

**CITY OF SOUTH PORTLAND, MAINE**

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

**For the Year Ended  
June 30, 2023**

**CITY OF SOUTH PORTLAND, MAINE**  
**Reports Required by *Government Auditing Standards***  
**and the Uniform Guidance**  
**For the Year Ended June 30, 2023**

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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 Board of Education  
City of South 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, each major fund, and the aggregate remaining fund information of the City of South Portland, Maine, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of South Portland, Maine’s basic financial statements, and have issued our report thereon dated April 5, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of South Portland, Maine’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of South Portland, Maine’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of South Portland, Maine’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of South 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the management of the City of South Portland, Maine in a separate letter dated April 5, 2024.

**City of South Portland, Maine’s Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of South Portland, Maine’s responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of South Portland, Maine’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**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.



April 5, 2024  
South Portland, Maine

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

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

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

***Qualified and Unmodified Opinions***

We have audited the City of South Portland, Maine's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of South Portland, Maine's major federal programs for the year ended June 30, 2023. The City of South 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.

*Qualified Opinion on the Elementary and Secondary School Emergency Relief Funds Program*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City of South Portland, Maine, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Elementary and Secondary School Emergency Relief Funds for the year ended June 30, 2023.

*Qualified Opinion on the Title IA, Disadvantaged Program*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City of South Portland, Maine, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Title 1A Disadvantaged Program for the year ended June 30, 2023.

*Qualified Opinion on the Coronavirus State and Local Fiscal Recovery Funds Program*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City of South Portland, Maine, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Coronavirus State and Local Fiscal Recovery Funds Program for the year ended June 30, 2023.

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

In our opinion, the City of South 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, 2023.

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

***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of South Portland, Maine and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of City of South Portland, Maine's compliance with the compliance requirements referred to above.

***Matters Giving Rise to Qualified Opinion on the Elementary and Secondary School Emergency Relief Funds Program***

As described in the accompanying schedule of findings and questioned costs, the City of South Portland, Maine did not comply with requirements regarding Assistance Listing 84.425D and 84.425U, Elementary and Secondary School Emergency Relief Funds Program as described in finding 2023-003 for Allowable Costs.

***Matters Giving Rise to Qualified Opinion on the Title 1, Disadvantaged Program***

As described in the accompanying schedule of findings and questioned costs, the City of South Portland, Maine did not comply with requirements regarding Assistance Listing 84.010 Title 1, Disadvantaged Program as described in finding 2023-004 for Allowable Costs.

***Matters Giving Rise to Qualified Opinion on the Coronavirus State and Local Fiscal Recovery Funds Program***

As described in the accompanying schedule of findings and questioned costs, the City of South Portland, Maine did not comply with requirements regarding Assistance Listing 21.027, Coronavirus State and Local Fiscal Recovery Funds Program as described in finding 2023-005 for Reporting.

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of South Portland, Maine's federal programs.

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of South Portland, Maine's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of South Portland, Maine's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of South Portland, Maine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of South Portland, Maine's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of South Portland, Maine's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of South Portland, Maine's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City of South Portland, Maine's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on their responses.

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

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 and 2023-004 to be material weaknesses.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-005 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of South Portland, Maine's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City of South Portland, Maine's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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

**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, each major fund, and the aggregate remaining fund information of the City of South Portland, Maine as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of South Portland, Maine's basic financial statements. We issued our report thereon dated April 5, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of South Portland, Maine's 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.



