

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE

**Reports Required by *Maine Uniform
Accounting and Auditing Practices for
Community Agencies***

For the Year Ended June 30, 2020

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Reports Required by *Maine Uniform Accounting and*
Auditing Practices for Community Agencies
For the Year Ended June 30, 2020

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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, 2020, 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 December 18, 2020.

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 Transit Committee'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. 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.

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*.

We noted certain matters that we reported to management of Biddeford-Saco-Old Orchard Beach Transit Committee in a separate letter dated December 18, 2020.

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 Transit Committee’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.



December 18, 2020
South Portland, Maine

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY MAINE UNIFORM ACCOUNTING AND
AUDITING PRACTICES FOR COMMUNITY AGENCIES**

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

Report on Compliance for Each Major Department Agreement

We have audited Biddeford-Saco-Old Orchard Beach Transit Committee’s compliance with the types of compliance requirements described in *Maine Uniform Accounting and Auditing Practices for Community Agencies* that could have a direct and material effect on each of Biddeford-Saco-Old Orchard Beach Transit Committee’s major department agreements for the year ended June 30, 2020. Biddeford-Saco-Old Orchard Beach Transit Committee's major department agreements 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 state statutes, regulations, and the terms and conditions of its awards applicable to its department agreements.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Biddeford-Saco-Old Orchard Beach Transit Committee's major department agreements 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 *Maine Uniform Accounting and Auditing Practices for Community Agencies*. Those standards and *Maine Uniform Accounting and Auditing Practices for Community Agencies* 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 department agreement occurred. An audit includes examining, on a test basis, evidence about 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 qualified and unmodified opinions on compliance for each major department agreement. However, our audit does not provide a legal determination of Biddeford-Saco-Old Orchard Beach Transit Committee’s compliance.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY MAINE UNIFORM ACCOUNTING AND
AUDITING PRACTICES FOR COMMUNITY AGENCIES, CONTINUED**

Basis for Qualified Opinion on Agreement ME-2019-019-00 (CSN 40774)

As described in finding #2020-001 on the accompanying schedule of findings and questioned costs, the Organization did not comply with requirements for matching. Compliance with such requirements is necessary, in our opinion, for the Transit Committee to comply with the requirements applicable to that agreement.

Qualified Opinion on Agreement ME-2019-019-00 (CSN 40774)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on agreement ME-2019-019-00 (CSN 40774) for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District 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 other major department agreements identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Other Matters

Biddeford-Saco-Old Orchard Beach Transit Committee’s response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of 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 requirements that could have a direct and material effect on each major department agreement to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major department agreement and to test and report on internal control over compliance in accordance with *Maine Uniform Accounting and Auditing Practices for Community Agencies*, 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 Biddeford-Saco-Old Orchard Beach Transit Committee’s internal control over compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY MAINE UNIFORM ACCOUNTING AND
AUDITING PRACTICES FOR COMMUNITY AGENCIES, CONTINUED**

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 department agreement 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 department agreement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a department agreement 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 *Maine Uniform Accounting and Auditing Practices for Community Agencies*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Department Agreements Required by *Maine Uniform Accounting and Auditing Practices for Community Agencies*

We have audited the financial statements of Biddeford-Saco-Old Orchard Beach Transit Committee as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Biddeford-Saco-Old Orchard Beach Transit Committee basic financial statements. We have issued our report thereon dated December 18, 2020, 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 department agreements is presented for the purposes of additional analysis as required by *Maine Uniform Accounting and Auditing Practices for Community Agencies* 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 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 department agreements is fairly stated in all material respects in relation to the basic financial statements as a whole.

December 18, 2020
South Portland, Maine

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Schedule of Expenditures of Department Agreements
Year ended June 30, 2020

Department Office:	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenses	State Expenses	Total Department Expenses	DOT Only Local Share Expenses	DOT Only Total Agreement/Match Expenses
Maine Department of Transportation, direct:										
Transportation Systems Planning	CSN: 40645 (State Funds only) State Funds - 022760.19	\$ 31,145	7/1/2019 - 6/30/2020	Multimodal	Final	-	31,145	31,145	-	31,145
Transportation Systems Planning	CSN: 39901 (Operating) ME-2018-024-00 - 020767.18	510,726	1/1/2019 - 12/31/2019	Operating	Final	255,615	-	255,615	255,615	511,230
Transportation Systems Planning	CSN: 41563 (Operating) ME-2018-024-00 - 020767.18	7,273	1/1/2020 - 12/31/2020	Operating	Interim	7,273	-	7,273	7,273	14,546
Transportation Systems Planning	CSN: 41564 (Operating) ME-2019-019-00 - 020767.19	503,453	1/1/2020 - 12/31/2020	Operating	Interim	119,121	-	119,121	119,121	238,242
Transportation Systems Planning	CSN: 41617 (Operating - CARES) ME-2020-005-00 - 024843.02	1,021,452	2/1/2020 - 6/30/2021	Operating	Interim	142,275	-	142,275	-	142,275
Transportation Systems Planning	CSN: 40774 (Operating/Capital) ME-2019-019-00 - 020773.19	191,000	7/1/2019 - 6/30/2020	Operating	Final	136,339	-	136,339	108,275	244,614
Transportation Systems Planning	CSN: 41600 (Operating - CARES) ME-2020-005-00 - 024843.00	382,000	2/1/2020 - 6/30/2021	Operating	Interim	118,505	-	118,505	-	118,505
Totals						\$ 779,128	31,145	810,273	490,284	1,300,557

