

**CITY OF NEW BRITAIN, CONNECTICUT**

**STATE SINGLE AUDIT REPORT**

**JUNE 30, 2009**

**CITY OF NEW BRITAIN, CONNECTICUT**

**STATE SINGLE AUDIT REPORT**

**JUNE 30, 2009**

**TABLE OF CONTENTS**

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	1-2
Schedule of Expenditures of State Financial Assistance	3-8
Notes to Schedule	9-10
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>	11-12
Schedule of Findings and Questioned Costs	13-14



Accounting | Tax | Business Consulting

**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, 2009. 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, 2009.

Blum, Shapiro & Company, P.C.

WEST HARTFORD • SHELTON  
Westport • Waterbury • New York

An Independent Member of Baker Tilly International

### 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, 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 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 20, 2009

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Board of Education and Services for the Blind</b>		
Education Aid Blind/Visually Impaired Children	11000-ESB65020-12060	\$ <u>107,297</u>
<b>Department of Children and Families</b>		
Child Welfare Support Services	11000-DCF91178-16120	<u>33,102</u>
<b>Office of the State Comptroller</b>		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	4,255,399
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OSC15910-17006	3,561,936
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	3,544,218
Boat Grant	12027-OSC15910-40211	<u>13,433</u>
Total Office of the State Comptroller		<u>11,374,986</u>
<b>Department of Economic and Community Development</b>		
Tax Abatement Program	11000-ECD46400-17008-038	29,275
Payment In Lieu of Taxes (PILOT)	11000-ECD46400-17012-039	158,120
Urban Action Bonds	13019-ECD46440-41240	429,647
Urban Action Bonds	13019-ECD46350-41240	<u>20,000</u>
Total Department of Economic and Community Development		<u>637,042</u>
<b>Department of Education</b>		
School Readiness and Child Care in Priority School Districts	11000-SDE64000-17043-82056	3,957,007
Omnibus Grants St Supported Schools	11000-SDE64370-16072	170,017

(Continued on next page)

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE**  
**FINANCIAL ASSISTANCE (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Family Resource Centers	11000-SDE64370-16110	\$ 194,400
Adult Education	11000-SDE64370-17030	1,299,118
Health and Welfare - Private School Pupil	11000-SDE64370-17034	84,018
Bilingual Education	11000-SDE64370-17042	155,906
Priority School Districts	11000-SDE64000-17043	2,314,508
Extended School Hours Program Grant	11000-SDE64000-17043-82054	194,640
Summer School Accountability Grant	11000-SDE64000-17043-82055	227,089
School Breakfast	11000-SDE64370-17046	62,556
Youth Services Bureau	11000-SDE64370-17052	72,771
Youth Services Bureau	11000-SDE64370-16201	7,550
Magnet Schools	11000-SDE64370-17057	14,300
Quality Enhancement Grant	12060-SDE64370-90242	67,184
School Improvement Grant	12060-SDE64370-22223	42,014
Financial Literacy - UBS	12060-SDE64370-35358	<u>23,420</u>
Total Department of Education		<u>8,888,498</u>
<b>Department of Environmental Protection</b>		
Underground Storage Tank Petroleum Clean-Up	12026-DEP43750-40201	<u>10,535</u>
<b>Judicial Branch</b>		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	<u>28,955</u>

(Continued on next page)

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE**  
**FINANCIAL ASSISTANCE (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Connecticut State Library</b>		
Grants to Public Libraries	11000-CSL66051-17003	\$ 5,519
ConnectiCard Payments	11000-CSL66051-17010	7,610
Historic Documents Preservation Grants	12060-CSL66094-35150	<u>12,000</u>
Total Connecticut State Library		<u>25,129</u>
<b>Office of Policy and Management</b>		
Justice Assistance State Match Program	11000-OPM20350-12251	31,029
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	13,894
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	77,759
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	485,098
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	21,545
Property Tax Relief for Veterans	11000-OPM20600-17024	30,797
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	1,194,588
Local Capital Improvement Program	12050-OPM20600-40254	616,464
Urban Youth Violence Prevention	11000-OPM20350-12447	199,772
Heating Assistance Schools	11000-OPM20600-17096	126,748
Prepare/Revise - Municipal Plans	12052-OPM20600-43129	<u>20,000</u>
Total Office of Policy and Management		<u>2,817,694</u>

(Continued on next page)

