

City of New Haven, Connecticut

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

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RSM US LLP

**Report on Compliance for Each Major Federal Program; Report on Internal Control
Over Compliance; and Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Aldermen
New Haven, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the City of New Haven, Connecticut's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's financial statement includes 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 of the City's federal awards does not include the federal 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 federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, 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, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of New Haven, Connecticut's basic financial statements. We issued our report thereon dated February 25, 2016, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the New Haven Parking Authority. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

New Haven, Connecticut
February 25, 2016

City of New Haven, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through 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 - 2014	10.555	12060-SDE64370-20560	\$ 2,210,652
National School Lunch Program - 2015	10.555	12060-SDE64370-20560	5,179,761
USDA Commodities-Noncash	10.555	N/A	668,023
School Breakfast Program - 2014	10.553	12060-SDE-64370-20508	1,069,199
School Breakfast Program - 2015	10.553	12060-SDE-64370-20508	2,487,681
Summer Food Serv Prog - Oper-82079-20540 sde 03	10.559	12060-SDE-64370-20540	675,136
Summer Food Serv Prog - Admin-82079-20540 sde 03	10.559	12060-SDE-64370-20548	69,413
Total Child Nutrition Cluster			<u>12,359,865</u>
Child Care Food Program - 2014	10.558	12060-SDE64370-20518	73,825
Total Child Care Food			<u>73,825</u>
Child and Adult Care - Cash in Lieu-2014	10.550	12060-SDE64370-20544	3,976
Total Child and Adult Care			<u>3,976</u>
Total U.S. Department of Agriculture			<u>12,437,666</u>
U.S. Department of Housing and Urban Development			
Direct Program:			
Community Development Block Grant	14.218	N/A	3,200,630
CDBG Program Income	14.218	N/A	120,266
Total Community Development Block Grant			<u>3,320,896</u>
Section 108 Income LCI	14.219	N/A	25,000
Section 108 Grant Economic Development	14.219	N/A	2,281
Section 108 Income Economic Development	14.219	N/A	225
Section 108 program income Economic Dev	14.XXX	N/A	95
Total Section 108			<u>27,601</u>
UDAG Program Income	14.221	N/A	28,041
Emergency Shelter Program	14.231	N/A	279,080
HOME Investment Program	14.239	N/A	1,307,138
HOME Program Income	14.239	N/A	133,787
Total HOME Investment Grant			<u>1,440,925</u>
Housing Opportunities for Persons with AIDS	14.241	N/A	970,772
Lead Based Paint Hazard Control Program	14.900	N/A	743,616
Total - Direct			<u>6,810,931</u>

(Continued)

City of New Haven, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through the State of Connecticut			
Office of Economic and Community Development:			
Neighborhood Stabilization - Title III	14.256	12060-DOH-46930-22466	\$ 716,413
Total - Pass Through			<u>716,413</u>
Total U.S. Department of Housing and Urban Development			<u>7,527,344</u>
U.S. Department of Justice			
Direct Program:			
Cops Hiring Recovery 2009 - ARRA	16.710	N/A	45,248
Prison Re-entry	16.753	N/A	44,876
Federal Surplus Property Program	16.578	N/A	82,063
Solving Cold Cases Thru DNA	16.560	2014-DN-BX-K079	2,204
Justice Assistance Grant Cluster:			
JAG 2011	16.738	N/A	146,253
JAG 2012	16.738	N/A	19,176
JAG 2013	16.738	N/A	96,226
JAG 2014	16.738	N/A	135,428
Total Justice Assistance Grant Cluster			<u>397,083</u>
Passed through OPM			
New Haven Right Response	16.523	12060-OPM-20350-21672	15,000
Shot Spotter/Violent Crime	16.738	12060-OPM-20350-21921	5,097
Total U.S. Department of Justice			<u>591,571</u>
U.S. Department of Environmental Protection			
Passed through the State of Connecticut Department of Environmental Protection:			
34 Lloyd St. Cleanup	66.XXX	12060-ECD35533-72001	495,000
Brownfield Revolving Loan	66.XXX	12060-ECD35533-72001	7,298
Total U.S. Department of Environmental Protection			<u>502,298</u>

