

TOWN OF NORTH KINGSTOWN, RHODE ISLAND
REPORTING UNDER *GOVERNMENT AUDITING STANDARDS* AND
REPORTING REQUIRED UNDER THE FEDERAL UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019, and the related notes to the financial statements, which collectively comprise Town of North Kingstown, Rhode Island's basic financial statements and have issued our report thereon dated January 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of North Kingstown, Rhode Island'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 Town of North Kingstown, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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*.

Town of North Kingstown, Rhode Island's Response to Findings

Town of North Kingstown, Rhode Island's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of North Kingstown, Rhode Island's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
January 20, 2020

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 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 Town of North Kingstown, Rhode Island's major federal programs for the year ended June 30, 2019. 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 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 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 Town of North Kingstown, Rhode Island's compliance.

Opinion on Each Major Federal Program

In our opinion, 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, 2019.

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 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 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 Town of North Kingstown, Rhode Island as of and for the year ended June 30, 2019, and have issued our report thereon dated January 20, 2020, 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Marcum LLP

Providence, RI
January 20, 2020

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

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:				
Passed through the RI Department of Education:				
<i>Special Education Cluster (IDEA):</i>				
Special Education Grants to States	84.027	2725-13202-701	\$ --	\$ 1,068,918
Special Education Preschool Grants	84.173	2725-13502-701	--	<u>28,572</u>
<i>Total Special Education Cluster (IDEA):</i>			--	1,097,490
 				 548,022
Title I Grants to Local Educational Agencies	84.010	2725-11702-701		
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	2725-16402-701	--	209,127
English Language Acquisition State Grants	84.365	2725-16502-701	--	6,459
Education for Homeless Children and Youth	84.196	2725-10202-601/701	--	44,151
Passed through Coventry Public Schools:				
Career and Technical Education-Basic Grants to States	84.048		--	<u>15,055</u>
Total U.S. Department of Education			--	<u>1,920,304</u>
U.S. Department of Agriculture:				
Passed through the RI Department of Education:				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553		--	108,035
National School Lunch Program	10.555		--	<u>374,588</u>
<i>Total Child Nutrition Cluster:</i>			--	482,623
Fresh Fruit and Vegetable Program	10.582		--	31,925
<i>Food Distribution Cluster:</i>				
Emergency Food Assistance Program (Food Commodities)	10.569		--	<u>55,688</u>
Total U.S. Department of Agriculture			--	<u>570,236</u>
U.S. Department of Housing and Urban Development:				
Passed through the RI Department of Administration:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		--	354,191
<i>CDBG-Entitlement Grants Cluster:</i>				
Community Development Block Grants/Entitlement Grants	14.218		--	409,793
<i>CDBG-Disaster Recovery Grants-Pub. L. No. 113-2 Cluster:</i>				
Hurricane Sandy Community Development Block Grant				
Disaster Recovery Grants (CDBG-DR)	14.269		--	<u>492,988</u>
Total U.S. Department of Housing and Urban Development			--	<u>1,256,972</u>
U.S. Department of Health and Human Services:				
Drug-Free Communities Support Program Grants	93.276		--	<u>143,093</u>
Total U.S. Department of Health and Human Services			--	<u>143,093</u>
U.S. Department of Homeland Security:				
Passed through RI Militia of the State:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00411	--	633,120
Assistance to Firefighters Grant	97.044	EMW-2017-FO-04943	--	268,605
Homeland Security Grant Program	97.067	EMW-2017-SS-00046-S01	--	<u>8,696</u>
Total U.S. Department of Health and Human Services			--	<u>910,421</u>
Total Expenditures of Federal Awards			\$ --	<u>\$ 4,801,026</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, 2019

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, 2019. 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 \$355,468 at the beginning of the year. The balances of loans outstanding at June 30, 2019 consist of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2019</u>
	Community Development Block Grants / Entitlement Grants	
14.218		\$ 408,551

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 \$55,688 for the year ended June 30, 2019. The amounts have been included in the schedule of expenditures of federal awards under CFDA 10.569.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

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?

yes no

Significant deficiency(ies) identified?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards Programs

Internal control over major federal programs:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes 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)

Name of Federal Program or Cluster

84.027 & 84.173

Special Education Cluster (IDEA)

97.044

Assistance to Firefighters Grant

97.083

Staffing for Adequate Fire and
Emergency Response (SAFER)

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, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

Current Year Findings:

Material Weaknesses:

