

CITY OF NEW HAVEN, CONNECTICUT

**FEDERAL AND STATE
SINGLE AUDIT REPORTS**

JUNE 30, 2006

CITY OF NEW HAVEN, CONNECTICUT

FEDERAL AND STATE
SINGLE AUDIT REPORTS

TABLE OF CONTENTS

	<u>Page Number</u>
<u>General</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
<u>Federal Single Audit</u>	
Report on Compliance With Requirements Applicable To Each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133 and on The Schedule of Expenditures of Federal Awards	3-4
Schedule of Expenditures of Federal Awards	5-9
Notes To Schedule of Expenditures of Federal Awards	10
Schedule of Findings and Questioned Costs	11-13
Summary Schedule of Prior Year Audit Findings	14
<u>State Single Audit</u>	
Independent Auditor's Report on Compliance With Requirements Applicable To Each Major Program, on Internal Control Over Compliance In Accordance With The State Single Audit Act, and on The Schedule of Expenditures of State Financial Assistance	15-17
Schedule of Expenditures of State Financial Assistance	18-22
State Financial Assistance Programs Notes to Schedule of Expenditures	23-25
Schedule of Findings and Questioned Costs	26-29



LEVITSKY & BERNEY

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
100 BRADLEY ROAD • WOODBRIDGE, CONNECTICUT 06525-2394
203 389-5371 • FAX 203 389-4430

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

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

We have audited the financial statements of the City of New Haven, Connecticut as of and for the year ended June 30, 2006, and have issued our report thereon dated January 23, 2007. We did not audit the financial statements of the New Haven Parking Authority or the New Haven Coliseum Authority, component units of the City, or the Water Pollution Control Authority, an enterprise fund, which statements reflect total net assets of \$25,055,103 and total changes in net assets of (\$87,154,785) for the year then ended. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the New Haven Parking Authority and the Water Pollution Control Authority were not audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*. The financial statements of the New Haven Coliseum Authority were audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Internal Control Over Financial Reporting

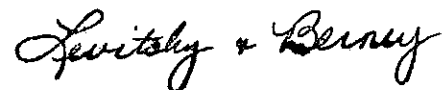
In planning and performing our audit, we considered the City of New Haven, Connecticut's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted one certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of New Haven, Connecticut's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questions costs as item 06-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weakness. However, we believe that the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of New Haven, Connecticut's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Aldermen and its Finance Committee, as well as the management of the City of New Haven, Connecticut, the Office of Policy and Management and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



LEVITSKY & BERNEY, P.C.
Certified Public Accountants

January 23, 2007



LEVITSKY & BERNEY

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
100 BRADLEY ROAD • WOODBRIDGE, CONNECTICUT 06525-2394
203 389-5371 • FAX 203 389-4430

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Compliance

We have audited the compliance of the City of New Haven, Connecticut with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The City of New Haven, Connecticut's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of New Haven, Connecticut's management. Our responsibility is to express an opinion on the City of New Haven, Connecticut's compliance based on our audit.

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*. The financial statements of the New Haven Parking Authority and the Water Pollution Control Authority were not audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*. The financial statements of the New Haven Coliseum Authority were audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*. 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about the City of New Haven, Connecticut'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. Our audit does not provide a legal determination of the City of New Haven, Connecticut's compliance with those requirements.

In our opinion, the City of New Haven, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

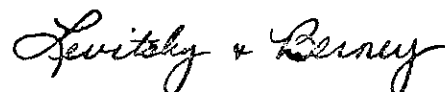
The management of the City of New Haven, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of New Haven, Connecticut's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the OMB Circular A-133. The financial statements of the New Haven Parking Authority were not audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* or OMB Circular A-133. The financial statements of the New Haven Coliseum Authority were audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* but were not audited in accordance with OMB Circular A-133. Accordingly, this report does not extend to the New Haven Parking Authority or the New Haven Coliseum Authority.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented components 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, 2006, and have issued our report thereon dated January 23, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of New Haven, Connecticut's 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Aldermen and its Finance Committee, as well as the management of the City of New Haven, Connecticut, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



