
FEDERAL SINGLE AUDIT
AND
STATE SINGLE AUDIT
OF THE
TOWN OF BETHEL, CONNECTICUT

FOR THE YEAR ENDED
JUNE 30, 2010

RECEIVED

MAR 01 2011

TOWN OF BETHEL
TOWN CLERK

FEDERAL SINGLE AUDIT
AND
STATE SINGLE AUDIT
OF THE
TOWN OF BETHEL, CONNECTICUT

FOR THE YEAR ENDED
JUNE 30, 2010

TOWN OF BETHEL, CONNECTICUT

FEDERAL SINGLE AUDIT
AND
STATE SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2010

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**Federal
Single
Audit**

TOWN OF BETHEL, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE | FEDERAL CFDA NUMBER | STATE PROJECT NUMBER | EXPENDITURES |
|---|------------------------------------|-------------------------------------|---------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | |
| Passed through State Department of Education: | | | |
| School Breakfast Program..... | 10.553 | 12060-20508-82079-2009-170005 | \$ 338 |
| School Breakfast Program..... | 10.553 | 12060-20508-82079-2010-170005 | 2,811 |
| National School Lunch..... | 10.555 | 12060-20560-82079-2009-170005 | 22,619 |
| National School Lunch..... | 10.555 | 12060-20560-82079-2010-170005 | 165,599 |
| National School Lunch - Commodities..... | 10.555 | | 36,969 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE..... | | | 228,336 |
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | |
| Passed through State Department of Economic and Community Development: | | | |
| Community Development Block Grants/Small Cities Program..... | 14.228 | 12060-20730-74001-2010 | 15,800 |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | |
| Passed through State Office of Policy and Management: | | | |
| ARRA - Justice Assistance Grant..... | 16.738 | | 22,500 |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| Alcohol Open Container Requirements..... | 20.607 | | 9,761 |
| Safety Belt Performance Grants..... | 20.609 | | 737 |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION..... | | | 10,498 |
| <u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u> | | | |
| Passed through State Commission on Arts and Tourism: | | | |
| Promotion of the Arts - Grants to Organizations and Individuals..... | 45.024 | 12060-20328-73003-2010 | 418 |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | |
| Passed through State Department of Education: | | | |
| Title I Grants to Local Educational Agencies..... | | 12060-20679-82070-2009-170002 | 78,694 |
| Title I Grants to Local Educational Agencies..... | | 12060-20679-82070-2010-170002 | 28,024 |
| Total Title I Grants to Local Educational Agencies..... | 84.010 | | 106,718 |
| Special Education - Grants to States (IDEA, Part B)..... | | 12060-20977-82032-2009-170002 | 441,583 |
| Special Education - Grants to States (IDEA, Part B)..... | | 12060-20977-82032-2010-170002 | 255,587 |
| Total Special Education - Grants to States (IDEA, Part B)..... | 84.027 | | 697,170 |
| Special Education - Preschool Grants (IDEA Preschool)..... | 84.173 | 12060-20983-82032-2010-170002 | 26,407 |
| ARRA - Special Education Grants to States (IDEA, Part B), Recovery Act..... | 84.391 | 12060-20911-82032-2009-170002 | 315,426 |
| ARRA - Special Education - Preschool Grants (IDEA Preschool), Recovery Act..... | 84.392 | 12060-20912-82032-2009-170002 | 15,014 |
| Total Special Education - Cluster..... | | | 1,054,017 |
| Career and Technical Education - Basic Grants to States..... | | 12060-20742-84010-2008-170002 | 2,784 |
| Career and Technical Education - Basic Grants to States..... | | 12060-20742-84010-2010-170002 | 26,106 |
| Total Career and Technical Education - Basic Grants to States..... | 84.048 | | 28,890 |
| Safe and Drug-Free Schools and Communities - State Grants..... | | 12060-20873-84131-2009-170002 | 4,234 |
| Safe and Drug-Free Schools and Communities - State Grants..... | | 12060-20873-84131-2010-170002 | 373 |
| Total Safe and Drug-Free Schools and Communities - State Grants..... | 84.183 | | 4,607 |
| Title II, Part D Educational Technology - State Grants..... | 84.318 | 12060-20826-82079-2010-170002 | 432 |
| English Language Acquisition Grant..... | | 12060-20868-82075-2009-170002 | 10,462 |
| English Language Acquisition Grant..... | | 12060-20868-82075-2010-170002 | 17,497 |
| English Language Acquisition Grant..... | | 12060-20868-82076-2010-170002 | 6,470 |
| Total English Language Acquisition Grant..... | 84.365 | | 34,429 |

