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To the Board of Finance
Town of East Windsor, Connecticut

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Windsor, Connecticut, for the year ended June 30, 2009 and have issued our report thereon dated December 19, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities Under Auditing Standards Generally Accepted in the United States of America, OMB Circular A-133 and the State Single Audit Act

As stated in our engagement letter dated April 20, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the Town of East Windsor, Connecticut's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and not to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Act.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of obtaining reasonable assurance about whether the Town of East Windsor, Connecticut's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also in accordance with OMB Circular A-133 and the State Single Audit Act, we examined, on a test basis, evidence about the Town of East Windsor, 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* applicable to each of its major federal programs, and the compliance requirements described in the *Compliance Supplement to the State Single Audit Act* applicable to each of its major state programs for the purpose of expressing an opinion on the

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Town of East Windsor, Connecticut's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Town of East Windsor, Connecticut's compliance with those requirements.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Other Information in Documents Containing Audited Financial Statements

Management may include the audited financial statements in an official statement for the sale of debt and/or other documents such as an annual report. Our responsibility for the other information in these documents containing the Town's financial statements does not extend beyond the financial information identified in this report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. We have not performed any additional procedures with respect to these documents.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 23, 2009.

Significant Audit Findings

In the Town's Independent Auditors' Report on Internal Control over Financial Reporting, we have identified a material weakness in internal control over general ledger maintenance. A detailed account of the material weakness can be reviewed within the federal and state single audit reports.

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Town of East Windsor, Connecticut, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town of East Windsor, Connecticut, during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates significant to the financial statements.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, significant misstatements detected as a result of audit procedures and corrected by management are described in the attached schedule.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Independence

There are no relationships between any of our representatives and the Town of East Windsor, Connecticut, that in our professional judgment may reasonably be thought to bear on our independence.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 19, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Town of East Windsor, Connecticut’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Town of East Windsor, Connecticut’s auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Finance and management of the Town of East Windsor, Connecticut, and is not intended to be and should not be used by anyone other than these specified parties.

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December 19, 2009

Significant Audit Adjustments
6/30/2009

Account	Description	Debit	Credit
Adjusting Journal Entry JE # 25			
To adjust A/R and Deferred Revenue to Actual			
26-00-2303-0-000-0000-0-L	DEFERRED REVENUE	\$ 15,152.00	
26-55-1010-3-344-0000-0-2	LOAN REPAYMENT - SMALL CITIES GRANT	22,105.00	
26-00-1303-0-000-0000-0-A	A/R SMALL CITIES		20,345.00
26-00-2303-0-000-0000-0-L	DEFERRED REVENUE		1,760.00
26-55-1010-3-344-0000-0-2	LOAN REPAYMENT - SMALL CITIES GRANT		15,152.00
Total		\$ 37,257.00	\$ 37,257.00
Adjusting Journal Entry JE # 26			
To record interest and lien income in the proper g/l account			
01-99-1040-4-401-0000-4-2	TAXES - CURRENT & PRIOR	\$ 238,631.00	
01-99-1040-4-403-0000-4-2	INTEREST & LIEN FEES		238,631.00
Total		\$ 238,631.00	\$ 238,631.00
Adjusting Journal Entry JE # 27			
To adjust deferred and actual tax revenue to actual			
01-00-1050-0-000-0000-0-L	DEFERRED REVENUE/TAXES	\$ 37,080.00	
01-99-1040-4-401-0000-4-2	TAXES - CURRENT & PRIOR		37,080.00
Total		\$ 37,080.00	\$ 37,080.00
Adjusting Journal Entry JE # 28			
To adjust taxes receivable to actual			
01-00-1050-0-000-0000-0-L	DEFERRED REVENUE/TAXES	\$ 15,164.00	
01-00-1320-0-000-0000-0-A	PROPERTY TAXES RECEIVABLE		15,164.00
Total		\$ 15,164.00	\$ 15,164.00
Adjusting Journal Entry JE # 29			
To adjust interest on taxes receivable to actual			
01-00-1321-0-000-0000-0-A	INTEREST TAXES RECEIVABLE	\$ 42,931.00	
01-00-1050-0-000-0000-0-L	DEFERRED REVENUE/TAXES		42,931.00
Total		\$ 42,931.00	\$ 42,931.00
Adjusting Journal Entry JE # 31			
To adjust sewer assessment as deferred to actual			
10-00-2300-0-000-0000-0-L	DEFERRED REVENUE	\$ 11,362.00	
10-00-1330-0-000-0000-0-A	USER RECEIVABLE		11,362.00
Total		\$ 11,362.00	\$ 11,362.00
Adjusting Journal Entry JE # 34			
To reconcile the State and Federal Grants Fund			
65-00-2000-0-000-0000-0-L	ACCTS PAY/ACCRUED EXPENSES	\$ 7,142.00	
65-00-2300-0-000-0000-0-L	DEFERRED REVENUE	2,196.00	
65-00-1122-0-000-0000-0-A	DUE FROM OTHER GOVERNMENTS		7,266.00
65-45-6018-2-225-0000-2-2	SECOND PROGRAM		2,072.00
Total		\$ 9,338.00	\$ 9,338.00

