

City of New Haven, Connecticut

Federal and State
Compliance Report
Year Ended June 30, 2018

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RSM US LLP

**Report on Compliance for Each Major Federal Program; Report on Internal Control
Over Compliance; and Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited City of New Haven, Connecticut's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 18, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

New Haven, Connecticut
March 18, 2019

City of New Haven, Connecticut

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identification Number	Pass Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed through the State of Connecticut				
Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program - 2018	10.555	12060-SDE64370-20560		\$ 8,844,483
National School Lunch Program - Snack	10.555	12060-SDE64370-20560		96,966
USDA Commodities-Noncash	10.555	N/A		859,882
School Breakfast Program - 2018	10.553	12060-SDE64370-20508		4,137,873
Summer Food Serv Prog	10.553	12060-SDE64370-20508		689,493
Total Child Nutrition Cluster				<u>14,628,697</u>
Fresh Fruit & Vegetables 2018	10.582	12060-SDE64370-22051		67,594
Total Fresh Fruit & Vegetable				<u>67,594</u>
Child Care Food Program - 2018	10.558	12060-SDE64370-20518		133,875
Total Child and Adult Care				<u>133,875</u>
Total U.S. Department of Agriculture				<u>14,830,166</u>
U.S. Department of Housing and Urban Development				
Direct Program:				
Community Development Block Grant	14.218	N/A	\$ 1,047,314	3,814,660
CDBG Program Income	14.218	N/A		83,504
Total Community Development Block Grant				<u>3,898,164</u>
Section 108 Grant Economic Development	14.219	N/A		150
Section 108 Income Economic Development	14.219	N/A		27,312
Total Section 108				<u>27,462</u>
UDAG Program Income	14.221	N/A		66,213
Emergency Shelter Program	14.231	N/A	\$ 288,916	302,846
HOME Investment Program	14.239	N/A		749,522
HOME Program Income	14.239	N/A		122,134
Total HOME Investment Grant				<u>871,656</u>
Housing Opportunities for Persons with AIDS	14.241	N/A	\$ 969,160	976,484
Lead Based Paint Hazard Control Program	14.900	N/A		890,745
Total - Direct				<u>7,033,570</u>

(Continued)

City of New Haven, Connecticut

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identification Number	Pass Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Passed through the State of Connecticut				
Department of Housing:				
CDBG Disaster Relief - River St. Bulkhead Design (DR6101)	14.228	12060-DOH46961-29516		\$ 6,650
CDBG-Disaster Relief - Brewery Sq Bulkhead Repair (DR7104)	14.228	12060-DOH46961-29516		184,697
CDBG-Disaster Relief - Church St resident plan (DR6216)	14.228	12060-DOH46961-29516		250,339
CDBG Disaster Relief - Union Av Mitigation & Resiliency (DR7213)	14.228	12060-DOH46961-29520		166,658
Total				<u>608,344</u>
Total U.S. Department of Housing and Urban Development				<u>7,641,914</u>
U.S. Department of Justice				
Direct Program:				
Federal Surplus Property Program	16.578	N/A		40,692
Second Chance Act	16.812	N/A		418,811
Bryne Grant: Bryne Criminal Justice Innov Prog.	16.817	N/A		230,987
Justice Mental Health	16.745	N/A		4,000
Justice Assistance Grant Cluster:				
JAG 2015	16.738	N/A		20,179
JAG 2014	16.738	N/A		7,204
JAG 2016	16.738	N/A		113,288
JAG 2017	16.738	N/A		10,525
Total Justice Assistance Grant Cluster				<u>151,196</u>
Total U.S. Department of Justice				<u>845,686</u>
U.S. Department of Environmental Protection				
Passed through the State of Connecticut Department of Environmental Protection:				
10 Wall St. Brownfields	66.xxx	N/A		3,800
Brownfield Revolving Loan bf-96132701-1	66.818	12060-ECD46260-35533		2,929
Total U.S. Department of Environmental Protection				<u>6,729</u>

(Continued)

