

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**INDEPENDENT AUDITORS' REPORTS REQUIRED BY TITLE 2 U.S. CODE OF
FEDERAL REGULATIONS PART 200, *UNIFORM ADMINISTRATIVE
REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL
AWARDS* (UNIFORM GUIDANCE) AND *GOVERNMENT AUDITING STANDARDS***

FOR THE YEAR ENDED JUNE 30, 2022

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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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 Members of the Town Council
Town of North Kingstown, Rhode Island

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of North Kingstown, Rhode Island (Town) as of and for the year ended June 30, 2022, 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 17, 2023.

Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on 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 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*.

Town of North Kingstown's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Marcum LLP

Providence, RI
February 17, 2023

**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**

To the Honorable Members of the Town Council
Town of North Kingstown, Rhode Island

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of North Kingstown, Rhode Island's (Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2022. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town 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 the Town'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 the Town's federal 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 the Town'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 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 the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Town'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 the Town'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 the Town'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

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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of North Kingstown, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of North Kingstown's basic financial statements. We issued our report thereon dated February 17, 2023, 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 basic 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.

Marcum LLP

Providence, RI

May 11, 2023 (Except for our audit opinion on the schedule of expenditures of federal awards which is dated February 17, 2023)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<i>U.S. Department of Education:</i>				
<i>Passed through the RI Department of Education:</i>				
<i>Special Education Cluster (IDEA):</i>				
Special Education Grants to States	84.027	2725-13202-201	\$ --	\$ 995,845
Special Education Preschool Grants	84.173	2725-13502-201	--	32,897
<i>Total Special Education Cluster (IDEA)</i>			--	<u>1,028,742</u>
Title I Grants to Local Educational Agencies	84.010	2725-11702-201	--	683,239
English Language Acquisition State Grants	84.365	2725-16502-201	--	14,520
Education for Homeless Children and Youth	84.196A	2725-10202-201	--	33,323
Supporting Effective Instruction State Grants	84.367A	2725-16402-201	--	224,542
Perkins Secondary (Regional)	84.048A	2725-15302-201	--	101,032
CTE Secondary Set Aside	84.048A	2725-15302-202	--	5,584
ARP - Education for Homeless Children and Youth	84.425W	4872-51102-101	--	13,781
CARES Act - Elementary & Secondary School Emergency Relief Funds	84.425D	4672-60602-101	--	1,235,823
RI Comprehensive Literacy Grant	84.371C	2725-22002-111	--	71,726
Total U.S. Department of Education			--	<u>3,412,312</u>
<i>U.S. Department of Agriculture:</i>				
<i>Passed through the RI Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553		--	13,454
National School Lunch Program	10.555		--	1,235,346
Summer Food Service Program	10.559		--	175,533
Fresh Fruit and Vegetable Program	10.582		--	12,987
<i>Total Child Nutrition Cluster</i>			--	<u>1,437,320</u>
<i>Food Distribution Cluster:</i>				
Emergency Food Assistance Program (Food Commodities)	10.569		--	61,331
Total U.S. Department of Agriculture			--	<u>1,498,651</u>

See notes to schedule of expenditures of federal awards.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<i>U.S. Department of Housing and Urban Development:</i>				
<i>Passed through the RI Department of Administration:</i>				
Community Development Block Grant (CDBG)	14.228		--	148,880
<i>CDBG-Entitlement Grants Cluster:</i>				
Community Development Block Grant (CDBG)	14.218		--	388,364
<i>Total CDBG-Entitlement Grants Cluster</i>			--	388,364
Total U.S. Department of Housing and Urban Development			--	<u>537,244</u>
<i>U.S. Department of Treasury:</i>				
<i>Passed through the RI Department of Revenue:</i>				
Coronavirus Relief Fund	21.019		--	15,545
Coronavirus Relief Fund	21.019		--	9,662
Total U.S. Department of Treasury			--	<u>25,207</u>
<i>U.S. Department of Health and Human Services:</i>				
<i>Aging Cluster:</i>				
Title III B Senior Center CARES	93.044		--	19,321
<i>Total Aging Cluster</i>			--	19,321
Total U.S. Department of Health and Human Services			--	<u>19,321</u>
<i>U.S. Department of Homeland Security:</i>				
<i>Emergency Management Performance Grants</i>				
Emergency Management Performance Grants	97.042	RI EMA	--	9,059
<i>Total Emergency Management Performance Grants</i>			--	9,059
<i>Passed through RI Militia of the State:</i>				
Homeland Security Grant	97.056	Various	--	84,832
Assistance to FireFighters	97.044	Various	--	279,086
Total U.S. Department of Homeland Security			--	<u>372,977</u>
Total Expenditures of Federal Awards			\$ --	<u>\$ 5,865,712</u>

