
TOWN OF LISBON, CONNECTICUT

Federal Single Audit

For the Year Ended June 30, 2022



KING, KING & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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TOWN OF LISBON, CONNECTICUT
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**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 Board of Finance
Town of Lisbon, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, 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 17, 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 opinion 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 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 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items (2022-01) that we consider to be material weaknesses.

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*.

Town of Lisbon's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Lisbon's response to the findings identified in our audit and described in the accompanying schedule of findings and questions costs. Town of Lisbon's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response. (2022-01)

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 result 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.



King, King & Associates, CPAs
Winsted, CT
March 17, 2023



INDEPENDENT AUDITOR'S 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

To the Board of Finance
Town of Lisbon, Connecticut

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Lisbon, CT's ("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 auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major 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 the 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 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 judgement made by a reasonable user of the report on the 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 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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town 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 have issued our report thereon dated March 17, 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 Town's 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.



King, King & Associates, CPAs
Winsted, CT
March 17, 2023

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY'S IDENTIFYING NUMBER	AMOUNTS PROVIDED TO SUBRECIPIENTS	TOTAL EXPENDED
United States Department of Agriculture				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	12060-SDE64370-20508	\$ -	\$ 79,883
National School Lunch Program	10.555	12060-SDE64370-20560	-	223,423
National School Lunch Program Emergency Operating Cost Reimbursement	10.555	12060-SDE64370-23085	-	15,085
National School Lunch Program - USDA Commodities	10.555	N/A	-	19,837
			-	338,228
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs	10.649	12060-SDE64370-29802	-	614
State Administrative Expense for School Nutrition	10.560	12060-SDE64370-23126	-	12,519
Total United States Department of Agriculture			-	351,361
United States Department of Education				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679	-	47,611
Special Education Cluster (IDEA):				
Special Education - Preschool Grants	84.173	12060-SDE64370-20983	-	9,728
COVID-19 - Special Education Stipend	84.027	12060-SDE64370-20977	-	65,384
COVID-19 - ARP IDEA 611	84.027X	12060-SDE64370-23083	-	18,990
			-	94,102
Title II - Improving Teacher Quality Grants				
Title IV - Student Support and Academic Enrichment	84.367	12060-SDE64370-20858	-	7,410
Education Stabilization Fund Cluster:	84.424	12060-SDE64370-22854	-	9,286
COVID-19 - Elementary & Secondary School Emergency Relief Fund (ESSER)	84.425D	12060-SDE64370-29571	-	173,941
COVID-19 - ARP - Elementary & Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	12060-SDE64370-29636	-	169,341
			-	343,282
			-	501,691
Total United States Department of Education			-	
United States Department of the Treasury				
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>				
COVID - 19 - Coronavirus Relief Fund	21.019	12060-OPM20600-29561	-	25,651
COVID - 19 - American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds	21.027	12060-OPM20600-29669	-	132,332
Total United States Department of the Treasury			-	157,983
Total Expenditures of Federal Awards			\$ -	\$ 1,011,035

See notes to schedule.

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

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal grant activity of the Town of Lisbon, Connecticut ("Town") under programs of the federal government for the year ended June 30, 2022. 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 Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

Summary of Significant Accounting Policies

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements and the financial statements for the business-type activities are prepared on the full accrual basis of accounting.

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when the related fund liability is incurred, if measurable.

Expenditures reported on the Schedule are reported on the 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Noncash Awards

Donated commodities in the amount of \$19,837 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. This amount represents the market value of commodities received.

Indirect Costs

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

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

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

We audited the financial statements of the Town of Lisbon, Connecticut as of and for the year ended June 30, 2022, and issued our unmodified report thereon dated March 17, 2023.

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

We have issued an unmodified opinion relating to compliance for major Federal programs.

Any audit findings disclosed that are required to be reported in accordance with Section 516(a) of the Uniform Guidance?

 Yes ✓ No

Identification of Major Programs

84.425D, 84.425U Education Stabilization Fund Cluster
21.027 Coronavirus State and Local Fiscal Recovery Funds

Dollar Threshold

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

Low-Risk Auditee

The Town of Lisbon, Connecticut did not qualify as a low-risk auditee.

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

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated March 17, 2023, on internal control over financial reporting and on compliance and other matters based on our audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated material weaknesses described below as finding 2022-01.

FINDING 2022-01 - MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Criteria

The Board of Education must prepare complete and accurate accountings of all accounts. In addition to the annual Town budget allocation, this includes the cafeteria, student activities, and grants funds.

Condition

The Board of Education (BOE) finance director was not able to prepare a complete financial record of the activities of the Board of Education. Missing or incorrect bank reconciliations and incomplete recordings of financial information in the cafeteria, student activities, and grant funds were detected during the audit.

Context

The BOE had turnover in the finance director position and the new finance director did not have the necessary experience needed to prepare a complete accounting. The audit process detected errors in the financial records, incorrect bank reconciliations, and incomplete trial balances to BOE funds.

Effect

The cafeteria, student activities, and grants fund accounting was incomplete. Misstatements could occur that are material to the financial statements. Summary information maintained by the Town Treasurer and additional assistance from the auditors were necessary to complete the fund financial statements.

Cause

The BOE underwent turnover in the finance director position and the replacement did not have the necessary skills.

Recommendation

We recommend Board of Education consider hiring a consultant to assist currently, and then find a finance director replacement with the necessary skills and training.

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

Views of Responsible Officials and Planned Corrective Actions

- For the BOE's Jewett City Savings Bank accounts, a process will be put in place to ensure that Bank Reconciliations are completed in a timely manner on a monthly basis. The newly hired Business Manager will enter the Bank Reconciliation, the Administrative Assistant to the Superintendent/Business Manager will review and check off on the completed bank reconciliation, and the Superintendent will sign off that both steps were done. Additionally, periodic reports will be provided to the Board of Education specifically regarding the status of the Jewett City Savings Bank accounts.
- The Business Manager will review monthly financial reports for all accounts. The Superintendent will sign off that this was done.
- For the BOE General Fund and Grant accounts, there will be a sign-off from the Business Manager and the Town's Reconciler indicating that accounts balanced. The Superintendent will then sign off that this was done accordingly.

III. FEDERAL AWARD - FINDINGS AND QUESTIONED COSTS

- No findings or questioned costs are reported relating to federal award programs.