Adjusting Journal Entry JE # 36

To adjust accrued payroll to actual per worksheet calculation

X-01-00-3200-1-000-0000-0	T.GOV-ACCRUED SALARIES EXPENSE	\$	2,444.00	\$	
X-01-00-3203-1-000-0000-0	P.SAEFTY-ACCRUED SALARIES EXPENSE		5,566.00		
X-01-00-3206-1-000-0000-0	CONSV OF HEALTH-ACCRUED SALARIES EXPENSE		264.00		
X-01-00-3207-1-000-0000-0	PARK&REC-ACCRUED SALARIES EXPENSE		2,345.00		
X-01-00-3212-1-000-0000-0	BOE-ACCRUED SALARIES EXPENSE		10.00		
X-01-00-3213-0-000-0000-0	ACCRUED SALARIES EXPENSE 2007 - TOWN & BOE		12,410.00		
01-00-2001-0-000-0000-0-L	ACCRUED SALARIES PAYABLE				22,364.00
X-01-00-3204-1-000-0000-0	P.WORKS-ACCRUED SALARIES EXPENSE				675.00
Total		\$	<u>23,039.00</u>	\$	<u>23,039.00</u>

Adjusting Journal Entry JE # 38

To correct misc grants fund

66-00-1300-0-000-0000-0-A	ACCOUNTS RECEIVABLE	\$	5,788.00	\$	
66-00-1300-0-000-0000-0-A	ACCOUNTS RECEIVABLE		34,345.00		
66-00-1501-0-000-0000-0-A	DUE FROM G.F.		3,908.00		
66-00-1501-0-000-0000-0-A	DUE FROM G.F.		36,787.00		
66-15-1010-8-829-0000-0-1	REG. OF VOTERS-STATE REIMBURSEMENT		560.00		
66-15-2145-8-903-0000-0-1	PSAP TRAINING & CMED SUBSIDY		2.00		
66-00-1501-0-000-0000-0-A	DUE FROM G.F.				2.00
66-00-1501-0-000-0000-0-A	DUE FROM G.F.				560.00
66-00-1501-0-000-0000-0-A	DUE FROM G.F.				5,788.00
66-00-1501-0-000-0000-0-A	DUE FROM G.F.				34,345.00
66-00-1501-0-000-0000-0-A	DUE FROM G.F.				36,787.00
66-00-2000-0-000-0000-0-L	ACCOUNTS PAYABLE-JUNE30				3,908.00
66-15-2145-3-345-0000-2-2	07/08-SPEED LIMIT OBEDIENCE WAVE				3,908.00
Total		\$	<u>81,390.00</u>	\$	<u>81,390.00</u>

Adjusting Journal Entry JE # 41

To balance interfund and reverse a/r entries posted incorrectly

01-00-1124-0-000-0000-0-A	WEBSTER BANK GENERAL FUND	\$	6,772.00	\$	
01-00-1300-0-000-0000-0-A	A/R JUNE 30		120,770.00		
01-00-1508-0-000-0000-0-A	DUE FROM CNR FUND 8		458.00		
01-25-3183-7-799-0601-0-1	YE OP TRANSFERS-ROAD IMPROVEMENTS		284.00		
01-55-9447-7-799-0963-0-1	YE OP TRANSFERS-CIP		196,209.00		
01-99-9901-9-145-0000-0-2	TRANSFER IN FROM OTHER FUNDS		5,000.00		
08-00-1115-0-000-0000-0-A	DUE TO/DUE FROM; GF		284.00		
08-00-1115-0-000-0000-0-A	DUE TO/DUE FROM; GF		458.00		
08-00-1115-0-000-0000-0-A	DUE TO/DUE FROM; GF		3,500.00		
08-00-1115-0-000-0000-0-A	DUE TO/DUE FROM; GF		11,772.00		
08-00-1115-0-000-0000-0-A	DUE TO/DUE FROM; GF		196,209.00		
08-00-1300-0-000-0000-0-A	ACCOUNTS RECEIVABLE		458.00		
08-00-1505-0-000-0000-0-A	DUE TO/DUE FROM CAPITAL PROJECTS		3,958.00		
08-55-1025-9-963-0000-9-2	OP TRANSFER - YE		10,000.00		
11-00-1501-0-000-0000-0-A	DUE FROM G.F.		120,770.00		
01-00-1508-0-000-0000-0-A	DUE FROM CNR FUND 8				284.00
01-00-1508-0-000-0000-0-A	DUE FROM CNR FUND 8				5,000.00
01-00-1508-0-000-0000-0-A	DUE FROM CNR FUND 8				6,772.00
01-00-1508-0-000-0000-0-A	DUE FROM CNR FUND 8				196,209.00
01-00-1511-0-000-0000-0-A	DUE FROM WPCA				120,770.00
01-99-9901-9-145-0000-0-2	TRANSFER IN FROM OTHER FUNDS		458.00		
08-00-1113-0-000-0000-0-A	CRN-STIFF (CASH)		3,500.00		
08-00-1115-0-000-0000-0-A	DUE TO/DUE FROM; GF		458.00		
08-00-1115-0-000-0000-0-A	DUE TO/DUE FROM; GF		3,958.00		
08-00-1300-0-000-0000-0-A	ACCOUNTS RECEIVABLE		284.00		
08-00-1300-0-000-0000-0-A	ACCOUNTS RECEIVABLE		10,000.00		
08-00-1300-0-000-0000-0-A	ACCOUNTS RECEIVABLE		11,772.00		
08-00-1300-0-000-0000-0-A	ACCOUNTS RECEIVABLE		196,209.00		
08-55-1025-9-963-0000-9-2	OP TRANSFER - YE		458.00		
11-00-2000-0-000-0000-0-L	ACCOUNTS PAYABLE, JUNE 30				120,770.00
Total		\$	<u>676,902.00</u>	\$	<u>676,902.00</u>

