

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



City of Portland, Maine
For the Fiscal Year Ended
June 30, 2012

CITY OF PORTLAND, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Ellen Sanborn
Finance Director

CITY OF PORTLAND, MAINE

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Introductory Section



PORTLAND MAINE

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November 16, 2012

Michael F. Brennan, Mayor
Members of the City Council
Citizens of Portland, Maine

In accordance with the requirements of our charter and the laws of the State of Maine to prepare a complete set of audited financial statements and in recognition of the increased interest in public officials' accountability to citizens and to potential investors, this comprehensive annual financial report (CAFR) of the City of Portland for fiscal year ended June 30, 2012, is submitted.

The City is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information pertaining to this single audit, including a schedule of expenditures of federal awards, findings and questioned costs, recommendations and the independent auditor's reports on the internal control and compliance with applicable laws and regulations, are reported in a separate document.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Runyon, Kersteen, Ouellette, a licensed firm of Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Portland, Maine's financial statements for the year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the government

The City of Portland, Maine is located in the state's southern coastal region, along the shores of Casco Bay. The city occupies 52.60 square miles and serves a population of 66,279. The city is empowered to levy a tax on real property and business owner's personal property located within its boundaries.

It was first settled in 1632, and incorporated in 1786. The first city charter was granted in 1832, and its original charter was adopted September, 1923. It has been amended several times, most recently, November 2, 2010. A nine member city council constitutes the legislative body, which includes a popularly elected mayor. The city manager is the chief executive officer of the City. A nine member board of education has general authority for public schools. The board annually presents a budget for school purposes for the ensuing municipal year. The city council approves the school budget. The council approved appropriation must be ratified by the voters at a referendum usually held in May before the start of the new fiscal year.

The City provides the full range of municipal services that includes police and fire, highways and sanitation, health and human services, parks, recreation, education, public improvements, planning and urban development, parking, and general administrative services. Sanitary sewer services, aviation, seaport services, recreation facility operations, and economic development activities are accounted for in the City's Enterprise Funds.

The financial reporting entity of the City includes all the funds of the City of Portland, Maine, as well as all of its component units. Component units are legally separate entities for which the City (the primary government) is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Portland Development Corporation (PDC) and the Portland Fish Pier Authority are reported as enterprise funds in the City's fund financial statements and included in the Business-type Activities column in the City's Government-wide financial statements. Discretely presented component units are reported in a separate column in the government-wide financial statements. The Portland Public Library is reported as discretely presented component unit. See the notes to the financial statements (Note 1.A.) for additional information on all three of these legally separate entities.

The City adopts fiscal year budgets for its General and Enterprise Funds. These budgets are established in accordance with the laws which govern the City's operations. Special Revenue Funds do not have legally adopted budgets, but have program budgets. Budgetary controls are maintained on the other governmental funds through formal authorizations by the City Council and through grant agreements. Debt service requirements (principal and interest) are budgeted as expenditures in the General Fund. Budgets are legally adopted by the City Council through the passage of an appropriation resolve.

Local Economy

The City of Portland is Maine's largest city and a regional center for finance, commerce, health care, insurance, post-secondary education, arts and entertainment for northern New England.

Mixed use office, retail, residential and commercial districts as well as marine and industrial areas provide diverse development opportunities and remain ongoing priorities for the future. A sense of partnership between brokers, bankers, businesses, academia, non-profits, and the public sector continues to flourish with programs that have been collectively developed to help insure that the business climate in Portland is a welcoming one that continues to grow and create new opportunities for years to come.

Portland's population grew to 66,279 according to the new census figures. This is an increase of more than 2,000 people since the last census. Portland has become a city of greater diversity with over 40 languages spoken in the Portland School System. In terms of educational attainment, over 42 percent of the City's population has a bachelor's degree or higher. Portland also has a diversified tax base ratio – 44 percent commercial/industrial and 56 percent residential.

The seasonally adjusted unemployment rate for the Portland labor market, as of June 2012, is 6.1 percent. It continues to remain lower than the State of Maine and U.S. unemployment rates of 7.5 and 8.2 percent, respectively.

Portland has two major hospitals, including Maine Medical Center (MMC), the largest medical facility in northern New England and Portland's largest employer, and Mercy Hospital. Mercy Hospital is currently in negotiations to merge with a large for-profit national health care organization. MMC has developed a partnership with Tufts Medical School to create a program in Portland that insures a place for 20 students from Maine each year. Both hospitals are investing significantly in new construction.

Portland is a transportation hub for Northern New England, with the Amtrak Downeaster passenger rail service, the City-owned Portland International Jetport and the Port of Portland. The cruise ship industry is scheduled to host 60 trips to Portland with estimates of 95,000 passengers and crew during the 2012 season. The Maine Port Authority, through a long term lease with the city, has completed over \$3 million in the International Ferry Terminal to extend the use of that facility.

The Bayside community continues its transformation from a vacant and underutilized industrial tract of land into a first-rate, mixed-use urban district. In September of 2012, the Portland City Council voted to subsidize a \$38 million mixed use project. The city will sell 3.25 acres of land to Federated Companies. The project includes: 700-space garage, 176 new housing units and the promise of 40 new jobs.

In June of 2012, the planning board gave final approval to plans for The Forefront at Thompson's Point. The \$105 million project features a 3500-4800 seat event center, a hotel, a sports medicine facility, a parking garage, a restaurant and two office buildings,.

This year the city has completed a unified economic development plan. The plan has been a collaborative effort with the Portland Community Chamber of Commerce and a task force which included members from the real estate, banking, creative, legal, life science and retail communities. This partnership has been focusing on the plan to increase jobs, taxable value, grow businesses and enhance the creative community.

Due to its strong and healthy economy, the City of Portland, Maine has maintained a credit rating of Aa1 from Moody's Investor Services. This exceeds the State of Maine's Aa2 rating.

Major initiatives and long-term financial planning

In December 2010, the City Council approved an \$11 million energy savings improvement bond to retrofit City buildings with energy savings improvements. As of June 2012, the construction is substantially complete with only water conservation at Portland High School and the roof replacement at King Middle School remaining.

The \$75 million terminal expansion project at the Portland International Jetport was completed during 2012. The project included a larger security screening checkpoint, three new gates, a new ticketing concourse, and a geothermal heating system. The Jetport received LEED Gold Certification; one of only two commercial airports in the country.

The city has recognized that a key element of the financial stability of the City is maintaining adequate levels of fund balance. This mitigates the financial risk that can occur from unforeseen revenue fluctuations and unanticipated expenditures. The level of unassigned fund balance provides cash flow for general operations and can affect the City's ability to issue debt at a favorable interest rate.

It is the city's goal to maintain an unassigned general fund balance equal to 12.5% of expenditures. The latest amendment to the policy which was approved by the finance committee on October 6, 2011 also calls for the establishment of a tax rate stabilization fund.

Also in October of 2011, the Finance Committee endorsed a fiscal policy that guides the future issuance of long-term debt. The policy includes governing principles and the evaluation of specific factors. The affordability factor presents four elements.

- Net debt service payments should not exceed 15% of general fund expenditures.
- Net debt service payments should not exceed 1.5% of per capita income.
- Debt per capita should not exceed the "moderate" range by Moody's, currently at \$5,000.
- Total outstanding debt should not exceed 5% of the State equalized valuation of the city.

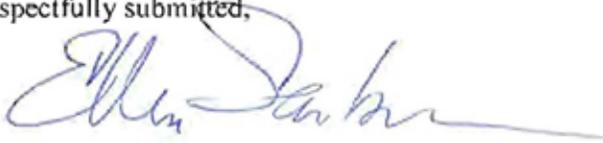
Other information

Awards: The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Portland for its comprehensive annual financial report (CAFR) for the year ended June 30, 2011. This was the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. That report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and I am submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments: The preparation of the comprehensive annual financial report was made possible by the dedicated service of Cathy A. Ricker, and by each member of the accounting staff. I would also like to acknowledge the efforts of the accounting firm of Runyon Kersteen Ouellette and the city finance department's staff for their contributions made in preparing and publishing this report.

Respectfully submitted,

A handwritten signature in blue ink that reads "Ellen Sanborn". The signature is written in a cursive style with a long horizontal flourish at the end.