(Continued)

See notes to Schedule of Federal Awards

TOWN OF BETHEL, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE | FEDERAL CFDA NUMBER | STATE PROJECT NUMBER | EXPENDITURES |
|--|---------------------------|-------------------------------|---------------------|
| Title II, Part A Improving Teacher Quality - State Grants..... | | 12060-20858-84131-2009-170002 | \$ 66,106 |
| Title II, Part A Improving Teacher Quality - State Grants..... | | 12060-20858-84131-2010-170002 | 14,877 |
| Total Improving Teacher Quality State Grants..... | 84.367 | | <u>80,983</u> |
| ARRA - State Fiscal Stabilization Fund Cluster: | | | |
| ARRA - State Fiscal Stabilization Fund - Educational State Grants, Recovery Act..... | 84.394 | | 750,208 |
| ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act..... | 84.397 | | 413,630 |
| Total ARRA - State Fiscal Stabilization Fund Cluster..... | | | <u>1,163,838</u> |
| TOTAL U.S. DEPARTMENT OF EDUCATION..... | | | <u>2,473,914</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | |
| Passed through State Department of Health: | | | |
| Public Health Emergency Preparedness..... | 93.069 | | 210,191 |
| Preventative Health and Health Services Block Grant..... | 93.991 | | 2,351 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES..... | | | <u>212,542</u> |
| TOTAL FEDERAL AWARDS..... | | | <u>\$ 2,964,008</u> |

(Concluded)

TOWN OF BETHEL, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Bethel, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to Federal awards:

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting and a current financial resources measurement focus. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

2. NONCASH FEDERAL AWARDS

The Town received and expended \$36,969 of USDA donated commodities under the National School Lunch Program.

TOWN OF BETHEL, CONNECTICUT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

Summary Schedule of Prior Audit Findings

There were no prior year audit findings or questioned costs.

TOWN OF BETHEL, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? x yes no
Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? yes x none reported

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

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

Identification of major programs:

| <u>CFDA NUMBER</u> | <u>NAME OF FEDERAL PROGRAM</u> |
|-----------------------------------|--|
| 84.027 / 84.173 / 84.391 / 84.392 | Special Education Cluster |
| 84.394 / 84.397 | ARRA - State Fiscal Stabilization Fund Cluster |

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

Auditee qualified as low-risk auditee? x yes no

TOWN OF BETHEL, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

II - FINANCIAL STATEMENT FINDINGS

Finding

2010-1 Bank Reconciliations - General Fund:

Condition

The bank reconciliations for the general fund operating account was not reconciled in a regular and timely manner during the year. As a result, the general ledger cash balance had to be adjusted at year end.

Criteria

Effective internal control over cash requires monthly reconciliations to be performed on a timely basis.

Questioned Cost

There were no questioned costs.

Context

The deficiency was identified during the fiscal year.

Effect

All transactions and activity were not recorded on a timely basis and, therefore, general ledger cash balances were not reconciled to the bank statement.

Cause

The cause is unknown.

Recommendation

We recommend that bank reconciliations be performed on a monthly basis within thirty days of month end and that balances are agreed and reconciled to the general ledger.

