

CITY OF LEWISTON, MAINE

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

For the Year Ended June 30, 2012

CITY OF LEWISTON, MAINE
Reports Required by *Government Auditing Standards*
and OMB Circular A-133
For the Year Ended June 30, 2012

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**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 School Committee
City of Lewiston, Maine

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, 2012, which collectively comprise the City of Lewiston, Maine's basic financial statements and have issued our report thereon dated December 12, 2012. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

Management of the City of Lewiston, Maine, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Lewiston, Maine's internal control over financial reporting as a basis for designing our auditing procedures 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 Lewiston, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Lewiston, Maine's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.


**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 Lewiston, 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 we reported to management of City of Lewiston, Maine, in a separate letter dated December 12, 2012.

This report is intended solely for the information and use of management, the City Council, the School Committee, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



December 12, 2012
South Portland, Maine

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

City Council and School Committee
City of Lewiston, Maine

Compliance

We have audited the City of Lewiston, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2012. The 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Lewiston, Maine's management. Our responsibility is to express an opinion on the City of Lewiston, Maine's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of 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. Our audit does not provide a legal determination of the City of Lewiston, Maine's compliance with those requirements.

As described in item #2012-1 in the accompanying *Schedule of Findings and Questioned Costs*, the City of Lewiston, Maine did not comply with the requirements regarding Section 1512 reporting applicable to its U.S. Department of Education, ARRA-School Improvement Grant (CFDA #84.388). Compliance with such requirements is necessary, in our opinion, for the City of Lewiston, Maine, to comply with the requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Lewiston, Maine, complied, in all material respects, with the 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, 2012.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133, CONTINUED**

Internal Control Over Compliance

Management of the City of Lewiston, Maine is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Lewiston, Maine's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

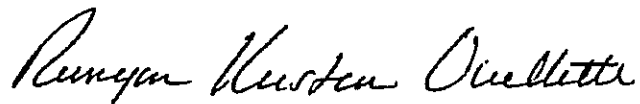
Schedule of Expenditures of Federal Awards

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, 2012, and have issued our report thereon dated December 12, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133, CONTINUED**

The City of Lewiston, Maine's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. We did not audit the City of Lewiston, Maine's response and Corrective Action Plan and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the City Council, the School Committee, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



December 12, 2012
South Portland, Maine

CITY OF LEWISTON, MAINE
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2012

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through grantor number	ARRA Funds	Balance at		Revenues		Expenditures		Balance at June 30, 2012
				June 30, 2011	June 30, 2012	Grantor	Other	Grantor	Other	
U. S. Department of Education,										
Passed-through the Maine Department of Education:										
Adult Basic Education	84.002	6296	\$	16,485	97,789	-	-	93,489	25,404	(4,619)
Adult Ed Corrections	84.002	6296		(24,760)	10,990	24,760	-	10,990	-	-
Adult Ed Civics	84.002	6299		186	34,868	-	-	36,345	-	(1,291)
Title 1A	84.030	3107		420,271	2,059,040	-	-	2,196,029	-	283,282
Title 1A SES	84.030	3107		-	36,258	-	-	36,227	-	31
Special Education Grants to States	84.027	3046		187	1,039,386	-	-	1,047,697	-	(8,124)
Title I Part C Basic Formula	84.048	3030		(58,136)	262,222	-	-	213,851	-	(9,765)
Preschool	84.173	6241		16,029	8,355	-	-	-	-	24,384
McKinney Homeless (ASA)	84.196	3104		23,257	43,841	-	-	47,442	-	19,666
Twenty-first Century	84.287	3054		(18,198)	38,981	4,401	-	25,184	-	-
Title IID Education Technology	84.318	3003		(259)	-	259	-	-	-	-
Reading First	84.357	3052		(4,963)	-	4,963	-	-	-	-
Title III English Language Acquisition	84.365	3090		(89,038)	234,115	-	-	144,838	-	239
Title IIA Improving Teacher Quality	84.367	3042		74,786	331,350	-	-	402,691	-	3,445
Teacher Incentive Fund	84.374	N/A		-	265,419	-	-	269,975	1,428	(4,556)
ARRA-Title IID Education Technology	84.386	3003	Y	1,428	-	-	-	536,802	-	15,391
ARRA-School Improvement Grant	84.388	3121	Y	(17,954)	570,147	-	-	198,512	-	(21,433)
ARRA-Title JA	84.389	3107	Y	9,691	167,388	-	-	62,027	-	-
ARRA-Special Education Grants to States	84.391	3046	Y	(38)	62,065	-	-	41,782	-	-
ARRA-Preschool	84.392	6241	Y	20,697	21,085	-	-	-	-	-
ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	2077	Y	(13)	-	13	-	-	-	-
ARRA-Education Jobs Fund	84.410	3099	Y	1,257	695,799	-	-	762,845	-	(67,046)
Library Service and Construction Act, Title 1	84.034	N/A		-	2,600	9	-	749	9	3,108
Passed-through the Maine School Administrative District No. 6:										
Title V Smaller Learning Communities	84.289	1072		(124,687)	46,718	115,114	-	37,145	-	-
Passed-through the Maine Department of Education, passed-through Maine Technical College, passed-through the Maine Career Advantage:										
Maine Youth Apprenticeship	84.278	N/A		161	-	-	-	-	-	161
Passed-through the Office of Safe and Drug-Free Schools:										
Safe Schools/Healthy Students	84.184	N/A		(276,948)	1,385,829	-	-	1,116,347	-	(7,466)
Title IV (Drug Free School)	84.186	N/A		(2,256)	-	2,256	-	-	-	-
Total U.S. Department of Education				(32,805)	7,414,245	151,775	-	7,290,967	26,841	225,407
U. S. Department of Health & Human Services,										
Passed-through the Maine Department of Education:										
Refugee Resettlement	93.576	3080		(39,263)	76,244	-	-	34,030	-	2,951
U. S. Department of Agriculture,										
Passed-through the Maine Department of Education:										
School Breakfast Program	10.553	3014		-	435,790	-	-	435,790	-	-
Donated Commodities	10.555	N/A		-	132,639	-	-	132,639	-	-
National School Lunch Program	10.555	3024		756,173	1,355,208	488,702	-	1,355,208	560,224	684,651
Summer Food Service Program	10.559	3016		-	66,789	-	-	66,789	-	-
Fresh Fruit and Veggies Program	10.582	3028		-	47,133	-	-	47,133	-	-
Total U. S. Department of Agriculture				756,173	2,037,559	488,702	-	2,037,559	560,224	684,651

