

**CITY OF NEW HAVEN,
CONNECTICUT**

**FEDERAL AND STATE
FINANCIAL AND COMPLIANCE REPORT
For the Year Ended June 30, 2010**

CITY OF NEW HAVEN, CONNECTICUT

FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORT

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
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INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR
A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Compliance: We have audited City of New Haven, Connecticut's 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 of New Haven, Connecticut's major federal programs for the year ended June 30, 2010. The City of New Haven, Connecticut's major federal programs are identified in the summary of auditor's 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. The financial statements of the New Haven Parking Authority and the New Haven Solid Waste Authority were not 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 a 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 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 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, 2010.

Internal Control Over Compliance: Management of the City of New Haven, Connecticut is responsible for establishing and maintaining effective internal control over compliance with the 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 of New Haven, Connecticut's internal control over compliance. The financial statements of the New Haven Parking Authority and the New Haven Solid Waste Authority were not audited in accordance with the standards applicable to financial audits contained in "Government Auditing Standards" or OMB Circular A-133. Accordingly, this report does not extend to the New Haven Parking Authority, or the New Haven Solid Waste Authority.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies in internal control, 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards: 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, 2010, and have issued our report thereon dated January 26, 2011. We did not audit the financial statements of the New Haven Parking Authority, a discretely presented component unit of the City, whose financial statements reflect 74% of the revenues and approximately 81% of the assets of the discretely presented component units of the City. 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 management, the Board of Aldermen and its Finance Committee, others within the entity, 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.

McGladrey & Pullen, LLP

New Haven, Connecticut
January 26, 2011

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

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 - 2009	10.555	12060-SDE64370-20560	\$ 2,011,411
National School Lunch Program - 2010	10.555	12060-SDE64370-20560	3,967,131
USDA Commodities-Noncash	10.555	-	449,379
School Breakfast Program - 2009	10.553	12060-SDE64370-20508	1,057,354
School Breakfast Program - 2010	10.553	12060-SDE64370-20508	1,958,876
Total Child Nutrition Cluster			<u>9,444,151</u>
Child Care Food Program - 2009	10.558	12060-SDE64370-20518	136,586
Child Care Food Program - 2010	10.558	12060-SDE64370-20518	159,898
Total			<u>296,484</u>
Fresh Fruit and Vegetables	10.582	12060-SDE64370-20518	2,643
Fresh Fruit and Vegetables	10.582	12060-SDE64370-20518	129,530
Total			<u>132,173</u>
Child and Adult Care - Cash in Lieu-2009	10.550	12060-SDE64370-20544	8,260
Child and Adult Care - Cash in Lieu-2010	10.550	12060-SDE64370-20544	7,890
Total			<u>16,150</u>
Total U.S. Department of Agriculture			<u>9,888,958</u>
U.S. Department of Housing and Urban Development			
Directly Funded:			
Community Development Block Grant	14.218	-	3,864,252
CDBG Program Income	14.218	-	257,900
Total			<u>4,122,152</u>
Section 108 Income	14.219	-	629
Section 108 Grant Economic Development	14.219	-	291,730
Section 108 Income	14.219	-	5,810
Total			<u>298,169</u>
UDAG Program Income	14.221	-	59,826
Emergency Shelter Program	14.231	-	163,027
Total			<u>222,853</u>
HOME Investment Program	14.239	-	1,469,995
Homeless Prev Rapid Re-Housing - ARRA	14.262	-	7,477
CDBG Recovery Program - ARRA	14.317	-	392,273

See Notes to Schedule of Expenditures of Federal Awards.
N/A-CFDA Number Not Available.

(Continued)

