

TOWN OF MARLBOROUGH, CONNECTICUT
FEDERAL SINGLE AUDIT REPORT
JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**TOWN OF MARLBOROUGH, CONNECTICUT
FEDERAL SINGLE AUDIT REPORT
JUNE 30, 2021
TABLE OF CONTENTS**

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1-3
Schedule of Expenditures of Federal Awards	4
Notes to Schedule of Expenditures of Federal Awards	5
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 <i>Government Auditing Standards</i>	6-7
Schedule of Findings and Questioned Costs	8-9



Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Finance
Town of Marlborough, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Marlborough, Connecticut's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town of Marlborough, Connecticut's major federal programs for the year ended June 30, 2021. The Town of Marlborough, Connecticut's major federal 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Marlborough, Connecticut's major federal 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 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). Those standards and the Uniform Guidance 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 federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Marlborough, 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 adverse and unmodified opinions on compliance for the each of the major federal programs. However, our audit does not provide a legal determination of the Town of Marlborough, Connecticut's compliance.

Basis for Adverse Opinion on Coronavirus Relief Fund

As described in the accompanying schedule of findings and questioned costs, the Town of Marlborough, Connecticut did not comply with requirements regarding Assistance Listing Number 21.019, Coronavirus Relief Fund, period of performance and activities allowed or unallowed as described in finding number 2021-001. Compliance with such requirements is necessary, in our opinion, for the Town of Marlborough, Connecticut to comply with the requirements applicable to that program.

Adverse Opinion on Coronavirus Relief Fund

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the Town of Marlborough, Connecticut, did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Coronavirus Relief Fund for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Town of Marlborough, 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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

Town of Marlborough, Connecticut's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Marlborough, Connecticut's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Town of Marlborough, 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 Marlborough, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Marlborough, 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 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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weaknesses.

Town of Marlborough, Connecticut's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Marlborough, Connecticut's response was not subjected to the 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, each major fund and the aggregate remaining fund information of the Town of Marlborough, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Marlborough, Connecticut's basic financial statements. We issued our report thereon dated December 21, 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 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.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 21, 2021

**TOWN OF MARLBOROUGH, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Department of Agriculture				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	12060-SDE64370-20560	\$	12,088
National School Lunch Program	10.555	12060-SDE64370-20560		98,088
COVID-19 - National School Lunch Program	10.555	12060-SDE64370-29572		24,387
COVID-19 - National School Lunch Program	10.555	12060-SDE64370-29576		9,356
School Breakfast Program	10.553	12060-SDE64370-20508		22,846
				\$ 166,765
United States Department of Transportation				
<i>Passed Through the State of Connecticut Department of Transportation:</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	12062-DOT57191-22108		17,748
Highway Planning and Construction	20.205	12062-DOT57151-22108		1,021,717
				1,039,465
United States Department of Education				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Special Education Cluster (IDEA):				
Special Education_Grants to States	84.027	12060-SDE64370-20977-2021		99,745
Special Education_Preschool Grants	84.173	12060-SDE64370-20983-2021		2,218
Special Education_Preschool Grants	84.173	12060-SDE64370-20983-2020		3,726
				105,689
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2021		16,440
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2021		3,971
Title IV - Student Support	84.424	12060-SDE64370-22854-2021		9,030
COVID-19 ESSER K-12 Fund	84.425D	12060-SDE64370-29571-2020		14,850
<i>Direct:</i>				
REAP	84.358A			28,415
Total United States Department of Education			-	178,395
United States Department of the Treasury				
<i>Passed Through the State of Connecticut Department of Education:</i>				
COVID-19 Coronavirus Relief Fund	21.019	12060-SDE64370-29561-2021		391,877
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>				
COVID-19 Coronavirus Relief Fund	21.019	12060-OPM20600-29561		35,594
				427,471
Election Assistance Commission				
<i>Direct:</i>				
Help America Vote Act Requirements Payments	90.401			24
United States Department of Homeland Security				
<i>Direct:</i>				
Emergency Management Performance Grants	97.042			3,346
Total Federal Awards			\$ -	\$ 1,815,466

The accompanying notes are an integral part of this schedule

**TOWN OF MALBOROUGH, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

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 Town of Marlborough, Connecticut, under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the Town of Marlborough, 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 Marlborough, 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 for all awards with the exception of Assistance Listing #21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

2. INDIRECT COST RECOVERY

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

3. NONCASH AWARDS

Donated commodities in the amount of \$12,088 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.



**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 Marlborough, 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 Marlborough, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Marlborough, Connecticut's basic financial statements, and have issued our report thereon dated December 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Marlborough, 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 Marlborough, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Marlborough, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Marlborough, 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*.

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 21, 2021

**TOWN OF MARLBOROUGH, CONNECTICUT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs:

Adverse for activities allowed or unallowed, and period of performance for Coronavirus Relief Fund,
 Unmodified for the other major program

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:

Federal Assistance Listing #	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster
21.019	COVID-19 Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? _____ yes X no

II. FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding No. 2021-001

Activities allowed or unallowed
 Period of performance

Program

United States Department of the Treasury
Coronavirus Relief Fund
Assistance Listing # 21.019
Passed through the State Department of Education
12060-SDE64370-29561
Award period: 3/1/2020 through 12/30/2020

Type of Finding

Material noncompliance
Material weakness in Internal Control over Compliance

Criteria or specific requirement

Coronavirus Relief Funds passed through and administered by the State of Connecticut Department of Education must have been incurred by December 30, 2020 with payments made within 120 days after that date.

Condition

Out of 6 accounts payable expenditures selected for testing, 3 of the expenditures were payments to the Town of Marlborough for which there was no record to identify the specific underlying expenditures that were being reimbursed, in addition these transactions were posted on June 24, 2021, which is after the period of performance for the grant. Out of the 10 payroll expenditures selected for testing, 5 were posted on June 24, 2021 and one was posted on January 14, 2021, which is after the period of performance for the grant. Additionally, as these were payments to the Town of Marlborough and the support provided did not reconcile to the amount being reimbursed.

Questioned Costs

\$217,956

Context

The questioned costs make up \$217,956 of the Coronavirus Relief Funds of \$427,271 spent by the Town of Marlborough during the year ended June 30, 2021. The samples described in the Condition above were statistically valid samples.

Cause

Inadequate controls over allowable costs and period of performance for this grant.

Effect

Noncompliance with grant requirements.

Repeat Finding

No

Recommendation

We recommend that the Town of Marlborough Board of Education review its control procedures around the reporting and record keeping of expenditures for reimbursement to ensure compliance with the activities allowed or unallowed, and period of performance requirements.

Views of Responsible Officials

Management agrees with this finding.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