April 5, 2024  
South Portland, Maine

**CITY OF SOUTH PORTLAND, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Number	Federal Expenditures	Listing/Cluster Totals	Passed through to Subrecipients
U.S. Department of Agriculture,					
Passed through the Maine Dept. of Education:					
Child Nutrition Cluster:					
National School Lunch Program	10.555	3022/3024	\$ 716,009		-
Breakfast Program	10.553	3014	306,202		-
Summer Food Service Program	10.559	3016	51,725		-
Food Donation Program	10.555	N/A	148,710		-
Fresh Fruit and Vegetables	10.582	3028	104,143		-
State Administrative Expenses for Child Nutrition: Supply Chain Assistance	10.555	6670	79,188		-
Total Child Nutrition Cluster				1,405,977	
Child and Adult Care Food Program	10.558	6658	788		-
COVID-19 - Pandemic EBT Administrative Costs: SNAP	10.649	6184	5,024		-
Total U.S. Department of Agriculture			1,411,789		-
U.S. Department of Commerce - National Oceanic and Atmospheric Administration (NOAA),					
Passed through State of Maine Department of Agriculture, Conservation, and Forestry:					
Coastal Zone Management Administration	11.419	N/A	13,743		-
Total U.S. Department of Commerce			13,743		-
U.S. Department of Housing and Urban Development,					
Passed through Cumberland County, Maine:					
CDBG - Entitlement Community (CDBG - Entitlement Grants Cluster)	14.218	N/A	190,605	190,605	-
Total U.S. Department of Housing and Urban Development			190,605		-
U.S. Department of Transportation,					
Direct Programs:					
Federal Transit Cluster:					
Federal Transit Formula Grants	20.507	N/A	821,031		-
COVID-19 - Federal Transit Formula Grants	20.507	N/A	89,000		-
Bus and Bus Facilities Formula Grants	20.526	N/A	796,446		-
Total Federal Transit Cluster				1,706,477	
Passed through the Maine Department of Transportation					
Highway Planning and Construction	20.205	024101.00	720,414		-
Passed through the Maine Department of Public Safety:					
Highway Safety Cluster:					
State and Community Highway Safety - Impaired Driving	20.600	ID22-049-1	1,369		-
State and Community Highway Safety - Distracted Driver	20.600	DD22-054-1	1,304		-
State and Community Highway Safety - Speed Enforcement	20.600	PT22-040-1	7,818		-
State and Community Highway Safety - DRE Forensic	20.600	ID22-125-1	3,934		-
Total Highway Safety Cluster				14,425	
Total U.S. Department of Transportation			2,441,316		-
U.S. Environmental Protection Agency,					
Direct Programs:					
Brownfields Multipurpose	66.818	N/A	110,101		-
Total U.S. Environmental Protection Agency			110,101		-

**CITY OF SOUTH PORTLAND, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For the year ended June 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass- through Number	Federal Expenditures	Listing/ Cluster Totals	Passed through to Subrecipients
U.S. Department of Education,					
Passed through Maine Department of Education:					
Title IA, Disadvantaged	84.010	3107	\$ 600,472		-
Special Education Cluster:					
Special Education State Grants Individuals with Disabilities Act	84.027	3046	798,912		-
COVID-19 - Special Education State Grants Individuals with Disabilities Act - ARP	84.027X	N/A	89,073		-
Preschool	84.173	6247	16,944		-
Total Special Education Cluster				904,929	
McKinney-Vento Education for Homeless Children and Youth	84.196	3170	16,370		-
Title III, English Language Acquisition Grant	84.365	3115	84,778		-
Title IIA, Supporting Effective Instruction	84.367	3042	225,103		-
Title IV, Student Support and Academic Enrichment Program	84.424	3345	121,835		-
COVID-19 - Elementary and Secondary School Emergency Relief I	84.425D	7006	6,347		-
COVID-19 - Elementary and Secondary School Emergency Relief II	84.425D	7041	749,488		-
COVID-19 - Multilingual Learners Experiencing Homelessness	84.425D	7042	412,032		-
COVID-19 - Elementary and Secondary School Emergency Relief III	84.425U	7071	1,415,668	2,583,535	-
Adult Basic Education	84.002	6296	28,223		-
Total U.S. Department of Education			4,565,245		-
U.S. Department of the Treasury,					
Direct Programs:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,103,642		266,210
Passed through Southern Maine Agency on Aging					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	2,588		-
Total U.S. Department of the Treasury			1,106,230		266,210
U.S. Department of Justice,					
Direct Programs:					
Justice Assistance Grant	16.738	N/A	1,784		-
Equitable Sharing Program	16.922	N/A	1,705		-
Total U.S. Department of Justice			3,489		-
U.S. Department of Health and Human Services,					
Passed through Substance Abuse and Mental Health Services Administration:					
Drug Free Communities Support Program (2022 Grant)	93.276	N/A	32,223		-
Drug Free Communities Support Program (2023 Grant)	93.276	N/A	98,142	130,365	-
Total U.S. Department of Health and Human Services			130,365		-
U.S. Department of Homeland Security,					
Passed through Maine Emergency Management Agency:					
Homeland Security Grant Program- FY 19	97.067	19646	14,845		-
Homeland Security Grant Program- FY 20	97.067	20646	58,257		-
Homeland Security Grant Program- FY 21	97.067	21646	22,031	95,133	-
County Hazmat Grant	97.004	N/A	14,300		-
Total U.S. Department of Homeland Security			109,433		-
<b>Totals</b>			<b>\$ 10,082,316</b>		<b>266,210</b>