CITY OF LEWISTON, MAINE
 Schedule of Expenditures of Federal Awards, Continued
 For the Year ended June 30, 2012

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through grantor number	ARRA Funds	Balance at		Revenues		Expenditures		Balance at June 30, 2012
				June 30, 2011	June 30, 2012	Grantor	Other	Grantor	Other	
Federal Highway Administration,										
Passed-through the Maine Department of Transportation:										
Pine St.-Canal/Sabbattus	20.205	N/A	\$	(40,711)		32,569	8,142	-	-	-
Pine Street Sidewalks	20.205	N/A		41,333		-	-	32,728	8,182	423
Tall pines	20.205	N/A		(1,181)		11,372	18,000	11,372	2,843	13,976
Riverside Greenway	20.205	N/A		-		6,038	-	6,709	1,677	(2,348)
Lisbon Street Overlay	20.205	N/A		-		4,370	143,000	4,370	486	142,514
Lisbon Street-Town of Lisbon	20.205	N/A		-		4,824	-	4,824	-	-
East Ave. Sidewalk	20.205	N/A		-		7,134	36,095	6,256	1,564	35,409
Russell Street	20.205	N/A		-		3,081	71,385	3,218	804	70,444
Main St/Sunny Side	20.205	N/A		(1,617)		10,432	78,000	10,432	2,608	73,775
Lincoln St/South Ave	20.205	N/A		(49,527)		1,269,778	448,722	1,428,554	357,138	(116,719)
Lincoln/Locust Int	20.205	N/A		(136,225)		337,758	127,220	250,603	62,650	15,500
LAP Signals	20.205	N/A		(290,892)		289,192	74,639	55,923	13,980	3,036
Total Federal Highway Administration				(478,820)		1,976,548	1,005,203	1,814,989	451,932	236,010
Community Development Block Grant	14.218	N/A		1,459,156		1,328,873	75,380	1,180,614	75,380	1,607,415
Home Investment Partnership Program	14.239	N/A		291,865		526,916	1,337	462,343	1,337	356,438
EDI Special Projects	14.251	N/A		-		179,934	-	179,934	-	-
ARRA-Community Development Block Grant	14.253	N/A	Y	41,536		-	-	41,536	-	-
ARRA-Lead Hazard Control	14.907	N/A	Y	202		786,343	831	780,141	831	6,404
Passed-through the Maine Department of Economic and Community Development:										
Neighborhood Stabilization	14.228	N/A		196		199,235	74,095	125,140	74,095	74,291
Total U. S. Department of Housing and Urban Development				1,792,955		3,021,301	151,643	2,769,708	151,643	2,044,548
Environmental Protection Agency:										
Capitalization Grants for Drinking Water State Revolving Funds	66.468	N/A		(36,652)		797,988	265,996	990,963	330,321	(293,952)
Brownfields Assessment and Cleanup Cooperative Agreements	66.811	N/A		148,354		200,720	2,745	197,975	2,745	151,099
Total Environmental Protection Agency				111,702		998,708	268,741	1,188,938	333,066	(142,853)
U.S. Treasury-Bureau of Alcohol, Tobacco & Firearms:										
Great Grant	21.052	N/A		69		-	-	69	-	-
U.S. Marshals Service:										
Central Maine Violent Crimes Task Force	16.592	N/A		16,636		17,270	149	18,351	149	15,555
U. S. Department of Justice - Bureau of Justice Assistance:										
Local Law Enforcement Block Grant Program	16.580	N/A		(1,049)		31,000	-	37,184	-	(7,233)
ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.804	N/A	Y	133,551		-	-	93,066	-	40,485
Equitable sharing program	16.992	N/A		152,894		71,443	797	16,263	797	208,074
Community Oriented Policing Services	16.710	N/A		(2,700)		104,000	-	117,895	-	(16,595)
Total U. S. Department of Justice				282,696		206,443	797	264,408	797	224,731
U.S. Department of Labor -										
Employment & Training Administration:										
WIA Pilots, Demonstrations & Research Projects	17.261	N/A		-		70,468	-	70,468	-	-
Earmark/MMWFDP-Adult Ed	17.261	N/A		(14,858)		37,505	-	14,982	7,665	-
Total U. S. Department of Labor				(14,858)		107,973	-	85,450	7,665	-
U. S. Department of Homeland Security:										
Homeland Security	97.067	N/A		(319)		-	319	-	-	-
Homeland Security 2009	97.067	N/A		16,305		1,405	-	17,710	-	-
Homeland Security 2010	97.067	N/A		(3,379)		170,498	-	167,323	-	(204)
Homeland Security 2011	97.067	N/A		-		23,788	-	25,532	-	(1,744)
Homeland Security RRT	97.067	N/A		809		41,727	360	46,838	360	(4,302)
Total U.S. Department of Homeland Security				13,416		237,418	679	257,403	360	(6,250)
Total Federal financial assistance				\$ 2,407,501		16,093,709	2,067,689	15,751,872	1,532,677	3,284,750

