

**CITY OF NEW BRITAIN, CONNECTICUT**

**STATE SINGLE AUDIT REPORT**

**JUNE 30, 2010**

**CITY OF NEW BRITAIN, CONNECTICUT**

**STATE 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 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 City of New Britain, Connecticut's 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 of New Britain, Connecticut's major state programs for the year ended June 30, 2010. The City of New Britain, Connecticut's 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 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 state programs for the year ended June 30, 2010.

## **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 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 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 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 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 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.

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.

## **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, 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 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 solely 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 28, 2010

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>State Grantor/Pass-Through 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>81,100</u>
<b>Office of the State Comptroller</b>		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	3,410,722
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	11000-OSC15910-17006	<u>2,758,952</u>
Total Office of the State Comptroller		<u>6,169,674</u>
<b>Department of Economic and Community Development</b>		
Tax Abatement Program	11000-ECD46400-17008-038	31,080
Payment In Lieu of Taxes (PILOT)	11000-ECD46400-17012-039	148,340
Urban Action Bonds	13019-ECD46440-41240	<u>594,252</u>
Total Department of Economic and Community Development		<u>773,672</u>
<b>Department of Education</b>		
School Readiness and Child Care in Priority School Districts	11000-SDE64000-17043-82056	3,999,751
Healthy Food Certification	11000-SDE64000-16072-82010	122,623
Child Nutrition Program - (School Lunch State Match)	11000-SDE64000-16072-82051	56,355
Family Resource Centers	11000-SDE64000-16110	184,650
Youth Services Bureau - Enhancement	11000-SDE84000-16201	7,550
Adult Education	11000-SDE64000-17030	847,728
Health Services	11000-SDE64000-17034	73,408

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**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Bilingual Education	11000-SDE64000-17042	\$ 156,078
Priority School Districts	11000-SDE64000-17043-82052	2,307,294
Extended School Hours Program Grant	11000-SDE64000-17043-82054	205,423
Summer School Accountability Grant	11000-SDE64000-17043-82055	226,434
Interdistrict Cooperative Grant	11000-SDE64000-17045	20,371
School Breakfast	11000-SDE64000-17046	87,437
Youth Services Bureau	11000-SDE64000-17052	72,841
Magnet Schools	11000-SDE64000-17057	15,400
After School Program	11000-SDE64000-17084	150,000
School Readiness Quality Enhancement	12060-SDE64000-90242	<u>67,184</u>
Total Department of Education		<u>8,600,527</u>
<b>Department of Environmental Protection</b>		
Clean Air Account Fund	11000-DEP43540-12490	30
Boating Account	12060-DEP44434-35403	<u>6,883</u>
Total Department of Environmental Protection		<u>6,913</u>
<b>Connecticut State Library</b>		
ConnectiCard Payments	11000-CSL66051-17010	11,560
Historic Documents Preservation Grants	12060-CSL66094-35150	<u>10,000</u>
Total Connecticut State Library		<u>21,560</u>

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**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Office of Policy and Management</b>		
Justice Assistance State Match Program	11000-OPM20350-12251	\$ 35,829
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	12,953
Payment in Lieu of Taxes (PILOT) on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	208,955
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	462,999
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	16,500
Property Tax Relief for Veterans	11000-OPM20600-17024	27,645
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	1,403,989
Local Capital Improvement Program	12050-OPM20600-40254	<u>995,071</u>
Total Office of Policy and Management		<u>3,163,941</u>
<b>Department of Public Health</b>		
Lead Poisoning Prevention Program	11000-DPH48500-12227	50,970
Tuberculosis Control and Prevention	11000-DPH48500-16112	3,720
Local and District Departments of Health	11000-DPH48500-17009	83,384
Sexually Transmitted Disease Control	11000-DPH48500-17013	13,093
School-Based Health Clinics	11000-DPH48500-17019	<u>205,573</u>
Total Department of Public Health		<u>356,740</u>

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**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Department of Public Safety</b>		
Telecommunications Fund	12060-DPS32740-35190	\$ 30,207
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	77,979
Collect System	12060-DPS32672-35229	<u>21,900</u>
Total Department of Public Safety		<u>130,086</u>
<b>Department of Social Services</b>		
Medicaid	11000-DSS60000-16020	<u>582,950</u>
<b>Department of Transportation</b>		
Town Aid Roads Grants Transportation Fund	12001-DOT57000-17036	101,912
Bus Operations	12001-DOT57931-12175	15,707
Town Aid Roads Grants Transportation Fund	13033-DOT57131-43459	280,257
Roadmap for CT Economic Future	13033-DOT57126-43115	<u>65</u>
Total Department of Transportation		<u>397,941</u>
<b>Board for State Academic Awards</b>		
Board for State Academy Award	12060-BAA77142-35186	<u>1,053</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>20,286,157</u>

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**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Exempt Programs</b>		
<b>State Comptroller</b>		
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	\$ <u>2,256,537</u>
<b>Department of Education</b>		
Public School Transportation	11000-SDE64000-17027	1,524,415
Educational Cost Sharing	11000-SDE64000-17041	62,821,236
Excess Costs Student Based and Equity	11000-SDE64000-17047	4,286,524
Nonpublic School Transportation	11000-SDE64000-17049	330,672
School Construction Grants	13009-SDE64000-40896	409,440
School Construction Grants	13010-SDE64000-40901	<u>2,638,365</u>
Total Department of Education		<u>72,010,652</u>
Total Exempt Programs		<u>74,267,189</u>
<b>Total State Financial Assistance</b>		<b>\$ <u><u>94,553,346</u></u></b>

**CITY OF NEW BRITAIN, CONNECTICUT  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2010**

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, 2010:

Department of Environmental Protection:

Clean Water Funds:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance Beginning</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Ending</u>
11/30/01	2.77%	\$ 24,000,000	\$ 17,200,000	\$	\$ 1,200,000	\$ 16,000,000
01/31/04	2.00	2,317,896	1,574,238		115,894	1,458,344
10/01/04	2.43	12,682,987	7,874,021		634,149	7,239,872
05/30/05	2.00	2,695,516	2,010,405		134,776	1,875,629
01/31/08	2.00	1,173,344	1,031,565		58,667	972,898



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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 Members of Town Council  
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 solely 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 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

**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 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	1100-OSC15190-17004	\$ 3,410,722
Payment in Lieu of Taxes (PILOT) on Private Colleges and General Hospitals	1100-OSC15190-17006	2,758,952
Department of Education:		
School Readiness and Child Care in Priority School Districts	11000-SDE64000-17043-82056	3,999,751
Priority School District	11000-SDE64000-17043-82052	2,307,294
• Dollar threshold used to distinguish between type A and type B programs		\$405,723

## **II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

## **III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No matters were reported.