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**FEDERAL SINGLE AUDIT
AND
STATE SINGLE AUDIT REPORTS
CITY OF DERBY, CONNECTICUT
YEAR ENDED JUNE 30, 2022**

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MARCO J. GARDINER, CPA

**FEDERAL SINGLE AUDIT AND STATE SINGLE AUDIT REPORTS
CITY OF DERBY, CONNECTICUT
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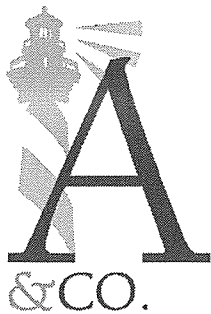
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Principals
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor,
Members of the Board of Alderman and
Members of the Board of Apportionment and Taxation
City of Derby, 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 City of Derby, Connecticut as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Derby, Connecticut's basic financial statements, and have issued our report thereon dated May 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Derby, 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 City of Derby, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Derby, 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 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Derby, Connecticut'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* to be material weaknesses as identified as items 22-01 to 22-06.

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. We considered the deficiencies described in the accompanying *schedule of findings and questioned costs* as items 22-07 to 22-09 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Derby, 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*.

City of Derby, Connecticut's Responses to Findings

City of Derby, Connecticut's responses to the findings identified in our audit is described in the accompanying schedule of and questioned costs. City of Derby, 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.

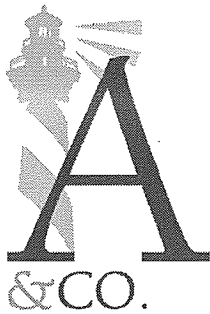
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Derby, 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 entity City of Derby, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accavallo & Company, LLC

Shelton, Connecticut
May 30, 2023

FEDERAL SINGLE AUDIT



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INDEPENDENT AUDITORS' 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 THE UNIFORM GUIDANCE

To the Honorable Mayor,
Members of the Board of Alderman and
Members of the Board of Apportionment and Taxation
City of Derby, Connecticut

Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program

We have audited City of Derby, Connecticut's compliance with the types of compliance requirements described in the OMB Circular Compliance Supplement that could have a direct and material effect on each of City of Derby, Connecticut's major federal programs for the year ended June 30, 2022. City of Derby, Connecticut's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Derby, 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 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 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 City of Derby, 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 federal program. Our audit does not provide a legal determination of City of Derby, 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 City of Derby, Connecticut'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 City of Derby, 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 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 City of Derby, Connecticut'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 City of Derby, 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 City of Derby, 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Derby, 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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.

We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 22-08 and 22-09, to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on City of Derby, Connecticut's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City of Derby, Connecticut's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, the business-type activities, each major fund, and the aggregate remaining fund information of City of Derby, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Derby, Connecticut's basic financial statements. We issued our report there on dated May 30, 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 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.

