

GREATER PORTLAND TRANSIT DISTRICT

Financial Statements

For the Years Ended December 31, 2017 and 2016

GREATER PORTLAND TRANSIT DISTRICT
Financial Statements
For the years ended December 31, 2017 and 2016

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Independent Auditor's Report

To the Board of Directors of the
Greater Portland Transit District

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Portland Transit District as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Greater Portland 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Greater Portland Transit District as of December 31, 2017 and 2016, and the respective changes in financial position and cash flows 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 and the schedule of funding progress for the retiree healthcare plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Greater Portland Transit District's basic financial statements. The budgetary basis schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The budgetary basis schedules are the responsibility of management and were derived from and relate 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary basis schedules 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 March 27, 2018 on our consideration of the Greater Portland 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Portland Transit District's internal control over financial reporting and compliance.



March 27, 2018
South Portland, Maine

GREATER PORTLAND TRANSIT DISTRICT
Management Discussion and Analysis
Fiscal Year Ended December 31, 2017

The Greater Portland Transit District (GPTD) is a municipal transit district formed under M.R.S.A Title 30-A, Part 2.5, Section 163, providing public transportation to the member cities of Portland, Westbrook, and the Town of Falmouth. The following is a narrative guide to aid the reader in understanding GPTD's financial performance and status that is presented in the financial statements and accompanying notes.

As a recipient of federal funds, GPTD is also required to undergo a single audit in conformity with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This "single audit" is designed to meet the special requirements of federal grantor agencies to assure proper handling and accounting of federal funds.

As a recipient of State funds, GPTD is also required to undergo an independent review of expenditures and department agreements in accordance with the *Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP)*. This review is required to confirm compliance with the internal control requirements relevant to the preparation and fair presentation of the schedule of expenditures for department agreements.

Financial Highlights

- **Current Assets.** GPTD's current assets increased by 12.2% from 2016, or about \$237,000. Cash on hand at the end of 2017 was about \$1.02m more than in 2016, with accounts receivable (including grants) about \$745,000 less.
- **Capital Assets.** Net capital assets decreased in 2017 by about \$471,000. This reflects the addition for building renovations that began in 2016, and also a write off of obsolete items and items under the capitalization threshold of about \$1.78m (with corresponding depreciation). As the threshold had increased over the years, there had not been a reduction in assets carried at the lower thresholds.
- **Liabilities.** The increase in total liabilities of about \$86,000 includes an increase in Other Post-Employment Benefits (OPEB) liability of about \$49,000. The 2017 OPEB liability is \$465,329, as described on page 14.
- **Net Position.** Overall net position for GPTD decreased by 4.0%, or about \$320,000, was primarily due to the decrease in capital assets, change in OPEB liability, and the year end adjustment to bring inventory to actual. Restricted net position represents the unexpended portion of local match funds for awarded capital grants. Unrestricted net position increased 3.8% in 2017, or about \$34,000. The calculation of net position is on page 17.
- GPTD finances its cash flow through issuance of an annual Revenue Anticipation Note (RAN), in advance of receiving payments from member communities and its federal operating subsidy.

Relevant Financial Policies

The Board of Directors for the GPTD adopted a Fund Balance Policy in 2015 with a goal of achieving and maintaining unassigned fund balance in an amount of no less than 8.33%, and no greater than 25%, of operating expenditures. GPTD uses an accrual basis of accounting and reports its financial condition using the economic resources measurement focus, and as such does not report a fund balance. However, the Board considers this Policy as a prudent approach to fiscal stability.

As of fiscal 2017 year end, the calculated unassigned fund balance was \$355,140 representing 3.6% of its 2018 operating expenditure budget, which is higher than the 2016 amount of 1.7%. In keeping with the Policy intent, the budget for 2018 includes a modest amount, \$45,000, toward the goal of 8.33%. At the current budgetary level, 8.33% would equate to an unassigned fund balance amount of \$813,088. Note that the budget increase from 2017 to 2018 of \$1.40m, related to the costs of the Transit West service expansion, impacts the percentage change.

