

**BIDDEFORD-SACO-OLD ORCHARD BEACH
TRANSIT COMMITTEE**

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

For the Year Ended June 30, 2021

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Reports Required by *Government Auditing Standards*
and the Uniform Guidance
For the Year Ended June 30, 2021

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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

To the Transit Committee
Biddeford-Saco-Old Orchard Beach Transit Committee

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 Biddeford-Saco-Old Orchard Beach Transit Committee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Biddeford-Saco-Old Orchard Beach Transit Committee's basic financial statements, and have issued our report thereon dated March 21, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Biddeford-Saco-Old Orchard Beach 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 Biddeford-Saco-Old Orchard Beach Transit Committee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Biddeford-Saco-Old Orchard Beach 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 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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider 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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Biddeford-Saco-Old Orchard Beach Transit Committee'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*.

Biddeford-Saco-Old Orchard Beach Transit Committee’s Responses to Finding

Biddeford-Saco-Old Orchard Beach Transit Committee’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Biddeford-Saco-Old Orchard Beach Transit Committee’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



March 21, 2022
South Portland, Maine

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

To the Transit Committee
Biddeford-Saco-Old Orchard Beach Transit Committee

Report on Compliance for Each Major Federal Program

We have audited Biddeford-Saco-Old Orchard Beach Transit Committee'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 the Biddeford-Saco-Old Orchard Beach Transit Committee's major federal programs for the year ended June 30, 2021. The Biddeford-Saco-Old Orchard Beach Transit Committee'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 Biddeford-Saco-Old Orchard Beach Transit Committee'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 Biddeford-Saco-Old Orchard Beach Transit Committee'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 Biddeford-Saco-Old Orchard Beach Transit Committee's compliance.

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

Opinion on Each Major Federal Program

In our opinion, the Biddeford-Saco-Old Orchard Beach Transit Committee, 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, 2021.

Report on Internal Control over Compliance

Management of the Biddeford-Saco-Old Orchard Beach Transit Committee 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 Biddeford-Saco-Old Orchard Beach Transit Committee'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 Biddeford-Saco-Old Orchard Beach Transit Committee'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. *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 by the Uniform Guidance

We have audited the financial statements of the Biddeford-Saco-Old Orchard Beach Transit Committee as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Biddeford-Saco-Old Orchard Beach Transit Committee basic financial statements. We issued our report thereon dated March 21, 2022 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the 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.



March 21, 2022
South Portland, Maine

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	CSN Number	Pass-through/ Agreement Number	Total Federal Expenditures	Assistance Listing/ Cluster Totals	Passed Through to Subrecipients
U. S. Department of Transportation:						
Direct Program:						
Federal Transit Cluster:						
Federal Transit - Formula Grants	20.507	N/A	ME-2019-011-00	\$ 248,892		-
Federal Transit - Formula Grants - CARES	20.507	N/A	ME-2020-011-00	18,541		-
Federal Transit - Formula Grants - CARES	20.507	N/A	ME-2020-037-00	440,944		-
Federal Transit - Formula Grants - CARES	20.507	N/A	ME-2021-004-00	153,797		-
Federal Transit - Formula Grants	20.526	N/A	ME-2019-020-00	22,500		-
Federal Transit - Formula Grants	20.526	N/A	ME-2020-022-00	854,154		-
Federal Transit - Formula Grants	20.507	N/A	ME-2020-031-00	713,100		-
Federal Transit - Formula Grants	20.526	N/A	ME-2020-031-00	880,000		-
Federal Transit - Formula Grants	20.507	N/A	ME-2021-008-00	440,000		-
Federal Transit - Formula Grants	20.507	N/A	ME-2018-012-00	4,504		-
Total Federal Transit Cluster					3,776,432	
Passed through Maine Department of Transportation:						
Formula Grants for Rural Areas - CARES	20.509	41617	ME-2018-024-00	561,178		-
Formula Grants for Rural Areas - CARES	20.509	42761	ME-2020-005-00	66,421		-
Formula Grants for Rural Areas - CARES	20.509	41600	ME-2019-019-00	263,495		-
Total Formula Grants for Rural Areas					891,094	
Total U. S. Department of Transportation				4,667,526		-
Totals				\$ 4,667,526		-

See accompanying notes to schedule of expenditures of federal awards.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2021

PURPOSE OF THE SCHEDULE

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.

