

State Compliance Audit

Greater Portland Transit District

December 31, 2015



Proven Expertise & Integrity

GREATER PORTLAND TRANSIT DISTRICT

DECEMBER 31, 2015

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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, 2015, 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.

Auditors' 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 Mine 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

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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, 2015, 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 4-14 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to

the underlying accounting and other records used to prepare the 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 February 29, 2016 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

February 29, 2016

**Greater Portland Transit District
Management's Discussion and Analysis
Fiscal Year Ended 2015**

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, 2015.

GPTD's basic financial statements include the following:

- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows
- Statement of Changes in Net Position
- 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, 2015 as part of its audited financial statements.

GPTD's net Position of \$7,726,239 reflected a decrease of \$380,821 from 2014.

Net change for total current assets was an increase of \$183,004.

Total operating revenues decreased \$133,109 and non-operating revenues decreased \$1,403,708.

Total expenses excluding depreciation increased \$292,992.

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>2015</u>	<u>2014</u>	<u>Change</u>
Assets:			
Current Assets:			
Cash	\$ 1,202,461	\$ 916,440	\$ 286,021
Accounts receivable	300,533	381,896	(81,363)
Inventory	314,842	300,611	14,231
Prepaid expenses	15,471	51,357	(35,886)
Net Property and Capital Assets	<u>7,209,513</u>	<u>7,970,224</u>	<u>(760,711)</u>
Total Assets	<u>\$ 9,042,820</u>	<u>\$ 9,620,528</u>	<u>\$ (577,708)</u>
Liabilities:			
Current Liabilities			
Accounts payable	\$ 124,832	\$ 252,561	\$ (127,729)
Accrued payroll expenses	1,858	47,785	(45,927)
Accrued compensated absences	124,132	105,520	18,612
Other liabilities	433,552	390,982	42,570
Current portion of long-term obligations	86,280	63,686	22,594
Total Current Liabilities	<u>770,654</u>	<u>860,534</u>	<u>(89,880)</u>
Noncurrent Liabilities			
Noncurrent portion of long-term obligations			
Bonds payable	<u>545,927</u>	<u>652,934</u>	<u>(107,007)</u>
Total Noncurrent Liabilities	<u>545,927</u>	<u>652,934</u>	<u>(107,007)</u>
Total Liabilities	<u>\$ 1,316,581</u>	<u>\$ 1,513,468</u>	<u>\$ (196,887)</u>
Net Position:			
Net investment in capital assets	\$ 6,577,306	\$ 7,253,604	\$ (676,298)
Restricted	476,435	252,713	223,722
Unrestricted Net Position	<u>672,498</u>	<u>600,743</u>	<u>71,755</u>
Total Net Position	<u>\$ 7,726,239</u>	<u>\$ 8,107,060</u>	<u>\$ (380,821)</u>

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

Current assets reflect an increase of \$183,004 from 2014. Cash increased \$286,021, Inventory increased by \$14,231, prepaid expense decreased by \$35,886 and accounts receivable increased \$81,363.

The accounts receivable balance includes a trade A/R balance of \$119,717 which reflects an increase of \$4,553; an advertising receivable of \$32,042, reflecting a decrease of \$26,092; a federal rebate due of \$98,566, a decrease of \$2,334 for CNG usage by our buses and those of the School District; and RTP common area charges due of \$23,416 and a decrease of \$5,235. Other miscellaneous receivables increased \$9,864 from last year's balance of \$16,928.

An inventory increase for the year amounted to \$14,231. Bus parts inventory increased \$14,286. Inventories of various lubricants and gasoline resulted in only minor changes in value.

Property, plant and equipment value decreased \$760,710 from 2014. Accumulated depreciation increased \$1,079,510. Depreciation expense for the year was \$1,079,810.

The District added a new back-up UPS for our compressor station for a cost of \$8,343. New bus tires were purchased for \$24,757 and bus replacement parts for \$45,679. Surveillance equipment was added to some buses for a cost of \$4,346. The District also expended \$7,059 to replace and add bus route signage.

An additional \$191,413 was added toward the almost completed regional Automatic Vehicle Location/ Computer Aided Dispatch (AVL/CAD) program, increasing the investment to \$439,100 to date.

The District also purchased a new laser multi-function copier and workstations for a total of 19,202. New shop equipment purchases were \$7,422.

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

Liabilities

Total liabilities decreased \$196,887 from 2014.

