

State Compliance Audit

Greater Portland Transit District

December 31, 2012



Proven Expertise and Integrity

GREATER PORTLAND TRANSIT DISTRICT

DECEMBER 31, 2012

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INDEPENDENT AUDITORS' REPORT

March 19, 2013

Board of Directors
Greater Portland Transit District
Portland, Maine

We have audited the accompanying financial statements of the business-type activities of Greater Portland Transit District as of and for the year ended December 31, 2012 and 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Greater Portland Transit District's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Maine Uniform Accounting and Auditing Practices for Community Agencies. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Greater Portland Transit District as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2013, on our consideration of Greater Portland Transit District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greater Portland Transit District's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RHR Smith & Company

Certified Public Accountants

**Greater Portland Transit District
Management's Discussion and Analysis
Fiscal Year Ended 2012**

The Greater Portland Transit District (GPTD) is a not for profit, quasi-governmental organization providing public transportation to the member cities of Portland, Westbrook and the Town of Falmouth. As management of GPTD, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of GPTD for the fiscal year ended December 31, 2012.

GPTD's basic financial statements include the following:

- Statements of Net Assets
- Statements of Revenues, Expenses, and Changes in Net Assets
- Statements of Cash Flows
- Statement of Changes in Net Assets
- Notes to the Financial Statements

Financial Highlights

This MD & A is a narrative of the key financial activities for the District's fiscal year ended December 31, 2012 as part of its audited financial statements.

GPTD's net assets of \$6,652,127 reflected an increase of \$1,994,034 from 2011.

Net change for total current assets was an increase of \$255,102.

Total operating revenues increased \$2,612 and non-operating revenues increased \$448,029 net of a state title transfer of buses valued at \$2,480,923.

Total expenses excluding depreciation increased \$114,783.

A more detailed narrative follows the presentation of each financial statement.

**Greater Portland Transit District
Management's Discussion and Analysis, Continued**

Comparison of Financial Statements for Current and Prior Years

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Assets:			
Current Assets:			
Cash	\$ 698,622	\$ 462,351	\$ 236,271
Investments		133	(133)
Accounts receivable	276,170	229,419	46,751
Inventory	248,467	249,152	(685)
Prepaid expenses	14,224	41,326	(27,102)
Net Property and Capital Assets	6,350,011	4,547,300	1,802,711
Total Assets	<u>\$ 7,587,494</u>	<u>\$ 5,529,680</u>	<u>\$ 2,057,813</u>
Liabilities:			
Current Liabilities			
Accounts payable	\$ 118,144	\$ 152,425	\$ (34,281)
Accrued payroll expenses	102,524	90,728	11,796
Accrued compensated absences	118,522	120,495	(1,973)
Other liabilities	207,945	81,032	126,913
Current portion of long-term obligations	40,523	39,288	1,235
Total Current Liabilities	<u>587,658</u>	<u>483,968</u>	<u>103,690</u>
Noncurrent Liabilities			
Noncurrent portion of long-term obligations			
Bonds payable	347,709	387,619	(39,910)
Total Noncurrent Liabilities	<u>347,709</u>	<u>387,619</u>	<u>(39,910)</u>
Total Liabilities	<u>\$ 935,367</u>	<u>\$ 871,587</u>	<u>\$ 63,780</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 5,961,779	\$ 4,120,393	\$ 1,841,386
Temporarily restricted	261,435	335,000	(73,565)
Unrestricted Net Assets	428,913	202,700	226,213
Total Net Assets	<u>\$ 6,652,127</u>	<u>\$ 4,658,093</u>	<u>\$ 1,994,034</u>

**Greater Portland Transit District
Management's Discussion and Analysis, Continued**

Current assets reflect an increase of \$255,102 from 2011. The most significant changes are with the cash and accounts receivable accounts. Cash increased \$236,271 and accounts receivable increased \$46,751. The net change for the two accounts was an increase of \$283,022. Prepaid Expenses decreased \$27,102 because there was no prepaid insurance balance.

The accounts receivable balance includes a trade A/R balance of \$119,974 which reflects a decrease of \$14,259; an advertising receivable of \$45,929, reflecting an increase of \$6,292; a federal rebate due of \$75,069, that is an increase of \$63,915 for CNG usage by our buses and those of the School District and RTP common area charges due of \$26,373. Other miscellaneous receivables decreased \$11,698.

Inventory decrease for the year amounted to \$685. Bus parts inventory decreased \$7,738 while diesel increased \$12,379 in value. Inventories of various lubricants and gasoline decreased in value.

Property, plant and equipment value increased \$2,169,978 from 2011. Accumulated depreciation increased \$367,268. Depreciation expense for the year was \$1,069,409. The seven 2011 Gillig buses purchased by MDOT last year were transferred to the District's books. This transferred value was \$2,480,923 for the buses with \$379,030 in accumulated depreciation

The District replaced the roof on the bus garage and the high bay area over the maintenance section of the administration and maintenance building. The cost for this project was \$257,289 and involved the removal of ballast as well as replacing the roofing material. Additional insulation was added as required. Other costs included \$42,430 for architectural and engineering charges related to the roofing and future bus lift replacement projects.

Transportation related equipment purchases included the purchase of a 2013 GMC Yukon and a GMC pickup truck for \$34,243 and \$43,660 respectively. The District also purchased \$25,049 worth of bus tires and \$42,824 in replacement parts.

Shop and garage equipment increased \$4,589 for a new salt/sand spreader. Office equipment and computer equipment increased \$4,341 for workstations and related purchases.

**Greater Portland Transit District
Management's Discussion and Analysis, Continued**

Liabilities

Total liabilities increased \$63,780 from 2011.

Accounts payable decreased \$34,281 to \$118,144.

