

TOWN OF VERNON, CONNECTICUT

**FEDERAL AND STATE
SINGLE AUDITS**

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 24, 2024.

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
June 24, 2024

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 identified as subject to audit 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, 2023. 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, 2023.

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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated June 24, 2024, which contained unmodified opinions on those financial statements. Our audit was performed 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
June 24, 2024

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor; Pass-Through Grantor; Program Title; Description	Pass-Through Entity Identification Number	Assistance Listing Number	Passed through to Subrecipients	Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster:				
Passed through the Connecticut Department of Education:				
School Breakfast Program	12060-SDE64370-20508	10.553	\$ -	\$ 331,208
National School Lunch Program - USDA Commodities	-	10.555	-	49,632
National School Lunch Program	12060-SDE64370-20560	10.555	-	1,178,720
			-	1,228,352
Summer Food Service Program for Children	12060-SDE64370-20540	10.559	-	35,895
Summer Food Service Program for Children - Administration	12060-SDE64370-20548	10.559	-	3,710
			-	39,605
Fresh Fruit and Vegetable Program	-	10.582	-	95,714
Total Child Nutrition Cluster			-	1,694,879
Passed through the Connecticut Department of Education:				
State Administrative Expenses for Child Nutrition - Supply Chain Assistance	12060-SDE64370-23126	10.560	-	85,492
COVID-19 State Pandemic Electronic Benefit Transfer - Administrative Costs Grant	12060-SDE64370-29802	10.649	-	4,396
Total United States Department of Agriculture			-	1,784,767
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the Connecticut Department of Housing:				
Community Development Block Grants	12060-DOH46930-20730	14.228	-	34,453
UNITED STATES DEPARTMENT OF THE INTERIOR				
Passed through the Connecticut Historical Preservation Office:				
Historic Preservation Fund Grants-In-Aid	CLG-2023-0005	15.904	-	15,065
UNITED STATES DEPARTMENT OF TRANSPORTATION				
Highway Safety Cluster:				
Passed through the Connecticut Department of Transportation:				
Federal Highway Safety Programs	12062-DOT57513-20559	20.600	-	2,762
Passed through the Connecticut Department of Transportation:				
Highway Planning and Construction - Main Street Bridge	12062-DOT57141-22108	20.205	-	379,405
Highway Planning and Construction - Pleasantview Drive Bridge	12062-DOT57141-22108	20.205	-	6,135
			-	385,540
Alcohol Open Container Requirements	12062-DOT57513-22091	20.607	-	14,475
Total United States Department of Transportation			-	402,777
UNITED STATES DEPARTMENT OF THE TREASURY				
Passed through the Connecticut Office of Policy and Management:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	12060-OPM20600-29669	21.027	-	1,475,758
Passed through the Connecticut Office of Early Childhood:				
COVID-19 CSLFRF - American Rescue Plan (ARP) School Readiness	12060-OEC64845-28227	21.027	-	12,400
Passed through the Connecticut Department of Education:				
COVID-19 CSLFRF - ARP Free Meals for Students	12060-SDE64370-28105	21.027	-	437,682
COVID-19 CSLFRF - ARP Interdistrict Tuition Coverage	12060-SDE64370-28112	21.027	-	10,391
			-	1,936,231
Total United States Department of Treasury			-	1,936,231
UNITED STATES DEPARTMENT OF EDUCATION				
Special Education Cluster:				
Passed through the Connecticut Department of Education:				
Special Education Grants to States - 2023	12060-SDE64370-20977	84.027	-	881,556
Special Education Grants to States - 2022	12060-SDE64370-20977	84.027	-	190,653
Special Education Grants to States - 2021 Special Education Activities	12060-SDE64370-20977	84.027	-	10,000
Special Education Grants to States - 2021 Paraeducator Professional Development Activities	12060-SDE64370-20977	84.027	-	4,000
Special Education Grants to States - 2023 SEDS Implementation Stipend	12060-SDE64215-20977	84.027	-	20,000
COVID-19 Special Education Grants to States - 2022 ARP	12060-SDE64370-23083	84.027X	-	98,490
			-	1,204,699
Special Education Preschool Grants - 2023	12060-SDE64370-20983	84.173	-	20,501
Special Education Preschool Grants - 2022	12060-SDE64370-20983	84.173	-	15,172
			-	35,673
Total Special Education Cluster			-	1,240,372