LEVITSKY & BERNEY, P.C.
Certified Public Accountants

January 23, 2007

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor's Number	Catalog of Domestic Assistance Number	Expenditures
Department of Agriculture:			
Passed Through the State Department of Education:			
USDA Commodities		10.550	\$ 426,454
Child and Adult Care - Cash in Lieu		10.550	25,036
School Breakfast Program	12060-170005	10.553	2,215,124
Child Care Food Program	12060-170005	10.558	130,712
Child Care Food Program	12060-170005	10.558	267,605
National School Lunch Program	12060-170005	10.555	5,081,179
Total Department of Agriculture			\$ 8,146,110
Department of Commerce:			
Passed Through State of Connecticut Department of Environmental Protection:			
Coastal Zone Management Program	12060-DEP43000-20767	11.419	\$ 25,119
Total Department of Commerce			\$ 25,119
Department of Housing and Urban Development:			
Directly Funded:			
Community Development Block Grant		14.218	\$ 5,023,381
CDBG Outstanding Loans		14.218	633,036
CDBG Program Income		14.218	1,073,598
Section 108 Income		14.219	435,984
Section 108 Outstanding Loans		14.219	567,400
Section 108 Grant Economic Development		14.219	191,667
Section 108 Income		14.219	93,899
Section 108 Outstanding Loans		14.219	47,963
UDAG Program Income		14.221	591,819
UDAG Outstanding Loans		14.221	989,277
Emergency Shelter Program		14.231	162,796
HOME Investment Program		14.239	1,960,344
HOME Program Income		14.239	1,351,840
HOME Outstanding Loans		14.239	5,485,277
Housing Opportunities for People with Aides		14.241	1,695,673
Lead Paint Abatement Program		14.900	175,540
Lead Paint Outstanding Loans		14.900	1,046,422
Empowerment Zone		14.244	3,113,233
Passed Through State of Connecticut Department of Economic and Community Development:			
Casa Familia	HM05-093	14.239	647,837
Total Department of Housing and Urban Development			\$ 25,286,986

See Notes to Schedule of Expenditures of Federal Awards

CITY OF NEW HAVEN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor's Number	Catalog of Domestic Assistance Number	Expenditures
Department of Justice:			
Directly Funded:			
Federal Surplus Property Program		16.578	\$ 102,139
Law Enforcement Block Grant 2003		16.592	51,574
Law Enforcement Block Grant 2004		16.592	109,362
Weed and Seed		16.595	263,294
Drug Free Communities		16.710	4,404
Enhancing Law Enforcement		16.738	81,561
Passed Through State of Connecticut Office of Policy and Management:			
Police Youth Academy		16.540	11,086
Under Age Drinking		16.710	20,000
Total Department of Justice			\$ 643,420
Department of Transportation:			
Passed Through the State Department of Transportation:			
Local Bridges - Hillhouse Avenue	92-559	20.600	\$ 8,840
Local Bridges - Blake Street	92-460	20.600	320,462
Computerized Traffic Signal System	92-488	20.205	65,285
Expanded DUI Enforcement		20.000	65,399
Total Department of Transportation			\$ 459,986
National Park Services:			
Passed Through the State Commission on Arts and Tourism:			
Historical Preservation Activities Grant	12060-CAT73001-21494	45.310	\$ 12,898
Total National Park Services			\$ 12,898
Institute of Museum & Library Services:			
Passed Through the State Library:			
Grants to States	11000-CSL66051-17003	45.310	\$ 7,422
Outreach Program for Children	21031-85006-55050	45.310	15,490
Total Institute of Museum and Library Services			\$ 22,912
Environmental Protection Agency:			
Directly Funded:			
Healthy Communities		66.001	\$ 26,050
Community Care Initiative		66.035	7,424
Total Environmental Protection Agency			\$ 33,474

See Notes to Schedule of Expenditures of Federal Awards

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor's Number	Catalog of Domestic Assistance Number	Expenditures
Department of Energy:			
Passed Through the State Department of Policy and Management:			
Energy Grant	12060-OPM20600-21954	81.119	\$ 50,000
Total Department of Energy			\$ 50,000
Department of Education:			
Directly Funded:			
Magnet School Assistance		84.165	\$ 1,302,825
Volunteer School Choices		84.361	2,540,598
Bilingual Dual Language		84.215	221,567
Impact Aid Title I		84.040	102,273
Violence Prevention NHPS		84.184	2,750
Smaller Learning		84.310	236,798
Partnerships in Character Education		84.000	567,289
Emergency Response Crisis		84.040	242,870
Community Arts Partnerships		84.351	107,471
Teaching American History		84.000	261,180
Nutrition and Physical Education		84.000	74,587
Reduction of Alcohol Abuse		84.184	157,137
Passed Through the State Department of Education:			
Title I - ESEA Part A	12060-20679	84.010	1,748,547
Title I - ESEA Part A	12060-20679	84.010	387,935
Title I - ESEA Part A	12060-20679	84.010	11,987,554
Title I - ESEA Part A	12060-20679	84.010	55,265
Carl Perkins - Vocational Education	12060-20742	84.048	715,952
Education of Homeless Children and Youth	12060-20770	84.196	30,230
Adult Education	12060-20784	84.002	35,000
Adult Education	12060-20784	84.002	50,000
Adult Education	12060-20784	84.002	35,000
Special Education	12060-20599	84.126	3,916

