



Annual Financial Report

For the Years Ended June 30, 2019 and 2018

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Annual Financial Report
For the Years Ended June 30, 2019 and 2018

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Independent Auditor's Report

Executive Committee
Greater Portland Council of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Portland Council of Governments (the "Council") as of and for the years then ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 Council'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 Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Greater Portland Council of Governments as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Portland Council of Governments basic financial statements. The supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019, on our consideration of the Greater Portland Council of Governments' 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 solely 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 effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Portland Council of Governments' internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Raymond Weston Ouellette". The signature is written in a cursive style with a large initial 'R'.

November 14, 2019
South Portland, Maine

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

The Greater Portland Council of Governments (GPCOG) is a not for profit, quasi-governmental organization providing technical assistance to 25 municipalities and Cumberland County. As management of GPCOG, we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of GPCOG for the fiscal year ended June 30, 2019.

GPCOG's basic financial statements include the following:

- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows
- Notes to the Basic Financial Statements

Additionally, we have included a number of supplemental schedules that provide additional information and support for the basic financial statements.

As shown on Exhibit 1, GPCOG's programs are broken out into 6 classifications, or types, that include General Operations, Reserve Fund, Transportation Programs, PACTS, Economic Development Programs, and Planning Programs. General Operations includes Member Services and Municipal Review Committee, among other member dues funded initiatives.

Financial Highlights

GPCOG's net position of \$3,284,156 showed an increase of \$201,324 (Statement 2) from FY 2018. This increase is primarily the result of the increase in general operations of \$410,537 (Exhibit 1) being partially offset by the decreases in the EDA and FAME Revolving Loan Funds of (\$111,847) and (\$1,503), respectively, as well as the decrease in the reserve fund of (\$95,863). The general operations increase, however, includes a \$150,000 transfer in from the reserve fund, which increased general operations but resulted in an overall decrease to the reserve fund. Both funds are used to support general operations, whereas the revolving loans funds are not. However, all funds combined contributed to the annual increase in total net position.

The operating gain of \$150,149 was the result of revenues exceeding expenses in General Operations, Transportation Programs, PACTS Programs and Planning Programs, as shown on Exhibit 1. These operating gains were partially offset by operating losses in Economic Development Programs. For further detail refer to Exhibits 1 and 2 of the Annual Financial Report.

As shown on Exhibit 1, net position in the Reserve Fund decreased by \$95,863 due to transfers into the General Fund of \$150,000 to pay off the existing revenue anticipation note. That transfer was partially offset by the increase in the investments value due to interest, dividends and change in value of \$54,137. GPCOG has committed to growing the investment reserves over the next several years following a few years' of necessary transfers out of the reserves for cash flow and prior deficits.

Capital assets decreased by \$13,479 due to depreciation expense. Investments in capital assets include furniture, fixtures and office equipment. During FY 2018, GPCOG changed its policy with respect to asset capitalization by changing the capitalization threshold from \$500 to \$5,000. This allowed management to remove multiple assets from the capital asset listing below this threshold that were fully depreciated. During 2019 and in the future, assets that become fully depreciated below this threshold will be removed from the capital asset inventory.

**GREATER PORTLAND COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis, Continued**

Leases payable decreased by \$3,051 due to regularly scheduled payments. GPCOG did not enter into any new leases during FY 2019 and the only lease remaining was paid off in May 2019, leaving no lease obligations as of June 30, 2019. However, shortly after year-end GPCOG entered into a \$10,000, 3-year lease with Gorham Savings Bank for the purchase of computer equipment and accessories. The interest rate on that lease is 3.626%.

Total operating revenues decreased by \$236,751, or 7.10%, from FY 2018. This was primarily due to decreases in Federal and State grants due to the timing of when expenses are incurred and when reimbursement is requested, as well as contract and miscellaneous revenues. The increase in membership dues being implemented over a two-year period starting in FY19 helped partially offset the overall decrease. Changes in federal and state funding depends on the status of projects ongoing, the availability of grant funds, and the timing of reimbursement requests based on actual expenditures incurred.

Total operating expenses decreased by \$186,547, or 5.95%, from FY 2018, due primarily to the decreases in direct charges and indirect expenses. Almost all GPCOG's expenses are reimbursed after incurring the charges. Thus, expenses and revenues are directly correlated, so a decrease in expenses will result in a decrease in revenue.

