

**CITY OF PORTLAND, MAINE**

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

**For the Year Ended June 30, 2015**

**CITY OF PORTLAND, MAINE**  
**Reports Required by *Government Auditing Standards***  
**and OMB Circular A-133**  
**For the Year Ended June 30, 2015**

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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 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, 2015, 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 December 18, 2015.

**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 we have reported to the management of the City of Portland, Maine in a separate letter dated December 18, 2015.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 18, 2015  
South Portland, Maine

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

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 *Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED**

***Basis of Qualified Opinion on the School Nutrition Cluster***

As described in finding 2015-001 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
2015-001	10.553, 10.555, and 10.559	School Nutrition Cluster	Special Tests: Verifications

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 School Nutrition Cluster***

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 School Nutrition Cluster for the year ended June 30, 2015.

***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, 2015.

***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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a material weakness.

*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.

The City of Portland, Maine's response to the internal control over compliance 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 it.

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 on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2015, 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 December 18, 2015, 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 OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



December 18, 2015  
South Portland, Maine



**CITY OF PORTLAND, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For year ended June 30, 2015**

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/grantor number	Beginning balance	Revenue			Expenditures	Ending balance
							Federal	State	Other		
U.S. Department of Housing and Urban Development:											
Direct Programs:											
Community Development Block Grants		None	14.218	\$ 1,815,577	NONE	50,731	1,521,226	-	-	1,752,801	(180,844)
CDBG - Section 108 Loan Program		PL0955	14.248	10,200,000	NONE	208,226	8,731,930	-	70	8,732,000	208,226
City ESG-OSS HP X RR Funds FY13		GR1317	14.234	61,208	NONE	(11,893)	11,893	-	-	-	-
HUD Continuum of Care 2011-Employment Assistance		GR1363	14.234	70,016	NONE	100	-	-	-	100	-
ESG Admin		GR1375	14.234	12,603	NONE	(478)	478	-	-	-	-
ESG-Operations		GR1417	14.234	28,993	NONE	(19,052)	19,052	-	-	-	-
ESG-Operations		GR1503	14.234	35,391	NONE	-	35,391	-	-	35,391	-
ESG-Essential Services		GR1424	14.234	21,853	NONE	(8,675)	8,675	-	-	-	-
ESG-Essential Services		GR1531	14.234	26,675	NONE	-	22,813	-	-	26,675	(3,862)
ESG-Homeless Prevention		GR1425	14.234	21,853	NONE	(12,534)	12,534	-	-	-	-
ESG-Homeless Prevention		GR1534	14.234	26,675	NONE	-	23,952	-	-	26,643	(2,691)
City ESG-OSS HP X RR Funds FY14		GR1427	14.234	44,860	NONE	(1,571)	27,354	-	-	27,354	(1,571)
City ESG-OSS HPRR ADMIN/HMIS FY15		GR1532	14.234	6,838	NONE	-	-	-	-	6,836	(6,836)
City ESG-OSS HPSS FY15		GR1533	14.234	54,759	NONE	-	1,659	-	-	5,806	(4,147)
ESG Admin		GR1428	14.234	5,600	NONE	(2,733)	2,733	-	-	-	-
HUD Continuum of Care 2012-Employment Assistance		GR1441	14.234	71,350	NONE	(15,783)	42,096	-	-	26,313	-
HUD Continuum of Care 2012-Job Training		GR1442	14.234	15,737	NONE	1,443	5,349	-	-	6,792	-
HUD Continuum of Care 2011-Job Training Fund		GR1362	14.235	15,443	NONE	5,500	-	-	-	-	5,500
HUD COC 11 Bell Street Transitional Housing		GR1374	14.235	44,152	NONE	1,870	3,000	-	-	4,870	-
HUD Continuum of Care 2012-PTD Collaborative		GR1448	14.235	161,137	NONE	(56,717)	107,962	-	-	51,245	-
HUD Continuum of Care 2012-Planning		GR1449	14.267	39,547	NONE	-	-	-	-	25,788	(25,788)
HOME Program		None	14.239	866,153	NONE	176,792	801,737	-	298,794	1,024,372	252,951
HUD CoC 11 Bell Street Transitional Housing		GR1469	14.235	42,152	NONE	(18,293)	25,973	-	-	7,680	-
Subtotal U.S. Department of Housing and Urban Development						296,933	11,405,807	-	298,864	11,760,666	240,938

