

# **City of Hartford, Connecticut**

Federal and State Financial and Compliance Reports  
Year Ended June 30, 2016

## Contents

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

RSM US LLP

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited City of Hartford, Connecticut's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Hartford Parking Authority. Our audit, described below, did not include the operations of Hartford Parking Authority because the component unit engaged other auditors to perform an audit of compliance.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control over Compliance**

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 30, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

New Haven, Connecticut  
December 30, 2016

**City of Hartford, Connecticut**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
<b>Passed through the State of Connecticut</b>			
<b>Department of Education:</b>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-SDE64370-20508	\$ 2,983,557
National School Lunch Program	10.555	12060-SDE64370-20560	9,783,288
Child Nutrition Summer Lunch Program	10.559	12060-SDE64370-20540	66,736
			<u>12,833,581</u>
<b>Direct Programs:</b>			
Child and Adult Care Food Program	10.558	1206SDE64370-20518	173,786
Home Care CACFP	10.558	N/A	337,412
			<u>511,198</u>
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051	<u>143,124</u>
<b>Passed through the State of Connecticut</b>			
<b>Department of Public Health:</b>			
Women, Infant and Children (WIC) 10/10-9/11	10.557	SID20892 & DPH LOG2013-0051/WIC	1,373,477
WIC Food Benefits 2016-Non cash	10.557	Non-contract	4,513,593
<b>Total WIC Cluster</b>			<u>5,887,070</u>
<b>Total U.S. Department of Agriculture</b>			<u>19,374,973</u>
<b>U.S. Department of Education</b>			
<b>Passed through the State of Connecticut</b>			
<b>Department of Education:</b>			
Title I Cluster:			
Title I Programs - Local Educational Agencies	84.010A	12060-SDE64370-20679	14,329,092
Title I SIP	84.338	12060-SDE64000-22223	287,380
<b>Total Title I Cluster</b>			<u>14,616,472</u>
Carl Perkins Vocational and Technical Education - Basic Grants to State	84.048A	12060-SDE64370-20742	<u>402,684</u>
Special Education Cluster:			
IDEA, Part B Section 619	84.173A	12060-SDE64370-20983	175,480
IDEA, Part B Section 611	84.027A	12060-SDE64370-20977	6,550,225
<b>Total Special Education Cluster</b>			<u>6,725,705</u>

(Continued)

**City of Hartford, Connecticut**

**Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2016**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
<b>U.S. Department of Education (Continued)</b>			
<b>Passed through the State of Connecticut</b>			
<b>Department of Education (Continued):</b>			
Owl Enrichment Center	84.287C	SID #20863	\$ 105,393
PIP Grant	84.002A	SID #20784	33,681
Title III, Part A - English Language	84.365A	12060-SDE64370-20868	608,144
Education of Homeless Children and Youth	84.196	12060-SDE64370-20770	40,000
Title II, Improving Teacher Quality	84.367A	12060-SDE64370-20858	2,961,736
Choosing to Succeed	84.xxx	S360A1000068	932,517
<b>Total U.S. Department of Education</b>			<u>26,426,332</u>
<b>U.S. Department of Transportation</b>			
<b>Direct Program:</b>			
FTA-Federal Transit Administration	20.514	N/A	21,909
<b>Total U.S. Department of Transportation</b>			<u>21,909</u>
<b>U.S. Department of Commerce</b>			
<b>Direct Programs:</b>			
Strong Cities, Strong Communities	11.309	N/A	2,485
<b>Total U.S. Department of Commerce</b>			<u>2,485</u>
<b>U.S. Department of Health and Human Services</b>			
<b>Direct Programs:</b>			
Ryan White Part A 3/13-2/14	93.914	N/A	2,398,924
Ryan White Part A 3/14-2/15	93.914	N/A	1,021,325
<b>Total</b>			<u>3,420,249</u>
Ebola Active Monitoring	93.365	HHSP233200900522P	6,000
			<u>6,000</u>
Teen Pregnancy & STD/HIV Prevention 9/12-9/13	93.297	N/A	557,892
Teen Pregnancy & STD/HIV Prevention 9/11-9/12	93.297	N/A	413,171
<b>Total</b>			<u>971,063</u>

