

**Federal Single Audit
and
State Single Audit**

of the

City of West Haven, Connecticut

For the Year Ended June 30, 2018

City of West Haven, Connecticut

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**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

**City Council
City of West Haven, Connecticut**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of West Haven, Connecticut ("City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as item 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
February 26, 2019

**Federal
Single
Audit**



**Independent Auditors' Report on Compliance for Each
Major Federal Program; Report on Internal Control over
Compliance; and Report on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

**City Council
City of West Haven, Connecticut**

Report on Compliance for Each Major Federal Program

We have audited the City of West Haven, Connecticut's ("City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 City'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

**City Council
City of West Haven, Connecticut**

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Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of 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, 2018.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**City Council
City of West Haven, Connecticut**

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Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 26, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
February 26, 2019

City of West Haven, Connecticut

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed through to subrecipients	Total Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	12060-SDE64370-20508	\$ -	\$ 538,896
National School Lunch Program - Cash	10.555	12060-SDE64370-20560	-	1,759,736
National School Lunch Program - Commodities	10.555	N/A	-	<u>103,889</u>
Total Child Nutrition Cluster				2,402,521
Direct Program:				
Emergency Watershed Protection Program - Floodplain Easements Disaster Relief Appropriations Act	10.928	N/A	-	<u>17,280</u>
Total U.S. Department of Agriculture				<u>2,419,801</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Program:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	-	782,107
Passed through the State Department of Housing:				
CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster:				
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	12060-DOH46961-29516	-	<u>271,749</u>
Total U.S. Department of Housing and Urban Development				<u>1,053,856</u>
<u>U.S. Department of Justice</u>				
Direct Program:				
Equitable Sharing Program	16.922	N/A	-	39,246
Passed through the State Department of Emergency Services and Public Protection:				
Missing Children's Assistance	16.543	12060-DPS32523-21917	-	3,824
Passed through State Office of Policy and Management:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-OPM20350-21921	-	<u>9,999</u>
Total U.S. Department of Justice				<u>53,069</u>
<u>U.S. Department of Transportation</u>				
Passed through State Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	12062-DOT57343-22108	-	<u>38,850</u>
<u>U.S. Department of Education</u>				
Passed through State Department of Education:				
Adult Education - Basic Grants to States	84.002	12060-SDE64370-20784-2018	-	<u>30,000</u>
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2018	-	<u>2,567,577</u>
Career and Technical Education - Basic Grants to States	84.048	12060-SDE64370-20742-2018	-	<u>128,250</u>
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B)		12060-SDE64370-20977-2017	-	5,923
Special Education - Grants to States (IDEA, Part B)		12060-SDE64370-20977-2018	-	<u>1,546,563</u>
Total Special Education - Grants to States (IDEA, Part B)	84.027			1,552,486
Special Education - Preschool Grants (IDEA Preschool)	84.173	12060-SDE64370-20983-2018	-	<u>54,147</u>
Total Special Education Cluster (IDEA)				<u>1,606,633</u>

(Continued)

N/A- Not applicable or not available.

See Notes to Schedule of Expenditures of Federal Awards.

City of West Haven, Connecticut

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed through to subrecipients	Total Expenditures
Title III				
English Language Acquisition State Grants (Title III, Part A)		12060-SDE64370-20868-2018	\$ -	\$ 103,418
Immigrant & Youth Education Program		12060-SDE64370-20868-2018	-	<u>21,662</u>
Total Title III	84.365			<u>125,080</u>
Supporting Effective Instruction State Grants (Title II, Part A)	84.367	12060-SDE64370-20858-2018	-	<u>348,970</u>
Student Support and Academic Enrichment Program (Title IV)	84.424	12060-SDE64370-22854	-	<u>37,421</u>
Total U.S. Department of Education				<u>4,843,931</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through the State Department of Public Health:				
Immunization Cooperative Agreements	93.268	12060-DPH48664-20911	-	26,761
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	12060-DPH48664-22742	-	53,031
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	12060-DPH48558-22664	-	15,740
Passed through Yale New Haven Health:				
National Bioterrorism Hospital Preparedness Program	93.889	N/A	-	<u>34,153</u>
Total U.S. Department of Health and Human Services				<u>129,685</u>
<u>U.S. Department of Homeland Security</u>				
Passed through the State Department of Emergency Services and Public Protection:				
Emergency Management Performance Grants	97.042	12060-DPS32160-21881	-	<u>55,262</u>
Total Federal Awards			<u>\$ -</u>	<u>\$ 8,594,454</u>