Comparison of Financial Statements for Current and Prior Year

Condensed Statements of Net Position

	<u>2019</u>	<u>2018</u>
Current assets	\$ 2,850,599	2,874,143
Non-current assets	810,657	1,009,163
Capital assets, net of accumulated depreciation	34,328	47,807
Total assets	3,695,584	3,931,113
<u>Current liabilities</u>	<u>411,428</u>	<u>848,281</u>
Total liabilities	411,428	848,281
Net position:		
Net investment in capital assets	34,328	44,756
Restricted - loan funds	1,941,813	2,055,163
Unrestricted - assigned - reserve	822,218	918,081
Unrestricted - unassigned	485,797	64,832
Total net position	\$ 3,284,156	3,082,832

The decrease in total assets is primarily due to decreases in investments, accounts receivable and notes receivable. These decreases were partially offset by a large increase in restricted cash and cash equivalents. Restricted cash increased as the regular repayments of principal and interest on GPCOG's revolving loan programs exceeded the amounts of new loans provided to small businesses from GPCOG's existing cash. Accounts receivable decreased from the prior year due to the timing of services provided near year-end and the receipt of payments. The investment balance decreased due to the use of investments to pay off a prior revenue anticipation note. This decrease was partially offset by the receipt of interest and dividends, as well as the change in the value of the investments. Finally, notes receivable decreased as GPCOG wrote off \$220,442 in bad debts.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis, Continued

Total liabilities decreased primarily due to the full repayment of the revenue anticipation note prior to year-end, as well as management's decision to withhold from billing member dues until after year-end which eliminated the need to record unearned revenue. These decreases were partially offset by an increase in accounts payable due to the timing of services provided near year-end.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2019</u>	<u>2018</u>
Federal and State grants	\$ 2,292,522	2,565,528
Membership dues	417,201	265,957
Other contracts and grants	120,951	174,319
Cooperative purchasing fees	39,302	61,922
Interest and fees	87,779	86,150
Local matching funds	119,336	119,712
Miscellaneous	21,973	62,227
Total operating revenues	3,099,064	3,335,815
Direct labor	894,211	813,421
Direct fringe benefits	194,475	222,301
Other direct charges	1,218,054	1,340,975
Indirect expenses	628,696	736,840
Depreciation	13,479	21,925
Total operating expenses	2,948,915	3,135,462
<u>Non-operating revenues</u>	<u>51,175</u>	<u>70,195</u>
Change in net position	201,324	270,548
Net position, beginning of year	3,082,832	2,812,284
Net position, end of year	\$ 3,284,156	3,082,832

Federal and State grants continue to be GPCOG's largest funding source. The major funding sources include the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), the Environmental Protection Agency (EPA), and the Economic Development Administration (EDA).

Capital Asset and Debt Administration

Capital assets totaled \$88,249 at June 30, 2019, consisting of furniture, fixtures and equipment. Accumulated depreciation at June 30, 2019 was \$53,921. Therefore, capital assets, net of accumulated depreciation, as shown on Statement 1, was \$34,328. Depreciation expense for FY 2019 was \$13,479.

Capital leases decreased by \$3,051 due to regularly scheduled payments, and the only remaining lease was paid in full in May 2019.

**GREATER PORTLAND COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis, Continued**

Contacting GPCOG's Management

Request for Information:

This financial report is designed to provide a general overview of the Greater Portland Council of Governments' finances for all those with an interest in the Council's finances. Questions concerning any of the information should be addressed to Josh Kochis, Finance Director, Greater Portland Council of Governments, 970 Baxter Blvd, Suite 201, Portland, ME 04103.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Statements of Net Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 101,524	129,215
Restricted cash and cash equivalents	779,779	488,055
Investments	822,218	918,081
Accounts receivable, net	718,019	854,762
Notes receivable - current portion, net of allowance	429,059	484,030
Total current assets	2,850,599	2,874,143
Non-current assets:		
Notes receivable - non-current portion, net of allowance	810,657	1,009,163
Total non-current assets	810,657	1,009,163
Capital assets - net of accumulated depreciation	34,328	47,807
Total assets	\$ 3,695,584	3,931,113
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 362,359	201,008
Accrued payroll and related liabilities	22,403	21,508
Accrued compensated absences	26,666	38,837
Line of credit	-	150,000
Unearned revenue	-	433,877
Leases payable - current portion	-	3,051
Total current liabilities	411,428	848,281
Total liabilities	411,428	848,281
NET POSITION		
Net investment in capital assets	34,328	44,756
Restricted - loan funds	1,941,813	2,055,163
Unrestricted:		
Assigned - Reserve Fund	822,218	918,081
Unassigned	485,797	64,832
Total net position	\$ 3,284,156	3,082,832