GREATER PORTLAND TRANSIT DISTRICT
Management Discussion and Analysis, Continued
Fiscal Year Ended December 31, 2017

Financial Statements

GPTD Basic Financial Statements include the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. The Notes to Basic Financial Statements are in integral part of understanding the basic financial statements.

Budgeted Revenues

Budgeted revenues were 2.7% or about \$235,000 over budgeted amounts, and were 11.0%, or about \$885,000, higher than budgeted revenues 2016. Budgeted revenues do not include capital grants or capital contributions.

Passenger Fares. Although there was an increase in Passenger Fares of about \$39,400, or 2.0%, over 2016, they were under budget by 8.5%, or about \$181,000. Special pass programs and the BREEZ express service expansion performed better than expected, yet did not make up the under collection in the major fare categories. The 2017 budget estimates were based on limited historical information and anticipated changes in ridership. While overall passenger revenue had a modest increase from the previous year, the budgeted estimates were more optimistic.

Federal and State assistance. Revenues from federal and state agencies was 29.4% higher than 2016, or about \$744,000. Total federal and state assistance for 2017 were by 11.1% higher than budgeted, or about \$365,000. This reflects a full year of funding for both the BREEZ operational costs for ADA Paratransit service costs, both of which were only partial year events in 2016. Each of these have corresponding offsetting expenses. Federal operating and maintenance funding was higher, reflecting both budgetary increases and some additional capital maintenance cost recovery.

Local Investment. Payments from communities were about \$40,000 more than budgeted. This was a result of an additional \$18,000 of match for paratransit costs, and an unbudgeted \$22,000 contribution for the Brunswick BREEZ expansion. Local funding increased by 5.2% from 2016, or about \$168,000. There was a 2.3% increase in member community assessments, representing \$74,000 of this increase. Contributions from Freeport, Yarmouth and Brunswick, who are non-member communities but are funding the local match for the BREEZ expansion, increased by \$36,000 representing the addition of Brunswick for part of the year.

Budgeted Expenses

Total operating expenses for 2017, including fund balance restoration contribution, were over budget by 1.58%, or about \$137,212, and 7.65%, or about \$621,127 more than 2016.

Wages and Benefits. Total wages and benefits costs were 4.9% higher, or about \$285,000, then in 2016. This reflect a 2% wage increase for all employees, step increases for union employees, and a 13% increase in health insurance premiums. For 2017, wages and benefits were under budget by 1.2%, or about \$74,000.

Temporary Help. There was no budgeted temporary help for 2017. The payroll coordinator resigned in late 2016 and was not replaced until July of 2017. Contract accounting help was brought in to perform day-to-day functions of payroll until permanent staff could be hired, at a cost of \$88,500 for the year.

ADA Paratransit. This service is contracted to Regional Transportation Program (RTP) to provide paratransit transportation to the GPTD member communities. 2017 is the first full year with GPTD as the contracting entity, paying RTP and billing the member communities for their share, and drawing federal funds available for this service. The cost for this service was 20% over the budget estimate, with a net cost to GPTD of about \$117,000.

GREATER PORTLAND TRANSIT DISTRICT
Management Discussion and Analysis, Continued
Fiscal Year Ended December 31, 2017

Fleet Costs. The cost of maintaining the fleet was the primary over expenditure, next to ADA costs, for 2017, at about \$222,000. However, the total expense was only about \$25,000 higher than 2016. Some older revenue vehicles have reached a high maintenance cycle and are due for rehabilitation, which should reduce some of the cost, and four buses will be replaced the latter part of 2018.

Utilities. The total cost of heat, electricity, water, sewer, and storm water was under budget by 13%, or about \$43,000. Heating/cooling is fueled by natural gas, which did see an increase late in the year, but comprised all of the overall utility savings. Total cost increased 5.3% compared to 2016.

