

# **City of West Haven, Connecticut**

Federal and State Financial and Compliance Report  
Year Ended June 30, 2015

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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 OMB Circular A-133**

**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 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, 2015. 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 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 of West Haven, Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**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 CF2015-1. 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, 2015, 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 March 31, 2016, 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.

*RSM US LLP*

New Haven, Connecticut  
March 31, 2016

City of West Haven, Connecticut

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-20508-82079-170005	\$ 387,454
National School Lunch Program - Cash	10.555	12060-20560-80279-170005	1,435,843
National School Lunch Program - Commodities	10.555	12060-20560-80279-170006	94,657
<b>Total Child Nutrition Cluster</b>			<u>1,917,954</u>
<b>Total U.S. Department of Agriculture</b>			<u>1,917,954</u>
<b>U.S. Department of Housing and Urban Development</b>			
Direct Program:			
Community Development Block Grants/ Entitlement Grants	14.218	N/A	<u>618,340</u>
<b>U.S. Department of Justice</b>			
Passed through the State Department of Public Safety:			
Stipend Local Violent Crime	16.738	12060-DPS32523-26185	18,885
Stipend Local Violent Crime	16.738	12060-DPS32523-90630	375
Passed through the State Office of Policy and Management:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-OPM20350-21921	<u>17,000</u>
<b>Total U.S. Department of Justice</b>			<u>17,000</u>
<b>Total U.S. Department of Justice</b>			<u>36,260</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through the State Department of Public Health:			
Public Health Emergency Preparedness	93.069	12060-DPH48558-22333	76,956
Immunization Program	93.268	12060-DPH48664-20911	59,580
Ebola Active Monitoring	93.074	12060-DPH48557-22712	6,000
Preventative Health and Health Services Block Grant	93.991	12060-DPH48766-22664	8,550
			<u>151,086</u>
Passed through the State Office of Early Childhood:			
Social Services Block Grant (Daycare)	93.667	12060-OEC64841-26155	<u>148,995</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>300,081</u>

(Continued)

City of West Haven, Connecticut

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Education</b>			
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 14-16	84.010	12060-20679-82070-2014-170002	<u>2,307,919</u>
Special Education Cluster:			
IDEA, Part B, Section 611 14-16	84.027	12060-20977-82032-2014-170002	1,516,365
IDEA, Part B, Section 619 14-16	84.173	12060-20983-82032-2013-170002	<u>56,100</u>
<b>Total Special Education Cluster</b>			<u>1,572,465</u>
Title III, Part A English Language Acquisition 14-16	84.365	12060-20868-82075-2013-170002	105,758
Immigrant & Youth Education Program 14-16	84.365	12060-20868-82076-2014-170002	<u>23,044</u>
<b>Total Title III</b>			<u>128,802</u>
Improving Teacher Quality State Grants 14-16	84.367	12060-20858-84131-2014-170002	<u>236,274</u>
<b>Total U.S. Department of Education</b>			<u>4,275,460</u>
<b>U.S. Department of Homeland Security</b>			
Passed through the State Department of Emergency Management & Homeland Security:			
Emergency Management Performance Grant	97.042	12060-DPS32160-21881	<u>5,954</u>
<b>Total U.S. Department of Homeland Security</b>			<u>5,954</u>
<b>U.S. Department of Transportation</b>			
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	<u>3,280,643</u>
<b>Total Highway Planning and Construction Cluster</b>			<u>3,280,643</u>
<b>Total Federal Awards</b>			<u>\$ 10,434,692</u>

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, 2015**

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**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, 2015. 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 recognized in the Schedule are reported using the modified accrual basis of accounting. Such expenditures are reported 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. Contributions**

The City received and expended \$94,657 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	\$ 148,995

**City of West Haven, Connecticut**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015**

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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
10.553 / 10.555	Child Nutrition Cluster
93.667	Social Services Block Grant
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs                     \$ 313,000                    

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, 2015**

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II. Financial Statement Findings

**Compliance Findings**

**2015-1 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 \$10,197,097 as of June 30, 2015. 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 \$10,197,097. In addition, there are other funds of the City that are in a fund deficit totaling \$7,455,602.

**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.

**Internal Control Findings**

**2015-2 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 transactions and balances.

**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, 2015**

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II. Financial Statement Findings (Continued)

**Internal Control Findings (Continued)**

**2015-2 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 incompatible responsibilities within the payroll process be segregated between employees and that the City's and Board of Education's policies be revised.

**2015-3 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 and interfund 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.

**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.

**City of West Haven, Connecticut**

**Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2015**

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II. Financial Statement Findings (Continued)

**Internal Control Findings (Continued)**

**2015-4 Heart and Hypertension Liability**

**Criteria:**

The City does not currently track and monitor all of the heart and hypertension cases on a regular basis

**Condition:**

Outside counsel currently handles heart and hypertension cases. The City's Corporation Counsel keeps track of these cases, however, they were missing several cases in their analysis.

