

Federal Compliance Audit

Greater Portland Transit District

December 31, 2014



Proven Expertise & Integrity

GREATER PORTLAND TRANSIT DISTRICT

DECEMBER 31, 2014

CONTENTS

FINANCIAL STATEMENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 14
STATEMENT A - STATEMENTS OF NET POSITION	15
STATEMENT B - STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	16
STATEMENT C - STATEMENTS OF CASH FLOWS	17 - 18
NOTES TO FINANCIAL STATEMENTS	19 - 28

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	29
SCHEDULE 1 - SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL	30
SCHEDULE 2 - SCHEDULES OF TRANSPORTATION, MAINTENANCE AND GENERAL ADMINISTRATION EXPENSE	31

FEDERAL COMPLIANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	32
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	33
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 <i>GOVERNMENT AUDITING STANDARDS</i>	34 - 35

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	36 - 38
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	39



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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, 2014, 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. 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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609

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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greater Portland Transit District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2015 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 20, 2015

**Greater Portland Transit District
Management's Discussion and Analysis
Fiscal Year Ended 2014**

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, 2014.

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, 2014 as part of its audited financial statements.

GPTD's net Position of \$8,107,060 reflected an increase of \$1,501,806 from 2013.

Net change for total current assets was an increase of \$293,386.

Total operating revenues decreased \$27,131 and non-operating revenues increased \$1,738,719.

Total expenses excluding depreciation decreased \$21,389.

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>2014</u>	<u>2013</u>	<u>Change</u>
Assets:			
Current Assets:			
Cash	\$ 916,440	\$ 798,236	\$ 118,204
Accounts receivable	381,896	210,749	171,147
Inventory	300,611	289,032	11,579
Prepaid expenses	51,357	58,901	(7,544)
Net Property and Capital Assets	7,970,224	6,424,643	1,545,581
Total Assets	<u>\$ 9,620,528</u>	<u>\$ 7,781,561</u>	<u>\$ 1,838,967</u>
Liabilities:			
Current Liabilities			
Accounts payable	\$ 252,561	\$ 228,739	\$ 23,822
Accrued payroll expenses	47,785	110,527	(62,742)
Accrued compensated absences	105,520	131,408	(25,888)
Other liabilities	390,982	358,546	32,436
Current portion of long-term obligations	63,686	41,786	21,900
Total Current Liabilities	<u>860,534</u>	<u>871,006</u>	<u>(10,472)</u>
Noncurrent Liabilities			
Noncurrent portion of long-term obligations			
Bonds payable	652,934	305,311	347,623
Total Noncurrent Liabilities	<u>652,934</u>	<u>305,311</u>	<u>347,623</u>
Total Liabilities	<u>\$ 1,513,468</u>	<u>\$ 1,176,317</u>	<u>\$ 337,151</u>
Net Position:			
Net investment in capital assets	\$ 7,253,604	\$ 6,077,546	\$ 1,176,058
Restricted	252,713	98,655	154,058
Unrestricted Net Position	<u>600,743</u>	<u>429,043</u>	<u>171,700</u>
Total Net Position	<u>\$ 8,107,060</u>	<u>\$ 6,605,244</u>	<u>\$ 1,501,816</u>

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

Current assets reflect an increase of \$393,386 from 2013. Cash increased \$118,204, Inventory increased by \$11,579, prepaid expense decreased by \$7,544 and accounts receivable increased \$171,147.

The accounts receivable balance includes a trade A/R balance of \$115,164 which reflects an increase of \$21,637; an advertising receivable of \$58,134, reflecting an increase of \$6,086; a federal rebate due of \$100,900, an increase of \$80,120 for CNG usage by our buses and those of the School District and RTP common area charges due of \$28,651 and a decrease of \$1,318. Other miscellaneous receivables increased \$2,865 from last year's balance of \$14,063. The difference in the CNG credit was the result of a full year of credit invoiced for 2014 of \$100,900 versus the fourth quarter amount due in 2013 due to last minute tax extenders voted on in December.