Accavallo Company, LLC

Shelton, Connecticut
May 30, 2023

CITY OF DERBY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

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Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<u>Department of Education:</u>				
Passed through the Connecticut Department of Education:				
Title I, Part A	84.010	12060-SDE64370-20679-2022-82070	\$ -	\$ 415,471
Title I, Part A -21-23	84.010	12060-SDE64370-20679-2022-82070	-	1,898
Title I, Part A	84.010	12060-SDE64370-20679-2021-82070	-	123,530
Title I, Part A	84.010	12060-SDE64370-20679-2020-82070	-	137,419
Opportunity District ESSA SIG - Cohort	84.010	12060-SDE64370-20679-2022-82071	-	61,671
ESSA SIG	84.010	12060-SDE64370-20679-2021-82071	-	53,908
		Title I, Part A Cluster	-	793,897
IDEA Part B Section 611	84.027	12060-SDE64370-20977-2022-82032	-	246,931
IDEA Part B Section 611	84.027	12060-SDE64370-20977-2021-82032	-	76,965
COVID Relief SPED-IDEA	84.027	12060-SDE64370-20977-2020-82032	-	20,000
IDEA Part B Section 619	84.173	12060-SDE64370-20983-2022-82032	-	15,379
		Special Education Cluster	-	359,275
Carl D. Perkins Vocational and Applied T	84.048	12060-SDE64370-20742-2022-84010	-	32,325
Improving Teacher Quality	84.367	12060-SDE64370-20858-2022-84131	-	57,440
Improving Teacher Quality	84.367	12060-SDE64370-20858-2021-84131	-	2,572
			-	60,012
Title III-English	84.365	12060-SDE64370-20868-2022-82075	-	4,794
Title IV Part A Student Support Grant	84.424	12060-SDE64370-22854-2022-82079	-	11,369
Title IV Part A Student Support Grant	84.424	12060-SDE64370-22854-2021-82079	-	6,620
			-	17,989
ARP-ESSER III Funds	84.425U	12060-SDE64370-23083-2022-82032	-	38,180
ARP ESSER III Funds	84.425U	12060-SDE64370-29636-2021-82079	-	952,930
ARP IDEA 619	84.425U	12060-SDE64370-29684-2022-82032	-	655
			-	991,765
ESSER II Special Education Recovery				
Activities Grant	84.425D	12060-SDE64370-29571-2021-82032	-	21,590
ESSERF K-12 Fund	84.425D	12060-SDE64370-29571-2021-82079	-	967,373
ESSERF K-12 Fund	84.425D	12060-SDE64370-29571-2021-82079	-	1,317
ESSERF K-12 Fund	84.425D	12060-SDE64370-29571-2020-82079	-	54,511
			-	1,044,791
Total Department of Education				3,304,848
<u>Department of Housing and Urban Development:</u>				
Passed through the Connecticut Department of Economic Development:				
Small Cities Program	14.228	12060-DOH46920-20730	-	80,086
<u>Department of Justice:</u>				
Passed through the Connecticut Office of Policy & Management:				
Byrne (JAG) 2005	16.738	12060-OPM20350-21921	-	42,000
<u>Department of the Treasury</u>				
Passed through the Connecticut Office of Policy & Management:				
Coronavirus Relief Fund	21.019	12060-OPM20600-29561	-	34,607
American Rescue Plan Act-				
Local Fiscal Recovery Fund	21.027	12060-OPM20600-29669	-	113,034
			-	147,641

The accompanying notes are an integral part of this schedule.

CITY OF DERBY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

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Federal Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<u>Department of Agriculture:</u>				
Passed through the Connecticut Department of Education:				
National School Lunch Program	10.555	12060-SDE64370-22386-2021-82079	-	25,000
National School Lunch Program	10.555	12060-SDE64370-20560	-	778,097
School Breakfast	10.553	12060-SDE64370-20508	-	400,144
Summer Food Program	10.559	12060-SDE64370-20540	-	32,544
Summer Food Program	10.559	12060-SDE64370-20548	-	3,336
CN Schools EMOP	10.558	12060-SDE64370-23085	-	67,868
CN CACFP EMOP	10.558	12060-SDE64370-23089	-	26,693
P-EBT Local Admin	10.649	12060-SDE64370-29802	-	2,456
National School Lunch Program	10.555		-	26,412
		Child Nutrition Cluster	-	1,362,550
<u>Department of Health and Human Services</u>				
Passed through the State of Connecticut				
Office of Early Childhood Development:				
Smart Start for Recovery - ARPA-				
Discretionary	93.575	12060-OEC64845-29646-2021-83004	-	50,000
<u>Environmental Protection Agency</u>				
Passed through the State of Connecticut				
Department of Energy and Environmental Protection:				
Non-Budgeted Operating Appropriation	66.458	21014-DEP43720-40001	-	44,779
<u>Department of Homeland Security</u>				
Passed through the Connecticut Department of Public Safety				
FEMA Public Assistance	97.036	12060-DPS32990-21891	-	32,577
TOTAL FEDERAL FINANCIAL AWARD EXPENDITURES			\$ -	\$ 5,064,481

The accompanying notes are an integral part of this schedule.

**CITY OF DERBY, CONNECTICUT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Derby, Connecticut, 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 City of Derby, 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 City of Derby, Connecticut.