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

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/ grantor number	Beginning balance	Revenue			Expenditures	Ending balance
							Federal	State	Other		
U.S. Department of Housing and Urban Development, continued:											
Pass-through Maine State Housing Authority:											
MSHA-HUD Housing Counselor		GR1462	14.169	\$ 28,836	NONE	(19,000)	28,836	-	-	9,836	-
MSHA ESG Funds - Oxford Street Shelter		GR1368	14.231	50,907	NONE	35	-	-	-	35	-
MSHA ESG Funds - Home to Stay-Family Shelter		GR1379	14.231	75,000	NONE	(21,998)	80,357	-	-	58,359	-
MSHA ESG Funds - Home to Stay-Oxford Street Shelter		GR1381	14.231	100,000	NONE	(24,349)	107,122	-	-	82,773	-
MSHA-ESG-Family Shelter		GR1463	14.231	35,000	NONE	9,877	18,599	-	-	28,476	-
MSHA ESG Funds - Oxford Street Shelter		GR1464	14.231	40,100	NONE	19,953	36,319	-	-	56,272	-
MSHA ESG Funds - Oxford Street Shelter		GR1543	14.231	68,319	NONE	-	65,924	-	-	22,443	43,481
MSHA ESG Funds - Home to Stay-Family Shelter		GR1546	14.231	100,000	NONE	-	20,571	-	-	40,924	(20,353)
MSHA ESG Funds - Home to Stay-Oxford Street Shelter		GR1547	14.231	100,000	NONE	-	20,907	-	-	44,429	(23,522)
MSHA-ESG-Family Shelter		GR1549	14.231	40,000	NONE	-	44,729	-	-	17,537	27,192
Pass-through Cumberland County:											
Center for Therapeutic Recreation		GR1440	14.218	5,000	NONE	-	525	-	-	525	-
Total U.S. Department of Housing and Urban Development						261,451	11,829,696	-	298,864	12,122,275	267,736
Environmental Protection Agency:											
Direct Programs:											
Deering Oaks Park Pond Bottom		GR1475	66.202	611,111	NONE	-	66,869	-	-	71,159	(4,290)
Pass-through Maine Department of Environmental Protection:											
Clean Water State Revolving Loan Fund		NONE	66.458	5,836,000	NONE	-	350,222	-	-	350,222	-
Total Environmental Protection Agency						-	417,091	-	-	421,381	(4,290)
U.S. Veterans Administration:											
Pass-through Preble Street, Inc.:											
Support Services for Veteran Families		GR1343	64.033	376,030	12-ME-330	(907)	-	-	907	-	-
Support Services for Veteran Families		GR1452	64.033	555,703	12-ME-330	(34,889)	255,554	-	-	220,665	-
Support Services for Veteran Families		GR1536	64.033	555,703	12-ME-043	-	293,515	-	-	331,652	(38,137)
Total U.S. Veterans Administration						(35,796)	549,069	-	907	552,317	(38,137)

