

City of New Haven, Connecticut

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

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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 the Uniform Guidance**

Independent Auditor's Report

To the Honorable Mayor and Board
of Alders of the City of New Haven
New Haven, Connecticut

Report on Compliance for Each Major Federal Program

We have audited City of New Haven, Connecticut's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's financial statements include the reporting of the New Haven Parking Authority and the New Haven Solid Waste and Recycling Authority as discretely-presented component units. Our audit, and reporting on the City's federal awards, did not include the federal awards, if any, of the entities referred to above.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 28, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of 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
February 28, 2017

City of New Haven, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the State of Connecticut			
Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program - 2015	10.555	12060-SDE64370-20560	\$ 2,363,501
National School Lunch Program - 2016	10.555	12060-SDE64370-20560	5,798,503
USDA Commodities-Noncash	10.555	N/A	810,146
School Breakfast Program - 2015	10.553	12060-SDE-64370-20508	1,166,256
School Breakfast Program - 2016	10.553	12060-SDE-64370-20508	2,829,881
Summer Food Serv Prog - Oper-82079-20540 sde 03	10.559	12060-SDE-64370-20540	745,525
Summer Food Serv Prog - Admin-82079-20540 sde 03	10.559	12060-SDE-64370-20548	76,888
Total Child Nutrition Cluster			<u>13,790,700</u>
Fresh Fruit & Vegetables 2016 82079	10.582	12060-SDE-64370-22051	95,621
Fresh Fruit & Vegetables 2015 82079	10.582	12060-SDE-64370-22051	10,447
Total Fresh Fruit & Vegetable			<u>106,068</u>
Child Care Food Program - 2016	10.558	12060-SDE64370-20518	33,509
Child and Adult Care - Cash in Lieu-2016	10.558	12060-SDE64370-20544	1,369
Total Child and Adult Care			<u>34,878</u>
Total U.S. Department of Agriculture			<u>13,931,646</u>
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant	14.218	N/A	2,892,817
CDBG Program Income	14.218	N/A	86,080
Total Community Development Block Grant			<u>2,978,897</u>
Section 108 Grant Economic Development	14.219	N/A	2,956
Section 108 Income Economic Development	14.219	N/A	200
Section 108 Income Economic Development	14.219	N/A	5
Section 108 - Loan Balance	14.219	N/A	775,000
Total Section 108			<u>778,161</u>
UDAG Program Income	14.221	N/A	34,640
Emergency Shelter Program	14.231	N/A	271,963
HOME Investment Program	14.239	N/A	1,635,746
HOME Program Income	14.239	N/A	72,237
Total HOME Investment Grant			<u>1,707,983</u>
Housing Opportunities for Persons with AIDS	14.241	N/A	959,197
Lead Based Paint Hazard Control Program	14.900	N/A	1,002,511
Total - Direct			<u>7,733,352</u>

(Continued)

City of New Haven, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through the State of Connecticut			
Department of Housing:			
CDBG Disaster Relief - Mill River District Analysis	14.228	12060-DOH-46961-29516	\$ 77,023
CDBG Disaster Relief - River St. Bulkhead Design	14.228	12060-DOH-46961-29516	120,897
CDBG Disaster Relief - Hill Neigh-Union Ave Drainage	14.228	12060-DOH-46961-29516	329,178
CDBG Disaster Relief - Long Wharf Flood Protection	14.228	12060-DOH-46961-29516	145,806
Neighborhood Stabilization - Title III	14.256	12060-DOH-46920-22466	753,704
Total - Pass Through			<u>1,426,608</u>
Total U.S. Department of Housing and Urban Development			<u>9,159,960</u>
U.S. Department of Justice			
Direct Programs:			
Federal Surplus Property Program	16.578	N/A	75,941
Solving Cold Cases Thru DNA	16.560	2014-DN-BX-K079	42,460
Second Chance Act	16.812	2015-CZ-BX-0010	11,000
Bryne Grant: Bryne Criminal Justice Innov Prog.	16.817	2014-AJ-BX-0017	86,932
Justice Assistance Grant Cluster:			
JAG 2015	16.738	N/A	149,591
JAG 2012	16.738	N/A	5,476
JAG 2013	16.738	N/A	25,329
JAG 2014	16.738	N/A	56,432
Total Justice Assistance Grant Cluster			<u>236,828</u>
Passed through OPM:			
BYRNE Formula Grant - Street Outreach	16.579	12060-OPM-20350-21676	150,000
JAG-NH Tech Grant - 2nd Chance Equipment	16.738	12060-OPM-20350-21921	50,000
Shot Spotter/Violent Crime	16.738	12060-OPM-20350-21921	36,903
Total OPM			<u>236,903</u>
Total U.S. Department of Justice			<u>690,064</u>
U.S. Department of Environmental Protection			
Passed through the State of Connecticut Department of Environmental Protection:			
Brownfield Revolving Loan bf-96132701-0	66.818	12060-ECD-46260-35533	46,970
Total U.S. Department of Environmental Protection			<u>46,970</u>