Basis of Accounting

Expenditures reported on the Schedule are reported using the modified 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.

NOTE 2- NONCASH AWARDS

Donated commodities in the amount of \$26,412 are included in the Department of Agriculture's National School Lunch Program, Assistance Listing #10.555. The amount represents the market value of commodities received.

NOTE 3- INDIRECT COST RECOVERY

City of Derby, Connecticut, did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

**CITY OF DERBY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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SUMMARY STATEMENT

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified?
- Significant Deficiencies identified that are not considered to be material weaknesses?

 X Yes No

 X Yes None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant Deficiencies identified that are not considered to be material weakness(es)?

 Yes X No

 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 2 CFR Section 200.516(a)?

 X Yes No

Identification of major programs:

<u>Federal Grantor and Program</u>	<u>Federal Assistance Listing Numbers</u>	<u>Expenditure</u>
Department of Agriculture	10.553, 10.555, 10.558, 10.559 and 10.649	1,362,550
ESSERF K-12 Fund and American Rescue Plan	84.425D / 84.425U	2,036,556
	Total	\$ <u>3,399,106</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No

**CITY OF DERBY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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II. FINANCIAL STATEMENT FINDINGS

Our report on internal control over financial reporting indicated the following significant deficiencies:

***22-01 Double-Entry Accounting System**

Finding: The City does not use double-entry accounting for all funds.

Criteria: The use of a double-entry accounting software system, including the preparation of a balanced general ledger would improve the City's ability to detect accounting errors, provide the basis for monthly account and ledger reconciliations, and facilitate financial reporting for all Special Revenue Funds, Fiduciary Funds and its long-term debt and fixed assets.

Condition: The City does not maintain a double-entry accounting system or process a general ledger utilizing an accounting software system for all Special Revenue Funds, Fiduciary Funds and its long-term debt and fixed assets.

Cause: The financial activity is maintained annually on ledger sheets for most of these funds and for others the only sources of documentation are canceled checks and bank statements

Effect: The City does not have the ability to detect accounting errors, provide the basis for monthly account and ledger reconciliations, and prepare meaningful financial reports.

Recommendation: We recommend that the City adopt a general ledger accounting software system for all funds and activities, including federal and state financial assistance funds. The use of a double-entry accounting software system, including the preparation of a balanced general ledger would improve the City's ability to detect accounting errors, provide the basis for monthly account and ledger reconciliations, and facilitate financial reporting. The Chart of Accounts, developed for the General Fund, should be utilized for the other funds of the City to ensure consistency with account names and numbers and to develop an internal reporting package.

Management's Response: The City has one fund left that does not utilize the existing financial accounting software which is the public library. This will be incorporated into the implementation of a new financial accounting software package on July 1, 2023.

***22-02 Bank Reconciliations and Approval of Bank Reconciliations**

Finding: Bank reconciliations were not formally prepared during the year for general fund checking accounts.

Criteria: The Finance Department personnel should be preparing the bank reconciliations and the Finance Director should formally approve the bank reconciliations on all City bank accounts.

Cause: Lack of formal procedures.

Effect: Possible material errors could occur and not be detected in a timely manner.

Recommendation: We recommend that all bank reconciliations be prepared by the Finance department within a reasonable period after the month end. These reconciliations should then be reviewed by the

**CITY OF DERBY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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Finance Director for accuracy and completeness.

Management's

Response:

Beginning 4 Qtr FY 21-22 A monthly schedule has been adopted to ensure monthly bank reconciliations occur prior to the end of the following month and has been occurring as recommended.

***22-03 Availability of financial information**

Finding:

During the audit process, information from various departments related to numerous audit schedules and related information was unavailable in a timely manner. The City's audit for the year ended June 30, 2022, did not start until October 2022. In addition, some schedules and required information were not available for audit until May 2023.

Criteria:

Information related to financial statements should be presented at the close of the fiscal year or at a reasonable time thereafter.

Cause:

Lack of monthly and year-end closing procedures.

