

**CITY OF HARTFORD, CONNECTICUT**

**FEDERAL SINGLE AUDIT AND STATE SINGLE AUDIT REPORTS**

**TABLE OF CONTENTS**

**JUNE 30, 2006**

**Page**

**Federal Single Audit**

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards, Compliance with Requirements Applicable to Each Major Program, and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	1
Schedule of Expenditures of Federal Awards .....	4
Schedule of Findings and Questioned Costs .....	12
Notes to Schedules .....	18

**State Single Audit**

Independent Auditors' Report on the Schedule of Expenditures of State Financial Assistance, Compliance with Requirements Applicable to Each Major Program, and Internal Control Over Compliance in Accordance with State Single Audit Act.	20
Schedule of Expenditures of State Financial Assistance .....	22
Schedule of Findings and Questioned Costs .....	28
Notes to Schedules .....	31



***Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033***

The Honorable Mayor and Members  
of the Court of Common Council  
City of Hartford, Connecticut

In accordance with federal requirements, we present the following report which describes the results of our testing of federal awards.

**Compliance**

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City’s compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 06-1, 06-2, 06-3 and 06-4.

### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

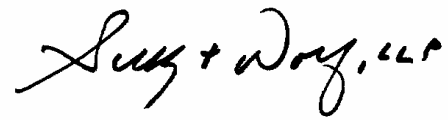
We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-1 and 06-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

### **Schedule of Expenditures of Federal Awards**

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, 2006, and have issued our report thereon dated December 22, 2006. Our audit was performed 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 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. Except for the exclusion of the non-cash portion of the Special Supplemental Nutrition Program for Women, Infants, and Children program (CFDA #10.557) from 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 Mayor and members of the Court of Common Council, the Board of Education, 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.

A handwritten signature in black ink, appearing to read "Susan Wozniak". The signature is written in a cursive, flowing style.

December 22, 2006

**CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Passed through the Connecticut Department of Education:</b>			
School Breakfast Program	10.553	12060-SDE64370-20508	\$ 1,621,155
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051-82079	6,872
National School Lunch Program	10.555	12060-SDE64370-20560	7,078,254
Summer Food Service Program for Children	10.559	12060-SDE64370-20540	314,290
Child and Adult Care Food Program	10.558	12060-SDE64370-20518	92,191
<b>Passed through the Connecticut Department of Public Health:</b>			
Special Supplemental Nutrition Program for Women, Infants and Children Food Benefits	10.557		6,693,423
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		714,889
<b>Passed through the Connecticut Department of Administrative Services:</b>			
Donated Commodities	10.550	12060-SDE64370-50544	<u>616,925</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b><u><u>\$17,137,999</u></u></b>

**U.S. DEPARTMENT OF EDUCATION**

**Direct Programs:**

Impact Aid	84.041	\$ 136,856
Safe and Drug Free Schools and Communities-National Program	84.184	2,476,960
Drug and Violence Prevention Coordinators for Middle Schools	84.184K	166,855
Magnet School Assistance	84.165	3,113,926
Smaller Learning Communities	84.215L	520,183
Teaching American History Grants	84.215X	462,262
Title VII - Bilingual Education Federal	84.195	46,180
Community Technology Centers	84.341A	79,876
Professional Development for Music Educators	84.351C	84,715

**CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>Passed through the Connecticut Department of Education:</b>			
Adult Education-State Grant Program	84.002	12060-20784-2005-840002-170017-SDE00005	18,895
Adult Education-State Grant Program	84.002	12060-20784-2005-840002-170015-SDE00006	19,837
Adult Education-State Grant Program	84.002	12060-20784-2006-840002-170016-SDE00005	50,000
Migrant Education-State Grant Program	84.011	12060-20972-2005-82079-170003	562,718
IDEA Part B-Individuals with Disabilities, Section 611	84.027	12060-20977-2005-82032-170002	781,075
IDEA Part B-Individuals with Disabilities, Section 611	84.027	12060-20977-2006-82032-170002	5,089,392
IDEA-Sliver Grant	84.027	12060-20977-2006-82039	29,900
IDEA Preschool Section 619	84.173	12060-20983-2005-82032-170002	37,205
IDEA Preschool Section 619	84.173	12060-20983-2006-82032-170002	185,738
Vocational Education-Basic Grants to States	84.048	12060-20742-2006-84010-170002	929,291
Safe and Drug-Free Schools and Communities-State Grants	84.186	12060-20873-2005-84131-170002	47,587
Safe and Drug-Free Schools and Communities-State Grants	84.186	12060-20873-2005-84131-170003	30,000
Safe and Drug-Free Schools and Communities-State Grants	84.186	12060-20873-2006-84131-170002	373,644
Education for Homeless Children and Youth	84.196	12060-20770-2006-82079	30,230
Reading First State Grant	84.357	12060-20854-2004-82079-17003	18,581
Reading First State Grant	84.357	12060-20854-2004-82079-17003 SDE00005	32,929
Reading First State Grant	84.357	12060-20854-2005-82079-170003-SDE00006	347,772
Reading First State Grant	84.357	12060-20854-2005-82079-170002-SDE00005	348,131
Reading First State Grant	84.357	12060-20854-2005-82079-170003	293,845
Reading First State Grant	84.357	12060-20854-2004-82079-17003 SDE00006	9,733

**CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>Passed through the Connecticut Department of Education (cont.):</b>			
Twenty-First Century Community Learning Centers	84.287	12060-SDEM1-20863	\$ 253,292
State Grants for Innovative Programs	84.298	12060-20909-2005-84131-170002	31,083
State Grants for Innovative Programs	84.298	12060-20909-2006-84131-170002	112,135
Education Technology State Grants	84.318	12060-20826-2005-82079-170002	45,346
Education Technology State Grants	84.318	12060-20826-2005-82079-170003	20,708
Education Technology State Grants	84.318	12060-20826-2005-82079-170003- SDE00006	30,001
Education Technology State Grants	84.318	12060-20826-2006-82079-170002	283,899
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003	5,407
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003- SDE00005	30,177
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003- SDE00006	18,609
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003- SDE00007	21,030
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003- SDE00008	17,127
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003- SDE00009	10,550
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003- SDE00010	20,767
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003- SDE00011	19,633
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003- SDE00012	22,228
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003- SDE00117	14,716
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003- SDE00118	33,507

**CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>Passed through the Connecticut Department of Education (cont.):</b>			
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003-SDE00119	\$ 18,494
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003-SDE00121	12,140
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003-SDE00122	11,212
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003-SDE00123	31,341
Comprehensive School Reform	84.332	12060-20790-2004-82079-170003-SDE00130	2,726
Comprehensive School Reform	84.332	12060-20790-2005-82079-170003-SDE00005	65,524
Comprehensive School Reform	84.332	12060-20790-2005-82079-170003-SDE00006	102,465
Comprehensive School Reform	84.332	12060-20790-2005-82079-170003-SDE00008	106,925
Comprehensive School Reform	84.332	12060-20790-2005-82079-170003-SDE00007	93,695
Comprehensive School Reform	84.332	12060-20790-2005-82079-170003-SDE00009	80,805
Comprehensive School Reform	84.332	12060-20790-2005-82079-170003	94,643
Comprehensive School Reform	84.332	12060-20790-2005-82079-170003-SDE00010	88,573
Comprehensive School Reform	84.332	12060-20790-2005-82079-170003-SDE00011	90,078
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	12060-20398-2006-55050-81001	180,651
English Language Acquisition Grants	84.365	12060-20868-2005-82075-170002	177,777
English Language Acquisition Grants	84.365	12060-20868-2005-82076-170002	15,166
English Language Acquisition Grants	84.365	12060-20868-2006-82075-170002	359,195



**CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>Passed through the Connecticut Department of Education (cont.):</b>			
English Language Acquisition Grants	84.365	12060-20868-2006-82076-170002	\$ 168,755
Mathematics and Science Partnerships	84.366	12060-21592-2005-84131-170003- SDE00006	73,800
Improving Teacher Quality State Grants	84.367	12060-20858-2005-84131-170002	1,277,656
Improving Teacher Quality State Grants	84.367	12060-20858-2006-84131-170002	2,882,360
	84.010	12060-20679-2004-82070-170003- SDE00005	11,749
Title I Grants to Local Educational Agencies	84.010	12060-20679-2005-82070-170002	4,091,975
Title I Grants to Local Educational Agencies	84.010	12060-20679-2006-82070-170002	16,735,587
Title I Grants to Local Educational Agencies	84.010	12060-20679-2005-82071-170002	399,162
Title I Grants to Local Educational Agencies	84.010	12060-20679-2006-82071-170002	355,250
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b><u>\$44,842,235</u></b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>Direct Programs:</b>			
HIV Emergency Relief Project Grants	93.914		\$5,058,400
Public Health and Social Services Emergency Fund	93.003		435,631
Medical Reserve Corp. Small Grant Program	93.008		40,023
<b>Passed through the Connecticut Department Of Public Health:</b>			
Childhood Lead Poisoning Prevention Projects	93.197	2005-92	27,378
Immunization Grants	93.268	2003-147	47,677
Immunization Grants – Vaccines	93.268		86,600
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	2004-1077	150,052
HIV Prevention Activities - Health Department Diseases Control Grants Based	93.940	2004-218	69,100
Preventive Health Services - Sexually Transmitted	93.977	2005-139	158,895
Preventive Health and Health Services Block Grant	93.991		751
Maternal & Child Health Federal. Consolidated Program Services Block Grant	93.110	12060-DPH48834-42003	43,876
Maternal and Child Health Services Block Grant	93.994	12060-DPH48832-42003	125,000

**CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>Passed through the Connecticut Department of Social Services:</b>			
SSBG Independent Transit Living Services	93.667	12060-DSS60783-20710	\$ 7,925
SSBG Day Care	93.667	12060-DSS60794-20699	1,231,949
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$7,483,257</b>

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**Direct Programs:**

Section 8 New Construction and Substantial Rehabilitation	14.182		\$ 363,798
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856		1,655,865
Section 8 Housing Choice Vouchers	14.871		34,041,650
Home Investment Partnership Program	14.239		4,943,562
Violence Intervention Grant	14.218		1,000
Community Development Block Grants/Entitlement Grants	14.218		5,447,374
Emergency Shelter Grants Program	14.231		170,885
Housing Opportunities for Persons with Aids	14.241		1,168,501
Multifamily Property Disposition - SANA Apartments	14.199		162,053
CDBG - Section 108 Loan Guarantees - Neighborhood Mall	14.248	B-03-MC-09-0006	65,558
Community Development Block Grants/Brownfield Initiatives	14.246		320,000

**Passed through the Connecticut Department of Economic and Community Development:**

HOME Investment Partnership Program – St. Monica Phase II	14.239		78,825
---	--------	--	--------