Accrued payroll liabilities of \$221,046 were higher by \$9,823. Most of the increase was due to unpaid wages for the final week of December that were earned but not paid at year end.

Uncompensated absences decreased \$1,973.

Other Liabilities increased \$126,913 from the prior year. Included is a reserve of \$25,030 for GASB 45, 2011 valuation, \$133,356 reserved for HRA plan and \$8,000 for emergency related compressor station repair. Most of the increase in other liabilities is due to the additional HRA reserves. The goal for the HRA reserve is \$240,000

Long Term Debt

The District incurred debt in the form of two, ten year bonds with Bangor Savings Bank. The original amounts due were \$335,000 to be used for capital structural improvements and \$111,086 which was the local match required for three 2011 Gillig buses that were put in service in 2011. This liability decreased \$39,910 as a result of 2012 principal payments.

Net Assets

Net assets, invested in capital assets net of related debt, increased \$1,841,386 as a result of the transfer of Gillig buses to the District's books as well as purchases of property plant and equipment.

Unrestricted net assets increased to \$428,913 from \$202,700. Restricted net assets decreased \$73,565.

**Greater Portland Transit District
Management's Discussion and Analysis, Continued**

Statement of Revenues, Expenses, & Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>Change</u>
OPERATING REVENUES			
Passenger fares	\$ 1,779,927	\$ 1,744,713	\$ 35,214
Outside maintenance and rental	2,750	2,750	-
Advertising	184,620	217,222	(32,602)
TOTAL OPERATING REVENUES	<u>1,967,297</u>	<u>1,964,685</u>	<u>2,612</u>
OPERATING EXPENSES			
General administration	876,239	831,200	45,039
Transportation	4,056,914	4,086,162	(29,248)
Maintenance	1,411,580	1,312,588	98,992
Depreciation	1,069,409	761,484	307,925
TOTAL OPERATING EXPENSES	<u>7,414,142</u>	<u>6,991,434</u>	<u>422,708</u>
OPERATING (LOSS)	<u>(5,446,845)</u>	<u>(5,026,749)</u>	<u>(420,096)</u>
NONOPERATING REVENUES (EXPENSES)			
Operating assistance			
Federal grants	1,316,486	1,316,486	-
State grants	83,746	84,679	(933)
Local subsidies	2,841,094	2,792,354	48,740
Capital grants	590,156	209,564	380,592
Transfer of Buses from State	2,480,923	-	2,480,923
PSD & RTP Services	29,232	23,838	5,394
Falmouth Route 7 formula funding	68,166	69,251	(1,085)
Interest income	543	116	427
Miscellaneous income	110,905	83,390	27,515
Interest expense	(29,619)	(23,711)	(5,908)
Extraordinary expenses	-	(1,466)	1,466
Gain (loss) on sale of assets	(50,753)	(42,574)	(8,179)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>7,440,879</u>	<u>4,511,927</u>	<u>2,928,952</u>
INCREASE (DECREASE) IN NET ASSETS	1,994,034	(514,822)	2,508,856
NET ASSETS - JANUARY 1	<u>4,658,093</u>	<u>5,172,915</u>	<u>(514,822)</u>
NET ASSETS - DECEMBER 31	<u>\$ 6,652,127</u>	<u>\$ 4,658,093</u>	<u>\$ 1,994,034</u>

**Greater Portland Transit District
Management's Discussion and Analysis, Continued**

Passenger fare revenues increased \$35,216 or 2% from 2011. Full fares increased \$12,628 or 1.6%, however Day Pass sales decreased \$21,882. Monthly pass revenue increased \$52,383 or 8.3%. Sales of student, 10 ride, scrip, and park & shop sales saw a net decrease of \$8,690 from 2011 results. MaineCare monthly pass sales increased \$32,360 or 7.7% from 2011.

Advertising revenue of \$184,620 decreased \$32,602 or 15% from 2011. Ad placement was down from the prior year. Municipal fuel sales (CNG) increased \$9,143 and our GEG credit increased \$17,855 because we pumped more fuel than in the prior year when the Orion buses were being used less frequently due to turbo and related engine failures at a high frequency.

Local operating subsidies increased \$48,740 to \$2,841,094 from 2011's subsidy of \$2,792,354. The local subsidy represented 44.3% of total revenue which is on par with the 2011 subsidy revenue.

The federal operating subsidy for 2012 was unchanged from the 2011 subsidy of \$1,316,486. The District's federal funding impacts, now that it is part of a TMA (Transportation Management Area), and the new funding allocation program for 5307 funds, will continue to remain somewhat confused until new formulas for allocating the available funds to each provider are agreed upon.

Maine DOT contributed \$83,746 of operating funding and provided \$68,166 in Job Access Reverse Commute (JARC) funding which continues to offset the direct cost of running the Falmouth Flyer (Route 7), now in its eighth year of operation.

The Portland School Department's contracted services were \$29,215 for 2012, for repairs and maintenance of the City's 9 CNG school buses.

Capital grant revenue increased by \$380,592 because of increased capital purchases, of which the major source relates to the State of Good Repair grant award from which we able to replace the remaining ballasted roofs on the bus garage and above the maintenance area in the administrative building.

Overall, revenues increased \$462,972 to \$7,007,625 from 2011's revenues of \$6,544,653 after eliminating the effect of the bus transfer of titles from the State.

