

TOWN OF VERNON, CONNECTICUT

**FEDERAL AND STATE
SINGLE AUDITS**

FOR THE YEAR ENDED JUNE 30, 2022

TOWN OF VERNON, CONNECTICUT
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INTERNAL CONTROL AND COMPLIANCE REPORT

**INDEPENDENT AUDITOR'S 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 Town Council
Town of Vernon, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vernon, Connecticut (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mahoney Sabol + Company, LLP

Certified Public Accountants
Glastonbury, Connecticut
March 31, 2023

FEDERAL SINGLE AUDIT SECTION

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Town Council
Town of Vernon, Connecticut

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Vernon, Connecticut’s (the Town), 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 Town’s major federal programs for the year ended June 30, 2022. The Town’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of federal findings and questioned costs.

In our opinion, the Town of Vernon, Connecticut, compiled, 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, 2022.

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; 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 Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town 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 Town’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 Town’s federal programs.

Auditor's 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 Town'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 generally accepted auditing standards, *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 Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Town'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 Town'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 Town'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 Auditor's 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 governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated March 31, 2023, 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.

Mahoney Sabol + Company, LLP

Certified Public Accountants
Glastonbury, Connecticut
March 31, 2023

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor; Pass-Through Grantor; Program Title; Description	Pass-Through Entity Identification Number	Federal Assistance Listing	Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed through the Connecticut Department of Education:			
National School Lunch Program - USDA Commodities	-	10.555	\$ 89,122
National School Lunch Program	12060-SDE64370-20560	10.555	1,693,894
School Breakfast Program	12060-SDE64370-20508	10.553	424,798
Summer Food Service Program for Children	12060-SDE64370-20540	10.559	90,620
Summer Food Service Program for Children - Administration	12060-SDE64370-20548	10.559	9,298
Fresh Fruit and Vegetable Program	-	10.582	26,529
Total Child Nutrition Cluster			<u>2,334,261</u>
Passed through the Connecticut Department of Education:			
State Administrative Expenses for Child Nutrition	12060-SDE64370-23126	10.560	60,758
Total United States Department of Agriculture			<u>2,395,019</u>
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through the Connecticut Department of Housing:			
Community Development Block Grants	12060-DOH46930-20730	14.228	20,170
UNITED STATES DEPARTMENT OF JUSTICE			
Direct:			
Bulletproof Vest Partnership Program	-	16.607	17,577
Organized Crime Drug Enforcement Task Forces	-	16.004	19,159
Total United States Department of Justice			<u>36,736</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction Cluster:			
Passed through the Connecticut Department of Transportation:			
Highway Planning and Construction - Main Street Bridge	12062-DOT57171-22108	20.205	790,856
Highway Planning and Construction - Safe Routes to Schools	12062-DOT57171-22108	20.205	1,047
Total Highway Planning and Construction Cluster			<u>791,903</u>
Highway Safety Cluster:			
Passed through the Connecticut Department of Transportation:			
Federal Highway Safety Programs	12062-DOT57513-20559	20.600	2,855
Passed through the Connecticut Department of Transportation:			
Alcohol Open Container Requirements	12062-DOT57513-22091	20.607	7,767
Total United States Department of Transportation			<u>802,525</u>
UNITED STATES DEPARTMENT OF THE TREASURY			
Passed through the Connecticut Office of Policy and Management:			
Coronavirus State and Local Fiscal Recovery Funds	12060-OPM20600-29669	21.027	82,422
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Passed through the Connecticut State Library:			
National Leadership Grants - ARP	12060-CSL66011-29642	45.312	3,000
UNITED STATES DEPARTMENT OF EDUCATION			
Special Education Cluster:			
Passed through the Connecticut Department of Education:			
Special Education - State Grants - 2022	12060-SDE64370-20977	84.027	761,057
Special Education - State Grants - 2021	12060-SDE64370-20977	84.027	159,081
Special Education - State Grants - Cognitive Disabilities Stipend	12060-SDE64215-20977	84.027	19,773
Special Education - State Grants - ARP 2022	12060-SDE64370-23083	84.027X	79,462
Special Education - Preschool Grants - 2022	12060-SDE64370-20983	84.173	32,167
Special Education - Preschool Grants - 2021	12060-SDE64370-20983	84.173	16,035
Special Education - Preschool Grants - ARP 2021	12060-SDE64370-29684	84.173X	16,859
Total Special Education Cluster			<u>1,084,434</u>

(Continued)