Growth and Initiatives

An important indicator of GPTD's fiscal health is its ridership. In 2017, GPTD saw an increase of 2.2% over 2016. Expansion of service to Brunswick will began in July of 2017, which extended the BREEZ express service. Performance in the first six months outperformed estimates and the service is still very successful. Approvals are in place for extending service into Gorham in 2018 through an agreement with the University of Southern Maine for transportation of students between the Portland and Gorham campuses.

The expansion to Gorham will require the addition of eight new buses, which are scheduled for delivery in May of 2018, funded 85% through federal funds. Grant funding will also allow for the purchase of additional replacement buses over the two years, as well as implementation of automated fare collection, expected in 2019.

GPTD began implementation of a new integrated financial and human resources technology in February of 2018, which will improve process and operations in these areas. The addition of inventory and work order systems in 2019 are expected, along with a time keeping and scheduling system, all integrated with the finance/HR applications.

Conclusion

GPTD continues to make improvements in its administration and operations functions by employing technology and updating processes and procedures. Ongoing expansion and increasing ridership will allow GPTD to maintain and improve its fiscal health.

Requests for Information

This purpose of this financial report is to provide a general overview of the Greater Portland Transit District's finances. Any questions concerning this report or additional information should be addressed to Ellen Sanborn, Finance Director, Greater Portland Transit District, 14 Valley Street, Portland, Maine 04102.

More information about GPTD can be found on its web site, gpmetrobus.net, where past budgets and financial reports can also be accessed.

GREATER PORTLAND TRANSIT DISTRICT
Statements of Net Position
December 31, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,382,300	362,537
Accounts receivable	115,091	321,026
Grants receivable	301,689	839,890
Inventory	332,750	362,513
Prepaid expenses	43,888	52,802
Total current assets	2,175,718	1,938,768
Capital assets:		
Land	133,175	133,175
Construction in progress	250,132	208,648
Buildings and improvements	9,678,169	9,212,525
Transportation equipment	8,152,674	9,294,076
Shop and garage equipment	215,418	377,122
Office equipment	50,068	318,658
Total capital assets	18,479,636	19,544,204
Less accumulated depreciation	11,274,943	11,868,249
Capital assets, net	7,204,693	7,675,955
Total assets	9,380,411	9,614,723
LIABILITIES		
Current liabilities:		
Accounts payable	249,908	159,066
Accrued payroll and payroll taxes	121,711	110,935
Accrued compensated absences	67,881	57,805
Other liabilities	36,278	24,888
Current portion of bonds payable	137,448	122,526
Total current liabilities	613,226	475,220
Noncurrent liabilities:		
Net OPEB obligation	465,329	416,355
Bonds payable	428,205	529,301
Total noncurrent liabilities	893,534	945,656
Total liabilities	1,506,760	1,420,876
NET POSITION		
Net investment in capital assets	6,639,040	7,024,128
Restricted	321,977	290,827
Unrestricted, reserved for board policy	355,140	218,225
Unrestricted, unreserved	557,494	660,667
Total net position	\$ 7,873,651	8,193,847

See accompanying notes to basic financial statements.

GREATER PORTLAND TRANSIT DISTRICT
Statements of Revenues, Expenses and Changes in Net Position
For the years ended December 31, 2017 and 2016

