

**TOWN OF TIVERTON, RHODE ISLAND**

Single Audit

For the Year Ended June 30, 2017

**TOWN OF TIVERTON, RHODE ISLAND**

June 30, 2017

**TABLE OF CONTENTS**

	<b>Page</b>
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>	1-2
Independent Auditors' Report for Each Major Program and on Internal Control Over Compliance Required under <i>Uniform Guidance</i>	3-5
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs:	
Summary of Audit Results	8
Current Year Findings	9-10
Status of Prior Year Findings	11

CERTIFIED PUBLIC ACCOUNTANTS  
126 President Avenue  
Fall River, MA 02720  
TEL. (508) 675-7889  
FAX (508) 675-7859  
www.hague-sahady.com

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 President and Members  
of the Town Council  
Town of Tiverton  
Tiverton, Rhode Island

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 Town of Tiverton, Rhode Island (Town), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 7, 2018.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*Continued*

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hague, Sabady & Co. PC*

February 7, 2018  
Fall River, Massachusetts

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Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required under Uniform Guidance

To the Honorable President and Members  
of the Town Council  
Town of Tiverton  
Tiverton, Rhode Island

### **Report on Compliance for Each Major Federal Program**

We have audited the Town of Tiverton, Rhode Island's (Town) compliance with the types of compliance requirements described in the *Uniform Guidance* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2017. The Town's major federal programs are identified in the summary of auditor's 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 federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town'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 Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and 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'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 federal program. However, our audit does not provide a legal determination of the Town's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Town 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, 2017.

*Continued*

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-01. Our opinion on each major federal program is not modified with respect to these matters.

The Town's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town'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 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's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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'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 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 not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-01, that we consider to be significant deficiencies.

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 Town of Tiverton, Rhode Island (Town), as of and for the year ended June 30, 2017, and have issued our report thereon dated February 7, 2018 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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

Town of Tiverton, Rhode Island

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Hague, Sabady & Co. PC*

February 7, 2018  
Fall River, Massachusetts

**TOWN OF TIVERTON, RHODE ISLAND**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA	Grant Identification/ Pass-Through Grantor's Number	Program or Award	Disbursements Expenditures	Distributed to Subrecipients
<b>US Department of Agriculture:</b>					
<i>Passed through the State of Rhode Island Department of Education:</i>					
Child Nutrition Cluster					
School Breakfast Program	10.553	N/A	28,662	\$ 28,662	\$ -
School Lunch Program	10.555	N/A	234,858	234,858	-
School Milk Program for Children	10.556	N/A	57	<u>57</u>	-
<b>Total US Department of Agriculture</b>				<u>263,577</u>	-
<i>Direct:</i>					
Occupant Protection Incentive Grants	16.803	N/A	3,878	<u>3,878</u>	-
<b>Total US Department of Justice</b>				<u>3,878</u>	-
<b>US Department of Education:</b>					
<i>Passed through the State of Rhode Island Department of Education:</i>					
Title I, Part A Grant - FY17	84.010	2725-11702-701	206,315	183,995	-
Special Education Cluster (IDEA)					
IDEA Part B	84.027	2725-13202-701	591,749	480,271	-
SPED Part B-Early Childhood	84.173	2725-13502-701	13,090	13,090	-
Title IIB Math & Science	84.366	2725-17702-701	229,253	229,253	-
Title IIA to Local Education Agencies	84.367	2725-16402-701	104,219	70,460	-
Perkins Career and Technical Education	84.048	2725-15302-701	23,031	<u>23,031</u>	-
<b>Total U.S. Department of Education</b>				<u>1,000,100</u>	-
<b>US Department of Health &amp; Human Services:</b>					
<i>Passed through State of Rhode Island Department of Behavioral Health</i>					
Drug Free Communities Support Program Grants	93.276	1H79SP018441-01	625,000	112,656	-
SAMSHA Stop Grant	93.276	N/A	19,420	19,420	-
Substance Abuse	93.959	N/A	55,661	<u>55,661</u>	-
<b>Total US Department of Health &amp; Human Services</b>				<u>187,737</u>	-
<b>Total Expenditures of Federal Awards</b>				<u>\$ 1,455,292</u>	<u>\$ -</u>

**TOWN OF TIVERTON, RHODE ISLAND**

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

**1. Definition of Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents activity of all Federal financial assistance programs of the Town of Tiverton, Rhode Island (Town). Federal financial assistance received includes funds received directly from Federal agencies as well as Federal financial assistance passed through other governmental agencies and received by the Town.

