

CITY OF HARTFORD, CONNECTICUT

FEDERAL AND STATE FINANCIAL
AND COMPLIANCE REPORTS
Year Ended June 30, 2012

CITY OF HARTFORD, CONNECTICUT

FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Compliance: We have audited the City of Hartford, Connecticut's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Hartford, Connecticut's major federal programs for the year ended June 30, 2012. The City of Hartford, Connecticut's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the City of Hartford, Connecticut's management. Our responsibility is to express an opinion on the City of Hartford, Connecticut's compliance based on our audit.

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

In our opinion, the City of Hartford, Connecticut complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance: Management of the City of Hartford, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Hartford, Connecticut's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Hartford, Connecticut'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.

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

Schedule of Expenditures of Federal Awards: We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely component unit, each major fund, and the aggregate remaining fund information of the City of Hartford, Connecticut as of and for the year ended June 30, 2012, and have issued our report thereon dated January 29, 2013, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City of Hartford, Connecticut's 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 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the management, the Mayor and Members of the Court of Common Council, the Board of Education and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

New Haven, Connecticut
January 29, 2013

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the State of Connecticut			
Department of Administrative Services:			
WIC Farmer's Market Nutrition Program	10.572	12060-DAG42710-20736	\$ 1,519
Passed through the State of Connecticut			
Department of Education:			
Child Nutrition Cluster:			
Food Donation - Non-cash	10.555	N/A	457,225
School Breakfast Program	10.553	12060-SDE64370-20508	1,978,064
National School Lunch Program	10.555	12060-SDE64370-20560	8,002,764
Summer Food Program	10.559	12060-SDE64370-20540	217,528
Summer Food Service Program for Children	10.559	12060-SDE64370-20540	200,447
Total Child Nutrition Cluster			10,856,028
ELC Food Grant CACFP	10.558	N/A	77,998
Child and Adult Care Food Program	10.558	12060-SDE64370-20518	22,245
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051	246,188
			11,202,459
Passed through the State of Connecticut			
Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children 10/10-9/11	10.557	SID20892 DPH LOG2008-0172-3	356,003
Special Supplemental Nutrition Program for Women, Infants and Children 10/11-9/12	10.557	SID20892 DPH LOG2008-0172-4	983,661
WIC Food Benefits 2012-Non cash	10.557	Non-contract	5,838,974
Total WIC Cluster			7,178,638
Total U.S. Department of Agriculture			18,382,616
U.S. Department of Education			
Direct Programs:			
LSTA - Collaboration Literacy	N/A	N/A	3,867
Smaller Learning Communities	84.215L	N/A	231,037
Choosing to Succeed	84.360A	S360A1000068	2,501,505
			2,736,409
Passed through the State of Connecticut			
Department of Education:			
Title I Cluster:			
Title I Programs - Local Educational Agencies	84.010A	12060-SDE64370-20679	15,994,566
ARRA Title I Improving Basic Programs	84.389A	12060-SDE64370-29010	64,672
Total Title I Cluster			16,059,238
Carl Perkins Vocational and Technical Education - Basic Grants to State	84.048A	12060-SDE64370-20742	446,168

(Continued)

N/A = Not Available
See Notes to Schedule.

