

CITY OF NEW BRITAIN, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2008

CITY OF NEW BRITAIN, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2008

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**Independent Auditors' Report on Compliance with Requirements
Applicable to 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
Common Council of the City of New Britain
City of New Britain, Connecticut

Compliance

We have audited the compliance of the City of New Britain, Connecticut, with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2008. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the City of New Britain, Connecticut's management. Our responsibility is to express an opinion on the City of New Britain, 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 New Britain, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of New Britain, Connecticut's compliance with those requirements.

In our opinion, the City of New Britain, Connecticut, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2008.

Internal Control over Compliance

The management of the City of New Britain, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the City of New Britain, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to

determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of New Britain, Connecticut's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of New Britain, Connecticut, as of and for the year ended June 30, 2008 and have issued our report thereon dated December 23, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of New Britain, Connecticut's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of management, the Mayor, members of the Common Council, the Board of Education, the Office of Policy and Management and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

December 23, 2008

CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2008

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Board of Education and Services for the Blind		
Education Aid Blind/Visually Impaired Children	11000-ESB65020-12060	\$ <u>165,095</u>
Department of Children and Families		
Board and Care for Children - Foster	11000-DCF91110-16135	8,566
Child Welfare Support Services	11000-DCF91178-16120	<u>29,107</u>
Total Department of Children and Families		<u>37,673</u>
Office of the State Comptroller		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	4,296,954
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OSC15910-17006	3,724,869
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	3,567,383
Boat Grant	12027-OSC15910-40211	<u>13,433</u>
Total Office of the State Comptroller		<u>11,602,639</u>
Department of Economic and Community Development		
Tax Abatement Program	11000-ECD46400-17008-038	28,881
Payment In Lieu of Taxes (PILOT)	11000-ECD46400-17012-039	<u>121,511</u>
Total Department of Economic and Community Development		<u>150,392</u>
Department of Education		
School Readiness and Child Care in Priority School Districts	11000-SDE64000-17043-82056	3,755,176
Omnibus Grants St Supported Schools	11000-SDE64370-16072	172,924

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CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Family Resource Centers	11000-SDE64370-16110	\$ 204,800
Adult Education	11000-SDE64370-17030	1,232,681
Health and Welfare - Private School Pupil	11000-SDE64370-17034	87,990
Bilingual Education	11000-SDE64370-17042	145,043
Priority School Districts	11000-SDE64000-17043	2,348,679
Early Reading Success Grant Program For Priority School Districts - Noncompetitive	11000-SDE64000-17043-82053	1,352,688
Extended School Hours Program Grant	11000-SDE64000-17043-82054	194,680
Summer School Accountability Grant	11000-SDE64000-17043-82055	229,442
School Breakfast	11000-SDE64370-17046	56,277
Magnet Schools	11000-SDE64370-17057	41,600
Quality Enhancement Grant	12060-SDE64370-90242	67,184
Youth Services Bureau	11000-SDE64370-17052	80,321
School Improvement Grant	12060-SDE64370-22223	<u>32,035</u>
Total Department of Education		<u>10,001,520</u>
Department of Environmental Protection		
Clean Water Fund	21015-OTT14230-42318	1,173,344
Drinking Water Program	21015-OTT14230-40001	<u>290,084</u>
Total Department of Environmental Protection		<u>1,463,428</u>
Judicial Branch		
Non-Budgeted Operating Approp	34001-JUD95162-40001	<u>26,544</u>

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CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Connecticut State Library		
Historic Documents Preservation Grants	12060-CSL66094-35150	\$ <u>20,000</u>
Office of Policy and Management		
Justice Assistance State Match Program	11000-OPM20350-12251	8,882
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	12,441
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	92,679
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	480,571
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	28,400
Property Tax Relief for Veterans	11000-OPM20600-17024	41,812
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	1,184,601
Local Capital Improvement Program	12050-OPM20600-40254	493,533
JJ Formula Grant	12060-OPM20350-21676	6,571
Safe & Drug Free Schools	12060-OPM20350-21678	126,000
Urban Youth Violence Prevention	11000-OPM20350-12447	<u>199,772</u>
Total Office of Policy and Management		<u>2,675,262</u>
Department of Public Health		
Childhood Lead Poisoning Prevention Program	11000-DPH48766-12227	51,134

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CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
"AIDS" Services	11000-DPH48852-12236	\$ 38,874
Tuberculosis Control and Prevention	11000-DPH48666-16112	4,845
Local and District Departments of Health	11000-DPH48558-17009	56,657
Sexually Transmitted Disease Control	11000-DPH48665-17013	14,547
School-Based Health Clinics	11000-DPH48832-17019	<u>279,062</u>
Total Department of Public Health		<u>445,119</u>
Department of Public Safety		
Telecommunications Fund	12060-DPS32740-35190	176,558
Drug Asset Forfeiture Revolving Fund - DPS	12060-DPS32155-35142	<u>73,270</u>
Total Department of Public Safety		<u>249,828</u>
Department of Revenue Services, Division of Special Revenue		
Off Track Betting	34004-DSR18307-40001	228,872
Bingo Payments	34003-DSR18309-42350	<u>845</u>
Total Department of Revenue Services, Division of Special Revenue		<u>229,717</u>
Department of Transportation		
Town Aid Roads Grants Transportation Fund	12001-DOT57000-17036	384,056
Occupant Protection	12062-DOT57533-22087	9,910
Occupant Protection	12062-DOT57513-22087	10,899

