

# McGladrey & Pullen

Certified Public Accountants

## **TOWN OF STONINGTON, CONNECTICUT**

**FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS  
YEAR ENDED JUNE 30, 2008**

**TOWN OF STONINGTON, CONNECTICUT**

**FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS**

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SECTION 4-230 TO 4-236**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO 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 Board of Finance  
Town of Stonington, Connecticut

**Compliance:** We have audited the compliance of the Town of Stonington, Connecticut with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 "Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2008. The Town of Stonington, Connecticut's major federal programs are identified in the summary of independent 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 Stonington, Connecticut's management. Our responsibility is to express an opinion on the Town of Stonington, Connecticut's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Stonington, 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 Stonington, Connecticut's compliance with those requirements.

In our opinion, the Town of Stonington, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

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

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

**Schedule of Expenditures of Federal Awards:** We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Connecticut as of and for the year ended June 30, 2008, and have issued our report thereon dated December 22, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stonington, Connecticut's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. 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 Board of Finance of the Town of Stonington, 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 those specified parties.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
December 22, 2008

TOWN OF STONINGTON, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2008

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b>U.S. Department of Agriculture/ Passed through the State of Connecticut Department of Education:</b>		
Food Donation	10.550	\$ 53,480
Nutrition Cluster:		
Summer Food Service Program for Children	10.559	9,522
National School Breakfast Program	10.553	30,850
National School Lunch Program	10.555	143,322
Special School Milk Program	10.556	2,302
<b>Total Nutrition Cluster</b>		<b>185,996</b>
<b>Total U.S. Department of Agriculture</b>		<b>239,476</b>
<b>U.S. Department of Transportation/ Passed through the State of Connecticut Department of Transportation</b>		
Highway Planning/Construction-Rossie	20.205	98,657
Occupant Protection	20.602	15,098
Alcohol Traffic Safety and Drunk Drive Prevention Incentive Grants	20.601	11,948
		<b>125,703</b>
<b>Passed through the State of Connecticut Department of Environmental Protection</b>		
Recreation Program	20.219	50,000
<b>Total U.S. Department of Transportation</b>		<b>175,703</b>
<b>U. S. Department of Emergency and Homeland Security/ Passed through the State of Connecticut Emergency and Homeland Security</b>		
State Homeland Security	97.073	19,494
Emergency Management Performance Grants	97.042	7,388
Law Enforcement Terrorism Prevention Program	97.074	7,621
<b>Total U.S. Department of Emergency and Homeland Security</b>		<b>34,503</b>

See Notes to Schedule.

(Continued)

TOWN OF STONINGTON, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
For the Year Ended June 30, 2008

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b>U.S. Department of Education/ Passed through the State of Connecticut Department of Education:</b>		
Special Education Cluster:		
IDEA-Part B, Section 611	84.027	493,169
IDEA-Part B, Section 619	84.173	12,987
<b>Total Special Education Cluster</b>		<b>506,156</b>
 Carl D. Perkins Act Vocational & Technical Education Act	84.048	75,191
 Title I - Grants to Local Education Agencies	84.010	185,172
 Title V - Innovative Education Program Strategies	84.298	1,568
 Title II - Part A - Teacher and Principal Training	84.367	73,850
 Title II - Part D - Enhanced Education Through Technology	84.318	203
 Title IV - Safe & Drug Free Schools	84.186	4,583
<b>Total U.S. Department of Education</b>		<b>846,723</b>
 <b>U.S. Federal Election Assistance Commission/ Passed through the State Secretary Department</b>		
Help America Vote	90.401	3,653
 <b>U.S. Department of Housing and Urban Development/ Passed through the State of Connecticut Department of Housing:</b>		
Small Cities Grant	14.219	25,500
<b>Total Expenditures of Federal Awards</b>		<b>\$ 1,325,558</b>

See Notes to Schedule.

## TOWN OF STONINGTON, CONNECTICUT

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2008

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Stonington and is presented on the modified accrual/accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### **Note 2. Contributions**

##### U.S.D.A. Contributions:

Donated commodities in the amount of \$53,480 are included in the Department of Agriculture's Food Distribution Program (CFDA #10.550). The amount represents the market value of the commodities used during the period.