City of New Haven, Connecticut

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identification Number	Pass Through to Subrecipients	Federal Expenditures
U.S. Department of Transportation				
Passed through the State of Connecticut				
Department of Transportation:				
Highway Planning and Construction Cluster:				
Boat House Long Wharf 92-570	20.205	12062-DOT57191-22108		\$ 77,792
Computerized Traffic Signal Project 92-488	20.205	12062-DOT57161-22108		16,619
Traffic Signal System Upgrade Downtown 92-666	20.205	12062-DOT57161-22108		3,799
East Rock Bridge 04419 construction - 92-635	20.205	12062-DOT57191-22108		3,113
Boathouse Canal Dock 92-570	20.205	12062-DOT57161-22108		9,034,087
Rt. 34 Construction 92-614	20.205	12062-DOT57191-22108		79,091
Rt. 34 Construction Supplemental 92-614	20.205	12062-DOT57191-22108		35,211
Wilmont Road Bridge 92-664	20.205	12062-DOT57191-22109		7,770
Harbor Access 92-583	20.205	12062-DOT57161-22108		273,257
Total Highway Planning and Construction Cluster				<u>9,530,739</u>
Reconstruction of Wilmont Rd Bridge 92-664	20.xxx	13033-DOT57757-41389		307,740
Wayfinding Installation FED-TCSP (20) 92-661	20.xxx	12062-DOT57161-22108		181,416
Railroad Highway Grade Crossing Improv Grand Ave 92-046	20.xxx	12062-DOT57161-22108		113,934
				<u>603,090</u>
Airport Improvement Program 92-653	20.106	13033-DOT57757-41389		<u>813,199</u>
Alcohol Open Container Requirements:				
Click it or Ticket (0702)	20.609	12062-DOT57513-22600		30,659
Comprehensive Distracted Driving (0740)	20.609	12062-DOT57513-22600		42,805
Total Alcohol Open Container Requirements				<u>73,464</u>
DUI Comprehensive Enforcement (0722)	20.607	12062-DOT57513-22091		248,664
Distracted Driving-0194-0745-ac (0745)	20.607	12062-DOT57513-22600		95,542
Total Highway Safety Cluster				<u>344,206</u>
Total U.S. Department of Transportation				<u>11,364,698</u>
U.S. Department of Education				
Magnet School Assistance:				
NH Magnet Schools Program 2013/2016 c/o	84.165	N/A		190,043
NH Magnet Schools Program 2013/2019	84.165	N/A		2,161,417
NH Magnet Schools Project 2016-19 C/O	84.165	N/A		1,659,367
NH Magnet Schools Project 2017-22	84.165	N/A		1,642,412
Total Magnet School Assistance				<u>5,653,239</u>
Impact Aid Title I	84.040	N/A		26,733
Impact Aid Title I C/O	84.040	N/A		11,585
Teachers Incentive & C/O	84.374A	N/A		1,880,277
Emergency Impact Aid Displaced Students	84.938C	N/A		1,013,375
Total - Direct				<u>8,585,209</u>

(Continued)

