

GREATER PORTLAND TRANSIT DISTRICT

Financial Statements

For the year ended December 31, 2016

GREATER PORTLAND TRANSIT DISTRICT
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For the year ended December 31, 2016

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Independent Auditor's Report

To the Board of Directors of the
Greater Portland Transit District

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Portland Transit District as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Greater Portland Transit 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. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Portland Transit District as of December 31, 2016, and the changes in financial position and cash flows 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 and the schedule of funding progress for the retiree healthcare plan 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 an opinion on the financial statements that collectively comprise the Greater Portland Transit District's basic financial statements. The budgetary basis schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The budgetary basis schedules are the responsibility of management and were derived from and relate 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary basis schedules 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 20, 2017 on our consideration of the Greater Portland Transit District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Portland Transit District's internal control over financial reporting and compliance.



April 20, 2017
South Portland, Maine

GREATER PORTLAND TRANSIT DISTRICT
Management Discussion and Analysis
Fiscal Year Ended December 31, 2016

The Greater Portland Transit District (GPTD) is a municipal transit district formed under M.R.S.A Title 30-A, Part 2.5, Section 163, providing public transportation to the member cities of Portland and Westbrook, and the Town of Falmouth. The following is a narrative guide to aid the reader in understanding GPTD's financial performance and status that is presented in the financial statements and accompanying notes.

GPTD experienced a complete change in Finance staff in mid-2016, and retained a new audit firm for its 2016 audit. Verifying beginning balances was in some areas challenging, since staff did not have any background on the prior year audit and had difficulty locating backup documents. Subsequently, the financial statements for the 2016 fiscal year are not presented as comparative to 2015.

As a recipient of federal funds, GPTD is also required to undergo a single audit in conformity with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This "single audit" is designed to meet the special requirements of federal grantor agencies to assure proper handling and accounting of federal funds.

As a recipient of State funds, GPTD is also required to undergo an independent review of expenditures and department agreements in accordance with the *Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP)*. This review is required to confirm compliance with the internal control requirements relevant to the preparation and fair presentation of the schedule of expenditures for department agreements.

Financial Highlights

- **Current Assets.** GPTD's current assets increased by 5.8% from 2015, or about \$108,000. Cash on hand at the end of 2016 was about \$840,000 less than in 2015; however, grants receivable was equivalently higher.
- **Capital Assets.** Net capital assets increased in 2016 by \$429,315, reflecting construction in progress for building renovations and bus stop improvements, as well as adding new BREEZ service buses and implementing an Automated Vehicle Location System.
- **Liabilities.** There are two notable impacts to GPTD liabilities for 2016. There is an increase in bonded debt of \$102,000 to fund the local match for new BREEZ buses. Also, the Other Post-Employment Benefits (OPEB) liability was understated in 2015 at \$25,030, and should have been \$356,590. The 2016 OPEB liability is \$416,355, as described on page 16.
- **Net Position.** Overall net position for GPTD increased by 5.6%, or about \$431,000, almost exclusively due to the increase in capital assets. Restricted net position represents the unexpended portion of local match funds for awarded capital grants. The calculation of restated 2015 net position and current restricted net position is on page 18.
- GPTD finances its cash flow through issuance of an annual Revenue Anticipation Note (RAN), in advance of receiving payments from member communities and its federal operating subsidy.

GREATER PORTLAND TRANSIT DISTRICT
Management Discussion and Analysis, Continued
Fiscal Year Ended December 31, 2016

Relevant Financial Policies

The Board of Directors for the GPTD adopted a Fund Balance Policy in 2015 with a goal of achieving and maintaining unassigned fund balance in an amount of no less than 8.33%, and no greater than 25%, of operating expenditures. GPTD uses an accrual basis of accounting and reports its financial condition using the economic resources measurement focus, and as such does not report a fund balance. However, the Board considers this Policy as a prudent approach to fiscal stability.

As of fiscal 2016 year end, the calculated unassigned fund balance was \$149,490, representing 1.7% of its 2017 operating expenditure budget. In keeping with the Policy intent, the budget for 2017 includes a modest amount, \$45,000, toward the goal of 8.33%. At the current budgetary level, 8.33% would equate to an unassigned fund balance amount of \$727,000.

Financial Statements

GPTD Basic Financial Statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. The Notes to Basic Financial Statements are in integral part of understanding these Statements.

