

April 20, 2023

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

We have audited the financial statements of the Biddeford-Saco-Old Orchard Beach Transit Committee for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our meeting with the Chair of the Committee on September 15, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, and the Uniform Guidance

As stated in our engagement letter dated June 24, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Biddeford-Saco-Old Orchard Beach Transit Committee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with 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 the Uniform Guidance.

As part of obtaining reasonable assurance about whether Biddeford-Saco-Old Orchard Beach Transit Committee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about Biddeford-Saco-Old Orchard Beach Transit Committee's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Biddeford-Saco-Old Orchard Beach Transit Committee's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Biddeford-Saco-Old Orchard Beach Transit Committee's compliance with those requirements.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Biddeford-Saco-Old Orchard Beach Transit Committee are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Biddeford-Saco-Old Orchard Beach Transit Committee during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate of depreciation expense. We evaluated the key factors and assumptions used to develop the useful lives of capital assets and depreciation expense in determining that the estimate is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered difficulties in receiving timely accurate reconciliations of balance sheet accounts as reported through the material weakness in internal controls.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected such misstatements, some of which were material to the financial statements. See attached adjusting journal entries.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated April 20, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Biddeford-Saco-Old Orchard Beach Transit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Biddeford-Saco-Old Orchard Beach Transit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management’s discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the statistical section, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Transit Committee and management of Biddeford-Saco-Old Orchard Beach Transit Committee and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, reading "Remyn Kristen Ouellette". The signature is written in a cursive, flowing style.

Biddeford Saco Old Orchard Transit
Adjusting Journal Entries Report
June 30, 2022

Account	Description	Debit	Credit
AJE #01			
<i>To move capital asset acquisitions out of equity.</i>			
801-3801-11801-901-999-30600	Invested in Fixed Assets-Trans	844,976.20	0.00
801E-81011-60603	Vehicles Purchase Capital	0.00	844,976.20
Total		<u>844,976.20</u>	<u>844,976.20</u>
AJE #02			
<i>To reverse PY audit entries that were posted both in FY 21 and FY 22. PY AJE #13, #16, & #20.</i>			
801-1801-11801-901-996-10803	Vehicles/Equipment-City	0.00	281,122.41
801E-81011-60603	Vehicles Purchase Capital	281,122.41	0.00
Total		<u>281,122.41</u>	<u>281,122.41</u>
AJE #03			
<i>To undo an entry incorrectly reversed by the client relating to a 4 year subscription for prepaid.</i>			
801E-81011-60602	Equipment Purchase Cap	0.00	13,277.92
801-1801-11801-901-996-10155	Transit Prepaid Expenses	13,277.92	0.00
801-1801-11801-901-996-10155	Transit Prepaid Expenses	0.00	4,828.33
801E-81011-60602	Equipment Purchase Cap	4,828.33	0.00
Total		<u>18,106.25</u>	<u>18,106.25</u>
AJE #04			
<i>To adjust Inventory parts to actual as of June 30, 2022.</i>			
801E-81002-60453	Vehicle Repair/Tires/Oil Exp	32,443.10	0.00
801-1801-11801-901-996-10381	Inventory-Pub Works Parts	0.00	32,443.10
Total		<u>32,443.10</u>	<u>32,443.10</u>
AJE #05			
<i>To adjust grant revenue to correct year-end balance.</i>			
801R-81011-48100	MDOT Grant Revenue	0.00	100,000.00
801R-81008-40431	Federal Share Grants Revenue	5,650.00	0.00
801R-81011-40431	Federal Share Grants Revenue	138,904.00	0.00
801R-81005-40431	FTA Urban Grant Revenue	19,552.00	0.00
801-1801-11801-901-996-10179	D/F Other Govts-Misc	0.00	64,106.00
Total		<u>164,106.00</u>	<u>164,106.00</u>
AJE #06			
<i>To move Health insurance bill to health insurance withholdings from prepaid.</i>			
801-2801-11801-901-998-20310	HPHC Health Insurance W/H	23,530.78	0.00
801-1801-11801-901-996-10155	Transit Prepaid Expenses	0.00	23,530.78
Total		<u>23,530.78</u>	<u>23,530.78</u>
AJE #07			
<i>To remove incorrect posting of capital asset additions from Fund Balance credit expense.</i>			
801E-81011-60603	Vehicles Purchase Capital	0.00	35,768.00
801E-81011-60603	Vehicles Purchase Capital	0.00	573,990.51
801E-81011-60603	Vehicles Purchase Capital	0.00	1,929,291.50
801-3801-11801-901-999-30600	Invested in Fixed Assets-Trans	2,539,050.01	0.00
Total		<u>2,539,050.01</u>	<u>2,539,050.01</u>
AJE #08			

To reclass receipt incorrectly posted to expense.

801E-81011-60603	Vehicles Purchase Capital	220,000.00	0.00
801R-81011-40431	Federal Share Grants Revenue	0.00	220,000.00
Total		<u>220,000.00</u>	<u>220,000.00</u>

AJE #09

To adjust to prior-year entry reversed twice.