Adjusting Journal Entry JE # 42

To correct client entry #323 to record BOE encumbrances for 6/30/09

01-00-1124-0-000-0000-0-A	WEBSTER BANK GENERAL FUND	\$	170,560.00	\$	
01-00-3001-0-000-0000-0-E	FUND BALANCE - UNDESIGNATED		170,560.00		
01-00-2005-0-000-0000-0-L	ENCUMBERANCE				170,560.00
01-00-3002-0-000-0000-0-E	FUND BALANCE - DESIGNATED				170,560.00
Total		\$	<u>341,120.00</u>	\$	<u>341,120.00</u>

Adjusting Journal Entry JE # 45

To adjust the school construction grant deferred revenue to actual and post outstanding cash not recorded on the GL

01-00-1124-0-000-0000-0-A	WEBSTER BANK GENERAL FUND	\$	34,410.00	\$	
01-00-1304-0-000-0000-0-A	A/R BUILDING GRANT		818.00		
01-00-1051-0-000-0000-0-L	DEFERRED REVENUE BUILDING GRANTS				<u>35,228.00</u>
Total		\$	<u>35,228.00</u>	\$	<u>35,228.00</u>

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To the Board of Finance
Town of East Windsor, Connecticut

In planning and performing our audit of the financial statements of the Town of East Windsor, Connecticut (the Town), as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

We noted the following matters involving the internal control over financial reporting and its operation that we offer as constructive suggestions for your consideration as part of the ongoing process of modifying and improving accounting controls and administrative practices.

Risk Assessment

As part of the annual audit, we are required to obtain an understanding of the internal control environment of the Town in order to assess the overall risk of material misstatement. We are also required to obtain audit evidence that the controls in place are properly documented. In conjunction with this overall assessment, we offer the following recommendations to strengthen the Town's control procedures:

- Formally document the review of monthly investment statements and review of general ledger posting of the pension fund transactions.
- Formally document a review of the tax software adjustments for write-offs as well as properly document voids per batch processed by the Department.
- Procedures should be implemented to incorporate and fully document the subsequent review of payroll registers and payroll check runs prior to payment.

Accounting Policies and Procedures

During the audit, we noted some instances in the Town funds which required audit adjustments. We offer the following recommendations in improving the presentation of the fund financial statements to accurately reflect these accounts in accordance with generally accepted accounting principles:

- Accrued payroll and compensated absences calculations should include related payroll taxes.

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- Reconciling items found during the bank reconciliation process should be researched and errors posted timely to the financial management system.
- Sewer assessment receivable should be reconciled on a monthly basis within the tax department. In addition these reconciliations should be forwarded to the Treasurer's office and matched to the Town's financial management system. Adjustments should be posted as needed.

Future Standards

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The requirements of this statement are effective for financial statements for the periods beginning after June 15, 2010.

The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement also establishes fund balance classifications based on the extent to which a government is restricted by constraints imposed upon the use of the resources reported in the governmental funds. We recommend the Town establish a comprehensive plan to address the various provisions and effects of the new reporting standard. Although the implementation date for the Town is for the fiscal year ending June 30, 2011, the Town should develop a systematic plan that requires analysis of the constraints imposed upon the use of the various governmental fund resources, as well as to ensure the proper fund classification in accordance with the new fund definitions.

This letter should be read in conjunction with our report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 19, 2009.

This communication is intended solely for the information and use of management, Members of the Board of Finance, the Board of Selectmen, others within the organization, federal and state awarding agencies, and pass through entities and is not intended to be and should not be used by anyone other than the specified parties.

Blum, Shapiro & Company, P.C.

December 19, 2009