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2010

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			
Directly Funded, Continued:			
Housing Opportunities for People with AIDS	14.241	-	932,813
Lead Paint Abatement Program	14.900	-	852,137
Home Program Income	14.239	-	244,241
Empowerment Zone	14.244	-	361,754
Total U.S. Department of Housing and Urban Development			8,903,864
U.S. Department of Justice			
Directly Funded:			
Federal Surplus Property Program	16.578	-	188,588
Jag Recovery 2009 - ARRA	16.738	-	212,970
Enhancing Police Strategies	16.738	-	150,322
JAG06/Enhancing Police Strategies to Prevent Crime	16.738	-	93
JAG07/Enhancing Police Strategies to Prevent Crime	16.738	-	3,328
JAG08/Enhancing Police Strategies to Prevent Crime	16.738	-	34,368
Total			401,081
Secure Our Schools	16.710	-	3,415
Shotspotter	16.710	-	93,520
Law Enforcement Tech Grant FY10	16.710	-	30,037
Cops Hiring Recovery 2009 - ARRA	16.710	-	933,867
Total			1,060,839
N.H. Restart Program	16.580	-	42,287
Prison Re-entry	16.753	-	74,889
JAG - ARRA	16.803	-	100,000
Local Law Enforcement Block Grant	16.592	-	13,050
Passed through the State of Connecticut			
Office of Policy and Management:			
Byrne Formula Grant	16.579	12060-OPM20350-21676	148,103
Police Youth Academy	16.540	12060-OPM20350-21676	5,524
Total Pass Through			153,627
Total U.S. Department of Justice			2,034,361

See Notes to Schedule of Expenditures of Federal Awards.
N/A-CFDA Number Not Available.

(Continued)

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2010

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:			
Local Bridges - Hillhouse Avenue, East Rock Rd, Quinn Ave.	20.600	12062-DOT57161-22108	2,573,922
Non DEUC CWIP Whitney Derby site	20.205	12062-DOT57161-22108	852,404
Expanded DUI Enforcement	20.607	12062-DOT57343-22086	70,745
Total U.S. Department of Transportation			<u>3,497,071</u>
Institute of Museum & Library Services			
Passed through the State of Connecticut			
State Library:			
Grants to States	45.310	11000-CSL66051-17003	<u>7,897</u>
U.S. Department of Environmental Protection			
Directly Funded:			
Community Care Initiative	66.035	-	61,042
Diesel Retrofit Project	66.034	-	4,803
Catch Basin Cleaning Program	66.202	-	184,824
New Haven Brewery Cleanup	66.818	-	46,890
Total Direct Funded			<u>297,559</u>
Passed through the State of Connecticut Department of Environmental Protection:			
Truck Stop Electrification	66.400	DEPM1-0000027285	<u>35,201</u>
Total U.S. Department of Environmental Protection			<u>332,760</u>
U.S. Department of Energy:			
Directly Funded:			
Energy Efficiency Block - ARRA	81.128	-	<u>269,456</u>
U.S. Department of Education:			
Directly Funded:			
Magnet School Assistance	84.165	-	1,627,324
Magnet School Assistance	84.165	-	1,331,295
Total			<u>2,958,619</u>
Volunteer School Choices	84.361	-	1,756,131
Volunteer School Choices	84.361	-	333,273
Total			<u>2,089,404</u>
Impact Aid Title I	84.040	-	<u>54,522</u>
Carol White Physical Education	84.215	-	<u>483,069</u>
Total - Direct U.S. Dept. of Education			<u>5,585,614</u>

See Notes to Schedule of Expenditures of Federal Awards.
N/A-CFDA Number Not Available.

(Continued)