2019-001: Financial Reporting: Month-End and Year-End Closing Process

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: During our fiscal 2019 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 (including pooled cash, receivables, Water Fund inventory, Sewer Fund activity, etc.) were not adequately analyzed and reconciled, resulting in a significant number of material client-provided entries throughout the audit, several proposed audit entries and prior period adjustments, and delays in accurate financial reporting. Below are the instances that resulted from deficiencies in internal controls over the financial reporting closing process:

- The Town did not properly record activity related to sewer assessments (primarily receivable and deferred revenue), resulting in prior period adjustments for the Sewer Fund totaling approximately \$7.8M.
- The Town did not have proper controls in place over Water Fund inventory, resulting in a prior period adjustment of \$295,000 in the Water Fund.
- During our audit of the Town's capital assets, we noted that there were impaired assets recorded on the books, resulting in a prior period restatement of \$3.6M for Governmental Activities. We also noted that the Town currently maintains its capital asset records utilizing an excel database. This database contains the listing of capital assets and related depreciation expense which is maintained for financial reporting purposes only. The database is not integrated within the Town's financial reporting system. Maintaining capital asset records in excel resulted in depreciation expense calculation errors, as well as over-depreciation of certain assets.
- The Town did not report \$5.8M of refunding bond proceeds and related expenses within its Debt Service Fund.
- The Town's component unit, the North Kingstown Free Library, did not properly record all of the activity that occurred prior to June 30, 2018
- The Town's pooled cash account was not properly reconciled on a timely basis.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Current Year Findings (Continued):

Material Weaknesses (Continued):

2019-001: Financial Reporting: Month-End and Year-End Closing Process (Continued)

Cause: The Town currently lacks adequate internal control policies and procedures to allow for an appropriate month-end and year-end closing process and related review and reconciliation of accounting data and financial information used to prepare financial statements that are fairly presented in accordance with generally accepted accounting principles (GAAP). In addition, there were changes in the Finance Department personnel several years ago, which continues to require additional time for training and monitoring of performance.

Effect: Lack of an established and effective internal control system as well as ensuring adequate management review/oversight over the financial reporting closing process increases the risk of potential misstatement of the Town's financial information. Material adjustments and prior period restatements were required to correct the items noted above. In addition, the Town expended significant efforts after fiscal year-end to reconcile these accounts and to record adjustments to transactions previously recorded in its general ledger throughout the year.

Prior Year Finding: Yes, finding #2018-001, #2018-004 and #2018-006

Recommendation: We recommend that the Town review its current financial reporting closing process and implement adequate policies and procedures (including checklists and documented workflows) to document and ensure that ongoing review and management oversight over the month-end and year-end close takes place. The Town should also evaluate the need to provide additional training to the individuals with responsibility for recording and reviewing these transactions. We further recommend that the Town utilize a capital asset module to track all capital assets activity at the time the purchase order is created and/or the invoice is processed. Utilization of a fully integrated capital asset module would reduce the risk of misstating capital asset activity and fiscal year-end balances in the Town's financial statements.

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

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Current Year Findings (Continued):

Material Weaknesses (Continued):

2019-002: Conversion of Accounting Information on the Budgetary Basis to GAAP Basis

Criteria: Throughout the year, the Town reports financial transactions within all of its funds on the budgetary basis of accounting. For external financial reporting, the Town is required to report and present its financial statements using accounting principles generally accepted in the United States of America (GAAP), which requires governmental funds to be reported using the modified accrual basis of accounting and proprietary funds to be reported using the full accrual basis of accounting.

Condition: As a result of using the budgetary basis of accounting throughout the year, the Town is required to adjust certain amounts reported in its general ledger from the budgetary basis of accounting to GAAP basis, for external financial reporting purposes. We noted instances where these conversions were not made, resulting in material audit adjustments being required to present the financial statements in accordance with GAAP.

Cause: The procedures required to make the adjustment from the budgetary basis of accounting to the required GAAP basis are not documented by the Town, nor are these procedures a defined component of the year-end closing process.

Effect: The Finance Department expends significant efforts converting its financial reporting from the budgetary basis of accounting to GAAP basis and did not always consistently budgetary basis to GAAP differences accurately and/or completely.

Prior Year Finding: Yes, finding #2018-002

Recommendation: Business-type activities reported within proprietary funds should be accounted for using the full accrual basis of accounting and governmental activities reported within governmental funds should be accounted for using the modified accrual basis of accounting for external financial reporting. The Finance Department should identify all differences between the budgetary basis of accounting and GAAP at the beginning of each fiscal year, prepare written policies and procedures to convert internally reported amounts to GAAP, and make all adjustments necessary to report transactions in accordance with GAAP as part of its normal year-end closing process.