(Continued)

City of Hartford, Connecticut

**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2016**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services (Continued)</b>			
<b>Passed through the State of Connecticut</b>			
<b>Department of Public Health (Continued):</b>			
Public Health Preparedness	93.069	SID22333 DPH LOG2012-1077/PHP	\$ 90,917
Vaccines - Non Cash	93.268	NON-CONTRACT	1,343
Vaccines - Non Cash	93.712	NON-CONTRACT	1,333
Immunization Action Plan 1/14 - 12/14	93.268	SID20911 LOG2012-0124	119,844
HIV Prevention	93.940	SID22511&12236	37,500
Sexually Transmitted Diseases	93.991	SID20908 & LOG2010-0012-3/STD & TB	33,000
Comprehensive Cancer Block Grant	93.758	N/A	39,033
Disease Intervention Project	93.944	N/A	84,757
Federal Healthy Start	93.926	SID22348 & DPH LOG2015-0078	55,089
Ryan White - MHIS Careware	93.914	Pass Thru New Haven	1,750
Ryan White - MHIS Careware	93.153	Pass thru CHCAC	3,564
School-Based Health Clinics	93.994	DPH LOG 2011-0112	1,122,576
<b>Total</b>			<u>1,590,706</u>
<b>Passed through the Massachusetts</b>			
<b>Department of Public Health:</b>			
CDC-STATE OF MASS GRANT-(STD/HIV)	93.977	VC6000202053	<u>12,500</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>6,000,518</u>
<b>U.S. Department of Homeland Security</b>			
<b>FEMA Passed through the United Way:</b>			
Emergency Shelter FEMA-Utilities FY	97.024	N/A	<u>28,480</u>
<b>Total U.S. Department of Homeland Security</b>			<u>28,480</u>
<b>U.S. Institute of Museum &amp; Library Services</b>			
<b>Direct Programs:</b>			
IMLS Summer Learning	45.312	LG-07-10-0239-10	13,559
Creative Aging in America	45.312	N/A	10,000
IMLS Find Your Voice Grant	45.312	N/A	35,267
USCIS Grant	45.312	N/A	114,117
NEH -Find Your Voice Grant	45.164	N/A	46,544
The Big Read (Grapes of Wrath)	45.164	N/A	<u>16,151</u>
<b>Total U.S. Institute of Museum &amp; Library Services</b>			<u>235,638</u>

(Continued)

City of Hartford, Connecticut

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2016

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<b>Direct Programs:</b>			
Lead Hazard Reduction Demonstration	14.905	N/A	\$ 1,259,185
Lower Income Housing Assistance Program-			
Section 8 Moderate Rehab	14.856	N/A	2,070,421
Emergency Shelter Grants Program (ESG)	14.231	N/A	248,949
Home Investment Partnership Program	14.239	N/A	1,535,843
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	N/A	969,637
Section 8 Housing Choice Vouchers - Cluster	14.871	N/A	45,341,309
<b>Total Direct Programs</b>			<u>51,425,344</u>
 CDBG - Entitlement Cluster:			
Community Development Block Grant/Entitlement	14.218	N/A	3,298,118
<b>Total CDBG - Entitlement Cluster</b>			<u>3,298,118</u>
 Housing:			
Neighborhood Stabilization-Admin	14.228	12060-DOH46930-22466	21,039
			<u>21,039</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>54,744,501</u>
 <b>U.S. Department of Environmental Protection</b>			
<b>Direct Programs:</b>			
Brownsfields - 70 Edwards St	66.818	N/A	6,380
Brownsfields - 40 Chapel St	66.818	N/A	19,790
Brownsfields - 393 Homestead	66.818	N/A	1,950
			<u>28,120</u>
 <b>Federal Emergency Management Agency</b>			
<b>Direct Programs:</b>			
Emergency Management Performance	97.042	N/A	62,447
<b>Total Federal Emergency Management Agency</b>			<u>62,447</u>