801-3801-11801-901-999-30100	Unrestricted Fund Balance	87,234.35	0.00
801E-81001-60210	HPHC Ins Employer Share Exp	0.00	9,306.28
801E-81001-60258	Hiring Fees/EE Testing	0.00	571.00
801E-81001-60306	Other Prof/Consult Srvs Exp	0.00	51,000.00
801E-81001-60306	Other Prof/Consult Srvs Exp	0.00	15,620.00
801E-81001-60330	Equipment Rent/Lease Exp	0.00	66.65
801E-81001-60402	Phone/Celular/Paging Exp	0.00	600.98
801E-81001-60502	Printing & Copying Expense	0.00	121.67
801E-81001-60797	Miscellaneous Expense	0.00	10.00
801E-81009-60514	Transit COVID Related Material	0.00	24.00
801E-81011-60603	Vehicles Purchase Capital	0.00	9,913.77
Total		<u>87,234.35</u>	<u>87,234.35</u>

AJE #10

To adjust accrued compensated absences liability to actual at year end.

801-2801-11801-901-998-20114	Accrued Compensated Absences	5,192.65	0.00
801E-81007-60105	F-T Employee Wage Exp	0.00	5,192.65
Total		<u>5,192.65</u>	<u>5,192.65</u>



April 20, 2023

Runyon Kersteen Ouellette
20 Long Creek Drive
South Portland, Maine 04106

This representation letter is provided in connection with your audits of the financial statements of the Biddeford-Saco-Old Orchard Beach Transit Committee which comprise the respective financial position of the business-type activities as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows for the years then ended, and the disclosures (collectively the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 20, 2023 the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 24, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.
- 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Transit Committee is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Transit Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Transit Committee and involves:

- a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Transit Committee's financial statements communicated by employees, former employees, regulators, or others.
- 17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the Transit Committee's related parties and all the related party relationships and transactions of which we are aware.

Government - specific

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to
- 22) We have a process to track the status of audit findings and recommendations.
- 23) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 25) The Transit Committee has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
- 26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 27) We have identified and disclosed to you all instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit

objectives, and any other instances that warrant the attention of those charged with governance.

- 28) We have identified and disclosed to you all instances, that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 29) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 30) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 31) As part of your audit, you assisted with the preparation of the financial statements, schedule of expenditures of federal awards, schedule of expenditures of department awards, and disclosures. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements, related notes, schedule of expenditures of department awards, schedule of expenditures of federal awards, and disclosures.
- 32) The Transit Committee has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 33) The Transit Committee has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 34) The financial statements include all component units appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 35) The financial statements properly classify all funds and activities, in accordance with GASBS No. 34, as amended, and GASBS No. 84.
- 36) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 37) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 38) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 39) Provisions for uncollectible receivables have been properly identified and recorded.
- 40) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 41) Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position with operating and non-operating revenues.
- 42) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure assets and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 44) We have appropriately disclosed the Transit Committee's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 46) With respect to the schedule of expenditures of federal awards and schedule of department agreements on which an in-relation-to opinion is issued:
 - a) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards and schedule of department agreements in accordance with accounting principles generally accepted in the United States of America, and we believe schedule of expenditures of federal awards and schedule of department agreements, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the schedule of expenditures of federal awards and schedule of department agreements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the schedule of expenditures of federal awards and schedule of department agreements is not presented with the audited financial statements, we will make the

audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

47) With respect to federal award programs:

- a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
- b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the OMB Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, subpart E) and OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments, if applicable.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period as of which compliance covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have charged costs to federal awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- x) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Signed: Caroline Freespirit
Caroline Freespirit

Date: 4/21/23

Signed: Chad Heid
Chad Heid

Date: 4/21/23

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

Financial Statements

For the years ended June 30, 2022 and 2021

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE

Financial Statements

For the years ended June 30, 2022 and 2021

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Biddeford-Saco-Old Orchard Beach Transit Committee as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Biddeford-Saco-Old Orchard Beach Transit Committee's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Biddeford-Saco-Old Orchard Beach Transit Committee as of June 30, 2022 and 2021, and changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Biddeford-Saco-Old Orchard Beach Transit Committee and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Biddeford-Saco-Old Orchard Beach Transit Committee's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise a substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Biddeford-Saco-Old Orchard Beach Transit Committee's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kennebunk Light and Power District's basic financial statements. The statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical section 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 basic 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 statistical section is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2023 on our consideration of the Biddeford-Saco-Old Orchard Beach Transit Committee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Biddeford-Saco-Old Orchard Beach Transit Committee's internal control over financial reporting and compliance.



April 20, 2023
South Portland, Maine

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Management's Discussion and Analysis
June 30, 2022

Background

BSOOB Transit is governed by a committee consisting of nine members, three appointed by each of the owner municipalities. Of these, one from each municipality is to be either a member of the governing Council or a chief administrative officer. The Committee meets periodically to review financial conditions, receive Executive Director and staff level reports on significant events, and to set general policy. The Committee is responsible for the hiring of the Executive Director.