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2012

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
Special Education Cluster:			
IDEA, Part B Section 619	84.173A	12060-SDE64370-20983	201,562
IDEA, Part B Section 611	84.027A	12060-SDE64370-20977	6,830,632
ARRA IDEA, Part B Section 611	84.391A	12060-SDE64370-29011	382,211
ARRA IDEA, Part B Section 619	84.392A	12060-SDE64370-29012	14,824
Total Special Education Cluster			7,429,229
ARRA School Improvement Grant	84.377	12060-SDE64370-29064	1,886,626
Support for Pregnant and Parenting Teens	N/A	12060-SDE64370-22439	423,882
Title III, Part A - English Language	84.365A	12060-SDE64370-20868	635,596
Education of Homeless Children and Youth	84.196	12060-SDE64370-20770	47,400
Title II, Improving Teacher Quality	84.367A	12060-SDE64370-20858	3,718,836
Adult Education	84.002	12060-SDE64370-20784	133,762
Education Jobs Fund	84.410	12060-SDE64370-22405	8,178,618
Total U.S. Department of Education			41,695,764
U.S. Department of Health and Human Services			
Direct Programs:			
Ryan White Part A 3/11-2/12	93.914	N/A	3,114,505
Ryan White Part A 3/12-2/13	93.914	N/A	1,234,017
Teen Pregnancy & STD/HIV Prevention 9/10-9/11	93.297	N/A	290,375
Teen Pregnancy & STD/HIV Prevention 9/11-9/12	93.297	N/A	596,938
			5,235,835
Passed through the State of Connecticut			
Department of Public Health:			
H1N1 Phase 1 Grant - Public Health Emergency			
Readiness	93.069	DPH LOG2011-1077-1/PHER	26,270
Public Health Preparedness	93.069	SID22333 DPH LOG2012-1077/PHP	51,101
Vaccines - Non Cash	93.268	NON-CONTRACT	37,793
Immunization Action Plan 1/11 - 12/11	93.268	SID20911/10020 LOG2009-0199	64,108
Immunization Action Plan 1/12 - 12/12	93.268	SID20911 LOG2012-0124	59,330
Federal Healthy Start	93.926	SID22348&DPH LOG2010-0188-1	170,000
Hepatitis/HPV Vaccines	93.539	SID22483 LOT2010-0012-4/STD&TB	22,069
Sexually Transmitted Diseases	93.943	SID22416 LOG2010-0012-3/STD&TB	25,000
Sexually Transmitted Diseases	93.977	SID20980 LOG2010-0012-3/STD&TB	11,881
School-Based Health Clinics	93.994	DPH LOG 2011-0112	911,388
Health Block Grant - LHD Comprehensive			
Cancer Planning	93.991	SID21530&DPH LOG2012-0021	31,103
			1,410,043
Passed through the Massachusetts			
Department of Public Health:			
Center for Disease Control Grant	93.991	VC6000202053	21,375
Total U.S. Department of Health and Human Services			6,667,253

(Continued)

N/A = Not Available
See Notes to Schedule.

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2012

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
U.S. Department of Homeland Security			
Direct Programs:			
Citizenship and Intergration	N/A	N/A	35,141
Citizenship Instruction	97.010	DUNS # 114932424	38,484
			<u>73,625</u>
Passed through the State of Connecticut Department of Emergency Management and Homeland Security:			
State Homeland Security SHS	97.073	12060-EHS99530-21877	<u>60,000</u>
FEMA Passed through the United Way:			
FEMA Snow Removal Operations	N/A	N/A	159,428
Emergency Shelter McKinney-Utility	97.024	N/A	40,516
			<u>199,944</u>
Total U.S. Department of Homeland Security			<u>333,569</u>
U.S. Department of Housing and Urban Development			
Direct Programs:			
Lead Hazard Reduction Demonstration	14.905	N/A	298,260
Emergency Shelter Grants Program (ESG)	14.231	N/A	168,184
Home Investment Partnership Program	14.239	N/A	1,392,244
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	N/A	1,131,275
Special Economic Development - EDI GAP	14.251	N/A	205,500
Section 8 Housing Choice Vouchers	14.871	N/A	49,403,836
ARRA Homeless Prevention & Rapid Re-Housing Program	14.257	N/A	522,588
			<u>53,121,887</u>
CDBG - Entitlement Cluster:			
Community Development Block Grant/Entitlement	14.218	N/A	4,283,131
ARRA CDBG Recovery Program (CDBG-R) B-09-MY-09-0006	14.253	N/A	118,348
Neighborhood Stabilization-Redevelopment	14.218	N/A	124,500
Neighborhood Stabilization-Admin	14.218	N/A	45,099
Neighborhood Stabilization-Acquisition	14.218	N/A	483,483
Total CDBG - Entitlement Cluster			<u>5,054,561</u>
Passed through the State of Connecticut Department of Economic Development:			
Neighborhood Stabilization-Acquisition	14.228	N/A	205,530
Neighborhood Stabilization-Admin	14.228	N/A	28,273
			<u>233,803</u>
Total U.S. Department of Housing and Urban Development			<u>58,410,251</u>

(Continued)

N/A = Not Available
See Notes to Schedule.