Effect:

The timely availability of information related to the financial statements has delayed the completion of the audited financial statements and other submissions that rely upon the audited financial statements.

Recommendation:

The preparation of information relative to the financial statements in accordance with the City of Derby, Connecticut's reporting requirements should be provided in a timely manner. Schedules, reports and other financial information related to the City's financial condition should be maintained monthly throughout the year, forwarded to the Finance Department when that information becomes available and reconciled to the books and records of the City. A review of the financial statements should be done by accounting personnel to determine that all schedules and records are provided timely.

Management's

Response:

Beginning 1st Qtr F22-23, the City has granted the auditor full access to the City's financial software system to provide full access to all data and reports necessary.

***22-04 Accounts Payable Cut-off-Board of Education**

Finding:

The Board of Education's accounts payable were not properly recorded at year end on the City's general ledger. Accounts payable payments were made up to October 2022 related to June 30, 2022.

Criteria:

Expenditures should be accrued when incurred in accordance with accounting principles generally accepted in the United States of America.

Cause:

Lack of monthly reconciliations with the City and Board Education ledgers.

Effect:

Account payable \$1,887,033 and accrued payroll in the amount of \$154,828 were incurred as of June 30, 2022, and were not properly recorded.

Recommendation:

We recommend that accounts payable and accrued payroll be recorded when incurred monthly. A reconciliation with the City's general ledger and the Board of Education ledger should be done monthly to ensure that liabilities and expenditures are properly recorded.

**CITY OF DERBY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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Management's

Response: Beginning 4th Qtr F22-23, The Board of Education committed to adhering to cut-off requirements as specified by the City and Auditor using the cut-off date of September 30th going forward.

***22-05 Reconciliation of City and Board of Education Accounts**

Finding: The Board of Education cash, accounts receivable, accounts payable, income and expenditures and City corresponding accounts were not reconciled at year end. In addition, there were several instances of netting of revenues against expenditures in the Board of Education expenditures.

Criteria: A formal reconciliation should be performed monthly to ensure agreement of the City's general ledger accounts with the Board of Education records.

Cause: No formal reconciliation process is being performed between the City and Board of Education monthly.

Effect: Adjustment to various cash accounts and liability accounts were required.

Recommendation: We recommend that the Board of Education utilize the accounting system to reconcile cash, accounts receivable, accounts payable, deferred inflows of financial resources in addition to the income and expenditure ledgers that are already being utilized to have a complete self-balancing set of accounts. The reconciliations should be to the general ledger. This will assist to quickly identify variances. That information should be timely shared between the City and Board of Education to ensure that both the City and Board of Education ledgers agree. Expenditures should be reported at gross amounts and any amounts received should be communicated to the City so those receipts can be properly classified and recorded. Various refunds that take place after the fiscal year for the previous fiscal year's expenditures that were incurred and paid by the City should be returned to the City.

Management's

Response: Beginning 4th Qtr F21-22, the deputy finance director and school business manager have established a monthly process where the necessary reports are provided for the City to perform the reconciliation.

***22-06 Cash Account Activity- General Fund Operating and Board of Education**

Finding: Various cash accounts had activity that was found not to be recorded or recorded in net amounts.

Criteria: All cash activity should be recorded in the City's general ledger.

Cause: Lack of policies and procedures.

Effect: Cash accounts contained significant errors that were not corrected by the Finance Department timely.

Recommendation: We recommend that all cash transactions be reflected in the general ledger and that transactions are reported at their gross amounts. In addition, accounts that have separate

**CITY OF DERBY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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bank statements have separate general ledger accounts. All cash accounts should be reconciled monthly and reviewed by the comptroller.

Management's

Response:

Beginning 4th Qtr F21-22 The City has established policies and procedures regarding the handling of cash receipts to ensure journals are properly created. The trial balances were provided to the City for June 2022 in November 2022. The City Finance Office has been recording transactions based on the total cash and asked for expenditures to balance the activities monthly. The new Business Manager started in June 2022 and will continue to work on the reconciliation process.

***22-07 Compensated Absences-City and Board of Education**

Finding: There is no formal reconciliation of compensated absences.

