

CITY OF PORTLAND, MAINE

**Reports Required by *Maine Uniform
Accounting and Auditing Practices for
Community Agencies***

For the Year Ended June 30, 2017

CITY OF PORTLAND, MAINE
Reports Required by *Maine Uniform Accounting and*
Auditing Practices for Community Agencies
For the Year Ended June 30, 2017

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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
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 (the City) 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 City'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

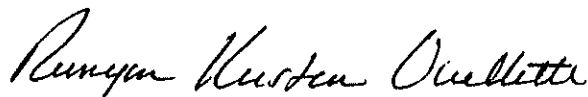
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Portland, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 DEPARTMENT AGREEMENT;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULE OF EXPENDITURES OF
DEPARTMENT AGREEMENTS REQUIRED BY MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES
FOR COMMUNITY AGENCIES**

City Council
City of Portland, Maine

Report on Compliance for Each Major Department Agreement

We have audited the City of Portland, Maine's compliance with the types of compliance requirements described in *Maine Uniform Accounting and Auditing Practices for Community Agencies* that could have a direct and material effect on each of the City of Portland, Maine's major department agreements for the year ended June 30, 2017. The City of Portland, Maine's major department agreements 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 awards applicable to its department agreements.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Portland, Maine's major department agreements 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 *Maine Uniform Accounting and Auditing Practices for Community Agencies*. Those standards and *Maine Uniform Accounting and Auditing Practices for Community Agencies*, 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 department agreement 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 department agreement. However, our audit does not provide a legal determination of the City of Portland, Maine's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULE OF EXPENDITURES OF
DEPARTMENT AGREEMENTS REQUIRED BY MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES
FOR COMMUNITY AGENCIES, CONTINUED**

Opinion on Each Major Department Agreement

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 major department agreements for the year ended June 30, 2017.

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 requirements that could have a direct and material effect on each major department agreement to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major department agreement and to test and report on internal control over compliance in accordance with *Maine Uniform Accounting and Auditing Practices for Community Agencies*, 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 department agreement 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 department agreement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a department agreement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

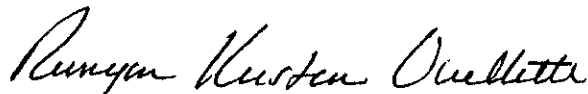
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 *Maine Uniform Accounting and Auditing Practices for Community Agencies*. Accordingly, this report is not suitable for any other purpose.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULE OF EXPENDITURES OF
DEPARTMENT AGREEMENTS REQUIRED BY MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES
FOR COMMUNITY AGENCIES, CONTINUED**

Report on Schedule of Expenditures of Department Agreements Required by *Maine Uniform Accounting and Auditing Practices for Community Agencies*

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. 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 department agreements is presented for purposes of additional analysis as required by *Maine Uniform Accounting and Auditing Practices for Community Agencies* 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 department agreements 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 Department Agreements
For the Year Ended June 30, 2017