An inventory increase for the year amounted to \$11,579. Bus parts inventory increased \$21,985 while diesel decreased \$11,799 in value. Inventories of various lubricants and gasoline resulted in only minor changes in value.

Property, plant and equipment value increased \$1,545,581 from 2013. Accumulated depreciation increased \$184,278. Depreciation expense for the year was \$1,022,509.

The District improved the HVAC system for a cost of \$13,022. New controls and ductwork changes were made to save on heating and cooling expense. The District also expended \$6,669 replacing two backflow preventers in the bus garage.

Transportation related equipment purchases included the purchase of five each 2014 Gillig CNG buses that arrived at the beginning of the year at a cost of \$2,270,610. The District also capitalized \$18,490 in replacement parts \$15,762 worth of tires.

Investments in the regional Automatic Vehicle Location/ Computer Aided Dispatch (AVL/CAD) program are \$247,687 to date. Operation of the system is expected during the spring.

The District relocated the office server and the Clever Devices server that arrived in September. The District purchased a server rack and replaced workstations. The cost was \$4,444.

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

Liabilities

Total liabilities increased \$337,151 from 2013.

Accounts payable increased \$23,822 to \$252,561 primarily due to timing.

Accrued payroll liabilities of \$153,305 decreased by \$88,630. Most of the decrease was due to unpaid wages for the final days of December that were earned but not paid at year end and a decrease of \$25,888 in uncompensated absences (accrued vacation pay).

Other liabilities increased \$32,436 from the prior year. Included is a reserve of \$25,030 for GASB 45 valuation, \$314,994 reserved for our HRA plan and reserves for emergency compressor station repairs and accrued sick pay. Most of the increase in other liabilities is due to the additional HRA reserves. The goal for the HRA reserve is \$325,000 due to changes in the bargaining agreement.

Long Term Debt

The District incurred debt in the form of two, ten year bonds with Bangor Savings Bank. The original amounts due were \$335,000 to be used for capital structural improvements and \$111,086 which was the local match required for three 2011 Gillig buses that were put in service in 2011. This liability decreased \$41,786 as a result of 2014 principal payments. The District incurred additional debt in the form of a 10 year general obligation bond for \$451,881 which is the local portion of the funds required for the purchase of the five new Gillig CNG buses delivered in January. Camden National Bank is the bond holder. \$20,100 of principal was paid in July.

Net Position

Net Position, invested in capital assets net of related debt increased \$1,176,058 as a result of capital purchases of property plant and equipment.

The fund balance increased \$325,758 as a result of the surplus and fund balance accrual. Consistent with our new fund balance policy and GASB 54, a portion of the funds is restricted. These funds are for the completion of open grants and a balance remaining for the completion of a state of good repair award. Restricted funds increased \$154,058 and are to be used for capital projects related to open grants.

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

Statement of Revenues, Expenses, & Changes in Net Position

	<u>2014</u>	<u>2013</u>	<u>Change</u>
OPERATING REVENUES			
Passenger fares	\$ 1,876,642	\$ 1,808,880	\$ 67,762
Outside maintenance and rental	2,750	2,750	-
Advertising	190,231	285,124	(94,893)
TOTAL OPERATING REVENUES	<u>2,069,623</u>	<u>2,096,754</u>	<u>(27,131)</u>
OPERATING EXPENSES			
General administration	939,983	863,302	76,681
Transportation	4,060,289	4,163,567	(103,278)
Maintenance	1,547,707	1,542,499	5,208
Depreciation	1,022,509	838,231	184,278
TOTAL OPERATING EXPENSES	<u>7,570,488</u>	<u>7,407,599</u>	<u>162,889</u>
OPERATING (LOSS)	<u>(5,500,865)</u>	<u>(5,310,845)</u>	<u>(190,020)</u>
NONOPERATING REVENUES (EXPENSES)			
Operating assistance			
Federal grants	1,539,000	1,444,294	94,706
State grants	69,553	86,391	(16,838)
Local subsidies	3,020,323	2,830,394	189,929
Capital grants	2,127,279	719,236	1,408,043
PSD & RTP Services	36,636	33,843	2,793
Falmouth Route 7 formula funding	69,364	60,654	8,710
Interest income	207	255	(48)
Miscellaneous income	165,570	122,355	43,215
Interest expense	(27,167)	(27,423)	256
Extraordinary expenses	-	(1,380)	1,380
Gain (loss) on sale of assets	1,916	(4,657)	6,573
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>7,002,681</u>	<u>5,263,962</u>	<u>1,738,719</u>
INCREASE (DECREASE) IN NET ASSETS	1,501,816	(46,883)	1,548,699
NET ASSETS - JANUARY 1	<u>6,605,244</u>	<u>6,652,127</u>	<u>(46,883)</u>
NET ASSETS - DECEMBER 31	<u><u>\$ 8,107,060</u></u>	<u><u>\$ 6,605,244</u></u>	<u><u>\$ 1,501,816</u></u>