<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>\$48,419,071</b>
---	--	--	---------------------

**U.S. DEPARTMENT OF JUSTICE**

**Direct Programs:**

Alcohol, Tobacco and Firearms - Training Assistance	16.012		\$ 72,939
Local Law Enforcement Block Grant Program	16.592		53,014
Public Safety Partnership and Community Policing Grants	16.710		966,551
Hartford Resident Office DEA	16.595		10,131
Weed and Seed (Upper Albany & Clay Arsenal)	16.595		2,601
FBI Safe Streets	16.595		1,507
Edward Byrne Memorial Formula Grant Program	16.579		49,195

**CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>Passed through the Connecticut Office of Policy and Management:</b>			
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		\$ 30,000
<b>Passed through the Connecticut Department of Public Safety:</b>			
Byrne Formula Grant Program - State Wide Narcotics Task Force	16.579		337
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>\$1,186,275</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
<b>Passed through the Senior Services America, Inc.:</b>			
Senior Community Service Employment Program	17.235		<b>\$1,187</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>Direct Program:</b>			
State and Community Highway Safety	20.600		<b>\$4,655</b>
<b>Passed through Connecticut Department of Transportation:</b>			
State and Community Highway Safety:			
Operation Safe Streets	20.600	12062-DOT57116-20559	\$ 29,657
DUI Enforcement Vehicle Program	20.600	12062-DOT57116-20559	170,478
Highway Planning and Construction:			
Tourist Destination Signage (63-575)	20.205	TEA-STPH-1063(106)	28,622
Trinity College Area Improvement	20.205		2,032,344
Woodland Street Reconstruction	20.205		103,158
Demolition of Mixmaster/Temple Street	20.205		13,140
Upgrade Traffic Signal	20.205		95,000
River Walk North	20.205		1,219,810
Huyshope Avenue Street Scape	20.205		721
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>\$3,697,585</b>
<b>U.S. DEPARTMENT OF COMMERCE</b>			
<b>Economic Development Administration</b>			
<b>Direct Program:</b>			
Economic Adjustment Assistance	11.307	01-01-07620	<b>\$395,906</b>

**CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
<b>National Park Service</b>			
<b>Direct Program:</b>			
Keney Park Improvements	15.916	UPARR-9-3	<u><u>\$15,276</u></u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Direct Program:</b>			
Assistance to Firefighters Grants	97.044		\$351,508
<b>Passed through the Connecticut State Military Department :</b>			
Emergency Management Assistance	97.004	12060-MIL36172-21092	8,685
<b>Passed through the United Way of the Capital Area</b>			
Emergency Food and Shelter National Board Program	97.024		<u>1,052</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY - FEDERAL</b>			<u><u>\$361,245</u></u>
<b>TOTAL FEDERAL ASSISTANCE EXPENDITURES</b>			<u><u>\$123,540,036</u></u>

See Notes to Schedule

**CITY OF HARTFORD, CONNECTICUT**

**FEDERAL AWARD PROGRAMS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

---

**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued – unqualified

Internal control over financial reporting:

- Material weaknesses identified?   X   yes        no
- Reportable conditions identified that are not considered to be material weaknesses?   X   yes        none reported
- Noncompliance material to financial statements noted?        yes   X   no

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified?        yes   X   no
- Reportable conditions identified that are not considered to be a material weakness?   X   yes        none reported

Type of auditors' report issued on compliance for major programs – unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

  X   yes        no

- The following schedule reflects the major programs included in the audit:

<b>Federal Grantor and Program</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
U.S. Department of Education:		
Safe and Drug-free Schools and Communities Cluster:	84.184	\$2,643,815
Magnet Schools Assistance	84.165	\$3,113,926
Fund for the Improvement of Education:		
Smaller Learning Communities	84.215L	\$520,183
Teaching American History Grants	84.215X	\$462,262
Improving Teacher Quality State Grants	84.367	\$4,160,016
Title I Grants to Local Educational Agencies	84.010	\$21,593,723

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

---

<b>Federal Grantor and Program</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
U.S. Department of Health and Human Services:		
HIV Emergency Relief Project Grants	93.914	\$5,058,400
Social Services Block Grant	93.667	\$1,239,874
U.S. Department of Housing and Urban Development:		
Section 8 Housing Choice Vouchers	14.871	\$34,041,650
Home Investment Partnership Program	14.239	\$5,022,387
Community Development Block Grants	14.218	\$5,448,374
Department of Transportation:		
Highway Planning and Construction	20.205	\$3,492,795

- Dollar threshold used to distinguish between type A and type B programs - \$3,000,000.
- The City qualified as a low-risk auditee? \_\_\_\_\_ yes        X   no

**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated December 22, 2006, 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 compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated six (6) reportable conditions, two of which are considered material weaknesses:

Reportable conditions:

1. Tax Division – New system conversion and implementation
2. Accounting for service agent administered programs
3. Financial management systems
4. Tax Division – functional operations\*
5. Accounts receivable management\*
6. Board of Education – Educational Grants Fund

\*Considered a material weakness

**CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

---

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**FINDING 06-1**

**Matching, Level of Effort, Earmarking-Maintenance of Effort**

Grantor: U.S. Department of Health and Human Services  
CFDA Number: 93.914  
Program Name: HIV Emergency Relief Project Grants

**Criteria or Specific Requirement**

The City is required to maintain its level of expenditures for HIV-related services to individuals with HIV disease equal to its level of such expenditures for the preceding fiscal year. Funds received under HIV grants may not be used to maintain the required level of HIV/AIDS related services.

