

# **Greater New Haven Water Pollution Control Authority**

Federal and State Compliance Reports  
Fiscal Year Ended June 30, 2019

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RSM US LLP

**Report on Compliance for the 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 Board of Directors  
Greater New Haven Water Pollution Control Authority

**Report on Compliance for Each Major Federal Program**

We have audited the Greater New Haven Water Pollution Control Authority's (the GNHWPCA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the GNHWPCA's major federal program for the year ended June 30, 2019. The GNHWPCA's major federal program is 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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the GNHWPCA's major federal program 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 GNHWPCA'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 its major federal program. However, our audit does not provide a legal determination of the GNHWPCA's compliance.

**Opinion on its Major Federal Program**

In our opinion, the GNHWPCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of the GNHWPCA 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 GNHWPCA's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 GNHWPCA'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 GNHWPCA as of and for the year ended June 30, 2019, and have issued our report thereon dated December 3, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 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 financial statements as a whole.

*RSM US LLP*

New Haven, Connecticut  
December 3, 2019

**Greater New Haven  
Water Pollution Control Authority**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Homeland Security</b>				
Passed through the State of Connecticut				
Department of Emergency Services & Public Protection				
Hazard Mitigation	97.039	12060-DPS32983-22278	\$ -	\$ 2,394,931
<b>Total expenditures of federal awards</b>			<b>\$ -</b>	<b>\$ 2,394,931</b>

See notes to schedule of expenditures of federal awards.

**Greater New Haven  
Water Pollution Control Authority**

**Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019**

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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 Greater New Haven Water Pollution Control Authority (the GNHWPCA) under the program of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the 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 GNHWPCA, it is not intended to, and does not, present the financial position, changes in fund balances, and changes in net position or cash flows of the GNHWPCA.

**Note 2. Summary of Significant Accounting Principles**

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

**Note 3. Indirect Cost Recovery**

The GNHWPCA did not recover its indirect cost using the 10% de minimus indirect cost rate provided under Section 200.414 of the Uniform Guidance.

**Note 4. Subrecipients**

The GNHWPCA, did not provide any federal funds to subrecipients for the year ended June 30, 2019.

**Greater New Haven  
Water Pollution Control Authority**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

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I. Summary of Auditor's Results

*Financial Statements*

Type of report the auditor issued on whether the  
Financial statements audited were prepared  
in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes    X    No
- Significant deficiency(ies) identified?        Yes    X    None reported

Noncompliance material to financial  
statements noted?        Yes    X    No

*Federal Awards*

Internal control over major program:

- Material weakness(es) identified?        Yes    X    No
- Significant deficiency(ies) identified?        Yes    X    None reported

Type of auditor's report issued on compliance for the federal major program: unmodified

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

*Identification of Major Federal Program*

CFDA Numbers	Federal Program Name or Cluster
97.039	Hazard Mitigation Grant

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

Auditee qualified as low-risk auditee?    X    Yes        No

II. Financial Statement Findings

No matters to report.

III. Federal Award Findings and Questioned Costs

No matters to report.

**Greater New Haven  
Water Pollution Control Authority**

**Summary of Prior Year Audit Findings  
For the Year Ended June 30, 2019**

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There were no findings noted in the year ended June 30, 2018.



**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 Board of Directors  
Greater New Haven Water Pollution Control Authority

We have audited, in accordance with 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 Greater New Haven Water Pollution Control Authority (GNHWPCA) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the GNHWPCA's basic financial statements, and have issued our report thereon dated December 3, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the GNHWPCA'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 GNHWPCA's internal control. Accordingly, we do not express an opinion on the effectiveness of the GNHWPCA's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the GNHWPCA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

New Haven, Connecticut  
December 3, 2019

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

**Independent Auditor's Report**

To the Board of Directors  
Greater New Haven Water Pollution Control Authority

**Report on Compliance for Each Major State Program**

We have audited the Greater New Haven Water Pollution Control Authority's (the GNHWPCA) 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 the GNHWPCA's major state program for the year ended June 30, 2019. The GNHWPCA's major state program is 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 program.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the GNHWPCA's major state program 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 GNHWPCA'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 its major state program. However, our audit does not provide a legal determination of the GNHWPCA's compliance.

**Opinion on its Major State Program**

In our opinion, the GNHWPCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

Management of the GNHWPCA, 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 GNHWPCA'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 GNHWPCA'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 GNHWPCA as of and for the year ended June 30, 2019, and have issued our report thereon dated December 3, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. 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 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 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 financial statements or to the 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 financial statements as a whole.

*RSM US LLP*

New Haven, Connecticut  
December 3, 2019

**Greater New Haven  
Water Pollution Control Authority**

**Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2019**

State Grantor Pass-Through Grantor Program Title	State CORE-CT Number	Passed Through to Subrecipients	Expenditures
State Department of Energy and Environmental Protection:			
Clean Water Fund	21014-OTT14000-40001	\$ -	\$ 3,873,731
<b>Total State Financial Assistance</b>		<b>\$ -</b>	<b>\$ 3,873,731</b>

See notes to schedule of expenditures of state financial assistance.

**Greater New Haven  
Water Pollution Control Authority**

**Notes to Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2019**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes state grant activity of the Greater New Haven Water Pollution Control Authority (GNHWPCA) under the program of the State of Connecticut (the State) for the fiscal year ended June 30, 2019. The Department of Environmental Protection of the State has provided financial assistance to GNHWPCA through grants and loans in accordance with the General Statutes of the State.

**Note 2. Summary of Significant Accounting Policies**

The accounting policies of the GNHWPCA conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The information in the Schedule is presented based upon regulations established by the State, Office of Policy and Management, which conforms to GAAP.

**Basis of accounting:** The expenditures reported on the Schedule are reported on the 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. The GNHWPCA has no such grants in the current year.

**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 shall include loans and loan activities. The following is a summary of the loan program activity for the year ended June 30, 2019:

**Department of Energy and Environmental Protection:**

Clean Water Fund 21014-OTT14230-40001:

Balance June 30, 2018	Issued	Retired	Balance June 30, 2019
\$ 67,856,577	\$ 2,499,183	\$ 4,679,147	\$ 65,676,613

**Greater New Haven  
Water Pollution Control Authority**

**Schedule of State Single Audit Compliance Findings and Questioned Costs  
For the Year Ended June 30, 2019**

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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	<u>  X  </u> No
		None
Significant deficiency(ies) identified?	_____ Yes	<u>  X  </u> reported
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u> No

*State Financial Assistance*

Internal control over major program:

Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
		None
Significant deficiency(ies) identified?	_____ Yes	<u>  X  </u> reported

Type of auditor's report issued on compliance for major program: 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	<u>  X  </u> No
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The following schedule reflects the major program included in the state compliance audit:

State Grantor and Program	State CORE-CT Number	Expenditures
Department of Energy and Environmental Protection		
Clean Water Fund	21014-OTT14000-40001	<u>\$ 3,873,731</u>
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 200,000</u>

II. Financial Statement Findings

No matters were reported.

III. Findings and Questioned Costs Relating to State Financial Assistance

No matters were reported.

**Greater New Haven  
Water Pollution Control Authority**

**Summary of Prior Year Audit Findings  
For the Year Ended June 30, 2019**

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There were no findings in the prior year.