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

Passenger fare revenues increased \$67,762 or 3.8% from 2013. Full fares increased \$13,282 or 1.6%, 10 Ride ticket sales increased \$32,612, Scrip tickets sales increased \$6,805 and MaineCare pass sales increased \$26,031. Monthly pass sales increased \$36,755; however, Day Pass sales decreased \$45,941 because the District did not participate in the Cruise Ship program for the first time in many years.

Advertising revenue of \$190,231 decreased \$94,894 or 33% from 2013. Nationally, transit advertising sales were down for the first quarter of the 2014 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 increased \$18,705 to \$61,653 because of the addition of three more buses but also because of the high winter cost of natural gas to the state. The District received \$100,900 in revenue generated by an IRS alternative fuels credit. There had been no expectation of this for budget purposes.

Local operating subsidies were \$3,020,323. The local subsidy represented 43.3% of total revenue which is on par with the 2013 subsidy revenue.

The federal operating subsidy for 2014 was \$1,449,000 and higher by \$94,706 from the 2013 subsidy of \$1,354,294. Locally, providers worked together to allocate the \$9,942,303 made available in 2014.

Maine DOT contributed \$69,553 of operating funding.

The District's 2014 allocation of 5307 program funds is now being used to cover JARC related costs of running the service. \$69,364 was funded by the program.

The Portland School Department's contracted services were \$36,636 for 2014, for repairs and maintenance of the City's 14 CNG school buses. This was an increase of \$2,794 from the prior year.

Capital grant revenue of \$2,127,279 increased by \$1,408,043 as a result of increased capital purchases. The purchase of five new Gillig buses was the major use of the funding.

Overall, revenues increased \$1,711,588 to \$9,072,304 from 2013's revenues of \$7,360,716.

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

General administrative expenses of \$967,150 were \$76,424 higher than in 2013. Salary and fringe cost of \$396,005 and \$200,455 respectively were \$81,060 more than 2013. The department was fully staffed for the entire year which accounted for most of the increase. Other variances from 2013 were higher legal expenses of \$39,622 primarily due to an arbitration, higher Council of Government costs of \$21,352 and reduced short term interest expense. Other services expense of \$24,656 were lower by \$63,947 because of the GM placement and reduced use of an outside consultant. Auto and General Liability insurance of \$134,522 was \$29,844 higher than in 2013 after the purchase of five new buses and some added coverages. Net telephone expense reflects savings that resulted from the purchase of radios for bus communications and AVL. Because of schedule changes throughout the fall months there were more schedules and associated route maps printed than in 2013.

Transportation expenses were \$4,060,288 for 2014 and were \$103,076 less than the 2013 expense of \$4,163,364. Labor and fringe costs of \$2,252,986 and \$1,215,216 respectively were lower than in 2013 by \$60,076. Major medical and other insurance costs were lower by \$58,016 because of the reduced required accrual needed for funding the HRA account. Worker's compensation costs were slightly lower than the prior year's cost of \$129,546 by \$5,893 because of a slight improvement to our experience rating.

Fuel costs, a combination of diesel (\$250,591) and CNG (\$322,501), totaled \$573,092. CNG as fuel cost was higher than in 2013 by \$93,135. The supply of natural gas to the New England region and Maine in particular was less than that required to meet increasing demand. Diesel cost of \$250,591 was \$131,240 less than in 2013 thanks in part to the glut of crude oil, forcing a large drop in end-user cost. The cost of natural gas will continue to be an issue until more pipelines come on line.

