

CITY OF PORTLAND, MAINE

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

For the Year Ended June 30, 2017

CITY OF PORTLAND, MAINE
Reports Required by *Government Auditing Standards*
and the Uniform Guidance
For the Year Ended June 30, 2017

<u>Report</u>	<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; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3-6
Schedule of Expenditures of Federal Awards	7-13
Notes to Schedule of Expenditures of Federal Awards	14
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	15
Section II - Findings Required to be Reported Under <i>Government Auditing Standards</i>	16
Section III - Findings and Questioned Costs for Federal Awards	17-18
Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards	19

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, 2017, 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 12, 2018.

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 12, 2018.

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 12, 2018
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, 2017. 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 for Qualified Opinion on the HOME Investment Partnerships Program and the Airport Improvement Program

As described in findings 2017-001 and 2017-002 in the accompanying schedule of findings and questioned costs, the City of Portland, Maine did not comply with requirements regarding the following:

<u>Finding</u>	<u>CFDA #</u>	<u>Program (or Cluster) Name</u>	<u>Compliance Requirement</u>
2017-001	14.239	HOME Investment Partnerships Program	Special Tests: Housing Quality Standards
2017-002	20.106	Airport Improvement Program	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 HOME Investment Partnerships Program and the Airport Improvement Program

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 HOME Investment Partnerships Program and the Airport Improvement Program for the year ended June 30, 2017.

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, 2017.

Other Matters

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

**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**

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.

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, 2017, and the related notes to the financial statements, which collectively comprise the City of Portland, Maine's 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**

We issued our report thereon dated February 12, 2018, 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.



February 12, 2018
South Portland, Maine

CITY OF PORTLAND, MAINE
Schedule of Expenditures of Federal Awards
For year ended June 30, 2017

Federal Awards	City Grant Number	Federal CFDA Number	Pass- through/ Grantor Number	Federal Expenditures	CFDA/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development:						
Direct Programs:						
CDBG - Entitlements Grants Cluster:						
Community Development Block Grants	NONE	14.218	NONE	\$ 2,519,683		917,939
Total CDBG - Entitlements Grants Cluster					2,519,683	
CDBG - Section 108 Loan Program	PL0955	14.248	NONE	999,999		-
Emergency Solutions Grant (ESG):						
ESG FS Essential Services	GR1718	14.231	NONE	28,327		-
ESG FS Homeless Prevention	GR1717	14.231	NONE	52,369		-
ESG OSS Homelessness Prevention	GR1660	14.231	NONE	13,800		-
ESG OSS HPRR	GR1610	14.231	NONE	55,200		-
ESG HMIS/Administration	GR1723	14.231	NONE	12,092		-
Total ESG					161,788	
HUD Lead Abatement Program	NONE	14.900	NONE	68,408		-
HOME Program	NONE	14.239	NONE	1,202,472		-
Pass-through Maine State Housing Authority:						
MSHA HUD Housing Counselor	GR1721	14.169	NONE	16,866		-
MSHA Emergency Solutions Grant (ESG):						
MSHA ESG Funds - Oxford Street Shelter	GR1638	14.231	NONE	107,257		-
MSHA ESG Funds - Family Shelter	GR1639	14.231	NONE	42,526		-
MSHA ESG Operating Funds - Oxford	GR1661	14.231	NONE	72,620		-
MSHA ESG Operating Funds - Family	GR1662	14.231	NONE	39,323		-
MSHA OSS Stabilization	GR1742	14.231	NONE	111,316		-
MSHA OSS Operating	GR1743	14.231	NONE	132,305		-
MSHA FS Operating	GR1744	14.231	NONE	71,641		-
Total MSHA ESG					576,988	
Total U.S. Department of Housing and Urban Development				5,546,204		917,939