**Greater Portland Transit District
Management's Discussion and Analysis, Continued**

General administrative expenses of \$904,038 were \$49,127 greater than in 2011. Salary and fringe cost of \$526,328 was \$7,398 more than 2011 primarily due to an increase in wages. Actual wage, vacation and holiday costs increased \$4,893. Other variances from 2011 were lower legal expenses of \$2,715 and higher audit costs by 2500. Education related costs were less by \$4,502 and travel costs were less by \$3,503. Debt interest expense was higher by \$5,909 and includes interest on the outstanding bond principal. Auto and General Liability insurance of \$134,949 was \$12,154 more than in 2011. Printing and office supplies cost increased \$6,341 over the prior year. Other Services costs include those of Eaton Peabody.

Transportation expenses were \$4,056,914 for 2012 and were \$29,248 less than the 2011 expense of \$4,086,162. Labor and fringe costs of \$3,494,354 were higher than 2011 by \$18,332. Major medical cost reductions were \$53,395 because of a change to a higher deductible plan with an HRA provision.

Fuel costs, a combination of diesel (\$375,418) and CNG (164,970), totaled \$544,529. Fuel cost totals were lower by \$45,818; \$57,506 for diesel with \$10,471 higher costs for CNG. This was due in part to less dependence on diesel buses for the year.

Maintenance department expenses were \$1,411,579 for 2012, which was an increase of \$98,993 from the prior year, a 7.5% increase. Labor and fringe costs were \$811,119 which was \$26,645 more than the 2011 total of \$784,474.

Commodity purchases were \$600,460 for 2012 and higher than 2011 costs of \$528,113 by \$72,347. Parts for revenue equipment were \$180,692, and higher than 2011 costs of \$115,742 by \$64,950 due in part to obsolete inventory write-offs and one year older buses in our 1996/97 fleet. Maintenance of building and grounds increased \$33,589 due in part to major repairs on the CNG compressors. Supplies for servicing revenue equipment was \$13,414 less than in 2011.

Overall Financial Position

GPTD's overall financial position remains stable. Federal formula flexible funding available to the District is expected to remain at current funding levels of approximately \$1,316,000. The member municipalities of Portland, Westbrook and Falmouth are very supportive of public transportation and will continue to fund existing service at current levels through 2013.

**Greater Portland Transit District
Management's Discussion and Analysis, Continued**

Maine DOT continues to fund some of the District operating cost which was \$68,166 in 2012 for the Job Access Reverse Commute program and also provides operating funds of \$83,746.

With the new Gillig buses fully operational the District will concentrate on a bus procurement program to replace the New Flyers and 1996/97 used buses with new CNG buses. The District will begin 2012 with 13 seven year old CNG buses in addition to the buses mentioned earlier. The District received a grant for 5 new Gillig CNG buses that are scheduled to arrive on the property in early 2014.

Going forward, passenger fares will continue to provide between 22 and 26 percent of stable revenues necessary to properly operate the District. We expect to see some decreasing levels of MaineCare monthly pass sales because of recent state imposed eligibility changes. We expect that funding will remain level or continue to increase for all other revenue sources particularly in light of the recent trend of higher gasoline prices.

The District has \$347,709 in long term debt and also borrows for approximately nine months annually until local subsidies are paid. The District was awarded a federal state of good repair grant to finance the replacement of bus lifts and new roofing in 2012. Current debt is providing the matching local funds. Capital improvements will also be made to the existing building facilities beyond the roof and lift projects already completed or soon to be completed.

Current assets excluding cash related to bond funds are \$731,357 while current liabilities are at \$547,135 for a current ratio of 1.34 at year-end.

There are no issues pending that we are aware of that could significantly influence our current position.

Fund Analysis

GPTD's unrestricted net assets are \$428,913, an increase of \$226,213 from 2011 and remain in line historically.

Significant Budget Variances

Day Pass revenues of \$50,680 were under budget by \$24,321 or 32% due to a decreased number of cruise ships that docked in Portland. RTP's MaineCare monthly pass program sales of \$450,960 was \$18,958 more than expected and our regular monthly pass revenues of \$230,571 were over budget by \$17,917 or 8.4%. Ten ride

**Greater Portland Transit District
Management's Discussion and Analysis, Continued**

ticket sales were \$3,889 over budget as well. Other fare media sales were slightly off projection. Full fare revenue of \$801,007 was below expectation by \$3,136.

Passenger fares in total were \$12,380 over the projected revenue of \$1,767,547. Revenue related to maintaining the Portland School Department's CNG fleet exceeded projections by \$5,308 for a budget of \$23,907. Municipal CNG purchases were \$7,861 over the budget projection of \$25,000, 31.4%.

Administration Fringe benefit costs were under budget by \$10,068 or 5.7%. The biggest savings was vacation expense of \$10,391 or 30.6% due to a resignation.

Marketing expense was under budget by \$1,433 from the planned \$17,000. Legal expense was \$40,111 and under budget by \$2,883 or 6.7%. Audit expense was over budget by 11% or \$1,250 as a result of requested assistance toward updating our Section 125 Plan. COG expense was \$19,233 below the budget of \$29,982 because of a delay in generating the planned On/Off survey. Travel savings were 59% below the budget of \$7,300 and Dues and Subscriptions were over the budget of \$2,700 by \$1,682. Debt service was \$5,415 under budget due to early receipts of subsidy payments that allowed us to keep our borrowing down. Other Services were over the budgeted \$18,925 by \$20,713 because of the interim GM costs. Employee Goodwill Fund Cost was higher than budget because of four retirement luncheons throughout the year. Office supplies expense was above budget due to changes in our capitalization minimums.

Overall administrative expense was \$904,038 and 1.5% below the budgeted \$917,788.

