

CITY OF WATERBURY, CONNECTICUT
STATE SINGLE AUDIT REPORT
JUNE 30, 2021



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**CITY OF WATERBURY, CONNECTICUT
STATE SINGLE AUDIT REPORT
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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 Honorable Mayor and Board of Aldermen
City of Waterbury, Connecticut

Report on Compliance for Each Major State Program

We have audited the City of Waterbury, 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 Waterbury, Connecticut's major state programs for the year ended June 30, 2021. The City of Waterbury, 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 Waterbury, 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 Waterbury, 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 Waterbury, Connecticut's compliance.

Opinion on Each Major State Program

In our opinion, the City of Waterbury, 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 Waterbury, 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 Waterbury, 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 Waterbury, 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 Waterbury, 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 Waterbury, Connecticut's basic financial statements. We issued our report thereon dated December 15, 2021, 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

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 15, 2021

**CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
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
Department of Education			
Financial Literacy	12060-SDE64370-35679		\$ 15,000
Primary Mental Health	11000-SDE64370-12198		19,199
Commissioner's Network	11000-SDE64370-12547		2,385,000
Talent Development	11000-SDE64370-12552		43,583
Family Resource Centers	11000-SDE64370-16110		203,060
Child Nutrition State Match	11000-SDE64370-16211		117,344
Health Foods Initiative	11000-SDE64370-16212		229,450
Adult Education	11000-SDE64370-17030		2,093,435
Health Services	11000-SDE64370-17034		183,777
Alliance District	11000-SDE64370-17041-82164		36,473,359
Bilingual Education	11000-SDE64370-17042		165,063
Priority School Districts	11000-SDE64370-17043-82052		2,022,026
School Breakfast Program	11000-SDE64370-17046		81,468
Magnet Schools	11000-SDE64370-17057		8,785,899
After School Programs	11000-SDE64370-17084		512,780
Extended School Hours	11000-SDE64370-17108		318,033
School Accountability	11000-SDE64370-17109		371,476
Low Performing Schools SB1502	12052-SDE64370-43728		<u>1,199,916</u>
Total Department of Education			<u>55,219,868</u>
Department of Social Services			
Medicaid	11000-DSS60000-16020		<u>225,503</u>
Total Department of Social Services			<u>225,503</u>
Connecticut State Library			
Historic Document Preservation	12060-CSL66094-35150		10,500
Connecticard Payments	11000-CSL66051-17010		<u>450</u>
Total Connecticut State Library			<u>10,950</u>
Department of Administrative Services			
Alliance District General Improvements	12052-DAS27635-43651		<u>114,918</u>
Total Department of Administrative Services			<u>114,918</u>
Department of Energy and Environmental Protection			
Municipal Loan-Land Acquisition	12052-DEP43153-43615		<u>103,655</u>
Total Department of Energy and Environmental Protection			<u>103,655</u>

The accompanying notes are an integral part of this schedule

**CITY OF WATERBURY, 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
Department of Transportation			
Roadmap for CT Economic Future	13033-DOT57171-43115		\$ 36,114
Town Aid Road - STO	13033-DOT57131-43459		533,971
Town Aid Road Grants - Municipal	12052-DOT57131-43455		432,397
Local Capital Improvement Program	13033-DOT57197-43584		74,819
Local Bridge Program	13033-DOT57191-43456		<u>914,390</u>
Total Department of Transportation			<u>1,991,691</u>
Department of Public Health			
Local & District Departments of Health	11000-DPH48558-17009		123,836
Needle & Syringe Exchange Program	12004-DPH48852-12100		29,407
Aids Services	12004-DPH48852-12236	\$ 132,297	
Aids Services	12004-DPH48854-12236	<u>102,025</u>	
			<u>234,322</u>
Total Department of Public Health			<u>387,565</u>
Department of Emergency Services and Public Protection			
Drug Asset Forfeiture Revolving Account	12060-DPS32155-35142		114,859
School Security Infrastructure	12052-DPS32161-43546		<u>254,716</u>
Total Department of Emergency Services and Public Protection			<u>369,575</u>
Economic and Community Development			
Urban Action Grant - East Main Street Reconstruction Project	13019-ECD46000-41240		2,463,007
Urban Action Grant - Anaconda Brass Mill 130 Freight Street Demolition	13019-ECD46250-41240		<u>899,648</u>
Total Economic and Community Development			<u>3,362,655</u>
Office of Early Childhood			
Child Care Quality Enhancement	11000-OEC64845-16158		75,641
Early Care and Education	11000-OEC64845-16274	\$ <u>7,450,456</u>	<u>9,389,457</u>
Total Office of Early Childhood		<u>7,450,456</u>	<u>9,465,098</u>
Office of Policy and Management			
Reimbursement Towns - Tax Loss on State Owned Property	11000-OPM20600-17004		3,021,121
Reimbursement Towns - Private Tax Exempt Property	11000-OPM20600-17006		3,706,103
Reimbursement Property Tax - Disability Exemption	11000-OPM20600-17011		17,280
Property Tax Relief for Veterans	11000-OPM20600-17024		100,638
Local Capital Improvement	12050-OPM20600-40254		2,748,874
Municipal Grant-In-Aid	12052-OPM20600-43587		<u>938,620</u>
Total Office of Policy and Management			<u>10,532,636</u>
Total State Financial Assistance Before Exempt Programs		<u>7,450,456</u>	<u>81,784,114</u>