**Condition**

The City failed to maintain its level of expenditures for activities related to communicable disease/HIV counseling, testing and prevention in fiscal year 2005-2006.

**Context**

According to the 2006-2007 grant application, the City expended \$147,568 in fiscal year 2004-2005 for such services, yet spent only \$111,781 on such services in fiscal year 2005-2006. This represents a decrease in spending of \$35,787.

**Effect**

Grant funds may be disallowed.

**Cause**

The position of HIV Prevention Program Manager was vacant for much of 2005-2006. Therefore, the City expenses were not at the prior year level.

**Recommendation**

We recommend that the City institute grant monitoring procedures to enable it to react to various funding requirements. Program management positions should be filled as soon as possible when the level of effort is dependent on it.

## **FINDING 06-2**

### **Davis-Bacon Act**

Grantor: U.S. Department of Housing and Urban Development

CFDA Numbers: 14.218; 14.239

Program Names: Community Development Block Grant; Home Investment

Partnerships Program

### **Criteria or Specific Requirement**

The City is required to collect certified payrolls from contractors and subcontractors working on projects subject to the Davis-Bacon Act (Act). The City must verify that payrolls are properly submitted and document that employees were paid in accordance with prevailing wages. The City must also conduct field interviews to verify the accuracy of certified payroll records.

### **Condition**

Six self-employed sub-contractors submitted their own payrolls for compliance with prevailing wages.

### **Context**

Of the projects reviewed, there were twenty-four instances (weekly payrolls), involving six contractors, where subcontractors working alone submitted their own payrolls.

### **Effect**

No effect can be determined.

### **Cause**

The City's internal monitoring procedures did not adequately address the requirements related to the certification of self-employed subcontractors.

### **Recommendation**

We recommend that the City implement the following recommendation proposed by the U.S. Department of Housing and Urban Development as noted in a Federal Labor Standards Compliance Review dated August 11, 2005:

- *For all current and future projects, implementation of pro-active procedures to ensure that self-employed subcontractors who work by themselves without their crew are reported on a higher-tier contractor's certified payrolls.*



## **FINDING 06-3**

### **Special Tests and Provisions**

Grantor: U.S. Department of Education

CFDA Number: 84.010

Program Name: Title I Grants to Local Education Agencies (LEAs)

Pass-through Entity: Connecticut Department of Education

### **Criteria or Specific Requirement**

An LEA receiving Title I funds is required to complete a comparability form every two years as part of its consolidated application to the Connecticut State Department of Education (SDE). This form is completed to meet the federal requirement that State and local funds used in participating Title I schools are comparable to funds used in non-Title I schools.

### **Condition**

The comparability form was not properly completed within the two year required time period.

### **Context**

The data was not reported on the form in a manner that could be utilized by the SDE to determine if comparability requirements had been met. After several attempted revisions, the form was not accepted in time for the 2005-2006 deadline.

### **Effect**

The SDE has required Hartford to complete the form for 2006-2007. The compliance requirement for 2005-2006 was not met.

### **Cause**

Staff preparing the form did not fully understand all aspects of compliance.

### **Recommendation**

We recommend that Hartford provide further training to staff involved with the preparation of the comparability form, and consider working with the SDE to gain a better understanding of the compliance requirements.

## **FINDING 06-4**

### **Special Tests and Provisions-Special Conditions**

Grantor: U.S. Department of Health and Human Services

CFDA Number: 93.667

Program Name: Social Services Block Grant (SSBG)

Pass-through Entity: Connecticut Department of Social Services

#### **Criteria or Specific Requirement**

Federal SSBG funds are distributed to the State of Connecticut Department of Social Services (DSS). DSS attaches specific requirements to these funds when distributing them to daycare providers, referred to as contractors, including the City of Hartford. One condition states that the contractor shall determine family income eligibility before enrollment and at least annually thereafter.

#### **Condition**

Hartford Day Care did not perform an annual income eligibility re-determinations for some families.

#### **Context**

Of the twenty-five student files we reviewed, three had gone longer than one year without an income eligibility re-determination.

#### **Effect**

No effect can be determined

#### **Cause**

In two of the instances mentioned, the child's parents either refused to participate in a re-determination or failed to provide documentation that would enable one to take place. In the third instance, two of the child's siblings left Hartford daycare programs, and the child's file was erroneously placed with other inactive files, leading to an oversight in the daycare office.

#### **Recommendation**

We recommend that greater diligence be exercised with regards to performing income re-determinations. Procedures should be developed identifying responsibility for income re-determinations and a timetable for when the activity should occur. Specifically, attempts to schedule re-determinations should be made well in advance of the actual date. Additionally, steps to remove uncooperative families should be made to coincide with the one year anniversary of the last re-determination, instead of beginning after this date.

**CITY OF HARTFORD, CONNECTICUT**

**FEDERAL AWARD PROGRAMS**

**NOTES TO SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2006**

---

Various agencies of the Federal Government have made financial assistance available to the City of Hartford. These grants fund several programs including housing, education, human services, transportation, and general government activities.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting records of the Federal grant programs of the City of Hartford are maintained in separate funds. The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

***Basis of Accounting***

The financial statements contained in the City's annual audit report are prepared on the modified accrual basis. The following is a summary of such basis:

- . Revenues are recognized when earned. Certain grants are recognized based on grant award since they are considered entitlement grants; other grants, which are dependent upon expenditure factor for determining eligibility recognize grant revenue to the extent of expenditures.
- . Expenditures are recorded on the accrual basis. Encumbrances are reflected as a reserve against fund balance and accordingly are not reflected as an expenditure.