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the Biddeford-Saco-Old Orchard Beach Transit Committee for the fiscal year ended June 30, 2021. The reporting entity is defined in notes to basic financial statements of the Biddeford-Saco-Old Orchard Beach Transit Committee.
- 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 Biddeford-Saco-Old Orchard Beach Transit Committee 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 accrual basis of accounting, which is consistent with the reporting in the Transit Committee's financial statements.
- D. Indirect Cost Rate - The amounts expended include costs claimed as an indirect cost recovery using an approved indirect cost rate of 32.23%. As such, the entity has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Schedule of Findings and Questioned Costs
June 30, 2021

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?	Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	No
Significant deficiencies identified?	No

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>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507 and 20.526	Federal Transit Cluster

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

Auditee qualified as low-risk auditee? No

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Schedule of Findings and Questioned Costs, Continued

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

SIGNIFICANT DEFICIENCY

2021-001 - Material Audit Adjustments

Criteria: Fundamental to proper financial reporting is the routine analysis of accounts and reconciliation of balances to underlying documentation. Such analysis and reconciliation aids in identifying errors and irregularities so they can be corrected in a timely manner.

Condition: As part of the audit process, there were several significant audit adjustments posted to correct the balances of accounts receivable, accounts payable, accrued payroll, inventory and unearned revenues to ensure they were properly reported in accordance with Generally Accepted Accounting Principles (GAAP).

Cause: During our audit, we identified material amounts that were not posted correctly and therefore, adjusting entries were required.

Effect: 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: In order to maintain an accurate accounting of all accounts on the general ledger and provide accurate financial reports during the year, we recommend that Transit Committee employees reconcile the ending balances of each general ledger account on a monthly basis. We suggest that management establish a checklist of required monthly and year-end adjustments to ensure that general ledger accounts are being reconciled in a timely manner.

Management's response/corrective action plan: *Management will implement a checklist to be completed on a monthly basis to:*

- 1. Reconcile the detailed listing of all accounts receivable and accounts payable accounts to the general ledger balances.*
- 2. Reconcile of the perpetual inventory system to the general ledger balance*
- 3. Analytical review of revenue accounts to identify misclassifications or errors.*
- 4. Analytical review of expense accounts to identify misclassifications or errors.*

Anticipated completion date: *Ongoing improvement*

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Schedule of Findings and Questioned Costs, Continued

Section III - Federal Award Findings and Questioned Costs

None

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Schedule of Findings and Questioned Costs, Continued

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

2020-001 – Local Portion Error

Criteria: Under the Uniform Guidance compliance requirement of Cash Management, a local transit agency requesting federal funds must spend funds on eligible expenditures prior to seeking reimbursement from the funding source.

Statement of Condition: During testing of the compliance requirement of Cash Management for grant ME-2019-019, we found a formula error in the local match calculation that caused the District to overstate the eligible federal reimbursement.

Cause: The District was alerted of this formula area in fiscal year 2019; however, management changed finance directors during fiscal year 2021 and the new finance director believed that the issue was previously corrected.

Effect: This error caused the District to draw \$13,814 prior to the District meeting the local match and subsequently drawing the funds before eligible expenditures had occurred. This error was not material to the Formula Grants for Rural Areas Program; however, management's control system was unable to detect and correct the error in a timely manner.

Recommendation: We suggest that management establish a review process for all drawdown requests prior to submitting them to the funding source. A second individual, other than the person who filled out the drawdown request, should review the drawdown request and ensure that amounts are calculating properly prior to approving the reimbursement.

Status: There were no local portion errors noted in the current-year.