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

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

Prior Year Findings:

2018-001: Timely Reconciliation of Cash and Other Material Accounts

Finding: During fiscal year ended June 30, 2018, a reconciliation of the pooled cash account bank balances reported on the bank statements was not performed and the adjusted bank balances were not compared to the amounts reported in the general ledger on a monthly basis. Also, the Town did not reconcile certain other non-pooled cash accounts and certain other material account balances on a monthly basis and did not compare reconciled amounts to amounts reported in its general ledger or subsidiary ledgers on a monthly basis.

Current Status: Repeated in the current year as finding #2019-01.

2018-002: Conversion of Accounting Information on the Budgetary Basis to GAAP Basis

Finding: As a result of using budgetary basis throughout the year, the Town is required to adjust amounts reported in its general ledger for all funds from the budgetary basis of accounting to GAAP basis for external financial reporting purposes. The Town did not always identify the differences between budgetary basis and GAAP accurately and/or completely.

Current Status: Repeated in the current year as finding #2019-02.

2018-003: Recording Certain Grant Related Transactions as Balance Sheet Only Transactions

Finding: During fiscal year ended June 30, 2018, certain grant-related transactions were recorded net within balance sheet accounts, rather than as revenue and expenditure transactions in accordance with GAAP.

Current Status: Corrected during fiscal year 2019.

2018-004: Recording of Sewer Assessment Activity

Finding: During the year ended June 30, 2018, the Town continued to record activity related to sewer assessments on a cash basis. GAAP requires proprietary funds to be reported using the full accrual basis of accounting.

Current Status: Repeated in the current year as finding #2019-01.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Prior Year Findings (Continued):

2018-005: Review of Journal Entries

Finding: During the year ended June 30, 2018, the Town did not review and approve all journal entries recorded in the general ledger to ensure that each entry was mathematically correct, coded to the proper general ledger accounts and appropriate based on the supporting documentation.

Current Status: Corrected during fiscal year 2019.

2018-006: Reconciliation of Certain Non-Material Asset and Liability Accounts

Finding: During the year ended June 30, 2018, the Town did not reconcile all non-material asset and liability accounts on a periodic basis and compare reconciled amounts to amounts reported in its general ledger or subsidiary ledgers. Also, these accounts are not evaluated for appropriateness or the collectability of the recorded balances.

Current Status: Repeated in the current year as finding #2019-01.

2018-007: Grant Revenue Recognition

Finding: During the year ended June 30, 2018, the Town did not recognize revenue for amounts deferred in prior year that were not received within 60 days subsequent to June 30, 2017. The Town also did not recognize revenue as allowable expenditures were made and grant proceeds were received. Instances were also noted where the Town recognized revenue in a fund different than the fund where the related expenditures were recorded, and also recognized revenue in advance of incurring allowable expenditures.

Current Status: Corrected during fiscal year 2019.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior Year Findings:

2018-008: Timely Filing of Data Collection Form

Finding: The Town did not file its single audit report and data collection form for the year ended June 30, 2018, with the Federal Audit Clearinghouse within the required timeframe.

Current Status: Corrected during fiscal year 2019.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Prior Year Findings (Continued):

2018-009: Preparation of Schedule of Expenditures of Federal Awards

Finding: The Town's original SEFA was not prepared in accordance with the requirements of the Uniform Guidance.

Current Status: Corrected during fiscal year 2019



Town of North Kingstown, Rhode Island

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2019-001

This comment has been recurring. The Town continues to make progress in this area. We have purchased the fixed asset module of our accounting package. It is our intention that over the next six months staff will be trained, current information will be inputted, and usage of the software to address this fixed asset issue. This work will be performed both at the Municipal and School level.

In FY 2019 cash was de-pooled. This effort identified recording and posting issues by staff. Training on proper recording was provided to applicable staff. The School Department was to prepare reconciliation of school related accounts, but due to staffing this did not start until July 2019.

The de-pooling and division of workload has provided time for staff to start reconciling non-cash accounts on a quarterly basis. The Water Department has established procedures for tracking inventory, including periodically physical updates and reconciliations that include supplies kept on work vehicles.

The Town leadership continues its support of staff training and is providing additional opportunities for all level of staff.

2019-002

The requirements of the RI Municipal Finance Division, Rhode Island Department of Education, and internal (Town Council and School Committee) reporting require reporting on budgetary basis.

Recent staff additions possess the technical skills and knowledge of GAAP. This combined with the continued efforts in education and training will address this item.

Working with the Wastewater Department, additional training and changes in recording and billing will improve the separation of principle and interest portion, as well as revenue recognition of sewer assessments.