

**GREATER PORTLAND TRANSIT DISTRICT**

**Reports Required by *Government Auditing  
Standards* and the Uniform Guidance**

**For the Year Ended December 31, 2020**

**GREATER PORTLAND TRANSIT DISTRICT**  
**Reports Required by *Government Auditing Standards***  
**and the Uniform Guidance**  
**For the Year Ended December 31, 2020**

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**INDEPENDENT AUDITOR’S 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**

To the Board of Directors  
Greater Portland Transit District

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 Greater Portland Transit District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Greater Portland Transit District’s basic financial statements, and have issued our report thereon dated April 5, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Greater Portland Transit District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greater Portland Transit District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Greater Portland Transit 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 a 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.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Greater Portland Transit District's financial statements are free from 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 financial statements. 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*.

During our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency, which we have described in the attached schedule of findings and questioned costs under “Other Comments”.

**Greater Portland Transit District’s Responses to Comments**

The Greater Portland Transit District’s response to the comments identified in our audit are described in the accompanying schedule of findings and questioned costs. The District’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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 on 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.



April 5, 2021  
South Portland, Maine

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

To the Board of Directors  
Greater Portland Transit District

**Report on Compliance for Each Major Federal Program**

We have audited the Greater Portland 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 the Greater Portland Transit District's major federal programs for the year ended December 31, 2020. The Greater Portland 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 applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Greater Portland Transit District's major federal programs based on our audit of the types 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 the Greater Portland Transit District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Greater Portland Transit District's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

***Opinion on Each Major Federal Program***

In our opinion, the Greater Portland 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 December 31, 2020.

**Report on Internal Control over Compliance**

Management of the Greater Portland 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 Greater Portland Transit District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 the Greater Portland 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 a 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.

The 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Greater Portland Transit District as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Greater Portland Transit District's basic financial statements. We issued our report thereon dated April 5, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



April 5, 2021  
South Portland, Maine

**GREATER PORTLAND TRANSIT DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended December 31, 2020**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agreement Number	Total Federal Expenditures	CFDA / Cluster Totals	Passed Through to Subrecipients
U. S. Department of Transportation:					
Direct Programs:					
Federal Transit Cluster:					
Federal Transit - Formula Grants	20.507	ME-2016-016	\$ 339,811		-
Federal Transit - Formula Grants	20.507	ME-2016-017	3,640		-
Federal Transit - Formula Grants	20.507	ME-2016-007	11,696		-
Federal Transit - Formula Grants	20.507	ME-2018-011	38,445		-
Federal Transit - Formula Grants	20.507	ME-2018-016	109,387		-
Federal Transit - Formula Grants	20.507	ME-2019-001	519,633		-
Federal Transit - Formula Grants	20.507	ME-2019-010	2,322,792		-
Federal Transit - Formula Grants	20.507	ME-2019-013	60,534		-
COVID-19 - Federal Transit - Formula Grants	20.507	ME-2020-010	4,093,963		232,590
Federal Transit - Formula Grants	20.507	ME-2020-025	3,635,779		-
Federal Transit - Formula Grants	20.507	ME-90-X213	8,957		-
Total Federal Transit Cluster				11,144,637	
Total U. S. Department of Transportation			11,144,637		232,590
<b>Totals</b>			<b>\$ 11,144,637</b>		<b>232,590</b>

*See accompanying notes to schedule of expenditures of federal awards.*

**GREATER PORTLAND TRANSIT DISTRICT**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

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**PURPOSE OF THE SCHEDULE**

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Office of Management and Budget (OMB)'s Uniform Guidance requires a schedule of expenditures of federal awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

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**SIGNIFICANT ACCOUNTING POLICIES**

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- A. Reporting Entity - The accompanying schedule includes all federal award programs of the Greater Portland Transit District for the fiscal year ended December 31, 2020. The reporting entity is defined in notes to financial statements of the Greater Portland Transit District.
  
- B. Basis of Presentation - The information in the accompanying schedule of expenditures of federal awards is presented in accordance with the Uniform Guidance.
  - 1. Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
  
  - 2. Major Programs - the Uniform Guidance establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the Greater Portland Transit District are identified in the summary of auditor's results in the schedule of findings and questioned costs.
  
