

December 18, 2020

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

In planning and performing our audit of the financial statements of the Biddeford-Saco-Old Orchard Beach Transit Committee (Transit Committee) as of and for the year ended June 30, 2020 in accordance with auditing standards generally accepted in the United States of America, we considered the Transit Committee's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Transit Committee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Transit Committee's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Transit Committee's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of another matter that is an opportunity for strengthening internal controls and operating efficiency. It has been identified in the Schedule of Comments and Responses as "Other Comment."

We wish to express our appreciation for the cooperation and assistance we received from the officials and employees of Biddeford-Saco-Old Orchard Beach Transit Committee during the course of our audit. We will review the status of this comment during our next audit engagement. We have already discussed this matter with various Transit Committee personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations.

Biddeford-Saco-Old Orchard Beach Transit Committee's response to the comment identified in our audit is described in the accompanying Schedule of Comments and Responses. Biddeford-Saco-Old Orchard Beach Transit Committee's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the Transit Committee, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Remya Kristen Ouellette". The signature is written in a cursive style with a large initial 'R'.

**BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE**  
**Schedule of Comments and Responses**  
**June 30, 2020**

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**OTHER COMMENT**

**Material Audit Entries**

The general ledger includes activity and balances of the Transit Committee's asset, liability, revenue, and expense accounts. Many of these accounts required audit adjustments at year-end, including receivables, inventory, payables, accrued payroll, and accrued compensated absences. Both individually and in the aggregate, these entries were material to the financial statements. Whenever the auditor is required to propose a material amount of entries, the risk of material misstatement due to fraud or error increases significantly.

In order to maintain an accurate accounting of all accounts on the general ledger and provide accurate financial reports during the year, we recommend that Transit Committee employees reconcile the ending balances of each general ledger account on a monthly basis. We suggest that management establish a checklist of required monthly and year-end adjustments to ensure that general ledger accounts are being reconciled in a timely manner.

We believe that the following procedures should be performed on a monthly basis:

- Reconciliation of the detailed listing of all accounts receivable and accounts payable accounts to the general ledger balances
- Reconciliation of the perpetual inventory system to the general ledger balance
- Analytical review of revenue accounts to identify misclassifications or errors
- Analytical review of expenditure accounts to identify misclassifications or errors

*Management's response/corrective action plan: Management will implement a checklist to be completed on a monthly basis to:*

1. *Reconcile the detailed listing of all accounts receivable and accounts payable accounts to the general ledger balances.*
2. *Reconcile of the perpetual inventory system to the general ledger balance*
3. *Analytical review of revenue accounts to identify misclassifications or errors.*
4. *Analytical review of expense accounts to identify misclassifications or errors.*

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

**Financial Statements**

**For the years ended June 30, 2020 and 2019**

**BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE**  
**Financial Statements**  
**For the years ended June 30, 2020 and 2019**

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## Independent Auditor's Report

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

### **Report on the Financial Statements**

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, 2020 and 2019, 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.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Biddeford-Saco-Old Orchard Beach Transit Committee as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, 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.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Biddeford-Saco-Old Orchard Beach Transit Committee's basic financial statements. The statistical section is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The statistical section 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020 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.

A handwritten signature in black ink that reads "Remya Kristen Ouellette". The signature is written in a cursive, flowing style.

December 18, 2020  
South Portland, Maine



**BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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**Background**

Please see the accompanying Notes to Basic Financial Statements for a summary of the Organization's creation and its accounting policies.

The Transit Committee consists of nine members, with 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 results, hear the Executive Director's report on significant events and to set general policy, as necessary. The Committee is responsible for the hiring of the Executive Director.

At June 30, 2020, there were four areas of scheduled service provided by the Transit Committee: local (urban) service in and around the three constituent municipalities; intercity service between Old Orchard Beach, where it connects to the local service, and the South Portland/Portland areas, with some service to Scarborough, along the route; Zoom service along the Maine Turnpike, for commuters from the Biddeford and Saco park and ride lots to downtown Portland; and service along the corridor in Biddeford from the University of New England campus to the Saco Amtrak station, where it connects to the other local service, specifically designed to serve the UNE student and faculty populations, but available to all residents along its route. In addition, the Organization provides a summer, tourism-oriented trolley service whose routes encompass the full length of the Camp Ellis, Bay View, Ocean Park, Old Orchard Beach and Scarborough (as far as Pine Point) seasonal centers, branching out to include campgrounds, shopping areas and other tourism-related attractions in the immediate area. The hub of this service is at the Old Orchard Beach train station, where it interfaces with the Amtrak Downeaster, providing passenger rail service to and from Boston and with the Organization's regularly scheduled urban and intercity services.

