

TOWN OF BRUNSWICK, MAINE

**Reports Required by *Government Auditing
Standards* and OMB Circular A-133**

For the Year Ended June 30, 2013

TOWN OF BRUNSWICK, MAINE
Reports Required by *Government Auditing Standards*
and OMB Circular A-133
For the year ended June 30, 2013

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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**

Audit Committee
Town of Brunswick, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Brunswick, Maine as of and for the year ended June 30, 2013, and related notes to the financial statements, which collectively comprise the Town of Brunswick, Maine's basic financial statements and have issued our report thereon dated November 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Brunswick, Maine'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 of Brunswick, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Brunswick, 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 over financial reporting 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**

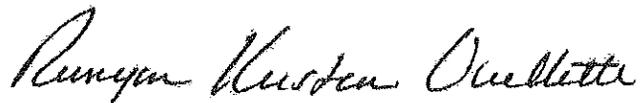
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Brunswick, Maine's financial statements are free of 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*.

During our audit we noted certain matters that we reported to management of the Town of Brunswick, Maine in a separate letter dated November 15, 2013.

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.



November 15, 2013
South Portland, Maine

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Audit Committee
Town of Brunswick, Maine

Report on Compliance for Each Major Federal Program

We have audited the Town of Brunswick, Maine's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Brunswick, Maine's major federal programs for the year ended June 30, 2013. The Town of Brunswick, Maine'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 the requirements of laws, regulations, contract, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Brunswick, Maine'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 of Brunswick, Maine'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 on the Town of Brunswick, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Brunswick, 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 major federal programs for the year ended June 30, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED

Report on Internal Control Over Compliance

Management of the Town of Brunswick, Maine 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 of Brunswick, Maine'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 OMB Circular A-133, 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 of Brunswick, Maine'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 the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Brunswick, Maine as of and for the year ended June 30, 2013, and related notes to the financial statements, which collectively comprise the Town of Brunswick, Maine's basic financial statements. We have issued our report thereon dated November 15, 2013, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 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 financial statements as a whole.

Remyon Hudson Ouellette

November 15, 2013
South Portland, Maine

TOWN OF BRUNSWICK, MAINE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA number	ARRA Funds	Pass-through number	Program or award amount	Balance at June 30, 2012	Revenue Recognized		Expenditures		Balance at June 30, 2013
						Federal	Other	Federal	Other	
U.S. Department of Education, Direct Program: School Assistance in Federally-affected Areas Passed through the Maine Department of Education:				\$ 144,683	-	144,683	-	144,683	-	-
Title 1-A	84.041		N/A							
Title IIA - Teacher Quality	84.010		013-3107-13	430,449		430,449		430,449		
Special Education State Grants	84.367		013-3042-11	115,267		115,267		115,267		
Preschool 619	84.027		013-3046-12	612,644		612,644		612,644		
Preschool 619	84.173		013-6241-23	16,425		16,425		16,425		
Total U.S. Department of Education					-	1,319,468	-	1,319,468	-	-
U.S. Department of Agriculture, Passed through the Maine Forest Service: Forest Health Protection - Project Canopy Passed through the Maine Department of Education:				15,000	(12,960)	12,960	-	-	-	-
National School Lunch Program - Subsidized Hot Lunch Breakfast Program	10.680		11-DG-098							
Food Distribution/Food Donation Program	10.555		013-3024-05	N/A	71,485	277,449	626,419	277,449	566,932	130,972
Food Distribution/Food Donation Program	10.553		013-3014-05	N/A		72,486		72,486		
Food Distribution/Food Donation Program	10.555		013-6134-05	N/A		25,264		25,264		
Total U.S. Department of Agriculture					58,525	388,159	626,419	375,199	566,932	130,972
U.S. Department of Homeland Security, Direct Program: Staffing for Adequate Fire and Emergency Response (SAFER) Passed through the Maine Emergency Management Agency:				108,380		15,183		15,183		
Disaster Grant - Public Assistance	97.083		N/A							
Emergency Management Performance Grant	97.036		FEMA-4108-DR-AME	112,390		93,658		93,658		
Homeland Security Grant Program - 2011	97.042		2009-EP-E9-0046	30,000		16,596		16,596		
Homeland Security Grant Program - 2011	97.067		EMW-20110-SS-00056-S01	37,750		37,750		37,750		
Total U.S. Department of Homeland Security						163,187		163,187		
U.S. Department of Defense, Passed through the Midcoast Regional Redevelopment Authority: Adjustment Assistance for Closure of a Military Installation Special Projects Coordinator				49,992		49,992		49,992		
Special Projects Coordinator	12.607		N/A							
Total U.S. Department of Defense						49,992		49,992		
Page sub-total				\$	58,525	1,920,806	626,419	1,907,846	566,932	130,972

