

TOWN OF BRATTLEBORO, VT

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

JUNE 30, 2016

TOWN OF BRATTLEBORO, VERMONT

JUNE 30, 2016

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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*

Brattleboro Selectboard
Town of Brattleboro, 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 Brattleboro, Vermont (the Town), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 15, 2016.

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*.

Bonnie K. Batchelder • Certified Public Accountant

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, PC

Batchelder Associates, P.C.
Barre, Vermont
License #945
September 15, 2016



Batchelder Associates, PC

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

The Brattleboro Selectboard
Town of Brattleboro, Vermont

Report on Compliance for Each Major Federal Program

We have audited the Town of Brattleboro, 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, 2016. 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; 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 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 of Brattleboro, Vermont 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, 2016.

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 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.

Bonnie K. Batchelder • Certified Public Accountant

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.

Batchelder Associates, P.C.

Batchelder Associates, P.C.
Barre, Vermont
License #945
September 15, 2016

TOWN OF BRATTLEBORO, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Award Number	Award Amount	Expenditures
U.S. Department of Housing & Urban Development				
Passed through Vermont Agency of Commerce and Community Development Block Grants/State's Program				
(subgranted to Windham Windsor Housing Trust)	14.228	SS-2013-Brattleboro-00001	\$ 1,000,000	\$ 579,090
(loan to WWHT-PEIII)	14.228	IG-2014-Brattleboro-00005	\$ 425,000	\$ -
(subgranted to Brattleboro Development Credit Corp)	14.228	IG-2015-Brattleboro-00001	\$ 1,000,000	\$ 1,000,000
(subgranted to Groundworks Collaborative)	14.228	PG-2015-Brattleboro-00002	\$ 30,000	\$ 23,343
Green Street Retaining Wall	14.228	IG-2014-Brattleboro-00015	\$ 300,000	\$ 255,000
			<u>\$ 2,755,000</u>	<u>\$ 1,857,433</u>
U.S. Department of Justice				
Bulletproof Vest Partnership Program 2014				
	16.607	1121-0235	\$ 1,864	\$ 699
Bulletproof Vest Partnership Program 2014	16.607	1121-0235	\$ 2,048	\$ -
			<u>\$ 3,912</u>	<u>\$ 699</u>
Byrne Justice Assistance Grant 2014				
	16.738	2014-DJ-BX-0687	\$ 21,073	\$ 4,047
Byrne Justice Assistance Grant 2015	16.738	2015-DJ-BX-1004	\$ 17,062	\$ 3,978
Passed through the Vermont Dept of Public Safety				
Byrne Justice Assistance Grant 2013	16.738	2013-DJ-BX-0015	\$ 90,000	\$ 33,177
			<u>\$ 128,135</u>	<u>\$ 41,201</u>
Passed through the Vermont Dept of Corrections				
Second Chance Act Reentry Initiative	16.812	03520-1394	\$ 30,000	\$ 5,512
			<u>\$ 162,047</u>	<u>\$ 47,412</u>
U.S. Department of Transportation				
Passed through Vermont Agency of Transportation -				
Brattleboro STP EH10(15) Sidewalk Project	20.205	08126-EH0055	\$ 300,000	\$ 300,000
Brattleboro STP EH10(15) Sidewalk Project	20.205	08126-EH0055 Amend #1	\$ 30,000	\$ 30,000
Brattleboro SSMO(87)	20.205	GR0759	\$ 4,000	\$ -
			<u>\$ 334,000</u>	<u>\$ 300,000</u>
Passed through Vermont Department of Public Safety				
2015 OP Enforcement	20.600	02140-1415-1005	\$ 9,000	\$ 90
2016 OP Enforcement	20.600	GR0812	\$ 21,000	\$ 4,529
2016 Equipment Incentives	20.600	GR0908	\$ 8,000	\$ 4,202
			<u>\$ 38,000</u>	<u>\$ 8,821</u>
Passed through Vermont Department of Public Safety				
2015 DUI Enforcement	20.608	02140-1115-5105	\$ 10,000	\$ 451
2016 DUI Enforcement	20.608	GR0772	\$ 12,597	\$ 2,042
			<u>\$ 22,597</u>	<u>\$ 2,493</u>
			<u>\$ 394,597</u>	<u>\$ 311,314</u>
U.S. National Endowment for the Arts				
Our Town	45.024	12-4292-7081	\$ 50,000	\$ 20,405
U.S. Institute of Museums and Library Services				
Passed through Vermont Department of Libraries				
LSTA Resource Sharing FFY 14 Round 2	45.310	LS-00-14-0046-14	\$ 2,796	\$ 1,020
Interlibrary Loan Courier Pilot Project	45.310	LS-00-15-0046-15	\$ 240	\$ -
First Wednesdays Lecture Series	45.310	LS 00-15-0046-15	\$ 650	\$ 650
			<u>\$ 3,686</u>	<u>\$ 1,670</u>
			<u>\$ 53,686</u>	<u>\$ 22,075</u>
U.S. Environmental Protection Agency				
Passed through the Vermont Agency of Natural Resources/Department of Environmental Conservation -				
Clean Water State Revolving Fund - Black Mtn Line	66.458	06140-RF1-171	\$ 807,700	\$ 469,585
Brownfields Assessment Program	66.818	00A00112	\$ 400,000	\$ 25,798
			<u>\$ 1,207,700</u>	<u>\$ 495,383</u>
U.S. Department of Homeland Security:				

Passed through Vermont Agency of Transportation -					
Hazard Mitigation Grant Program	97.039	02140-34000-019	\$	236,060	\$ 197,343
Hazard Mitigation Grant Program	97.039	02140-34000MC-019	\$	4,712	\$ -
			\$	<u>240,772</u>	\$ <u>197,343</u>
Passed through Vermont Department of Public Safety-					
FD Public Safety Training	97.067	02140-73152T-112	\$	7,668	\$ 6,542
FD Public Safety Equipment	97.067	02140-75152-108	\$	6,264	\$ 6,180
FD Public Safety Equipment	97.067	02140-75164V-103	\$	7,573	\$ 6,951
PD Public Safety Equipment	97.067	02140-75252-104	\$	4,499	\$ 2,585
			\$	<u>26,003</u>	\$ <u>22,258</u>
			\$	<u>266,775</u>	\$ <u>219,600</u>
TOTAL AWARDS & EXPENDITURES:			\$	<u>4,839,805</u>	\$ <u>2,953,217</u>

TOWN OF BRATTLEBORO, VERMONT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

1. Summary of significant accounting policies:

Organization- The Town of Brattleboro, 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, water, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

- A. Single Audit reporting entity – For purposes of complying with the Single Audit Act of 1984, as amended, 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, 2016.
- 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. Subrecipients:

The Town subgranted federal awards totaling \$1,635,669 under CFDA No. 14.228, Community Development Block Grants/State's Program.

**TOWN OF BRATTLEBORO, VERMONT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

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? *None reported*

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:

- *U. S. Department of Housing & Urban Development CFDA #14.228 (Pass through)*
- *U. S. Environmental Protection Agency CFDA #66.458 and# 66.818*

Dollar threshold used to distinguish between Type A Type B programs: *\$300,000*

Auditee qualified as low-risk auditee: *Yes*

B. Audit findings – financial statements:

There were no audit findings identified for the year ended June 30, 2016.

C. Audit findings – federal awards:

There were no audit findings identified for the year ended June 30, 2016.

**STATUS OF PROIR AUDIT FINDINGS
AS OF JUNE 30, 2016**

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