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2010

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 Cluster			
Title I - ESEA Part A - 2009	84.010	12060-SDE64370-20679	10,481,111
Title I - ESEA Part A - 2008	84.010	12060-SDE64370-20679	114,887
Title I - ESEA Part A Basic 2009	84.010	12060-SDE64370-20679	1,816,440
School Improvements - Columbus	84.010	12060-SDE64370-2223	49,157
Title I Improving Basic Program 09 - ARRA	84.389	12060-SDE64370-29010	5,131,334
Title I Improving Basic Program 10 - ARRA	84.389	12060-SDE64370-29010	279,999
Total Title I Cluster			<u>17,872,928</u>
Title I, Part B. Reading First - Brennan 08	84.357A	12060-SDE64370-20854	210,680
Title I, Part B, Reading First - Conte 08	84.357A	12060-SDE64370-20854	210,832
Title I, Part B, Reading First - Strong 07	84.357A	12060-SDE64370-20854	14,838
Title I, Part B, Reading First - Conte 07	84.357A	12060-SDE64370-20854	6,672
Title I, Part B, Reading First - Martinez 08	84.357A	12060-SDE64370-20854	210,832
Title I, Part B, Reading First - Brennan 07	84.357A	12060-SDE64370-20854	7,754
Total			<u>661,608</u>
Education of Homeless Children and Youth C/O	84.196	12060-SDE64370-20770	25,310
Educational Technology State Grants Cluster			
Educational Technology - ARRA	84.386	12060-SDE64370-29063	146,433
Title II Part D Technology 2008	84.318	12060-SDE64370-20826	20,986
Total Educational Technology Cluster			<u>167,419</u>
Adult Education - Improvement	84.002	12060-SDE64370-20784	231,235
Title II, Part A, Teachers Training	84.367	12060-SDE64370-20858	141,682
Title II, Part A, Teachers Training	84.367	12060-SDE64370-20858	2,010,445
Total			<u>2,152,127</u>
Special Education Cluster			
IDEA Part B, Section 619 Pre-school - ARRA	84.392	12060-SDE64370-29012	261,214
IDEA Part B, Section 611 - ARRA	84.391	12060-SDE64370-29011	2,451,017
IDEA Part B, Section 619 Preschool Incentive	84.173	12060-SDE64370-20983	95,352
IDEA Part B, Section 611 Handicapped Carryover	84.027	12060-SDE64370-20977	117,862
IDEA Part B, Section 611 Entitlement NP	84.027	12060-SDE64370-20977	210,273
IDEA Part B, Section 611 Entitlement	84.027	12060-SDE64370-20977	4,295,379
Total Special Education Cluster			<u>7,431,097</u>

See Notes to Schedule of Expenditures of Federal Awards.
N/A-CFDA Number Not Available.

(Continued)

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2010

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:			
21st Century Community Learn	84.287	12060-SDE64370-20863	158,823
21st Century Community Learn	84.287	12060-SDE64370-20863	179,865
22nd Century Community Learn	84.287	12060-SDE64370-20863	183,322
21 Century Cohort VII 08/09	84.287	12060-SDE64370-20863	7,709
21 Century Cohort VII	84.287	12060-SDE64370-20863	34,766
21 Century Cohort	84.287	12060-SDE64370-20863	2,440
21 Century Community Learning Centers 2009 - SDE 11	84.287	12060-SDE64370-20863	157,257
21 Century Community Learning Centers 2009 -SDE 8	84.287	12060-SDE64370-20863	120,636
21 Century Community Learning Centers 2009 - SDE 9	84.287	12060-SDE64370-20863	153,932
Total			<u>998,750</u>
Title III Part A English Language Acquisitions - 2008	84.365	12060-SDE64370-20868	69,063
Title III Part A English Language Acquisitions - 2009	84.365	12060-SDE64370-20868	301,476
Total			<u>370,539</u>
Title IV - Safe and Drug Free Schools - 2007	84.186	12060-SDE64370-20873	7,155
Title IV - Safe and Drug Free Schools - 2008	84.186	12060-SDE64370-20873	164,573
Total			<u>171,728</u>
Carl Perkins Career & Tech Act	84.243	12060-SDE64370-20848	549,129
NSLP Equipment Assistance - ARRA	10.579	12060-SDE64370-29013	17,542
NSLP Equipment Assistance - ARRA	10.579	12060-SDE64370-29013	11,196
Total			<u>28,738</u>
Mckinney - Vento Homeless Child and Youth - ARRA	84.387	12060-SDE64370-29033	25,000
State Fiscal Stabilization Fund Cluster			
Stabilization - Government Services - ARRA	84.397	12060-SDE64370-29054	13,105,397
Stabilization - Government Services - ARRA	84.397	12060-SDE64370-29053	7,225,723
Total State Fiscal Stabilization Fund Cluster			<u>20,331,120</u>
Investing and Personal Finance Education	N/A	12060-SDE64370-35351	15,000
Immigrant and Youth Education Program	84.365A	12060-SDE64370-20868	44,639
Total U.S. Department of Education			<u>56,661,981</u>

See Notes to Schedule of Expenditures of Federal Awards.
N/A-CFDA Number Not Available.