(Continued)

City of New Haven, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through 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	20.205	12062-DOT57161-22108	\$ 3,236,351
Boat house Long Wharf	20.205	12062-DOT57191-22108	403,918
Long Wharf Parcels G&H	20.205	12062-DOT-57191-22108	15,471
Computerized Traffic Signal Project	20.205	N/A	1,282,444
Traffic Signal System Upgrade	20.205	N/A	170,212
East Rock Bridge 04418 design	20.205	12062-DOT57191-22108	47,085
East Rock Bridge 04419 construct	20.205	12062-DOT-57191-22108	565,899
Boathouse Canal Rock	20.205	12062-DOT-57161-22112	1,912,841
Rehab of Grand Ave Bridge	20.205	12062-DOT-57191-22108	79,670
Rt. 34 Construction	20.205	12062-DOT57191-22108	341,090
Rt. 34 Construction Supplemental	20.205	12062-DOT57191-22108	88,309
Wilmont Road Bridge	20.205	12062-DOT-57191-22109	26,540
Harbor Access	20.205	12062-DOT-57161-22111	293,006
Total Highway Planning and Construction Cluster			<u>8,462,836</u>
Airport Improvement Program	20.106	13033-DOT57757-41389	<u>916,827</u>
Alcohol Open Container Requirements			
Major City Speed Enforce-0194-0740-1-ac	20.607	12062-DOT57513-22600	20,063
DUI Comprehensive Enforcement 2014 & 2015	20.607	12062-DOT-57513-22091	152,212
Distracted Driving-0194-0745-ac	20.607	12062-DOT-57513-22600	16,515
Total Alcohol Open Container Requirements			<u>188,790</u>
Total U.S. Department of Transportation			<u>9,568,453</u>
U .S. Department of Education			
Direct Program:			
Magnet School Assistance:			
Magnet School Assistance C/O	84.165	N/A	227,446
NH Magnet Schools Program 2013/2016	84.165	N/A	1,998,606
NH Magnet Schools Program 2013/2016 c/o	84.165	N/A	2,059,540
Total Magnet School Assistance			<u>4,285,592</u>
Impact Aid Title I	84.XXX	N/A	18,412
Teachers Incentive	84.374A	N/A	<u>14,631,756</u>
Total - Direct			<u>18,935,760</u>

(Continued)

City of New Haven, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through 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 - 14-16	84.010A	12060-SDE64370-20679	\$ 7,244,662
Title I - Improving Basic Programs - 13-15	84.010	12060-SDE64370-20679	1,671,315
Title I - Improving Basic Programs 2014 82166	84.010	12060-SDE64370-20679	39,752
Title I Part A 1003(A) School Improve 2013 82071	84.010	12060-SDE64370-20679	72,929
Title I Part A 1003(A) School Improve 2014 82071	84.010	12060-SDE64370-20679	896,046
Total Title I Part A, Cluster			<u>9,924,704</u>
School Improvement Grants Cluster:			
School Improvement (SIG) Clemente 1003(g) 2013	84.377	12060-SDE64370-22223	23,532
School Improvement (SIG) 1003(g) 2014	84.377	12060-SDE64370-22223	192,502
Total School Improvement Grants Cluster			<u>216,034</u>
Education of Homeless Children and Youth C/O	84.196	12060-SDE64370-20770	<u>30,966</u>
Adult Education - Improvement	84.002	12060-SDE64370-20784	<u>79,278</u>
Title II, Part A, Teachers Training 13-15	84.367	12060-SDE64370-20858	251,969
Title II, Part A, Teachers Training 14-16	84.367	12060-SDE64370-20859	1,799,954
Total Title II, Part A Teachers Training			<u>2,051,923</u>
Special Education Cluster:			
IDEA Part B, Section 619 Preschool incentive 13-15	84.027	12060-SDE64370-20983	33,489
IDEA Part B, Section 619 Preschool incentive 14-16	84.027	12060-SDE64370-20983	36,306
IDEA Part B, Section 611 - handicapped c/o 13-15	84.027	12060-SDE64370-20977	252,126
IDEA Part B, Section 611 entitlement 14-16	84.027	12060-SDE64370-20977	4,583,947
IDEA Part B, Section 611 entitlement 14-16 non-public	84.027	12060-SDE64370-20977	182,491
Total Special Education Cluster			<u>5,088,359</u>
21st Century Cohort VIII 2014 SDE 7	84.287	12060-SDE64370-20863	998
21st Century Cohort VIII 2014 SDE 8	84.287	12060-SDE64370-20863	395
21st C Com Learn Cent Cohort VIII 2015 SDE 7	84.287	12060-SDE64370-20863	80,529
21st Century Learn Cohort XIII 2015 SDE 8	84.287	12060-SDE64370-20863	269,706
21st Century Learn Cohort XIII SDE 9 2015	84.287	12060-SDE64370-20863	238,711
21st Century Cohort XI SDE 6 2014	84.287	12060-SDE64370-20863	10,122
21st Century Cohort XI SDE 6 2015	84.287	12060-SDE64370-20863	358,249
21st Century Cohort XI SDE 9 2014	84.287	12060-SDE64370-20863	8,575
21st Century Cohort XI SDE 9 2015	84.287	12060-SDE64370-20863	331,718
Total 21st Century Cohort			<u>1,299,003</u>

