

CITY OF BIDDEFORD, MAINE

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

**For the Year Ended
June 30, 2012**

CITY OF BIDDEFORD, MAINE
Reports Required by *Government Auditing Standards*
and OMB Circular A-133
For the Year Ended June 30, 2012

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**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 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, 2012, which collectively comprise the City of Biddeford, Maine's basic financial statements and have issued our report thereon dated November 5, 2012. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

Management of the City of Biddeford, Maine, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Biddeford, Maine's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Biddeford, Maine's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

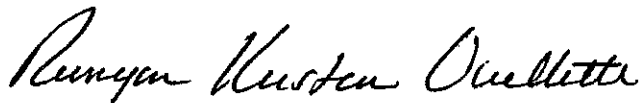
**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS, CONTINUED**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Biddeford, Maine's financial statements are free of 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*.

We noted certain matters that we reported to management of the City of Biddeford, Maine in a separate letter dated November 5, 2012.

This report is intended solely for the information and use of the City Council, School Committee, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



November 5, 2012
South Portland, Maine

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City Council and School Committee
City of Biddeford, Maine

Compliance

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, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Biddeford, Maine's management. Our responsibility is to express an opinion on the City of Biddeford, Maine's compliance based on our audit.

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. Our audit does not provide a legal determination on the City of Biddeford, Maine's compliance with those requirements.

In our opinion, the City of Biddeford, Maine complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the City of Biddeford, Maine, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Biddeford, Maine's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, 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 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 a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

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, 2012, and have issued our report thereon dated November 5, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 financial statements or to the 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.

This report is intended solely for the information and use of the City Council, School Committee, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



November 5, 2012
South Portland, Maine

CITY OF BIDDEFORD, MAINE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

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, 2011		Revenue Recognized		Expenditures		Balance at June 30, 2012	
					Federal	Other	Federal	Other	Federal	Other		
U.S. Department of Education, passed through the Maine Department of Education:												
Adult Basic Education		84.002	13-6296	\$ 50,007	-	50,007	-	50,007	-	50,007	-	-
Title IA - Disadvantaged		84.010	13-6334	1,100,558	(492)	1,100,558	-	1,100,908	-	1,100,908	-	(842)
Title IA - Program improvement		84.010	13-3106	4,664	-	4,664	-	19,447	-	19,447	-	(14,783)
Special Education State Grants		84.027	13-3046	682,494	-	682,494	-	682,494	-	682,494	-	-
Title IC - Vocational Basic Skills		84.048	13-3030	89,241	-	89,241	-	89,241	-	89,241	-	-
Preschool		84.173	13-6241	17,050	-	17,050	-	17,050	-	17,050	-	-
NCLB - Title III - Language Instruction for LEP & Immigrant		84.365	13-3090	26,791	-	26,791	-	26,791	-	26,791	-	-
Title IIIA - Improving Teacher Quality		84.367	13-3042	197,137	-	197,137	-	197,137	-	197,137	-	-
State Fiscal Stabilization Fund - ARRA	Yes	84.394	20-2077	11,829	-	11,829	-	11,829	-	11,829	-	-
Education Jobs Fund - ARRA	Yes	84.410	13-3099	811,788	(4)	811,788	-	811,791	-	811,791	-	(4)
Total U.S. Department of Education					(493)	2,991,559	-	3,006,695	-	3,006,695	-	(15,629)
U.S. Department of Agriculture:												
Passed through the Maine Department of Conservation:												
Forest Service Program - Project canopy assistance program		10.675	N/A	4,000	-	4,000	-	4,000	-	4,000	-	-
Passed through Maine Department of Education:												
National School Lunch Program - Donated Commodities		10.555	N/A	N/A	-	57,467	-	57,467	-	57,467	-	-
National School Lunch Program - Breakfast Program		10.553	13-7127	N/A	-	130,301	-	130,301	-	130,301	-	-
National School Lunch Program - After School Program		10.559	13-7129	N/A	-	747	-	747	-	747	-	-
National School Lunch Program - Subsidized Hot Lunch		10.555	13-7128	N/A	74,635	507,200	439,864	507,200	457,619	507,200	457,619	56,880
Fresh Fruit and Vegetable Program		10.582	N/A	N/A	-	39,964	-	39,964	-	39,964	-	-
Total U.S. Department of Agriculture					74,635	739,679	439,864	739,679	457,619	739,679	457,619	56,880
U.S. Department of Justice:												
Passed through the Office of Community Oriented Policing Services:												
2007 Safe Schools		16.710	N/A	38,952	9	-	-	-	9	-	-	-
Passed through the Maine Department of Public Safety:												
FY'11 - Domestic Violence - ARRA	Yes	16.588	72-01-10	24,480	-	12,660	-	12,660	-	12,660	-	-
Passed through the Maine Bureau of Justice Assistance:												
2009 Byrne Justice Assistance Grant (JAG)		16.738	N/A	63,604	9,646	-	-	-	-	8,894	-	752
2009 Byrne Justice Assistance Grant (JAG) - ARRA	Yes	16.804	N/A	157,965	(10,435)	10,435	-	-	-	-	-	-
2010 Byrne Justice Assistance Grant (JAG)		16.579	N/A	59,491	(275)	16,000	-	16,000	-	16,000	-	(275)
2011 Byrne Justice Assistance Grant (JAG)		16.579	2011-DJ-BX-2411	66,661	-	39,112	-	39,112	-	39,112	-	-
2011 Bulletproof Vests		16.607	N/A	4,795	-	363	-	363	-	363	-	-
Total U.S. Department of Justice					(1,055)	78,570	-	77,038	-	77,038	-	477
Sub-totals				\$	73,087	3,809,808	439,864	3,823,412	457,619	3,823,412	457,619	41,728