(Continued)

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2010

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			
Directly Funded:			
Ryan White Formula and Supplement	93.917	-	7,573,334
Ryan White Minority Aids	93.914	-	348,005
Head Start Cluster			
Head Start Program	93.600	-	6,606,718
Head Start Program - Stimulus - ARRA	93.708	-	433,726
Total Head Start Cluster			7,040,444
Passed through the State of Connecticut			
Department of Social Services:			
Social Services Block Grant (SAGA) 09	93.667	12060-DSS60783-20701	123,927
Social Services Block Grant (SAGA) 10	93.667	12060-DSS60783-20701	98,704
Total			222,631
Passed through the State of Connecticut			
Department of Public Health:			
School Based Health Clinics	93.994	2009-0060	137,500
PHP Emergency Preparedness (Bioterrorism)	93.069	2010-1085	59,004
PHP Emergency Preparedness (Bioterrorism)	93.069	2008-1085	74,107
Total			133,111
Vaccines - Noncash	93.268	-	18,897
Immunization Program 10	93.268	2009-0203	99,852
Total			118,749
Diabetes Unintentional Injury	93.991	2009-0028	27,858
H1N1 Phase 1 - Noncash	93.069	-	87,870
AIDS Health Care and Support Service	93.940	2009-0145	93,000
Total U.S. Department of Health and Human Services			15,782,502

See Notes to Schedule of Expenditures of Federal Awards.
N/A-CFDA Number Not Available.

(Continued)

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
 For the Year Ended June 30, 2010

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 Defense			
Directly Funded:			
Libby U.S. Reserve Center	12.607	-	<u>81,065</u>
Passed through the State of Connecticut Department of Emergency Management and Homeland Security:			
CT Intelligence Center/CTIC	97.004	12060-EHS99530-21877	<u>15,000</u>
Total U.S. Department of Defense			<u>96,065</u>
Total Expenditures of Federal Awards			<u>\$ 97,474,915</u>

See Notes to Schedule of Expenditures of Federal Awards.
 N/A-CFDA Number Not Available.

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010**

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 modified accrual/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-Profits Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic 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 Parking Authority
- New Haven Solid Waste Authority

Note 3. Non-Cash Awards

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.

Noncash awards are 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	<u>\$449,379</u>
Vaccines	<u>\$ 37,186</u>

Note 4. Housing and Urban Development (HUD) Section 108 Loans

The City has entered into one Federal HUD Section 108 Loans.

	<u>2009</u>	<u>Issued</u>	<u>Retired</u>	<u>2010</u>
HUD 108 Loans	<u>\$ 3,430,000</u>	<u>\$ -</u>	<u>\$ 520,000</u>	<u>\$ 2,910,000</u>

CITY OF NEW HAVEN, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes 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: unqualified

- 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
10.553/10.555	Child Nutrition Cluster
14.218/14.253/14.254	Community Development Block Grant Cluster
84.394/84.397	State Fiscal Stabilization Fund Cluster
84.010/84.389	Title I, Part A Cluster
93.600/93.708/93.709	Head Start Program Cluster
93.917/93.914	HIV Care Formula Grants
84.027/84.173/84.391/84.392	Special Education Cluster
84.165	Magnet School Assistance

Dollar threshold used to distinguish between type A and type B programs \$2,924,000

Auditee qualified as low-risk auditee? X Yes No

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2010

II. FINANCIAL STATEMENT FINDINGS

A. Deficiencies in Internal Control

Material Weakness in Internal Control

IC10-1. Financial Reporting

Criteria

Auditing standards require internal control policies and procedures to enable the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

The City's internal control procedures did not prevent misapplication of GAAP, which resulted in a restatement of the prior year's financial statements.

Context

Although the City made every effort to present their financial statements in accordance with GAAP, they incorrectly applied GAAP related to reporting long-term receivables and net asset classifications.

Effect

The City's financial statements had to be restated.

Recommendation

Management should develop a process for researching difficult or unusual accounting transactions related and related requirements.

View of Responsible Officials and Planned Corrective Action

The City will establish a procedure to ensure their financial statements are in accordance with GAAP.

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, 2010**

Finding No. 2009-1

Condition:

The City's self insurance fund has maintained a fund deficit for several years.

Current Status:

The finding has not been corrected.

Planned Corrective Action:

Comment Not Repeated in Current Year.

Finding No. 2009-2

Condition:

The City did not have proper controls in place over the collection of delinquent taxes executed by State Marshalls.