(Continued)

City of New Haven, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through 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	\$ 356,081
Title III Part A English Language Acquisition - 13-15	84.365A	12060-SDE64370-20868	86,790
Immigrant & Youth Education 82076-2015	84.365A	12060-SDE-64370-20868	50,924
Total Title III Part A English Language Acquisition			<u>493,795</u>
 Carl Perkins- Career and Technical Education Act	 84.048	 12060-SDE64370-20742	 <u>438,978</u>
Supports for Pregnant and Parenting Teens - 2015	93.500	12060-SDE64370-22439	153,884
Supports for Pregnant and Parenting Teens - 2014	93.500	12060-SDE64370-22439	13,102
Total Pregnancy Assistance Program			<u>166,986</u>
 Fresh Fruit & Vegetables 2014 SDE 6 82079	 10.582	 12060-SDE-64370-22051	 9,198
Fresh Fruit & Vegetables 2015 SDE 5 82079	10.582	12060-SDE-64370-22051	99,533
Total Fresh Fruit & Vegetable			<u>108,731</u>
 Investing Personal Finance Educ 84013 2007 SDE 6	 84.XXX	 12060-SDE-64370-35358	 <u>14,309</u>
Headstart Collaboration 83004-2014	93.600	12060-SDE-64370-22510	<u>10,000</u>
 Total Passed through the State of Connecticut Department of Education			 <u>19,923,066</u>
 Total U.S. Department of Education			 <u>38,858,826</u>
U.S. Department of Health and Human Services			
Direct Program:			
Ryan White Formula and Supplement	93.914	N/A	<u>5,751,742</u>
Head Start Program	93.600	N/A	<u>6,952,200</u>
Total - Direct			<u>12,703,942</u>
Passed through the State of Connecticut			
Department of Social Services:			
Social Services Block Grant 10/1/12-9/30/13 & 10/1/13-9/30/14	93.667	12060-DSS60783-20701	82,597
Social Services Block Grant 10/1/14-9/30/15	93.667	12060-DSS60783-20701	139,063
Passed through the Office of Early Childhood:			
SSBG Day Care Grant - 2014	93.667	12060-OEC-64841-22668	140,207
SSBG Day Care Grant - 2015	93.667	12060-OEC-64841-22668	146,438
Total Social Services Block Grant			<u>508,305</u>

(Continued)

