

**CITY OF PORTLAND, MAINE**

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

**For the Year Ended June 30, 2016**

**CITY OF PORTLAND, MAINE**  
**Reports Required by *Government Auditing Standards***  
**and the Uniform Guidance**  
**For the Year Ended June 30, 2016**

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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 and Portland Board of Public Education  
City of Portland, 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 aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Portland, Maine as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Portland, Maine's basic financial statements and have issued our report thereon dated February 6, 2017.

**Internal Control over Financial Reporting**

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

We noted certain matters that are opportunities for strengthening internal controls and operating efficiency that we have reported to the management of the City of Portland, Maine in a separate letter dated February 6, 2017.

**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.



February 6, 2017  
South Portland, Maine

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

City Council and Portland Board of Public Education  
City of Portland, Maine

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

We have audited the City of Portland, Maine's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have direct and material effect on each of the City of Portland, Maine's major federal programs for the year ended June 30, 2016. The City of Portland, 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 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 Portland, 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 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 Portland, 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 City of Portland, Maine's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

***Basis of Qualified Opinion on the Congressionally Mandated Projects***

As described in finding 2016-001 in the accompanying schedule of findings and questioned costs, the City of Portland, Maine did not comply with requirements regarding the following:

Finding	CFDA #	Program (or Cluster) Name	Compliance Requirement
2016-001	66.202	Congressionally Mandated Projects	Reporting

Compliance with such requirements is necessary, in our opinion, for the City of Portland, Maine to comply with the requirements applicable to that program.

***Qualified Opinion on the Congressionally Mandated Projects***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Portland, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Congressionally Mandated Projects for the year ended June 30, 2016.

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

In our opinion, the City of Portland, 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, 2016.

***Other Matters***

The City of Portland, Maine's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Portland, Maine's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Management of the City of Portland, 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 City of Portland, 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 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 Portland, Maine's internal control over compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

*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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Portland, Maine as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Portland, Maine's basic financial statements. We issued our report thereon dated February 6, 2017, 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; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS 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.



February 6, 2017  
South Portland, Maine



**CITY OF PORTLAND, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For year ended June 30, 2016**

<b>Federal Awards</b>	<b>ARRA</b>	<b>City Grant number</b>	<b>Federal CFDA number</b>	<b>Pass- through/ grantor number</b>	<b>Federal Expenditures</b>	<b>CFDA/ Cluster Totals</b>	<b>Passed Through to Subrecipients</b>
U.S. Department of Housing and Urban Development:							
Direct Programs:							
Community Development Block Grants		NONE	14.218	NONE	\$ 1,867,216		849,059
ESG:							
ESG FS Essential Services		GR1612	14.234	NONE	28,327		-
ESG-Homeless Prevention		GR1534	14.234	NONE	32		-
ESG FS Homeless Prevention		GR1613	14.234	NONE	52,369		-
ESG Admin & HMIS		GR1611	14.234	NONE	12,138		-
City ESG-OSS HPSS FY15		GR1533	14.234	NONE	48,953		-
Total ESG						141,819	
HUD Continuum of Care 2011-Job Training Fund		GR1362	14.235	NONE	5,500		-
HOME Program		NONE	14.239	NONE	1,383,071		-
Pass-through Maine State Housing Authority:							
MSHA - HUD Housing Counselor		GR1615	14.169	NONE	17,179		-
MSHA ESG:							
MSHA ESG Funds - Oxford Street Shelter		GR1543	14.231	NONE	88,702		-
MSHA ESG Funds - Home to Stay-Family Shelter		GR1546	14.231	NONE	63,506		-
MSHA ESG Funds - Home to Stay-Oxford Street Shelter		GR1547	14.231	NONE	69,664		-
MSHA-ESG-Family Shelter		GR1549	14.231	NONE	31,854		-
MSHA ESG Funds - Oxford Street Shelter		GR1638	14.231	NONE	90,148		-
MSHA ESG Funds - Family Shelter		GR1639	14.231	NONE	52,546		-
MSHA ESG Operating Funds - Oxford		GR1661	14.231	NONE	63,295		-
MSHA ESG Operating Funds - Family		GR1662	14.231	NONE	34,273		-
Total MSHA ESG						493,988	
Total U.S. Department of Housing and Urban Development					\$ 3,908,773		849,059

