

State Compliance Audit

Greater Portland Transit District

December 31, 2013



Proven Expertise and Integrity

GREATER PORTLAND TRANSIT DISTRICT

DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Portland Transit District
Portland, Maine

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Greater Portland Transit District as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greater Portland Transit District's basic financial statements. 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 State, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2014 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, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Portland Transit District's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine

April 3, 2014

**Greater Portland Transit District
Management's Discussion and Analysis
Fiscal Year Ended 2013**

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, 2013.

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, 2013 as part of its audited financial statements.

GPTD's net assets of \$6,605,224 reflected a decrease of \$46,883 from 2012.

Net change for total current assets was an increase of \$119,435.

Total operating revenues increased \$129,457 and non-operating revenues increased \$304,006 net of a state title transfer of buses valued at \$2,480,923.

Total expenses excluding depreciation increased \$224,635.

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>2013</u>	<u>2012</u>	<u>Change</u>
Assets:			
Current Assets:			
Cash	\$ 798,236	\$ 698,622	\$ 99,614
Accounts receivable	210,749	276,170	(65,421)
Inventory	289,032	248,467	40,565
Prepaid expenses	58,901	14,224	44,677
Net Property and Capital Assets	<u>6,424,643</u>	<u>6,350,011</u>	<u>74,632</u>
Total Assets	<u><u>\$ 7,781,561</u></u>	<u><u>\$ 7,587,494</u></u>	<u><u>\$ 194,067</u></u>
Liabilities:			
Current Liabilities			
Accounts payable	\$ 228,739	\$ 118,144	\$ 110,595
Accrued payroll expenses	110,527	102,524	8,003
Accrued compensated absences	131,408	118,522	12,886
Other liabilities	358,546	207,945	150,601
Current portion of long-term obligations	41,786	40,523	1,263
Total Current Liabilities	<u>871,006</u>	<u>587,658</u>	<u>283,348</u>
Noncurrent Liabilities			
Noncurrent portion of long-term obligations			
Bonds payable	<u>305,311</u>	<u>347,709</u>	<u>(42,398)</u>
Total Noncurrent Liabilities	<u>305,311</u>	<u>347,709</u>	<u>(42,398)</u>
Total Liabilities	<u><u>\$ 1,176,317</u></u>	<u><u>\$ 935,367</u></u>	<u><u>\$ 240,950</u></u>
Net Assets:			
Invested in Capital Assets,			
Net of Related Debt	\$ 6,077,546	\$ 5,961,779	\$ 115,767
Temporarily restricted	98,655	261,435	(162,780)
Unrestricted Net Assets	<u>429,043</u>	<u>428,913</u>	<u>130</u>
Total Net Assets	<u><u>\$ 6,605,244</u></u>	<u><u>\$ 6,652,127</u></u>	<u><u>\$ (46,883)</u></u>

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

Current assets reflect an increase of \$119,435 from 2012. Cash increased \$99,614, Inventory increased by \$40,565, prepaid expense increased by \$44,677 while accounts receivable decreased \$65,421.

The accounts receivable balance includes a trade A/R balance of \$93,526 which reflects a decrease of \$26,448; an advertising receivable of \$52,048, reflecting an increase of \$6,119; a federal rebate due of \$20,780, that is a decrease of \$54,289 for CNG usage by our buses and those of the School District and RTP common area charges due of \$29,969 and an increase of \$3,596. Other miscellaneous receivables increased \$5,651 from last year's balance of \$8,412. The difference in the CNG credit was the result of a full year of credit invoiced for 2012 of \$75,069 versus the fourth quarter amount due in 2013.

An inventory increase for the year amounted to \$40,565. Bus parts inventory increased \$46,935 while diesel decreased \$4,925 in value. Inventories of various lubricants and gasoline resulted in only minor changes in value.

Property, plant and equipment value increased \$74,632 from 2012. Accumulated depreciation increased \$730,014. Depreciation expense for the year was \$838,230. Three of the older Gillig buses were transferred to another provider.

The District replaced the bus lifts and rebuilt the maintenance pit for a total cost of \$738,752. This included \$23,271 for architectural and engineering charges related to the project. The District also expended \$25,095 replacing and enhancing the outside lighting of the facility. METRO also tiled the floors and made improvements to the bathrooms of the Downtown Transportation Center for a total of \$20,490.

Transportation related equipment purchases included the District's share of the costs of replacing the engines in the 2006 Orion buses. The share was \$32,839. The District also replaced bus communication equipment with new radios for \$34,058 and purchased \$14,735 worth of tires.