| Department Office | Grant Name | Agreement Number | Agreement Amount | Agreement Period | Agreement Service | Agreement Status | Federal Expenses | State Expenses | Total Department Expenses |
|----------------------------------|---------------------------------------|------------------|------------------|---------------------|-------------------------|------------------|---------------------|----------------|---------------------------|
| Pass-through Grants | | | | | | | | | |
| OFI | HP SNAP Education | OFI-16-351 | \$ 461,336 | 10/1/2015-9/30/2016 | Health Promotion | Final | 145,996 | - | 145,996 |
| OFI | HCB SNAP Education | OFI-16-351 | 73,593 | 10/1/2015-9/30/2016 | Health Promotion | Final | 29,460 | - | 29,460 |
| OFI | HCB SNAP Education | OFI-17-351 | 71,274 | 10/1/2016-9/30/2017 | Health Promotion | Interim | 52,870 | - | 52,870 |
| OFI | HP SNAP Education | OFI-17-351 | 518,928 | 10/1/2016-9/30/2017 | Health Promotion | Interim | 293,394 | - | 293,394 |
| CDC | Substance Use Prevention Services | CDC-17-4425 | 60,000 | 10/1/2016-9/30/2017 | Substance Abuse | Interim | 39,037 | - | 39,037 |
| Total Pass-through Grants | | | | | | | 560,757 | - | 560,757 |
| Direct Grants | | | | | | | | | |
| CDC | CHW Pilot | CDC-15-1021 | 326,303 | 9/15/2014-9/30/2016 | Community Health Worker | Final | 77,649 | - | 77,649 |
| CDC | HP CCHC | CDC-16-1186 | 116,605 | 7/1/2015-9/30/2016 | Health Promotion | Final | 31,378 | 270 | 31,648 |
| CDC | HP HMP | CDC-16-1186 | 388,336 | 7/1/2015-9/30/2016 | Health Promotion | Final | - | 253,444 | 253,444 |
| CDC | HP OSA | CDC-16-1186 | 60,000 | 7/1/2015-9/30/2016 | Health Promotion | Final | 61,816 | - | 61,816 |
| CDC | HCB HMP | CDC-16-1186 | 120,000 | 7/1/2015-9/30/2016 | Health Promotion | Final | - | 22,673 | 22,673 |
| CDC | HCB OSA | CDC-16-1186 | 20,000 | 7/1/2015-9/30/2016 | Health Promotion | Final | 17,061 | - | 17,061 |
| CDC | FFS Clinical | CDC-16-1142 | 130,310 | 1/1/2016-12/31/2016 | HIV/STD Prevention | Final | 71,562 | - | 71,562 |
| CDC | Disease Intervention | CDC-16-1142 | 78,000 | 1/1/2016-12/31/2016 | HIV/STD Prevention | Final | 38,550 | - | 38,550 |
| CDC | Outreach Coordination | CDC-16-1432 | 45,000 | 1/1/2016-12/31/2016 | HIV/STD Prevention | Final | 1,300 | 28,783 | 30,083 |
| CDC | Lead Poison Prevention | CDC-16-1432 | 37,500 | 7/1/2015-12/31/2016 | HIV/STD Prevention | Final | - | 10,597 | 10,597 |
| OVP | Victim Advocacy | OVP-16-2307 | 52,500 | 10/1/2015-9/30/2016 | Counseling | Final | 12,972 | - | 12,972 |
| OVP | Human Trafficking | OVP-16-3000 | 100,000 | 10/1/2015-9/30/2016 | Emergency Services | Final | 325 | - | 325 |
| OMA | Targeted Assistance | OMA-16-3008 | 166,914 | 10/1/2015-9/30/2016 | Refugee Services | Final | 77,148 | - | 77,148 |
| CDC | HP HMP | CDC-16-1186A | 97,065 | 7/1/2016-9/30/2016 | Health Promotion | Final | - | 79,161 | 79,161 |
| CDC | HCB HMP | CDC-16-1186A | 30,019 | 7/1/2016-9/30/2016 | Health Promotion | Final | - | 24,798 | 24,798 |
| CDC | FFS Clinical | CDC-17-1142 | 130,290 | 1/1/17-12/31/2017 | HIV/STD Prevention | Interim | 13,967 | - | 13,967 |
| CDC | Disease Intervention | CDC-17-1142 | 78,000 | 1/1/17-12/31/2017 | HIV/STD Prevention | Interim | 31,035 | - | 31,035 |
| CDC | Outreach Coordination | CDC-17-1142 | 45,000 | 1/1/17-12/31/2017 | HIV/STD Prevention | Interim | 25,765 | - | 25,765 |
| CDC | Gambling Awareness | CDC-16-1186A | 1,250 | 7/1/2016-9/30/2016 | Substance Abuse | Final | - | 377 | 377 |
| CDC | Partnership for Success | CDC-16-1186A | 38,546 | 7/1/2016-9/30/2016 | Substance Abuse | Final | 30,665 | - | 30,665 |
| OSA | Overdose Prevention | OSA-17-372 | 100,000 | 7/1/2016-6/30/2018 | Substance Abuse | Interim | 41,851 | - | 41,851 |
| CDC | ODH Sealants | CDC-17-1430 | 12,000 | 7/1/2016-6/30/2017 | Health Promotion | Final | - | 12,000 | 12,000 |
| CDC | School Based Health Center | CDC-17-022 | 191,400 | 7/1/2016-6/30/2017 | Teen Health | Final | 15 | 179,723 | 179,738 |
| CDC | Cumberland District Lead Fiscal Agent | CDC-17-4502 | 160,000 | 7/1/2016-6/30/2017 | Health Promotion | Final | - | 138,470 | 138,470 |
| OVP | Victim Advocacy | OVP-17-2307 | 52,500 | 10/1/2016-9/30/2017 | Counseling | Interim | 39,905 | - | 39,905 |
| CDC | Lead Poisoning Prevention | CDC-17-1432 | 60,000 | 1/1/17-12/31/2017 | Health Promotion | Interim | - | 6,327 | 6,327 |
| OVP | Human Trafficking | OVP-17-3000 | 100,000 | 10/1/2016-9/30/2017 | Emergency Services | Interim | 10,272 | - | 10,272 |
| Total Direct Grants | | | | | | | 582,966 | 756,623 | 1,339,589 |
| Total | | | | | | | \$ 1,143,723 | 756,623 | 1,900,346 |