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

Federal Awards	City Grant Number	Federal CFDA Number	Pass- through/ Grantor Number	Federal Expenditures	CFDA/ Cluster Totals	Passed Through to Subrecipients
Environmental Protection Agency:						
Direct Programs:						
Congressionally Mandated Projects:						
Deering St. Reconstruction	GR1627	66.202	NONE	\$ 219,588		-
Pass-through Maine Department of Environmental Protection:						
Clean Water State Revolving Loan Fund Cluster:						
Capitalization Grants for Clean Water State Revolving Funds	NONE	66.458	NONE	65,742		-
Total Clean Water State Revolving Loan Fund Cluster					65,742	
Total Environmental Protection Agency				285,330		-
Federal Drug Administration:						
Pass-through Association of Food & Drug Officials:						
AFDO	GR1648	93.103	NONE	19,972		-
Total Federal Drug Administration				19,972		-
U.S. Department of Justice:						
Direct Programs:						
Portland Safe Kids	GR1231	16.730	NONE	458,032		357,882
Justice Assistance Grant:						
2013 Justice Assistance Grant	GR1423	16.738	NONE	28,343		-
2014 Justice Assistance Grant	GR1514	16.738	NONE	19,239		278
2015 Justice Assistance Grant	GR1621	16.738	NONE	34,409		18,426
2016 Justice Assistance Grant	GR1731	16.738	NONE	# 37,197		24,838
Total Justice Assistance Grant					119,188	
Youth Violence Prevention	GR1732	16.123	NONE	133,869		122,248
Pass-through Maine Department of Human Services:						
Crime Victim Assistance:						
Human Trafficking FY16	GR1628	16.575	OVP-16-3000	325		-
Victim Advocate FY16	GR1623	16.575	OVP-16-2307	12,972		-
Human Trafficking FY17	GR1740	16.575	OVP-17-3000	# 12,780		-
Victim Advocate FY17	GR1733	16.575	OVP-17-2307	# 40,071		-
Total Crime Victim Assistance					66,148	
Total U.S. Department of Justice				777,237		523,672

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

Federal Awards	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	\$ 5,581,444		-
Pass-through Maine Bureau of Highway Safety:						
Highway Safety Cluster:						
National Priority Safety Programs:						
2016 OUI Enforcement	GR1632	20.616	ID16-012	431		-
2017 Seatbelt Grant	GR1756	20.616	OPB17-036	2,485		-
Total National Priority Safety Programs					2,916	
State and Community Highway Safety:						
2016 Speed Enforcement	GR1653	20.600	NONE	2,430		-
2017 Speed Enforcement	GR1747	20.600	NONE	4,799		-
Total State and Community Highway Safety					7,229	
Total Highway Safety Cluster					10,145	
Pass-through Maine Department of Transportation:						
Federal Highway Administration:						
Highway Planning and Construction Cluster:						
Somerset/Elm-Hanover Reconstruction	GR1322	20.205	PP-1762(800)x	25,701		-
Franklin St. Corridor Feasibility Study Phase II	GR1345	20.205	STP-1521	120,147		-
Bayside Trail Design	GR1646	20.205	TP-1846(900)	25,422		-
Bayside Trail Phase II	GR1616	20.205	NONE	3,278		-
Total Highway Planning and Construction Cluster					174,548	
Total U.S. Department of Transportation				5,766,137		-
U.S. Department of the Interior:						
Pass-through Maine Historic Preservation:						
Historic Preservation Fund Grants-In-Aid:						
Tate House Drainage/Climate Improvements	GR1630	15.904	NONE	10,209		-
CLG Historical Preservation	GR1710	15.904	NONE	20,000		-
CLG Historical Preservation	GR1750	15.904	NONE	6,247		-
Maine Charitable Mechanics	GR1708	15.904	NONE	13,273		-
Fort Gorges Study	GR1709	15.904	NONE	5,100		-
Total Historic Preservation Fund Grants-In-Aid					54,829	
Total U.S. Department of the Interior				54,829		-

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

Federal Awards	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	\$ 878,521		-
School Lunch Program	NONE	10.555	013-3024	1,668,258		-
Summer Food	NONE	10.559	013-3018	54,130		-
Total Child Nutrition Cluster					2,600,909	
After School Program	NONE	10.558	013-3020	54,547		-
Food Distribution Cluster:						
Cash in Lieu of Commodities	NONE	10.565	NONE	191,655		-
Total Food Distribution Cluster					191,655	
Fresh Fruit and Vegetables Program	NONE	10.582	013-3028	80,140		-
Pass-through the Maine Department of Health & Human Services,						
Pass-through the University of New England:						
Supplemental Nutrition Assistance Program (SNAP) Cluster:						
HCB SNAP ED	GR1625	10.561	UNE 290032-1M	29,460		-
HP SNAP ED	GR1624	10.561	UNE 290032-1M	145,996		70,263
HCB SNAP ED	GR1727	10.561	UNE 290032-3D	52,870		-
HCB SNAP ED	GR1728	10.561	UNE 290032-3D	293,394		141,290
Total Supplemental Nutrition Assistance Program Cluster					521,720	
Total U.S. Department of Agriculture				3,448,971		211,553
U.S. Department of Labor:						
Pass-through Coastal Counties Workforce, Inc.:						
PREP-CCWI	GR1617	17.270	PY15-CCWI-PTLD	7,355		-
Total U.S. Department of Labor				7,355		-
National Endowment for the Arts:						
Direct Programs:						
Congress Square Redesign	GR1753	45.024	NONE	1,150		-
Total National Endowment Arts				1,150		-
U.S. Department of Treasury:						
Pass-through the Finance Authority of Maine:						
State Small Business Credit Initiative	NONE	21.014	NONE	106,169		-
Total U.S. Department of Treasury				106,169		-

