

CITY OF NEW BRITAIN, CONNECTICUT
STATE SINGLE AUDIT REPORT
JUNE 30, 2024



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**CITY OF NEW BRITAIN, CONNECTICUT
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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**

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, 2024. 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, 2024.

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.

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.

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, 2024, 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 March 27, 2025, 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
March 27, 2025

CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2024

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Department of Education		
Other Expenses - LP1	11000-SDE64370-10020	\$ 292,750
Primary Mental Health	11000-SDE64370-12198	20,000
Commissioner's Network	11000-SDE64370-12547	1,695,532
Talent Development	11000-SDE64370-12552	12,046
School-Based Diversion Initiative	11000-SDE64370-12587	54,500
Family Resource Centers	11000-SDE64370-16110	337,887
Child Nutrition State Match	11000-SDE64370-16211	51,787
Health Foods Initiative	11000-SDE64370-16212	96,086
Adult Education - Cooperating Eligible Entity	11000-SDE64370-17030-84004	\$ 48,173
Adult Education - Provider	11000-SDE64370-17030-84002	<u>602,291</u>
		650,464
Alliance District	11000-SDE64370-17041-82164	32,891,200
Education Equalization Grants	11000-SDE64370-17041	231,828
Two Percent Education Cost Share Program	11000-SDE64370-17041-82002	1,478,586
Bilingual Education	11000-SDE64370-17042	160,423
Priority School Districts	11000-SDE64370-17043-82052	1,612,255
School Breakfast Program	11000-SDE64370-17046	37,131
Magnet Schools	11000-SDE64370-17057	836,685
After School Programs	11000-SDE64370-17084	169,400
Extended School Hours	11000-SDE64370-17108	200,173
School Accountability	11000-SDE64370-17109	230,213
Low Performing Schools SB1502	12052-SDE64370-43728	469,463
Stronger Connections Grant	12060-SDE64370-23275	<u>2,926</u>
Total Department of Education		<u>41,531,335</u>
Connecticut State Library		
Historic Document Preservation	12060-CSL66094-35150	<u>11,000</u>
Total Connecticut State Library		<u>11,000</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, 2024

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Department of Children and Families		
Community Based Prevention Programs	11000-DCF91185-16092	\$ 22,417
Youth Service Bureaus	11000-DCF91185-17052	60,338
Total Department of Children and Families		82,755
Department of Energy and Environmental Protection		
Connecticut Bikeway, Pedestrian, Recreational Rail and Greenway Program	12052-DEP44321-43314	60,740
RGGI - Regional Green House Gas	12060-DEP44165-35402	9,725
Total Department of Energy and Environmental Protection		70,465
Department of Transportation		
Town Aid Road Grants	12001-DOT57131-17036	773,153
Bus Operations	12001-DOT57931-12175	107,797
Capitol Resurfacing - Related Improvement	13033-DOT57251-41386	19,850
Local Transportation Capital Improvement Program	13033-DOT57197-43584	1,447,144
Total Department of Transportation		2,347,944
Department of Public Health		
Local and District Departments of Health	11000-DPH48558-17009	142,513
Venereal Disease Control	12004-DPH48665-17013	12,730
Non-cash Assistance Vaccines State Private Ins.	12004-DPH48500-12563	4,014
X-Ray Screen & Tuberculosis Care	12004-DPH48666-16112-42010	\$ 10,195
X-Ray Screen & Tuberculosis Care	12004-DPH48666-16112-42003	6,006
		16,201
Total Department of Public Health		175,458
Department of Emergency Services and Public Protection		
Enhanced 911 Telecomm Fund	12060-DPS32741-35190	236,890
Total Department of Emergency Services and Public Protection		236,890
Department of Social Services		
Medicaid	11000-DSS60000-16020	688,573
Total Department of Social Services		688,573