Maintenance department expenses were \$1,547,707 for 2014, which was an increase of \$5,004 from the prior year. Labor and fringe costs were \$538,451 and \$313,595 respectively. This is \$15,276 less than 2013 expense for labor and fringe costs. 2014 staffing was one employee short after a retirement.

Commodity purchases were \$695,661 for 2014 and higher than 2013 costs of \$675,381 by \$20,280. Natural gas for heating was \$212,659 compared to \$189,528 for 2013. Electricity expense was also higher by \$17,380 than the prior year cost of \$91,004. This increase is related as well to the natural gas supply to Maine. More than 40% of electricity production is from natural gas fired steam generation in Maine. Parts for revenue equipment were \$152,749, and that was higher than the 2013 expense of \$148,091. However, other related supplies for servicing revenue equipment decreased by \$27,083. The average age of our fleet continues to improve with additional new bus purchases and this results in lower overall parts costs with less reliance on our 1996/97 fleet of buses.

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 \$1,500,000 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 MPO working with the local providers now determines allocations of 5307 and related funds. The District also received \$90,000 in 5307 funding for preventive maintenance and funded the Job Access Reverse Commute (JARC) with this funding.

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 2015.

Maine DOT continues to fund some of the District's operating costs with state funding of \$69,553. Beginning in 2015, state funds will be more substantial with first year funds of \$170,426.

The District will continue its bus procurement efforts in order to replace the 1996/97 used buses with new CNG buses. The 2014 purchase of five new buses changed the current fleet to five 2014 Gillig CNG buses, seven 2011 Gillig Diesel buses, thirteen (13) 2006 CNG buses with new or rebuilt motors and six remaining 1996/97 diesel buses.

Going forward, passenger fares will continue to provide between 22 and 26 percent of stable revenues necessary to properly operate the District. We do expect to see MaineCare monthly pass sales at fewer than 50 passes monthly. The current provider has significantly modified the required client transportation needs by limiting rides to only those necessary and is purchasing single ride and ten ride tickets rather than monthly passes as did the previous providers. 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 \$652,934 in long term debt and also borrows for approximately six to nine months annually until local subsidies are paid. The additional debt was a ten year note for the local match of the 2014 bus purchase in the amount of \$451,881. Capital improvements will also be made to the existing building facilities to include office and restroom facilities.

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

Current assets are \$1,650,304 while current liabilities are \$860,534 for a current ratio of 1.92 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 \$325,758 during the year, which is consistent with the current policy. Unrestricted net Position is \$600,743, an increase of \$171,700 from 2013. Restricted funds are \$252,713 an increase of \$154,058. 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.

Significant Budget Variances

Monthly pass sales of \$252,773 were \$36,755 greater than the budgeted \$216,018. MaineCare monthly pass sales of \$380,100 fell below the budgeted expectation of \$464,533 by \$84,433. This reflects a net drop of \$47,678 for monthly pass sales. As discussed earlier, the current MaineCare broker is using single fare and 10 ride tickets almost exclusively. Total sales of these media were \$110,465. Most of the Mainecare monthly pass sales are from the previous broker that was providing most recipients with monthly passes.

Day Pass revenues of \$1,404 were significantly under budget by \$45,941. A private trolley company had made arrangements to replace the service that the District had been providing for cruise ship customers. Scrip ticket sales exceeded the budget of \$38,695 by 18% or \$6,805. Ten ride ticket sales of \$217,558 were over budget by \$32,613. Full fare revenue of \$823,414 was ahead of expectation by \$15,732.

Passenger fares in total were \$71,427 over the projected revenue of \$1,805,216. Revenue related to maintaining the Portland School Department's CNG fleet exceeded the \$33,511 projections by \$3,125. Municipal CNG purchases of \$61,653 were \$17,653 over the budget projection of \$44,000 because of the higher than expected cost of natural gas.

