
FEDERAL SINGLE AUDIT

AND

STATE SINGLE AUDIT

OF THE

TOWN OF BETHEL, CONNECTICUT

FOR THE YEAR ENDED
JUNE 30, 2011

TOWN OF BETHEL, CONNECTICUT

FEDERAL SINGLE AUDIT
AND
STATE SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

	<u>PAGE</u>
<u>FEDERAL SINGLE AUDIT</u>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	3
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	5
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	7
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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.	9
<u>STATE SINGLE AUDIT</u>	
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE	11
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE.....	13
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	14
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	15
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	17
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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.....	19

**Federal
Single
Audit**

TOWN OF BETHEL, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

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	12060-20508-82079-2010-170005	\$ 1,360
School Breakfast Program.....	10.553	12060-20508-82079-2011-170005	3,781
National School Lunch.....	10.555	12060-20560-82079-2010-170005	20,575
National School Lunch.....	10.555	12060-20560-82079-2011-170005	162,245
National School Lunch - Commodities.....	10.555		<u>66,404</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE.....			<u>254,365</u>
<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	<u>181,087</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through State Department of Transportation:			
ARRA - Highway Planning and Construction.....	20.205		336,940
Federal Highway Safety Grants.....	20.603		2,509
Alcohol Open Container Requirements.....	20.607		<u>8,038</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION.....			<u>347,487</u>
<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	<u>417</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Passed through State Office of Policy and Management:			
Exxon Overcharge.....	81.119		30,000
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG).....	81.128		<u>78,609</u>
TOTAL U.S. DEPARTMENT OF ENERGY.....			<u>108,609</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies		12060-20679-82070-2010-170002	33,427
Title I Grants to Local Educational Agencies		12060-20679-82070-2011-170002	<u>74,620</u>
Total Title I Grants to Local Educational Agencies.....	84.010		<u>108,047</u>
Special Education - Grants to States (IDEA, Part B).....		12060-20977-82032-2010-170002	344,706
Special Education - Grants to States (IDEA, Part B).....		12060-20977-82032-2011-170002	<u>327,651</u>
Total Special Education - Grants to States (IDEA, Part B).....	84.027		672,357
Special Education - Preschool Grants (IDEA Preschool).....	84.173	12060-20983-82032-2011-170002	26,402
ARRA - Special Education Grants to States (IDEA, Part B), Recovery Act.....	84.391	12060-20911-82032-2010-170002	300,772
ARRA - Special Education - Preschool Grants (IDEA Preschool), Recovery Act.....	84.392	12060-20912-82032-2010-170002	<u>9,368</u>
Total Special Education - Cluster.....			<u>1,008,899</u>
Career and Technical Education - Basic Grants to States.....	84.048	12060-20742-84010-2011-170002	<u>28,640</u>
Safe and Drug-Free Schools and Communities - State Grants.....	84.183	12060-20873-84131-2010-170002	<u>5,169</u>
English Language Acquisition Grant.....	84.365	12060-20868-82076-2010-170002	<u>4,290</u>

(Continued)

TOWN OF BETHEL, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION (Continued)</u>			
Title II, Part A Improving Teacher Quality - State Grants.....		12060-20858-84131-2009-170002	\$ 52,776
Title II, Part A Improving Teacher Quality - State Grants.....		12060-20858-84131-2010-170002	6,076
Total Improving Teacher Quality - State Grants.....	84.367		<u>58,852</u>
ARRA - Education Technology State Grants, Recovery Act.....	84.368		<u>1,261</u>
ARRA - State Fiscal Stabilization Fund - Educational State Grants, Recovery Act.....	84.394		<u>1,163,838</u>
TOTAL U.S. DEPARTMENT OF EDUCATION.....			<u>2,378,996</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through State Department of Emergency Management and Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters).....	97.036		58,846
Disaster Grants - Public Assistance.....	97.036		6,539
Emergency Management Performance Grant.....	97.042		<u>7,656</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			<u>73,041</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through State Department of Health:			
Public Health Emergency Preparedness.....	93.069		100,664
Emerging Infections Program.....	93.283		11,449
Preventative Health and Health Services Block Grant.....	93.991		<u>2,345</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES.....			<u>114,458</u>
TOTAL FEDERAL AWARDS.....			<u>\$ 3,458,460</u>

(Concluded)

TOWN OF BETHEL, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

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 \$66,404 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, 2011

Summary Schedule of Prior Audit Financial Statement Findings

Finding 2010 - 1

Condition:

The bank reconciliations for the general fund operating account were not reconciled in a regular and timely manner during the year.