CITY OF LEWISTON, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2012

PURPOSE OF THE SCHEDULE

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

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Lewiston, Maine for the fiscal year ended June 30, 2012. The reporting entity is defined in Notes to Basic Financial Statements of the City of Lewiston, Maine.
- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133.
 - 1. Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
 - 2. Major Programs - OMB Circular A-133 establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the City of Lewiston, 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.

CITY OF LEWISTON, MAINE
 Schedule of Findings and Questioned Costs
 June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? no
 Significant deficiencies identified? none reported

Noncompliance material to financial statements noted? no

Federal Awards

Internal Control over major programs:
 Material weaknesses identified? no
 Significant deficiencies identified? none reported

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

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? yes

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010; 84.389	Title I – Part A Cluster
84.027; 84.173; 84.391; 84.392	Special Education Cluster
84.410	ARRA - Education Jobs Fund
84.388	School Improvement Grant
10.553-10.559	School Nutrition Cluster
20.205	Highway Planning and Construction
14.907	ARRA - Lead Hazard Control

Dollar threshold used to distinguish
 between Type A and Type B programs: \$472,556

Auditee qualified as low-risk auditee? no

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

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

None

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

Section III - Findings and Questioned Costs for Federal Awards

#2012 - 1 - U.S. Department of Education, for the Period July 1, 2011 through June 30, 2012, CFDA #84.388 School Improvement Grant

Finding - The School Department did not comply with the section 1512 reporting requirements under the American Recovery and Reinvestment Act (ARRA).

Criteria - Grantees must submit expenditure information to the State Department of Education on a monthly basis so that it may be submitted to the Federal Government on a quarterly basis. Expenditures should be reported in the quarter in which they occurred and should be categorized as either greater than or less than \$25,000. For those expenditures greater than \$25,000, specific vendor names and descriptions of the transactions should be provided.

Effect - By not adhering to the reporting requirements, the School Department does not meet the requirements of the American Recovery and Reinvestment Act (ARRA) of enhanced accountability and transparency.

Cause - Reports were not submitted in a timely manner, so an amount greater than \$25,000 was not reported in the appropriate quarter.

Recommendation - The School Department should review the expenditures charged to the grant to ensure that they agree with what was reported to the State and therefore, to the Federal Government. Particular care should be taken for those amounts greater than \$25,000 to ensure the correct amounts and vendors are reported.

Questioned Costs - None.

