

City of West Haven, Connecticut

Federal and State Financial and Compliance Report
Year Ended June 30, 2016

Contents

Reports required by the Federal Single Audit Act and the Uniform Guidance

Report on compliance for each major federal program; Report on internal control over compliance; and Report on schedule of expenditures of federal awards required by the Uniform Guidance	1-2
Schedule of expenditures of federal awards	3-4
Notes to schedule of expenditures of federal awards	5
Schedule of findings and questioned costs	6-10
Summary of prior year audit findings	11-12

Reports required by *Government Auditing Standards*

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	13-14
---	-------

Report required by the State Single Audit Act C.G.S. Section 4-230 to 4-236

Report on compliance for each major state program; Report on internal control over compliance; and Report on schedule of expenditures of state financial assistance required by the State Single Audit Act	15-16
Schedule of expenditures of state financial assistance	17-19
Notes to schedule of expenditures of state financial assistance	20
Schedule of state single audit compliance findings and questioned costs	21-22
Summary of prior year state financial assistance audit findings	23
Corrective action plan	24



RSM US LLP

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

Independent Auditor's Report

To the Members of the City Council
City of West Haven, Connecticut

Report on Compliance for Each Major Federal Program

We have audited City of West Haven, Connecticut's (the 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, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's 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.

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, 2016.

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 a 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.

Report on 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 25, 2017, 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

New Haven, Connecticut
May 25, 2017

City of West Haven, Connecticut

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-20508-82079-170005	\$ 535,637
National School Lunch Program - Cash	10.555	12060-20560-80279-170005	1,840,809
National School Lunch Program - Commodities	10.555	12060-20560-80279-170006	83,790
Total Child Nutrition Cluster			<u>2,460,236</u>
Fresh Fruit & Vegetables	10.582	12060-22051-82079	<u>56,201</u>
Total U.S. Department of Agriculture			<u>2,516,437</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Community Development Block Grants/			
Entitlement Grants	14.218	N/A	<u>571,929</u>
Passed through the State Department of Housing			
Community Development Block Grants Disaster Recovery	14.269	12060-DOH46961-29502	<u>140</u>
Total U.S. Department of Housing and Urban Development			<u>572,069</u>
U.S. Department of Justice:			
Passed through the State Department of Public Safety:			
Internet Crimes Against Children	16.800	12060-DPS32353-21917	792
Stipend Local Violent Crime	16.738	12060-DPS32523-26185	6,000
Passed through the State Office of Policy and Management:			
Edward Byrne Memorial Justice Assistance			
Grant Program	16.738	12060-OPM20350-21921	<u>16,539</u>
Total U.S. Department of Justice			<u>23,331</u>
U.S. Department of Health and Human Services:			
Passed through the State Department of Public Health:			
Public Health Emergency Preparedness	93.069	12060-DPH48558-22333	20,879
Hospital Preparedness Program and Public Health Emergency			
Preparedness Aligned Cooperative Agreements	93.074	12060-DPH48557-VARIOUS	4,000
Health Immunization Infrastructure and Performance	93.539	12060-DPH48664-22742	18,142
Immunization Program	93.268	12060-DPH48664-20911	43,534
Adoption Opportunities - Administration	93.652	12060-DCF91158-22497	<u>1,200</u>
			<u>87,755</u>
Passed through the State Office of Early Childhood:			
Social Services Block Grant (Daycare)	93.667	12060-OEC64841-22668	<u>305,774</u>
Total U.S. Department of Health and Human Services			<u>393,529</u>

(Continued)