(Continued)



**City of Hartford, Connecticut**

**Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2016**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
<b>U.S. Department of Justice</b>			
<b>Direct Programs:</b>			
Cops Hiring Grant	16.710	N/A	\$ 24,792
Cops Hiring Grant	16.710	N/A	60,669
FY'08 Cops Technology Grant	16.710	N/A	186,574
FY09 Cops Technology Grant	16.710	N/A	214,557
FY10 Cops Technology Grant	16.710	N/A	962,500
			<u>1,449,092</u>
FBI Safe Streets Indefinite	16.111	N/A	29,014
Hartford Resident Office DEA Indefinite	16.111	N/A	24,406
			<u>53,420</u>
FY'14-15 JAG Grant	16.738	NA	178,859
OPM JAG Equipment	16.738	NA	300,000
			<u>478,859</u>
CTVFTF Grant	16.xxx	N/A	36,153
CTFTF CT Fin'l Crime TF	16.xxx	N/A	1,330
JTTF-FBI OT Reimbursement	16.xxx	N/A	24,894
Fed Seized & Forfeited Property Fund	16.922	N/A	788,189
			<u>850,566</u>
<b>Passed through the State Department of Justice:</b>			28,111
Youth Services Prevention Arroyo	16.523		12,500
Youth Services Prevention Arroyo	16.523		40,611
			<u>28,111</u>
<b>Total U.S. Department of Justice</b>			<u>2,872,548</u>
<b>Total Federal Awards Expended</b>			<u>\$ 109,797,951</u>

N/A – Not Available

See Notes to Schedule of Expenditures of Federal Awards.

## City of Hartford, Connecticut

### Notes to Schedule of Expenditures of Federal Awards

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Hartford, Connecticut (the City) under programs of the federal government for the year ended June 30, 2016. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in fund balances/net position or changes in cash flows of the City.

#### **Note 2. Summary of Significant Accounting Principles**

Expenditures reported in the Schedule are recognized based on the modified accrual basis of accounting in governmental funds and accrual basis of accounting in the proprietary funds. Such expenditures are reported following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3. Non-Cash Awards**

Donated commodities in the amounts of \$4,513,593 and \$2,676 are included in the Department of Agriculture's WIC program, CFDA # 10.557 and the Department of Public Health and Human Services' Vaccine program, CFDA #s 93.268 and 93.712, respectively. These amounts represent the market value of commodities and vaccines received.

#### **Note 4. Indirect Cost Recovery**

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

#### **Note 5. Component Units**

The Schedule does not include any expenditures of federal financial assistance of the City's discretely presented component unit.

City of Hartford, Connecticut

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016

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1. Summary of Independent Auditor's Results

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal Control over Financial Reporting

- |   |                   |                             |
|---|-------------------|-----------------------------|
| • Material weakness(es) identified?               | <u>      </u> Yes | <u>  X  </u> No             |
| • Significant deficiency(ies) identified?         | <u>  X  </u> Yes  | <u>      </u> None reported |
| • Noncompliance material to financial statements? | <u>      </u> Yes | <u>  X  </u> No             |

*Federal Awards*

Internal control over major programs:

- |   |                   |                            |
|---|-------------------|----------------------------|
| • Material weakness(es) identified?       | <u>      </u> Yes | <u>  X  </u> No            |
| • Significant deficiency(ies) identified? | <u>      </u> Yes | <u>  X  </u> None reported |

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

- |  |                   |                 |
|--|-------------------|-----------------|
| • Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? | <u>      </u> Yes | <u>  X  </u> No |
|--|-------------------|-----------------|

**Identification of Major Programs**

CFDA Numbers	Name of Federal Program or Cluster
84.173A/84.027A	Special Education Cluster (IDEA Part B)
93.914	Ryan White (Part A)
14.871/14.879/14.880	Housing Voucher Cluster
14.238	Community Development Block Grant