Ellen Sanborn
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Portland Maine

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandson

President

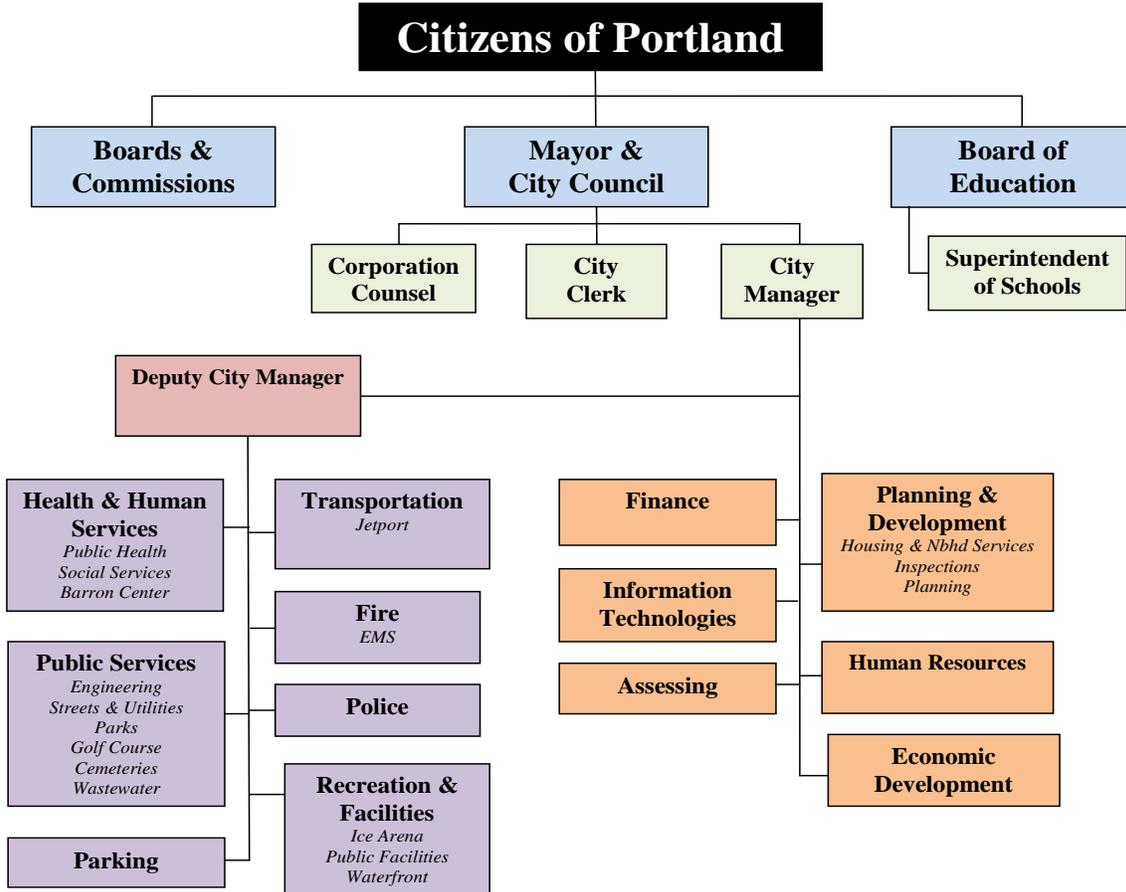
Jeffrey R. Enos

Executive Director

CITY OF PORTLAND, MAINE

ORGANIZATION CHART

JUNE 30, 2012



CITY OF PORTLAND, MAINE

Principal Executive Officers

AS OF JUNE 30, 2012

City Council

Michael F. Brennan, Mayor

John M. Anton

John R. Coyne

Kevin J. Donoghue

Jill C. Duson

Cheryl A. Leeman

David A. Marshall

Edward J. Suslovic

Nicholas M. Mavodones, Jr.

City Staff

Mark Rees, City Manager

Katherine Jones, City Clerk

Ellen Sanborn, Finance Director

Gary C. Wood, Corporation Counsel

Financial Section

INDEPENDENT AUDITOR'S REPORT

City Council
City of Portland, Maine:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Portland, Maine, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Portland, Maine's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Portland, Maine, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2012, on our consideration of the City of Portland, Maine'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Portland, Maine's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for the purpose of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are 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 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



November 16, 2012
South Portland, Maine

Management's Discussion & Analysis

As management of the City of Portland, we offer readers of the City of Portland's financial statements this narrative overview and analysis of the financial activities of the City of Portland for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City of Portland exceeded its liabilities at the close of the most recent fiscal year by \$356,938 (*net assets*).
- The City's total net assets increased by \$17,496. This increase is primarily attributable to \$13,933 in capital grants and contributions received by the City and decreased expenditures.
- As of the close of the current fiscal year, the City of Portland's governmental funds reported combined ending fund balances of \$84,635, an increase of \$1,477 in comparison with the prior year. The *unassigned fund balance* of the general fund increased \$2,825, while *nonspendable, committed, and assigned* increased \$296. The gains in the general fund and gains in other governmental funds and the debt service fund of \$1,012 and \$182 respectively were offset by a decrease in the capital projects fund of \$2,837.
- At the end of the current fiscal year, the *unassigned fund balance* for the general fund was \$29,711 or 13.22% of total general fund expenditures plus transfers out to debt service and other funds.
- The City's total general obligation debt increased by \$2,474 (0.91%) during the current fiscal year. In addition to scheduled retirements, there was \$11,494 of general obligation bonds issued in support of various capital projects; \$7,245 was issued in support of the Combined Sewer Overflow Separation Projects; and \$19,940 was issued to refund previously issued bonds.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the City of Portland's basic financial statements. The City of Portland's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Portland's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Portland's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Portland is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Portland that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Portland include general government, public safety, public services (highways, streets, and sanitation), health and social services, public library, education, and transportation. The business-type activities of the City of Portland include transportation, sewer, seaport facilities, recreational facilities, and real estate development and lending activities.

The government-wide financial statements include not only the City of Portland itself (known as the *primary government*), but also a legally separate library for which the City of Portland is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 28-29 of this report.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Portland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Portland can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the city's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Portland maintains 10 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data

for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Portland adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This statement can be found on page 34.

The basic governmental fund financial statements can be found on pages 30-33 of this report.

Proprietary funds: The City of Portland maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Portland uses enterprise funds to account for its jetport, sewer utility, golf course, ice arena facility, and economic development operations. The Fish Pier Authority and Portland Development Corporation (PDC), *blended component units*, are included in the City's enterprise funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the individual enterprise funds, each of which are considered to be major funds of the City of Portland.

The City of Portland adopts an annual appropriated budget for its enterprise funds. Schedules of revenues, expenditures and encumbrances on the budgetary basis of accounting statement have been provided for each enterprise fund to demonstrate compliance with this budget except for the PDC which is included in the City's general fund budget.

The basic proprietary fund financial statements can be found on pages 36-41 of this report. The budget basis schedules demonstrating compliance can be found on pages 85-89 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Portland's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements and schedules can be found on pages 42 and 80 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-76 of this report.

Other information: The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 78-79 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Portland, assets exceeded liabilities by \$356,938 at the close of the 2012 fiscal year, an increase of \$17,496 from \$339,443 at the end of 2011.

City of Portland's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 109,345	\$ 107,859	\$ 65,369	\$ 79,429	\$ 174,714	\$ 187,288
Capital assets	329,656	323,867	312,513	292,167	642,169	616,034
Total assets	439,001	431,726	377,882	371,596	816,883	803,322
Long-term liabilities	236,265	218,169	192,178	183,130	428,443	401,299
Other liabilities	23,437	40,972	8,064	21,606	31,501	62,578
Total liabilities	259,702	259,141	200,242	204,736	459,944	463,877
Net assets:						
Invested in capital assets, net of related debt	240,512	236,710	134,401	118,356	374,913	355,066
Restricted	40,568	42,221	27,398	32,453	67,966	74,674
Unrestricted (deficit)	(101,782)	(106,347)	15,841	16,050	(85,941)	(90,297)
Total net assets	179,298	172,584	177,640	166,859	356,938	339,443

The balance of *unrestricted net assets*, a deficit of \$85,941 arose primarily because the City has recognized the liability (\$111,344) for the prior service costs of its employee retirement plan. As more fully described in the notes to the financial statements (Notes 7 and 16.C, on pages 66 and 74-75 respectively), the City refinanced its \$111 million unfunded pension liability to produce annual savings of approximately \$845 thousand until the bonds issued are paid off in 2025. The City will need to include these amounts in future years' budgets as they become due.

By far the largest portion of the City of Portland's net assets, \$374,913, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Portland uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Portland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

