

TOWN OF COVENTRY, RHODE ISLAND
FEDERAL SINGLE AUDIT REPORT
JUNE 30, 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

TOWN OF COVENTRY, RHODE ISLAND
FEDERAL SINGLE AUDIT REPORT
JUNE 30, 2020
TABLE OF CONTENTS

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1-3
Schedule of Expenditures of Federal Awards	4
Notes to Schedule of Expenditures of Federal Awards	5
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Schedule of Findings and Questioned Costs	8-9



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

Report on Compliance for Each Major Federal Program

We have audited the Town of Coventry, 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 each of the Town of Coventry, Rhode Island's major federal programs for the year ended June 30, 2020. The Town of Coventry, 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 each of the Town of Coventry, 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 Coventry, 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 Coventry, Rhode Island's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Coventry, 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 each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Town of Coventry, 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 Coventry, Rhode Island'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 of Coventry, 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 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 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 Coventry, Rhode Island, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Coventry, Rhode Island's basic financial statements. We issued our report thereon dated January 28, 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.

CliftonLarsonAllen LLP

Cranston, Rhode Island
June 22, 2021

**TOWN OF COVENTRY, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Subrecipient Expenditures</u>	<u>Federal Expenditures</u>
U.S. Department of Housing & Urban Development:				
<i>Direct Programs:</i>				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grant/Entitlement Grants	14.218			\$ <u>333</u>
U.S. Department of Transportation:				
<i>Passed through the State of Rhode Island, Department of Transportation:</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600		\$ 17,178	
Total Highway Safety Cluster				<u>17,178</u>
U.S. Department of Education:				
<i>Passed through the State of Rhode Island, Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	2725-11702-801		836,691
Career & Technical Education - Basic Grants to States	84.048	2725-15302-801		256,836
School Climate Transformation Project	84.184			10,171
Improving Teacher Quality State Grants	84.367	2725-16402-801		248,514
Consolidated Grant to Outlying Areas	84.403			3,441
Student Support and Academic Enrichment Grants	84.424			30,849
CARES Act ESSER	84.425			267,040
Special Education Cluster (IDEA):				
State Education - Grants to States	84.027	2725-13202-801	1,432,311	
Special Education Preschool Grants	84.173	2725-13502-801	<u>47,233</u>	
Total Special Education Cluster (IDEA)				<u>1,479,544</u>
Total U.S. Department of Education				
				<u>3,133,086</u>
U.S. Department of Agriculture:				
<i>Passed through the State of Rhode Island, Department of Education:</i>				
Fresh Fruit and Vegetable Program	10.582			25,184
Child Nutrition Cluster:				
National School Breakfast Program	10.553		83,785	
National School Lunch Program	10.555		367,520	
Special School Milk Program for Children	10.556		271	
Summer Food Service Program for Children	10.559		<u>230,908</u>	
Total Child Nutrition Cluster				<u>682,484</u>
Total U.S. Department of Agriculture				
				<u>707,668</u>
U.S. Department of Health and Human Services:				
<i>Passed through the State of Rhode Island Department of Behavioral Healthcare:</i>				
Public Health Emergency Preparedness	93.069			41
Substance Abuse and Mental Health Services	93.243			519
Medical Assistance Program	93.778			<u>302,123</u>
Total U.S. Department of Health and Human Services				
				<u>302,683</u>
U.S. Department of Homeland Security:				
<i>Passed through the State of Rhode Island:</i>				
Emergency Management Performance Grant	97.042			<u>14,093</u>
Total U.S. Department of Homeland Security				
				<u>14,093</u>
U.S. Department of Justice:				
<i>Direct Program:</i>				
Bulletproof Vest Partnership Program	16.607			825
Edward Byrne Memorial Justice Assistance Grant Program	16.738			<u>14,290</u>
Total U.S. Department of Homeland Security				
				<u>15,115</u>
Total Expenditures of Federal Awards				\$ <u>4,190,156</u>

The accompanying notes are an integral part of this schedule

**TOWN OF COVENTRY, RHODE ISLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Coventry, Rhode Island, under programs of the federal government for the year ended June 30, 2020. The information in the 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 the Town of Coventry, Rhode Island, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of Coventry, Rhode Island.

Basis of Accounting

Expenditures reported on the Schedule are reported using the modified 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.

2. INDIRECT COST RECOVERY

The Town of Coventry, Rhode Island, has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

3. NONCASH AWARDS

Donated commodities in the amount of \$62,391 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.



**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Honorable President and
Members of the Coventry Town Council
Town of Coventry, 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 governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Coventry, Rhode Island, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Coventry, Rhode Island's basic financial statements, and have issued our report thereon dated June 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Coventry, Rhode Island's internal control over financial reporting (internal control) as a basis for designing 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 Coventry, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Coventry, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Town of Coventry, 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*.

The Town of Coventry, Rhode Island's Response to Findings

The Town of Coventry, Rhode Island's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Coventry, 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 Town of Coventry, Rhode Island'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 Town of Coventry, Rhode Island's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cranston, Rhode Island
June 22, 2021

**TOWN OF COVENTRY, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes X no

Major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173 84.010	Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

II. FINANCIAL STATEMENT FINDINGS

2020-001

Financial Statement Reporting

Condition and context

During the audit, we identified that the following errors in the previously reported financial statements:

- The unapportioned sewer assessment accounts receivable balances at June 30, 2019 were reported as deferred inflows of resources and should have been recognized as revenue under the accrual basis of accounting. This resulted in the overstatement of deferred inflows of resources and the understatement of revenues and net position at June 30, 2019 totaling \$6,810,014.

- Landfill tipping revenue collected and contractor remediation expenses in addition to the corresponding deposit with the remediation engineering company were not recorded when the Arnold landfill was accepting tipping fees. This resulted in the understatement of deposits and the understatement of revenues, expenditures and fund balance at June 30, 2019 totaling \$4,619,274.

Criteria or specific requirement

Management is responsible for the design and Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Questioned Costs

None

Effect

The identified errors required the restatement of the beginning net positions reported in the business-type activities and sewer enterprise fund for the amounts identified above.

Cause

Internal controls were not in place to ensure the balances reported in the prior year financial statements were properly supported and reported in accordance with U.S. GAAP.

Recommendation

We recommend management evaluate the current financial reporting processes and controls to ensure that controls are in place to present the external financial statements in accordance with U.S. GAAP.

Views of Responsible Officials and Planned Corrective Actions

Management concurs. Management has identified the internal controls that were deficient which resulted in past prior period adjustment.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