City of New Haven, Connecticut

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through 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	93.069	12060-DPH-48558-22333	29,595
Vaccines non cash 7/1/2014-6/30/2015	93.712	non-contract	453
Immunization Program 1/1/2015-12/31/2015	93.268	12060-DPH-48664-20911	114,155
Injury Prevention 7/1/2014-6/30/2015 #2015-0062	93.991	12060-48558-21530	35,445
Total - Pass Through			<u>825,453</u>
Total U.S. Department of Health and Human Services			<u>13,529,395</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	30,932
FEMA Camera Software	97.XXX	N/A	65,310
Port Security Grant Program:			
Port Security - FEMA	97.056	12060-DPS32160-22327	39,649
PDM Generator - FEMA	97.047	12060-DPS32160-22327	18,225
Camera Maintenance 14	97.XXX	N/A	50,000
Total Port Security Grant program			<u>107,874</u>
Disaster Grants - Public Assistance:			
FEMA (Sept. 2011 Storm)	97.036	12060-DPS32990-21891	42,260
Storm Sandy Fund	97.XXX	12060-DPS32990-21891	171,233
Total Disaster Grants - Public Assistance			<u>213,493</u>
Total U.S. Department of Homeland Security			<u>417,609</u>
U.S. Economic Development Admin			
River St MDP phase II	11.300	EDA#01-01-08122	86,122
Passed through the State Department of Economic Dev :			
Historic Preservation: CT Freedom Trail Study	15.904	12060-ECD-46840-21494	20,000
Total U.S. Economic Development Admin			<u>106,122</u>
Total Expenditures of Federal Awards			<u>\$ 83,539,284</u>

See Notes to Schedule of Expenditures of Federal Awards.

City of New Haven, Connecticut

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

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, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Contributions

Donated commodities in the amount of \$668,023 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555 and for the Department of Public Health, donated vaccines in the amount of \$453, CFDA # 93.268. The amount represents the market value of commodities received.

Note 4. Sub recipients

Of the expenditures presented in the Schedule of Expenditures of Federal Awards and State Financial Assistance, the City provided the following federal awards to sub recipient:

<u>Name of Program/Project</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Airport Improvement	20.106	<u>\$ 916,827</u>

City of New Haven, Connecticut

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

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of Major Programs

CFDA Numbers	Name of Federal Program of Cluster
93.917	Ryan White Formula & Supplement
84.027	Special Education Cluster
84.010 & 84.389A	Title I Part A Cluster
14.239	HOME Investment Program

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

\$2,506,178

Auditee qualified as low-risk auditee? X Yes _____ No

II. Financial Statement Findings

No matters were reported.

III. Federal Award Findings and Questioned Costs

No matters were reported.

City of New Haven, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2015**

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
Members of the Board of Aldermen
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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 25, 2016. 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. Our report includes an emphasis-of-matter paragraph due to the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions and its amendment*, GASB Statement No. 71.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 25, 2016

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

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Aldermen
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, 2015. The City's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's financial statement includes 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 of the City's state awards does 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.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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 of New Haven, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of New Haven, Connecticut's basic financial statements. We issued our report thereon dated February 25, 2016, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the New Haven Parking Authority. 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 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 25, 2016