	2017	2016
Operating revenues:		
Passenger fares	\$ 1,942,610	1,903,211
Regional Transportation Program rent	38,415	28,815
Outside repairs, maintenance and CNG sales	43,709	36,879
Advertising	195,447	186,460
Miscellaneous income	5,371	171,233
Total operating revenues	2,225,552	2,326,598
Operating expenses before depreciation:		
Personnel	6,145,313	5,853,603
Temporary help	88,511	122,594
ADA Para transit	535,646	246,806
Fuel	410,351	408,302
Dues and subscriptions	24,918	26,442
Other employee costs	20,738	20,955
Fleet parts and services	540,772	520,240
Insurance	180,832	164,926
Advertising and marketing	71,367	80,087
Office supplies	15,732	16,039
Contract services	201,722	158,538
Utilities and telephone	286,835	244,379
Maintenance costs	108,147	192,894
Total operating expenses before depreciation	8,630,884	8,055,805
Operating loss before depreciation	(6,405,332)	(5,729,207)
Depreciation expense	1,195,028	1,049,566
Operating loss after depreciation	(7,600,360)	(6,778,773)
Nonoperating revenues (expenses):		
Federal assistance	3,726,626	3,334,858
State assistance	172,246	688,178
Local sources	3,418,139	3,250,319
Loss on disposal of capital assets	(92,936)	(46,052)
Interest income	10,346	2,131
Interest on debt service	(23,417)	(19,467)
Total nonoperating revenues	7,211,004	7,209,967
Gain (loss) before capital contributions	(389,356)	431,194
Capital contributions	69,160	-
Change in net position	(320,196)	431,194
Net position, beginning of year	8,193,847	7,762,653
Net position, end of year	\$ 7,873,651	8,193,847

See accompanying notes to basic financial statements.

GREATER PORTLAND TRANSIT DISTRICT
Statements of Cash Flows
For the years ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Receipts from customers	\$ 2,431,487	2,306,105
Payments to suppliers	(2,239,421)	(2,162,237)
Payments to employees	(6,184,736)	(5,894,637)
Net cash used in operating activities	(5,992,670)	(5,750,769)
Cash flows from investing activities:		
Interest income	10,346	2,131
Net cash provided by investing activities	10,346	2,131
Cash flows from noncapital financing activities:		
Local sources	3,418,139	3,250,319
Federal, State and other grants	4,437,073	3,183,146
Net cash provided by noncapital financing activities	7,855,212	6,433,465
Cash flows from capital and related financing activities:		
Bond issuance proceeds	180,000	102,000
Purchase of capital assets	(747,542)	(1,524,904)
Principal payments on bonds	(266,174)	(82,380)
Interest payments	(19,409)	(19,467)
Net cash used in capital and related financing activities	(853,125)	(1,524,751)
Net increase (decrease) in cash and cash equivalents	1,019,763	(839,924)
Cash and cash equivalents, beginning of year	362,537	1,202,461
Cash and cash equivalents, end of year	\$ 1,382,300	362,537
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (7,600,360)	(6,778,773)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,195,028	1,049,566
Change in operating assets and liabilities:		
Accounts receivable	205,935	(20,493)
Inventory	29,763	(47,671)
Prepaid expenses	8,914	(37,331)
Accounts payable	90,842	34,234
Accrued payroll and payroll taxes	10,776	109,077
Accrued compensated absences	10,076	(66,327)
Other liabilities	7,382	(52,816)
Net OPEB obligation	48,974	59,765
Net cash used in operating activities	\$ (5,992,670)	(5,750,769)

See accompanying notes to basic financial statements.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Greater Portland Transit District (the District), incorporated June 24, 1966, is a quasi-municipal corporation, organized in accordance with the provisions of Title 30, Chapter 163, of the Maine State Statutes, to operate a public mass transit passenger bus service for the inhabitants of the municipalities comprising the District. The membership of the District is composed of the City of Portland, the City of Westbrook, and the Town of Falmouth. The Board of Directors consists of five directors appointed from the City of Portland, three directors appointed from the City of Westbrook and two directors appointed from the Town of Falmouth.

Economic Dependency - The District is economically dependent upon grants from the Federal Transit Administration and subsidies from the City of Portland, the City of Westbrook, and the Town of Falmouth.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits and time deposits. Investments are stated at fair value.

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

Management believes that all accounts receivable and grants receivable at December 31, 2017 and 2016 are fully collectable. Therefore, no allowance for doubtful accounts is recorded.

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

Inventory - Inventories are valued at cost using a cost averaging method and consists of fuel, oil, materials, and supplies.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Prepaid Expenses - Payments to vendors that will benefit periods beyond the fiscal year are recorded as prepaid expenses.