Budgeted Revenues

Revenues were 5.1% or about \$390,000 above budgeted amounts, and was 6.4%, or about \$481,000, higher than 2015.

Passenger Fares. GPTD had an increase in Passenger Fares of about \$164,000, or 9.5%, over 2015, for a total of \$1.9 million. This is attributed to the full implementation of the Portland High School pass program, the service expansion of the BREEZ express, and increased monthly pass and ten ride ticket purchases. Collections were 5.4% over budget, or about \$97,000, reflecting higher monthly pass and ten ride ticket activity than expected.

Federal and State assistance. Collections from federal and state agencies was 10.4% higher than 2015, or about \$222,000. Total federal and state assistance for 2016 were over budget by 9.3%, or about \$236,000. Much of this increase was from funding for the BREEZ operational costs, and funding for ADA Paratransit service costs, both of which were new, unbudgeted operations for GPTD in 2016. Each of these have corresponding offsetting expenses. Note that grant funding for the BREEZ operation is a three-year term, ending in 2019.

Local Investment. Local funding increased by 6.8% from 2015, or about \$206,000. There was a 3.5% increase in member community assessments, representing \$106,000 of this increase. Contributions from Freeport and Yarmouth, who are non-member communities but are funding the local match for the BREEZ expansion, totaled \$50,758. Payments from member communities for the local cost of ADA Paratransit service represents about \$50,000 of the increase. Note that both the BREEZ and ADA activity was also unbudgeted for 2016.

Miscellaneous Revenues. Total miscellaneous revenue was under collected by 10.9%, or about \$44,000. A decrease in CNG fuel sales to Portland Schools is a result of their migration away from CNG buses back to diesel, and has a corresponding expenditure reduction. Advertising revenue was under collected by 17.1%, or about \$39,000, with the expectation that it has leveled out at this amount. Miscellaneous revenue reflects the collection of the alternative fuel tax credit received for 2016.

GREATER PORTLAND TRANSIT DISTRICT
Management Discussion and Analysis, Continued
Fiscal Year Ended December 31, 2016

Budgeted Expenses

Total operating expenses for 2016 were over budget by 6.1%, or about \$465,000, and 18.3%, or about \$1,256,000 more than 2015.

Wages and Benefits. Total wages and benefits costs were 9.4% higher, or about \$501,000, than in 2015. Much of this change is from the implementation of the BREEZ service, with the addition of three bus drivers. There was also a 2% wage increase for all employees and an 8% increase in health insurance premiums. For 2016, wages and benefits were over budget by 0.3%, or about \$15,000. Although the BREEZ expansion was not budgeted, a budget savings in benefits offset much of that expense. Turnover savings was also a factor in offsetting that expense, with the changes in administrative staff in 2016. Note that BREEZ expenses have funding as referred to above under Revenues.

Marketing. The marketing budget was over expended by 23.2%, or about \$15,000. The BREEZ expansion included significant publicity and marketing, which was unbudgeted.

Temporary Help. There was no budgeted Temporary Help for 2016. GPTD underwent a Triennial Review by the Federal Transportation Administration (FTA) during 2016, and after retirement of both the Director of Finance and the Bookkeeper. Contract accounting help was brought in to assist with the Triennial Review, as well as perform day-to-day functions of the finance operation until permanent staff could be hired, at a cost of \$122,000 for the year.

Fuel. The buses are fueled by both compressed natural gas (CNG) and diesel fuel. In 2016, fuel was under budget by 11.2%, or about \$52,000. Lower fuel prices, as well as lower sales of CNG to Portland Schools, allowed for this savings.

ADA Paratransit. This service is contracted to Regional Transportation Program (RTP) to provide paratransit transportation to the GPTD member communities. Formerly, these communities contracted directly with RTP. In July of 2016, GPTD became the contracting entity, paying RTP, billing the member communities for their share, and drawing federal funds available for this service. The cost, and as described above the revenue, associated with this service were not budgeted. The net cost of ADA transport was not completely offset by revenue in 2016, with a net cost to GPTD of about \$99,000.

Parts. For 2016, the cost of fleet parts exceeded the budgeted amount by 60.1%, or about \$147,000. \$49,860 of that amount is a year-end expense adjustment for parts inventory, where the value of physical inventoried parts was less than the general ledger value.