CITY OF NEW HAVEN, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor's Number	Catalog of Domestic Assistance Number	Expenditures
Department of Education: (Continued)			
Passed Through the State Department of Education: (Continued)			
Comprehensive School Reform	12060-20790	84.334	\$ 2,702
Comprehensive School Reform	12060-20790	84.334	2,334
Comprehensive School Reform	12060-20790	84.334	6,760
Comprehensive School Reform	12060-20790	84.334	1,949
Enhancement Education Through Technology	12060-20826	84.318	158,085
Enhancement Education Through Technology	12060-20826	84.318	137,388
Enhancement Education Through Technology	12060-20826	84.318	24,244
Enhancement Education Through Technology	12060-20826	84.318	79,990
Title I, Part B, Reading First	12060-20826	84.357	810
Title I, Part B, Reading First	12060-20826	84.357	5,236
Title I, Part B, Reading First	12060-20826	84.357	13,350
Title I, Part B, Reading First	12060-20826	84.357	270,375
Title I, Part B, Reading First	12060-20826	84.357	270,212
Title I, Part B, Reading First	12060-20826	84.357	270,375
Title II Part A, Teachers	12060-20858	84.281	620,962
Title II Part A, Teachers	12060-20858	84.281	2,329,464
21 Century Community Learning Centers	12060-20863	84.287	32,925
21 Century Community Learning Centers	12060-20863	84.287	385,127
21 Century Community Learning Centers	12060-20863	84.287	403,414
Title III Part A English Language Acquisitions	12060-20868	84.144	168,688
Title III Part A English Language Acquisitions	12060-20868	84.144	217,664
Title III - Immigrant and Youth Education	12060-22947	84.144	8,218
Title IV - Safe and Drug Free Schools	12060-20873	84.186	63,887
Title IV - Safe and Drug Free Schools	12060-20873	84.186	255,486
Title VI - Innovative Education Strategies	12060-20909	84.298	31,278
Title VI - Innovative Education Strategies	12060-20909	84.298	88,764
IDEA Sliver Grant	12060-20977	84.027	11,143
IDEA Sliver Grant	12060-20977	84.027	7,381
IDEA Sliver Grant	12060-20977	84.027	16,917
IDEA Part B, Section 619	12060-20983	84.027	79,344
IDEA Part B, Section 619	12060-20983	84.027	47,098
IDEA Part B, Section 611	12060-20977	84.027	831,935
IDEA Part B, Section 611	12060-20977	84.027	4,287,719
Mathematics and Science Partnership	12060-21592	84.366	37,222
Mathematics and Science Partnership	12060-21592	84.366	40,708
Mathematics and Science Partnership	12060-21592	84.366	2,504
Mathematics and Science Partnership	12060-21592	84.366	20,000
Emergency Impact Aid - Displaced Students - Katrina	12060-22038	84.938	17,520
Refugee Children School Impact	12060-21044	84.040	714
Total Department of Education			\$ 32,116,636

See Notes to Schedule of Expenditures of Federal Awards

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor's Number	Catalog of Domestic Assistance Number	Expenditures
Department of Health and Human Services:			
Directly Funded:			
Ryan White Formula and Supplement		93.915	\$ 8,430,045
Head Start Program		93.600	6,503,592
Passed Through the State Department of Social Services:			
Social Services Block Grant (SAGA)	093-SBG-49	93.667	107,512
Social Services Block Grant (SAGA)	093-SBG-51	93.667	101,515
Passed Through the State Department of Public Health:			
School Based Health Clinics	2005-206	93.994	137,500
Bioterrorism	2002-424	93.283	71,673
Bioterrorism	2004-1085	93.283	59,206
Vaccines		93.268	37,638
Immunization	2003-152	93.268	37,898
Immunization	2005-161	93.268	37,901
Venereal Disease Control	2003-166	93.977	7,619
Diabetes Unintentional Injury	2004-026	93.991	27,289
Aids - Prevention	2005-38	93.940	55,756
Total Department of Health and Human Services			\$ 15,615,144
Department of Homeland Security:			
Passed Through State of Connecticut Military Department:			
Emergency Management Performance Grant	12060-MIL36160-21092	97.042	\$ 20,175
Passed through State of Connecticut Department of Emergency Management and Homeland Security:			
Law Enforcement Terrorism Prevention Program	12060-EHS99530-21879	97.067	68,120
Urban Area Strategic Initiative	12060-EHS99530-21878	97.008	132,600
Homeland Security Grant Program	12060-EHS99530-21877	97.067	12,816
Public Assistance Grant - Snow Removal	12060-EHS99500-21891	83.544	188,076
Public Assistance Grant Receivable - Snow Removal	12060-EHS99500-21891	97.036	147,249
Buffer Zone Protection Program	12060-EHS99530-21903	97.078	43,330
Total Department of Homeland Security			\$ 612,366
Total Expenditures of Federal Awards			\$ 83,025,051

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, 2006**

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of New Haven, Connecticut and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 – Reporting Entity

The City of New Haven, Connecticut for the purposes of the Schedule of Expenditures of Federal Awards includes all the funds of the primary government. It does not include the following:

- New Haven Coliseum Authority
- New Haven Parking Authority

Note 3 – Non-Monetary Assistance

The City of New Haven's National School Lunch Program receives noncash federal awards in the form of food commodities from the Department of Agriculture. The City also receives noncash federal awards through the U.S. Department of Health and Human Services in the form of vaccines.