(Continued)

City of New Haven, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Transportation			
Passed through the State of Connecticut			
Department of Transportation:			
Highway Planning and Construction Cluster:			
Tiger II - Downtown Crossing 92-659	20.205	12062-DOT57161-22539	\$ 963,766
Boat House Long Wharf 92-570	20.205	12062-DOT57191-22108	261,673
Long Wharf Parcels G&H	20.205	12062-DOT-57191-22108	2,113
Computerized Traffic Signal Project 92-488	20.205	12062-DOT-57161-22108	184,923
Traffic Signal System Upgrade Downtown 92-666	20.205	12062-DOT-57161-22108	48,639
East Rock Bridge 04419 construction - 92-635	20.205	12062-DOT-57191-22108	96,252
Boathouse Canal Dock 92-570	20.205	12062-DOT-57161-22108	94,086
Rehab of Grand Ave Bridge 92-657	20.205	12062-DOT-57191-22108	5,240
Rt. 34 Construction 92-614	20.205	12062-DOT57191-22108	54,908
Rt. 34 Construction Supplemental 92-614 HPPS -H112	20.205	12062-DOT57191-22108	32,681
Wilmont Road Bridge 92-664	20.205	12062-DOT-57191-22109	117,161
Harbor Access 92-583	20.205	12062-DOT-57161-22108	31,527
Total Highway Planning and Construction Cluster			<u>1,892,969</u>
Airport Improvement Program 92-653	20.106	13033-DOT57757-41389	<u>1,059,327</u>
Alcohol Open Container Requirements:			
Click it or Ticket	20.609	12062-DOT-57513-22600	13,222
DUI Comprehensive Enforcement 2014 & 2015	20.607	12062-DOT-57513-22091	66,910
DUI Comprehensive Enforcement 2015 & 2016	20.607	12062-DOT-57513-22091	104,728
Distracted Driving-0194-0745-ac	20.607	12062-DOT-57513-22600	52,724
Total Alcohol Open Container Requirements			<u>237,584</u>
Total U.S. Department of Transportation			<u>3,189,880</u>
U .S. Department of Education			
Direct Programs:			
Magnet School Assistance:			
NH Magnet Schools Program 2013/2016	84.165	N/A	1,758,833
NH Magnet Schools Program 2013/2016 c/o	84.165	N/A	1,830,835
Total Magnet School Assistance			<u>3,589,668</u>
Impact Aid Title I	84.040	N/A	28,155
Impact Aid Title I C/O	84.040	N/A	47,465
Teachers Incentive & C/O	84.374A	N/A	15,419,663
Total - Direct			<u>19,084,951</u>

(Continued)