(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, 2023

Federal Grantor; Pass-Through Grantor; Program Title; Description	Pass-Through Entity Identification Number	Assistance Listing Number	Passed through to Subrecipients	Expenditures
UNITED STATES DEPARTMENT OF EDUCATION (Continued)				
Passed through the Connecticut Department of Education:				
Education Stabilization Fund:				
COVID-19 Elementary and Secondary School Emergency Relief (ESSER):				
ESSER II - 2021 Bonus Special Population \$25K Recovery Grant	12060-SDE64370-29571-82032	84.425D	\$ -	\$ 24,938
ESSER II - 2021 State Set Aside	12060-SDE64370-29571-82079	84.425D	-	12,115
ESSER II - 2021 Special Education Recovery Activities Grant	12060-SDE64370-29571-82079	84.425D	-	80,000
ESSER II - 2021	12060-SDE64370-29571-82079	84.425D	-	1,014,426
ESSER - 2021 ARP	12060-SDE64370-29636	84.425U	-	1,258,480
ESSER II - 2021 ARP FASFA Challenge	12060-SDE64370-29636	84.425U	-	5,400
ESSER II - 2021 Homeless Children and Youth I	12060-SDE64370-29650	84.425W	-	20,000
ESSER II - 2021 Homeless Children and Youth II	12060-SDE64370-29650	84.425W	-	4,000
			-	2,419,359
Title I - Grants to Local Educational Agencies - 2023	12060-SDE64370-20679	84.010	-	617,264
Adult Education - Basic Grants to States - 2023	12060-SDE64370-20784	84.002	-	195,034
Supporting Effective Instruction State Grants - 2023	12060-SDE64370-20858	84.367	-	90,053
Career and Technical Education - Basic Grants to States - 2023	12060-SDE64370-20742	84.048	-	49,706
Student Support and Academic Enrichment Program - 2023	12060-SDE64370-22854	84.424	-	47,732
Education of Homeless Children and Youth - 2022	12060-SDE64370-20770	84.196	-	30,000
English Language Acquisition State Grants - 2023	12060-SDE64370-20868	84.365	-	16,850
Total United States Department of Education			-	4,706,370
U.S. ELECTION ASSISTANCE COMMISSION				
Passed through the Connecticut Office of Secretary of State:				
Help America Vote Act Requirement Payments	12060-SOS12500-21465	90.401	-	8,278
Passed through Connecticut Department of Mental Health and Addiction Services:				
Block Grants for Prevention and Treatment of Substance Abuse	-	93.959	-	5,131
Total United States Department of Health and Human Services			-	13,409
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
Direct:				
Assistance to Firefighters Grant	-	97.044	-	1,517
Passed through the Connecticut Department of Emergency Services and Public Protection:				
Disaster Grants - Public Assistance - COVID 19	12060-DPS32990-21891	97.036	-	1,123,347
Emergency Management Performance Grant	12060-DPS32160-21881	97.042	-	14,140
Total United States Department of Homeland Security			-	1,139,004
TOTAL FEDERAL AWARDS EXPENDED			\$ -	\$ 10,032,076

(Concluded)

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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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). 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.

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.

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 - OTHER FEDERAL ASSISTANCE

Amounts of \$49,632 and \$95,714 have been reflected in the expenditures column in the accompanying schedule of expenditures of federal awards, which represents the fair market value or donated commodities received under the National School Lunch Program and the Fresh Fruits and Vegetables program, respectively, during the year ended June 30, 2023.

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, 2023

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:

Assistance Listing Number	Name of Federal Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425	Education Stabilization Fund
97.036	Disaster Grants - Public Assistance

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 OF PRIOR YEAR AUDIT FINDINGS

No prior year 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 identified as subject to audit 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, 2023. 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, 2023.

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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated June 24, 2024, which contained unmodified opinions on those financial statements. Our audit was performed 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
June 24, 2024

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

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	\$ -	\$ 3,280,903
Vocational Agriculture	11000-SDE64370-17017	-	136,666
Adult Education	11000-SDE64370-17030	-	186,785
Healthy Foods Initiative	11000-SDE64370-16212	-	31,433
School Breakfast	11000-SDE64370-17046	-	18,634
Child Nutrition State Matching Grant	11000-SDE64370-16211	-	16,534
Open Choice	11000-SDE64370-17053-82060	-	5,444
Talent Development	11000-SDE64370-12552	-	7,034
Open Choice - Academic, Student & Social Support	11000-SDE64370-12457-82160	-	3,300
Total Department of Education		<u>-</u>	<u>3,686,733</u>
DEPARTMENT OF SOCIAL SERVICES			
Direct:			
Medicaid	11000-DSS60000-16020	-	161,102
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT			
Direct:			
Brownfield Remediation and Development Grant	12060-ECD46260-35533	-	252,970
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION			
Direct:			
Clean Water Fund - Grant Portion	21014-DEP43720-40001	-	2,080,390
Clean Water Fund - Loan Portion	21015-DEP43720-42318	-	4,862,819
Aquatic Invasive Species Grant Program	12060-DEP44140-35667	-	9,771
Flood Control Improvements	17081-DEP43740-43345	-	15,230
Total Department of Energy and Environmental Protection		<u>-</u>	<u>6,968,210</u>
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION			
Passed through the Town of Manchester, Connecticut:			
Drug Asset Forfeiture	12060-DPS32155-35142	-	12,519
DEPARTMENT OF TRANSPORTATION			
Direct:			
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	-	245,942
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459-34005	-	245,942
Local Transportation Capital Improvement Program	13033-DOT57191-43584	-	1,863,865
Bus Operations	12001-DOT57931-12175	-	29,654
Total Department of Transportation		<u>-</u>	<u>2,385,403</u>
DEPARTMENT OF JUSTICE			
Direct:			
Court Fees	34001-JUD95162-40001-089	-	25,031
CONNECTICUT STATE LIBRARY			
Direct:			
Historic Documents Preservation Grants	12060-CSL66094-35150	-	7,500
Connecticard Payments	11000-CSL66051-17010	-	1,197
Total Connecticut State Library		<u>-</u>	<u>8,697</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, 2023