TOWN OF BETHEL, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2010-2

Grantor: Department of Education
Federal Program Name: Special Education - Grants to States (IDEA Part B)
Pass-through Entity: State Department of Education
Federal Grant Program Number: 12060-20977-82032-2010-170002

Criteria

Federal cash management regulations require that only immediate cash requirements should be drawn down by the grantee.

Condition

Excess monies were drawn down by the Board of Education for the Special Education Cluster during the year.

Questioned Cost

There were no questioned costs.

Context

The finding occurred in 4 out of 12 months.

Effect

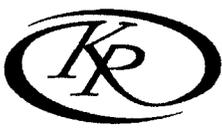
There was over \$268,000 of excess grant money at June 30, 2010. If cash management efforts are not improved, it could result in significant delays in the receipt of grant funding.

Cause

The Board of Education requested a draw down from the State Department of Education for certain teacher's payroll but subsequently charged those teacher's payroll to the Stabilization grant.

Recommendation

We recommend that all cash drawn down requests be based upon actual immediate cash needed in accordance with federal regulations.



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

Board of Finance
Town of Bethel, Connecticut

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bethel, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 27, 2011. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questions costs, we identified certain deficiencies in the internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questions costs to be a material weakness (Finding 2010-1).



Town of Bethel, Connecticut
Page Two

Compliance and Other Matters

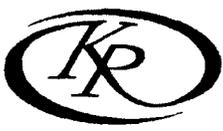
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Town in a separate letter dated January 27, 2011.

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

Kostin, Ruffkess & Company, LLC

Farmington, Connecticut
January 27, 2011



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RUFFKESS
& COMPANY, LLC**

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Business Advisors and Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Finance
Town of Bethel, Connecticut

Compliance

We have audited the Town of Bethel, Connecticut's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2010. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133, and which is described in the accompanying schedule of findings and questioned costs as Finding 2010-2.



Town of Bethel, Connecticut
Page Two

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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, business-type activities, each major fund and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2010, and have issued our report thereon dated January 27, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town'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.



Town of Bethel, Connecticut
Page Two

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

Kostin, Ruffkess & Company, LLC

Farmington, Connecticut
January 27, 2011

**State
Single
Audit**

TOWN OF BETHEL, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010

| STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE | STATE GRANT PROGRAM CORE CT NUMBER | STATE PROJECT NUMBER | EXPENDITURES |
|---|--|-------------------------------|------------------|
| DEPARTMENT OF EDUCATION: | | | |
| Healthy Foods Grant..... | 11000-SDE64000-16072 | 11000-16072-82010-2010-170005 | \$ 22,524 |
| Children Nutrition Program (School Lunch State Match)..... | 11000-SDE64000-16072 | 11000-16072-82051-2010-170005 | 10,351 |
| Adult Education..... | 11000-SDE64000-17030 | 11000-17030-84003-2010-170013 | 10,790 |
| Nonpublic Health Services..... | 11000-SDE64000-17034 | 11000-17034-82010-2010-170006 | 7,273 |
| Magnet School Transportation..... | 11000-SDE64000-17057 | 11000-17057-82061-2010 | 9,835 |
| DEPARTMENT OF TRANSPORTATION: | | | |
| Town Aid Roads Grant - Transportation Fund..... | 12001-DOTS57000-17036 | | 158,659 |
| DEPARTMENT OF PUBLIC SAFETY: | | | |
| State Assets Forfeiture Revolving Fund..... | 12060-DPS32155-35142 | | 2,160 |
| DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT: | | | |
| Community Housing Development Corporation..... | 12064-ECD46000-40238-015 | | 37,370 |
| DEPARTMENT OF ENVIRONMENTAL PROTECTION: | | | |
| Small Town Economic Assistance Program..... | 12052-DEP43000-40531 | | 225,000 |
| DEPARTMENT OF EMERGENCY AND HOMELAND SECURITY: | | | |
| School Security Competitive Grant..... | 12060-EHS99500-99530 | | 77,574 |
| DEPARTMENT OF SOCIAL SERVICES: | | | |
| Neighborhood Facilities..... | 12052-DSS60000-42895 | | 142,500 |
| OFFICE OF POLICY AND MANAGEMENT: | | | |
| Property Tax Relief for Manufacturing Machinery Equipment and Commercial Vehicles..... | 11000-OPM20600-17031 | | 252,137 |
| Property Tax Relief for Elderly and Totally Disabled Homeowners..... | 11000-OPM20600-17018 | | 114,500 |
| Property Tax Relief for Veterans..... | 11000-OPM20600-17024 | | 7,256 |
| Property Tax Relief for Totally Disabled..... | 11000-OPM20600-17011 | | 1,363 |
| Local Capital Improvement Program..... | 11000-OPM20600-40254 | | 114,416 |
| Municipal Video Competition Trust Acct Grant..... | 12060-35362-2008-13046 | | 18,413 |
| CONNECTICUT STATE LIBRARY: | | | |
| State Grants to Public Libraries..... | 11000-CSL66051-17003 | | 2,027 |
| Connecticard Payments..... | 11000-CSL66051-17010 | | 3,057 |
| Historical Preservation Grant..... | 12060-CSL66094-35150 | | 5,000 |
| OFFICE OF STATE COMPTROLLER: | | | |
| Payment in Lieu of Taxes (PILOT) on State Owned Property..... | 11000-OSC15910-17004 | | 27,140 |
| Payment in Lieu of Taxes (PILOT) on Private Colleges and Hospitals..... | 11000-OSC15910-17006 | | 20,201 |
| Boat Grant..... | 12027-OSC15910-40211 | | 1,235 |
| TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS | | | <u>1,270,781</u> |

