GREATER PORTLAND TRANSIT DISTRICT

Reports Required by *Government Auditing Standards* and the Uniform Guidance

For the Year Ended December 31, 2025

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and the Uniform Guidance
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INDEPENDENT AUDITOR'S 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*

To the Board of Directors
Greater Portland Transit District

We have audited, in accordance with the 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 Greater Portland Transit District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Greater Portland Transit District's basic financial statements, and have issued our report thereon dated May 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Greater Portland Transit District's internal control over financial reporting (internal control) as a basis for designing 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 the Greater Portland Transit District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greater Portland Transit 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 a 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 or significant deficiencies may exist that were not identified.

INDEPENDENT AUDITOR'S 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*, CONTINUED

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greater Portland Transit District's financial statements are free from 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 financial statements. 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*.

During our audit, we became aware of opportunities for strengthening internal controls and operating efficiency that we have reported as "Other Comments".

The Greater Portland Transit District's Responses to Other Comments

Government Auditing Standards requires the auditor to perform limited procedures on the Greater Portland Transit District's response to other comments identified in our audit and described in the accompanying schedule of findings and questioned costs. The Greater Portland Transit District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 on 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.

Runyon Kersteen Ouellette

May 27, 2026
South Portland, Maine

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

To the Board of Directors
Greater Portland Transit District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Greater Portland Transit District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Greater Portland Transit District's major federal programs for the year ended December 31, 2025. 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.

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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Greater Portland Transit District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Greater Portland Transit District's compliance with the compliance requirements referred to above.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Greater Portland Transit District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Greater Portland Transit District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Greater Portland Transit District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Greater Portland Transit District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Greater Portland Transit District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Greater Portland Transit District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Greater Portland Transit District as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Greater Portland Transit District's basic financial statements. We issued our report thereon dated May 27, 2026, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Runyon Kersteen Ouellette

May 27, 2026
South Portland, Maine

Schedule of Expenditures of Federal Awards
For the year ended December 31, 2025

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through/ Agreement Number		Total Federal Expenditures	Assistance Listing/ Cluster Totals	Passed Through to Subrecipients
U. S. Department of Transportation:						
Federal Transit Cluster:						
Federal Transit Formula Grants	20.507	ME-2016-016-00	$	43,108		-
Federal Transit Formula Grants	20.507	ME-2017-008-00		108,471		-
Federal Transit Formula Grants	20.507	ME-2019-010-00		2,212		-
Federal Transit Formula Grants - COVID-19	20.507	ME-2020-010-04		82,091		-
Federal Transit Formula Grants	20.507	ME-2020-025-01		30,181		30,181
Federal Transit Formula Grants	20.507	ME-2021-016-00		146,889		-
Federal Transit Formula Grants- ARPA, COVID-19	20.507	ME-2023-012-00		1,408,945		-
Federal Transit Formula Grants	20.507	ME-2023-044-00		256		-
Federal Transit Formula Grants	20.507	ME-2024-010-00		2,297,502		-
Federal Transit Formula Grants	20.507	ME-2025-013-00		4,764,918		-
Total Federal Transit Cluster					8,884,573	
Total U. S. Department of Transportation				8,884,573		30,181
Totals			**$**	**8,884,573**		**30,181**

See accompanying notes to schedule of expenditures of federal awards.

PURPOSE OF THE SCHEDULE

The Office of Management and Budget (OMB)'s Uniform Guidance requires a schedule of expenditures of federal awards showing total expenditures for each federal award program as identified in the Assistance Listings in the System for Award Management.

SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity - The accompanying schedule includes all federal award programs of the Greater Portland Transit District for the fiscal year ended December 31, 2025. The reporting entity is defined in notes to financial statements of the Greater Portland Transit District.

B. Basis of Presentation - The information in the accompanying schedule of expenditures of federal awards is presented in accordance with the Uniform Guidance.

   1. Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.

   2. Major Programs - the Uniform Guidance establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the Greater Portland Transit District are identified in the summary of auditor's results in the schedule of findings and questioned costs.

C. Basis of Accounting - The information presented in the schedule of expenditures of federal awards is presented on the accrual basis of accounting, which is consistent with the reporting in the Transit District's financial statements.

D. Indirect Cost Rate - Greater Portland Transit District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

GREATER PORTLAND TRANSIT DISTRICT
Schedule of Findings and Questioned Costs
For the year ended December 31, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster	Opinion
20.507	Federal Transit Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs:	$1,000,000
Auditee qualified as low-risk auditee?	Yes

Section II - Findings Required to be Reported Under *Government Auditing Standards*

None

<u>Other Comments</u>

<u>Formalize IT Policies</u>

During our review of information technology controls, we noted that there were two significant information technology areas where semi-formalized procedures exist, but where there is no formal documentation of polices. We found that there is no formal information technology security policy that defines information security objectives and that there are no formal information technology change management policies. Information security risks are better addressed when the objectives of information security procedures are formally considered and clearly defined. Formalized change management policies help to address uncertainties that surround information technology project implementations and emergent changes.

We recommend that the Transit District adopt formal information technology security and change management policies. Such an information security policy should include but not be limited to including provisions on system penetration testing, cybersecurity training, and data recovery procedures. Such a change management policy should include but not be limited to including provisions on emergency changes and minimum requirements for program and systems changes.

<u>Management Response</u>: Greater Portland Metro acknowledges the continued recommendation regarding the formalization of IT policies. While it was previously noted that change management was handled effectively on a case-by-case basis, we have transitioned toward a more formalized framework to enhance implementation and oversight. Management believes these drafted policies represent a significant advancement from prior years, moving from an ad-hoc approach to a documented, risk-based governance structure.

We have drafted Policy IT-01 (Security and Penetration Testing) and Policy IT-02 (Digital Infrastructure Data Retention and Security). These new policies explicitly address the requested security objectives and introduce foundational elements of change management:

- *Policy IT-01 establishes a framework for routine vulnerability scanning and mandated annual internal penetration testing.*
- *We have formalized continuous simulated phishing and mandatory annual interactive training for all administrative personnel.*
- *Policy IT-02 mandates automated daily delta backups and quarterly randomized restoration audits to verify data integrity.*
- *The proposed policies now include formal procedures for system-level changes, specifically:*
    - *Major fleet configuration changes and firmware updates are now subject to a "Staged Deployment" model and version-controlled rollbacks via NetCloud .*
    - *All mobile and desktop endpoints must meet automated security baselines, including enforced remote-wipe capabilities for lost or compromised.*
    - *The IT Manager is now required to conduct vulnerability scans immediately following any major infrastructure deployment or firmware upgrade to ensure change integrity.*

Section II - Findings Required to be Reported Under *Government Auditing Standards*, Continued

Inventory Management

As part of our test work, we observed the physical count of inventory at year-end and performed test counts. Out of 16 items chosen for test counting, two items did not agree with the inventory listing provided. Although in total these differences were not material to the financial statements, it is important to have correct year-end inventory balances. We suggest that management reinforce the importance of accurate inventory counts.

Management Response: Metro Management acknowledges the year-end inventory test count discrepancies. We note the auditors' conclusion that these differences were not material to the financial statements, and we concur that maintaining accurate inventory records is critical.

Management will emphasize the importance of accuracy through internal communications, and will provide a refresher training for all employees involved in cycle and year end inventory counting. We will continue to monitor our inventory processes to ensure accuracy in counting and recording quantities and values.

Section III - Findings and Questioned Costs for Federal Awards

None

Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards and *Government Auditing Standards*

None