

CITY OF NEW BRITAIN, CONNECTICUT
STATE SINGLE AUDIT REPORT
JUNE 30, 2023



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**CITY OF NEW BRITAIN, CONNECTICUT
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To the Honorable Mayor and the Members of the Common Council of the City of New Britain, Connecticut

Report on Compliance for Each Major State Program
Opinion on Each Major State Program

We have audited the City of New Britain, Connecticut's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of New Britain, Connecticut and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City of New Britain, Connecticut's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of New Britain, Connecticut's state programs.

To the Honorable Mayor and the Members of the Common Council of the
City of New Britain, Connecticut

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of New Britain, Connecticut's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of New Britain, Connecticut's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of New Britain, Connecticut's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of New Britain, Connecticut's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of New Britain, Connecticut's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

To the Honorable Mayor and the Members of the Common Council of the
City of New Britain, Connecticut

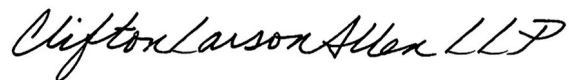
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2023, and the related notes to the financial statements, which collectively comprise the City of New Britain, Connecticut's basic financial statements. We have issued our report thereon dated June 30, 2024, 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 basic 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
June 30, 2024

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Department of Education		
Primary Mental Health	11000-SDE64370-12198	\$ 24,037
Commissioner's Network	11000-SDE64370-12547	1,794,000
Talent Development	11000-SDE64370-12552	16,964
Non Sheff Transportation	11000-SDE64370-12632	28,000
Family Resource Centers	11000-SDE64370-16110	305,175
Child Nutrition State Match	11000-SDE64370-16211	51,470
Health Foods Initiative	11000-SDE64370-16212	96,475
Adult Education - Cooperating Eligible Entity	11000-SDE64370-17030-84004	\$ 48,173
Adult Education - Provider	11000-SDE64370-17030-84002	<u>608,440</u>
		656,613
Two Percent Education Cost Share Program	11000-SDE64370-17041-82002	1,478,586
Alliance District	11000-SDE64370-17041-82164	29,621,247
Bilingual Education	11000-SDE64370-17042	176,680
Priority School Districts	11000-SDE64370-17043-82052	1,609,839
School Breakfast Program	11000-SDE64370-17046	39,931
After School Programs	11000-SDE64370-17084	319,615
Extended School Hours	11000-SDE64370-17108	197,192
School Accountability	11000-SDE64370-17109	<u>233,653</u>
Total Department of Education		36,649,477
Connecticut State Library		
Historic Document Preservation	12060-CSL66094-35150	<u>10,500</u>
Total Connecticut State Library		10,500

See accompanying Notes to Schedule of Expenditures of State Financial Assistance.

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2023**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Department of Children and Families		
Community Based Prevention Programs	11000-DCF91141-16092	\$ 7,299
Youth Service Bureaus	11000-DCF91141-17052	60,337
Youth Service Bureau Enhancement	11000-DCF91141-17107	<u>12,991</u>
Total Department of Children and Families		80,627
Department of Energy and Environmental Protection		
Connecticut Bikeway, Pedestrian, Recreational Rail and Greenway Program	12052-DEP44321-43314	<u>74,073</u>
Total Department of Energy and Environmental Protection		74,073
Department of Transportation		
Bus Operations	12001-DOT57931-12175	21,673
Town Aid Road Grants-Municipal	12052-DOT57131-43455	387,902
Town Aid Road-STO	13033-DOT57131-43459	387,902
Local Transportation Capital Improvement Program	13033-DOT57197-43584	<u>912,660</u>
Total Department of Transportation		<u>1,710,137</u>
Department of Public Health		
Local and District Departments of Health	11000-DPH48558-17009	143,061
Venereal Disease Control	12004-DPH48665-17013-29132	\$ 4,406
Venereal Disease Control	12004-DPH48665-17013-42003	<u>8,812</u>
		13,218
X-Ray Screening and Tuberculosis Care	12004-DPH48666-16112	29,746
Noncash Assistance Vaccines State Private	12004-DPH48500-12563	<u>2,998</u>
Total Department of Public Health		<u>189,023</u>

See accompanying Notes to Schedule of Expenditures of State Financial Assistance.

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2023**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Department of Emergency Services and Public Protection		
Drug Asset Forfeiture Revenue Account DPS	12060-DPS32155-35142	\$ 16,960
Enhanced 911 Telecomm Fund	12060-DPS32741-35190	<u>313,523</u>
Total Department of Emergency Services and Public Protection		<u>330,483</u>
Department of Social Services		
Medicaid	11000-DSS60000-16020	<u>739,488</u>
Total Department of Social Services		<u>739,488</u>
Economic and Community Development		
New Britain Arts Council	12069-ECD46820-12413	39,380
Transit Oriented Development	17161-ECD46260-43550	<u>347,208</u>
Total Economic and Community Development		<u>386,588</u>
Office of Early Childhood		
Child Care Quality Enhancement	11000-OEC64845-16158	39,928
Early Care and Education	11000-OEC64845-16274-83014	<u>5,401,533</u>
Total Office of Early Childhood		<u>5,441,461</u>

See accompanying Notes to Schedule of Expenditures of State Financial Assistance.