See accompanying notes to basic financial statements.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Federal and State grants	\$ 2,292,522	2,565,528
Membership dues	417,201	265,957
Other contracts and grants	120,951	174,319
Cooperative purchasing fees	39,302	61,922
Interest and fees	87,779	86,150
Local matching funds	119,336	119,712
Miscellaneous	21,973	62,227
Total operating revenues	3,099,064	3,335,815
Operating expenses:		
Direct expenses:		
Direct labor	894,211	813,421
Direct fringe benefits	194,475	222,301
Other direct charges	1,218,054	1,340,975
Total direct expenses	2,306,740	2,376,697
Depreciation	13,479	21,925
Indirect expenses	628,696	736,840
Total operating expenses	2,948,915	3,135,462
Operating gain	150,149	200,353
Non-operating revenues (expenses):		
Interest expense	(2,962)	(3,273)
Investment gain - endowment fund	54,137	73,468
Total non-operating revenues (expenses)	51,175	70,195
Change in net position	201,324	270,548
Net position, beginning of year	3,082,832	2,812,284
Net position, end of year	\$ 3,284,156	3,082,832

See accompanying notes to basic financial statements.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Statements of Cash Flows
Years ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Receipts from members and other governments	\$ 2,801,930	3,364,257
Payments to employees	(1,099,962)	(1,054,567)
Payments to others	(1,464,957)	(2,111,400)
Net cash and cash equivalents provided by operating activities	237,011	198,290
Cash flows from non-capital financing activities:		
Repayment of line of credit principal	(150,000)	(353,700)
Repayment of line of credit interest	(2,912)	(3,064)
Proceeds from line of credit	-	295,000
Net cash and cash equivalents used in non-capital financing activities	(152,912)	(61,764)
Cash flows from capital and related financing activities:		
Repayment of lease principal	(3,051)	(10,041)
Repayment of lease interest	(50)	(209)
Net cash and cash equivalents used in capital and related financing activities	(3,101)	(10,250)
Cash flows from investing activities:		
Investment income	54,137	73,468
New loans issued	(290,000)	(262,354)
Loan repayments	323,035	113,987
(Purchase) sale of investments, net	95,863	181,189
Net cash and cash equivalents provided by investing activities	183,035	106,290
Net change in cash and cash equivalents	264,033	232,566
Cash and cash equivalents, beginning of year	617,270	384,704
Cash and cash equivalents, end of year	\$ 881,303	617,270
Reconciliation of operating gain to net cash and cash equivalents provided by operating activities:		
Operating gain	\$ 150,149	200,353
Depreciation	13,479	21,925
Bad debt	220,442	39,053
(Increase) decrease in operating assets:		
Accounts receivable	136,743	(43,703)
Prepaid expenses	-	4,276
Increase (decrease) in operating liabilities:		
Accounts payable	161,351	(76,914)
Accrued payroll and related liabilities	895	(2,282)
Accrued compensated absences	(12,171)	(16,563)
Unearned revenue	(433,877)	72,145
Net cash and cash equivalents provided by operating activities	237,011	198,290
Supplemental disclosures:		
Cash paid during the year for interest	\$ 2,962	3,273

See accompanying notes to basic financial statements.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Greater Portland Council of Governments (“GPCOG” or “the Council”) is a voluntary association of 25 municipalities and Cumberland County. GPCOG’s resources consist of federal grants, state grants, contracts, and member dues. It is organized as a governmental unit under Section 501(c)(1) of the Internal Revenue Code, and therefore is exempt from federal income tax.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The Council’s financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all of the eligibility requirements imposed by the provider have been met. The Council follows the governmental model as defined by Governmental Accounting Standards Board (GASB) for accounting and financial reporting.

The Council distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations of the Council. The principal operating revenues of the Council are member dues, grants, contracts, and interest on loan fund repayments. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this determination are reported as non-operating revenues and expenses.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The Council considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments - Investments are reported at fair value. All investments are reported in the Assigned-Reserve Fund, which invests in U.S. Treasuries, agency securities, mutual funds, and other investments allowed per the investment policy.

Capital Assets - Capital assets, which include furniture, fixtures, and equipment are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets, donated works of art and similar assets, and capital assets received in a service concession arrangement are recorded at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. All depreciable capital assets are depreciated using the straight-line method over the estimated useful lives of the assets, generally between three to seven years.

