

Casco Bay Island Transit District Board of Directors Meeting Agenda Thursday, October 27, 2022 at 7:45 AM

This meeting will be an **in-person** meeting with remote participation option available
The public is invited to participate.

Video Conference Link and Call-in number are available at:
<https://www.cascobaylines.com/about-us/board/>

1. Call to Order
2. Approval of the August 4, 2022 and September 22, 2022 meeting minutes
3. Business
 - a. Selection of Nominating Committee to bring forth a recommendation for a slate of Officers at the November 17, 2022 Board meeting
 - b. Discussion and acknowledgement of the receipt of the FY2021 Annual Independent Financial Audit Report for year ended 09/30/2021 including a report from the Finance Committee
 - c. Consideration and action on FY 2023 Long Range Capital Funding Plan including a report from the Finance Committee
 - d. Executive Session
 - i. Discussion of General Manager's evaluation pursuant to 1 M.R.S.A. Section 405(6) (A)
4. Workshops
 - a. Discussion regarding the level of detail of the Board of Directors' meeting minutes
5. General Information Reports
 - a. Financial Report
 - b. Committee Reports
 - c. Staff Reports
 - d. Wharf and MDOT Reports
6. General Announcements
 - a. Establish next meeting dates (all meetings at 7:45 AM unless indicated otherwise):

i. Executive Committee:	Thursday, November 3, 2022
ii. Personnel Committee:	Thursday, November 3, 2022
iii. Operations Committee:	TBD
iv. Finance Committee:	TBD
v. Board of Directors:	Thursday, November 17, 2022
vi. Sales & Marketing Committee:	No meeting planned
vii. Government Relations Committee:	No meeting planned
viii. Pension Committee:	No meeting planned
7. Public Comment
8. Adjournment

Notes:

1. Agenda items may be taken out of order
2. Public comment is limited to 3 minutes per person

Agenda Item 2

Approval of the minutes of the previous Board of Directors' meeting

**CASCO BAY ISLAND TRANSIT DISTRICT
MINUTES OF THE BOARD OF DIRECTORS MEETING OF
August 4, 2022
In Person/Video Conference/Phone**

Attendance

Webex In Person Phone Absent

Directors:

Braden (Pres)	X (arrived late & left early)			
Wentworth (1 st VP)		X		
Crowley (2 nd VP)		X		
Hoffman (Treasurer)		X		
Luedke (Clerk)		X (Left early)		
Anderson (Ast. Clk)	X			
Cohen	X			
Donovan		X		
Higgins	X			
Murray	X (Late)			
Pizey		X		
Radis		X		

Staff:

Berg		X		
Gildart		X		
Greven		X		
Mavodones		X		
Pottle	X			

Public:

C. Hoppin		X		
F. Somers	X			
A. Wight		X		
R. Donovan	X			
R. Rockelein	X			

Guests:

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**1. Call to Order:**

- A. *The Board meeting was called to order at 7:47 AM by Vice President Wentworth*
- B. *It was noted that the meeting was being recorded*
- C. *Vice President Wentworth asked Berg to do a roll call of who was attending the meeting, which he did.*

2. Approve the minutes of the June 23, 2022 Board of Directors meeting

- A. *This item was postponed until the next Board meeting to incorporate requested changes*
- B. *There was a discussion of process regarding changes to the minutes. Berg stated that the draft minutes are sent to the Board on the Friday prior to the Board meeting and then again the day before the meeting. If Directors can review the minutes and submit any changes prior to the Board meeting they will be incorporated using "track changes" and sent the day before. If there are any questions about requested changes it may delay the vote until the following Board meeting.*

3. Business

- A. *Consideration and action to reduce 2022 Down Bay summer service during August 13, 2022 to September 5, 2022*
 - a) *Vice President Wentworth asked Berg to introduce the topic which he did including the following:*
 - i) *National trend regarding difficulty of hiring*
 - ii) *Seasonal hires leaving earlier than previous years*
 - iii) *Can either make a planned three week reduction or start to have more frequent unscheduled service cancellations*
 - iv) *Actions already taken:*
 - (1) *Suspended taking on new charters for 2022*
 - (2) *Already canceled some charters to maintain regularly scheduled service*
 - (3) *Suspended all radio advertisements except for hiring ads and the two remaining music cruises*
 - (4) *Social media activity reduced to minimal levels*
 - v) *Have honored all staff vacation requests*
 - vi) *Qualified Admin staff filling in when possible*
 - vii) *Only forced crew a few times*
 - viii) *Decided a wholesale change was too extreme for the remainder of the summer schedule*
 - ix) *Realized we had to reduce the schedule by a shift not just by 1 or 2 runs.*
 - x) *Elimination of a shift for Peaks was not practical so looked at down bay schedules*
 - xi) *We believe the proposed reduction has least amount of impact*
 - xii) *Sent it out to Down Bay Directors.*
 - xiii) *Followed up with a call to each Director*
 - xiv) *The only concern we heard was USPS employees getting to their island Post Office (one from Long and one from GD. We reached out and determined they could use the 8 AM service).*
 - xv) *As a result there is a proposed adjusted schedule from August 13 – Sept 5 for the Board to discuss and act on or not.*
 - (1) *Eliminate the 5:30 AM (IB), 7:15 AM (DB) and 11:00 AM (IB) down bay service. This will eliminate one shift with an approx. savings of 56 Captain hours and 120 Deckhand hours per week*
 - (2) *It only eliminates one run on the weekend*
 - (3) *This will have some impact on the restaurants at Diamond Cove but believe it is the least disruptive option.*
 - xvi) *In order to do this the following schedule is proposed*
 - (1) *July 29: Schedule release to public*
 - (2) *August 13: Effective date of change*
 - (3) *September 5: end of summer schedule*
 - b) *Vice President Wentworth asked if there was a motion*
 - c) *Crowley moved to reduce the Downbay schedule as presented; Pizey seconded.*
 - d) *Vice President Wentworth opened the floor to public comments.*



- i) *Alex Wight (owner/operator of the Crown Jewel restaurant located at Diamond Cove) expressed concern about the elimination of the 11 AM service which will significantly disrupt her lunch service and its impact to the bottom line.*
- ii) *There were no other public comments*
- e) *Vice President Wentworth opened the floor to Board comments (Down Bay Directors first)*
 - i) *Crowley appreciated leaving the early and late service intact. Asked a question about the remaining music cruises. Berg explained about the remaining cruises and stated that if staffing a music cruise impacted regularly scheduled service the music cruise would be canceled.*
 - ii) *Donovan shared that the overall impact to Long Island is not huge. Interisland travel also not a huge impact but will be inconvenient. Concerned about no 11 AM service which will be inconvenient to some. Very concerned about financial impact to a business that was described earlier. Also, very concerned about how we got here. It appears CBL was not ready. Should not have gotten to this point. Owe an apology to restaurant.*
 - iii) *Luedke agreed it has been very challenging for CBL to schedule service especially in today's environment. However, very concerned about impact to restaurant and it is unfair to the businesses on the island who, per state legislation, have no other choice to get people to their businesses. Disappointed it has come to this. Will not support the proposed change.*
 - iv) *Pizey shared it is not an impact to his island, but he is also concerned about business impact*
 - v) *Wentworth's first concern was for the impact to interisland travel. While a reduction is unfortunate, we should have seen this coming. Concerned for impact to business.*
 - vi) *Vice-President Wentworth asked to hear from Mark's perspective as Manager of the Maine State Ferry System*
 - vii) *Higgins shared that the MSFS was in the exact same situation as CBL. MSFS is in an all hands-on deck situation and still have had to cancel service. Staffing shortage is real and not just in Maine. The ferry systems in Maine are doing better than the airlines. Planned schedule reduction is much better than unscheduled cancellations which will have unintended consequences like staff burn out. Board should be supportive of the staff at CBL.*
 - viii) *Crowley suggested chartering another vessel to help with the elimination of the 11AM service*
 - ix) *Luedke suggested business should group together to change the state legislation so the business can have other options to transport customers.*
 - x) *Radis suggested using COVID related funding to accomplish Crowley's suggestion. Berg gave an overview of the eligible use of COVID funding*
 - xi) *Hoffman expressed her concern about the impact to businesses. Big concern is the bigger picture. Staffing issues were known far in advanced. Current crew is under great stress in the chaos of the summer. Concerned about CBL as a place to work and turnover. Wants to better understand the hiring practices of CBL.*
 - xii) *Wentworth agreed and suggested it be a future agenda item for Executive Committee and/or Operations Committee to discuss.*
 - xiii) *Hoffman shared that the Board should be behaving like a Board and not try to delve into details. Board should always be pushing to helping Management and holding them accountable for the big picture. It is the Board's responsibility to insist that Management be prepared to talk about bigger issue of staffing and not have to go through committees.*
 - xiv) *Berg replied they would be glad to discuss the accusations, but it was not on the agenda today, Would like to share what staff is up against. Today's meeting is for the Board to decide if they want a planned reduction or have unscheduled service cancellations which are very likely to happen.*
 - xv) *Radis said neither option is a good one. Likes Crowley's suggestion and thinks it should be investigated more. Feels the least impactful decision is a scheduled reduction.*
 - xvi) *Anderson agrees, it is a choice of the lesser of two evils. Asked for peoples thoughts on the implications to businesses of unscheduled cancellations. Secondly, would have liked to see a couple of other options like diverting a Peaks boat to the Cove.*



