

### SFSP Sponsor Application For School Year: 2017 - 2018

4136 Status: Active

**Hampton Parks & Recreation**22 Lincoln Street  
5th Floor, City Hall  
Hampton, VA 23669-3522

Code	Warning Description
201264	Since you received \$750,000 or more in TOTAL federal funds, you must complete the Annual Audit request form located under the Applications menu.

**Version: Original****Sponsor Type**

1. Type of Agency: Government Agency
2. Type of SFSP Organization: Unit of Government

**Street Address**

3. Address Line 1: 22 Lincoln Street  
Address Line 2: 5th Floor, City Hall
4. City: Hampton
5. State: VA Zip: 23669-3522

**Mailing Address**

6. Address Line 1: 22 Lincoln Street  
Address Line 2: 5th Floor, City Hall
7. City: Hampton
8. State: VA Zip: 23669-3522

**Summer Food Service Contact**

- |  | Salutation          | First Name | M.I. | Last Name      |
|--|---------------------|------------|------|----------------|
| 9. Name:   | Mrs.                | Nicole     |      | Dennis         |
| 10. Email Address:  | ndennis@hampton.gov |            |      |                |
| 11. Phone:   | (757) 727-6648      | Ext: 6648  | Fax: | (757) 727-8313 |
| 12. Title:   | Program Coordinator |            |      |                |

**Director for Government Agency**

- |  | Salutation              | First Name | M.I. | Last Name      |
|--|-------------------------|------------|------|----------------|
| 13. Name:  | Mr.                     | Kevin      |      | Myers          |
| 14. Email Address:  | kevin.myers@hampton.gov |            |      |                |
| 15. Phone:   | (757) 727-6474          | Ext: 6474  | Fax: | (757) 727-8313 |
| 16. Title:   | Director                |            |      |                |

**Reimbursement Claims Official**

- |  | Salutation              | First Name | M.I. | Last Name      |
|--|-------------------------|------------|------|----------------|
| 17. Name:  | Ms.                     | Nicole     | E    | Dennis         |
| 18. Date of Birth:   | 04/12/1975 (mm/dd/yyyy) |            |      |                |
| 19. Email Address:  | ndennis@hampton.gov     |            |      |                |
| 20. Phone:   | (757) 727-6648          | Ext: 6648  | Fax: | (757) 727-8313 |
| 21. Title:   | Program Coordinator     |            |      |                |

**Monitoring Contact**

	Salutation	First Name	M.I.	Last Name
22. Name:	Mrs.	Karen		Stowers
23. Date of Birth:		07/21/1957 (mm/dd/yyyy)		
24. Email Address:		allthestowers@gmail.com		
25. Phone:	(757) 727-1160	Ext: 1160	Fax: (757) 727-1602	
26. Title:	Food Program Leader			

**Alternate Contact**

	Salutation	First Name	M.I.	Last Name
27. Name:	Mr.	Sean		Clark
28. Date of Birth:		02/19/1972 (mm/dd/yyyy)		
29. Email Address:		sean.clark@hampton.gov		
30. Phone:	(757) 728-3219	Ext: 3219	Fax: (757) 727-8313	
31. Title:	Deputy Director			

**Training**

32. Name of person conducting training for administrative personnel: Nicole Dennis  
 Dates of administrative personnel training: April 13, 2018

33. Name of person conducting training for site personnel: Karen Stowers  
 Dates of site personnel training: May 17, 2018

**Ethnicity Data**

Provide the ethnic makeup of the participants served by the Sponsor's service area.

34. Geographic Area (enter percentages):  
 To obtain the racial/ethnic data for your geographical area please click [HERE](#)

Hispanic or Latino:	5.50 %
Non-Hispanic or Latino:	94.50 %

**Racial Data**

Provide the racial makeup of the participants served by the Sponsor's service area.

35. Geographic Area (enter percentages):  
 To obtain the racial/ethnic data for your geographical area please click [HERE](#)

American Indian or Alaskan Native:	0.50 %
Asian:	2.40 %
Black or African American:	49.80 %
Native Hawaiian or Pacific Islander:	0.20 %
White:	47.10 %

36. Describe efforts to assure that minority populations have equal opportunity to participate in the program.

37. Describe efforts to contact minority and grassroots organizations about the opportunity to participate in the program.

**General Questions**

38. Will the Sponsor be requesting Advance Payments?  Yes  No

39. Does this Sponsor wish to receive USDA Foods? (Eligibility is determined by State agency.)  Yes  No
40. Does your agency provide year round public services to the community(ies) other than operating the SFSP?  Yes  No

If **Yes**, then list the services provided: Kids Cafe Food Bank

If **No**, which of the following circumstance applies?

