

# CITY OF NEW BRITAIN, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT  
JUNE 30, 2018

**CITY OF NEW BRITAIN, CONNECTICUT  
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**Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Members of the Common Council  
City of New Britain, Connecticut

**Report on Compliance for Each Major Federal Program**

We have audited the City of New Britain, Connecticut's compliance with the types of compliance requirements described in the *OMB 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, 2018. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of New Britain, Connecticut's major federal programs based on our audit of the types of compliance requirements referred to above. 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 audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of New Britain, Connecticut's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, the City of New Britain, Connecticut, complied, in all material respects, with the types of 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, 2018.

## **Report on 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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of New Britain, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a 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. 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

The City of New Britain, Connecticut's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of New Britain, Connecticut's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2018, and the related notes to the financial statements, which collectively comprise the City of New Britain, Connecticut's basic financial statements. We issued our report thereon dated December 22, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 22, 2018

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>United States Department of Agriculture</b>				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	12060-SDE64370-20560	\$ 295,711	
National School Lunch Program	10.555	12060-SDE64370-20560	3,815,908	
School Breakfast Program	10.553	12060-SDE64370-20508	2,123,834	
Summer Food Service Program for Children	10.559	12060-SDE64370-20540	413,027	
Summer Food Service Program for Children	10.559	12060-SDE64370-20548	<u>42,449</u>	
				\$ 6,690,929
Child and Adult Care Food Program	10.558	12060-SDE64370-20518	161,569	
Child and Adult Care Food Program	10.558	12060-SDE64370-20544	<u>11,645</u>	173,214
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051		325,326
Child Nutrition Discretionary Grants Limited Availability	10.579	12060-SDE64370-22386		<u>12,977</u>
Total United States Department of Agriculture				<u>7,202,446</u>
<b>United States Department of Transportation</b>				
<i>Passed Through the State of Connecticut Department of Transportation:</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	12062-DOT57513-20559	39,781	
National Priority Safety Programs	20.616	12062-DOT57513-22600	<u>76,139</u>	115,920
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	12062-DOT57141-22108	3,536,191	
<i>Passed Through the State of Connecticut Department of Energy and Environmental Protection:</i>				
Highway Planning and Construction	20.205	12062-DEP57000-22001	<u>21,051</u>	3,557,242
<i>Passed Through the Greater Hartford Transit District:</i>				
Federal Transit Cluster:				
Federal Transit_Formula Grants	20.507			250,274
<i>Passed Through the State of Connecticut Department of Transportation:</i>				
Alcohol Open Container Requirements	20.607	12062-DOT57513-22091		<u>123,925</u>
Total United States Department of Transportation				<u>4,047,361</u>
<b>United States Department of Health and Human Services</b>				
<i>Passed Through the State of Connecticut Department of Public Health:</i>				
Public Health Emergency Preparedness	93.069	12060-DPH48557-22333		5,762
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	12060-DPH48558-22664		13,328
Immunization Cooperative Agreements	93.268	12060-DPH48664-20911		35,796

The accompanying notes are an integral part of this schedule

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<i>Passed Through the State of Connecticut Mental Health and Addiction Services:</i>				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	12060-MHA53282-22624		\$ 335,387
<i>Passed Through the State of Connecticut Department of Education:</i>				
Pregnancy Assistance Fund Program	93.500	12060-SDE64370-22439		2,172
<i>Passed Through the State of Connecticut Department of Public Health:</i>				
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	12060-DPH48664-22742		<u>75,595</u>
Total United States Department of Health and Human Services				<u>468,040</u>
<b>United States Department of Homeland Security</b>				
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>				
Emergency Management Performance Grants	97.042	12060-DPS32160-21881		<u>36,470</u>
<b>United States Department of Justice</b>				
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>				
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	12060-OPM20350-21676		638
<i>Direct:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738			<u>27,019</u>
Total United States Department of Justice				<u>27,657</u>
<b>United States Department of Education</b>				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Special Education Cluster (IDEA):				
Special Education_Grants to States	84.027	12060-SDE64215-20977-82156	\$ 4,984	
Special Education_Grants to States	84.027	12060-SDE64370-20977-2018	2,490,102	
Special Education_Grants to States	84.027	12060-SDE64370-20977-2017	1,262,908	
Special Education_Preschool Grants	84.173	12060-SDE64370-20983-2018	65,722	
Special Education_Preschool Grants	84.173	12060-SDE64370-20983-2017	<u>14,872</u>	
				3,838,588
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2017	312,955	
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2016	511,583	
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2017	74,796	
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2018	3,381,768	
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2017	<u>860,700</u>	
				5,141,802
Career and Technical Education -- Basic Grants to States	84.048	12060-SDE64370-20742-2018		246,621
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2018	421,682	
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2017	<u>563,040</u>	
				984,722