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

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/grantor number	Beginning balance	Revenue			Expenditures	Ending balance
							Federal	State	Other		
U.S. Department of Justice:											
Direct Programs:											
COPS Hiring Grant	ARRA	GR1032	16.710	\$ 882,528	NONE	(11,945)	37,305	-	-	25,360	-
Portland Safe Kids		GR1231	16.730	2,110,000	NONE	(273,508)	680,814	-	-	721,691	(314,385)
2011 Justice Assistance Grant		GR1222	16.738	134,775	NONE	(5,513)	60,355	-	-	54,842	-
2012 Justice Assistance Grant		GR1320	16.738	110,264	NONE	(5,899)	16,239	-	-	33,705	(23,365)
2013 Justice Assistance Grant		GR1423	16.738	96,312	NONE	-	24,455	-	-	35,718	(11,263)
2014 Justice Assistance Grant		GR1514	16.738	110,008	NONE	-	12,663	-	-	24,499	(11,836)
Pass-through Maine Department of Human Services:											
Victim Advocate FY15		GR1518	16.575	42,000	CFS-15-2307	-	60,071	-	-	48,247	11,824
Victim Advocate FY14		GR1422	16.575	42,000	CFS-14-2307	(780)	11,287	-	-	10,507	-
Total U.S. Department of Justice						(297,645)	903,189	-	-	954,569	(349,025)
U.S. Department of Transportation:											
Direct Program:											
Airport Improvement Plan		None	20.106	14,116,158	NONE	(1,269,136)	1,588,566	125,751	39,257	1,154,014	(669,576)
Pass-through Bureau of Highway Safety:											
2013-2014 OUI Enforcement		GR1445	20.601	5,000	AL14-047	515	2,086	-	-	2,601	-
2014 Seatbelt Enforcement		GR1477	20.616	3,000	OP14-055	(1,449)	1,877	-	-	428	-
2015 OUI Enforcement		GR1552	20.616	2,470	ID15-047	-	-	-	-	678	(678)
2015 Seatbelt Enforcement		GR1556	20.616	2,500	OP15-034	-	-	-	-	1,693	(1,693)
Total U.S. Department of Transportation						(1,270,070)	1,592,529	125,751	39,257	1,159,414	(671,947)
U.S. Department of the Interior:											
Pass-through Maine Historic Preservation:											
NAPC 2014 Forum		GR1508	15.904	1,246	NONE	-	1,173	-	-	1,173	-
Portland Company Complex		GR1509	15.904	10,500	NONE	-	5,000	-	-	10,495	(5,495)
Mechanics Hall Window Restoration		GR1512	15.904	17,185	NONE	-	5,385	-	-	14,506	(9,121)
CLG Historical Preservation		GR1515	15.904	20,000	NONE	-	20,495	-	-	20,000	495
2014 Certified Local Government Workshop		GR1517	15.904	4,050	NONE	-	4,043	-	-	4,043	-
Total U.S. Department of the Interior						-	36,096	-	-	50,217	(14,121)

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

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/grantor number	Beginning balance	Revenue			Expenditures	Ending balance
							Federal	State	Other		
U.S. Department of Agriculture:											
Direct Program:											
Farm to School Grant		NONE	10.575	\$ 99,895	N/A	-	47,789	-	-	47,789	-
Pass-through Maine Department of Education:											
Fresh Fruit and Vegetables Program		NONE	10.582	N/A	013-3028	-	85,288	-	-	85,288	-
School Breakfast Program		NONE	10.553	N/A	013-3014	-	825,184	7,307	-	832,491	-
School Lunch Program		NONE	10.555	N/A	013-3024	-	1,549,232	39,917	-	1,589,149	-
After School Program		NONE	10.558	N/A	013-3020	-	47,547	-	-	47,547	-
Summer Food		NONE	10.559	N/A	013-3018	-	30,434	-	-	30,434	-
Cash in Lieu of Commodities		NONE	10.565	N/A	NONE	-	187,286	-	-	187,286	-
Pass-through the Maine Department of Health & Human Services,											
Pass-through the University of New England:											
HCB SNAP ED		GR1429	10.561	60,929	UNE 290032-42	(4,685)	31,964	-	-	27,279	-
HP SNAP ED		GR1430	10.561	186,394	UNE 290032-42	(82,347)	252,097	-	-	169,750	-
HCB SNAP ED		GR1524	10.561	71,145	UNE 290032-77	-	22,270	-	-	46,512	(24,242)
HP SNAP ED		GR1523	10.561	462,951	UNE 290032-77	-	214,157	-	-	269,541	(55,384)
Pass-through Maine Forest Service:											
Project Canopy		GR1474	10.675	15,000	13-DG-076	(13,750)	13,750	-	-	-	-
Total U.S. Department of Agriculture						(100,782)	3,306,998	47,224	-	3,333,066	(79,626)
Federal Highway Administration:											
Pass-through Maine Department of Transportation:											
Safe Routes to School		GR1069	20.205	403,956	17585	(337,369)	167,846	-	-	17,414	(186,937)
Somerset/Elm-Hanover Reconstruction		GR1322	20.205	506,540	HPP-1762(800)x	(96,130)	47,590	-	39,977	-	(8,563)
Somerset/Hanover/Forest Reconstruction		GR1323	20.205	160,000	HPP-1762(810)x	-	58,941	-	-	58,954	(13)
Franklin St. Corridor Feasibility Study Phase II		GR1345	20.205	359,307	STP-1521	2,882	63,877	4,382	-	91,705	(20,564)
Total Federal Highway Administration						(430,617)	338,254	4,382	39,977	168,073	(216,077)