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2023**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Office of Policy and Management		
Reimbursement Property Tax - Disability Exemption	11000-OPM20600-17011	\$ 7,244
Distressed Municipalities	11000-OPM20600-17016	22,506
Property Tax Relief For Veterans	11000-OPM20600-17024	15,226
Local Capital Improvement	12050-OPM20600-40254	200,601
Municipal Purposes and Projects	12052-OPM20600-43587	2,864,920
Distressed Municipalities	12052-OPM20600-43750	79,705
Tiered Payment In Lieu of Taxes (PILOT)	11000-OPM20600-17111	7,624,258
MRSA- Tiered PILOT	12060-OPM20600-35691	2,060,246
Municipal Revenue Sharing	12060-OPM20600-35458	<u>2,110,407</u>
Total Office of Policy and Management		<u>14,985,113</u>
Total State Financial Assistance Before Exempt Programs		<u>60,596,970</u>
Exempt Programs		
Department of Education		
Education Cost Sharing	11000-SDE64370-17041-82010	72,149,966
Excess Cost - Student Based	11000-SDE64370-17047-82016	\$ 243,434
Excess Cost - Student Based	11000-SDE64370-17047-82018	<u>4,431,752</u>
		<u>4,675,186</u>
Total Department of Education		<u>76,825,152</u>

See accompanying Notes to Schedule of Expenditures of State Financial Assistance.

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2023**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Administrative Services		
School Construction Progress	13010-DAS27635-43744	<u>\$ 48,597,673</u>
Total Department of Administrative Services		<u>48,597,673</u>
Office of Policy and Management		
Municipal Transition Grant	11000-OPM20600-17103	6,139,521
Municipal Stabilization Grant	11000-OPM20600-17104	2,176,332
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005-13045	<u>1,980,822</u>
Total Office of Policy and Management		<u>10,296,675</u>
Total Exempt Programs		<u>135,719,500</u>
Total State Financial Assistance		<u><u>\$ 196,316,470</u></u>

See accompanying Notes to Schedule of Expenditures of State Financial Assistance.

**CITY OF NEW BRITAIN, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023**

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, 2023. 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, 2023:

Department of Energy and Environmental Protection

Clean Water Funds:

Issue Date	Interest Rate	Original Amount	Beginning Balance	Issued	Retired	Ending Balance
1/31/2004	2.00 %	\$ 2,317,896	\$ 67,605	\$ -	\$ 67,605	\$ -
10/1/2004	2.77	24,000,000	1,600,000	-	1,200,000	400,000
5/30/2005	2.00	2,695,515	258,320	-	134,776	123,544
1/31/2008	2.00	1,173,344	290,260	-	63,329	226,931
5/31/2013	2.00	686,179	366,351	-	34,892	331,459
10/27/2016	2.00	3,022,188	2,090,348	-	151,110	1,939,238
6/30/2020	2.00	846,121	755,724	-	43,391	712,333
6/30/2023	2.00	604,824	-	620,337	2,651	617,686



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and the Members of the Common Council of the
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 City of New Britain, Connecticut, as of and for the year ended June 30, 2023, 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 June 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 were not identified.

To the Honorable Mayor and the Members of the Common Council of the
City of New Britain, Connecticut

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-003.

City of New Britain, Connecticut's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of New Britain, Connecticut's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of New Britain, Connecticut's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

West Hartford, Connecticut
June 30, 2024

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? x yes no

State Financial Assistance

1. Internal control over major programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors’ report issued on compliance for major programs: Unmodified
3. 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:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Education: Alliance District	11000-SDE64370-17041-82164	\$ 29,621,247
Office of Early Childhood: Early Care and Education	11000-OEC64845-16274	5,401,533

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,182,368

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

Finding No. 2023-001

Bank Reconciliations

Type of Finding:

Material Weakness in Internal Control over Financial Reporting

Condition

The City's bank reconciliations were not properly prepared and completed timely.

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

Yes, 2022-001

Recommendation

We recommend that the City develop a formal financial close process to ensure general ledger balances are accurate and complete within a reasonable time after year end.

Views of Responsible Officials

Management agrees with this finding.

Finding No. 2023-002

Fiscal Year End Close Procedures

Type of Finding:

Material Weakness in Internal Control over Financial Reporting

Condition

Material audit adjustments were proposed for revenue recognition within the capital projects fund as well as receivable and revenue within the Water Department.

Criteria

Generally accepted accounting principles (GAAP) requires that revenue be recognized when it is both measurable and available and receivables and revenue within an Enterprise Fund should be recorded in accordance with full accrual basis of accounting.

Cause

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

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Effect

Increased risk of material misstatement within the financial statements.

Repeat Finding

Yes, 2022-002.

Recommendation

We recommend that the City develop a formal financial close process to ensure each fund's year end balances are analyzed timely and corrected appropriately.

Views of Responsible Officials

Management agrees with this finding.

Finding No. 2023-003

Uniform Guidance

Type of Finding:

Compliance Finding

Condition

The City did not comply with Uniform Guidance Reporting Requirements.

Criteria

Uniform Guidance requires entities to electronically file required reports within nine months of year end.

Cause

The City was unable to secure a deputy finance director as well as other finance support staff for a significant period of time.

Effect

The City no longer qualifies as a low risk entity for federal single audit filing.

Repeat Finding

Yes, 2022-003.

Recommendation

We recommend that the City develop a formal financial close process to ensure the financial statements of the City are ready for audit inspection to meet federal requirements.

Views of Responsible Officials

Management agrees with this finding.

Section III – Findings and Questioned Costs – State Financial Assistance

Our audit did not disclose any matters required to be reported in accordance with the State Single Audit Act.