City of New Haven, Connecticut

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Enity's Identifying Number	Pass Through to Subrecipients	Federal Expenditures
U .S. Department of Education, Continued				
Passed through the State of Connecticut				
Department of Education:				
Title I Part A, Cluster:				
Title I - Improving Basic Programs 82071 2018	84.010	12060-SDE64370-20679		\$ 9,627,655
Title I - Improving Basic Programs - 2016 82070 non public	84.010	12060-SDE64370-20679		1,013
Title I - Improving Basic Programs 2017 82070	84.010	12060-SDE64370-20679		1,340,039
Total Title I Part A				<u>10,968,707</u>
School Improvement Grants Cluster:				
School Improvement (SIG)1003 (g) (W.Authors c/o)	84.377	12060-SDE64370-22223		50,000
School Improvement (SIG) W.Authors c/o 1003(g) 2014	84.377	12060-SDE64370-22223		32,956
School Improvement (SIG) 1003(g) Troup 2015 C/O 82071	84.377	12060-SDE64370-22223		367,806
School Improvement (SIG) 1003(g) 2017 Hillhouse	84.377	12060-SDE64370-22223		306,257
School Improvement (SIG) 1003(g) 2017 Truman	84.377	12060-SDE64370-22223		157,239
Total School Improvement Grants Cluster				<u>914,258</u>
Education of Homeless Children and Youth 2018 82079	84.196	12060-SDE64370-20770		35,433
Total Education of Homeless Children and Youth				<u>35,433</u>
Adult Education - Improvement 2018 84002	84.002	12060-SDE64370-20784		99,632
Title II, Part A, Teachers Training 2017 C/O 84131	84.367A	12060-SDE64370-20858		313,492
Title II, Part A, Teachers Training 2018 84131	84.367A	12060-SDE64370-20858		952,709
Total Title II, Part A Teachers Training				<u>1,266,201</u>
Student Support & Academic Enrichment	84.424	12060-SDE64370-22854		156,391
Special Education Cluster:				
IDEA Part B, Section 619 Preschool incentive 2017 82032	84.027	12060-SDE64370-20983		89,870
IDEA Part B, Section 619 Preschool incentive 2018 82032	84.027	12060-SDE64370-20983		101,578
IDEA Part B, Section 611 - handicapped c/o 2017 82032	84.173	12060-SDE64370-20977		463,098
IDEA Part B, Section 611 entitlement 2017 non-public c/o	84.173	12060-SDE64370-20977		62,449
IDEA Part B, Section 611 entitlement 2018	84.173	12060-SDE64370-20977		5,376,839
IDEA Part B, Section 611 entitlement 2018 non-public	84.173	12060-SDE64370-20977		234,437
Total Special Education Cluster				<u>6,328,271</u>
21st C Com Learn Cent Cohort VIII 2017	84.287C	12060-SDE64370-20863		55,153
21st Century Cohort 2017 sde06	84.287C	12060-SDE64370-20863		15,724
21st Century Cohort XI 2016 sde06	84.287C	12060-SDE64370-20863		500
21st Century Cohort XIII 2017 sde07	84.287C	12060-SDE64370-20863		38,994
21st Century Learn Cohort XIII (2018 sde07)	84.287C	12060-SDE64370-20863		118,200
21st Century Learn (2018 sde08)	84.287C	12060-SDE64370-20863		81,907
21st Century Learn Cohort XIII (2018-sde9)	84.287C	12060-SDE64370-20863		108,812
21st Century Learn 2018-sde11	84.287C	12060-SDE64370-20863		160,715
21rd Century Learn C/O 2016 sde08	84.287C	12060-SDE-64370-20863		4,907
21st Century Learn C/O 2017 sde011	84.287C	12060-SDE64370-20863		35,014
21st Century Learn C/O 2018 sde010	84.287C	12060-SDE64370-20863		130,069
21st Century Learn C/O 2016 sde07	84.287C	12060-SDE64370-20863		24,017
21st Century Learn 2016 sde09	84.287C	12060-SDE64370-20863		13,372
Total 21st Century Cohort				<u>787,384</u>

City of New Haven, Connecticut

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity's Identifying Number	Pass Through to Subrecipients	Federal Expenditures
U .S. Department of Education, Continued				
Passed through the State of Connecticut				
Department of Education, Continued:				
Title III Part A English Language Acquisition -2018-82075	84.365A	12060-SDE64370-20868		\$ 294,534
Title III Part A English Language Acquisition 2017-82075	84.365A	12060-SDE64370-20868		299,330
Immigrant & Youth Education 82076-2018	84.365A	12060-SDE-64370-20868		88,984
Immigrant & Youth Education 82076-2016 c/o sde	84.365A	12060-SDE-64370-20868		930
Total Title III Part A English Language Acquisition				<u>683,778</u>
Carl Perkins- Career and Technical Education Act-2017	84.048	12060-SDE64370-20742		400,496
				<u>400,496</u>
Total U.S. Department of Education				<u>30,225,760</u>
U.S. Department of Health and Human Services				
Ryan White Formula and Supplement	93.914	N/A	\$ 4,836,522	5,423,914
Head Start Program	93.600	N/A	\$ 1,033,488	<u>7,145,624</u>
Total Direct				<u>12,569,538</u>