Tires. The tire expense for 2016 was over the budgeted amount by 95.3%, or \$30,490. Previous to 2016, tires had been recorded as assets. Tires are in fact a maintenance item, and are also defined as such by the FTA. All tire purchases subsequent to October were expensed, and the operational budget variance was about \$8,000. The tire expense total for 2016 also includes an adjustment to expense \$23,676 of the asset value.

Utilities. The total cost of heat, electricity, water, sewer, and storm water was under budget by 27.9%, or about \$95,000. Heating/cooling is fueled by natural gas, which did see an increase late in the year, but comprised \$83,000 of the overall utility savings.

GREATER PORTLAND TRANSIT DISTRICT
Management Discussion and Analysis, Continued
Fiscal Year Ended December 31, 2016

Growth and Initiatives

An important indicator of GPTD's fiscal health is its ridership. In 2016, GPTD saw an increase of 15.5% over 2015, and an increase of 21.6% since 2014. Factors for this increase include the transportation of high school students for both Portland Public Schools and Baxter Academy and expansion of express service to Yarmouth with the BREEZ. GPTD also has completed a first phase of new shelter installations in various locations, as well as improvements to bus stop areas.

Expansion of service to Brunswick will begin in July of 2017, which extends the current BREEZ express service. Preliminary approvals have been made for extending service into Gorham in 2018 through an agreement with the University of Southern Maine for transportation of students between the Portland and Gorham campuses.

GPTD implemented an automated vehicle location for its bus fleet, which also allowed for a launch of Transit Tracker, a real-time mobile application for riders to track their bus location and arrival time. Grant funding will allow for the purchase of 26 new buses over the next three years, as well as implementation of automated fare collection, expected in 2018.

GPTD also expects to improve finance and administrative functions by implementing integrated financial and human resources technology, beginning in 2017. Internal building renovations will be completed in 2017 that will provide clean, updated facilities and improve the working conditions for all staff, which is especially important as the organization grows.

Conclusion

GPTD has experienced a lot of change and growth, and continues to make improvements in its administrative functions by employing technology and updating processes and procedures. Ongoing expansion and increasing ridership will allow GPTD to maintain and improve its fiscal health.

Requests for Information

This purpose of this financial report is to provide a general overview of the Greater Portland Transit District's finances. Any questions concerning this report or additional information should be addressed to Ellen Sanborn, Finance Director, Greater Portland Transit District, 14 Valley Street, Portland, Maine 04102.

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

GREATER PORTLAND TRANSIT DISTRICT
Statement of Net Position
December 31, 2016

	2016
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 362,537
Accounts receivable	321,026
Grants receivable	839,890
Inventory	362,513
Prepaid expenses	52,802
Total current assets	1,938,768
Capital assets:	
Land	133,175
Construction in progress	208,648
Buildings and improvements	9,212,525
Transportation equipment	9,294,076
Shop and garage equipment	377,122
Office equipment	318,658
Total capital assets	19,544,204
Less accumulated depreciation	11,868,249
Capital assets, net	7,675,955
Total assets	9,614,723
LIABILITIES	
Current liabilities:	
Accounts payable	159,066
Accrued payroll and payroll taxes	110,935
Accrued compensated absences	57,805
Other liabilities	24,888
Current portion of bonds payable	122,526
Total current liabilities	475,220
Noncurrent liabilities:	
Net OPEB obligation	416,355
Bonds payable	529,301
Total non-current liabilities	945,656
Total liabilities	1,420,876
NET POSITION	
Net investment in capital assets	7,024,128
Restricted	290,827
Unrestricted	878,892
Total net position	\$ 8,193,847

See accompanying notes to basic financial statements.

GREATER PORTLAND TRANSIT DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the year ended December 31, 2016

	2016
Operating revenues:	
Passenger fares	\$ 1,903,211
Regional Transportation Program rent	28,815
Outside repairs, maintenance and CNG sales	36,879
Advertising	186,460
Miscellaneous income	171,233
Total operating revenues	2,326,598
 Operating expenses before depreciation:	
Administration	1,362,647
Transit service	4,840,110
Asset maintenance	1,853,048
Total operating expenses before depreciation	8,055,805
Operating loss before depreciation	(5,729,207)
Depreciation expense	1,049,566
Operating loss after depreciation	(6,778,773)
 Nonoperating revenues (expenses):	
Local sources	3,250,319
Federal assistance	3,334,858
State assistance	688,178
Loss on disposal of capital assets	(46,052)
Interest income	2,131
Interest on debt service	(19,467)
Total nonoperating revenues	7,209,967
Change in net position	431,194
Net position, beginning of year, as restated	7,762,653
Net position, end of year	\$ 8,193,847

See accompanying notes to basic financial statements.

