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Batchelder Associates, PC

TOWN OF NORWICH, VT

REPORTS ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS, INTERNAL CONTROLS AND  
COMPLIANCE WITH LAWS AND REGULATIONS

JUNE 30, 2018

TOWN OF NORWICH, VERMONT  
JUNE 30, 2018  
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# Batchelder Associates, PC

## INDEPENDENT AUDITOR'S REPORT

The Norwich Selectboard  
Town of Norwich, Vermont

### **Report on the Schedule of Expenditures of Federal Awards**

We have audited the accompanying schedule of expenditures of federal awards of the Town of Norwich, Vermont for the year ended June 30, 2018, and the related notes.

#### ***Management's Responsibility***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above presents fairly, in all material respects, the expenditures of federal awards of the Town of Norwich, Vermont for the year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

*Batchelder Associates, P.C.*

Batchelder Associates, P.C.  
Barre, Vermont  
License #945  
October 9, 2018



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## Batchelder Associates, PC

### 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

Norwich Selectboard  
Town of Norwich, Vermont

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Norwich, Vermont (the Town), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 9, 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 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*.

**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.

*Batchelder Associates, P.C.*

Batchelder Associates, P.C.  
Barre, Vermont  
License #945  
October 9, 2018

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

The Norwich Selectboard  
Town of Norwich Vermont

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Norwich Vermont's (the Town) 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's major federal programs for the year ended June 30, 2018. The Town's major federal programs are 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 each of the Town'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; 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 each 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's 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, 2018.

***Other Matters***

There were no other matters to be reported.

**Report on Internal Control over Compliance**

Management of the Town of Norwich, Vermont 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 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'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, there may have been deficiencies that were not identified during our audit process.

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.

*Batchelder Associates, P.C.*

Batchelder Associates, P.C.  
Barre, Vermont  
License #945  
October 9, 2018

TOWN OF NORWICH, VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

| Federal Grantor/Pass-through Grantor/<br>Program Title     | Federal Program   | Federal<br>CFDA<br>Number | Award Number     | Award Amount        | From Pass-<br>Through Awards | Total<br>Expenditures |
|--|-------------------|---------------------------|------------------|---------------------|------------------------------|-----------------------|
| U.S. Department of Homeland Security:Federal               |                   |                           |                  |                     |                              |                       |
| Federal Emergency Management Agency:                       |                   |                           |                  |                     |                              |                       |
| Passed through Vermont Division of Emergency               |                   |                           |                  |                     |                              |                       |
| Management, Agency of Transportation                       |                   |                           |                  |                     |                              |                       |
| FEMA and Vermont Emergency Relief and                      |                   |                           |                  |                     |                              |                       |
| Assistance Fund  |                   |                           |                  |                     |                              |                       |
|  | FEMA              | 83.516                    |                  | \$ 2,271,088        | \$ 2,271,088                 | \$ 2,271,088          |
| FY17 State Homeland Security Grant Program                 |                   |                           |                  |                     |                              |                       |
| Passed though the Department of Public Safety              |                   |                           |                  |                     |                              |                       |
|  | Homeland Security | 97.067                    | 02140-77152-1731 | \$ 15,712           | \$ 15,208                    | \$ 15,208             |
|  |                   |                           |                  | <u>\$ 2,286,800</u> | <u>\$ 2,286,296</u>          | <u>\$ 2,286,296</u>   |
| U.S. Department of the Interior/National Park Service      |                   |                           |                  |                     |                              |                       |
| Passed through the State of Vermont ACCD                   |                   |                           |                  |                     |                              |                       |
| Historic Preservation Fund Grants-In-Aid / Certified       |                   |                           |                  |                     |                              |                       |
| Local Government   |                   |                           |                  |                     |                              |                       |
|  |                   | 15.904                    | 07110-VT-17-006  | \$ 3,800            | \$ 3,800                     | \$ 3,800              |
|  |                   | 15.904                    | 07110-VT-17-007  | \$ 6,000            | \$ 6,000                     | \$ 6,000              |
|  |                   |                           |                  | <u>\$ 9,800</u>     | <u>\$ 9,800</u>              | <u>\$ 9,800</u>       |
| U.S. Department of Transportation:                         |                   |                           |                  |                     |                              |                       |
| Passed through Vermont Agency of Transportation            |                   |                           |                  |                     |                              |                       |
| Passed through Rutland County Sheriff's Department (SHARP) |                   |                           |                  |                     |                              |                       |
|  | NHTSA             | 20.600                    | GR1032           | \$ 1,000            | \$ 670                       | \$ 670                |
|  | NHTSA             | 20.600                    | GR1176           | \$ 1,000            | \$ 444                       | \$ 444                |
|  | NHTSA             | 20.600                    | GR1032           | \$ 6,000            | \$ 5,693                     | \$ 5,693              |
|  | NHTSA             | 20.600                    | GR1176           | \$ 8,000            | \$ -                         | \$ -                  |
|  |                   |                           |                  | <u>\$ 16,000</u>    | <u>\$ 6,807</u>              | <u>\$ 6,807</u>       |
|  |                   |                           |                  | <u>\$ 16,000</u>    | <u>\$ 6,807</u>              | <u>\$ 6,807</u>       |
| <b>TOTAL AWARDS AND EXPENDITURES:</b>                      |                   |                           |                  | <u>\$ 2,287,088</u> | <u>\$ 2,277,895</u>          | <u>\$ 2,277,895</u>   |

TOWN OF NORWICH, VERMONT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization- The Town of Norwich, Vermont operates under a Selectboard/Representative form of government and provides the following services as authorized by its charter: public safety-police and fire, highways and streets, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

A. Uniform Guidance Reporting Entity – For purposes of complying with 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)*, the Town includes all funds and programs that are considered part of the primary governmental unit, as described in the basic financial statements as of and for the year ended June 30, 2018.

B. Basis of presentation – The information in the accompanying schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

1. Federal award – Pursuant to the Uniform Guidance, federal award means federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. The Town receives direct federal awards which are passed through the State of Vermont.

2. Federal financial assistance – Under the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Federal financial assistance does not include direct federal cash payments to individuals.

3. Major and nonmajor programs – The Uniform Guidance establishes risk-based criteria for determining those major programs to be tested for compliance with program requirements. Nonmajor federal programs are included on the Schedule of Expenditures of Federal Awards but are subject to lower levels of testing.

C. Basis of accounting – The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

2. SUB RECIPIENTS:

NONE

3. LOANS

NONE

TOWN OF NORWICH, VERMONT  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

A: SUMMARY OF AUDITOR'S RESULTS:

Financial Statements –

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *No*

Noncompliance material to financial statements noted? *No*

Federal Awards –

Internal control over major programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *No*

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required by 2 CFR section 200.516(a) are reported: *No*

Identification of major programs:

- *Federal Emergency Management Agency, CFDA #83.516*

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

Auditee qualified as low-risk auditee: *No*

B: AUDIT FINDINGS – FINANCIAL STATEMENTS:

There were no audit findings identified for the year ended June 30, 2018.

C: AUDIT FINDINGS – FEDERAL AWARDS:

There were no audit findings identified for the year ended June 30, 2018.

STATUS OF PRIOR AUDIT FINDINGS  
AS OF JUNE 30, 2018

There are no unresolved prior audit findings applicable to this auditee.