

CITY OF CENTRAL FALLS, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2022

CITY OF CENTRAL FALLS, 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*

The Honorable President and Members of the City Council
City of Central Falls, 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, each major fund, and the aggregate remaining fund information of the City of Central Falls as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Central Falls' basic financial statements and have issued our report thereon dated January 13, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Central Falls' 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 City of Central Falls' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Central Falls' 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 City of Central Falls' 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
January 13, 2023

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

The Honorable President and Members of the City Council
City of Central Falls, Rhode Island

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Central Falls' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Central Falls' major federal program for the year ended June 30, 2022. The City of Central Falls' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Central Falls complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Central Falls and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Central Falls' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Central Falls' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Central Falls' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Central Falls' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Central Falls' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Central Falls' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Central Falls' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material

weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City of Central Falls as of and for the year ended June 30, 2022, and have issued our report thereon dated January 13, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions 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
February 27, 2023 except for the report on the
schedule of expenditures of federal awards
which is dated January 13, 2023

CITY OF CENTRAL FALLS, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal ALN Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures Incurred</u>
<i>U.S. Department of Housing and Urban Development</i>				
Governor's Office of Housing & Energy & Intergovernmental Relations				
<i>Passed through State of Rhode Island, Division of Planning, Office of Housing and Community Development</i>				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	B-14-DC-44-0001	\$ --	\$ 31,455
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	B-14-DC-44-0001	--	963,026
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	B-14-DC-44-0001	--	<u>957,553</u>
<i>Subtotal</i>			--	<u>1,952,034</u>
Leadsafe Homes Program	14.900		--	<u>95,684</u>
<i>Total U.S. Department of Housing and Urban Development</i>			--	<u>2,047,718</u>
<i>U.S. Department of Justice</i>				
<i>Direct Programs</i>				
Edward Byrne Memorial FY20 JAG	16.738	2020-DJ-BX-0801	--	17,525
Edward Byrne Memorial FY18 JAG	16.738	2018-DJ-BX-0905	--	<u>29,286</u>
<i>Subtotal</i>			--	46,811
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0972	--	36,986
Bulletproof Vest Partnership Program	16.607		--	7,322
Cops School Violence Prevention Program Grant	16.710		--	4,092
Public Safety Partnership and Community Policing Grant	16.710	2013-UMWX-0216	--	<u>62,804</u>
<i>Subtotal</i>			--	66,896
Police Federal Forfeiture	16.922		--	<u>34,157</u>
<i>Total U.S. Department of Justice</i>			--	<u>192,172</u>
<i>U.S. Department of Homeland Security</i>				
<i>Direct Programs</i>				
Assistance to Firefighters Grant	97.044	EMW-2020-FG-17501	--	275,000
Assistance to Firefighters Grant	97.044	EMW-2020-FG-19270	--	7,576
Assistance to Firefighters Grant	97.044	EMW-2019-FG-09362	--	<u>209,810</u>
<i>Subtotal</i>			--	492,386
<i>Passed through State of Rhode Island Department of Emergency Management Agency</i>				
Covid Award	97.036		--	<u>519,742</u>
<i>Total U.S. Department of Homeland Security</i>			--	<u>1,012,128</u>

See notes to schedule of expenditures of federal awards.

CITY OF CENTRAL FALLS, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures Incurred
<i>U.S. Department of Health & Human Services</i>				
<i>Passed through Rhode Island Department of Health</i>				
Public Health Emergency Preparedness	93.069		--	17,500
Immunization Cooperation Agreements	93.268		--	22,375
<i>Passed through Rhode Island Department of Revenue</i>				
Coronavirus Local Fiscal Recovery Fund	93.498		--	724,242
Total U.S. Department of Health & Human Services			--	<u>764,117</u>
 <i>U.S. Department of Agriculture</i>				
<i>Direct Programs</i>				
<i>Community Facilities Loans and Grants Cluster:</i>				
Community Facilities Loans and Grants	10.766		--	45,703
Community Facilities Loans and Grants	10.766		--	38,600
Community Facilities Loans and Grants	10.766		--	119,877
Community Facilities Loans and Grants	10.766		--	43,574
Subtotal			--	<u>247,754</u>
<i>Passed through State of Rhode Island Department of Education</i>				
<i>Child Nutrition Cluster:</i>				
Summer Food Service Program for Children	10.559	RISF-04810	--	26,016
Total U.S. Department of Agriculture			--	<u>273,770</u>
 Total Schedule of Expenditures of Federal Awards			<u>\$ --</u>	<u>\$ 4,289,905</u>

See notes to schedule of expenditures of federal awards.

CITY OF CENTRAL FALLS, RHODE ISLAND

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of the City of Central Falls, Rhode Island under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Central Falls, Rhode Island, it is not intended to and does not present the financial position, changes in net position/fund balance, or cash flows of the City of Central Falls, 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

City of Central Falls, Rhode Island has elected not to use the 10-percent de Minimis indirect cost rate.

CITY OF CENTRAL FALLS, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

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

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses? _____ Yes X None Reported

Non-compliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal award programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes X None reported

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

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of Major Federal Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

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

Auditee qualified as low risk auditee? _____ Yes X No

CITY OF CENTRAL FALLS, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

SECTION II FINDINGS – RELATED TO AUDIT OF FINANCIAL STATEMENTS

CURRENT YEAR FINDINGS:

No matters were reported.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS:

No matters were reported.

CITY OF CENTRAL FALLS, RHODE ISLAND
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Prior Year Findings:

Identifying Number:
#2021-001

Financial Statement Reporting

Condition

During fiscal 2021, the City provided details of various accounts in the financial statements that required corrections of material misstatements in previously issued financial statements due to errors. Management is responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Current Status: Corrected by management

Identifying Number:
#2021-002

Design of Internal Controls

Condition

The City of Central Falls does not have adequate policies or procedures in place in regards to the documentation of controls over the payroll review process, financial statement review process and the timeliness of bank reconciliations being completed during fiscal 2021. Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities; to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.

Current Status: Corrected by management

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior Year Findings:

None reported