***U.S.D.A. Contributions***

The United States Department of Agriculture makes available commodities for donations to schools. An amount of \$616,925 is reflected in the accompanying financial schedules and represents the market value of such commodities received during the period.

***WIC – Non-cash Benefits***

The City also reports non-cash awards under the Special Supplemental Nutrition Program for Women, Infants, and Children. The amount of \$6,693,423 included in the Schedule of Federal Awards represents payments made directly to suppliers by the State of Connecticut, as reported by the State Department of Public Health, for eligible participants of the program.

## 2. STATUS OF PRIOR YEAR FINDINGS

- 05-1 The prior year finding was related to the financial information for CGBG submitted on the CAPER not being supported by City financial records. Adequate support for financial information input by the City was noted this year.
- 05-2 The prior year finding related to the Davis-Bacon Act, and concerned the reporting of wages by self-employed contractors and the conducting of field interviews by Hartford staff. Field interviews were properly conducted for projects administered during the year. However, twenty-four instances of self-employed contractors improperly submitting their own certified payrolls were noted during the year. This finding is updated and reported as finding 06-2.
- 05-3 The prior year finding related to the monitoring of subrecipients of CDBG funds. Internal monitoring procedures were performed for all projects reviewed this year. Additionally, schedules were developed to ensure that all subrecipients receive periodic programmatic and financial monitoring.

## 3. HOUSING AND URBAN DEVELOPMENT (HUD) SECTION 108 LOANS

The City has entered into two Federal HUD Section 108 Loans:

	<u>June 30, 2005</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2006</u>
Burgdorf/Fleet Health Center, October 28, 1997.....	\$ 1,820,000		\$100,000	\$1,720,000
Adriaen's Landing Marriott Hotel, June 30, 2004.....	8,000,000			8,000,000
Neighborhood Mall, June 30, 2005.....	<u>1,500,000</u>			<u>1,500,000</u>
Total Section 108 Loans .....	<u>\$11,320,000</u>	<u>\$ -0-</u>	<u>\$100,000</u>	<u>\$11,220,000</u>



***Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033***

Honorable Mayor and Members  
of the Court of Common Council  
City of Hartford, Connecticut

In accordance with State of Connecticut requirements, we present the following report which describes the results of our testing of State financial assistance.

**Compliance**

We have audited the compliance of the City of Hartford (the “City”) with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2006. The major state programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the City’s management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). 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. Our audit does not provide a legal determination of the City’s compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the State Single Audit Act and which is described in the accompanying schedule of findings and questioned costs as item 06-1.

**Internal Control Over Compliance**

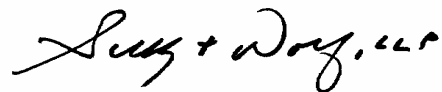
The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with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

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

**Schedule of Expenditures of State Financial Assistance**

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, 2006 and have issued our report thereon dated December 22, 2006. Our audit was performed 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 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 Mayor and members of the Court of Common Council, the Board of Education, 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.

A handwritten signature in black ink, appearing to read "Susan W. Dwyer". The signature is fluid and cursive, with a stylized "S" and "W".

December 22, 2006

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

<b>State Grantor/Pass Through Grantor/Program Title</b>	<b>State Grant Program Core-CT No.</b>	<b>Project Number</b>	<b>Expenditure</b>
<b>DEPARTMENT OF CHILDREN AND FAMILIES</b>			
Prevention and Treatment of Child Abuse	11000-DCF91110-16064		<u><u>\$24,294</u></u>
<b>COMMISSION ON CULTURE AND TOURISM</b>			
Local Arts Agency Program	11000-CAT45220-17067		<u><u>\$2,292</u></u>
<b>DEPARTMENT OF EDUCATION</b>			
School Breakfast Program	11000-SDE64370-17046	732-000000034	\$ 182,259
Child Nutrition Program-State Match	11000-SDE64370-16072	608-000010181	169,483
Family Resource Centers	11000-SDE64370-16110	82079-170003	100,518
Family Resource Centers	11000-SDE64370-16110	82079-170003-00006	100,518
Family Resource Centers	11000-SDE64370-16110	82079-170003-00009	100,518
Family Resource Centers	11000-SDE64370-16110	82079-170003-00008	100,518
Family Resource Centers	11000-SDE64370-16110	82079-170003-00007	87,934
Quality Enhancement Grant	12060-SDE64370-90242		186,530
Adult Education-Provider	11000-SDE64370-17030		3,219,046
Adult Education-COOP	11000-SDE64370-17030		77,374
Adult Education-COOP	11000-SDE64370-17030	SDE00006	49,561
Adult Education-LVA	11000-SDE64370-17030	SDE00007	102,155
Bilingual Education	11000-SDE64370-17042		398,290
Interdistrict Cooperative Grant	11000-SDE64370-17045	82065-SDE00005	25,000
Interdistrict Cooperative Grant	11000-SDE64370-17045	82065-SDE00006	44,705
Interdistrict Cooperative Grant	11000-SDE64370-17045	82066-SDE00005	39,329
Interdistrict Cooperative Grant	11000-SDE64370-17045	82066-SDE00006	46,518
Interdistrict Cooperative Grant	11000-SDE64370-17045	82066-SDE00007	45,915
Interdistrict Cooperative Grant	11000-SDE64370-17045	82066-SDE00008	55,170
Interdistrict Cooperative Grant	11000-SDE64370-17045	82066-SDE00009	37,316
Interdistrict Cooperative Grant	11000-SDE64370-17045	82066-SDE00010	27,497
Interdistrict Cooperative Grant	11000-SDE64370-17045	82066-SDE00011	108,282
Interdistrict Cooperative Grant	11000-SDE64370-17045	82066-SDE00012	64,521
Interdistrict Cooperative Grant	11000-SDE64370-17045	82066-SDE00013	40,082
Interdistrict Cooperative Grant	11000-SDE64370-17045	82067-SDE00005	63,752
Interdistrict Cooperative Grant	11000-SDE64370-17045	82067-SDE00006	16,231

