

TOWN OF HAMDEN, CONNECTICUT

FEDERAL AND STATE FINANCIAL
AND COMPLIANCE REPORT
Fiscal Year Ended June 30, 2012

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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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, 2012. 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, *Audits of State, 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 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, 2012.

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 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, 2012, and have issued our report thereon dated January 30, 2013, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Hamden, Connecticut's 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of 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 LLP

New Haven, Connecticut
January 30, 2013

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

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:		
Food Distribution - Commodities - Non-Cash	10.555	\$ 149,300
National School Breakfast Program	10.553	289,254
National School Lunch Program	10.555	948,852
Child Care Food Program	10.555	20,744
Cash-in-Lieu/Commodities-CCFP	10.555	1,262
Total Child Nutrition Cluster		<u>1,409,412</u>
Total U.S. Department of Agriculture		<u>1,409,412</u>
U.S. Department of Education/ Passed Through the State of Connecticut		
Department of Education:		
Special Education Cluster:		
IDEA-Part B, Section 611	84.027A	1,513,933
ARRA - IDEA-Part B, Section 611	84.391A	13,444
IDEA-Part B, Section 619	84.173A	57,375
ARRA-IDEA-Part B, Section 619	84.392A	3,471
Total Special Education Cluster		<u>1,588,223</u>
Title I - Grants to Local Education Agencies Cluster:		
Title I - Grants to Local Education Agencies	84.010A	1,159,994
ARRA - Title I - Improving Basic Programs	84.389A	14,153
Total Title I - Grants to Local Education Agencies Cluster		<u>1,174,147</u>
Title II - Part A - Teacher and Principal Training	84.367A	<u>172,804</u>
Enhanced Education Through Technology:		
ARRA - Title II - Part D - Enhanced Education Through Technology	84.386	<u>1,565</u>
Title IV - Safe & Drug Free Schools	84.186A	<u>7,543</u>
Adult Basic Education	84.002A	<u>130,200</u>
Title III - Part A - English Language Acquisition	84.365	<u>52,757</u>
Career and Technical Education	84.048	<u>76,998</u>
Education Jobs Fund	84.410	<u>153,141</u>
Total U.S. Department of Education		<u>3,357,378</u>

(Continued)

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
 For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Justice/ Passed Through the State of Connecticut Office of Policy and Management:		
JJ Formula Grant 2003	16.540	59,213
U.S. Department of Transportation/ Passed Through the State of Connecticut Department of Transportation:		
Highway Planning and Construction	20.205	514,729
U.S. Department of Health and Human Services/ Passed Through the State of Connecticut Department of Social Services:		
Social Security Block Grant	93.667	91,232
U.S. Department of Homeland Security/ Passed Through the State Department of Public Safety:		
FEMA-Public Assistance Grants	97.036	400,053
Department of Labor/ Passed Through the State Department of Labor:		
ARRA - Special Transfer - UI Admin.	17.225	7,315
TOTAL FEDERAL AWARDS		\$ 5,839,332

See Notes to Schedule.

TOWN OF HAMDEN, CONNECTICUT

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012**

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. 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

Donated commodities in the amount of \$149,300 are included in the Department of Agriculture's National School Lunch Cluster CFDA #10.555. The amount represents the market value of the commodities used during the period.

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? 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? Yes 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 No

Identification of Major Programs

CFDA Numbers	Program Name or Cluster
97.036	FEMA – Public Assistance Grants
10.555/10.553	Child Nutrition Cluster
20.205	Highway Planning and Construction
84.002A	Adult Education

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

Auditee qualified as low-risk auditee? Yes No

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**TOWN OF HAMDEN, CONNECTICUT
SUMMARY OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2012**

There were no findings relative to federal awards in the prior year.



**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, 2012, which collectively comprise the Town of Hamden, Connecticut's basic financial statements, and have issued our report thereon dated January 30, 2013. Our report includes a reference to other auditors. 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: Management of the Town of Hamden, Connecticut is responsible for establishing and maintaining effective 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 previously.

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 30, 2013.

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 LLP

New Haven, Connecticut
January 30, 2013



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, 2012. The Town of Hamden, Connecticut's major state programs are identified in the summary of auditor's results section of the accompanying schedule of State Single Audit Compliance 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, 2012.

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, 2012, and have issued our report thereon dated January 30, 2013, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Hamden, Connecticut's financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of 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 LLP