- xvii) *Luedke thought no one prefers unscheduled cancellations. More concerned about precedence it sets for business to go to the legislature for changes. Recognized the work Management does and how complex this is.*
- xviii) *Donovan repeated that the impact to Long Island will not be huge. Also, recognizes the challenge of the staff for the summer. The Board did not do its job by doing more due diligence.*
- xix) *Cohen concerned about impact to Business. Covid is not a surprise and mask wearing should be mandatory. A person who has applied to a job has not received any feedback. Disappointed move ahead with a boat with no numbers. I am sure there are more creative solutions. There needs to be more discussion among the Directors because CBL is in opposition of its charter in so many ways. Season business have a very short time. CBL doing a complete disservice to all but cutting service when there are other options. Music cruises should be canceled. Solely disappointed in how whole process has played out. The Board needs to be talking more.*
- xx) *Murray agrees with Anderson. Lesser of two evils. No one wants to be in this position, but a planned scheduled reduction is better so the residents and businesses can plan so he will support that.*
- xxi) *Vice President Wentworth asked if an amendment might be considered for CBL to work with outside entity or use a Peaks boat to help businesses.*
- xxii) *Discussion followed.*
- xxiii) *Crowley made a motion to amend the motion on the table by adding "encourage staff to seek alternatives to provide 11 AM service to Diamond Cove" Radis seconded the motion*
- xxiv) *Wight shared that they have good relationships with charter companies and can transport enough people for their 36-seat restaurant. Offered to talk with them. The restaurant had a record breaking month in July and most customers came via CBL.*
- xxv) *Cohen shared her thoughts about Covid funding and legislation.*
- xxvi) *Radis suggested the reduction of the shift may offset the hiring of a charter*
- xxvii) *Hoffman reminded the Board that the economic impact has not been presented so we don't really know what it will be.*
- f) *Vice President Wentworth called for a roll call vote on the amendment.*
- g) *Berg did a roll call vote. The motion passed unanimously (11-0, Braden had left)*
- h) *Vice President Wentworth called for a roll call vote on the amended motion.*
- i) *Berg did a roll call vote. The motion passed ~~unanimously~~ (8-3) Cohen, Hoffman and Luedke voted against.*
- j) *Follow up communication to the Board from Berg later on August 4:*
 - i) *"It turns out the restaurant issue that was discussed at length this morning was only for the 11 on Saturday and Sunday which we can easily accommodate since another shift can jump on that like is done now (because there is no 5:30 and 7:45 AM on the weekend). So, the Saturday and Sunday schedule will not change for the rest of the summer schedule only the weekday schedules."*

4. Workshops

- a) There were no workshops

**5. General Information Reports**

Berg announced that a ribbon cutting ceremony is planned to be conducted on August 16 at 2 with Senator Collins as the featured speaker. There was a discussion of the appropriateness of the event as well as Board communications and workshops.

Crowley announced that the Cliff Island Dock was transferred to MaineDOT

A. Financial Report

a) There was no financial report

B. Committee Reports

a) There were no committee reports

C. Staff Reports

a) Berg gave an update on the following:

i. Additional tent at gate 5

ii. Residential Boarding sign on order to be displayed on the top of the tent

1. Radis requested it happen sooner than later

2. Cohen concurred and shared other thoughts

3. Hoffman shared her concern that some crew members are not implementing Residential boarding properly.

4. Hoppin suggested to have two boarding lines, one for single ticket holders and another for multiple ticket holders

5. J. Donovan spoke in favor of the new gate displays

A. Establish next meeting dates: (all meetings at 7:45 AM unless indicated otherwise)

a) Executive Committee: Thursday, August 11, 2022

b) Finance Committee: No meeting planned

c) Board of Directors: No meeting planned

d) Operations Committee: No meeting planned

e) Personnel Committee: No meeting planned

f) Sales & Marketing Committee: No meeting planned

g) Government Relations Committee: No meeting planned

h) Pension: No meeting planned

6. Public Comment

A. Vice President Wentworth opened the floor for public comments on items not on the agenda

a) There were no comments

B. President closed the floor for public comments

Pottle gave an update on the pier extension work and the progress of the new vessel construction

7. Adjournment

A. Wentworth thanked the staff for all that they are doing. Crowley also thanked staff.

B. Hoffman moved to adjourn the meeting; Murray seconded.

C. Berg did a roll call vote. The motion passed (10-0; Luedke & Braden left early)

Respectfully submitted by: _____

James Luedke, Clerk

**CASCO BAY ISLAND TRANSIT DISTRICT
MINUTES OF THE BOARD OF DIRECTORS MEETING OF
September 22, 2022
In Person/Video Conference/Phone**

Attendance

Webex In Person Phone Absent

Directors:

Braden (Pres)		X		
Wentworth (1 st VP)		X		
Crowley (2 nd VP)				X
Hoffman (Treasurer)		X		
Luedke (Clerk)				X
Anderson (Ast. Clk)	X	X @ 8:40		
Cohen	X			
Donovan	X			
Higgins		X		
Murray	X (Left @ 8:45)			
Pizey				X
Radis	X (Late)			

Staff:

Berg		X		
Gildart		X		
Greven		X		
Mavodones		X		

Public:

L. Heineman	X			
F. Somers	X			
J. Lavanture		X		
A.M. Baxter	X			
P. Flynn	X			
D. Courtney	X			

Guests:

C. Badger		X		
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**1. Call to Order:**

- A. *The Board meeting was called to order at 7:49 AM by President Braden*
- B. *It was noted that the meeting was being recorded*
- C. *President Braden asked Berg to do a roll call of who was attending the meeting, which he did.*

2. Approve the minutes of the June 23, 2022 Board of Directors meeting

- A. *President Braden asked if there was a motion to approve the minutes.*
- B. *Wentworth moved to approve the minutes included in the Board packet; Hoffman seconded.*
- C. *President Braden opened the floor to Board comments. There were no comments.*
- D. *President Braden called for a roll call vote of the minutes*
- E. *Berg did a roll call vote. The motion passed unanimously (8-0; Radis had not joined yet)*