City of New Haven, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U .S. Department of Education, Continued			
Passed through the State of Connecticut			
Department of Education:			
Title I Part A, Cluster:			
Title I - Improving Basic Programs	84.010	12060-SDE64370-20679	\$ 8,725,773
Title I - Improving Basic Programs - 2013 C/O	84.010	12060-SDE64370-20679	22,320
Title I - Improving Basic Programs 2014 C/O	84.010	12060-SDE64370-20679	3,028,077
Title I Part A 1003(A) School Improve 2015 82071	84.010	12060-SDE64370-20679	855,971
Title I Part A 1003(A) School Improve 2014 82071	84.010	12060-SDE64370-20679	281,581
Total Title I Part A, Cluster			12,913,722
School Improvement Grants Cluster:			
School Improvement (SIG) C/O 1003(g) 2014	84.377	12060-SDE64370-22223	278,067
School Improvement (SIG) 1003(g) 2015	84.377	12060-SDE64370-22223	71,156
Total School Improvement Grants Cluster			349,223
Education of Homeless Children and Youth C/O 2014			
Education of Homeless Children and Youth C/O 2014	84.196	12060-SDE64370-20770	8,970
Education of Homeless Children and Youth C/O 2016	84.196	12060-SDE64370-20770	34,688
Total Education of Homeless Children and Youth			43,658
Adult Education - Improvement 2016			
Adult Education - Improvement 2016	84.002	12060-SDE64370-20784	79,218
Title II, Part A, Teachers Training 13-15 C/O			
Title II, Part A, Teachers Training 13-15 C/O	84.367A	12060-SDE64370-20858	272,600
Title II, Part A, Teachers Training 2016	84.367A	12060-SDE64370-20858	1,795,701
Total Title II, Part A Teachers Training			2,068,301
Special Education Cluster:			
IDEA Part B, Section 619 Preschool incentive 13-15	84.027	12060-SDE64370-20983	73,057
IDEA Part B, Section 619 Preschool incentive 14-16	84.027	12060-SDE64370-20983	16,440
IDEA Part B, Section 611 - handicapped c/o 13-15	84.027	12060-SDE64370-20977	620,228
IDEA Part B, Section 611 entitlement 14-16	84.027	12060-SDE64370-20977	4,432,892
IDEA Part B, Section 611 entitlement 14-16 non-public	84.027	12060-SDE64370-20977	165,708
Total Special Education Cluster			5,308,325
21st Century Cohort			
21st C Com Learn Cent Cohort VIII 2015 SDE 7	84.287C	12060-SDE64370-20863	46,293
21st Century Cohort SDE 8 2015	84.287C	12060-SDE64370-20863	27,231
21st Century Cohort XI 2015	84.287C	12060-SDE64370-20863	16,023
21st Century Cohort XI 2016	84.287C	12060-SDE64370-20863	139,083
21st Century Cohort XI SDE 6 2014	84.287C	12060-SDE64370-20863	2,785
21st Century Cohort XI SDE 6 2015	84.287C	12060-SDE64370-20863	12,123
21st Century Cohort XI SDE 6 2016	84.287C	12060-SDE64370-20863	119,172
21st Century Cohort XI SDE 9 2014	84.287C	12060-SDE64370-20863	8,956
21st Century Cohort XI SDE 9 2015	84.287C	12060-SDE64370-20863	12,183
21st Century Learn Cohort XIII 2016 SDE 7	84.287C	12060-SDE64370-20863	148,523
21st Century Learn Cohort XIII 2016 SDE 8	84.287C	12060-SDE64370-20863	72,759
21st Century Learn Cohort XIII SDE 9 2016	84.287C	12060-SDE64370-20863	145,388
Total 21st Century Cohort			750,519

(Continued)

City of New Haven, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U .S. Department of Education, Continued			
Passed through the State of Connecticut			
Department of Education, Continued:			
Title III Part A English Language Acquisition - 14-16	84.365A	12060-SDE64370-20868	\$ 246,484
Title III Part A English Language Acquisition - 13-15	84.365A	12060-SDE64370-20868	76,622
Immigrant & Youth Education 82076-2015 C/O	84.365A	12060-SDE-64370-20868	92,504
Immigrant & Youth Education 82076-2016	84.365A	12060-SDE-64370-20868	38,009
Immigrant & Youth Education 82076-2016 C/O SDE 5	84.365A	12060-SDE-64370-20868	24,688
Total Title III Part A English Language Acquisition			<u>478,307</u>
 Carl Perkins-Career and Technical Education Act	 84.048	 12060-SDE64370-20742	 <u>397,405</u>
Supports for Pregnant and Parenting Teens 82079 - 2016	93.500	12060-SDE64370-22439	151,764
Supports for Pregnant and Parenting Teens 82079- 2015	93.500	12060-SDE64370-22439	7,049
Total Pregnancy Assistance Program			<u>158,813</u>
 NSLP Equipment		 12060-SDE-64370-22386	 <u>11,508</u>
 Total Passed through the State of Connecticut Department of Education			 <u>22,558,999</u>
 Total U.S. Department of Education			 <u>41,643,950</u>
U.S. Department of Health and Human Services			
Direct Programs:			
Ryan White Formula and Supplement	93.914	N/A	6,012,826
Head Start Program	93.600	N/A	6,952,200
Total - Direct			<u>12,965,026</u>
Passed through the State of Connecticut			
Department of Social Services:			
Social Services Block Grant 10/1/13-9/30/14 & 10/1/14-9/30/15	93.667	12060-DSS60783-20701	2,241
Social Services Block Grant 10/1/15-9/30/16	93.667	12060-DSS60783-20701	131,000
Total Social Services Block Grant			<u>133,241</u>