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

Estimated useful lives are as follows:

Buildings and improvements	10-50 years
Bus stops and shelters	5-20 years
Office equipment	5-10 years
Service vehicles	7-12 years
Shop equipment	7-20 years
Vehicles	4-12 years
Computer equipment/software	3 years

Accrued Compensated Absences - Under terms of personnel policies of the District, compensated absences are granted and paid out to employees upon departure from employment. The district currently offers vacation accrual, sick accrual, and PTO. Vacation is paid out at 100% of earned time regardless of time of service. Sick and PTO are paid out based on length of service.

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

DEPOSITS

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District currently does not have a written deposit policy for custodial credit risk, but does attempt to have all deposits insured and collateralized. As of December 31, 2017, the District reported deposits of \$1,382,300 with a bank balance of \$1,409,582. The District's bank balance is comprised of repurchase agreements, 100% of which was collateralized by underlying securities held by the related bank, which were not in the District's name.

Interest rate risk: The District currently does not have a written policy for interest rate risk.

Credit Risk: Maine statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The District currently does not have a written policy for credit risk.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2017 was as follows:

	<u>Balance</u> <u>12/31/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2017</u>
Capital assets not being depreciated:				
Land	\$ 133,175	-	-	133,175
Construction in progress	208,648	226,831	185,347	250,132
Total capital assets not being depreciated	341,823	226,831	185,347	383,307
Capital assets being depreciated:				
Buildings and improvements	9,212,525	494,556	28,912	9,678,169
Transportation equipment	9,294,076	280,662	1,422,064	8,152,674
Shop and garage equipment	377,122	-	161,704	215,418
Office equipment	318,658	-	268,590	50,068
Total capital assets being depreciated	19,202,381	775,218	1,881,270	18,096,329
Less accumulated depreciation	11,868,249	1,195,028	1,788,334	11,274,943
Total capital assets being depreciated, net	7,334,132	(419,810)	92,936	6,821,036
Capital assets, net	\$ 7,675,955	(192,979)	278,283	7,204,693

LONG-TERM DEBT

The following is a summary of long-term liability transactions of the District for the year ended December 31, 2017:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>balance</u>	<u>Due within</u> <u>one year</u>
Bonds payable	\$ 651,827	180,000	266,174	565,653	137,448
Other post-employment liabilities	416,355	48,974	-	465,329	-
Accrued compensated absences	57,805	10,076	-	67,881	-
Total long-term liabilities	\$ 1,125,987	239,050	266,174	1,098,863	137,448

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

Bonds payable at December 31, 2017 are comprised of the following individual issues:

	Date of <u>issue</u>	Amount <u>issued</u>	Interest <u>rate</u>	Maturity <u>date</u>	Balance <u>12/31/17</u>	Balance <u>12/31/16</u>
2011 Heavy duty lifts	2011	\$ 335,000	3.10%	6/1/2021	129,121	163,413
2011 Buses	2011	111,086	3.10%	6/1/2021	42,817	54,231
2014 Buses	2014	451,881	2.44%	1/2/2024	305,452	348,947
2016 Buses	2016	102,000	1.25%	4/20/2019	51,455	85,236
2017 Bus	2017	180,000	1.82%	7/6/2020	36,808	-
Total bonds payable					\$ 565,653	651,827

The annual requirements to amortize bonds payable outstanding as of December 31, 2017 are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 137,448	13,634	151,082
2019	123,053	10,334	133,387
2020	109,246	7,297	116,543
2021	73,040	4,338	77,378
2022	48,525	2,762	51,287
2023-2024	74,341	1,870	76,211
Totals	\$ 565,653	40,235	605,888

GRANTOR REVIEW

Federal and State grants are subject to grantor review and final approval. Although it is not anticipated that any claims would be made against the District by the grantor agencies, grants remain subject to ultimate closeout.

RISK MANAGEMENT

The Greater Portland District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Greater Portland District carries commercial insurance.

PENSION PLAN

The Transit Committee has a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code covering all full time employees.

