

Federal Compliance Audit

City of Lewiston, Maine

June 30, 2016



Proven Expertise & Integrity

CITY OF LEWISTON, MAINE

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JUNE 30, 2016

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CITY OF LEWISTON, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	ARRA Funds	Balance at June 30, 2015	Revenues		Expenditures				Balance at June 30, 2016
					Federal	Other	Federal	Passed Through to Subrecipients	Total Federal	Other	
U.S. Department of Education,											
Passed through the Maine Department of Education:											
Adult Basic Education	84.002	6296		\$ -	\$ 97,513	\$ -	\$ 97,513	\$ -	\$ 97,513	\$ -	\$ -
Adult Ed Corrections	84.002	6296		-	2,487	-	2,487	-	2,487	-	-
Adult Ed Civics	84.002	6299		-	67,015	-	67,015	-	67,015	-	-
Title 1A	84.010	3107		-	2,390,796	-	2,390,796	-	2,390,796	-	-
Title 1 Priority Focus	84.010	3106		-	18,828	-	18,828	-	18,828	-	-
Special Education Cluster (IDEA):											
Special Education - Grants to states (IDEA, Part B)	84.027	3046		186	1,667,287	-	1,667,287	-	1,667,287	-	186
Special Education - Preschool Grants (IDEA Preschool)	84.173	6247		-	38,548	-	38,548	-	38,548	-	-
Total Special Education Cluster (IDEA)				186	1,705,835	-	1,705,835	-	1,705,835	-	186
Perkins Grant	84.048	3030		-	226,267	-	226,267	-	226,267	-	-
Pre-school Expansion grant	84.419A	1088		-	409,673	-	409,673	-	409,673	-	-
McKinney Homeless IASA	84.196	3104		-	32,822	-	32,822	-	32,822	-	-
Twenty-first century	84.287	3356		-	129,136	-	129,136	-	129,136	-	-
Title III English Language Acquisition	84.365	3115		-	162,201	-	162,201	-	162,201	-	-
Title IIA Improving Teacher Quality	84.367	3042		-	335,473	-	335,473	-	335,473	-	-
School Improvement Grant	84.388	3105		-	553,500	-	553,500	-	553,500	-	-
Total U.S. Department of Education				186	6,131,546	-	6,131,546	-	6,131,546	-	186
U.S. Department of Commerce,											
Passed through State of Maine, ConnectME Authority:											
State Broadband Date and Development (Project Connect)	11.558	3112	Y	499	-	-	499	-	499	-	-
U.S. Department of Health and Human Services,											
Passed through the Maine Department of Education:											
Refugee Resettlement	93.576	3120		-	41,162	-	41,162	-	41,162	-	-
Office of Substance Abuse,											
Passed through the Maine Department of Health & Human Services:											
Underage Drinking Enforcement Grant	10.558	n/a		3,990	7,000	-	4,273	-	4,273	-	6,717
Total U.S. Department of Health & Human Services				3,990	48,162	-	45,435	-	45,435	-	6,717
U.S. Department of Agriculture											
Passed through the Maine Department of Education:											
Child Nutrition Cluster:											
School Breakfast Program	10.553	3014		-	841,074	-	841,074	-	841,074	-	-
Donated Commodities	10.555	n/a		-	119,169	-	119,169	-	119,169	-	-
National School Lunch Program	10.555	3024		177,265	2,006,340	-	2,183,605	-	2,183,605	-	-
Summer Food Service Program	10.559	3016		-	157,115	-	157,115	-	157,115	-	-
Total Child Nutrition Cluster				177,265	3,123,698	-	3,300,963	-	3,300,963	-	-
Fresh Fruit & Veg Program	10.582	3028		-	150,975	-	150,975	-	150,975	-	-
Total U.S. Department of Agriculture				177,265	3,274,673	-	3,451,938	-	3,451,938	-	-

