

CITY OF BREWER, MAINE

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

For the Year Ended June 30, 2022

CITY OF BREWER, MAINE
Reports Required by *Government Auditing Standards*
and the Uniform Guidance
For the Year Ended June 30, 2022

Table of Contents

	<u>Page</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	3-6
Schedule of Expenditures of Federal Awards	7-8
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	10
Section II - Findings Required to be Reported Under <i>Government Auditing Standards</i>	11
Section III - Findings and Questioned Cost for Federal Awards	12
Section IV - Status of Prior Year Findings and Questioned Costs	13

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, Maine, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Brewer, Maine's basic financial statements, and have issued our report thereon dated December 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Brewer, Maine'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, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Brewer, Maine'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 or significant deficiencies may exist that were not 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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Brewer, Maine’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 finding identified and 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 27, 2022
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

Qualified and Unmodified Opinions

We have audited the City of Brewer, Maine's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Brewer, Maine's major federal programs for the year ended June 30, 2022. The City of Brewer, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City of Brewer, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Child Nutrition Cluster for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Brewer, Maine 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Brewer, Maine 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 Brewer, Maine's compliance with the compliance requirements referred to above.

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

Matter Giving Rise to Qualified Opinion on Child Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, the City of Brewer, Maine did not comply with the requirements of Assistance Listing #10.553-#10.559 Child Nutrition Cluster as described in finding number 2022-001 for Allowable Activities. Compliance with such requirements is necessary, in our opinion, for the City of Brewer, Maine to comply with the requirements applicable to that program.

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 Brewer, Maine's federal programs.

Auditor's 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 Brewer, Maine's 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 Brewer, Maine's 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 Brewer, Maine's 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 Brewer, Maine's 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 Brewer, Maine's 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.

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the City of Brewer, Maine's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Brewer, Maine's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Auditor's 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.

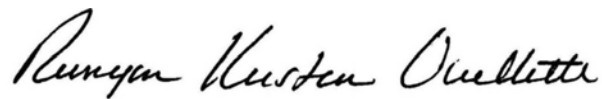
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Brewer, Maine as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Brewer, Maine's basic financial statements. We issued our report thereon dated December 27, 2022, which contained unmodified opinions on those financial statements. Our audit was performed 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.



December 27, 2022
South Portland, Maine

CITY OF BREWER, MAINE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022

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 the Maine Department of Education:					
Title IA Disadvantaged	84.010	3107	\$ 359,074		-
Title IV - Student Support and Academic Enrichment	84.424	3345	27,547		-
Title IIA - Supporting Effective Instruction	84.367	3042	70,670		-
Rural and Low Income	84.358	3305	6,363		-
Elementary and Secondary School Emergency Relief 2 - COVID	84.425D	7041	1,134,612		-
Elementary and Secondary School Emergency Relief 2 - Learning Loss - COVID	84.425D	7042	12,940		-
Elementary and Secondary School Emergency Relief 3 - COVID	84.425U	7071	1,551,294		-
Elementary and Secondary School Emergency Relief 3 - Other - COVID	84.425U	7072	2,797		-
Rethinking Responsive Education Ventures - COVID	84.425B	7030	75,695		-
ARP Homeless Children and Youth - COVID	84.425W	3161	12,247	2,789,585	-
Special Education Cluster:					
Special Education State Grants Individuals with Disabilities Act	84.027	3046	372,305		-
Local Entitlement - ARP - COVID	84.027X	7170	22,656		-
Total Special Education Cluster				394,961	
Total U.S. Department of Education			3,648,200		-
U.S. Department of Agriculture,					
Passed through Rural Development:					
Water and Waste Program Cluster:					
Water and Waste Disposal Systems for Rural Communities - 2018	10.760	N/A	241,610		-
Total Water and Waste Program Cluster				241,610	
Passed through the Maine Department of Agriculture, Conservation, and Forestry:					
Volunteer Fire Assistance Grant - 2021	10.664	N/A	1,554		-
Passed through the Maine Dept. of Education:					
Pandemic EBT Administrative Costs	10.649	6184	1,228		-
State Administrative Expenses for Child Nutrition	10.560	6670	33,512		-
Child Nutrition Cluster:					
Food Donation Program	10.555	N/A	35,027		-
National School Lunch Program - Summer Food Service	10.559	3016/3018	1,741		-
National School Lunch Program - Healthy Meals	10.555	6662	27,650		-
National School Lunch Program	10.555	3022/3024	721,278		-
National School Lunch Program - Breakfast Program	10.553	3014	97,823		-
Total Child Nutrition Cluster				883,519	
Total U.S. Department of Agriculture			1,161,423		-