GREATER PORTLAND TRANSIT DISTRICT
Statement of Cash Flows
For the year ended June 30, 2016

	2016
Cash flows from operating activities:	
Receipts from customers	\$ 2,306,105
Payments to suppliers	(2,339,895)
Payments to employees	(5,716,979)
Net cash used in operating activities	(5,750,769)
Cash flows from investing activities:	
Interest income	2,131
Net cash provided by investing activities	2,131
Cash flows from noncapital financing activities:	
Local sources	3,250,319
Federal, State and other grants	3,183,146
Net cash provided by noncapital financing activities	6,433,465
Cash flows from capital and related financing activities:	
Bond issuance proceeds	102,000
Purchase of capital assets	(1,524,904)
Principal payments on bonds	(82,380)
Interest payments	(19,467)
Net cash used in capital and related financing activities	(1,524,751)
Net decrease in cash and cash equivalents	(839,924)
Cash and cash equivalents, beginning of year	1,202,461
Cash and cash equivalents, end of year	\$ 362,537
Reconciliation of operating loss to	
net cash used in operating activities:	
Operating loss	\$ (6,778,773)
Adjustments to reconcile operating loss to net cash	
used in operating activities:	
Depreciation	1,049,566
Change in operating assets and liabilities:	
Accounts receivable	(20,493)
Inventory	(47,671)
Prepaid expenses	(37,331)
Accounts payable	34,234
Accrued payroll and payroll taxes	109,077
Accrued compensated absences	(66,327)
Other liabilities	(52,816)
Net OPEB obligation	59,765
Net cash used in operating activities	\$ (5,750,769)

See accompanying notes to basic financial statements.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Economic Dependency - The District is economically dependent upon grants from the Federal Transit Administration and subsidies from the City of Portland, the City of Westbrook, and the Town of Falmouth.

Measurement Focus and Basis of Accounting - The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of the related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits and time deposits. Investments are stated at fair value.

Accounts Receivable and Grants Receivable - The District grants credit to local governments and businesses. In addition, grants are received for operations and various capital acquisitions. The portion of grants not received at year-end is included in the balance sheet as grants receivable. The amounts of these receivables are subject to acceptance of qualified expenditures by responsible grantor agencies. Grants received prior to obligation or expenditure of funds are recorded as unearned grants.

Management believes that all accounts receivable and grants receivable at December 31, 2016 are fully collectable. Therefore, no allowance for doubtful accounts is recorded.

Net Position - Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the District's intent to use restricted resources first, then unrestricted resources as they are needed.

Inventory - Inventories are valued at cost using a cost averaging method and consists of fuel, oil, materials, and supplies.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Prepaid Expenses - Payments to vendors that will benefit periods beyond the fiscal year are recorded as prepaid expenses.

Capital Assets - Capital assets owned by the District are stated at the cost to acquire or construct the asset and are comprised of land, building, vehicles, and other capital assets. Donated capital assets are recorded at fair market value. Routine maintenance and repairs are charged against income. Expenses, which materially increase values, change capacities, or extend useful lives are capitalized. The threshold for capitalization of an asset is \$3,000. The provision for depreciation has been computed by the use of the straight-line method at rates intended to amortize the cost of the related assets over their estimated useful lives.

Estimated useful lives are as follows:

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

Accrued Compensated Absences - Under terms of personnel policies of the District, compensated absences are granted in varying amounts according to length of service. At December 31, 2016, compensated absences amounted to \$57,805.

Use of Estimates - The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DEPOSITS

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District currently does not have a written deposit policy for custodial credit risk, but does attempt to have all deposits insured and collateralized. As of December 31, 2016, the District reported deposits of \$362,537 with a bank balance of \$463,826. The District's bank balance is comprised of repurchase agreements, 100% of which was collateralized by underlying securities held by the related bank, which were not in the District's name.

Interest rate risk: The District currently does not have a written policy for interest rate risk.