As of June 30, 2022, there were four classifications of service provided by BSOOB Transit. The four types of service include: urban service in the three constituent municipalities; intercity service between Saco and Portland via Route 1, Scarborough, and Maine Mall; Zoom Express commuter service along the Maine Turnpike, serving park and ride lots at exits 32 and 36, the Saco Transportation Center and Portland; and a summer, tourist-oriented trolley service connecting seasonal centers, campgrounds, shopping areas and other attractions in Old Orchard Beach, Saco and Scarborough.

To operate this service compliment, BSOOB Transit receives funding from the Federal Transportation Administration (FTA) and the Maine Department of Transportation (MDOT). There are also partner agreements with regional stakeholder entities to subsidize services and enhance regional connectivity.

In 2020, BSOOB Transit purchased two commuter coach buses through MDOT. In 2021, the organization received 8 new trolleys. In 2022, the Agency purchased and operationalized two battery electric buses, among the first in Maine. At the end of their useful lives, buses originally purchased with federal and/or state funds must be disposed of under the guidelines of the authorizing agency. All rolling stock, regardless of origin, is carried on the organization's capital asset listing and depreciated.

Financial Highlights

- BSOOB Transit assets exceeded liabilities at the close of fiscal 2022 by \$ 7,435,310, compared to the prior year's amount of \$4,294,827. This amount is *net position* and is comprised, in part, of a *restricted* amount of \$51,322, the *investment in capital assets* of \$6,248,038 (last year \$3,723,959), and an *unrestricted* amount of \$1,135,950, (last year \$499,991).
- BSOOB Transit's Net Position increased by \$3,140,483 from the prior year, a 73% change attributable chiefly to the addition of two new battery electric buses, the required charging infrastructure. FY 22 also included to utilization of 1-time Federal Pandemic Relief funds that enabled us to build a reserve for the future acquisition of our future capital acquisition program.
- Operating revenues increased by \$606,589, an 16% increase from the prior year, mostly from increases in federal operating grants, fare revenue and contracted stops.
- Operating expenses, excluding depreciation, increased from the year before by \$499,685, or 16%. 72% of this increase is from growth in pay and benefits due to the contracted increase in pay as a result of the union contract agreement. The balance of the increase is across the board increase in regular operating expenses.
- Federal and State Grant operating funding increased from the year by \$301,808, or 11%. This is primarily due to Federal CARES Act and CRSSA grants legislated to support transit operations at 100%, or no local match required. In addition, these funds are being used to cover 100% of operating expenses for the rural routes.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to BSOOB Transit's basic financial statements. The financial statements are comprised of three components:

- Basic financial statements
- Notes to the basic financial statements
- Other information

Entity-wide financial statements

The entity-wide financial statements are designed to provide readers with an overview of the agency's finances, in a manner similar to a private-sector business. The *statements of net position* present information on BSOOB Transit's assets and liabilities, with the difference between the two reported as *net position*, for the two most recent fiscal years. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Transit Committee is improving or deteriorating.

The *statements of revenues, expenses, and changes in net position* present information that shows how the agency net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., grant drawdowns not received, and earned but unpaid salaries). This statement separates items received or spent during the normal course of business, identified as *operating* revenues or expenses, from other items, such as grant revenues, contributed capital items and interest, which are not affected by ordinary operations and are identified as *nonoperating*.

The *statements of cash flows* present information showing how the various financial activities contributed to the change in the amount of cash and cash equivalents during the two most recent fiscal years. It may be useful to readers to compare the year-to-year changes in the specific items that contribute to the change. In general, a positive amount is a receipt of cash, an increase in an inflow or a decrease in an outflow of cash from the prior year and a negative amount is a use of cash, an increase in an outflow or a decrease in an inflow of cash. The reconciliation at the bottom of the statement provides a further breakdown of the annual changes that determine the amount of cash used in operating activities.

Notes to basic financial statements

The notes to the basic financial statements are an integral part of the basic financial statements and provide additional information that is essential to creating a full understanding of the data provided in the entity financial statements.

Other information

The other information provided is not considered part of the basic financial statements. It consists of a ten-year comparison of the information contained in both the statement of net position and the statement of revenues, expenses, and changes in net position. This is presented to provide the reader with a longer-term view of the Organization's financial results.

Financial Analysis of the Entity

This portion of the document will focus on the data presented in the statistical section of the audit report. Financial trend details are provided in a ten-year lens and should be referenced as part of the analysis. Trends in operating revenues and expenses over recent years show some significant outcomes, as detailed below:

- Fare revenues increased \$111,623, up 68% from the previous year. This increase may be attributed to the resurgence in demand as the pandemic waned, and tourism rebounded on the Maine coast.
- Contract revenues associated with partnership arrangements for service and stop access achieved a ten-year high, which is a reflection of the region returning to commerce levels similar to pre-COVID activity.
- Advertising and miscellaneous revenues remained at a similar overall level compared to the previous year.
- Operating expenses increased including employee costs from the CBA, repairs and parts, and a difference in consultant fees.
- A revenue surplus of \$743,331 has yet to be spent down as a byproduct of the agency leveraging various pandemic period funding packages. This unique scenario will allow the organization to consider several financial policies that will provide for improved financial stability.
- BSOOB Transit's net position at the end of fiscal 2022 has increased 73% over that of fiscal 2021. Restricted net position decreased \$20k because of the acquisition of some additional tools and equipment acquired for the maintenance of the Prevost coaches.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Management's Discussion and Analysis, Continued