(Continued)

City of New Haven, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Health and Human Services, Continued			
Passed through the State Department of Public Health:			
School Based Health Clinics	93.994	12060-DPH48832-21531	\$ 137,500
Public Health Emergency Preparedness 7/1/2014-6/30/15	93.069	12060-DPH-48557-22333	27,433
Public Health Emergency Preparedness 2016-1085	93.069	12060-DPH-48557-22333	47,510
Ebola Preparedness	93.074	12060-DPH-48557-22720	6,000
Vaccines non cash 7/1/2015-6/30/2016	93.268	non-contract	235
Project Corect-Sexually Transmitted Diseases 2013-0005-4	93.991	12060-DPH-48665-22670	31,039
Immunization Program 1/1/2015-12/31/2015	93.268	12060-DPH-48664-20911	39,632
Total - Pass Through			<u>289,349</u>
Total U.S Department of Health and Human Services			<u>13,387,616</u>
U.S. Department of Homeland Security			
Passed through the State of Connecticut			
Department of Public Safety:			
Emergency Management Performance Grant	97.042	12060-DPS32160-21881	43,600
Port Security Grant Program:			
Port Security - FEMA - FED ID: EMW-2014-PU-0012	97.056	N/A	145,597
PDM Generator - FEMA - FED ID: PDMC-PJ-01-CT-2014-001	97.047	N/A	51,455
Port Security 2015 - FEMA - FED ID:EMW-2015-PU-00085-SO1	97.056	N/A	97,109
Total Port Security Grant program			<u>294,161</u>
Disaster Grants - Public Assistance:			
Storm Sandy Fund - DR 4087	97.036	12060-DPS32990-21891	28,524
Storm Colbie Fund - DR 4213	97.036	12060-DPS-32990-21891	367,395
Total Disaster Grants - Public Assistance			<u>395,919</u>
Total U.S. Department of Homeland Security			<u>733,680</u>
Total Expenditures of Federal Awards			<u>\$ 82,783,766</u>

See notes to schedule of expenditures of federal awards.

City of New Haven, Connecticut

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of New Haven, Connecticut (the City), under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of 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 City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

The City's Schedule of Expenditures of Federal Awards does not include the federal awards, if any, of the City's discretely-presented component units which are the New Haven Parking Authority and the New Haven Solid Waste and Recycling Authority.

Note 2. Summary of Significant Accounting Principles

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

Note 3. Non-Cash Awards

Donated commodities in the amount of \$810,146 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555, and for the Department of Public Health, CFDA #93.268, donated vaccines in the amount of \$235 are included. The amount represents the market value of commodities received.

Note 4. Component Units

The Schedule does not include any expenditures of federal financial assistance of the City's discretely presented component units.

Note 5. Section 108 Loans

Loans payable – CFDA 14.219: The City has a loan payable to HUD under the Section 108 Program of \$662,000. The loan balance at the beginning of the year, \$775,000, is included in the federal expenditures included in the Schedule.

Note 6. Indirect Cost Recovery

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

Note 7. Sub-recipients

Of the expenditures presented in the Schedule of Expenditures of Federal Awards, the City provided the following federal awards to sub-recipients:

Name of Program	CFDA Number	Amount Provided to Subrecipient
HEADSTART	93.600	\$1,979,724
CDBG	14.218	\$1,738,412

City of New Haven, Connecticut

Schedule of Findings and Questioned Costs

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 No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Federal Programs

CFDA Numbers	Name of Federal Program or Cluster
14.218	CDBG
84.165	Magnet School Assistance
93.600	Head Start Program
10.553/10.555/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs

\$2,460,000

Auditee qualified as low-risk auditee?