Receivables - GPCOG distinguishes between accounts receivables and notes receivables. Accounts receivables are recorded to reflect the balance of money due to GPCOG for goods or services delivered or used but not yet paid for. Notes receivables are recorded when GPCOG provides loans for start-up or expanding businesses that will provide job and tax growth in the region. Accounts receivables are paid upon completion of the work or at agreed-upon intervals during the course of work. Notes receivables are paid monthly through principal and interest payments by the loan recipients until the loan is paid in full.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Member Dues - Member municipalities and the County pay dues to GPCOG. Dues are based on population, except for the County and several island municipalities that are charged a flat fee. Dues are billed annually and are recognized in the fiscal year for which they are assessed. Unless specifically required to meet the matching requirements of federal and state grants, or special dues funded projects, the contributions are reported in the General Fund and are transferred to various projects, as needed, to cover fund operating deficits.

Compensated Absences - Accrued vacation leave is granted in varying amounts based upon length of service and is paid out upon termination, up to a maximum of four weeks. Accrued compensated absences are reported in the statements of net position.

Indirect Cost Allocations - The Council's indirect cost rate is approved by the Maine Department of Transportation. The calculation is based on a percentage of direct salaries plus direct fringe benefits. The approved indirect cost rates for fiscal years 2019 and 2018 were 73.26% and 66.53%, respectively.

DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk-Deposits: Custodial credit risk is the risk that in the event of a bank failure, GPCOG's deposits may not be returned to it. As of June 30, 2019 and 2018, GPCOG reported deposits of \$881,303 and \$617,270 with a bank balance of \$882,201 and \$655,294, respectively. Of GPCOG's bank balances of \$882,201 and \$655,294 at June 30, 2019 and 2018, respectively, none were exposed to custodial credit risk as these funds were covered by the F.D.I.C. or other collateralization.

Investments

The Council categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Council's investments are valued using level 1 inputs.

At June 30, 2019, GPCOG had the following investments and maturities:

	Fair Value	Less than 1 year	1-5 years	More than 5 years
Corporate bonds	\$ 20,251	-	20,251	-
Equities/stock	405,126		Not Applicable	
Mutual funds, CD's, MM's	396,841		Not Applicable	
Total investments	\$ 822,218	-	20,251	-

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

At June 30, 2018, GPCOG had the following investments and maturities:

	Fair <u>Value</u>	Less than <u>1 year</u>	<u>1-5 years</u>	More than <u>5 years</u>
U.S. Government obligations	\$ 25,265	25,265	-	-
Corporate bonds	37,179	17,089	20,090	-
Equities/stock	450,255		Not Applicable	
Mutual funds, CD's, MM's	405,382		Not Applicable	
Total investments	\$ 918,081	42,354	20,090	-

Interest Rate Risk: GPCOG does not currently have a policy that limits the maturities of investments to certain time periods. However, it is GPCOG's general practice to deposit all but the reserve fund investments in short term deposits (less than one year) such as certificates of deposit. Excess funds on hand are swept daily into overnight repurchase agreements by the banking institution. Only reserve fund assets are invested in longer-term U.S. Treasuries, corporate bonds or equities (through a brokerage account).

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, GPCOG will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of GPCOG's \$822,218 and \$918,081 of investments at June 30, 2019 and 2018, respectively, none were exposed to custodial credit risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with GPCOG's investment policy, credit risk is minimized by only holding investments authorized by State statutes. At June 30, 2019 and 2018, GPCOG had the following credit quality distribution in debt securities:

	<u>2019</u>	<u>2018</u>
Standard & Poor Rating	Fair <u>Value</u>	Fair <u>Value</u>
AA+	\$ -	25,265
A	-	17,089
A-	20,251	20,090

ACCOUNTS RECEIVABLE

GPCOG operates in the Greater Portland area and grants credit to customers in that geographical area, substantially all of whom are state and local government agencies. No amounts were deemed to be uncollectible at June 30, 2019 or 2018. Accounts receivable were comprised of the following at June 30:

	<u>2019</u>	<u>2018</u>
Billed receivables	\$ 650,393	846,524
Unbilled receivables	67,626	8,238
Total	\$ 718,019	854,762

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued

NOTES RECEIVABLE

The following is a summary of notes receivables recorded in the FAME, EDA and Brownfields' Revolving Loan Funds, net of allowance:

	Notes receivable		
	Current	Non-current	Total
<u>2019:</u>			
Regional Economic Development			
Revolving Loan Fund	\$ 469,918	524,106	994,024
EDA Defense Loan Fund	17,441	237,301	254,742
<u>Brownfields Revolving Loan Fund</u>	<u>-</u>	<u>49,250</u>	<u>49,250</u>
	487,359	810,068	1,298,016
Less: Allowance for doubtful accounts	(58,300)	-	(58,300)
Total notes receivable	\$ 429,059	810,657	1,239,716
<u>2018:</u>			
Regional Economic Development			
Revolving Loan Fund	\$ 458,686	577,355	1,036,041
EDA Defense Loan Fund	25,344	382,558	407,902
<u>Brownfields Revolving Loan Fund</u>	<u>-</u>	<u>49,250</u>	<u>49,250</u>
Total notes receivable	\$ 484,030	1,009,163	1,493,193

Management assesses the payment history and loan collateralization as part of determining the collectability of each loan outstanding. During the year ended June 30, 2019, management identified five loans totaling \$220,442 that it considered uncollectible. Four of these loans totaling \$162,142 were charged to bad debt expense and written off against outstanding notes receivable. The last loan totaling \$58,300 was charged to bad debt expense and allowance for doubtful accounts as collection efforts are still underway. During the year ended June 30, 2018, management identified two loans totaling \$39,053 that it considered uncollectible. This amount was charged to bad debt expense and written off against outstanding notes receivable.

CAPITAL ASSETS

Capital assets and related accumulated depreciation are as follows at June 30, 2019 and 2018:

	2018	Additions	Disposals	2019
Furniture, fixtures and equipment	\$ 109,520	-	(21,271)	88,249
<u>Less accumulated depreciation</u>	<u>(61,713)</u>	<u>(13,479)</u>	<u>21,271</u>	<u>(53,921)</u>
Capital assets, net	\$ 47,807	(13,479)	-	34,328

Depreciation expense amounted to \$13,479 and \$21,925, respectively, for the years ended June 30, 2019 and 2018.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2019 and 2018 were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
2019					
Capital leases	\$ 3,051	-	3,051	-	-
Total long-term liabilities	\$ 3,051	-	3,051	-	-
2018					
Capital leases	\$ 13,092	-	10,041	3,051	3,051
Total long-term liabilities	\$ 13,092	-	10,041	3,051	3,051

CAPITAL LEASE OBLIGATIONS

The following is a summary of capital lease obligations:

	<u>2019</u>	<u>2018</u>
Financing lease payable, monthly installments of \$282, including interest at 3.23%, secured by computers	\$ -	3051
Total capital lease obligations	-	3,051
Less current portion	-	(3,051)
Long-term capital lease obligations	\$ -	-

OPERATING LEASE OBLIGATIONS

During 2012, the Council entered into a ten-year lease for office space. Monthly payments for rent range from \$6,905 to \$8,252. Future minimum lease payments required under this lease at June 30 are as follows:

2020	\$ 94,558
2021	96,449
2022	98,378
2023	33,008
Thereafter	-
Totals	\$ 322,393

LINE OF CREDIT

At June 30, 2019, GPCOG had fully paid off the \$150,000 outstanding from June 30, 2018. GPCOG did not renew the line of credit as new procedures implemented resulted in better cash flow, thus making the line of credit unnecessary to renew.

At June 30, 2018, GPCOG had a \$250,000 line of credit available to cover cash shortfalls during the year. As of June 30, 2018, \$150,000 was outstanding on the line of credit at 3.55%. The due date was February 28, 2019.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued

UNEARNED REVENUE

Unearned revenue consists of unearned grant/contract revenue and unearned dues, and consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Unearned grant/contract revenue	\$ -	15,282
<u>Unearned dues</u>	-	<u>418,595</u>
<u>Total</u>	<u>\$ -</u>	<u>433,877</u>

Unlike prior years, dues for the following fiscal year were not billed prior to June 30, and thus GPCOG has no unearned dues reported as of June 30, 2019.

ASSIGNED/RESTRICTED NET POSITION

Net position has been restricted for loan programs as required by grant regulations. Net position restricted for loan programs amounted to \$1,941,813 and \$2,055,163, respectively, at June 30, 2019 and 2018. Additionally, amounts assigned by the Board for future projects totaled \$822,218 and \$918,081 at June 30, 2019 and 2018, respectively.

CONTINGENT LIABILITIES

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 fund. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although GPCOG expects such amounts, if any, to be immaterial.