**CITY OF PORTLAND, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**

<b>Federal Awards</b>	<b>ARRA</b>	<b>City Grant number</b>	<b>Federal CFDA number</b>	<b>Pass- through/ grantor/ number</b>	<b>Federal Expenditures</b>	<b>CFDA/ Cluster Totals</b>	<b>Passed Through to Subrecipients</b>
Environmental Protection Agency:							
Direct Programs:							
Congressionally Mandated Projects:							
Deering Oaks Park Pond Bottom		GR1475	66.202	NONE	455,399		-
Deering St. Reconstruction		GR1627	66.202	NONE	381,301		-
Total Congressionally Mandated Projects						836,700	
Pass-through Maine Department of Environmental Protection:							
Clean Water State Revolving Loan Fund		NONE	66.458	NONE	1,444,143		-
Total Environmental Protection Agency					2,280,843		-
U.S. Veterans Administration:							
Pass-through Preble Street Inc.:							
Support Services for Veteran Families		GR1536	64.033	12-ME-043	9,030		-
Total U.S. Veterans Administration					9,030		-
U.S. Department of Justice:							
Direct Programs:							
Portland Safe Kids		GR1231	16.730	NONE	459,049		335,429
Justice Assistance Grant:							
2012 Justice Assistance Grant		GR1320	16.738	NONE	11,097		-
2013 Justice Assistance Grant		GR1423	16.738	NONE	32,251		5,211
2014 Justice Assistance Grant		GR1514	16.738	NONE	29,469		22,790
2015 Justice Assistance Grant		GR1621	16.738	NONE	10,767		10,757
Total Justice Assistance Grant						83,584	
Pass-through Maine Department of Human Services:							
Crime Victim Assistance:							
Human Trafficking FY16		GR1628	16.575	OVP-16-3000	46,591		-
Victim Advocate FY16		GR1623	16.575	OVP-16-2307	39,528		-
Victim Advocate FY15		GR1518	16.575	CFS-15-2307	30,394		-
Total Crime Victim Assistance						116,513	
Total U.S. Department of Justice					659,146		374,187

**CITY OF PORTLAND, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**

Federal Awards	ARRA	City Grant number	Federal CFDA number	Pass- through/ grantor number	Federal Expenditures	CFDA/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Transportation:							
Direct Program:							
Airport Improvement Program		NONE	20.106	NONE	5,232,363		-
Pass-through Bureau of Highway Safety:							
National Priority Safety Programs:							
2015 OUI Enforcement		GR1552	20.616	ID15-047	1,723		-
2016 OUI Enforcement		GR1632	20.616	ID16-012	1,109		-
2016 Seatbelt Enforcement		GR1658	20.616	OP16-023	2,099		-
Total National Priority Safety Programs						4,931	
State and Community Highway Safety:							
HCB Tween & Pre-Driver Education		GR1651	20.600	NONE	2,386		-
HP Tween & Pre-Driver Education		GR1652	20.600	NONE	3,037		-
2016 Speed Enforcement		GR1653	20.600	NONE	2,570		-
Total State and Community Highway Safety						7,993	
Total U.S. Department of Transportation					5,245,287		-
U.S. Department of the Interior:							
Pass-through Maine Historic Preservation:							
Historic Preservation Fund Grants-In-Aid:							
Mechanics Hall Window Restoration		GR1512	15.904	NONE	8,063		-
Tate House Drainage/Climate Improvements		GR1630	15.904	NONE	10,208		-
CLG Historical Preservation		GR1629	15.904	NONE	25,000		-
Total Historic Preservation Fund Grants-In-Aid						43,271	
Total U.S. Department of the Interior					43,271		-
U.S. Department of Treasury:							
Pass-through the Finance Authority of Maine:							
State Small Business Credit Initiative		NONE	21.014	NONE	99,776		-
Total U.S. Department of Treasury					99,776		-

