



GREATER PORTLAND TRANSIT DISTRICT

Financial Statements

For the Years Ended December 31, 2022 and 2021

GREATER PORTLAND TRANSIT DISTRICT
Financial Statements
For the years ended December 31, 2022 and 2021

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Certified Public Accountants and Business Consultants

Independent Auditor's Report

To the Board of Directors of the
Greater Portland Transit District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Greater Portland Transit District, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Greater Portland Transit District, as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Greater Portland Transit District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Greater Portland Transit District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Greater Portland Transit District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Portland Transit District's basic financial statements. The Schedule of Revenues and Expenses – Budget and Actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Revenues and Expenses – Budget and Actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenses – Budget and Actual is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023, 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 solely 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 effectiveness of the District's 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 Greater Portland Transit District's internal control over financial reporting and compliance.



April 28, 2023
South Portland, Maine

GREATER PORTLAND TRANSIT DISTRICT
Management Discussion and Analysis
Fiscal Year Ended December 31, 2022

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 and Westbrook, and the Towns of Falmouth, Yarmouth, Freeport, and Brunswick. 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 audit of expenses and department agreements in accordance with the *Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP)*. This audit is required to confirm compliance with the internal control requirements relevant to the preparation and fair presentation of the schedule of expenditures of department agreements.

Financial Highlights

- **Capital Assets.** Capital assets, net of depreciation and amortization increased in 2022 by \$292,156, about 1.72%. This reflects the addition of two electric buses (the first in Metro's fleet), a charging station for those buses, a new service vehicle, two new passenger shelters placed in service, parking lot improvements, and renovation of our administration offices, including various office equipment. This was partially offset by annual asset depreciation and amortization, and three bus, one service vehicle, and one passenger shelter disposals.
- **Current Liabilities.** The increase in current liabilities of \$648,266, or 51.88%, reflects a \$376,981 and \$150,831 increase in accounts payable and other liabilities, respectively, a \$59,277 increase in accrued payroll costs, and increases in both current portions of notes and lease payable of \$16,650 and \$10,315, respectively at year-end. In addition, there is an increase of \$105,658 for deferred fare revenue, representing regional purchases of stored value and single ride tokens that have not yet been used for rides. These were partially offset by a decline in payables to other governments and the current portion of accrued compensated absences of \$65,479 and \$5,967, respectively.
- **Noncurrent Liabilities.** Noncurrent liabilities decreased by \$254,117, about 6.44%, of which \$258,637 is the principal reduction of our lease payable resulting from the initial recording of new lease accounting requirements. Refer to Page 16 for additional detail. Notes payable also declined due to regular principal paydowns over the year. Accrued compensated absences increased minimally by \$4,393, which primarily reflects wage increases partially offset by retirements and other employee terminations. Other postemployment benefits (OPEB) liability increased by \$32,777. The 2022 OPEB liability is \$803,410 as described on page 19.
- **Net Position.** Overall net position for GPTD increased by 4.89%, or \$762,641, primarily due to the net increase in capital assets over the year, most of which were funded with capital grants. Restricted net position, which is the unexpended portion of local match funds for awarded capital grants, increased by \$213,915. Unrestricted-unreserved net position decreased by 26.23%, or about \$207,752, which can largely be attributed to the transfer of net position to unrestricted, reserved for board policy. Detailed changes in net position are shown on page 9, and the allocation of net position is explained beginning on page 21. GPTD realized a net budgetary surplus (revenues minus expenditures) of \$183,921.
- GPTD finances its cash flow through issuance of an annual Tax Anticipation Note (TAN), in advance of receiving assessment payments from member communities.

GREATER PORTLAND TRANSIT DISTRICT
Management Discussion and Analysis, Continued
Fiscal Year Ended December 31, 2022

Relevant Financial Policies

The Board of Directors for the GPTD adopted a Financial Reserve Policy in 2018 with a goal of achieving and maintaining an unrestricted amount of net position of no less than 16.66%, or two months, of the subsequent year's operating budget expenditures. That Policy also requires an equal amount of cash to be restricted to match the amount reserved. On page 8, it shows that 2021 total Unrestricted Net Position was \$1,691,949. Of that amount, \$900,000 was reserved for the Policy, which has an equal amount of cash restricted, as required. This represented 6.45% of 2022 budgeted expenses. Any increase to that amount has to be supported by an equal increase in restricted cash, which ensures available funding for any use of the reserve.

The 2022 year-end unrestricted net position is \$1,684,197, which reflects the budgetary surplus of \$183,921 and is a slight decrease from 2021 of \$7,752. In an effort to move closer to its Board Policy goal, GPTD management increased the level of reserves to \$1,100,000 in 2022, which leaves a balance of \$584,197 in unrestricted net position. The unrestricted, reserved for Board policy amount of \$1,100,000, is about 7.57% of 2023 budgeted operating expenses. Page 22 shows the amount of restricted cash. The full Policy calculation, at 16.66%, would require a reserve of \$2,421,852 for the 2023 budget amount. Note that any increase in budgeted operating expenses impacts the percentage.

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 an integral part of understanding these Statements.

Budgeted Revenues

Revenues were under budgeted amounts by 0.23%, or about \$32,499, and 13.54%, or \$1,660,709, above the 2021 total. Most of the variances in revenues can be attributed to the reallocation of federal assistance to future programs, partially offset by a rise in passenger and organization paid fares, and advertising revenues. Refer to the budget to actual schedule on page 25 for detailed information.