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

<b>State Grantor/Pass Through Grantor/Program Title</b>	<b>State Grant Program Core-CT No.</b>	<b>Project Number</b>	<b>Expenditure</b>
Interdistrict Cooperative Grant	11000-SDE64370-17045	82067-SDE00007	\$ 25,038
Priority School Districts	11000-SDE64370-17043	82052	5,110,983
Early Reading Success Grant Program	11000-SDE64370-17043	82053	3,219,046
Summer School Accountability grant	11000-SDE64370-17043	82055	465,872
Extended School Hours program Grant	11000-SDE64370-17043	82054	399,431
Young Parents Program	11000-SDE64370-17044		16,028
Youth Services Bureau	11000-SDE64370-17052		112,648
Open Choice	11000-SDE64370-17053		6,000
Educational Technology Infrastructure	12052-SDE64370-40312	170003	74,480
General Improvements to School Buildings	12052-SDE64370-40316		1,905,718
Magnet School Operating	11000-SDE64370-17057	82062-SDE00133	432,317
Magnet School Operating	11000-SDE64370-17057	82062-SDE00099	911,927
Magnet School Operating	11000-SDE64370-17057	82062-SDE00134	991,693
Magnet School Operating	11000-SDE64370-17057	82062-SDE00113	577,972
Magnet School Operating	11000-SDE64370-17057	82062-SDE00112	1,632,348
Magnet School Operating	11000-SDE64370-17057	82062-SDE00125	864,634
Magnet School Operating	11000-SDE64370-17057	82062-SDE00126	772,752
Magnet School Operating	11000-SDE64370-17057	82062-SDE00124	603,077
Magnet School Operating	11000-SDE64370-17057	82062-SDE00098	1,405,004
Magnet School Supplemental	11000-SDE64370-17057	82062-SDE00005	1,579,045
School Readiness & Child Day Care	11000-SDE64370-17043	82056	3,704,040
<b>Passed through the Capital Region Education Council:</b>			
School Readiness and Child Daycare in Priority School Districts	11000-SDE64370-17043	82056	<u>2,178,807</u>
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<u><u>\$32,477,882</u></u>
<b>BOARD OF EDUCATION AND SERVICES FOR THE BLIND</b>			
Education of Handicapped Blind Children	11000-ESB65020-12060		<u><u>\$347,216</u></u>



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

<b>State Grantor/Pass Through Grantor/Program Title</b>	<b>State Grant Program Core-CT No.</b>	<b>Project Number</b>	<b>Expenditure</b>
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			
Municipal Outdoor Recreation Fund:			
Colts and Keney Park Improvements	12052-DEP44420-40296	41239	\$ 9,571
Goodwin Park Playground	12052-DEP44420-40296	41239	150,813
Pope Park Master Plan	12052-DEP44420-40296	41239	<u>355,512</u>
<b>TOTAL DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			<b><u>\$515,896</u></b>
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>			
<b>DEVELOPMENT</b>			
Pilot Moderate Rental (PHA) Housing	11000-ECD46400-17012	064-PILOT-31	\$ 208,578
Tax Abatement Program	11000-ECD46400-17008		470,022
Regional Economic Development Project -	13019-ECD46200-41240		117,489
Veeder Place	13019-ECD46200-41240		200,033
Urban Act Program	13019-ECD46350-41240	1094000	46,900
Grant-in-aid for Capital City projects (CCEDA)	12059-ECD46050-40577		1,695
Saint Monica's Housing	12060-ECD46050-20452		79,825
Special Acts - Woodland Street	12060-ECD46000-00540		25,789
Community Conservation & Development	12059-ECD46050-41239		60,000
Property Mgmt CCEDA Phase 11	13019-ECD46350-41240		66,470
<b>Passed through Riverfront Recapture, Inc.:</b>			
River Walk North	12060-ECD46000-00040		<u>305,583</u>
<b>TOTAL DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>			<b><u>\$1,582,384</u></b>
<b>DEPARTMENT OF PUBLIC HEALTH</b>			
Immunization Outreach	11000-DPH48500-10020		\$ 68,641
Venereal Disease Control	11000-DPH48500-17013		158,895
AIDS-Prevention Education Services	11000-DPH48500-12236		69,752
Childhood Lead Poisoning Prevention	11000-DPH48500-12227		33,463
Local and District Department of Health-Per Capita	11000-DPH48500-17009		119,505
School Based Health Clinics	11000-DPH48500-17019		442,451
Tuberculosis Control and Prevention	11000-DPH48500-16112		<u>83,886</u>
<b>TOTAL DEPARTMENT OF PUBLIC HEALTH</b>			<b><u>\$976,593</u></b>