The accompanying notes are an integral part of this schedule.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor; Pass-Through Grantor; Program Title; Description	Pass-Through Entity Identification Number	Federal Assistance Listing	Expenditures
UNITED STATES DEPARTMENT OF EDUCATION <i>(Continued)</i>			
Passed through the Connecticut Department of Education:			
Title I - Grants to Local Educational Agencies - 2022	12060-SDE64370-20679-82070	84.010	\$ 639,172
Title I - Grants to Local Educational Agencies - 2021	12060-SDE64370-20679-82070	84.010	4,911
			<u>644,083</u>
English Language Acquisition State Grants - 2022	12060-SDE64370-20868	84.365	16,663
English Language Acquisition State Grants - 2021	12060-SDE64370-20868	84.365	660
			<u>17,323</u>
Supporting Effective Instruction State Grants - 2022	12060-SDE64370-20858	84.367	99,068
Supporting Effective Instruction State Grants - 2021	12060-SDE64370-20858	84.367	8,646
			<u>107,714</u>
Education Stabilization Fund:			
Elementary & Secondary School Emergency Relief Fund - II Bonus Special Population \$25K Recovery Grant	12060-SDE64370-29571-82032	84.425D	62
Elementary & Secondary School Emergency Relief Fund - II State Set Aside	12060-SDE64370-29571-82079	84.425D	9,547
Elementary & Secondary School Emergency Relief Fund - II	12060-SDE64370-29571-82079	84.425D	729,148
Elementary & Secondary School Emergency Relief Fund - ARP	12060-SDE64370-29636	84.425U	1,016,971
Elementary & Secondary School Emergency Relief - Homeless Children and Youth	12060-SDE64370-29650	84.425W	62,120
			<u>1,817,848</u>
Career and Technical Education - Basic Grants to States - 2022	12060-SDE64370-20742	84.048	49,834
Career and Technical Education - Basic Grants to States - 2021	12060-SDE64370-20742	84.048	2,168
			<u>52,002</u>
Student Support and Academic Enrichment Program	12060-SDE64370-22854	84.424	41,810
Adult Education - Basic Grants to States	12060-SDE64370-20784	84.002	193,970
Education of Homeless Children and Youth	12060-SDE64370-20770	84.196	15,000
			<u>3,974,184</u>
Total United States Department of Education			
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Connecticut Department of Mental Health and Addiction Services:			
Block Grants for Prevention and Treatment of Substance Abuse	-	93.959	9,127
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
Direct:			
Assistance to Firefighters Grant	-	97.044	1,305
Passed through the Connecticut Department of Emergency Services and Public Protection:			
Disaster Grants - Public Assistance - COVID 19	12060-DPS32990-27580	97.036	143,780
Disaster Grants - Public Assistance - Isaias	12060-DPS32990-21891	97.036	58,533
			<u>202,313</u>
Emergency Management Performance Grant	12060-DPS32160-21881	97.042	14,644
			<u>218,262</u>
Total United States Department of Homeland Security			
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 7,541,445</u>
			<i>(Concluded)</i>

The accompanying notes are an integral part of this schedule.

TOWN OF VERNON, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - ACCOUNTING BASIS

The accounting policies of the Town of Vernon, Connecticut (the Town), conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

The information in the schedule of expenditures of federal awards 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).

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. 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 expenditure column of the schedule of expenditures of federal awards.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

Because the schedule of expenditures of federal awards presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position, changes in fund balances, changes in net position or cash flows of the Town.

NOTE 2 - INDIRECT COST RATE

The Town has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. The Town has no federal awards for which an indirect cost rate is applicable.

NOTE 3 - SUBRECIPIENTS

The Town did not pass through any federal awards to subrecipient organizations.

NOTE 4 - OTHER FEDERAL ASSISTANCE

The United States Department of Agriculture provides commodities to the Town's schools. An amount of \$89,122 has been reflected in the expenditures column in the accompanying schedule of expenditures of federal awards, which represents the fair market value of such commodities received during the year ended June 30, 2022.

No other federal assistance was received in the form of loans, loan guarantees or insurance.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

○ Material weakness(es) identified? _____ Yes ✓ No

○ Significant deficiency(ies) identified? _____ Yes ✓ None reported

Noncompliance material to financial statements noted? _____ Yes ✓ No

FEDERAL AWARDS

Internal control over major programs:

○ Material weakness(es) identified? _____ Yes ✓ No

○ Significant deficiency(ies) identified? _____ Yes ✓ None reported

Type of auditor's 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 ✓ No

Identification of major programs:

Federal Assistance Listing	Name of Federal Program
84.425	Education Stabilization Fund
84.027/84.173	Special Education Cluster
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ ✓ Yes _____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

No financial statement findings were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings or questioned costs were reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

No prior audit findings were reported.