City of New Haven, Connecticut

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

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Office of Policy and Management:		
Local Capital Improvement Program	12050-OPM20600-40254	\$ 1,299,616
Property Tax Relief for Totally Disabled	11000-OPM20600-17011	10,428
Property Tax Relief for Veterans	11000-OPM20600-17024	54,311
Property Tax Relief for Elderly	11000-OPM20600-17018	426,816
State Distressed Municipalities	11000-OPM20600-17016	315,146
Property Tax Elderly Homeowner's - Freeze Program	11000-OPM20600-17021	2,000
PILOT State-Owned Property	11000-OPM20600-17004	6,879,419
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	43,465,332
Total Office of Policy and Management		52,453,068
Department of Emergency Services and Public Protection:		
State Forfeiture Revolving Fund	12060-DPS32155-35142	45,072
Local Officer Incentive	12060-DPS32523-26185	7,260
Telecommunications Fund (E-911 Cities) 14/15	12060-DPS32740-35190	594,558
Telecommunications Fund (CMED) FY12	12060-DPS32740-35190	142,296
Fire Training School	11000-DPS32251-16034	46,149
Total Department of Emergency Services and Public Protection		835,335
Department of Economic and Community Development:		
424 Grand Ave. Remediation	2001093021	373,878
100 River St. Colony Hardware	13019-ECD46440-41240	1,928,915
Downtown Crossing Project	13019-ECD46440-41240	5,043,393
Total Department of Economic and Community Development		7,346,186
Department of Energy and Environmental Protection:		
Community Gardens	12060-DEP43153-35328	3,031
Department of Public Health:		
Per Capita Funding	11000-DPH48558-17009	154,274
School Based Health Clinics 2014-0008	11000-DPH48832-17019	1,270,080
Tuberculosis Control 2013-0005	11000-DPH48666-16112	64,059
Lead Poisoning Prevention 7/1/14 - 6/30/15	11000-DPH48766-12126	161,670
Aids - Prevention Education Services 2013-0131	11000-DPH48852-12236	30,803
Sexually Transmitted Diseases 2013-0005	11000-DPH48665-17013	21,864
Syringe Exchange Programs 2012-0163	11000-DPH48852-12100	133,888
Total Department of Public Health		1,836,638
Department of Housing		
Tax Abatement Program	11000-ECD46400-17008	84,958

(Continued)

City of New Haven, Connecticut

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

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Transportation:		
Boathouse at Longwharf 92-570	12062-DOT57191-22108	\$ 100,980
Long Wharf Parcels G&H	12062-DOT57191-22108	3,868
Boathouse at Canal Rock Proj 92-570	12062-DOT57161-22112	478,210
Brookside Bridge Proj 92-002	12060-DOT57161-22108	274,700
Total		857,758
Town Aid Road Grant - STO	13033-DOT57131-43459	1,251,332
TOD - PILOT Program	N/A	26,200
Total Department of Transportation		2,135,290
Department of Social Services:		
Food Stamp Education	12060-DSS60799-20735	37,540
Healthy Start	11000-DSS60521-16105	381,988
Nurturing Families Network	12060-DSS60406-90632	242,437
Dixwell Q House Community Center	11000-DSS60783-43510	331,183
Total Department of Social Services		993,148
Office of Early Childhood:		
Quality Enhancement	11000-OEC64845-17097	108,478
School Readiness - Priority School District	11000-OEC64845-17101-82056	8,019,569
Child Daycare - Infant and Toddler	11000-OEC64845-12520	940,135
Head Start Expansion	11000-OEC64845-16101	209,333
Head Start Enhancement	11000-OEC64845-16106	142,316
Total Office of Early Childhood		9,419,831
Department of Education:		
Child Nutrition Program Lunch State Match	11000-SDE64370-16211	134,957
Vocational Education Agriculture	11000-SDE64370-17017	1,065,692
Family Resource Centers Program - 82079	11000-SDE64370-16110	85,870
Family Resource Centers Program - 82079 SDE 6	11000-SDE64370-16110	101,029
Family Resource Centers Program - 82079 SDE 7	11000-SDE64370-16110	104,033
Family Resource Centers Program - 82079 SDE 8	11000-SDE64370-16110	93,745
Family Resource Centers Program - 82079 SDE 9	11000-SDE64370-16110	82,628
Total		467,305
Adult Education Cooperating Eligibility Entity	11000-SDE64370-17030	224,619
Adult Education Provider 2015	11000-SDE64370-17030	2,845,457
Adult Education Provider 2014 gf portion	11000-SDE64370-17030	1,830,745
Adult Ed Transition PILOT	11000-SDE64370-17030	101,656
Total		5,002,477
Youth Service Bureau	11000-SDE64370-17052	131,515
Youth Service Bureau Enhancement	11000-SDE64370-16201	5,000
School Breakfast Program	11000-SDE64370-17046	132,000
School Breakfast Program Public State Match	11000-SDE64370-17046	65,803
		197,803

(Continued)