Criteria: The City should establish a policy of reconciling, on a regular basis or at year end, the departmental employees' days for vacation, sick or personal leave to the payroll records.

Condition: Individual departments currently maintain compensated absence records for their departmental employees entitled to compensated absences as dictated by various union bargaining agreements

Cause: Individual departments currently maintain compensated absence records.

Effect: Lack of consistency of reporting compensated absences.

Recommendation: We recommend that the City establish a procedure for maintaining centralized records related to available used and unused vacation, sick and personal leave days to properly evaluate the liability for compensated absences. This process should include a summary of the bargaining agreement provisions related to the various employee categories to be used by the individuals who are summarizing the compensated absence data. This centralized record should be related to the employee history files as generated from the payroll system and should be reconciled to departmental records quarterly or semi-annually.

Management's

Response:

We have researched and entered the data into the automated payroll system and have created a report for each employee to acknowledge their allotment and use.

***22-08 Comingling of Funds**

Finding: The Board of Education maintains one cash account for operations and grants. The comingling of operational and grant monies makes it difficult if not impossible to reconcile with the City.

Criteria: A separate bank account should be maintained for grant income and expenditures to properly track inflows and outflows of grant monies. Assets such as grants receivable and liabilities such as deferred inflows and accounts payable should also be recorded and reconciled monthly.

Cause: Improper classification of grant funds.

**CITY OF DERBY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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Effect: Significant errors can occur and not be timely detected. Also see findings 22-01, 22-04 to 22-06.

Recommendation: We recommend that the Board of Education utilize the accounting system to reconcile cash, accounts receivable, accounts payable, deferred inflows of financial resources in addition to the income and expenditures for educational grants. In addition, we recommend moving the grant accounting from the General Fund to a Special Revenue Fund where it is better classified.

Management's Response: A process has been implemented by both City and BoE. Funds are distributed by the City for the operating pieces of accounts payable and payroll. BoE transfers funds for the grant portion of both accounts payable and payroll runs. Tracking sheets created by BoE are being shared with the City for reconciliation purposes. The operating account as well as the payroll account function essentially as a zero-balance account. The BOE is establishing separate funds to track operating and grant income and expenditures as of July 1, 2023.

***22-09 Federal and State Single Audit Schedules**

Finding: The Finance Department did not prepare a schedule of expenditures of federal awards and state financial assistance for the year ended June 30, 2022. These schedules are derived from federal and state grant awards received by the General Government and the Board of Education of the City. The Board of Education grant awards primarily are passed through the State Department of Education, while the City receives their grants primarily through the State Department of Housing and Urban Development, the State Department of Health and Human Resources, the State Department of Agriculture and the Office of Policy and Management. The preparation of these schedules of expenditures has, in the past, been made by the auditors, including decision making concerning the federal CFDA number, the pass-through entity number and the amount of federal and state expenditures incurred by the City for the fiscal year. The auditor then reports on the Schedules of Expenditures of Federal and State Financial Assistance and renders his opinion with respect to the compliance with laws, regulations, contracts and grants and with the City's internal control over compliance with requirements of the laws, regulations, contracts and grants.

Criteria: The schedules of federal awards and state financial assistance are required to be prepared by the City.

Cause: Lack of a staff member assigned to identify and obtain grant revenue and prepare the appropriate federal and state financial schedules.

Effect: The auditor is preparing these schedules and auditing them.

Recommendation: We recommend that the Finance Department and/or the Board of Education annually prepare the Schedule of Expenditures of Federal Awards and State Financial Assistance to be presented to the auditor for audit. The auditor can then render an opinion with respect to compliance with and internal control over compliance with laws, regulations, contracts and grants. This will provide the proper segregation of responsibilities over the preparation of the schedules and the rendering of an opinion of these schedules.

**CITY OF DERBY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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Management's

Response:

The City will create a dedicated fund in the financial system to track grant revenues and expenditures. The BoE has established a grant account. Invoices are being paid out of the operating account. BoE is moving funds from the grant account to cover the grant expenses.

