

**CITY OF BIDDEFORD, MAINE**

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

**For the Year Ended  
June 30, 2015**

**CITY OF BIDDEFORD, MAINE**  
**Reports Required by *Government Auditing Standards***  
**and OMB Circular A-133**  
**For the Year Ended June 30, 2015**

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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**

City Council and School Committee  
City of Biddeford, Maine

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Biddeford, Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Biddeford, Maine's basic financial statements, and have issued our report thereon dated November 5, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Biddeford, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Biddeford, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Biddeford, Maine'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. 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 City of Biddeford, Maine’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 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*.

**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.



November 5, 2015  
South Portland, Maine

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

City Council and School Committee  
City of Biddeford, Maine

**Report on Compliance for Each Major Federal Program**

We have audited the City of Biddeford, 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 the City of Biddeford, Maine's major federal programs for the year ended June 30, 2015. The City of Biddeford, Maine'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Biddeford, Maine'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 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 Biddeford, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Biddeford, Maine's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Biddeford, Maine 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, 2015.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED**

**Report on Internal Control over Compliance**

Management of the City of Biddeford, Maine 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 the City of Biddeford, Maine'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 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 Biddeford, 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 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.

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 OMB Circular A-133. 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 OMB CIRCULAR A-133, CONTINUED**

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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 Biddeford, Maine as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Biddeford, Maine's basic financial statements. We issued our report thereon dated November 5, 2015, 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 OMB Circular A-133 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.



November 5, 2015  
South Portland, Maine

**CITY OF BIDDEFORD, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	ARRA Funds	Federal CFDA number	Pass- through grantor's number	Program or award amount	Balance at June 30, 2014	Revenue Recognized		Expenditures		Balance at June 30, 2015
						Federal	Other	Federal	Other	
U.S. Department of Education, passed through the Maine Department of Education:										
Adult Basic Education		84.002	13-6296	\$ 37,999	-	37,999	-	37,999	-	-
Title IA - Disadvantaged		84.010	13-6334	801,824	-	779,140	-	778,500	-	640
Title IA - School Improvement Grant		84.010	13-3107	N/A	-	1,550	-	1,433	-	117
Special Education State Grants		84.027	13-3046	651,421	-	737,419	-	736,546	-	873
Title IC - Vocational Basic Skills		84.048	13-3030	101,828	-	101,828	-	101,828	-	-
Preschool		84.173	13-6241	19,805	-	21,144	-	22,017	-	(873)
NCLB - Title III - Language Instruction for LEP & Immigrant		84.365	13-3090	11,662	-	11,662	-	11,662	-	-
Title IIA - Improving Teacher Quality		84.367	13-3042	180,497	-	150,036	-	150,036	-	-
Passed through Learning Works:										
Title IV - 21st Century Grants		84.287	N/A	N/A	-	31,856	-	31,757	99	-
Total U.S. Department of Education					-	1,872,634	-	1,871,778	99	757
U.S. Department of Commerce, passed through Connect ME Authority, passed through Maine Department of Education:										
MARTI Technology Grant - ARRA	Yes	11.558	N/A	1,000	750	4,506	-	2,850	-	2,406
Total U.S. Department of Commerce					750	4,506	-	2,850	-	2,406
U.S. Department of Agriculture, Passed through Maine Department of Education:										
National School Lunch Program - Donated Commodities		10.555	N/A	N/A	-	49,078	-	49,078	-	-
National School Lunch Program - Breakfast Program		10.553	13-7127	N/A	-	195,080	-	195,080	-	-
National School Lunch Program - Summer Food Program		10.559	13-7129	N/A	-	60,776	-	60,776	-	-
National School Lunch Program - Subsidized Hot Lunch		10.555	13-7128	N/A	134,691	548,254	393,861	548,254	397,561	130,991
Fresh Fruit and Vegetable Program		10.582	N/A	N/A	-	34,007	-	34,007	-	-
Total U.S. Department of Agriculture					134,691	887,195	393,861	887,195	397,561	130,991
U.S. Department of Justice, Direct:										
Equitable Sharing Program		16.922	N/A	N/A	16,821	108,620	-	129,644	-	(4,203)
Passed through the Maine Bureau of Justice Assistance:										
2010 Byrne Justice Assistance Grant (JAG)		16.579	N/A	-	(1,612)	-	-	-	-	(1,612)
2011 Byrne Justice Assistance Grant (JAG)		16.579	2011-DJ-BX-2411	-	595	9,581	-	8,038	-	2,138
2012 Byrne Justice Assistance Grant (JAG)		16.579	N/A	-	507	13,028	-	13,270	-	265
2013 Byrne Justice Assistance Grant (JAG)		16.579	N/A	-	(949)	16,958	-	16,957	-	(948)
2014 Byrne Justice Assistance Grant (JAG)		16.579	N/A	-	-	41,006	-	27,054	-	13,952
Total U.S. Department of Justice					15,362	189,193	-	194,963	-	9,592
Sub-totals				\$	150,803	2,953,528	393,861	2,956,786	397,660	143,746

**CITY OF BIDDEFORD, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**  
**Year ended June 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	ARRA Funds	Federal CFDA number	Pass- through grantor's number	Program or award amount	Balance at June 30, 2014	Revenue Recognized		Expenditures		Balance at June 30, 2015
						Federal	Other	Federal	Other	
U.S. Department of Housing and Urban Development, Direct:										
CDBG - Entitlement Community		14.218	N/A	\$ 561,923	2,735	561,923	-	564,658	-	-
Neighborhood Stabilization Program		14.228	N/A	-	33,123	-	-	96	-	33,027
Total U.S. Department of Housing and Urban Development					35,858	561,923	-	564,754	-	33,027
Department of Transportation Federal Aviation Administration, Passed through the Maine Department of Transportation:										
Airport Improvement Grant		20.106	3-23-0009-009-2014	288,285	-	288,285	-	288,285	-	-
Total Department of Transportation FAA					-	288,285	-	288,285	-	-
Environmental Protection Agency, Passed through the Maine Department of Environmental Protection:										
Clean Water State Revolving Loan	Yes	66.458	N/A	970,732	156,720	640,653	-	640,653	-	156,720
Total Environmental Protection Agency					156,720	640,653	-	640,653	-	156,720
<b>Totals</b>				<b>\$</b>	<b>343,381</b>	<b>4,444,388</b>	<b>393,861</b>	<b>4,450,477</b>	<b>397,660</b>	<b>333,493</b>

*See accompanying notes to schedule of expenditures of federal awards.*

**CITY OF BIDDEFORD, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2015**

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**PURPOSE OF THE SCHEDULE**

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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).

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**SIGNIFICANT ACCOUNTING POLICIES**

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- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Biddeford, Maine for the fiscal year ended June 30, 2015. The reporting entity is defined in the notes to basic financial statements of the City of Biddeford, 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 Biddeford, Maine are identified in the summary of auditor's results in the schedules 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 BIDDEFORD, MAINE**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2015**

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**Section I - Summary of Auditor's Results**

**Basic 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

**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: Unmodified

Any audit findings disclosed that are required  
 to be reported in accordance with  
 Circular A-133, Section .510(a)? no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster
84.010	Title I – Part A
66.458	Capitalization Grants for Clean Water

Dollar threshold used to distinguish  
 between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

**CITY OF BIDDEFORD, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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

**None**

**CITY OF BIDDEFORD, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section III - Findings and Questioned Costs for Federal Awards**

**None**

**CITY OF BIDDEFORD, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section IV - Summary Schedule of Prior Year Audit Findings for Federal Awards**

**None**