If **Other**, please describe.

41. Was your organization ever terminated or determined to have been seriously deficient in its operation of the SFSP or any other Child Nutrition Program?  Yes  No
42. Describe the method used to secure corrective action if problems are observed at a site, including plans and timeframes for follow up and an explanation of when a site would be closed.

On site training will be conducted for locations that have issues and close supervision by monitors will be provided to insure compliance. Continued or inconsistent non-compliance over a two week period will call for change/removal of personnel or closure should personnel can not be provided for operation.

43. Has the Sponsor expended \$750,000 or more in TOTAL federal funds for any programs administered?  Yes  No
44. List any federal agency providing financial support to your agency or enter "None".

Audit report attached or sent by email.  
Community Development Block Grant  
HUD Entitlement Grant  
Grassroots Mini Grant

**Certification**

45.  I hereby certify that neither the Sponsor nor its principals/authorized representatives is presently debarred, suspended, proposed for debarment, declared ineligible, disqualified, or voluntarily excluded from participation in this transaction by any Federal/State department or agency.

I certify under penalty of perjury that the information on these application forms is true and correct, and that I will immediately report to the state agency any changes that occur to the information submitted. I understand that this information is being given in connection with receipt of federal funds. The state agency may verify information; and the deliberate misrepresentation of information will subject me to prosecution under applicable federal and state criminal statutes.

On behalf of the Sponsor, I hereby agree to comply with all state and federal laws and regulations governing the Child Nutrition Programs administered by the state agency. In accordance with Federal law and U.S. Department of Agriculture policy, this Sponsor does not discriminate on the basis of race, color, national origin, sex, age or disability. I will ensure that all monthly claims for reimbursement are true and correct and that records are available to support these claims.

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## 2017 - 2018 SFSP Budget Detail

4136 Status: Active  
**Hampton Parks & Recreation**  
 22 Lincoln Street  
 5th Floor, City Hall  
 Hampton , VA 23669-3522

**Budget Version:** Original

**Operating Reimbursement**

Meal	Sites	Total Meals	Total
Breakfast	0	0	\$0.00
Lunch	29	59,470	\$211,118.50
Snack	29	60,750	\$50,422.50
Supper	7	1,025	\$3,638.75
<b>Sub Total</b>			<b>\$265,179.75</b>

**Administrative Reimbursement**

Meal	Sites	Total Meals	Total
Breakfast	0	0	\$0.00
Lunch	29	59,470	\$18,707.84
Snack	29	60,750	\$4,989.50
Supper	7	1,025	\$331.42
<b>Sub Total</b>			<b>\$24,028.76</b>

**Projected Operating Costs: Labor**

Executive Staff	\$48525.20
Management Staff	\$214.45
Staff	\$23144.90
<b>Total Projected Operating Costs: Labor</b>	<b>\$71,884.55</b>

**Projected Administrative Costs: Labor**

Executive Staff	\$2312.00
Management Staff	\$1881.00
Staff	\$9608.91
<b>Total Projected Administrative Costs: Labor</b>	<b>\$13,801.91</b>

**Projected Operating Costs**

Total Food Expenses	\$	259,750.08
Facilities and Space	\$	0.00
Supplies and Equipment	\$	2,500.00
Purchased Services	\$	0.00
Financial Costs	\$	0.00
Media Costs	\$	1,000.00

Contracting Organization Costs (Sponsoring Organization Only)	\$	0.00
<b>Total Operating Costs</b>		<b>\$335,134.63</b>

### Projected Administrative Costs

Facilities and Space	\$	0.00
Supplies and Equipment	\$	2,500.00
Purchased Services	\$	0.00
Financial Costs	\$	0.00
Media Costs	\$	500.00
Contracting Organization Cost	\$	0.00
Professional Memberships/Training/Conferences	\$	0.00
<b>Projected Administrative Costs</b>		<b>\$16,801.91</b>

### Cost Reimbursement Summary

Total SFSP Costs		\$351,936.54
Total SFSP Reimbursement		\$289,208.51
Excess SFSP revenue amount from the prior program year or previous participation in SFSP	\$	0.00
Amount from other funding resources (e.g. grant, donations)	\$	92,186.46
Other funding resources Department of Agriculture		
<b>Balance</b>		<b>\$29,458.43</b>

### Misc.

Identify how excess funds will be used:

- Used to improve the meal service or other aspects of the SFSP
- Kept for next year's SFSP operations
- Pay for allowable costs of the other child nutrition programs

Is there a rental agreement, lease, or contract associated for any of the non-food costs listed above?  Yes  No

### Certification

- I certify that the information on this form, and supporting documents, is true and correct and that I will immediately report to the Virginia Department of Education any changes that occur to the information submitted. I understand that this information is being given in connection with receipt of federal funds. The Virginia Department of Education may verify information; and the deliberate misrepresentation or withholding of information may result in prosecution under applicable state and federal statutes.