The District replaced the office server, accounting software and several workstations for \$23,869 throughout the course of the year.

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

Liabilities

Total liabilities increased \$240,950 from 2012.

Accounts payable increased \$110,595 to \$228,739 primarily due to timing.

Accrued payroll liabilities of \$241,935 were higher by \$20,889. Most of the increase was due to unpaid wages for the final week of December that were earned but not paid at year end and an increase of uncompensated absences (accrued vacation pay).

Other liabilities increased \$150,601 from the prior year. Included is a reserve of \$25,030 for GASB 45 valuation, \$284,106 reserved for our HRA plan and reserves for emergency compressor station repairs and accrued sick pay. Most of the increase in other liabilities is due to the additional HRA reserves. The goal for the HRA reserve is \$250,000 which has been achieved and determinations will be made regarding the balance.

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 \$41,135 as a result of 2013 principal payments.

Net Assets

Net assets, invested in capital assets net of related debt increased \$115,767 as a result of capital purchases of property plant and equipment.

Unrestricted net assets increased to \$429,043 from \$428,913. Temporarily restricted net assets decreased to \$98,655 from \$261,435.

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

Statement of Revenues, Expenses, & Changes in Net Assets

	<u>2013</u>	<u>2012</u>	<u>Change</u>
OPERATING REVENUES			
Passenger fares	\$ 1,808,880	\$ 1,779,927	\$ 28,953
Outside maintenance and rental	2,750	2,750	-
Advertising	285,124	184,620	100,504
TOTAL OPERATING REVENUES	<u>2,096,754</u>	<u>1,967,297</u>	<u>129,457</u>
OPERATING EXPENSES			
General administration	863,302	876,239	(12,937)
Transportation	4,163,567	4,056,914	106,653
Maintenance	1,542,499	1,411,580	130,919
Depreciation	838,231	1,069,409	(231,178)
TOTAL OPERATING EXPENSES	<u>7,407,599</u>	<u>7,414,142</u>	<u>(6,543)</u>
OPERATING (LOSS)	<u>(5,310,845)</u>	<u>(5,446,845)</u>	<u>136,000</u>
NONOPERATING REVENUES (EXPENSES)			
Operating assistance			
Federal grants	1,444,294	1,316,486	127,808
State grants	86,391	83,746	2,645
Local subsidies	2,830,394	2,841,094	(10,700)
Capital grants	719,236	590,156	129,080
Transfer of Buses from State	-	2,480,923	(2,480,923)
PSD & RTP Services	33,843	29,232	4,611
Falmouth Route 7 formula funding	60,654	68,166	(7,512)
Interest income	255	543	(288)
Miscellaneous income	122,355	110,905	11,450
Interest expense	(27,423)	(29,619)	2,196
Extraordinary expenses	(1,380)	-	(1,380)
Gain (loss) on sale of assets	(4,657)	(50,753)	46,096
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>5,263,962</u>	<u>7,440,879</u>	<u>(2,176,917)</u>
INCREASE (DECREASE) IN NET ASSETS	(46,883)	1,994,034	(2,040,917)
NET ASSETS - JANUARY 1	<u>6,652,127</u>	<u>4,658,093</u>	<u>1,994,034</u>
NET ASSETS - DECEMBER 31	<u>\$ 6,605,244</u>	<u>\$ 6,652,127</u>	<u>\$ (46,883)</u>

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

Passenger fare revenues increased \$28,953 or 1.6% from 2012. Full fares increased \$6,675 or .8%, 10 Ride ticket sales increased \$5,755, Scrip tickets sales increased \$13,544 and MaineCare pass sales increased \$13,573. However Day Pass sales decreased \$3,335 and Monthly pass sales decreased \$14,552.

Advertising revenue of \$285,124 increased \$100,504 or 54% from 2012. Efforts from the personnel at Alternate Transit Advertising channeled new bus advertising in our direction and began a new program of advertising on our bus shelters. Municipal fuel sales (CNG) increased \$10,089 because of new School Department bus additions and our GEG credit increased \$1,833.

Local operating subsidies remained at \$2,841,094 The local subsidy represented 42.4% of total revenue which is on par with the 2012 subsidy revenue.

The federal operating subsidy for 2013 was \$1,444,294 and higher by \$127,808 from the 2012 subsidy of \$1,316,486. The District's federal funding will be impacted by the funding allocation program for 5307 funds that resulted from the Transportation Equity Act (TEA21) a new two year program. Locally, providers worked together to allocate the \$9,942,303 made available in 2013.