Union employees are eligible to participate once their qualifying period has ended. Qualification for operators occurs the first of the month following 60 days after signing their employee contract. Qualification for maintenance employees occurs the first of the month following 60 days after their date of hire. Nonunion employees are eligible to participate 60 days after their date of hire. Union employees are fully vested after 60 months of employment. All nonunion employees are fully vested immediately.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

PENSION PLAN, CONTINUED

The District matched 5.5% and 5.0% of union employee contributions and employees were required to contribute 5.5% and 5.0% of their gross pay for the years ended December 31, 2017 and 2016 respectively. Participating nonunion employees had the option to contribute up to 20% and 20% of their covered gross pay and the District matched 5.5% and 5.0% of those contributions for the years ended December 31, 2017 and 2016 respectively. Additionally, the District contributed 9.5% and 9.5% of the General Manager's compensation, without regard to his contribution for the years ended December 31, 2017 and 2016, respectively.

For the years ended December 31, 2017 and 2016 respectively, employee contributions amounted to \$183,783 and \$150,562 and employer contributions were \$227,991 and \$195,201.

457 RETIREMENT PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets are not included in the District's financial statements. For the years ended December 31, 2017 and 2016 respectively, employee contributions amounted to \$86,420 and \$87,305 and employer contributions were \$0 and \$0.

OTHER POSTEMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Greater Portland Transit District Greater Portland District is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The District is an individually rated member within the Association. The Trust issues a publicly available financial report.

The Health Trust contracted with an outside consultant to assist in the determination and valuation of the District's OPEB liability under GASB Statement 45. The consultants completed the latest OPEB liability actuarial valuation in October 2017.

Plan Descriptions - The District contributes to the Maine Municipal Employees Health Trust, an agent multiple-employer defined benefit postretirement healthcare plan. The District sponsors a post-retirement benefit plan providing health insurance to retiring employees. Employees who have been participating in the District's health insurance plan, have reached the age of 62, have been employed by the District for 20 years or more, and wish to retire before the age of 65, may elect to have the District pay the full cost of health their insurance until they reach the age of 65. Complete plan financial statements may be obtained from the Maine Municipal Employees Health Trust at 60 Community Drive, Augusta, ME 04330.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Funding Policy and Annual OPEB Cost - GASB Statement 45 does not mandate the prefunding of a postemployment benefits liability. The District currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the year and the annual required contribution:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Normal cost	\$ 33,580	39,932	39,932
Amortization of unfunded	22,970	32,995	32,995
Interest	2,262	2,917	2,917
Annual required contribution	58,812	75,844	75,844
Interest on net OPEB obligation	16,654	14,264	11,565
Amortizing adjustment to ARC	(24,078)	(20,622)	(16,721)
Annual OPEB cost	51,388	69,486	70,688
Contributions made	(2,414)	(9,721)	(3,230)
Increase in net OPEB obligation	48,974	59,765	67,458
Net OPEB obligation - beginning of year	416,355	356,590	289,132
Net OPEB obligation - end of year	\$ 465,329	416,355	356,590

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017 and the two preceding years.

<u>Fiscal Year End</u>	<u>Annual OPEB Costs</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2015	\$ 70,688	4.57%	356,590
December 31, 2016	69,486	13.99%	416,355
December 31, 2017	51,388	4.70%	465,329

Funding Status and Funding Progress - As the district has chosen to fund OPEB on a pay-as-you-go basis, the plan has no assets. As of January 1, 2017, the most recent actuarial valuation date, the funded status of the plan of plan was as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial accrued liability	\$ 413,077	593,368	593,368
Plan assets	-	-	-
Unfunded actuarial accrued liability	413,077	593,368	593,368
Funded ratio	0%	0%	0%
Covered payroll	4,267,989	3,932,029	3,835,223
Unfunded actuarial accrued liability as a percentage of covered payroll	9.68%	15.09%	15.47%

