

**TOWN OF WINTHROP, MAINE**

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

**For the Year Ended June 30, 2022**

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

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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**

To the Town Council  
Town of Winthrop, 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, each major fund, and the aggregate remaining fund information of the Town of Winthrop, Maine, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Winthrop, Maine's basic financial statements, and have issued our report thereon dated \_\_\_\_\_.

**Report on Internal Control over Financial Reporting**

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

We noted certain other matters that we reported to the management of the Town of Winthrop, Maine in a separate letter dated \_\_\_\_\_.

**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.

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South Portland, Maine

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

To the Town Council  
Town of Winthrop, Maine

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

***Qualified and Unmodified Opinions***

We have audited the Town of Winthrop, 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 Town of Winthrop, Maine's major federal programs for the year ended June 30, 2022. The Town of Winthrop, 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 the Elementary and Secondary School Emergency Relief Fund (ESSER)***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Town of Winthrop, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Elementary and Secondary School Emergency Relief Fund for the year ended June 30, 2022.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the Town of Winthrop, 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 Town of Winthrop, 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 Town of Winthrop, 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**

*Matters Giving Rise to Qualified Opinion on Elementary and Secondary School Emergency Relief Fund*

As described in the accompanying schedule of findings and questioned costs, the Town of Winthrop, Maine did not comply with requirements regarding Assistance Listing No. 84.425D and 84.425U ESSER as described in finding number 2022-002 for Special Tests and Provisions.

Compliance with such requirements is necessary, in our opinion, for The Town of Winthrop, 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 Town of Winthrop, 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 Town of Winthrop, 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 Town of Winthrop, 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 Town of Winthrop, Maine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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

- Obtain an understanding of the Town of Winthrop, 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 Town of Winthrop, 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.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-1. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Winthrop, Maine's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of Winthrop, 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.

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

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.

**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 Town of Winthrop, Maine as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Winthrop, Maine's basic financial statements. We issued our report thereon dated \_\_\_\_\_, 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. 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.

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South Portland, Maine



**TOWN OF WINTHROP, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2022**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal Assistance Listing</b>	<b>State pass- through Number</b>	<b>Total Federal Expenditures</b>	<b>Listing/ Cluster Totals</b>	<b>Passed Through to Subrecipients</b>
U. S. Department of Agriculture, passed through Maine Department of Education:					
Child Nutrition Supply Chain Assistance	10.560	6670	\$ 19,298		-
Covid-State Pandemic Electronic Benefit Transfer Administrative Cost Grant	10.649	6184	1,842		-
Child Nutrition Cluster:					
Breakfast Program	10.553	3014	154,688		-
Child Nutrition Emergency Funds	10.555	6662	36,650		-
National School Lunch Program	10.555	3022-3024	316,506		-
National School Lunch Program - Donated Commodities	10.555	N/A	29,387		-
National School Lunch - Summer Food Service	10.559	3016-3018	7,850	545,081	-
<b>Total U. S. Department of Agriculture</b>			<b>566,221</b>		<b>-</b>
U. S. Department of Education, passed through Maine Department of Education:					
Adult Education - Basic	84.002	N/A	6,910		-
Title 1A - Basic Disadvantaged Program	84.010A	3107	224,108		-
Rural and low income	84.358B	3305	10,473		-
Title IIA - Supporting Effective Instruction	84.367A	3042	14,996		-
Title IV - Student Support	84.424A	3345	2,007		-
Gear Up	84.425D	7004	1,605		-
Covid-Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	7006	25,685		-
Covid-Elementary and Secondary School Emergency Relief Fund (ESSER) 2	84.425D	7041	650,557		-
Covid - ARPA Elementary and Secondary School Emergency Relief Fund (ESSER) 3	84.425U	7071	612,716	1,290,563	-
Special Education Cluster:					
Special Education Grants to States	84.027A	3046	372,527		-
Covid-ARPA Preschool Grant	84.173X	Unknown	12,390		-
Special Education Preschool	84.173A	6247	3,064	387,981	-
<b>Total U. S. Department of Education</b>			<b>1,937,038</b>		<b>-</b>
U.S. Department of Housing and Urban Development:					
CDBG - Entitlement Grant Cluster:					
Community Development Block Grant	14.218	N/A	10,000	10,000	10,000
<b>Total U. S. Department of Justice</b>			<b>10,000</b>		<b>10,000</b>
U.S. Department of Justice:					
Covid-Coronavirus Emergency Supplemental Funding Program	16.034	N/A	32,431		30,300
<b>Total U. S. Department of Justice</b>			<b>32,431</b>		<b>30,300</b>
U. S. Department of Treasury:					
Covid-Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	149,793	149,793	-
<b>Total U. S. Department of Treasury</b>			<b>149,793</b>		<b>-</b>
<b>Total federal awards</b>			<b>\$ 2,695,483</b>		<b>40,300</b>

