

**TOWN OF MIDDLEBURY, CONNECTICUT  
STATE SINGLE AUDIT REPORT  
JUNE 30, 2022**



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**INDEPENDENT AUDITORS' 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**

Board of Finance  
Town of Middlebury, Connecticut

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

***Opinion on Each Major State Program***

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

In our opinion, the Town of Middlebury, Connecticut complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major 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 (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 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Middlebury, Connecticut 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 of Middlebury, Connecticut'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 of Middlebury, Connecticut's state programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Middlebury, Connecticut'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 judgment made by a reasonable user of the report on compliance about Town of Middlebury, Connecticut'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 of Middlebury, Connecticut'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 of Middlebury, Connecticut'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 of Middlebury, Connecticut'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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the 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 government activities, each major fund and the aggregate remaining fund information of the Town of Middlebury, Connecticut, and the related notes to the financial statements, which collectively comprise the Town of Middlebury, Connecticut's basic financial statements as of and for the year ended June 30, 2022, and have issued our report thereon dated November 1, 2022, 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. 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 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
November 1, 2022

**TOWN OF MIDDLEBURY, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2022**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Total State Expenditures
<b>Connecticut State Library</b>		
Connecticard Payments	11000-CSL66051-17010	\$ 918
Historic Document Preservation	12060-CSL66094-35150	<u>8,570</u>
Total Connecticut State Library		9,488
<b>Department of Transportation</b>		
Town Aid Road Grants-Municipal	12052-DOT57131-43455	112,663
Town Aid Road-STO	13033-DOT57131-43459	<u>112,663</u>
Total Department of Transportation		225,326
<b>Office of Policy and Management</b>		
Reimbursement Property Tax-Disability Exemption	11000-OPM20600-17011	838
Property Tax Relief For Veterans	11000-OPM20600-17024	3,863
Tiered PILOT	11000-OPM20600-17111	30,091
Local Capital Improvement	12050-OPM20600-40254	56,215
Municipal Purposes & Projects	12052-OPM20600-43587	94,452
MRSA - Tiered PILOT	12060-OPM20600-35691	<u>10,693</u>
Total Office of Policy and Management		<u>196,152</u>
Total State Financial Assistance Before Exempt Programs		<u>430,966</u>
<b>Exempt Programs</b>		
<b>Department of Education</b>		
Education Cost Sharing	11000-SDE64370-17041-82010	1,026,996
<b>Office of Policy and Management</b>		
Municipal Stabilization Grant	11000-OPM20600-17104	<u>15,067</u>
Total Exempt Programs		<u>1,042,063</u>
Total State Financial Assistance		<u><u>\$ 1,473,029</u></u>

See accompanying Notes to Schedule of Expenditures of State Financial Assistance.

**TOWN OF MIDDLEBURY, CONNECTICUT  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the Town of Middlebury, Connecticut, under programs of the State of Connecticut for the 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. Because the Schedule presents only a selected portion of the operations of the Town of Middlebury, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position, or cash flows of the Town of Middlebury, Connecticut.

**Basis of Accounting**

The accounting policies of the Town of Middlebury, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented 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.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Finance  
Town of Middlebury, 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, each major fund, and the aggregate remaining fund information of the Town of Middlebury, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Middlebury, Connecticut's basic financial statements, and have issued our report thereon dated November 1, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town of Middlebury, Connecticut'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 of Middlebury, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Middlebury, Connecticut'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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 to be a material weakness.

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.



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

As part of obtaining reasonable assurance about whether the Town of Middlebury, Connecticut'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 Middlebury, Connecticut's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Middlebury, Connecticut's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Middlebury, Connecticut'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.

***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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
November 1, 2022

**TOWN OF MIDDLEBURY, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?        x   yes                 no
  - Significant deficiency(ies) identified?                 yes        x   none reported
3. Noncompliance material to financial statements noted?                 yes        x   no

**State Financial Assistance**

1. Internal control over state projects:
- Material weakness(es) identified?                 yes        x   no
  - Significant deficiency(ies) identified?                 yes        x   none reported
2. Type of auditors’ report issued on compliance for major programs: Unmodified
3. 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        x   no

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Transportation:		
Town Aid Road – Municipal	12052-DOT57131-43455	\$ 112,663
Town Aid Road – STO	13033-DOT57131-43459	112,663

Dollar threshold used to distinguish between Type A and Type B state programs:      \$   100,000

**TOWN OF MIDDLEBURY, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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***Section II – Financial Statement Findings***

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<b>2022-001</b>	General Ledger Maintenance - Material Weakness
<b>Criteria</b>	The financial statements should be prepared in accordance with generally accepted accounting principles (GAAP).
<b>Condition</b>	<p>The material adjustments were made to the Town's general ledger, see below for specific comments:</p> <ul style="list-style-type: none"><li>• Prior year audit adjustments were not recorded and thus fund balances did not agree to the prior year audited financial statements in several funds.</li><li>• Bond issuances were incorrectly recorded as liabilities in the Capital Projects Fund.</li><li>• Grant expenditures were incorrectly recorded as prepaid expenditures.</li><li>• Interfunds included grant revenues and expenditures and the amounts were not recorded on the income statement of the Capital Projects Fund.</li><li>• Grant receivables and deferred inflows were not properly stated.</li></ul>
<b>Context</b>	Material audit adjustments were proposed based on the results of the audit procedures performed.
<b>Effect</b>	The financial statements would not be materially correct without the audit adjustments.
<b>Cause</b>	Inadequate internal control structure.
<b>Recommendation</b>	We recommend that the Town review and enhance the procedures over the year-end close process and general ledger review and maintenance to ensure account balances at year end are updated and material entries are not required in the future.
<b>Views of Responsible Officials</b>	The Town and its Finance Department have considered the recommendations and will implement proper internal procedures to rectify the noted deficiencies in our internal control structure. Corrective action will be taken on the items noted above and new and enhanced procedures will be put in place to avoid future errors. The finance department will seek technical assistance to rectify trial balance errors, create liability accounts to properly reconcile and recognize revenues, and update the year end checklist inclusive of dual control processes to include preparer and reviewer recognition.

**TOWN OF MIDDLEBURY, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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***Section III – Findings and Questioned Costs – State Financial Assistance***

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Our audit did not disclose any matters required to be reported in accordance with the State Single Audit Act.