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

State Grantor/Pass Through Grantor/Program Title	State Grant Program Core-CT No.	Project Number	Expenditure
<b>DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES</b>			
Substance Abuse and Prevention Program	11000-MHA53000-16003		<u><u>\$6,825</u></u>
<b>DEPARTMENT OF SOCIAL SERVICES</b>			
Emergency Shelter Service	11000-DSS60733-16149 & 17038		\$ 539,098
Healthy Start	11000-DSS60521-16105		221,358
Medicaid	11000-DSS60000-16020		1,912,363
Child Day Care	11000-DSS60794-17022		7,311
Before and After School	11000-DSS60794-12224		<u>588,558</u>
<b>TOTAL DEPARTMENT OF SOCIAL SERVICES</b>			<u><u>\$3,268,688</u></u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>			
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016		\$ 85,851
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031		1,006,992
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018		319,827
Property Tax Relief for Veterans	11000-OPM20600-17024		64,538
Property Tax Relief for Elderly Homeowners Freeze Program	11000-OPM20600-17021		334,020
Property Tax Relief for Totally Disabled	11000-OPM20600-17011		6,199
Relocation Project Fund	11000-OPM20900-17026		16,528
Justice Assistant Grant-State Match Program	11000-OPM20350-12251	JAGP2005	72,565
Local Capital Improvement Program:(LOCIP):	12050-OPM20600-40254		
Woodland Street Bridge			3,657
Library Renovations			167,559
STP Federal Road Match			58,124
Restoration Broad and Vine Streets		Project 553	5,851
Traffic Circulation		Project 554	3,827
Reconstruction, City Sidewalks		Project 555	9,643
Truck Wash Facility		Project 247	31,914
Sand/Salt Storage Building		Project 248	30,549
Jennings Road, Roof Replacement		Project 251	679,911
Relocation Police Training Academy		Project 116	50,666

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

<b>State Grantor/Pass Through Grantor/Program Title</b>	<b>State Grant Program Core-CT No.</b>	<b>Project Number</b>	<b>Expenditure</b>
Local Capital Improvement Program:(LOCIP) (continued):	12050-OPM20600-40254		
HVAC Improvement		Project 117	\$ 62,646
Public Works Maps and Storage Building		Project 255	5,837
Automatic Fuel Control		Project 561	793
City Hall Reconfiguration		Project 258	317,525
City Hall Floor Improvements		Project 260	16,726
Swimming Pool Renovation		Project 383	15,304
Fire Department - Vehicle Storage		Project 118	29,210
Fire Department - Burn Building		Project 119	6,550
Conservation and Development		Project 572	24,476
<b>TOTAL OFFICE OF POLICY AND MANAGEMENT</b>			<b>\$3,427,288</b>
<b>DEPARTMENT OF REVENUE SERVICES DIVISION OF SPECIAL REVENUE</b>			
Payments to Municipalities	34004-DRS18307-40001		<b>\$343,902</b>
<b>CONNECTICUT STATE LIBRARY</b>			
Connecticard Payments	11000-CSL66051-17010		\$14,376
State of CT Library Grant	*		9,906
Preservation of Historical Documents	12060-CSL66094-35150		9,709
<b>TOTAL CONNECTICUT STATE LIBRARY</b>			<b>\$33,991</b>
<b>DEPARTMENT OF TRANSPORTATION:</b>			
Town Aid Road Grant Transportation Fund	12001-DOT57141-17036		\$617,743
DUI Holiday 2005	*		36,254
<b>Passed through Greater Hartford Transit District:</b>			
Dial a Ride	12000-DOT57000-12186		100,000
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>			<b>\$753,997</b>
<b>DEPARTMENT OF PUBLIC SAFETY</b>			
State Asset Forfeiture Revolving Fund	12060-DPS32539-35142		\$ 67,507
911 Enhancement	12060-DPS32740-35190		346,087
<b>TOTAL DEPARTMENT OF PUBLIC SAFETY</b>			<b>\$413,594</b>

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

<b>State Grantor/Pass Through Grantor/Program Title</b>	<b>State Grant Program Core-CT No.</b>	<b>Project Number</b>	<b>Expenditure</b>
<b>OFFICE OF THE STATE COMPTROLLER</b>			
Boat Grant	12027-OSC15910-40211		\$ 12,768
Mashantucket Pequot/ Mohegan Fund	12009-OSC15910-17005		10,578,919
Payment in Lieu of Taxes (PILOT) on State-owned Property	11000-OSC15910-17004		7,915,010
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OSC15910-17006		<u>19,527,397</u>
<b>TOTAL OFFICE OF THE STATE COMPTROLLER</b>			<b><u><u>\$38,034,094</u></u></b>
<b>JUDICIAL DEPARTMENT</b>			
Hartford Building Bridges Project	11000-JUD96114-12043		<u><u>\$484,996</u></u>
<b>CHILDREN'S TRUST FUND</b>			
Children's Trust Fund	11000-CTF94000-12042		\$104,755
Nurturing Families Network Grant	11000-CTF94000-12042		<u>93,072</u>
<b>TOTAL CHILDREN'S TRUST FUND</b>			<b><u><u>\$197,827</u></u></b>
<b>TOTAL STATE ASSISTANCE EXPENDITURES BEFORE EXEMPT PROGRAMS</b>			<b><u><u>\$82,891,759</u></u></b>
<b>EXEMPT PROGRAMS:</b>			
<b>DEPARTMENT OF EDUCATION</b>			
Education Cost Sharing	11000-SDE64370-17041		\$169,206,599
School Construction Projects - Progress Payment	13010-SDE64370-40901		98,314,668
School Building Grant Principal Subsidy	13010-SDE64370-40901		3,675,847
Public School Transportation	11000-SDE64370-17027		2,619,581
School Building Grant Interest Subsidy	13009-SDE64370-40896		<u>1,229,176</u>
<b>TOTAL EXEMPT PROGRAMS</b>			<b><u><u>\$275,045,871</u></u></b>
<b>TOTAL</b>			<b><u><u>\$357,937,630</u></u></b>

\*State Grant Program CORE-CT Number not available.

