

**CITY OF SOUTH PORTLAND, MAINE**

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

**For the Year Ended  
June 30, 2020**

**CITY OF SOUTH PORTLAND, MAINE**  
**Reports Required by *Government Auditing Standards***  
**and the Uniform Guidance**  
**For the Year Ended June 30, 2020**

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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, 2020, 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 February 26, 2021.

**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.

*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 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*.

**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 26, 2021  
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**

We have audited the City of South Portland, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the City of South Portland, Maine's major federal programs for the year ended June 30, 2020. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of South Portland, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of South 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 of the City of South Portland, Maine's compliance.

***Opinion on Each Major Federal Program***

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 major federal programs for the year ended June 30, 2020.

**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**

Management of the City of South 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 South Portland, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of South Portland, Maine's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**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, 2020, 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 February 26, 2021, 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 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.



February 26, 2021  
South Portland, Maine

**CITY OF SOUTH PORTLAND, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2020**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Number	Federal Expenditures	CFDA/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	3024	\$ 300,185		-
Breakfast Program	10.553	3014	105,135		-
Summer Food Service Program	10.559	3016	11,385		-
COVID-19 - Summer Food Service Program	10.559	7008/7009	237,374		-
Food Donation Program	10.555	N/A	89,645		-
Total Child Nutrition Cluster				743,724	
Fresh Fruit and Vegetables	10.582	3028	21,888		-
Total U.S. Department of Agriculture			765,612		-
U.S. of 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	26,028		-
Total U.S. Department of Commerce			26,028		-
U.S. Environmental Protection Agency,					
Direct:					
Brownfields Multipurpose	66.818	N/A	81,698		-
Total U.S. Environmental Protection Agency			81,698		-
U.S. Department of Transportation,					
Direct Programs:					
Federal Transit Cluster:					
Federal Transit Formula Grants - ME2019-008	20.507	N/A	520,736		-
COVID-19 - Federal Transit Formula Grants	20.507	N/A	686,896		-
Passed through Greater Portland Council of Governments:					
Federal Transit Cluster:					
Federal Transit Formula Grants	20.507	N/A	2,100		-
Total Federal Transit Cluster				1,209,732	
Passed through Maine Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	WIN 22136.00	1,884		-
Total Highway Planning and Construction Cluster				1,884	
Passed through the Maine Department of Public Safety:					
Highway Safety Cluster:					
State and Community Highway Safety - OUI	20.600	ID19-060	2,769		-
Total Highway Safety Cluster				2,769	
Total U.S. Department of Transportation			1,214,385		-

**CITY OF SOUTH PORTLAND, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For the year ended June 30, 2020**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass- through Number	Federal Expenditures	CFDA/ Cluster Totals	Passed through to Subrecipients
U.S. Department of Education, Passed through Maine Department of Education:					
Title IA, Disadvantaged	84.010	3107	\$ 626,569		-
Special Education Cluster:					
Special Education State Grants Individuals with Disabilities Act	84.027	3046	832,675		-
Preschool	84.173	6247	15,878		-
Total Special Education Cluster				848,553	
Title III, English Language Acquisition Grant	84.365	3115	27,013		-
Title IIA, Supporting Effective Instruction	84.367	3042	130,598		-
Title IV, Student Support and Academic Enrichment Program	84.424	3345	55,741		-
Adult Basic Education	84.002	6296	17,659		-
Total U.S. Department of Education			1,706,133		-
U.S. of Department Housing and Urban Development, Passed through Cumberland County, Maine:					
CDBG - Entitlement Community (CDBG - Entitlement Grants Cluster)	14.218	N/A	802,210	802,210	-
Total U.S. Department of Housing and Urban Development			802,210		-
U.S. Department of the Treasury, Passed through Maine Department of Education:					
Corona Virus Relief Fund	21.019	N/A	181,419		-
Total U.S. Department of the Treasury			181,419		-
U.S. of Department Justice, Direct Program:					
Body Armor	16.592	N/A	135,117		-
COVID-19 - Corona Virus Emergency Supplement Funding	16.034	N/A	42,084		-
Passed through Maine Department of Justice:					
Equitable Sharing Program	16.922	N/A	18,929		-
Total U.S. Department of Justice			196,130		-
U.S. Department of Health and Human Services, Passed through Substance Abuse and Mental Health Services Administration:					
Drug Free Communities Support Program (2018 Grant)	93.276	N/A	27,848		-
Drug Free Communities Support Program (2019 Grant)	93.276	N/A	29,916		-
Drug Free Communities Support Program (2020 Grant)	93.276	N/A	101,061	158,825	-
Total U.S. Department of Health and Human Services			158,825		-
U.S. Department of Homeland Security, Passed through Maine Emergency Management Agency:					
COVID-19 - Disaster Grants - Public Assistance	97.036	N/A	110,223		-
Homeland Security Grant Program- FY 17	97.067	17646	19,650		-
Homeland Security Grant Program- FY 18	97.067	18648	125,722	145,372	-
County Hazmat Grant	97.004	N/A	12,775		-
Total U.S. Department of Homeland Security			268,370		-
<b>Totals</b>			<b>\$ 5,400,810</b>		<b>-</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, 2020**

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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 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 South Portland, Maine for the fiscal year ended June 30, 2020. 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, 2020**

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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? No  
 Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major federal programs:  
 Material weaknesses identified? No  
 Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553 - 10.559</u>	<u>Child Nutrition Cluster</u>
<u>20.507</u>	<u>Federal Transit Cluster</u>
<u>14.218</u>	<u>Community Development Block Grants</u>

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***

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**

NONE

**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**

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FEDERAL AWARDS

**2019-001 – U.S. Department of Agriculture, For the Period July 1, 2018 through June 30, 2019, CFDA #10.553-10.559 Child Nutrition Cluster**

Statement of Condition: The School Department under reported meal count figures on the direct claim form in two of the three months tested.

Criteria: Each month the School Department is required to submit a direct claim form that reports meals served and calculates the amount of reimbursement the School Department will receive. This form reports meals for each location that serves breakfast, lunch, and after school snacks. Additionally, the School Department is required to segregate the meals based on the categories of free, reduced, or paid as each category has a different reimbursement amount.

Effect: The reimbursement that the School Department received was less than what the School Department actually earned for the two months with reporting errors.

Cause: The School Lunch Director did not detect and correct the errors on the direct claim form.

Recommendation: Management needs to assign a second individual to review the monthly direct claim forms with the internally generated meal count sheets prior to the School Lunch Director filing the claim for reimbursement. Additionally, this second individual should sign off on the meal count sheets at the end of the month to signify that the review has been completed.

Status: *The deficiency has been addressed and corrected in fiscal year 2020.*