Accounts payable decreased \$127,729 to \$124,832 primarily due to timing.

Accrued payroll liabilities of \$125,990 decreased by \$27,315. Most of the decrease was due to reduced accrued wages.

Other liabilities increased \$42,570 from the prior year. Included is a reserve of \$25,030 for GASB 45 valuation, \$352,877 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.

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. The District incurred additional debt in 2014 of \$421,881 for the purchase of five CNG Gillig buses purchased in 2014. Camden National Bank is the debt holder.

This liability decreased \$107,007 as a result of 2015 principal payments and an adjustment of \$22,594 added to the current liabilities section.

Net Position

Net Position, net investment in capital assets decreased \$676,298 as a result of reduced capital purchases and an increase in depreciation of related property plant and equipment. Restricted and unrestricted reserves increased 295,852. Restricted funds increased \$223,722 and unrestricted by \$72,755.

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

Statement of Revenues, Expenses, & Changes in Net Position

	<u>2015</u>	<u>2014</u>	<u>Change</u>
OPERATING REVENUES			
Passenger fares	\$ 1,738,823	\$ 1,876,642	\$ (137,819)
Outside maintenance and rental	2,750	2,750	-
Advertising	194,941	190,231	4,710
TOTAL OPERATING REVENUES	<u>1,936,514</u>	<u>2,069,623</u>	<u>(133,109)</u>
OPERATING EXPENSES			
General administration	1,061,369	939,983	121,386
Transportation	4,171,604	4,060,289	111,315
Maintenance	1,605,574	1,547,707	57,867
Depreciation	1,079,810	1,022,509	57,301
TOTAL OPERATING EXPENSES	<u>7,918,357</u>	<u>7,570,488</u>	<u>347,869</u>
OPERATING (LOSS)	<u>(5,981,843)</u>	<u>(5,500,865)</u>	<u>(480,978)</u>
NONOPERATING REVENUES (EXPENSES)			
Operating assistance			
Federal grants	1,949,793	1,539,000	410,793
State grants	170,426	69,553	100,873
Local subsidies	3,044,008	3,020,323	23,685
Capital grants	188,230	2,127,279	(1,939,049)
PSD & RTP Services	42,037	36,636	5,401
Falmouth Route 7 formula funding	80,989	69,364	11,625
Interest income	593	207	386
Miscellaneous income	150,064	165,570	(15,506)
Interest expense	(24,743)	(27,167)	2,424
Extraordinary expenses	-	-	-
Gain (loss) on sale of assets	-	1,916	(1,916)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>5,601,397</u>	<u>7,002,681</u>	<u>(1,401,284)</u>
INCREASE (DECREASE) IN NET ASSETS	(380,446)	1,501,816	(1,882,262)
NET ASSETS - JANUARY 1	<u>8,106,685</u>	<u>6,605,244</u>	<u>1,501,441</u>
NET ASSETS - DECEMBER 31	<u>\$ 7,726,239</u>	<u>\$ 8,107,060</u>	<u>\$ (380,821)</u>

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

Passenger fare revenues decreased \$137,819 or 7.3% from 2014. MaineCare pass sales decreased \$316,995 because the new provider of services has reduced the number of monthly passes purchased and increased single and ten ride ticket sales. Full fares decreased \$27,585 or 3.3% and monthly passes increased \$83,904. 10 Ride ticket sales increased \$58,152, Scrip tickets sales increased \$1,761. The District is now providing tripper service during school days for Portland High School students. Each school day rider provides \$.75 of revenue to the District up to a maximum of \$160,000 per school year. Included in the Student pass sales is \$73,217 from this new program. The balance is revenue from SMCC students riding the buses.

Advertising revenue of \$190,941 is slightly ahead of last year by \$4,710. Nationally, transit advertising sales were down for the first quarter of the 2015 calendar year due in part, to the very cold winter. Advertising sales did pick up at the end of the second quarter and continued through the rest of the year.

CNG purchases by the School District decreased \$17,586 to \$44,067 because of the new Tripper service being provided to the high school students. Fewer Portland school bus trips are required accounting for the decrease in CNG fueling. Natural gas is also less expensive as a commodity and accounts for part of the decreased purchases from the city. The District also received \$98,656 in revenue generated by an IRS alternative fuels credit.