Transportation salaries/wages were overall in line with the budgeted \$2,264,726 at \$19,381 below budget or .9%. The salaries and wage line item was over the budget of \$1,916,262 by \$113,289 (5.9%) however the overtime line item was under the budget of \$348,464 by \$132,671 (38%). Worker's Compensation cost was lower than the budgeted \$87,107 by 19.4% or \$16,915. Health Insurance and HRA accrued expenses were \$19,343 over the budget of \$595,347. The District and ATU 714 agreed to the elimination of sick pay in return for a partially paid STD/LTD with District participation. The Union and District also agreed to changes in our group medical plan to a PPO 1500 deductible with limitations which are compensated by the new Health Reimbursement Account program established in February.

**Greater Portland Transit District
Management's Discussion and Analysis, Continued**

Diesel expenses of \$375,418 were over budget by \$37,668 (11%) and natural gas cost for the CNG buses was \$164,970 which was under budget by \$5,228. Energy costs of \$544,529 were lower than the 2011 costs of \$590,346 due to a greater usage of the CNG buses.

Overall transportation expenses were \$13,010 (.3%) higher than the planned \$4,043,904 for 2012 spending.

Maintenance salaries and wages were \$505,618 which was below budget by \$19,751 (3.8%). Fringe benefit costs were \$305,501 and under budget by \$4,662 (1.5%). Worker's Compensation Expense was \$8,110 and below budget by \$4,889 or 37.6%. Utilities were \$21,799 below budget and commodity purchase for parts, tires and supplies were \$10,557 over the combined budget of \$389,951.

2012 parts, materials, tires and supplies costs were \$79,804 greater than 2011 costs of \$320,704.

Capital Asset and Long Term Debt Activity

The District benefited from a State of Good Repair grant award of \$1,148,000. The local match was \$287,000 and is available from the bond proceeds of 2011. This grant will provide funding for the replacement of bus lifts, new roofs, reconditioning of the locker rooms, restrooms and showers and two replacement vehicles. It will also provide some funding towards upgrades to the CNG station for faster fueling. To date the roof replacements have been completed as have the lift installations.

Current long term debt is \$388,232 which will be retired over the next nine years. There will be additional debt requirements over the next three to five years for new bus purchases needed to replace the 1996/97 diesel buses.

Other Significant Events

Maine Department of Transportation last year has informed all providers that it can no longer provide financial assistance in the form of local match as it has done in the past. This means that the burden falls completely on the member municipalities. Current local match requirements for bus purchases are 20% for diesel and 17% for CNG.

STATEMENT A

GREATER PORTLAND TRANSIT DISTRICT

STATEMENTS OF NET ASSETS
DECEMBER 31,

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 698,622	\$ 462,351
Investments	-	133
Accounts receivable (net of allowance for uncollectible accounts)	276,170	229,419
Inventory	248,467	249,152
Prepaid expenses	14,224	41,326
TOTAL CURRENT ASSETS	<u>1,237,483</u>	<u>982,381</u>
FIXED ASSETS:		
Land	133,175	133,175
Buildings	8,373,623	8,068,059
Transportation equipment	5,660,999	3,753,798
Shop and garage equipment	359,887	407,014
Office equipment	266,544	262,203
	<u>14,794,228</u>	<u>12,624,249</u>
Less accumulated depreciation	<u>(8,444,217)</u>	<u>(8,076,949)</u>
NET FIXED ASSETS	<u>6,350,011</u>	<u>4,547,300</u>
TOTAL ASSETS	<u>\$ 7,587,494</u>	<u>\$ 5,529,680</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Current Liabilities:		
Account payable	\$ 118,144	\$ 152,425
Accrued payroll and payroll taxes	102,524	90,728
Accrued compensated absences	118,522	120,495
Other liabilities	207,945	81,032
Current portion of long-term obligations	40,523	39,288
Total Current Liabilities	<u>587,658</u>	<u>483,968</u>
Noncurrent Liabilities:		
Noncurrent portion of long-term obligations		
Bonds payable	347,709	387,619
Total Noncurrent Liabilities	<u>347,709</u>	<u>387,619</u>
TOTAL LIABILITIES	<u>935,367</u>	<u>871,587</u>
NET ASSETS		
Invested in capital assets, net of related debt	5,961,779	4,120,393
Temporarily restricted	261,435	335,000
Unrestricted net assets	428,913	202,700
TOTAL NET ASSETS	<u>6,652,127</u>	<u>4,658,093</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,587,494</u>	<u>\$ 5,529,680</u>

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

STATEMENT B

GREATER PORTLAND TRANSIT DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,

	2012	2011
OPERATING REVENUES		
Passenger fares	\$ 1,779,927	\$ 1,744,713
Outside maintenance and rental	2,750	2,750
Advertising	184,620	217,222
TOTAL OPERATING REVENUES	1,967,297	1,964,685
OPERATING EXPENSES		
General administration	876,239	831,200
Transportation	4,056,914	4,086,162
Maintenance	1,411,580	1,312,588
Depreciation	1,069,409	761,484
TOTAL OPERATING EXPENSES	7,414,142	6,991,434
OPERATING (LOSS)	(5,446,845)	(5,026,749)
NONOPERATING REVENUES (EXPENSES)		
Operating assistance		
Federal grants	1,316,486	1,316,486
State grants	83,746	84,679
Local subsidies	2,841,094	2,792,354
Capital grants	590,156	209,564
Transfer of Buses from State	2,480,923	-
PSD & RTP Services	29,232	23,838
Falmouth Route 7 formula funding	68,166	69,251
Interest income	543	116
Miscellaneous income	110,905	83,390
Interest expense	(29,619)	(23,711)
Extraordinary expenses	-	(1,466)
Gain (loss) on sale of assets	(50,753)	(42,574)
TOTAL NONOPERATING REVENUES (EXPENSES)	7,440,879	4,511,927
INCREASE (DECREASE) IN NET ASSETS	1,994,034	(514,822)
NET ASSETS - JANUARY 1	4,658,093	5,172,915
NET ASSETS - DECEMBER 31	\$ 6,652,127	\$ 4,658,093