Created By: nicole.dennis on: 4/16/2018 3:34:08 PM Modified By: nicole.dennis on: 5/16/2018 9:51:53 AM

**2017 - 2018 SFSP Management Plan**

4136 Status: Active  
**Hampton Parks & Recreation**  
 22 Lincoln Street  
 5th Floor, City Hall  
 Hampton, VA 23669-3522

**Management Plan Version:** Original

**Authorized Representative**

	Salutation	First Name	Last Name
Name:	Mr.	Kevin	Myers
Date of Birth:	03/07/1966 (mm/dd/yyyy)		
Title:	Director		
Email Address:	kevin.myers@hampton.gov		
Phone:	(757) 727-6474	Ext:	Fax:

Please list all the names you've gone by in the last 10 years if different from the one listed on this application:

**Mailing Address**

Address Line 1: 22 Lincoln Street 5th Floor  
 Address Line 2:  
 City: Hampton  
 State: VA Zip: 23669 [USPS Zip Code Lookup](#)

**Administrative Staff - These personnel include the office staff (assistants, clerks, bookkeepers, and secretaries), area supervisors, and monitors.**

Name: Nicole Dennis Position title: Recreation Coordinator  
 Has this person attended the mandatory SFSP training provided by VDOE this program year?  Yes  No  
 If this is a returning Sponsor, is this person performing the same function in SFSP as last year?  Yes  No  N/A

Name: Karen Stowers Position title: Food Program Leader  
 Has this person attended the mandatory SFSP training provided by VDOE this program year?  Yes  No  
 If this is a returning Sponsor, is this person performing the same function in SFSP as last year?  Yes  No  N/A

Name: Position title:  
 Has this person attended the mandatory SFSP training provided by VDOE this program year?  Yes  No  
 If this is a returning Sponsor, is this person performing the same function in SFSP as last year?  Yes  No  N/A

Name: Position title:  
 Has this person attended the mandatory SFSP training provided by VDOE this program year?  Yes  No  
 If this is a returning Sponsor, is this person performing the same function in SFSP as last year?  Yes  No  N/A

Name: Position title:  
 Has this person attended the mandatory SFSP training provided by VDOE this program year?  Yes  No  
 If this is a returning Sponsor, is this person performing the same function in SFSP as last year?  Yes  No  N/A

**Administrative Personnel**

Duties performed	Number of personnel in this position	Training Date
Overall Management	2	04/13/2018

Claims Preparation	2	04/13/2018
Accounting	2	04/13/2018
Training/Monitoring	2	04/13/2018

**Operational Personnel**

Duties performed	Number of personnel in this position	Training Date (Sponsor provided training)
Site Supervision	33	05/17/2018
Food Service		
Volunteer		

**Sponsor Monitoring Plan**

Have you developed a plan to ensure all required monitoring visits will be conducted?  Yes  No

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**Summer Food Service Program  
Agreement to Furnish Food Service**

THIS AGREEMENT is made and entered into between (school) Hampton City Schools Food & Nutrition Services, hereinafter referred to as the School Food Authority, and (sponsor) Parks, Recreation, & Leisure Services.

WHERE AS the School Food Authority agrees to supply unitized meals (inclusive/exclusive) of milk to the sponsoring organization, whose name appears above, with and for the rates herein listed:

Breakfast .....	\$ _____ each	Lunch .....	\$ 3.45 _____ each
Snacks .....	\$ 1.05 _____ each	Supper .....	\$ 3.45 _____ each

It is further agreed that the School Food Authority, pursuant to the provisions of the Summer Food Service Program regulations, will assure that said meals meet the minimum meal pattern requirements as to components and portion sizes, and will maintain full and accurate records that the sponsoring organization will need to meet its responsibility including menu records containing the amount of food prepared and daily number of meal delivered by type.