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

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/grantor number	Beginning balance	Revenue			Expenditures	Ending balance
							Federal	State	Other		
U.S. Department of Education:											
Direct Program:											
School Counseling		NONE	84.215	\$ 352,049	NONE	(1,000)	34,316	-	-	33,316	-
Pass-through the Finance Authority of Maine:											
College Access Challenge Grant		NONE	84.378	22,000	NONE	(577)	-	-	-	-	(577)
Pass-through the Maine Department of Education:											
Adult Basic Education		NONE	84.002	100,000	013-6296	-	100,000	-	-	100,000	-
Adult Education Special Project		NONE	84.002	44,926	013-6299	-	46,997	-	-	46,997	-
Title 1A, Disadvantaged		NONE	84.010	2,608,727	013-3107	-	2,683,539	-	-	2,683,539	-
Title 1A, Program Improvement		NONE	84.010	10,000	013-3106	-	9,636	-	-	9,636	-
Title 1A, SIG	ARRA	NONE	84.388	6,134,817	013-3105	-	183,035	-	-	183,035	-
Special Ed Local Entitlement Title VA EHA		NONE	84.027	2,017,188	013-3046	-	2,036,889	-	-	2,036,889	-
Preschool Local Entitlement		NONE	84.173	22,573	013-6247	-	12,899	-	-	12,899	-
Vocational Education Title II		NONE	84.048	209,746	013-3030	-	187,936	-	-	187,936	-
Stewart B. McKinney Act		NONE	84.196	34,040	013-3104	-	35,419	-	-	35,419	-
Title IIA - Teacher Quality		NONE	84.367	555,789	013-3042	-	550,423	-	-	550,423	-
English Language Acquisition Grant		NONE	84.365	232,918	013-3115	-	209,272	-	-	209,272	-
Total U.S. Department of Education						(1,577)	6,090,361	-	-	6,089,361	(577)

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

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/ grantor number	Beginning balance	Revenue			Expenditures	Ending balance
							Federal	State	Other		
Federal Department of Homeland Security:											
Direct Program:											
AFG 2011 Regional Training		GR1259	97.004	\$ 80,452	EMW-2011-FR-00598	(193)	27,719	-	-	27,526	-
FEMA Safer		GR1416	97.083	1,111,188	EMW-2012-FH-0083	(204,556)	749,301	-	-	544,745	-
FY11 Port Security Grant		GR1230	97.056	1,000,777	EMW-2011-PU-00082	(92,540)	118,069	-	-	25,529	-
TSA Bomb Dogs		GR1139	97.072	824,875	NONE	(36,768)	172,758	-	-	169,093	(33,103)
Pass-through Maine Emergency Management Association:											
FEMA 2/2/15 Winter Storm		ST1503	97.036	229,044	NONE	-	229,044	-	-	229,044	-
Munjoy Hill Generator		GR1378	97.039	64,952	FEMA-4108-DR-ME	(4,251)	2,738	-	-	1,035	(2,548)
Homeland Security FY11		GR1262	97.067	460,597	EMW-2011-SS-00056-S01	(81,103)	95,247	-	-	14,144	-
Homeland Security FY12		GR1338	97.067	218,085	EMW-2012-SS-00081	(195,338)	218,084	-	-	22,746	-
Homeland Security FY13		GR1444	97.067	332,201	EMW-2013-SS-0008	(67,099)	227,033	-	-	198,545	(38,611)
Homeland Security FY14		GR1526	97.067	360,151	EMW-2014-SS-00061	-	125,555	-	-	140,039	(14,484)
Pass-through Town of Scarborough Fire Department:											
Community Paramedicine		GR1525	97.044	24,248	NONE	-	16,467	-	-	8,806	7,661
Total Federal Department of Homeland Security						(681,848)	1,982,015	-	-	1,381,252	(81,085)