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

STATEMENT C

GREATER PORTLAND TRANSIT DISTRICT
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31,

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other governments	\$ 1,733,176	\$ 1,769,105
Payments to employees	(4,821,978)	(4,757,430)
Payments to suppliers	(1,392,513)	(1,446,085)
Receipts advertising and outside rental	187,370	219,972
Net cash provided (used) by operating activities	<u>(4,293,945)</u>	<u>(4,214,438)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Other nonoperating receipts from other governments	4,338,724	4,286,608
Other nonoperating receipts - miscellaneous	110,905	83,390
Other nonoperating expenses - miscellaneous	-	(1,466)
Net cash provided (used) by noncapital financing activities	<u>4,449,629</u>	<u>4,368,532</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	543	116
(Increase) decrease in investments	133	67
Net cash provided (used) by investing activities	<u>676</u>	<u>183</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants	590,156	209,564
Purchase of fixed assets	(2,942,927)	(444,871)
Proceeds from sale of fixed assets	20,054	-
Transfer of buses from state	2,480,923	-
Interest paid	(29,619)	(23,711)
Proceeds (payments) from long term debt (net)	(38,676)	426,908
Net cash provided (used) by capital and related financing activities	<u>79,911</u>	<u>167,890</u>
NET INCREASE (DECREASE) IN CASH	236,270	322,167
CASH - JANUARY 1	462,351	140,184
CASH - DECEMBER 31	<u>\$ 698,622</u>	<u>\$ 462,351</u>

STATEMENT C (CONTINUED)

GREATER PORTLAND TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2012</u>	<u>2011</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (5,446,845)	\$ (5,026,749)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	1,069,409	761,484
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(46,751)	24,392
(Increase) decrease in inventory	685	(33,987)
(Increase) decrease in prepaid expense	27,102	(2,953)
Increase (decrease) in accounts payable	(34,281)	35,614
Increase (decrease) in compensated absences	(1,973)	1,037
Increase (decrease) in accrued payroll and related expense	11,796	20,858
Increase (decrease) in other liabilities	126,913	5,866
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,293,945)</u>	<u>\$ (4,214,438)</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 29,619</u>	<u>\$ 23,711</u>

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

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed by the District to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The District also has the option of following subsequent private-sector guidance, subject to the same limitation. The District has elected not to follow subsequent private-sector guidance.

Government –Wide and Fund Financial Statements

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

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

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the District are reported in one fund in the financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

1. Proprietary Funds

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

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds.

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

1. Accrual

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

Deposits and Investments

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

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

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

Inventories

Inventory consists of fuel, oil, materials and supplies. Inventory is valued at cost, on a first-in, first-out basis.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 at December 31, 2012 and 2011.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

Estimated useful lives are as follows:

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

Long-term Obligations

All long-term debt to be repaid from business-type resources is reported as liabilities in government-wide statements. The long-term debt consists of a bond payable and accrued compensated absences.

Compensated Absences

The District's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements.

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The District does not utilize encumbrance accounting for its operations.

Use of Estimates

During the preparation of the District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits. The District does not have a policy covering custodial credit risk for deposits. However, the District maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At December 31, 2012, the District's cash balance of \$698,622 was comprised of bank deposits amounting to \$745,900. Of these bank deposits, \$745,900 was insured by federal depository insurance and consequently was not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Repurchase agreement	\$ 745,900
	<u>\$ 745,900</u>

Credit risk – Statutes for the State of Maine authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The District does not have an investment policy on credit risk. Generally, the District invests excess funds in money market accounts and various certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a policy related to interest rate risk.

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 3 – CAPITAL ASSETS

The following is a summary of the changes in capital assets from December 31, 2012:

	Balance 1/1/2012	Additions	Disposals	Balance 12/31/2012
Governmental activities:				
Non-depreciated assets:				
Land	\$ 133,175	\$ -	\$ -	\$ 133,175
	<u>133,175</u>	<u>-</u>	<u>-</u>	<u>133,175</u>
Depreciated assets:				
Buildings	8,068,059	305,564	-	8,373,623
Transportation	3,753,798	2,626,868	(719,667)	5,660,999
Machinery & equipment	407,014	6,154	(53,281)	359,887
Office equipment	262,203	4,341	-	266,544
	<u>12,491,074</u>	<u>2,942,927</u>	<u>(772,948)</u>	<u>14,661,053</u>
Less: accumulated depreciation	<u>(8,076,949)</u>	<u>(1,069,409)</u>	<u>702,141</u>	<u>(8,444,217)</u>
	<u>4,414,125</u>	<u>1,873,518</u>	<u>(70,807)</u>	<u>6,216,836</u>
Net capital assets	<u>\$ 4,547,300</u>	<u>\$ 1,873,518</u>	<u>\$ (70,807)</u>	<u>\$ 6,350,011</u>

NOTE 4 – LONG TERM DEBT

The District's long-term debt consists of the following:

\$335,000, 2011 General Obligation bonds with Bangor Savings Bank, due in semi-annual installments and semi-annual interest installments through December of 2021, interest is charged at a rate of 3.10%.	\$ 291,717
\$111,086, 2011 General Obligation bonds with Bangor Savings Bank, due in semi-annual installments and semi-annual interest installments through December of 2021, interest is charged at a rate of 3.10%.	<u>96,515</u>
Total Bonds payable	<u>\$ 388,232</u>

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 4 – LONG TERM DEBT (CONTINUED)

The following is a summary of principal and interest payments by year for the years ending December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 40,523	\$ 11,701	\$ 52,224
2014	41,786	10,438	52,224
2015	43,091	9,132	52,223
2016	44,434	7,789	52,223
2017	45,827	6,396	52,223
2018-2022	172,571	10,822	183,393
	<u>\$ 388,232</u>	<u>\$ 56,278</u>	<u>\$ 444,510</u>

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets during 2012 and 2011 consisted of \$261,435 and \$335,000 respectively received by the District from loan proceeds due for capital improvements matching funds during fiscal year 2013.