(Continued)

City of New Haven, Connecticut

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity's Identifying Number	Pass Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services, Continued				
Passed through the State Department of Public Health:				
School Based Health Clinics-2014-0008	93.994	12060-DPH48832-21531		\$ 137,500
Public Health Emergency Preparedness 2017-1085	93.069	12060-DPH48557-22333		70,876
Vaccines non cash 7/1/2017-6/30/2018	93.268	non-contract		9,009
Vaccines non cash 7/1/2017-6/30/2018	93.712	non-contract		3,073
Project CoRect-Sexually Transmitted Diseases 2013-0005-4	93.943	12060-DPH48665-22670		81,051
Vaccine Assistance-Immunization Program 2016-0064	93.268	12060-DPH48665-22670		40,009
Oral Health Workforce -SEAL IT! 2017-0030	93.236	12060-DPH48665-22740		67,500
To Prevent Disease - Disability	93.539	12060-DPH48664-22742		73,652
Preventive Health Block Grant 2016-0020	93.758	12060-DPH48664-22664		45,719
Supports for Pregnant and Parenting Teens 82079 - 2017	93.500	12060-SDE64370-22439		46,622
CT Opioid Response Initiative 2017-0040	93.136	12060-DPH48882-27776		40,000
Total				<u>615,011</u>
Total U.S Department of Health and Human Services				<u>13,184,549</u>
U.S. Department of Homeland Security				
Passed through the State of Connecticut				
Department of Public Safety:				
Emergency Management Performance Grant	97.042	12060-DPS32160-21881		<u>43,349</u>
Port Security Grant Program:				
Port Security 2015 - FEMA - FED ID:EMW-2015-PU-00085-SO1	97.056	N/A		50,150
Port Security 2017 - FEMA - FED ID: MW-2017-PU 00504	97.056	N/A		24,354
Total Port Security Grant program				<u>74,504</u>
Homeland Security Grant	97.xxx			<u>2,747</u>
FEMA Heavy Rescue Vehicle for Fire Response	97.044	2017-F6-C111-P431		<u>312,537</u>
Storm Sandy Fund DR4087	97.036	12060-DPS32990-21891		<u>268,893</u>
Total U.S. Department of Homeland Security				<u>702,030</u>
U.S Economic Development Admin				
Passed through the State Department of Economic Dev:				
AIEHOT (Arts in Education of Hot School)	84.351F	2010.AEHOTM1831		8,000
Total U.S. Economic Development Admin				<u>8,000</u>
Total Expenditures of Federal Awards			<u>\$ 8,175,400</u>	<u>\$ 78,809,532</u>

See notes to schedule of expenditures of federal awards.

City of New Haven, Connecticut

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of New Haven, Connecticut (the City), under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City.

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

Note 2. Summary of Significant Accounting Principles

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

Note 3. Non-Cash Awards

Donated commodities in the amount of \$859,882 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

Donated vaccines in the amount of \$9,009 are included in the Department of Public Health CFDA #93.268. The amount represents the market value of vaccines received.

Donated vaccines in the amount of \$3,073 are included in the Department of Public Health CFDA #93.712. The amount represents the market value of vaccines received.

Note 4. Indirect Cost Recovery

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

City of New Haven, Connecticut

Schedule of Findings and Questioned Costs

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Federal Programs

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I
84.027/84.173	Special Education Cluster
93.914	Ryan White Formula and Supplement

Dollar threshold used to distinguish between type A and type B programs \$2,364,286

Auditee qualified as low-risk auditee? Yes No

City of New Haven, Connecticut

Schedule of Findings and Questioned Costs (Continued)

II. Financial Statement Findings

Significant Deficiency in Internal Control

2018-001 Credit Card Purchases

Criteria Management is responsible for the custody and appropriation of City funds.

Condition Adequate documentation was not required for approval by supervisory personnel.

Context Systemic

Effect There were purchases made using City credit cards that did not have adequate documentation regarding approvals which could lead to the misappropriation of City assets.