TOWN OF BRUNSWICK, MAINE
Schedule of Expenditures of Federal Awards, continued
For the year ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA number	ARRA Funds	Pass-through number	Program or award amount	Balance at June 30, 2012	Revenue Recognized		Expenditures		Balance at June 30, 2013
						Federal	Other	Federal	Other	
U.S. Department of Housing and Urban Development, Passed through the Maine Department of Economic and Community Development: CDBG - Business Assistance - Integrated Marine Systems	14.228	2012-0618-5933	\$	200,000	-	85,000	-	85,000	-	-
Total U.S. Department of Housing and Urban Development					-	85,000	-	85,000	-	-
U.S. Department of Justice, Direct Program: Bulletproof Vests Grant	16.607	N/A		4,208	-	3,325	-	3,325	-	-
Edward Byrne Justice Assistance Grant	16.738	N/A		10,007	(495)	483	-	48	-	-
Equitable Sharing Program (Forfeited Assets)	16.922	N/A		N/A	11,778	-	1	-	-	11,779
Passed through the Maine Department of Public Safety and through the Town of Windham, Maine Edward Byrne Justice Assistance Grant	16.738	CB-02-12		7,783	-	-	-	3,448	-	(3,448)
Passed through the Maine Association of Substance Abuse Programs: Fake ID Pilot Program	16.727	N/A		3,500	-	3,384	-	3,384	-	-
Passed through Maine Department of Health and Human Services: Underage Drinking	16.727	SA3-12-156		6,552	-	4,723	-	4,723	-	-
Total U.S. Department of Justice					11,343	11,915	1	14,928	-	8,331
U.S. Department of Transportation, Passed through the Maine Department of Transportation: Highway Planning and Construction - Pedestrian Safety	20.205	N/A		16,000	-	16,000	-	16,000	-	-
Passed through the Maine Bureau of Highway Safety: OUI Emphasis	20.600	N/A		5,000	-	471	-	471	-	-
Speed Enforcement Program	20.600	PT12-019		5,000	(86)	2,406	-	2,320	-	-
Seatbelt Enforcement Grant	20.600	OP13-045		1,540	-	1,540	-	1,540	-	-
Total U.S. Department of Transportation					(86)	20,417	-	20,331	-	-
Page sub-total					11,257	117,332	1	120,259	-	8,331
Total			\$	69,782	2,038,138	626,420	2,028,105	566,932	139,303	

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF BRUNSWICK, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2013

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-profit Organizations, requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the Town of Brunswick, Maine for the fiscal year ended June 30, 2013. The reporting entity is defined in notes to basic financial statements of the Town of Brunswick, Maine.

- B. Basis of Presentation - The information in the accompanying schedule of expenditures of federal awards is presented in accordance with OMB Circular A-133.
 - 1. Pursuant to OMB Circular A-133, federal awards are 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 - OMB Circular A-133 establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the Town of Brunswick, Maine are identified in the summary of auditor's results in the schedule of findings and questioned costs.

- C. Basis of Accounting - The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the Town's fund financial statements.

TOWN OF BRUNSWICK, MAINE
Schedule of Findings and Questioned Costs
For the year ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	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 programs:	
Material weaknesses identified?	No
Significant Deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>
<u>14.228</u>	<u>Community Development Block Grant</u>
<u>84.027, 84.173</u>	<u>Special Education Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

TOWN OF BRUNSWICK, MAINE
Schedule of Findings and Questioned Costs, Continued

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

NONE

TOWN OF BRUNSWICK, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards

NONE

TOWN OF BRUNSWICK, MAINE
Schedule of Findings and Questioned Costs, Continued

Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards

#2012-1 U.S. Department of Agriculture, for the Period July 1, 2011 through June 30, 2012, CFDA #10.553, #10.555 Child Nutrition Cluster

Statement of Condition: In our review of the verifications testing done by the School Department personnel we found one student whose status was changed to Direct Certified. However, there was no documentation available to support the student's new status. Additionally, the verification results reported could not be reconciled to the Nutrikids Food Service Management database.

Criteria: Income guidelines are used to determine eligibility for free or reduced lunch. Applications are submitted and determinations are made based on those guidelines. Additionally, a student may also receive free lunch if identified on a State of Maine Direct Certified list. As part of the verifications process the School Department is required to get additional documentation from families who submitted applications. The additional documentation is intended to confirm that the information on the initial application is accurate. Any inaccuracies should be investigated and the students free and reduced lunch eligibility should be adjusted accordingly. Any changes should be reported to the State of Maine (acting as pass-through agent) to ensure federal aid is appropriate and reasonable.

Effect: The School Lunch Program may not receive the correct subsidy reimbursements if eligibility determinations and reports are incorrect.

Cause: The eligibility of the student was changed without retaining the proper documentation to support such a change. Additionally, manual calculation errors contributed to inaccurate reporting submitted to the State of Maine.

Recommendation: All changes made as a result of the verification process should be adequately documented and the documentation should be retained according to the School Department's record retention policy (we suggest a minimum of five years). Additionally, all reports submitted to federal or pass-through agents should be reviewed and reconciled to source documentation by an individual other than the initial preparer to ensure data accuracy.

Questioned Costs: None

Status: *Our test of student eligibility revealed no instances of noncompliance. All students tested had proper documentation to support their eligibility status classification. Additionally, verification data was properly reconciled to the Nutrikids Food Service Management database.*