Credit Risk: Maine statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The District currently does not have a written policy for credit risk.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2016 was as follows:

	Balance 12/31/2015 <u>(as restated)</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2016</u>
Capital assets not being depreciated:				
Land	\$ 133,175	-	-	133,175
Construction in progress	439,100	208,648	(439,100)	208,648
Total capital assets not being depreciated	572,275	208,648	(439,100)	341,823
Capital assets being depreciated:				
Buildings and improvements	9,212,525	-	-	9,212,525
Transportation equipment	7,891,718	1,755,385	(353,027)	9,294,076
Shop and garage equipment	377,122	-	-	377,122
Office equipment	318,658	-	-	318,658
Total capital assets being depreciated	17,800,023	1,755,385	(353,027)	19,202,381
Less accumulated depreciation	11,125,658	1,049,566	(306,975)	11,868,249
Total capital assets being depreciated, net	6,674,365	705,819	(46,052)	7,334,132
Capital assets, net	\$ 7,249,640	914,467	(485,152)	7,675,955

LONG-TERM DEBT

The following is a summary of long-term liability transactions of the District for the year ended December 31, 2016:

	Rested Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Bonds payable	\$ 632,207	102,000	82,380	651,827	122,526
Other post-employment liabilities	356,590	90,107	30,342	416,355	-
Accrued compensated absences	124,132	-	66,327	57,805	-
Total long-term liabilities	\$ 1,112,929	192,107	179,049	1,125,987	122,526

Bonds payable at December 31, 2016 are comprised of the following individual issues:

	Date of <u>issue</u>	Amount <u>issued</u>	Interest <u>rate</u>	Maturity <u>date</u>	Balance <u>12/31/16</u>
2011 Heavy duty lifts	2011	\$ 335,000	3.10%	6/1/2021	163,541
2011 Buses	2011	111,086	3.10%	6/1/2021	54,230
2014 Buses	2014	451,881	2.44%	1/2/2024	348,820
2016 Buses	2016	102,000	1.25%	4/20/2019	85,236
Total bonds payable					\$ 651,827

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT

The annual requirements to amortize bonds payable outstanding as of December 31 2016 are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 122,526	15,731	138,257
2018	125,448	12,809	138,257
2019	111,074	9,809	120,883
2020	96,437	7,072	103,509
2021	73,024	4,338	77,362
<u>2022-2024</u>	<u>123,318</u>	<u>4,631</u>	<u>127,949</u>
Totals	\$ 651,827	54,390	706,217

GRANTOR REVIEW

Federal and State grants are subject to grantor review and final approval. Although it is not anticipated that any claims would be made against the District by the grantor agencies, grants remain subject to ultimate closeout.

RISK MANAGEMENT

The Greater Portland District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Greater Portland District carries commercial insurance.

PENSION PLAN

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

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

During 2016, the District matched 5% of union employee contributions and they were required to contribute 5% of their gross pay. Participating nonunion employees had the option to contribute up to 20% of their covered gross pay and the District matched 5% of those contributions. Additionally, the District contributed 9.5% of the General Manager's compensation, without regard to his contributions.

Employee contributions for 2016 amounted to \$150,562. Total pension expense for 2016 was \$195,201 on \$3,932,029 in covered wages.

In 2017, the contribution rate for the union and nonunion match, as well as the union employee contribution, will all increase to 5.5%.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

457 RETIREMENT PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets are not included in the District's financial statements. Employee contributions for 2016 amounted to \$87,305. Total pension expense for the District for 2016 was \$0.

OTHER POSTEMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Greater Portland Transit District Greater Portland District is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The District is an individually rated member within the Association. The Trust issues a publicly available financial report.

The Health Trust contracted with an outside consultant to assist in the determination and valuation of the District's OPEB liability under GASB Statement 45. The consultants completed the latest OPEB liability actuarial valuation in August 2014.

Plan Descriptions - The District contributes to the Maine Municipal Employees Health Trust, an agent multiple-employer defined benefit postretirement healthcare plan. The District sponsors a post-retirement benefit plan providing health insurance to retiring employees. Employees who have been participating in the District's health insurance plan, have reached the age of 62, have been employed by the District for 20 years or more, and wish to retire before the age of 65, may elect to have the District pay the full cost of health their insurance until they reach the age of 65. Complete plan financial statements may be obtained from the Maine Municipal Employees Health Trust at 60 Community Drive, Augusta, ME 04330.

