

**CITY OF BREWER, MAINE**

**Reports Required by *Government Auditing  
Standards* and the Uniform Guidance**

**For the Year Ended June 30, 2021**

**CITY OF BREWER, MAINE**  
**Reports Required by *Government Auditing Standards***  
**and the Uniform Guidance**  
**For the Year Ended June 30, 2021**

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**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**

City Council  
City of Brewer, Maine

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 City of Brewer, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Brewer's basic financial statements, and have issued our report thereon dated December 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Brewer'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 City of Brewer's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Brewer'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.

**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*, CONTINUED**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Brewer’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*.

During our audit, we also became aware of another other matter that is an opportunity for strengthening internal controls and operating efficiency. The attached schedule summarizes our comment and recommendation regarding the matter.

**City of Brewer, Maine’s Response to Other Comment**

The City of Brewer, Maine’s response to the other comment identified in our audit is described in the accompanying schedule of findings and responses. The City of Brewer, Maine’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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.



December 30, 2021  
South Portland, Maine

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

City Council  
City of Brewer, Maine

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

We have audited the City of Brewer'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 City of Brewer's major federal programs for the year ended June 30, 2021. The City of Brewer'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 City of Brewer'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 City of Brewer'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 City of Brewer's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Brewer 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, 2021.

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

### **Report on Internal Control over Compliance**

Management of the City of Brewer 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 City of Brewer'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 City of Brewer'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 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, each major fund and the aggregate remaining fund information of the City of Brewer as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Brewer, Maine's basic financial statements. We issued our report thereon dated December 30, 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.

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

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.

Handwritten signature of Raymond Kursten Ouellette in cursive script.

December 30, 2021  
South Portland, Maine

**CITY OF BREWER, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2021**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass- through Number	Federal Expenditures	Listing/ Cluster Totals	Passed through to Subrecipients
U.S. Department of Education,					
Passed through Maine Department of Education:					
Title IA Disadvantaged	84.010	3107	\$ 367,054		-
Title IV - Student Support and Academic Enrichment	84.424	3345	9,502		-
Title IIA - Supporting Effective Instruction	84.367	3042	52,259		-
Rural and Low Income	84.358	3305	47,858		-
Elementary and Secondary School Emergency Relief #1 - COVID	84.425D	7006	293,368		-
Elementary and Secondary School Emergency Relief #2 - COVID	84.425D	7041	84,298	377,666	-
Title VII - McKinney Homeless	84.169	3104	8,158		-
Special Education Cluster:					
Special Education State Grants Individuals with Disabilities Act	84.027	3046	378,174		-
Preschool	84.173	6247	6,068		-
Total Special Education Cluster				384,242	
Total U.S. Department of Education			1,246,739		-
U.S. Department of Agriculture,					
Passed through Rural Development:					
Water and Waste Program Cluster:					
Water and Waste Disposal Systems for Rural Communities - 2015	10.760	N/A	722,738		-
Water and Waste Disposal Systems for Rural Communities - 2018	10.760	N/A	2,638,711		-
Total Water and Waste Program Cluster				3,361,449	
Passed through Maine Department of Agriculture, Conservation, and Forestry:					
Volunteer Fire Assistance Grant - 2021	10.664	N/A	1,487		-
Passed through the Maine Dept. of Education:					
Child Nutrition Cluster:					
Food Donation Program	10.555	N/A	36,017		-
COVID-19 - Summer Food Service Program	10.559	7007/7008	343,296		-
Total Child Nutrition Cluster				379,313	
Total U.S. Department of Agriculture			3,742,249		-



