

TOWN OF WILLISTON, VERMONT

FEDERAL COMPLIANCE

JUNE 30, 2017

TABLE OF CONTENTS

| | <u>Page No.</u> |
|---|-----------------|
| Independent Auditor's 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> | 1 - 2 |
| Independent Auditor's Report on Compliance for Each Major Program And on Internal Control Over Compliance Required by the Uniform Guidance | 3 - 5 |
| Schedule of Expenditures of Federal Awards | 6 |
| Notes to Schedule of Expenditures of Federal Awards | 7 |
| Schedule of Findings and Questioned Costs | 8 |

FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



John E. (Jeff) Fothergill, CPA
Michael L. Segale, CPA
Sheila R. Valley, CPA
Teresa H. Kajenski, CPA
Donald J. Murray, CPA

INDEPENDENT AUDITOR'S 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 Selectboard
Town of Williston, Vermont

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, business-type activities, each major fund, and the aggregate remaining fund information of Town of Williston, Vermont, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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*.

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.

Respectfully submitted,

Fothergill Segale & Valley, CPAs

FOTHERGILL SEGALE & VALLEY, CPAs

Montpelier, Vermont

Vermont Public Accountancy License #110

January 10, 2018

FOTHERGILL SEGALE & VALLEY

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Selectboard
Town of Williston, Vermont

Report on Compliance for Each Major Federal Program

We have audited the Town of Williston, Vermont'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's major federal program for the year ended June 30, 2017. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program 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'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 the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated January 10, 2018, 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.

Respectfully submitted,

Fothergill Segale & Valley, CPAs

FOTHERGILL SEGALE & VALLEY, CPAs
Montpelier, Vermont
Vermont Public Accountancy License #110

January 10, 2018

TOWN OF WILLISTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

| Grant Title Pass-Through Grantor/ Federal Grant/Program Title | CFDA Number | Grant Number | Grant Amount | Expenditures | Expenditures to Sub- recipients |
|---|----------------|-------------------------------|-----------------|-------------------|---------------------------------------|
| <u>U.S. Department of Homeland Security</u> | | | | | |
| Passed through Town of Shelburne | | | | | |
| Homeland Security Grant Program | 20.608 | 02140-1115-5155 | \$ 7,316 | \$ 7,316 | \$ 0 |
| Homeland Security Grant Program | 20.608 | 02140-1415-1052 | 9,414 | 9,414 | 0 |
| Subtotal Cluster 20.608 | | | | <u>16,730</u> | <u>0</u> |
| Passed through Vermont Department of Public Safety | | | | | |
| Homeland Security Grant Program | 20.600 | NH17402-253/GR1054 | 6,000 | 5,930 | 0 |
| Homeland Security Grant Program | 20.600 | NH16402-657/GR0974 | 8,000 | 2,448 | 0 |
| Subtotal Cluster 20.600 | | | | <u>8,378</u> | <u>0</u> |
| Passed through Vermont Department of Transportation | | | | | |
| Highway Planning and Construction | 20.205 | EA#TA14003/CA0395 | 203,000 | 1,019 | 0 |
| Drug Recognition Grant | 20.616 | NH17405D-312/GR1084 | 1,200 | 180 | 0 |
| Drug Recognition Grant | 20.616 | GR0974 | 1,000 | 282 | 0 |
| Subtotal Cluster 20.616 | | | | <u>462</u> | <u>0</u> |
| Total U.S. Department of Homeland Security | | | | <u>26,589</u> | <u>0</u> |
| <u>U.S. Department of Justice</u> | | | | | |
| Bulletproof Vests | | | | | |
| Passed through State of Vermont | 16.607 | OJP | 2,655 | 2,655 | 0 |
| Restorative Reintegration | | | | | |
| Passed through State of Vermont | 16.812 | 2013-CZ-BX-0032 | 2,702 | 2,702 | 0 |
| Total U.S. Department of Justice | | | | <u>5,357</u> | <u>0</u> |
| <u>U.S. Department of Defense</u> | | | | | |
| Passed through Vermont Agency of Natural Resources | | | | | |
| Aquatic Plant Control | 12.100 | AQ17-14 | 15,000 | 13,273 | 0 |
| Aquatic Plant Control | 12.100 | AQ18-14 | 9,430 | 2,989 | 0 |
| Total U.S. Department of Defense | | | | <u>16,262</u> | <u>0</u> |
| <u>U.S. Department of Housing and Urban Development</u> | | | | | |
| Passed through State of Vermont | | | | | |
| Community Development Block Grants | 14.228 | 07110-IG-2014-WILLISTON-00003 | 630,000 | 509,210 | 509,210 |
| <u>U.S. Department of Environmental Protection</u> | | | | | |
| Passed through State of Vermont | | | | | |
| Capitalization Grants for Clean Water | 66.458 | RF1-179 | | 221,756 | 0 |
| Safe Drinking Water | 66.468 | 2016-DWGWPD-AMP-05 | 19,200 | 19,200 | 0 |
| Total U.S. Department of Environmental Protection | | | | <u>240,956</u> | <u>0</u> |
| <u>U.S. Department of Agriculture</u> | | | | | |
| Passed through Vermont Department of Forests, Parks & Recreation | | | | | |
| Communities Caring for Canopy | 10.664 | 06130-UCF-CFC-16-23 | 1,000 | 1,000 | 0 |
| <u>Institute of Museum and Library Services</u> | | | | | |
| Passed through Vermont Department of Libraries | | | | | |
| Library Services and Technology Act | 45.310 | LS-00-15-0046-15-16 | 360 | 278 | 0 |
| Total Federal Awards | | | | <u>\$ 799,652</u> | <u>\$ 509,210</u> |

See Notes to Schedule.

TOWN OF WILLISTON, VERMONT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2017

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Williston, Vermont.

NOTE 2 – BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the schedule. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related liability is incurred, if measurable.

NOTE 3 – INDIRECT COST RATE

The Town has elected to not use the 10% de minimus cost rate as allowed under the Uniform Guidance.

TOWN OF WILLISTON, VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

A. Summary of Auditor's Results

1. The auditor's report expresses unmodified opinions on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williston, Vermont.
2. No significant deficiencies in internal control disclosed during the audit of the financial statements are reported in Part B of this Schedule.
3. No instances of noncompliance material to the basic financial statements of the Town of Williston, Vermont were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for the Town of Williston, Vermont expresses an unmodified opinion.
5. There are no audit findings that are required to be reported in accordance with *Government Auditing Standards*, and 2 CFR Section 200.516(a) of the Uniform Guidance.
6. The program tested as a major program includes:

Community Development Block Grants, CFDA # 14.228
7. The threshold for distinguishing Types A and B programs was \$750,000.
8. The Town of Williston, Vermont was determined not to be a low-risk auditee.

B. Findings – Financial Statements Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None

D. Prior Year Findings

None