Advertising revenue was \$190,231 and that fell below the expected \$267,000. The winter months were particularly hard on outdoor advertising nationally which included transit bus advertising as well. Total operating revenue of \$2,270,937 exceeded budget by \$114,811 or 5.3%.

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

Administration

Salaries and Wages of \$396,005 were over the budgeted \$382,059 by \$13,946 or 3.6%. Most fringe benefit accounts were also over the budgeted \$187,536 by \$12,919 or 6.9%. Newly hired staff replacement costs were higher than projected.

Marketing expense was under budget by \$17,427 from the planned \$36,000 and Interest expense was \$10,676 below the budgeted \$16,800 because of early subsidy payments permitting an earlier pay down of a short term note. Legal expense was \$60,492 and over budget by \$30,492. Most of the excess was due to expenses involved with preparing for and participation in arbitration.

Council of Governments expense was higher than the budgeted \$10,200 due to greater participation on the part of COG staff and ridership surveys. Travel, contract maintenance services and education expense were below budget. Total services costs of \$218,745 were below budget by \$20,258. Employee Goodwill Fund expense was higher than budget because of more than average retirement luncheons throughout the year. Insurance costs were over the budgeted \$125,185 by \$9,337 or 7.5%.

Overall administrative expense was \$967,150 and 3.9% more than the budgeted \$930,766.

Transportation

Salaries/wages were below the budgeted \$2,292,675 by \$39,689 or 1.7%. Operators wages were below the budgeted \$2,121,840 by \$120,097 but overtime was \$80,408 over the budgeted \$170,835. Vacation expense was lower due to retirements not forecasted. Worker's Compensation cost was lower than the budgeted \$146,413 by 15.5% or \$22,760 due to a premium reduction after the final budget was assembled. Health Insurance and HRA accrued expenses were \$21,060 under the budget of \$600,893 or 3.5%. Fringe benefits in total were \$90,024 below the estimated \$1,305,240 or 6.9%.

Diesel costs were \$49,410 below the budgeted \$300,000; however, compressed gas costs were above the budgeted \$288,000 by \$34,501. The diesel cost variance was the result of a drop in crude oil prices beginning in July. The NG costs for fueling the buses using CNG were higher due to a combination of periods of below average temperatures and supply constraints affecting the New England region in general and Maine in particular. Staff elected to buy the District's NG directly from Unitil instead of a 3rd party as has been the practice for many years. This assures a fixed cost for usage because the utility is regulated.

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

Over all, transportation expenses were \$149,315 (3.6%) lower than the budget of \$4,209,603 for 2014 spending.

Maintenance

Salaries and wages were \$538,451 which was under budget by \$36,055. Fringe benefit costs were \$313,595 and under budget by \$14,368 or 4.4%. Utilities were \$104,342 over the budget of \$216,700. As with the Transportation budget, natural gas prices were the largest variance at \$87,659 for our heating budget. Parts, tires and supplies costs for our buses were \$9,997 over the budgeted \$214,872. Other parts and materials related to building and grounds including the compressor station were below the budget of \$169,730 by \$51,700 or 30.5%.

Total Maintenance department costs of \$1,547,707 were 1% over the budget of \$1,532,409.

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. We also received additional State of Good Repair funding of \$ 2,000,000 which allowed us to purchase five new buses. The local portion of the cost of the buses was provided with a 10 year note. This increased our debt by \$451,881. The buses arrived in January, 2014.

Other Significant Events

As mentioned in these notes earlier, the District is now a member of a Transportation Management Area (TMA) which restricts how the District uses 5307 funds. Federal funding under the new MAP 21 program appears adequate through 2015.