Maine DOT contributed \$86,391 of operating funding and provided \$44,608 in Job Access Reverse Commute (JARC) funding which continues to offset the direct cost of running the Falmouth Flyer (Route 7), now in its ninth year of operation. Part of the District's 2013 allocation of 5307 program funds is now being used to cover JARC related costs of running the service.

The Portland School Department's contracted services were \$33,435 for 2013, for repairs and maintenance of the City's 13 CNG school buses. This was an increase of \$4,219 from the prior year.

Capital grant revenue increased by \$129,080 as a result of increased capital purchases of which the major source relates to the State of Good Repair grant award from which we able to replace our in ground and above ground bus lifts to include the one used by RTP. The District also rebuilt the bus pit.

Overall, revenues increased \$433,463 to \$7,360,716 from 2012's revenues of \$6,927,253 after eliminating the effect of the bus transfer of titles from the State in 2012.

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

General administrative expenses of \$63,302 were \$12,937 less than in 2012. Salary and fringe cost of \$326,434 and \$188,968 respectively were \$10,927 less than 2012 because the District was without a GM for eight months of the year. Other variances from 2012 were higher unemployment expenses of \$9,828, higher marketing costs of \$22,225 and costlier other services of \$88,603. The District also recorded bad debt write-offs of \$4,766. Other services charges included the cost associated with a GM nationwide search and the cost of an interim GM. Auto and General Liability insurance of \$104,678 was \$30,271 less than in 2012 after bringing on a new agency. Telephone expense reflects savings that resulted from the purchase of radios for bus communications and AVL and the complete elimination of cellphones that were used previously.

Transportation expenses were \$4,163,567 for 2013 and were \$106,653 higher than the 2012 expense of \$4,056,914. Labor and fringe costs of \$2,199,503 and \$1,323,938 respectively were higher than in 2012 by \$29,087. Major medical costs were higher by \$23,160 or 3.8% and worker's compensation costs were higher by \$59,354 or 84.6%. This jump in worker's compensation premium is the result of funding two major claims over the last three years.

Fuel costs, a combination of diesel (\$381,830) and CNG (229,570), totaled \$611,400. CNG as fuel cost was higher than in 2012 by \$64,600. The supply of natural gas to the New England region and Maine in particular was less than that required to meet increasing demand. Diesel cost of \$381,830 was \$6,412 more than in 2012. The cost of natural gas will continue to be an issue until more pipelines come on line. Supply constraints should ease by 2016 according to the latest information available.

Maintenance department expenses were \$1,542,499 for 2013, which was an increase of \$130,919 from the prior year, a 9.2% increase. Labor and fringe costs were \$535,400 and \$331,922 respectively and that was \$56,203 more than the 2012 total of \$811,119. 2013 staffing was at a budgeted level for the first time in two years.

Commodity purchases were \$675,177 for 2013 and higher than 2012 costs of \$600,460 by \$74,717. Natural gas for heating was \$81,177 higher than in 2012 for much the same reason as our CNG for bus fuel, that of supply restrictions. Parts for revenue equipment were \$148,091, and that was less than 2012 costs of \$180,692 by \$32,601. However, other related supplies for servicing revenue equipment increased by \$18,982. The average age of our fleet continues to improve with additional new bus purchases and this results in lower overall parts costs with less reliance on our 1996/97 fleet of buses. Maintenance of building and grounds decreased \$22,058 due in part to major repairs on the CNG compressors in 2012. The District decided to use radios instead of cell phones for communications and AVL, thus a cost in radio maintenance of \$7,629.

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

Overall Financial Position

GPTD's overall financial position remains stable. Federal formula funding available to the District is expected to remain at current funding levels of approximately \$1,354,294 for the immediate future. The District is now a member of a Transportation Management Area (TMA) which restricts how the District uses 5307 funds. In addition the District has completed its first year under the new federal transportation program called the Moving Ahead for Progress in the 21st Century (MAP-21). This program eliminated many of the earmarked projects that the District has benefited from such as the State of Good Repair competitive grants to providers. The MPO working with the local providers now determines allocations of 5307 and related funds. The District also received \$90,000 in 5307 funding for preventive maintenance.

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 2014.

Maine DOT continues to fund some of the District's operating costs with state funding of \$44,608 for the Job Access Reverse Commute program and also provided operating funds of \$86,391. Beginning in 2013, the District will fund JARC from available 5307 funding.