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

\$ 3,000,000

Auditee qualified as low-risk auditee?	<u>  X  </u> Yes	<u>      </u> No
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City of Hartford, Connecticut

**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2016**

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II. Financial Statement Findings

**Significant Deficiency in Internal Control**

**2016-01** Financial Reporting Requirements

**Criteria** Management is responsible for establishing and maintaining internal controls to ensure the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Condition** Significant adjustments were posted to the City's financial statements to properly record transactions in accordance with GAAP. Adjustments included, but were not limited to, the following:

- Entries posted to record various debt transactions.
- Entries posted to record the OPEB Trust Fund.
- Entries for deferred revenue in Capital Projects Fund.

**Context** The City's debt, deferred revenue and trust activity were not recorded in accordance with GAAP.

**Effect** Three significant adjustments were posted to present the financial statements in accordance with GAAP.

**Cause** Certain reconciliations should be done at a more detailed level and complex adjustments should be reviewed, and if needed, seek additional guidance as required.

**Recommendation** We recommended that the City follow policies and procedures to establish effective internal controls to ensure financial statements are presented in accordance with GAAP. If complex transactions are presented, we recommend seeking outside guidance as required.

**Management Response** See Corrective Action Plan on page 14 of this report.

III. Federal Award Findings and Questioned Costs

No matters reported.

**City of Hartford, Connecticut**

**Summary of Prior Year Audit Findings  
For the Year Ended June 30, 2016**

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There were no findings in the prior year.

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hartford, Connecticut (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 30, 2016. Our report includes a reference to other auditors who audited the financial statements of the Hartford Parking Authority, a component unit of the City, as described in our report on the City of Hartford, Connecticut's financial statements.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency (2016-01).

**Compliance and Other Matters**

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

**The City of Hartford, Connecticut's Response to Finding**

The City of Hartford, Connecticut's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The City of Hartford, Connecticut's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*RSM VS LLP*

New Haven, Connecticut  
December 30, 2016



## CITY OF HARTFORD

DEPARTMENT OF FINANCE  
550 Main Street, Suite 303  
Hartford, Connecticut 06103

**LUKE A. BRONIN**  
Mayor

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**DARRELL V. HILL**  
Chief Financial Officer  
& Director of Finance

### Corrective Action Plan For the Fiscal Year Ended June 30, 2016

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#### Section II – Financial Statement Findings

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<b>Finding:</b>	2016-01
<b>Contact Person:</b>	Darrell Hill, Chief Financial Officer & Director of Finance
<b>Corrective Action:</b>	The City will ensure that all required adjustments to present the financial statements in accordance with GAAP are recorded prior to the commencement of the audit.
<b>Proposed Completion Date:</b>	The Department of Finance will implement the above corrective action for the fiscal year ended June 30, 2017.



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

**Independent Auditor's Report**

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

**Report on Compliance for Each Major State Program**

We have audited the City of Hartford, Connecticut's (the City) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the City's major state programs for the year ended June 30, 2016. The City's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

**Opinion on Each Major State Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

### **Report on Internal Control over Compliance**

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

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

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated December 30, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