Non-monetary assistance is reported in the schedule at the fair market value of the items received and disbursed. The market value of the items issued is included in the Schedule of Expenditures of Federal Awards as follows:

Food Commodities	\$	426,454
Vaccines		37,638

CITY OF NEW HAVEN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Section I – Summary of Audit Results

Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal Control over Financial Reporting:

Material Weakness(es) Identified? Yes X No

Reportable Condition(s) Identified That Are Not
 Considered To Be Material Weakness(es)? X Yes 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

Reportable Conditions Identified that are not
 Considered To Be Material Weakness(es)? Yes X None Reported

Type of Auditor's Report Issued on Compliance
 For Major Programs: Unqualified

Any Audit Findings Disclosed that are Required
 To Be Reported In Accordance With Section
 510(a) of Circular A-133? Yes X No

Identification of Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.558	National School Lunch Cluster
14.218	Community Development Block Grant
14.239	HOME Program
14.244	Empowerment Zone
84.027	IDEA Part B, Section 611 and Section 619
84.361	Volunteer School Choices
93.915	Ryan White Formula & Supplement

CITY OF NEW HAVEN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Section I – Summary of Audit Results (Continued)

Dollar threshold used to distinguish between
Type A and Type B Programs: \$ 2,423,621

Qualification of Auditee as a Low-Risk Auditee? X Yes No

Section II – Federal Award Findings and Questioned Costs

No findings or questioned costs in accordance with OMB Circular A-133 were reported relating to major federal awards.

Section III – Financial Statement Findings

Finding # 06-1: Grantor: Not Applicable
 Finding: Transfer Station

Condition:

The potential exists for the City's Transfer Station receiving non-approved waste due to lack of management oversight. Waste that is received by the site may not be allowable and the potential exists for waste not being weighted consistently.

Criteria:

In order to properly monitor and account for waste, and funds associated with that waste, there should be formal written guidelines regarding all procedures at the Station and those guidelines should be adhered to.

Questioned Costs:

No questioned costs can be associates with this finding.

CITY OF NEW HAVEN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Section III – Financial Statement Findings (Continued)

Finding # 06-1: Grantor: Not Applicable
Finding: Transfer Station

Context:

Based on observations on different occasions at the Transfer Station, found instances where there was no monitoring done at the front gate of the Station and trucks carrying waste entered the site without a pass or permit. Several trucks were observed bypassing the weight scale and proceeding to the waste area. There was one instance of a truck entering the site after hours to dispose of waste. In addition, there is no formal policy in place stating whether a City taxpayer needs to be a City resident in order to use the Station.

Cause:

The City's Transfer Station has written policies and procedures, but they are not being adhered to regarding the Station's gate monitoring, permit monitoring, allowable waste monitoring, or scale monitoring. The Station also does not display any signage regarding what type of waste is and is not accepted by the Station, or the criteria to enter and use the Station and what documentation must be presented.

Effect:

Lack of management oversight, the potential of non-allowable waste and waste being weighed on a consistent basis at the Transfer Station results in extra costs to the City for removal of that waste, and a risk that hazardous material may be received by the site. The City may also be losing funds that should be collected when certain types and weights of waste are received at the site.

Recommendation:

We recommend the City's Public Works Department institute proper and documented management oversight and implement formal policies and procedures regarding monitoring of the Transfer Station's gate, permits, weighing of waste and type of waste accepted by the site. Signage, with information on entering and usage of the site, be displayed prominently in applicable locations throughout the Station is also recommended.

CITY OF NEW HAVEN, CONNECTICUT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

There were no prior audit findings relative to federal award programs that need to be included here for the fiscal year ended June 30, 2005.



LEVITSKY & BERNEY

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
100 BRADLEY ROAD • WOODBRIDGE, CONNECTICUT 06525-2394
203 389-5371 • FAX 203 389-4430

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT, AND ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

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

Compliance

We have audited the compliance of the City of New Haven, Connecticut with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2006. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the City of New Haven, Connecticut's management. We did not audit the compliance of the New Haven Coliseum Authority, a component unit, which had expenditures of State financial assistance of \$304,591. Those compliance requirements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the information included for the New Haven Coliseum Authority, is based on the report of the other auditors. Our responsibility is to express an opinion on compliance based on our audit.

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). The financial statements of the New Haven Parking Authority and the Water Pollution Control Authority were not audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*. The financial statements of the New Haven Coliseum Authority were audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*. 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 of New Haven, Connecticut'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. Our audit does not provide a legal determination on the City of New Haven, Connecticut's compliance with those requirements.

In our opinion, the City of New Haven, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2006.

Internal Control over Compliance

The management of the City of New Haven, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act.

