

CITY OF WATERBURY, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT
JUNE 30, 2020

**CITY OF WATERBURY, CONNECTICUT
FEDERAL SINGLE AUDIT REPORT
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Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Honorable Mayor and Board of Aldermen
City of Waterbury, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the City of Waterbury, Connecticut's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Waterbury, Connecticut's major federal programs for the year ended June 30, 2020. The City of Waterbury, Connecticut's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Waterbury, Connecticut's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of 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 federal program. However, our audit does not provide a legal determination of the City of Waterbury, Connecticut's compliance.

Opinion on Each Major Federal 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 federal programs for the year ended June 30, 2020.

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 federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of 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 federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Waterbury, Connecticut, as of and for the year ended June 30, 2020, 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 1, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 1, 2020

**CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Agriculture				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	12060-SDE64370-20560	\$ 573,524	
National School Lunch Program	10.555	12060-SDE64370-20560	5,987,757	
COVID-19 National School Lunch Program	10.555	12060-SDE64370-29572	549,679	
COVID-19 School Breakfast Program	10.555	12060-SDE64370-29576	343,188	
School Breakfast Program	10.553	12060-SDE64370-20508	<u>1,633,189</u>	\$ 9,087,337
Child and Adult Care Food Program	10.558	12060-SDE64370-20518	347,392	
Child and Adult Care Food Program	10.558	12060-SDE64370-20544	<u>21,565</u>	368,957
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051		495,204
<i>Passed Through the State of Connecticut Department of Public Health:</i>				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Non-Cash	4,190,213	
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	12060-DPH48872-20892	1,016,957	
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	12060-DPH48872-21915	<u>1,000</u>	<u>5,208,170</u>
Total United States Department of Agriculture				<u>15,159,668</u>
United States National Endowment for the Humanities				
<i>Passed Through the Connecticut State Library:</i>				
Grants to States	45.310	12060-CSL66051-21031		<u>5,000</u>
United States Department of Housing and Urban Development				
<i>Direct:</i>				
Lead-Based Paint Hazard Control	14.900			920,348
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants	14.218			2,723,731
Home Investment Partnerships Program	14.239			105,924
Emergency Solutions Grant Program	14.231			<u>130,853</u>
Total United States Department of Housing and Urban Development				<u>3,880,856</u>
United States Department of Transportation				
<i>Passed Through the State of Connecticut Department of Transportation:</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	12062-DOT57513-20559	106,198	
National Priority Safety Programs	20.616	12062-DOT57513-22600	<u>68,868</u>	175,066
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	12062-DOT57171-22108	456,500	
Highway Planning and Construction	20.205	12062-DOT57191-22108	<u>300,939</u>	757,439
Alcohol Open Container Requirements	20.607	12062-DOT57513-22091		62,795
Federal Transit Cluster:				
Waterbury Train Station Intermodal Improvements -Phase 2 #304-12	20.500	CT-04-0036-00		1,534,933

The accompanying notes are an integral part of this schedule

**CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<i>Direct:</i>				
National Infrastructure Investments (TIGER)	20.933			\$ <u>3,874,334</u>
Total United States Department of Transportation				<u>6,404,567</u>
United States Department of Health and Human Services				
<i>Passed Through the State of Connecticut Department of Public Health:</i>				
Non-cash Assistance Vaccines Federal Immunization Cooperative Agreements	93.268 93.268	Non-Cash 12060-DPH48664-20911	\$ 27,007 <u>95,077</u>	122,084
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)	93.758	12060-DPH48810-22664		37,402
HIV Prevention Activities - Health Department Based	93.940	12060-DPH48852-22511		34,970
HIV Care Formula Grants	93.917	12060-DPH48854-20985	82,932	
HIV Care Formula Grants	93.917	12060-DPH48854-30401	<u>117,294</u>	200,226
Injury Prevention and Control Research and State and Community Based Programs	93.136	12060-DPH48882-22776		10,508
Crisis Planning	93.354	12060-DPH48557-29551		74,668
Maternal / Child Health Block Grant	93.994	12060-DPH48831-21531		23,580
CT Drug Overdose Data	93.138	12060-DPH48882-22954		64,046
<i>Passed Through the State of Connecticut Office of Early Childhood:</i>				
Pregnancy Assistance Fund Program	93.500	12060-OEC64860-22439		121,146
<i>Passed Through Torrington Area Health District</i>				
Public Health Emergency Preparedness	93.069			<u>54,760</u>
Total United States Department of Health and Human Services				<u>743,390</u>
United States Environmental Protection Agency				
<i>Passed Through the State of Connecticut Department of Public Health:</i>				
Drinking Water State Revolving Fund Cluster: Capitalization Grants for Drinking Water State Revolving Funds	66.468 66.468	12060-DPH48770-22467	642,509	
Drinking Water Revenue Bonds		21018-DPH48770-42319	<u>2,570,038</u>	
Total United States Environmental Protection Agency				<u>3,212,547</u>
United States Department of Homeland Security				
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>				
Homeland Security Grant Program	97.067	12060-DPS32160-21877		45,000
<i>Direct:</i>				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083			615,190
Assistance to Firefighters	97.044			<u>873,319</u>
Total United States Department of Homeland Security				<u>1,533,509</u>