* indicates that these findings are repeated from the previous year.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Findings or questioned costs relating to Federal Award Programs are as follows: Items 22-08 and 22-09 (page 17 and 18).

**CITY OF DERBY, CONNECTICUT
DISPOSITION OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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***21-01 Double-Entry Accounting System**

Finding: The City does not use double-entry accounting for all funds.

Disposition: **Repeated as item 22-01**

***21-02 Bank Reconciliations and Approval of Bank Reconciliations**

Finding: Bank reconciliations were not formally prepared during the year for general fund checking accounts.

Disposition: **Repeated as item 22-02**

***21-03 Availability of financial information**

Finding: During the audit process, information from various departments related to numerous audit schedules and related information was unavailable in a timely manner. The City's audit for the year ended June 30, 2021, did not start until November 2021. In addition, some schedules, bank reconciliations and other required information were not available for audit until June 2022.

Disposition: **Repeated as item 22-03**

***21-04 Accounts Payable Cut-off-Board of Education**

Finding: The Board of Education's accounts payable were not properly recorded at year end on the City's general ledger.

Disposition: **Repeated as item 22-04**

***21-05 Reconciliation of City and Board of Education Accounts**

Finding: The Board of Education cash, accounts receivable, accounts payable, income and expenditures and City corresponding accounts were not reconciled at year end. In addition, there were several instances of netting of revenues against expenditures in the Board of Education expenditures.

Disposition: **Repeated as item 22-05**

***21-06 Cash Account Activity- General Fund Operating and Board of Education**

Finding: Various cash accounts had activity that was found not to be recorded or recorded in net amounts.

Disposition: **Repeated as item 22-06**

CITY OF DERBY, CONNECTICUT
DISPOSITION OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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***21-07 Compensated Absences-City**

Finding: There is no formal reconciliation of compensated absences.

Disposition: **Repeated as item 22-07**

***21-08 Parking Authority**

Finding: Parking ticket revenues are not recorded on an accrual basis.

Disposition: **Cleared**

***21-09 Comingling of Funds**

Finding: The Board of Education maintains one cash account for operations and grant. The comingling of operational and grant monies makes it difficult if not impossible to reconcile with the City.

Disposition: **Repeated as item 22-08**

***21-10 Unrecorded Transactions-Community Development (Small Cities and Urban Act Grants)**

Finding: Grant revenue and expenditures were not recorded

Disposition: **Cleared**

***21-11 Federal and State Single Audit Schedules**

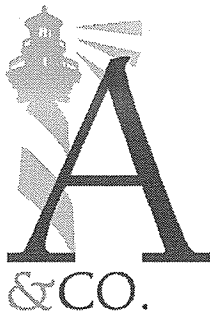
Finding: The Finance Department did not prepare a schedule of expenditures of federal awards and state financial assistance for the year ended June 30, 2022. These schedules are derived from federal and state grant awards received by the General Government and the Board of Education of the City. The Board of Education grant awards primarily are passed through the State Department of Education, while the City receives their grants primarily through the State Department of Housing and Urban Development, the State Department of Health and Human Resources, the State Department of Agriculture and the Office of Policy and Management. The preparation of these schedules of expenditures has, in the past, been made by the auditors, including decision making concerning the federal CFDA number, the pass-through entity number and the amount of federal and state expenditures incurred by the City for the fiscal year. The auditor then reports on the Schedules of Expenditures of Federal and State Financial Assistance and renders his opinion with respect to the compliance with laws, regulations, contracts and grants and with the City's internal control over compliance with requirements of the laws, regulations, contracts and grants.

Disposition: **Repeated as item 22-09**

* indicates that these findings are repeated from the previous year.

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STATE SINGLE AUDIT



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Principals

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Marilyn L Ferris MBA CPA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON THE SCHEDULE OF
EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE
AUDIT ACT**

To the Honorable Mayor,
Members of the Board of Alderman and
Members of the Board of Apportionment and Taxation
City of Derby, Connecticut

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

We have audited City of Derby, 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 City of Derby, Connecticut's major state programs for the year ended June 30, 2022. City of Derby, 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, City of Derby, 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, 2022.