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

**TOWN OF WINTHROP, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2022**

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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.

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**SIGNIFICANT ACCOUNTING POLICIES**

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- A. Reporting Entity - The accompanying schedule includes all federal award programs of the Town for the fiscal year ended June 30, 2022. The reporting entity is defined in Notes to Basic Financial Statements of the Town of Winthrop, 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 Town 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 Town’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 Town of Winthrop, Maine has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**TOWN OF WINTHROP, MAINE**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2022**

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

**Financial Statements**

Type of auditor's report issued on whether the financial Statements audited were 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, Section 200.516?	Yes
Identification of major federal programs:	

<b><u>Assistance Listing Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
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84.425D-U	Elementary and Secondary School Emergency Relief Fund
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Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**TOWN OF WINTHROP, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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

**None**

**TOWN OF WINTHROP, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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

**2022-001 – Uniform Guidance Written Policies**

Criteria: Under the Uniform Guidance §200.302 Financial Management, the non-Federal entity must provide written procedures to implement the requirements of [§200.305](#) (Federal payment), and written procedures for determining the allowability of costs in accordance with subpart E of the Uniform Guidance and the terms and conditions of the Federal award.

Condition: The School Department currently does not have written procedures as required by the Uniform Guidance as specified in the criteria.

Cause: Although the School Department has adequate procedures in place to prevent non-compliance for most of its Federal grants, those procedures have not been documented.

Effect: Without written procedures, the School Department runs the risk of non-compliance for Federal grants.

Known Questioned Costs: None

Likely Questioned Costs: None

Recommendations: The Town and School Department should review their Federal grants and determine which grants need specific written procedures to meet the Uniform Guidance requirements.

Management response/corrective action:

**2022-002 – U.S. Department of Education, for the Period July 1, 2021 through June 30, 2022, Assistance Listing #84.425 D-U Elementary and Secondary School Emergency Fund**

Statement of Condition: Documentation of wage rate requirements in construction contracts and verification of certified weekly payrolls was not performed.

Criteria: All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor. Management needs to ensure that all contractors and subcontractors are submitting weekly certified payrolls and verify that they are being paid at least the prevailing wage rates.

Effect: Contracted employees could potentially not be paid prevailing wage rates, which could jeopardize grant funding.

Cause: The school department did not include language in its construction contracts that included wage rate requirements and did not obtain certified payroll information from contractors.

**TOWN OF WINTHROP, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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

Recommendation: Management should carefully review all contracts related to grants to ensure they include the required language. In addition, management should ensure that contractors submit the required certified payrolls.

Questioned Costs: None

Management Response/Corrective Action Plan:

**TOWN OF WINTHROP, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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

**None**

**TOWN OF WINTHROP, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section IV - Status of Prior Year Findings and Questioned Costs under *Government Auditing Standards***

**2021-001 Continuing Disclosures for Debt Issuances**

Criteria: Federal law and certain bond covenants dictate that the Town provides financial and other information under continuing disclosure requirements. Such requirements include the submission of audited financial statements to the Municipal Securities Rulemaking Board (MSRB) within 270 days of year end.

Condition: The Town submitted audited annual financial statements to the MSRB after the 270 day deadline for the year ended June 30, 2020.

Cause: Due to delays in financial reports, the Town did not comply with the MSRB requirements in a timely manner.

Effect: Required financial disclosures were not published for publicly traded securities in a timely manner for the year ended June 30, 2020.

Recommendation: The Town should ensure that all reporting requirements are met and that financial information is submitted to the MSRB in a timely manner.

Status: The Town filed the financial information within the required period in the current year.