CITY OF LEWISTON, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	ARRA Funds	Balance at June 30, 2015	Revenues		Expenditures				Balance at June 30, 2016
					Federal	Other	Federal	Passed Through to Subrecipients	Total Federal	Other	
U.S. Department of Transportation											
Passed through the Maine Department of Transportation:											
Highway Planning and Construction Cluster:											
River Road Improvements	20.205	11599.3		664	909	113	206	-	206	51	1,429
Riverside Greenway	20.205	11848		74,612	-	-	-	-	-	-	74,612
Bartlett Street	20.205	18580		(101)	35,461	154,433	35,380	-	35,380	8,845	145,568
Cedar Street	20.205	18648		-	-	40,000	440	-	440	110	39,450
Cedar Street	20.205	18650		-	-	10,000	124	-	124	31	9,845
Video Detection	20.205	20285/8850.31		(15,626)	-	-	13,810	-	13,810	-	(29,436)
Lisbon Street Resurfacing	20.205	20309		95,684	200,081	25,010	294,097	-	294,097	73,524	(46,846)
Sabattus Street Signal	20.205	20309		66,592	97,162	12,145	125,886	-	125,886	31,472	18,541
Lisbon Street Signals	20.205	20557		74,236	64,406	8,051	101,992	-	101,992	25,498	19,203
Total Highway Planning and Construction Cluster				296,061	398,019	249,752	571,935	-	571,935	139,531	232,366
Total U.S. Department of Transportation				296,061	398,019	249,752	571,935	-	571,935	139,531	232,366
U.S. Department of Housing and Urban Development:											
Entitlement Grants Cluster:											
Community Development Block Grant	14.218	n/a		2,010,906	1,078,572	98,737	571,810	266,986	838,796	98,736	2,250,683
Total Entitlement Grants Cluster				2,010,906	1,078,572	98,737	571,810	266,986	838,796	98,736	2,250,683
Home Investment Partnership Program	14.239	n/a		296,627	153,437	17,464	149,373	-	149,373	17,464	300,691
Economic Development Initiative	14.251	n/a		-	7,368	-	7,368	-	7,368	-	-
Lead Grant	14.900	n/a		3	758,399	-	747,937	1,889	749,826	-	8,576
Passed through the Maine Department of Economic and Community Development:											
Neighborhood Stabilization	14.228	n/a		38,738	-	-	24,972	-	24,972	-	13,766
Total U.S. Department of Housing & Urban Development				2,346,274	1,997,776	116,201	1,501,460	268,875	1,770,335	116,200	2,573,716
U.S. Environmental Protection Agency:											
Brownfields Assessment and Cleanup Cooperative Agreements											
	66.811	n/a		57,406	-	65	2,310	-	2,310	65	55,096
U.S. Marshals Service:											
Central Maine Violent Crimes Task Force											
	16.592	n/a		17,014	-	177	188	-	188	177	16,826
U.S. Department of Justice - Bureau of Justice Assistance:											
Local Law Enforcement Block Grant Program											
	16.580	n/a		(1,554)	41,609	-	49,749	-	49,749	-	(9,694)
COPS Hiring Program											
	16.710	n/a		11	121,247	-	114,294	-	114,294	-	6,964
Enforcing Underage Drinking Laws Program											
	16.727	n/a		-	-	-	-	-	-	-	-
Equitable sharing program											
	16.992	n/a		254,188	28,417	61,045	70,071	-	70,071	9,007	264,572
Total U.S. Department of Justice				252,645	191,273	61,045	234,114	-	234,114	9,007	261,842
U.S. Department of Homeland Security:											
Homeland Security 2013											
	97.067	n/a		(4,988)	5,140	-	152	-	152	-	-
Homeland Security 2014											
	97.067	n/a		(51,702)	177,029	-	110,537	-	110,537	-	14,790
Homeland Security 2015											
	97.067	n/a		-	79,411	-	80,055	-	80,055	-	(644)
Total U.S. Department of Homeland Security				(56,690)	261,580	-	190,744	-	190,744	-	14,146
TOTAL FEDERAL ASSISTANCE				\$ 3,094,650	\$ 12,303,029	\$ 427,240	\$ 12,130,169	\$ 268,875	\$ 12,399,044	\$ 264,980	\$ 3,160,895

CITY OF LEWISTON, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Lewiston, Maine under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City of Lewiston, Maine, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Lewiston, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The City of Lewiston, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Food Donation Program

The City of Lewiston, Maine reports commodities consumed on the Schedule at the fair value [or entitlement value]. The City allocated donated food commodities to the respective program(s) that benefitted from the use of those donated food commodities.



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INDEPENDENT AUDITORS' 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 Lewiston
Lewiston, ME

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 City of Lewiston, Maine as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Lewiston, Maine's basic financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Lewiston, 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 City of Lewiston, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Lewiston, 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.

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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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Lewiston, 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*.

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.

RHR Smith & Company

Buxton, Maine
December 14, 2016



Proven Expertise and Integrity

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

City Council
City of Lewiston
Lewiston, ME

Report on Compliance for Each Major Federal Program

We have audited City of Lewiston, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Lewiston, Maine's major federal programs for the year ended June 30, 2016. City of Lewiston, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Lewiston, 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 City of Lewiston, 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 City of Lewiston, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Lewiston, 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, 2016.

Report on Internal Control Over Compliance

Management of City of Lewiston, 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 City of Lewiston, 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 City of Lewiston, 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.

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 Lewiston, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Lewiston, Maine's basic financial statements. We issued our report thereon dated December 14, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RHR Smith & Company

Buxton, Maine
December 14, 2016

CITY OF LEWISTON, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
14.218	Entitlement Grants Cluster
84.388	School Improvement Grant

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

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None