Passenger Fares. Collected passenger fares were over budget by about 26.37%, or \$440,049. In an effort to provide economic relief and spur ridership during the pandemic, GPTD suspended collection of passenger fares in March 2021, however resumed collection in October 2021. In addition, GPTD launched an Automated Fare Collection System and a fare increase, that was originally scheduled for early 2021, but were implemented when fare collection resumed in October 2021. In 2022, ridership continued moving upward, increasing by 243,414 rides, almost 23.97% from 2021. Despite the gains made over the year, fare recovery from the pandemic in 2022 remained below pre-pandemic levels, likely due to ridership at approximately 60.00% of pre-pandemic levels. Fares as well as ridership in 2021 were also sharply decreased due to the pandemic, with ridership at approximately 48.00% of pre-pandemic levels.

Advertising Revenue. Collected revenue from transit advertising far surpassed budget at 79.39%, or \$154,816 higher than the budgeted estimate, and \$155,572, or 80.09%, higher than in 2021. These variances can be directly related to the continued economic recovery from COVID-19. A number of advertising contracts are now in place, as a number of contracts were cancelled in 2021.

Federal and State Assistance. Collections from Federal and State agencies was .582% lower than 2021, or down by \$36,910. GPTD was awarded a Coronavirus Aid, Relief, and Economic Security (CARES) Act - grant, which funded 100% of all operating costs for five months of 2021. In 2022, less CARES Act grant funds were available to fund operating costs, as other planned grant uses such as metropolitan planning and renovation projects began or were completed. GPTD also received its annual operating grant and collected funds for the other months of the year.

GREATER PORTLAND TRANSIT DISTRICT
Management Discussion and Analysis, Continued
Fiscal Year Ended December 31, 2022

Total federal and state assistance for 2022 was 8.99% lower than budgeted, or \$622,449, which is primarily attributed to other planned uses of the CARES Act funding received. However, this funding covered all costs, including Transit West and Preventative Maintenance operating costs, which left available balances in the annual operating grant that can be accessed for future eligible costs.

Local Investment. Payments from communities were \$529,631, or 13.14%, higher than in 2021. This was a result of an additional \$177,138, or approximately 4.04% in local assessments and match for operating and capital costs. Further, the 2022 assessment did not include the CARES Act funding credit of \$351,661 which was the major contributor to the 2022 increase. In addition to member community assessments, local investment includes contributions from Gorham, who is a non-member community for the Transit West expansion.

Budgeted Expenses

Total operating expenses for 2022 were under budget by 1.55%, or \$216,420, and about 15.05%, or \$1,797,708 more than 2021. The majority of the increase was incurred in personnel and utility cost increases. The budget to actual schedule for expenses begins on page 26.

Wages and benefits (personnel). Total wages and benefits costs were about 10.65% higher, or \$952,841 than in 2021. This not only reflects a 3.00% wage increase for all employees and step increases for union employees, but a significant increase in overtime pay used to incentivize voluntary OT due to the shortage of bus operators and fleet care workers over the year, along with a one-time, negotiated inflationary relief payment made to all employees in 2022. Health insurance premiums saw single digit increases in 2022, with stable pricing for dental and vision. Lower than anticipated benefit cost increases allowed benefits to be under expended by \$209,246, along with the staffing shortages experienced. Overall, wages and benefits were under budget by 0.53%, or \$52,244 in 2022.

Fleet parts and services and fuel. The cost of maintaining the fleet combined with fuel costs, were under budget by \$54,191, about 5.88% with a savings in diesel fuel of \$18,722, and parts of \$61,498. Over expenditures were incurred in CNG fuel and electricity as a fuel of \$7,153 and \$4,732, respectively. Other over budget items included tires and tubes and grease and fluids of \$14,144. However, the total expense of both categories was \$30,909 lower than 2021. GPTD experienced unanticipated market pricing and gas supplier service cost increases, along with supply chain issues that pushed grease and fluids, tires, and CNG and electricity as a fuel over budget, but had locked in lower diesel fuel pricing in its current contract which resulted in net savings overall.

Advertising services. Advertising services were under budget by about 31.76%, or \$47,328. A majority of GPTD's advertising dollars are typically used for initiatives to grow ridership. As a result of COVID-19, certain initiatives were temporarily suspended, with some advertising spending redirected to pandemic-related recommendations and requirements onboard buses. Other advertising spending was redirected to stemming the workforce shortage. This resulted in the 2022 budgetary savings.

Contracted services. Contracted services were over budget by about 12.22%, or \$50,612. This is almost entirely due to intentional real estate broker services used to successfully sublet our current lease, which will defray existing lease costs until a final decision is made on GPTD's proposed new facility.

Utilities and telephone. The total cost of heat, electricity, phone, water, sewer, and storm water was under budget by about 9.70%, or \$41,830. Total costs increased 102.32% compared to 2021 due to a full year's lease operating costs in 2022, including utility-related cost increases of 29.07%.

Maintenance services. The total cost of maintenance services was under budget by 18.07%, or \$61,738. Costs budgeted for maintenance services and supplies, and snow plowing were under budget.

GREATER PORTLAND TRANSIT DISTRICT
Management Discussion and Analysis, Continued
Fiscal Year Ended December 31, 2022

Capital expense. Unbudgeted capital expense resulted from the need to balance fund GPTD's new service vehicle and parking lot improvements in 2022.