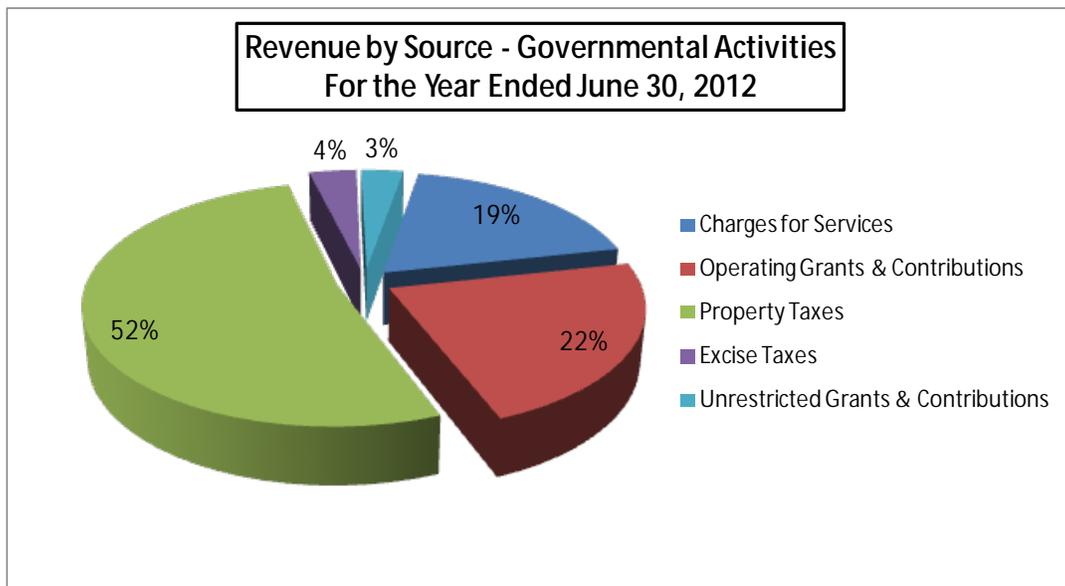
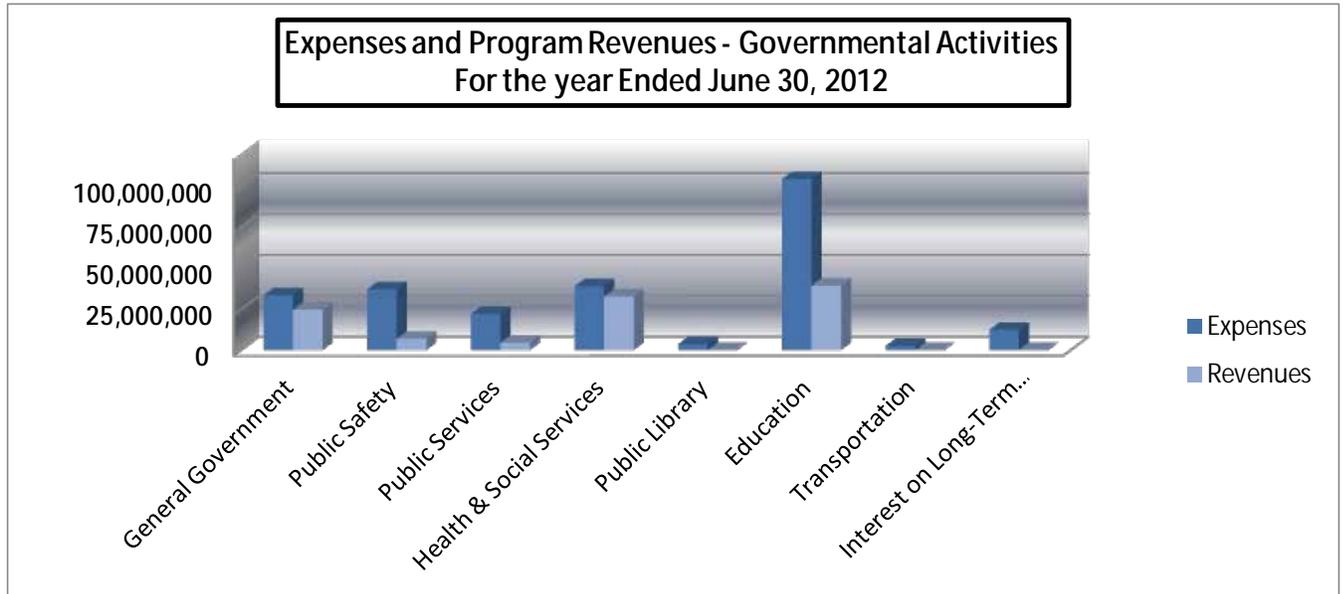
An additional portion of the City of Portland's net assets (18%) represents resources that are subject to external restrictions on how they may be used.

The overall increase in net assets of \$17,496 is discussed in the following sections for governmental activities and business-type activities.

City of Portland's Changes in Net Assets

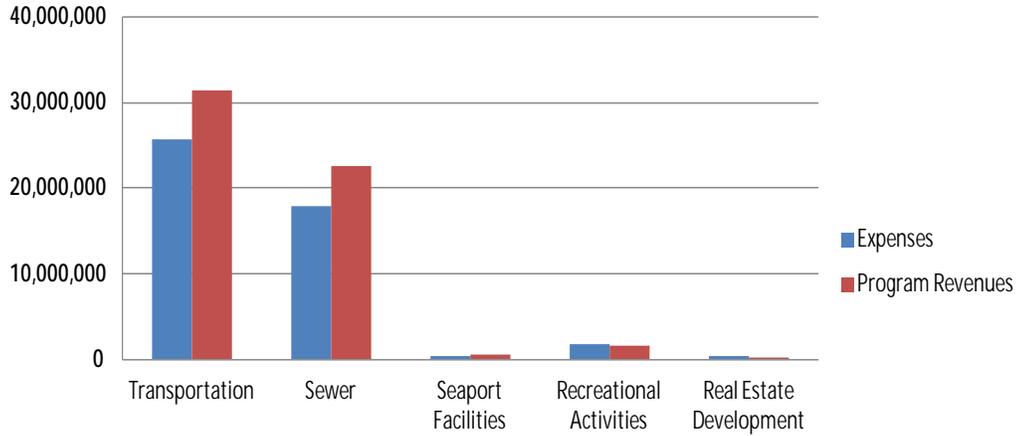
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 49,341	\$ 53,166	\$ 42,544	\$ 40,595	\$ 91,885	\$ 93,761
Operating grants and contributions	58,906	61,178	-	-	58,906	61,178
Capital grants and contributions	-	-	13,933	24,121	13,933	24,121
General Revenues:						
Property and other taxes	145,510	141,146	-	-	145,510	141,146
Grants and Contributions not restricted to specific programs	8,247	7,451	-	-	8,247	7,451
Other	635	963	40	28	675	991
Total revenues	262,639	263,904	56,517	64,744	319,156	328,648
Expenses:						
General government	33,309	33,058	-	-	33,309	33,058
Public safety	37,094	37,144	-	-	37,094	37,144
Public Services	22,076	27,617	-	-	22,076	27,617
Health and social services	38,959	34,735	-	-	38,959	34,735
Public library	3,658	3,532	-	-	3,658	3,532
Education	105,974	108,432	-	-	105,974	108,432
Transportation	2,489	2,449	25,670	22,772	28,159	25,221
Interest on long-term debt	12,367	12,555	-	-	12,367	12,555
Sewer	-	-	17,484	17,330	17,484	17,330
Seaport facilities	-	-	326	319	326	319
Recreational facilities	-	-	1,785	1,684	1,785	1,684
Real estate development/lending	-	-	469	50	469	50
Total expenses	255,926	259,522	45,734	42,155	301,660	301,677
Increase (decrease) in net assets before transfers	6,713	4,382	10,783	22,589	17,496	26,971
Transfers in (out)	-	23	-	(23)	-	-
Increase (decrease) in net assets	6,713	4,405	10,783	22,566	17,496	26,971
Net assets - beginning	172,585	168,180	166,858	144,292	339,443	312,472
Net assets - end of year	\$ 179,298	\$ 172,585	\$ 177,641	\$ 166,858	\$ 356,939	\$ 339,443

Governmental activities: Governmental activities resulted in an increase in the City of Portland's net assets of \$6,713. This increase is attributed to revenues exceeding expenditures for the year, which will be discussed later in the budgetary analysis.

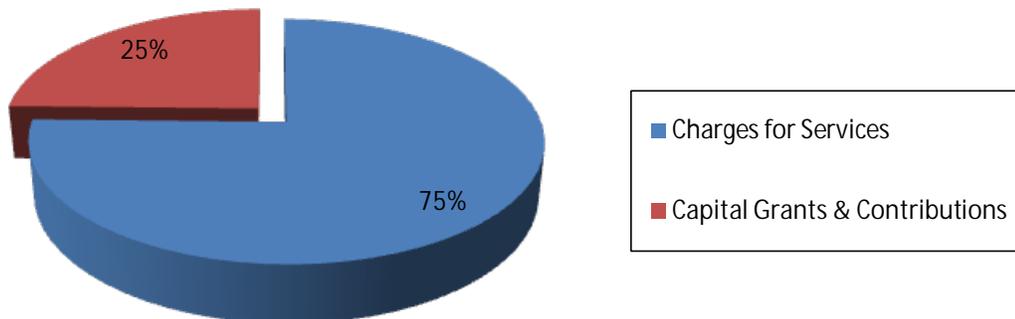


Business-type activities: The increase in net assets of \$10,781 for the business-type activities is primarily attributable to the receipt of capital grants and contributions. These funds are traditionally budgeted to not accumulate excess revenue other than for capital improvements/replacement.

Expenses and Program Revenues - Business-type Activities
For the Year Ended June 30, 2012



Revenue by Source - Business-type Activities
For the Year Ended June 30, 2012



Financial Analysis of the Government's Funds

As noted earlier, the City of Portland uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City of Portland's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Fund balance is the measure of a governmental fund's spendable resources. Fund balance is presented in five possible categories. The *non-spendable* portion of fund balance cannot be spent. The portion that can be spent can be separated into four categories. *Restricted* fund balance reflects resources that are subject to externally enforceable legal restrictions, typically imposed by parties outside of the government. *Committed* fund balance represents resources whose use is constrained by limitations the government imposes on itself at its highest level of decision making, i.e. the City Council, that remain binding unless removed in the same manner. *Assigned* fund balance reflects a government's intended use of resources. *Unassigned* fund balance represents the net resources in excess of what can be properly classified in one of the other four categories. Only the General fund can report a positive amount of unassigned fund balance.