See notes to schedule of expenditures of federal awards.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Town of North Kingstown, Rhode Island under programs of the federal government for the year ended June 30, 2022. The information in this 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 Town of North Kingstown, Rhode Island, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of North Kingstown, Rhode Island.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the 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 3 – INDIRECT COST RATE

Town of North Kingstown, Rhode Island has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – FEDERAL LOAN PROGRAM

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The Town of North Kingstown, Rhode Island had an outstanding loan receivable balance of \$418,044 at the beginning of the year. The balances of loans outstanding at June 30, 2022 consist of:

ALN	Program Name	Outstanding Balance at June 30, 2022	
	Community Development		
14.218	Block Grants / Entitlement Grants	\$	388,364

NOTE 5 – SCHOOL LUNCH COMMODITIES

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the cost of commodities provided to the School Lunch Program. The total federal share of these commodities was \$61,331 for the year ended June 30, 2022. The amounts have been included in the schedule of expenditures of federal awards under ALN 10.569.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards Programs

Internal control over major federal programs:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Type of auditors’ report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal programs:

ALN

Name of Federal Program or Cluster

10.553 / 10.555 / 10.559 / 10.582
84.425

Child Nutrition Cluster
Elementary & Secondary School
Emergency Relief Funds

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

\$ 750,000

Auditee qualified as low-risk auditee?

yes no

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Current Year Findings:

Material Weakness:

2022-001: Sewer Assessment Receivables

Criteria: An effective internal control system over the financial reporting closing process provides reasonable assurance that reliable financial statements are prepared in accordance with the appropriate accounting standards and in compliance with applicable laws and regulations. Monthly and year-end closing procedures should be documented, communicated and monitored by the Finance Department.

Condition: We noted the Town Finance Department does not have enhanced oversight over the Sewer Assessment receivable balance which resulted in a prior period restatement decreasing the beginning receivable by \$327 thousand.

Cause: The Town's internal control policies and related procedures are insufficient and should be enhanced to ensure to allow for appropriate and timely review of the Sewer Assessment receivable.

Effect: Lack of an established and effective internal control system as well as ensuring adequate management review/oversight over financial reporting increases the risk of potential misstatement of the Town's financial information or misappropriation of assets.

Prior Year Finding: No

Recommendation: We recommend that the Town implement internal control policies and procedures to ensure the Finance Department has appropriate oversight over the Sewer Assessment receivable process.

Views of responsible officials and Planned Corrective Action: See management's corrective action plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year Findings:

None reported.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION IV – FINANCIAL STATEMENT FINDINGS

Prior Year Findings:

None reported.

SECTION V – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior Year Findings:

None reported.



Town of North Kingstown, Rhode Island

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Corrective Action Plan

2022-001: Sewer Assessment Receivables

Turnover and inability to fill positions within the sewer department has resulted in an inflow of individuals with minimum experience and training. This has resulted in staff of the finance filling in as time allows in order to keep operations moving. Over the past months the sewer department has been able to hire individuals and have a complete staff. In addition, they are receiving additional support from the Department of Public Works staff.

Finance department has reviewed information and continues to provide training to staff. This involves development of internal controls and a process of where the finance department reviews information periodically during the year as opposed to just at year end.

Individual Responsible for Plan:

James Lathrop, Town Finance Director