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

Federal Awards	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	\$ 100,473		-
Adult Education Special Project	NONE	84.002	013-6299	51,475		-
Total Adult Basic Education					151,948	
Title 1A:						
Title 1A, Disadvantaged	NONE	84.010	013-3107	2,465,094		-
Title 1A, Program Improvement	NONE	84.010	013-3106	52,570		-
Total Title 1A					2,517,664	
Special Education Cluster (IDEA):						
Special Ed Local Entitlement Title VA EHA	NONE	84.027	013-3046	1,996,780		-
Preschool Local Entitlement	NONE	84.173	013-6247	13,609		-
Total Special Education Cluster (IDEA)					2,010,389	
Vocational Education Title II	NONE	84.048	013-3030	210,770		-
Stewart B. McKinney Act	NONE	84.196	013-3104	58,966		-
Title IIA - Supporting Effective Instruction	NONE	84.367	013-3042	488,252		-
English Language Acquisition Grant	NONE	84.365	013-3115	206,442		-
Total U.S. Department of Education				5,644,431		-
U.S. Department of Homeland Security:						
Direct Program:						
Port Security Grant:						
FY15 Port Security Grant	GR1619	97.056	EMW-2015-PU-00456	148,510		-
FY16 Port Security Grant	GR1739	97.056	EMW-2016-PU-00220	111,624		-
Total Port Security Grant					260,134	
FEMA - Assistance to Firefighters	GR1655	97.044	EMW-2015-FO-04309	31,910		-
TSA Bomb Dogs	GR1139	97.072	HSTS0210HCAN624	238,419		-
Pass-through Maine Emergency Management Association:						
Homeland Security:						
Homeland Security FY14	GR1526	97.067	EMW-2014-SS-00061	40,136		-
Homeland Security FY15	GR1635	97.067	EMW-2015-SS-00038	152,274		-
Homeland Security FY16	GR1726	97.067	EMW-2016-SS-00080	182,465		-
Total Homeland Security					374,875	
Pass-through Cumberland County:						
United Way - EFSP	GR1722	97.024	NONE	2,079		-
Total U.S. Department of Homeland Security				907,417		-

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

Federal Awards	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 Center Program Cluster:						
Health Care Homeless	GR1351	93.224	NONE	\$ 19,501		-
Total Health Center Program Cluster					19,501	
Ryan White	GR1634	93.918	NONE	164,003		-
Pass-through the Maine Department of Education:						
Refugee and Entrant Assistance Discretionary Grants:						
Refugee Resettlement	NONE	93.576	OMA-14-004	43,248		-
Pass-through the Maine Department of Health & Human Services:						
Targeted Assistance	GR1654	93.576	OMA-16-3008	80,553		48,112
Total Refugee and Entrant Assistance Discretionary Grants					123,801	
Pass-through the Maine Department of Health & Human Services:						
CRI	GR1606	93.074	CDC-16-468	89,577		-
Sodium Reduction	GR1620	93.082	CDC-16-1047	41,053		25,358
Substance Abuse and Mental Health Services Projects:						
Partnership for Success	GR17F1	93.243	CDC-16-1186A	30,665		13,947
Suicide Prevention	GR1631	93.243	CDC-16-3046	4,269		-
Total Substance Abuse and Mental Health Services Projects					34,934	
Subtotal U.S. Department of Health & Human Services				472,869		87,417