(Continued)

TOWN OF BETHEL, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010

| STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE | STATE GRANT PROGRAM CORE CT NUMBER | STATE PROJECT NUMBER | EXPENDITURES |
|--|--|-------------------------------|----------------------|
| <u>EXEMPT PROGRAMS:</u> | | | |
| DEPARTMENT OF EDUCATION: | | | |
| Transportation for School Children - Public..... | 11000-SDE64000-17027 | 11000-17027-82010-2010-17000 | \$ 89,434 |
| Education Cost Sharing..... | 11000-SDE64000-17041 | 11000-17041-82010-2010-170002 | 6,987,511 |
| Special Education: | | | |
| Special Education - Excess Cost - Student Based..... | 11000-SDE64000-17047 | 11000-17047-82016-2010 | 458,548 |
| Special Education - Excess Cost - Student Based..... | 11000-SDE64000-17047 | 11000-17047-82018-2010 | 540,838 |
| Special Education - Excess Cost - Student Based..... | 11000-SDE64000-17047 | 11000-17047-82163-2010 | 59,394 |
| Transportation for School Children - Nonpublic | 11000-SDE64000-17049 | 11000-17049-82010-2010-170006 | 18,644 |
| Commitments for School Construction: | | | |
| School Construction Projects - Interest..... | 13009-SDE64000-40896 | 13009-40896-82004-2009-170063 | 13,058 |
| School Construction Projects - Interest..... | 13009-SDE64000-40896 | 13009-40896-82004-2010-170063 | 13,912 |
| School Construction Projects - Principal..... | 13010-SDE64000-40901 | 13010-40901-82003-2009-170001 | 410,960 |
| School Construction Projects - Progress..... | 13010-SDE64000-40901 | 13010-40901-82006-2010-170001 | 576,547 |
| OFFICE OF STATE COMPTROLLER: | | | |
| Mashantucket Pequot/Mohegan Fund..... | 12009-OSC-15910-17005 | | <u>42,945</u> |
| TOTAL EXEMPT PROGRAMS..... | | | <u>9,211,791</u> |
| GRAND TOTAL STATE FINANCIAL ASSISTANCE..... | | | <u>\$ 10,482,572</u> |

(Concluded)