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2012

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
U.S. Department of Energy			
Direct Programs:			
ARRA EECBG Single Stream Recycling	81.128	N/A	702,760
U.S. Department of Environmental Protection			
Direct Programs:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	PRG-BF, DOC ID96135301	154,867
Federal Emergency Management Agency			
Direct Programs:			
Assist to Firefighter Fire Prevention	97.044	N/A	53,726
Hartford Bomb Squad	97.067	N/A	31,772
Storm Alfred	97.046	N/A	2,921,781
Storm Irene	97.036	N/A	132,738
Total Federal Emergency Management Agency			3,140,017
U.S. Department of Justice			
Direct Programs:			
ARRA Cops Hiring Recovery Program	16.804	N/A	1,340,662
OJJDP Mentoring	16.541	N/A	71,980
Shooting Team	16.738	N/A	37,994
FY'06 Cops Technology Grant	16.710	N/A	300,719
FY'08 Cops Technology Grant	16.710	N/A	749,962
Weed and Seed	16.595	N/A	58,484
Weed and Seed	16.595	N/A	57,540
Cops Hiring Grant	16.710	N/A	135,605
Intellectual Property	16.710	N/A	166,871
JAG Grant	16.738	N/A	150,872
JAG Grant FY 08	16.738	N/A	36,463
Starr (Striving Recidivism Grt)	16.812	NA	454,999
FY'09 Cops Technology Grant	16.710	N/A	312,470
FY'09 Safe City Summer Enforcement	16.738	N/A	357,728
Bulletproof Vest Partnership FY 11	16.607	N/A	4,036
Truancey R. Program Earmark Grt.	16.541	N/A	146,435
Total U.S. Department of Justice			4,382,820
U.S. Institute of Museum & Library Services			
Direct Programs:			
National Leadership Program 10/10-9/11	45.312	LG-07-10-0239-10	132,356
National Leadership Program 10/11-9/12	45.312	LG-07-10-0239-10	72,946
Total U.S. Institute of Museum & Library Services			205,302
U.S. Department of Transportation			
Passed through the State of Connecticut			
Department of Transportation:			
FEMA Storm Alfred	97.046	CT-12-01	2,582,361
FY 10 Distracted Driving Enforcement		N/A	36,732
Highway Planning and Construction	20.205	12062-DOT57141-22108	871,635
Alternative Fuel Vehicle	20.205	N/A	50,000
Federal Highway Safety Grants	20.205	12062-DOT57343-20559	23,637
Total U.S. Department of Transportation			3,564,365
Total Federal Awards Expended			\$ 137,639,584

N/A = Not Available
See Notes to Schedule.

CITY OF HARTFORD, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2012

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Hartford, Connecticut and is presented on the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the propriety fund types. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Non-Cash Awards

U.S.D.A. Contributions – Non-cash

The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$457,225 represents the market value of such commodities used during the period. This amount is included with the Child Nutrition Cluster.

WIC Food Payments - Noncash

The United States Department of Agriculture makes noncash distributions of food vouchers for WIC. The amount of \$5,838,974 represents the market value of such vouchers used during this period.

Note 3. Housing and Urban Development (HUD) Section 108 Loans

The City has entered into three Federal HUD Section 108 loans.

	June 30, 2011	Issued	Retired	June 30, 2012
Burgdorf/Fleet Health Center	\$ 1,105,000	\$ -	\$ 155,000	\$ 950,000
Front Street	4,836,000	-	172,000	4,664,000
Hartford Hilton	7,000,000	-	-	7,000,000
Total Section 108 Loans	<u>\$ 12,941,000</u>	<u>\$ -</u>	<u>\$ 327,000</u>	<u>\$ 12,614,000</u>

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal Control over Financial Reporting

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

CFDA Numbers	Name of Federal Program or Cluster
84.010	Education Jobs Fund
14.871	Section 8 Housing Choice Vouchers
84.367A	Title II, Improving Teacher Quality
81.138	EECBH Awards
84.377/84.388	School Improvement Grant Cluster
97.046	FEMA
16.804	COPS Hiring Recovery Program
16.812	Starr (Striving Recidivism Grant)
14.257	ARRA-Homeless Prevention
84.360A	Choosing to Succeed
14.239	Home Improvement Partnership Program

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

\$ 3,000,000

Auditee qualified as low-risk auditee?