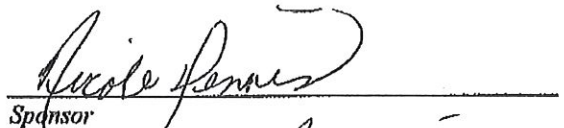
These records must be reported to the sponsoring organization promptly at the end of the month. The School Food Authority also agrees to retain records required under the preceding clause for a period of three years from the date of receipt of final payment under this agreement (or longer, if an audit is in progress); and upon request, to make all accounts and records pertaining to the program available to representatives of the U.S. Department of Agriculture and the General Accounting Office for audit or administrative review at a reasonable time and place.

This agreement shall be effective as of (date) 06/20/2018 through (date) 08/24/2018. It may be terminated by notice in writing given by either party hereto to the other, at least 30 days prior to the date of termination.

IN WITNESS WHERE OF, the parties hereto have executed this agreement as of the dates indicated below:

  
\_\_\_\_\_  
School Official

Director, Food & Nutrition Services      05/08/2018  
Title    Date

  
\_\_\_\_\_  
Sponsor

Recreation Coordinator  
\_\_\_\_\_  
Title    Date

**Food Preparation Sites:**

Patriot Center (f.k.a. Tarrant),  
1589 Wingfield Drive, Hampton

Andrews PreK-8  
3120 Victoria Boulevard, Hampton



## SFSP Checklist Summary

4136 Status: Active

**Hampton Parks & Recreation**22 Lincoln Street  
5th Floor, City Hall  
Hampton, VA 23669-3522

<b>Sponsor</b>	<b>Total Items</b>	<b>Submitted Items</b>	<b>Approved Items</b>
Hampton Parks & Recreation	3	3	3

<b>Summer Food Service Program Sites</b>	<b>Total Items</b>	<b>Submitted Items</b>	<b>Approved Items</b>
AGAPE Counselling	0	0	0
Antioch Baptist	0	0	0
CSB Syms Middle School	0	0	0
Emmanuel Grace	0	0	0
First Presbyterian Church	0	0	0
Fort Monroe Comm Ctr	0	0	0
Greater Emmauel Temple COGIC	0	0	0
Hampton Public Library	0	0	0
Kenny Wallace Neighborhood Center	0	0	0
Lacross Presbyterian Memorial Church	0	0	0
Little England Cultural Center	0	0	0
Little Tin Soldier Day Care	0	0	0
Little Zion Baptist	0	0	0
Marching Elites Association	0	0	0
New Mt. Olive Academy	0	0	0
North Hampton Library	0	0	0
North Phoebus Community Center	0	0	0
NorthHampton Community Center	0	0	0
Old Hampton Neighborhood Network Center	0	0	0
Open Door Baptist	0	0	0
Phoebus Branch Library	0	0	0
Queen Street Baptist Church	0	0	0
Tarrant Elementary	0	0	0
Therapeutics Recreation Center	0	0	0
Tick Tock Around the Clock	0	0	0
West End Baptist Church	0	0	0
West Hampton Community Ctr	0	0	0
Willow Oaks Library	0	0	0
YH Thomas Community Center	0	0	0

**Report of Independent Auditor on Compliance for Each Major Federal Program and on  
Internal Control over Compliance Required by the Uniform Guidance**

Honorable Mayor and Members of City Council  
City of Hampton, Virginia

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

We have audited the City of Hampton, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the City of Hampton, Virginia, 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Item 2017-002. Our opinion on each major federal program is not modified with respect to this matter.

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

### Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002, which we consider to be a significant deficiency.

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

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.

*Cherry Bekant LLP*

Virginia Beach, Virginia  
November 30, 2017

**Report of Independent Auditor on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and Members of City Council  
City of Hampton, Virginia

We have audited, in accordance with the 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 *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hampton, Virginia (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2017. That report included an emphasis paragraph indicating that the net position of the Governmental Activities, aggregate discretely presented component units and Economic Development Authority as of June 30, 2016 has been restated. Our report includes a reference to other auditors who audited the financial statements of the Downtown Hampton Development Partnership, Inc. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Downtown Hampton Development Partnership, Inc. were not audited in accordance with *Government Auditing Standards*.

**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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described at 2017-001 in the accompanying schedule of findings and questioned costs, which we consider to be a material weakness.

**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 grants, non-compliance 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* and two instances of noncompliance that are required to be reported under the *Specifications for Audits of Counties, Cities and Towns*, which are described in the accompanying schedule of findings and questioned costs as item 2017-003 and 2017-004.