Funding Policy and Annual OPEB Cost - GASB Statement 45 does not mandate the prefunding of a postemployment benefits liability. The District currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

The following table represents the OPEB costs for the year and the annual required contribution:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Normal cost	\$ 39,932	39,932	39,932
Amortization of unfunded	32,995	32,995	32,995
Interest	2,917	2,917	2,917
Annual required contribution	75,844	75,844	75,844
Interest on net OPEB obligation	14,264	11,565	9,418
Amortizing adjustment to ARC	(20,622)	(16,721)	(13,616)
Annual OPEB cost	69,486	70,688	71,646
Contributions made	(9,721)	(3,230)	(17,963)
Increase in net OPEB obligation	59,765	67,458	53,683
Net OPEB obligation - beginning of year	356,590	289,132	235,449
Net OPEB obligation - end of year	<u>\$ 416,355</u>	<u>356,590</u>	<u>289,132</u>

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2016 and the two preceding years.

<u>Fiscal Year End</u>	<u>Annual OPEB Costs</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 71,646	25.07%	289,132
June 30, 2015	70,688	4.57%	356,590
June 30, 2016	69,486	13.99%	416,355

Funding Status and Funding Progress - As the district has chosen to fund OPEB on a pay-as-you-go basis, the plan has no assets. As of January 1, 2014, the most recent actuarial valuation date, the funded status of the plan of plan was as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarial accrued liability	\$ 593,368	593,368	593,368
Plan assets	-	-	-
Unfunded actuarial accrued liability	593,368	593,368	593,368
Funded ratio	0%	0%	0%
Covered payroll	3,932,029	3,835,223	3,540,469
Unfunded actuarial accrued liability as a percentage of covered payroll	15.09%	15.47%	16.76%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Actuarial Methods and Assumptions - Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/14
Actuarial cost method	Projected unit credit
Amortization method	Level dollar open
Amortization period	30 years
Actuarial assumptions:	
Discount rate	4.0%
Rate of salary increases	3.0%
Ultimate rate of medical inflation	4.60%

SHORT-TERM LIABILITIES

The District obtained short-term borrowing in the form of a revenue anticipation note for immediate cash flow needs. Short-term liability transactions for the year ended December 31, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
<u>Revenue anticipation note</u>	\$ -	1,990,095	1,990,095	-

NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding long-term debt and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is any remainder of total net position less net investment in capital assets and restricted net position.

The District's net investment in capital assets was calculated as follows at December 31, 2016:

Capital assets	\$ 19,544,204
Accumulated depreciation	(11,868,249)
Bonds payable	(651,827)
<u>Total net investment in capital assets</u>	<u>\$ 7,024,128</u>

GREATER PORTLAND TRANSIT DISTRICT
Notes to Basic Financial Statements, Continued

NET POSITION, CONTINUED

The District's net position at December 31, 2016 was restricted for the local match of the following grants:

ME-04-0012 - 2011 State of Good Repair	\$ 29,320
ME-90-0213 - 2015 Operating Assistance & Cap Maintenance	156,000
ME-90-0196 - 2013 Operating Assistance & Cap Maintenance	14,654
ME-90-0205 - 2014 Operating Assistance & Cap Maintenance	28,680
ME-2016-016 - 2016 Operating Assistance & Cap Maintenance	54,000
ME-2016-017 - Regional Bus Shelter/Sign Project	8,173
Total restricted net position	<u>\$ 290,827</u>

PRIOR PERIOD ADJUSTMENTS

Due to reporting errors in previously issued financial statements, the District has restated the December 31, 2015 net position as follows:

	Governmental
	<u>Activities</u>
Net position, as previously reported	\$ 7,726,239
Corrected prior-year payroll liability accounts	(22,056)
Incorrectly accrued HRA liability	352,877
Incorrectly excluded other postemployment benefits liability	(331,560)
Corrected accumulated depreciation	37,153
Net position, as restated	<u>\$ 7,762,653</u>

**GREATER PORTLAND TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Funding Progress
Retiree Healthcare Plan**

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) / c]</u>
2016	1/1/14	-	\$ 593,368	593,368	0.00%	3,932,029	15.09%
2015	1/1/14	-	593,368	593,368	0.00%	3,835,223	15.47%
2014	1/1/14	-	593,368	593,368	0.00%	3,540,469	16.76%

SCHEDULES

GREATER PORTLAND TRANSIT DISTRICT
Schedule of Revenues and Expenses - Budget and Actual -
Budgetary Basis by Department
For the year ended December 31, 2016