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

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass- through/ grantor number	Beginning balance	Revenue			Expenditures	Ending balance
							Federal	State	Other		
U.S. Department of Health & Human Services:											
Direct Programs:											
Health Care Homeless		GR1351	93.224	\$ 1,357,697	NONE	(132,653)	476,438	-	4,774	264,554	84,005
Portland High Renovation		GR1361	93.501	225,000	NONE	4,370	-	-	-	4,370	-
Services to Torture Survivors		GR1344	93.604	360,000	NONE	(190,644)	198,811	-	-	8,167	-
Services to Torture Survivors		GR1450	93.604	360,000	NONE	(225,070)	345,805	-	-	120,735	-
Services to Torture Survivors		GR1539	93.604	360,000	NONE	-	155,677	-	-	243,846	(88,169)
Ryan White HIV		GR1451	93.918	178,267	NONE	(103,148)	315,815	-	-	212,667	-
Ryan White		GR1538	93.918	356,533	NONE	-	74,956	-	-	154,110	(79,154)
Ryan White Capacity Development		GR1528	93.918	82,469	NONE	-	15,386	-	-	62,538	(47,152)
Pass-through the Maine Department of Education:											
Refugee Resettlement		NONE	93.576	87,654	OMA-14-004	15,529	43,516	-	-	59,173	(128)
Pass-through the National Assoc. of County and City Health Officials:											
NACCHO Retail Food		GR1460	93.103	10,000	NONE	(4,086)	6,740	-	-	2,654	-
Pass-through Catholic Charities of Maine:											
Block Grant		GR1468	93.566	52,297	NONE	(41,769)	52,279	-	-	10,510	-
Block Grant		GR1535	93.566	53,751	NONE	-	-	-	-	40,384	(40,384)
Subtotal U.S. Department of Health & Human Services						(677,471)	1,685,423	-	4,774	1,183,708	(170,982)