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

**CITY OF SOUTH PORTLAND, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2023**

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**PURPOSE OF THE SCHEDULE**

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Office of Management and Budget (OMB)'s Uniform Guidance requires a schedule of expenditures of federal awards showing total expenditures for each federal award program as identified in the Assistance Listings in the System for Award Management.

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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 South Portland, Maine for the fiscal year ended June 30, 2023. The reporting entity is defined in notes to basic financial statements of the City of South 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 Programs - 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 South 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 South Portland, Maine has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF SOUTH PORTLAND, MAINE**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2023**

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

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:  
 Material weaknesses identified? Yes  
 Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major federal programs:  
 Material weaknesses identified? Yes  
 Significant deficiencies identified? Yes

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:

<b><u>Assistance Listing</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.010	Title IA, Disadvantaged
10.553, 10.555, 10.558, 10.559, 10.582	Child Nutrition Cluster
84.425D, 84.425U	Elementary and Secondary School Emergency Relief Funds

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

Auditee qualified as low-risk auditee? No

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

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

**MATERIAL WEAKNESS**

**2023-001 Reconciliation Procedures for School Department**

Criteria: Fundamental to proper financial reporting is the routine analysis of accounts and reconciliation of balances to underlying documentation. Such analysis and reconciliations aid in identifying errors and irregularities so they can be corrected in a timely manner. In addition, timely preparation of year end government-wide accruals are necessary for complete and accurate financial reporting.

Condition: Certain general ledger accounts, including accounts receivable and accrued payroll liabilities were not reconciled in a timely manner during the year and at year-end. Many of these general ledger accounts had to be materially adjusted during the audit process. In addition, accrued vacation liabilities were not prepared at year-end for reporting in the Government-wide financial statements.

Cause: The School Department continues to experience significant turnover in key accounting positions.

Effect: Certain balances were not reconciled and substantiated until nearly six months after year-end, including accounts receivable and accrued payroll liabilities. As a result, misstatements were not detected and corrected in a timely manner. The balances of these accounts may not have been properly reported in accordance with GAAP during the year and, as such, reports provided to those charged with governance and to outside entities may have been based on inaccurate information.

Recommendation: It is our recommendation that all general ledger balances are reconciled within one month after month's end and that all year-end general ledger balances and government-wide accruals be reconciled and substantiated within two months of year-end.

Management response/corrective action plan: *Due to the continued turnover with key employees in the accounting department, the necessary check list prior to year end was not created, reviewed and implemented for fy23. We currently have a plan to start the review process as soon as possible to prepare for the fy24 year end process and preparation.*

**SIGNIFICANT DEFICIENCY**

**2023-002 Timeliness of School Department Grant Drawdowns**

Criteria: Drawdowns for reimbursement of grant expenditures should be requested on a routine basis.

Condition: Many grant drawdowns through the Maine Department of Education for the School Department were not requested until several months after the expenditure period.