The District will continue its bus procurement efforts in order to replace the 1996/97 used buses with new CNG buses. The District will begin 2014 with the addition of five new Gillig CNG buses. This addition changes the current fleet to five 2014 Gillig CNG buses, seven 2011 Gillig Diesel buses, thirteen 2006 CNG buses with new or rebuilt motors and six remaining 1996/97 diesel buses.

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 MaineCare monthly pass sales remain stable at 1000 or so passes monthly. 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. Advertising sales should continue to increase now that ATA is selling bus shelter advertising in addition to bus advertising.

The District has a balance of \$347,097 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

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

projects already completed or soon to be completed. A new bond was issued to fund the local portion of the Gillig bus purchase in the amount of \$451,881 for ten years.

Current assets are \$1,008,985 while current liabilities are \$829,220 for a current ratio of 1.22 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 \$429,043, an increase of \$130 from 2012 and remain in line historically.

Significant Budget Variances

Monthly pass sales were \$44,518 less than the budgeted \$260,536 but when combined with the MaineCare monthly pass sales of \$464,533, total monthly pass sales were \$20,016 over the combined budget of \$660,536.

Day Pass revenues of \$47,345 were under budget by \$17,655 or 35% due to a decreased number of cruise ship passenger sales that docked in Portland. Scrip ticket sales exceeded the budget of \$25,528 by 52% or \$13,167. Other fare media sales were slightly off projection. Full fare revenue of \$807,682 was below expectation by \$5,340.

Passenger fares in total were \$19,225 over the projected revenue of \$1,789,655. Revenue related to maintaining the Portland School Department's CNG fleet exceeded projections by \$3,977 for a budgeted \$29,866. Municipal CNG purchases were \$2,946 over the budget projection of \$40,000 or 7%.

Advertising revenue was \$285,124 and exceeded the budgeted \$212,000 by 34.5% or \$73,124. Much of this exceptional effort involved an unusual buy in the early months of 2013. Total operating revenue of \$2,252,834 exceeded budget by \$107,691 or 5%.

Administration

Salaries and Wages were below the budget of \$340,594 by \$14,160 or 4.2%. Most fringe benefit accounts were under budget with the exception of Unemployment. Self-insured for unemployment compensation, we were over the budgeted \$2,000 by \$7,828 due to an unexpected employee award.

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

Marketing expense was under budget by \$13,774 from the planned \$36,000. Included in the 2013 budget was \$16,000 for labor and panels for upgrading our bus shelters which was expensed elsewhere. Legal expense of \$39,622 was over budget by \$9,622 or 32%.

Council of Governments, travel and education expense were below budget. Debt service was \$8,542 under budget due to early receipts of subsidy payments that allowed us to keep our borrowing down. Other Services were over the budgeted \$35,598 by \$53,005 because of the length of time we incurred interim GM costs. Employee Goodwill Fund expense was higher than budget because of more than average retirement luncheons throughout the year. Telephone costs were below budget because cellphones were replaced with radios midyear. Insurance costs were also below the budgeted \$114,316 by \$8,704 or 8.4%.

Overall administrative expense was \$890,726 and 1% below the budgeted \$899,430.

Transportation

Salaries/wages were below the budgeted \$2,275,448 by \$75,945 or 3.3%. Changes made to the union agreement concerning the sick pay program seems to have helped to reduce absenteeism in general and accounted for \$21,795 of the wage savings. Worker's Compensation cost was lower than the budgeted \$146,416 by 11.5% or \$16,870 due to a premium reduction after the final budget was assembled. Health Insurance and HRA accrued expenses were \$19,098 under the budget of \$656,947 or 2.9%. Fringe benefits in total were \$60,960 below the estimated \$1,384,898 or 4.4%.

Diesel costs were in line with the budgeted \$381,418 however compressed gas costs were well above the budgeted \$170,200 by \$59,370 or 35%. This variance was the result of a higher basis cost associated with natural gas usage in January and February caused by colder than recent year's average temperatures and supply constraints affecting the New England region in general and Maine in particular. The District did not have any future buys for the November, 2012 thru March, 2013 as has been the practice of previous years with the very stable pricing in place since 2005 and Hurricane Katrina NG spikes in pricing. The District will now contract during this period to avoid similar pricing situations until the supply of NG to Maine improves.

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

Over all transportation expenses were \$70,770 (.3%) higher than the planned \$4,043,904 for 2012 spending.

