

City of West Haven, Connecticut

Federal and State Financial and Compliance Report
Year Ended June 30, 2014

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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 OMB Circular A-133

Independent Auditor's Report

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 (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The Town'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 requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding CF2014-1. Our opinion on each major federal program is not modified with respect to this matter.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2014, 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 April 10, 2015, 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 OMB Circular A-133 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.



New Haven, Connecticut
April 10, 2015

City of West Haven, Connecticut

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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	\$ 425,528
National School Lunch Program - Cash	10.555	12060-20560-80279-170005	1,402,652
National School Lunch Program - Commodities	10.555	12060-20560-80279-170006	109,055
Total Child Nutrition Cluster			<u>1,937,235</u>
Total U.S. Department of Agriculture			<u>1,937,235</u>
 U.S. Department of Housing and Urban Development			
Direct Program:			
Community Development Block Grants/ Entitlement Grants	14.218	N/A	<u>505,559</u>
 U.S. Department of Justice			
Passed through the State Department of Public Safety:			
Stipend Local Violent Crime	16.738	12060-DPS32523-23185	18,000
Stipend Local Violent Crime	16.738	12060-DPS32523-26230	1,500
Stipend Local Violent Crime	16.738	12060-DPS32523-90630	6,000
Passed through the State Office of Policy and Management:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-OPM20350-21921	9,169
			<u>9,169</u>
Total U.S. Department of Justice			<u>34,669</u>

(Continued)

City of West Haven, Connecticut

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

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 Environmental Protection			
Passed through the State Department of Environmental Protection:			
Consolidated Forestry Programs	10.664	12060-DEP44165-22052	\$ 2,000
Total U.S. Department of Environmental Protection			<u>2,000</u>
U.S. Department of Education			
Passed through State Department of Education:			
Adult Education - Basic Grants to States	84.002	12060-20784-84002-2014-170002	<u>30,000</u>
Title I Grants to Local Educational Agencies 12-14	84.010	12060-20679-82070-2013-170002	175,000
Title I Grants to Local Educational Agencies 13-15	84.010	12060-20679-82070-2014-170002	<u>2,059,742</u>
Total Title I Grants to Local Educational Agencies			<u>2,234,742</u>
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	12060-20977-82032-2014-170002	1,446,417
Special Education - Preschool Grants (IDEA Preschool)	84.173	12060-20983-82032-2013-170002	<u>56,085</u>
Total Special Education Cluster			<u>1,502,502</u>
Career and Technical Education - Basic Grants to States	84.048	12060-20742-84010-2014-170002	<u>104,887</u>
Title III, Part A English Language Acquisition	84.365	12060-20868-82075-2013-170002	95,189
Immigrant & Youth Education Program	84.367	12060-20868-82076-2014-170002	<u>18,218</u>
Total Title III			<u>113,407</u>
Improving Teacher Quality State Grants	84.367	12060-20858-84131-2014-170002	<u>234,960</u>
Total U.S. Department of Education			<u>4,220,498</u>

(Continued)

City of West Haven, Connecticut

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

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 Health and Human Services			
Passed through the State Department of Public Health:			
Public Health Emergency Preparedness	93.069	12060-DPH48558-22333	\$ 54,024
Immunization Program	93.268	12060-DPH48664-20911	79,817
Immunization Program - Non-cash Assistance	93.268	N/A	-
Preventative Health and Health Services Block Grant	93.991	12060-DPH48558-21530	8,395
			<u>142,236</u>
Passed through the State Office of Early Childhood:			
Social Services Block Grant (Daycare)	93.667	12060-OEC64841-26155	208,583
Total U.S. Department of Health and Human Services			<u>350,819</u>
U.S. Department of Homeland Security			
Passed through the State Department of Emergency Management & Homeland Security:			
State Homeland Security SHS	97.067	12060-DPS32160-21877	1,495
Total U.S. Department of Homeland Security			<u>1,495</u>
U.S. Department of Transportation			
Passed through the State of Connecticut Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction - Campbell Ave	20.205	12062-DOT57124-22108	2,687,101
Total Highway Planning and Construction Cluster			<u>2,687,101</u>
Total Federal Awards			<u>\$ 9,739,376</u>

See Notes to Schedule of Expenditures of Federal Awards.

City of West Haven, Connecticut

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014**

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, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Noncash Federal Awards

The City received and expended \$109,055 of USDA donated commodities under the National School Lunch Program and \$8,515 of vaccines under the Immunization Grants Program.