(Concluded)

N/A- Not applicable or not available.

City of West Haven, Connecticut

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

1. Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the Federal award activity of the City of West Haven, Connecticut ("City") under programs of the federal government. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance, changes in net position, or cash flows of the City.

2. Summary of significant accounting policies

- A. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- B. The City has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Noncash federal awards

The City received and expended \$103,889 of USDA donated commodities under the National School Lunch Program.

City of West Haven, Connecticut

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018**

Finding 2017-001 General Fund Deficit

Condition:

The City has not budgeted the accumulated fund deficit in the General Fund as required by State statutes.

Current status:

The finding has been corrected.

Finding 2017-002 Segregation of Duties

Condition:

Currently, the City payroll clerk has the ability to change employee pay rates. In addition, the payroll register is not reviewed and approved prior to the payroll being processed.

Current status:

The finding has been repeated as Finding 2018-001.

Reason for recurrence:

Due to staffing issues, the City has been unable to implement the planned corrective action.

Finding 2017-003 Data Collection Form

Condition:

The City did not file the 2014, 2015, and 2016, 2017 Data Collection Form with the Federal Audit Clearinghouse within federal guidelines.

Current status:

The finding has been corrected.

City of West Haven, Connecticut

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified opinion

Internal control over financial reporting:
Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? x yes 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: Unmodified opinion

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR Section 200.516(a)? yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster (IDEA)
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes x no

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2018**

II - Findings - Financial Statement Audit

Finding 2018-001 Segregation of Duties

Criteria

In order to maintain the proper internal controls, the City should have proper segregation of duties for all material financial transactions and balances.

Condition

Currently, the City payroll clerk has the ability to change employee pay rates. In addition, the payroll register is not reviewed and approved prior to the payroll being processed.

Context

Systemic in nature.

Effect

The lack of proper controls and segregation of duties increases the risk of error, fraud, misappropriation of assets and inaccurate financial reporting.

Cause

Controls have not been established to enable proper segregation of duties for all functional areas for this department.

Recommendation

The City should revise their policies so that incompatible responsibilities within the payroll process be segregated between employees.

Views of responsible officials and planned corrective actions

Management agrees with the finding. The City will review current processing procedures to strengthen internal control over segregation of duties.

III - Findings and Questioned Costs - Major Federal Awards Programs Audit

None

**State
Single
Audit**



Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

**City Council
City of West Haven, Connecticut**

Report on Compliance for Each Major State Program

We have audited the City of West Haven, Connecticut's ("City") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the City's major state programs for the year ended June 30, 2018. The City's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state programs based on our audit of the types of compliance requirements referred to above. 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 City'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 on compliance for each major state program. However, our audit does not provide a legal determination of the City's compliance.

**City Council
City of West Haven, Connecticut**

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Opinion on Each Major State Program

In our opinion, the City complied, in all material respects, with the types of 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, 2018.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program 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 City's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

**City Council
City of West Haven, Connecticut**

Page 3

Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated February 26, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
February 26, 2019