Maintenance

Salaries and wages were \$535,400 which was on budget. Fringe benefit costs were \$331,922 and over budget by \$9,928 or 3%. Utilities were \$72,234 over the budget of \$222,000. As with the Transportation budget, natural gas prices were the largest variance at \$74,527 for our heating budget. Parts costs for our buses were \$25,007 below the budgeted \$173,098 or 14.4% and parts related to building and grounds including the compressor station were below the budget of \$119,406 by \$25,520 or 21.4%. Tire purchases were \$7,336 over the budgeted \$26,998 or 27% and other supplies used in servicing the buses was 37% over the budgeted \$35,825.

Capital Asset and Long Term Debt Activity

The District benefited from a State of Good Repair grant award of \$1,148,000 two years ago and the roof and bus lifts have been replaced. The balance of the grant will be used to update lighting in the general office area and provide upgrades to our bathroom facilities. We also received additional State of Good Repair funding of \$ 2,000,000 which allowed us to purchase five new buses. The local portion of the cost of the buses will be provided through a 10 year note. This will increase our debt by \$451,881. The buses arrived in January, 2014.

Other Significant Events

As mentioned in these notes earlier the District is now a member of a Transportation Management Area (TMA) which restricts how the District uses 5307 funds. Federal funding under the new MAP 21 program appears adequate through 2014.

STATEMENT A

GREATER PORTLAND TRANSIT DISTRICT

STATEMENTS OF NET ASSETS
DECEMBER 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 798,236	\$ 698,622
Accounts receivable (net of allowance for uncollectible accounts)	210,749	276,170
Inventory	289,032	248,467
Prepaid expenses	58,901	14,224
TOTAL CURRENT ASSETS	<u>1,356,918</u>	<u>1,237,483</u>
FIXED ASSETS:		
Land	133,175	133,175
Buildings	9,184,491	8,373,623
Transportation equipment	5,574,594	5,660,999
Shop and garage equipment	411,602	359,887
Office equipment	295,012	266,544
	<u>15,598,874</u>	<u>14,794,228</u>
Less accumulated depreciation	(9,174,231)	(8,444,217)
NET FIXED ASSETS	<u>6,424,643</u>	<u>6,350,011</u>
TOTAL ASSETS	<u>\$ 7,781,561</u>	<u>\$ 7,587,494</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Current Liabilities:		
Account payable	\$ 228,739	\$ 118,144
Accrued payroll and payroll taxes	110,527	102,524
Accrued compensated absences	131,408	118,522
Other liabilities	358,546	207,945
Current portion of long-term obligations	41,786	40,523
Total Current Liabilities	<u>871,006</u>	<u>587,658</u>
Noncurrent Liabilities:		
Noncurrent portion of long-term obligations		
Bonds payable	305,311	347,709
Total Noncurrent Liabilities	<u>305,311</u>	<u>347,709</u>
TOTAL LIABILITIES	<u>1,176,317</u>	<u>935,367</u>
NET ASSETS		
Invested in capital assets, net of related debt	6,077,546	5,961,779
Temporarily restricted	98,655	261,435
Unrestricted net assets	429,043	428,913
TOTAL NET ASSETS	<u>6,605,244</u>	<u>6,652,127</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,781,561</u>	<u>\$ 7,587,494</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,

	2013	2012
OPERATING REVENUES		
Passenger fares	\$ 1,808,880	\$ 1,779,927
Outside maintenance and rental	2,750	2,750
Advertising	285,124	184,620
TOTAL OPERATING REVENUES	2,096,754	1,967,297
OPERATING EXPENSES		
General administration	863,302	876,239
Transportation	4,163,567	4,056,914
Maintenance	1,542,499	1,411,580
Depreciation	838,231	1,069,409
TOTAL OPERATING EXPENSES	7,407,599	7,414,142
OPERATING (LOSS)	(5,310,845)	(5,446,845)
NONOPERATING REVENUES (EXPENSES)		
Operating assistance		
Federal grants	1,444,294	1,316,486
State grants	86,391	83,746
Local subsidies	2,830,394	2,841,094
Capital grants	719,236	590,156
Transfer of Buses from State	-	2,480,923
PSD & RTP Services	33,843	29,232
Falmouth Route 7 formula funding	60,654	68,166
Interest income	255	543
Miscellaneous income	122,355	110,905
Interest expense	(27,423)	(29,619)
Extraordinary expenses	(1,380)	-
Gain (loss) on sale of assets	(4,657)	(50,753)
TOTAL NONOPERATING REVENUES (EXPENSES)	5,263,962	7,440,879
INCREASE (DECREASE) IN NET ASSETS	(46,883)	1,994,034
NET ASSETS - JANUARY 1	6,652,127	4,658,093
NET ASSETS - DECEMBER 31	\$ 6,605,244	\$ 6,652,127