Cause: The School Department continues to experience significant turnover in key accounting positions.

Effect: The longer the School Department waits to request reimbursement for expenditures, the more likely errors will occur. In addition, the School Department's cash flows are impacted, increasing the use of reserved cash and reducing the effectiveness of School Department operations.

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

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

Recommendation: We recommend reviewing grant expenditures and performing grant drawdowns on a monthly basis.

Management response/corrective action plan:

*Since the fall of 2023, drawdowns for grant reimbursements has been made a priority and we have hired additional staff to assist with this task. As of 3/27/24, we have invoiced against several years of funding available and the goal will be to invoice all expenses incurred as of June 2024 to eliminate significant accruals.*

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

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

**MATERIAL WEAKNESSES**

**2023-003 U.S. Department of Education, Assistance Listing #84.425D and #84.425U, Elementary and Secondary School Emergency Relief Funds for the period July 1, 2022 through June 30, 2023**

Criteria: Allowable costs under the Elementary and Secondary School Emergency Relief Funds (ESSER) must be substantiated with proper documentation detailing the activity and nature of the costs incurred that are allocated to the grant to ensure that such costs are reasonable and appropriate under the grant terms. In addition, administrative requirements under the Uniform Guidance require grantees to develop internal controls and procedures sufficient to prevent noncompliance.

Condition: Time and effort documentation for certain School Department employees allocated to the ESSER grants was not maintained.

Cause: There was staff turnover in the School Department during the administration of the ESSER grants. Time and effort documentation could not be located for certain School Department employees.

Effect: It could not be determined if payroll costs were allowable and appropriate according to grant requirements.

Recommendation: All School Department employees allocating time to grant activities should properly complete time and effort documentation based on the requirements in 2 CFR §200 to ensure amounts are reasonable and allowable. All documentation should be properly maintained and accessible based on the School Department's document retention policies.

Questioned Costs: None

*Management's Response/Corrective Action Plan: The School Department has had turnover in positions that have had oversight and direct involvement in this process. In some cases, the established process was followed as constructed; however, in others, gaps in coverage are clearly exposed. The School Department agrees that the management of important documents has been inconsistent. In the future, the School Department will be assigning the management of these documents to positions where turnover is less likely to occur and a more consistent process is maintained.*

**2023-004 U.S. Department of Education, Assistance Listing #84.010 Title IA, Disadvantaged for the period July 1, 2022 through June 30, 2023**

Criteria: Allowable costs under the Title IA, Disadvantaged grant must be substantiated with proper documentation detailing the activity and nature of the costs incurred that are allocated to the grant to ensure that such costs are reasonable and appropriate under the grant terms. In addition, administrative requirements under the Uniform Guidance require grantees to develop internal controls and procedures sufficient to prevent noncompliance.

Condition: Time and effort documentation for certain School Department employees allocated to the Title IA grant was not maintained.

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

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

Cause: There was staff turnover in the School Department during the administration of the Title IA grant. Time and effort documentation could not be located for certain School Department employees.

Effect: It could not be determined if payroll costs were allowable and appropriate according to grant requirements.

Recommendation: All School Department employees allocating time to grant activities should properly complete time and effort documentation based on the requirements in 2 CFR §200 to ensure amounts are reasonable and allowable. All documentation should be properly maintained and accessible based on the School Department's document retention policies.

Questioned Costs: None

*Management's Response/Corrective Action Plan: The School Department has had turnover in positions that have had oversight and direct involvement in this process. In some cases, the established process was followed as constructed; however, in others, gaps in coverage are clearly exposed. The School Department agrees that the management of important documents has been inconsistent. In the future, the School Department will be assigning the management of these documents to positions where turnover is less likely to occur and a more consistent process is maintained.*

**SIGNIFICANT DEFICIENCY**

**2023-005 U.S. Department of the Treasury, Assistance Listing #21.027 Coronavirus State and Local Fiscal Recovery Funds for the period July 1, 2022 through June 30, 2023**

Criteria: The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) grant agreement requires the City to file a quarterly Project and Expenditure Report in the Treasury's reporting portal that details budgeted programs, obligated expenditures, and actual expenditures to date for each grant project. In addition, administrative requirements under the Uniform Guidance require grantees to develop internal controls and procedures sufficient to prevent noncompliance.