See accompanying notes to schedule of expenditures of department agreements.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Notes to Schedule of Expenditures of Department Agreements
June 30, 2020

PURPOSE OF THE SCHEDULE

Maine Uniform Accounting and Auditing Practices for Community Agencies requires a Schedule of Expenditures of Department Agreements showing total expenditures for each award as identified in the respective department agreements.

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all department agreements of Biddeford-Saco-Old Orchard Beach Transit Committee for the fiscal year ended June 30, 2020. The reporting entity is defined in Notes to Financial Statements of Biddeford-Saco-Old Orchard Beach Transit Committee.

- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Department Agreements is presented in accordance with *Maine Uniform Accounting and Auditing Practices for Community Agencies*.
 - 1. Pursuant to *Maine Uniform Accounting and Auditing Practices for Community Agencies*, department agreements are defined as a legally binding written document between two or more parties, including, but not limited to, a document commonly referred to as accepted application, proposal, prospectus, contract, grant, joint or cooperative agreement, purchase of service or state aid.

 - 2. Major Agreement - *Maine Uniform Accounting and Auditing Practices for Community Agencies* establishes the levels of expenditures or expenses to be used in defining major department agreements. Major agreements for Biddeford-Saco-Old Orchard Beach Transit Committee have been identified in the attached Schedule of Findings and Questioned Costs - Summary of Auditor's Results.

- C. Basis of Accounting - The information presented in the Schedule of Expenditures of Department Agreements is presented on the accrual basis of accounting, which is consistent with the reporting in the Organization's financial statements, with the exception that acquisitions of major equipment subject to capitalization for financial statement purposes are nonetheless treated as current period expenditures of department financial assistance for purposes of this schedule.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Schedule of Findings and Questioned Costs
June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Department Agreements

Internal control over programs tested:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported

Type of auditor's report issued on compliance for programs tested:	Qualified
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Any audit findings disclosed that are required to be reported in accordance with <i>Maine Uniform Accounting and Auditing Practices for Community Agencies</i> ?	Yes
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Identification of program(s) tested:

<u>Agreement Number(s)</u>	<u>Name of Department-Agreement</u>
CSN: 39901 (Operating) – ME-2018-024-00 020767.18	DOT – Operating
CSN: 41564 (Operating) – ME-2019-019-00 020767.19	DOT – Operating
CSN: 41617 (Operating - CARES) – ME-2020-005-00 024843.02	DOT – Operating
CSN: 40774 (Operating/Capital) – ME-2019-019-00 020773.19	DOT – Operating/Capital
CSN: 41600 (Operating - CARES) – ME-2020-005-00 024843.00	DOT – Operating

Total agreement expenses tested	\$ 771,855
Total Department expenses	\$ 810,273
Percentage tested	95%

The Transit Committee has had a Uniform Guidance Single Audit completed, as required by the Single Audit Act.

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*

None

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

Section III - Findings and Questioned Costs for Department Agreements

#2020-001

Criteria:

The major department agreement number ME-2019-019-00 (CSN 40774) carries with it a compliance requirement for matching. The matching compliance requirement calls for the District to accurately determine the local portion of each drawdown prior to requesting funds from the Department of Transportation.

Condition:

While testing the matching requirement for the major agreement number ME-2019-019-00 (CSN 40774), we found that the District understated the local portion of draws for this grant.

Known Questioned Costs:

None

Likely Questioned Costs:

None

Context:

We found a formula error during testing that caused management to be out of compliance with matching. This formula error was not detected by management and the error persisted on all of the draws under this program for fiscal year 2020.

Cause:

Staff turnover and management oversight.

Effect:

The District received \$13,814 more than it was eligible to receive based on the requirements of the grant.

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.

Views of responsible officials and planned corrective action: *All drawdown requests will be reviewed by the Executive Director to ensure the amounts have been calculating properly prior to approving the reimbursement.*

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

Section IV - Status of Prior Year Audit Findings

None