The four scheduled services and the trolley service receive funding from the Federal Transportation Administration (FTA) and/or the Maine Department of Transportation (MDOT). In addition, the Maine Turnpike Authority provides a subsidy to the Zoom service with the object being to encourage alternative commuting and reduce Turnpike congestion. The University of New England subsidizes its part of the service. The 2017 fiscal year was the first time that the trolley service was eligible for FTA funding, due to the demographic changes to urbanized areas brought about by the 2010 national census.

Historically, buses used by the Organization for the scheduled services had been generally received through MDOT and were acquired through a combination of federal and state funding, with a small local match. More recently, some buses were transferred from other transit systems, with adequate useful lives remaining to supply the necessary service levels for an additional period of years. In the prior fiscal years, the Organization had contracted for the acquisition of used buses from elsewhere in the country, to be rehabilitated by Loring Industries in Limestone, Maine. On occasion, new buses have been received and the Organization has been approved for two coach type buses through MDOT as well as for two electric buses and charging infrastructure through a joint venture with MDOT and Portland Metro bus service. Additionally, the Organization has applied for four new trolleys through FTA and is awaiting the result of that grant. 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. Current trolleys are owned by the Organization. All rolling stock, regardless of origin, is carried on the Organization's capital asset listing and depreciated.

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

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**Financial Highlights**

- Assets of the Transit Committee exceeded its liabilities at the close of fiscal 2020 by \$1,887,611, compared to the prior year's amount of \$1,955,469. This amount is *net position* and is comprised, in part, of a *restricted* amount of \$284,416 (Unchanged from previous year), the *investment in capital assets* of \$1,456,718 (last year \$1,752,154), and an *unrestricted* amount of \$146,477, (last year (\$81,101).
- The Transit Committee's Net Position decreased by \$67,858 from the prior year, a 3% negative change attributable chiefly to current depreciation exceeding current capital asset additions.
- Operating revenues increased by \$681,114, a 23% increase from the prior year, mostly from increases in federal operating grants.
- Operating expenses, excluding depreciation, increased from the year before by \$453,261, or 15%. Major components of this increase were in the areas of employee costs, repairs and parts and the consultants used to administer the Electric Bus LONO grant.
- Federal and State Grant operating funding increased from the year before by \$792,635 or 57%, due to increased expenses of the expanded Maroon line as well as the CARES act funding that under PHASE I, covered expenses at 100%.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Transit Committee's basic financial statements. The Transit Committee's 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 Transit Committee's finances, in a manner similar to a private-sector business. The *statements of net position* present information on the Transit Committee'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 Transit Committee's 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*.

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

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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 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**

Over the last few fiscal years, extensive studies have been conducted on staffing levels and types, operation of the repair and maintenance facility and honing of the budgeting into a more responsible plan that will accurately reflect the realities of the Transit Committee's needs. The statistical section, as listed in table of contents, should be read in order to give a better impression of the trending that the Transit Committee has shown.

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

**Condensed Statement of Net Position**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current assets	\$ 848,579	398,077
Capital assets	1,456,718	1,752,154
Total assets	2,305,297	2,150,231
<b>LIABILITIES</b>		
Current liabilities	417,686	194,762
Total liabilities	417,686	194,762
<b>NET POSITION</b>		
Net investment in capital assets	1,456,718	1,752,154
Restricted	284,416	284,416
Unrestricted	146,477	(81,101)
Total net position	\$ 1,887,611	1,955,469

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

	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>		
Operating revenues	\$ 3,593,856	2,912,742
Nonoperating revenues	179,351	80,379
Total revenues	3,773,207	2,993,121
<b>EXPENSES</b>		
Personnel costs	2,205,187	1,897,244
Building costs	43,065	46,812
Office costs	88,546	43,742
Services costs	913,600	809,466
Insurances	132,419	125,204
Advertising	9,093	13,837
Training and miscellaneous	75,466	77,810
Depreciation	355,436	385,831
Nonoperating expenses	18,253	30,893
Total expenses	3,841,065	3,430,839
Change in net position	(67,858)	(437,718)
Net position, beginning	1,955,469	2,393,187
Net position, ending	\$ 1,887,611	1,955,469

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

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Trends in operating revenues and expenses over recent years show some significant items.