City of New Haven, Connecticut

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

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Education, Continued:		
Nonpublic Health Services	11000-SDE64370-17034	\$ 37,328
Open Choice - Receiving Dist	11000-SDE64370-17053	409,207
Open Choice Supplemental for Increased Enrollment	11000-SDE64370-17053	145,196
Total		554,403
School Accountability Summer School	11000-SDE64370-17043-82055	402,674
Bilingual Education	11000-SDE64370-17042	226,941
Priority School Districts	11000-SDE64370-17043-82052	6,158,332
Priority Schools Carryover	11000-SDE64370-17043-82052	285,805
Total		6,444,137
Extended School Hours	11000-SDE64370-17043-82054	310,511
Young Parents Program	11000-SDE64370-17044	32,518
Interdistrict Cooperative - Sound Marine	11000-SDE64370-17045	92,000
Magnet School Operating (SDE000079)	11000-SDE64370-17057	1,136,035
Magnet School Operating (SDE000080)	11000-SDE64370-17057	2,158,515
Magnet School Operating (SDE000081)	11000-SDE64370-17057	2,777,465
Magnet School Operating (SDE000082)	11000-SDE64370-17057	2,956,380
Magnet School Operating (SDE000083)	11000-SDE64370-17057	798,185
Magnet School Operating (SDE000088)	11000-SDE64370-17057	2,247,105
Magnet School Operating (SDE000093)	11000-SDE64370-17057	2,048,855
Magnet School Operating (SDE000106)	11000-SDE64370-17057	1,052,930
Magnet School Operating (SDE000153)	11000-SDE64370-17057	2,388,810
Magnet School Operating (SDE000111)	11000-SDE64370-17057	1,732,645
Magnet School Operating (SDE000114)	11000-SDE64370-17057	1,171,905
Magnet School Operating (SDE000127)	11000-SDE64370-17057	2,419,385
Magnet School Operating (SDE000128)	11000-SDE64370-17057	2,386,450
Magnet School Operating (SDE000143)	11000-SDE64370-17057	2,163,685
Magnet School Operating (SDE000144)	11000-SDE64370-17057	2,309,470
Magnet School Operating (SDE000146)	11000-SDE64370-17057	2,937,040
Magnet School Operating (SDE000147)	11000-SDE64370-17057	2,913,990
Magnet School Transportation	11000-SDE64370-17057	3,533,400
Total		39,132,250
Alt High School and Adult Read Incentive	11000-SDE-64370-12567	237,255
High Quality School & Common Core Implementation	12052-SDE-64370-43538	154,175
Local Charter School Start up (Elm City Montessori)	11000-SDE-64370-17041	250,000

(Continued)

City of New Haven, Connecticut

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

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Education, Continued:		
Science Improvement For Education Reform Districts	11000-SDE64370-12543	\$ 68,546
ECS - Alliance District Funding	11000-SDE64370-17041	360,739
ECS - Alliance District	11000-SDE64370-17041	10,319,821
Total		10,680,560
Charter Schools - 268 Common Ground	11000-SDE64370-17041	1,980,000
Charter Schools - 279 Amistad	11000-SDE64370-17041	10,824,000
Charter Schools - 289 Elm City	11000-SDE64370-17041	6,985,000
Charter Schools - 295 Booker T Washington	11000-SDE64370-17041	1,001,000
Charter School	11000-SDE64370-12549	192,000
Total		20,982,000
Healthy Foods Initiative	11000-SDE64370-16212	276,916
Commission Network Turnaround	11000-SDE-64370-12547	1,817,822
Wrap Around Services 82164	11000-SDE64370-12544	81,428
Wrap Around Services 82164 SDE 5	11000-SDE64370-12544	73,286
Total		154,714
School Health Coordinator Pilot	11000-SDE64370-12546	223,250
Low Performing Schools - 82010	12052-SDE64370-43539	23,287
Low Performing Schools - 82010 SDE 6	12052-SDE-64370-43594	128,155
Low Performing Schools - 82010	12052-SDE-64370-43594	85,249
Low Performing Schools - 82010	12052-SDE64370-43539	795,069
Low Performing Schools - 82010 SDE 6	12052-SDE64370-43539	35,586
Total		1,067,346
School Security Competitive Public Safety	12052-DPS32183-43546	345,808
Parent University Grant	11000-SDE64370-12543	40,000
After School Grant	11000-SDE-64370-17084	121,782
Eli Whitney Pilot After School	11000-SDE-64370-10020	205,366
CCS Profess Learning Mini Grants	11000-SDE-64370-12566	2,000
Total Department of Education		90,865,051
Division of Consumer Protection:		
Payment to Town OTB	34004-DCP39930-40001	635,738
Bingo Payments	34003-DCP39940-42350	266
Total Division of Consumer Protection		636,004