New Haven, Connecticut  
December 30, 2016

**City of Hartford, Connecticut**

**Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2016**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
<b>Department of Education</b>		
Family Resource Center	11000-SDE64370-16110	\$ 650,427
Adult Education	11000-SDE64000-17030	1,859,430
Health Services	11000-SDE64370-17034	63,776
Prince 2016	N/A	1,750
Bilingual Education	11000-SDE64370-17042	532,619
Priority School Districts - 15-16	11000-SDE64370-17043-82052	5,112,014
Extended School Hours	11000-SDE64000-17043-82054	407,999
Hyland ELC Bond Fund Improvement	N/A	101,713
Hyland ELC Bond Fund Improvement	N/A	50,000
Youth Services Bureau	11000-SDE64000-17052	147,465
Youth Services Bureau-Enhancement	11000-SDE64370-16201	9,307
Open Choice	11000-SDE64370-17053	338,533
Lighthouse School Grant	11000 12457	750,000
Planning Grant	11000-SDE64370-12552	49,950
CSBE_USHCA Program	N/A	4,500
Magnet Schools	11000-SDE64370-17057	61,247,936
Magnet Great Path Academy	11000-SDE64370-12457	2,798,723
Capital Improvements	12052 43539	1,144
Magnet School Incubation bond	12052 43678	1,042,675
Low Performing Schools 15-16	12052 43594	264,424
Alliance - Governors Turnaround 15-16	11000-SDE64370-12457	14,520,907
Sheff Settlement	11000-SDE64370-12457	749,660
Sheff Settlement - Incubation Funds	11000-SDE64370-12052	397,261
High Quality Schools & Common Core	12052-SDE64000-43538-82166	460,950
Immigrant & Youth Education	12060-SDE64700-20868-82076	37,159
Math & Science Partnership	12060 21592 84157	10,955
Charter School Jumoke Academy	11000-SDE64000-17041	8,074,000
Charter School Achievement First	11000-SDE64000-17041	11,693,000
Summer School Accountability Grant	11000-SDE64000-17043	473,236
RSCO Grant	SID #20784	21,813
<b>Total Department of Education</b>		<b>111,873,326</b>
<b>Department of Children and Families:</b>		
Juvenile Review Board		252,250
Parent Trust Fund		6,646
		<b>258,896</b>

(Continued)

**City of Hartford, Connecticut**

**Schedule of Expenditures of State Financial Assistance (Continued)  
For the Year Ended June 30, 2016**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
<b>Office of Policy and Management</b>		
Property Tax Disability Exemption	11000-OPM20600-17011	\$ 8,362
Property Tax Relief on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	710,715
Property Tax Relief for Elderly and Totally Disabled Homeowners/Circuit Breaker/Life Use Grant	11000-OPM20600-17018	370,193
Property Tax Relief for Veterans	11000-OPM20600-17024	37,487
Local Capital Improvement Program	12050-OPM20600-40254	3,888,761
Municipal Grants-in-Aid	12052-OPM20600-43587	1,419,161
Jag Violent Crime Prevention	N/A	4,293
Jag Techonology	N/A	9,331
PILOT on State Owned Property	11000-OPM20600-17004	13,887,253
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	23,443,507
<b>Total Office of Policy and Management</b>		<b>43,779,063</b>
<b>Department of Transportation</b>		
Town Aid Road Grants	12001-DOT57131-17036	1,201,712
Bus Operations	12001-DOT57931-12175	83,486
Colt Gateway Streetscape - Phase 1	N/A	201,061
Coltsville Streetscape	N/A	35
Project Longevity (Crime analysis)	N/A	11,860
Comprehensive DUI Enforcement	N/A	49,865
Farmington/Broad/Asylum Intersection	N/A	5,200
Traffic Calming	N/A	9,200
Click it or Ticket	N/A	13,798
FY'15 Highway Safety Breathalyzer	N/A	-
Distracted Driving	N/A	16,863
Distracted Driving FY16	N/A	30,109
FY'15 Major City Speed Enforcement	N/A	14,663
Comprehensive DUI Enforcement FY16	N/A	119,320
Underage Drinking Enforcement	N/A	30,000
Intellectual Property Enforcement	N/A	80,247
DUI Command Post	N/A	274,500
CT Clean Fuel Program	N/A	188,300
TOD Transit Oriented Design Pilot	N/A	84,423
<b>Total Department of Transportation</b>	N/A	<b>2,414,642</b>

(Continued)