Current Status:

Comment has been remediated.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

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, 2010, which collectively comprise the City of New Haven, Connecticut's basic financial statements, and have issued our report thereon dated January 26, 2011. We did not audit the financial statements of the New Haven Parking Authority, a discretely presented component unit of the City, whose financial statements reflect 81% of the revenues and approximately 74% of the assets of the discretely presented component units of the City. Our report includes a reference to other auditors. 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 New Haven Solid Waste Authority were not 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 as a basis for designing our auditing procedures 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 of New Haven, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of New Haven, Connecticut's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* to be a material weakness IC10-01.

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."

We noted certain matters that we reported to management of the City of New Haven, Connecticut in a separate letter dated January 26, 2011.

The City of New Haven, Connecticut's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of New Haven, Connecticut's response and accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Aldermen and its Finance Committee, others within the entity, 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.

McGladrey & Pullen, LLP

New Haven, Connecticut
January 26, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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**

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

Compliance: We have audited the City of New Haven, Connecticut's 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 of New Haven, Connecticut's major state programs for the year ended June 30, 2010. The City of New Haven, Connecticut's 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. 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 the State Single Audit Act (C.G.S. Sections 4-230 – 4-236). The financial statements of the New Haven Parking Authority and the New Haven Solid Waste Authority were not 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 could have a direct and material effect on each of its major state programs for the year ended June 30, 2010.

Internal Control Over Compliance: 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 City of New Haven, Connecticut's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the 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, 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 of New Haven, Connecticut's internal control over compliance.

A deficiency in internal control over compliance 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, 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 a combination of deficiencies, 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, 2010 and have issued our report thereon dated January 26, 2011. We did not audit the financial statements of the New Haven Parking Authority, a discretely presented component unit of the City, whose financial statements reflect 74% of the revenues and approximately 81% of the assets of the discretely presented component units of the City. 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 state financial assistance is presented for purposes of additional analysis as required 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 management, Board of Aldermen and its Finance Committee, others within the entity, 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.

McGladrey & Pullen, LLP

New Haven, Connecticut
January 26, 2011

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2010

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	\$ 1,712,868
Payment in Lieu of Taxes for Manufacturing, Machinery and Equipment	11000-OPM20600-17031	781,830
Property Tax Relief for Totally Disabled	11000-OPM20600-17011	10,818
Property Tax Relief for Veterans	11000-OPM20600-17024	48,879
Property Tax Relief for Elderly	11000-OPM20600-17018	482,142
State Distressed Municipalities	11000-OPM20600-17016	83,850
Byrne Formula State Match	11000-OPM20350-12251	49,368
Municipal Video Competition Trust Accounting Grant	12060-OPM20660-35362	42,081
Total Office of Policy and Management		<u>3,211,836</u>
Department of Public Safety:		
State Forfeiture Revolving Fund	12060-DPS32155-35142	<u>113,210</u>
Telecommunications Fund (E-911 Cities) 08/09	12060-DPS32740-35190	444,284
Telecommunications Fund (E-911) Capital Expense Grant	12060-DPS32740-35190	31,325
Telecommunications Fund (CMED) FY10	12060-DPS32740-35190	190,839
Telecommunications Fund E-911 Capital Expense Grant	12060-DPS32740-35190	89,828
Total		<u>756,276</u>
Local Officer Incentive	11000-DPS32523-17089	<u>24,000</u>
Total Department of Public Safety		<u>893,486</u>
Department of Economic and Community Development:		
Urban Action bonds:		
Neighborhood Stabilization - Program and Administration	13019-ECD46000-41236	<u>1,082,212</u>
Tax Abatement Program	11000-ECD46400-17008	<u>239,003</u>
Gateway Project/Macy's	13019-ECD46440-41240	861,743
River ST MDP	13019-ECD46200-41240	774,387
Total		<u>1,636,130</u>
360 State Street Garage	12052-ECD46440-40414	<u>281,931</u>
Total Department of Economic and Community Development		<u>3,239,276</u>
Department of Environmental Protection:		
Farmington Canal Signage	12060-DEP44321-20296	50,000
Boat Grant	12060-DEP44434-35403	17,309
Total Department of Environmental Protection		<u>67,309</u>

See Notes to Schedule.