3. Business

- A. *Consideration and action on FY 2023 Operating Budget including a report from the Finance Committee*
 - a) *President Braden asked Berg to introduce the topic which he did*
 - b) *Treasurer Hoffman shared her thoughts including her concern about a possible trend of increasing operating loss before grants are applied. Hoffman also noted that in FY2024 CARES act funding will no longer be available. She thanked the Finance Committee for their work.*
 - c) *Greven gave an overview of the proposed budget*
 - d) *President Braden shared his thoughts including considering a long-range budget and the Board conducting a strategic planning retreat to develop goals.*
 - e) *Hoffman agreed with having a long-range budget but noted that it required a lot of work and staff not able to do it without hiring an additional person.*
 - f) *Discussion followed about a Board strategic planning session to set goals to be used as a guide for a 5-year plan.*
 - g) *President Braden opened the floor to the public*
 - i) *J. Lavanture (member of the Finance Committee) supported the budget as presented and is in favor of a five year plan.*
 - ii) *No other public attendees had comments*
 - h) *President Braden opened the floor to the Board*
 - i) *Radis was concerned that expenses were increasing and CARES act going away. Would like to start cutting expenses now*
 - ii) *Greven shared that the three major expense items accounting for 82% of expenses were personnel, fuel and maintenance. All three could be reduced with a reduction in service.*
 - iii) *Radis asked that the District use Revision Energy for green energy to save 15% of electric bill. Berg responded that the savings is only for the electrical power supply part of the bill and not distribution, Berg also shared that an energy consultant recommended not doing that at this point. Radis asked that a report be written by the consultant*
 - iv) *Hoffman shared that the Finance Committee had a robust discussion about the budget and would be glad to share with him*
 - v) *Cohen shared her thoughts about a five year plan, 2015 Board goals and scheduled service*
 - i) *Treasurer Hoffman moved to approve the FY2023 budget as presented; Higgins seconded.*
 - j) *President Braden opened the floor to Board comments. There were no further comments.*
 - k) *President Braden called for a roll call vote*
 - l) *Berg did a roll call vote. The motion passed unanimously (9-0)*
- B. *Consideration and action on FY 2023 Long Range Capital Plan including a report from the Finance Committee*
 - a) *This item was postponed until the October Board meeting*
- C. *Executive Session*
 - a) *Consultation with the District's attorney pursuant to 1 M.R.S.A. Section 405(6) (E)*
 - (1) *This item was moved out of order to the end of the meeting*

4. Workshops

- A. *Discussion regarding the level of detail of the Board of Directors' meeting minutes*
 - a) *This item was postponed until the October Board meeting*

**5. General Information Reports****A. Financial Report**

- a) *Greven gave an overview of the June Financials. There were no questions*

B. Committee Reports

- a) *There were no committee reports*

C. Staff Reports

- a) *Berg gave a status update including increase of Overdoses, increase in restroom graffiti which was followed by discussion about public restrooms in Portland*
- b) *Berg gave an update on the following:*
- i) *Ribbon cutting ceremony on 8/16/2022*
 - ii) *Employee recognition programs implemented during the summer*
 - iii) *New Residential Boarding Area sign at the terminal*
 - iv) *New gates on the water side*
 - v) *Presentations at Island Institute Climate symposium, Portland Marine Society and Island Institute's virtual island summit*
 - vi) *Maquoit funding including commitments by PACTS and submittal to two FTA discretionary grant programs*

6. General Announcements

- A. *Establish next meeting dates: (all meetings at 7:45 AM unless indicated otherwise)*

- b) *Executive Committee: Thursday, October 6, 2022*
- c) *Operations Committee: Thursday, October 13, 2022*
- d) *Finance Committee: Wednesday, October 26, 2022*
- e) *Board of Directors: Thursday, October 27, 2022*
- f) *Personnel Committee: No meeting planned*
- g) *Sales & Marketing Committee: No meeting planned*
- h) *Government Relations Committee: No meeting planned*
- i) *Pension Committee: No meeting planned*

7. Public Comment

- A. *President Braden opened the floor for public comments on items not on the agenda*

- a) *There were no comments*

- B. *President closed the floor for public comments*

8. Executive Session (taken out of order)

- A. *Wentworth made a motion to go into Executive session for Consultation with the District's attorney pursuant to 1 M.R.S.A. Section 405(6) (E); Anderson Seconded*
- B. *President Braden opened the floor to comments. There were no comments.*
- C. *President Braden called for a roll call vote of the minutes*
- D. *Berg did a roll call vote. The motion passed unanimously (9-0)*
- E. *Public members were asked to leave, and the Webex virtual meeting was locked down so no public members could gain access.*
- F. *Recording was stopped*
- G. *The Board came out of Executive session at 10:40AM*

9. Adjournment

- A. *There was no longer a quorum, so the meeting was adjourned by consensus*

Respectfully submitted by: _____

Steve Anderson, Assistant Clerk

Agenda Item 3a

Selection of Nominating Committee

AGENDA ITEM 3a

EXCERPT FROM THE CASCO BAY ISLAND TRANSIT DISTRICT BY-LAWS

ARTICLE I – SECTION 14: NOMINATING COMMITTEE; ELECTIONS:

There shall be a Nominating Committee consisting of any three (3) Directors (except the President) chosen as follows: at a regular meeting of the Directors, after due notice thereof has been given in the call to such meeting, **each Director shall choose three members of the Nominating Committee by secret ballot, and the three Directors receiving the greatest numbers of votes shall constitute the Nominating Committee for purposes of the next election.** Elections to fill vacancies in the Executive Committee, or in offices of Clerk and Assistant Clerk, may be held at any regular meeting following the selection of a Nominating Committee, provided notice thereof is given to the call to such meeting. It shall be the duty of the Nominating Committee to nominate at least one candidate, and no more than two candidates, for each office to be filled. Nominations may also be made by other Directors at the meeting where an election is held. Nominations need not be seconded. Every election of Executive Committee members and of the Clerk and Assistant Clerk shall be by secret ballot, and no person shall be elected to the Executive Committee or as Clerk or Assistant Clerk except by vote of the majority of Directors in attendance at the meeting where the election is held.

SELECTION OF NOMINATING COMMITTEE FOR OFFICERS OF CBITD's BOARD OF DIRECTORS

PLEASE SELECT THREE CANDIDATES:

Steve	Anderson*	
Twain	Braden	
Sharoan	Cohen	
Dave	Crowley	
Joe	Donovan	
Mark	Higgins	
Jean	Hoffman	
James	Luedke*	
Mike	Murray	
Max	Pizey	
Chuck	Radis	
Polly	Wentworth*	

*Member of Nominating Committee 2021

Agenda Item 3b

**Acknowledgement of the receipt of the FY2021 Annual Independent
Financial Audit Report for year ended 09/30/2021**

MOTION TO ACKNOWLEDGE RECEIPT OF THE FY2021 ANNUAL AUDIT

MOTION: To acknowledge receipt of the FY2021 Annual Independent Financial Audit Report for year ended 09/30/2021

Federal Compliance Audit

Casco Bay Island Transit District

September 30, 2021



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CASCO BAY ISLAND TRANSIT DISTRICT

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SEPTEMBER 30, 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Casco Bay Island Transit District
Portland, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Casco Bay Island Transit District, as of and for the years ended September 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Casco Bay Island Transit District'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.

Auditors' 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 and the Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP). 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Casco Bay Island Transit District as of September 30, 2021 and 2020 and the respective changes in financial position and, where applicable, 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 on pages 4 through 6 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 opinions on the financial statements that collectively comprise Casco Bay Island Transit District's basic financial statements. The statement of expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements. The accompanying schedule of expenditures of department agreements is presented for purposes of additional analysis as required by Maine Uniform Accounting and Auditing Practices for Community Agencies and is not a required part of the basic financial statements.

The statement of expenses, the schedule of expenditures of federal awards and the schedule of expenditures of department agreements are the responsibility of management and derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 statement of expenses, the schedule of expenditures of federal awards and the schedule of expenditures of department agreements are 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 June 30, 2022 on our consideration of Casco Bay Island Transit District'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 the 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 Casco Bay Island Transit District's internal control over financial reporting and compliance.