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
NONEXEMPT PROGRAMS: <i>(Continued)</i>			
OFFICE OF POLICY AND MANAGEMENT			
Direct:			
Tiered Payment in Lieu of Taxes	12060-OPM20600-35458	\$ -	\$ 629,004
Tiered Payment in Lieu of Taxes	11000-OPM20600-17111	-	269,587
Tiered Payment in Lieu of Taxes	12060-OPM20600-35691	-	72,848
		-	971,439
Municipal Grants-In-Aid	12052-OPM20600-43587	-	10,464
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	-	3,278
Property Tax Relief for Veterans	11000-OPM20600-17024	-	13,733
Total Office of Policy and Management		-	998,914
DEPARTMENT OF CHILDREN AND FAMILIES			
Direct:			
Youth Services Bureau	11000-DCF91141-17052	-	21,237
Youth Services Bureau Enhancement	11000-DCF91141-17107	-	12,991
Community Based Prevention Program	11000-DCF91141-16092	-	7,299
Total Department of Children and Families		-	41,527
OFFICE OF EARLY CHILDHOOD			
Direct:			
School Readiness in Competitive Grant Municipalities	11000-OEC64845-16274-83013	155,426	328,686
School Readiness Quality Enhancement	11000-OEC64845-16158	-	3,130
Total Office of Early Childhood		155,426	331,816
Total State Financial Assistance Before Exempt Programs		155,426	14,872,922
EXEMPT PROGRAMS:			
DEPARTMENT OF EDUCATION			
Direct:			
Education Cost Sharing	11000-SDE64370-17041-82010	-	17,639,917
Excess Costs Student Based and Equity	11000-SDE64370-17047	-	1,059,839
Total Department of Education		-	18,699,756
DEPARTMENT OF ADMINISTRATIVE SERVICES			
Direct:			
School Construction Grants	13010-DAS27636-40901	-	261,583
OFFICE OF POLICY AND MANAGEMENT			
Direct:			
Municipal Stabilization Grant	11000-OPM20600-17104	-	330,755
Municipal Transition Grant	11000-OPM20600-17103	-	1,620,069
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	-	79,820
Total Office of Policy and Management		-	2,030,644
Total Exempt Programs		-	20,991,983
TOTAL STATE FINANCIAL ASSISTANCE		\$ 155,426	\$ 35,864,905

(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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2023. 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. 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.

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. 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 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.

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 \$4,862,419 in the accompanying schedule of state financial assistance, which represents the portion of project expenditures incurred during the year ended June 30, 2023. The following is a summary of the loan activity for the year ended June 30, 2023:

	<u>Project Number</u>	<u>Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Balance June 30, 2023</u>
Clean Water Loan	705-DC	2.0%	\$ 24,600,998	\$ -	\$ (1,289,155)	\$ 23,311,843
Interim Funding Obligation	705-DC1	2.0%	10,237,416	4,862,819	-	15,100,235
			<u>\$ 34,838,414</u>	<u>\$ 4,862,819</u>	<u>\$ (1,289,155)</u>	<u>\$ 38,412,078</u>

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

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:

<u>State Grantor/ Program</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
DEPARTMENT OF EDUCATION		
School Readiness in Competitive Grant Municipalities	11000-OEC64845-16274-83013	\$ 328,686
DEPARTMENT OF TRANSPORTATION		
Local Transportation Capital Improvement Program	13033-DOT57191-43584	\$ 1,863,865
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	\$ 245,942
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459-34005	245,942
		<u>\$ 491,884</u>
OFFICE OF POLICY AND MANAGEMENT		
Tiered Payment in Lieu of Taxes	12060-OPM20600-35458	\$ 629,004
Tiered Payment in Lieu of Taxes	11000-OPM20600-17111	269,587
Tiered Payment in Lieu of Taxes	12060-OPM20600-35691	72,848
		<u>\$ 971,439</u>
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION		
Clean Water Fund - Loan Portion	21015-DEP43720-42318	\$ 4,862,819
Clean Water Fund - Grant Portion	21014-DEP43720-40001	\$ 2,080,390

Dollar threshold used to distinguish between Type A and Type B programs: \$297,458

TOWN OF VERNON, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2023

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 OF PRIOR YEAR AUDIT FINDINGS

No prior year audit findings were reported.