Current Status:

Finding has **not** been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

Summary Schedule of Prior Audit Federal Award Findings

Finding 2010 - 2

Condition:

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

Current Status:

Finding has been adequately addressed.

TOWN OF BETHEL, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

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:

CFDA NUMBER	NAME OF FEDERAL PROGRAM
20.205	Highway Planning and Construction
84.027 / 84.173 / 84.391 / 84.392	Special Education Cluster
84.394	ARRA - State Fiscal Stabilization Fund

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 BETHEL, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

II - FINANCIAL STATEMENT FINDINGS

Finding

2010-1 Bank Reconciliations - General Fund:

Condition

The bank reconciliations for the general fund operating account were 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 was due to changes in personnel in the Finance Department.

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 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs related to Federal Award programs.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 28, 2012. 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 preceding 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 a certain deficiency in the internal control over financial reporting that we consider to be a material weakness.

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).

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 March 28, 2012.

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.

JH Cohn LLP

Farmington, Connecticut
March 28, 2012

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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 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, 2011. 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, 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'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, 2011.

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.

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 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, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 28, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic 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 basic 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

JH Ghu LLP

Farmington, Connecticut
March 28, 2012

**State
Single
Audit**

TOWN OF BETHEL, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

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	11000-16072-82010-2011-170005	\$ 23,420
Children Nutrition Program (School Lunch State Match).....	11000-SDE64000-16072	11000-16072-82051-2011-170005	10,746
Adult Education.....	11000-SDE64000-17030	11000-17030-84003-2011-170013	9,896
Nonpublic Health Services.....	11000-SDE64000-17034	11000-17034-82010-2011-170006	6,156
Magnet School Transportation.....	11000-SDE64000-17057	11000-17057-82061-2011	19,865
DEPARTMENT OF TRANSPORTATION:			
Town Aid Roads Grant (Municipal) - Transportation Fund.....	12052-DOT57000-43455		42,227
Town Aid Roads Grant (STO) - Transportation Fund.....	13033-DOT57000-43459		116,123
DEPARTMENT OF PUBLIC HEALTH:			
X-Ray Screening and Tuberculosis Care.....	11000-DPH48500-16112		7,110
DEPARTMENT OF PUBLIC SAFETY:			
State Assets Forfeiture Revolving Fund.....	12060-DPS32155-35142		1,984
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:			
Community Housing Development Corporation.....	12064-ECD46000-40238-015		26,762
OFFICE OF POLICY AND MANAGEMENT:			
Property Tax Relief for Manufacturing Machinery Equipment and Commercial Vehicles.....	11000-OPM20600-17031		229,948
Property Tax Relief for Elderly and Totally Disabled Homeowners.....	11000-OPM20600-17018		113,547
Property Tax Relief for Veterans.....	11000-OPM20600-17024		7,637
Property Tax Relief for Totally Disabled.....	11000-OPM20600-17011		1,605
Local Capital Improvement Program.....	11000-OPM20600-40254		114,416
Municipal Video Competition Trust Acct Grant.....	12060-OPM20600-35362		9,288
Prepare/Revise - Municipal Plans.....	12052-OPM20600-43129		12,000
CONNECTICUT STATE LIBRARY:			
State Grants to Public Libraries.....	11000-CSL66051-17003		2,065
Connecticard Payments.....	11000-CSL66051-17010		3,128
Historical Preservation Grant.....	12060-CSL66094-35150		3,000
OFFICE OF STATE COMPTROLLER:			
Payment in Lieu of Taxes (PILOT) on State Owned Property.....	11000-OSC15910-17004		26,355
Payment in Lieu of Taxes (PILOT) on Private Colleges and Hospitals.....	11000-OSC15910-17006		19,002
Boat Grant.....	12027-OSC15910-40211		1,951
TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS			<u>808,231</u>

