

CITY OF NEW BRITAIN, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2009

CITY OF NEW BRITAIN, CONNECTICUT

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TABLE OF CONTENTS

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program, on Internal Control over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards	1-2
Schedule of Expenditures of Federal Awards	3-6
Notes to Schedule	7
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8-9
Schedule of Findings and Questioned Costs	10-11



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**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program, 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
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 U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of New Britain, Connecticut's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City 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 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 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 of 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 federal programs for the year ended June 30, 2009.

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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 federal 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 federal 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 federal 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 federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal 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 federal 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 Federal Awards

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, 2009 and have issued our report thereon dated December 20, 2009. 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 federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. 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, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

December 20, 2009

CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
United States Department of Agriculture			
<i>Passed Through the State of Connecticut</i>			
<i>Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-SDE64370-20508	\$ 912,488
National School Lunch Program	10.555	12060-SDE64370-20560	<u>2,702,585</u>
			\$ 3,615,073
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051	43,083
<i>Passed Through the State of Connecticut</i>			
<i>Department of Administrative Services:</i>			
Food Donation	10.550		<u>287,652</u>
Total United States Department of Agriculture			<u>3,945,808</u>
United States Department of Education			
<i>Direct Programs:</i>			
Lead Education	66.110		18,191
<i>Passed Through the State of Connecticut</i>			
<i>Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679	4,922,184
Special Education Cluster:			
IDEA Part B - Individuals With Disabilities	84.027	12060-SDE64370-20977	2,768,932
Special Education - Preschool Grants	84.173	12060-SDE64370-20983	<u>86,818</u>
			2,855,750
Carl D. Perkins Vocational Education	84.048	12060-SDE64370-20742	237,375
Safe and Drug-Free Schools and Communities - State Grants	84.186	12060-SDE64370-20873	93,899
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863	718,371
Title V - Innovative Education Strategies	84.298	12060-SDE64370-20909	38,433

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CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
Tech Literacy Challenge Fund	84.318	12060-SDE64370-20826	\$ 38,198
Reading First State Grants	84.357	12060-SDE64370-20854	245,121
Title III Language LEP Bilingual	84.365	12060-SDE64370-20868	289,603
Title II PART B Math and Science	84.366	12060-SDE64370-21592	255,266
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858	<u>912,382</u>
Total United States Department of Education			<u>10,624,773</u>
United States Department of Health and Human Services			
<i>Passed Through the State of Connecticut Department of Public Health:</i>			
Immunization Grants	93.268	12060-DPH48664-20911	82,428
Preparedness and Resp - Bioterrorism	93.283	12060-DPH48557-21096	65,882
HIV Prevention Activities - Health Department Based	93.940	12060-DPH48852-20920	8,295
Preventive Health and Health Services Block Grant	93.991	12060-DPH48558-21530	15,360
<i>Passed Through the State of Connecticut Department of Children and Families:</i>			
Independent Living Skills	93.674	12060-DCF91178-20225	<u>42,866</u>
Total United States Department of Health and Human Services			<u>214,831</u>
United States Department of Homeland Security			
<i>Passed Through the State of Connecticut Department of Emergency Management and Homeland Security:</i>			
Emergency Management Performance Grants	97.042	12060-EHS99660-21881	<u>17,578</u>

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CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
United States Department of Housing and Urban Development			
<i>Direct Programs:</i>			
CDBG - Entitlement and Small Cities Cluster:			
Neighborhood Stabilization Program Recovery Act	14.218		\$ 1,091,485
Community Development Block Grant/Entitlement	14.218		<u>193,858</u>
			\$ 1,285,343
Home Investment Partnership Program	14.239		1,967,635
Community Development Block Grants/Brownfield's Initiatives	14.246		5,896
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		<u>1,035,437</u>
Total United States Department of Housing and Urban Development			<u>4,294,311</u>
United States Department of Justice			
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>			
Edward Byrne Memorial Formula Grant Program	16.579	12060-OPM20350-21626	20,473
Stop Violence Against Women	16.589	12060-OPM20350-21625	<u>61,250</u>
Total United States Department of Justice			<u>81,723</u>
United States Department of Transportation			
<i>Passed Through the State of Connecticut Department of Transportation:</i>			
Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	12062-OPM20350-21625	1,409,379
Highway Safety Cluster: Alcohol Traffic Safety and Drunk Driving	20.601	12062-DOT57343-22086	117,900

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CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
<i>Passed Through the State of Connecticut Department of Environmental Protection</i>			
Recreational Trails Program	20.219	12060-DEP44321-20296	\$ <u>16,000</u>
Total United States Department of Transportation			<u>1,543,279</u>
Total Federal Awards Expended			\$ <u><u>20,722,303</u></u>

CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Various agencies of the Federal Government have made financial assistance available to the City of New Britain, Connecticut. These grants 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 accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of New Britain, Connecticut, and is presented on the modified accrual basis of accounting. 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*.

Note 2 - **Noncash Awards:**

Donated commodities in the amount of \$287,652 are included in the Department of Agriculture's Food Donation program, CFDA #10.550. The amount represents the market value of commodities received.



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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, 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, 2009, which collectively comprise the City of New Britain, Connecticut's basic financial statements, and have issued our report thereon dated December 20, 2009. 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.

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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 20, 2009.

This report is intended for the information and use of management, the Mayor, members of the Common Council, the Board of Education, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

December 20, 2009

CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

I. Summary of Auditors' Results

Financial Statements

Type of auditors' 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

Federal Awards

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 auditors' report issued on compliance for major programs: Unqualified

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

_____ yes X no

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster
84.287	Twenty-First Century Community Learning Centers
14.218	CDBG - Entitlement and Small Cities Cluster
14.239	Home Investment Partnership Program
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing

Dollar threshold used to distinguish between type A and type B programs: \$621,669

Auditee qualified as low-risk auditee? _____ yes X no

II. Financial Statement Findings

- We issued reports, dated December 20, 2009, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

III. Federal Award Findings and Questioned Costs

- No findings or questioned costs are reported relating to federal awards.