See Notes to Schedule

**CITY OF HARTFORD, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

---

**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued – unqualified

Internal control over financial reporting:

- Material weaknesses identified?   X   yes        no
- Reportable conditions identified that are not considered to be a material weakness?   X   yes        none reported
- Noncompliance material to financial statements noted?        yes   X   no

*State Financial Assistance*

Internal control over major programs:

- Material weaknesses identified?        yes   X   no
- Reportable conditions identified that are not considered to be material weaknesses?        yes   X   none reported

Type of auditors' 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?

  X   yes        no

- The following schedule reflects the major programs included in the audit:

<b><u>State Grantor and Program</u></b>	<b><u>State CORE-CT Number</u></b>	<b><u>Expenditures</u></b>
Department of Education:		
Adult Education	11000-SDE64370-17030	\$3,448,136
Priority Schools Districts	11000-SDE64370-17043-82052	\$ 5,110,983
Early Reading Success Grant	11000-SDE64370-17043-82053	\$ 3,219,046
General Improvements to School Buildings	12052-SDE64370-40316	\$1,905,718
Magnet School Operating	11000-SDE64370-17057	\$9,770,769
School Readiness and Child Day Care	11000SDE64370-17043-82056	\$5,882,847
Department of Social Services:		
Medicaid	11000-DSS60000-16020	\$1,912,363

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, ETC.**

---

<b><u>State Grantor and Program</u></b>	<b><u>State CORE-CT Number</u></b>	<b><u>Expenditures</u></b>
Office of Policy and Management:		
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	\$1,006,992
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	\$1,520,768
Office of the State Comptroller:		
Mashantucket Pequot/ Mohegan Fund Payment in Lieu of Taxes (PILOT)	12009-OSC15910-17005	\$10,578,919
on State Owned Property	11000-OSC15910-17004	\$7,915,010
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OSC15910-17006	\$19,527,397

The dollar threshold used to determine major programs was \$828,918.

## **II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated December 22, 2006, 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 compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated six (6) reportable conditions, two of which are considered material weaknesses:

Reportable conditions:

1. Tax Division – New system conversion and implementation
2. Accounting for service agent administered programs
3. Financial management systems
4. Tax Division – functional operations\*
5. Accounts receivable management\*
6. Board of Education – Educational Grants Fund

\*Considered a material weakness

### III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

#### FINDING 06-1

##### **Eligibility**

Grantor: State of Connecticut Office of Policy and Management (OPM)

State Program Name: Property Tax Relief for Manufacturing Machinery and Equipment

State CORE-CT Number: SPID #11000-OPM20600-17031

##### **Criteria or Specific Requirement**

The City must submit form M-65a to OPM to receive an eighty percent reimbursement for lost tax revenue on exempt manufacturing machinery and equipment. Form M-65a is based on information completed by each business on form M-65, the Manufacturing Machinery and Equipment Exemption Claim.

##### **Condition**

The City inaccurately reported information on the form M-65a to OPM. Property that was not installed by October 1, 2004, and therefore not eligible for an exemption, was included on form M-65a. The ineligible properties were not identified by the Assessor's Department when transferring information from form M-65 to form M-65a.

##### **Context**

Fifty-nine businesses in Hartford applied to receive this exemption. Of the eighteen applications we tested, two contained ineligible property. One business received an exemption for \$60,680 of ineligible assessed property. A second business received an exemption for \$122,720 of ineligible assessed property; this represented all exempt property for that business. As a result, an overstatement of assistance totaling \$10,262 was made.

##### **Effect**

OPM may adjust the amount of revenue loss claimed and deduct the amount from the subsequent year payment.

##### **Cause**

The reporting of ineligible property was caused by oversights in the Assessor's Department when transferring amounts submitted by businesses on form M-65 to form M-65a.

##### **Recommendation**

We recommend that procedures be developed encompassing the review of Form M-65a prior to submission to the State. These procedures would include someone other than the form's preparer verifying the amounts on the M-65a detail.

**CITY OF HARTFORD, CONNECTICUT**  
**STATE FINANCIAL ASSISTANCE PROGRAMS**  
**NOTES TO SCHEDULES**  
**FOR THE YEAR ENDED JUNE 30, 2006**

---

Various departments and agencies of the State of Connecticut have provided financial assistance to the City of Hartford through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including education, public works, social services, property tax relief, environmental protection, and public safety.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Basis of Accounting***

The financial statements contained in the City's annual audit report are prepared on the modified accrual basis. The following is a summary of such basis:

- . Revenues are recognized when earned. Certain grants are recognized based on grant award since they are considered entitlement grants; other grants, which are dependent upon expenditure factor for determining eligibility recognize grant revenue to the extent of expenditures.
- . Expenditures are recorded on the accrual basis. Encumbrances are reflected as a reserve against fund balance and accordingly are not reflected as an expenditure.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on Section 4-230-19 of the Single Audit Act. In accordance with this section, 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.