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,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other governments	\$ 1,874,301	\$ 1,733,176
Payments to employees	(4,885,276)	(4,821,978)
Payments to suppliers	(1,487,249)	(1,392,513)
Receipts advertising and outside rental	287,874	187,370
Net cash provided (used) by operating activities	<u>(4,210,350)</u>	<u>(4,293,945)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Other nonoperating receipts from other governments	4,455,576	4,338,724
Other nonoperating receipts - miscellaneous	128,355	110,905
Other nonoperating expenses - miscellaneous	(1,380)	-
Net cash provided (used) by noncapital financing activities	<u>4,582,551</u>	<u>4,449,629</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	255	543
(Increase) decrease in investments	-	133
Net cash provided (used) by investing activities	<u>255</u>	<u>676</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants	719,236	590,156
Purchase of fixed assets	(923,520)	(2,942,927)
Proceeds from sale of fixed assets	-	20,054
Transfer of buses from state	-	2,480,923
Interest paid	(27,423)	(29,619)
Proceeds (payments) from long term debt (net)	(41,135)	(38,676)
Net cash provided (used) by capital and related financing activities	<u>(272,842)</u>	<u>79,911</u>
NET INCREASE (DECREASE) IN CASH		
	99,614	236,270
CASH - JANUARY 1		
	698,622	462,351
CASH - DECEMBER 31		
	<u>\$ 798,236</u>	<u>\$ 698,622</u>

STATEMENT C (CONTINUED)

GREATER PORTLAND TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2013</u>	<u>2012</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (5,310,845)	\$ (5,446,845)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	838,231	1,069,409
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	65,421	(46,751)
(Increase) decrease in inventory	(40,565)	685
(Increase) decrease in prepaid expense	(44,677)	27,102
Increase (decrease) in accounts payable	110,595	(34,281)
Increase (decrease) in compensated absences	12,886	(1,973)
Increase (decrease) in accrued payroll and related expense	8,003	11,796
Increase (decrease) in other liabilities	150,601	126,913
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,210,350)</u>	<u>\$ (4,293,945)</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 27,423</u>	<u>\$ 29,619</u>

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013 AND 2012

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, 2013 AND 2012

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, fund balances, 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, 2013 AND 2012

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, 2013 AND 2012

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, 2013 and 2012.

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, 2013 AND 2012

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, 2013 AND 2012

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, 2013, the District's cash balance of \$798,236 was comprised of bank deposits amounting to \$807,397. Of these bank deposits, \$807,397 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	<u>\$ 807,397</u>
	<u>\$ 807,397</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, 2013 AND 2012

NOTE 3 – CAPITAL ASSETS

The following is a summary of the changes in capital assets from December 31, 2013:

	Balance 1/1/2013	Additions	Disposals	Balance 12/31/2013
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	8,373,623	810,868	-	9,184,491
Transportation	5,604,685	88,783	(118,874)	5,574,594
Machinery & equipment	411,602	-	-	411,602
Office equipment	271,143	23,869	-	295,012
	<u>14,661,053</u>	<u>923,520</u>	<u>(118,874)</u>	<u>15,465,699</u>
Less: accumulated depreciation	<u>(8,444,217)</u>	<u>(838,231)</u>	<u>108,217</u>	<u>(9,174,231)</u>
	<u>6,216,836</u>	<u>85,289</u>	<u>(10,657)</u>	<u>6,291,468</u>
Net capital assets	<u>\$ 6,350,011</u>	<u>\$ 85,289</u>	<u>\$ (10,657)</u>	<u>\$ 6,424,643</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%.	\$ 260,662
\$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>86,435</u>
Total Bonds payable	<u>\$ 347,097</u>

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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>
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	47,257	4,966	52,223
2019-2023	124,702	5,856	130,558
	<u>\$ 347,097</u>	<u>\$ 44,577</u>	<u>\$ 391,674</u>

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets during 2013 and 2012 consisted of \$98,655 and \$261,435 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 matched employee contributions from .5% to 4.5% during 2013 and 2012 of the covered employee's gross pay. For 2013 and 2012, pension expense amounted to \$131,246 and \$144,397, respectively, on covered wages of \$3,432,469 and \$3,358,821 respectively. Participating nonunion employees were required to contribute 8% of their covered gross pay until November 1, 2013 when the plan changed. Participating nonunion employees may now contribute up to 20% of their wages which will be matched up to 4.5%. Nonunion employee contributions amounted to \$55,565 and \$48,785 for the years ended December 31, 2013 and 2012, 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. Union employee contributions amounted to \$138,923 and \$135,167 for the years ended December 31, 2013 and 2012, respectively. All employees are 100% vested immediately. The District is required to provide a 4.5% match for earnings of the General Manager without regard to their contributions.

