

CITY OF BIDDEFORD, MAINE

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

**For the Year Ended
June 30, 2014**

CITY OF BIDDEFORD, MAINE
Reports Required by *Government Auditing Standards*
and OMB Circular A-133
For the Year Ended June 30, 2014

<u>Report</u>	<u>Page</u>
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 <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	3-5
Schedule of Expenditures of Federal Awards	6-7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	9
Section II - Findings Required to be Reported Under <i>Government Auditing Standards</i>	10
Section III - Findings and Questioned Costs for Federal Awards	11
Section IV - Summary Schedule of Prior Year Audit Findings for Federal Awards	12

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, 2014, 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, 2014.

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, 2014
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, 2014. 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, 2014.

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 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.

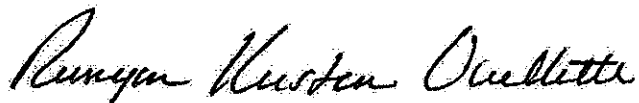
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2014, 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, 2014, 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 financial statements as a whole.



November 5, 2014
South Portland, Maine

CITY OF BIDDEFORD, MAINE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	ARRA Funds number	Federal CFDA number	Pass-through grantor's number	Program or award amount	Balance at June 30, 2013	Revenue Recognized		Expenditures		Balance at June 30, 2014
						Federal	Other	Federal	Other	
U.S. Department of Education, passed through the Maine Department of Education:										
Adult Basic Education		84.002	13-6296	\$ 45,373	-	45,373	-	45,373	-	-
Title IA - Disadvantaged		84.010	13-6334	816,457	(11)	816,457	-	816,446	-	-
Special Education State Grants		84.027	13-3046	630,730	-	630,730	-	630,730	-	-
Title IC - Vocational Basic Skills		84.048	13-3030	86,827	-	86,827	-	86,827	-	-
Preschool		84.173	13-6241	19,342	-	19,342	-	19,342	-	-
NCLB - Title III - Language Instruction for LEP & Immigrant		84.365	13-3090	12,749	-	12,749	-	12,749	-	-
Title IIA - Improving Teacher Quality		84.367	13-3042	179,333	-	179,333	-	179,333	-	-
Passed through Learning Works:										
Title IV - 21st Century Grants		84.287	N/A	N/A	355	25,956	-	26,311	-	-
Total U.S. Department of Education					344	1,816,767	-	1,817,111	-	-
U.S. Department of Commerce, passed through Connect ME Authority, passed through Maine Department of Education:										
MARTI Technology Grant - ARRA	Y	11.558	N/A	1,000	-	500	-	886	-	750
Total U.S. Department of Commerce					-	500	-	886	-	750
U.S. Department of Agriculture:										
Passed through Maine Department of Education:										
National School Lunch Program - Donated Commodities		10.555	N/A	N/A	-	63,451	-	63,451	-	-
National School Lunch Program - Breakfast Program		10.553	13-7127	N/A	-	169,019	-	169,019	-	-
National School Lunch Program - Summer Food Program		10.559	13-7129	N/A	-	44,598	-	44,598	-	-
National School Lunch Program - Subsidized Hot Lunch		10.555	13-7128	N/A	107,286	561,247	408,206	561,247	380,801	134,691
Fresh Fruit and Vegetable Program		10.582	N/A	N/A	-	35,090	-	35,090	-	-
Total U.S. Department of Agriculture					107,286	873,405	408,206	873,405	380,801	134,691
U.S. Department of Justice:										
Direct:										
Equitable Sharing Program										
Passed through the Maine Bureau of Justice Assistance:										
2010 Byrne Justice Assistance Grant (JAG)		16.579	N/A	-	(275)	-	-	-	1,337	(1,612)
2011 Byrne Justice Assistance Grant (JAG)		16.579	2011-DJ-BX-2411	-	-	8,968	1,337	9,710	-	595
2012 Byrne Justice Assistance Grant (JAG)		16.579	N/A	-	-	3,107	-	2,600	-	507
2013 Byrne Justice Assistance Grant (JAG)		16.579	N/A	-	-	38,108	-	39,057	-	(949)
Total U.S. Department of Justice					(275)	76,921	1,337	61,283	1,337	15,362
Sub-totals					\$ 107,955	2,767,593	409,543	2,752,685	382,138	150,803

CITY OF BIDDEFORD, MAINE
Schedule of Expenditures of Federal Awards, Continued
Year ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	ARRA Funds number	Pass-through grantor's number	Program or award amount	Balance at June 30, 2013	Revenue		Expenditures		Balance at June 30, 2014
					Federal	Other	Federal	Other	
U.S. Department of Housing and Urban Development:									
Direct:									
CDBG - Entitlement Community	14,218	N/A	\$ 482,788	2,735	213,145	-	213,145	-	2,735
Neighborhood Stabilization Program	14,228	N/A	768,942	33,124	-	-	1	-	33,123
Total U.S. Department of Housing and Urban Development				35,859	213,145	-	213,146	-	35,858
Environmental Protection Agency:									
Passed through the Maine Department of Environmental Protection:									
Clean Water State Revolving Loan	66,458	N/A	2,638,000	170,999	-	-	14,279	-	156,720
Total Environmental Protection Agency				170,999	-	-	14,279	-	156,720
Totals			\$	314,213	2,980,738	409,543	2,980,110	382,138	343,382

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BIDDEFORD, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2014

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB) Circular A-133 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).

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Biddeford, Maine for the fiscal year ended June 30, 2014. The reporting entity is defined in 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 levels of expenditures or expenses to be used in defining major federal financial award programs. Major programs for the City of Biddeford, Maine 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 Federal Awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City's governmental fund financial statements.

CITY OF BIDDEFORD, MAINE
Schedule of Findings and Questioned Costs
June 30, 2014

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

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 Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027, 84.173</u>	<u>Special Education Cluster</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>

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

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

None

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

Section III - Findings and Questioned Costs for Federal Awards

None

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

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

None