**TOWN OF STONINGTON, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2008**

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**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: unqualified

- Material weakness(es) identified?                      \_\_\_\_\_ Yes                        X   No
- Significant deficiency(ies) identified that  
are not considered to be material  
weaknesses?                      \_\_\_\_\_ Yes                        X   None reported
- Noncompliance material to financial  
statements?                      \_\_\_\_\_ Yes                        X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?                      \_\_\_\_\_ Yes                        X   No
- Significant deficiency(ies) identified that  
are not considered to be material  
weaknesses?                      \_\_\_\_\_ 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	Special Education Cluster
84.010	Title I Grants to Local Education Agencies

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

          \$300,000          

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes                        X   No

**TOWN OF STONINGTON, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2008**

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**II. FINANCIAL STATEMENT FINDINGS**

**A. Deficiencies in Internal Control**

None noted.

**B. Compliance Findings**

None reported.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**A. Deficiencies in Internal Control**

None noted.

**B. Compliance Findings**

None reported.

**TOWN OF STONINGTON, CONNECTICUT  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2008**

None reported.

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

To the Board of Finance  
Town of Stonington, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Stonington, Connecticut as of and for the year ended June 30, 2008, which collectively comprise the Town of Stonington, Connecticut's basic financial statements, and have issued our report thereon dated December 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting:*** In planning and performing our audit, we considered the Town of Stonington, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Stonington, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Stonington, Connecticut's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters:** As part of obtaining reasonable assurance about whether the Town of Stonington, 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 Stonington, Connecticut in a separate letter dated December 22, 2008.

This report is intended solely for the information and use of the management and the Board of Finance of the Town of Stonington, 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 those specified parties.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
December 22, 2008

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT AND ON THE  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

To the Board of Finance  
Town of Stonington, Connecticut

**Compliance**

We have audited the compliance of the Town of Stonington, Connecticut with the types of compliance requirements described in the "Office of Policy and Management Compliance Supplement" that are applicable to each of its major state programs for the year ended June 30, 2008. The major state programs are identified in the summary of independent 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 Stonington, Connecticut's management. Our responsibility is to express an opinion on compliance based on our audit.

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

In our opinion, the Town of Stonington, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with the State Single Audit Act and which is described in the accompanying schedule of findings and questioned costs as item SCF08-1.

### **Internal Control Over Compliance**

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

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of 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 Stonington, Connecticut as of and for the year ended June 30, 2008, and have issued our report thereon dated December 22, 2008. Our audit was performed for the purpose of forming 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 the Board of Finance, management of the Town of Stonington, Connecticut, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
December 22, 2008

**TOWN OF STONINGTON, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**For the Year Ended June 30, 2008**

<b>State Grantor/Pass Through Grantor/Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>DEPARTMENT OF EDUCATION</b>		
Child Nutrition Program - School Lunch State Match	11000-SDE64000-16072	\$ 34,009
Adult Education	11000-SDE64000-17030	17,234
Magnet School Transportation	11000-SDE64000-17057	24,700
Youth Service Bureaus	11000-SDE64000-17052	18,010
Your Service Bureau-Enhancement	11000-SDE64000-16201	6,250
Non-Public Health Services	11000-SDE64000-17034	11,215
<b>Total State Department of Education</b>		<b>111,418</b>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	122,985
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	16,221
Property Tax Relief for Veterans	11000-OPM20600-17024	24,106
Property Tax Relief for Manufacturing Machinery and Equipment	11000-OPM20600-17031	95,272
Payment in Lieu of Taxes on State-Owned Property	11000-OSC15910-17004	24,940
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	73,728
Property Tax Reimbursement - Disability Exemption	11000-OPM20600-17011	2,064
<b>Total Office of Policy and Management</b>		<b>359,316</b>
<b>DEPARTMENT OF TRANSPORTATION</b>		
Town Aid Road Grants	12001-DOT57131-17036	166,109
<b>DEPARTMENT OF PUBLIC SAFETY</b>		
Drug Asset Forfeiture Revenue	12060-DPS32155-35142	540
Telecommunications Fund	12060-DPS32740-35190	68,330
		<b>68,870</b>
<b>STATE COMPTROLLER</b>		
Boat Grant	12027-OSC15910-40211	85,164
<b>BOARD OF EDUCATION AND SERVICES FOR THE BLIND</b>		
Education of Handicapped Blind Children	11000-ESB65020-12060	20,145

See Notes to Schedule.