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013 AND 2012

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-nine 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 April 3, 2014. The District took out a bond on January 2, 2014 in the amount of \$451,881 for the purchase of 5 Gillig buses due in semiannual payments until January 2, 2024.

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.

GREATER PORTLAND TRANSIT DISTRICT

SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Passenger fares	\$ 1,757,212	\$ 1,757,212	\$ 1,808,880	\$ 51,668
Operating assistance				
Federal grants	1,444,294	1,444,294	1,444,294	-
State grants	86,391	86,391	86,391	-
Local subsidies	2,830,394	2,830,394	2,830,394	-
Capital grants	-	-	719,236	719,236
Non-transportation revenues	458,429	458,429	504,981	46,552
Total Revenues	<u>6,576,720</u>	<u>6,576,720</u>	<u>7,394,176</u>	<u>817,456</u>
Expenses:				
General administration	863,465	863,465	863,302	163
Transportation	4,234,338	4,234,338	4,163,567	70,771
Maintenance	1,492,952	1,492,952	1,542,499	(49,547)
Interest expense	35,965	35,965	27,423	8,542
Extraordinary expenses			1,380	(1,380)
Gain/loss on assets disposal	-	-	4,657	(4,657)
Total Expenses	<u>6,626,720</u>	<u>6,626,720</u>	<u>6,602,828</u>	<u>23,892</u>
Other sources of funding:				
Utilization of prior year surplus	50,000	50,000	-	50,000
Total other sources of funding	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Revenues over expenses before adjustments to GAAP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,348</u>	<u>\$ 843,564</u>
Adjustments to GAAP:				
Depreciation			(838,231)	
Total adjustments to GAAP			<u>(838,231)</u>	
Change in net assets			<u>\$ (46,883)</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,

	2013			
	General administration expense	Transportation expense	Maintenance expense	Totals
EXPENSES				
Salaries and wages	\$ 326,434	\$ 2,199,503	\$ 535,400	\$ 3,061,337
Employee fringe benefits	188,968	1,323,938	331,922	1,844,828
Motor fuel and oil	-	622,322	-	622,322
Repairs and parts	-	-	380,942	380,942
Utilities	-	-	294,235	294,235
Outside services	936	-	-	936
Supplies	31,330	-	-	31,330
Insurance	104,678	-	-	104,678
Professional fees	52,347	-	-	52,347
Advertising and marketing	22,225	-	-	22,225
Travel and meetings	4,287	-	-	4,287
Telephone	21,583	-	-	21,583
Miscellaneous	110,514	17,804	-	128,318
TOTAL EXPENSES	\$ 863,302	\$ 4,163,567	\$ 1,542,499	\$ 6,569,368

	2012			
	General administration expense	Transportation expense	Maintenance expense	Totals
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

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, 2013

Pass-through Grantor/ Program Title	<u>CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Pass Through Federal Transit Administration: Department of Transportation			
 Federal Transit Capital and Operating Assistance	20.500	ME-04-X012	<u>\$ 548,145</u>
Federal Transit Formula Grants	20.507	ME 95-X002	4,989
Federal Transit Formula Grants	20.507	ME 90-X196	<u>1,450,077</u>
			<u>1,455,066</u>
 Pass Through Maine Department of Transportation Job Access and Reverse Commute Program	 20.516	 JARC ME-37-X012	 <u>44,608</u> <u>44,608</u>
 TOTAL FEDERAL AWARDS			 <u><u>\$ 2,047,819</u></u>

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

Board of Directors
Greater Portland Transit District
Portland, Maine

We have audited, 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 the financial statements of the business-type activities of Greater Portland Transit District as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Greater Portland Transit District's basic financial statements, and have issued our report thereon dated April 3, 2014.

Internal Control Over Financial Reporting

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

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

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

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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*.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
April 3, 2014



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Greater Portland Transit District
Portland, Maine

Report on Compliance for Each Major Federal Program

We have audited Greater Portland Transit District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Greater Portland Transit District's major federal programs for the year ended December 31, 2013. Greater Portland Transit District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Greater Portland Transit District's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Greater Portland Transit District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Greater Portland Transit District, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of Greater Portland Transit District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Greater Portland Transit District internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
April 3, 2014

GREATER PORTLAND TRANSIT DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None



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ACCOUNTANTS' REVIEW REPORT ON SCHEDULE OF EXPENDITURES OF DEPARTMENT AGREEMENTS

Board of Directors
Greater Portland Transit District
Portland, Maine

We have reviewed the accompanying schedule of expenditures of department agreements for the Greater Portland Transit District as of and for the year ended December 31, 2013 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 review 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 reviewed the schedule of expenditures of department agreements and we have performed procedures to obtain limited assurance that there are no material modifications that should be made to the schedule of expenditures of department agreements. We believe that the results of our procedures provide reasonable basis for our report.