- Fare revenues decreased \$161,971, down 31% from the previous year. All operations stopped for the month of March and restarted on a reduced basis in April with no fares being charged on the regular runs. Trolley season operated on a reduced basis due to the need for social distancing and a general lack of tourists.
- Contract revenues for specific bus or trolley stops decreased slightly from the previous year from the prior year again due to UNE's cancelling their service early.
- Revenues from repairs performed for other transportation entities decreased again due to COVID restricting operations of York County Community Action and the Dayton Schools system.
- Contributions from the constituent municipalities have risen by 85% over the ten-year period, done in order to keep the operation viable into the future. Fiscal year 2020 saw an increase of \$165,000 from each of the three partners. Additionally, the Town of Scarborough continued its voluntary annual contribution of \$25,000 toward the costs incurred in serving that town on the Intercity service.
- Advertising revenues decreased slightly from the prior year as the community had to deal with the COVID crisis and the resulting drastic reductions in the tourism industry. Several of the companies that had advertised with us did not open for the season.
- Salaries, wages, and benefits have increased over the last 10 years, reflecting increased employment in the office and maintenance areas, in order to implement better controls and efficiencies. In addition, wage increases have been granted, beginning in fiscal 2013, after having none for several years. The Transit Committee has been striving to be more competitive with other agencies in its compensation package.
- Fuel costs decreased both with the reduction in service following COVID's onset, as well as the lower costs we had been able to contract for this year.
- Costs to keep the aging bus fleet on the road are rising at astronomical rates, stressing fiscal resources and making accurate budgeting difficult.

The Transit Committee's net position at the end of fiscal 2020 has decreased slightly by 3% over that of fiscal 2019. Restricted net position had been increased to segregate and hold funds included in the fiscal 2020 budget as local share for the purchase of new buses that were not finalized as of June 30, 2020.

**Changes to Capital Assets**

This year was particularly light in capital acquisitions. Although the acquisition of two electric buses, two Zoom coach buses and up to four new trolley buses was anticipated and the local shares budgeted, none of these were realized, but are still pending. The two Zoom coaches have been delivered in October of 2020 following the close of the fiscal year, and we are anticipating delivery of eight trolleys in FY 2021, hopefully before the start of the trolley season. The local match for the two coaches will be paid from the Restricted Fund Balance, while the local match requirement for the trolleys will be covered by a combination of VW grant funds and State bond money.

**Next Year's Budget**

The budget adopted by the Transit Committee for fiscal 2021 strives to keep the costs of operations unchanged from 2020. The increase in capital spending is due to increasing the request for trolleys from four to eight using a discretionary grant that was awarded in 2020. As mentioned, all local match requirements have been provided for by VW grant funds and State bond monies. All grant-eligible expenses are analyzed to set reasonable amounts of grant funding that should be expected, within the constraints placed on us by FTA and MDOT funding availability.

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

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We have been awarded funding through the MDOT to cover the cost of two new replacement over-the-road coach buses for the Zoom service. In addition, we are a partner with MDOT and Greater Portland Metro in a grant awarded by FTA for our acquisition of two fully electric buses for use on the urban services, with supporting charging infrastructure. We have also submitted a separate FTA grant application for up to four new diesel trolley buses for the seasonal service. However, none of these vehicles would be delivered in fiscal 2020, due to the lead times of bus manufacturers and we expect them in fiscal year 2021. The required local match funding for all of these vehicles was included in the fiscal 2020 budget and not spent. The Committee approved placing that funding into a restricted account, to carry it forward until needed.

With ten full years of historical data since the comprehensive overhaul of management and operations behind us, management is confident that upward trends will continue and that the strides made in better budgeting and controls will be rewarded with a more sustainable organization going forward.