City of West Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2018**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core CT Number	Passed through to subrecipients	Total Expenditures
Department of Agriculture			
Shell Fish Taxes and Rents	34003-DAG42660-42337	\$ -	\$ 21,202
Office of the State Treasurer			
Nitrogen Credit Exchange Program	21016-OTT14230-42407	-	91,699
Office of Early Childhood			
Child Day Care	11000-OEC64841-16274	641,227	641,227
Child Care Quality Enhancement	11000-OEC64845-16158	-	24,973
School Readiness in Priority School Districts	11000-OEC64845-16274	-	1,994,454
Department of Economic and Community Development			
West Haven Revitalization	12052-ECD46210-42882	-	180,779
Brownfield Remediation	12060-ECD46260-35533	-	807,539
Brownfield Remediation - Front Ave, Collis & West Clark Street	12060-ECD46260-35533	-	29,585
Department of Education			
Family Resource Centers	11000-SDE64370-16110	-	100,000
Youth Services Bureau Enhancement	11000-SDE64370-16201	-	7,005
Child Nutrition State Matching Grant	11000-SDE64370-16211	-	32,702
Healthy Foods Initiative	11000-SDE64370-16212	-	61,088
Adult Education	11000-SDE64370-17030	-	211,259
Health Services	11000-SDE64370-17034	-	74,225
Alliance District Funding Program	11000-SDE64370-17041	-	3,741,184
Bilingual Education	11000-SDE64370-17042	-	38,379
School Breakfast	11000-SDE64370-17046	-	26,046
Youth Services Bureau	11000-SDE64370-17052	-	34,929
Magnet Schools - Transportation	11000-SDE64370-17057	-	234,167
Department of Emergency Services and Public Protection			
Drug Assets Forfeiture Funds	12060-DPS32155-35142	-	5,183
Telecommunications Fund	12060-DPS32741-35190	-	121,292
Department of Energy and Environmental Protection			
Ports, Harbors and Marinas	12052-CPA47300-43509	-	59,800
Clean Water Fund	21014-DEP43270-40001	-	140,548
Office of Policy and Management			
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	-	5,008,541
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	-	5,370
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	-	6,000
Property Tax Relief for Veterans	11000-OPM20600-17024	-	133,950
Local Capital Improvement Program	12050-OPM20600-40254	-	255,838
Municipal Grants-in-Aid	12052-OPM20600-43587	-	147,516
Neglected Cemetery Account	12060-OPM20600-35570	-	2,000
Department of Public Health			
Local and District Departments of Health	11000-DPH48558-17009	-	64,814
X-Ray Screening and Tuberculosis Care	11000-DPH48666-16112	-	16,298

(Continued)

See Notes to Schedule of Expenditures of State Financial Assistance.

City of West Haven, Connecticut

Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2018

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Grant Program Core CT Number</u>	<u>Passed through to subrecipients</u>	<u>Total Expenditures</u>
Department of Social Services Medicaid	11000-DSS60000-16020	\$ -	\$ 536,211
Connecticut State Library Historic Documents Preservation Grant	12060-CSL66094-35150	-	5,000
Department of Transportation Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	-	617,602
Total State Financial Assistance Before Exempt Programs		<u>641,227</u>	<u>15,478,405</u>
<u>Exempt Programs</u>			
Department of Education Special Education - Excess Cost - Student Based Education Cost Sharing	11000-SDE64370-17047 11000-SDE64370-17041	- -	1,941,218 41,262,483
Department of Administrative Services School Construction Projects - Principal	13010-DAS27635-40901	-	7,988,776
Office of Policy and Management Municipal Transition Grant Municipal Stabilization Grant Municipal Restructuring Fund Mashantucket Pequot/Mohegan Fund Grant	11000-OPM20600-17103 11000-OPM20600-17104 11000-OPM20900-17105 12009-OPM20600-17005	- - - -	277,925 734,481 8,000,000 951,618
Total Exempt Programs		<u>-</u>	<u>61,156,501</u>
Total State Financial Assistance		<u>\$ 641,227</u>	<u>\$ 76,634,906</u>

(Concluded)

See Notes to Schedule of Expenditures of State Financial Assistance.