As of the end of the current fiscal year, the City of Portland's governmental funds reported combined ending fund balances of \$84,635. Of that amount \$7,718 is classified as non-spendable. Another \$35,919 is restricted, \$3,792 is committed, \$7,495 is assigned, and \$29,711 is unassigned.

The largest portion of the non-spendable is comprised of a portion of the permanent funds of the City. Of the \$35,919 in restricted funds, \$12,985 is for capital project funds of the City, \$11,387 is for permanent funds of the City, \$11,055 is held for grants and special revenue funds, and the remaining \$492 is for debt service on the revenue bonds of the city.

The general fund is the central operating fund of the City of Portland, and by definition is the only fund that can have positive unassigned fund balance. Unassigned fund balance represents resources not restricted, committed, or assigned to any particular use. To provide for unforeseen circumstances and maintain liquidity, the City has a fund balance policy to achieve and maintain an unassigned general fund balance of 12.5% of the following years budgeted expenditures less debt service transfers for enterprise and school funds. Using this method the unassigned fund balance at June 30, 2012 is 12.1%, an increase of 0.8% from June 30, 2011.

The fund balance of the City of Portland's general fund was budgeted to decrease by \$1,485 during the current fiscal year. An increase of \$3,121 was actually realized. The City's School Department budgetary operations contributed \$604 to the overall general fund balance increase. Additional information concerning the School Department operations for the current fiscal year can be found on pages 82-83 of this report. The remaining increase can be attributed to positive planned and unplanned savings. These included:

- An unseasonably warm winter, which translated into decreased public services expenditures.
- Decreased health insurance benefits payments for the year from the city's self-insured program.

- Significant utility costs savings attributed to the city’s energy improvement program which was implemented during the year.
- Savings in debt service payments due to bond refinancing.

The debt service fund has a total fund balance of \$2,146 of which \$492 is restricted, \$109 is committed and \$1,545 is assigned. The net increase in fund balance during the current year in the debt service fund was \$182. The net increase was due to the receipt of bond premium, which will be used to reduce debt service payments in subsequent budget cycles per bond certificates.

The capital projects fund has a total fund balance of \$12,985, all of which is restricted. The net decrease in fund balance during the period was \$2,838. During the current year the City issued \$11,014 of general obligation bonds to finance various governmental capital improvement projects. The decrease was caused mainly by the spending down of prior year capital improvement general obligation bond proceeds as the related projects progressed.

Proprietary funds: The City of Portland’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net assets of the six enterprise funds totaled \$15,841 and include unrestricted net assets deficits in the Sewer (\$6,334), the Golf Courses (\$99) and Ice Arena (\$591). The Jetport, Fish Pier Authority, and the Portland Development Corporation had positive unrestricted net assets of \$18,591, \$847, and \$3,427 respectively.

Net assets restricted for capital projects, debt service, operating maintenance, and renewal and replacement in the enterprise funds totaled \$27,397 at the end of the current year. The following schedule presents a summary of enterprise fund restricted net assets for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year restricted net assets.

Restricted Net Assets	Amount	Percentage of Total	Increase / (Decrease) from 2011	Percentage of Increase / (Decrease)
Jetport	\$ 14,441	53%	\$ (7,921)	-35%
Sewer	12,770	47%	2,704	27%
Fish Pier Authority	50	0%	33	194%
Golf Courses	136	0%	132	3300%
Ice Arena Facility	-	0%	(4)	-100%
Portland Development Corporation	-	0%	(0)	-100%
Total	\$ 27,397	100%	\$ (5,056)	

The decrease in net restricted assets for the Jetport and the Ice Arena can be attributed to spending down of capital projects funds. The Jetport completed its terminal expansion during the current year and the Ice Arena began a rebuilding of the Ice rink during the current year. The sewer acquired \$7.245 in additional new funding for the ongoing and sewer separation, and also

continued to spend down project proceeds from previous years. The golf course received capital projects proceeds for new projects.

Budgetary Highlights

During the current year the City's School Department did not exceed its approved expenditure budget for its general fund, adult education, and food service program. The balance of the City's general fund operations did not exceed the approved expenditure budget for municipal operations. However, capital, health and social services, and other (contingent) did exceed the individual expenditure budgets by \$1,201 and \$1,265, and \$442 respectively. The increased demand for health and social services were funded by increased program revenue and expenditure decreases within the department.

Refer to Statement 5 on page 34, Schedules B-1 and B-2 on pages 82-83, C-1 thru C-5 on pages 85-89, and the notes to the financial statements on pages 53-56 for more detailed information.

The following schedule presents a summary of General Fund revenues on the budgetary basis of accounting for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues:

Revenues	Amount	Percentage of Total	Increase / (Decrease) from 2011	Percentage of Increase / (Decrease)
Taxes	144,173	56%	4,325	3%
Licenses and permits	2,910	1%	116	4%
Fines	2,212	1%	118	6%
Uses of money and property	6,866	3%	(489)	-7%
Intergovernmental	17,241	7%	1,405	9%
Current services	28,717	10%	(169)	-1%
Education	20,083	8%	(3,081)	-13%
Other revenue	9,194	4%	(827)	-8%
Interdepartmental charges	19,305	8%	753	4%
Balance forward	1,485	2%	518	54%
Total	252,186	100%	2,669	

Revenue for general government functions totaled \$252 million dollars (on the budgetary basis of accounting) in fiscal year ended June 30, 2012.

Education revenue decreased because of funding cuts at the state level, property taxes committed increased as a result of this known shortfall as did reliance on general fund balance. Investment income did not meet targeted levels due to lower than expected return rates. Other revenue did not meet its target due to the delay in selling city held property. Despite decreased state funding for education, the city enjoyed larger than expected revenues from other governmental units both state and federal.

The following schedule represents a summary of General Fund expenditures on the budgetary basis of accounting for the fiscal year ended June 30, 2012, and the percentage of increases and decreases in relation to prior year amounts:

Expenditures	Amount	Percentage of Total	Increase / (Decrease) from 2011	Percentage of Increase / (Decrease)
General Government	\$ 19,912	8%	\$ (278)	-1%
Public Safety	28,760	12%	340	1%
Public Services	15,820	6%	(2,431)	-13%
Health and Social Services	29,815	12%	2,488	9%
Public Library	3,299	1%	103	3%
Education	88,920	36%	(1,161)	-1%
Pension & employee insurance	21,464	9%	1,615	8%
Other	7,631	3%	141	2%
Debt service	30,051	12%	642	2%
Capital	2,461	1%	2,461	N/A
Total	\$ 248,133	100%	\$ 3,920	

As described in Notes to Financial Statements (Note 1.D), the City treats inter-fund and inter-departmental transfers as revenues and expenditures for budgetary purposes. Interdepartmental expenditures increased \$753, or 4%. The following schedule presents a summary of interdepartmental expenditures for the fiscal year ended June 30, 2012, and the percentage of increases and decreases in relation to prior year amounts:

Expenditures	Amount	Percentage of Total	Increase / (Decrease) from 2011	Percentage of Increase / (Decrease)
General Government	\$ 2,415	13%	\$ 257	12%
Public Safety	2,012	10%	(128)	-6%
Public Services	1,073	6%	(69)	-6%
Health and Social Services	0	0%	-	0%
Other (Insurance)	125	1%	(1)	-1%
Pension & employee insurance	2,461	13%	186	8%
Debt Service	11,219	57%	508	5%
Total	\$ 19,305	100%	\$ 753	

General Fund Balance. As a result of current year's operations, the total general fund balance increased \$3,121 after being budgeted to decrease by \$1,485.

It is essential that the City maintain an adequate level of unassigned fund balance to maintain its service delivery capabilities, to provide for unexpected revenue fluctuations and to deal with contingencies. Current cash flow projections and the strength of the City's general fund balance provide continued assurance that the likelihood of the City's need to enter the short-term debt market to pay for current expenditures remains remote.

Enterprise Operations: The City's enterprise operations consist of six separately accounted for operations which are administered by four different departments. The Department of Transportation administers the Portland International Jetport. The Fish Pier Authority, a blended component unit and the City's ice arena are administered by the City's Department of Recreation and Facilities Management. The Department of Public Services administers the City's sanitary sewer operations and two municipal golf courses. The Portland Development Corporation (PDC), a blended component unit, is administered by the City Manager's department.

During the current year the City issued general obligation bonds for the benefit of the Sewer Operations to continue the Sewer separation projects in the amount of \$7,245. It is anticipated that general obligation bonds sold to finance enterprise fund projects will be repaid by operating revenues generated by the respective fund and user surcharges.

Operating revenues for the City's combined enterprise operations increased by \$1,967 or 5%. The following schedule represents a summary of Enterprise Fund operating revenues for the fiscal year ended June 30, 2012, and the percentage of increases and decreases in relation to prior year amounts:

Operating Revenues	Amount	Percentage of Total	Increase / (Decrease) from 2011	Percentage of Increase / (Decrease)
Jetport	17,939	43%	\$ 596	3%
Sewer	22,470	53%	1,187	6%
Fish Pier Authority	469	1%	57	14%
Golf Courses	1,026	2%	162	19%
Ice Arena Facility	564	1%	(43)	-7%
Portland Development Corporation	9	0%	8	800%
Total	\$ 42,477	100%	\$ 1,967	

Revenues in the sewer fund were up due to planned user fee increases. The jetport saw modest increases in revenue due to the expanded capacity of its terminal. The golf course took over the previously contracted restaurant located in the clubhouse late in 2011; a full year of operation increased the revenue for that unit. The Ice Arena closed in April of 2012 for renovations, which lowered their revenue for the year.