**Context:**

Systemic in nature.

**Cause:**

The City does not have the proper controls in place to properly track 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 account for all heart and hypertension liabilities.

**City of West Haven, Connecticut**

**Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2015**

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III. Federal Awards Findings and Questioned Costs

**CF 2015-1 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.

**Condition:**

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

**Context:**

The 2014 financial reporting package was not filed on time.

**Cause:**

The annual audit was not completed within nine months of year-end.

**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, 2015**

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Finding 2010-1, CF 2014

Condition:

The City has a fund deficit in the General Fund.

Current Status:

Finding has not been adequately addressed and is repeated as 2015-1 in the schedule of findings and questioned costs.

Finding 2010-8, 2014-2

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 2015-2 in the schedule of findings and questioned costs for the City and Board of Education payroll.

Finding 2010-9, 2014 -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 2015-3 in the schedule of findings and questioned costs.

Finding 2014-4

Condition:

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

Current Status:

Finding has not been adequately addressed and is repeated as 2015-4 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, 2015**

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**Compliance – Governmental Auditing Standards**

Finding CF 2010-1, CF 2014-1

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 2015-1 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2016. Our report includes an emphasis-of-matter paragraph due to the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and its amendment, GASB Statement No. 71.

**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 2015-2 to 2015-4).

**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 2015-1.

**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.

*RSM US LLP*

New Haven, Connecticut  
March 31, 2016

**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, 2015. 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 of West Haven, Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

### **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, 2015, 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 March 31, 2016, 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 US LLP*

New Haven, Connecticut  
March 31, 2016

City of West Haven, Connecticut

Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2015

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
<b>Department of Education</b>		
Adult Education	11000-SDE64000-17030	\$ 367,781
Bilingual Education	11000-SDE64000-17042	36,887
Youth Services Bureau	11000-SDE64000-17052	43,675
Youth Services Enhancement	11000-SDE64000-16201	7,455
School Breakfast Program	11000-SDE64000-17046	29,208
Magnet Schools	11000-SDE64000-17057	229,575
After School Programs	11000-SDE64370-17084	40,678
Healthy Foods Initiative	11000-SDE64000-16212	56,531
Family Resource Centers	11000-SDE64000-16110	109,500
Health Services	11000-SDE64000-17034	40,523
Child Nutrition State Matching Grant	11000-SDE64000-16211	28,334
Child Day Care	11000-SDE64000-12520	498,809
Alliance District Funding Program	11000-SDE64000-17041-82164	4,097,639
Common Core	11000-SDE64370-12566	23,537
Development of Mstry Exams	11000-SDE64370-12171	10,000
<b>Total Department of Education</b>		<u>5,620,132</u>
<b>Department of Agriculture</b>		
Shell Fish Taxes and Rents	34003-DAG42660-42337	<u>23,324</u>
<b>Department of Transportation</b>		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	<u>621,676</u>
<b>Department of Energy and Environmental Protection</b>		
Clean Water Fund	21015-DEP43720-42318	467,986
Low Level Nitrogen Levels	21014-DEP43270-40001	168,730
<b>Total Department of Energy and Environmental Protection</b>		<u>636,716</u>
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes (PIILOT) on State-Owned Property	11000-OPM20600-17004	59,579
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	5,476,449
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals - Allingtown	11000-OPM20600-17006	362,779
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	6,317
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	389,635
Property Tax Relief for Elderly and Totally Disabled Homeowners - Allingtown	11000-OPM20600-17018	1,894
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	12,000
Property Tax Relief for Veterans	11000-OPM20600-17024	103,274
Local Capital Improvement Program	12050-OPM20600-40254	263,025
Municipal Grants-in-Aid	12052-OPM20600-43587	138,739
Municipal Grants-in-Aid - Allingtown	12052-OPM20600-43587	20,234
<b>Total Office of Policy and Management</b>		<u>6,833,925</u>

(Continued)

City of West Haven, Connecticut

Schedule of Expenditures of State Financial Assistance (Continued)  
For the Year Ended June 30, 2015

