

October 19, 2019

To the Transit Board and Management of the
Biddeford-Saco-Old Orchard Beach Transit Committee

In planning and performing our audit of the financial statements of the Biddeford-Saco-Old Orchard Beach Transit Committee (Transit Committee) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Transit Committee'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Transit Committee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Transit Committee'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 Transit Committee's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

During our audit, we became aware of other matters that are opportunities for strengthening internal controls and operating efficiency. They have been identified in the Schedule of Comments and Responses as "Other Comments".

We wish to express our appreciation for the cooperation and assistance we received from the officials and employees of Biddeford-Saco-Old Orchard Beach Transit Committee during the course of our audit. We will review the status of these comments during our next audit engagement. We have already discussed these matters with various Transit Committee personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Biddeford-Saco-Old Orchard Beach Transit Committee's responses to the comments identified in our audit are described in the accompanying Schedule of Comments and Responses. Biddeford-Saco-Old Orchard Beach Transit Committee's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, the Transit Committee Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, reading "Raymond Weston Ouellette". The signature is written in a cursive style with a large initial 'R'.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Schedule of Comments and Responses
June 30, 2019

OTHER COMMENTS

MAAP Testing

As part of our MAAP compliance testing, we review management's calculation of monthly reimbursements for grants funded through the Maine Department of Transportation. During this testing in the current fiscal year, we found a formula error that caused the Transit Committee to be reimbursed incorrect amounts. The error was immaterial to the compliance audit; however, the formula should be accurate to ensure material errors will not occur in the future. We suggest that management review this formula and correct it in fiscal year 2020 to ensure draw downs are accurate moving forward.

Management Response: After this error was identified, the underlying formulas were checked and one formula was incorrect. That formula was corrected to agree with the formulas calculating grant drawdown amounts for other months for the same grant and with other worksheets performing the same task for other grants we have. In future, spot checks will be performed on formulas being used in each month's grant calculation worksheets to verify correctness. This issue was corrected while audit field work was still in progress.

Indirect Cost Rate

As part of our compliance testing, we compare the approved Federal Transit Administration (FTA) indirect cost rate to the current indirect cost rate being utilized by the Transit District. Since the rate was approved in fiscal year 2017, management has adjusted the rate down by roughly 3% due changes in indirect costs. While only changes in excess of 20% require a new cost rate plan to be approved, we suggest management obtain a new cost rate agreement in 2020 fiscal year. We suggest this as the Finance Director will be leaving during fiscal year 2020 and the transition will be easier if the cost rate being utilized by management matches the approved rate by the FTA.

Management Response: Management has consulted with FTA Region 1 and received verbal concurrence with beginning the process of reviewing and approving the revised Indirect Cost Rate submission once final audited statements are issued.