STATE SINGLE AUDIT SECTION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES
OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT**

To the Town Council
Town of Vernon, Connecticut

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Vernon, Connecticut's (the Town), 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 Town's major state programs for the year ended June 30, 2022. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

In our opinion, the Town of Vernon, Connecticut, compiled, 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, 2022.

Basis for Opinion on Each Major State Program

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 the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town 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 state program. Our audit does not provide a legal determination of the Town'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 Town's state programs.

Auditor's 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 Town'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 generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act 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 Town's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act, 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 Town'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 Town'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 State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 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 Auditor's 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 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 State Single Audit Act

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated March 31, 2023, 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. The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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.

Mahoney Sabol + Company, LLP

Certified Public Accountants
Glastonbury, Connecticut
March 31, 2023

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
NONEXEMPT PROGRAMS:			
DEPARTMENT OF EDUCATION			
Direct:			
Alliance District	11000-SDE64370-17041-82164	\$ -	\$ 2,947,616
Vocational Agriculture	11000-SDE64370-17017	-	399,757
Adult Education	11000-SDE64370-17030	-	190,845
Healthy Foods Initiative	11000-SDE64370-16212	-	31,136
School Breakfast	11000-SDE64370-17046	-	18,543
Child Nutrition State Matching Grant	11000-SDE64370-16211	-	17,164
Open Choice	11000-SDE64370-17053-82060	-	3,000
Talent Development	11000-SDE64370-12552	-	5,763
Sheff Settlement	11000-SDE64370-12457-82160	-	9,500
Total Department of Education		<u>-</u>	<u>3,623,324</u>
DEPARTMENT OF SOCIAL SERVICES			
Direct:			
Medicaid	11000-DSS60000-16020	-	103,632
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT			
Direct:			
Brownfield Remediation and Development Grant	12060-ECD46260-35533	-	140,053
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION			
Direct:			
Clean Water Fund - Grant Portion	21014-DEP43720-40001	-	4,570,503
Clean Water Fund - Loan Portion	21015-DEP43720-42318	-	10,618,056
Aquatic Invasive Species Grant Program	12060-DEP44140-35667	-	21,962
Various Flood Control Improvements	17081-DEP43740-43345	-	290
Total Department of Energy and Environmental Protection		<u>-</u>	<u>15,210,811</u>
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION			
Direct:			
Fire School Training & Education Extension	12060-DPS32251-35180	-	150
Passed through the Town of Manchester:			
Drug Asset Forfeiture	12060-DPS32155-35142	-	4,431
Total Department of Emergency Services and Public Protection		<u>-</u>	<u>4,581</u>
DEPARTMENT OF TRANSPORTATION			
Direct:			
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	-	398,676
Local Transport Capital Program	13033-DOT57191-43584	-	247,067
Bus Operations	12001-DOT57931-12175	-	31,441
Total Department of Transportation		<u>-</u>	<u>677,184</u>
DEPARTMENT OF JUSTICE			
Direct:			
Court Fees	34001-JUD95162-40001-089	-	15,220
CONNECTICUT STATE LIBRARY			
Direct:			
Historic Documents Preservation Grants	12060-CSL66094-35150	-	7,500
Connecticard Payments	11000-CSL66051-17010	-	871
Total Connecticut State Library		<u>-</u>	<u>8,371</u>

(Continued)

The accompanying notes are an integral part of this schedule.