Basis of 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 City of Derby, 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 City of Derby, 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 City of Derby, 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 City of Derby, 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 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 City of Derby, 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 City of Derby, 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 City of Derby, 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 City of Derby, 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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, in 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 22-08 and 22-09, to be significant deficiencies.

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.

Governmental Auditing Standards required the auditor to perform limited procedures on City of Derby, Connecticut's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. City of Derby, Connecticut's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, the business-type activities, each major fund and the aggregate remaining fund information of the City of Derby, Connecticut, and the related notes to the financial statements, which collectively comprise the City of Derby, Connecticut's basic financial statements as of and for the year ended June 30, 2022, and have issued our report thereon dated May 30, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for the purposes of additional analysis as required by the State Single Audit Act and is not a required part of the 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 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 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 awards is fairly stated in all material respects in relation to the financial statements as a whole.

Accavallo & Company, LLC

Shelton, Connecticut
May 30, 2023

**CITY OF DERBY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Identification Number	Pass-Through to Subrecipients	Expenditures
<u>Department of Education:</u>			
Commissioner's Network	11000-SDE64370-12547	\$ -	\$ 490,646
Talent Development	11000-SDE64370-12552	-	4,015
Child Nutrition State Match	11000-SDE64370-16211	-	10,125
Healthy Foods	11000-SDE64370-16212	-	13,851
Adult Education	11000-SDE64370-17030	-	129,575
Health and Welfare - Private Schools	11000-SDE64370-17034	-	12,802
Alliance Grant	11000-SDE64370-17041	-	2,246,444
Alliance Grant	11000-SDE64370-17041	-	303,874
Alliance Grant	11000-SDE64370-17041	-	9,047
Breakfast Program	12052-SDE64370-43728	-	10,596
Extended School Hours	11000-SDE64370-17108	-	7,772
PSD - Summer School	11000-SDE64370-17043	-	28,216
Priority School Districts	11000-SDE64370-17043	-	900
Priority School Districts	11000-SDE64370-17043	-	373,273
		-	3,641,136
<u>Office of Early Childhood:</u>			
School Readiness	11000-OEC64845-16274-83014	-	83,782
Smart Start	11000-OEC64845-16279-83004	-	149,863
Child Care Quality Enhancement	11000-OEC64845-16158-82079	-	985
		-	234,630
<u>Department of Children and Families</u>			
Youth Service Bureau	11000-DCF91141-17052	-	14,186
Youth Service Bureau- Enhancement	11000-DCF91141-17107	-	8,693
		-	22,879
<u>Office of Policy and Management:</u>			
Tiered PILOT	11000-OPM20600-17111	-	1,036,666
Reimburse Prop Tax-Disability Exemption	11000-OPM20600-17011	-	2,000
Property Tax Relief for Veterans	11000-OPM20600-17024	-	13,742
MRSA - Tiered PILOT	12060-OPM20600-35691	-	368,394
Distressed Municipalities	11000-OPM20600-17016	-	4,143
Distressed Municipalities	12052-OPM20600-43750	-	13,510
Local Capital Improvement Program	12050-OPM20600-40254	-	162,410
Municipal Purposes & Projects	12052-OPM20600-43587	-	14,728
		-	1,615,593
<u>Department of Transportation:</u>			
Fees and Permits	12062-DOT57124-22108	-	43
Rail Operations	12001-DOT57191-12168	-	769
Town Aid Road Grant-STO	12052-DOT57131-43459	-	131,285
Town Aid Road Grants muni	12052-DOT57131-43455	-	131,285
		-	263,382

The accompanying notes are an integral part of this schedule.