**City of Hampton, Virginia's Response to Findings**

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

**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.

Cheryl Bekart LLP

Virginia Beach, Virginia  
November 30, 2017

City of Hampton, Virginia  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2017

**A. Summary of Auditor's Results**

Financial Statements:

Type of auditor's report issued on the financial statements:	<b>Unmodified</b>
Internal control over financial reporting:	
Material weaknesses identified:	<b>Yes, Finding 2017-001</b>
Significant deficiencies identified:	<b>None reported</b>
Noncompliance material to the financial statements noted?	<b>No</b>

Federal Awards:

Type of auditor's report issued on compliance for major programs:	<b>Unmodified</b>
Internal control over financial reporting:	
Material weaknesses identified:	<b>No</b>
Significant deficiencies identified:	<b>Yes, Finding 2017-002</b>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<b>Yes</b>

Identification of major federal programs:

<u>Program Description</u>	<u>CFDA #</u>
U.S. Department of Education Twenty-First Century Community Learning Centers	84.287
Department of Health and Human Services Administration for Children and Families	
Temporary Assistance for Needy Families	93.558
Medicaid Cluster	93.778
Title IV-E Foster Care Title IV-E	93.658
Department of Housing and Urban Development Office of Community Planning and Redevelopment	
Community Development Block Grant Program, Entitlement Grant	14.218
U.S. Department of Transportation Highway Planning and Construction Cluster	20.205
U.S. Department of Agriculture Child Nutrition Cluster	10.553/10.555/10.556/10.559

Dollar threshold to distinguish between Types A and B Programs:	<b>\$1,489,515</b>
The City of Hampton was qualified as a low risk auditee?	<b>No</b>

## B. Findings – Financial Audit

### 2017-001 Material Weakness – Internal Control over Financial Reporting – Correction of Errors

#### Criteria:

Annual external reporting of the City's financial activities should be performed in accordance with the requirements of GAAP.

#### Statement of Condition:

In FY17, the Finance department included an additional step in the reconciliation process where they balanced the Economic Development Authority (EDA) land accounts to both the Assessor's records and the EDA's records; not just the current year transactions. With this additional step in the reconciliation, the Finance department discovered that certain land transactions between the City and EDA had not been properly recorded.

#### Cause:

The transaction was not properly accounted for in prior years and the City discovered the error during its year-end procedures.

#### Effect or Potential Effect:

An adjustment was made to the Governmental Activities, EDA and aggregate discreetly presented component units' net position related to land contributed by the City to the EDA in a prior fiscal year.

#### Recommendation:

We recommend the Finance department continue to reconcile balances for the EDA land accounts to both the Assessor's records and the finance department's records; not just the current year transactions.

#### Views of Responsible Officials:

- **Contact Person:** Karl Daughtrey, Director of Finance
- **Corrective Action and Anticipated Completion Date:**

An adjustment was made to the Governmental Activities and Economic Development Authority net position related to land contributed by the City to the EDA in a prior fiscal year.

Land transactions are presented to City Council (City transactions) and EDA Board (EDA transactions) for proper approval. Once approved by each, the finance department records transfer of land based on the support of the Council resolution, EDA Board minutes, and applicable contracts. To balance to the City Assessor's records at year-end, Finance obtains a list of current year land transactions from the Assessor and reconciles the information to the Finance Department's records.

In FY17, the Finance department included an additional step in the reconciliation process where they balanced the EDA land accounts to both the Assessor's records and the EDA's records; not just the current year transactions. With this additional step in the reconciliation, the Finance department discovered that land certain land transactions between the City and EDA had not been properly recorded. Parcel #13001177 was transferred on January 13, 2005 with an assessment value at the time of transfer of \$4,403,200 and Parcel #13002046 was transferred on July 19, 2007 with an assessment value at the time of transfer of \$1,264,300.

This information has been disclosed in our fiscal year 2017 CAFR in footnote number 16.

**C. Findings and Questioned Costs - Major Federal Awards**

**2017-002 Non Material, Non Compliance and Significant Deficiency – Subrecipient Monitoring (Repeat Finding)**

**Program:**

Community Development Block Grants/Entitlement Grants (CFDA Number 14.218 – U.S. Department of Housing and Urban Development)

**Criteria:**

In accordance with 2 CFR Sections 200.330, .331, and .501(h), grantees must monitor subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved.

**Statement of Condition:**

During fiscal year 2017, the City demonstrated some but not all required monitoring activities over the subrecipient agreement

**Perspective Information:**

Based on testing perform, review of support, and discussions with the staff responsible for subrecipient monitoring, we noted there were no specific guidelines or standards set by the City to monitor the subrecipient's compliance the reporting requirements.