TOWN OF VERNON, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2022

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
NONEXEMPT PROGRAMS: <i>(Continued)</i>			
DEPARTMENT OF ADMINISTRATIVE SERVICES			
Direct:			
Alliance District General Improvements	12052-DAS27635-43651	\$ -	\$ 286,765
OFFICE OF POLICY AND MANAGEMENT			
Direct:			
Local Capital Improvement Program	12050-OPM20600-40254	-	257,316
Municipal Grants-In-Aid	12052-OPM20600-43587	-	164,183
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	-	3,693
Property Tax Relief for Veterans	11000-OPM20600-17024	-	15,743
Tiered Payment in Lieu of Taxes (PILOT) - MRSA	12060-OPM20600-35691	-	89,783
Tiered Payment in Lieu of Taxes (PILOT)	11000-OPM20600-17111	-	252,652
Total Office of Policy and Management		<u>-</u>	<u>783,370</u>
DEPARTMENT OF CHILDREN AND FAMILIES			
Direct:			
Youth Services Bureau	11000-DCF91141-17052	-	19,077
Youth Services Bureau Enhancement	11000-DCF91141-17107	-	10,866
Total Department of Children and Families		<u>-</u>	<u>29,943</u>
OFFICE OF EARLY CHILDHOOD			
Direct:			
School Readiness in Competitive Grant Municipalities	11000-OEC64845-16274-83013	160,632	322,089
School Readiness Quality Enhancement	11000-OEC64845-16158	-	3,838
Total Office of Early Childhood		<u>160,632</u>	<u>325,927</u>
Total State Financial Assistance Before Exempt Programs		<u>160,632</u>	<u>21,209,181</u>
EXEMPT PROGRAMS:			
DEPARTMENT OF EDUCATION			
Direct:			
Education Cost Sharing	11000-SDE64370-17041-82010	-	17,647,590
Excess Costs Student Based and Equity	11000-SDE64370-17047	-	760,953
Total Department of Education		<u>-</u>	<u>18,408,543</u>
DEPARTMENT OF ADMINISTRATIVE SERVICES			
Direct:			
School Construction Grants	13010-DAS27636-40901	-	206,078
OFFICE OF POLICY AND MANAGEMENT			
Direct:			
Municipal Stabilization Grant	11000-OPM20600-17104	-	330,755
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	-	79,820
Total Office of Policy and Management		<u>-</u>	<u>410,575</u>
Total Exempt Programs		<u>-</u>	<u>19,025,196</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 160,632</u>	<u>\$ 40,234,377</u>

(Concluded)

The accompanying notes are an integral part of this schedule.

TOWN OF VERNON, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Vernon, Connecticut (the Town), under programs of the State of Connecticut for the fiscal year ended June 30, 2022. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. 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 expenditure column of the schedule of expenditures of state financial assistance.

Because the schedule of expenditures of state financial assistance presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position, changes in fund balances, changes in net position or cash flows of the Town.

NOTE 2 - LOAN PROGRAM

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 Town has entered into a project loan and grant agreement with the Department of Energy and Environmental Protection under the clean water fund program. The agreement provides for maximum borrowings under the project loan in the amount of \$47,819,948. The Town has reported expenditures in the amount of \$10,618,056 in the accompanying schedule of state financial assistance, which represents the portion of project expenditures incurred during the year ended June 30, 2022. The following is a summary of the loan activity for the year ended June 30, 2022:

	<u>Project Number</u>	<u>Interest Rate</u>	<u>Balance July 1, 2021</u>	<u>Proceeds</u>	<u>Conversion</u>	<u>Repayments</u>	<u>Balance June 30, 2022</u>
Interim Funding Obligation	705-DC	2.0%	\$ 25,156,923	\$ 626,175	\$ (25,783,098)	\$ -	\$ -
Clean Water Loan	705-DC	2.0%	-	-	25,783,098	(1,182,100)	24,600,998
Interim Funding Obligation	705-DC1	2.0%	-	10,237,416	-	-	10,237,416
			<u>\$ 25,156,923</u>	<u>\$ 10,863,591</u>	<u>\$ -</u>	<u>\$ (1,182,100)</u>	<u>\$ 34,838,414</u>

NOTE 3 - SUBRECIPIENTS

The Town passed through \$160,632 in state financial assistance to subrecipient organizations.

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes ✓ No
None

Significant deficiency(ies) identified? _____ Yes ✓ Reported

Noncompliance material to financial statements noted? _____ Yes ✓ No

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

Material weakness(es) identified? _____ Yes ✓ No
None

Significant deficiency(ies) identified? _____ Yes ✓ Reported

Type of auditor's 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 ✓ No

The following schedule reflects the major programs included in the audit:

State Grantor/ Program	State Grant Program Core-CT Number	Expenditures
DEPARTMENT OF EDUCATION		
Alliance District	11000-SDE64370-17041-82164	\$ 2,947,616
Vocational Agriculture	11000-SDE64370-17017	399,757
 DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION		
Clean Water Fund - Loan Portion	21015-DEP43720-42318	\$ 10,618,056
Clean Water Fund - Grant Portion	21014-DEP43720-40001	4,570,503

Dollar threshold used to distinguish between Type A and Type B programs: \$424,184

SECTION II - FINANCIAL STATEMENT FINDINGS

No financial statement findings were reported.

SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No state financial assistance findings or questioned costs were reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

No prior audit findings were reported.