STATEMENT A

GREATER PORTLAND TRANSIT DISTRICT

STATEMENTS OF NET POSITION
DECEMBER 31,

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 916,440	\$ 798,236
Accounts receivable (net of allowance for uncollectible accounts)	381,896	210,749
Inventory	300,611	289,032
Prepaid expenses	51,357	58,901
TOTAL CURRENT ASSETS	<u>1,650,304</u>	<u>1,356,918</u>
FIXED ASSETS:		
Land	133,175	133,175
Buildings	9,204,182	9,184,491
Transportation equipment	8,046,712	5,574,594
Shop and garage equipment	369,699	411,602
Office equipment	299,456	295,012
	<u>18,053,224</u>	<u>15,598,874</u>
Less accumulated depreciation	(10,083,000)	(9,174,231)
NET FIXED ASSETS	<u>7,970,224</u>	<u>6,424,643</u>
TOTAL ASSETS	<u>\$ 9,620,528</u>	<u>\$ 7,781,561</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Current Liabilities:		
Account payable	\$ 252,561	\$ 228,739
Accrued payroll and payroll taxes	47,785	110,527
Accrued compensated absences	105,520	131,408
Other liabilities	390,982	358,546
Current portion of long-term obligations	63,686	41,786
Total Current Liabilities	<u>860,534</u>	<u>871,006</u>
Noncurrent Liabilities:		
Noncurrent portion of long-term obligations		
Bonds payable	652,934	305,311
Total Noncurrent Liabilities	<u>652,934</u>	<u>305,311</u>
TOTAL LIABILITIES	<u>1,513,468</u>	<u>1,176,317</u>
NET POSITION		
Net investment in capital assets	7,253,604	6,077,546
Restricted net position	252,713	98,655
Unrestricted net position	600,743	429,043
TOTAL NET POSITION	<u>8,107,060</u>	<u>6,605,244</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 9,620,528</u>	<u>\$ 7,781,561</u>

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

STATEMENT B

GREATER PORTLAND TRANSIT DISTRICT

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

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Passenger fares	\$ 1,876,642	\$ 1,808,880
Outside maintenance and rental	2,750	2,750
Advertising	190,231	285,124
TOTAL OPERATING REVENUES	<u>2,069,623</u>	<u>2,096,754</u>
OPERATING EXPENSES		
General administration	939,983	863,302
Transportation	4,060,289	4,163,567
Maintenance	1,547,707	1,542,499
Depreciation	1,022,509	838,231
TOTAL OPERATING EXPENSES	<u>7,570,488</u>	<u>7,407,599</u>
OPERATING (LOSS)	<u>(5,500,865)</u>	<u>(5,310,845)</u>
NONOPERATING REVENUES (EXPENSES)		
Operating assistance		
Federal grants	1,539,000	1,444,294
State grants	69,553	86,391
Local subsidies	3,020,323	2,830,394
Capital grants	2,127,279	719,236
PSD & RTP Services	36,636	33,843
Falmouth Route 7 formula funding	69,364	60,654
Interest income	207	255
Miscellaneous income	165,570	122,355
Interest expense	(27,167)	(27,423)
Extraordinary expenses	-	(1,380)
Gain (loss) on sale of assets	1,916	(4,657)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>7,002,681</u>	<u>5,263,962</u>
INCREASE (DECREASE) IN NET ASSETS	1,501,816	(46,883)
NET ASSETS - JANUARY 1	<u>6,605,244</u>	<u>6,652,127</u>
NET ASSETS - DECEMBER 31	<u>\$ 8,107,060</u>	<u>\$ 6,605,244</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,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other governments	\$ 1,705,495	\$ 1,874,301
Payments to employees	(5,005,338)	(4,885,276)
Payments to suppliers	(1,579,048)	(1,487,249)
Receipts advertising and outside rental	192,981	287,874
Net cash provided (used) by operating activities	<u>(4,685,910)</u>	<u>(4,210,350)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Other nonoperating receipts from other governments	4,734,876	4,455,576
Other nonoperating receipts - miscellaneous	165,570	128,355
Other nonoperating expenses - miscellaneous	-	(1,380)
Net cash provided (used) by noncapital financing activities	<u>4,900,446</u>	<u>4,582,551</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	207	255
Net cash provided (used) by investing activities	<u>207</u>	<u>255</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants	2,127,279	719,236
(Purchases)/deletions of fixed assets	(2,566,174)	(923,520)
Interest paid	(27,167)	(27,423)
Proceeds (payments) from long term debt (net)	369,523	(41,135)
Net cash provided (used) by capital and related financing activities	<u>(96,539)</u>	<u>(272,842)</u>
NET INCREASE (DECREASE) IN CASH	118,204	99,614
CASH - JANUARY 1	798,236	698,622
CASH - DECEMBER 31	<u>\$ 916,440</u>	<u>\$ 798,236</u>