City of West Haven, Connecticut

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Passed through State Department of Education:			
Adult Education - Basic Grants to States	84.002	12060-20784-84002-2014-170002	\$ 30,000
Title I Grants to Local Educational Agencies 14-16	84.010	12060-20679-82070-2014-170002	2,201,049
Special Education Cluster:			
IDEA, Part B, Section 611 15-17	84.027	12060-20977-82032-2015-170002	1,520,165
IDEA, Part B, Section 619 15-17	84.173	12060-20983-82032-2016-170002	56,112
Total Special Education Cluster			1,576,277
Title III, Part A English Language Acquisition 15-17	84.365	12060-20868-82075-2016-170002	116,557
Immigrant & Youth Education Program 15-17	84.365	12060-20868-82076-2016-170002	25,379
Immigrant & Youth Education Program 15-16	84.365	12060-20868-82076-2016-170002	3,966
Total Title III			145,902
Improving Teacher Quality State Grantst 2015-2017	84.367	12060-20858-84131-2016-170002	231,541
Total U.S. Department of Education			4,184,769
U.S. Department of Homeland Security:			
Passed through the State Department of Emergency Management & Homeland Security:			
Emergency Management Performance Grant	97.042	12060-DPS32160-21881	17,704
FEMA Public Assistance	97.036	12060-DPS32990-21891	679,988
Total U.S. Department of Homeland Security			697,692
U.S. Department of Transportation:			
Passed through the State of Connecticut Department of Transportation:			
DOT NHTSA MAP 21 405 Funds	20.616	12062-DOT57513-22660	8,868
Highway Planning and Construction Cluster:			
Highway Planning and Construction - Campbell Ave	20.205	12062-DOT57124-22108	1,090,963
Total Highway Planning and Construction Cluster			1,090,963
Total U.S. Department of Transportation			1,099,831
Total Federal Awards			\$ 9,487,658

See notes to schedule of expenditures of federal awards.

City of West Haven, Connecticut

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of West Haven, Connecticut (the City) under programs of the federal government for the year ended June 30, 2016. 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 net position or cash flows of the City.

Note 2. Summary of Significant Accounting Principles

Expenditures recognized in the Schedule are reported using the modified accrual basis of accounting. Such expenditures are reported following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Non-Cash Awards

The City received and expended \$83,790 of USDA donated commodities under the National School Lunch Program. The amount represents the market value of commodities received.

Note 4. Subrecipients

The City provided Federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount</u>
93.667	Social Services Block Grant	\$305,774

Note 5. Indirect Cost Recovery

The City of West Haven, Connecticut, did not recover its indirect costs using the 10% de minimus indirect cost rate provided under Section 200.414 of the Uniform Guidance.

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

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 auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2CFR 200.516(a)? _____ Yes X No

Identification of Major Programs

CFDA Number	Program Name or Cluster
10.553 / 10.555 84.010	Child Nutrition Cluster Title I Grants

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, 2016**

II. Financial Statement Findings

Compliance Findings

2016-001 General Fund Deficit

Criteria:

State statutes Section 7-390 require that municipalities absorb any General Fund deficit which exists at the beginning of the fiscal year in which the budget is being prepared. The City's General Fund deficit was \$16,736,064 as of June 30, 2016. In addition, there are other funds that are in a fund deficit within the City.

Condition:

The City has not absorbed the accumulated fund deficit in the General Fund of \$16,736,064.

Cause:

The City has not adopted a budget to address the City's General Fund deficit. The potential exists for the overall financial condition to continue to deteriorate and the City may not have the ability to meet their short-term cash needs. In addition, outside oversight may be mandated if conditions worsen.

Effect:

The City is not in compliance with State statutes.

Recommendation:

We recommend the City implement a plan to fund the General Fund deficit and other fund deficits in the upcoming budget years.

Management Response:

Management agrees with the finding.

Internal Control Findings

2016-002 Segregation of Duties

Criteria:

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

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016**

II. Financial Statement Findings (Continued)

Internal Control Findings (Continued)

2016-002 Segregation of Duties (Continued)

Condition:

Currently, the City and Board of Education 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.

Cause:

Controls should be established to enable proper segregation of duties for all functional areas for these departments.

Effect:

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

Recommendation:

We recommend that incompatible responsibilities within the payroll process be segregated between employees and that the City's and Board of Education's policies be revised.

Management Response:

Management agrees with the finding.

2016-003 Year-End Closing Procedures

Criteria:

Trial balances at June 30 should be complete, including all year-end accruals and other closing entries to enable the preparation of financial statements in accordance with GAAP.

Condition:

There were significant revenue accrual and interfund adjustments made to the final trial balances for certain education grant funds.

Context:

Systemic in nature.