We noted one certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of New Haven, Connecticut's ability to administer a major state program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 06-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2006, and have issued our report thereon dated January 23, 2007. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of New Haven, Connecticut'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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Aldermen and its Finance Committee, as well as the management of the City of New Haven, Connecticut, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Levitsky & Berney
LEVITSKY & BERNEY, P.C.
Certified Public Accountants

January 23, 2007

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2006

State Grantor/ Pass-Through Grantor/ Program Title	State Grant Program Identification Number	Expenditures
Department of Policy and Management:		
Local Capital Improvement Program - Receivable	11000-OPM20600-40254	\$ 1,397,223
Local Capital Improvement Program	11000-OPM20600-40254	828,473
Payment in Lieu of Taxes for Manufacturing Machinery and Equipment	11000-OPM20600-17031	1,149,928
Payment in Lieu of Taxes for Elderly Homeowners, Freeze Program	11000-OPM20600-17021	65,685
Property Tax Relief for Totally Disabled	11000-OPM20600-17011	10,778
Property Tax Relief for Veterans	11000-OPM20600-17024	65,213
Property Tax Relief for Elderly	11000-OPM20600-17018	407,159
State Distressed Municipalities	11000-OPM20600-17016	210,855
Total Department of Policy and Management		\$ 4,135,314
Department of Public Safety:		
Telecommunications Fund (Priority Dispatch)	012060-DPS32740-35190	\$ 17,100
Telecommunications Fund (CMED)	012060-DPS32740-35190	241,879
State Forfeiture Revolving Fund	013019-DPS32110-41238	186,000
Local Officer Incentive	013019-DPS32740-00000	36,720
Telecommunications Fund (E-911 Cities)	012060-DPS32740-35190	413,900
Total Department of Public Safety		\$ 895,599
Department of Environmental Protection:		
Clean Water Fund New Loans(463-CD1)	21015-OTT14230-42318	\$ 130,173
Clean Water Fund Grant (463-CD1)	21015-OTT14230-42318	933,189
Clean Water Fund New Loans (563-DC)	21015-OTT14230-42318	1,622,624
Clean Water Fund Grant (563-DC)	21015-OTT14230-42318	1,838,273
Farmington Canal Linear Park	12052-DEP43000-0000	10,215
Grant Made to New Haven for Landfill Closure	12052-DEP43000-40437	450,000
Total Department of Environmental Protection		\$ 4,984,474
Department of Economic and Community Development :		
Urban Action Bonds:		
Macy's	13019-ECD46000-41236-093	\$ 20,491
Livable Cities	13019-ECD46000-41236-093	300,000
Tax Abatement Program	11000-ECD46400-17008-038	348,053
Total Department of Economic and Community Development		\$ 668,544

See Notes to Schedule of Expenditures of State Financial Assistance.

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2006

State Grantor/ Pass-Through Grantor/ Program Title	State Grant Program Identification Number	Expenditures
Department of Public Health:		
Per Capita Funding	11000-DPH48500-17009	\$ 117,182
Needle and Syringe Exchange (2006-274)	11000-DPH48500-12100	116,209
Tuberculosis Control (2005-142)	11000-DPH48500-16112	68,763
Venereal Transmitted Diseases (2005-142)	11000-DPH48500-17013	20,601
Diabetes/Fall Prevention/Local Health (2006-124)	11000-DPH48500-10020	3,917
Immunization (2005-161)	11000-DPH48500-10020	12,910
Immunization (2005-161)	11000-DPH48500-10020	12,910
Aids - Prevention (2006-274)	11000-DPH48500-12236	99,122
Lead Poisoning Prevention (2005-95)	11000-DPH48500-12227	48,146
School Based Health Centers (2005-206)	11000-DPH48500-17019	1,100,641
Asthma Education (2006-0004)	11000-DPH48500-12126	18,250
Asthma Education (2006-0004)	12060-DPH48500-35305	18,250
Total Department of Public Health		\$ 1,636,901
Department of Transportation:		
Closed Loop Traffic System (92-562)	21010-DOT57000-00000	\$ 341,398
Local Bridges - Blake Street (92-460)	21010-DOT57000-42310	80,115
Local Bridges - Ferry Street Design (92-582)	21010-DOT57000-42310	127,120
Farmington Canal	21010-DOT57000-00000	429,734
Town Aid Road Grant	12001-DOT57000-17036	618,964
Traffic Sign Mast-Arm Supports	13033-DOT57000-41392	13,163
ARFF Building Construction AIP # 15	13033-DOT57000-41389	77,498
Total Department of Transportation		\$ 1,687,992
Department of Social Services:		
Child Daycare	11000-DSS60000-16152	\$ 711,641
Teenage Pregnancy Prevention	11000-DSS60000-17032	128,479
Teenage Pregnancy Prevention	11000-DSS60000-17032	70,183
Food Stamp Education (093-FSE-02)	11000-DSS60000-12127	216,662
Healthy Start (093-HUO-05)	11000-DSS60000-12127	379,962
Total Department of Social Services		\$ 1,506,927

See Notes to Schedule of Expenditures of State Financial Assistance.