**CITY OF PORTLAND, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**

Federal Awards	ARRA	City Grant number	Federal CFDA number	Pass- through/ grantor number	Federal Expenditures	CFDA/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Agriculture:							
Pass-through Maine Department of Education:							
Child Nutrition Cluster:							
School Breakfast Program		NONE	10.553	013-3014	827,299		-
School Lunch Program		NONE	10.555	013-3024	1,610,519		-
Summer Food		NONE	10.559	013-3018	30,434		-
Total Child Nutrition Cluster						2,468,252	
After School Program		NONE	10.558	013-3020	54,099		-
Cash in Lieu of Commodities		NONE	10.565	NONE	188,372		-
Fresh Fruit and Vegetables Program		NONE	10.582	013-3028	79,327		-
Pass-through the Maine Department of Health & Human Services,							
Pass-through the University of New England:							
Supplemental Nutrition Assistance Program:							
HCB SNAP ED		GR1524	10.561	UNE 290032-77	24,813		-
HP SNAP ED		GR1523	10.561	UNE 290032-77	133,345		66,822
HCB SNAP ED		GR1625	10.561	UNE 290032-1M	44,876		-
HP SNAP ED		GR1624	10.561	UNE 290032-1M	282,414		152,581
Total Supplemental Nutrition Assistance Program						485,448	
Total U.S. Department of Agriculture					3,275,498		219,403
U.S. Department of Labor:							
Pass-through Coastal Counties Workforce, Inc.:							
PREP-CCWI		GR1617	17.270	PY15-CCWI-PTLD	1,670		-
Total U.S. Department of Labor					1,670		-
Federal Highway Administration:							
Pass-through Maine Department of Transportation:							
Highway Planning and Construction:							
Somerset/Elm-Hanover Reconstruction		GR1322	20.205	HPP-1762(800)x	12,526		-
Somerset/Hanover/Forest Reconstruction		GR1323	20.205	HPP-1762(810)x	2,713		-
Franklin St. Corridor Feasibility Study Phase II		GR1345	20.205	STP-1521	49,661		-
Bayside Trail Design		GR1646	20.205	STP-1846(900)	140		-
Bayside Trail Phase II		GR1616	20.205	NONE	882		-
Total Highway Planning and Construction						65,922	
Total Federal Highway Administration					65,922		-

**CITY OF PORTLAND, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**

Federal Awards	ARRA	City Grant number	Federal CFDA number	Pass-through/grantor number	Federal Expenditures	CFDA/Cluster Totals	Passed Through to Subrecipients
U.S. Department of Education:							
Pass-through the Maine Department of Education:							
Adult Basic Education:							
Adult Basic Education		NONE	84.002	013-6296	99,170		-
Adult Education Special Project		NONE	84.002	013-6299	58,802		-
Total Adult Basic Education						157,972	
Title 1A:							
Title 1A, Disadvantaged		NONE	84.010	013-3107	2,574,756		-
Title 1A, Program Improvement		NONE	84.010	013-3106	22,362		-
Total Title 1A						2,597,118	
School Improvement Grant	Yes	NONE	84.388	013-3105	16,614		-
Special Education Cluster (IDEA):							
Special Ed Local Entitlement Title VA EHA		NONE	84.027	013-3046	2,124,570		-
Preschool Local Entitlement		NONE	84.173	013-6247	22,861		-
Total Special Education Cluster (IDEA)						2,147,431	
Vocational Education Title II		NONE	84.048	013-3030	196,148		-
Stewart B. McKinney Act		NONE	84.196	013-3104	63,640		-
Title IIA - Teacher Quality		NONE	84.367	013-3042	442,419		-
English Language Acquisition Grant		NONE	84.365	013-3115	208,279		-
Total U.S. Department of Education					5,829,621		-
Federal Department of Homeland Security:							
Direct Program:							
Port Security Grant:							
FY13 Port Security Grant		GR1513	97.056	EMW-2013-PU-00227	94,913		-
FY15 Port Security Grant		GR1619	97.056	EMW-2015-PU-00456	47,270		-
Total Port Security Grant						142,183	
TSA Bomb Dogs		GR1139	97.072	NONE	58,544		-
Pass-through Maine Emergency Management Association:							
Munjoy Hill Generator		GR1378	97.039	FEMA-4108-DR-ME	64,955		-
Homeland Security:							
Homeland Security FY13		GR1444	97.067	EMW-2013-SS-0008	66,415		-
Homeland Security FY14		GR1526	97.067	EMW-2014-SS-00061	179,942		-
Homeland Security FY15		GR1635	97.067	EMW-2015-SS-00038	116,237		-
Total Homeland Security						362,594	
Pass-through Cumberland County:							
United Way - EFSP		GR1614	97.024	NONE	7,500		-
Pass-through Town of Scarborough Fire Department:							
Community Paramedicine		GR1525	97.044	NONE	7,660		-
Total Federal Department of Homeland Security					643,436		-