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
<b>Office of Early Childhood</b>		
School Readiness	11000-OEC64845-17101-82056	\$ 1,930,812
School Readiness Quality Enhancement	11000-OEC64845-17097-82079	33,318
<b>Total Office of Early Childhood</b>		<u>1,964,130</u>
<b>Department of Public Health</b>		
Local and Districts Departments of Health	11000-DPH48500-17009	65,377
X-Ray Screen & Tuberculosis	11000-DPH48666-16112	15,030
Children's Health Initiatives - Lead Poisoning Prevention	11000-DPH48500-12126	13,614
<b>Total Department of Public Health</b>		<u>94,021</u>
<b>Department of Economic and Community Development</b>		
Urban Act - OPM	13019-ECD46210-41240	180,000
<b>Total Department of Economic and Community Development</b>		<u>180,000</u>
<b>Department of Emergency Services and Public Protection</b>		
Grant in Aid	13019-DPS32110-41238	129,658
Drug Assets Forfeiture Funds	12060-DPS32155-35142	5,881
Telecommunications Fund	12060-DPS32181-35190	92,331
<b>Total Department of Emergency Services and Public Protection</b>		<u>227,870</u>
<b>Connecticut State Library</b>		
Historic Document Preservation Grant	12060-CSL66094-35150	7,500
<b>Total Connecticut State Library</b>		<u>7,500</u>
<b>Department of Justice</b>		
Non-Budgeted Operating Appropriations	34001-JUD95162-40001	11,366
<b>State Comptroller</b>		
Nitrogen Credit Exchange Program	21016-OTT14230-42407	137,602
<b>Total State Assistance Before Exempt Programs</b>		<u>16,358,262</u>
<b>Exempt Programs</b>		
Department of Education:		
Education Cost Sharing	11000-SDE64370-17041	45,135,396
Public School Transportation	11000-SDE64370-17027	520,809
Nonpublic School Transportation	11000-SDE64370-17049	138,276
Special Education - Excess Costs Student Based and Equity	11000-SDE64000-17047	1,909,553
<b>Total Department of Education</b>		<u>47,704,034</u>
Department of Construction Services:		
School Construction Projects - Principal	13010-DCS28246-40901	2,210,734
<b>Total Department of Construction Services</b>		<u>2,210,734</u>

(Continued)

City of West Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)**  
**For the Year Ended June 30, 2015**

State Grantor Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
<b>Exempt Programs (Continued)</b>		
Office of Policy and Management:		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	\$ 981,721
<b>Total Office of Policy and Management</b>		<u>981,721</u>
<b>Total Exempt Programs</b>		<u>50,896,489</u>
<b>Grand Total State Financial Assistance</b>		<u><u>\$ 67,254,751</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, 2015**

**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, 2015. 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, 2015:

Department of Energy and Environmental Protection:

Clean Water Funds:

	Issue Date	Interest Rate	Original Amount	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	
Interim Funding Obligation		2.0%	N/A	\$ 876,522	\$ -	\$ 876,522	\$ -	
Grant ID	Issue Date	Interest Rate	Original Amount	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	
167-C	10/30/1998	2.00%	\$ 4,858,956	\$ 941,563	\$ -	\$ 275,913	\$ 665,650	
167-D	10/31/1996	2.00%	293,596	31,759	-	17,179	14,580	
347-C	5/31/2000	2.00%	1,618,947	499,440	-	88,182	411,258	
348-C	11/30/2001	2.00%	4,407,222	1,613,980	-	235,307	1,378,673	
444-C	3/31/2001	2.00%	1,603,000	565,972	-	85,872	480,100	
346-C	12/31/2003	2.00%	801,945	376,720	-	41,071	335,649	
348-C1	12/31/2003	2.00%	1,728,831	817,932	-	88,541	729,391	
348-CD1	9/29/2006	2.00%	617,707	304,656	-	44,483	260,173	
346-CD2	5/31/2007	2.00%	801,055	436,939	-	51,405	385,534	
549-C	7/1/2013	2.00%	28,250,103	25,763,281	-	1,196,637	24,566,644	
549-CD2	6/30/2015	2.00%	1,425,544	-	1,425,544	-	1,425,544	
				<b>\$ 46,406,906</b>	<b>\$ 31,352,242</b>	<b>\$ 1,425,544</b>	<b>\$ 2,124,590</b>	<b>\$ 30,653,196</b>

**City of West Haven, Connecticut**

**Schedule of State Single Audit Findings and Questioned Costs  
For the Year Ended June 30, 2015**

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
<b>Office of Early Childhood</b>		
School Readiness	11000-OEC64845-17101-82056	\$ 1,930,812
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	5,476,449
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals-Allingtown	11000-OPM20600-17006	362,779
Property Tax Relief for Veterans	11000-OPM20600-17024	103,274
<b>Department of Transportation</b>		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	621,676
<b>Department of Energy and Environmental Protection</b>		
Clean Water Fund	21015-DEP43720-42318	467,986
Low Level Nitrogen Levels	21014-DEP43270-40001	168,730
<b>State Comptroller</b>		
Nitrogen Credit Exchange Program	21016-OTT14230-42407	137,602

- Dollar threshold used to distinguish between type A and type B programs \$327,165

**City of West Haven, Connecticut**

**Schedule of State Single Audit Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2015**

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II. Financial Statement Findings

- We issued reports, dated March 31, 2016, 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 (2015-1).
- Our report on internal control over financial reporting noted three matters (2015-2 through 2015-4).

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, 2015**

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