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Passenger fares:				
Regular fares	\$ 790,266	790,266	758,225	(32,041)
Single ride tickets	93,809	93,809	103,282	9,473
Day passes	2,000	2,000	1,369	(631)
Ten ride tickets	340,820	340,820	361,701	20,881
Monthly passes	385,182	385,182	465,883	80,701
Portland High School pass program	160,000	160,000	167,672	7,672
BREEZE fares	-	-	15,048	15,048
Special pass programs	34,160	34,160	30,031	(4,129)
Total passenger fares	1,806,237	1,806,237	1,903,211	96,974
Federal assistance:				
Operating assistance	1,682,789	1,682,789	1,682,789	-
Capital maintenance	-	-	25,818	25,818
Preventative assistance	371,000	371,000	371,000	-
Falmouth Rt. 1 grant	70,000	70,000	70,000	-
BREEZE operating assistance	-	-	112,081	112,081
ADA paratransit	-	-	98,653	98,653
Total federal assistance	2,123,789	2,123,789	2,360,341	236,552
State assistance	170,426	170,426	170,426	-
Local investment:				
Members:				
Town of Falmouth	146,937	146,937	146,937	-
City of Portland	2,572,744	2,572,744	2,572,744	-
City of Westbrook	430,519	430,519	430,519	-
ADA paratransit	-	-	49,361	49,361
Non-members:				
Towns of Freeport and Yarmouth	-	-	50,758	50,758
Total local investment	3,150,200	3,150,200	3,250,319	100,119
Miscellaneous:				
Regional Transportation Program rent	8,550	8,550	28,815	20,265
Outside repairs, maintenance and CNG sales	98,000	98,000	36,879	(61,121)
Advertising	225,000	225,000	186,460	(38,540)
Interest income	-	-	2,131	2,131
Miscellaneous income	72,000	72,000	105,096	33,096
Total miscellaneous	403,550	403,550	359,381	(44,169)
Total revenues	7,654,202	7,654,202	8,043,678	389,476

GREATER PORTLAND TRANSIT DISTRICT
Schedule of Revenues and Expenses - Budget and Actual -
Budgetary Basis by Department
For the year ended December 31, 2016

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenses:				
Administration:				
Personnel (wages - salaries)	\$ 441,254	441,254	377,490	63,764
Personnel (benefits)	275,960	275,960	323,687	(47,727)
Marketing	65,000	65,000	80,087	(15,087)
Legal fees	28,000	28,000	35,962	(7,962)
Audit fees	12,000	12,000	11,625	375
GPCOG services	15,000	15,000	22,033	(7,033)
Travel - meetings	4,500	4,500	9,973	(5,473)
Dues - subscriptions	21,900	21,900	26,442	(4,542)
Training	9,500	9,500	4,345	5,155
Contracts - consultants	31,000	31,000	51,874	(20,874)
IT - security	20,000	20,000	28,909	(8,909)
Temporary help	-	-	122,594	(122,594)
Armored car service	2,080	2,080	1,827	253
Employee recognition	2,500	2,500	6,538	(4,038)
Commodities	35,600	35,600	52,643	(17,043)
Agency insurance	155,000	155,000	164,926	(9,926)
Total administration	1,119,294	1,119,294	1,320,955	(201,661)
Transit service:				
Personnel (base salaries)	2,244,400	2,244,400	2,453,673	(209,273)
Personnel (overtime)	283,617	283,617	235,798	47,819
Personnel (benefits)	1,616,958	1,616,958	1,476,214	140,744
Fuel (fleet - diesel)	215,000	215,000	212,936	2,064
Fuel (fleet - CNG)	245,000	245,000	195,366	49,634
Commodities	10,500	10,500	13,009	(2,509)
ADA paratransit	-	-	246,806	(246,806)
Pulse operating costs	11,500	11,500	6,308	5,192
Total transit service	4,626,975	4,626,975	4,840,110	(213,135)
Asset Maintenance:				
Personnel (base salaries)	541,242	541,242	561,417	(20,175)
Personnel (overtime)	20,663	20,663	32,293	(11,630)
Personnel (benefits)	372,529	372,529	351,339	21,190
Education	-	-	99	(99)
Parts (equipment)	14,000	14,000	14,033	(33)
Parts (fleet)	156,442	156,442	291,587	(135,145)
Parts (facilities)	74,500	74,500	86,494	(11,994)
Other materials - supplies	42,000	42,000	45,318	(3,318)
Tires (fleet)	31,984	31,984	62,474	(30,490)
Supplies (fleet)	41,718	41,718	26,404	15,314
Electricity	122,000	122,000	109,534	12,466
Radio maintenance	-	-	3,696	(3,696)
Water - sewer	17,000	17,000	18,017	(1,017)
Gas heat (facilities)	200,000	200,000	116,828	83,172
CNG fuel station maintenance	25,000	25,000	29,529	(4,529)
Bus stop maintenance	30,000	30,000	246	29,754
Total asset maintenance	1,689,078	1,689,078	1,749,308	(60,230)