STATEMENT C (CONTINUED)

GREATER PORTLAND TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2014	2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (5,500,865)	\$ (5,310,845)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	1,022,509	838,231
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(171,147)	65,421
(Increase) decrease in inventory	(11,579)	(40,565)
(Increase) decrease in prepaid expense	7,544	(44,677)
Increase (decrease) in accounts payable	23,822	110,595
Increase (decrease) in compensated absences	(25,888)	12,886
Increase (decrease) in accrued payroll and related expense	(62,742)	8,003
Increase (decrease) in other liabilities	32,436	150,601
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,685,910)</u>	<u>\$ (4,210,350)</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 27,167</u>	<u>\$ 27,423</u>

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

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

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 - invested in capital assets, net of related debt; 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, 2014 AND 2013

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, 2014 AND 2013

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, 2014 AND 2013

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, 2014 and 2013.

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, 2014 AND 2013

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, 2014 AND 2013

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, 2014, the District's cash balance of \$916,440 was comprised of bank deposits amounting to \$987,403. Of these bank deposits, \$987,403 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>\$ 987,403</u>
	<u>\$ 987,403</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, 2014 AND 2013

NOTE 3 – CAPITAL ASSETS

The following is a summary of the changes in capital assets from December 31, 2014:

	Balance 1/1/2014	Additions	Disposals	Balance 12/31/2014
<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	9,184,491	19,691	-	9,204,182
Transportation	5,574,594	2,552,550	(80,432)	8,046,712
Machinery & equipment	411,602	1,057	(42,959)	369,699
Office equipment	295,012	4,444	-	299,456
	<u>15,465,699</u>	<u>2,577,741</u>	<u>(123,391)</u>	<u>17,920,049</u>
Less: accumulated depreciation	<u>(9,174,231)</u>	<u>(1,022,509)</u>	<u>113,740</u>	<u>(10,083,000)</u>
	<u>6,291,468</u>	<u>1,555,232</u>	<u>(9,651)</u>	<u>7,837,049</u>
Net capital assets	<u>\$ 6,424,643</u>	<u>\$ 1,555,232</u>	<u>\$ (9,651)</u>	<u>\$ 7,970,224</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%.	\$ 229,445
\$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%.	76,018
\$512,867, 2011 General Obligation bonds with Camden National Bank, due in semi-annual installments through Janaury, 2024, interest is charged at a rate of 2.44%.	<u>411,157</u>
Total Bonds payable	<u>\$ 716,620</u>

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

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>
2015	\$ 63,686	\$ 14,181	\$ 77,867
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
2020-2024	292,870	16,041	308,911
	<u>\$ 716,620</u>	<u>\$ 84,198</u>	<u>\$ 800,818</u>

NOTE 5 –RESTRICTED NET POSITION

Restricted net position during 2014 and 2013 consisted of \$252,713 and \$98,655 respectively received by the District from loan proceeds or municipal contributions due for capital improvements matching funds during fiscal year 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 from the date of employment. The District matched employee contributions from .5% to 4.5% during 2014 and 2013 of the covered employee's gross pay. For 2014 and 2013, pension expense amounted to \$136,066 and \$131,246, respectively, on covered wages of \$3,540,469 and \$3,432,469 respectively. Participating nonunion employees were required to contribute 8% of their covered gross pay until November 1, 2014 when the plan changed. Participating nonunion employees may now contribute up to 20% of their wages which will be matched up to 4.5%. Nonunion employee contributions amounted to \$58,388 and \$55,565 for the years ended December 31, 2014 and 2013, respectively. Union employees are required to contribute from .5% to 4.5% of their covered gross pay based upon longevity, achieving the 4.5% contribution level after 30 months of eligible employment. Union employee contributions amounted to \$104,016 and \$138,923 for the years ended December 31, 2014 and 2013, respectively. All employees are 100% vested immediately. 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, 2014 AND 2013

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, 2014 was three participants. Total expenditures for the year ended December 31, 2014 were \$20,553.

