

# CITY OF WATERBURY, CONNECTICUT

STATE SINGLE AUDIT REPORT  
JUNE 30, 2020

**CITY OF WATERBURY, CONNECTICUT  
STATE SINGLE AUDIT REPORT  
JUNE 30, 2020  
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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, 2020. 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, 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 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, 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 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.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 1, 2020

**CITY OF WATERBURY, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>State Grantor/Pass-Through Grantor/ Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
<b>Department of Education</b>			
Primary Mental Health	11000-SDE64370-12198		\$ 19,199
Commissioner's Network	11000-SDE64370-12547		210,000
Talent Development	11000-SDE64370-12552		40,150
Family Resource Centers	11000-SDE64370-16110		203,060
Child Nutrition State Match	11000-SDE64370-16211		120,482
Health Foods Initiative	11000-SDE64370-16212		229,521
Adult Education	11000-SDE64370-17030		1,884,725
Health & Welfare Private School Pupils	11000-SDE64370-17034		302,850
Alliance District	11000-SDE64370-17041-82164		29,403,470
Bilingual Education	11000-SDE64370-17042		178,407
Priority School Districts	11000-SDE64370-17043-82052		2,003,524
School Breakfast Program	11000-SDE64370-17046		86,012
Magnet Schools	11000-SDE64370-17057		8,624,754
After School Programs	11000-SDE64370-17084		512,780
Extended School Hours	11000-SDE64370-17108		319,492
School Accountability	11000-SDE64370-17109		370,473
Low Performing Schools SB1502	12052-SDE64370-43728		<u>748,552</u>
Total Department of Education			<u>45,257,451</u>
<b>Connecticut State Library</b>			
Connecticard Payments	11000-CSL66051-17010		640
Historic Document Preservation	12060-CSL66094-35150		<u>10,500</u>
Total Connecticut State Library			<u>11,140</u>
<b>Department of Administrative Services</b>			
School Construction Progress	13010-DAS27635-43744		<u>4,224,414</u>
<b>Division of Criminal Justice</b>			
Center for Court Innovation	11000-DCJ30720-10020		10,008
Phase II	12060-DCJ30720-30682		<u>1,123</u>
Total Division of Criminal Justice			<u>11,131</u>
<b>Department of Energy and Environmental Protection</b>			
Public/Education/Government Programming	12060-DEP44620-35363		64,700
Clean Water Grants	21014-DEP43720-40001		5,366,568
Clean Water Revenue Bonds	21015-DEP43720-42318		5,366,568
Fulton Wetlands Restoration CPAP 2016-13	12052-DEP43153-43615		<u>1,733</u>
Total Department of Energy and Environmental Protection			<u>10,799,569</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, 2020

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
<b>Department of Transportation</b>			
Town Aid Road Grants - Municipal	12052-DOT57131-43455		\$ 534,237
Town Aid Road - STO	13033-DOT57131-43459		<u>63,633</u>
Total Department of Transportation			<u>597,870</u>
<b>Department of Public Health</b>			
Local & District Departments of Health	11000-DPH48558-17009		129,915
Needle & Syringe Exchange Program	12004-DPH48852-12100		33,583
Aids Services	12004-DPH48852-12236	\$ 104,911	
Aids Services	12004-DPH48854-12236	<u>31,947</u>	136,858
Non-cash Assistance Vaccines State	11000-DPH48500-12563		900
Childrens Health Initiative	12004-DPH48831-12126		<u>30,790</u>
Total Department of Public Health			<u>332,046</u>
<b>Department of Emergency Services and Public Protection</b>			
Drug Asset Forfeiture Revolving Account	12060-DPS32155-35142		151,646
Fire School Training & Education Extension	12060-DPS32251-35180		3,275
School Security Infrastructure	12052-DPS32161-43546		<u>135,223</u>
Total Department of Emergency Services and Public Protection			<u>290,144</u>
<b>Department of Social Services</b>			
Medicaid	11000-DSS60000-16020		<u>754,955</u>
<b>Economic and Community Development</b>			
Historic Restoration Fund Grant	12060-ECD46840-90455		26,007
<i>Passed Through Waterbury Development Corporation</i>			
Urban Act East Main Street Reconstruction Project	13019-ECD46000-41240		<u>1,332,378</u>
Total Economic and Community Development			<u>1,358,385</u>
<b>Office of Early Childhood</b>			
Care4Kids TANF/CCDF	11000-OEC64845-16147		201,000
Child Care Quality Enhancement	11000-OEC64845-16158		75,641
Early Care and Education	11000-OEC64845-16274	\$ <u>7,065,274</u>	<u>8,963,622</u>
Total Office of Early Childhood		<u>7,065,274</u>	<u>9,240,263</u>
<b>Office of Policy and Management</b>			
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		16,912
Distressed Municipalities	11000-OPM20600-17016		56,402
Property Tax Relief for Veterans	11000-OPM20600-17024		99,855