City of West Haven, Connecticut

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016

II. Financial Statement Findings (Continued)

Internal Control Findings (Continued)

2016-003 Year-End Closing Procedures (Continued)

Cause:

Management is not committing resources to properly complete the year-end financial closing procedures in a timely manner.

Effect:

Management does not have accurate financial information upon which to base management decisions.

Recommendation:

We recommend month-end and year-end closing procedures be reviewed by the Board of Education to ensure completeness and proper cutoff for all activity.

Management Response:

Management agrees with the finding.

CF 2016-004 Federal Reporting Package

Criteria:

In order to comply with federal guidelines, the City needs to file its Federal Reporting Package within nine months of year-end or thirty days after issuance.

Condition:

The City did not file the 2014 and 2015 federal reporting package with the Federal Audit Clearinghouse within federal guidelines.

Context:

The 2014 and 2015 financial reporting package was not filed on time.

Cause:

The City did not commit adequate resources to enable completion of the financial statements in a timely manner.

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016**

II. Financial Statement Findings (Continued)

Internal Control Findings (Continued)

CF 2016-004 Federal Reporting Package (Continued)

Effect:

The City was not in compliance with federal guidelines, which could cause a reduction or loss in funding from Federal grantors.

Recommendation:

The federal reporting package should be filed within 90 days.

Management Response:

Management agrees with the finding.

III. Federal Awards Findings and Questioned Costs

No matters reported.

City of West Haven, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2016**

Finding 2015-1

Condition:

The City has a fund deficit in the General Fund.

Current Status:

Finding has not been adequately addressed and is repeated as 2016-001 in the schedule of findings and questioned costs.

Finding 2015-2

Conditions:

City and Board of Education Payroll – Currently, the 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:

Findings above have not been adequately addressed and are repeated as 2016-002 in the schedule of findings and questioned costs for the City and Board of Education payroll.

Finding 2015 -3

Condition:

There were significant adjustments made to the final trial balance of the following fund:

Educational Grants Fund – Recording certain Board of Education revenue accrual grant activity.

Current Status:

The proper recording of the year-end accruals for the Education Grants Fund has not been adequately addressed and is repeated as 2016-003 in the schedule of findings and questioned costs.

Finding 2015-4

Condition:

The City does not have the proper controls in place to analyze and monitor their heart and hypertension liability.

Current Status:

Corrected in fiscal year 2016.

City of West Haven, Connecticut

**Summary of Prior Year Audit Findings (Continued)
For the Year Ended June 30, 2016**

Compliance – Governmental Auditing Standards

Finding CF 2015-1

Condition:

The City did not completely address the General Fund deficit fund balance in the subsequent year's budget as required by State statutes. The City has had a deficient fund balance since 2008.

Current Status:

Finding has not been adequately addressed and is repeated as CF 2016-001 in the schedule of findings and questioned costs.

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

Independent Auditor's Report

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 (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 25, 2017.

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 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 to those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. We did identify certain deficiencies in internal controls, described in the accompanying schedule of finding and questioned costs to be significant deficiencies (Findings 2016-001 to 2016-004).

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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompany schedule of findings and questioned costs as CF Finding 2016-001.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

RSM US LLP

New Haven, Connecticut
May 25, 2017

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

Independent Auditor's Report

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 (the 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, 2016. 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.

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, 2016.

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.

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 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated May 25, 2017, 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.