The contract with Greyhound Lines to be an affiliated carrier to their nationwide system continues to be a positive. This affiliation permits the Organization to sell Greyhound tickets that will permit a rider to access our bus to Greyhound's Portland terminal and continue on to anywhere Greyhound can take them. From a financial perspective, Greyhound has pledged the ability for us to access federal funds allocated for this purpose, and our local share of the Intercity service (50% of costs) is being covered by this allocation, bringing in additional grant revenue.

**Looking to the Future**

The members of the Transit Committee and current management all recognize the importance of public transportation to a mobile society in general and to those whose livelihoods depend on their ability to go where jobs are. All are committed to working toward financial stability through prudent decisions that will permit the Organization to move toward a secure future.

**Questions and Comments**

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

Tony Scavuzzo, Executive Director  
B-S-OOB Transit  
13 Pomerleau St.  
Biddeford, ME 04005  
(207) 282-5408  
[tscavuzzo@BSOOBTransit.org](mailto:tscavuzzo@BSOOBTransit.org)

Douglas Morison, Finance Manager  
B-S-OOB Transit  
13 Pomerleau St.  
Biddeford, ME 04005  
(207) 282-5408  
[dmorison@BSOOBTransit.org](mailto:dmorison@BSOOBTransit.org)

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

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**Biddeford-Saco-Old Orchard Beach Transit Committee Members**  
**As of June 30, 2020**

Biddeford:

Greg Tansley, City Planner, Committee Chair  
Doris Ortiz, City Council  
Open

Saco:

Alan Minthorn, City Council, Committee Vice Chair  
Jessa Burns  
Betty Brunswick

Old Orchard Beach:

Kenneth Blow, Town Council  
Curtis Koehler  
Open

**BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE**  
**Statements of Net Position**  
**June 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 400	400
Accounts receivable	57,805	13,608
Grants receivable	547,808	166,455
Inventory	242,566	217,614
Total current assets	848,579	398,077
Capital assets:		
Land	45,000	45,000
Buildings and improvements	1,158,731	1,158,731
Vehicles and equipment	3,446,176	3,386,176
Infrastructure	119,066	119,066
	4,768,973	4,708,973
Less accumulated depreciation	3,312,255	2,956,819
Capital assets, net	1,456,718	1,752,154
<b>Total assets</b>	<b>2,305,297</b>	<b>2,150,231</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	84,766	41,351
Unearned revenue	11,116	18,000
Accrued wages and related benefits	62,451	48,964
Accrued compensated absences	99,075	73,121
Due to City of Biddeford	160,278	13,326
Total current liabilities	417,686	194,762
<b>Total liabilities</b>	<b>417,686</b>	<b>194,762</b>
<b>NET POSITION</b>		
Net investment in capital assets	1,456,718	1,752,154
Restricted	284,416	284,416
Unrestricted	146,477	(81,101)
<b>Total net position</b>	<b>\$ 1,887,611</b>	<b>1,955,469</b>

*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, 2020 and 2019**

	2020	2019
Operating revenues:		
Fare revenues	\$ 367,029	529,000
Contract revenues	172,919	185,683
Federal and state operating grants	2,177,735	1,385,100
Other operating grants	143,216	130,000
Contract repair and fuel revenues	149,018	155,372
Municipal contributions	520,000	445,000
Advertising revenues, net of commissions	63,226	79,806
Miscellaneous operating revenues	713	2,781
Total operating revenues	3,593,856	2,912,742
Operating expenses before depreciation:		
Salaries and wages	1,621,189	1,433,490
Payroll taxes and benefits	583,998	463,754
Fuel	186,596	216,738
Travel and tolls	20,229	17,535
Repairs and parts	567,898	534,061
Insurance	132,419	125,204
Advertising	9,093	13,837
Office expense and equipment rental	68,317	26,207
Professional services	159,106	58,667
Utilities and telephone	34,396	31,478
Building maintenance and supplies	8,669	15,334
Training and miscellaneous	75,466	77,810
Total operating expenses before depreciation	3,467,376	3,014,115
Operating gain (loss) before depreciation	126,480	(101,373)
Depreciation expense	355,436	385,831
Operating loss after depreciation	(228,956)	(487,204)
Nonoperating revenues (expenses):		
Federal and state capital grants	76,500	70,081
Capital contributions	53,674	-
Line of credit interest expense	(1,228)	-
Loss on disposal of capital assets	-	(30,893)
Bad debt expense	(17,025)	-
Other revenue	49,177	9,132
Interest revenue	-	1,166
Total nonoperating revenues	161,098	49,486
Change in net position	(67,858)	(437,718)
Net position, beginning of year	1,955,469	2,393,187
<b>Net position, end of year</b>	<b>\$ 1,887,611</b>	<b>1,955,469</b>

