

CITY OF WEST HAVEN, CONNECTICUT

STATE SINGLE AUDIT REPORT
JUNE 30, 2020

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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

To the Members of the 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 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 of West Haven, Connecticut's major state programs for the year ended June 30, 2020. The City of West Haven, Connecticut'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 of West Haven, Connecticut'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 of West Haven, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City of West Haven, Connecticut's compliance.

Opinion on Each Major State Program

In our opinion, the City of West Haven, Connecticut, 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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the State Single Audit Act and which is described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each major state program is not modified with respect to these matters.

The City of West Haven, Connecticut's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of West Haven, Connecticut's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City of West Haven, Connecticut, 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 of West Haven, Connecticut'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 an 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 of West Haven, Connecticut'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 a 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 a 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.

Report on 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 of West Haven, Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of West Haven, Connecticut's basic financial statements. We issued our report thereon dated December 30, 2020, 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 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.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 30, 2020

**CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Department of Education			
Talent Development	11000-SDE64370-12552	\$	17,745
Family Resource Centers	11000-SDE64370-16110		101,530
Child Nutrition State Match	11000-SDE64370-16211		39,874
Health Foods Initiative	11000-SDE64370-16212		74,041
Adult Education	11000-SDE64370-17030		222,264
Health & Welfare Private School Pupils	11000-SDE64370-17034		67,266
Alliance District	11000-SDE64370-17041-82164		6,001,073
Bilingual Education	11000-SDE64370-17042		34,930
School Breakfast Program	11000-SDE64370-17046		25,804
Magnet Schools	11000-SDE64370-17057		<u>229,575</u>
Total Department of Education			<u>6,814,102</u>
Department of Children and Families			
Youth Service Bureaus	11000-DCF91141-17052		10,967
Youth Service Bureau Enhancement	11000-DCF91141-17107		<u>13,070</u>
Total Department of Children and Families			<u>24,037</u>
Department of Energy and Environmental Protection			
Municipal Loan-Land Acquisition	12052-DEP43153-43615		32,410
Clean Water Revenue Bonds	21015-DEP43720-42318		1,767,988
Flood Control and Beach Erosion	13019-DEP43720-41239		<u>125,248</u>
Total Department of Energy and Environmental Protection			<u>1,925,646</u>
Department of Transportation			
Town Aid Road Grants-Municipal	12052-DOT57131-43455		308,634
Town Aid Road-STO	13033-DOT57131-43459		<u>308,634</u>
Total Department of Transportation			<u>617,268</u>

The accompanying notes are an integral part of this schedule

**CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Department of Public Health			
Local & District Departments of Health	11000-DPH48558-17009	\$	58,243
X-Ray Screen & Tuberculosis Care	12004-DPH48666-16112		6,403
Total Department of Public Health			64,646
Department of Emergency Services and Public Protection			
Enhanced 911 Telecommunications Fund	12060-DPS32741-35190		127,258
Department of Social Services			
Medicaid	11000-DSS60000-16020		180,918
Judicial Branch			
Youth Violence Initiative	11000-JUD96114-12555		84,757
Youth Violence Prevention Initiative	11000-JUD96114-12555		28,113
Total Judicial Branch			112,870
Office of Early Childhood			
Child Day Care	11000-OEC64841-16274	\$	646,485
Child Care Quality Enhancement	11000-OEC64845-16158		24,973
Early Care and Education	11000-OEC64845-16274		1,994,454
Total Office of Early Childhood		646,485	2,665,912
Office of Policy and Management			
Reimbursement Towns - Tax Loss on State Owned Property	11000-OPM20600-17004		181,198
Payment in Lieu of Taxes on Private Colleges and Hospitals	11000-OPM20600-17006		5,527,988
Reimbursement Property Tax Disability Exemption	11000-OPM20600-17011		4,608
Property Tax Relief Elderly Homeowner Freeze Program	11000-OPM20600-17021		2,000
Property Tax Relief for Veterans	11000-OPM20600-17024		130,803
Local Capital Improvement	12050-OPM20600-40254		612,778
Municipal Grants-In-Aid	12052-OPM20600-43587		169,031
Total Office of Policy and Management			6,628,406

The accompanying notes are an integral part of this schedule

**CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Economic and Community Development			
Urban Action Grant Program	13019-ECD46000-41236-093	\$	<u>459,101</u>
Total State Financial Assistance Before Exempt Programs		\$	<u>646,485</u> <u>19,620,164</u>
Exempt Programs			
Department of Education			
Education Cost Sharing	11000-SDE64370-17041-82010		<u>41,305,147</u>
Excess Cost - Student Based	11000-SDE64370-17047		<u>2,328,657</u>
Total Department of Education			<u>43,633,804</u>
Department of Administrative Services			
School Construction - Principal SDE	13010-DAS27635-40901		<u>3,458</u>
School Construction Progress	13010-DAS27635-43744		<u>21,401,186</u>
Total Department of Administrative Services			<u>21,404,644</u>
Office of Policy and Management			
Municipal Transition	11000-OPM20600-17103		<u>552,506</u>
Municipal Restructuring	11000-OPM20900-17105		<u>3,115,000</u>
Grants To Towns	12009-OPM20600-17005		<u>807,097</u>
Total Office of Policy and Management			<u>4,474,603</u>
Total Exempt Programs			<u>69,513,051</u>
Total State Financial Assistance		\$	<u>646,485</u> <u>\$ 89,133,215</u>

The accompanying notes are an integral part of this schedule

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City of West Haven, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2020. 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. Because the Schedule presents only a selected portion of the operations of the City of West Haven, Connecticut, 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 of West Haven, Connecticut.