(Continued)

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
 For the Year Ended June 30, 2010

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Public Health:		
Per Capita Funding (2009-0.01)	11000-DPH48558-17009	146,240
School Based Health Centers 2009 (2009-0060)	11000-DPH48832-17019	1,345,754
Sexually Transmitted Diseases (2007-0059)	11000-DPH48665-17013	22,959
Lead Poisoning Prevention 2009 (2009-1114)	11000-DPH48766-12227	51,135
Aids - Health Care and Support	11000-DPH48852-12236	99,027
Aids - Health Care and Support	11000-DPH48554-12236	102,700
Tuberculosis Control (2007-0059)	11000-DPH48666-16112	63,425
Total Department of Public Health		<u>1,831,240</u>
Department of Transportation:		
Traffic System Modification	12062-DOT57191-22108	167,241
Local Bridges - Ferry Street Design (92-582)	12062-DOT57191-22108	32,924
Farmington Canal Phase 3	12062-DOT57191-22108	8,726
Boat House Long Wharf	12062-DOT57191-22108	1,747,738
Farmington Canal Phase 4	12062-DOT57191-22108	36,677
Closed Loop Traffic System (92-562)	12062-DOT57115-22108	56,615
Closed Loop Traffic System (92-562)	12062-DOT57115-22108	60,982
Farmington Canal Phase 3 Construction Inspection	12062-DOT57191-22108	754,000
NON DEUC CWIP Whitney, Derby, Conross	12062-DOT57161-22108	213,101
Total		<u>3,078,004</u>
Gateway Traffic Control	12062-DOT57191-42925	<u>133,991</u>
Prospect Street Bridge	12062-DOT57191-22117	<u>1,667,508</u>
Town Aid Road Grant	12001-DOT57131-17036	<u>610,471</u>
Ferry Terminal Site-Feasibility 92597	12062-DOT57191-22108	<u>28,420</u>
Temple ST Bridge	21010-DOT57191-42311	<u>132,549</u>
Total Department of Transportation		<u>5,650,943</u>
Department of Social Services:		
Child Daycare - Infant and Toddler 09	12060-DSS60794-20699	916,590
Child Daycare - Infant and Toddler 10	12060-DSS60794-20699	568,951
Total		<u>1,485,541</u>
End Chronic Homeless	11000-DSS60783-16149	<u>390</u>
Hill Dental	12052-DSS60783-40401	<u>325,000</u>
Food Stamp Education (0930FSE-02)	12060-DSS60799-20735	<u>14,344</u>

See Notes to Schedule.

(Continued)

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2010

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Social Services, Continued:		
Connectability Grant 08/09	12060-DSS60771-20940	109,054
Healthy Start (093-HUO-05)	11000-DSS60521-16105	418,350
Total Department of Social Services		2,352,679
Department of Education:		
Child Nutrition Program Lunch State Match	11000-SDE64370-16072	128,871
Head Start Expansion	11000-SDE64370-16101	201,611
Head Start Enhancement	11000-SDE64370-16106	138,205
Vocational Education Agriculture	11000-SDE64370-17017	550,216
Head Start Early Childhood Link	11000-SDE64370-16202	121,125
Family Resource Centers Program - Wexler	11000-SDE64370-16110	87,797
Family Resource Centers Program - Brennan	11000-SDE64370-16110	76,725
Family Resource Centers Program - Hill	11000-SDE64370-16110	82,053
Total		246,575
Adult Education Cooperating Eligibility Entity	11000-SDE64370-17030	65,812
Adult Education Provider	11000-SDE64370-17030	4,791,836
Total		4,857,648
Nonpublic Health Services	11000-SDE64370-17034	84,623
Bilingual Education	11000-SDE64370-17042	242,029
Priority School Districts	11000-SDE64370-17043-82052	6,298,095
Extended School Hours	11000-SDE64370-17043	312,237
School Accountability - Summer School	11000-SDE64370-17043	374,906
Total		687,143
School Readiness	11000-SDE64370-17043-82056	7,337,036
Young Parents Program	11000-SDE64370-17044	11,196
Interdistrict Cooperative - Sound Marine	11000-SDE64370-17045-82065	200,000
Interdistrict Cooperative - Sound	11000-SDE64370-17045	130,073
Total		330,073

See Notes to Schedule.