**CITY OF BREWER, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For the year ended June 30, 2021**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass- through Number	Federal Expenditures	Listing/ Cluster Totals	Passed through to Subrecipients
U.S. Environmental Protection Agency,					
Direct:					
Brownfield Revolving Loan - Brownfield \$1M Revolving Loan	66.818	N/A	7,091		-
U.S. Department of Justice,					
Direct:					
Equitable Sharing Program	16.922	N/A	30,675		-
Passed through the Penobscot County Emergency Management Agency:					
FY20 - Coronavirus Emergency Supplemental Fund - COVID	16.034	N/A	8,321		-
Passed through the Maine Department of Public Safety:					
FY20 - Coronavirus Emergency Supplemental Fund - COVID	16.034	N/A	78,770	87,091	-
Total U.S. Department of Justice			117,766		-
U.S. Department of Treasury,					
Direct:					
Equitable Sharing Program	21.016	N/A	5,700		-
Passed through the Maine Department of Education:					
Coronavirus Relief Funds #1 - COVID	21.019	7010	1,342,645		-
Coronavirus Relief Funds #2 - COVID	21.019	7015	1,407,662		-
Coronavirus Relief Fund Day Programming - COVID	21.019	7020	166,640	2,916,947	-
Total U.S. Department of Treasury			2,922,647		-
U.S. Department of Homeland Security,					
Passed through Maine Emergency Management Agency:					
Homeland Security Grant - 2020 - Police License Plate Recognition	97.067	N/A	13,800		-
Homeland Security Grant - 2020 - Twin Tension Rope Kit	97.067	N/A	3,735	17,535	-
Total U.S. Department of Homeland Security			17,535		-
<b>Totals</b>			<b>\$ 8,054,027</b>		

*See accompanying notes to schedule of expenditures of federal awards.*

**CITY OF BREWER, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2021**

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**PURPOSE OF THE SCHEDULE**

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Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), requires a schedule of expenditures of federal awards showing total expenditures for each federal award program as identified in the Assistance Listings in the System for Award Management.

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**SIGNIFICANT ACCOUNTING POLICIES**

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- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Brewer, Maine for the fiscal year ended June 30, 2021. The reporting entity is defined in Notes to Basic Financial Statements of the City of Brewer, Maine.
- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the Uniform Guidance.
  - 1. Pursuant to 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, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
  - 2. Major Programs - the Uniform Guidance establishes the level of expenditures to be used in defining major federal financial award programs. Major programs for the City of Brewer, Maine have been identified in the attached Schedule of Findings and Questioned Costs – Summary of Auditor’s Results.
- C. Basis of Accounting - The information presented in the Schedule of Expenditures of Federal Awards is presented on a modified accrual basis of accounting, which is a basis consistent with the City of Brewer, Maine’s fund financial statements. The grants included are all accounted for on a modified accrual basis of accounting as described in the notes to the basic financial statements.
- D. Indirect Cost Rate - The City of Brewer has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF BREWER, MAINE**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2021**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued on whether the financial statements are prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

Material weaknesses identified? no

Significant deficiencies identified? none reported

Noncompliance material to financial statements noted? no

**Federal Awards**

Internal control over major federal programs:

Material weaknesses identified? no

Significant deficiencies identified? none reported

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? no

Identification of major federal programs:

<b><u>Assistance Listing</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
21.019	Coronavirus Relief Funds - COVID
84.425D	Elementary and Secondary School Emergency Relief - COVID

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

Auditee qualified as low-risk auditee? yes

**CITY OF BREWER, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section II - Findings Required to be Reported Under *Government Auditing Standards***

**OTHER COMMENT**

**City Accrued Compensated Absences**

In the current-year, we noted errors in the spreadsheet used by the City to maintain its balances of accrued compensated absences. In reviewing the spreadsheet, we noted formula errors, linking issues between tabs of the spreadsheet and certain rates were not updated. The spreadsheet, which has been carried-forward for many years, is complex and time-consuming. We recommend that the spreadsheet and methodology be reviewed to determine if it can be simplified. Will also recommend greater diligence in its preparation and that a process of review be developed.

***Management Response:*** *The City agrees with the recommendation and will be developing a simplified method to calculate accrued compensated absences that will also be easier to proof.*

**CITY OF BREWER, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section III - Findings and Questioned Cost for Federal Awards**

**None**

**CITY OF BREWER, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section IV - Status of Prior Year Findings and Questioned Costs**

**None**