**CITY OF PORTLAND, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**

Federal Awards	ARRA	City Grant number	Federal CFDA number	Pass- through/ grantor number	Federal Expenditures	CFDA/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Health & Human Services:							
Direct Program:							
Health Care Homeless		GR1351	93.224	NONE	10,443		-
Services to Torture Survivors		GR1539	93.604	NONE	104,990		66,735
HIV Early Intervention Services:							
Ryan White		GR1634	93.918	NONE	192,530		-
Ryan White		GR1538	93.918	NONE	202,423		-
Ryan White Capacity Development		GR1528	93.918	NONE	19,931		-
Total HIV Early Intervention Services						414,884	
Refugee and Entrant Assistance Discretionary Grants:							
Pass-through the Maine Department of Education:							
Refugee Resettlement		NONE	93.576	OMA-14-004	58,631		-
Pass-through the Maine Department of Health & Human Services:							
Targeted Assistance		GR1545	93.576	OMA-15-3008	53,526		23,416
Targeted Assistance		GR1654	93.576	OMA-16-3008	77,075		1,583
Total Refugee and Entrant Assistance Discretionary Grants						189,232	
Pass-through Catholic Charities of Maine:							
Block Grant		GR1535	93.566	NONE	22,326		-
Pass-through the Maine Department of Health & Human Services:							
CRI		GR1606	93.074	CDC-16-468	130,395		-
Sodium Reduction in Communities:							
Sodium Reduction		GR1530	93.082	CDC-15-1047	66,268		42,454
Sodium Reduction		GR1620	93.082	CDC-16-1047	74,680		36,642
Total Sodium Reduction in Communities						140,948	
Substance Abuse and Mental Health Services Projects:							
Partnership for Success HP		GR1521	93.243	OSA-15-417	33,064		14,211
Partnership for Success HCB		GR1522	93.243	OSA-15-417	2,735		-
Partnership for Success HP		GR16F1	93.243	OSA-16-417	87,729		57,182
Partnership for Success HCB		GR16F2	93.243	OSA-16-417	27,909		-
Suicide Prevention SBHC		GR1510	93.243	CDC-15-3046A	3,495		-
Suicide Prevention		GR1631	93.243	CDC-16-3046	731		-
Total Substance Abuse and Mental Health Services Projects						155,663	
Subtotal U.S. Department of Health & Human Services					1,168,881		242,223

**CITY OF PORTLAND, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**

<b>Federal Awards</b>	<b>ARRA</b>	<b>City Grant number</b>	<b>Federal CFDA number</b>	<b>Pass-through/ grantor number</b>	<b>Federal Expenditures</b>	<b>CFDA/ Cluster Totals</b>	<b>Passed Through to Subrecipients</b>
U.S. Department of Health & Human Services, continued:							
Pass-through the Maine Department of Health & Human Services, continued:							
National State Based Tobacco Control Programs:							
Smoke-Free Environments		GR1555	93.305	CDC-15-899	187,872		-
Smoke-Free Environments		GR1647	93.305	CDC-16-899	45,055		-
Total National State Based Tobacco Control Programs						232,927	
Community Health Worker Pilot (CHW)		GR1511	93.624	CDC-15-1021	152,010		10,315
HIV Prevention Activities:							
FFS Clinical		GR15C1	93.940	CDC-15-1142	84,797		-
FFS Clinical		GR16C1	93.940	CDC-16-1142	73,261		-
Disease Intervention		GR15C2	93.940	CDC-15-1142	44,852		-
Disease Intervention		GR16C2	93.940	CDC-16-1142	39,188		-
Outreach Coordination		GR15C3	93.940	CDC-15-1142	24,794		-
Outreach Coordination		GR16C3	93.940	CDC-16-1142	20,475		-
Total HIV Prevention Activities						287,367	
Block Grants for Prevention and Treatment of Substance Abuse:							
HP SA Expansion		GR16E2	93.959	OSA-16-157	20,000		-
HC B SA Expansion		GR1505	93.959	OSA 15-168	185		-
HC B SA Expansion		GR1605	93.959	OSA-16-168	20,000		-
HP OSA		GR15A3	93.959	CDC-15-1186	220		-
HP OSA		GR16A3	93.959	CDC-16-1186	32,825		32,354
HC B OSA		GR15B3	93.959	CDC-15-1186	429		-
HC B OSA		GR16B3	93.959	CDC-16-1186	16,351		12,633
Total Block Grants for Prevention and Treatment of Substance Abuse						90,010	
School Based Health Centers		GR1516	93.994	CDC-15-022	266,462		-
Pass-through University of New England:							
UNE Project Channels		GR1353	93.359	UNE 71745	75		-
Total U.S. Department of Health & Human Services					2,197,732		297,525
<b>Total Federal Awards</b>					<b>\$ 24,260,005</b>		<b>1,740,174</b>

**CITY OF PORTLAND, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2016**

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**PURPOSE OF THE SCHEDULE**

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Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Catalog of Federal Domestic Assistance (CFDA).