Buxton, Maine
June 30, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

(UNAUDITED)

The Management of Casco Bay Island Transit District (herein referred as "the District") offers readers of our financial statements the following narrative overview and analysis of our financial activities for the fiscal year ended September 30, 2021.

This Management's Discussion and Analysis report provides an opportunity, through narrative, for the District's management to identify elements of the audited financial statements that might be of particular interest to the reader. Please read it in conjunction with the District's financial statements.

PROLOGUE

The COVID-19 pandemic continued to have a negative impact on CBITD in FY2021. The pandemic impacted District employees, passengers, operational efficiency, and financial position by way of reduced revenue as well as increased expenses. Staffing challenges caused by the pandemic and efforts to keep crew and passengers safe, made operations more difficult than ever and resulted in significant increases in personnel expense in all operational staff categories. While the District has become accustomed to a vibrant summer season, this did not materialize in 2021 and CBITD relied heavily on CARES Act grant funds made available through FTA and State of Maine. Although 2021 was a difficult year, the District's planned capital investments continued to press ahead with Phase 2 Terminal Renovation and continued development of the District's replacement vessels, in addition to other planned capital projects such as information technology and planning. The District was able to proceed with these projects, despite the pandemic, due to long term financial planning and Fund Balance deposits from previous years.

FINANCIAL HIGHLIGHTS*

Revenue:

Year to date (YTD):

YTD Operating Revenue was \$5.421M and was 118.2% ahead of budget and 60.7% ahead of the same period last fiscal year.

- Scheduled passenger revenues YTD were better than budget by 192.1% and were up 82.8% as compared to last fiscal year.
 - Passenger Peaks had approximately \$37K in school pass revenue in October.
- Vehicle revenues YTD of \$1.351M are better than budget by 87.7% and are 46.4% ahead of FY20 YTD.
- Freight revenues YTD of \$1.168M were 101.7% above budgeted numbers and were 46.4% ahead of last fiscal YTD.
- Group sales YTD of \$168K closed 35.7% behind budget but 14.7% above the same period last year.

- Note that Tours and Charters were near zero from October through April, FY21.
- Tours were budgeted, at reduced levels, for the summer season however only 1 tour was available for the bulk of the year with a second added towards the end of the summer. In summer months of FY21, the Diamond Pass Run and Mailboat Run were the only operational tours and were responsible for most Group Sales Revenue.

Expenses:

Year to date (YTD):

YTD Expenses were 16.8% over budget and were 32.6% higher than last YTD, primarily due to Personnel Expense related to the COVID-19 pandemic.

- Personnel expenses YTD were 21.6% unfavorable to budget and 29.2% above last YTD, primarily due to crew platooning in response to COVID-19 and a resulting increase in overtime hours.
 - Employee recognition included summer/seasonal bonuses for all employees.
 - CBITD reduced vacation leave accrual by cashing out hours for employees, which was grant reimbursable.
 - During COVID-19 pandemic, CBITD waived employee premiums on health insurance coverage.
 - FICA and Pension are derived from wages, so when they are high, they follow suit.
- Vessel maintenance was 2.8% over budget and 35.5% higher than last fiscal YTD, primarily due to number of drydocks in the year.
 - Bay Mist drydock expense reached \$255K while \$183K was budgeted.
 - Machigonne drydock expenses were \$490K while \$630K was budgeted, however drydock had not been completed by the end of September. The vessel also required an unplanned haul out for approximately \$30K.
 - Maquoit had an unplanned drydock to repair drive shaft costing \$113K.
 - Aucocisco drydock expenses were \$301K, while \$273K was budgeted. Work also included drive shaft support replacement which comprised about \$60K of the \$301K expense.
 - The District entered into a fuel lock for 210K gallons at \$1.85 per gallon. Fuel pricing is favorable and predictable through FY2022, despite increasing prices.
- Operations expense was 48.3% over budget and 70.9% above last YTD.
 - Employee recognition included summer seasonal bonuses.
 - Ops Misc. included items and supplies to clean and sanitize vessels due to COVID-19, as well as face masks, stretch wrap and ID pass cards.
 - Credit card fees were over budget for FY21, as sales were higher than planned for the year.
 - Office supplies were higher than planned due to administrative staff working from home.
- Terminal expense was 15.9% unfavorable to budget and 13.8% higher than last YTD.
 - Paper and Cleaning Supplies included various safety supplies and items and supplies to clean and sanitize terminal areas due to COVID-19.
- Sales expense YTD was 45.2% below budget and 20.2% below last YTD.
 - Group sales were suspended during the period due to the Pandemic
 - Marketing included COVID-19 communications consulting and related services for the month.

Operating Surplus/Loss:

Year to date (YTD):

YTD operating result of -\$3.861M was 20.4% better than budget and 6.5% unfavorable to last YTD where the result was -\$3.625M.

Grant Revenues:

Year to date (YTD):

Grant revenue YTD of \$4.286M is 20.7% below budget, and 39.4% above last YTD. The single largest constraint to increased grant revenue has been ticket, freight and vehicle revenue that has been higher than planned, which reduced CBITD's ability to draw against un-funded expenses due to the restrictions of CARES act funding.

Surplus/Loss:

Year to date (YTD):

FY21 YTD result is \$425K, which is better than budget by 256.4% and is enormously favorable to last YTD, where the result was -\$344K.

Line of Credit Balance: Currently \$0 with an available credit balance of \$2,000,000

As stated above, the District expects to post \$877K in depreciation for FY2021, which will occur at the time of the Annual Audit. This amount has an impact on Surplus/Loss, as reported on our Annual Audited Financial Statements.

Requests for Information

This financial report is intended to provide an overview of the finances of the Casco Bay Island Transit District. Questions concerning any information contained in this report should be directed to the following:

Respectfully submitted,

Henry Berg
General Manager

Jonathan Greven
Director of Finance and HR

CASCO BAY ISLAND TRANSIT DISTRICT

STATEMENT OF NET POSITION
SEPTEMBER 30,

	Operating	Garage Funds	Maintenance and Capital Reserve	2021	2020
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 1,966,227	\$ 554,150	\$ 1,490,096	\$ 4,010,473	\$ 5,397,183
Accounts receivable (net of allowance for uncollectible accounts)	177,903	-	-	177,903	88,244
Grants receivable	1,157,513	-	-	1,157,513	519,723
Inventory	63,349	-	-	63,349	89,152
Prepaid items	36,427	-	-	36,427	41,319
TOTAL CURRENT ASSETS	3,401,419	554,150	1,490,096	5,445,665	6,135,621
NONCURRENT ASSETS					
Capital assets:					
Construction in progress	7,348,310	-	-	7,348,310	1,190,141
Buildings and equipment, net of accumulated depreciation	10,135,852	-	-	10,135,852	10,277,549
TOTAL NONCURRENT ASSETS	17,484,162	-	-	17,484,162	11,467,690
TOTAL ASSETS	\$ 20,885,581	\$ 554,150	\$ 1,490,096	\$ 22,929,827	\$ 17,603,311
LIABILITIES					
CURRENT LIABILITIES:					
Accounts payable	\$ 244,097	\$ -	\$ -	\$ 244,097	\$ 144,215
Accrued payroll and payroll taxes	73,291	-	-	73,291	40,384
Accrued compensated absences	184,830	-	-	184,830	119,572
Accrued pension	490,773	-	-	490,773	354,892
Other accrued liabilities	-	-	-	-	4,080
Charter deposits	450	-	-	450	6,124
Deferred reserve fund	-	554,150	-	554,150	1,634,228
TOTAL CURRENT LIABILITIES	993,441	554,150	-	1,547,591	2,303,495
TOTAL LIABILITIES	993,441	554,150	-	1,547,591	2,303,495
NET POSITION					
Net investment in capital assets	17,484,162	-	-	17,484,162	11,467,690
Restricted	-	-	1,490,096	1,490,096	1,616,932
Unrestricted	2,407,978	-	-	2,407,978	2,215,194
TOTAL NET POSITION	19,892,140	-	1,490,096	21,382,236	15,299,816
TOTAL LIABILITIES AND NET POSITION	\$ 20,885,581	\$ 554,150	\$ 1,490,096	\$ 22,929,827	\$ 17,603,311

See accompanying independent auditors' report and notes to financial statements.