RSM VS LLP

New Haven, Connecticut
May 25, 2017

City of West Haven, Connecticut

Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2016

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Education:		
Adult Education	11000-SDE64000-17030	\$ 216,270
Bilingual Education	11000-SDE64000-17042	35,517
Youth Services Bureau	11000-SDE64000-17052	40,533
Youth Services Enhancement	11000-SDE64000-16201	5,424
School Breakfast Program	11000-SDE64000-17046	29,217
Magnet Schools - Transport	11000-SDE64000-17057	222,300
Healthy Foods Initiative	11000-SDE64000-16212	61,209
Family Resource Centers	11000-SDE64000-16110	108,518
Non public Health Services	11000-SDE64000-17034	63,986
Child Nutrition State Matching Grant	11000-SDE64000-16211	30,502
Child Day Care	11000-SDE64000-12520	328,875
Alliance District Funding Program	11000-SDE64000-17041-82164	4,597,263
High Quality Schools Start Up	12052-SDE64000-43538	128,794
Low Performing Schools	12052-SDE64370-43539	1,000,000
Alliance District Gen Improvements	12052-DAS276354-43651	10,766
Total Department of Education		6,879,174
Department of Agriculture:		
Shell Fish Taxes and Rents	34003-DAG42660-42337	20,324
Department of Transportation:		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	617,903
Department of Energy and Environmental Protection:		
Shoreline Repairs	12052-DEP43760-43154	880,092
Clean Water Fund	21015-DEP43720-42318	48,818
Low Level Nitrogen Levels	21014-DEP43270-40001	166,806
Total Department of Energy and Environmental Protection		1,095,716
Office of Policy and Management:		
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	5,547,541
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	5,977
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	394,097
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	10,000
Property Tax Relief for Veterans	11000-OPM20600-17024	101,753
Local Capital Improvement Program	12050-OPM20600-40254	218,343
Municipal Grants-in-Aid	12052-OPM20600-43587	169,030
Total Office of Policy and Management		6,446,741

(Continued)

City of West Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2016**

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
Office of Early Childhood:		
School Readiness	11000-OEC64845-17101-82056	\$ 2,007,890
School Readiness Quality Enhancement	11000-OEC64845-17097-82079	33,318
Total Office of Early Childhood		<u>2,041,208</u>
Department of Public Health:		
Local and Districts Departments of Health	11000-DPH48500-17009	61,652
X-Ray Screen & Tuberculosis	11000-DPH48666-16112	22,016
Children's Health Initiatives - Lead Poisoning Prevention	11000-DPH48500-12126	18,970
Total Department of Public Health		<u>102,638</u>
Department of Economic and Community Development:		
West Haven Revitalization	12052-ECD46210-42882	296,760
Brownfield Remediation	12060-ECD46260-35533	57,004
Total Department of Economic and Community Development		<u>353,764</u>
Department of Emergency Services and Public Protection:		
Drug Assets Forfeiture Funds	12060-DPS32155-35142	28,465
Telecommunications Fund	12060-DPS32181-35190	152,812
Total Department of Emergency Services and Public Protection		<u>181,277</u>
Connecticut State Library:		
Historic Document Preservation Grant	12060-CSL66094-35150	4,000
Total Connecticut State Library		<u>4,000</u>
Department of Justice:		
Non-Budgeted Operating Appropriations	34001-JUD95162-40001	11,881
State Comptroller:		
Nitrogen Credit Exchange Program	21016-OTT14230-42407	87,850
Total State Assistance Before Exempt Programs		<u>17,842,476</u>
Exempt Programs:		
Department of Education:		
Education Cost Sharing	11000-SDE64370-17041	41,374,452
Public School Transportation	11000-SDE64370-17027	488,923
Nonpublic School Transportation	11000-SDE64370-17049	106,169
Special Education - Excess Costs Student Based and Equity	11000-SDE64000-17047	2,168,022
Total Department of Education		<u>44,137,566</u>
Department of Administrative Services:		
School Construction Projects - Principal	13010-DAS27636-40901	2,436,333
School Construction Projects - Interest	13009-DAS27636-40896	1,732
Total Department of Administrative Services		<u>2,438,065</u>

(Continued)

City of West Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2016**

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
Exempt Programs (Continued):		
Office of Policy and Management:		
Grants to Towns	12009-OPM20600-17005	\$ 1,013,690
Total Office of Policy and Management		<u>1,013,690</u>
Total Exempt Programs		<u>47,589,321</u>
Grand Total State Financial Assistance		<u><u>\$ 65,431,797</u></u>

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, 2016**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City, under programs of the State of Connecticut for the year ended June 30, 2016. 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, it is not intended to, and does not, present the financial position, changes in fund balance, and changes in net position or cash flows of the City.