Condensed Statement of Net Position

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets	\$ 1,457,404	\$ 1,154,899
Capital assets	6,248,038	3,723,959
Total assets	7,705,442	4,878,858
LIABILITIES		
Current liabilities	270,132	584,031
Total liabilities	270,132	584,031
NET POSITION		
Net investment in capital assets	6,248,038	3,723,959
Restricted	51,322	70,877
Unrestricted	1,135,950	499,991
Total net position	\$ 7,435,310	4,294,827

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>2022</u>	<u>2021</u>
REVENUES		
Operating revenues	\$ 4,445,926	\$ 3,839,337
Nonoperating revenues	2,903,119	2,204,374
Total revenues	7,349,045	6,043,711
EXPENSES		
Personnel costs	2,394,804	2,039,055
Building costs	34,149	37,613
Office costs	133,273	63,330
Services costs	782,027	728,374
Insurances	191,687	170,831
Advertising	15,974	14,640
Training and miscellaneous	79,432	77,818
Depreciation	577,216	386,545
Nonoperating expenses	-	82,188
Total expenses	4,208,562	3,600,394
Change in net position	3,140,483	2,443,317
Net position, beginning	4,294,827	1,851,510
Net position, ending	\$ 7,435,310	4,294,827

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE

Management's Discussion and Analysis, Continued

Changes to Capital Assets

The big change in the fixed assets this year was the addition of the 2 electric Proterra buses and the associated improvement to the electric service coming in to the depot at 13 Pomerleau Street from CMP poles. In addition, some of the trolleys were delivered in July of 21 also adding to the increase in fixed capital assets.

Next Year's Budget

The budget adopted by the Transit Committee for fiscal 2023 will be higher than previous years, noting wage and compensation increases that were an outcome from the collective bargaining process. The Committee implemented the compensation budget adjustments in a 4th quarter budget revision, which included other line-item revisions totaling a net annualized increase of \$265,150. The FY23 budget will consider compensation adjustments as detailed in the collective bargaining agreement, adjustments to non-capital expenses for the purpose of enhancing organizational capacity, and changes in revenues across each of the primary revenue lines. The FY23 Capital Program will address projects not completed in previous fiscal years, along with new projects defined in the regional Five-Year Capital and Operating Plan (FYCOP). All grant-eligible expenses are analyzed to project accurate grant funding, within the constraints placed on us by FTA and MDOT funding availability.

In projecting revenues for FY23, staff considered many variables to sustain service levels and the full complement of projects. The agency has increased the municipal contribution request by 25% from the previous year, which gained full support from the three communities. Additionally, there are planned increases for a one-year term from remaining Federal COVID Relief funds (ARPA, CARES, CRSSA), distributed directly to the agency or via MDOT funding programs. Along with these stated revenue increases, the agency also expects to see reductions in funding support for the Zoom Express service, part of a strategic shift by the Maine Turnpike Authority regarding operating subsidies.

Looking to the Future

BSOOB Transit maintains a stabilized financial position, and has relied on Federal Acts (CARES, CRSSA) to fund gaps in revenue lost due to the COVID-19 pandemic over the last fiscal year. As the region and nation evolves during and after the pandemic, it will be critical for the agency to acquire supportive funding to provide the level of service the region will require in the future. As more transit-oriented development occurs and the regional population grows, so too will the demand for quality fixed route transit services. BSOOB Transit is committed to using the assets available to maximize the service it provides, and will be undertaking a number of steps to improve the use of data to make service modifications that improve existing transit conditions. That said, the adjustments that can be made within the current funding structures all come with trade-offs.

To implement a financially stable system that aligns with the transformation of the region, additional funding will be required. The agency will look for increases in the Federal 5307 urban grant program, an increased prioritization for transit investment from the FTA and MDOT, an extensive effort from staff, committee members, and other external stakeholders to advocate for discretionary grants awards, new partnerships, and enhancing the agency's regional presence.

The variability in electric utility rates will be a pressing issue to address in the coming years, and the impacts of the diesel market will directly reflect in upcoming budget cycles. Just as the region is seeing shifts in size, density and demographics, the transit industry is seeing transformations in labor costs, funding opportunities and technology. BSOOB Transit will be forward thinking and will attempt to develop strategies that allow the agency to navigate every increasing volatility across multiple sectors that impact transit operational costs.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Management's Discussion and Analysis, Continued

Questions and Comments

Questions or comments on this financial report or on any aspect of the Transit Committee's operations may be directed to:

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Biddeford:

Doris Ortiz, City Council – Vice Chair
Maya Atlas, Citizen Representative
Eric Freeman, Biddeford City Staff

Saco:

Phil Hatch, City Council,
Bryan Kaenrath, City Administrator
Jean Saunders, Citizen Representative

