to be coordinated with the Board of Education and other departments required several accounting adjustments during the audit.

Effect:

Interim financial information may be misstated.

Recommendation:

We recommend that the Town Finance Department, the Board of Education and all Town departments ensure all financial information is properly presented prior to the audit.

Response from the Town of Hamden

The Town, the Board of Education, and Risk Management will improve their coordination to address this recommendation.

B. Compliance Findings

None reported.

**TOWN OF HAMDEN, CONNECTICUT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2010**

Finding IC09-1.	The Town of Hamden corrected the Finding.
Finding IC09-2.	The Finding from Prior Year is Repeated.
Finding IC09-3.	The Town of Hamden corrected the Finding.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental 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, 2010, which collectively comprise the Town of Hamden, Connecticut's basic financial statements, and have issued our report thereon dated January 3, 2011. We did not audit the financial statements of the Pension Trust Fund, which represents 99% of the assets and 98% of the revenues of the fiduciary funds. Our report includes a reference to the other auditor. 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. The Financial Statements of the Pension Trust Fund were not audited in accordance with "Governmental Auditing Standards".

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 opinions on the basic financial statements, but not for the purpose of expressing an opinion on 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.

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 designated 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. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency in internal control over financial reporting as item IC10-1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 January 3, 2011.

The Town of Hamden, Connecticut's response to the finding identified in our audit is described in the Schedule of Findings and Questioned Costs. We did not audit Town of Hamden's response and accordingly, we express no opinion on it.

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

McGladrey & Pullen, LLP

New Haven, Connecticut
January 3, 2011



INDEPENDENT AUDITOR'S 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 AND ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

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

Compliance: We have audited the Town of Hamden, 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 Hamden, Connecticut's major state programs for the year ended June 30, 2010. The Town of Hamden, Connecticut's major state programs are identified in the summary of auditor's 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 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 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 on 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 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 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 Town of Hamden, 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 Hamden, 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 the 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 Hamden, Connecticut as of and for the year ended June 30, 2010, and have issued our report thereon dated January 3, 2011. 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 Legislative Council, management of the Town of Hamden, Connecticut, the Office of Policy and Management and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

New Haven, Connecticut
January 3, 2011

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2010

State Grantor/Pass-Through Grantor/Program Title	State Core-CT Identification Number	Expenditures
DEPARTMENT OF EDUCATION:		
School Readiness Grant - Severe Needs School	11000-SDE64000-12113	\$ 123,692
Youth Service Bureau Enhancement	12060-SDE64370-16201	7,550
After School Programs	12060-SDE64370-17084	46,990
Adult Education	11000-SDE64000-17030	220,549
Child Nutrition Program	11000-SDE64000-16072	26,798
Family Resource Center	11000-SDE64000-16110	92,325
State School Breakfast	11000-SDE64000-17046	24,914
Non-Public Health Services	11000-SDE64000-17034	147,284
Youth Services Bureau	11000-SDE64000-17052	37,275
Open Choices - Receiving District	11000-SDE64000-17053	126,898
Magnet School - Operating	11000-SDE64000-17057	53,300
TOTAL DEPARTMENT OF EDUCATION		<u>907,575</u>
DEPARTMENT OF TRANSPORTATION:		
Town Aid Road Grants - General Obligation Bonds	12001-DOT57131-43455	87,221
Town Aid Road Grants - Special Tax Obligation Bonds	12001-DOT57131-43459	239,857
Funds Awaiting Distribution	34003-DOT57331-42350	164
TOTAL DEPARTMENT OF TRANSPORTATION		<u>327,242</u>
OFFICE OF POLICY AND MANAGEMENT:		
Local Capital Improvement Program	12050-OPM20600-40254	197,216
Municipal Video Competition Trust Account Tax Relief	11000-OPM20600-35362	74,210
Property Tax Relief - Elderly Circuit Breakers	11000-OPM20600-17018	403,785
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	10,053
Property Tax Relief for Elderly Homeowners-Freeze	11000-OPM20600-17021	16,000
Property Tax Relief for Veterans	11000-OPM20600-17024	113,031
Property Tax Relief for Manufacturing Machinery	11000-OPM20600-17031	245,002
Property Tax Relief - Disabled	11000-OPM20600-17011	7,177
TOTAL OFFICE OF POLICY AND MANAGEMENT		<u>1,066,474</u>
CONNECTICUT STATE LIBRARY:		
Historic Documents Preservation	12060-CSL66094-35150	10,000
State Grants to Public Libraries	11000-CSL66051-17003	3,807
Connecticard Payments	11000-CSL66051-17010	10,291
TOTAL CONNECTICUT STATE LIBRARY		<u>24,098</u>

