
TOWN OF LISBON, CONNECTICUT

State 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, 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.

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) to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider that deficiencies described in the accompanying schedule of findings and questioned costs as items (2022-01) 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Lisbon 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 STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
REQUIRED BY THE STATE SINGLE AUDIT ACT**

To the Board of Finance
Town of Lisbon, CT

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit (C.G.S Section 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of the 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 GAAS, *Government Auditing Standards*, and the State Single Audit 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 state program as a whole.

In performing an audit in accordance with GAAS, *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 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 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.

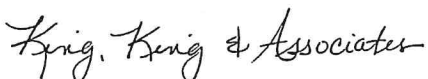
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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 the 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 have issued our report thereon dated March 17, 2023, 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 Town's 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. 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 state financial assistance 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 STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
Connecticut State Library		
Historic Document Preservation Grant	12060-CSL66094-35150	\$ 5,500
Department of Transportation		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	139,736
Town Aid Road Grants - STO	13033-DOT57131-43459	139,736
Office of Early Childhood		
School Readiness in Competitive Grant Municipalities	11000-OEC64845-16274-83013	79,486
Child Care Quality Enhancement	11000-OEC64845-16158	3,867
Department of Housing		
Affordable Housing	12039-DOH46920-40233	4,143
Department of Justice		
Judicial Fines and Fees	34001-JUD95162-40001	2,950
Department of Education		
Healthy Foods Initiative Grant	11000-SDE64370-16212	3,952
School Breakfast Grant	11000-SDE64370-17046	2,649
Child Nutrition State Matching Grant	11000-SDE64370-16211	2,851
Magnet Schools	11000-SDE64370-17057	650
Magnet Schools	11000-SDE64370-12632	650
Talent Development	11000-SDE64370-12552	744
Adult Education	11000-SDE64370-17030	11,475
Office of Policy and Management		
Tiered PILOT	11000-OPM20600-17111	4,186
MRSA - Tiered PILOT	12060-OPM20600-35691	1,488
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	451
Municipal Grants-in-aid	12052-OPM20600-43587	3,683
Property Tax Relief for Veterans	11000-OPM20600-17024	3,206
Total State Financial Assistance Before Exempt Programs		\$ 411,403
EXEMPT PROGRAMS		
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	\$ 11,287
Municipal Stabilization Grant	11000-OPM20600-17104	139,316
Total Office of Policy and Management		150,603
Department of Education		
Educational Cost Sharing	11000-SDE64370-17041-82010	2,911,659
Excess Cost Student Based and Equity	11000-SDE64370-17047	246,068
Total Department of Education		3,157,727
Total Exempt Programs		3,308,330
Total State Financial Assistance		\$ 3,719,733

See notes to schedule.

TOWN OF LISBON, 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 Lisbon, Connecticut 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 through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, education, public safety, public works, health and welfare, and recreation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Lisbon, Connecticut conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board.

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 financial statements contained in the Town of Lisbon, Connecticut's annual report are prepared on the modified accrual basis of accounting. The following is a summary of such basis:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, if measurable.

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. 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 expenditures column of the Schedule of Expenditures of State Financial Assistance.

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

State Financial Assistance

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 State programs.

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 and Program	State Core - CT Number	Expenditures
Department of Transportation		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	\$ 139,736
Town Aid Road - STO	13033-DOT57131-43459	\$ 139,736

Note - While these grants have different State Core CT Numbers, they are considered one major program for testing purposes.

Dollar threshold used to distinguish between type A and type B programs \$ 100,000

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. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- No findings or questioned costs are reported relating to State Financial Assistance Programs.