**2. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *the Uniform Guidance*.

**3. Major Programs**

The Town has defined its major programs for *Uniform Guidance* reporting purposes by using the required risk-based approach after classifying the programs as Type A or Type B as provided in the Uniform Guidance. The determination was based on an overall evaluation of the risk of non-compliance occurring, which could be material to the federal program.

**4. Program Cluster**

In accordance with Uniform Guidance certain programs have been clustered in determining major programs. The following represent the clustered programs:

Child Nutrition Cluster

School Breakfast Program	10.553
School Lunch Program	10.555
School Milk Program for Children	10.556

Special Education Cluster

Special Education - Grants to States	84.027
Special Education - Grants to States - Preschool	84.173

**5. 10% De-Minimis Indirect Cost Rate**

The Town did not elect to use the 10% de-minimis indirect cost rate as covered in 2 CFR Part 200 Section 414 "Indirect (F&A) Costs."

**TOWN OF TIVERTON, RHODE ISLAND**

Summary of Audit Results

For the Year Ended June 30, 2017

1. *Summary of Audit Results*

*Financial Statements*

We have audited the financial statements of the Town of Tiverton, Rhode Island, as of and for the year ended June 30, 2017 and have issued our reports thereon dated February 7, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

The results of our audit are as follows:

Type of Report issued on the Financial Statements	
Internal Control over Financial Reporting:	Unmodified
Material Weakness(es) Identified?	No
Significant Deficiencies Identified that are not considered to be Material Weakness(es)?	No
Noncompliance Material to the Financial Statements Noted?	No

*Federal Awards*

We have audited the compliance of the Town of Tiverton, Rhode Island, with the types of compliance requirements described in the *Uniform Guidance* that are applicable to each of its federal programs for the Year Ended June 30, 2017 and have issued our reports thereon dated February 7, 2018.

The results of our audit are as follows:

Internal Control over Major Programs:	
Material Weakness(es) Identified?	No
Significant Deficiencies Identified that are not considered to be Material Weakness(es)?	Yes

Type of Report on Compliance for Major Programs:	
Title IIB Math & Science (CFDA 84.366)	Unmodified
Special Education Cluster (CFDA 84.027 and 84.173)	Unmodified

Disclosure of Audit Findings required to be reported under the Uniform Guidance:	Yes
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Identification of Major Programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Title IIB Math & Science	84.366
Special Education Cluster	84.027 / 84.173

Threshold for distinguishing Type A and Type B Programs was \$750,000.

The Town of Tiverton, Rhode Island qualifies as a low risk auditee.

**TOWN OF TIVERTON, RHODE ISLAND**

Current Year Findings

For the Year Ended June 30, 2017

***1. Findings on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on our Audit of the Financial Statements***

*None*

**TOWN OF TIVERTON, RHODE ISLAND**

Current Year Findings

For the Year Ended June 30, 2017

**2. Findings and Questioned Costs Which Are Required to be Reported Over Major Federal Programs**

<u>Reference Number</u>	<u>Program</u>	<u>Finding</u>	<u>Questioned Costs</u>
2017-01	84.027	The School Department did not Minimize the Time Between Disbursement and Receipt of Grant Funds	\$ 401,104

**Information on Federal Programs:**

Department of Education, passed through the State of Rhode Island Department of Education, Special Education IDEA Part B – CFDA 84.027; Grant ID – 2725-13202-701; Grant Period: July 1, 2016 through June 30, 2017

**Condition:**

Qualifying costs were expended during the proper period of availability, between July 1, 2016 and June 30, 2017, however \$401,104 of Federal dollars were not requested to be drawn down until January 29, 2018.

**Criteria:**

31 CFR 205.11 states: “A State and a Federal Program Agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the State’s payout of funds for Federal assistance program purpose, whether the transfers occurs before or after the payout of funds.”

**Cause:**

The School Department has experienced turnover in the finance management positions and had not previously had appropriate cash management policies and procedures implemented.

**Effect:**

The Special Education IDEA Part B grant funding services were requested and received well after funds were spent or committed which resulted in a lack of minimizing the time between disbursement and receipt of federal funds. Cash requests were not made based on actual cash needs.

**Recommendation:**

The School Department of the Town of Tiverton should develop a system to ensure requesting funds is done in a timely manner and, according to cash needs, allowing funding to be received in a timely manner and in accordance with 31 CFR.

**Response and Corrective Action Plan:**

Due to the turnover of the Director of Finance position, the drawdown of Federal funds was delayed. The Action Plan going forward is to review the Federal IDEA Part B regularly and draw down funds timely fashion.

**TOWN OF TIVERTON, RHODE ISLAND**

Status of Prior Year Findings

For the Year Ended June 30, 2017

***1. Status of Prior Year Findings***

*None*