TOWN OF BETHEL, CONNECTICUT

NOTES 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 Bethel through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including the Department of Education, the Department of Transportation, the Connecticut State Library, the Office of the State Comptroller, the Department of Educational Services for the Blind, the Department of Economic and Community Development, the Commission on Culture and Tourism, the Department of Public Safety, the Department of Health Services, the Office of Policy and Management, and the Department of Environmental Protection.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Bethel, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to State financial assistance:

Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the modified accrual basis of accounting and a current financial resources measurement focus.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (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 in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

2. LOAN PROGRAM

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2010:

DEPARTMENT OF ENVIRONMENTAL PROTECTION:

Clean Water Funds (6865-3100-888):

| <u>Issue Date</u> | <u>Interest Rate</u> | <u>Original Amount</u> | <u>Balance July 1, 2009</u> | <u>Retired</u> | <u>Balance June 30, 2010</u> |
|-------------------|----------------------|------------------------|-----------------------------|----------------|------------------------------|
| 7-29-94 | 2% | \$ 9,159,368 | \$ 1,959,865 | \$ 479,967 | \$ 1,479,898 |

TOWN OF BETHEL, CONNECTICUT

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

Summary Schedule of Prior Audit Findings

- Prior year finding 2009-1 has been corrected.

TOWN OF BETHEL, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? x yes no
Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? yes x none reported

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

Any audit findings disclosed that are required
to be reported in accordance with Section
4-236-24 of the Regulations of the
State Single Audit Act? yes x no

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

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 200,000

| <u>State Grantor and Program</u> | <u>State Grant Program Identification Number</u> | <u>Expenditures</u> |
|--|--|---------------------|
| DEPARTMENT OF TRANSPORTATION: | | |
| Town Aid Road Grants - Transportation Fund | 12001-DOTS57000-17036 | \$ 158,659 |
| DEPARTMENT OF ENVIRONMENTAL PROTECTION: | | |
| Small Town Economic Assistance Program..... | 12052-DEP46000-40531 | 225,000 |
| OFFICE OF POLICY AND MANAGEMENT: | | |
| Property Tax Relief for Manufacturing Machinery Equipment and Commercial Vehicles..... | 11000-OPM20600-17031 | 252,137 |
| Local Capital Improvement Program | 11000-OPM20600-40254 | 114,416 |

TOWN OF BETHEL, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

II. FINANCIAL STATEMENT FINDINGS

Finding

2010-1 Bank Reconciliations - General Fund:

Condition

The bank reconciliations for the general fund operating account was not reconciled in a regular and timely manner during the year. As a result, the general ledger cash balance had to be adjusted at year end.

Criteria

Effective internal control over cash requires monthly reconciliations to be performed on a timely basis.

Questioned Cost

There were no questioned costs.

Context

The deficiency was identified during the fiscal year.

Effect

All transactions and activity were not recorded on a timely basis and, therefore, general ledger cash balances were not reconciled to the bank statement.

Cause

The cause is unknown.

Recommendation

We recommend that bank reconciliations be performed on a monthly basis within thirty days of month end and that balances are agreed and reconciled to the general ledger.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs relating to State Financial Assistance programs.



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

Board of Finance
Town of Bethel, Connecticut

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bethel, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon January 27, 2011. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questions costs, we identified certain deficiencies in the internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questions costs to be a material weakness (Finding 2010-1).



Town of Bethel, Connecticut
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Town in a separate letter dated January 27, 2011.

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

Kostin, Ruffkess & Company, LLC

Farmington, Connecticut
January 27, 2011



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE STATE SINGLE AUDIT ACT

Board of Finance
Town of Bethel, Connecticut

Compliance

We have audited the Town of Bethel, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management Compliance Supplement that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2010. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town's internal control over compliance with 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's internal control over compliance.



Town of Bethel, Connecticut
Page Two

Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed 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, business-type activities, each major fund and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2010, and have issued our report thereon dated January 27, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements taken as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Kostin, Ruffkess & Company, LLC

Farmington, Connecticut
January 27, 2011