**Cause:**

Due to personnel turnover and change in staff, the required subrecipient monitoring was not properly implemented and executed.

**Effect or Potential Effect:**

The subrecipient could potentially be noncompliant.

**Questioned Costs:**

No questioned costs were identified as a result of this finding.

**Recommendation:**

We recommend the City obtain an updated agreement between the City and subrecipient and the agreement list out specific details that describes the subrecipient's responsibility.

**Views of Responsible Officials:**

- **Contact Person:** Terry O'Neill
- **Corrective Action and Anticipated Completion Date:** The updated agreement between the City and subrecipient was delayed due to discrepancies with obtaining a release of funds. These issues were resolved per technical assistance received from HUD during a field office visit in October 2017. As of November 28, 2017, all applicable City staff has approved the agreement and the agreement has been forwarded to HRHA for approval. The City Manager will sign the agreement after HRHA's approval.



**D. Findings and Questioned Costs – Commonwealth of Virginia Compliance**

**2017-003 Nonmaterial Noncompliance – Public Depositories**

**Criteria:**

In accordance with Section 2.2-4407 of the Code of Virginia, All public deposits must be made into a qualified public depository in accordance with the Virginia Security for Public Deposits Act (Section 2.2-4407 of the Code of Virginia). Treasurers must ensure the qualified depository identifies the account(s) as public deposits. Public deposits include all moneys of the Commonwealth, local governments, or constitutional officers of local governments, including any canteen and inmate trust funds held by the sheriff.

**Statement of Condition:**

The City held bank accounts that were not properly identified as public deposits.

**Perspective Information:**

There was one (1) bank account that was not properly identified as public deposits.

**Cause:**

The Hampton Coliseum Cash Order checking account was not reported as a public deposit for the second and third quarters of 2017.

**Effect or Potential Effect:**

The City held bank accounts that were not properly identified as public deposits.

**Questioned Costs:**

Non-financial finding.

**Recommendation:**

We recommend the City ensure all bank accounts held by the City as public deposits are properly reported to the bank.

**Views of Responsible Officials:**

- **Contact Person:** Karl Daughtery, Director of Finance
- **Corrective Action and Anticipated Completion Date:** The Hampton Coliseum Cash Order checking account was reported as a public deposit to the State's Treasury Department by Old Point National Bank (bank) for the first quarter of 2017; however, the bank inadvertently did not report the checking account as a public deposit for the second and third quarters of 2017. The bank's staff contacted the Treasury Department to determine if there was a process to correct the reporting for those quarters and was informed that there was no process for correcting past quarters. The bank has ensured us that this checking account will be correctly reported to the Treasury Department for all future quarters. In addition, the bank has agreed to provide us with a quarterly report so that we can review this information for accuracy.

## 2017-004 Nonmaterial Noncompliance – Social Services IT System Access

### Criteria:

In accordance with Section 2.2-4407 of the Code of Virginia, when a user leaves the LDSS, their access privileges must be removed from all systems they were authorized to use within three (3) business days.

### Statement of Condition:

The City had one terminated employee whose system access privileges were not removed within three (3) business days.

### Perspective Information:

Out of a sample of four (4) individuals, there was one (1) instance where a terminated employee's system access was not removed within three (3) business days of termination.

### Cause:

Procedures were not established for removal of system access for terminated employees.

### Effect or Potential Effect:

Terminated employees may gain unauthorized access to the system.

### Questioned Costs:

Non-financial finding.

### Recommendation:

We recommend the City implement procedures to monitor the removal of system access for terminated employees.

### Views of Responsible Officials:

- **Contact Person:** Wanda Rodgers, Director of Social Services
- **Corrective Action and Anticipated Completion Date:** The agency concurs with the finding and will implement the following procedures: 1) Management must alert Human Resources (HR) immediately of an employee's termination, resignation or change in status such as FMLA. HR will complete the Local Agency Employee Separation Checklist form and email the Local Security Officer (LSO) for removal of system access within two business days of an employee's termination or change in status. In the event of immediate termination, the form will be completed and emailed to the LSO the same business day. It is further recommended that HR and the LSO review all employee related accesses in all systems to ensure compliance on a regular basis.

## E. Resolution of Prior Year's Findings

### 2016-001:

Status: Corrected

### 2016-002:

Status: Corrected

### 2016-003:

Status: Not corrected; current year finding noted at 2017-002.

### 2016-004:

Status: Corrected