Management's response/corrective action plan:

Effective August 2012, the Business Office implemented new procedures relating to grant accounting and administration. The new procedures ensure timely reporting of monthly financial information and document appropriate approval of reported grant activity. The key elements are as follows:

- *Discontinuing issuance of manually-prepared payroll summaries with underlying payroll details;*
- *Issuing automated comprehensive financial statement for each grant which report both revenue and expense information, details for the current month and YTD totals;*
- *Emailing financial reports to each respective grant administrator;*
- *Requiring sign-off of financial reports by the Director, CAO, or grant administrator, as applicable, as the authorization to submit monthly (or periodic) reimbursement requests;*
- *Reorganizing documentation by grant versus by function and standardizing the core components of each grant file, to ensure timely compliance with requirements specific to each grant.*

Anticipated completion date for corrective action:

We anticipate corrective action to begin immediately.

Contact person responsible for corrective action:

School – Elaine Runyon, Controller, 207-795-4104

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

Section IV – Status of Prior Year Findings and Questioned Costs for Federal Awards

#2011 - 2 - U.S. Department of Education, for the Period July 1, 2010 through June 30, 2011, CFDA #84.010, 84.389 Title I – Part A Cluster

Finding - The Title 1-Part A Cluster had excess cash balances on hand for excessive periods of time.

Criteria - Draw downs of federal funds must be as close as possible to the time of making distributions. Time should be minimized between the transfer from the U. S. Treasury and the disbursement of funds by the recipient.

Effect - Excess cash on hand could result in the payment of federal funds being delayed or denied.

Recommendation - Request for draw downs, which are accomplished in the application, should be timed such that they are received in the later periods of the grant resulting in these payments being reimbursements for expenditures already made rather than advances.

Questioned Costs - None.

Status - Funds are now drawn down on a reimbursement basis from the Maine Department of Education, so there is no longer a finding for cash management for excess cash on hand.

#2011-3 - U.S. Department of Education, for the Period July 1, 2010 through June 30, 2011, CFDA #84.377, 84.388 School Improvement Grant Cluster

Finding - The School Improvement Grant Cluster had excess cash balances on hand for excessive periods of time.

Criteria - Draw downs of federal funds must be made as close as possible to the time of making distributions. Time should be minimized between the transfer from the U. S. Treasury and the disbursement of funds by the recipient.

Effect - Excess cash on hand could result in the payment of federal funds being delayed or denied.

Recommendation - Request for draw downs, which are accomplished in the application, should be timed such that they are received in the later periods of the grant resulting in these payments being reimbursements for expenditures already made rather than advances.

Questioned Costs - None

Status - Funds are now drawn down on a reimbursement basis from the Maine Department of Education, so there is no longer a finding for cash management for excess cash on hand.

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

Section IV – Status of Prior Year Findings and Questioned Costs for Federal Awards, Continued

**#2011 - 4 - U.S. Department of Education, for the Period July 1, 2010 through June 30, 2011, CFDA #84.394
ARRA-State Fiscal Stabilization Funds**

Finding - The School Department did not comply with the section 1512 reporting requirements under the American Recovery and Reinvestment Act (ARRA).

Criteria - Grantees must submit expenditure information to the State Department of Education on a monthly basis so that it may be submitted to the Federal Government on a quarterly basis. Expenditures should be reported in the quarter in which they occurred and should be categorized as either greater than or less than \$25,000. For those expenditures greater than \$25,000, specific vendor names and descriptions of the transactions should be provided.

Effect - By not adhering to the reporting requirements, the School Department does not meet the requirements of the American Recovery and Reinvestment Act (ARRA) of enhanced accountability and transparency.

Recommendation - The School Department should review the expenditures charged to the grant to ensure that they agree with what was reported to the State and therefore, to the Federal Government. Particular care should be taken for those amounts greater than \$25,000 to ensure the correct amounts and vendors are reported.

Questioned Costs - None.

Status - The State Fiscal Stabilization Fund grant was finalized in FY 2011, so there was no reporting requirement for the grant in FY 2012.

**#2011 - 5 - U.S. Department of Education, for the Period July 1, 2010 through June 30, 2011, CFDA #84.377 and
#84.388 School Improvement Grant Cluster**

Finding - The School Department did not comply with the section 1512 reporting requirements under the American Recovery and Reinvestment Act (ARRA).

Criteria – Grantees must submit expenditure information to the State Department of Education on a monthly basis so that it may be submitted to the Federal Government on a quarterly basis. Expenditures should be reported in the quarter in which they occurred and should be categorized as either greater than or less than \$25,000. For those expenditures greater than \$25,000, specific vendor names and descriptions of the transactions should be provided.

Effect – By not adhering to the reporting requirements, the School Department does not meet the requirements of the American Recovery and Reinvestment Act (ARRA) of enhanced accountability and transparency.

Recommendation – The School Department should review the expenditures charged to the grant to ensure that they agree with what was reported to the State and therefore, to the Federal Government. Particular care should be taken for those amounts greater than \$25,000 to ensure the correct amounts and vendors are reported.

Questioned Costs - None.

Status – See the current year finding #2012-1.