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE**  
**FINANCIAL ASSISTANCE (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Department of Public Health</b>		
Childhood Lead Poisoning Prevention Program	11000-DPH48766-12227	\$ 51,121
Tuberculosis Control and Prevention	11000-DPH48666-16112	3,881
Local and District Departments of Health	11000-DPH48558-17009	83,936
Sexually Transmitted Disease Control	11000-DPH48665-17013	14,430
School-Based Health Clinics	11000-DPH48832-17019	<u>279,062</u>
Total Department of Public Health		<u>432,430</u>
<b>Department of Public Safety</b>		
Telecommunications Fund	12060-DPS32740-35190	136,728
Drug Asset Forfeiture Revolving Fund - DPS	12060-DPS32155-35142	<u>32,531</u>
Total Department of Public Safety		<u>169,259</u>
<b>Department of Revenue Services, Division of Special Revenue</b>		
Off Track Betting	34004-DSR18307-40001	200,604
Bingo Payments	34003-DSR18309-42350	<u>761</u>
Total Department of Revenue Services, Division of Special Revenue		<u>201,365</u>
<b>Department of Social Services</b>		
Medicaid	11000-DSS60000-16020	<u>610,606</u>

(Continued on next page)



**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE**  
**FINANCIAL ASSISTANCE (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Department of Transportation</b>		
Town Aid Roads Grants Transportation Fund	12001-DOT57000-17036	\$ 382,290
Alcohol Open Container Requirements	12062-DOT57533-22091	16,228
TSB Projects Account	12062-DOT57911-35304	<u>62,826</u>
Total Department of Transportation		<u>461,344</u>
<b>Department of Emergency Management and Homeland Security</b>		
School Security Grant	12060-EHS99530-90516	<u>1,293,661</u>
<b>Department of Public Works</b>		
Rents & Moving	11000-DPW27350-12179	<u>138,600</u>
<b>Board of Academic Awards</b>		
BCAE Web Based Adult Diploma Program	123060-BAA77200-20137	1,300
Board for State Academy Award Operating Fund	12060-BAA77142-35186	<u>1,192</u>
Total Board of Academic Awards		<u>2,492</u>
<b>Office of the Secretary of the State</b>		
Help America Vote Act	12060-SOS12500-21465	<u>15,963</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>27,248,958</u>

(Continued on next page)

**CITY OF NEW BRITAIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE**  
**FINANCIAL ASSISTANCE (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Exempt Programs</b>		
<b>Department of Education</b>		
Transport of Children	11000-SDE64370-17027	\$ 2,588,878
Education Equalization Grants	11000-SDE64370-17041	830,069
Excess Cost Equity	11000-SDE64370-17047	2,998,326
Nonpublic School Transportation	11000-SDE64370-17049	346,228
School Construction Grants - Interest	13009-SDE64370-40896	523,984
School Construction Grants - Principal	13010-SDE64370-40901	<u>8,525,980</u>
Total Exempt Programs		<u>15,813,465</u>
<b>Total State Financial Assistance</b>		<b>\$ <u>43,062,423</u></b>

**CITY OF NEW BRITAIN, CONNECTICUT**

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE YEAR ENDED JUNE 30, 2009**

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, 2009:

Department of Environmental Protection:

Clean Water Funds:

Clean Water Funds:

Outstanding balance, July 1, 2008	\$ 31,833,714
Issued	
Payments	<u>(2,143,485)</u>
Outstanding Balance, June 30, 2009	\$ <u><u>29,690,229</u></u>



Accounting | Tax | Business Consulting

**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.

Blum, Shapiro & Company, P.C.

WEST HARTFORD • SHELTON  
Westport • Waterbury • New York

An Independent Member of Baker Tilly International

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, 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 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

**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 auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? \_\_\_\_\_ 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	\$ 4,255,399
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OSC15910-17006	3,561,936
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	3,544,218
Department of Economic and Community Development:		
Urban Action Bonds	13019-ECD46440-41240	429,647
Department of Education:		
School Readiness and Child Care in Priority School Districts	11000-SDE64000-17043-82056	3,957,007
Adult Education	11000-SDE64370-17030	1,299,118
Priority School Districts	11000-SDE64000-17043	2,314,508

Office of Policy and Management:		
Property Tax Relief for Elderly and Totally Disable Homeowners	11000-OPM20600-17018	485,098
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	1,194,588
Local Capital Improvement Program	12050-OPM20600-40254	616,464
Department of Public Health:		
School-Based Health Clinics	11000-DPH48832-17019	279,062
Department of Social Services:		
Medicaid	11000-DSS60000-16020	610,606
Department of Transportation:		
Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	382,290
Department of Emergency Management and Homeland Security:		
School Security Grant	12060-EHS99530-90516	1,293,661

## **II. Financial Statement Findings**

1. We issued reports, dated December 20, 2009, 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.