Old Orchard Beach:

Kenneth Blow, Town Council - Chair
Tim Fleury, Office of Town Manager
Curtis Koehler, Citizen Representative

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Statements of Net Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 700	650
Accounts receivable	18,917	21,164
Grants receivable	388,460	881,359
Prepaid expenses	13,321	13,278
Due from City of Biddeford	743,331	-
Inventory	292,675	238,448
Total current assets	1,457,404	1,154,899
Capital assets:		
Land	45,000	45,000
Buildings and improvements	1,158,731	1,158,731
Vehicles and equipment	8,661,600	5,867,783
Infrastructure	119,066	119,066
	9,984,397	7,190,580
Less accumulated depreciation	3,736,359	3,466,621
Capital assets, net	6,248,038	3,723,959
Total assets	7,705,442	4,878,858
LIABILITIES		
Accounts payable	29,935	304,727
Unearned revenue	81,116	88,266
Accrued wages and related benefits	53,521	68,143
Accrued compensated absences	105,560	110,753
Due to City of Biddeford	-	12,142
Total liabilities	270,132	584,031
NET POSITION		
Net investment in capital assets	6,248,038	3,723,959
Restricted	51,322	70,877
Unrestricted	1,135,950	499,991
Total net position	\$ 7,435,310	4,294,827

See accompanying notes to basic financial statements.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Statements of Revenues, Expenses, and Changes in Net Position
For the years ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Fare revenues	\$ 276,032	164,409
Contract revenues	236,109	85,457
Federal and state operating grants	3,133,825	2,832,017
Other operating grants	-	41,079
Contract repair and fuel revenues	122,215	142,611
Municipal contributions	625,000	520,000
Advertising revenues, net of commissions	32,776	44,618
Miscellaneous operating revenues	19,969	9,146
Total operating revenues	4,445,926	3,839,337
Operating expenses before depreciation:		
Salaries and wages	1,836,830	1,523,553
Payroll taxes and benefits	557,974	515,502
Fuel and electricity	164,703	142,761
Travel and tolls	33,329	13,878
Repairs and parts	502,354	497,862
Insurance	191,687	170,831
Advertising	15,974	14,640
Office expense and equipment rental	99,944	49,452
Professional services	114,970	87,751
Utilities and telephone	26,288	22,934
Building maintenance and supplies	7,861	14,679
Training and miscellaneous	79,432	77,818
Total operating expenses before depreciation	3,631,346	3,131,661
Operating income (loss) before depreciation	814,580	707,676
Depreciation expense	577,216	386,545
Operating income (loss) after depreciation	237,364	321,131
Nonoperating revenues (expenses):		
Federal and state capital grants	2,793,691	2,196,654
Line of credit interest income (expense)	3,322	(1,242)
Loss on disposal of capital assets	-	(80,946)
Insurance claims	60,058	-
Sale of surplus equipment	46,048	7,720
Total nonoperating revenues	2,903,119	2,122,186
Change in net position	3,140,483	2,443,317
Net position, beginning of year	4,294,827	1,851,510
Net position, end of year	\$ 7,435,310	4,294,827

See accompanying notes to basic financial statements.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Statements of Cash Flows
For the years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Receipts from customers	\$ 1,307,198	1,449,684
Receipts from operating grants	3,626,724	2,503,444
Payments to suppliers	(1,565,604)	(1,251,457)
Payments to employees	(2,414,619)	(2,021,685)
Net cash provided by (used in) operating activities	953,699	679,986
Cash flows from noncapital financing activities:		
Change in due from City of Biddeford	(755,473)	(148,136)
Line of credit interest income (expense)	3,322	(1,242)
Other revenue	106,106	7,720
Net cash provided by (used in) noncapital financing activities	(646,045)	(141,658)
Cash flows from capital and related financing activities:		
Federal, State and other grants	2,793,691	2,196,654
Purchase of capital assets	(3,101,295)	(2,734,732)
Net cash provided by (used in) capital and related financing activities	(307,604)	(538,078)
Net increase (decrease) in cash and cash equivalents	50	250
Cash and cash equivalents, beginning of year	650	400
Cash and cash equivalents, end of year	\$ 700	650
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 237,364	321,131
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	577,216	386,545
Change in operating assets and liabilities:		
Accounts receivable	2,247	36,641
Operating grants receivable	492,899	(369,652)
Prepaid expenses	(43)	(13,278)
Inventory	(54,227)	4,118
Accounts payable	(274,792)	219,961
Unearned receipts	(7,150)	77,150
Accrued compensated absences	(5,193)	11,678
Accrued wages and related benefits	(14,622)	5,692
Net cash provided by (used in) operating activities	\$ 953,699	679,986

See accompanying notes to basic financial statements.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Biddeford-Saco-Old Orchard Beach Transit Committee (Transit Committee) was organized as a quasi-municipal corporation under the laws of the State of Maine for the purpose of operating a public mass transit passenger bus service. Under a voluntary inter-local agreement, services are provided within and between the City of Biddeford, the City of Saco, the Town of Scarborough, and the Town of Old Orchard Beach. Revenues are chiefly derived from passenger fares, municipal and private contributions, and federal and State grants.