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CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Alcohol Open Container Requirements	12062-DOT57533-22091	\$ 79,950
TSB Projects Account	12062-DOT57911-35304	<u>62,826</u>
Total Department of Transportation		<u>547,641</u>
Department of Public Works		
Rents & Moving	11000-DPW27350-12179	<u>138,600</u>
Board of Academic Awards		
Board for State Academy Award Op Fund	12060-BAA77142-35186	<u>1,076</u>
Office of the Secretary of the State		
Help America Vote Act	12060-SOS12500-21465	<u>23,565</u>
Total State Financial Assistance Before Exempt Programs		<u>27,778,099</u>
Exempt Programs		
Department of Education		
Transport of Children	11000-SDE64370-17027	2,609,297
Education Equalization Grants	11000-SDE64370-17041	1,131,919
Excess Cost Equity	11000-SDE64370-17047	2,637,079
Nonpublic School Transportation	11000-SDE64370-17049	339,879
School Construction Grants - Interest	13009-SDE64370-40896	719,662
School Construction Grants - Principal	13010-SDE64370-40901	<u>9,761,521</u>
Total Exempt Programs		<u>17,199,357</u>
Total State Financial Assistance		<u>\$ 44,977,456</u>

CITY OF NEW BRITAIN, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2008

Various departments and agencies of the State of Connecticut have provided financial assistance to the City of New Britain, Connecticut, through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. The financial assistance programs fund several programs including housing, education, human services, transportation and general government activities.

Note 1 - **Summary of Significant Accounting Policies:**

The accounting policies of the City of New Britain, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to government entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting - The financial statements contained in the City of New Britain, Connecticut's annual audit report are prepared on the modified accrual basis of accounting. The following is a summary of such basis:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, if measurable.

The schedule of expenditures of state financial assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Sections 4-236-22), certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

Note 2 - **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 various loan program activity for the year ended June 30, 2008:

Department of Environmental Protection:

Clean Water Funds:

Clean Water Funds:

Outstanding balance, July 1, 2007	\$ 32,828,303
Issued	1,114,671
Payments	<u>(2,109,260)</u>
Outstanding Balance, June 30, 2008	\$ <u><u>31,833,714</u></u>



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

To The Honorable Mayor and Members of the
Common Council of the City of New Britain
City of New Britain, Connecticut

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of New Britain, Connecticut, as of and for the year ended June 30, 2008, which collectively comprise the City of New Britain, Connecticut's basic financial statements, and have issued our report thereon dated December 23, 2008. 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

In planning and performing our audit, we considered the City of New Britain, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of New Britain, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of New Britain, Connecticut's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the City's internal control that might be 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 above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of New Britain, Connecticut, in a separate letter dated December 23, 2008.

This report is intended for the information and use of management, the Mayor, members of the Common Council, the Board of Education, the Office of Policy and Management and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

December 23, 2008

CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

I. Summary of Auditors' 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 that are not considered to be material weaknesses? _____ yes X 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 that are not considered to be material weaknesses? _____ 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 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 audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Office of the State Comptroller:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	\$ 4,296,954
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OSC15910-17006	3,724,869
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	3,567,383
Department of Education:		
School Readiness and Child Care in Priority School Districts	11000-SDE64000-17043-82056	3,755,176
Adult Education	11000-SDE64370-17030	1,232,681
Priority School Districts	11000-SDE64000-17043	2,348,679
Early Reading Success Grant Program for Priority School Districts - Noncompetitive	11000-SDE64000-17043-82053	1,352,688

Department of Environmental Protection:		
Clean Water Fund	21015-OTT14230-42318	1,173,344
Drinking Water Program	21015-OTT14230-40001	290,084
Office of Policy and Management:		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	480,571
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	1,184,601
Local Capital Improvement Program	12050-OPM20600-40254	493,533
Department of Transportation:		
Town Aid Roads Grants Transportation Fund	12001-DOT57000-17036	384,056

II. Financial Statement Findings

1. We issued reports, dated December 23, 2008, on internal control over financial reporting and on compliance based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
2. Our report on compliance indicated no reportable instances of noncompliance.
3. Our report on internal control over financial reporting indicated no significant deficiencies.

III. State Financial Assistance Findings and Questioned Costs

No findings or questioned costs are reported relating to state financial assistance programs.