CITY OF NEW HAVEN, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2006**

State Grantor/ Pass-Through Grantor/ Program Title	State Grant Program Identification Number	Expenditures
Department of Education:		
Child Nutrition Program	11000-SDE64000-16072	\$ 127,445
Head Start Expansion	11000-SDE64000-16101	212,222
Head Start Enhancement	11000-SDE64000-16106	145,479
Family Resource Centers Program	11000-SDE64000-16110	102,250
Family Resource Centers Program	11000-SDE64000-16110	102,250
Family Resource Centers Program	11000-SDE64000-16110	102,250
Vocational Agriculture	11000-SDE64000-17017	278,533
Adult Education Cooperating Eligibility Entity	11000-SDE64000-17030	142,691
Adult Education Provider	11000-SDE64000-17030	3,912,297
Nonpublic Health Services	11000-SDE64000-17034	99,475
Bilingual Education	11000-SDE64000-17042	219,394
Priority School Districts	11000-SDE64000-17043-82052	5,110,983
Early Reading Success	11000-SDE64000-17043-82053	2,699,443
Extended School Hours	11000-SDE64000-17043-82054	343,552
School Accountability - Summer School	11000-SDE64000-17043-82055	394,677
School Readiness	11000-SDE64000-17043-82056	5,859,600
Young Parents Program	11000-SDE64000-17044	15,937
Interdistrict Cooperative	11000-SDE64000-17045-82065	129,309
Interdistrict Cooperative	11000-SDE64000-17045-82066	200,000
Interdistrict Cooperative	11000-SDE64000-17045-82067	115,551
Youth Service Bureau	11000-SDE64000-17052	121,865
School Breakfast Program (703-000000034)	11000-SDE64000-17046	205,825
Open Choice Program - Receiving District	11000-SDE64000-17053	203,674
Magnet School Operating (SDE000079)	11000-SDE64000-17057	943,904
Magnet School Operating (SDE000080)	11000-SDE64000-17057	1,096,239
Magnet School Operating (SDE000081)	11000-SDE64000-17057	1,362,057
Magnet School Operating (SDE000082)	11000-SDE64000-17057	2,527,828
Magnet School Operating (SDE000083)	11000-SDE64000-17057	822,876
Magnet School Operating (SDE000088)	11000-SDE64000-17057	1,855,899
Magnet School Operating (SDE000093)	11000-SDE64000-17057	1,014,261
Magnet School Operating (SDE000094)	11000-SDE64000-17057	1,112,661
Magnet School Operating (SDE000106)	11000-SDE64000-17057	620,920
Magnet School Operating (SDE000107)	11000-SDE64000-17057	982,778
Magnet School Operating (SDE000111)	11000-SDE64000-17057	515,905
Magnet School Operating (SDE000114)	11000-SDE64000-17057	507,944
Magnet School Operating (SDE000127)	11000-SDE64000-17057	215,671
Magnet School Operating (SDE000128)	11000-SDE64000-17057	421,207
Magnet School Transportation	11000-SDE64000-17057	1,692,000
General Improvements to School Buildings	12052-SDE64000-40316	965,969
Quality Enhancement Grant	12060-SDE64000-90242	134,810
State Funds for Tech Infrastructure	12052-SDE64000-40312	128,715
Total Department of Education		\$ 37,766,346

See Notes to Schedule of Expenditures of State Financial Assistance.

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2006

State Grantor/ Pass-Through Grantor/ Program Title	State Grant Program Identification Number	Expenditures
Division of Special Revenues:		
Bingo Payments	34004-DSR18307-29109	\$ 234
Payment to Towns	34004-DSR18307-29109	1,271,867
Total Division of Special Revenues		\$ 1,272,101
Department of Children and Family Services:		
Therapeutic Child Care	11000-DCF91110-16064	\$ 90,394
Youth Employment	11000-DCF91110-00000	10,000
Total Department of Children and Family Services		\$ 100,394
Commission On Arts, Tourism, Culture, History and Film:		
Arts Presentation Grant Program	11000-CAT45220-17067	\$ 6,021
Local Arts Agency Program	11000-CAT45220-10009-17067	8,000
Total Commission on Arts, Tourism, Culture, History and Film		\$ 14,021
Office of the State Comptroller :		
Boat Grant	12027-OSC15910-40211	\$ 33,783
Payment in Lieu of Taxes on Colleges and General Hospitals	11000-OSC15910-17006	34,518,127
Payment in Lieu of Taxes on State Owned Property	11000-OSC15910-17004	4,493,992
Mashantucket Pequot Grant	12009-OSC15910-17005	10,602,094
Fire Training School	11000-OSC15910-16034	36,850
Total Office of the State Comptroller		\$ 49,684,846
Judicial Branch:		
Distribution to Towns	34001-JUD95162-40001	\$ 7,686
State Library:		
Connecticard	11000-CSL66051-17010	\$ 1,843
Construction Grants to Public Libraries	12032-CSL66055-55050	250,000
Historical Documents Preservation	12060-CSL66094-35150	17,000
Total State Library		\$ 268,843
Department of Education and Services for the Blind:		
Services for the Blind	ESB65000-0000	\$ 271,541

See Notes to Schedule of Expenditures of State Financial Assistance.