Total operating expenses for the combined enterprise operations increased \$4,250, or 11%. The following schedule represents a summary of Enterprise Fund operating expenses for the fiscal year ended June 30, 2012, and the percentage of increases and decreases in relation to prior year amounts:

Operating Expenses	Amount	Percentage of Total	Increase / (Decrease) from 2011	Percentage of Increase / (Decrease)
Jetport	\$ 22,201	53%	\$ 3,233	17%
Sewer	16,841	40%	438	3%
Fish Pier Authority	310	1%	11	4%
Golf Courses	1,045	3%	78	8%
Ice Arena Facility	728	2%	24	3%
Portland Development Corporation	469	1%	466	15533%
Total	\$ 41,594	100%	\$ 4,250	

The jetport shows and significant increase to expenditures for the year due to some increased expenses for the larger new terminal and also significant increases in depreciation expense also because of the new terminal.

Capital Asset and Debt Administration

Capital assets: The City of Portland's investment in capital assets for its governmental and business type activities as of June 30, 2012 amounts to \$642,163 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, highways and bridges. The total capital assets for the City's governmental activities increased \$5,786 or 2%, while the business type activities increased \$20,343 or 7%.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 23,007	\$ 21,973	\$ 17,646	\$ 18,659	\$ 40,653	\$ 40,632
Buildings and Improvements	117,735	119,371	139,365	68,791	257,100	188,162
Improvements other than buildings	20,291	14,825	36,631	34,248	56,922	49,073
Machinery and equipment	16,039	15,307	9,746	3,561	25,785	18,868
Infrastructure	143,520	144,679	80,794	79,978	224,314	224,657
Construction in Progress	9,061	7,712	28,328	86,930	37,389	94,642
Total	329,653	323,867	312,510	292,167	642,163	616,034

Major capital asset events during the current fiscal year included the following:

- \$11 million in new bonds were issued to support various capital improvement projects and improvements.
- Expenditure of capital improvement bonds issued in prior years and general fund capital expenditures accounted for the remainder of the increase in the governmental activities.
- A variety of capital improvement projects were continuing at the Jetport. A \$72 million terminal expansion project was completed during the year and the new terminal opened in October of 2011.

- The city is in the midst of a multi-year combined sewer overflow abatement program. During the year approximately \$2.29 million in new sewer projects were added to capital assets. And another \$3.78 million in construction in progress.

Additional information on the City of Portland’s capital assets can be found in Note 6 on pages 60-62 of this report.

Long-term debt: At the end of the current fiscal year, the City of Portland had total bonded debt outstanding of \$401,905. Of this amount, \$274,610 comprises general obligation debt backed by the full faith and credit of the city. The remainder of the City of Portland’s debt represents revenue bonds secured solely by Jetport Enterprise Fund operating revenues and passenger surcharges (\$127,295).

City of Portland's Outstanding Debt

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 211,168	\$ 211,681	\$ 63,442	\$ 60,456	\$ 274,610	\$ 272,137
Revenue Bonds	-	341	127,295	128,675	127,295	129,016
Total	<u>211,168</u>	<u>212,022</u>	<u>190,737</u>	<u>189,131</u>	<u>401,905</u>	<u>401,153</u>

The City of Portland’s total bonded debt increased by \$752 (less than one percent) during the current fiscal year. This was due principally to new issues exceeding repayments. The combined sewer overflow abatement program issued \$7,245. An additional \$11 million was issued for various capital improvement projects. The city also refunded \$20.55 million of debt and replaced it with new debt of \$19.94 million carrying lower interest rates.

The City of Portland maintains a “Aa1” rating from Moody’s and an “AA” rating from Standard & Poor’s for general obligation debt, and “A3” and “BBB+,” (insured ratings) respectively, for the general airport revenue bonds. Please refer to these agencies’ reports for a comprehensive explanation of their rating assessment.

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the City of Portland is \$1,148,888 which is significantly in excess of the City of Portland’s outstanding general obligation debt (\$274,610 or 3.58% of its total state assessed valuation). Additional information on the City of Portland’s long-term debt can be found in Note 7 on pages 63-68 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following economic factors currently affect the City of Portland and were considered and included in developing the 2012-2013 fiscal year budgets.

- The unemployment rate for the city was 6.1% at June 30, 2012, which is no change from the previous year. This compares favorably to the state’s average unemployment rate of 7.5% and the national average of 8.2%.
- The increase in the taxable assessed value of approximately \$15 million.

- Modest increases in projected excise tax collections and building permits indicating some economic recovery and stabilization.
- Total expenditures for the year are projected to increase 2.2%. Mandated fixed non departmental expenses account for the majority of the increases. These include: debt service on previously authorized borrowing, assessments from Cumberland County, METRO, and Employee health and retirement benefits.

In adopting the budget for the ensuing fiscal year 2013, the City officials considered many factors in making judgments and estimates about the finances of the upcoming year. The primary goals of which were:

- Retain the City's core services on which people depend
- Retain staff and not bridge budget gaps with layoffs
- Keep any tax increase to a minimum

The result was a tax increase to 18.82 mils from 18.28 mils in 2012, a 2.95% rate increase, with a fund balance utilization component of \$671.

The City continues to monitor the changing state and federal policies regarding potential changes in educational funding, the state revenue sharing formula, reimbursement rates for general assistance payments, and restrictions on discretionary spending at the federal level, all of which have significant effects on the success of the City's budget.

The Finance Committee of the City Council has also updated fund balance and debt management policies to position the City for long term financial stability.

Requests for Information

This financial report is designed to provide a general overview of the City of Portland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Portland, Maine, 389 Congress Street, Portland, Maine 04101.

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Basic Financial Statements

CITY OF PORTLAND, MAINE

STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Portland Public Library
ASSETS				
Cash and cash equivalents	\$ 66,003,722	\$ 16,037,825	\$ 82,041,547	\$ 678,731
Investments	14,754,027	-	14,754,027	5,128,275
Taxes receivable	3,712,322	-	3,712,322	-
Accounts receivable	15,602,519	4,743,051	20,345,570	31,482
Allowance for uncollectible accounts	(1,699,295)	(251,859)	(1,951,154)	-
Loans & notes receivable	2,436,551	1,221,272	3,657,823	-
Allowance for uncollectible loans	(121,832)	(175,389)	(297,221)	-
Due from other governments	7,304,631	16,263,274	23,567,905	-
Due to from primary government	-	-	-	24,319
Internal balances and advances	374,470	(374,470)	-	-
Inventories	753,923	348,299	1,102,222	-
Other assets	224,564	4,337,782	4,562,346	428,041
Restricted assets:				
Temporarily restricted, cash and cash equivalents	-	23,220,058	23,220,058	-
Capital assets (net of accumulated depreciation):				
Land	23,007,086	17,646,603	40,653,689	-
Buildings and improvements	117,735,669	139,365,420	257,101,089	2,320,678
Improvements other than buildings	20,291,687	36,631,835	56,923,522	-
Machinery and equipment	16,039,569	9,746,691	25,786,260	555,398
Infrastructure	143,520,167	80,794,074	224,314,241	-
Construction in progress	9,061,920	28,328,382	37,390,302	-
Total Assets	\$ 439,001,700	\$ 377,882,848	\$ 816,884,548	\$ 9,166,924
LIABILITIES				
Accounts payable	\$ 6,013,964	\$ 2,289,291	\$ 8,303,255	\$ 36,921
Other liabilities	17,051,438	5,774,604	22,826,042	223,366
Unearned revenue	348,275	-	348,275	-
Due to component unit	24,319	-	24,319	-
Noncurrent liabilities:				
Due within one year	17,615,137	6,657,237	24,272,374	11,554
Due in more than one year	218,650,162	185,521,013	404,171,175	83,843
Total liabilities	\$ 259,703,295	\$ 200,242,145	\$ 459,945,440	\$ 355,684
NET ASSETS				
Invested in capital assets, net of related debt	\$ 240,512,369	\$ 134,401,030	\$ 374,913,399	\$ 2,780,679
Restricted for:				
Capital projects	12,985,449	12,625,885	25,611,334	-
Debt service	491,887	10,781,514	11,273,401	-
Operating maintenance	-	3,958,785	3,958,785	-
Other Grants and Special Revenue	11,055,218	-	11,055,218	-
Permanent funds, expendable	4,649,355	-	4,649,355	1,836,185
Permanent funds, nonexpendable	11,386,606	-	11,386,606	3,453,870
Renewal and replacement	-	31,701	31,701	-
Unrestricted (deficit)	(101,782,479)	15,841,788	(85,940,691)	740,506
Total net assets	\$ 179,298,405	\$ 177,640,703	\$ 356,939,108	\$ 8,811,240

The notes to the financial statements are an integral part of this statement.