The accompanying notes are an integral part of this schedule

CITY OF WATERBURY, 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
Exempt Programs			
Department of Education			
Education Cost Sharing	11000-SDE64370-17041-82010		\$ 113,919,478
Excess Cost - Student Based	11000-SDE64370-17047		2,268,276
Total Department of Education			<u>116,187,754</u>
Department of Administrative Services			
School Construction Progress	13010-DAS27635-43744		<u>20,909,932</u>
Total Department of Administrative Services			<u>20,909,932</u>
Office of Policy and Management			
Municipal Revenue Sharing	11000-OPM20600-17102		3,284,145
Municipal Transition	11000-OPM20600-17103		7,747,981
Municipal Stabilization Grant	11000-OPM20600-17104		2,298,414
Mashantucket Pequot/Mohegan Fund Grant	12009-OPM20600-17005		<u>2,637,435</u>
Total Office of Policy and Management			<u>15,967,975</u>
Total Exempt Programs		<u>-</u>	<u>153,065,661</u>
Total State Financial Assistance		<u>\$ 7,450,456</u>	<u>\$ 234,849,775</u>

The accompanying notes are an integral part of this schedule

**CITY OF WATERBURY, 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 Waterbury, 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 Waterbury, 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 Waterbury, Connecticut.

Basis of Accounting

The accounting policies of the City of Waterbury, 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 Environmental Protection:

Clean Water Funds:

(Amounts reported in thousands)

	<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>
CWF Note (344-C)	10/30/2002	2.00	\$ 11,547	\$ 1,250		\$ 676	\$ 574
CWF Note (351-C)	11/30/2003	2.00	2,424	413		143	270
CWF Note (351-C1)	5/30/2004	2.00	2,953	514		178	336
CWF Note (201-CD1)	6/30/2004	2.00	1,138	7		7	-
CWF Note (351-CD1)	11/30/2005	2.00	544	101		35	66
CWF Note (201-CD2)	6/29/2007	2.00	226	2		2	-
CWF Note (677-DC)	11/30/2020	2.00	15,458		15,458	376	15,082
			<u>\$ 34,290</u>	<u>\$ 2,287</u>	<u>\$ 15,458</u>	<u>\$ 1,417</u>	<u>\$ 16,328</u>

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

Department of Public Health:

Drinking Water State Revolving Fund (DWSRF Program)

	<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>
DWSRF#2017-7052	5/31/2018	2.00	\$ 953	\$ 871	\$	\$ 41	\$ 830
DWSRF#2019-7060	9/30/2020	2.00	<u>2,570</u>	<u></u>	<u>2,570</u>	<u>81</u>	<u>2,489</u>
			<u>\$ 3,523</u>	<u>\$ 871</u>	<u>\$ 2,570</u>	<u>\$ 122</u>	<u>\$ 3,319</u>



**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 Board of Aldermen
City of Waterbury, 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 Waterbury, 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 Waterbury, Connecticut's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Waterbury, 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 Waterbury, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Waterbury, Connecticut's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waterbury, 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*.

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 15, 2021

**CITY OF WATERBURY, 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? _____ yes X 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>
Economic and Community Development:		
Urban Action Grant	13019-ECD46000-41240	\$ 2,463,007
Department of Education:		
Commissioner's Network	11000-SDE64370-17043-82052	2,385,000
Alliance District	11000-SDE64370-17041-82164	36,473,359
Office of Policy and Management:		
Local Capital Improvement Fund	12050-OPM20600-40254	2,748,874
Reimbursement Towns – Tax Loss on State Owned Property	11000-OPM20600-17004	3,021,121
Reimbursement Towns – Private Tax Exempt Property	11000-OPM20600-17006	3,706,103
Dollar threshold used to distinguish between type A and type B programs:		\$ 1,635,682

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.

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