City of West Haven, Connecticut

Notes to Schedule of Expenditures of State Financial Assistance For the Year Ended June 30, 2018

1. Basis of presentation

The accompanying schedule of expenditures of state financial assistance ("Schedule") includes State grant activity of the City of West Haven, Connecticut ("City"), under programs of the State of Connecticut. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, finance, public safety, public works, health and welfare, culture and recreation and education.

Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance, changes in net position, or cash flows of the City.

2. Summary of significant accounting policies

The accounting policies of the City, conform to accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, 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.

City of West Haven, Connecticut

**Notes to Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2018**

3. 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:

Department of Energy and Environmental Protection:

Clean Water Funds: (21014-OTT14230-40001)

Grant ID	Issue Date	Interest Rate	Original Amount	Balance July 1, 2017	Retired	Balance June 30, 2018
CWF167-C	10/30/1998	2.0%	\$ 4,858,956	\$ 97,004	\$ 97,004	\$ -
CWF347-C	5/31/2000	2.0%	1,618,947	229,518	93,631	135,887
CWF444-C	3/31/2001	2.0%	1,603,000	303,122	91,177	211,945
CWF348-C	11/30/2001	2.0%	4,407,222	893,714	268,923	624,791
CWF346-C	12/31/2003	2.0%	801,945	251,003	43,608	207,395
CWF348-C1	12/31/2003	2.0%	1,728,831	546,912	99,821	447,091
CWF348-CD1	9/29/2006	2.0%	617,707	168,495	47,232	121,263
CWF346-CD2	5/31/2007	2.0%	801,055	282,724	51,405	231,319
CWF549-C	7/1/2013	2.0%	28,250,103	22,102,396	1,268,455	20,833,941
CWF549-CD2	6/30/2015	2.0%	1,425,544	1,281,737	73,904	1,207,833
			\$ 46,113,310	\$ 26,156,625	\$ 2,135,160	\$ 24,021,465

City of West Haven, Connecticut

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018**

Finding 2017-001 General Fund Deficit

Condition:

The City has not budgeted the accumulated fund deficit in the General Fund as required by State Statutes.

Current status:

The finding has been corrected.

Finding 2017-002 Segregation of Duties

Condition:

Currently, the City's payroll clerks have the ability to change employee pay rates. In addition, the payroll register is not reviewed and approved prior to the payroll being processed.

Current status:

The finding has been repeated as Finding 2018-001.

Reason for recurrence:

Due to staffing issues, the City has been unable to implement the planned corrective action.

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

I - Summary of Auditors' Results

Financial Statements

Type of auditors' opinion issued: Unmodified opinion

Internal control over financial reporting:
 Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified? x yes 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' opinion issued on compliance for major programs: Unmodified opinion

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:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Office of Early Childhood School Readiness in Priority School Districts	11000-OEC64845-16274	\$ 1,994,454
Department of Economic and Community Development Brownfield Remediation	12060-ECD46260-35533	837,124
Office Policy and Management Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	5,008,541
Local Capital Improvement Program	12050-OPM20600-40254	255,838
Municipal Grants-in-Aid	12052-OPM20600-43587	147,516
Department of Transportation Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	617,602
Dollar threshold used to distinguish between type A and type B programs:		<u>\$309,568</u>

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2018**

II - Findings - Financial Statement Audit

Finding 2018-001 Segregation of Duties

Criteria

In order to maintain the proper internal controls, the City should have proper segregation of duties for all material financial transactions and balances.

Condition

Currently, the City payroll clerks have the ability to change employee pay rates. In addition, the payroll register is not reviewed and approved prior to the payroll being processed.

Context

Systemic in nature.

Effect

The lack of proper controls and segregation of duties increases the risk of error, fraud, misappropriation of assets and inaccurate financial reporting.

Cause

Controls have not been established to enable proper segregation of duties for all functional areas for this department.

Recommendation

The City should revise their policies so that incompatible responsibilities within the payroll process be segregated between employees.

Views of responsible officials and planned corrective actions

Management agrees with the finding. The City will review current processing procedures to strengthen internal control over segregation of duties.

III - State Financial Assistance Findings and Questioned Costs

None.