GREATER PORTLAND TRANSIT DISTRICT
Schedule of Revenues and Expenses - Budget and Actual -
Budgetary Basis by Department
For the year ended December 31, 2016

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Capital Match:				
Falmouth share	\$	6,358	6,358	6,358
Portland share		86,093	86,093	86,093
Westbrook share		14,404	14,404	14,404
Total capital match		106,855	106,855	106,855
Debt service:				
Principal repayment		86,800	86,800	82,739
Interest (short-term debt)		8,000	8,000	2,939
Interest (long-term debt)		17,200	17,200	16,528
Total debt service		112,000	112,000	102,206
Total expenditures		7,654,202	7,654,202	8,119,434
Change in net position - budgetary basis		-	-	(75,756)
Reconciliation to GAAP:				
Unbudgeted federal capital grants			974,517	
Unbudgeted state capital grants			517,752	
Capitalized local match			106,855	
Depreciation expense			(1,049,566)	
Principal payment on debt service			82,739	
Change in other postemployment liability			(59,765)	
Change in accrued compensated absences			52,182	
Unbudgeted shelter program grant expenditures			(103,740)	
Loss on disposal of capital assets			(46,052)	
Miscellaneous unbudgeted revenues			66,137	
Miscellaneous unbudgeted expenses			(34,109)	
Net change in fund balances - GAAP basis			431,194	
Net position, beginning of year, as restated			7,762,653	
Net position, end of year	\$		8,193,847	

GREATER PORTLAND TRANSIT DISTRICT
Schedule of Revenues and Expenses - Budget and Actual -
Budgetary Basis by Functional Expense Categories
For the year ended December 31, 2016

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues	\$ 7,654,202	7,654,202	8,043,678	389,476
Expenses:				
Personnel				
Regular wages and salaries	3,226,896	3,226,896	3,392,580	(165,684)
Overtime	304,280	304,280	268,091	36,189
Benefits	2,265,448	2,265,448	2,151,240	114,208
Total personnel	5,796,624	5,796,624	5,811,911	(15,287)
Other:				
Marketing	65,000	65,000	80,087	(15,087)
Legal fees	28,000	28,000	35,962	(7,962)
Audit fees	12,000	12,000	11,625	375
GPCOG services	15,000	15,000	22,033	(7,033)
Travel and meetings	4,500	4,500	10,072	(5,572)
Dues and subscriptions	21,900	21,900	26,442	(4,542)
Training	9,500	9,500	4,345	5,155
Contracts and consultants	31,000	31,000	51,874	(20,874)
IT and security	20,000	20,000	28,909	(8,909)
Temporary help	-	-	122,594	(122,594)
Armored car service	2,080	2,080	1,827	253
Employee recognition	2,500	2,500	6,538	(4,038)
Agency insurance	155,000	155,000	164,926	(9,926)
Fuel	460,000	460,000	408,302	51,698
ADA paratransit	-	-	246,806	(246,806)
Pulse operating costs	11,500	11,500	6,308	5,192
Commodities	46,100	46,100	65,652	(19,552)
Parts	244,942	244,942	392,114	(147,172)
Supplies	83,718	83,718	71,722	11,996
Tires	31,984	31,984	62,474	(30,490)
Radio maintenance	-	-	3,696	(3,696)
CNG fuel station maintenance	25,000	25,000	29,529	(4,529)
Bus stop maintenance	30,000	30,000	246	29,754
Water and sewer	17,000	17,000	18,017	(1,017)
Gas heat	200,000	200,000	116,828	83,172
Electricity	122,000	122,000	109,534	12,466
Capital match	106,855	106,855	106,855	-
Debt service principal	86,800	86,800	82,739	4,061
Debt service interest	25,200	25,200	19,467	5,733
Total other	1,857,578	1,857,578	2,307,523	(449,945)
Total expenditures	7,654,202	7,654,202	8,119,434	(465,232)
Change in net position - budgetary basis	\$ -	-	(75,756)	(75,756)