

CITY OF NEW BRITAIN, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2010

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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 City of New Britain, Connecticut's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of New Britain, Connecticut's major federal programs for the year ended June 30, 2010. 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. 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 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, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2010-01.

Internal Control over Compliance

Management of the City of New Britain, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of New Britain, Connecticut's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2010-01. 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.

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, 2010 and have issued our report thereon dated December 28, 2010. 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.

The City of New Britain, Connecticut's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of New Britain, Connecticut's response, and, accordingly, we express no opinion on the response.

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 28, 2010

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number/ Project Number	Expenditures
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	\$ 1,214,404
National School Lunch Program	10.555	12060-SDE64370-20560	<u>3,216,422</u>
			\$ 4,430,826
National School Lunch Program Equipment Assistance - ARRA	10.579	12060-SDE64370-29013	<u>14,014</u>
Total United States Department of Agriculture			<u>4,444,840</u>
United States Department of Education			
<i>Passed Through the State of Connecticut</i>			
<i>Department of Education:</i>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679	6,868,662
Title I Grants to Local Educational Agencies, Recovery Act	84.389	12060-SDE64370-29010	<u>1,992,237</u>
			8,860,899
Special Education Cluster:			
Special Education - Grants to States	84.027	12060-SDE64370-20977	2,947,862
Special Education - Preschool Grants	84.173	12060-SDE64370-20983	111,540
Special Education - Grants to States (IDEA, Part B), Recovery Act	84.391	12060-SDE64370-29011	1,576,674
Special Education - Preschool Grants (IDEA Preschool), Recovery Act	84.392	12060-SDE64370-29012	<u>31,494</u>
			4,667,570
Safe and Drug-Free Schools and Communities - National Programs	84.184	12060-SDE64370-20873	62,957
Tech Prep Education	84.243	12060-SDE64370-20848	310,811
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863	52,103

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**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

<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>
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	12060-SDE64370-20826	\$ 25,581
Education Technology State Grants, Recovery Act (Enhancing Education through Technology Program)	84.386	12060-SDE64370-29063	<u>72,696</u>
			\$ 98,277
Reading First State Grants	84.357	12060-SDE64370-20854	72,145
English Language Acquisition Grants	84.365	12060-SDE64370-20868	207,609
Mathematics and Science Partnerships	84.366	12060-SDE64370-21592	789
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858	865,735
School Improvement Grant	84.377A	12060-SDE64370-22223	61,977
Education for Homeless Children and Youth, Recovery Act	84.387A	12060-SDE64370-29033	13,349
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)	84.394	12060-SDE64370-29054	6,798,653
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	12060-SDE64370-29053	<u>3,748,469</u>
			<u>10,547,122</u>
Total United States Department of Education			<u>25,821,343</u>
United States Department of Health and Human Services			
<i>Passed Through the State of Connecticut Department of Public Health:</i>			
Immunization Cluster:			
Immunization Grants	93.268	12060-DPH48664-20911	86,261
Immunization Grants	93.268	12060-DPH48557-22350	<u>30,613</u>
			116,874
Preventive Health and Health Services Block Grant	93.991	12060-DPH48558-21530	13,361

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**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

<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>
Public Health Emergency Preparedness Cluster:			
Public Health Emergency Preparedness	93.069	12060-DPH48557-22333	\$ 93,540
Vaccines - H1N1	93.069	12060-DPH48557-22350	<u>64,100</u>
			\$ <u>157,640</u>
 Total United States Department of Health and Human Services			 <u>287,875</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-EHS99620-21881	 <u>21,858</u>
 United States Department of Housing and Urban Development <i>Direct Programs:</i>			
CDBG-Entitlement Grants Cluster: Community Development Block Grant/Entitlement	14.218		2,110,408
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) - (Recovery Act Funded)	14.253		198,926
 <i>Passed through the State of Connecticut Department of Economic and Community Development:</i>			
CDBG-Entitlement Grants Cluster: Neighborhood Stabilization Program	14.218	12060-ECD46350-22324	 <u>1,135,760</u>
			3,445,094
Emergency Shelter Grants Program	14.231		396,835
Home Investment Partnership Program	14.239		952,527
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		<u>175,838</u>
 Total United States Department of Housing and Urban Development			 <u>4,970,294</u>

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**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

<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 Justice			
<i>Direct Programs:</i>			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to Local Governments	16.804		\$ 168,078
Edward Byrne Memorial Justice Assistance Grant Program	16.738		54,306
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to State and Territories	16.803	12060-OPM20350-29002	30,478
Violence Against Women 2003	16.588	12060-OPM20350-21625	107,485
<i>Passed Through the State of Connecticut Department of Public Safety:</i>			
ICAC GRANT	16.542	12060-DPS32740-35190	<u>1,900</u>
Total United States Department of Justice			<u>362,247</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-DOT57141-22108	1,327,985
Highway Safety Cluster:			
State and Community Highway Safety Alcohol Traffic Safety and Drunk Driving	20.600	12062-DOT57343-20559	\$ 9,269
Driving	20.601	12062-DOT57343-22086	21,629
Safety Belt Performance Grants	20.609	12062-DOT57343-22093	<u>11,251</u>
			42,149

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**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

<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>
Federal Transit Formula Grants	20.507	12062-DOT57126-22102	\$ 2,903
Alcohol Open Containers Requirement	20.607	12062-DOT57343-22091	<u>61,803</u>
Total United States Department of Transportation			<u>1,434,840</u>
United States Environmental Protection Agency			
<i>Passed Through the State of Connecticut Department of Environmental Protection</i>			
Performance Partnership Grant	66.605	12060-DEP43540-21010	<u>20</u>
Total Federal Awards Expended			<u>\$ 37,343,317</u>

**CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

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 \$267,078 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

NOTE 3 - IMMUNIZATION GRANTS - NONCASH BENEFITS

The City also reports noncash awards under the Immunization Grants. The amount of \$116,874 included in the schedule of federal awards includes \$64,100 of noncash benefit payments made directly to suppliers by the State of Connecticut and are included in the schedule of federal awards, as reported by the State Department of Public Health for eligible participants of the program.



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**Independent Auditors' 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***

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, 2010, which collectively comprise the City of New Britain, Connecticut's basic financial statements, and have issued our report thereon dated December 28, 2010. 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined 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 28, 2010.

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 28, 2010

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

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? _____ 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? X yes _____ 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?

 X yes _____ no

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555	Child Nutrition Cluster
84.010/84.389	Title I, Part A Cluster
84.027/84.173/84.391/84.392	Special Education Cluster
84.394/84.397	State Fiscal Stabilization Fund Cluster
16.804/16.803	Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Local Governments
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$1,125,021

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

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2010-01	Reporting Grantor: U.S. Department of Justice CFDA Number: 16.804/16.803/16.783 Program Name: Edward Byrne Memorial Justice Assistance Grant (JAG) Program
Criteria	Federal Financial Reports as well as Section 1512 Reports (for recovery act grants) are required to be filed thirty days and ten days after the end of each quarter, respectively.
Condition	Federal financial reports were not filed timely for three out of three reports sampled. Section 1512 reporting was not filed during the fiscal year.
Questioned Costs	None noted.
Context	The City has four individual grants under this program.
Effect	No effect can be determined.
Cause	The City did not have sufficient controls in place to ensure proper filing of required reports.
Recommendation	We recommend that the City strengthen procedures to ensure the timely filing of reports in accordance with grant requirements.
Management Response and Planned Corrective Action	Procedures for filing these reports have been reviewed by City Management and procedures have been developed to ensure compliance with all grant reporting requirements.