Economic Dependency - The Transit Committee is economically dependent upon grants and contracts with the State of Maine Department of Transportation, federal funds directly and indirectly received from the U.S. Department of Transportation, Federal Transit Administration, and subsidies from the City of Biddeford, the City of Saco and the Town of Old Orchard Beach and, for the intercity service only, from the Town of Scarborough.

Measurement Focus and Basis of Accounting - The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of the related cash flows.

These financial statements distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. The principal operating revenues of the Transit Committee are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents - The Transit Committee considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable and Grants Receivable - The Transit Committee grants credit to local governments and small businesses. In addition, grants are received for operations and various capital acquisitions. The portion of grants earned but not received at year-end is included in the balance sheet as grants receivable. The amounts of these receivables are subject to acceptance of qualified expenditures by responsible grantor agencies. Grants received prior to obligation or expenditure of funds are recorded as unearned grants.

Restricted Net Position - Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the Transit Committee's intent to use restricted resources first, then unrestricted resources as they are needed.

Comparative Data - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year presentation.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Inventory - Inventories are valued at cost using a cost averaging method and consists of diesel fuel, tires, lights and other repair parts and supplies.

Capital Assets - Capital assets owned by the Transit Committee are stated at the cost to acquire or construct the asset and are comprised of land, building, vehicles, and other capital assets. Donated capital assets are recorded at acquisition value. Routine maintenance and repairs are charged against income. Expenses which materially increase values, change capacities, or extend useful lives are capitalized. The threshold for capitalization of an asset is \$5,000. The provision for depreciation has been computed by the use of the straight-line method at rates intended to amortize the cost of the related assets over their estimated useful lives, ranging from 5-25 years.

Accrued Compensated Absences - Under terms of the personnel policies of the Transit Committee, vacation leave is granted in varying amounts according to length of service. In addition, certain administrative employees may elect to earn comp time for extra hours worked, as permitted under federal guidelines. Use of earned comp time within a reasonable period is encouraged, but some comp time may be accrued as of June 30. At June 30, 2022 and 2021, unused vacation time and/or comp time amounted to \$105,560 and \$110,753, respectively. Employees may carry over all unused vacation time at the end of the calendar year. At retirement, all unused vacation time or unpaid comp time accrued for a specific employee is paid in full to that employee using the highest daily rate attained by that employee during his/her time of employment. Sick time can be carried over from year-to-year, but is lost at retirement and therefore is not a recognized liability to the Transit Committee.

Use of Estimates - The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	Balance 6/30/21	Increases	Decreases	Balance 6/30/22
Capital assets not being depreciated:				
Land	\$ 45,000	-	-	45,000
Total capital assets not being depreciated	45,000	-	-	45,000
Capital assets being depreciated:				
Buildings and improvements	1,158,731	-	-	1,158,731
Vehicles and equipment	5,867,783	3,101,295	307,478	8,661,600
Infrastructure	119,066	-	-	119,066
Total capital assets being depreciated	7,145,580	3,101,295	307,478	9,939,397
Less accumulated depreciation for:				
Buildings and improvements	731,651	16,146	-	747,797
Vehicles and equipment	2,672,501	557,046	307,478	2,922,069
Infrastructure	62,469	4,024	-	66,493
Total accumulated depreciation	3,466,621	577,216	307,478	3,736,359
Total capital assets being depreciated, net	3,678,959	2,524,079	-	6,203,038
Capital assets, net	\$ 3,723,959	2,524,079	-	6,248,038

REVOLVING LINE OF CREDIT

In 2011, the Biddeford City Council authorized the Transit Committee to utilize the City's central checking account to provide the Transit Committee with needed operating funds when gaps in funding occur. The Transit Committee is authorized to draw from the City account up to \$500,000. Interest is either charged or paid on the Committee's share at 3% per annum, calculated on the daily balance and posted monthly. The amount fluctuates between a receivable and a payable throughout the year. As of June 30, 2022, the Committee's share of the amount of cash held in City accounts was \$743,331.

457 RETIREMENT PLAN

The Biddeford-Saco-Old Orchard Beach Transit Committee contributes to the ICMA-RC 457 Governmental Deferred Compensation Plan and Trust (ICMA-RC), a defined contribution pension plan, for its full-time employees. ICMA-RC also administers the plan.

Benefit terms for ICMA, including contribution requirements, are established and may be amended by the Transit Board. For each employee in the pension plan, the Transit Committee is required to contribute \$200 or match contributions up to 1% of an employee's compensation for the year. Employees are permitted to make contributions to the pension plan up to applicable Internal Revenue Code limits. For the year ended June 30, 2022, employee contributions totaled \$45,582 and the Transit Committee recognized pension expense of \$17,665. For the year ended June 30, 2021, employee contributions totaled \$33,025 and the Transit Committee recognized pension expense of \$15,615.

