

# CITY OF NEW BRITAIN, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT  
JUNE 30, 2019

**CITY OF NEW BRITAIN, CONNECTICUT  
FEDERAL SINGLE AUDIT REPORT  
JUNE 30, 2019  
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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, 2019. 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, 2019.

## **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 2019-002, 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, 2019, 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 23, 2019, 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 23, 2019

**CITY OF NEW BRITAIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<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>
<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	\$ 470,225	
National School Lunch Program	10.555	12060-SDE64370-20560	4,194,605	
School Breakfast Program	10.553	12060-SDE64370-20508	2,326,506	
Summer Food Service Program for Children	10.559	12060-SDE64370-20540	287,035	
Summer Food Service Program for Children	10.559	12060-SDE64370-20548	<u>31,788</u>	\$ 7,310,159
Child and Adult Care Food Program	10.558	12060-SDE64370-20518	267,105	
Child and Adult Care Food Program	10.558	12060-SDE64370-20544	<u>18,983</u>	286,088
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051		259,172
Child Nutrition Discretionary Grants Limited Availability	10.579	12060-SDE64370-22386		<u>8,919</u>
Total United States Department of Agriculture				<u>7,864,338</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	4,997	
National Priority Safety Programs	20.616	12062-DOT57513-22600	<u>47,907</u>	52,904
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	12062-DOT57141-22108	2,360,524	
Highway Planning and Construction	20.205	12062-DOT57191-22108	<u>206,842</u>	2,567,366
<i>Passed Through the Greater Hartford Transit District:</i>				
Federal Transit Cluster:				
Federal Transit Formula Grants	20.507			1,208,926
<i>Passed Through the State of Connecticut Department of Transportation:</i>				
Alcohol Open Container Requirements	20.607	12062-DOT57513-22091		<u>59,863</u>
Total United States Department of Transportation				<u>3,889,059</u>
<b>United States Department of Health and Human Services</b>				
<i>Passed Through the State of Connecticut Department of Public Health:</i>				
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	12060-DPH48558-22664	6,067	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	12060-DPH48873-22664	<u>12,117</u>	18,184
Immunization Cooperative Agreements	93.268	12060-DPH48664-20911		50,488
<i>Passed Through the State of Connecticut Office of Early Childhood:</i>				
Pregnancy Assistance Fund Program	93.500	12060-OEC64860-22439		719
<i>Passed Through the State of Connecticut Department of Public Health:</i>				
To Prevent Disease, Disability	93.539	12060-DPH48664-22742		<u>41,794</u>
Total United States Department of Health and Human Services				<u>111,185</u>

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, 2019**

<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>
<b>United States Environmental Protection Agency</b>				
<i>Passed Through the State of Connecticut Department of Public Health:</i>				
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	12060-DPH48770-22467		\$ <u>80,944</u>
<b>United States Department of Homeland Security</b>				
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	12060-DPS32990-22520		<u>19,045</u>
<b>United States National Endowment for the Humanities</b>				
<i>Passed Through the State of Connecticut Economic and Community Development:</i>				
Promotion of the Arts_Partnership Agreements	45.025	12060-ECD46820-20328		<u>5,478</u>
<b>United States Department of Justice</b>				
<i>Direct:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		45,076	
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-OPM20350-21921	<u>753</u>	45,829
<i>Direct:</i>				
Equitable Sharing Program	16.922			<u>516,146</u>
Total United States Department of Justice				<u>561,975</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-SDE64370-20977-2019	2,591,770	
Special Education_Grants to States	84.027	12060-SDE64370-20977-2018	430,149	
Special Education_Grants to States	84.027	12060-SDE64215-20977-2018	13,007	
Special Education_Preschool Grants	84.173	12060-SDE64370-20983-2019	62,143	
Special Education_Preschool Grants	84.173	12060-SDE64370-20983-2018	<u>26,585</u>	3,123,654
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2019	349,390	
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2018	757,841	
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2017	362,027	
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2019	4,725,276	
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2018	<u>2,201,141</u>	8,395,675
Career and Technical Education -- Basic Grants to States	84.048	12060-SDE64370-20742-2019		282,575
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2019	509,477	
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2018	<u>255,840</u>	765,317
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2019	91,930	
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2018	<u>14,512</u>	106,442

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, 2019**

<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>
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2019	\$ 205,548	
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2018		<u>2,160</u>
				\$ 207,708
Title IV - Student Support	84.424A	12060-SDE64370-22854-2019		<u>237,218</u>
Total United States Department of Education				<u>13,118,589</u>
<b>United States Department of Housing and Urban Development</b>				
<i>Direct:</i>				
CDBG - Entitlement Grant Cluster:				
Community Development Block Grant/Entitlement	14.218		\$ 832,492	1,723,465
Home Investment Partnerships Program	14.239		291,052	639,496
Lead Hazard Reduction Demonstration Grant Program	14.905			<u>1,497,780</u>
Total United States Department of Housing and Urban Development			<u>1,123,544</u>	<u>3,860,741</u>
<b>Total Federal Awards</b>			\$ <u>1,123,544</u>	\$ <u>29,511,354</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, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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, 2019. 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.

**Basis of Accounting**

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.

**2. 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.

**3. NONCASH AWARDS**

Donated commodities in the amount of \$470,225 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

**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, 2019, 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 23, 2019.

**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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

## 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

## 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 23, 2019

**CITY OF NEW BRITAIN, CONNECTICUT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2019**

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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?   X   yes        none reported
- Noncompliance material to financial statements noted?   X   yes        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
84.010	Title I Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster (IDEA)
20.205	Highway Planning and Construction Cluster
20.507	Federal Transit Cluster
14.905	Lead Hazard Reduction Demonstration Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$885,341

Auditee qualified as low-risk auditee?   X   yes        no

**II. FINANCIAL STATEMENT FINDINGS**

**2019-001**

General Fund Budgetary Controls

**Criteria**

Special appropriations made during the fiscal year are required by the City Charter to be presented to the Mayor for submission to the Common Council for formal approval.

**Condition**

The City over-expended its total budget for the fiscal year ended June 30, 2019 without receiving proper approvals per the City Charter.

**Context**

The total City budget was over-expended by \$8,033,000.

**Effect**

No effect can be determined.

**Cause**

Due to a significant amount of unbudgeted revenue received during the fiscal year, the finance department chose to fund the actuarial determined contributions at the recommended levels and to fund the deficit within the medical self-insurance fund.

**Recommendation**

We recommend that internal controls are strengthened to review the budgeted transfers periodically and seek additional appropriations when necessary in accordance with City Charter.

**Views of Responsible Officials**

The City agrees with this finding.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS****2019-002**

Procurement and Suspension and Debarment

**Program**

All Federal Programs

**Criteria**

The City and the Board of Education must comply with procurement standards set out at 2 CFR sections 200.318 through 200.326 within Uniform Guidance.

**Condition**

The City's and Board of Education's procurement standards do not include the essential elements as outlined in 2 CFR sections 200.318 through 200.326.

**Questioned Costs**

None.

**Context**

Although the City and Board of Education did not have a policy in place in conformity with the federal uniform guidance criteria, they did follow the State procedures as it relates to the contracts under the procurements applicable to the City's major programs.

**Effect**

With the absence of a compliant policy, the City and Board of Education are at risk for noncompliance as it relates to federal procurement.

**Cause**

The City and Board of Education were unaware of the details surrounding the new procurement standards.

**Recommendation**

We recommend that the City and the Board of Education review their formal procurement policies and make necessary changes to comply with the criteria as set out in 2 CFR sections 200.318 and 200.326.

**Views of Responsible Officials**

Management agrees with this finding.