**City of Hartford, Connecticut**

**Schedule of Expenditures of State Financial Assistance (Continued)  
For the Year Ended June 30, 2016**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
<b>Education and Services for the Blind</b>		
Services for the Blind	11000-ESN650212060	\$ 125,894
<b>Total Education &amp; Services for the Blind</b>		<u>125,894</u>
<b>Judicial Department</b>		
E-Drill	N/A	329
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	88,423
<b>Total Judicial Department</b>		<u>88,752</u>
<b>Department of Labor</b>		
CT Department of Labor Fines		5,880
<b>Total CT Department of Labor Fines</b>		<u>5,880</u>
<b>Connecticut State Library</b>		
Historic Documents Preservation Grant	12060-CSL66094-35150	6,500
<b>Total Connecticut State Library</b>		<u>6,500</u>
<b>Department of Social Services</b>		
Emergency Shelter Grant McKinney CITY	SID#17038 & CONTRACT #064-ESS-1 / 13DOH0101BG A2	565,838
Healthy Start 7/1/12-6/30/13	SID16105 & CONTRACT064-HUO-06 /05DSS1001EG-A6	205,662
Nurturing Families Network 01/01/15-6	SID #12042 & CONTRACT 150EC8301EG	176,385
<b>Total Department of Social Services</b>		<u>947,885</u>
<b>Department of Revenue Services</b>		
Non-Budgeted Operating Appropriation	34004-DCP18306-40001	245,015
<b>Total Department of Revenue Services</b>		<u>245,015</u>
<b>Department of Public Health</b>		
Childhood Lead Poisoning Prevention	11000-DPH48500-12126	63,404
Tuberculosis Control and Prevention	11000-DPH48666-16112	26,243
Per capita FY15	11000-DPH48500-17009	160,149
Sexually Transmitted Disease Control	11000-DPH48665-17013	42,892
Ryan White MHIS Careware	SID 20908 & CFDA 93.991	52,691
Local Prevention Council	SID#11000-DPH 48854-12236 CFDA #93.917	8,973
HIV Prevention	N/A	129,185
<b>Total Department of Public Health</b>		<u>483,537</u>

(Continued)

**Schedule of Expenditures of State Financial Assistance (Continued)**  
**For the Year Ended June 30, 2016**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
<b>Department of Public Safety</b>		
911 Enhancement Grant	N/A	\$ 17,259
911 Subsidy Grant	N/A	808,688
Capital Expense	N/A	49,888
911 Training Fund 2013-15	N/A	405
911 Training Fund 2015-2016	N/A	12,502
911 Training Group Rollup	N/A	3,858
State Wide Narcotics TF	N/A	3,407
State Asset Forfeiture Revolving Fund	12060-DPS32155-35142	146,923
Public Safety Telecommunication Services Reimbursement	N/A	5,340
Cap Exp Grant Speaker/Microphone	N/A	6,160
Homeland Security/Civil Defense	N/A	50,000
Reimbursement for RILO	N/A	15,000
2013 School Security Grant	N/A	452,910
<b>Total Department of Public Safety</b>		<b>1,572,340</b>
<b>Department of Administrative Services</b>		
Alliance Building Grant	N/A	168,118
Morgan St Tax Payment	DASM1	800,000
<b>Total Department of Administrative Services</b>		<b>968,118</b>
<b>Office of Early Childhood</b>		
ELC Child Care	N/A	1,658,663
ELC Child Care Asylum	N/A	1,339,921
Quality Enhancement Grant	11000-SDE64000-17097-82079	150,125
School Readiness	11000-SDE64000-17403-82056	11,217,600
<b>Total Office of Early Childhood</b>		<b>14,366,309</b>
<b>Department of Energy and Environmental Protection</b>		
Medicaid DEEP		21,055
Batterson Park Improvements UGCG-15	N/A	57,348
Microgrid Pilot Program- Parkville	SID 43531	1,645,297
Elizabeth Park East Lawn Improvement	N/A	81,365
Cronin Park Improvement	N/A	468,785
Electric Vehicle Charging Stations		16,547
HFS-Enfield Street Community Garden		2,530
<b>Total Department of Energy and Environmental Protection</b>		<b>2,292,927</b>

(Continued)