Condition: In our testing of the September and December quarterly reports, we found errors in the reporting of cumulative and quarterly expenditures for the TRUCK, LFNVT, CPLAN, and SWRKR projects. Net cumulative and quarterly reporting errors for the September report were \$31,255 and \$9,570, respectively. Net cumulative errors for the December report were \$6,857. There were no quarterly expenditure errors.

Cause: There is no control in place to ensure the quarterly report is reviewed by an independent person prior to submitting to the reporting portal.

Effect: Inaccurate expenditures were reported to the Treasury's SLFRF portal.

Recommendation: Controls should be established to allow for an independent review of the report data prior to submission.

Questioned Costs: None

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

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

*Management's Response/Corrective Action Plan:*

*Discrepancies noted above are due to the timing of transactions posting in the accounting system where period transactions are not posted until after the data is gathered for the report or even after the reporting period, but still has an effective date within the period, so it is not picked up when reports are filed. They are corrected in the following quarterly report. For TRUCK/LFVNT, the amounts were correct but just not in the period reported, and were corrected in subsequent reports.*

*We can try to have another person duplicate the calculation of amounts for the reporting, which will depend on staffing level and time of year. The reporting site is also difficult and in order to be able to file on time, we really need to start mid-month to make sure it's working and allow time for contacting the helpdesk to resolve any technical issues.*

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

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**Section IV - Status of Prior Year Findings and Questioned Costs Reported Under *Government Auditing Standards* and for Federal Awards**

**2022-001 U.S. Department of Education, Assistance Listing #84.425D, #84.425U, and #84.425W Elementary and Secondary School Emergency Relief Funds for the period July 1, 2021 through June 30, 2022**

Criteria: Allowable costs under the Elementary and Secondary School Emergency Relief Funds (ESSER) must be substantiated with proper documentation detailing the activity and nature of the costs incurred that are allocated to the grant to ensure that such costs are reasonable and appropriate under the grant terms.

Condition: Time and effort documentation for certain School Department employees allocated to the ESSER grants was not maintained.

Cause: There was staff turnover in the School Department during the administration of the ESSER grants. Time and effort documentation could not be located for certain School Department employees.

Effect: It could not be determined if payroll costs were allowable and appropriate according to grant requirements.

Recommendation: All School Department employees allocating time to grant activities should properly complete time and effort documentation based on the requirements in 2 CFR §200 to ensure amounts are reasonable and allowable. All documentation should be properly maintained and accessible based on the School Department's document retention policies.

Questioned Costs: None

Status: See current year finding 2023-003

**2022-002 U.S. Department of Education, Assistance Listing #84.010 Title IA, Disadvantaged for the period July 1, 2021 through June 30, 2022**

Criteria: Allowable costs under Title IA Disadvantaged must be substantiated with proper documentation detailing the activity and nature of the costs incurred that are allocated to the grant to ensure that such costs are reasonable and appropriate under the grant terms.

Condition: Time and effort documentation for certain School Department employees allocated to the Title IA grant was not maintained.

Cause: There was staff turnover in the School Department during the administration of the Title IA grant. Time and effort documentation could not be located for certain School Department employees.

Effect: It could not be determined if payroll costs were allowable and appropriate according to grant requirements.

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

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**Section IV - Status of Prior Year Findings and Questioned Costs Reported Under *Government Auditing Standards* and for Federal Awards, continued**

Recommendation: All School Department employees allocating time to grant activities should properly complete time and effort documentation based on the requirements in 2 CFR §200 to ensure amounts are reasonable and allowable. All documentation should be properly maintained and accessible based on the School Department's document retention policies.

Questioned Costs: None

Status: See current year finding 2023-004