The schedule of expenditures of department agreements 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

Buxton, Maine
April 3, 2014

GREATER PORTLAND TRANSIT DISTRICT

SCHEDULE OF AGREEMENT OPERATIONS – DEPARTMENT OF TRANSPORTATION PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2013

Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenses	State Expenses	Total Department Expenses	Local Share Expenses	Total Agreement/Match Expenses
DOT:										
OPT	CSN 31228	80,000	6/1/12-6/30/13	Operating	Final	\$ 80,000	\$ -	\$ 80,000	\$ 80,000	\$ 160,000
OPT	CSN 31745	40,000	4/1/13-3/31/14	Operating	Interim	-	29,739	29,739	-	29,739
OPT	CSN 30417	86,391	7/1/12-6/30/13	Operating	Final	-	86,391	86,391	-	86,391
	Subtotal (DOT)					<u>80,000</u>	<u>116,130</u>	<u>196,130</u>	<u>80,000</u>	<u>276,130</u>
TOTAL						<u>\$ 80,000</u>	<u>\$ 116,130</u>	<u>\$ 196,130</u>	<u>\$ 80,000</u>	<u>\$ 276,130</u>

DISCLOSURES:

This Agency is required to have a federal A-133 Audit.



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**ACCOUNTANTS' COMPILATION REPORT
ON AGREEMENT SETTLEMENT FORMS**

Board of Directors
Greater Portland Transit District
Portland, Maine

We have compiled the accompanying Agreement Settlement Forms of Greater Portland Transit District as of December 31, 2013 and for the year then ended, in accordance with Statements for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

RHR Smith & Company

Buxton, Maine
April 3, 2014

AGREEMENT SETTLEMENT FORM (ASF)

**Greater Portland Transit District
Fiscal year Ending: December 31, 2013**

CFDA#: 20.516
Project Name/Grant No: Operating/ ME-37-x012
CSN#: 31228
PIN#: 19594
Agreement Period: 6/1/12-6/30/13

Total Operating Costs	<u>\$ 204,044.00</u>
Less:	
Fares	\$ 44,044.00
Net Operating Deficit	<u>\$ 160,000.00</u>
Revenue:	
Federal	\$ 80,000.00
State	\$ -
Local	\$ 80,000.00
Total Revenues	<u>\$ 160,000.00</u>
Surplus/Deficit	<u>\$ -</u>

Federal Participating Share

1. Amount of Non-Federal Funds Contributed:

State	\$ -	
Local	<u>\$ 80,000.00</u>	
Total Non-Fed		\$ 80,000.00

2. 50% of the net Project Costs:

Federal Share @ 50%		\$ 80,000.00
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**3. Operating Deficit After Adding Local Funds
But Before Adding UMTA Funds**

Operating Costs	\$ 204,044.00	
Less:		
Fares	\$ 44,044.00	
State	\$ -	
Local	<u>\$ 80,000.00</u>	
Deficit Before UMTA		\$ 80,000.00

4. Maximum Amount of Grant

Federal Share Paid		\$ 80,000.00
Participating Share (Steps 1-4)		<u>\$ 80,000.00</u>
Federal Over (Under) Paid		<u>\$ -</u>

State Participating Share

Max Authorized Amount		
State Share @ 50%	\$ 80,000.00	
State Share Paid	\$ -	
State Over (Under) Paid	<u>\$ (80,000.00)</u>	

Conclusion:

AGREEMENT SETTLEMENT FORM (ASF)

Greater Portland Transit District
Fiscal year Ending: December 31, 2013

Project Name/Grant No: State Funding Only
CSN#: 30417
PIN#: 18367
Agreement Period: 7/1/12-6/30/13

State Participating Share

Max Authorized Amount	\$ 86,931.00
State Share Paid	<u>\$ 86,931.00</u>
State Over (Under) Paid	\$ -

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

FTA Direct Grant Information:

CFDA#: 20.507
Project Name Operating
Grant No: ME 90-X196
Agreement Period: 1,722,694.00
Amount Received: 1,450,077.00