**City of Hartford, Connecticut**

**Schedule of Expenditures of State Financial Assistance (Continued)  
For the Year Ended June 30, 2016**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
<b>Department of Economic and Community Development</b>		
Elizabeth Park Farmstead-Hartford	StateID# 16197	\$ 192,526
Swift Factory Brownfield's Project	SID# 12052-46000-43236	100,771
Brownsfield - 40 Popieluszok	21058	337,334
Upper Albany Façade Improvement	21058	329,081
Brownsfield - Batterson Park	21058	22,758
Brownsfield - Parkville	21058	84,067
John Rogers	Proj#3400022017	2,500
CCEDA II Home Ownership Appraisal GAP	12059-ECD46400-40577	597,532
Park Street Streetscape Phase III	12052-46000-43470	324,900
<b>Total Department of Economic and Community Development</b>		<b>1,991,469</b>
<b>Total State Financial Assistance Before Exempt Programs</b>		<b>181,420,553</b>
<b>Exempt Programs</b>		
<b>Department of Education</b>		
Department of Education Public School Transportation	11000-SDE64000-17027	1,235,272
Education Cost Sharing	11000-SDE64000-17041-82010	188,198,020
Excess Cost - Student Based	11000-SDE64000-17047	9,634,381
		<b>199,067,673</b>
<b>Department of Construction Services</b>		
School Construction - Interest	13009-DCS28000-40896	98,410
School Construction - Progress Payment	13009-DCS28000-40901	2,015,333
School Construction - Principal	11000-DCS28000-17049	48,179,061
		<b>50,292,804</b>
<b>Office of Policy and Management</b>		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	6,627,346
		<b>6,627,346</b>
<b>Total Exempt Programs</b>		<b>255,987,823</b>
<b>Total State Financial Assistance</b>		<b>\$ 437,408,376</b>

See Notes to Schedule of Expenditures of State Financial Assistance.  
N/A=Not Available

## City of Hartford, Connecticut

### Notes to Schedule of Expenditures of State Financial Assistance For the Year Ended June 30, 2016

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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, 2016. 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. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in fund balances/net position or changes in cash flows of the City.

#### **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:** Expenditures reported in the Schedule are recognized based on the modified accrual basis of accounting in governmental funds and accrual basis of accounting in the proprietary funds. 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 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the schedule of expenditures of state financial assistance shall include loans and loan activities. The following is a summary of the loan program activity for the year ended June 30, 2015:

##### **Department of Environmental Protection:**

Clean Water Funds 21014-OTT4230-4001

Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
\$ 1,232,204	\$ -	\$ (91,778)	\$ 1,140,426

#### **Note 3. Component Unit**

The schedule of expenditures of state financial assistance does not include any expenditures of state financial assistance of the City's discretely presented component unit.



**City of Hartford, Connecticut**

**Schedule of State Single Audit Compliance Findings and Questioned Costs  
For the Year Ended June 30, 2016**

I. Summary of Independent Auditor's Results

*Financial Statements*

Type of auditor's report issued: Unmodified.

Internal control over financial reporting:

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

*State Financial Assistance*

Internal control over major programs:

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

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

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

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

State Grantor and Program	State CORE-CT Number	Expenditures
<b>Department of Education</b>		
Magnet Schools	11000-SDE64370-17057	\$ 61,247,936
Alliance - Governors Turnaround 15-16	11000-SDE64370-12457	\$ 14,520,907
Charter School Achievement First	11000-SDE64000-17041	\$ 11,693,000
Charter School Jumokey Academy	11000-SDE64000-17041	\$ 8,074,000
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	\$ 23,443,507
• Dollar threshold used to distinguish between Type A and Type B programs		<u><u>\$ 3,628,411</u></u>

**City of Hartford, Connecticut**

**Schedule of State Single Audit Compliance Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2016**

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II. Financial Statement Findings

- We issued reports dated December 30, 2016, on internal control over financial reporting and compliance with other matters based on an audit of the basic financial statements performed in accordance with *Government Auditing Standards*.
- Our report on internal control over financial reporting noted one matter (2016-01).

III. State Financial Assistance Findings and Questioned Costs

No matters reported.

**City of Hartford, Connecticut**

**Summary of Prior Year Audit Findings - State  
For the Year Ended June 30, 2016**

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There were no findings in the prior year.