New Haven, Connecticut
January 30, 2013

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2012

State Grantor/Pass-Through Grantor/Program Title	State Core-CT Identification Number	Expenditures
DEPARTMENT OF EDUCATION:		
School Readiness Grant - Severe Needs School	11000-SDE64370-12113	\$ 107,000
School Readiness Quality Enhancement	11000-SDE64370-17097	3,971
Youth Service Bureau Enhancement	12060-SDE64370-16201	7,550
Child Care Services	11000-SDE64220-12520	159,148
Adult Education	11000-SDE64370-17030	490,581
Child Nutrition Program	11000-SDE64370-16211	28,112
Family Resource Center	11000-SDE64370-16110	92,435
State School Breakfast	11000-SDE64370-17046	28,412
Non-Public Health Services	11000-SDE64370-17034	124,371
Youth Services Bureau	11000-SDE64370-17052	37,288
Open Choices - Receiving District	11000-SDE64370-17053	77,014
Magnet School - Operating	11000-SDE64370-17057	22,100
Bilingual Education	11000-SDE64370-17042	3,042
TOTAL DEPARTMENT OF EDUCATION		<u>1,181,024</u>
DEPARTMENT OF TRANSPORTATION:		
Town Aid Road Grants	12001-DOT57131-17036	<u>327,760</u>
OFFICE OF POLICY AND MANAGEMENT:		
Local Capital Improvement Program	12050-OPM20600-40254	589,376
Property Tax Relief - Elderly Circuit Breakers	11000-OPM20600-17018	412,610
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	8,643
Property Tax Relief for Elderly Homeowners-Freeze	11000-OPM20600-17021	12,000
Property Tax Relief for Veterans	11000-OPM20600-17024	149,416
Property Tax Relief - Disabled	11000-OPM20600-17011	9,309
Housing Zone Program	12060-OPM20600-90526	10,000
Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	613,167
Payment in Lieu of Taxes on Private Colleges	11000-OPM20600-17006	2,230,298
TOTAL OFFICE OF POLICY AND MANAGEMENT		<u>4,034,819</u>
CONNECTICUT STATE LIBRARY:		
Historic Documents Preservation	12060-CSL66094-35150	6,000
State Grants to Public Libraries	11000-CSL66051-17003	1,349
Connecticard Payments	11000-CSL66051-17010	7,518
TOTAL CONNECTICUT STATE LIBRARY		<u>14,867</u>
DEPARTMENT OF ENVIRONMENTAL PROTECTION:		
Public Education Governing Programs	12060-DEP39170-35363	140,751
Hazardous Waste Removal and Containment Grant	12052-DEP43750-40514	40,000
TOTAL DEPARTMENT OF ENVIRONMENTAL PROTECTION		<u>180,751</u>
DEPARTMENT OF JUDICIAL SERVICES:		
Motor Vehicle Fines	34001-JUD95162-40001	<u>21,874</u>

See Notes to Schedule

(Continued)

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
 For the Year Ended June 30, 2012

State Grantor/Pass-Through Grantor/Program Title	State Core-CT Identification Number	Expenditures
DEPARTMENT OF PUBLIC SAFETY:		
State 911 Enhancement	12060-DPS32741-35190	167,051
Drug Assistance	12060-DPS32155-35142	7,543
Grants in Aid	13019-DPS32110-41238	250,000
TOTAL DEPARTMENT OF PUBLIC SAFETY		<u>424,594</u>
ECONOMIC AND COMMUNITY DEVELOPMENT:		
Historic Preservation Activities	12060-ECD46840-90455	111,825
ECD Newhall Neighborhood Improvement Project	12052-ECD46440-43240	1,229,243
ECD Hamden Hydrogen Fueling Station	12052-ECD46555-43250	105,314
National Endowment for the Arts	12060-ECD46820-20328	2,043
Basic Cultural Resource Grant	11000-ECD46820-17067	5,432
Urban Action Bond	13019-ECD46350-41240	300,000
ECD Hamden ELI Whitney	12052-ECD46840-43193	149,684
Historic Preservation	12060-ECD46840-21494	2,500
TOTAL ECONOMIC AND COMMUNITY DEVELOPMENT		<u>1,906,041</u>
TOTAL STATE ASSISTANCE BEFORE EXEMPT PROGRAMS		<u>8,091,730</u>
EXEMPT PROGRAMS		
OFFICE OF POLICY AND MANAGEMENT:		
Grants to Towns	12009-OPM20600-17005	945,919
Municipal Revenue Sharing	12060-OPM20600-35458	169,825
Municipal Video Competition	12060-OPM20600-35362	26,427
TOTAL OFFICE OF POLICY AND MANAGEMENT		<u>1,142,171</u>
DEPARTMENT OF EDUCATION:		
Education Cost-sharing	11000-SDE64000-17041	23,014,903
Transportation of School Children	11000-SDE64000-17027	553,904
Excess Cost - Student Based	11000-SDE64000-17047	1,975,815
Nonpublic School Transportation	11000-SDE64000-17049	145,086
TOTAL DEPARTMENT OF EDUCATION		<u>25,689,708</u>
DEPARTMENT OF PUBLIC WORKS:		
School Construction Grants	13009-DPW27610-40896	327,588
School Construction Grants	13010-DPW27610-40901	1,711,309
		<u>2,038,897</u>
TOTAL EXEMPT PROGRAMS		<u>28,870,776</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 36,962,506</u>

See Notes to Schedule.

TOWN OF HAMDEN, CONNECTICUT

NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE For the Year Ended June 30, 2012

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 and general government.

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 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, 2012**

I. SUMMARY OF 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? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

State Financial Assistance

Internal control over major programs:

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

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

State Grantor and Program	State Core-CT Identification Number	Expenditures
OPM - Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	\$ 613,167
OPM - Payment in Lieu of Taxes of Private Colleges	11000-OPM20600-17006	2,230,298
DPS - Grants in Aid	13019-DPS32110-41238	250,000
ECD - Urban Action Bond	13019-ECD46350-41240	300,000
ECD - Newhall Neighborhood Improvement Project	12052-ECD46440-43240	1,229,243
DOT - Town Aid Roads Grant	12001-DOT57131-17036	327,760
OPM - Local Capital Improvement	12050-OPM20600-40254	589,376
OPM - Property Tax Relief - Elderly Circuit Breaker	11000-OPM20600-17018	412,610
OPM - Property Tax Relief for Veterans	11000-OPM20600-17024	149,416

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

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.