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	\$ 208,583

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

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? X Yes 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 510(a) of OMB Circular A-133? X Yes No

Identification of Major Programs

CFDA Number	Program Name or Cluster
84.027/84.173	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies
84.048	Career and Technical Education
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

- 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, 2014**

II. Financial Statement Findings

Compliance Findings

2014-1 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 \$7,776,649 as of June 30, 2013.

Condition:

The City has not absorbed the accumulated fund deficit in the General Fund of \$7,776,649.

Cause:

The City Council 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 continue to develop and implement a plan to fund the General Fund deficit in the upcoming budget year.

Internal Control Findings

2014-2 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 activities.

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.

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2014**

II. Financial Statement Findings (Continued)

Internal Control Findings (Continued)

Segregation of Duties (Continued):

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 to improve segregation of duties and adequacy of internal controls over the payroll process, incompatible responsibilities must be segregated between employees and that the City's and Board of Education's policies be revised to reassign responsibilities to properly segregate duties in the payroll process.

2014-3

Year-End Closing Procedures

Criteria:

Trial balances at June 30 should be complete, including all year-end accruals and other closing entries.

Condition:

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

Context:

Systemic in nature.

Cause:

Management is not committing resources to properly close-out trial balances on a timely basis.

Effect:

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

City of West Haven, Connecticut

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2014

II. Financial Statement Findings (Continued)

Internal Control Findings (Continued)

Year-End Closing Procedures (Continued)

Recommendation:

We recommend that the Board of Education review its month-end and year-end closing procedures to ensure completeness and proper cutoff for all activity.

2014-4 Heart and Hypertension Liability

Criteria:

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

Condition:

Currently, the City internally calculates the heart and hypertension liability. The calculation should be reviewed by an actuarial expert knowledgeable in estimating liabilities of this nature. It was also noted that the City does not keep track of all agreements.

Context:

Systemic in nature.

Cause:

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

Effect:

The liability could be understated or overstated.

Recommendation:

We recommend that the City put controls in place to more accurately track and keep record of all their cases. In addition, an actuarial expert should be engaged to prepare an analysis and assist the City in estimating the liability.

III. Federal Awards Findings and Questioned Costs

CF2014-1 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.

City of West Haven, Connecticut

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2014**

III. Federal Awards Findings and Questioned Costs (Continued)

Federal Reporting Package (Continued)

Condition:

The City did not file the 2013 federal reporting package with the Federal Audit Clearinghouse within federal guidelines.

Context:

The financial reporting package was not filed within federal guidelines, which resulted in noncompliance with OMB Circular A-133.

Cause:

The annual filing was not prepared timely.

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 OMB-133 guidelines.

City of West Haven, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2014**

Finding 2010-1

Condition:

The City has a fund deficit in the General Fund.

Current Status:

Finding has not been adequately addressed and is repeated as 2014-1 in the schedule of findings and questioned costs.

Finding 2010-5

Condition:

Currently, the City does not have a formal approval process for the addition of new vendors to the vendor file. In addition, the accounts payable clerk can enter new vendors as part of the processing of checks. This could result in unapproved vendors being hired and unauthorized payments to those vendors. Vendor files are not currently reviewed and approved on an annual basis.

Current Status:

Finding has been adequately addressed.

Finding 2010-8

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.

Student Activities – Currently, one employee at each school is responsible for all aspects of cash receipts, cash disbursements and the recording of the transactions for the student activity funds.

Current Status:

Findings above have not been adequately addressed and are repeated as 2014-2 in the schedule of findings and questioned costs for the City and Board of Education Payroll. Student Activities finding was adequately addressed and not repeated.

Finding 2010-9

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 2014-3 in the schedule of findings and questioned costs.

City of West Haven, Connecticut

**Summary of Prior Year Audit Findings (Continued)
For the Year Ended June 30, 2014**

Compliance – Governmental Auditing Standards

Finding CF 2010-1

Condition:

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

Current Status:

Finding has not been adequately addressed and is repeated as CF2014-1 in the schedule of findings and questioned costs.

Compliance – Federal Awards

Finding 2012-1

Condition:

Excess funds were drawn down by the Board of Education for the education grants during the fiscal year.

Current Status:

Finding has been adequately addressed.



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

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 10, 2015.

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 and 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 2014-2 to 2014-4).

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 finding 2014-1.

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.

A handwritten signature in cursive script that reads "McGladrey LLP".