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

Federal Awards	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, continued:						
Pass-through the Maine Department of Health & Human Services, continued:						
Smoke-Free Environments	GR1647	93.305	CDC-16-899	\$ 61,039		-
Community Health Worker Pilot (CHW)	GR1511	93.624	CDC-15-1021	61,770		3,250
HIV Prevention Activities:						
FFS Clinical	GR16C1	93.940	CDC-16-1142	57,049		-
Disease Intervention	GR16C2	93.940	CDC-16-1142	38,812		-
Outreach Coordination	GR16C3	93.940	CDC-16-1142	24,525		-
FFS Clinical	GR17C1	93.940	CDC-17-1142	13,967		-
Disease Intervention	GR17C2	93.940	CDC-17-1142	31,458		-
Outreach Coordination	GR17C3	93.940	CDC-17-1142	25,323		-
Total HIV Prevention Activities					191,134	
Block Grants for Prevention and Treatment of Substance Abuse:						
HP OSA	GR16A3	93.959	CDC-16-1186	32,974		13,910
HCB OSA	GR16B3	93.959	CDC-16-1186	7,601		1,105
Overdose Prevention	GR1702	93.959	OSA-17-372	23,614		-
Total Block Grants for Prevention and Treatment of Substance Abuse					64,189	
School Based Health Centers	GR1516	93.994	CDC-15-022	23,420		-
School Based Health Centers	GR1706	93.994	CDC-17-022	224,695		-
Total School Based Health Centers					248,115	
Pass-through University of New England:						
Substance Use Prevention Services	GR1738	93.959	CDC-17-4425	39,037	-	-
Total U.S. Department of Health & Human Services				1,138,153		105,682
Total Federal Awards				\$ 23,703,355	-	1,758,846

CITY OF PORTLAND, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2017

PURPOSE OF THE SCHEDULE

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).

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Portland, Maine for the fiscal year ended June 30, 2017. 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 minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs
June 30, 2017

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? No

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 the Uniform Guidance? Yes

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG – Entitlement Grants Cluster
14.248	CDBG – Section 108 Loan Program
14.239	HOME Investment Partnerships Program
20.106	Airport Improvement Program
66.202	Congressionally Mandated Projects
84.027, 84.173	Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? No

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

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

NONE

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

Section III - Findings and Questioned Costs for Federal Awards

2017-001 – U.S. Department of Housing and Urban Development, for the Period July 1, 2016 through June 30, 2017, CFDA #14.239 HOME Investment Partnership Program

Statement of Condition: The City did not comply with the requirements relating to housing quality standards. Required inspections were not performed within the applicable time period.

Criteria: During the period of affordability, HOME assisted rental housing must be inspected for compliance with property standards no less than (a) every three years for projects containing 1 to 4 units, (b) every two years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units.

Effect: Failure to complete required inspections could result in federal funds provided to ineligible projects.

Recommendation: The City has a system in place to identify and inspect eligible properties, but failed to complete the required inspections before applicable deadlines due to staffing and other administrative changes within the City's Housing and Community Development Division. The City should review the requirements under the federal grants and consider reassigning roles and responsibilities to better allow for the timely completion of the necessary inspections.

Questioned Costs: None

Management's response/corrective action plan: Housing & Community Development staffing has stabilized, and the division manager and department head will develop a schedule for ensuring that inspections take place in a timely manner, utilizing the system in place. The department head and division manager will review current roles and responsibilities and make assignments that will better allow for the timely completion of necessary inspections. If necessary, third party consultants can be brought in under contract to complete the necessary inspections.

Anticipated completion date for corrective action: May 1, 2018

Contact person responsible for corrective action: Mary Davis, Housing and Community Development Division Director, 207-874-8711

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

Section III - Findings and Questioned Costs for Federal Awards, Continued

2017-002 – Department of Transportation, for the Period July 1, 2016 through June 30, 2017, CFDA #20.106 Airport Improvement Program

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* accurately.

Criteria: The SF-425 Federal Financial Report is due annually (based on the Federal fiscal year end of September 30th) and also upon project completion. The SF-425 includes revenue and expenditure information that should be reported on a basis consistent with the grant terms (i.e., cash or accrual).

Effect: Failure to complete reports accurately could skew the financial position of the project and result in an excess or deficiency of funds available for the project.

Recommendation: The City currently utilizes a system where each grant agreement has a specific project code in the accounting software. SF-425 reports should be reconciled to project reports generated from the accounting software. SF-425 reports should be reviewed and approved by a separate individual (who did not prepare the report) prior to submission to the Department of Transportation.

Questioned Costs: None

Management's response/corrective action plan: *Finance department staff will monitor reporting deadlines to ensure that reports are filed on a timely basis, and will review the information contained in all quarterly and annual reports to determine whether it has been accurately reconciled to data in the City's project accounting system.*

Anticipated completion date for corrective action: *March 31, 2018*

Contact person responsible for corrective action: *Rick Marston, Principal Financial Officer, Portland International Jetport, 207-756-8025*

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

Section IV - Status of Prior Year 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

Status: *All reports were filed timely in 2017.*