**CITY OF DERBY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Identification Number	Pass-Through to Subrecipients	Expenditures
<u>Department of Energy and Environmental Protection:</u>			
Passport Operating Account (DMV)	12060-DEP44910-35633	-	1,639
<u>Department of Justice:</u>			
Other expenses	11000-JUD95405-10020	-	11,910
Non-Budgeted Operating Appropriation	34006-JUD95162-40001	-	3,248
		-	15,158
<u>Department of Public Safety:</u>			
Volunteer Firefighter Training	11000-DPS32251-17110		5,850
<u>Connecticut State Library:</u>			
Connecticard	11000-CSL66051-17010	-	806
Historic Document Preservation Grant	11000-CLS66094-35150	-	5,500
		-	6,306
<u>State Comptroller</u>			
Nitrogen Credit Exchange Program	12060-CSL66011-29642	-	666
TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS		-	5,807,239
<u>EXEMPT PROGRAMS</u>			
<u>Department of Education:</u>			
Education Cost Sharing	11000-SDE64370-17041	-	6,655,674
Special Education-Excess Costs	11000-SDE64370-17047	-	465,467
		-	7,121,141
<u>Office of Policy and Management:</u>			
Municipal Stabilization Grant	11000-OPM20600-17104	-	205,327
Grants To Town	12009-OPM20600-17005	-	207,304
		-	412,631
TOTAL EXEMPT PROGRAMS		-	7,533,772
TOTAL STATE FINANCIAL ASSISTANCE		\$ -	\$ 13,341,011

The accompanying notes are an integral part of this schedule.

**CITY OF DERBY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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Various departments and agencies of the State Government have provided financial assistance to the City of Derby, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. This financial assistance funds several programs including housing, education, health and human services and general government activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the *City* 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.

Basis of Accounting

The financial statements contained in the City's annual audit report are prepared on the modified accrual basis. The following is a summary of such basis:

- Revenues are recognized when earned. Certain grants are recognized based on grant award since they are considered entitlement grants; other grants, which are dependent upon expenditure factors for determining eligibility, recognize grant revenue to the extent of expenditures.
- Expenditures are recorded on the accrual basis, i.e. recognized when incurred.

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.

CITY OF DERBY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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2. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

- | | | | | |
|---|---------------|-----|---------------|----|
| • Material weakness (es) identified? | <u> X </u> | Yes | <u> </u> | No |
| • Significant deficiencies identified? | <u> X </u> | Yes | <u> </u> | No |
| • Noncompliance material to financial statements noted? | <u> </u> | Yes | <u> X </u> | No |

State Financial Assistance

Internal control over major programs:

- | | | | | |
|--|---------------|-----|--------------|----|
| • Material weakness(es) identified? | <u> </u> | Yes | <u> X </u> | No |
| • Significant deficiencies identified? | <u> </u> | Yes | <u> X </u> | No |

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?

- | | | | | |
|--|--------------|-----|---------------|----|
| | <u> X </u> | Yes | <u> </u> | No |
|--|--------------|-----|---------------|----|
- The following schedule reflects the major programs included in the audit:

<u>State Grantor And Program</u>	<u>Identification Number</u>	<u>Expenditures</u>
<u>Office of the Policy and Management:</u>		
Tiered PILOT	11000-OPM20600-17111	\$ 1,036,666
MRSA - Tiered PILOT	12060-OPM20600-35691	368,394
<u>Department of Education:</u>		
Alliance Grant	11000-SDE64370-17041	2,559,365
Commissioner's Network	11000-SDE64370-12547	490,646
Priority School District	11000-SDE64370-17043	374,173
<u>Department of Transportation:</u>		
Town Aid Road Grant-STO	12052-DOT57131-43459	131,285
Town Aid Road Grants muni	12052-DOT57131-43455	131,285
	Total	\$ <u>5,091,814</u>
Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$200,000</u>

II. SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS REQUIRED UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

- We issued reports, dated May 30, 2023, on compliance and on internal control over financial reporting based on an 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 significant deficiencies as items 22-01 to 22-09 (page 13 to 18) of which we consider items 22-01 to 22-06 to be material weaknesses.

III. FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE

Findings or questioned costs relating to State financial assistance programs are as follows: Items 22-08 and 22-09 (page 17 to 18).

DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES:

The dispositions of prior year's significant deficiencies are reported as items 21-01 to 21-11 on pages 19 to 20.