

**TOWN OF HEBRON, CONNECTICUT  
STATE SINGLE AUDIT REPORT  
JUNE 30, 2020**



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**TOWN OF HEBRON, CONNECTICUT  
STATE SINGLE AUDIT REPORT  
JUNE 30, 2020  
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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**

To the Members of the Board of Finance  
Town of Hebron, Connecticut

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

We have audited the Town of Hebron, Connecticut's 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 of Hebron, Connecticut's major state programs for the year ended June 30, 2020. The Town of Hebron, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town of Hebron, Connecticut's major state programs based on our audit of the types of compliance requirements referred to above. 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 State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Hebron, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Hebron, Connecticut's compliance.

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

In our opinion, the Town of Hebron, Connecticut, 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 state programs for the year ended June 30, 2020.

### ***Report on Internal Control over Compliance***

Management of the Town of Hebron, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Hebron, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Hebron, Connecticut's 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 first paragraph of this section 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.

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, each major fund and the aggregate remaining fund information of the Town of Hebron, Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Hebron, Connecticut's basic financial statements. We issued our report thereon dated April 5, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. 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.

*Clifton Larson Allen LLP*

West Hartford, Connecticut  
April 5, 2021

**TOWN OF HEBRON, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>State Grantor/Pass-Through Grantor/ Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>Department of Education</b>		
Talent Development	11000-SDE64370-12552	\$ 771
Family Resource Centers	11000-SDE64370-16110	101,530
Child Nutrition State Matching Grant	11000-SDE64370-16211	2,213
Healthy Foods Initiative	11000-SDE64370-16212	4,216
Interdistrict Cooperation	11000-SDE64370-17045	76,965
School Breakfast Program	11000-SDE64370-17046	<u>2,867</u>
Total Department of Education		<u>188,562</u>
<b>Connecticut State Library</b>		
Historic Document Preservation	12060-CSL66094-35150	<u>5,500</u>
<b>Department of Energy and Environmental Protection</b>		
CT Bikeway, Pedestrian, Recreational Rail and Greenway Program	12052-DEP44321-43314	<u>675</u>
<b>Department of Transportation</b>		
Bus Operations	12001-DOT57931-12175	24,168
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	\$ 120,395
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	<u>120,395</u>
		240,790
Urban Act Grant	13019-DOT57197-41241	302,624
Local Transportation Capital Improvement Program	13033-DOT57197-43584	<u>737,985</u>
Total Department of Transportation		<u>1,305,567</u>
<b>Economic and Community Development</b>		
Brownfield Remediation and Development	12060-ECD46260-35533	56,200
Endangered Property Grants	12060-ECD46840-90455	<u>30,000</u>
Total Economic and Community Development		<u>86,200</u>
<b>Office of Early Childhood</b>		
School Readiness Quality Enhancement	11000-OEC64845-16158	3,881
School Readiness in Competitive Grant Municipalities	11000-OEC64845-16274-83013	<u>113,400</u>
Total Office of Early Childhood		<u>117,281</u>

The accompanying notes are an integral part of this schedule

**TOWN OF HEBRON, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	\$ 7,647
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	591
Property Tax Relief for Veterans	11000-OPM20600-17024	2,964
Local Capital Improvement Program	12050-OPM20600-40254	81,093
Municipal Grants-In-Aid	12052-OPM20600-43587	<u>2,216</u>
Total Office of Policy and Management		<u>94,511</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>1,798,296</u>
<b>Exempt Programs</b>		
<b>Department of Education</b>		
Education Cost Sharing	11000-SDE64370-17041-82010	6,178,860
Excess Cost - Student Based	11000-SDE64370-17047	<u>42,785</u>
Total Department of Education		<u>6,221,645</u>
<b>Department of Administrative Services</b>		
School Construction Grants	13010-DAS27635-43744	<u>187,410</u>
<b>Office of Policy and Management</b>		
Municipal Stabilization Grant	11000-OPM20600-17104	125,020
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	<u>3,350</u>
Total Office of Policy and Management		<u>128,370</u>
Total Exempt Programs		<u>6,537,425</u>
<b>Total State Financial Assistance</b>		<u>\$ 8,335,721</u>

The accompanying notes are an integral part of this schedule

**TOWN OF HEBRON, CONNECTICUT  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

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**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 Hebron, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2020. 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 Hebron, 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 Hebron, Connecticut.

**Basis of Accounting**

The accounting policies of the Town of Hebron, 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***

To the Members of the Board of Finance  
Town of Hebron, 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 Hebron, Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Hebron, Connecticut's basic financial statements, and have issued our report thereon dated April 5, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Hebron, 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 Hebron, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Hebron, Connecticut'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001, that we consider to be a material weakness.

## Compliance and Other Matters

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

The Town of Hebron, Connecticut's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Hebron, Connecticut's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## 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 of Hebron, Connecticut'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 of Hebron, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clifton Larson Allen LLP*

West Hartford, Connecticut  
April 5, 2021

**TOWN OF HEBRON, CONNECTICUT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified?        yes   X   none reported
- Noncompliance material to financial statements noted?        yes   X   no

**State Financial Assistance**

Internal control over major programs:

- Material weakness(es) identified?        yes   X   no
- Significant deficiency(ies) identified?        yes   X   none reported

Type of auditors' 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   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 Grants Transportation Fund	12052-DOT57131-43455	\$ 120,395
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	120,395
Local Transportation Capital Improvement Program	13033-DOT57197-43584	737,985
Dollar threshold used to distinguish between type A and type B programs:		\$ 200,000

**II. FINANCIAL STATEMENT FINDINGS**

**2020-001**

**General Ledger Maintenance**

**Type**

Material weakness in Internal Control over Financial Reporting

**Criteria**

Management is responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements.

**Condition**

Material journal entries were required to ensure financial statements were properly stated in accordance with generally accepted accounting principles.

**Context**

Accounts payable, cash and encumbrances were not properly stated and required journal entries to ensure they were properly stated at year end.

**Effect**

Without adequate controls, balances could be materially misstated.

**Cause**

- Implementation of new accounting software package in the current year.
- Lack of adequate internal controls to ensure all discrepancies are properly corrected during the financial statement close process.
- Physical disruptions related to COVID-19.

**Recommendation**

We recommend that the Town develop adequate policies and procedures to financial statement close process is completed timely and accurately. The Town should continue to discuss any software issues with their vendor to ensure issues related to purchase orders is resolved.

**Views of Responsible Officials and Planned Corrective Actions**

Some of the General Ledger Maintenance issues were due to the conversion of financial software packages mid-fiscal year. Entries either converted incorrectly or were dropped altogether. Inexperience with the new software proved to be a challenge in rectifying prior to the start of the 2020 audit. Most of these issues have been resolved with this audit but an additional thorough review will be conducted prior to fiscal year end 2021.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No matters were reported.