CITY OF BREWER, MAINE
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2022

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,					
Passed through the Maine Department of Health and Human Services:					
Drinking Water State Revolving Fund Cluster:					
CGDWSRF - 2021 Water System Asset Security Grant	66.468	N/A	10,000		-
CGDWSRF - 2021 Capacity Development Grant	66.468	N/A	3,625		-
CGDWSRF - 2021 Source Water Protection Grant	66.468	N/A	1,212		-
Drinking Water State Revolving Fund Cluster				14,837	
Total U.S. Environmental Protection Agency			14,837		-
U.S. Department of Justice,					
Direct:					
Equitable Sharing Program	16.922	N/A	5,366		-
Public Safety Partnership and Community Policing Grants	16.710	N/A	31,854		-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	1,484		-
Passed through the Penobscot County Emergency Management Agency:					
FY20 - Coronavirus Emergency Supplemental Fund - COVID	16.034	N/A	2,175		-
Total U.S. Department of Justice			40,879		-
U.S. Department of Treasury,					
Direct:					
American Rescue Plan Act - COVID	21.027	N/A	2,600		-
Total U.S. Department of Treasury			2,600		-
U. S. National Endowment for the Humanities,					
Passed through the Maine State Library:					
American Rescue Plan Act - Library - COVID	45.310	N/A	2,612		-
Total U. S. National Endowment for the Humanities			2,612		-
U.S. Department of Homeland Security,					
Direct:					
Assistance to Firefighters Grant - Air Compressor	97.044	N/A	64,805		-
Passed through the Maine Emergency Management Agency:					
Homeland Security Grant - PD - Preparedness and Response Training	97.067	N/A	6,750		-
Homeland Security Grant - PD - Remote surveillance camera	97.067	N/A	12,114	18,864	-
Total U.S. Department of Homeland Security			83,669		-
Totals			\$ 4,954,220		

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BREWER, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2022

PURPOSE OF THE SCHEDULE

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.

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Brewer, Maine for the fiscal year ended June 30, 2022. 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, Maine 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, 2022

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?	No
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:	Qualified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)?	Yes
Identification of major federal programs:	

Assistance Listing

Name of Federal Program or Cluster

<u>10.553-10.559</u>	<u>Child Nutrition Cluster</u>
<u>84.425D, 84.425B, 84.425U, 84.425W</u>	<u>Elementary and Secondary School Emergency Relief</u>

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

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

OTHER COMMENT

Municipal Valuation Return

In the current-year, we noted that the City included the Business Equipment Tax Exemption (BETE) reimbursement in the total taxable valuation on its Municipal Valuation Return (MVR). The MVR is prepared by the Assessor and submitted to the State. We observed that taxable real estate and taxable personal property were netted with the BETE reimbursement to arrive at total taxable value. In the future, we recommend that the City not include BETE reimbursements as a part of the calculation of total taxable value, as this netted value does not truly equal the City's total taxable value.

Management Response: *The City acknowledges this error on the Municipal Valuation Return and has informed Maine Revenue Services of the oversight. The error occurred only on Page 1 of the MVR; it did not carry through to other MVR pages where taxable personal property value is reported. Therefore, the tax rate, tax levy, and BETE reimbursement calculations were not affected by the error. The Finance Director now reviews the MVR before it is submitted to the State.*

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

Section III - Findings and Questioned Cost for Federal Awards

2022-001 – U.S. Department of Agriculture, For the Period July 1, 2021 through June 30, 2022, Assistance Listing #10.553 – #10.559 Child Nutrition Cluster

Criteria: Accurate meal counts and reporting are required for the proper calculation of federal subsidy.

Statement of Condition: During our testing of meal counts we noted numerous instances where meal counts did not tie to the amounts reported on claims forms.

Cause: Clerical errors caused meal counts to be under or over-reported.

Effect: The School Department received too little federal subsidy due to incorrect meal counts.

Recommendation: Management should review and recalculate supporting documentation from the individual schools before including meal counts on monthly claim forms.

Questioned Costs: None

Management response/corrective action plan: *The corrective action to prevent inaccurate lunch counts going forward is to use the NutriKids Point of Sale system we have in place for the school nutrition program. It was not used in FY22, as we were operating under the Summer Feeding Program due to COVID. Meals were counted manually using a tick system and entered into a spreadsheet for claiming. The use of the Point of Sale system requires that each child be accounted for by name/identification number, and counts will be provided electronically rather than manually.*

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

Section IV - Status of Prior Year Findings and Questioned Costs

None