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Notes to Basic Financial Statements, Continued

GRANTOR REVIEW

Employees are immediately vested in their own as well Transit Committee contributions and earnings on those contributions. There is therefore no forfeiture provision. Federal and State grants are subject to grantor review and final approval. Although it is not anticipated that any claims would be made against the Transit Committee by the grantor agencies, grants remain subject to ultimate closeout.

RISK MANAGEMENT

The Biddeford-Saco-Old Orchard Beach Transit Committee is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Biddeford-Saco-Old Orchard Beach Transit Committee carries commercial insurance.

NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding bonds and financed purchases and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Transit Committee or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is any remainder of total net position less net investment in capital assets and restricted net position.

The Transit Committee's net investment in capital assets was calculated as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Capital assets	\$ 9,984,397	7,190,580
Accumulated depreciation	(3,736,359)	(3,466,621)
Total net investment in capital assets	\$ 6,248,038	3,723,959

The Transit Committee's restricted net position at June 30, 2022 and 2021 was calculated as follows:

	<u>2022</u>	<u>2021</u>
Federal share of sale of surplus vehicle with federal interest	\$ 5,704	5,704
Local share for federal electric bus grant	41,897	59,225
Local share for Zoom coaches and trolley buses	3,721	5,948
Total restricted net position	\$ 51,322	70,877

Restricted net position represents unspent member contributions to be used for local contributions to federal grants that cross fiscal years.

Table 1

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Statements of Net Position
Last Ten Fiscal Years

	Fiscal Year										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
	(as restated)										
ASSETS											
Current assets:											
Cash and cash equivalents	\$	22	17	17	157	300	400	400	400	650	700
Accounts receivable		55,663	33,116	23,568	73,304	34,960	36,742	13,608	57,805	21,164	18,917
Grants receivable		230,670	188,759	118,424	167,477	148,279	166,138	166,455	881,359	881,359	388,460
Prepaid expenses		11,816	51,322	18,385	14,225	-	-	-	-	13,278	13,321
Due from City of Biddeford		-	-	-	-	16,725	73,332	-	-	-	743,331
Inventory		131,891	159,744	192,977	181,791	172,769	213,720	217,614	242,566	238,448	292,675
Total current assets		430,062	432,958	353,371	436,954	373,033	490,332	398,077	1,182,130	1,154,899	1,457,404
Capital assets:											
Land		45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Construction in progress		-	-	-	-	70,192	-	-	-	-	-
Buildings and improvements		729,966	729,966	754,203	1,095,769	1,095,769	1,140,201	1,158,731	1,158,731	1,158,731	1,158,731
Vehicles and equipment		2,886,608	3,104,993	3,182,217	2,737,467	2,854,137	3,524,246	3,386,176	3,446,176	5,867,783	8,661,600
Infrastructure		52,717	96,459	96,459	96,459	119,066	119,066	119,066	119,066	119,066	119,066
		3,714,291	3,976,418	4,077,879	3,974,695	4,184,164	4,828,513	4,708,973	4,768,973	7,190,580	9,984,397
Less accumulated depreciation		2,083,129	2,261,421	2,466,048	2,194,637	2,387,192	2,696,278	2,956,819	3,312,255	3,466,621	3,736,359
Net capital assets		1,631,162	1,714,997	1,611,831	1,780,058	1,796,972	2,132,235	1,752,154	1,456,718	3,723,959	6,248,038
Total assets		2,061,224	2,147,955	1,965,202	2,217,012	2,170,005	2,622,567	2,150,231	2,638,848	4,878,858	7,705,442
LIABILITIES											
Current liabilities:											
Accounts payable		54,127	15,281	60,813	63,611	53,737	94,784	41,351	84,766	304,727	29,935
Unearned receipts		-	-	42,500	25,500	8,500	30,000	18,000	11,116	88,266	81,116
Unearned insurance payment		10,158	-	-	-	-	-	-	-	-	-
Accrued wages and related benefits		31,872	26,753	38,898	24,363	33,799	42,948	48,964	62,451	68,143	53,521
Accrued compensated absences		32,281	36,017	38,660	50,029	61,248	61,648	73,121	99,075	110,753	105,560
Due to City of Biddeford		488,936	343,184	125,586	120,883	-	-	13,326	160,278	12,142	-
Total current liabilities		617,374	421,235	306,457	284,386	157,284	229,380	194,762	417,686	584,031	270,132
Total liabilities		617,374	421,235	306,457	284,386	157,284	229,380	194,762	417,686	584,031	270,132
NET POSITION											
Net investment in capital assets		1,631,162	1,714,997	1,611,831	1,780,058	1,796,972	2,132,235	1,752,154	1,456,718	3,723,959	6,248,038
Restricted net position		-	-	-	-	-	7,794	284,416	284,416	70,877	51,322
Unrestricted balance (deficit)		(187,312)	11,723	46,914	152,568	215,749	253,158	(81,101)	146,477	499,991	1,135,950
Total net position	\$	1,443,850	1,726,720	1,658,745	1,932,626	2,012,721	2,393,187	1,955,469	1,887,611	4,294,827	7,435,310