Basis of Accounting

The accounting policies of the City of West Haven, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented 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.

NOTE 2 - LOAN PROGRAMS

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the schedule of expenditures of state financial assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2020:

Department of Energy and Environmental Protection:

Clean Water Funds:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance Beginning</u>	<u>Retired</u>	<u>Balance Ending</u>
CWF 347-C	5/31/2000	2.0%	\$ 1,618,947	\$ 40,365	\$ 40,365	\$ -
CWF 444-C	3/31/2001	2.00	1,603,000	118,927	94,906	24,021
CWF 348-C	11/30/2001	2.00	4,407,222	369,903	260,013	109,890
CWF 346-C	12/31/2003	2.00	801,945	162,906	45,391	117,515
CWF 348-C1	12/31/2003	2.00	1,728,831	351,183	97,845	253,338
CWF 348-CD1	9/29/2006	2.00	617,707	73,078	52,304	20,774
CWF 346-CD2	5/31/2007	2.00	801,055	179,914	51,402	128,512
CWF 549-C	7/1/2013	2.00	28,250,103	19,539,883	1,316,059	18,223,824
CWF 549-CD2	6/30/2015	2.00	1,425,544	1,132,313	77,043	1,055,270
			<u>\$ 41,254,354</u>	<u>\$ 21,968,472</u>	<u>\$ 2,035,328</u>	<u>\$ 19,933,144</u>

**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***

To the Members of the 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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of West Haven, Connecticut's basic financial statements, and have issued our report thereon dated December 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of West Haven, Connecticut's internal control over financial reporting (internal control) as a basis for designing 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 of West Haven, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of West Haven, Connecticut'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 a 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. A significant deficiency is a deficiency, or a 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of West Haven, Connecticut'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 financial statements. 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*.

The City of West Haven, Connecticut's Response to Findings

The City of West Haven, Connecticut's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of West Haven, Connecticut's response was not subjected to the auditing procedures applied in the audit of the financial statements 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 of West Haven, Connecticut'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 of West Haven, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 30, 2020

**CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

 X yes no

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

State Grantor and Program	State Core-CT Number	Expenditures
Alliance District	11000-SDE64370-17041-82164	\$ 6,001,073
Clean Water Revenue Bonds	21015-DEP43720-42318	1,767,988
Payment in Lieu of Taxes on Private Colleges and Hospitals	11000-OPM20600-17006	5,527,988
Child Day Care	11000-OEC64841-16274	646,485
Dollar threshold used to distinguish between type A and type B programs:		\$ 392,403

II. FINANCIAL STATEMENT FINDINGS

Finding No.

2020-001 - Year End Cash Disbursements (Material Weakness)

Program

All State Programs

Criteria

Accrual basis of accounting as prescribed by generally accepted accounting principles requires that expenditures for goods or services be recorded when the transaction occurs rather than when payments are made.

Condition

Based on our sample testing during the audit, invoices for services were not recorded in the proper fiscal year by the City. Material adjustments of \$2,461,107 were processed to the audited financial statements.

Context

In regard to the West Haven High School Project, one invoice totaling \$2,461,107 was adjusted within the Capital Improvement Fund. Total expenditures in the fund for the fiscal year were \$34,160,040.

Effect

Accounts payable and expenditures were understated.

Cause

Fiscal year end close procedures were not adequate to properly analyze invoices after year end for proper reporting.

Recommendation

We recommend that procedures be strengthened to properly record accruals in accordance with generally accepted accounting principles.

Views of Responsible Officials

Management agrees with the finding.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**Finding No.****2020-002 - Child Day Care Subrecipient Monitoring****Program**

Child Day Care - 11000-OEC64841-16274

Criteria

Grantees are required to monitor subrecipient's activities to provide reasonable assurance that the subrecipient administers State awards in compliance with State requirements.

Condition

The City passes through State funding to the West Haven Child Development Center, who operates the day care program. The City did not monitor the subrecipient to ensure that the agency is administering grant funds in compliance with grant requirements.

Questioned Costs

None noted

Context

There were no compliance findings noted in the latest audit report issued by the West Haven Child Development Center.

Effect

No effect can be determined.

Cause

Requested information not received from the West Haven Child Development Center.

Recommendation

We recommend the City review all grant compliance requirements and ensure monitoring is completed for all subrecipients in accordance with grant guidelines.

Views of Responsible Officials

Management agrees with the finding.