_____ Yes _____ X No

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2012

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**CITY OF HARTFORD, CONNECTICUT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2012**

There were no findings in the prior year for the federal single audit.



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Hartford, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the City of Hartford, Connecticut's basic financial statements, and have issued our report thereon dated January 29, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting: Management of the City of Hartford, Connecticut is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Hartford, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hartford, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Hartford, Connecticut's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

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

We also noted certain matters that we reported to the management of the City of Hartford, Connecticut in a separate letter dated January 29, 2013.

This report is intended solely for the information and use of the management, the Mayor and Members of the Court of Common Council, the Board of Education and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey LLP

New Haven, Connecticut
January 29, 2013



**REPORT ON COMPLIANCE THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE STATE SINGLE AUDIT ACT AND ON THE SCHEDULE OF
EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

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

Compliance: We have audited the City of Hartford, Connecticut's compliance with the types of compliance requirements described in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on each of the City of Hartford, Connecticut's major state programs for the year ended June 30, 2012. The City of Hartford, Connecticut's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the City of Hartford, Connecticut's management. Our responsibility is to express an opinion on the City of Hartford, Connecticut's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 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 of Hartford, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Hartford, Connecticut's compliance with those requirements.

In our opinion, the City of Hartford, Connecticut complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012.

Internal Control Over Compliance: Management of the City of Hartford, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the City of Hartford, Connecticut's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Hartford, Connecticut'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.

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

Schedule of Expenditures of State Financial Assistance: We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartford, Connecticut as of and for the year ended June 30, 2012, and have issued our report thereon dated January 29, 2013, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City of Hartford, Connecticut's 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 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of state financial assistance awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the management, the Mayor and Members of the Court of Common Council, the Board of Education of the City of Hartford, Connecticut, the Office of Policy and Management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

New Haven, Connecticut
January 29, 2013

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2012

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
DEPARTMENT OF ADMINISTRATIVE SERVICES:		
Property Tax - 25 Sigouney	DASM1	\$ 5,945
OFFICE OF POLICY AND MANAGEMENT:		
Property Tax Disability Exemption	11000-OPM20600-17011	9,095
Property Tax Relief on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	285,862
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	322,088
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	3,500
Property Tax Relief for Veterans	11000-OPM20600-17024	50,172
Local Capital Improvement Program	12050-OPM20600-40254	2,233,175
Municipal Video Competition	12060-OPM20600-35362	10,376
PILOT on State Owned Property	11000-OPM20600-17004	12,691,078
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	25,078,308
Total Office of Policy and Management		40,683,654
DEPARTMENT OF CULTURAL AFFAIRS:		
Basic Cultural Resource Grant	11000-CAT45220-17067	1,998
DEPARTMENT OF EDUCATION:		
Child Nutrition Program-State Match	11000-SDE64370-16211	149,483
Family Resource Center	11000-SDE64370-16110	461,156
Adult Education	11000-SDE64000-17030	2,210,518
Health Services	11000-SDE64370-17034	61,516
Bilingual Education	11000-SDE64370-17042	290,203
Priority School Districts	11000-SDE64370-17043-82052	6,225,292
Extended School Hours	11000-SDE64000-17043-82054	410,502
Summer School Accountability Grant	11000-SDE64000-17043	458,410
Interdistrict Cooperative Grant	11000-SDE64370-17045	167,532
Youth Services Bureau	11000-SDE64000-17052	160,804
Youth Services Bureau-Enhancement	11000-SDE64370-16201	10,000
Open Choice	11000-SDE64370-17053	97,770
Magnet Schools	11000-SDE64370-17057	40,408,226
School Readiness Quality Enhancement	11000-SDE64370-17090	1,171,683
Sheff Settlement	11000-SDE64370-12457	285,603
Healthy Food Grant	11000-SDE64370-16212	324,847
Home Care CACFP	N/A	171,699
Quality Enhancement Grant	11000-SDE64000-17097-82079	142,645
School Readiness	11000-SDE64370-17097-82056	10,755,134
SERC Parent Leadership	9530-2010	8,080
Program Improvement Project 7/10-6/11	N/A	355
Program Improvement Project 7/11-6/12	SID#20784	28,204
Readiness Centers	12052-SDE64000-42861	102,114
Readiness Centers	12052-SDE64000-42861	1,048,119
Total Department of Education		65,149,895
DEPARTMENT OF TRANSPORTATION:		
Town Aid Road Grants	12001-DOT57131-17036	608,585
Bus Operations	12001-DOT57931-12175	27,528
Real Estate Grant	N/A	3,938
FY'12 Comprehensive DUI Enforcement	N/A	82,163
DUI Checkpoint Equipment Grant	N/A	2,991
Comprehensive DUI Enforcement	N/A	2,799
Comprehensive DUI Enforcement	N/A	41,402
Total Department of Transportation		769,406