NOTE 6 – PENSION PLAN

The District has a defined contribution retirement plan covering all full-time employees. Union employees are eligible to participate 60 days after completion of a prerequisite training period. Nonunion employees are eligible to participate 60 days from the date of employment. The District contributed from .5% to 4.5% during 2012 and .5% to 4.5% during 2011 of the covered employee's gross pay. For 2012 and 2011, pension expense amounted to \$144,397 and \$134,339, respectively, on covered wages of \$3,358,821 and \$3,200,819 respectively. Participating nonunion employees are required to contribute 8% of their covered gross pay, which amounted to \$48,785 and \$44,467 for the years ended December 31, 2012 and 2011, respectively. Union employees are required to contribute from .5% to 4.5% of their covered gross pay based upon longevity, achieving the 4.5% contribution level after 30 months of eligible employment. Employee contributions amounted to \$135,167 and \$130,083 for the years ended December 31, 2012 and 2011, respectively. All employees are 100% vested immediately.

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

NOTE 7 – 457 RETIREMENT PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue (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. The requirements of that IRS section prescribes that the District no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on their plan assets, are not included in the District's financial statements.

NOTE 8 – ECONOMIC DEPENDENCY

Approximately thirty-one percent of the District's current year revenue was received from the cities of Portland, Westbrook and the Town of Falmouth.

NOTE 9 – CONTINGENT LIABILITIES

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

NOTE 10 – RISK MANAGEMENT

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

NOTE 11 – SUBSEQUENT EVENTS

Greater Portland Transit District has evaluated subsequent events as of March 19, 2013 with no events being found.

OTHER SUPPLEMENTARY INFORMATION

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

SCHEDULE 1

GREATER PORTLAND TRANSIT DISTRICT

SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Passenger fares	\$ 1,767,547	\$ 1,767,547	\$ 1,779,927	\$ 12,380
Operating assistance				
Federal grants	1,316,486	1,316,486	1,316,486	-
State grants	83,745	83,745	83,746	1
Local subsidies	2,841,094	2,841,094	2,841,094	-
Capital grants	-	-	590,156	590,156
Non-transportation revenues	299,177	299,177	396,216	97,039
Total Revenues	<u>6,308,049</u>	<u>6,308,049</u>	<u>7,007,625</u>	<u>699,576</u>
Expenses:				
General administration	882,753	882,753	876,239	6,514
Transportation	4,043,456	4,043,456	4,056,914	(13,458)
Maintenance	1,447,805	1,447,805	1,411,580	36,225
Interest expense	35,035	35,035	29,619	5,416
Gain/loss on assets disposal	-	-	50,753	(50,753)
Total Expenses	<u>6,409,049</u>	<u>6,409,049</u>	<u>6,425,105</u>	<u>(16,056)</u>
Other sources of funding:				
Utilization of prior year surplus	101,000	101,000	-	101,000
Total other sources of funding	<u>101,000</u>	<u>101,000</u>	<u>-</u>	<u>101,000</u>
Revenues over expenses before adjustments to GAAP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 582,520</u>	<u>\$ 816,632</u>
Adjustments to GAAP:				
Depreciation			(1,069,409)	
Total adjustments to GAAP			<u>(1,069,409)</u>	
Change in net assets			<u>\$ (486,889)</u>	

See accompanying independent auditor's report and notes to financial statements.

GREATER PORTLAND TRANSIT DISTRICT

SCHEDULES OF TRANSPORTATION, MAINTENANCE AND GENERAL
ADMINISTRATION EXPENSE
FOR THE YEARS ENDED DECEMBER 31,

	2012			Totals
	General administration expense	Transportation expense	Maintenance expense	
EXPENSES				
Salaries and wages	\$ 358,497	\$ 2,245,345	\$ 505,618	\$ 3,109,460
Employee fringe benefits	167,831	1,249,009	305,501	1,722,341
Motor fuel and oil	-	549,319	-	549,319
Repairs and parts	-	-	400,508	400,508
Utilities	-	-	199,953	199,953
Outside services	916	-	-	916
Supplies	33,169	-	-	33,169
Insurance	134,949	-	-	134,949
Professional fees	52,736	-	-	52,736
Advertising and marketing	15,717	-	-	15,717
Travel and meetings	2,981	-	-	2,981
Telephone	46,649	-	-	46,649
Miscellaneous	62,794	13,241	-	76,035
TOTAL EXPENSES	\$ 876,239	\$ 4,056,914	\$ 1,411,580	\$ 6,344,733

	2011			Totals
	General administration expense	Transportation expense	Maintenance expense	
EXPENSES				
Salaries and wages	\$ 346,960	\$ 2,197,305	\$ 473,283	\$ 3,017,548
Employee fringe benefits	171,870	1,278,716	311,191	1,761,777
Motor fuel and oil	-	597,253	-	597,253
Repairs and parts	-	-	320,704	320,704
Utilities	-	-	207,410	207,410
Outside services	916	-	-	916
Supplies	26,830	-	-	26,830
Insurance	122,795	-	-	122,795
Professional fees	52,951	-	-	52,951
Advertising and marketing	15,650	-	-	15,650
Travel and meetings	6,484	-	-	6,484
Telephone	46,296	-	-	46,296
Miscellaneous	40,448	12,888	-	53,336
TOTAL EXPENSES	\$ 831,200	\$ 4,086,162	\$ 1,312,588	\$ 6,229,950

See accompanying independent auditor's report and notes to financial statements.