*See accompanying notes to basic financial statements.*

**BIDDEFORD-SACO-OLD ORCHARD BEACH TRANSIT COMMITTEE**  
**Statements of Cash Flows**  
**For the years ended June 30, 2020 and 2019**

	2020	2019
Cash flows from operating activities:		
Receipts from customers	\$ 1,620,202	1,408,776
Receipts from operating grants	1,922,573	1,515,100
Payments to suppliers	(1,642,104)	(1,174,198)
Payments to employees	(2,165,746)	(1,879,755)
Net cash provided by (used in) operating activities	(265,075)	(130,077)
Cash flows from noncapital financing activities:		
Change in due from City of Biddeford	146,952	86,658
Interest revenue	-	1,166
Line of credit interest expense	(1,228)	-
Other revenue	49,177	9,132
Net cash provided by (used in) noncapital financing activities	194,901	96,956
Cash flows from capital and related financing activities:		
Federal, State and other grants	76,500	69,764
Purchase of capital assets	(6,326)	(36,643)
Net cash provided by (used in) capital and related financing activities	70,174	33,121
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	400	400
<b>Cash and cash equivalents, end of year</b>	<b>\$ 400</b>	<b>400</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating loss	\$ (228,956)	(487,204)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	355,436	385,831
Change in operating assets and liabilities:		
Accounts receivable	(44,197)	23,134
Operating grants receivable	(398,378)	-
Inventory	(24,952)	(3,894)
Accounts payable	43,415	(53,433)
Unearned receipts	(6,884)	(12,000)
Accrued compensated absences	25,954	11,473
Accrued wages and related benefits	13,487	6,016
Net cash provided by (used in) operating activities	\$ (265,075)	(130,077)
Schedule of non-cash capital and related financing activities:		
Contributions of capital assets	53,674	-

*See accompanying notes to basic financial statements.*

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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**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.

The Transit Committee began using the allowance method in 2020 to account for uncollectible accounts receivable. The allowance is based on management's experience with customers.

**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, 2020 and 2019, unused vacation time and/or comp time amounted to \$99,075 and \$73,121, 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.

**CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance <u>6/30/19</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/20</u>
Capital assets not being depreciated:				
Land	\$ 45,000	-	-	45,000
<b>Total capital assets not being depreciated</b>	<b>45,000</b>	<b>-</b>	<b>-</b>	<b>45,000</b>
Capital assets being depreciated:				
Buildings and improvements	1,158,731	-	-	1,158,731
Vehicles and equipment	3,386,176	60,000	-	3,446,176
Infrastructure	119,066	-	-	119,066
<b>Total capital assets being depreciated</b>	<b>4,663,973</b>	<b>60,000</b>	<b>-</b>	<b>4,723,973</b>

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

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CAPITAL ASSETS, CONTINUED

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	<u>Balance</u> <u>6/30/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/20</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 699,359	16,146	-	715,505
Vehicles and equipment	2,203,040	335,265	-	2,538,305
Infrastructure	54,420	4,025	-	58,445
<b>Total accumulated depreciation</b>	<b>2,956,819</b>	<b>355,436</b>	<b>-</b>	<b>3,312,255</b>
Total capital assets being depreciated, net	1,707,154	(295,436)	-	1,411,718
<b>Capital assets, net</b>	<b>\$ 1,752,154</b>	<b>(295,436)</b>	<b>-</b>	<b>1,456,718</b>

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REVOLVING LINE OF CREDIT

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On February 16, 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 at an annual interest rate of 3%. As of June 30, 2020 and 2019, the Transit Committee owed the City of Biddeford \$160,728 and \$13,326, respectively.