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, 2020

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Local Capital Improvement	12050-OPM20600-40254		\$ 301,989
Municipal Grants-In-Aid	12052-OPM20600-43587		1,440,135
Grant in Lieu of Property Tax	12052-OPM20600-43740		<u>46,147</u>
Total Office of Policy and Management			<u>8,688,664</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		\$ <u>7,065,274</u>	<u>81,566,032</u>
<b>Exempt Programs</b>			
<b>Department of Education</b>			
Education Cost Sharing	11000-SDE64370-17041-82010		113,903,488
Excess Cost - Student Based	11000-SDE64370-17047		<u>2,399,042</u>
Total Department of Education			<u>116,302,530</u>
<b>Department of Administrative Services</b>			
School Construction - Principal SDE	13010-DAS27635-40901		<u>1,019,068</u>
<b>Office of Policy and Management</b>			
Municipal Revenue Sharing	11000-OPM20600-17102		3,284,145
Municipal Transition	11000-OPM20600-17103		7,742,795
Municipal Stabilization Grant	11000-OPM20600-17104		2,298,414
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005		<u>2,637,435</u>
Total Office of Policy and Management			<u>15,962,789</u>
Total Exempt Programs			<u>133,284,387</u>
<b>Total State Financial Assistance</b>		\$ <u><u>7,065,274</u></u>	<u>\$ 214,850,419</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, 2020**

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**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, 2020. 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, 2020:

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 (201-C1)	12/31/2000	2.0%	\$ 69,647	\$ 4,270	\$	\$ 4,270	\$ -
CWF Note (344-C)	10/30/2002	2.00	11,547	1,912		663	1,249
CWF Note (351-C)	11/30/2003	2.00	2,424	553		140	413
CWF Note (351-C1)	5/30/2004	2.00	2,953	689		174	515
CWF Note (201-CD1)	6/30/2004	2.00	1,138	89		82	7
CWF Note (351-CD1)	11/30/2005	2.00	544	136		35	101
CWF Note (201-CD2)	6/29/2007	2.00	226	21		19	2
Interim Funding Obligation (677-DC)	2/22/2019	2.00	16,413	10,091	5,366		15,457
			<u>\$ 104,892</u>	<u>\$ 17,761</u>	<u>\$ 5,366</u>	<u>\$ 5,383</u>	<u>\$ 17,744</u>

**CITY OF WATERBURY, CONNECTICUT  
 NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2020**

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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	5/31/18	2.0%	\$ 953	\$ 911	\$ -	\$ 40	\$ 871

**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**

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**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>
Department of Energy and Environmental Protection:		
Clean Water Funds Project 677-DC	21014-DEP43720-40001	\$ 10,733,136
Department of Education:		
Priority School Districts	11000-SDE64370-17043-82052	2,003,524
Magnet Schools	11000-SDE64370-17057	8,624,754
Alliance District	11000-SDE64370-17041-82164	29,403,740
Dollar threshold used to distinguish between type A and type B programs:		\$ 1,631,321

**II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No matters were reported.