Table 2

BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE
Statements of Revenues, Expenses and Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2013	2014	2015	2016	2017	2018*	2019	2020 (as restated)	2021	2022
Operating revenues:										
Fare revenues	\$ 396,613	394,736	411,277	431,374	436,767	529,896	529,000	367,029	164,409	276,032
Federal and state operating grants	-	-	-	-	-	1,545,033	1,385,100	2,141,634	2,832,017	3,133,825
Other operating grants	-	-	-	-	-	130,000	130,000	143,216	41,079	-
Contract revenues	183,939	195,952	187,156	211,995	172,240	206,407	185,683	172,919	85,457	236,109
Contract repair and fuel revenues	324,099	246,529	200,359	214,371	208,765	159,720	155,372	149,018	142,611	122,215
Municipal contributions	370,000	370,000	370,000	370,000	400,000	400,000	445,000	520,000	520,000	625,000
Advertising revenues, net of commissions	48,561	54,329	74,883	125,035	93,031	70,544	79,806	63,226	44,618	32,776
Miscellaneous operating revenues	-	-	18,249	1,922	4,022	2,322	2,781	713	9,146	19,969
Total operating revenues	1,323,212	1,261,546	1,261,924	1,354,697	1,314,825	3,043,922	2,912,742	3,557,755	3,839,337	4,445,926
Operating expenses before depreciation:										
Salaries and wages	656,926	699,905	719,516	862,928	1,064,294	1,357,329	1,433,490	1,621,189	1,523,553	1,836,830
Payroll taxes and benefits	255,054	304,599	344,102	292,096	353,594	434,933	463,754	583,998	515,502	557,974
Fuel	288,105	264,430	236,289	231,101	210,804	171,804	216,738	186,596	142,761	164,703
Travel and tolls	19,834	20,973	4,612	8,381	8,523	22,963	17,535	20,229	13,878	33,329
Repairs and parts	352,527	435,721	501,606	561,329	570,560	578,164	534,061	567,898	497,862	502,354
Insurance	105,655	71,024	86,871	66,151	86,401	104,509	125,204	132,419	170,831	191,687
Advertising	12,141	22,183	34,488	38,251	10,482	14,192	13,837	9,093	14,640	15,974
Office expense and equipment rental	6,606	24,220	19,858	14,167	18,739	22,238	26,207	68,317	49,452	99,944
Professional services	55,317	44,800	74,697	97,592	66,862	107,738	58,667	159,106	87,751	114,970
Utilities and telephone	32,732	38,786	34,128	29,130	30,968	34,160	31,478	34,396	22,934	26,288
Building maintenance and supplies	58,919	32,832	139,217	13,209	75,483	11,984	15,334	8,669	14,679	7,861
Training and miscellaneous	8,179	7,205	29,275	43,711	65,080	63,296	77,810	75,466	77,818	79,432
Total operating expenses before depreciation	1,851,995	1,966,678	2,224,659	2,258,046	2,561,790	2,923,310	3,014,115	3,467,376	3,131,661	3,631,346
Operating income (loss) before depreciation	(528,783)	(705,132)	(962,735)	(903,349)	(1,246,965)	120,612	(101,373)	90,379	707,676	814,580
Less depreciation	277,126	234,522	223,270	235,276	251,042	355,118	385,831	355,436	386,545	577,216
Operating income (loss) after depreciation	(805,909)	(939,654)	(1,186,005)	(1,138,625)	(1,498,007)	(234,506)	(487,204)	(265,057)	321,131	237,364
Nonoperating revenues (expenses):										
Federal and state grants	561,088	945,447	996,614	1,318,242	1,338,844	548,790	70,081	76,500	2,196,654	2,793,691
Capital contributions (returns)	-	230,000	11,000	(8,000)	110,000	78,000	-	53,674	-	-
Capital contributions - vans	41,697	-	-	-	-	-	-	-	-	-
Loss on disposal of capital assets	(67,260)	(96,545)	(14,967)	(16,742)	(2,905)	(12,142)	(30,893)	-	(80,946)	-
Insurance claims	-	-	-	-	-	-	-	-	-	60,058
Other grants	117,446	115,000	126,600	118,600	130,000	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	(17,025)	-	-
Other revenue (expenses)	-	37,100	800	1,428	1,414	54	9,132	49,177	7,720	46,048
Interest revenue (expense)	(9,292)	(8,478)	(2,017)	(1,022)	749	270	1,166	(1,228)	(1,242)	3,322
Total nonoperating revenues	643,679	1,222,524	1,118,030	1,412,506	1,578,102	614,972	49,486	161,098	2,122,186	2,903,119
Change in net position	(162,230)	282,870	(67,975)	273,881	80,095	380,466	(437,718)	(103,959)	2,443,317	3,140,483
Net position, beginning of year	1,606,080	1,443,850	1,726,720	1,658,745	1,932,626	2,012,721	2,393,187	1,955,469	1,851,510	4,294,827
Net position, end of year	\$ 1,443,850	1,726,720	1,658,745	1,932,626	2,012,721	2,393,187	1,955,469	1,851,510	4,294,827	7,435,310

*Starting in fiscal year 2018, the District began classifying grant revenue as operating and nonoperating.