GREATER PORTLAND TRANSIT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Pass-through Grantor/ Program Title	CFDA Number	Pass-Through Grantor Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Pass Through Federal Transit Administration: Department of Transportation Federal Transit Capital and Operating Assistance			
Federal Transit Capital Investment Grants	20.500	ME-04-X012	<u>\$ 294,259</u>
Federal Transit Formula Grants	20.507	ME-90-4190	144,024
Federal Transit Formula Grants	20.507	ME-90-X191	1,172,462
Federal Transit Formula Grants	20.507	ME90-X180	31,141
Federal Transit Formula Grants	20.507	ME-90-X185	8,000
Federal Transit Formula Grants	20.507	ME-90-X176	32,000
Federal Transit Formula Grants	20.507	ME 90-X169	46,917
			<u>1,434,544</u>
Pass Through Maine Department of Transportation			
Job Access and Reverse Commute Program	20.516	JARC ME-37-x007	12,774
Job Access and Reverse Commute Program	20.516	JARC ME-37-x011	20,000
Job Access and Reverse Commute Program	20.516	JARC ME-37-X012	35,392
			<u>68,166</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,796,969</u>

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Greater Portland Transit District. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. Major Programs - Federal

The following programs were considered major programs as defined by OMB Circular A-133:

Federal Transit Capital Improvements	CFDA #20.500
Federal Transit Formula Grants	CFDA #20.507



Proven Expertise and Integrity

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

March 19, 2013

Board of Directors
Greater Portland Transit District
Portland, Maine

We have audited the financial statements of Greater Portland Transit District, as of and for the year ended December 31, 2012, and have issued our report thereon dated March 19, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greater Portland Transit District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater Portland Transit District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

RHR Smith & Company

Certified Public Accountants



Proven Expertise and Integrity

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

March 19, 2013

Board of Directors
Greater Portland Transit District
Portland, Maine

Compliance

We have audited the compliance of the Greater Portland Transit District with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Greater Portland transit District's management. Our responsibility is to express an opinion on the Greater Portland Transit District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Greater Portland Transit District's compliance with those requirements.

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In our opinion, the Greater Portland Transit District complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Internal Control Over Compliance

The management of the Greater Portland Transit District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Greater Portland Transit District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material weakness with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

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

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

RHR Smith & Company

Certified Public Accountants

GREATER PORTLAND TRANSIT DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes _____X no
- Significant deficiency(ies) identified? _____yes _____X no
- Noncompliance material to financial statements noted _____yes _____X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes _____X no
- Significant deficiency(ies) identified? _____yes _____X no

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

Any audit findings disclosed that are required to be reported
 In accordance with section 510(a) of OMB Circular A-133? _____yes _____X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Formula Grants
20.500	Federal Transit Capital Investment Grants

Dollar threshold used to distinguish between type A and B: \$300,000

Auditee qualified as low-risk auditee? _____X yes _____no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None



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**ACCOUNTANT COMPLIATION REPORT ON SCHEDULE OF AGREEMENT
OPERATIONS AND AGREEMENT SETTLEMENT FORMS**

March 19, 2013

Board of Directors
Greater Portland Transit District
Portland, Maine

We have compiled the accompanying schedule of agreement operations and agreement settlement forms for the Greater Portland Transit District as of and for the year ended December 31, 2012 in accordance with standards for accounting and review services established by the American Institute of Certified Public Accountants and the Maine Uniform Accounting and Auditing Practices for Community Agencies(MAAP).

Our compilation was limited to presenting in the form prescribed by the Department of Transportation under Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP) information that is the representation of the management of the Greater Portland Transit District. We have not audited or reviewed the schedule of agreement operations or the agreement settlement form referred to above and, accordingly; do not express an opinion or any other form of assurance on them.

The schedule of agreement operations and agreement settlement forms are presented in accordance with the requirements of MAAP, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the management of the Greater Portland Transit District and is not intended to be and should not be used by anyone other than these specified parties.

RHR Smith & Company

Certified Public Accountants

GREATER PORTLAND TRANSIT DISTRICT

SCHEDULE OF AGREEMENT OPERATIONS – DEPARTMENT OF TRANSPORTATION PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2012

PIN #	ME-37-X007		ME-37-x0011		ME-37-x0012		18207		Totals
	13291.01	17229	19594	16092	18207	Cost	Final	Cost	
Agreement total:	\$50,000	\$20,000	\$80,000	\$522,000	\$83,746			\$83,746	
Agreement Term:	10/1/10 - 12/31/12	3/1/12-6/30/13	6/1/12-6/30/13	7/1/08-6/30/12	7/1/11-6/30/12				
Basis of Settlement:	Cost	Cost	Cost	Cost	Cost				
Status:	Final	Interim	Interim	Final	Final				
REVENUES:									
Grants and contracts - Federal	\$ 12,774	\$ 20,000	\$ 35,392	\$ -	\$ -			\$ -	\$ 68,166
Grants and contracts - State	-	-	-	34,883	83,746			83,746	118,629
Passenger fares	6,681	13,977	19,826	-	263,814			263,814	304,298
Other Federal revenue	-	-	-	-	21,507			21,507	21,507
Miscellaneous	12,775	20,000	35,393	-	360,773			360,773	428,941
Total revenues	<u>32,230</u>	<u>53,977</u>	<u>90,611</u>	<u>34,883</u>	<u>729,840</u>			<u>729,840</u>	<u>941,541</u>
EXPENDITURES:									
Salaries and benefits	24,969	48,744	76,282	-	1,652,769			1,652,769	1,802,764
Accounting, auditing and legal fees	-	-	-	-	26,393			26,393	26,393
Travel/training	-	-	-	-	15,599			15,599	15,599
Advertising	-	-	-	-	8,180			8,180	8,180
Supplies	-	-	-	-	6,916			6,916	6,916
Vehicle expenses	7,261	7,119	14,329	34,883	275,610			275,610	339,202
Other - insurance	-	-	-	-	46,755			46,755	46,755
Utilities	-	-	-	-	116,648			116,648	116,648
Miscellaneous	-	-	-	-	50,372			50,372	50,372
Total expenditures	<u>32,230</u>	<u>55,863</u>	<u>90,611</u>	<u>34,883</u>	<u>2,199,242</u>			<u>2,199,242</u>	<u>2,412,829</u>
NET ACTIVITIES									
OPERATING NET ASSETS -									
JANUARY 1	-	(1,886)	-	-	(1,469,402)			(1,469,402)	(1,471,288)
OPERATING NET ASSETS -									
DECEMBER 31	\$ -	\$ (1,886)	\$ -	\$ -	\$ (1,469,402)			\$ (1,469,402)	\$ (1,471,288)