Yes No

City of New Haven, Connecticut

Schedule of Findings and Questioned Costs (Continued)

II. Financial Statement Findings

Significant Deficiency in Internal Control

2016-001 Financial Reporting Requirements

Criteria Management is responsible for establishing and maintaining internal controls to provide reasonable assurance that the financial statements are fairly presented and are in conformity with accounting principles generally accepted in the United States of America (GAAP).

Condition Significant adjustments were posted to the City's financial statements to properly record transactions in accordance with GAAP. Adjustments included, but were not limited to, the following:

- Entry posted for pro-rating construction invoice.
- Entries for bond refunding.
- Entries related to alternative investments.

Context Systemic

Effect Audit adjustments were posted to present the financial statements in accordance with GAAP.

Cause All reconciliations should be completed at a more detailed level and all adjustments should be reviewed, and if needed, seek additional guidance as required.

Recommendation We recommended that the City follow its policies and procedures for effective internal controls over preparation of financial statements. If complex transactions occur, we recommend seeking outside guidance as required.

Management Response See Corrective Action Plan on page 15 of this report.

III. Federal Award Findings and Questioned Costs

No matters were reported.

City of New Haven, Connecticut

Summary of Prior Year Audit Findings

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

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 Honorable Mayor and Board
of Alders of the City of New Haven
New 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, the business-type activities, the aggregate discretely-presented component units, each major fund, and the aggregate remaining fund information of the City of New Haven, Connecticut (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 28, 2017. Our report includes a reference to other auditors who audited the financial statements of the New Haven Parking Authority, a component unit of the City, as described in our report on the City of New Haven, Connecticut's financial statements. 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 on separately by those auditors. In addition, this report does not include the results of the testing of internal control over financial reporting or compliance and other matters for the New Haven Solid Waste and Recycling Authority.

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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency (2016-001).

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 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 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
February 28, 2017



CITY OF NEW HAVEN
 DEPT. OF FINANCE
 OFFICE OF THE CONTROLLER



TONI N. HARP.
Mayor

Daryl H. Jones
Controller

200 ORANGE STREET
 ROOM 301
 NEW HAVEN, CONNECTICUT 06510
 Tel. (203) 946-8300- Fax. (203) 946-7244

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

Section II – Financial Statement Findings

Finding: 2016-001

Contact Person: Daryl Jones, Controller

Corrective Action: The City will ensure that all required adjustments to present the financial statements in accordance with GAAP are recorded prior to the commencement of the audit.

Proposed Completion Date: The Department of Finance will implement the above corrective action for the fiscal year ended June 30, 2017.

**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 Honorable Mayor and Board
of Alders of the City of New Haven
New Haven, Connecticut

Report on Compliance for Each Major State Program

We have audited the City of New Haven, Connecticut's (the City) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the City's major state programs for the year ended June 30, 2016. The City's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The City's financial statements include the reporting of the New Haven Parking Authority and the New Haven Solid Waste and Recycling Authority as discretely-presented component units. Our audit, and reporting on the City's state awards did not include the state awards, if any, of the entities referred to above.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated February 28, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