Cause Supervisory personnel did not require adequate documentation without supporting documentation.

Recommendation We recommended that the City require adequate document for the related expenses to allow for the proper approval of supervisory personnel.

Management Response Management agrees with finding.

III. Federal Award Findings and Questioned Costs

No matters to report.

City of New Haven, Connecticut

Summary of Prior Year Audit Findings

Item IC 2017 - 001 – Corrected in current year.

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely-presented component units, each major fund, and the aggregate remaining fund information of the City of New Haven, Connecticut (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 18, 2019. Our report includes a reference to other auditors who audited the financial statements of the New Haven Parking Authority, a component unit of the City, as described in our report on the City of New Haven, Connecticut's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report includes an emphasis of a matter paragraph because of the adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. In addition, this report does not include the results of the testing of internal control over financial reporting or compliance and other matters for the New Haven Solid Waste and Recycling Authority.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2018-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

New Haven, Connecticut
March 18, 2019

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the City of New Haven, Connecticut's (the City) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the City's major state programs for the year ended June 30, 2018. The City's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The City's financial statements include the reporting of the New Haven Parking Authority and the New Haven Solid Waste and Recycling Authority as discretely-presented component units. Our audit, and reporting on the City's state awards did not include the state awards, if any, of the discretely-presented component units referred to above.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated March 18, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

New Haven, Connecticut
March 18, 2019

City of New Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2018**

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	\$ 81,109
Property Tax Relief for Totally Disabled	11000-OPM20600-17011	8,030
Property Tax Relief for Veterans	11000-OPM20600-17024	47,803
PILOT State-Owned Property	11000-OPM20600-17004	5,146,251
PILOT Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	36,545,385
Long Wharf District Responsible Growth-TOD/RG-16-04	17151-OPM20600-43550	294,998
Municipal Grant Aid (MRSA)	12052-OPM20660-43587	1,369,123
Body Worn Recording Equipment Reimbursement Program	12052-OPM20350-43676	30,613
Body Worn Recording Equipment Reimbursement Program	12052-OPM20350-43676	<u>759,808</u>
Total Office of Policy and Management		<u>44,283,120</u>
Department of Public Safety		
State Forfeiture Revolving Fund	12060-DPS32155-35142	72,197
School Security Competitive Public Safety	12052-DPS32161-43546	198,324
Telecommunications Fund (E-911 Cities) 14/15	12060-DPS32741-35190	<u>553,089</u>
Total Department of Public Safety		<u>823,610</u>
Department of Economic and Community Development:		
100 River St. Colony Hardware	12052-ECD46400-43219	14,945
Downtown Crossing Project Phase II - 92-659	12052-ECD46210-40414	245,692
New Haven Green -Capital imp: Wintergreen Army Reserve	12060-ECD46260-41240	801,154
New Haven Green Improvements (URBAN ACT GRANT)	13019-ECD46210-41240	11,484
Municipal Brownfield Assessment Grant - 198 River St Brownfield LM-2017-0083	12062-ECD46260-35533 CGS SEC 32-763	38,800 1,940
Dixwell Community Center - Q House	LM-2016-0072	<u>5,000</u>
Total Department of Economic and Community Development		<u>1,119,015</u>

(Continued)