(Continued)

**TOWN OF STONINGTON, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued**  
**For the Year Ended June 30, 2008**

<b>State Grantor/Pass Through Grantor/Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>CONNECTICUT STATE LIBRARY</b>		
Historic Documents Preservation Grant	12060-CSL66094-35150	<u>7,000</u>
<b>DEPARTMENT OF ECONOMIC DEVELOPMENT</b>		
Urban Action Bonds	13019-ECD46350-41240	<u>92,926</u>
<b>DEPARTMENT OF PUBLIC HEALTH</b>		
Local and District Departments of Health	11000-DPH48558-17009	<u>4,825</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS</b>		<u>915,773</u>
<b>DEPARTMENT OF EDUCATION</b>		
School Construction Projects - Interest	13009-SDE64370-40896	21,053
School Construction Projects-Principal	13010-SDE64370-40901	182,284
School Construction Progress Payments	13010-SDE64370-40901	1,072,918
Transportation for School Children - Public	11000-SDE64370-17027	80,689
Education Equalization	11000-SDE64370-17041	2,002,690
Excess Cost-Student Based	11000-SDE64370-17047	816,894
Non-Public School Transportation	11000-SDE64370-17049	<u>4,572</u>
<b>Total exempt programs</b>		<u>4,181,100</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u><u>\$ 5,096,873</u></u>

See Notes to Schedule.

**TOWN OF STONINGTON, CONNECTICUT  
STATE FINANCIAL ASSISTANCE PROGRAMS**

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
For the Year Ended June 30, 2008**

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Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Stonington, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Stonington, 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 Stonington, Connecticut's basic financial statements are prepared on the modified accrual basis of accounting.

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 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 STONINGTON, CONNECTICUT  
STATE FINANCIAL ASSISTANCE PROGRAMS**

**NOTES TO SCHEDULE, Continued  
For the Year Ended June 30, 2008**

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**2. LOAN PROGRAMS**

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, 2008:

***Department of Environmental Protection:***

Clean Water Funds 6865-3100-888:

Project Number	Year of Issue	Interest Rate	Original Amount	Balance June 30, 2007	Retired	Balance June 30, 2008
196C	1991	2.00%	\$ 2,517,660	\$ 503,531	\$ 125,883	\$ 377,648
196C	1998	2.00%	1,563,519	751,543	75,154	676,389
196-CD1	2000	2.00%	1,148,280	721,701	65,912	655,789
Total				\$ 1,976,775	\$ 266,949	\$ 1,709,826

**TOWN OF STONINGTON, CONNECTICUT**

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS  
AND QUESTIONED COSTS  
For the Year Ended June 30, 2008**

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**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 | _____ <u>X</u> No            |
| ▪ Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ Yes | _____ <u>X</u> None reported |
| ▪ Noncompliance material to financial statements noted?                                     | _____ Yes | _____ <u>X</u> No            |

**State Financial Assistance**

Internal control over major programs:

- |   |           |                              |
|---|-----------|------------------------------|
| ▪ Material weakness(es) identified?   | _____ Yes | _____ <u>X</u> No            |
| ▪ Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ Yes | _____ <u>X</u> 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? | _____ <u>X</u> Yes | _____ No |
|---|--------------------|----------|

## TOWN OF STONINGTON, CONNECTICUT

### SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS AND QUESTIONED COSTS, Continued For the Year Ended June 30, 2008

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

State Grantor and Program	State Core-CT Number	State Expenditures
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	\$ 122,985
Property Tax Relief for Manufacturing Machinery and Equipment	11000-OPM20600-17031	95,272
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	73,728
Town Aid Road Grants	12001-DOT57131-17036	166,109
Urban Action Bonds	13019-ECD46000-41240	92,926

## II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated December 22, 2008, on compliance and on internal control over financial reporting and other matters based on an audit of financial statements performed in accordance with "Government Auditing Standards."
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting reported no significant deficiencies.

## III. FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE

### A. Deficiencies in Internal Control

None noted.

### B. Compliance Findings

**SCF08-1. Department of Economic Development, Urban Action Bonds – 13019-ECD46350-41240**

#### Criteria:

The Town did not comply with the special reporting requirements of the grant.

**TOWN OF STONINGTON, CONNECTICUT**

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS  
AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2008**

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**Condition:**

The Town did not submit semi-annual balance sheet and statement of program costs to the Department of Economic Development by January 30, 2008.

**Questioned Cost:**

There are no questioned costs.

**Context:**

This grant was new to the Town and has not been audited in the past. This finding represents an isolated instance.

**Cause:**

The Town did not have the resources available to file in a timely manner.

**Effect:**

The Town could not report reimbursable expenditures to the State in a timely manner.

**Recommendation:**

The Town should ensure they file the necessary forms to the State, in a timely manner, to comply with the State Single Audit Act.

**Views of Responsible Officials and Planned Corrective Actions**

The First Selectman takes responsibility for the finding and ensures all necessary forms will be timely filed in the future.