Note 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 applicable to governmental organizations, and accordingly, expenditures and revenues are recognized on the modified accrual basis of accounting. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

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 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 loan program activity for the year ended June 30, 2016:

Department of Energy and Environmental Protection:

Clean Water Funds:

Grant ID	Issue Date	Interest Rate	Original Amount	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
167-C	10/30/1998	2.00%	\$ 4,858,956	\$ 665,650	\$ -	\$ 241,482	\$ 424,168
167-D	10/31/1996	2.00%	293,596	14,580	-	14,580	-
347-C	5/31/2000	2.00%	1,618,947	411,258	-	89,962	321,296
348-C	11/30/2001	2.00%	4,407,222	1,378,673	-	240,057	1,138,616
444-C	3/31/2001	2.00%	1,603,000	480,100	-	87,605	392,495
346-C	12/31/2003	2.00%	801,945	335,649	-	41,900	293,749
348-C1	12/31/2003	2.00%	1,728,831	729,391	-	90,328	639,063
348-CD1	9/29/2006	2.00%	617,707	260,173	-	45,381	214,792
346-CD2	5/31/2007	2.00%	801,055	385,534	-	51,405	334,129
549-C	7/1/2013	2.00%	28,250,103	24,566,644	-	1,218,759	23,347,885
549-CD2	6/30/2015	2.00%	1,425,544	1,425,544	-	71,125	1,354,419
			\$ 46,406,906	\$ 30,653,196	\$ -	\$ 2,192,584	\$ 28,460,612

City of West Haven, Connecticut

**Schedule of State Single Audit Findings and Questioned Costs
For the Year Ended June 30, 2016**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified.

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 auditor's 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? _____ Yes X No

The following schedule reflects the major programs included in the State Single Audit:

State Grantor and Program	State CORE-CT Number	Expenditures
Department of Education:		
Child Day Care	11000-SDE64000-12520	\$ 328,875
Low Performing Schools	12052-SDE64370-43539	1,000,000
Office of Policy and Management:		
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	5,547,541
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	394,097
Local Capital Improvement Program	12050-OPM20600-40254	218,343
Department of Transportation:		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	617,903
Department of Energy and Environmental Protection:		
Shoreline Repairs	12052-DEP43760-43154	880,092
Department of Economic and Community Development:		
West Haven Revitalization	12052-ECD46260-42882	296,750
• Dollar threshold used to distinguish between type A and type B programs		<u>\$356,850</u>

City of West Haven, Connecticut

**Schedule of State Single Audit Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016**

II. Financial Statement Findings

- We issued reports, dated May 25, 2017, on internal control over financial reporting and compliance and other matters based on an audit of the basic financial statements performed in accordance with "Government Auditing Standards."
- Our report on compliance indicated no reportable instance of noncompliance.
- Our report on internal control over financial reporting noted four matters (2016-001 through 2016-004).

III. State Financial Assistance Findings and Questioned Costs

No matters were reported.

City of West Haven, Connecticut

**Summary of Prior Year State Financial Assistance Audit Findings
For the Year Ended June 30, 2016**

There were no findings relative to state awards in the prior year's State Single Audit.



Kevin McNabola
Finance Director

Office of the Finance Director

City of West Haven
355 Main Street
West Haven, Connecticut 06516

Corrective Action Plan For the Fiscal Year Ended June 30, 2016

Section II – Financial Statement Findings

Findings:	2016-001
Contact Person:	Kevin McNabola
Corrective Action:	The City is addressing the General Fund deficit in the 2017-2018 fiscal year. The City plans to issue deficit funding bonds in fiscal year 2018.
Proposed Completion Date:	The Department of Finance will implement the above corrective action for the fiscal year ended June 30, 2017.
Findings:	2016-002
Contact Person:	Kevin McNabola
Corrective Action:	The City will review current processing procedures to strengthen internal control over segregation of duties.
Proposed Completion Date:	The Department of Finance will implement the above corrective action for the fiscal year ended June 30, 2017.
Findings:	2016-003
Contact Person:	Kevin McNabola
Corrective Action:	The City will process all required adjusting entries to present the financial statements in accordance with GAAP.
Proposed Completion Date:	The Department of Finance will implement the above corrective action for the fiscal year ended June 30, 2017.
Findings:	2016-004
Contact Person:	Kevin McNabola
Corrective Action:	The City will complete all financial and compliance reports in a timely manner.
Proposed Completion Date:	The Department of Finance will implement the above corrective action for the fiscal year ended June 30, 2017.