(Continued)

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
 For the Year Ended June 30, 2010

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Education:		
Youth Service Bureau	11000-SDE64370-17052	122,970
Youth Service Bureau Enhancement	11000-SDE64370-16201	10,000
School Breakfast Program	11000-SDE64370-17046	123,000
School Breakfast Program Public State Match	11000-SDE64370-17046	69,829
		<u>192,829</u>
Magnet School Operating (SDE000079)	11000-SDE64370-17057	1,354,000
Magnet School Operating (SDE000080)	11000-SDE64370-17057	2,073,450
Magnet School Operating (SDE000081)	11000-SDE64370-17057	2,376,460
Magnet School Operating (SDE000082)	11000-SDE64370-17057	3,189,890
Magnet School Operating (SDE000083)	11000-SDE64370-17057	825,910
Magnet School Operating (SDE000088)	11000-SDE64370-17057	2,191,110
Magnet School Operating (SDE000093)	11000-SDE64370-17057	1,768,660
Magnet School Operating (SDE000106)	11000-SDE64370-17057	1,010,780
Magnet School Operating (SDE000107)	11000-SDE64370-17057	2,731,690
Magnet School Operating (SDE000111)	11000-SDE64370-17057	764,610
Magnet School Operating (SDE000114)	11000-SDE64370-17057	970,640
Magnet School Operating (SDE000127)	11000-SDE64370-17057	2,183,400
Magnet School Operating (SDE000128)	11000-SDE64370-17057	1,984,500
Magnet School Operating (SDE000143)	11000-SDE64370-17057	799,480
Magnet School Operating (SDE000144)	11000-SDE64370-17057	1,010,460
Magnet School Operating (SDE000146)	11000-SDE64370-17057	1,205,620
Magnet School Operating (SDE000147)	11000-SDE64370-17057	798,510
Magnet School Transportation	11000-SDE64370-17057	2,870,400
Total		<u>30,109,570</u>
Quality Enhancement	12060-SDE64370-90242	136,938
Healthy Foods	11000-SDE64370-16072	280,412
After School Program-East Rock Nathan Hale	11000-SDE64370-17084	111,917
After School Program-Brennan	11000-SDE64370-17084	62,488
After School Program-Ross/West Hills	11000-SDE64370-17084	27,143
After School Robinson/Clem 2010 sde05	11000-SDE64370-17084	105,603
After School Program-Betsy R/East Rock 2010 sde06	11000-SDE64370-17084	62,256
After School Program-DV W/G 2010 sde08	11000-SDE64370-17084	78,103
After School Program- E/U Bar 2010 sde10	11000-SDE64370-17084	31,858
Total		<u>479,368</u>
Total Department of Education		<u>52,566,533</u>

See Notes to Schedule.

(Continued)

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
 For the Year Ended June 30, 2010

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Division of Special Revenue:		
Bingo Payments	34003-DSR18309-42350	311
Payment to Town OTB	34004-DSR18307-42350	994,252
Total Division of Special Revenue		<u>994,563</u>
Department of Children and Family Services:		
Therapeutic Child Care	11000-DCF91178-16064	<u>93,348</u>
Department of Children Trust Fund:		
Nuturing Families Network	11000-CTF94000-12042	<u>246,528</u>
Commission on Arts, Tourism, Culture, History and Film:		
Local Arts Agency Program	12060-CAT45220-20328	8,450
Historic Preservation Activities Grant	12060-CAT45241-21494	2,800
Arts Presentation Grant Program	12060-CAT45220-20328	1,860
Soldiers and Sailors CP 09	12060-CAT45241-90455	291,126
Historical Preservation Activities Grant	11000-CAT45220-17067	2,500
Total Commission on Arts, Tourism, Culture, History and Film		<u>306,736</u>
Office of the State Comptroller:		
Payment in Lieu of Taxes on Colleges and General Hospitals	11000-OSC15910-17006	37,071,688
Payment in Lieu of Taxes on State Owned Property	11000-OSC15910-17004	4,386,317
Total Office of the State Comptroller		<u>41,458,005</u>
Commission on Fire Prevention & Control:		
Fire Training School - New Haven	11000-FPC36510-16034	<u>45,946</u>
Judicial Branch:		
Distribution to Towns	34001-JUD95162-40001	<u>75,180</u>
Connecticut State Library:		
Connecticard	11000-CSL66051-17010	4,117
Historical Documents Preservation	12060-CSL66094-35150	28,075
Total Connecticut State Library		<u>32,192</u>
Department of Education and Services for the Blind:		
Services for the Blind	11000-ESB65020-12060	<u>140,116</u>
Department of Agriculture:		
Connecticut Aquaculture Bureau	34003-DAG42660-42337	31,274
Farm Viability Grant	12060-DAG42710-90456	807
Total Department of Agriculture		<u>32,081</u>

See Notes to Schedule.