CITY OF PORTLAND, MAINE

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Portland Public Library
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 33,309,315	\$ 18,874,424	\$ 5,765,031	\$ -	\$ (8,669,860)	\$ -	\$ (8,669,860)	\$ -
Public safety	37,094,156	4,053,962	2,854,962	-	(30,185,232)	-	(30,185,232)	-
Public services	22,076,438	3,770,781	831,753	-	(17,473,904)	-	(17,473,904)	-
Health and social services	38,959,633	18,555,023	14,176,882	-	(6,227,728)	-	(6,227,728)	-
Public library	3,658,070	-	-	-	(3,658,070)	-	(3,658,070)	-
Education	105,974,129	4,087,382	35,278,269	-	(66,608,478)	-	(66,608,478)	-
Transportation	2,489,016	-	-	-	(2,489,016)	-	(2,489,016)	-
Interest on long-term debt	12,367,091	-	-	-	(12,367,091)	-	(12,367,091)	-
Total governmental activities	\$ 255,927,848	\$ 49,341,572	\$ 58,906,897	\$ -	\$ (147,679,379)	\$ -	\$ (147,679,379)	\$ -
Business-type activities:								
Transportation	\$ 25,670,417	\$ 17,939,788	\$ -	\$ 13,460,294	\$ -	\$ 5,729,665	\$ 5,729,665	\$ -
Sewer	17,484,320	22,470,548	-	219,056	-	5,205,284	5,205,284	-
Seaport facilities	326,420	469,289	-	33,005	-	175,874	175,874	-
Recreational facilities	1,785,842	1,591,628	-	-	-	(194,214)	(194,214)	-
Real estate development and lending	469,873	72,791	-	221,000	-	(176,082)	(176,082)	-
Total business-type activities	\$ 45,736,872	\$ 42,544,044	\$ -	\$ 13,933,355	\$ -	\$ 10,740,527	\$ 10,740,527	\$ -
Total primary government	\$ 301,664,720	\$ 91,885,616	\$ 58,906,897	\$ 13,933,355	\$ (147,679,379)	\$ 10,740,527	\$ (136,938,852)	\$ -
Component unit:								
Portland Public Library	\$ 5,572,550	\$ 144,519	\$ 5,374,726	\$ 1,850	\$ -	\$ -	\$ -	\$ (51,455)
General revenues:								
Property taxes					\$ 136,320,324	\$ -	\$ 136,320,324	\$ -
Excise taxes					9,190,158	-	9,190,158	-
Grants and contributions not restricted to specific programs					8,247,641	-	8,247,641	-
Unrestricted investment earnings					560,421	40,790	601,211	5,821
Gain on sale of capital assets					75,468	-	75,468	-
Total general revenues and transfers					\$ 154,394,012	\$ 40,790	\$ 154,434,802	\$ 5,821
Change in net assets					\$ 6,714,633	\$ 10,781,317	\$ 17,495,950	\$ (45,634)
Net assets - beginning					172,583,772	166,859,386	339,443,158	8,856,874
Net assets - ending					\$ 179,298,405	\$ 177,640,703	\$ 356,939,108	\$ 8,811,240

The notes to the financial statements are an integral part of this statement.

CITY OF PORTLAND, MAINE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2012

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 39,171,708	\$ 2,107,555	\$ 14,897,676	\$ 9,826,783	\$ 66,003,722
Investments	-	-	-	14,754,027	14,754,027
Taxes receivable	3,712,322	-	-	-	3,712,322
Accounts receivable	15,351,365	-	6,690	244,464	15,602,519
Allowance for uncollectible accounts	(1,699,295)	-	-	-	(1,699,295)
Loans receivable	-	-	-	2,436,551	2,436,551
Allowance for uncollectible loans	-	-	-	(121,832)	(121,832)
Due from other governments	926,643	-	-	6,377,988	7,304,631
Due from other funds	518,557	-	-	-	518,557
Inventories	705,753	-	-	48,170	753,923
Other assets	186,304	38,260	-	-	224,564
Total assets	<u>\$ 58,873,357</u>	<u>\$ 2,145,815</u>	<u>\$ 14,904,366</u>	<u>\$ 33,566,151</u>	<u>\$ 109,489,689</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,630,891	\$ -	\$ 1,302,932	\$ 1,080,141	\$ 6,013,964
Other liabilities	12,341,659	-	615,985	1,377,084	14,334,728
Deferred revenue	3,343,882	-	-	-	3,343,882
Due to other funds	-	-	-	144,087	144,087
Accrued self-insurance liabilities	1,017,830	-	-	-	1,017,830
Total liabilities	<u>\$ 20,334,262</u>	<u>\$ -</u>	<u>\$ 1,918,917</u>	<u>\$ 2,601,312</u>	<u>\$ 24,854,491</u>
Fund balances:					
Nonspendable					
Inventories	\$ 705,753	\$ -	\$ -	\$ 48,170	\$ 753,923
Loans	-	-	-	2,314,719	2,314,719
Permanent Funds	-	-	-	4,649,355	4,649,355
Restricted					
Capital Projects	-	-	12,985,449	-	12,985,449
Debt Service	-	491,887	-	-	491,887
Other Grants and Special Revenue	-	-	-	11,055,218	11,055,218
Permanent Funds	-	-	-	11,386,606	11,386,606
Committed					
Debt Service	-	108,680	-	-	108,680
Economic Development Activities	338,837	-	-	-	338,837
Educational Facilities	341,102	-	-	-	341,102
Facilities Relocation	821,420	-	-	-	821,420
Loan Programs	-	-	-	1,510,771	1,510,771
Subsequent years expenditure	671,490	-	-	-	671,490
Assigned					
Barron Center Resident Benefits	149,270	-	-	-	149,270
Debt Service	-	1,545,249	-	-	1,545,249
Medicaid Settlements	300,000	-	-	-	300,000
Self Insurance Programs	5,500,000	-	-	-	5,500,000
Unassigned	29,711,223	-	-	-	29,711,223
Total fund balances	<u>38,539,095</u>	<u>2,145,815</u>	<u>12,985,449</u>	<u>30,964,839</u>	<u>84,635,198</u>
Total liabilities and fund balances	<u>\$ 58,873,357</u>	<u>\$ 2,145,815</u>	<u>\$ 14,904,366</u>	<u>\$ 33,566,151</u>	

Continued

The notes to the financial statements are an integral part of this statement.

CITY OF PORTLAND, MAINE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2012

Reconciliation of the total fund balances - total governmental funds
to the total net assets of governmental activities:

Total fund balances - total governmental funds, Statement 3 \$ 84,635,198

Amounts reported for governmental activities in the statement of net
assets are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds. 329,656,099

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are deferred in the funds. 2,995,607

Accrued interest payable on long-term liabilities is not reported in the funds. (1,723,200)

Revenue that will be amortized over future periods (2,241,161)

Long-term liabilities are not due and payable in the current period
and, therefore, are not reported in the funds:

General obligation bonds	\$ 211,168,886	
Notes payable	2,710,051	
Capital leases	868,242	
Self-insurance	7,094,056	
Compensated absences	10,250,441	
Retirement incentives	987,162	
Unfunded pension actuarial liability	945,300	(234,024,138)

Net assets of governmental activities \$ 179,298,405

The notes to the financial statements are an integral part of this statement.

CITY OF PORTLAND, MAINE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
General property taxes	\$ 134,983,479	\$ -	\$ -	\$ 1,733,903	\$ 136,717,382
Excise taxes	9,190,158	-	-	-	9,190,158
Licenses and permits	2,910,539	-	-	513,388	3,423,927
Fines, forfeits and penalties	2,212,750	-	-	-	2,212,750
Uses of money and property	6,866,758	118	83,708	57,822	7,008,406
Intergovernmental	39,348,676	-	-	27,805,862	67,154,538
Current services	31,066,886	-	-	6,068,642	37,135,528
Other	75,467	-	-	121,382	196,849
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	\$ 226,654,713	\$ 118	\$ 83,708	\$ 36,300,999	\$ 263,039,538
Expenditures					
Current:					
General government	\$ 16,462,394	\$ -	\$ -	\$ 4,964,252	\$ 21,426,646
Public safety	25,844,683	-	-	2,237,394	28,082,077
Public services	14,513,899	-	-	618,751	15,132,650
Health and social services	23,766,272	-	-	9,808,508	33,574,780
Public library	3,299,737	-	-	-	3,299,737
Education	88,378,324	-	-	14,217,464	102,595,788
Pension and employee insurance	17,984,982	-	-	-	17,984,982
Other	7,438,913	616,497	-	-	8,055,410
Debt service:					
Principal	-	11,727,400	-	100,000	11,827,400
Interest	-	12,512,543	-	8,110	12,520,653
Capital outlay	1,991,881	-	13,949,262	2,948,981	18,890,124
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 199,681,085	\$ 24,856,440	\$ 13,949,262	\$ 34,903,460	\$ 273,390,247
Excess (deficiency) of revenues over (under) expenditures					
	\$ 26,973,628	\$(24,856,322)	\$(13,865,554)	\$ 1,397,539	\$ (10,350,709)
Other financing sources (uses)					
Transfers in	1,013,402	24,996,626	97,826	432,507	26,540,361
Transfers out	(25,082,054)	(375,769)	(264,612)	(817,926)	(26,540,361)
Refunding bonds issued	-	8,273,390	-	-	8,273,390
Premium on refunding bonds	-	888,145	-	-	888,145
General obligation bonds issued	-	-	11,014,000	-	11,014,000
Premium on general obligation bonds	-	-	180,804	-	180,804
Payment to refunded bond escrow agent	-	(8,744,039)	-	-	(8,744,039)
Capital lease obligations	216,142	-	-	-	216,142
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	\$ (23,852,510)	\$ 25,038,353	\$ 11,028,018	\$ (385,419)	\$ 11,828,442
Net change in fund balances					
	\$ 3,121,118	\$ 182,031	\$ (2,837,536)	\$ 1,012,120	\$ 1,477,733
Fund balances - beginning					
	35,417,977	1,963,784	15,822,985	29,952,719	83,157,465
Fund balances - ending					
	<u>\$ 38,539,095</u>	<u>\$ 2,145,815</u>	<u>\$ 12,985,449</u>	<u>\$ 30,964,839</u>	<u>\$ 84,635,198</u>