SETTLEMENT OF MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (MPERS) PLD TRUST FUND

During 2002, GPCOG reached an agreement with MPERS and the sole remaining retiree receiving benefits from its Participating Local District (PLD) account maintained by the MPERS on behalf of GPCOG. Under the agreement, MPERS and GPCOG each purchased single premium annuities to provide retirement benefits to the remaining plan participant and GPCOG received the funds that remained in the PLD at the time of the settlement. As a result of the agreement, GPCOG has no remaining commitment to either the retiree or to MPERS. The funds received from MPERS after the purchase of the annuities amounted to \$1,136,275 and have been accounted for in the reserve Fund. At June 30, 2019 and 2018, the balance in the reserve Fund of \$822,218 and \$918,081, respectively, has been assigned for future projects.

RETIREMENT PLANS

GPCOG offers several retirement plan options to its employees, including a 401(a) Defined Contribution Plan, 457 Deferred Compensation Plan, traditional IRA, or Roth IRA. Regular full-time and part-time employees, who work 30 hours or more per week, may contribute, with GPCOG matching such contributions on a progressive scale based on length of service between 3% and 8% of the employee's gross salary. Employees may also elect to contribute additional unmatched funds up to IRS maximum amounts. GPCOG contributed \$44,511 and \$62,254 to the plans during the years ended June 30, 2019 and 2018, respectively.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued

SUBSEQUENT EVENTS

On July 17, 2019, GPCOG signed a lease agreement with Gorham Savings Bank in the amount of \$10,000 for the purchase of computer equipment and accessories. The lease has a three-year term with an APR of 3.626%. However, the funding was drawn down in two installments as the equipment was purchased. The first drawdown occurred on August 1, 2019 for \$5,044, with the second drawdown of \$4,956 occurring on September 12, 2019. As such, the lease was fully committed on September 12, 2019 for \$10,000.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combined Statement of Revenues, Expenses, and Changes in Net Position
By Program Type
For the Year Ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	General Operations	Reserve Fund	Transportation Programs	Portland Area Comprehensive Transportation System	Economic Development Programs	Planning Programs	Totals	
							2019	2018
Revenues:								
Federal and State grants	\$ -	-	175,190	1,360,872	528,865	227,595	2,292,522	2,565,528
Membership dues	175,133	-	1,167	90,372	90,150	60,379	417,201	265,957
Other contracts and grants	18,112	-	12,516	-	-	90,323	120,951	174,319
Cooperative purchasing fees	39,302	-	-	-	-	-	39,302	61,922
Interest and fees	5,463	-	-	-	82,316	-	87,779	86,150
Local matching funds	-	-	-	91,047	-	28,289	119,336	119,712
Miscellaneous	17,305	-	-	-	-	4,668	21,973	62,227
Total revenues	255,315	-	188,873	1,542,291	701,331	411,254	3,099,064	3,335,815
Expenses:								
Direct expenses:								
Direct labor	90,939	-	72,592	521,805	102,002	106,873	894,211	813,421
Direct fringe benefits	15,211	-	16,322	114,938	23,542	24,462	194,475	222,301
Other direct charges	26,743	-	30,933	418,032	596,462	145,884	1,218,054	1,340,975
Total direct expenses	132,893	-	119,847	1,054,775	722,006	277,219	2,306,740	2,376,697
Indirect expenses	(77,634)	-	65,139	466,480	91,974	96,216	642,175	758,765
Total expenses	55,259	-	184,986	1,521,255	813,980	373,435	2,948,915	3,135,462
Operating income (loss)	200,056	-	3,887	21,036	(112,649)	37,819	150,149	200,353
Non-operating revenues (expenses):								
Interest expense	(2,962)	-	-	-	-	-	(2,962)	(3,273)
Investment gain (loss)	-	54,137	-	-	-	-	54,137	73,468
Total non-operating revenues (expenses)	(2,962)	54,137	-	-	-	-	51,175	70,195
Change in net position before transfers	197,094	54,137	3,887	21,036	(112,649)	37,819	201,324	270,548
Transfer in (out)	213,443	(150,000)	(3,887)	(21,036)	(701)	(37,819)	-	-
Change in net position	410,537	(95,863)	-	-	(113,350)	-	201,324	270,548
Net position, beginning of year	109,588	918,081	-	-	2,055,163	-	3,082,832	2,812,284
Net position, end of year	\$ 520,125	822,218	-	-	1,941,813	-	3,284,156	3,082,832

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
General Operations
For the Year Ended June 30, 2019