Local operating subsidies were \$2,888,008 for the year and that is a decrease of \$132,315 from the prior year of \$3,020,323. The local subsidy represented 40% of total revenue.

The federal operating subsidy for 2015 was \$1,649,793 and higher by \$200,793 from the 2014 subsidy of \$1,449,000.

Maine DOT contributed \$170,426 of operating funding.

The District's 2015 allocation of 5307 program funds is now being used to cover JARC related costs of running the service. \$80,989 was funded by the program.

The Portland School Department's contracted services were \$40,986 for 2015, for repairs and maintenance of the City's 14 CNG school buses. This was an increase of \$10,291 from the prior year.

Capital grant revenue of \$188,230 decreased by \$1,939,049. The 2014 purchase of five new Gillig buses was the major source of the 2014 grant revenue.

Overall, revenues decreased \$1,534,393 to \$7,537,911 from 2014's revenues of \$9,072,304.

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

General administrative expenses of \$1,061,369 were \$121,386 higher than in 2014. Salary and fringe cost of \$451,553 and \$234,130 respectively were \$89,222 more than 2014. Other variances from 2014 were decreased legal expenses of \$35,771 that were \$24,722 less than the prior year, higher Council of Government costs of \$31,847, a \$10,495 increase from 2014 and increased other services of \$17,425 that were higher by \$9,682 due mostly to temporary employment help. Office supplies expense was \$19,281 and that was an increase of \$4,456. The cost of ticket and schedule printing was higher by \$7,740. Auto and General Liability insurance of \$139,906 was \$5,384 higher than in 2014.

Transportation expenses were \$4,171,604 for 2015 and were \$111,316 (2.7%) higher than the 2014 expense of \$4,060,288. Labor and fringe costs of \$2,339,985 and \$1,372,485 respectively were higher than in 2014 by \$180,037 and \$64,232 respectively. The District enhanced Sunday and holiday service during the year and added a customer service group dedicated to staffing the Pulse. There were 48 operators on staff at year end compared to 43 at the beginning of the year. Major medical and other insurance costs were higher by \$13,357. Worker's compensation costs were \$30,761 lower than the prior year's cost of \$111,648 because of reduced claims during the prior two years improving our W/C experience rating.

Fuel costs, a combination of diesel (\$215,939) and CNG (\$220,220), totaled \$436,159. CNG as fuel cost was lower than in 2014 by \$102,281. The District changed its supply of natural gas to Unifil until supply requirements for the region are greatly increased with additional pipeline capacity. Other savings resulted from a lower commodity price because of warmer winter months during the October-December period. Diesel cost of \$215,939 was \$34,652 less than in 2014 thanks in part to the continuing glut of crude oil.

Maintenance department expenses were \$1,605,574 for 2015, which was an increase of \$57,867 (3.7%) from the prior year. Labor and fringe costs were \$562,569 and \$350,064 respectively. This is \$60,587 higher than 2014 expense for labor and fringe costs. 2015 staffing was at full staff for the first time in three years which accounted for a share of the increase. Overtime was higher due to the frequency of storms requiring overtime.

Commodity purchases were \$692,938 for 2015 and slightly lower than 2014 costs of \$695,661. Natural gas for heating was \$174,952 compared to \$212,659 for 2014 for a savings of \$37,707. Electricity expense was also lower by \$3,697 than the prior year cost of \$108,384. This decreased cost is related to the recent warmer winter months of November/December and reduced needs for heating that resulted. Parts for revenue equipment were \$190,748, and that was higher than the 2014 expense of \$152,749. This was due in part to the increased miles that resulted from the start of added Sunday and Holiday service and required use of older buses.

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 \$1,950,000 or greater for the immediate future. The District is a member of a Transportation Management Area (TMA) which restricts how the District uses 5307 funds. The District has been funded partially by the latest federal program called 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 Metropolitan Planning Organization (MPO), working with the local providers now determines allocations of 5307 and related funds. The District also received \$81,000 in 5307 funding for Job Access Reverse Commute (JARC).

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 2016.

Maine DOT continues to fund some of the District's operating costs with state funding of \$170,426 which will continue into 2016.

The District will continue its bus procurement efforts in order to replace the 1996/97 used buses with new buses and will purchase three medium duty buses to run a new express service that will service Yarmouth and Freeport in early 2016. There is sufficient funding available to the Region to accomplish these goals with localities served providing the local match.

