

**CITY OF NEW BRITAIN, CONNECTICUT
STATE SINGLE AUDIT REPORT
JUNE 30, 2021**



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Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

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

Report on Compliance for Each Major State Program

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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of New Britain, Connecticut's major state 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 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 on compliance for each major state program. However, our audit does not provide a legal determination of the City of New Britain, Connecticut's compliance.

Opinion on Each Major State 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 state programs for the year ended June 30, 2021.

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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program 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 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 state 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 state 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, material weaknesses may exist that have not been identified.

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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

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, 2021, 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 February 24, 2022, 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 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 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 state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

West Hartford, Connecticut
February 24, 2022

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Department of Education			
Primary Mental Health	11000-SDE64370-12198		\$ 19,199
Commissioner's Network	11000-SDE64370-12547		2,815,175
Family Resource Centers	11000-SDE64370-16110		304,590
Child Nutrition State Match	11000-SDE64370-16211		70,109
Health Foods Initiative	11000-SDE64370-16212		132,261
Adult Education	11000-SDE64370-17030	\$ 46,283	
Adult Education	11000-SDE64370-17030		\$ <u>931,663</u>
			977,946
Health & Welfare-Private School Pupil	11000-SDE64370-17034		38,471
Alliance District	11000-SDE64370-17041-82164		22,035,700
Bilingual Education	11000-SDE64370-17042		98,238
Priority School Districts	11000-SDE64370-17043-82052		1,655,982
School Breakfast Program	11000-SDE64370-17046		40,734
Magnet Schools	11000-SDE64370-17057		10,000
After School Programs	11000-SDE64370-17084		339,320
Extended School Hours	11000-SDE64370-17108		200,466
School Accountability	11000-SDE64370-17109		232,015
Low Performing Schools SB1502	12052-SDE64370-43728		<u>326,227</u>
Total Department of Education		<u>46,283</u>	<u>29,296,433</u>
Department of Social Services			
Medicaid	11000-DSS60000-16020		<u>199,079</u>
Total Department of Social Services		<u>-</u>	<u>199,079</u>
Connecticut State Library			
Historic Document Preservation	12060-CSL66094-35150		<u>10,500</u>
Total Connecticut State Library		<u>-</u>	<u>10,500</u>
Department of Administrative Services			
Alliance District General Improvements	12052-DAS27635-43651		<u>75,372</u>
Total Department of Administrative Services		<u>-</u>	<u>75,372</u>
Department of Children and Families			
Youth Service Bureaus	11000-DCF91141-17052		60,424
Youth Service Bureau Enhanceme	11000-DCF91141-17107		<u>12,967</u>
Total Department of Children and Families		<u>-</u>	<u>73,391</u>
Department of Transportation			

The accompanying notes are an integral part of this schedule

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Fix It First-Repair Bridges	13033-DOT57186-43123		\$ 1,903
Town Aid Road-STO	13033-DOT57131-43459		383,589
Let's Go CT Ramp-Up Program	13033-DOT57551-43667		377,715
Town Aid Road Grants-Municipal	12052-DOT57131-43455		383,589
Bus Operations	12001-DOT57931-12175		122,539
Local Transportation Capital Program	13033-DOT57197-43584		1,990,267
Total Department of Transportation		-	3,259,602
Department of Public Health			
Local & Distrct Departments of Health	11000-DPH48558-17009		78,238
X-Ray Screen & Tuberculss Care	12004-DPH48666-16112		9,764
Venereal Disease Control	12004-DPH48665-17013		17,627
Total Department of Public Health		-	105,629
Department of Emergency Services and Public Protection			
Drug Asset Forfeit Revenue Account	12060-DPS32155-35142		38,289
Enhanced 911 Telecomm Fund	12060-DPS32741-35190		250,573
Total Department of Emergency Services and Public Protection		-	288,862
Economic and Community Development			
Transit Oriented Development	17161-ECD46260-43550		1,601,678
Urban Act Grant-OPM	13019-ECD46260-41240	\$ 250,001	250,001
Brownfield Remediation & Development	12060-ECD46260-35533		96,803
New Britain Arts Council	12069-ECD46820-12413		39,380
Total Economic and Community Development		250,001	1,987,862
Office of Early Childhood			
Child Care Quality Enhancement	11000-OEC64845-16158		39,928
Early Care and Education	11000-OEC64845-16274	3,002,700	4,958,896
Total Office of Early Childhood		3,002,700	4,998,824