N/A=Not Available
See Notes to Schedule.

(Continued)

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
For the Year Ended June 30, 2012

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
EDUCATION AND SERVICES FOR THE BLIND:		
Services for the Blind	11000-ESB65020-12060	180,637
JUDICIAL DEPARTMENT:		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	230,918
CONNECTICUT STATE LIBRARY:		
LSTA Community Needs Assessments	N/A	1,500
LSTA Cooking It Up	N/A	24,972
LSTA Family Welcome Initiative	N/A	20,858
Historic Documents Preservation Grant	12060-CSL66094-35150	9,000
Total Connecticut State Library		56,330
DEPARTMENT OF SOCIAL SERVICES:		
Juvenile Review Board	SID16043	225,000
Nurturing Families Network 1/1/11-12/31/11	SID12042 & CONTRACT064COH-CTF-01/08CTF0133CH	114,170
Nurturing Families Network 1/1/12-12/31/14	SID12042 & CONTRACT12DSS8301EG	106,912
Emergency Shelter Grant McKinney 10/1/10-9/30/11	SID17038 & CONTRACT064ESS25/10DSS3701	37,467
Emergency Shelter Grant McKinney 10/1/11-9/30/12	SID17038 & CONTRACT064ESS25/10DSS3701	391,529
Healthy Start 7/1/10-6/30/11	SID16105 & CONTRACT064-HUO-06/05DSS1001EG-A6	20,000
Healthy Start 7/1/11-6/30/12	SID16105 & CONTRACT064-HUO-06/05DSS1001EG-A6	302,571
Total Department of Social Services		1,197,649
DEPARTMENT OF CHILDREN AND FAMILIES:		
DCF - Family Enrichment Services	SID16064 CONTRACT12-DCF-0120AA	26,906
DEPARTMENT OF REVENUE SERVICES		
Non-Budgeted Operating Appropriation	34004-DCP18306-40001	281,860
DEPARTMENT OF ENVIRONMENTAL PROTECTION:		
Local Flood and Erosion Project	VARIOUS	442,754
Meadow Walking Path at River Park	SID# 12060-20296-64002	85,000
Hyland Park Improvements	N/A	12,565
Total Department of Environmental Protection		540,319
DEPARTMENT OF PUBLIC HEALTH:		
Tuberculosis Control and Prevention	11000-DPH48666-16112	44,215
Women's Healthy Heart	12060-DPH48857-30445	40,000
Per capita 7/1/2011-6/30/2012	11000-DPH48500-17009	132,366
Sexually Transmitted Disease Control	11000-DPH48665-17013	41,150
Sexually Transmitted Disease Control	11000-DPH48500-12236	25,000
Total Department of Public Health		282,731
DEPARTMENT OF PUBLIC SAFETY:		
Emergency Operations Center Grant	N/A	480,025
PSN Anti Gang Funding	N/A	24,418
Public Safety Training Grant	N/A	3,055
Enhanced 911 Subsidy	N/A	408,161
Public Safety Training Grant	N/A	7,719
Public Safety Telecommunication Services Reimbursement	N/A	3,645
State Wide Vice and Narcotics	N/A	5,798
911 Enhancement Grant	N/A	63,640
911 Enhancement Grant	N/A	95,073
		1,091,534

N/A=Not Available
See Notes to Schedule.

