

TOWN OF TIVERTON, RHODE ISLAND

Single Audit

For the Year Ended June 30, 2016

TOWN OF TIVERTON, RHODE ISLAND

June 30, 2016

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CERTIFIED PUBLIC ACCOUNTANTS

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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 Mr. Wojcik 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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 19, 2016.

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

December 19, 2016
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 Mr. Wojcik 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, 2016. 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, 2016.

Continued

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the 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, 2016, and have issued our report thereon dated December 19, 2016 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 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, Sahadey & Co. PC

December 19, 2016
Fall River, Massachusetts

TOWN OF TIVERTON, RHODE ISLAND

Schedule of Expenditures of Federal Awards

For the Year Ended June, 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA	Grant Identification/ Pass-Through Grantor's Number	Program or Award	Disbursements Expenditures
US Department of Agriculture:				
<i>Passed through the State of Rhode Island Department of Education:</i>				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A	30,985	30,985
School Lunch Program	10.555	N/A	216,105	245,631
School Milk Program for Children	10.556	N/A	265	<u>265</u>
Total US Department of Agriculture				<u>276,881</u>
US Department of Housing and Urban Development:				
<i>Passed through the State of Rhode Island Division of Planning, Office of Housing and Community Development:</i>				
Community Development Block Grant/Small Cities Program	14.228	N/A	153,849	<u>153,849</u>
Total US Department of Housing and Urban Development				<u>153,849</u>
US Department of Justice				
<i>Direct:</i>				
Occupant Protection Incentive Grants	16.803	N/A	1,611	<u>1,611</u>
Total US Department of Justice				<u>1,611</u>
US Department of Transportation:				
<i>Direct:</i>				
Occupant Protection Incentive Grants	20.602	N/A	4,657	<u>4,657</u>
Total US Department of Transportation				<u>4,657</u>
US Department of Education:				
<i>Passed through the State of Rhode Island Department of Education:</i>				
Title I, Part A Grant - FY16	84.010	2725-11702-501	207,710	207,710
Special Education Cluster (IDEA)				
IDEA Part B	84.027	2725-13202-501	474,606	463,130
SPED Part B-Early Childhood	84.173	2725-13502-501	12,441	<u>12,441</u>
Total Special Education Cluster (IDEA)				475,571
Title IIB Math & Science	84.366	2725-17702-501	49,801	14,733
Title IIA to Local Education Agencies	84.367	2725-16402-501	96,761	77,373
Perkins Career and Technical Education	84.048	2725-15302-501	222,557	<u>23,031</u>
Total U.S. Department of Education				<u>798,418</u>
US Department of Health & Human Services:				
<i>Passed through State of Rhode Island Department of Behavioral Health</i>				
Drug Free Communities Support Program Grants	93.276	1H79SP018441-01	625,000	<u>111,869</u>
Total US Department of Health & Human Services				<u>111,869</u>
Total Expenditures of Federal Awards				<u><u>\$ 1,347,285</u></u>

TOWN OF TIVERTON, RHODE ISLAND

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June, 30, 2016

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, 2016

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, 2016 and have issued our reports thereon dated December 19, 2016. 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, 2016 and have issued our reports thereon dated December 19, 2016.

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)?	No

Type of Report on Compliance for Major Programs:	
Special Education Cluster (CDFA 84.027 and 84.173)	Unmodified
Disclosure of Audit Findings required to be reported under the Uniform Guidance:	No

Identification of Major Programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Special Education Cluster:	
SPED IDEA Part B	84.027
SPED Early Childhood	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, 2016

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

None

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

None

TOWN OF TIVERTON, RHODE ISLAND

Status of Prior Year Findings

For the Year Ended June, 30, 2016

1. Status of Prior Year Findings

None