Going forward, passenger fares will continue to provide between 22 and 26 percent of stable revenues necessary to properly operate the District. METRO expects to see MaineCare pass sales remain at 2015 levels. Advertising sales should remain stable and continue to increase now that ATA is selling bus shelter advertising in addition to bus advertising.

The District has a balance of \$545,927 in long term debt and also borrows for approximately three to six months annually until local subsidies are paid on or shortly after July 1. Capital improvements will also be made to the existing building facilities to include office and restroom facilities.

To enhance ridership, the District continues toward the completion of an automated vehicle location program expected to be live in late mid to late spring and at about the same time begin the Yarmouth/Freeport commuter service.

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

Current assets are \$1,833,307 while current liabilities are \$770,279 for a current ratio of 2.38 at year-end.

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

Fund Analysis

The District's fund balance grew \$295,852 during the year, which is consistent with the current policy. Unrestricted net Position is \$672,498, an increase of \$71,755 from 2014. Restricted funds are \$476,435 an increase of \$223,722. Funds that are created by grantor's contribution such as local subsidy payments for local share of capital projects must be treated in this manner. \$70,000 of the increase in restricted funds should have been included in the 2014 schedule. This was for the local share of the municipal contributions toward the Sign and Shelter grant.

Significant Budget Variances

Monthly pass sales of \$336,678 were \$48,366 greater than the budgeted \$288,312. MaineCare pass sales of \$173,570 fell below the budgeted expectation of \$375,252 by \$201,683. Logisticare, the current provider, has been issuing passes to recipients on a strictly as needed basis. In prior years, MaineCare providers issued monthly passes almost exclusively.

Scrip ticket sales of \$47,260 were below the budgeted \$76,609 by \$29,349. Ten ride ticket sales of \$274,801 were over budget by \$60,302. Full fare revenue of \$795,830 was below budget expectation by \$91,032. With the introduction of the PHS school pass program, student pass sales were \$97,551 and \$62,550 over the budgeted \$35,000. Revenue for the PHS school pass program was \$73,217.

Passenger fares of \$1,738,821 were \$150,652 below the projected revenue of \$1,889,473. Revenue related to maintaining the Portland School Department's CNG fleet exceeded the \$33,510 projections by \$7,476. Municipal CNG purchases of \$44,096 were \$21,279 below the budget projection of \$65,375 because of lower than expected cost of natural gas and reduced fleet usage for Portland School Department's CNG volume needs. The School Department buses purchased 5,491 fewer gallons of CNG in 2015 than in 2014 because of the new tripper service.

Advertising revenue was \$194,941 and below the budgeted \$267,000. The District was told that the winter months were particularly hard on outdoor advertising nationally and that included transit bus advertising as well. Total operating revenue of \$2,128,951 was below the budgeted \$2,261,762 by \$132,811 or 5.9%.

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

Administration

Salaries and Wages of \$451,553 were below the budgeted \$470,317 by \$18,764 or 4%. Most fringe benefit accounts were also under the budgeted \$263,186 by \$29,056 or 11%. The overall improvement of the District's worker's compensation experience rating accounted for \$18,128 of the favorable fringe benefit variance.

Marketing expense was under budget by \$23,727 from the planned \$48,000 and Interest expense was \$5,829 below the budgeted \$30,572 because of early subsidy payments permitting an earlier pay down of a short term note. Legal expense was \$35,771 and over budget by \$7,771. Most of the excess was due to expenses involved with purchasing related policy revisions.

Council of Governments expense was higher than the budgeted \$10,000 due to greater participation on the part of COG staff and ridership surveys taken in 2014 that were accounted for in 2015. Travel, contract maintenance services and education expense were below budget by \$16,735. Other Services were over budget by \$15,588 due to costs relating to the start of the PHS service such as legal and card stock purchases. Insurance costs were below the budgeted \$147,000 by \$7,094.

Overall administrative expense was \$1,259,906 and 2.5% below the budgeted \$1,292,708.

Transportation

Salaries/wages were over the budgeted \$2,245,457 by \$94,528 or 4.2%. Operators wages were below the budgeted \$2,077,851 by \$99,745 but overtime was \$194,273 over the budgeted \$167,606. Holiday pay was \$18,575 below budget, vacation pay was \$5,501 below budget and PTO was \$18,751 below budget. Worker's Compensation cost was lower than the budgeted \$133,901 by 33% or \$44,366 due to an improved experience rating as mentioned earlier in the narrative. Health Insurance and HRA accrued expenses of \$593,190 were \$74,022 under the budget of \$667,212 or 11%. Fringe benefits in total were \$140,807 below the estimated \$1,513,292 or 9%.