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, 2024

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Economic and Community Development		
New Britain Arts Council	12069-ECD46820-12413	\$ 39,380
Total Economic and Community Development		39,380
Office of Early Childhood		
Child Care Quality Enhancement	11000-OEC64845-16158	38,326
Early Care and Education	11000-OEC64845-16274-83014	6,017,690
Total Office of Early Childhood		6,056,016
Office of Policy and Management		
Reimbursement Property Tax - Disability Exemption	11000-OPM20600-17011	5,828
Property Tax Relief For Veterans	11000-OPM20600-17024	10,400
Tiered PILOT	12002-OPM20600-17111	10,489,363
Local Capital Improvement	12050-OPM20600-40254	1,112,184
Municipal Purposes and Projects	12052-OPM20600-43587	2,864,920
Distressed Municipalities	12052-OPM20600-43750	62,505
Total Office of Policy and Management		14,545,200
Connecticut Office of State Comptroller		
Other Expenses - Paraeducators Stipends	11000-OSC15301-10020	101,556
Total		101,556
Office of the Secretary of State		
Early Voting	11000-SOS12500-12651	10,500
Total Office of the Secretary of State		10,500
Total State Financial Assistance Before Exempt Programs		65,897,072

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, 2024

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Exempt Programs		
Department of Education		
Education Cost Sharing	11000-SDE64370-17041-82010	\$ 72,096,199
Excess Cost - Student Based	11000-SDE64370-17047-82018	\$ 8,175,474
Excess Cost - Student Based	11000-SDE64370-17047-82016	<u>457,446</u>
		<u>8,632,920</u>
Total Department of Education		<u>80,729,119</u>
Department of Administrative Services		
School Construction Progress	13010-DAS27635-43744	<u>7,328,995</u>
Total Department of Administrative Services		<u>7,328,995</u>
Office of Policy and Management		
Supplemental Revenue Sharing	12002-OPM20600-17102	2,176,332
Motor Vehicle Tax Grants	12002-OPM20600-17103	8,299,607
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005-13045	1,977,822
Municipal Revenue Sharing	12060-OPM20600-35458	<u>2,762,941</u>
Total Office of Policy and Management		<u>15,216,702</u>
Total Exempt Programs		<u>103,274,816</u>
Total State Financial Assistance		<u>\$ 169,171,888</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, 2024**

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, 2024. 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, 2024:

Department of Energy and Environmental Protection / Department of Public Health

Clean Water Funds:

Issue Date	Interest Rate	Original Amount	Beginning Balance	Issued	Retired	Ending Balance
10/1/2004	2.77 %	\$ 24,000,000	\$ 400,000	\$ -	\$ 400,000	\$ -
5/30/2005	2.00	2,695,515	123,544		123,544	-
1/31/2008	2.00	1,173,344	226,931	-	63,330	163,601
5/31/2013	2.00	686,179	331,459	-	34,890	296,569
10/27/2016	2.00	3,022,188	1,939,238	-	151,110	1,788,128
6/30/2020	2.00	846,121	712,333	-	43,391	668,942
6/30/2023	2.00	604,824	617,686	-	31,812	585,874
11/30/2023	2.00	1,685,966	-	1,685,966	57,640	1,628,326
6/30/2024	2.00	1,294,126	-	1,294,126	5,531	1,288,595



**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***

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, 2024, 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 March 27, 2025.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be significant deficiency.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of New Britain, Connecticut's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of New Britain, Connecticut's response to the finding 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
March 27, 2025

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

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? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x 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:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Education:		
Alliance District	11000-SDE64370-17041-82164	\$ 32,891,200
Commissioner's Network	11000-SDE64370-12547	1,695,532
Department of Transportation:		
Local Transportation Capital Improvement Program	13033-DOT57197-43584	1,447,144
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u> 1,317,861 </u>	

**CITY OF NEW BRITAIN, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section II – Financial Statement Findings

Finding No. 2024-001

Fiscal Year End Close Procedures

Type of Finding:

Significant Deficiency in Internal Control over Financial Reporting

Condition

The financial close process of the City did not include a timely final review of funds to record adjustments to account balances in accordance with generally accepted accounting principles. This lack of final review caused delays in audit work and a number of client entries being prepared during the audit process as well as audit adjustments processed.

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.

Effect

Increased risk of material misstatement within the financial statements.

Repeat Finding

Yes, 2023-002.

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.

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.