CASCO BAY ISLAND TRANSIT DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30,

	Operating	Garage Funds	Maintenance and Capital Reserve	2021	2020
OPERATING REVENUES					
Passenger fares	\$ 2,533,779	\$ -	\$ -	\$ 2,533,779	\$ 1,422,897
Vehicles	1,325,048	-	-	1,325,048	923,288
Freight	1,149,133	-	-	1,149,133	851,369
Mail contract	17,775	-	-	17,775	57,530
Tours and cruises	88,081	-	-	88,081	11,519
Charters	43,720	-	-	43,720	58,781
Miscellaneous	190,576	-	-	190,576	31,902
TOTAL OPERATING REVENUES	5,348,112	-	-	5,348,112	3,357,286
EXPENSES	11,034,725	-	126,836	11,161,561	7,946,871
OPERATING INCOME (LOSS)	(5,686,613)	-	(126,836)	(5,813,449)	(4,589,585)
NONOPERATING REVENUES (EXPENSES):					
U.S. Department of Transportation, Federal Transit Administration grant	4,146,652	-	-	4,146,652	3,033,228
State of Maine grants	75,207	-	-	75,207	68,444
Interest income	9,710	-	-	9,710	29,519
TOTAL NONOPERATING REVENUES	4,231,569	-	-	4,231,569	3,131,191
INCOME (LOSS) BEFORE CAPITAL GRANT REVENUES	(1,455,044)	-	(126,836)	(1,581,880)	(1,458,394)
CAPITAL GRANT REVENUES:					
U.S. Department of Transportation, Federal Transit Administration grant	-	-	-	-	204,088
State of Maine grants	7,664,300	-	-	7,664,300	-
Other capital revenue	-	-	-	-	57,981
TOTAL CAPITAL GRANT REVENUES	7,664,300	-	-	7,664,300	262,069
CHANGE IN NET POSITION	6,209,256	-	(126,836)	6,082,420	(1,196,325)
NET POSITION - OCTOBER 1	13,682,884	-	1,616,932	15,299,816	16,496,141
NET POSITION - SEPTEMBER 30	\$ 19,892,140	\$ -	\$ 1,490,096	\$ 21,382,236	\$ 15,299,816

See accompanying independent auditors' report and notes to financial statements.

STATEMENT C

CASCO BAY ISLAND TRANSIT DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 4,172,701	\$ 3,335,617
Payments to employees	(5,439,847)	(4,287,714)
Payments to suppliers and vendors	(4,204,321)	(2,753,952)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(5,471,467)	(3,706,049)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal maintenance grant	3,508,862	2,827,833
State subsidy grant	7,739,507	68,444
Other	-	57,981
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	11,248,369	2,954,258
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	9,710	29,519
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	9,710	29,519
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of property, plant and equipment	(6,893,822)	(251,324)
Interest paid	(279,500)	(14,400)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(7,173,322)	(265,724)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,386,710)	(987,996)
CASH AND CASH EQUIVALENTS - OCTOBER 1	5,397,183	6,385,179
CASH AND CASH EQUIVALENTS - SEPTEMBER 30,	\$ 4,010,473	\$ 5,397,183
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (5,813,449)	\$ (4,589,585)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	877,350	984,805
Amortization expense	279,500	14,400
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(89,659)	39,143
(Increase) decrease in prepaid items	4,892	(22,837)
(Increase) decrease in inventory	25,803	13,998
Increase (decrease) in accounts payable	99,882	(4,753)
Increase (decrease) in accrued payroll and payroll taxes	32,907	(53,787)
Increase (decrease) in accrued compensated absences	65,258	(2,972)
Increase (decrease) in accrued pension	135,881	3,737
Increase (decrease) in other accrued liabilities	(4,080)	(27,386)
Increase (decrease) in charter deposits	(5,674)	2,369
Increase (decrease) in unearned revenue	-	(5,200)
Increase (decrease) in deferred revenue fund	(1,080,078)	(57,981)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (5,471,467)	\$ (3,706,049)

See accompanying independent auditors' report and notes to financial statements.

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Casco Bay Island Transit District operates a year-round ferry service to the islands of Casco Bay as well as tours and charter trips. The District was created by the P&S Law, 1981 Chapter 22 of the State of Maine, as a transit district. The Directors of the District have charge of and supervise the management, operation and direction of all business and affairs of the District, including the issuance of debt. The Directors of the District are determined by election as provided for in P&S Law, 1981 Chapter 22. The District receives capital grants from local, State of Maine and Federal government sources and operating subsidies from the State of Maine and Federal government sources and must comply with requirements of these funding sources.

Reporting Entity

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so.

The District's combined financial statements include all accounts and all operations of the District. We have determined that the District has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March of 2020, the Governor of Maine issued multiple executive orders and declarations to protect the

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a “stay at home” directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

Impact on Finances

The District does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security (“CARES”) Act, American Rescue Plan Act (“ARPA”) funding and applicable State programs.

Expected Federal/State Support

The District may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the District expects that if those actions are necessary, that the District would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the District, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the District. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the District.

Implementation of New Accounting Standards

During the year ended September 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 “Fiduciary Activities”. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The District's basic financial statements include government-wide statements (reporting the District as a whole).

The government-wide financial statements categorize primary activities as business-type activities.

In the Statement of Net Position, the business-type activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (personnel salaries, utilities, maintenance, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these financial statements.

The net costs (by function) are normally covered by general revenue (certain intergovernmental revenues and charges for services, etc.).

Measurement Focus - Basic Financial Statements

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds:

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

Business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the District's policy to value investments at fair value. None of the District's investments are reported at amortized cost. The District is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$757 as of September 30,

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2021. Accounts receivable netted with allowances for uncollectible accounts were \$1,345,416 for the year ended September 30, 2021.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Capital Assets

Capital assets purchased or acquired with an original cost and more than one year of useful life are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data were unavailable. Donated capital assets are reported at their fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Machinery and equipment	3 - 50 years
Vehicles and vessels	3 - 30 years

Prepaid Items

Certain insurance and other payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximately market, using first-in first-out (FIFO) method. The costs of inventories are recorded as expenditures when used consumption method. Inventory consists of replacement vessel parts.

Budget

The District is not legally required to adopt a budget. Therefore, no budgetary comparison is presented.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

During the preparation of the District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS

Deposits

The District's investment policies, which follow state statutes, authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all District funds.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The District does not have a policy covering custodial credit risk.

At September 30, 2021, the District's deposits amounting to \$4,010,473 were comprised of bank deposits of \$4,609,300. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the District's cash. Of these deposits, \$184,000 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. The District also has an overnight repurchase agreement for their checking account in the amount of \$4,425,300 that is also insured by a third-party agreement. In addition, the District had a petty cash/change fund balance of \$6,050 as of September 30, 2021.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 184,000
Repurchase agreement	4,425,300
	<u>\$ 4,609,300</u>

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 3 - CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended September 30, 2021:

	Balance, 10/1/20	Additions	Disposals	Balance, 9/30/21
Non-depreciated assets:				
Construction in progress	\$ 1,190,141	\$ 6,158,169	\$ -	\$ 7,348,310
	<u>1,190,141</u>	<u>6,158,169</u>	<u>-</u>	<u>7,348,310</u>
Depreciated assets:				
Leasehold improvements	4,430,072	-	-	4,430,072
Equipment	1,904,480	47,928	-	1,952,408
Vessels	17,510,707	687,725	-	18,198,432
	<u>23,845,259</u>	<u>735,653</u>	<u>-</u>	<u>24,580,912</u>
Less: accumulated depreciation	(13,567,710)	(877,350)	-	(14,445,060)
	<u>10,277,549</u>	<u>(141,697)</u>	<u>-</u>	<u>10,135,852</u>
Net capital assets	<u>\$ 11,467,690</u>	<u>\$ 6,016,472</u>	<u>\$ -</u>	<u>\$ 17,484,162</u>

NOTE 4 - LONG-TERM OBLIGATIONS

The following is a summary of changes in the long-term obligations for the year ended September 30, 2021:

	Balance, 10/1/20	Additions	Deletions	Balance, 9/30/21	Current Portion
Accrued compensated absences	\$ 119,572	\$ 65,258	\$ -	\$ 184,830	\$ -

Refer to Note 5 of Notes to Financial Statements for detailed accrued compensated absences information.