New Haven, Connecticut
April 10, 2015



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

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, 2014. The City's major state 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 requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's 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, 2014.

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 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'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 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, 2014, 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 April 10, 2015, 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.

McGladrey LLP

New Haven, Connecticut
April 10, 2015

City of West Haven, Connecticut

Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2014

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Education		
Adult Education	11000-SDE64000-17030	\$ 219,171
Bilingual Education	11000-SDE64000-17042	38,305
Youth Services Bureau	11000-SDE64000-17052	43,675
Youth Services Enhancement	11000-SDE64000-16201	7,455
School Breakfast Program	11000-SDE64000-17046	31,581
Magnet Schools	11000-SDE64000-17057	221,270
Quality Enhancement Grant Program	11000-SDE64000-17097	33,318
School Readiness and Child Day Care Grant Program	11000-SDE64000-17101	1,850,662
High Quality Schools Start Up	12052-SDE64000-43538	446,969
Healthy Foods Initiative	11000-SDE64000-16212	54,708
Family Resource Centers	11000-SDE64000-16110	104,500
Health Services	11000-SDE64000-17034	157,570
Child Nutrition State Matching Grant	11000-SDE64000-16211	27,522
Child Day Care	11000-SDE64000-12520	387,368
Alliance District Funding Program	11000-SDE64000-17041-82164	2,809,826
Total Department of Education		6,433,900
Department of Agriculture		
Shell Fish Taxes and Rents	34003-DAG42660-42337	6,549
Department of Transportation		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	623,599
Department of Energy and Environmental Protection		
Clean Water Fund	21015-DEP43720-42318	571,952
Long Island Sound Plates	12060-DEP43760-35401	52,738
Low Level Nitrogen Levels	21014-DEP43270-40001	203,803
Total Department of Energy and Environmental Protection		828,493
Office of Policy and Management		
Payment in Lieu of Taxes (PIILOT) on State-Owned Property	11000-OPM20600-17004	18,125
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	5,313,329
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals - Allingtown	11000-OPM20600-17006	346,045
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	6,713
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	361,037
Property Tax Relief for Elderly and Totally Disabled Homeowners - Allingtown	11000-OPM20600-17018	1,992
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	12,000
Property Tax Relief for Veterans	11000-OPM20600-17024	106,355
Local Capital Improvement Program	12050-OPM20600-40254	335,488
Municipal Grants-in-Aid	12052-OPM20600-43587	138,739
Municipal Grants-in-Aid - Allingtown	12052-OPM20600-43587	20,234
Total Office of Policy and Management		6,660,057
Department of Social Services		
School Readiness	11000-DSS60794-16158	40,678
Total Department of Social Services		40,678

(Continued)

City of West Haven, Connecticut

Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2014

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
Office of Early Childhood		
School Readiness	11000-OEC64845-17101-82056	\$ 149,794
School Readiness Quality Enhancement	11000-OEC64845-17097-82079	33,318
School Readiness Quality Enhancement	11000-OEC64845-17101-82056	148,403
School Readiness and Quality Enhancement	11000-OEC64845-17101-82056	1,482,821
Total Office of Early Childhood		<u>1,814,336</u>
Department of Public Health		
Local and Districts Departments of Health	11000-DPH48500-17009	65,463
X-Ray Screen & Tuberculosis	11000-DPH48666-16112	6,052
Children's Health Initiatives - Lead Poisoning Prevention	11000-DPH48500-12126	14,442
Total Department of Public Health		<u>85,957</u>
Department of Economic and Community Development		
Brownfield Redevelopment Loan - Special Act Grant	12052-ECD46510-43403	497,525
Total Department of Economic and Community Development		<u>497,525</u>
Department of Emergency Services and Public Protection		
Grant in Aid - Allingtown	13019-DPS32110-41238	35,000
DPS Allingtown FD	12052-DPS32110-42806	75,000
Drug Assets Forfeiture Funds	12060-DPS32155-35142	10,236
Telecommunications Fund	12060-DPS32181-35190	123,229
Total Department of Emergency Services and Public Protection		<u>243,465</u>
Connecticut State Library		
Historic Document Preservation Grant	12060-CSL66094-35150	6,500
Total Connecticut State Library		<u>6,500</u>
Department of Justice		
Non-Budgeted Operating Appropriations	34001-JUD95162-40001	19,058
State Comptroller		
Nitrogen Credit Exchange Program	21016-OTT14230-42407	171,162
Total State Assistance Before Exempt Programs		<u>17,431,279</u>
Exempt Programs		
Department of Education:		
Education Cost Sharing	11000-SDE64370-17041	44,094,539
Public School Transportation	11000-SDE64370-17027	540,841
Nonpublic School Transportation	11000-SDE64370-17049	112,579
Special Education - Excess Costs Student Based and Equity	11000-SDE64000-17047	2,313,346
Total Department of Education		<u>47,061,305</u>
Department of Administrative Services:		
School Construction Projects - Principal	13010-DAS28246-40901	1,571,151
Total Department of Construction Services		<u>1,571,151</u>

