

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

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

**For the Year Ended June 30, 2022**

**BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE**  
**Reports Required by *Government Auditing Standards***  
**and the Uniform Guidance**  
**For the Year Ended June 30, 2022**

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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, 2022, 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 April 20, 2023.

**Report on 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

**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**

**Report on 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 Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Biddeford-Saco-Old Orchard Beach Transit Committee’s response to the finding identified in our audit and 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.



April 20, 2023  
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**

***Opinion on 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 Biddeford-Saco-Old Orchard Beach Transit Committee's major federal programs for the year ended June 30, 2022. 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.

In our opinion, 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, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Biddeford-Saco-Old Orchard Beach Transit Committee and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Biddeford-Saco-Old Orchard Beach Transit Committee's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Biddeford-Saco-Old Orchard Beach Transit Committee's federal programs.

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

***Auditor’s Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Biddeford-Saco-Old Orchard Beach Transit Committee’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Biddeford-Saco-Old Orchard Beach Transit Committee’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Biddeford-Saco-Old Orchard Beach Transit Committee’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Biddeford-Saco-Old Orchard Beach Transit Committee’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Biddeford-Saco-Old Orchard Beach Transit Committee’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Biddeford-Saco-Old Orchard Beach Transit Committee as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Biddeford-Saco-Old Orchard Beach Transit Committee’s basic financial statements. We issued our report thereon dated April 20, 2023, 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.



April 20, 2023  
South Portland, Maine

**BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2022**

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 (CARES)	20.507	N/A	ME-2021-020-00	\$ 325,540		-
Federal Transit Formula Grants	20.507	N/A	ME-2019-011-00	1,522		-
Bus and Bus Facilities Formula and Discretionary Program	20.526	N/A	ME-2019-020-00	855,167		-
Federal Transit Formula Grants	20.507	N/A	ME-2021-008-00	438,524		-
Federal Transit Formula Grants	20.507	N/A	ME-2018-012-00	13,338		-
Federal Transit Formula Grants	20.507	N/A	ME-2020-031-00	247,988		-
Federal Transit Formula Grants (CARES)	20.507	N/A	ME-2022-007-00	122,627		-
Federal Transit Formula Grants (CARES)	20.507	N/A	ME-2021-004-00	311,641		-
Federal Transit Formula Grants	20.507	N/A	ME-2021-019-00	757,771		-
Total Federal Transit Cluster					3,074,118	
Passed through Maine Department of Transportation:						
Formula Grants for Rural Areas (CARES)	20.509	43013	ME-2021-005-00	425,000		-
Formula Grants for Rural Areas (CARES)	20.509	41617	ME-2020-005-00	354,098		-
Formula Grants for Rural Areas	20.509	40774	ME-2019-019-00	14,730		-
Formula Grants for Rural Areas (CARES)	20.509	42761	ME-2020-019-00	29,579		-
Formula Grants for Rural Areas (CARES)	20.509	43503	ME-2021-005-00	299,433		-
Formula Grants for Rural Areas	20.509	41335	ME-2018-024-00	647		-
Total Formula Grants for Rural Areas					1,123,487	
Total U. S. Department of Transportation				4,197,605		-
<b>Totals</b>				<b>\$ 4,197,605</b>		<b>-</b>

*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, 2022**

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**PURPOSE OF THE SCHEDULE**

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The 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.

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**SIGNIFICANT ACCOUNTING POLICIES**

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- 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, 2022. 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, 2022**

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

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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**

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

MATERIAL WEAKNESS

**2022-001 - 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 Response/Corrective Action Plan:**

*Response*

*BSOOB Transit management recognizes the identified weakness and will prioritize the corrective action plan immediately. Reducing the quantity of audit adjustments will become and remain a priority for BSOOB Transit Finance staff.*

*Noting the financial arrangement between the City of Biddeford and BSOOB Transit, specifically that the agencies share a single financial management system, general ledger accounts, and single cash account, BSOOB Transit Finance staff will develop a monthly reconciliation review log and coordinate with City of Biddeford Finance staff (as needed) to complete the required adjustments in a timely manner.*

*Corrective Action Plan*

- *BSOOB Transit's Finance Manager will complete a monthly reconciliation of all general ledger accounts that are exclusive BSOOB Transit accounts, except for inventory which will be reconciled semi-annually.*
- *All G/L accounts which are not properly reconciled will be reviewed by BSOOB Transit staff to identify potential transactions or financial postings requiring corrective action.*
- *All reconciliation issues and actions for exclusive BSOOB Transit accounts will be logged. For all corrective actions related to joint agency G/L accounts will be reported to City of Biddeford Finance staff for follow up.*

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

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

- *BSOOB Transit will convene an internal management committee tasked with identifying alternatives to the existing financial arrangement between the parties. This committee will make recommendations to transition the agency to an independent cash account, which should eliminate the agency's ability to reconcile cash accounts. This management committee will also develop a strategic roadmap to implement industry best-practices.*

**Anticipated Completion Date:** *The corrective actions related to G/L reconciliation tasks have commenced as of March, 2023. It should be expected that the internal management committee will begin in April, 2023, with an objective of providing recommendations no later than June, 2023.*

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

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**Section III - Federal Award Findings and Questioned Costs**

None

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

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**Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards and *Government Auditing Standards***

***Government Auditing Standards***

**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.

*Status: See current year item 2022-001*