Diesel costs were \$35,939 over the budgeted \$180,000; however, compressed gas costs were below the budgeted \$396,410 by \$176,190. The diesel cost variance was the result of a greater usage of the older buses to assist during high volume parts of the school day. The NG costs for fueling the buses using CNG were lower partly because we switched to Unifil as supplier and because natural gas has been less expensive as a commodity since April.

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

Over all, transportation expenses were \$185,559 (4.3%) lower than the budget of \$4,357,163 for 2015 spending.

Maintenance

Salaries and wages were \$562,569 which was over budget by \$5,632. Fringe benefit costs were \$350,064 and under budget by \$34,407 or 10%. Utilities were \$73,443 (20.2%) under the budget of \$364,000. Natural gas for heating ended with a favorable variance of \$35,048 (17%) and the electricity variance was a favorable \$40,312 (28%). Parts, tires and supplies costs for our buses were \$34,885 over the budgeted \$211,469. Other parts and materials related to building and grounds including the compressor station were below the budget of \$145,246 by \$1,101.

Total Maintenance department costs of \$1,605,571 were 5% below the budget of \$1,690,122.

Capital Asset and Long Term Debt Activity

The balance of the State of Good Repair grant will be used to update lighting in the general office area and will provide upgrades to our bathroom facilities. Funds must be drawn by September, 2016 or there is a possibility that the grant will be closed out by FTA. We also have a balance of funding for 2017 bus purchases of \$229,390 from an open grant. The District will open a three year note for \$102,000 during March/April for the local portion of the three ARBOC buses to be used for the Freeport/Yarmouth service. These funds will be reimbursed annually from the participating towns being served.

Other Significant Events

Federal funding for the region remains favorable for public transportation for the foreseeable future. The Alternative Tax Credit for CNG usage has been extended through 2016.

GREATER PORTLAND TRANSIT DISTRICT

STATEMENT A

STATEMENTS OF NET POSITION
DECEMBER 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,202,461	\$ 916,440
Accounts receivable (net of allowance for uncollectible accounts)	300,533	381,896
Inventory	314,842	300,611
Prepaid expenses	15,471	51,357
TOTAL CURRENT ASSETS	<u>1,833,307</u>	<u>1,650,304</u>
FIXED ASSETS:		
Land	133,175	133,175
Buildings	9,212,525	9,204,182
Transportation equipment	8,330,844	8,046,712
Shop and garage equipment	377,121	369,699
Office equipment	318,658	299,456
	<u>18,372,323</u>	<u>18,053,224</u>
Less accumulated depreciation	(11,162,810)	(10,083,000)
NET FIXED ASSETS	<u>7,209,513</u>	<u>7,970,224</u>
TOTAL ASSETS	<u>\$ 9,042,820</u>	<u>\$ 9,620,528</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Current Liabilities:		
Account payable	\$ 124,832	\$ 252,561
Accrued payroll and payroll taxes	1,858	47,785
Accrued compensated absences	124,132	105,520
Other liabilities	433,552	391,357
Current portion of long-term obligations	86,280	63,686
Total Current Liabilities	<u>770,654</u>	<u>860,909</u>
Noncurrent Liabilities:		
Noncurrent portion of long-term obligations		
Bonds payable	545,927	652,934
Total Noncurrent Liabilities	<u>545,927</u>	<u>652,934</u>
TOTAL LIABILITIES	<u>1,316,581</u>	<u>1,513,843</u>
NET POSITION		
Net investment in capital assets	6,577,306	7,253,604
Restricted net position	476,435	252,713
Unrestricted net position	672,498	600,368
TOTAL NET POSITION	<u>7,726,239</u>	<u>8,106,685</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 9,042,820</u>	<u>\$ 9,620,528</u>