Growth and Initiatives

GPTD's progress in growing ridership through 2019 slowed during the pandemic, with overall ridership in 2022 being about 60% less than the pre-pandemic levels of 2019. Depressed ridership and the slow recovery means fare revenues have been, and are forecast to be below historical trends. Agencies are also facing significant budgetary pressure due to rising costs in all major categories (e.g., labor, services, commodities). Additionally, low unemployment and declining labor force participation rates aggravate transit agencies ability to recruit and retain qualified transit workers, particular for bus operator and mechanic jobs. As a result of the final drawdowns of federal emergency funding, the impact of depressed fare revenues, and the impact of rising costs, GPTD is forecasting a structural deficit for the years 2024-2027.

As with transit systems nationwide, agencies are working to adapt and grow mobility services in ways that will rebuild and grow ridership. In the near term, GPTD will implement a series of service improvements and capital projects aimed at improving the transit system and rebuilding ridership. These improvements are funded with American Rescue Plan Act funding and are targeted for implementation in 2023 and 2024.

GPTD is undertaking a strategic planning process in 2023 to outline major priorities and goals for the balance of the decade. Subject to public engagement and board approval, the following initiatives and areas of focus are likely to be covered as part of the completed strategic plan:

- Maintain assets in a state of good repair and ensure strong and reliable service continuity.
- Recruit and support qualified, committed employees while building a great place to work for everyone.
- Reconstruct and expand operations-maintenance facility to accommodate 100+ buses.
- Continue progress on electrification of transit fleet.
- Continue to seek funding for and implement service improvements that improve frequencies, expand hours, and make transit faster.
- Deploy micro-transit service in geographic zones where it can be productive while widening mobility coverage and integrations with fixed route bus system.
- Expand transit pass programs to more organizations and work toward creation of a low-income pass program backed by appropriate funding.
- Deploy technology projects that reduce transit system travel times and improve the customer experience.
- Continue improving bus stops to enhance accessibility, customer experience, and public perception of transit.
- Sustainably grow the agency's organizational and technical capacity to continue expanding the region's public transportation service and infrastructure.

Conclusion

GPTD's commitment to technology and infrastructure enhancements, along with a continued effort to introduce service and frequency improvements, allows the delivery of public transit services that are easily accessible, convenient, and increase mobility in its areas of operation. GPTD is confident that the increasing ridership trend that has continued into 2023 will lead to strengthening GPTD's future 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 Shelly Brooks, Finance Director, Greater Portland Transit District, 14 Valley Street, Portland, Maine 04102.

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

GREATER PORTLAND TRANSIT DISTRICT
Statements of Net Position
December 31, 2022 and 2021

	2022	2021 (restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,369,105	2,101,945
Accounts receivable	150,576	74,986
Receivables from other governments:		
Grants	1,168,388	1,004,786
Other	454,047	72,087
Lease receivable	777,730	-
Inventory	390,979	341,437
Prepaid expenses	87,594	107,788
Total current assets	5,398,419	3,703,029
Capital assets:		
Land	133,175	133,175
Construction in progress	96,027	213,876
Buildings and improvements	6,634,498	6,473,672
Vehicles	20,569,805	18,756,242
Passenger shelters	696,408	704,549
Equipment	5,406,225	4,713,636
Right to use asset - lease	2,035,170	2,035,170
Total capital assets	35,571,308	33,030,320
Less accumulated depreciation and amortization	18,261,099	16,012,267
Capital assets, net	17,310,209	17,018,053
Total assets	22,708,628	20,721,082
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to OPEB	\$ 99,794	127,603
Total deferred outflows of resources	99,794	127,603
LIABILITIES		
Current liabilities:		
Accounts payable	539,025	162,044
Payable to other governments	180,865	246,344
Accrued payroll and payroll taxes	234,994	175,717
Other liabilities	195,942	45,111
Unearned fare revenue	279,048	173,390
Current portion of accrued compensated absences	10,054	16,021
Current portion of notes payable	199,150	182,500
Current portion of lease payable	258,637	248,322
Total current liabilities	1,897,715	1,249,449
Noncurrent liabilities:		
OPEB obligation	803,410	770,633
Accrued compensated absences	150,937	146,544
Notes payable	1,210,350	1,243,000
Lease payable	1,528,211	1,786,848
Total noncurrent liabilities	3,692,908	3,947,025
Total liabilities	5,590,623	5,196,474
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to OPEB	86,940	53,508
Deferred inflows of resources related to leases	769,515	-
Total deferred inflows of resources	856,455	53,508
NET POSITION		
Net investment in capital assets	14,113,861	13,557,383
Restricted	563,286	349,371
Unrestricted, reserved for board policy	1,100,000	900,000
Unrestricted, unreserved	584,197	791,949
Total net position	\$ 16,361,344	15,598,703