New Haven, Connecticut
February 28, 2017

City of New Haven, Connecticut

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

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Office of Policy and Management:		
Local Capital Improvement Program	12050-OPM20600-40254	\$ 1,902,175
Property Tax Relief for Totally Disabled	11000-OPM20600-17011	9,503
Property Tax Relief for Veterans	11000-OPM20600-17024	63,989
Property Tax Relief for Elderly	11000-OPM20600-17018	416,557
State Distressed Municipalities	11000-OPM20600-17016	394,837
PILOT State-Owned Property	11000-OPM20600-17004	6,993,359
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	41,901,803
Project Longevity	11000-OPM20350-12573	11,202
Total Office of Policy and Management		<u>51,693,425</u>
Department of Emergency Services and Public Protection:		
State Forfeiture Revolving Fund	12060-DPS32155-35142	104,109
Local Officer Incentive	12060-DPS32523-26185	4,500
Telecommunications Fund (E-911 Cities) 14/15	12060-DPS32740-35190	552,658
Telecommunications Fund (CMED) FY12	12060-DPS32740-35190	19,611
Fire Training School	11000-DPS32251-16034	37,455
Total Department of Emergency Services and Public Protection		<u>718,333</u>
Department of Economic and Community Development:		
424 Grand Ave. Remediation	12052-ECD46200-40509	45,485
100 River St. Colony Hardware	12052-ECD46400-43219	191,398
Downtown Crossing Project - 92-659	12052--ECD46400-41240	846,815
Downtown Crossing Project Phase II - 92-659	12052-ECD46210-40414	566,085
Historic Revital Plan	12060-ECD46260-35533	193,838
Total Department of Economic and Community Development		<u>1,843,621</u>
Department of Energy and Environmental Protection:		
Community Gardens	12060-DEP43153-35328	6,921
Department of Public Health:		
Per Capita Funding	11000-DPH48558-17009	146,339
School Based Health Clinics 2014-0008	11000-DPH48558-17019	1,286,795
X-Ray Screening and Tuberculosis Care 2013-0005	11000-DPH48666-16112	64,059
Lead Poisoning Prevention/Children Health Initiatives 7/1/14 - 6/30/15	11000-DPH48760-12126	141,414
Venereal Disease Control 2013-0005	11000-DPH48665-17013	22,959
Syringe Exchange Programs 2012-0163	11000-DPH48552-12100	140,934
Total Department of Public Health		<u>1,802,500</u>
Department of Housing		
Neighborhood Renewal Program	12060-DOH46920-40237	10,000

(Continued)

City of New Haven, Connecticut

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

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Transportation:		
Boathouse at Longwharf 92-570	12062-DOT57191-22108	\$ 65,418
Long Wharf Parcels G&H	12062-DOT57191-22108	528
Boathouse at Canal Rock Proj 92-570	12062-DOT57191-22108	23,522
Rehab of Grand Ave Bridge 92-657	12060-DOT57191-22108	582
Brookside Bridge Proj 92-002	12060-DOT57161-22108	30,619
Local Bridge: George St, Over Church St Tunnel 92-6534	13033-DOT57191-43456	1,836,856
Crown/Church St. Tunnel 92-535	13033-DOT57191-43456	379,206
Total		<u>2,336,731</u>
Town Aid Road Grant - STO	12052-DOT57131-43455	1,248,795
Total Department of Transportation		<u>3,585,526</u>
Department of Social Services:		
Food Stamp Education	12060-DSS60799-20735	38,277
Dixwell Q House Community Center	11000-DSS60783-43510	273,223
Total Department of Social Services		<u>311,500</u>
Office of Early Childhood:		
Quality Enhancement	11000-OEC64845-17097	108,413
School Readiness - Priority School District	11000-OEC64845-17101	8,149,155
Child Daycare - Infant and Toddler	11000-OEC64845-12520	1,229,899
Head Start Expansion	11000-OEC64845-16101	206,953
Head Start Enhancement	11000-OEC64845-16106	134,773
Head Start - Early Childhood Link	11000-OEC64845-16202	98,671
Healthy Start	11000-OEC64860-90666	312,660
Nurturing Families Network	12060-OEC64860-12042	245,795
Total Office of Early Childhood		<u>10,486,319</u>
Department of Education:		
Child Nutrition Program Lunch State Match	11000-SDE64370-16211	101,218
ASTE - Vocational Education Agriculture	11000-SDE64370-17017	1,067,328
Family Resource Centers Program - 82079	11000-SDE64370-16110	95,167
Family Resource Centers Program - 82079 SDE 6	11000-SDE64370-16110	93,559
Family Resource Centers Program - 82079 SDE 7	11000-SDE64370-16110	95,283
Family Resource Centers Program - 82079 SDE 8	11000-SDE64370-16110	85,898
Family Resource Centers Program - 82079 SDE 9	11000-SDE64370-16110	54,998
Total		<u>424,905</u>
Adult Education Provider 2015	11000-SDE64370-17030	2,795,067
Adult Education Provider 2014	11000-SDE64370-17030	2,004,933
Adult Education Cooperating Eligibility Entity	11000-SDE64370-17030	70,840
Adult Ed Transition PILOT	11000-SDE64370-17030	98,300
Total		<u>4,969,140</u>

(Continued)