AGREEMENT SETTLEMENT FORM (ASF)

Community Agency: Greater Portland Transit District
 Fiscal Year: December 31, 2012
 Contract Number: PIN #18207
 Contract Amount: \$83,746

Total Operating Costs		\$ 2,199,242
Less:		
Fares		(263,814)
Net Operating Deficit		\$ 1,935,428
Surplus/(Deficit)		\$ (1,935,428)

Federal Participating Share

1. Amount of Non-Federal Funds Contributed:

State	\$ 83,746	
Local	360,773	
Total Non-Fed		444,519

2. 50% of the net Project Costs:

Federal Share @ 50%		967,714
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3. Operating Deficit After Adding Local Funds But Before

Operating Costs	2,199,242	
Less:		
Fares	263,814	
State	83,746	
Local	360,773	
Deficit Before UMTA		1,490,909

4. Maximum Amount of Grant

Federal Share Paid		
Participating Share (Steps 1-4)		967,714
Federal Over (Under) Paid		\$ (967,714)

State Participating Share

Maximum Authorized Amount

State Share	\$ 83,746	
State Share Paid	83,746	
State Over (Under) Paid	\$ -	

AGREEMENT SETTLEMENT FORM (ASF)

Community Agency: Greater Portland Transit District
 Fiscal Year End: December 31, 2012
 Contract Number: ME-37-x007
 Contract Amount: \$50,000
 Contract Period: 10/1/10-12/31/12

	Operating	Admin	Capital	Total
Gross Expenditures	\$ 135,056	\$ -	\$ -	\$ 135,056
Less:				
Contra-Expenditures	\$ -	\$ -	\$ -	\$ -
Operating Revenue	\$ 85,056	\$ -	\$ -	\$ 85,056
Excess Unrestricted Fed	\$ -	\$ -	\$ -	\$ -
Total Deductions	\$ 85,056	\$ -	\$ -	\$ 85,056
Net Expenditures/Deficit	\$ 50,000	\$ -	\$ -	\$ 50,000
<u>Federal Share</u>				
Maximum %	100%	0%	0%	
Amount Paid	\$ 50,000	\$ -	\$ -	\$ 50,000
Maximum Amount	\$ 50,000	\$ -	\$ -	\$ 50,000
Over (Under) Maximum	\$ -	\$ -	\$ -	\$ -
<u>State Share</u>				
Maximum%	0%	0%	0%	
Amount Paid	\$ -	\$ -	\$ -	\$ -
Maximum Amount	\$ -	\$ -	\$ -	\$ -
Over (Under) Maximum	\$ -	\$ -	\$ -	\$ -
<u>Summary</u>				
Federal Over Paid	\$ -	\$ -	\$ -	\$ -
State Over Paid	\$ -	\$ -	\$ -	\$ -
Total Over Paid	\$ -	\$ -	\$ -	\$ -

AGREEMENT SETTLEMENT FORM (ASF)

Community Agency: Greater Portland Transit District
 Fiscal Year End: December 31, 2012
 Contract Number: PIN #16092
 Contract Amount: \$522,000
 Contract Period: 7/1/08-6/30/12

	Operating	Admin	Capital	Total
Gross Expenditures	\$ -	\$ -	\$ 516,059	\$ 516,059
Less:				
Contra-Expenditures	\$ -	\$ -	\$ -	\$ -
Operating Revenue	\$ -	\$ -	\$ -	\$ -
Excess Unrestricted Fed	\$ -	\$ -	\$ -	\$ -
Total Deductions	\$ -	\$ -	\$ -	\$ -
Net Expenditures/Deficit	\$ -	\$ -	\$ 516,059	\$ 516,059
<u>Federal Share</u>				
Maximum %	0%	0%	0%	
Amount Paid	\$ -	\$ -	\$ -	\$ -
Maximum Amount	\$ -	\$ -	\$ -	\$ -
Over (Under) Maximum	\$ -	\$ -	\$ -	\$ -
<u>State Share</u>				
Maximum%	0%	0%	100%	
Amount Paid	\$ -	\$ -	\$ 516,059	\$ 516,059
Maximum Amount	\$ -	\$ -	\$ 522,000	\$ 522,000
Over (Under) Maximum	\$ -	\$ -	\$ (5,941)	\$ (5,941)
<u>Summary</u>				
Federal Over Paid	\$ -	\$ -	\$ -	\$ -
State Over Paid	\$ -	\$ -	\$ -	\$ -
Total Over Paid	\$ -	\$ -	\$ -	\$ -