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

GREATER PORTLAND TRANSIT DISTRICT

STATEMENT B

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

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Passenger fares	\$ 1,738,823	\$ 1,876,642
Outside maintenance and rental	2,750	2,750
Advertising	194,941	190,231
TOTAL OPERATING REVENUES	<u>1,936,514</u>	<u>2,069,623</u>
OPERATING EXPENSES		
General administration	1,061,369	940,358
Transportation	4,171,604	4,060,289
Maintenance	1,605,574	1,547,707
Depreciation	1,079,810	1,022,509
TOTAL OPERATING EXPENSES	<u>7,918,357</u>	<u>7,570,863</u>
OPERATING (LOSS)	<u>(5,981,843)</u>	<u>(5,501,240)</u>
NONOPERATING REVENUES (EXPENSES)		
Operating assistance:		
Federal grants	1,949,793	1,539,000
State grants	170,426	69,553
Local subsidies	3,044,008	3,020,323
Capital grants	188,230	2,127,279
PSD & RTP Services	42,037	36,636
Falmouth Route 7 formula funding	80,989	69,364
Interest income	593	207
Miscellaneous income	150,064	165,570
Interest expense	(24,743)	(27,167)
Gain (loss) on sale of assets	-	1,916
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>5,601,397</u>	<u>7,002,681</u>
INCREASE (DECREASE) IN NET ASSETS	(380,446)	1,501,441
NET ASSETS - JANUARY 1	<u>8,106,685</u>	<u>6,605,244</u>
NET ASSETS - DECEMBER 31	<u>\$ 7,726,239</u>	<u>\$ 8,106,685</u>

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,

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other governments	\$ 1,820,186	\$ 1,705,495
Payments to employees	(5,338,101)	(5,005,338)
Payments to suppliers	(1,591,640)	(1,579,048)
Receipts advertising and outside rental	197,691	(192,981)
Net cash provided (used) by operating activities	<u>(4,911,864)</u>	<u>(4,685,910)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Other nonoperating receipts from other governments	5,287,253	(4,734,876)
Other nonoperating receipts - miscellaneous	150,064	(165,570)
Net cash provided (used) by noncapital financing activities	<u>5,437,317</u>	<u>4,900,446</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	593	207
Net cash provided (used) by investing activities	<u>593</u>	<u>207</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants	188,230	2,127,279
(Purchases)/deletions of fixed assets	(319,099)	(2,566,174)
Interest paid	(24,743)	(27,167)
Proceeds (payments) from long term debt (net)	(84,413)	369,523
Net cash provided (used) by capital and related financing activities	<u>(240,025)</u>	<u>(96,539)</u>
NET INCREASE (DECREASE) IN CASH	286,021	118,204
CASH - JANUARY 1	916,440	798,236
CASH - DECEMBER 31	<u>\$ 1,202,461</u>	<u>\$ 916,440</u>

STATEMENT C (CONTINUED)

GREATER PORTLAND TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

	2015	2014
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (5,981,843)	\$ (5,500,865)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	1,079,810	1,022,509
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	81,363	(171,147)
(Increase) decrease in inventory	(14,231)	(11,579)
(Increase) decrease in prepaid expense	35,886	7,544
Increase (decrease) in accounts payable	(177,709)	23,822
Increase (decrease) in compensated absences	18,612	(25,888)
Increase (decrease) in accrued payroll and related expense	(45,927)	(62,472)
Increase (decrease) in other liabilities	42,195	32,436
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,911,864)</u>	<u>\$ (4,685,910)</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 24,743</u>	<u>\$ 27,167</u>

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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 Position, 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 position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted Net Position. 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, 2015 AND 2014

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 Position 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 Position, 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, 2015 AND 2014

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, 2015 AND 2014

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, 2015 and 2014.

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, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net Position 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 Position 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, 2015 AND 2014

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, 2015, the District's cash balance of \$1,202,461 was comprised of bank deposits amounting to \$1,272,684. Of these bank deposits, \$1,272,684 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>\$ 1,272,684</u>
	<u>\$ 1,272,684</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, 2015 AND 2014

NOTE 3 – CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended December 31, 2015:

	Balance 1/1/2015	Additions	Disposals	Balance 12/31/2015
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 133,175	\$ -	\$ -	\$ 133,175
	<u>133,175</u>	<u>-</u>	<u>-</u>	<u>133,175</u>
Depreciated assets:				
Buildings	9,204,182	8,343	-	9,212,525
Transportation	8,046,712	284,132	-	8,330,844
Machinery & equipment	369,699	7,422	-	377,121
Office equipment	299,456	19,202	-	318,658
	<u>17,920,049</u>	<u>319,099</u>	<u>-</u>	<u>18,239,148</u>
Less: accumulated depreciation	<u>(10,083,000)</u>	<u>(1,079,810)</u>	<u>-</u>	<u>(11,162,810)</u>
	<u>7,837,049</u>	<u>(760,711)</u>	<u>-</u>	<u>7,076,338</u>
Net capital assets	<u>\$ 7,970,224</u>	<u>\$ (760,711)</u>	<u>\$ -</u>	<u>\$ 7,209,513</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 through December of 2021, interest is charged at a rate of 3.10%.	\$ 196,893
\$111,086, 2011 General Obligation bonds with Bangor Savings Bank, due in semi-annual installments through December of 2021, interest is charged at a rate of 3.10%.	65,290
\$512,867, 2011 General Obligation bonds with Camden National Bank, due in semi-annual installments through January, 2024, interest is charged at a rate of 2.44%.	<u>370,024</u>
Total Bonds payable	<u>\$ 632,207</u>

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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>
2016	\$ 86,280	\$ 17,230	\$ 103,510
2017	88,739	14,771	103,510
2018	91,237	12,273	103,510
2019	93,808	9,702	103,510
2020	96,438	7,072	103,510
2021-2025	175,705	8,970	184,675
	<u>\$ 632,207</u>	<u>\$ 70,018</u>	<u>\$ 702,225</u>

NOTE 5 – RESTRICTED NET POSITION

Restricted net position during 2015 and 2014 consisted of \$476,435 and \$252,713 for municipal contributions due for capital improvements matching funds during fiscal year 2016 and 2015.

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 after their date of employment. The District matched union employee contributions at 4.5% during 2015 and will match contributions by 5% during 2016 and 5.5% during 2017. Union employee contributions are required by agreement. Participating nonunion employees may contribute up to 20% of their covered gross pay. These contributions were matched up to 4.5%. The employer match will be 5% in 2016 and 5.5% in 2017. Nonunion employee contributions amounted to \$43,394 and \$58,388 for the years ended December 31, 2015 and 2014, respectively. Union employees are required to contribute 4.5% of their covered gross pay in 2015, 5% in 2016 and 5.5% in 2017. Union employee contributions amounted to \$121,860 and \$104,016 for the years ended December 31, 2015 and 2014, respectively. All non-union employees are 100% vested immediately. Union employees are fully vested after 60 months of employment. For 2015 and 2014, total pension expense amounted to \$162,746 and \$136,066, respectively, on covered wages of \$3,835,223 and \$3,540,469 respectively. The District is required to provide a 9.5% match for earnings of the General Manager without regard to their contributions.

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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 – OTHER POSTEMPLOYMENT BENEFITS

The District, in accordance with its current health insurance company agreement, provides health insurance benefits to eligible retirees. Member currently receiving benefits are required to have 25 years of service and between 62-65 years of age.

Funding policy- The District currently funds costs for postemployment benefits through current year expenditures.

The current census of the District benefit participants as of December 31, 2015 was one participants. Total expenditures for the year ended December 31, 2015 were \$7,632.

NOTE 9 – ECONOMIC DEPENDENCY

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

NOTE 10 – 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.

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 11 – 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 12 – SUBSEQUENT EVENTS

Greater Portland Transit District has evaluated subsequent events as of February 29, 2016. At that time no significant subsequent event took place that needed to be noted.

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Passenger fares	\$ 1,889,473	\$ 1,889,473	\$ 1,738,823	\$ (150,650)
Operating assistance				
Federal grants	1,949,793	1,949,793	1,949,793	-
State grants	170,426	170,426	170,426	-
Local subsidies	2,888,008	2,888,008	3,044,008	156,000
Capital grants	-	-	188,230	188,230
Non-transportation revenues	442,289	442,289	471,374	29,085
Total Revenues	<u>7,339,989</u>	<u>7,339,989</u>	<u>7,562,654</u>	<u>222,665</u>
Expenses:				
General administration	1,262,136	1,262,136	1,061,369	200,767
Transportation	4,357,163	4,357,163	4,171,604	185,559
Maintenance	1,690,118	1,690,118	1,605,574	84,544
Interest expense	30,572	30,572	24,743	5,829
Total Expenses	<u>7,339,989</u>	<u>7,339,989</u>	<u>6,863,290</u>	<u>476,699</u>
Other sources of funding:				
Utilization of prior year surplus	-	-	-	-
Total other sources of funding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenses before adjustments to GAAP	<u>\$ -</u>	<u>\$ -</u>	699,364	<u>\$ (254,034)</u>
Adjustments to GAAP:				
Depreciation			<u>(1,079,810)</u>	
Total adjustments to GAAP			<u>(1,079,810)</u>	
Change in net assets			<u>\$ (380,446)</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,