	Cooperative Purchasing 37500	Indirect Cost Recovery 39108	General Fund 39300	Total
Operating revenues:				
Membership dues	\$ 3,051	49,544	122,538	175,133
Other Contracts and Grants	-	-	18,112	18,112
Cooperative purchasing fees	39,302	-	-	39,302
Interest and fees	-	-	5,463	5,463
Miscellaneous	-	-	17,305	17,305
Total operating revenues	42,353	49,544	163,418	255,315
Operating expenses:				
Direct expenses:				
Direct labor	20,858	36,349	33,732	90,939
Direct fringe benefits	2,987	4,299	7,925	15,211
Other direct charges	1,039	-	25,704	26,743
Total direct expenses	24,884	40,648	67,361	132,893
Indirect expenses	17,469	(125,621)	30,518	(77,634)
Total operating expenses	42,353	(84,973)	97,879	55,259
Operating income (loss)	-	134,517	65,539	200,056
Non-operating expenses				
Interest expense	-	-	(2,962)	(2,962)
Total non-operating expenses	-	-	(2,962)	(2,962)
Change in net position before transfers	-	134,517	62,577	197,094
Transfer in (out)	-	(134,517)	347,960	213,443
Change in net position	-	-	410,537	410,537
Net position, beginning of year	-	-	109,588	109,588
Net position, end of year	\$ -	-	520,125	520,125

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Transportation Programs
For the Year Ended June 30, 2019

	Inclusive Coordinated Transportation <i>31203</i>	Getting Ready to Innovate <i>31206</i>	Transit Providers FY18-19 <i>32105</i>	CMP EV Lease <i>32508</i>	MDOT Planning Funds CY18 <i>33131-33136</i>	MDOT Planning Funds CY19 <i>33137</i>	Lakes Region Bus FY18 - FY19 <i>33305</i>	Lakes Region Bus FY19 - FY20 <i>33306</i>	Total
Operating revenues:									
Federal and State grants	\$ 55,823	54,767	-	-	47,560	17,040	-	-	175,190
Membership dues	-	-	-	1,167	-	-	-	-	1,167
Other contracts and grants	-	-	805	-	-	-	5,234	6,477	12,516
Total operating revenues	55,823	54,767	805	1,167	47,560	17,040	5,234	6,477	188,873
Operating expenses:									
Direct expenses:									
Direct labor	18,783	19,450	366	-	21,019	7,689	2,358	2,927	72,592
Direct fringe benefits	4,387	4,434	86	-	4,357	1,812	556	690	16,322
Other direct charges	14,195	11,376	-	4,116	1,227	16	3	-	30,933
Total direct expenses	37,365	35,260	452	4,116	26,603	9,517	2,917	3,617	119,847
Indirect expenses	16,974	17,497	331	-	18,591	6,961	2,135	2,650	65,139
Total operating expenses	54,339	52,757	783	4,116	45,194	16,478	5,052	6,267	184,986
Operating income (loss)	1,484	2,010	22	(2,949)	2,366	562	182	210	3,887
Transfer in (out)	(1,484)	(2,010)	(22)	2,949	(2,366)	(562)	(182)	(210)	(3,887)
Change in net position	-	-	-	-	-	-	-	-	-
Net position, beginning of year	-	-	-	-	-	-	-	-	-
Net position, end of year	\$ -	-	-	-	-	-	-	-	-

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Portland Area Comprehensive Transportation System
For the Year Ended June 30, 2019

	Portland Peninsula Transit Route 31208	Collector Road Condition Assessment 31419	PACTS Planning FY18 - FY19 31420	High Crash Locations 31500	PACTS 5303 Transit Planning FY18 - FY19 31723-31727	PACTS Transit Stop Access Project 33914	Total
Operating revenues:							
Federal and State grants	\$ 8,527	30,529	954,541	3,979	338,561	24,735	1,360,872
Membership dues	-	-	6,166	-	84,206	-	90,372
Local matching funds	2,132	10,177	72,111	-	443	6,184	91,047
Total operating revenues	10,659	40,706	1,032,818	3,979	423,210	30,919	1,542,291
Operating expenses:							
Direct expenses:							
Direct labor	3,014	-	352,541	-	166,250	-	521,805
Direct fringe benefits	636	-	77,747	-	36,555	-	114,938
Other direct charges	-	40,706	270,608	3,979	71,820	30,919	418,032
Total direct expenses	3,650	40,706	700,896	3,979	274,625	30,919	1,054,775
Indirect expenses	2,675	-	315,229	-	148,576	-	466,480
Total operating expenses	6,325	40,706	1,016,125	3,979	423,201	30,919	1,521,255
Operating income (loss)	4,334	-	16,693	-	9	-	21,036
Transfer in (out)	(4,334)	-	(16,693)	-	(9)	-	(21,036)
Change in net position	-	-	-	-	-	-	-
Net position, beginning of year	-	-	-	-	-	-	-
Net position, end of year	\$ -	-	-	-	-	-	-