457 RETIREMENT PLAN

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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, 2020, employee contributions totaled \$55,355 and the Transit Committee recognized pension expense of \$16,722. For the year ended June 30, 2019, employee contributions totaled \$67,148 and the Transit Committee recognized pension expense of \$13,643.

Employees are immediately vested in their own as well Transit Committee contributions and earnings on those contributions. There is therefore no forfeiture provision.

GRANTOR REVIEW

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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.

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

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**RISK MANAGEMENT**

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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.

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**NET POSITION**

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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 capital leases and adding back any unspent bond or lease 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Capital assets	\$ 4,768,973	4,708,973
Accumulated depreciation	(3,312,255)	(2,956,819)
<b>Total net investment in capital assets</b>	<b>\$ 1,456,718</b>	<b>1,752,154</b>

The Transit Committee's restricted net position at June 30, 2020 and 2019 was calculated as follows:

	<u>2020</u>	<u>2019</u>
Federal share of sale of surplus vehicle with federal interest	\$ 5,704	5,704
Local share for federal electric bus grant	59,225	59,225
Local share for Zoom coaches and trolley buses	219,487	219,487
<b>Total restricted net position</b>	<b>\$ 284,416</b>	<b>284,416</b>

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

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**ADVERTISING COMMISSIONS**

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The Biddeford-Saco-Old Orchard Beach Transit Committee records advertising revenue net of commissions paid to the agent. The total amount to commissions paid were \$687 and \$25,752 as of June 30, 2020 and 2019, respectively.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>ASSETS</b>										
Current assets:										
Cash and cash equivalents	\$ 23,929	3,998	22	17	17	157	300	400	400	400
Accounts receivable	45,001	61,038	55,663	33,116	23,568	73,304	34,960	36,742	13,608	57,805
Grants receivable	-	52,137	230,670	188,759	118,424	167,477	148,279	166,138	166,455	547,808
Prepaid expenses	10,750	10,573	11,816	51,322	18,385	14,225	-	-	-	-
Due from City of Biddeford	-	-	-	-	-	-	16,725	73,332	-	-
Inventory	101,790	114,586	131,891	159,744	192,977	181,791	172,769	213,720	217,614	242,566
<b>Total current assets</b>	<b>181,470</b>	<b>242,332</b>	<b>430,062</b>	<b>432,958</b>	<b>353,371</b>	<b>436,954</b>	<b>373,033</b>	<b>490,332</b>	<b>398,077</b>	<b>848,579</b>
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	729,966	729,966	754,203	1,095,769	1,095,769	1,140,201	1,158,731	1,158,731
Vehicles and equipment	2,512,368	2,918,710	2,886,608	3,104,993	3,182,217	2,737,467	2,854,137	3,524,246	3,386,176	3,446,176
Infrastructure	52,717	52,717	52,717	96,459	96,459	96,459	119,066	119,066	119,066	119,066
	3,340,051	3,746,393	3,714,291	3,976,418	4,077,879	3,974,695	4,184,164	4,828,513	4,708,973	4,768,973
Less accumulated depreciation	1,571,787	1,838,593	2,083,129	2,261,421	2,466,048	2,194,637	2,387,192	2,696,278	2,956,819	3,312,255
<b>Net capital assets</b>	<b>1,768,264</b>	<b>1,907,800</b>	<b>1,631,162</b>	<b>1,714,997</b>	<b>1,611,831</b>	<b>1,780,058</b>	<b>1,796,972</b>	<b>2,132,235</b>	<b>1,752,154</b>	<b>1,456,718</b>
<b>Total assets</b>	<b>1,949,734</b>	<b>2,150,132</b>	<b>2,061,224</b>	<b>2,147,955</b>	<b>1,965,202</b>	<b>2,217,012</b>	<b>2,170,005</b>	<b>2,622,567</b>	<b>2,150,231</b>	<b>2,305,297</b>
<b>LIABILITIES</b>										
Current liabilities:										
Accounts payable	39,845	55,468	54,127	15,281	60,813	63,611	53,737	94,784	41,351	84,766
Unearned receipts	-	-	-	-	42,500	25,500	8,500	30,000	18,000	11,116
Unearned insurance payment	-	2,741	10,158	-	-	-	-	-	-	-
Accrued wages and related benefits	15,332	23,663	31,872	26,753	38,898	24,363	33,799	42,948	48,964	62,451
Accrued compensated absences	29,053	32,674	32,281	36,017	38,660	50,029	61,248	61,648	73,121	99,075
Due to City of Biddeford	472,051	429,506	488,936	343,184	125,586	120,883	-	-	13,326	160,278
<b>Total current liabilities</b>	<b>556,281</b>	<b>544,052</b>	<b>617,374</b>	<b>421,235</b>	<b>306,457</b>	<b>284,386</b>	<b>157,284</b>	<b>229,380</b>	<b>194,762</b>	<b>417,686</b>
<b>Total liabilities</b>	<b>556,281</b>	<b>544,052</b>	<b>617,374</b>	<b>421,235</b>	<b>306,457</b>	<b>284,386</b>	<b>157,284</b>	<b>229,380</b>	<b>194,762</b>	<b>417,686</b>
<b>NET POSITION</b>										
Net investment in capital assets	1,768,264	1,907,800	1,631,162	1,714,997	1,611,831	1,780,058	1,796,972	2,132,235	1,752,154	1,456,718
Restricted net position	-	-	-	-	-	-	-	7,794	284,416	284,416
Unrestricted balance (deficit)	(374,811)	(301,720)	(187,312)	11,723	46,914	152,568	215,749	253,158	(81,101)	146,477
<b>Total net position</b>	<b>\$ 1,393,453</b>	<b>1,606,080</b>	<b>1,443,850</b>	<b>1,726,720</b>	<b>1,658,745</b>	<b>1,932,626</b>	<b>2,012,721</b>	<b>2,393,187</b>	<b>1,955,469</b>	<b>1,887,611</b>