Continued

CITY OF PORTLAND, MAINE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

Reconciliation of the change in fund balances - total governmental funds
to the change in net assets of governmental activities:

Net change in fund balances - total governmental funds, Statement 4 \$ 1,477,733

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capitalized expenditures	\$ 18,804,979	
Depreciation expense	<u>(12,846,030)</u>	5,958,949

The cost less accumulated depreciation of assets disposed or sold not reflected in the governmental funds	(169,378)
--	-----------

Current years' revenues in the funds that did provide current financial resources are not reported as current year's revenues in the statement of activities.	(1,036,305)
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Current years' revenues in the statement of activities that does not meet the availability criteria in the fund statements	(397,058)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial
resources to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net assets.

Debt issued	\$ (19,503,532)	
Principal repaid	<u>20,653,414</u>	1,149,882

Some expenses reported in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in governmental funds.

General government expense	\$ 102,477	
Public Services	(58,202)	
Pension	(101,471)	
Education expense	510,453	
Interest on long-term debt	<u>(722,447)</u>	<u>(269,190)</u>

Change in net assets of governmental activities, Statement 2 \$ 6,714,633

The notes to the financial statements are an integral part of this statement.

CITY OF PORTLAND, MAINE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGET BASIS)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
General property taxes	\$ 135,596,798	\$ 135,596,798	\$ 134,983,479	\$ (613,319)
Excise taxes	9,038,000	9,038,000	9,190,158	152,158
Licenses and permits	3,106,080	3,106,080	2,910,539	(195,541)
Fines, forfeits and penalties	2,132,700	2,132,700	2,212,750	80,050
Uses of money and property	6,576,995	6,576,995	6,866,758	289,763
Intergovernmental	15,523,728	15,523,728	17,241,769	1,718,041
Current services	27,895,785	27,895,785	28,717,592	821,807
Education	16,943,458	16,943,458	20,083,364	3,139,906
Other	10,026,885	10,026,885	9,194,371	(832,514)
Interdepartmental charges	20,096,633	20,096,633	19,305,605	(791,028)
City fund balance appropriation	1,485,000	1,485,000	1,485,000	-
Total revenues	\$ 248,422,062	\$ 248,422,062	\$ 252,191,385	\$ 3,769,323
Expenditures				
General government	\$ 20,660,733	\$ 20,660,733	\$ 19,912,099	\$ 748,634
Public safety	28,685,835	28,685,835	28,760,252	(74,417)
Public services	16,746,235	16,746,235	15,820,990	925,245
Health and social services	28,535,756	28,535,756	29,815,738	(1,279,982)
Public library	3,299,737	3,299,737	3,299,737	-
Education	89,462,035	89,462,035	88,920,312	541,723
Pension and employee insurance	22,180,734	22,180,734	21,464,705	716,029
Other	7,189,679	7,189,679	7,631,855	(442,176)
Debt service	30,633,528	30,633,528	30,051,764	581,764
Capital	1,027,790	1,027,790	2,461,864	(1,434,074)
Total expenditures and encumbrances	\$ 248,422,062	\$ 248,422,062	\$ 248,139,316	\$ 282,746
Excess of revenues over expenditures and encumbrances	\$ -	\$ -	\$ 4,052,069	\$ 4,052,069

The notes to the financial statements are an integral part of this statement.

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CITY OF PORTLAND, MAINE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
Business-type Activities - Enterprise Funds

June 30, 2012

	Jetport	Sewer	Fish Pier Authority	Golf Courses	Ice Arena Facility	Portland Development Corporation	Totals Current Year
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 5,045,324	\$ 7,445,972	\$ 891,193	\$ 221,812	\$ -	\$ 2,433,524	\$ 16,037,825
Accounts receivable	3,105,981	1,612,179	21,671	-	3,220	-	4,743,051
Allowance for uncollectible accounts	(177,000)	(69,559)	(3,000)	-	(2,300)	-	(251,859)
Loans receivable	-	-	52,000	-	-	-	52,000
Notes receivable	-	-	-	-	-	1,169,272	1,169,272
Allowance for uncollectible loans	-	-	-	-	-	(175,389)	(175,389)
Due from other governments	16,263,274	-	-	-	-	-	16,263,274
Inventories	255,414	36,327	-	56,558	-	-	348,299
Total current assets	<u>\$ 24,492,993</u>	<u>\$ 9,024,919</u>	<u>\$ 961,864</u>	<u>\$ 278,370</u>	<u>\$ 920</u>	<u>\$ 3,427,407</u>	<u>\$ 38,186,473</u>
Noncurrent assets:							
Restricted:							
Revenue bond covenant accounts -							
Cash and cash equivalents	\$ 10,781,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,781,514
Capital escrow account -							
Cash and cash equivalents	-	12,438,544	-	-	-	-	12,438,544
Total restricted assets	<u>\$ 10,781,514</u>	<u>\$ 12,438,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,220,058</u>
Other assets	<u>\$ 3,247,313</u>	<u>\$ 1,089,982</u>	<u>\$ 373</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,337,782</u>
Capital assets:							
Land	\$ 13,303,251	\$ 5,408	\$ 4,263,569	\$ 51,195	\$ 23,180	\$ -	\$ 17,646,603
Buildings and improvements	174,726,395	1,385,560	12,751,199	987,140	2,095,338	-	191,945,632
Improvements other than buildings	105,197,362	46,031	1,244,050	1,401,714	12,285	-	107,901,442
Machinery and equipment	16,743,613	3,110,101	106,606	359,348	333,829	-	20,653,497
Infrastructure	-	101,561,692	-	-	-	-	101,561,692
Construction in progress	11,388,864	16,618,691	69,938	-	250,889	-	28,328,382
Less accumulated depreciation	<u>(114,570,922)</u>	<u>(24,017,566)</u>	<u>(12,549,226)</u>	<u>(2,325,576)</u>	<u>(2,060,953)</u>	<u>-</u>	<u>(155,524,243)</u>
Total capital assets (net of accumulated depreciation)	<u>\$ 206,788,563</u>	<u>\$ 98,709,917</u>	<u>\$ 5,886,136</u>	<u>\$ 473,821</u>	<u>\$ 654,568</u>	<u>\$ -</u>	<u>\$ 312,513,005</u>
Total noncurrent assets	<u>\$ 220,817,390</u>	<u>\$ 112,238,443</u>	<u>\$ 5,886,509</u>	<u>\$ 473,935</u>	<u>\$ 654,568</u>	<u>\$ -</u>	<u>\$ 340,070,845</u>
Total assets	<u>\$ 245,310,383</u>	<u>\$ 121,263,362</u>	<u>\$ 6,848,373</u>	<u>\$ 752,305</u>	<u>\$ 655,488</u>	<u>\$ 3,427,407</u>	<u>\$ 378,257,318</u>

Statement 6 (con't)