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Economic Development Programs
For the Year Ended June 30, 2019

	Brownfields RLF & Grants 33904	Brownfields Assessments FY17 - FY20 33907	Brownfields Assessments FY19 - FY22 33915	EDA TA FY19 34522	Regional Economic Development Revolving Loan Fund 37700	EDA Defense Loan Fund 37800	Total
Operating revenues:							
Federal and State grants	\$ 215,679	83,494	59,692	70,000	100,000	-	528,865
Membership dues	6,007	8,040	6,103	70,000	-	-	90,150
Interest and fees	1,967	-	-	-	69,854	10,495	82,316
Miscellaneous	-	-	-	-	-	-	-
Total operating revenues	223,653	91,534	65,795	140,000	169,854	10,495	701,331
Operating expenses:							
Direct expenses:							
Direct labor	6,663	8,882	6,741	58,286	16,238	5,192	102,002
Direct fringe benefits	1,538	2,093	1,589	13,518	3,826	978	23,542
Other direct charges	208,980	72,303	51,362	15,571	136,594	111,652	596,462
Total direct expenses	217,181	83,278	59,692	87,375	156,658	117,822	722,006
Indirect expenses	6,008	8,040	6,103	52,604	14,699	4,520	91,974
Total operating expenses	223,189	91,318	65,795	139,979	171,357	122,342	813,980
Operating income (loss)	464	216	-	21	(1,503)	(111,847)	(112,649)
Transfer in (out)	(464)	(216)	-	(21)	-	-	(701)
Change in net position	-	-	-	-	(1,503)	(111,847)	(113,350)
Net position, beginning of year	49,250	-	-	-	1,466,987	538,926	2,055,163
Net position, end of year	\$ 49,250	-	-	-	1,465,484	427,079	1,941,813

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Planning Programs
For the Year Ended June 30, 2019

	USM/GPCOG				Land Use	Easter Seals	Renewable	Maine Clean	Maine Clean	Local Foods	Community	
	RTAP	Data Initiative	Bingham/MEHAF Opioid Response	Energy Expo FY19	Technical Assistance FY19	Mobility Management	Energy Development Assistance Grant	Communities CY18	Communities CY19	Promotion Program	Planning Services	Total
	31200	31201	31202	31205	33521	33913	34117	34119	34120	34521	35000	
Operating revenues:												
Federal and State grants	\$ 1,500	-	-	-	38,415	-	22,322	22,500	41,250	96,471	5,137	227,595
Membership dues	-	-	-	340	12,006	-	2,568	-	-	10,123	35,342	60,379
Other contracts and grants	-	950	20,088	-	-	31,566	-	-	-	-	37,719	90,323
Local matching funds	-	-	-	-	4,800	-	2,020	-	-	21,469	-	28,289
Miscellaneous	-	-	-	4,668	-	-	-	-	-	-	-	4,668
Total operating revenues	1,500	950	20,088	5,008	55,221	31,566	26,910	22,500	41,250	128,063	78,198	411,254
Operating expenses:												
Direct expenses:												
Direct labor	-	320	2,579	-	21,099	12,978	6,849	2,862	13,264	17,113	29,809	106,873
Direct fringe benefits	-	75	608	-	4,972	3,058	1,614	349	3,126	3,747	6,913	24,462
Other direct charges	1,104	-	14,993	5,008	8,435	2,838	11,237	4,198	3,788	91,923	2,360	145,884
Total direct expenses	1,104	395	18,180	5,008	34,506	18,874	19,700	7,409	20,178	112,783	39,082	277,219
Indirect expenses	-	290	2,334	-	19,099	11,749	6,200	2,352	12,007	15,282	26,903	96,216
Total operating expenses	1,104	685	20,514	5,008	53,605	30,623	25,900	9,761	32,185	128,065	65,985	373,435
Operating income (loss)	396	265	(426)	-	1,616	943	1,010	12,739	9,065	(2)	12,213	37,819
Transfer in (out)	(396)	(265)	426	-	(1,616)	(943)	(1,010)	(12,739)	(9,065)	2	(12,213)	(37,819)
Change in net position	-	-	-	-	-	-	-	-	-	-	-	-
Net position, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-
Net position, end of year	\$ -	-	-	-	-	-	-	-	-	-	-	-