City of West Haven, Connecticut

Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2014

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
Exempt Programs (Continued)		
Office of Policy and Management:		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	\$ 1,005,243
Municipal Revenue Sharing	12060-OPM20600-35458	597,725
Municipal Revenue Sharing - Allingtown	12060-OPM20600-35458	4,269
Municipal Video Competition	12060-OPM20600-35362	16,232
Total Office of Policy and Management		<u>1,623,469</u>
Total Exempt Programs		<u>50,255,925</u>
Grand Total State Financial Assistance		<u>\$ 67,687,204</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, 2014**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the City of West Haven, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2014. 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 public safety, public works, social services 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, and changes in net position or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

The accounting policies of the City of West Haven, Connecticut, conform to accounting principles generally accepted in the United States of America 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.

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.

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, 2014:

Department of Energy and Environmental Protection:

Clean Water Funds (21014-OTT14230-40001):

	Issue Date	Interest Rate	Original Amount	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Interim Funding Obligation		2.0%	N/A	\$ 366,036	\$ 571,952	\$ 61,466	\$ 876,522
Grant ID	Issue Date	Interest Rate	Original Amount	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
166-C	4/29/1994	2.00%	\$ 9,213,384	\$ 183,935	-	\$ 183,935	\$ -
166-CDI	1/1/1996	2.00%	2,769,461	59,664	-	59,664	-
167-C	10/30/1998	2.00%	4,858,956	1,212,017	-	270,454	941,563
167-D	10/31/1996	2.00%	293,596	48,598	-	16,839	31,759
347-C	5/31/2000	2.00%	1,618,947	585,878	-	86,438	499,440
348-C	11/30/2001	2.00%	4,407,222	1,825,574	-	211,594	1,613,980
444-C	3/31/2001	2.00%	1,603,000	650,144	-	84,172	565,972
346-C	12/31/2003	2.00%	801,945	416,978	-	40,258	376,720
348-C1	12/31/2003	2.00%	1,728,831	898,909	-	80,977	817,932
348-CD1	9/29/2006	2.00%	617,707	348,259	-	43,603	304,656
346-CD2	5/31/2007	2.00%	801,055	488,344	-	51,405	436,939
549-C	7/1/2013	2.00%	28,250,103	28,250,103	-	2,486,822	25,763,281
			\$ 56,964,207	\$ 34,968,403	\$ -	\$ 3,616,161	\$ 31,352,242

City of West Haven, Connecticut

**Schedule of State Single Audit Findings and Questioned Costs
For the Year Ended June 30, 2014**

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?

 X Yes _____ 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		
Adult Education	11000-SDE64000-17030	\$ 219,171
Magnet Schools	11000-SDE64000-17057	221,270
High Quality Schools Start Up	12052-SDE64000-43538	446,969
Family Resource Centers	11000-SDE64000-16110	104,500
Health Services	11000-SDE64000-17034	157,570
Alliance District Funding Program	11000-SDE64000-17041-82164	2,809,826
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	5,313,329
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals-Allingtown	11000-OPM20600-17006	346,045
Municipal Grants-in-Aid	12052-OPM20600-43587	138,739
Municipal Grants-in-Aid - Allingtown	12052-OPM20600-43587	20,234
Department of Emergency Services and Public Protection		
Telecommunications Fund	12060-DPS32181-35190	123,229

- Dollar threshold used to distinguish between type A and type B programs \$200,000

City of West Haven, Connecticut

**Schedule of State Single Audit Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2014**

II. Financial Statement Findings

- We issued reports, dated April 10, 2015, 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 one reportable instance of noncompliance (2014-1).
- Our report on internal control over financial reporting noted three matters (2014-2 through 2014-4).

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, 2014**

State Financial Assistance

Finding 2011-1

Condition:

The City does not adequately monitor the subrecipient who receives the Child Day Care Services grant money to ensure compliance with State requirements.

Current Status:

Finding has been adequately addressed.