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 32, 2022 and 2021

	2022	2021 (restated)
Operating revenues:		
Passenger fares	\$ 2,108,658	1,385,127
Rental income	97,602	40,228
Outside repairs, maintenance and CNG sales	13,868	25,799
Federal and state operating grants	7,462,819	7,363,153
Local assessments for operating	4,405,270	3,924,450
Advertising	349,816	194,244
Insurance proceeds	46,947	14,807
Autofare reimbursement	13,887	10,088
Miscellaneous income	27,859	20,120
Total operating revenues	14,526,726	12,978,016
Operating expenses before depreciation and amortization:		
Personnel	9,991,812	9,039,770
Temporary help	46,915	21,810
ADA Paratransit	408,210	350,479
Fuel	503,263	538,830
Dues and subscriptions	38,471	36,774
Other employee costs	44,366	25,286
Fleet parts and services	445,366	360,038
Insurance	364,131	325,138
Advertising	101,672	33,105
Office and building supplies	24,558	23,626
Contract services	1,355,530	1,070,980
Utilities	499,702	369,730
Maintenance costs	283,811	252,824
Total operating expenses before depreciation and amortization	14,107,807	12,448,390
Operating income (loss) before depreciation and amortization	418,919	529,626
Depreciation and amortization expense	2,379,379	1,920,972
Operating income (loss) after depreciation and amortization	(1,960,460)	(1,391,346)
Nonoperating revenues (expenses):		
Federal and state capital grants	2,877,703	1,071,342
Local assessments for capital	(26,286)	100,550
Wellness and training grants	3,156	3,014
Gain (loss) on disposal of capital assets	(103,573)	(5,455)
Interest income	48,027	6,109
Bank interest and fees	(21,602)	(19,645)
Interest on debt service	(54,324)	(48,994)
Total nonoperating revenues (expenses)	2,723,101	1,106,921
Change in net position	762,641	(284,425)
Net position, beginning of year, as restated	15,598,703	15,883,128
Net position, end of year	\$ 16,361,344	15,598,703

See accompanying notes to basic financial statements.

GREATER PORTLAND TRANSIT DISTRICT
Statements of Cash Flows
For the years ended December 31, 2022 and 2021

	2022	2021 (restated)
Cash flows from operating activities:		
Receipts from customers	\$ 2,254,740	1,785,550
Receipts from federal and state operating grants	7,299,217	7,129,387
Receipts from local sources	4,405,270	3,924,450
Receipts from insurance proceeds	46,947	14,807
Payments to suppliers	(3,613,331)	(3,684,108)
Payments to employees	(9,931,372)	(8,930,268)
Net cash provided by (used in) operating activities	461,471	239,818
Cash flows from investing activities:		
Interest income	48,027	6,109
Net cash provided by (used in) investing activities	48,027	6,109
Cash flows from capital and related financing activities:		
Local sources	(26,286)	100,550
Federal and State capital grants	2,877,703	1,071,342
Note issuance proceeds	166,500	-
Lease issuance proceeds	-	2,035,170
Principal payments on notes	(182,500)	(182,500)
Principal payments on lease	(248,322)	-
Proceeds from sale of capital assets	-	3,000
Purchase of capital assets	(2,775,109)	(3,200,578)
Interest payments	(54,324)	(48,994)
Net cash provided by (used in) capital and related financing activities	(242,338)	(222,010)
Net increase (decrease) in cash and cash equivalents	267,160	23,917
Cash and cash equivalents, beginning of year	2,101,945	2,078,028
Cash and cash equivalents, end of year	\$ 2,369,105	2,101,945
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (1,960,460)	(1,391,346)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,379,379	1,920,972
Bank interest and fees	(21,602)	(19,645)
Wellness and training grants	3,156	3,014
Amortization of deferred inflows and outflows of resources related to OPEB	61,241	(32,881)
Amortization of deferred inflows and outflows of resources related to leases	769,515	-
Change in operating assets and liabilities:		
Accounts receivable	(457,549)	15,634
Grants receivable	(163,602)	(233,766)
Lease receivable	(777,730)	-
Inventory	(49,542)	(21,058)
Prepaid expenses	20,194	(36,491)
Accounts payable	311,502	(264,706)
Accrued payroll and payroll taxes	59,277	39,552
Other liabilities	150,831	19,316
Deferred fare revenue	105,658	91,296
Accrued compensated absences	(1,574)	22,229
Net OPEB obligation	32,777	127,698
Net cash provided by (used in) operating activities	\$ 461,471	239,818

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-A, 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 cities of Portland and Westbrook, and the Towns of Falmouth, Yarmouth, Freeport, and Brunswick. The Board of Directors consists of five directors appointed from the City of Portland, three directors appointed from the City of Westbrook, two directors appointed from the Town of Falmouth, and one each from the Towns of Yarmouth, Freeport, and Brunswick.

Economic Dependency - The District is economically dependent upon grants from the Federal Transit Administration and subsidies from its member municipalities.

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.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services, operating grants from federal and state funding sources, and local member contributions. 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 Receivables from Other Governments - 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 expenses by responsible grantor agencies. Grants received prior to obligation or spending of funds are recorded as unearned grants.

Management believes that all accounts receivable and grants receivable at December 31, 2022 and 2021 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.

Net Position Reserve - The Board of Directors for the District adopted a Financial Reserve Policy in 2018 with a goal of achieving and maintaining an unrestricted amount of net position of no less than 16.66%, or two months, of the subsequent year's operating budget expenses. That Policy also requires an equal amount of cash to be restricted to match the amount reserved.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Inventory - Inventories are valued at the lower of cost (first-in, first-out basis) or market and are recorded as expenses when used (consumption method). Inventory consists of materials and supplies.

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 (except for intangible right-to-use lease assets, the measurement of which is discussed the leases note below) 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

*Including the right to use leased building

Deferred Inflows and Outflows of Resources - In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of total position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time.

The District has deferred outflows and inflows that relate to the total other postemployment benefits (OPEB) liability, which include the District's contributions subsequent to the measurement date, which is recognized as a reduction of the total OPEB liability in the subsequent year. They also include changes in assumptions and differences between expected and actual experience, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan.

The District also has lease related deferred inflows of resources that qualifies for reporting in this category of resources.

Leases

Lessee: The District is a lessee for a noncancellable lease of land and a building. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

At the commencement of a lease, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments, and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets on the statement of net position. The portions of lease liabilities due within one year are reported with current liabilities and the portions not due within one year are reported with noncurrent liabilities on the statements of net position.