Table 2

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018*	2019	2020
<b>Operating revenues:</b>										
Fare revenues	\$ 372,652	424,606	396,613	394,736	411,277	431,374	436,767	529,896	529,000	367,029
Federal and state operating grants	-	-	-	-	-	-	-	1,545,033	1,385,100	2,177,735
Other operating grants	-	-	-	-	-	-	-	130,000	130,000	143,216
Contract revenues	121,341	150,036	183,939	195,952	187,156	211,995	172,240	206,407	185,683	172,919
Contract repair and fuel revenues	228,712	293,428	324,099	246,529	200,359	214,371	208,765	159,720	155,372	149,018
Municipal contributions	240,000	345,000	370,000	370,000	370,000	370,000	400,000	400,000	445,000	520,000
Advertising revenues, net of commissions	95,340	115,725	48,561	54,329	74,883	125,035	93,031	70,544	79,806	63,226
Miscellaneous operating revenues	-	-	-	-	18,249	1,922	4,022	2,322	2,781	713
<b>Total operating revenues</b>	<b>1,058,045</b>	<b>1,328,795</b>	<b>1,323,212</b>	<b>1,261,546</b>	<b>1,261,924</b>	<b>1,354,697</b>	<b>1,314,825</b>	<b>3,043,922</b>	<b>2,912,742</b>	<b>3,593,856</b>
<b>Operating expenses before depreciation:</b>										
Salaries and wages	711,636	622,102	656,926	699,905	719,516	862,928	1,064,294	1,357,329	1,433,490	1,621,189
Payroll taxes and benefits	228,815	235,702	255,054	304,599	344,102	292,096	353,594	434,933	463,754	583,998
Fuel	248,278	303,537	288,105	264,430	236,289	231,101	210,804	171,804	216,738	186,596
Travel and tolls	-	18,706	19,834	20,973	4,612	8,381	8,523	22,963	17,535	20,229
Repairs and parts	209,507	331,303	352,527	435,721	501,606	561,329	570,560	578,164	534,061	567,898
Insurance	119,472	115,885	105,655	71,024	86,871	66,151	86,401	104,509	125,204	132,419
Advertising	51,427	23,371	12,141	22,183	34,488	38,251	10,482	14,192	13,837	9,093
Office expense and equipment rental	3,042	11,713	6,606	24,220	19,858	14,167	18,739	22,238	26,207	68,317
Professional services	43,371	48,814	55,317	44,800	74,697	97,592	66,862	107,738	58,667	159,106
Utilities and telephone	31,712	33,309	32,732	38,786	34,128	29,130	30,968	34,160	31,478	34,396
Building maintenance and supplies	11,398	48,913	58,919	32,832	139,217	13,209	75,483	11,984	15,334	8,669
Training and miscellaneous	25,616	5,159	8,179	7,205	29,275	43,711	65,080	63,296	77,810	75,466