City of New Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2018**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Energy and Environmental Protection:		
Community Gardens	12060-DEP43153-35328	\$ 13,271
Community Gardens (CommonGround) FY17	12060-DEP43153-35328	<u>15,460</u>
Community Gardens Total		28,731
Fort Hale Pier	13019-DEP43153-41239	<u>1,198,774</u>
Total Department of Energy and Environmental Protection		<u><u>1,227,505</u></u>
Department of Public Health:		
Local & District Depts of Health (Per Capita Funding)	11000-DPH48558-17009	153,780
School Based Health Clinics 2017-0075	11000-DPH48558-17019	1,211,004
Xray Screening & Tuberculosis Control 2013-0005	12004-DPH48660-16112	70,000
Veneral Disease Control -(Sexually Transmitted Diseases) 2013-0005	11000-DPH48665-17013	26,400
Vaccines non cash 7/1/2017-6/30/2018	12004-DPH48500-12563	3,000
Other Expenses - non contract	11000-DPH48500-10020	<u>320</u>
Total Department of Public Health		<u><u>1,464,504</u></u>
Department of Housing		
Neighborhood Renewal Program	12060-DOH46920-40237	<u>161,249</u>
Department of Transportation:		
Boathouse at Longwharf 92-570	12062-DOT57191-22108	19,448
Boathouse at Canal Rock Proj 92-570	12062-DOT57191-22108	2,258,522
Wayfinding Installation 92-661 TCSP	14DOT0121AA	45,354
Local Bridge: CHAPEL STREET BRIDGE 92-6169	21010-DOT-57191-42311	765,920
Chapel Street Bridge-(LOTICIP) 92-0003	13033-DOT57197-43584	16,913
Traffic Control Signal Replacement-(LOTICIP) 92-0001	13033-DOT57197-43584	<u>46,932</u>
Total		<u><u>3,153,089</u></u>
Town Aid Road Grant - STO	12052-DOT57131-43455	<u>1,247,601</u>
Total Department of Transportation		<u><u>4,400,690</u></u>
Department of Social Services:		
Food Stamp Education	12060-DSS60799-20735	<u>39,693</u>
Total Department of Social Services		<u><u>39,693</u></u>

(Continued)

City of New Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2018**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Office of Early Childhood:		
Quality Enhancement	11000-OEC64845-16158	\$ 79,451
School Readiness - 2018	11000-OEC64845-16274	7,903,779
Child Daycare - Infant and Toddler	11000-OEC64845-16274	1,236,485
Head Start Expansion 170104	11000-OEC64845-16101	197,860
Head Start Enhancement 170106	11000-OEC64845-16106	117,601
Head Start Services 170105	11000-OEC64845-16101	50,536
Healthy Start	11000-OEC64860-90666	3,384
Nurturing Families Network	12060-OEC64860-12603	244,294
Total Office of Early Childhood		<u>9,833,390</u>
Department of Education:		
Child Nutrition Program Lunch State Match	11000-SDE64370-16211	<u>71,504</u>
ASTE - Vocational Education Agriculture	11000-SDE64370-17017	<u>940,519</u>
Family Resource Centers Program - 82079	11000-SDE64370-16110	99,837
Family Resource Centers Program - 82079 SDE 6	11000-SDE64370-16110	96,830
Family Resource Centers Program - 82079 SDE 7	11000-SDE64370-16110	95,663
Family Resource Centers Program - 82079 SDE 8	11000-SDE64370-16110	96,994
Total		<u>389,324</u>
Adult Education Provider -84002-2018	11000-SDE64370-17030	4,799,999
Adult Education Cooperating Eligibility Entity-84004-2018	11000-SDE64370-17030	63,356
Total		<u>4,863,355</u>
Youth Service Bureau	11000-SDE64370-17052	<u>22,929</u>
Youth Service Bureau Enhancement	11000-SDE64370-16201	<u>200</u>
School Breakfast Program	11000-SDE64370-17046	130,228
School Breakfast Program Public State Match	11000-SDE64370-17046	74,529
		<u>204,757</u>
Nonpublic Health Services	11000-SDE64370-17034	<u>35,555</u>
Open Choice Supplemental for Increased Enrollment	11000-SDE64370-17053	<u>568,554</u>

(Continued)

City of New Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2018**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Education, Continued:		
School Accountability Summer School	11000-SDE64370-17043	\$ 356,854
Bilingual Education	11000-SDE64370-17042	220,768
Priority School Districts-82052-SDE5	11000-SDE64370-17043	4,467,088
Extended School Hours - 82054	11000-SDE64370-17043	326,699
Magnet School Operating 2018	11000-SDE64370-17057	32,986,460
Magnet School Transportation	11000-SDE64370-17057	3,424,086
ECS - Alliance District	11000-SDE64370-17041	11,792,452
Healthy Foods Initiative	11000-SDE64370-16212	277,751
Commission Network Turnaround	11000-SDE64370-12547	1,710,338
After School Grant	11000-SDE-64370-17084	95,402
Eli Whitney Pilot After School	11000-SDE-64370-10020	104,076
		<hr/>
Total Department of Education		62,858,671
		<hr/>
Division of Consumer Protection:		
Payment to Town OTB	34004-DCP39930-40001	483,999
Bingo Payments	34003-DCP39930-42350	366
		<hr/>
Total Division of Consumer Protection		484,365
		<hr/>