Lessor: The District is the lessor for a non-cancellable sublease of a portion of the land and building that the District is leasing from another entity. The District has recognized a lease receivable and the related deferred inflows of resources in the financial statements. At the commencement of the lease, the District measures the lease asset at the present value of payments expected to be made during the lease term. Subsequently, the lease asset is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date. Subsequently, the lease deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the leases. Lease receipts included in the measurement of the lease receivable is composed of fixed payments, from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Accrued Compensated Absences - Under terms of personnel policies and union contracts 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 paid time off (PTO). For non-union employees, 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.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Union employees are paid out all accrued unused PTO and pro-rated vacation time based on length of service in the year of termination.

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, 2022, the District reported deposits of \$2,369,105 with a bank balance of \$2,492,549. The District’s entire bank balance is insured by federal depository insurance.

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.

CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2022 was as follows:

	Balance 12/31/2021 <u>(restated)</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2022</u>
Capital assets not being depreciated:				
Land	\$ 133,175	-	-	133,175
Construction in progress	213,876	18,695	136,544	96,027
Total capital assets not being depreciated	347,051	18,695	136,544	229,202
Capital assets being depreciated:				
Buildings and improvements	6,473,672	160,826	-	6,634,498
Vehicles	18,756,242	2,026,161	212,598	20,569,805
Passenger stations	704,549	13,382	21,523	696,408
Equipment	4,713,636	692,589	-	5,406,225
Right to use asset – lease	2,035,170	-	-	2,035,170
Total capital assets being depreciated	32,683,269	2,892,958	234,121	35,342,106

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

Less accumulated depreciation for:				
Buildings and improvements	\$ 5,220,647	236,144	-	5,456,791
Vehicles	6,888,163	1,664,836	126,074	8,426,925
Passenger stations	126,285	35,049	4,473	156,861
Equipment	3,777,172	145,520	-	3,922,692
Right to use asset – lease	-	297,830	-	297,830
Total accumulated depreciation	16,012,267	2,379,379	130,547	18,261,099
Total capital assets being depreciated, net	16,671,002	513,579	103,574	17,081,007
Capital assets, net	\$ 17,018,053	532,274	240,118	17,310,209

LONG-TERM DEBT

The following is a summary of long-term liability transactions of the District for the year ended December 31, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Notes from direct borrowing	\$ 1,425,500	166,500	182,500	1,409,500	199,150
Other postemployment liabilities	770,633	32,777	-	803,410	-
Accrued compensated absences	162,565	24,197	25,771	160,991	10,054
Leases payable	2,035,170	-	248,322	1,786,848	258,637
Total long-term liabilities	\$ 4,393,868	223,474	456,593	4,160,749	467,841

Notes payable at December 31, 2022 are comprised of the following individual issues:

	<u>Date of issue</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Balance 12/31/22</u>	<u>Balance 12/31/21</u>
2018 Buses	2018	\$ 855,000	1.92-2.99%	11/1/2028	513,000	598,500
2019 Buses	2019	460,000	1.72-2.39%	11/1/2029	322,000	368,000
2020 Buses	2020	510,000	1.24-1.74%	11/1/2030	408,000	459,000
2022 Buses	2022	166,500	3.52-4.02%	11/1/2032	166,500	-
Total notes payable					\$ 1,409,500	1,425,500

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

The annual requirements to amortize notes payable outstanding as of December 31, 2022 are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 199,150	33,487	232,637
2024	199,150	29,215	228,365
2025	199,150	24,746	223,896
2026	199,150	20,153	219,303
2027	199,150	15,415	214,565
2028-2032	413,750	20,824	434,574
Totals	\$ 1,409,500	143,840	1,553,340

LEASES PAYABLE

During 2021, the District entered into a seven-year lease agreement as lessee for the use of land and a building. An initial lease liability was recorded in the amount of \$2,035,170 during 2021. As of December 31, 2022 the value of the lease liability was \$1,786,848. The District was required to make monthly principal and interest payments of \$27,083 for the period of January to October 2022 and \$27,625 for the period of November and December 2022, adjusted for a 2% increase each year annually in November. The lease has an interest rate of 4.43% derived from the District's estimated incremental borrowing rate. The value of the right-to-use asset as of the end of 2022 was \$2,035,170 and had \$297,830 in accumulated amortization as of December 31, 2022.

The future principal and interest lease payments as of December 31, 2022 were as follows:

	<u>Lease Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 258,637	73,968	332,605
2024	277,118	62,139	339,257
2025	296,571	49,471	346,042
2026	317,042	35,921	352,963
2027	338,580	21,443	360,023
2028	298,900	6,102	305,002
Totals	\$ 1,786,848	249,044	2,035,892

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 Transit 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 Transit District carries commercial insurance.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

PENSION PLAN

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

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

The District matches voluntary union and nonunion employee contributions to a 401 (a) plan. All contributions are voluntary and in fiscal year 2022, the District contributed up to 7.5% of the employees' gross pay, compared to 7.0% in 2021, the District contributed 15% of the General Manager's compensation, without regard to his contribution, for the years ended December 31, 2022 and 2021, respectively.

For the years ended December 31, 2022 and 2021, respectively, employee contributions amounted to \$0 and \$0 and employer contributions were \$429,409 and \$371,495.

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, 2022 and 2021 respectively, employee contributions amounted to \$525,186 and \$456,392 and employer contributions were \$0 and \$0.