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
CITY OF NEW HAVEN, CONNECTICUT

State Grantor/ Pass-Through Grantor/ Program Title	State Grant Program Identification Number	Expenditures
Department of Agriculture:		
Connecticut Aquaculture Bureau	DAG42500-0000	\$ <u>38,230</u>
Department of Mental Health and Addiction Services:		
Crisis Intervention Training	11000-MHA53000-16053	\$ <u>15,000</u>
Department of Higher Education:		
Gear - Up Project	11000-DHE66500-12188	\$ <u>472,961</u>
Total Expenditures of State Financial Assistance Before Exempt Programs		\$ <u>105,427,720</u>
Exempt Programs:		
School Construction Magnet Schools	13009-SDE64000-40901	\$ 20,508,447
School Construction Progress Payments	13009-SDE64000-40901	44,814,485
School Construction Projects - Interest	11000-SDE64000-40896	3,250,274
School Construction Projects - Principle	11000-SDE64000-17002	4,572,645
Transportation for School Children - Public	11000-SDE64000-17027	4,029,848
Education Equalization	11000-SDE64000-17041	127,954,358
Special ED-AG. Placements and Excess Costs	11000-SDE64000-17047	2,510,590
Transportation for School Children - Nonpublic	11000-SDE64000-17049	<u>301,988</u>
Total Exempt Programs		\$ <u>207,942,635</u>
Total Expenditures of State Financial Assistance		\$ <u>313,370,355</u>

See Notes to Schedule of Expenditures of State Financial Assistance.

CITY OF NEW HAVEN, CONNECTICUT
STATE FINANCIAL ASSISTANCE PROGRAMS
NOTES TO SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

Various departments and agencies of the State of Connecticut have provided financial assistance to the City of New Haven, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including Education, Public Safety and General Government, Public Works, Health and Social Services and Property Tax Relief for certain individuals.

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the City of New Haven, Connecticut conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The financial statements contained in the City of New Haven, Connecticut's annual audit report are prepared in conformity with the requirements of the Governmental Accounting Standards Board and conform to generally accepted accounting principals as applicable to municipalities. The following is a summary of such basis:

Revenues are recorded in the accounting period in which they become available and measurable. Those revenues which are susceptible to accrual are property taxes, intergovernmental revenue and interest revenue. Certain special revenue fund grants are measurable at the time all eligibility requirements are met.

Expenditures are recorded when the related liability is incurred except for the following items, which are recorded when payments are made: interest on general long-term debt, vacation pay and sick pay.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), 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 of Expenditures of State Financial Assistance.

CITY OF NEW HAVEN, CONNECTICUT
STATE FINANCIAL ASSISTANCE PROGRAMS

NOTES TO SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

Note 2 – Reporting Entity

The City of New Haven, Connecticut, for the purposes of the Schedule of Expenditures of State Financial Assistance, includes all the funds of the primary government. It does not include the New Haven Coliseum Authority and the New Haven Parking Authority.

Note 3 – Clean Water Fund Obligations

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2006:

Department of Environmental Protection:

Clean Water Funds:

	Date Issued	Interest Rate	Original Amount	Balance June 30, 2005	Issued	Retired	Assumed By GNH WPCA	Balance June 30, 2006
107-C	12/14/90	2%	\$ 1,293,171	323,292		64,659	155,179	103,454
108-D	11/26/91	2%	919,997	252,999		46,000	124,199	82,800
108-C	6/30/93	2%	7,935,645	2,789,712		398,530	1,434,710	956,472
272-D	1/31/94	2%	432,387	163,947		21,619	85,397	56,931
108-CD1	10/31/94	2%	529,473	211,788		30,256	108,919	72,613
243-C	3/1/95	2%	1,054,378	461,291		52,719	245,143	163,429
243-CD1	6/29/95	2%	666,191	329,954		37,709	175,347	116,898
272-C	3/31/97	2%	3,314,300	1,926,632		162,276	1,058,614	705,742
272-CD2	4/30/99	2%	2,225,629	1,493,762		125,816	820,768	547,178
350-D	7/31/98	2%	1,141,173	736,158		54,406	409,051	272,701
333-C	4/30/97	2%	2,474,972	1,448,714		120,979	1,327,735	
350-C	6/30/03	2%	3,364,745	2,950,174		144,678	1,683,298	1,122,198
463-C	1/31/05	2%	11,236,716	10,481,614		470,456	6,006,695	4,004,463
			\$ 36,588,777	23,570,037		1,730,103	13,635,055	8,204,879
Interim Funding Obligation								
463-CD1				305,073	130,173		261,148	174,098
563-DC				7,222,060	1,622,624		5,306,810	3,537,874
			\$ 36,588,777	31,097,170	1,752,797	1,730,103	19,203,013	11,916,851

CITY OF NEW HAVEN, CONNECTICUT
STATE FINANCIAL ASSISTANCE PROGRAMS
NOTES TO SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

Note 3 – Clean Water Fund Obligations (Continued)

On August 29, 2005 New Haven WPCA assets and the assumption of clean water fund obligations were sold to the Greater New Haven Water Pollution Control Authority (GNHWPCA) under an Asset Purchase Agreement. The City is considered contingently liable for Clean Water Fund Loans in the amount of \$13,635,055 assumed by the GNHWPCA. The GNHWPCA intends to make the required principal and interest payments applicable to the clean water fund loans, but the loans remain in the City's name as of June 30, 2006.