<b>Total operating expenses before depreciation</b>	<b>1,684,274</b>	<b>1,798,514</b>	<b>1,851,995</b>	<b>1,966,678</b>	<b>2,224,659</b>	<b>2,258,046</b>	<b>2,561,790</b>	<b>2,923,310</b>	<b>3,014,115</b>	<b>3,467,376</b>
<b>Operating gain (loss) before depreciation</b>	<b>(626,229)</b>	<b>(469,719)</b>	<b>(528,783)</b>	<b>(705,132)</b>	<b>(962,735)</b>	<b>(903,349)</b>	<b>(1,246,965)</b>	<b>120,612</b>	<b>(101,373)</b>	<b>126,480</b>
<b>Less depreciation</b>	<b>221,558</b>	<b>266,806</b>	<b>277,126</b>	<b>234,522</b>	<b>223,270</b>	<b>235,276</b>	<b>251,042</b>	<b>355,118</b>	<b>385,831</b>	<b>355,436</b>
<b>Operating loss after depreciation</b>	<b>(847,787)</b>	<b>(736,525)</b>	<b>(805,909)</b>	<b>(939,654)</b>	<b>(1,186,005)</b>	<b>(1,138,625)</b>	<b>(1,498,007)</b>	<b>(234,506)</b>	<b>(487,204)</b>	<b>(228,956)</b>
<b>Nonoperating revenues (expenses):</b>										
Federal and state grants	274,004	471,182	561,088	945,447	996,614	1,318,242	1,338,844	548,790	70,081	76,500
Capital contributions (returns)	1,205,128	371,654	-	230,000	11,000	(8,000)	110,000	78,000	-	53,674
Capital contributions - vans	50,904	-	41,697	-	-	-	-	-	-	-
Loss on disposal of capital assets	-	-	(67,260)	(96,545)	(14,967)	(16,742)	(2,905)	(12,142)	(30,893)	-
Other grants	120,671	115,790	117,446	115,000	126,600	118,600	130,000	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	(17,025)
Other revenue (expenses)	(6,025)	1,436	-	37,100	800	1,428	1,414	54	9,132	49,177
Interest revenue (expense)	(12,119)	(10,910)	(9,292)	(8,478)	(2,017)	(1,022)	749	270	1,166	(1,228)
<b>Total nonoperating revenues</b>	<b>1,632,563</b>	<b>949,152</b>	<b>643,679</b>	<b>1,222,524</b>	<b>1,118,030</b>	<b>1,412,506</b>	<b>1,578,102</b>	<b>614,972</b>	<b>49,486</b>	<b>161,098</b>
<b>Change in net position</b>	<b>784,776</b>	<b>212,627</b>	<b>(162,230)</b>	<b>282,870</b>	<b>(67,975)</b>	<b>273,881</b>	<b>80,095</b>	<b>380,466</b>	<b>(437,718)</b>	<b>(67,858)</b>
<b>Net position, beginning of year</b>	<b>608,677</b>	<b>1,393,453</b>	<b>1,606,080</b>	<b>1,443,850</b>	<b>1,726,720</b>	<b>1,658,745</b>	<b>1,932,626</b>	<b>2,012,721</b>	<b>2,393,187</b>	<b>1,955,469</b>
<b>Net position, end of year</b>	<b>\$ 1,393,453</b>	<b>1,606,080</b>	<b>1,443,850</b>	<b>1,726,720</b>	<b>1,658,745</b>	<b>1,932,626</b>	<b>2,012,721</b>	<b>2,393,187</b>	<b>1,955,469</b>	<b>1,887,611</b>

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