CITY OF PORTLAND, MAINE
Notes to Schedule of Expenditures of Department Agreements
June 30, 2017

PURPOSE OF THE SCHEDULE

Maine Uniform Accounting and Auditing Practices for Community Agencies requires a Schedule of Expenditures of Department Agreements showing total expenditures for each award as identified in the respective department agreements.

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all department agreements of the City of Portland, Maine for the fiscal year ended June 30, 2017. The reporting entity is defined in Notes to Financial Statements of the City of Portland, Maine.
- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Department Agreements is presented in accordance with *Maine Uniform Accounting and Auditing Practices for Community Agencies*.
1. Pursuant to *Maine Uniform Accounting and Auditing Practices for Community Agencies*, department agreements are defined as a legally binding written document between two or more parties, including, but not limited to, a document commonly referred to as accepted application, proposal, prospectus, contract, grant, joint or cooperative agreement, purchase of service or state aid.
 2. Major Agreement - *Maine Uniform Accounting and Auditing Practices for Community Agencies* establishes the levels of expenditures or expenses to be used in defining major department agreements. Major agreements for the City of Portland, Maine have been identified in the attached Schedule of Findings and Questioned Costs - Summary of Auditor's Results.
- C. Basis of Accounting - The information presented in the Schedule of Expenditures of Department Agreements is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City's fund financial statements.

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: | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified? | None reported |
| Noncompliance material to financial statements noted? | No |

State Agreements

| | |
|--|---------------|
| Internal control over programs tested: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified? | None reported |
| Type of auditor's report issued on compliance for programs tested: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with <i>Maine Uniform Accounting and Auditing Practices for Community Agencies</i> ? | No |

Federal Awards

| | |
|--|-----|
| Required to have an audit in accordance with the Uniform Guidance? | Yes |
|--|-----|

Identification of program(s) tested:

| <u>Agreement Number(s)</u> | <u>Name of Department - Agreement</u> |
|----------------------------|---------------------------------------|
| OFI-16-351, OFI-17-351 | SNAP Cluster |
| CDC-16-1186, CDC-16-1186A | Healthy Maine Partnership |
| CDC-17-4502 | Cumberland District Lead Fiscal Agent |

| | |
|---|-----|
| Percentage of department agreements tested: | 62% |
| Auditee qualified as a 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 State Agreements

None

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

Section IV - Status of Prior Year Audit Findings

#2016-001 - Noncompliance with Timely Quarterly Financial Reporting and Programmatic Reporting Requirements for Agreement OMA-16-3008

Criteria - Rider A of the contracts requires that quarterly fiscal reports and other program specific reports be filed within a certain specified period of time, along with a fiscal close out report after completion of the grant agreement. We reviewed the reports and noted that there were instances where they had not been filed in a timely manner.

Condition -

OMA-16-3008 quarterly fiscal report ending 12/31/15 was filed late.
OMA-16-3008 trimester programmatic report ending 1/31/16 was filed late.
OMA-16-3008 trimester programmatic report ending 5/31/16 was filed late.

Known Questioned Costs - None

Likely Questioned Costs - None

Cause - This finding was a due to management oversight.

Recommendations - We recommend the City develop a system to track the due dates of these reports so as not to delay future grant funding and to ensure compliance with the requirements of the contracts.

Status: All reports were filed timely.

OTHER COMMENT

For the fiscal year ended June 30, 2016, the City of Portland, Maine did not properly report expenditures on both their quarterly reports and their agreement closeout reports. This was the result of the timing of the accounts payable accruals along with other various adjustments at year-end. The quarterly reports and agreement closeout reports have a reporting deadline, and these reports were filed before all accounts payable accruals and adjustments were finished. This resulted in discrepancies between the Schedule of Expenditures of Department Agreements and the quarterly reports and agreement closeout reports. Significant improvement has been made over last year; however, some progress still needs to occur to have the accounts payable accruals and adjustments booked earlier so they are reflected on the quarterly reports and agreement closeout reports, or revise the quarterly reports and agreement closeout reports to reflect the expenditure totals which agree to the City's general ledger.

Status: All reports were accurately prepared.