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions - Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Amortization period	30 years
Actuarial assumptions:	
Discount rate	4.00%
Rate of salary increases	2.75%
Ultimate rate of medical inflation	4.00%

SHORT-TERM LIABILITIES

The District obtained short-term borrowing in the form of a revenue anticipation note for immediate cash flow needs. Short-term liability transactions for the year ended December 31, 2017 were as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>balance</u>
<u>Revenue anticipation note</u>	\$ -	1,900,000	1,900,000	-

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

NET POSITION

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

The District's net investment in capital assets was calculated as follows at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Capital assets	\$ 18,479,636	19,544,204
Accumulated depreciation	(11,274,943)	(11,868,249)
Bonds payable	(565,653)	(651,827)
Total net investment in capital assets	\$ 6,639,040	7,024,128

The District's net position at December 31, 2017 was restricted for the local match of the following grants:

	<u>2017</u>	<u>2016</u>
ME-04-0012 2011 State of Good Repair	\$ -	29,320
ME-90-X196 2013 Operating Assistance & Cap Maintenance	-	14,654
ME-90-X213 2015 Operating Assistance & Cap Maintenance	95,782	156,000
ME-90-X205 2014 Operating Assistance & Cap Maintenance	8,851	28,680
ME-2016-016 2016 Operating Assistance & Cap Maintenance	46,610	54,000
ME-2016-017 Regional Bus Shelter/Sign Project	76,610	8,173
ME-2017-008 2017 Operating Assistance & Cap Maintenance	78,913	-
ME-90-X216 Northern Service Expansion	6,827	-
ME-2017-007 Northern Service Expansion - Phase 2	8,384	-
Total restricted net position	\$ 321,977	290,827

**GREATER PORTLAND TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Funding Progress
Retiree Healthcare Plan**

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) /c]</u>
2017	1/1/17	-	\$ 413,077	413,077	0.00%	4,267,989	9.68%
2016	1/1/14	-	593,368	593,368	0.00%	3,932,029	15.09%
2015	1/1/14	-	593,368	593,368	0.00%	3,835,223	15.47%

SCHEDULES

GREATER PORTLAND TRANSIT DISTRICT
Schedule of Revenues and Expenses - Budget and Actual -Budgetary Basis
For the year ended December 31, 2017

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Passenger fares:				
Regular fares	\$ 835,000	835,000	750,191	(84,809)
Single ride tickets	95,000	94,000	67,613	(26,387)
Day passes	2,000	2,000	1,221	(779)
Ten ride tickets	330,000	330,000	298,148	(31,852)
Monthly passes	550,000	550,000	480,685	(69,315)
Portland High School pass program	181,800	181,800	187,645	5,845
BREEZE fares	28,100	28,100	41,756	13,656
Reduced fares	50,000	50,000	58,661	8,661
Special pass programs	51,540	52,540	56,690	4,150
Total passenger fares	2,123,440	2,123,440	1,942,610	(180,830)
Federal assistance:				
Operating assistance	1,716,445	1,716,445	1,787,844	71,399
Capital maintenance	-	-	135,231	135,231
Preventative assistance	378,420	378,420	595,884	217,464
Falmouth Rt. 1 grant	71,400	71,400	43,601	(27,799)
BREEZE operating assistance	216,000	216,000	227,924	11,924
ADA paratransit	357,072	357,072	312,286	(44,786)
Total federal assistance	2,739,337	2,739,337	3,102,770	363,433
State assistance	170,426	170,426	172,246	1,820
Local investment:				
Members:				
Operating assessments	3,109,628	3,109,628	3,109,628	-
Capital assessments	154,324	114,324	114,324	-
ADA paratransit	89,268	89,268	107,231	17,963
Non-members:				
BREEZE operating contributions	23,134	23,134	44,968	21,834
BREEZE capital contributions	41,988	41,988	41,988	-
Total local investment	3,418,342	3,378,342	3,418,139	39,797
Miscellaneous:				
Regional Transportation Program rent	38,424	38,424	38,415	(9)
Outside repairs, maintenance, and CNG sales	47,000	47,000	43,709	(3,291)
Advertising	189,000	189,000	195,447	6,447
Interest income	7,380	7,380	10,346	2,966
Miscellaneous income	-	-	5,371	5,371
Total miscellaneous	281,804	281,804	293,288	11,484
Total revenues	8,733,349	8,693,349	8,929,053	235,704