NOTE 5 - ACCRUED COMPENSATED ABSENCES

Employees of the District are entitled to be paid vacation and paid sick days depending on job classification, length of service and other factors. The District's policy is to recognize the cost of sick days when actually paid to employees. There is no liability to pay accrued sick days, as the District is not obligated for payment upon termination of employment. Accrued vacation pay at September 30, 2021 was \$184,830.

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 6 - PENSION PLAN

The District has a non-contributory money purchase plan. All employees are eligible to participate in the plan if they are at least 20 years of age and have completed one year of eligible service. The District's contribution rate is 15% of the total compensation of all eligible participants and is funded currently. Effective March 16, 2011 the rate changed to 8% for new participants to the plan. The plan also reflects credits against current year expense for nonvested amounts of employees who are no longer employed by the District. The District's total contributions for the year ended September 30, 2021 was \$490,773.

NOTE 7 - OPERATING LEASES

The District has a lease agreement with the City of Portland to lease their facilities in the Casco Bay Ferry Terminal. The lease began March 5th, 1985 and the renewal lease term is for twenty years following the date of the lease amendment on October 1, 2018. The amount of future minimum lease payments had been agreed upon through September 30, 2038. The increase in minimum rental payments will be no less than the annual rate of inflation for the twelve months immediately preceding but in no event shall exceed 5%.

The annual rent will be the greater of \$20,000 or 5.4% of gross revenues from tours, cruises and charter operations and the food establishment subject to the inflation adjustment.

The District will pay to the City, no later than November 15 of each year, an amount equal to 5.4% of gross revenues mentioned above for each fiscal year. This amount will be reduced by the monthly payments already paid to the City during the year. The District is responsible for all costs and expenses related to the Casco Bay Ferry Terminal.

In the lease, the City agreed to establish a maintenance fund to assist the District with major repairs and maintenance of the Terminal facility. The fund will consist of 50% of the annual net revenues (less the City's annual cost of all casualty insurance covering the Terminal, less City's future capital expenses not paid out of the Garage Capital Reserve, City's debt service related to future borrowings for capital expenses not paid out of the Garage Capital Reserve) received by the City from the 190 parking spaces in the parking garage adjacent to the Terminal, which were funded by the Federal Transit Administration. The maintenance fund may not exceed \$160,000 which will be increased by \$5,000 in the fifth, tenth and fifteen anniversaries of the effective date.

Also in the lease, the City agreed to establish an Excess Fund upon repayment to the City of all of its debt services costs associated with acquisition of the west side of the Maine State Pier. The fund will consist of 100% of the net revenues received by the

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 7 - OPERATING LEASES (CONTINUED)

City from the 190 parking spaces in excess of the Maintenance Fund plus the rent paid by the District. The City shall make the funds available on a priority basis: first to the District for capital costs associated with its operation and then to be disbursed to all other mass transportation needs and not limited to capital expenditures.

The District entered into a rental agreement with the State of Maine Department of Transportation for the right to use pier facilities on the islands the District serves. The rental period shall run for a period of twelve years beginning April 1, 2021. In lieu of annual rental payments, the District agrees to perform minor maintenance activities that require prompt attention.

The total rent and minor repairs expense for the year ended September 30, 2021 was \$19,811.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Equipment and three vessels owned and operated by the District were purchased, in part, with grants from the Federal Transit Administration and one vessel was purchased with a Federal Highway Administration grant. All District vessels are maintained by FTA grants. Upon disposal of the vessels or equipment that sell for more than \$1,000, the District may be required to return a portion of the funds to the FTA in proportion to the original percentage of Federal funds contributed by the FTA. That proportion would be approximately 80%.

NOTE 9 - CONTINGENT LIABILITIES

Grant amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state and federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District maintains insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to District. Settled claims have not exceeded this coverage in any of the past three fiscal years.

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

NOTE 11 - RESERVE FUND - GARAGE

The deferred reserve fund is money received from a current operating lease paid to Casco Bay Island Transit District during the fiscal year. This money is to be used for capital expenses or preventive maintenance as stated in the lease. The value of deferred capital reserve is \$1,490,096 with part of this being used for the local match of the current construction project being done during the next fiscal year and for preventive maintenance.

NOTE 12 - RESERVE FUND - MAINTENANCE AND CAPITAL

The maintenance and repair reserve for the District is being used to fund long-term capital additions and maintenance repairs. It is anticipated that the District will spend \$40,000,000 in capital additions and ongoing maintenance for its current infrastructure over the next five years, according to the District's calculated spending plan. The District expects to reserve from end of year net position an amount up to the excess over its established fund balance policy. The District will defer a contribution into the reserve until FY22/23 due to economic uncertainty from COVID-19.

NOTE 13 - RECONCILIATION OF NET POSITION

	Unrestricted net position	Restricted	Net investment in capital assets	Total
Operating revenues	\$ 5,348,112	\$ -	\$ -	\$ 5,348,112
Operating expenses	(11,034,725)	(126,836)	-	(11,161,561)
Nonoperating revenues (expenses)	4,231,569	-	-	4,231,569
Capital grant revenues	7,664,300	-	-	7,664,300
Depreciation expense	877,350	-	(877,350)	-
Change in fixed assets account not in expenses	(6,893,822)	-	6,893,822	-
Increase (Decrease) in net position	192,784	(126,836)	6,016,472	6,082,420
Net Position - October 1, 2020	2,215,194	1,616,932	11,467,690	15,299,816
Net Position - September 30, 2021	<u>\$ 2,407,978</u>	<u>\$ 1,490,096</u>	<u>\$ 17,484,162</u>	<u>\$ 21,382,236</u>

The decrease in restricted net position is mainly due to local match for projects in progress. The increase in the net investment in capital assets is due to capital additions.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Statement of Expenses

DRAFT

CASCO BAY ISLAND TRANSIT DISTRICT

STATEMENT OF EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30,

	2021	2020
OPERATING EXPENSES		
Salaries and wages	\$ 4,340,770	\$ 3,254,628
Payroll taxes	327,068	163,468
Employee benefits	493,281	414,465
Pension plan	508,694	374,745
Repairs and maintenance	1,648,314	1,070,200
Fuel	626,278	562,992
Insurance	114,281	98,257
Telephone	20,062	23,227
Mail agent	11,220	11,228
Office expense	240,073	149,464
Postage	3,827	3,234
Travel	9,067	10,328
Injuries and damages	9,825	13,844
Professional fees	67,662	60,119
Dues and subscriptions	17,076	13,034
Uniforms	10,571	703
Heat and utilities	56,432	53,686
Janitorial	75,239	74,030
Rent	19,811	20,081
Terminal	231,270	192,461
Credit card settlement fees	160,732	105,242
Charter expenses	13,082	22,526
Depreciation	877,350	984,805
Barge subcontracting	279,500	14,400
Sales/marketing expense	81,575	96,053
Miscellaneous	918,501	159,651
	<u>\$11,161,561</u>	<u>\$ 7,946,871</u>

See accompanying independent auditors' report and notes to financial statements.