(Continued)

TOWN OF BETHEL, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

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	11000-17027-82010-2011-17000	\$ 74,301
Education Cost Sharing.....	11000-SDE64000-17041	11000-17041-82010-2011-170002	7,035,099
Special Education:			
Special Education - Excess Cost - Student Based.....	11000-SDE64000-17047	11000-17047-82016-2011	309,736
Special Education - Excess Cost - Student Based.....	11000-SDE64000-17047	11000-17047-82018-2011	513,449
Special Education - Excess Cost - Student Based.....	11000-SDE64000-17047	11000-17047-82019-2011	85,360
Special Education - Excess Cost - Student Based.....	11000-SDE64000-17047	11000-17047-82163-2011	59,394
Transportation for School Children - Nonpublic	11000-SDE64000-17049	11000-17049-82010-2010-170006	14,774
Commitments for School Construction:			
School Construction Projects - Interest.....	13009-SDE64000-40896	13009-40896-82004-2010-170063	6,529
School Construction Projects - Interest.....	13009-SDE64000-40896	13009-40896-82004-2011-170063	7,162
School Construction Projects - Principal.....	13010-SDE64000-40901	13010-40901-82003-2010-170001	133,765
School Construction Projects - Principal.....	13010-SDE64000-40901	13010-40901-82003-2011-170001	410,625
OFFICE OF STATE COMPROLLER:			
Mashantucket Pequot/Mohegan Fund.....	12009-OSC-15910-17005		42,357
TOTAL EXEMPT PROGRAMS.....			<u>8,692,551</u>
GRAND TOTAL STATE FINANCIAL ASSISTANCE.....			<u>\$ 9,500,782</u>

(Concluded)

TOWN OF BETHEL, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

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 public works, education, economic development, public safety, and health services.

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, 2011:

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, 2010</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
7-29-94	2%	\$ 9,159,368	\$ 1,479,898	\$ 479,967	\$ 999,931

TOWN OF BETHEL, CONNECTICUT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Summary Schedule of Prior Audit Findings

Summary Schedule of Prior Audit Financial Statement Findings

Finding 2010 - 1

Condition:

The bank reconciliations for the general fund operating account were not reconciled in a regular and timely manner during the year.

Current Status:

Finding has **not** been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

TOWN OF BETHEL, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

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: **\$ 100,000**

<u>State Grantor and Program</u>	<u>State CORE-CT Number</u>	<u>Expenditures</u>
DEPARTMENT OF TRANSPORTATION:		
Town Aid Road Grants - Transportation Fund.....	12052-DOT57000-43455	\$ 42,227
Town Aid Road Grants - Transportation Fund.....	13033-DOT57000-43459	116,123
OFFICE OF POLICY AND MANAGEMENT:		
Property Tax Relief for:		
Manufacturing Machinery Equipment and Commercial Vehicles.....	11000-OPM20600-17031	229,948
Elderly and Totally Disabled Homeowners.....	11000-OPM20600-17018	113,547
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, 2011

II. FINANCIAL STATEMENT FINDINGS

Finding

2010-1 Bank Reconciliations - General Fund:

Condition

The bank reconciliations for the general fund operating account were 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 due to personnel changes in the Finance Department.

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.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon March 28, 2012. 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 preceding 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 a certain deficiency in the internal control over financial reporting that we consider to be a material weakness.

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).

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 March 28, 2012.

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.

J H Gbn LLP

Farmington, Connecticut
March 28, 2012

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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, 2011. 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 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 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, 2011.

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.

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, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 28, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 information is fairly stated in all material respects in relation to the basic financial statements 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 these specified parties.

JH Gho LLP

Farmington, Connecticut
March 28, 2012