CITY OF NEW HAVEN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

I. Summary of Audit Results

Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal Control over Financial Reporting:

Material Weakness(es) Identified?	<u> </u>	Yes	<u> X </u>	No
Reportable Condition(s) Identified That Are Not Considered To Be Material Weakness(es)?	<u> X </u>	Yes	<u> </u>	None Reported
Noncompliance Material to Financial Statements Noted?	<u> </u>	Yes	<u> X </u>	No

State Financial Assistance

Internal Control over Major Programs:

Material Weakness(es) Identified?	<u> </u>	Yes	<u> X </u>	No
Reportable Conditions Identified that are not Considered To Be Material Weakness(es)?	<u> X </u>	Yes	<u> </u>	None Reported

Type of Auditor's Report Issued on Compliance For Major Programs: Unqualified

Any Audit Findings Disclosed that are Required To Be Reported In Accordance With Section 4-236-24 of the Regulations to the to the State Single Audit Act?	<u> </u>	Yes	<u> X </u>	No
------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------	-----	--------------	----

CITY OF NEW HAVEN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

I. Summary of Audit Results (Continued)

<u>State Grantor and Program</u>	<u>State Grant Program Identification Number</u>	<u>Expenditures</u>
Department of Education:		
Adult Education	11000-SDE64000-17030	\$ 4,054,988
Priority School Districts	11000-SDE64000-17043-82052	5,110,983
Early Reading Success	11000-SDE64000-17043-82053	2,699,443
School Readiness	11000-SDE64000-17043-82056	5,859,600
Magnet School	11000-SDE64000-17057	15,692,150
Total Department of Education		\$ 33,417,164
Department of Environmental Protection:		
Clean Water Fund	21015-OTT14230-42318	\$ 4,524,259
Office of Policy and Management:		
Local Capital Improvement Program	11000-OPM20600-40254	\$ 2,225,696
Payment in Lieu of Taxes (PILOT) For Manufacturing Machinery & Equipment	11000-OPM20600-17031	1,149,928
Total Office of Policy & Management		\$ 3,375,624
Department of Public Health:		
School Based Health Centers	11000-DPH48500-17019	\$ 1,100,641
Office of State Comptroller:		
Payment in Lieu of Taxes (PILOT) On Colleges & General Hospitals	11000-OSC15910-17006	\$ 34,518,127
Payment in Lieu of Taxes (PILOT) On State Owned Property	11000-OSC15910-17004	4,493,992
Mashantucket Pequot Grant	12009-OSC15910-17005	10,602,094
Total Office of State Comptroller		\$ 49,614,213
Department of Special Revenue:		
Payments to Towns (OTB)	34004-DSR18307-29109	\$ 1,272,101
Total Major Programs		\$ 93,304,002

II. Summary of Findings Related To Financial Statements Required Under Generally Accepted Government Auditing Standards

- We issued reports, dated January 23, 2007, on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated one reportable condition.

CITY OF NEW HAVEN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

III. State Financial Assistance Findings and Questioned Costs

Finding # 06-2

Grantor: Office of Policy & Management
State Program Name: Various Payment in Lieu of Taxes (PILOT) Programs
State Program Identification Number: 11000-OPM20600-17031

Condition:

The Tax Assessment Office does not have procedures in place to review and recalculate forms that are to be filed with the State, for various State reimbursements under PILOT programs, to ensure accuracy.

Criteria:

Proper internal control procedures require calculations on taxpayer applications and assessor's reports to be reviewed and recalculated by a second city employee to verify the accuracy of the reports.

Questioned Costs:

Questioned costs associated with this finding total \$655.

Context:

A sample of fifty taxpayer applications chosen under various state single audit pilot programs found no applications were signed off as being reviewed by a second city employee. One instance of an amount error on an application was found during single audit test work.

Cause:

The City's Tax Assessor's Office relies on State of Connecticut audits to find errors in data submitted by the City.

Effect:

The State may find errors in the forms submitted by the City and refuse partial payment to the City or request already disbursed funds be returned. Because amounts submitted to the State are based on the prior year's grand list, funds not reimbursed under PILOT due to error may not be able to be collected from taxpayers' originally submitted applications and the City would lose those tax dollars.

CITY OF NEW HAVEN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

III. State Financial Assistance Findings and Questioned Costs (Continued)

Finding # 06-2 (Continued)

Grantor: Office of Policy & Management

State Program Name: Various Payment in Lieu of Taxes (PILOT) Programs

State Program Identification Number: 11000-OPM20600-17031

Recommendation:

The City should assign an employee to review and recalculate all data submitted for State reimbursement. The data reviewed should be signed off by the reviewing employee.