

TOWN OF NORTH KINGSTOWN, RHODE ISLAND¹

**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, 2021

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, 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 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of North Kingstown, Rhode Island's basic financial statements and have issued our report thereon dated December 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of North Kingstown, Rhode Island'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 of North Kingstown, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of North Kingstown, Rhode Island'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 North Kingstown, Rhode Island'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 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
December 29, 2021

**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

We have audited the Town of North Kingstown, Rhode Island'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 North Kingstown, Rhode Island's major federal programs for the year ended June 30, 2021. The Town of North Kingstown, Rhode Island'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 the Town of North Kingstown, Rhode Island'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 North Kingstown, Rhode Island'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 of North Kingstown, Rhode Island's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of North Kingstown, Rhode Island, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of North Kingstown, Rhode Island 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 North Kingstown, Rhode Island'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 North Kingstown, Rhode Island'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 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, 2021, 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 December 29, 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.

Marcum LLP

Providence, RI

February 9, 2022 (Except for our audit opinion on the schedule of expenditures of federal awards which is dated December 29, 2021)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education:				
<i>Passed through the RI Department of Education:</i>				
<i>Special Education Cluster (IDEA):</i>				
Special Education Grants to States	84.027	2725-13202-701	\$ --	\$ 968,327
Special Education Preschool Grants	84.173	2725-13502-701	--	34,562
<i>Total Special Education Cluster (IDEA)</i>			--	<u>1,002,889</u>
Title I Grants to Local Educational Agencies	84.010	2725-11702-701	--	496,723
English Language Acquisition State Grants	84.365	2725-16502-701	--	5,003
Education for Homeless Children and Youth	84.196A	2725-10202-601	--	16,648
Education for Homeless Children and Youth	84.196A	2725-10302-701	--	21,356
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	2725-16402-701	--	206,168
Perkins Secondary (Regional)	84.048A		--	59,961
CARES Act-ESSER I	84.425D		--	16,895
RI Comprehensive Literacy Grant	84.371C		--	112,909
RI Comprehensive Literacy Grant	84.371C		--	38,679
Total U.S. Department of Education			--	<u>1,977,231</u>
U.S. Department of Agriculture:				
<i>Passed through the RI Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553		--	2,710
National School Lunch Program	10.555		--	31,702
Summer Food Service Program	10.559		--	<u>1,190,604</u>
<i>Total Child Nutrition Cluster</i>			--	<u>1,225,016</u>
Fresh Fruit and Vegetable Program	10.582		--	14,671
Total U.S. Department of Agriculture			--	<u>1,239,687</u>
U.S. Department of Housing and Urban Development:				
<i>Passed through the RI Department of Administration:</i>				
Community Development Block Grant (CDBG)	14.228		--	119,503
<i>CDBG-Entitlement Grants Cluster:</i>				
Community Development Block Grant (CDBG) Program Income	14.218		--	32,500
Community Development Block Grant (CDBG)	14.218		--	<u>418,044</u>
<i>Total CDBG-Entitlement Grants Cluster</i>			--	<u>450,544</u>
Total U.S. Department of Housing and Urban Development			--	<u>570,047</u>
U.S. Department of Treasury:				
<i>Passed through the RI Department of Revenue:</i>				
Coronavirus Relief Fund	21.019	CRF - DOR	--	1,431,621
Coronavirus Relief Fund	21.019	CARES State of RI	--	63,776
<i>Passed through the RI Department of Education:</i>				
Coronavirus Relief Fund	21.019	RI DOE	--	542,428
Coronavirus Relief Fund	21.019	RI DOE	--	43,645
<i>Passed through the RI Commerce Corporation:</i>				
Coronavirus Relief Fund	21.019	RICC	--	74,859
Total U.S. Department of Treasury			--	<u>2,156,329</u>
U.S. Department of Health and Human Services:				
<i>Aging Cluster:</i>				
Title IIIB Senior Center CARES	93.044		--	23,192
<i>Total Aging Cluster</i>			--	<u>23,192</u>
Total U.S. Department of Health and Human Services			--	<u>23,192</u>
U.S. Department of Homeland Security:				
<i>Emergency Management Performance Grants</i>				
Emergency Management Performance Grants	97.042	RI EMA	--	285,363
Emergency Management Performance Grants	97.042	RI EMA	--	68,051
<i>Total Emergency Management Performance Grants</i>			--	<u>353,414</u>
<i>Passed through RI Militia of the State:</i>				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00411	--	160,153
Assistance to FireFighters - 2018	97.044	EMW-2018-FO-03865	--	79,633
Assistance to FireFighters - 2019	97.044	EMW-2019-FG00789	--	156,097
Assistance to FireFighters - 2019 Regional East Greenwich	97.044	EMW-2019-FG-04947	--	153,954
Total U.S. Department of Homeland Security			--	<u>903,251</u>
Total Expenditures of Federal Awards			\$ --	<u>\$ 6,869,737</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, 2021

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, 2021. 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 \$423,357 at the beginning of the year. The balances of loans outstanding at June 30, 2021 consist of:

CFDA Number	Program Name	Outstanding Balance at June 30, 2021
14.218	Community Development Block Grants / Entitlement Grants	\$ 418,044

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 \$31,702 for the year ended June 30, 2021. The amounts have been included in the schedule of expenditures of federal awards under CFDA 10.555.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 – CORONAVIRUS RELIEF FUND COMMODITIES

Nonmonetary assistance in the form of personal protective equipment is reported in the schedule of expenditures of federal awards at the cost provided from the U.S. Department of Treasury through the Rhode Island Department of Revenue as Coronavirus Relief Funds. The total federal share of these commodities was \$63,776 for the year ended June 30, 2021. The amounts have been included in the schedule of expenditures of federal awards under CFDA 21.019.

NOTE 7 – CORONAVIRUS RELIEF FUNDS

The Town was allocated funds as a subrecipient through the Rhode Island Department of Treasury in the amount of \$1,431,621. These funds reimbursed costs with a period of performance ranging from March 1, 2020 through December 31, 2020. However, these funds were not received until fiscal year 2021, therefore Coronavirus Relief Funds related to this award are composed of costs from both fiscal year 2020 and fiscal year 2021 on this year's Schedule of Expenditures of Federal Awards.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

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 type="checkbox"/> yes	<input checked="" 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:

CFDA Number(s)

10.553 / 10.555 / 10.559
21.019

Name of Federal Program or Cluster

Child Nutrition Cluster
Coronavirus 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, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Current Year Findings:

None reported.

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, 2021

SECTION IV – FINANCIAL STATEMENT FINDINGS

Prior Year Findings:

2020-001: Financial Reporting: Month-End and Year-End Closing Process

Finding: During our fiscal 2020 audit, we noted several deficiencies in the Town's internal controls over the financial reporting closing process. We noted that a number of the Town's accounts were not adequately analyzed and reconciled in prior years, resulting in prior period adjustments including capital assets and accrued payroll.

Current Status: This finding has been considered resolved in 2021.

SECTION V – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior Year Findings:

None reported.