CASCO BAY ISLAND TRANSIT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Transit Cluster:				
Federal Transit Formula Grants	20.507	ME-90-0194	\$ -	\$ 11,940
Federal Transit Formula Grants	20.507	ME-2016-013	-	346,794
Federal Transit Formula Grants	20.507	ME-2016-014	-	7,693
Federal Transit Formula Grants	20.507	ME-2016-018	-	4,071,190
Federal Transit Formula Grants	20.507	ME-2018-014	-	14,552
Federal Transit Formula Grants	20.507	ME-2019-005	-	272,933
Federal Transit Formula Grants	20.507	ME-2020-001	-	296,571
Federal Transit Formula Grants	20.507	ME-2020-016	-	859,203
Federal Transit Formula Grants	20.507	ME-2020-034	-	2,393,827
Federal Transit Formula Grants	20.507	ME-2021-006	-	298,724
			-	8,573,427
Total Federal Transit Cluster			-	8,573,427
Pass-through State of Maine Department of Transportation				
Formula Grants for Rural Areas	20.509	CSN 40775	-	75,936
Formula Grants for Rural Areas	20.509	CSN 42240	-	854,283
Formula Grants for Rural Areas	20.509	CSN 43021	-	17,892
			-	948,111
TOTAL FEDERAL AWARDS			\$ -	\$ 9,521,538

CASCO BAY ISLAND TRANSIT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Casco Bay Island Transit District under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Casco Bay Island Transit District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Casco Bay Island Transit District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Casco Bay Island Transit District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Casco Bay Island Transit District
Portland, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the business-type activities of Casco Bay Island Transit District as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise Casco Bay Island Transit District's basic financial statements and have issued our report thereon dated June 30, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Casco Bay Island Transit District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Casco Bay Island Transit District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Casco Bay Island Transit District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain other matters that we reported to management of the Casco Bay Island Transit District in a separate letter dated June 30, 2022.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Buxton, Maine
June 30, 2022



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Casco Bay Island Transit District
Portland, Maine

Report on Compliance for Each Major Federal Program

We have audited Casco Bay Island Transit District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Casco Bay Island Transit District's major federal programs for the year ended September 30, 2021. Casco Bay Island Transit District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations and the terms and conditions of its federal awards.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Casco Bay Island Transit District's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Casco Bay Island Transit District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Casco Bay Island Transit District's compliance.

Opinion on Each Major Federal Program

In our opinion, Casco Bay Island Transit District, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of Casco Bay Island Transit District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Casco Bay Island Transit District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Casco Bay Island Transit District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Buxton, Maine
June 30, 2022

DRAFT

CASCO BAY TRANSIT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance
with 2 CFR Section 200.516(a) of Uniform Guidance? ☐ yes ☒ no

Identification of major programs:

AL Numbers Name of Federal Program or Cluster

20.507 Federal Transit Cluster

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Section II - Financial Statement Findings

NONE

Section III - Federal Awards Findings and Questioned Costs

NONE

CASCO BAY TRANSIT DISTRICT

SCHEDULE OF EXPENDITURES OF DEPARTMENT AGREEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2021

Department Office	Agreement Number	Agreement Amount	Agreement Term	Service Area	Agreement Status	Federal Expenses	State Expenses	Total Department Expenses	Local Share Expenses	Total Agreement/ Match Expenses
DOT:										
OPT	CSN 41960	\$ 68,444	7/1/20-6/30/21	Admin/Operating	Final	-	\$ 68,444	\$ 68,444	-	\$ 68,444
OPT	CSN 42240	880,000	7/1/17-12/31/27	CARES Operating	Final	854,283	-	854,283	-	854,283
OPT	CSN 43021	600,000	7/1/17-12/31/27	CARES Operating	Interim	17,892	-	17,892	-	17,892
OPT	CSN 40775	300,000	7/1/17-12/31/27	Admin/Operating	Final	75,936	-	75,936	75,936	151,872
OPT	CSN 36968	320,000	8/23/16-12/31/20	Terminal Renovation	Interim	-	280,824	280,824	-	280,824
OPT	CSN 42329	1,150,000	12/2/20-10/2/30	VW Environmental Mitigation Trust	Interim	-	262,970	262,970	65,743	328,713
TOTAL						<u>\$ 948,111</u>	<u>\$612,238</u>	<u>\$1,560,349</u>	<u>\$ 141,679</u>	<u>\$1,702,028</u>

NOTES:

The following programs were tested as major agreements:

CSN 36968

CSN 42240

The amount of DOT expenses that were tested in relation to total Department expenses was 72.75%.

Disclosures:

Is your Agency required to have a Federal Uniform Guidance Audit? YES X NO .



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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES FOR COMMUNITY AGENCIES

Board of Directors
Casco Bay Island Transit District
Portland, Maine

Compliance

We have audited Casco Bay Island Transit District's compliance with the types of compliance requirements described in *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP) and with the requirements in the Contract Compliance Rider(s) of the Agency's agreements with the Maine Department of Transportation (the department) that could have a direct and material effect on each of Casco Bay Island Transit District's major Department agreements for the year ended September 30, 2021. Casco Bay Island Transit District's major Department programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Department programs is the responsibility of Casco Bay Island Transit District's management. Our responsibility is to express an opinion on Casco Bay Island Transit District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the MAAP. Those standards and the MAAP require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Department agreement occurred. An audit includes examining, on a test basis, evidence about Casco Bay Island Transit District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Our audit does not provide a legal determination of Casco Bay Island Transit District's compliance with those requirements.

In our opinion, Casco Bay Island Transit District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Department agreements for the year ended September 30, 2021.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
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Internal Control over Compliance

Management of Casco Bay Island Transit District is responsible for establishing and maintaining effective internal controls over compliance with the requirements of laws, regulations, contracts and grants applicable to Department agreements. In planning and performing our audit, we consider Casco Bay Island Transit District's internal control over compliance with the requirements that could have a direct and material effect on a major Department agreement to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with MAAP, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Casco Bay Island Transit District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a Department agreement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Department agreement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weakness. We did not identify any deficiencies in internal over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Directors, State of Maine, Department of Health and Human Services, others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Buxton, Maine
June 30, 2022

CASCO BAY TRANSIT DISTRICT

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE COMPLIANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no
- Noncompliance material to financial statements noted? ☐ yes ☒ no

State Agreements

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with MAAP regulations? ☐ yes ☒ no

Identification of major programs:

CSN 36968
CSN 42240

Section II - Financial Statement Findings

None

Section III - State Awards Findings and Questioned Costs

None

Section IV - Status of Prior Year Findings

None



ACCOUNTANTS' COMPILATION REPORT ON AGREEMENT SETTLEMENT FORMS

Board of Directors
Casco Bay Island Transit District
Portland, Maine

We have compiled the accompanying Agreement Settlement Forms of Casco Bay Island Transit District as of September 30, 2021 and for the year then ended, in accordance with Statements for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Buxton, Maine
June 30, 2022

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

AGREEMENT SETTLEMENT FORM (ASF)

Community Agency: Casco Bay Island Transit District
Fiscal Year End: September 30, 2021
CFDA#: 20.509
Project Name/No: Admin/Operating
CSN#: CSN 42240
PIN#: 20170626*0826
Agreement Period: 8/1/2020 - 9/30/2021