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

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/grantor number	Beginning balance	Revenue			Expenditures	Ending balance
							Federal	State	Other		
U.S. Department of Health & Human Services, continued:											
Pass-through the Maine Department of Health & Human Services:											
CRI		GR1401	93.069	\$ 135,000	CDC-14-468	(26,186)	26,186	-	401	-	401
CRI		GR1501	93.069	135,000	CDC-15-468		111,757	-	-	135,470	(23,713)
Sodium Reduction		GR1530	93.082	131,117	CDC-15-1047	-	32,914	-	-	63,717	(30,803)
Partnership for Success HP		GR1419/GR1420	93.243	79,185	OSA-14-417	(15,993)	46,829	-	-	30,836	-
Partnership for Success HP		GR1521	93.243	59,389	OSA-15-417	-	33,050	-	-	25,046	8,004
Partnership for Success HCB		GR1522	93.243	19,796	OSA-15-417	-	9,898	-	-	16,706	(6,808)
Suicide Prevention SBHC		GR1510	93.243	10,000	CDC-15-3046A	-	5,592	-	-	5,416	176
Smoke-Free Environments		GR1471	93.283	206,823	CDC-14-899	(16,667)	187,316	-	-	170,649	-
Smoke-Free Environments		GR1555	93.305	93,750	CDC-15-899	-	11,932	-	-	34,304	(22,372)
Community Transformation		GR1418/GR1421	93.531	109,796	CDC-14-1412	(159)	22,500	-	-	22,341	-
Targeted Assistance		GR1342	93.576	148,500	OMA 13-3008	(32,625)	32,625	-	-	-	-
Targeted Assistance		GR1454	93.576	174,500	OMA-14-3008	21,061	33,768	-	-	54,829	-
Targeted Assistance		GR1545	93.576	174,500	OMA-15-3008	-	87,250	-	-	118,240	(30,990)
Community Health Worker Pilot (CHW)		GR1511	93.624	326,303	CDC-15-1021	-	102,884	13,805	-	103,922	12,767
HID/STD		GR1354	93.940	220,500	CDC-13-255	(7,794)	84,113	-	-	76,319	-
IDU		GR1355	93.940	69,638	CDC-13-255	1,325	23,211	-	-	24,536	-
FFS Clinical		GR15C1	93.940	130,310	CDC-15-1142	-	35,255	7,799	-	44,188	(1,134)
Disease Intervention		GR15C2	93.940	78,000	CDC-15-1142	-	35,347	3,000	-	33,170	5,177
Outreach Coordination		GR15C3	93.940	45,000	CDC-15-1142	-	22,051	-	-	20,206	1,845
HP SA Expansion		GR1407	93.959	20,000	OSA 14-157	(6,099)	6,099	-	-	-	-
HP SA Expansion		GR15E2	93.959	15,000	OSA 14-157	-	11,642	-	-	15,000	(3,358)
HCB SA Expansion		GR1408	93.959	15,000	OSA 14-168	(4,701)	4,701	-	-	-	-
HCB SA Expansion		GR1505	93.959	15,000	OSA 15-168	-	9,335	-	-	14,645	(5,310)
HP CCHC		GR14A1/B1	93.959	242,505	CDC-14-1186	(21,084)	21,084	-	-	-	-
HP HMP		GR14A2/B2	93.959	504,984	CDC-14-1186	(79,288)	79,288	-	-	1,016	(1,016)
HP OSA		GR14A3/B3	93.959	80,000	CDC-14-1186	(11,533)	12,483	-	-	2,090	(1,140)
HP OSA		GR15A3	93.959	60,000	CDC-15-1186	-	53,159	-	-	58,937	(5,778)
HCB OSA		GR15B3	93.959	20,000	CDC-15-1186	-	3,333	-	-	18,640	(15,307)
School Based Health Centers		GR1314	93.994	534,800	CDC-13-022	(46,933)	47,250	-	-	601	(284)
School Based Health Centers		GR1516	93.994	537,200	CDC-15-022	-	-	143,744	84,358	235,324	(7,222)
Pass-through University of New England:											
UNE Project Channels		GR1353	93.359	246,128	UNE 71745	1,712	156,968	-	-	158,605	75
<b>Total U.S. Department of Health &amp; Human Services</b>						<b>(922,435)</b>	<b>3,035,243</b>	<b>168,348</b>	<b>89,533</b>	<b>2,668,461</b>	<b>(297,772)</b>
<b>Total Federal Awards</b>				<b>\$</b>		<b>(3,479,319)</b>	<b>30,080,541</b>	<b>345,705</b>	<b>468,538</b>	<b>28,900,386</b>	<b>(1,484,921)</b>

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



**CITY OF PORTLAND, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2015**

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**PURPOSE OF THE SCHEDULE**

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

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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, 2015. 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 OMB Circular A-133.
  - 1. Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
  
  - 2. Major - OMB Circular A-133 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 cash basis of accounting, which differs from the reporting in the City's fund financial statements.

**CITY OF PORTLAND, MAINE**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2015**

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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?	Yes
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 Circular A-133, Section .510(a)?	Yes

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	School Nutrition Cluster
14.248	Community Development Block Grant Section 108 Loan Guarantees
84.010	Title IA
84.027, 84.173	Local Entitlement Cluster
84.388	School Improvement Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 867,012
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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**

**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

Management's Response/Corrective Action plan:

*The delay in verification of eligibility certifications for free and reduced lunch students is recognized and will be addressed by the new Food Services Director, with the improvement demonstrated in 2016. For 2015, there was also a delay, although shorter, that we attribute to the turnover in staff as well as transition to four Community Eligibility Provision schools, which caused some confusion around forms and certifications to comply with State Department of Education requirements. Corrective action will include a review by the Food Service Director of the overall process for collecting certification forms, as well as a commitment to performing the verification process on time.*

Anticipated completion date for corrective action of all comments:

*June 30, 2016*

Contact person responsible for corrective action:

*Cathy Ricker, Controller, 207-874-8100*

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

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

**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.

**Management's Response/Corrective Action plan:**

*We concur with the finding. The City is currently involved in a number of changes in administering grants. These include a more rigorous review/approval process of new grant opportunities. Additionally, we have increased central oversight of grant funding. These include a secondary review of grant agreements to determine that the funding source is accurately been identified and recorded in our accounting system. Also, City departments receive monthly reports, that have been centrally reviewed, that summarize the status of all active grants for which they have primary and programmatic oversight. We also plan to review the source and use of all of the City's funds in order to identify and additional previously unidentified federal funds.*

**Anticipated completion date for corrective action of all comments:**

*June 30, 2016*

**Contact person responsible for corrective action:**

*Cathy Ricker, Controller, 207-874-8100*

**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**

**2014-001 - U.S. Department of Education, for the Period July 1, 2013 through June 30, 2014, CFDA #84.010 Title 1A, CFDA #84.388 School Improvement Grant, CFDA #84.027 and 84.173 Special Education – Local Entitlement Cluster (IDEA)**

Statement of Condition: The School Department did not comply with the requirements relating to employee certifications. The School Department has a system in place to document employee time spent on federal programs, but failed to complete the necessary forms in a timely manner.

Criteria: *OMB Circular A-87, Attachment B, paragraphs 8.h.(3), (4), (5), and (6)* describe the documentation requirements regarding employee time-and-effort requirements. A local educational agency must complete semiannual certification forms for all employees who work on a single federal cost objective. Employees working on multiple cost objectives, one of which is federally funded, must complete certification forms at least monthly.

Effect: These forms are used to certify that employees paid with federal funds were in fact engaged in activities supporting a federal program. Failure to complete the forms as described can result in loss of funding as the local educational agency may not be able to otherwise justify an employee's pay under a federal program.

Recommendation: The School Department has a system in place to document employee time spent on federal programs, but failed to implement the system as it was designed. 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.

Questioned Costs: None

Status: In fiscal year 2015, the School Department completed all necessary certification forms in a timely manner.

**MATERIAL WEAKNESS**

**2014-002 - Identification of Federal Grants on the Schedule of Expenditures of Federal Awards**

For the fiscal year ended June 30, 2014, 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 until after the original 2014 report was issued. This error resulted in a major program being excluded from testing by the external auditors, and a revised report was required to be filed with the Office of Management and Budget. 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: This issue was identified during the 2015 audit, and spans all years from 2011 through 2015.

**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, continued**

**SIGNIFICANT DEFICIENCY**

**2014-003 - School Nutrition Program: Claim Form Reimbursements**

During our compliance testing over the School Nutrition program, it was noted that the March 2014 meal claim reimbursement was inaccurately reported to the State of Maine Department of Education. This resulted in the nutrition program under-claiming nearly 3,600 breakfast meals. The dollar amount which the School Department failed to collect as a result of this error was \$3,771. While this amount is not material to the program in quantitative terms, we feel that this error is significant qualitatively.

The cause of the error noted above relates to the process that Presumpscot Elementary and Lincoln Middle School use to calculate meals available for reimbursement. Currently, Presumpscot Elementary and Lincoln Middle School provide free meals to all students regardless of the free, reduced, or paid eligibility classification. However, the School Nutrition program is only allowed to claim reimbursements for free, reduced, or paid meal classifications based on actual eligibility for each student in the program. As such, the School Nutrition program must track the eligibility of each student and claim meals based on eligibility status of the prior year. In order to do this the School Nutrition Director maintains a spreadsheet that tracks monthly meal counts for both schools.

This spreadsheet is also used to complete the computation of allowable meals to be reimbursed for each eligibility classification. The spreadsheet employs multiple tabs and formulas that must be updated each month. We found that during the process of updating the spreadsheet for March 2014 the School Nutrition Director improperly linked certain formulas. The spreadsheet and meal claim form was not reviewed by another individual after it was prepared by the School Nutrition Director and the inadvertent error was not detected or corrected prior to submission. We recommend that the calculation spreadsheet and monthly claim forms are reviewed and approved by another individual separate from the preparer in order to ensure that claim form amounts reported to the State are accurate.

Status: This program was tested again in 2015, and this issue was corrected.