(Continued)

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
For the Year Ended June 30, 2012

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:		
Tax Abatement Program	11000-ECD46400-17008	542,606
Payment in Lieu of Taxes (PILOT)	11000-ECD46400-17012-039	502,841
Park Street Streetscape Phase III	12052-ECD46000-43470	608,390
CCEDA II Home Ownership Appraisal GAP	12059-ECD46400-40577	481,480
TOTAL DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT		2,135,317
TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS		112,635,099
EXEMPT PROGRAMS		
DEPARTMENT OF EDUCATION:		
Department of Education Public School Transportation	11000-SDE64000-17027	1,613,526
Education Cost Sharing	11000-SDE64000-17041	187,631,468
Excess Cost - Student Based	11000-SDE64000-17047	8,299,256
Non-Public School Transportation	11000-SDE64000-17049	65,616
School Construction - Interest	13009-SDE64000-40896	556,170
School Construction - Progress Payment	13009-SDE64000-40901	44,449,738
School Construction - Principal	11000-SDE64000-17049	1,786,563
		244,402,337
OFFICE OF POLICY AND MANAGEMENT		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	7,235,716
Municipal Revenue Sharing	11000-OPM20600-35362	830,199
		8,065,915
Total Exempt Programs		252,468,252
TOTAL STATE FINANCIAL ASSISTANCE		\$ 365,103,351

N/A=Not Available

CITY OF HARTFORD, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE For the Year Ended June 30, 2012

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the City of Hartford, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2012. 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. These financial assistance programs fund several programs including education, public safety, social services, public health, road construction, school construction, community development and general government.

Note 1. Summary of Significant Accounting Policies

The accounting policies of the City of Hartford, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of State Financial Assistance are reported on the modified accrual basis of accounting. 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 of Expenditures of State Financial Assistance.

Note 2. Loan Programs

In accordance with Section 426-23(a)4(f) of the regulations to the State Single Audit Act, the notes to the Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2012:

Department of Environmental Protection

Clean Water Funds 21014-OTT4230-4001

Balance				Balance	
July 1, 2011		Issued		Retired	June 30, 2012
\$ 1,580,542	\$	-	\$	84,727	\$ 1,495,815

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF STATE SINGLE AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ Yes ☒ No

State Financial Assistance

Internal control over major programs:

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

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

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

The following schedule reflects the major programs included in the state single audit:

State Grantor and Program	State CORE-CT Number	Expenditures
Department of Education:		
Magnet School-Operating	11000-SDE64370-17057	\$ 40,408,226
Priority School Districts	11000-SDE64370-17043-82054	6,225,292
Office of Policy and Management:		
PILOT on State Owned Property	11000-OPM20600-17004	12,691,078
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	25,078,308
Local Capital Improvement Program	12050-OPM20600-40254	2,233,175
Department of Transportation:		
Town Aid Road Grants	12001-DOT57131-17036	608,585
Department of Economic and Community Development:		
Tax Abatement Program	11000-ECD46400-17008	542,606
Payment in Lieu of Taxes (PILOT)	11000-ECD46400-17012-039	502,841
• Dollar threshold used to distinguish between type A and type B programs		<u>\$ 2,252,000</u>

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF STATE SINGLE AUDIT FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2012

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.

**CITY OF HARTFORD, CONNECTICUT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2012**

Finding SDIC11-1

Audit Finding:

There is no tax collector's report that is prepared during the fiscal year. In addition, there is no monthly process to reconcile between tax and general ledger accounts. The reports are all done at year-end.

Corrective Action Taken:

Formal policies were implemented; finding is not repeated in the current year.

Finding SDIC11-2

Audit Finding:

The Board of Education should have policies in place to prepare and reconcile encumbrances.

Corrective Action Taken:

Formal policies were implemented; finding is not repeated in the current year.