The accompanying notes are an integral part of this schedule

CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2018	\$ 135,489	
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2017	<u>18,033</u>	\$ 153,522
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2018	218,674	
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2017	46,497	
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2017	<u>116,223</u>	381,394
School Improvement Grants	84.377	12060-SDE64370-22223-2016		93,754
Emergency Impact Aid for Displaced Students	84.938C	12060-22911-82010-2019		1,361,625
Title IV - Student Support	84.424A	12060-SDE64370-22854-2018		<u>94,456</u>
Total United States Department of Education				<u>12,296,484</u>
<b>United States Department of Housing and Urban Development</b>				
<i>Direct:</i>				
Community Development Block Grant/Entitlement	14.281		\$ 425,579	1,783,825
Home Investment Partnerships Program	14.239		345,422	453,312
Lead Hazard Reduction Demonstration Grant Program	14.905		<u></u>	<u>662,194</u>
Total United States Department of Housing and Urban Development			<u>771,001</u>	<u>2,899,331</u>
<b>Total Federal Awards</b>			<u>\$ 771,001</u>	<u>\$ 26,977,789</u>

The accompanying notes are an integral part of this schedule

**CITY OF NEW BRITAIN, CONNECTICUT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of New Britain, Connecticut, under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the City of New Britain, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the City of New Britain, Connecticut.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. NONCASH AWARDS**

Donated commodities in the amount of \$295,711 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

**4. INDIRECT COST RECOVERY**

The City of New Britain, Connecticut, did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

**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 the Common Council  
City of New Britain, Connecticut

We have audited, in accordance with the 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, 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, 2018, and the related notes to the financial statements, which collectively comprise the City of New Britain, Connecticut's basic financial statements, and have issued our report thereon dated December 22, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of New Britain, Connecticut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City of New Britain, Connecticut's internal control.

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 a 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of New Britain, Connecticut's financial statements are free from 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of New Britain, Connecticut's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of New Britain, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 22, 2018

**CITY OF NEW BRITAIN, CONNECTICUT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unmodified

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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?   X   yes \_\_\_\_\_ no

Major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.938C	Emergency Impact Aid for Displaced Students
14.281	Community Development Block Grant/Entitlement

Dollar threshold used to distinguish between type A and type B programs: \$809,334

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes   X   no

**II. FINANCIAL STATEMENT FINDINGS**

No matters noted.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2018-001** Special Test and Provisions

**Program** United States Department of Education  
 Title I Grants to Local Educational Agencies  
 CFDA# 84.010

**Criteria** All school districts must report graduation rate data for all public high schools. Under these requirements, the City should maintain appropriate written documentation to support the removal of a student from the regulatory adjusted cohort within the assessment system.

<b>Condition</b>	Through a test of 25 students from the unregistered student list, one student was removed from the regulatory adjusted cohort within the system in error.
<b>Questioned Costs</b>	None
<b>Context</b>	There was a total of 198 students on the list. All students tested that were actively withdrawn from the school were properly documented.
<b>Effect</b>	Information on performance metrics could be incorrectly reported.
<b>Cause</b>	One student was incorrectly determined to have been transferred out of the District due to a clerical error.
<b>Recommendation</b>	We recommend that control procedures be strengthened to ensure the data in the State system is accurate and complete.
<b>Views of Responsible Officials</b>	The Consolidated School District concurs with the finding.