(Continued)

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
For the Year Ended June 30, 2010

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Mental Health and Addiction Services:		
ST Substance Abuse Reporting	12060-MHA53282-35319	3,400
Enforce Underage/CT Strategic Prevention Initiative	12060-MHA53282-21831	3,526
Total Department of Mental Health and Addiction Services		<u>6,926</u>
Office of State Treasurer:		
Storm Water Authority Pilot	21014-OTT14230-40001	149,120
Department of Higher Education:		
Gear-Up Project	12060-DHE66500-20398	114,924
Total Expenditures of State Financial Assistance Before Exempt Programs		<u>113,508,967</u>
Exempt Programs:		
Office of the State Comptroller		
Mashantucket Pequot Grant	12009-OSC15910-17005	7,730,242
Department of Education:		
School Construction Magnet Schools 08	13010-SDE64370-40901	442,785
School Construction Magnet 09	13010-SDE64370-40901	34,090,413
School Construction Progress Payments 07	13010-SDE64370-40901	3,440,714
School Construction Progress Payments 09	13010-SDE64370-40901	26,304,714
School Construction Progress Interest 2008	13009-SDE64370-40896	570,142
School Construction - Interest 2010	13009-SDE64370-40896	2,228,943
School Construction - Principal 2010	11000-SDE64370-40901	4,471,844
School Construction - Principal 2007	13010-SDE64370-40901	1,010,767
Transportation for School Children - Non-Public	11000-SDE64370-17049	247,734
Transportation for School Children - Public	11000-SDE64370-17027	2,055,937
Education Cost Sharing	11000-SDE64370-17041	121,935,993
Special ED-AG. Placements and Excess Costs	11000-SDE64370-17047	2,235,113
Special Ed-AG. Placements and Excess Costs	11000-SDE64370-17047	268,099
Special ED-AG. Placements and Excess Costs	11000-SDE64370-17047	348,684
Total Department of Education		<u>199,651,882</u>
Total Exempt Programs		<u>207,382,124</u>
Total Expenditures of State Financial Assistance		<u>\$ 320,891,091</u>

See Notes to Schedule.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2010

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. The financial assistance programs fund several programs including education, economic and community development, environmental protection, library, health, public safety, social services, developmental services, emergency management and homeland security and transportation.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of New Haven, Connecticut conform to accounting principles generally accepted in the United States of America 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 for the governmental fund types contained in the City of New Haven's basic financial statements are prepared on the modified accrual basis of accounting. The financial statements for the business-type activities are prepared on the fund accrual basis of accounting.

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

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.

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 Solid Waste Authority and the New Haven Parking Authority.

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

State Financial Assistance

Internal control over major programs:

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

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

- 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 No

CITY OF NEW HAVEN, CONNECTICUT

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS AND
QUESTIONED COSTS, Continued
For the Year Ended June 30, 2010**

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

State Grantor and Program	State CORE-CT Number	Expenditures
Department of Education:		
Adult Education	11000-SDE64370-17030	\$ 4,857,648
Priority School Districts	11000-SDE64370-17043	6,298,095
Magnet School	11000-SDE64370-17057	30,109,570
Total Department of Education		<u>41,265,313</u>
Office of State Comptroller:		
Payment in Lieu of Taxes (PILOT) on Colleges and General Hospitals	11000-OSC15910-17006	37,071,688
Payment in Lieu of Taxes (PILOT) on State Owned Property	12009-OSC15910-17005	4,386,317
Total Office of State Comptroller		<u>41,458,005</u>
Total Major Programs		<u>\$ 82,723,318</u>
Dollar threshold used to distinguish between Type A and Type B programs		<u>\$ 2,270,000</u>

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated January 26, 2011 on compliance and 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."
- Our report on internal control over financial reporting indicates one material weakness (IC10-1).

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS.

No matters were reported.