	Operating	Admin	Capital	Total
Gross Expenditures	\$ 880,000	\$ -	\$ -	\$ 880,000
Less:				
Contra-Expenditures	\$ -	\$ -	\$ -	\$ -
Operating Revenue	\$ -	\$ -	\$ -	\$ -
Excess Unrestricted Fed	\$ -		\$ -	\$ -
Total Deductions	\$ -	\$ -	\$ -	\$ -
Net Expenditures/Deficit	\$ 880,000	\$ -	\$ -	\$ 880,000
<u>Federal Share</u>				
Maximum %	100%	0%	\$ -	
Amount Paid	\$ 880,000	\$ -	\$ -	\$ 880,000
Maximum Amount	\$ 880,000	\$ -	\$ -	\$ 880,000
Over (Under) Maximum	\$ -	\$ -	\$ -	\$ -
<u>State Share</u>				
Maximum %	0.0%	0.0%	0%	
Amount Paid	\$ -	\$ -	\$ -	\$ -
Maximum Amount	\$ -	\$ -	\$ -	\$ -
Over (Under) Maximum	\$ -	\$ -	\$ -	\$ -
<u>Local Share</u>				
Minimum %	0.0%	0.0%	0%	
Amount Paid	\$ -	\$ -	\$ -	\$ -
Minimum Amount	\$ -	\$ -	\$ -	\$ -
Over (Under) Minimum	\$ -	\$ -	\$ -	\$ -
<u>Summary:</u>				
Federal Over Paid	\$ -	\$ -	\$ -	\$ -
State Over Paid	\$ -	\$ -	\$ -	\$ -
Total Over Paid	\$ -	\$ -	\$ -	\$ -

AGREEMENT SETTLEMENT FORM (ASF)

Community Agency: Casco Bay Island Transit District
Fiscal Year End: September 30, 2021
CFDA#: 20.509
Project Name/No: Admin/Operating
CSN#: CSN 40775
PIN#: 20170626*0826
Agreement Period: 7/1/2019 - 6/30/2020

	Operating	Admin	Capital	Total
Gross Expenditures	\$ 460,000	\$ 87,500	\$ -	\$ 547,500
Less:				
Contra-Expenditures	\$ -	\$ -	\$ -	\$ -
Operating Revenue	\$ -	\$ -	\$ -	\$ -
Excess Unrestricted Fed	\$ -	\$ -	\$ -	\$ -
Total Deductions	\$ -	\$ -	\$ -	\$ -
Net Expenditures/Deficit	\$ 460,000	\$ 87,500	\$ -	\$ 547,500
<u>Federal Share</u>				
Maximum %	50.0%	80.0%	0%	
Amount Paid	\$ 230,000.00	\$ 70,000	\$ -	\$ 300,000
Maximum Amount	\$ 230,000.00	\$ 70,000	\$ -	\$ 300,000
Over (Under) Maximum	\$ -	\$ -	\$ -	\$ -
<u>State Share</u>				
Maximum %	0.0%	0.0%	0%	
Amount Paid	\$ -	\$ -	\$ -	\$ -
Maximum Amount	\$ -	\$ -	\$ -	\$ -
Over (Under) Maximum	\$ -	\$ -	\$ -	\$ -
<u>Local Share</u>				
Minimum %	50.0%	0.0%	0%	
Amount Paid	\$ 233,694.00	\$ -	\$ -	\$ 233,694.00
Minimum Amount	\$ 230,000.00	\$ -	\$ -	\$ 230,000.00
Over (Under) Minimum	\$ 3,694.00	\$ -	\$ -	\$ 3,694.00
<u>Summary:</u>				
Federal Over Paid	\$ -	\$ -	\$ -	\$ -
State Over Paid	\$ -	\$ -	\$ -	\$ -
Total Over Paid	\$ -	\$ -	\$ -	\$ -

AGREEMENT SETTLEMENT FORM (ASF)

DOT/Passenger Transportation
D.O.T. SECTION # 9
URBAN TRANSPORTATION PROGRAM
STATE FUNDING FOR DIRECT FTA RECEIPIENTS

Community Agency: Casco Bay Island Transit District
Fiscal Year End: September 30, 2021
Project Name/Grant No: Operating
CSN#: 41960
PIN#:
Agreement Period: 7/1/20-6/30/21

State Participating Share

Max Authorized Amount	\$ 68,444
State Share Paid	\$ 68,444
State Over (Under) Paid	\$ -

State funds from MDOT cannot exceed the amount authorized and in no event exceed 50% of the eligible deficit.



Proven Expertise & Integrity

June 30, 2022

Board of Directors
Casco Bay Island Transit District
P.O. Box 4656
Portland, ME 04112

We have audited the financial statements of the business-type activities of the Casco Bay Island Transit District for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *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 letter to you dated October 20, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Casco Bay Island Transit District are described in Note 1 of Notes to Financial Statements. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of Notes to Financial Statements, the Casco Bay Island Transit District changed accounting policies related to Governmental Accounting Standards Board (GASB Statement) No. 84, "*Fiduciary Activities*", GASB Statement No. 90, "*Majority Equity Interests*" and GASB Statement No. 93, "*Replacement of Interbank Offered Rates (paragraphs 4-11a)*" in 2021. There was no impact in the financial statements based on the cumulative effect of these accounting changes.

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 estimates affecting the business-type activities of the Casco Bay Island Transit District's financial statements were:

- ☐ Depreciation expense which is based on the estimated useful lives of capital assets
- ☐ Allowance for doubtful accounts
- ☐ Accrued compensated absences

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of both historical and future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they are 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 most sensitive disclosures affecting the financial statements are reflected in the capital assets and other long-term obligations footnotes.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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. A schedule of any uncorrected misstatements has been presented to management with the management representation letter. We did identify and propose adjustments of misstatements as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 management representation letter dated June 30, 2022.

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 Casco Bay Island Transit District'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 Casco Bay Island Transit District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

However, we noted certain other matters that we reported to management of the Casco Bay Island Transit District in a separate letter dated June 30, 2022.

Other Matters

We were engaged to report on the Statement of Expenses, schedule of expenditures of federal awards, schedule of expenditures of department agreements and agreement settlement forms, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Casco Bay Island Transit District and is not intended to be and should not be, used by anyone other than these specified parties.

Very Best,

A handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

RHR Smith & Company, CPAs



Proven Expertise & Integrity

June 29, 2022

Board of Directors
Casco Bay Island Transit District
PO Box 4656
Portland, Maine 04101

MANAGEMENT LETTER

In planning and performing our audit of the business-type activities of the Casco Bay Island Transit District as of and for the year ended September 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the district's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Casco Bay Island Transit District's internal control over financial reporting or compliance.

During our audit we became aware of a couple of matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating efficiencies of the Casco Bay Island Transit District. The following pages summarize our comments and suggestions on those matters.

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

These matters do not modify our opinion on the financial statements for the year ended September 30, 2021 where we expressed an unmodified opinion on our independent auditors' report dated June 29, 2022.

Policies and Procedures:

While performing the audit for the above-mentioned fiscal year, we noted instances where policies did not contain language concerning 2 CFR § 200.321 in its entirety. We recommend that the district review and revise its procurement policy to reflect all portions of 2 CFR § 300.321 and any other applicable federal regulations in order to help ensure compliance with all applicable federal requirements.

Journal Entries:

While performing the audit for the above-mentioned fiscal year, we noted that some transactions were not posted in the correct period. We recommend that management review and revise its procedures to help ensure that all transactions are posted in the correct period for those transactions to be in compliance with generally accepted accounting principles (GAAP) and to help avoid material misstatements in the financial statements.

We would like to thank Jonathan, Christina, and all of the staff at the Casco Bay Island Transit District for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

“Draft”

RHR Smith & Company, CPAs

Agenda Item 3c

Consideration and action on the FY2023 Long Range Capital Funding Plan including a report from the Finance Committee

Agenda Item 3d

Executive Session

MOTION FOR EXECUTIVE SESSION

MOTION: To go into Executive Session for a discussion of the General Manager's annual evaluation pursuant to 1 M.R.S.A Section 405(6) (A)

RESOLVED: To perform annual evaluation of General Manager's performance and compensation

Agenda Item 4

Workshop:

**Discussion regarding the level of detail of the Board of Director's
meeting minutes**

Agenda Item 5

Reports:

Financial

Committee

Staff