(Continued)

City of New Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2018**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Judicial Branch:		
Distribution to Towns	34001-JUD95162-40001	\$ 45,520
Youth Violence Prevention Grant	11000-JUD96114-12555	348,023
Total Judicial Branch		<u>393,543</u>
State Library:		
Connecticard	11000-CSL66051-17010	2,158
Historical Documents Preservation	12060-CSL66094-35150	7,500
Total State Library		<u>9,658</u>
Department of Agriculture:		
Connecticut Agriculture Bureau	34003-DAG42660-42337	32,261
Total Expenditures of State Financial Assistance Before Exempt Programs		<u>127,131,274</u>
Exempt Programs:		
Office of Policy and Management:		
Mashantucket Pequot Grant	12009-OPM26000-17005	5,753,352
Municipal Stabilization Grant	11000-OPM20600-17104	2,261,574
Motor Vehicle PILOT	12002-OPM20600-17102	1,142,454
Municipal Revenue Sharing	12002-OPM20600-17102	14,584,940
Total Office of Policy and Management		<u>23,742,320</u>
Department of Education:		
Education Equalization ECS 82010	11000-SDE64370-17041-82010	142,194,717
Special ED - AG. Placements and Excess Costs 82019	11000-SDE64370-17047	3,340,510
Total Department of Education		<u>145,535,227</u>
Department of Construction Services:		
School Construction Progress 2018	13010-DAS27636-40901	1,787,415
School Construction Reg Principal 2018	13010-DAS27636-40901	5,090,832
School Construction Reg Interest 2018	13010-DAS27635-40896	603,255
School Construction Payments	13010-DAS27636-40901	15,223,513
Total Department of Administrative Services		<u>22,705,015</u>
Total Exempt Programs		<u>191,982,562</u>
Total Expenditures of State Financial Assistance		<u>\$ 319,113,836</u>

See notes to schedule of expenditures of state financial assistance.

City of New Haven, Connecticut

Notes to Schedule of Expenditures of State Financial Assistance

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City, under programs of the State of Connecticut for the year ended June 30, 2018. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in fund balance, and changes in net position or cash flows of the City.

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

Note 2. Summary of Significant Accounting Policies

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations, and accordingly, expenditures and revenues are reported on the modified accrual basis of accounting. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.

City of New Haven, Connecticut

**Schedule of State Single Audit Findings and Questioned Costs
For the Year Ended June 30, 2018**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified.

Internal control over financial reporting:

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

State Financial Assistance

Internal control over major programs:

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

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

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

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

State Grantor and Program	State CORE-CT Number	Expenditures
Office of Early Childhood		
School Readiness - 2018	11000-OEC64845-16274	\$ 7,903,779
Office of Policy and Management		
PILOT State-Owned Property	11000-OPM20600-17004	5,146,251
PILOT Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	36,545,385
Department of Education		
Magnet School Operating	11000-SDE64370-17057	32,986,460
Dollar threshold used to distinguish between Type A Programs and Type B Programs		<u><u>\$ 2,542,625</u></u>

City of New Haven, Connecticut

**Schedule of State Single Audit Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2018**

II. Financial Statement Findings

- We issued reports dated March 18, 2019, on internal controls over financial reporting and compliance and other matters based on an audit of the basic financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of non-compliance.
- Our report noted one matter that we considered to be a significant deficiency (2018-001).

III. State Financial Assistance Findings and Questioned Costs

No matters to report.

City of New Haven, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2018**

The prior year state single audit disclosed no findings in the Schedule of State Single Audit Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior audit's summary of Prior Audit Findings.