(Continued)

City of New Haven, Connecticut

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

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Judicial Branch:		
Distribution to Towns	34001-JUD95162-40001	\$ 82,806
Youth Violence Prevention Grant	11000-JUD96114-12555	620,401
Total Judicial Branch		<u>703,207</u>
Department of Labor:		
Construction Workforce Initiative II 2013	11000-OWC22000-12108	416
CT Green Jobs Funnel	GJF 23420 00826 12 7004	78,878
Total Department of Labor		<u>79,294</u>
State Library:		
Connecticard	11000-CSL66051-17010	2,708
Grants to states	11000-CSL66051-17003	1,158
Historical Documents Preservation	12060-CSL66094-35150	10,500
Total State Library		<u>14,366</u>
Department of Agriculture:		
Connecticut Agriculture Bureau	34003-DAG42660-42337	54,879
Department of Mental Health & Addiction Services:		
Tobacco Compliance Inspections	12060-DMHA-35547	22,669
Total Expenditures of State Financial Assistance Before Exempt Programs		<u>167,482,955</u>
Exempt Programs:		
Office of Policy and Management:		
Mashantucket Pequot Grant	12009-OPM20600-17005	6,537,304
Municipal Grant Aid	12060-OPM20600-43587	1,287,658
Total Office of Policy and Management		<u>7,824,962</u>
Department of Education:		
Transportation for School Children - Non-Public	11000-SDE64000-17049	204,871
Transportation for School Children - Public	11000-SDE64000-17027	2,269,357
Education Equalization ECS 82010	11000-SDE64370-17041	142,500,250
Special ED - AG. Placements and Excess Costs 82016	11000-SDE64000-17047	1,750,897
Special ED - AG. Placements and Excess Costs 82018	11000-SDE64000-17047	1,039,918
Special ED - AG. Placements and Excess Costs 82019	11000-SDE64000-17047	22,978
Total Department of Education		<u>147,788,271</u>
Department of Construction Services:		
School Construction Progress Payments 15 82006	13010-DCS28246-40901	7,699,043
School Construction Progress Payments - Magnet 15 82001	13010-DCS28246-40901	15,303,299
School Construction Reg Principal 15	13010-DCS28246-40901	2,661,477
School Construction Reg Interest 15	13009-DCS28246-40896	408,056
Total Department of Construction Services		<u>26,071,875</u>
Total Exempt Programs		<u>181,685,108</u>
Total Expenditures of State Financial Assistance		<u>\$ 349,168,063</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
For the Year Ended June 30, 2015**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City, under programs of the State of Connecticut for the year ended June 30, 2015. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in fund balance, and changes in net position or cash flows of the City.

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, 2015**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? _____ Yes X 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	\$ 43,465,334
PILOT State-Owned Property	11000-OPM20600-17004	6,879,419
Local Capital Improvement Program	12050-OPM20600-40254	1,299,616
Department of Education		
Magnet School Operating	11000-SDE64370-17057	39,132,250
Office of Early Childhood		
School Readiness - Priority School District	11000-OEC64845-17101-82056	8,019,569
Dollar threshold used to distinguish between Type A Programs and Type B Programs		<u>\$ 3,349,659</u>

City of New Haven, Connecticut

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

II. Financial Statement Findings

No matters were reported.

III. State Financial Assistance Findings and Questioned Costs

No matters were reported.

City of New Haven, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2015**

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