City of New Haven, Connecticut

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

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Education, Continued:		
Youth Service Bureau	11000-SDE64370-17052	\$ 118,401
Youth Service Bureau Enhancement	11000-SDE64370-16201	13,339
School Breakfast Program	11000-SDE64370-17046	132,000
School Breakfast Program Public State Match	11000-SDE64370-17046	56,975
		<u>188,975</u>
Nonpublic Health Services	11000-SDE64370-17034	30,253
Open Choice Supplemental for Increased Enrollment	11000-SDE64370-17053	619,807
Total		<u>619,807</u>
School Accountability Summer School	11000-SDE64370-17043	409,435
Bilingual Education	11000-SDE64370-17042	228,738
Bilingual Education - English Learner Pilot	11000-SDE64370-17042	204,253
Total		<u>432,991</u>
Priority School Districts - 82052	11000-SDE64370-17043	5,414,865
Total		<u>5,414,865</u>
Extended School Hours - 82054	11000-SDE64370-17043	327,040
Young Parents Program	11000-SDE64370-17044	36,775
Interdistrict Cooperative - Sound Marine	11000-SDE64370-17045	50,000
Magnet School Operating (SDE000079)	11000-SDE64370-17057	1,030,780
Magnet School Operating (SDE000080)	11000-SDE64370-17057	2,246,535
Magnet School Operating (SDE000081)	11000-SDE64370-17057	2,921,400
Magnet School Operating (SDE000082)	11000-SDE64370-17057	2,901,870
Magnet School Operating (SDE000083)	11000-SDE64370-17057	814,845
Magnet School Operating (SDE000088)	11000-SDE64370-17057	2,144,150
Magnet School Operating (SDE000093)	11000-SDE64370-17057	2,193,620
Magnet School Operating (SDE000106)	11000-SDE64370-17057	955,845
Magnet School Operating (SDE000153)	11000-SDE64370-17057	2,360,470
Magnet School Operating (SDE000111)	11000-SDE64370-17057	1,821,750
Magnet School Operating (SDE000114)	11000-SDE64370-17057	1,116,310

(Continued)

City of New Haven, Connecticut

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

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Education, Continued:		
Magnet School Operating (SDE000127)	11000-SDE64370-17057	\$ 2,444,725
Magnet School Operating (SDE000128)	11000-SDE64370-17057	2,465,405
Magnet School Operating (SDE000143)	11000-SDE64370-17057	2,225,790
Magnet School Operating (SDE000144)	11000-SDE64370-17057	2,351,980
Magnet School Operating (SDE000146)	11000-SDE64370-17057	2,873,020
Magnet School Operating (SDE000147)	11000-SDE64370-17057	3,192,730
Magnet School Transportation	11000-SDE64370-17057	3,552,900
Total		<u>39,614,125</u>
Alt High School and Adult Read Incentive	11000-SDE-64370-12567	<u>87,343</u>
High Quality School & Common Core Implementation	12052-SDE-64370-43538	<u>441,016</u>
ECS - Alliance District Funding	11000-SDE64370-17041	1,748,274
ECS - Alliance District	11000-SDE64370-17041	12,439,464
Total		<u>14,187,738</u>
Healthy Foods Initiative	11000-SDE64370-16212	<u>285,565</u>
Commission Network Turnaround	11000-SDE64370-12547	<u>1,899,320</u>
Low Performing Schools - 82010 C/O	12052-SDE64370-43539	3,479
Low Performing Schools - 2016 Improvement Sde-7	12052-SDE64370-43594	430,941
Low Performing Schools - 2016 Improvement Sde-8	12052-SDE64370-43594	199,602
Low Performing Schools - 2106 Improvement Sde-9	12052-SDE64370-43594	142,751
Low Performing Schools - 82010 HSC 2015 Improvement	12052-SDE64370-43594	411,131
Low Performing Schools - 82010 West Rock 2015	12052-SDE64370-43539	462,672
Low Performing Schools - 82010 H. House 2015	12052-SDE64370-43539	407,883
Total		<u>2,058,459</u>
Passed through Department of Public Safety:		
School Security Competitive Public Safety	12052-DPS32161-43546	<u>1,287,087</u>
Passed through OPM:		
School Attendance Model Kindergarten	12060-OPM20350-21676	<u>21,052</u>
After School Grant	11000-SDE-64370-17084	<u>135,216</u>
Eli Whitney Pilot After School	11000-SDE-64370-10020	<u>265,846</u>
Total Department of Education		<u>74,487,239</u>