CITY OF BIDDEFORD, MAINE
Schedule of Expenditures of Federal Awards, Continued
Year ended June 30, 2012

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, 2011	Revenue Recognized		Expenditures		Balance at June 30, 2012
						Federal	Other	Federal	Other	
U.S. Department of Housing and Urban Development: CDBG - Entitlement Community Neighborhood Stabilization Program		14.218 14.228	N/A N/A	482,788 768,942	- -	642,525 740,076	- 91,174	636,481 797,999	- -	6,044 33,251
Total U.S. Department of Housing and Urban Development					-	1,382,601	91,174	1,434,480	-	39,295
U.S. Department of Transportation: Direct: FAA - Airport Improvement Program Passed through the Maine Bureau of Highway Safety: 2010 Summer High Visibility Enforcement Campaign		20.106 20.600	N/A N/A	58,546 6,496	- -	58,546 1,836	3,082 -	61,628 1,836	- -	- -
Total U.S. Department of Transportation					-	60,382	3,082	63,464	-	-
Environmental Protection Agency: Passed through the Maine Department of Environmental Protection: Clean Water State Revolving Loan - ARRA	Yes	66.458	N/A	2,754,000	-	76,480	-	76,480	-	-
Total Environmental Protection Agency					-	76,480	-	76,480	-	-
U.S. Department of Energy: Energy Efficiency & Conservation Block Grant Program	Yes	81.128	N/A	92,500	-	70,707	-	70,707	-	-
Total U.S. Department of Energy					-	70,707	-	70,707	-	-
U.S. Department of Homeland Security: FY 2011 Homeland Security Grant Program		97.067	EMW-2011-SS-000056-501	35,000	-	35,000	24,132	59,132	-	-
Total U.S. Department of Homeland Security					-	35,000	24,132	59,132	-	-
Totals				\$	73,087	5,434,978	558,252	5,527,675	457,619	81,023

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BIDDEFORD, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2012

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 for the fiscal year ended June 30, 2012. The reporting entity is defined in Notes to Basic Financial Statements of the City of Biddeford.

- 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 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 fund financial statements.

CITY OF BIDDEFORD, MAINE
 Schedule of Findings and Questioned Costs
 June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

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: Unqualified

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>
84.010	Title 1A
84.410	Education Jobs

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 Prior Year Findings and Questioned Costs

Section IV - Summary Schedule of Prior Year Audit Findings

None