LEASES RECEIVABLE

During 2022, the District entered into a leasing arrangement through which the District subleased part of the land and building that the District began leasing in 2021. The sublease is for a five-year term and the District will receive monthly payments of \$14,537, adjusted for a 2% increase each year annually in October.

The District recognized \$82,844 in lease revenue and \$14,757 in related interest revenue during 2022. As of December 31, 2022, the District's receivable for lease payments was \$777,730. Also, the District has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$769,515.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plans

Plan Description - The District sponsors a postretirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Board of Directors have the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - Retirees with a minimum of age 55 and 5 years of service at retirement are eligible for postretirement health insurance benefits. The eligibility for explicit subsidy is age 62 and 20 years of service. The explicit subsidy represents the contributions towards retiree health insurance that District pays. Currently, the District provides an explicit subsidy of 100% of single Pre-Medicare coverage. The District does not provide any subsidy for spouses.

Employees Covered by Benefit Terms – At December 31, 2022, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employee entitled to but not yet receiving benefits	-
Active employees	89
Total	<u>91</u>

Contributions - The District is required to pay 100% of the health insurance premiums toward single Pre-Medicare coverage, the total District contributions for the year ended December 31, 2022 were \$8,145.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The District's total Health Plan OPEB liability of \$803,410 was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Changes in the Total Health Plan OPEB Liability

		Total OPEB Liability
Balance at December 31, 2021	\$	770,633
Changes for the year:		
Service cost		80,573
Interest		17,960
Changes of benefit terms		-
Differences between expected and actual experience		(53,799)
Changes in assumptions or other inputs		(3,812)
Benefit payments		(8,145)
Net changes		<u>32,777</u>
Balance at December 31, 2022	\$	<u><u>803,410</u></u>

Change in assumptions reflects a change in the discount rate from 2.12% to 2.06%.

For the year ended December 31, 2022, the District recognized OPEB expense of \$94,817 related to the Health Plan. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	86,940
Changes of assumption or other inputs		90,764	-
Contributions after measurement date		9,030	-
Total	\$	<u>99,794</u>	<u>86,940</u>

An amount of \$9,030 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

Year ended December 31:		
2023	\$	5,129
2024		5,135
2025		702
2026		7,975
2027		(718)
Thereafter		(14,399)

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2022 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Inflation	2.40% per annum
Salary increases	2.75% per annum
Discount rate	2.06%
Healthcare cost trend rates	7.67% Non-Medicare, decreasing to 3.53% by 2042.
Retirees' share of the benefit related costs	100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table projected generationally using the RPEC 2020 model.

The actuarial assumptions used in the January 1, 2022 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2016 through June 30, 2020.

Discount Rate - The rate used to measure the total OPEB liability for the Health Plan was 2.06%. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate – The following presents the District's total OPEB liability related to the Health Plan calculated using the discount rate of 2.06%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.06%) or 1 percentage-point higher (3.06%) than the current rate:

	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB liability	\$ 941,211	803,410	691,274

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the District's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 677,391	803,410	965,249

SHORT-TERM LIABILITIES

The District obtained short-term borrowing in the form of a tax anticipation note for immediate cash flow needs. Short-term liability transactions for the year ended December 31, 2022 were as follows:

	Beginning Balance	Additions	Deletions	Ending balance
Tax anticipation note	\$ -	3,350,001	3,350,001	-

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Capital assets	\$ 35,571,308	33,030,320
Accumulated depreciation	(18,261,099)	(16,012,267)
Notes payable	(1,409,500)	(1,425,500)
Lease payable	(1,786,848)	(2,035,170)
Total net investment in capital assets	\$ 14,113,861	13,557,383

The District's net position at December 31, 2022 and 2021 was restricted for the local match of the following grants and projects:

		<u>2022</u>	<u>2021</u>
ME-90-X213	2015 Operating Assistance & Cap Maintenance	\$ -	7,630
ME-2016-016	2016 Operating Assistance & Cap Maintenance	14,632	34,455
ME-2016-017	Regional Bus Shelter/Sign Project	7,730	8,002
ME-2017-008	2017 Operating Assistance & Cap Maintenance	30,083	31,083
ME-2017-007	Northern Service Expansion - Phase 2	-	150
ME-2018-016	2018 Operating Assistance & Cap Maintenance	-	3,039
ME-2019-010	2019 Operating Assistance & Cap Maintenance	10,000	10,000
ME-2019-013	Electric Bus Project	-	84,225
ME-2020-025	2020 Operating Assistance & Cap Maintenance	28,989	37,229
ME-2021-016	2021 Operating Assistance & Cap Maintenance	73,108	44,000
ME-2022-011	2022 Operating Assistance & Cap Maintenance	14,000	-
ME-2023-002	BREEZ Bus Replacement	165,926	-
N/A	Facility	5,000	5,000
N/A	Bus Stop Improvement	70,000	30,000
N/A	2018 Operations - Electric signs	42,958	42,958
N/A	RTP Reno	10,000	10,000
N/A	Security	10,000	-
N/A	TSAP – Construction	73,460	-
N/A	Proceeds On Sale of FTA Assets	7,400	-
N/A	Bus painting	-	1,600
Total restricted net position		\$ 563,286	349,371

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

NET POSITION, CONTINUED

The District has set aside cash balances to support restricted net position and unrestricted net position, reserved for board policy to ensure that cash will be on hand when these amounts are drawn upon. As of December 31, 2022 and 2021, the District has designated the following amounts of net position within cash and cash equivalents:

	<u>2022</u>	<u>2021</u>
Restricted net position	\$ 563,286	349,371
Unrestricted, reserved for board policy	1,100,000	900,000
Total	\$ 1,663,286	1,249,371

PRIOR PERIOD ADJUSTMENT

In 2022, the District identified a capital asset that was not properly recorded in the prior fiscal year. An adjustment to net position as of December 31, 2021 is as follows:

Net position, December 31, 2021, as previously reported	\$ 15,491,922
Capital asset addition erroneously excluded in 2021	106,781
Net position, December 31, 2021, as restated	\$ 15,598,703

For the fiscal year ended December 31, 2022, the District has elected to implement Statement No. 87 of the Government Accounting Standards Board – *Leases*. As a result of implementing GASB Statement No. 87, the assets and liabilities for the year ended December 31, 2021 have been increased by \$2,035,170 each. As of December 31, 2021, there was no effect on net position due to the implementation of GASB Statement No. 87.

GREATER PORTLAND TRANSIT DISTRICT
Required Supplementary Information

Schedule of Changes in the District's Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	2022	2021	2020	2019
Total OPEB Liability				
Service cost	\$ 80,573	70,683	45,853	50,269
Interest	17,960	19,447	23,597	19,542
Changes of benefit terms	-	-	(13,451)	-
Differences between expected and actual experience	(53,799)	-	(44,040)	-
Changes of assumptions or other inputs	(3,812)	45,400	104,895	(50,926)
Benefit payments	(8,145)	(7,832)	(7,152)	(6,877)
Net change in total OPEB Liability	32,777	127,698	109,702	12,008
Total OPEB liability - beginning	770,633	642,935	533,233	521,225
Total OPEB liability - ending	\$ 803,410	770,633	642,935	533,233
Covered-employee payroll	\$ 5,023,094	4,688,671	4,688,671	3,885,661
Total OPEB liability as a percentage of covered-employee payroll	15.99%	16.44%	13.71%	13.72%

* Only four years of information available.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Required Supplementary Information

Total OPEB Liability

Changes of Benefit Terms (OPEB) - None

Changes of Assumptions (OPEB) - Under the Health Plan - MMEHT, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Discount Rate</u>
2022	2.06%
2021	2.12%
2020	2.74%
2019	4.10%
2018	3.44%

In 2018 through 2021, mortality rates were based on the RP2014 total data set healthy annuitant mortality table. In 2022, mortality rates were based on the 2010 Public Plan General Benefits- Weighted Employee Mortality Table.

Additionally, the valuation method for the District Health Plan was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

SCHEDULES

GREATER PORTLAND TRANSIT DISTRICT
Schedule of Revenues and Expenses - Budget and Actual - Budgetary Basis
For the year ended December 31, 2022
(With Comparative Actual Amounts for the year ended December 31, 2021)

2022						
	Budgeted amounts		Actual	Variance with	2021	(restated)
	Original	Final		final budget		
				(negative)		
Revenues:						
Passenger fares:						
Regular fares	\$ 1,067,511	1,067,511	1,325,270	257,759		1,140,893
Organization paid fares	601,098	601,098	783,388	182,290		244,234
Total passenger fares	1,668,609	1,668,609	2,108,658	440,049		1,385,127
Federal assistance:						
Operating assistance	3,477,838	3,477,838	3,247,517	(230,321)		2,424,171
CARES act	1,907,368	1,907,368	1,400,000	(507,368)		2,039,840
ADA paratransit	340,000	340,000	326,566	(13,434)		280,383
Western expansion	174,000	174,000	219,674	45,674		650,000
Preventive maintenance	1,025,000	1,025,000	1,107,990	82,990		944,263
Total federal assistance	6,924,206	6,924,206	6,301,747	(622,459)		6,338,657
State assistance	397,760	397,760	397,770	10		207,926
Local investment:						
Members	4,529,642	4,529,642	4,527,730	(1,912)		3,998,099
Non-members	33,000	33,000	33,000	-		33,000
Total local investment	4,562,642	4,562,642	4,560,730	(1,912)		4,031,099
Miscellaneous:						
Rental of property	136,416	136,416	97,602	(38,814)		40,228
Fleet maintenance services	5,000	5,000	6,000	1,000		9,915
Advertising	195,000	195,000	349,816	154,816		194,244
Interest income	15,000	15,000	48,027	33,027		6,109
Fuel sales	22,800	22,800	7,868	(14,932)		15,884
Autofare reimbursement	13,286	13,286	13,887	601		10,088
Wellness grant	6,000	6,000	1,284	(4,716)		3,014
Training grant	-	-	1,872	1,872		-
Miscellaneous income	8,900	8,900	27,859	18,959		20,120
Total miscellaneous	402,402	402,402	554,215	151,813		299,602
Total revenues	13,955,619	13,955,619	13,923,120	(32,499)		12,262,411

GREATER PORTLAND TRANSIT DISTRICT
Schedule of Revenues and Expenses - Budget and Actual - Budgetary Basis, Continued
For the year ended December 31, 2022

