

**THE METROPOLITAN DISTRICT  
FEDERAL SINGLE AUDIT REPORT  
DECEMBER 31, 2021**



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**THE METROPOLITAN DISTRICT  
FEDERAL SINGLE AUDIT REPORT  
DECEMBER 31, 2021  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

Board of Finance  
The Metropolitan District  
Hartford, Connecticut

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited The Metropolitan District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Metropolitan District's major federal programs for the year ended December 31, 2021. The Metropolitan District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Metropolitan District 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 December 31, 2021.

***Basis for Opinion on Each Major Federal 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Metropolitan District 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 federal program. Our audit does not provide a legal determination of The Metropolitan District'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 Metropolitan District's federal 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 Metropolitan District'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 Uniform Guidance 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 Metropolitan District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 Metropolitan District'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 Metropolitan District'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Metropolitan District'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 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.

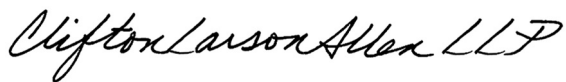
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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 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 Metropolitan District as of and for the year ended December 31, 2021, and have issued our report thereon dated June 20, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the 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 financial statements as a whole.

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

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
June 20, 2022

**THE METROPOLITAN DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>Federal Awarding Agency/ Pass-Through Grantor/ Pass-Through Identification Number</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Grantor's Number/ Project Number</b>	<b>Loan Proceeds</b>	<b>Grant Expenditures</b>	<b>Total Expenditures</b>	<b>Expenditures to Subrecipients</b>
<b>Environmental Protection Agency</b>						
<i>Passed Through the State of Connecticut Department of Energy and Environmental Protection:</i>						
Capitalization Grants for Clean Water State Revolving Funds:						
CWF #657-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	\$ 115,218	\$ 65,715	\$ 180,933	\$
CWF #692-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	20,498,347	16,771,375	37,269,722	
CWF #219-CSL	66.458	21014-DEP43720-40001/21015-DEP43720-42318	14,533	-	14,533	
CWF #729-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	10,372,169	7,635,068	18,007,237	
CWF #719-C	66.458	21014-DEP43720-40001/21015-DEP43720-42318	8,913,433	2,228,358	11,141,791	
Total clean water fund state revolving funds			<u>39,913,700</u>	<u>26,700,516</u>	<u>66,614,216</u>	<u>-</u>
<i>Passed Through the State of Connecticut Department of Public Health:</i>						
Capitalization Grants for Drinking Water State Revolving Funds:						
DWSRF #2020-7088	66.468	12060-DPH48770-22467/21018-DPH48770-42319	2,274,924	641,012	2,915,936	
DWSRF #2021-7092	66.468	12060-DPH48770-22467/21018-DPH48770-42319	2,880,045	797,933	3,677,978	
DWSRF #2021-7093	66.468	12060-DPH48770-22467/21018-DPH48770-42319	5,244,625	284,171	5,528,796	
Total drinking water fund state revolving funds			<u>10,399,594</u>	<u>1,723,116</u>	<u>12,122,710</u>	<u>-</u>
<b>Total Federal Awards Expended</b>					<u>\$ 78,736,926</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule

**THE METROPOLITAN DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**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 Metropolitan District, under programs of the federal government for the year ended December 31, 2021. 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 Metropolitan District, 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 Metropolitan District.

**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**

The Metropolitan District, has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

**3. CLEAN WATER AND DRINKING WATER LOAN BALANCES**

	<u>Clean Water Loans</u>	<u>Drinking Water Loans</u>
Loans payable at December 31, 2020	\$ 476,391,446	\$ 49,861,600
Loan proceeds	39,913,700	10,399,594
Loan repayments	<u>80,888,855</u>	<u>3,471,253</u>
Loans Payable at December 31, 2021	<u>\$ 435,416,291</u>	<u>\$ 56,789,941</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 Board of Finance  
The Metropolitan District

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 Metropolitan District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise The Metropolitan District's basic financial statements, and have issued our report thereon dated June 20, 2022.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered The Metropolitan District'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 Metropolitan District's internal control. Accordingly, we do not express an opinion on the effectiveness of The Metropolitan District'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weaknesses.



***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether The Metropolitan District'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*.

***The Metropolitan District's Response to Findings***

Government Auditing Standards require the auditor to perform limited procedures on The Metropolitan District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Metropolitan District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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 Metropolitan District'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 Metropolitan District'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  
June 20, 2022

**THE METROPOLITAN DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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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?	<u>  X  </u>	yes	<u>      </u>	no
• Significant deficiency(ies) identified?	<u>      </u>	yes	<u>  X  </u>	none reported
Noncompliance material to financial statements noted?	<u>      </u>	yes	<u>  X  </u>	no

**Federal Awards**

Internal control over major programs:

• Material weakness(es) identified?	<u>      </u>	yes	<u>  X  </u>	no
• Significant deficiency(ies) identified?	<u>      </u>	yes	<u>  X  </u>	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)?	<u>      </u>	yes	<u>  X  </u>	no
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Major programs:

Assistance Listing Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$2,362,108

Auditee qualified as low-risk auditee?	<u>  X  </u>	yes	<u>      </u>	no
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**II. FINANCIAL STATEMENT FINDINGS**

**2021-001**

Sewer Use and Grants Receivable

**Type of Finding:**

Material Weakness in Internal Control over Financial Reporting

**Criteria or specific requirement**

Generally accepted accounting principles (GAAP) requires that revenue be recognized when it is both measurable and available.

**Condition**

A material audit adjustment was required in the general and clean water project funds to reclassify revenue for sewer use and grant receivables that was not available within the period of availability.

**Context**

A material audit adjustment was proposed based on the results of audit procedures performed.

**Effect**

The financial statements would not be materially correct without the audit adjustment.

**Cause**

Controls did not exist to review the accounts receivable balances at year end to determine the amount received 60 days after year end resulting in revenue for sewer use and grant receivables to be recorded that was not available within the period of availability.

**Recommendation**

We recommend that the MDC institute procedures at year end to review amounts received within 60 days after year end to properly record revenue only when measurable and available.

**Views of Responsible Officials**

The MDC agrees with the finding and will implement year end procedures to ensure revenue is appropriately recorded when available.

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