- C. Basis of Accounting - The information presented in the schedule of expenditures of federal awards is presented on the accrual basis of accounting, which is consistent with the reporting in the Transit District's financial statements.
  
- D. Indirect Cost Rate - Greater Portland Transit District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**GREATER PORTLAND TRANSIT DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the year ended December 31, 2020**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:  
 Material weaknesses identified? No  
 Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major federal programs:  
 Material weaknesses identified? No  
 Significant deficiencies identified? None Reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Cluster

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

Auditee qualified as low-risk auditee? Yes

**GREATER PORTLAND TRANSIT DISTRICT**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section II - Findings Required to be Reported Under *Government Auditing Standards***

None

**Other Comments**

**Payroll**

During our testing of the District's payroll process, we found that thirteen of the forty employees tested did not have supervisor authorization on their weekly time card. By not having consistent approval of employee timecards, the risk of unauthorized time or inaccurate allocation of time between personal and time worked is greatly increased. Additionally, management was unable to produce four employee election forms for the ICMA retirement plan. Retention of employee election forms for benefit plans, including retirement plans, is essential to ensuring accurate reporting and to ensuring employee personnel files are complete.

We suggest that in the future management ensure that all time cards are reviewed and authorized prior to running weekly payroll. Additionally, we suggest that a personnel file checklist of required documents is developed and personnel files are reviewed annually to ensure that all required documentation has been collected and retained in the files.

Management Response: *The advent of remote work for some employees caused a lapse in supervisor approval of timesheets, since it was not an automated process. A complete payroll edit is reviewed and approved each week, so there is review of time entered. In 2021, we will be implementing electronic timesheets for administrative staff through Tyler Munis, which will allow for electronic approvals.*

*The recordkeeping for employee file documents is a responsibility of the Human Resource function. Metro was without an HR director starting in February of 2020, and in addition to the challenges of pandemic working conditions, it created some gaps in recordkeeping. An HR Director was hired in January of 2021, who is aware of this issue and will implement a system of both paper and electronic filing to ensure all employee documents are kept properly. Also, the payroll function was transferred to Finance in November of 2020.*

**Employee Uniforms**

During the planning portion of the audit, management made the auditors aware that they believed that the District's reporting of employer provided uniforms as a nontaxable fringe benefit is not following IRS fringe benefit rules. Per tax law, if the uniforms are suitable for everyday wear, then the benefit must be taxable. We suggest that management review the employee provided uniforms and make a determination as to whether the uniforms are suitable for everyday wear. If the District determines that the uniforms are suitable for everyday use, then the District must begin taxing this benefit moving forward.

Management Response: *Uniforms provided to employees are suitable for everyday wear, as defined by the IRS. It was also determined that certain reimbursements for sundry items and non-safety footwear would also be taxable fringe benefits. For 2021, these benefits will be reported as taxable to employees.*

**GREATER PORTLAND TRANSIT DISTRICT**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section III - Findings and Questioned Costs for Federal Awards**

None

**GREATER PORTLAND TRANSIT DISTRICT**  
**Schedule of Findings and Questioned Costs, Continued**

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**Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards and *Government Auditing Standards***

***Government Auditing Standards***

**2019 – 001 Annual Inventory Adjustment**

Criteria: Fundamental to proper financial reporting is accurate and complete management of the perpetual inventory system throughout the year. This includes making accurate changes into the inventory management software when items are received, placed in service, or otherwise disposed.

Statement of Condition: At the end of the current fiscal year end, management was required to record a significant entry to bring the inventory general ledger account to actual based on the results of the year end count.

Cause: The users of the inventory management software are consistently entering information incorrectly, which causes the general ledger to become misstated from the actual inventory on hand.

Effect: Throughout the fiscal year, financial information generated by management was misstated and reports given to board were inaccurate as inventory was not being maintained properly. Additionally, when inventory is not being maintained properly, the risk of error due to theft is increased.

Recommendation: In order to maintain an accurate accounting of the inventory system throughout the entire year, users of the inventory system need to be reminded or retrained on proper maintenance of the software. This includes procedures for entering new items into inventory and removing items from inventory as they are being placed in service. We also suggest that management implement a quarterly test count to ensure that these procedures are being followed.

Status: This issue has been resolved and there were no similar findings in 2020.