2022						
	Budgeted amounts		Actual	Variance with final budget positive (negative)	2021 (restated)	
	Original	Final				
Expenses:						
Personnel:						
Regular wages and salaries	\$ 6,452,749	6,452,749	6,265,635	187,114	5,878,451	
Overtime	537,934	537,934	882,050	(344,116)	345,709	
Benefits	2,959,355	2,959,355	2,750,109	209,246	2,720,793	
Total personnel	9,950,038	9,950,038	9,897,794	52,244	8,944,953	
Temporary help	-	-	46,915	(46,915)	21,810	
ADA paratransit	425,000	425,000	408,210	16,790	350,479	
Fuel:						
CNG fuel	99,500	99,500	106,653	(7,153)	99,606	
Diesel fuel	405,600	405,600	386,878	18,722	439,224	
Electricity	5,000	5,000	9,732	(4,732)	-	
Total fuel	510,100	510,100	503,263	6,837	538,830	
Dues and subscriptions:						
Dues and subscriptions	28,890	28,890	29,382	(492)	28,439	
HRA annual dues	7,204	7,204	8,514	(1,310)	7,759	
Licenses and permits	1,430	1,430	575	855	576	
Total dues and subscriptions	37,524	37,524	38,471	(947)	36,774	
Other employee costs:						
Wellness program	4,500	4,500	1,789	2,711	2,563	
Meals and hosting	8,500	8,500	10,460	(1,960)	5,993	
Travel, conferences, meetings	19,430	19,430	9,504	9,926	9,976	
Employment services	11,000	11,000	13,898	(2,898)	6,754	
Total other employee costs	43,430	43,430	35,651	7,779	25,286	
Fleet parts and services:						
Parts	301,350	301,350	239,852	61,498	238,030	
Tires and tubes	58,375	58,375	60,245	(1,870)	66,285	
Greases and fluids	51,900	51,900	64,174	(12,274)	55,298	
Total fleet parts and services	411,625	411,625	364,271	47,354	359,613	
Insurance	369,884	369,884	364,131	5,753	325,138	
Advertising:						
Advertising	127,500	127,500	86,862	40,638	21,569	
Fare media	11,000	11,000	1,690	9,310	5,720	
Marketing supplies	10,500	10,500	13,120	(2,620)	5,816	
Total advertising	149,000	149,000	101,672	47,328	33,105	
Office and building supplies:						
Supplies	19,500	19,500	22,304	(2,804)	21,496	
Postage	4,934	4,934	2,254	2,680	2,130	
Total office and building supplies	24,434	24,434	24,558	(124)	23,626	

GREATER PORTLAND TRANSIT DISTRICT
Schedule of Revenues and Expenses - Budget and Actual - Budgetary Basis, Continued
For the year ended December 31, 2022

2022					
	Budgeted amounts		Actual	Variance with final budget positive (negative)	2021 (restated)
	Original	Final			
Contract services:					
Technology services	\$ 180,069	180,069	177,873	2,196	132,011
Legal fees	33,500	33,500	49,587	(16,087)	75,765
Audit fees	24,500	24,500	23,500	1,000	20,500
Other contracted services	158,100	158,100	147,777	10,323	73,398
Real estate broker services - lease	15,000	15,000	63,783	(48,783)	-
Miscellaneous services	3,100	3,100	2,361	739	4,891.00
Total contract services	414,269	414,269	464,881	(50,612)	306,565
Utilities and telephone:					
Heating fuel	163,686	163,686	165,246	(1,560)	108,119
Electricity	157,330	157,330	121,646	35,684	105,780
Water/sewer/storm water	44,610	44,610	36,086	8,524	32,784
Phone/cell/internet	62,539	62,539	63,660	(1,121)	52,878
Real estate taxes - lease	32,000	32,000	35,302	(3,302)	-
Operating lease	329,688	329,688	326,083	3,605	70,169
Total utilities and telephone	789,853	789,853	748,023	41,830	369,730
Maintenance costs:					
Maintenance services	191,664	191,664	175,372	16,292	142,188
Copier maintenance	5,000	5,000	6,236	(1,236)	2,862
Maintenance supplies	123,000	123,000	94,693	28,307	102,744
Snow plowing and removal	22,000	22,000	3,625	18,375	-
Total maintenance costs	341,664	341,664	279,926	61,738	247,794
Bank and credit card fees	25,000	25,000	21,602	3,398	19,645
Capital match	155,460	155,460	155,460	-	106,649
Capital expense	-	-	47,547	(47,547)	-
Debt service principal	182,500	182,500	182,500	-	182,500
Debt service interest	80,838	80,838	54,324	26,514	48,994
Fund balance restoration	45,000	45,000	-	45,000	-
Total expenditures	13,955,619	13,955,619	13,739,199	216,420	11,941,491
Change in net position - budgetary basis	-	-	183,921	183,921	320,920

GREATER PORTLAND TRANSIT DISTRICT
Schedule of Revenues and Expenses - Budget and Actual - Budgetary Basis, Continued
For the year ended December 31, 2022

	<u>Budgeted amounts</u>		Actual	Variance with final budget positive (negative)
	Original	Final		
Reconciliation to GAAP:	\$			
Unbudgeted federal and state capital grants			2,877,703	
Unbudgeted federal and state operating grants			763,302	
Unbudgeted capital maintenance expense			(3,885)	
Unbudgeted contracted services			(890,649)	
Unbudgeted supplies/parts			(81,095)	
Unbudgeted other employee costs			(8,715)	
Unbudgeted local contributions			(181,746)	
Depreciation and amortization expense			(2,379,379)	
Insurance proceeds			46,947	
Capitalized local match			155,460	
Capitalized expense			47,547	
Principal payment on debt service			182,500	
Other postemployment benefits expense			(94,018)	
Lease capitalization / GASB 87 adjustments			248,321	
Gain (loss) on disposal of capital assets			(103,573)	
Net change in net position - GAAP basis			762,641	
Net position, beginning of year, restated			15,598,703	
Net position, end of year	\$		16,361,344	