The accompanying notes are an integral part of this schedule

**CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Education				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	12060-SDE64370-20977-2020	\$ 2,183,807	
Special Education - Grants to States	84.027	12060-SDE64370-20977-2019		2,241,094
Special Education - Preschool Grants	84.173	12060-SDE64370-20983-2020		4,141
Special Education - Preschool Grants	84.173	12060-SDE64370-20983-2019		<u>111,408</u>
				\$ 4,540,450
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2020		9,037,263
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2019		<u>3,433,589</u>
				12,470,852
Career and Technical Education - Basic Grants to States	84.048	12060-SDE64370-20742-2020		407,129
Education for Homeless Children and Youth	84.196	12060-SDE64370-20770-2019		50,000
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2020		768,532
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2019		<u>303,292</u>
				1,071,824
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2020		646,658
Twenty-First Century Community Learning Centers	84.287	12060-SDE64370-20863-2019		<u>65,808</u>
				712,466
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2019		325,105
English Language Acquisition State Grants	84.365	12060-SDE64370-20868-2019		<u>35,828</u>
				360,933
Title IV - Student Support	84.424	12060-SDE64370-22854-2020		31,368
Title IV - Student Support	84.424	12060-SDE64370-22854-2019		<u>457,820</u>
				489,188
Hurricane Education Recovery	84.938C	12060-SDE64370-22939-2019		16,513
<i>Passed Through the State of Connecticut Office of Early Childhood:</i>				
Coronavirus Relief Fund	84.425D	12060-OEC64845-29561	\$ 653,481	653,481
<i>Direct:</i>				
Impact Aid	84.041			<u>10,989</u>
Total United States Department of Education			<u>653,481</u>	<u>20,783,825</u>
United States Department of Justice				
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>				
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	12060-OPM20350-21676		59,605
<i>Direct:</i>				
Public Safety Partnership And Community Policing Grants (COPS)	16.710			384,198
Coronavirus Emergency Supplemental Funding Program	16.034			4,295
Federal Forfeiture Sharing	16.000			56,310
Edward Byrne Memorial Justice Assistance Grant	16.738			<u>40,755</u>
Total United States Department of Justice				<u>545,163</u>

The accompanying notes are an integral part of this schedule

**CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
United States Social Security Administration				
<i>Passed Through the State of Connecticut Department of Rehabilitation Services:</i>				
Disability Insurance/SSI Cluster:				
Social Security Disability Insurance	96.001	12060-SDR63710-20821		\$ <u>40</u>
United States Department of Labor				
<i>Direct:</i>				
WIOA Cluster:				
Workforce Innovation Opportunity Act	17.258			<u>49,710</u>
Total Federal Awards			\$ <u>653,481</u>	\$ <u>52,318,275</u>

The accompanying notes are an integral part of this schedule

**CITY OF WATERBURY, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Waterbury, Connecticut, under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the City of 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

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. INDIRECT COST RECOVERY

City of Waterbury, Connecticut, has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

3. NONCASH AWARDS

Donated commodities in the amount of \$573,524 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

4. WIC AND IMMUNIZATION NONCASH AWARDS

The City of Waterbury, Connecticut, also reports noncash awards under the Special Supplemental Nutrition Program for Women, Infants and Children, CFDA #10.557. The amount of \$5,208,170 included in the Schedule includes \$4,190,213 of noncash benefit payments made directly to suppliers by the State of Connecticut, as reported by the State Department of Public Health, for eligible participants of the program. In addition, the amount of \$122,084 included on the Schedule also includes \$27,007 of noncash benefit payments made for the Immunization Cooperative Agreements, CFDA #93.268. This amount is presented on the Schedule as reported by the State Department of Public Health.

**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, 2020, 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 1, 2020.

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.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 1, 2020

**CITY OF WATERBURY, CONNECTICUT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2020**

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

Federal Awards

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 2 CFR Section 200.516(a)? _____ yes X no

Major programs:

CFDA #	Name of Federal Program or Cluster
20.933	National Infrastructure Investments (TIGER)
66.468	Drinking Water Revenue Bonds
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: \$1,569,548

Auditee qualified as low-risk auditee? X yes _____ no

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.