GREATER PORTLAND TRANSIT DISTRICT
Schedule of Revenues and Expenses - Budget and Actual -Budgetary Basis
For the year ended December 31, 2017

	<u>Budgeted amounts</u>		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenses:				
Personnel:				
Regular wages and salaries	4,138,947	4,138,947	4,049,844	89,103
Overtime	255,720	255,720	307,878	(52,158)
Benefits	1,775,807	1,775,807	1,738,617	37,190
Total personnel	6,170,474	6,170,474	6,096,339	74,135
Other:				
Marketing and advertising	93,649	93,649	60,874	32,775
Technology services	30,094	30,094	36,432	(6,338)
Legal fees	25,000	25,000	32,527	(7,527)
Audit fees	20,000	20,000	21,000	(1,000)
GPCOG services	15,000	15,000	3,591	11,409
Miscellaneous services	21,369	21,369	19,055	2,314
Other professional services	32,186	32,186	34,725	(2,539)
Maintenance services	43,542	43,542	54,392	(10,850)
CNG fuel station maintenance	50,000	50,000	-	50,000
Bus stop maintenance	37,920	37,920	12,658	25,262
Temporary help	-	-	88,511	(88,511)
ADA paratransit	446,340	446,340	535,646	(89,306)
Fleet parts and services	203,000	203,000	373,751	(170,751)
Other fleet costs	81,600	81,600	133,284	(51,684)
Fuel	420,000	420,000	410,351	9,649
Maintenance supplies	80,700	80,700	52,976	27,724
Fare media	11,460	11,460	10,493	967
Office supplies	20,700	20,700	15,732	4,968
Heating fuel	174,000	174,000	129,121	44,879
Electricity	109,889	109,889	110,129	(240)
Water and sewer	21,401	21,401	22,161	(760)
Telephone	24,520	24,520	25,424	(904)
Insurance	203,910	203,910	180,832	23,078
Dues and subscriptions	22,648	22,648	24,918	(2,270)
Training and meetings	20,250	20,250	17,459	2,791
Wellness program	10,800	10,800	3,279	7,521
Capital match	154,324	114,324	114,324	-
Debt service principal	125,144	125,144	101,168	23,976
Debt service interest	18,429	18,429	19,409	(980)
Total other	2,517,875	2,477,875	2,644,222	(166,347)
Total expenditures	8,688,349	8,648,349	8,740,561	(92,212)
Income before other financing uses	45,000	45,000	188,492	143,492

GREATER PORTLAND TRANSIT DISTRICT
Schedule of Revenues and Expenses - Budget and Actual -Budgetary Basis
For the year ended December 31, 2017

	<u>Budgeted amounts</u>		Actual	Variance with final budget positive (negative)
	Original	Final		
Other financing uses:				
Fund balance restoration	(45,000)	(45,000)	-	45,000
Total other financing uses	(45,000)	(45,000)	-	45,000
Change in net position - budgetary basis	-	-	188,492	188,492
Reconciliation to GAAP:				
Unbudgeted federal capital grants			623,856	
Unbudgeted capital contribution			69,160	
Unbudgeted capital maintenance expense			(42,513)	
Unbudgeted adjustment to inventory			(33,737)	
Depreciation expense			(1,195,028)	
Capital match			114,324	
Principal payment on debt service			101,168	
Change in other postemployment liability			(48,974)	
Change in accrued interest			(4,008)	
Loss on disposal of capital assets			(92,936)	
Net change in fund balances - GAAP basis			(320,196)	
Net position, beginning of year			8,193,847	
Net position, end of year	\$		7,873,651	