(Continued)

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued

For the Year Ended June 30, 2010

State Grantor/Pass-Through Grantor/Program Title	State Core-CT Identification Number	Expenditures
OFFICE OF THE STATE COMPTROLLER:		
Boat Grant	12027-OSC15910-40211	4,659
PILOT - Private Colleges & Hospitals	11000-OSC15910-17006	2,026,529
PILOT - State Owned Property	11000-OSC15910-17004	516,532
TOTAL OFFICE OF THE STATE COMPTROLLER		<u>2,547,720</u>
DEPARTMENT OF ENVIRONMENTAL PROTECTION:		
Community Conservation & Development - Hamden Ice Rink Renovation	13019-DEP44420-41239	171,441
Hazardous Waste Removal and Containment Grant	12052-DEP43750-40514	35,500
TOTAL DEPARTMENT OF ENVIRONMENTAL PROTECTION		<u>206,941</u>
DEPARTMENT OF PUBLIC SAFETY:		
State 911 Enhancement	12060-DPS32740-35190	99,774
Drug Assistance	12060-DPS32155-35142	13,608
TOTAL DEPARTMENT OF PUBLIC SAFETY		<u>113,382</u>
DEPARTMENT OF SOCIAL SERVICES:		
Child Day Care (CDC-32) Sleeping Giant	11000-DSS60794-17022	112,118
COMMISSION ON CULTURE & TOURISM:		
National Endowment for the Arts	12060-CAT45220-20328	5,740
Historical Preservation Funding	12060-CAT45241-21494	1,750
TOTAL COMMISSION ON CULTURE & TOURISM		<u>7,490</u>
ECONOMIC AND COMMUNITY DEVELOPMENT		
ECD Hamden Highwood Square	12052-ECD46440-43085	298,921
<u>TOTAL STATE ASSISTANCE BEFORE EXEMPT PROGRAMS</u>		<u>5,611,961</u>
EXEMPT PROGRAMS		
OFFICE OF THE STATE COMPTROLLER:		
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	919,527
DEPARTMENT OF EDUCATION:		
Education Cost-sharing	11000-SDE64370-17041	19,639,497
School Construction Projects - Principal	13010-SDE64370-40901	3,289,562
School Construction Projects - Interest	13009-SDE64370-40896	470,248
Transportation of School Children	11000-SDE64370-17027	648,255
Excess Cost - Student Based	11000-SDE64370-17047	1,992,865
Nonpublic School Transportation	11000-SDE64370-17049	183,508
TOTAL DEPARTMENT OF EDUCATION		<u>26,223,935</u>
TOTAL EXEMPT PROGRAMS		<u>27,143,462</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 32,755,423</u>

See Notes to Schedule.

TOWN OF HAMDEN, 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 Hamden, 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, public works, public safety, social services, general government and Economic and Community Development.

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 applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The financial statements for the governmental fund types contained in the Town of Hamden, Connecticut's basic financial statements are prepared on the modified accrual basis of accounting.

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when a liability is incurred, except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, claims and judgments, and other post-employment benefits, which are recorded only when payment is due (matured).

The Schedule of Expenditures of State Financial Assistance, contained in this report, is also prepared on the modified accrual basis of accounting and 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 expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected as expenditures in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

As a result, certain classifications of revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for the Schedule of Expenditures of State Financial Assistance.

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS
AND QUESTIONED COSTS**

For the Year Ended June 30, 2010

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None reported
- Noncompliance material to financial statements noted? Yes X No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

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

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS
AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2010**

The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Identification Number	Expenditures
BOE - Adult Education	11000-SDE64000-17030	\$ 220,549
DOT - Town Aid Road Grants - Special Tax Obligation Bonds	12001-DOT57131-17036	239,857
OPM - Property Tax Relief - Elderly Circuit Breakers	11000-OPM20600-17018	403,785
OPM - Property Tax Relief for Manufacturing Machinery	11000-OPM20600-17031	245,002
Comptroller - PILOT - Private Colleges & Hospitals	11000-OSC15910-17006	2,026,529
Comptroller - PILOT - State-Owned Property	11000-OSC15910-17004	516,532
DECD - Small Town Economics Assistance Program	12052-ECD46000-42411-149	298,921

Dollar threshold used to distinguish between
type A and type B programs

\$ 200,000

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated January 3, 2011, 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."
- Our report on compliance reported no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated one matter that we consider to be a significant deficiency.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COST

No matters were noted.