The accompanying notes are an integral part of this schedule

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Office of Policy and Management			
Reimburse Towns-Tax Loss On State Property	11000-OPM20600-17004		\$ 2,996,392
Reimburse Towns-Private Tax-Exempt Property	11000-OPM20600-17006		2,066,516
Reimburse Property Tax-Disability Exemption	11000-OPM20600-17011		7,317
Property Tax Relief For Veterans	11000-OPM20600-17024		19,392
Local Capital Improvement	12050-OPM20600-40254		288,262
Municipal Purposes & Projects	12052-OPM20600-43587		2,148,288
Distressed Municipalities	12052-OPM20600-43750		264,788
Total Office of Policy and Management		-	7,790,955
State Financial Assistance Before Exempt Programs		\$ 3,298,984	48,086,509
Exempt Programs			
Department of Education			
Two Percent Education Cost Share Program	11000-SDE64370-17041-82002		1,478,486
Education Cost Sharing	11000-SDE64370-17041-82010		72,716,216
Excess Cost - Student Based	11000-SDE64370-17047	\$ 289,589	
Excess Cost - Student Based	11000-SDE64370-17047	3,048,608	
			3,340,100
Total Department of Education		-	77,532,899
Office of Policy and Management			
Municipal Transition	11000-OPM20600-17103		1,758,937
Municipal Stabilization Grant	11000-OPM20600-17104		2,176,332
Grants To Towns	12009-OPM20600-17005		1,980,822
Total Office of Policy and Management		-	5,916,091
Total Exempt Programs		-	83,448,990
Total State Financial Assistance		\$ 3,298,984	\$ 131,535,499

The accompanying notes are an integral part of this schedule

**CITY OF NEW BRITAIN, CONNECTICUT
 NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City of New Britain, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. 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

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 governmental organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, 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.

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, 2021:

Department of Energy and 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	2.43%	\$ 12,682,987	\$ 898,379	\$ -	\$ 634,149	\$ 264,230
01/31/04	2.00%	2,317,986	299,395	-	115,895	183,500
10/01/04	2.77%	24,000,000	4,000,000	-	1,200,000	2,800,000
05/30/05	2.00%	2,695,516	527,872	-	134,776	393,096
01/31/08	2.00%	1,173,344	416,920	-	63,330	353,590
05/31/13	2.00%	686,179	436,131	-	34,890	401,241
10/27/16	2.00%	3,022,188	2,392,566	-	151,109	2,241,457



**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, 2021, 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 February 24, 2022.

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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, that we consider to be significant deficiencies.

Compliance and Other Matters

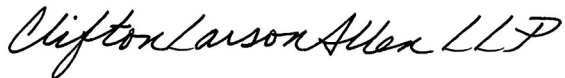
As part of obtaining reasonable assurance about whether the City of New Britain, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

The City of New Britain, Connecticut's Response to Findings

The City of New Britain, Connecticut's response to the findings 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 the financial statements and, accordingly, we express no opinion on it.

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.



West Hartford, Connecticut
February 24, 2022

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

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? _____ 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: Unmodified

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>
Department of Education:		
Commissioner's Network	11000-SDE64370-12198	\$ 2,815,175
Alliance District	11000-SDE64370-17041-82164	22,035,700
Adult Education	11000-SDE64370-17030	977,946
Department of Transportation:		
Local Transportation Capital Program	13033-DOT57197-43584	1,990,267
Office of Policy and Management:		
Reimburse Towns – Tax Loss on State Property	11000-OPM20600-17004	2,996,392

Dollar threshold used to distinguish between type A and type B programs: \$ 961,730

II. FINANCIAL STATEMENT FINDINGS

Finding No. 2021-001

Fiscal Year End Close Procedures

Type of Finding:

Significant Deficiency in Internal Control over Financial Reporting

Condition

During the current year, the City's bank reconciliations were not completed timely and numerous client entries were posted to various funds after the general ledger was provided to the auditors, causing issuance delays.

Criteria

Management is responsible for establishing strong internal controls to ensure the financial statements are free from material misstatements.

Cause

Shortage in staffing within the finance department and lack of a formal financial close process.

Effect

Increased risk of material misstatement within the financial statements.

Repeat Finding

No.

Recommendation

We recommend that the City develop a formal financial close process to ensure general ledger balances are accurate and complete prior to submission of trial balance to auditors for review.

Views of Responsible Officials

Management agrees with this finding.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.

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