(Continued)

City of New Haven, Connecticut

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

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Division of Consumer Protection:		
Payment to Town OTB	34004-DCP39930-40001	\$ 688,344
Bingo Payments	34003-DCP39930-42350	269
Total Division of Consumer Protection		<u>688,613</u>
Judicial Branch:		
Distribution to Towns	34001-JUD95162-40001	99,835
Youth Violence Prevention Grant	11000-JUD96114-12555	777,291
Total Judicial Branch		<u>877,126</u>
State Library:		
Connecticard	11000-CSL66051-17010	2,635
Grants to states	11000-CSL66051-17003	1,087
Historical Documents Preservation	12060-CSL66094-35150	6,500
Total State Library		<u>10,222</u>
Department of Agriculture:		
Connecticut Agriculture Bureau	34003-DAG42660-42337	32,502
Department of Mental Health & Addiction Services:		
Tobacco Compliance Inspections	12060-DMHA53283-35547	15,905
Total Expenditures of State Financial Assistance Before Exempt Programs		<u>146,569,752</u>
Exempt Programs:		
Office of Policy and Management:		
Grants to Towns	12009-OPM26000-17005	6,224,317
Municipal Grant Aid	12052-OPM20660-43587	1,369,123
Total Office of Policy and Management		<u>7,593,440</u>
Department of Education:		
Charter School	11000-SDE64370-17041	27,410,000
Transportation for School Children -Public	11000-SDE64370-17027	2,031,634
Transportation for School Children - Non-Public	11000-SDE64370-17049	253,314
Education Equalization ECS 82010	11000-SDE64370-17041	142,681,585
Special ED - AG. Placements and Excess Costs 82019	11000-SDE64370-17047	3,703,655
Total Department of Education		<u>176,080,188</u>
Department of Administrative Services:		
School Construction Progress Payments 2016 82006	13010-DAS27636-40901	9,767,980
School Construction Progress 2016	13010-DAS27635-40901	32,699,437
School Construction Progress Payments - Magnet 2016 82007	13010-DAS27636-40901	14,093,184
School Construction Reg Principal 2016	13010-DAS27636-40901	5,777,070
School Construction Reg Interest 2016	13010-DAS27635-40896	1,327,079
Total Department of Administrative Services		<u>63,664,750</u>
Total Exempt Programs		<u>247,338,378</u>
Total Expenditures of State Financial Assistance		<u>\$ 393,908,130</u>

See notes to schedule of expenditures of state financial assistance.

City of New Haven, Connecticut

Notes to Schedule of Expenditures of State Financial Assistance

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City, under programs of the State of Connecticut for the year ended June 30, 2016. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in fund balance, and changes in net position or cash flows of the City.

The City's Schedule of Expenditures of State Financial Assistance does not include the state financial assistance, if any, of the City's discretely-presented component units which are the New Haven Parking Authority and the New Haven Solid Waste and Recycling Authority.

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.

City of New Haven, Connecticut

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

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? X Yes _____ None reported
- Noncompliance material to financial statements noted? _____ Yes X No

State Financial Assistance

Internal control over major programs:

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

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

- Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? _____ Yes X No

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

State Grantor and Program	State CORE-CT Number	Expenditures
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	\$ 41,901,803
Department of Education		
Magnet School Operating	11000-SDE64370-17057	39,614,125
ECS - Alliance District	11000-SDE64370-17041	14,187,738
Priority School Districts - 82052	11000-SDE64370-17043	5,414,865
Adult Education Program	11000-SDE64370-17030	4,969,140
Department of Transportation		
Local Bridge: George St, Over Church St Tunnel 92-6534	13033-DOT57191-43456	1,836,856
Dollar threshold used to distinguish between Type A Programs and Type B Programs		<u> \$ 2,931,395</u>

City of New Haven, Connecticut

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

II. Financial Statement Findings

We issued reports dated February 28, 2017 on internal controls 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 noted one matter that we considered to be a significant deficiency (2016-001).

III. State Financial Assistance Findings and Questioned Costs

No matters to report.

City of New Haven, Connecticut

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

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