	2015			
	General administration expense	Transportation expense	Maintenance expense	Totals
EXPENSES				
Salaries and wages	\$ 451,553	\$ 2,339,985	\$ 562,569	\$ 3,354,107
Employee fringe benefits	234,130	1,372,485	350,064	1,956,679
Motor fuel and oil	-	447,654	-	447,654
Repairs and parts	-	-	402,385	402,385
Utilities	-	-	290,556	290,556
Outside services	47,770	-	-	47,770
Supplies	19,281	-	-	19,281
Insurance	139,906	-	-	139,906
Professional fees	47,396	-	-	47,396
Advertising and marketing	24,271	-	-	24,271
Travel and meetings	5,565	-	-	5,565
Telephone	16,320	-	-	16,320
Miscellaneous	75,177	11,480	-	86,657
TOTAL EXPENSES	\$ 1,061,369	\$ 4,171,604	\$ 1,605,574	\$ 6,838,547

	2014			
	General administration expense	Transportation expense	Maintenance expense	Totals
EXPENSES				
Salaries and wages	\$ 396,005	\$ 2,252,986	\$ 538,451	\$ 3,187,442
Employee fringe benefits	200,455	1,215,216	313,595	1,729,266
Motor fuel and oil	-	583,035	-	583,035
Repairs and parts	-	-	366,125	366,125
Utilities	-	-	329,536	329,536
Outside services	21,352	-	-	21,352
Supplies	14,825	-	-	14,825
Insurance	134,522	-	-	134,522
Professional fees	72,117	-	-	72,117
Advertising and marketing	18,572	-	-	18,572
Travel and meetings	1,980	-	-	1,980
Telephone	13,015	-	-	13,015
Miscellaneous	67,140	9,052	-	76,192
TOTAL EXPENSES	\$ 939,983	\$ 4,060,289	\$ 1,547,707	\$ 6,547,979

GREATER PORTLAND TRANSIT DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

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 Formula Grants	20.507	ME-95-0017	\$ 150,221
Federal Transit Formula Grants	20.507	ME-90-0205	61,967
Federal Transit Formula Grants	20.507	ME-90-0191	30,666
Federal Transit Formula Grants	20.507	ME 90-X196	7,343
Federal Transit Formula Grants	20.507	ME-90-X213	1,968,815
			<u>2,219,012</u>
 TOTAL FEDERAL AWARDS			 <u><u>\$ 2,219,012</u></u>

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Greater Portland Transit District under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Greater Portland Transit District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

2. Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Major Programs - Federal

The following program was considered a major programs as defined by the Uniform Guidance:

Federal Transit Formula Grants

CDFA #20.507



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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, 2015, 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 February 29, 2016.

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.

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
February 29, 2016



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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 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, 2015. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2015.

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's 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
February 29, 2016

GREATER PORTLAND TRANSIT DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

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: Unmodified

Any audit findings disclosed that are required to be reported
 In accordance with 2 CFR section 200.516(a) ? yes no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
20.507	Federal Transit Formula Grants

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

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, 2015 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 is presented in accordance with the requirements of MAAP, and is 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
February 29, 2016

GREATER PORTLAND TRANSIT DISTRICT

SCHEDULE OF EXPENDITURES OF DEPARTMENT AGREEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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 33362	170,426	7/1/14-6/30/15	Operating	Final	\$ -	\$ 170,426	\$ 170,426	\$ -	\$ 170,426
	Subtotal (DOT)					-	170,426	170,426	-	170,426
	TOTAL					\$ -	\$ 170,426	\$ 170,426	\$ -	\$ 170,426

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, 2015 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
February 29, 2016

AGREEMENT SETTLEMENT FORM (ASF)

Greater Portland Transit District
Fiscal year Ended: December 31, 2015

Project Name/Grant No: State Funding Only
CSN#: 33362
PIN#:
Agreement Period: 7/1/14-6/30/15

State Participating Share

Max Authorized Amount	\$	170,426
State Share Paid	\$	170,426
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-X213
Agreement Period: 7/1/14-6/30/15
Amount Received: 1,968,815.00