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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 Portland, Maine for the fiscal year ended June 30, 2016. The reporting entity is defined in the Notes to Financial Statements of the City of Portland, 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 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 - The Uniform Guidance establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the City of Portland, 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 City's fund financial statements.
- D. Indirect Cost Rate - The City of Portland, Maine has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.



**CITY OF PORTLAND, MAINE**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2016**

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**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?	No
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	Yes

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555, 10.559</u>	<u>School Nutrition Cluster</u>
<u>10.561</u>	<u>Supplemental Nutrition Assistance Program</u>
<u>20.106</u>	<u>Airport Improvement Program</u>
<u>66.202</u>	<u>Congressionally Mandated Projects</u>
<u>66.458</u>	<u>Clean Water State Revolving Loan Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	No
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**CITY OF PORTLAND, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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

*NONE*

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

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

**2016-001 - Environmental Protection Agency, for the Period July 1, 2015 through June 30, 2016, CFDA #66.202  
Congressionally Mandated Projects**

Statement of Condition: The City did not comply with the requirements relating to reporting. The City has a system in place to track and report the financial results of the federal program, but failed to complete the required SF-425 *Federal Financial Report* before the applicable deadline.

Criteria: Ninety calendar days after the fiscal year, the City must report annual financial information to the Environmental Protection Agency.

Effect: Failure to complete reports in a timely manner could result in penalties from federal oversight agencies in the form of reduced funding.

Recommendation: The City has a system in place to track and report financial information related to the Congressionally Mandated Projects, but failed to complete the reporting process before the required deadline. The City should review the requirements under the federal grants and consider changing the design of their system to better allow for the timely completion of the necessary forms and reports.

Questioned Costs: None

Management's response/corrective action plan:

*The City will work with the Public Works Department finance and accounting staff to implement more effective monitoring procedures for federal award reporting to the EPA. The review will include a redesign of the tracking system currently in place for grant reporting requirements.*

Anticipated completion date for corrective action:

*June 30, 2017*

Contact person responsible for corrective action:

*Anne Bilodeau, Deputy Finance Director, 207-874-8656*

**CITY OF PORTLAND, 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**

**2015-001 - U.S. Department of Agriculture, for the Period July 1, 2014 through June 30, 2015, CFDA #10.553, #10.555, and #10.559 School Nutrition Cluster**

Statement of Condition: The School Department did not comply with the requirements relating to student verifications. The School Department has a system in place to document the verification of student eligibility related to the School Nutrition program, but failed to complete the verification process before the required deadline.

Criteria: By November 15<sup>th</sup> of each school year, the local education agency must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals.

Effect: Failure to complete verifications testing could result in students receiving free or reduced price meals who are not eligible. Additionally, failure to complete the verifications could result in penalties from federal oversight agencies in the form of reduced funding.

Recommendation: The School Department has a system in place to document the verification of student eligibility related to the School Nutrition program, but failed to complete the verification process before the required deadline. The School Department should review the requirements under the federal grants and consider changing the design of their system to better allow for the timely completion of the necessary forms and reports.

Questioned Costs: None

Status: *The verification process was completed prior to the required deadline in fiscal year 2016.*

**MATERIAL WEAKNESS**

**2015-002 - Identification of Federal Grants on the Schedule of Expenditures of Federal Awards**

For the fiscal year ended June 30, 2015, the City of Portland, Maine did not properly identify a federal agreement for inclusion on the Schedule of Expenditures of Federal Awards (SEFA). We consider this exclusion to be a material weakness in the City of Portland, Maine's internal controls, as the error was not identified by the City of Portland, Maine, but was identified by the audit firm. Properly designed internal controls allow employees, in the normal course of performing their assigned functions, to identify and correct errors in a timely manner. We recommend that the City of Portland, Maine review its current policies and procedures regarding identification of federal award programs to ensure proper identification of federal agreements in the future.

Status: *All federal awards, including those received through pass-through agencies, were properly identified in fiscal year 2016.*