

**TOWN OF BERLIN, CONNECTICUT**

**FEDERAL SINGLE AUDIT REPORT**

**JUNE 30, 2011**

**TOWN OF BERLIN, CONNECTICUT**

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**TABLE OF CONTENTS**

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards	1-2
Schedule of Expenditures of Federal Awards	3-5
Notes to Schedule of Expenditures of Federal Awards	6
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 <i>Government Auditing Standards</i>	7-8
Schedule of Findings and Questioned Costs	9



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**Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards**

To the Members of the Town Council  
Town of Berlin, Connecticut

**Compliance**

We have audited the Town of Berlin, Connecticut's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Berlin, Connecticut's major federal programs for the year ended June 30, 2011. The Town of Berlin, Connecticut's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Berlin, Connecticut's management. Our responsibility is to express an opinion on the Town of Berlin, Connecticut's compliance based on our audit.

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 OMB Circular A-133. Those standards and OMB Circular A-133 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 Town of Berlin, 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. Our audit does not provide a legal determination of the Town of Berlin, Connecticut's compliance with those requirements.

In our opinion, the Town of Berlin, 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 federal programs for the year ended June 30, 2011.

## **Internal Control over Compliance**

Management of the Town of Berlin, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Berlin, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Town of Berlin, 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## **Schedule of Expenditures of Federal Awards**

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 Town of Berlin, Connecticut, as of and for the year ended June 30, 2011 and have issued our report thereon dated November 21, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Berlin, Connecticut's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Members of the Town Council, the Board of Education, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

November 21, 2011

**TOWN OF BERLIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>United States Department of Agriculture</b>			
<i>Passed Through the State of Connecticut Department of Education:</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	12060-SDE64370-20560	\$ 183,400
Special Milk Program for Children	10.556	12060-SDE64370-20500	4,097
			<u>\$ 187,497</u>
<b>United States Department of Education</b>			
<i>Passed Through the State of Connecticut Department of Education:</i>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679	175,079
Special Education Cluster:			
Special Education - Grants to States	84.027	12060-SDE64370-20977	584,130
Special Education - Preschool Grants	84.173	12060-SDE64370-20983	22,798
Special Education - Grants to States (IDEA, Part B), Recovery Act	84.391	12060-SDE64370-29011	233,844
Special Education - Preschool Grants (IDEA Preschool), Recovery Act	84.392	12060-SDE64370-29012	<u>6,199</u>
			846,971
Career and Technical Education - Basic Grants to States	84.048	12060-SDE64370-20742	25,986
Safe and Drug-Free Schools and Communities - State Grants	84.186	12060-SDE64370-20873	5,630
Education Technology State Grants Cluster:			
Education Technology State Grants, Recovery Act (Enhancing Education through Technology Program)	84.386	12060-SDE64370-29063	1,148
English Language Acquisition Grants	84.365	12060-SDE64370-20868	13,777

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**TOWN OF BERLIN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858	\$ 67,105
State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)	84.394	12060-SDE64370-29054	<u>880,159</u>
Total United States Department of Education			<u>2,015,855</u>
<b>United States Department of Homeland Security</b> <i>Passed Through the State of Connecticut Department of Emergency Management and Homeland Security:</i>			
Public Assistance Grants	97.036	12060-EHS99690-21891	<u>47,045</u>
<b>United States Department of Housing and Urban Development</b> <i>Passed Through the State of Connecticut Department of Economic and Community Development:</i>			
CDBG-State-Administered Small Cities Program Cluster: State Administered Small Cities Program	14.228	12060-ECD46350-20730	<u>455,150</u>
<b>United States Department of Justice</b> <i>Passed Through the State of Connecticut Office of Policy and Management:</i>			
JAG Program Cluster: Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	12060-OPM20350-29002	<u>7,500</u>

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**TOWN OF BERLIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Expenditures</b>
<b>United States Department of Transportation</b>			
Highway Planning and Construction Cluster:			
<i>Passed Through the State of Connecticut Department of Transportation:</i>			
Highway Planning and Construction	20.205	12062-DOT57191-22108	\$ 29,312
Highway Planning and Construction	20.205	12062-DOT57141-29015	383,740
<i>Passed Through the State of Connecticut Department of Environmental Protection:</i>			
Recreational Trails Program	20.219	12060-DEP44321-20296	<u>12,079</u>
			\$ 425,131
<i>Passed Through the State of Connecticut Department of Transportation:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	12062-DOT57343-20559	3,539
Alcohol Traffic Safety and Drunk Driving	20.601	12062-DOT57343-22086	<u>52,627</u>
			56,166
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	12062-DOT57931-21361	<u>40,000</u>
Total United States Department of Transportation			<u>521,297</u>
<b>Total Federal Awards Expended</b>			<b>\$ <u>3,234,344</u></b>

**TOWN OF BERLIN, CONNECTICUT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Various agencies of the Federal Government have made financial assistance available to the Town of Berlin, Connecticut. These grants fund several programs including housing, education, human services, transportation and general government activities.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Berlin, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to government entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

**Basis of Accounting** - The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Berlin, Connecticut, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE 2 - NONCASH AWARDS**

Donated commodities in the amount of \$45,108 are included in the Department of Agriculture's National School Lunch program, CFDA #10.555. The amount represents the market value of commodities received.





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**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 Members of the Town Council  
Town of Berlin, Connecticut

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 Town of Berlin, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town of Berlin, Connecticut's basic financial statements, and have issued our report thereon dated November 21, 2011. We conducted our audit in accordance with 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Town of Berlin, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures 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 Town of Berlin, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Berlin, Connecticut's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Berlin, Connecticut's financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of the Town of Berlin, Connecticut, in a separate letter dated November 21, 2011.

This report is intended solely for the information and use of management, the Members of the Town Council, the Board of Education, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

November 21, 2011

**TOWN OF BERLIN, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified

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: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

\_\_\_\_\_ yes   X   no

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173/84.391/84.392	Special Education Cluster
84.394	State Fiscal Stabilization Fund Cluster
14.228	CDBG-State-Administered Small Cities Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

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.