NOTE 9 – ECONOMIC DEPENDENCY

Approximately thirty-four 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, 2014 AND 2013

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 20, 2015. 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, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Passenger fares	\$ 1,805,213	\$ 1,805,213	\$ 1,876,642	\$ 71,429
Operating assistance				
Federal grants	1,539,000	1,539,000	1,539,000	-
State grants	69,553	69,553	69,553	-
Local subsidies	3,020,324	3,020,324	3,020,323	(1)
Capital grants	-	-	2,127,279	2,127,279
Non-transportation revenues	420,910	420,910	464,758	43,848
Total Revenues	<u>6,855,000</u>	<u>6,855,000</u>	<u>9,097,555</u>	<u>2,242,555</u>
Expenses:				
General administration	981,618	981,618	939,983	41,635
Transportation	4,283,151	4,283,151	4,060,289	222,862
Maintenance	1,553,041	1,553,041	1,547,707	5,334
Interest expense	37,190	37,190	27,167	10,023
Extraordinary expenses	-	-	-	-
Gain/loss on assets disposal	-	-	(1,916)	1,916
Total Expenses	<u>6,855,000</u>	<u>6,855,000</u>	<u>6,573,230</u>	<u>281,770</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>	<u>\$ 2,524,325</u>	<u>\$ 1,960,785</u>
Adjustments to GAAP:				
Depreciation			(1,022,509)	
Total adjustments to GAAP			<u>(1,022,509)</u>	
Change in net assets			<u>\$ 1,501,816</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,

	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	<u>\$ 939,983</u>	<u>\$ 4,060,289</u>	<u>\$ 1,547,707</u>	<u>\$ 6,547,979</u>

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

GREATER PORTLAND TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Pass-through Grantor/ Program Title	CFDA Number	Pass-Through Grantor Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Pass Through Federal Transit Administration:			
Department of Transportation			
Federal Transit Capital and Operating Assistance	20.500	ME-40-X017	\$ 1,816,488
Federal Transit Capital and Operating Assistance	20.500	ME-04-X012	102,969
			<u>1,919,457</u>
Federal Transit Formula Grants	20.507	ME-95-0017	132,918
Federal Transit Formula Grants	20.507	ME-90-X205	1,554,410
Federal Transit Formula Grants	20.507	ME-90-0191	36,334
Federal Transit Formula Grants	20.507	ME-90-X16	53,954
			<u>1,777,616</u>
TOTAL FEDERAL AWARDS			<u>\$ 3,697,073</u>

GREATER PORTLAND TRANSIT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2014

1. General

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

2. Basis of Accounting

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

3. Major Programs - Federal

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

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



Proven Expertise and Integrity

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

Board of Directors
Greater Portland Transit District
Portland, Maine

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the business-type activities of Greater Portland Transit District as of and for the year ended December 31, 2014, 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 20, 2015.

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 20, 2015



Proven Expertise and Integrity

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

Board of Directors
Greater Portland Transit District
Portland, Maine

Report on Compliance for Each Major Federal Program

We have audited Greater Portland Transit District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Greater Portland Transit District's major federal programs for the year ended December 31, 2014. Greater Portland Transit District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Greater Portland Transit District's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greater Portland Transit District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Greater Portland Transit District, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of Greater Portland Transit District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Greater Portland Transit District internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greater Portland Transit District's internal control over compliance.

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

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

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

RHR Smith & Company

Buxton, Maine
February 20, 2015

GREATER PORTLAND TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 | _____X_____no |
| • Significant deficiency(ies) identified? | _____yes | _____X_____no |
| • Noncompliance material to financial statements noted | _____yes | _____X_____no |

Federal Awards

Internal control over major programs:

- | | | |
|---|----------|---------------|
| • Material weakness(es) identified? | _____yes | _____X_____no |
| • Significant deficiency(ies) identified? | _____yes | _____X_____no |

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

Any audit findings disclosed that are required to be reported

In accordance with section 510(a) of OMB Circular A-133? _____yes _____X_____no

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? _____X_____yes _____no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None