	<u>Jetport</u>	<u>Sewer</u>	<u>Fish Pier Authority</u>	<u>Golf Courses</u>	<u>Ice Arena Facility</u>	<u>Portland Development Corporation</u>	<u>Totals Current Year</u>
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 1,258,164	\$ 805,476	\$ 5,745	\$ 34,745	\$ 185,161	\$ -	\$ 2,289,291
Other liabilities and accrued expenses	3,933,540	2,347,737	7,867	34,975	4,494	-	6,328,613
General obligation bonds, current	-	4,820,999	74,284	51,281	25,650	-	4,972,214
Revenue bonds, current	1,435,000	-	-	-	-	-	1,435,000
Accrued self-insurance liabilities	47,190	324,159	-	2,640	3,520	-	377,509
Accrued vacation and sick pay	251,366	201,684	-	31,181	24,641	-	508,872
Due to other funds	-	-	-	-	374,470	-	374,470
Total current liabilities	\$ 6,925,260	\$ 8,500,055	\$ 87,896	\$ 154,822	\$ 617,936	\$ -	\$ 16,285,969
Noncurrent liabilities:							
General obligation bonds	\$ -	\$ 57,702,305	\$ 344,543	\$ 360,848	\$ 62,950	\$ -	\$ 58,470,646
Revenue bonds	125,860,000	-	-	-	-	-	125,860,000
Total noncurrent liabilities	\$ 125,860,000	\$ 57,702,305	\$ 344,543	\$ 360,848	\$ 62,950	\$ -	\$ 184,330,646
Total liabilities	\$ 132,785,260	\$ 66,202,360	\$ 432,439	\$ 515,670	\$ 680,886	\$ -	\$ 200,616,615
NET ASSETS							
Invested in capital assets, net of related debt	\$ 79,493,563	\$ 48,625,157	\$ 5,517,708	\$ 198,634	\$ 565,968	\$ -	\$ 134,401,030
Restricted for -							
Capital projects	-	12,438,544	50,399	136,942	-	-	12,625,885
Debt service	10,781,514	-	-	-	-	-	10,781,514
Operating maintenance	3,658,785	300,000	-	-	-	-	3,958,785
Renewal and replacement	-	31,701	-	-	-	-	31,701
Unrestricted (deficit)	18,591,261	(6,334,400)	847,827	(98,941)	(591,366)	3,427,407	15,841,788
Total net assets	\$ 112,525,123	\$ 55,061,002	\$ 6,415,934	\$ 236,635	\$ (25,398)	\$ 3,427,407	\$ 177,640,703

The notes to the financial statements are an integral part of this statement.

CITY OF PORTLAND, MAINE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Business-type Activities - Enterprise Funds

For the Year Ended June 30, 2012

	<u>Jetport</u>	<u>Sewer</u>	<u>Fish Pier Authority</u>	<u>Golf Courses</u>	<u>Ice Arena Facility</u>	<u>Portland Development Corporation</u>	<u>Totals Current Year</u>
Operating revenues:							
Charges for services	\$ 17,939,788	\$ 22,470,548	\$ 469,289	\$ 1,026,812	\$ 564,816	\$ 9,679	\$ 42,480,932
Total operating revenues	\$ 17,939,788	\$ 22,470,548	\$ 469,289	\$ 1,026,812	\$ 564,816	\$ 9,679	\$ 42,480,932
Operating expenses:							
Personal services	\$ 3,643,244	\$ 3,046,506	\$ 21,720	\$ 480,203	\$ 319,522	\$ -	\$ 7,511,195
Contractual services	5,633,843	1,170,676	35,779	76,244	42,376	125,729	7,084,647
Portland Water District services	-	10,340,044	-	-	-	-	10,340,044
Supplies and materials	538,502	195,919	10,516	223,518	36,828	-	1,005,283
Rentals	11,259	8,492	-	53,056	356	-	73,163
Utilities	1,105,730	72,958	15,689	83,805	214,158	-	1,492,340
Maintenance	639,482	296,955	22,519	37,046	17,033	-	1,013,035
Depreciation and amortization	10,018,427	1,685,241	193,284	90,678	97,288	-	12,084,918
Other	611,117	24,589	10,857	1,019	1,287	344,144	993,013
Total operating expenses	\$ 22,201,604	\$ 16,841,380	\$ 310,364	\$ 1,045,569	\$ 728,848	\$ 469,873	\$ 41,597,638
Operating income (loss)	\$ (4,261,816)	\$ 5,629,168	\$ 158,925	\$ (18,757)	\$ (164,032)	\$ (460,194)	\$ 883,294
Nonoperating revenues (expenses):							
Passenger facility charges	\$ 3,339,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,339,256
Interest and other revenue	26,220	14,570	-	-	-	63,112	103,902
Interest and other expense	(3,468,813)	(642,940)	(16,056)	(8,192)	(3,233)	-	(4,139,234)
Total nonoperating revenues (expenses)	\$ (103,337)	\$ (628,370)	\$ (16,056)	\$ (8,192)	\$ (3,233)	\$ 63,112	\$ (696,076)
Income (loss) before contributions	\$ (4,365,153)	\$ 5,000,798	\$ 142,869	\$ (26,949)	\$ (167,265)	\$ (397,082)	\$ 187,218
Capital contributions	10,121,038	219,056	33,005	-	-	221,000	10,594,099
Change in net assets	\$ 5,755,885	\$ 5,219,854	\$ 175,874	\$ (26,949)	\$ (167,265)	\$ (176,082)	\$ 10,781,317
Total net assets - beginning	106,769,238	49,841,148	6,240,060	263,584	141,867	3,603,489	166,859,386
Total net assets - ending	<u>\$ 112,525,123</u>	<u>\$ 55,061,002</u>	<u>\$ 6,415,934</u>	<u>\$ 236,635</u>	<u>\$ (25,398)</u>	<u>\$ 3,427,407</u>	<u>\$ 177,640,703</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF PORTLAND, MAINE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Business-type Activities - Enterprise Funds

For the Year Ended June 30, 2012

	Jetport	Sewer	Fish Pier Authority	Golf Courses	Ice Arena Facility	Portland Development Corporation	Total
Cash flows from operating activities							
Receipts from customers and users	\$ 17,570,830	\$ 22,100,515	\$ 471,517	\$ 1,043,235	\$ 566,391	\$ 9,679	\$ 41,762,167
Payments to suppliers	(9,726,904)	(13,022,717)	(90,564)	(470,311)	(281,303)	(414,427)	(24,006,226)
Payments to employees	(3,647,365)	(3,075,661)	(21,278)	(488,701)	(324,107)	-	(7,557,112)
Net cash provided (used) by operating activities	<u>\$ 4,196,561</u>	<u>\$ 6,002,137</u>	<u>\$ 359,675</u>	<u>\$ 84,223</u>	<u>\$ (39,019)</u>	<u>\$ (404,748)</u>	<u>\$ 10,198,829</u>
Cash flows from noncapital financing activities							
Net cash provided (used) by noncapital financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash flows from capital and related financing activities							
Contributed capital	\$ 10,121,038	\$ 219,056	\$ 33,005	\$ -	\$ -	\$ 221,000	\$ 10,594,099
Passenger facility charges	3,339,256	-	-	-	-	-	3,339,256
Proceeds from sale of general obligation bonds	-	7,575,000	-	150,000	-	-	7,725,000
Acquisition and construction of capital assets	(27,050,642)	(7,359,000)	(69,938)	-	(266,706)	-	(34,746,286)
Non-operating deferred revenue - Beginning of year	-	(390,534)	-	-	-	-	(390,534)
End of year	-	221,477	-	-	-	-	221,477
Non-operating accounts payable - Beginning of year	(3,705,710)	(463,761)	-	-	-	(50,000)	(4,219,471)
End of year	610,564	341,171	-	-	145,260	-	1,096,995
Non-operating deposits - Beginning of year	(300,623)	-	-	-	-	-	(300,623)
End of year	623	-	-	-	-	-	623
Non-operating accounts receivable - Beginning of year	16,925,052	-	-	-	-	445	16,925,497
End of year	(16,263,274)	-	-	-	-	-	(16,263,274)
Non-operating due to other funds/advances Beginning of year	-	-	-	-	(184,787)	311,604	126,817
End of year	-	-	-	-	374,470	-	374,470
Principal paid on bond maturities	-	(4,595,993)	(75,147)	(41,635)	(25,750)	-	(4,738,525)
Principal paid on revenue bond maturities	(1,380,000)	-	-	-	-	-	(1,380,000)
Interest paid on debt	(3,496,239)	451,163	(17,960)	(5,990)	(3,468)	-	(3,072,494)
Net cash provided (used) by capital and related financing activities	<u>\$ (21,199,955)</u>	<u>\$ (4,001,421)</u>	<u>\$ (130,040)</u>	<u>\$ 102,375</u>	<u>\$ 39,019</u>	<u>\$ 483,049</u>	<u>\$ (24,706,973)</u>

Statement 8 (con't)

	Jetport	Sewer	Fish Pier Authority	Golf Courses	Ice Arena Facility	Portland Development Corporation	Total
Cash flows from investing activities							
Interest income	\$ 26,220	\$ 14,570	\$ -	\$ -	\$ -	\$ 63,112	\$ 103,902
Net cash provided (used) by investing activities	\$ 26,220	\$ 14,570	\$ -	\$ -	\$ -	\$ 63,112	\$ 103,902
Net increase (decrease) in cash and cash equivalents	\$ (16,977,174)	\$ 2,015,286	\$ 229,635	\$ 186,598	\$ -	\$ 141,413	\$ (14,404,242)
Cash and cash equivalents, beginning of year	32,804,012	17,869,230	661,558	35,214	-	2,292,111	53,662,125
Cash and cash equivalents, end of year including restricted	\$ 15,826,838	\$ 19,884,516	\$ 891,193	\$ 221,812	\$ -	\$ 2,433,524	\$ 39,257,883
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (4,261,816)	\$ 5,629,168	\$ 158,925	\$ (18,757)	\$ (164,032)	\$ (460,194)	\$ 883,294
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation and amortization	10,018,427	1,685,241	193,284	90,678	97,288	-	12,084,918
Nonoperating revenues	-	-	-	-	-	-	-
Nonoperating expenses	-	-	-	-	-	-	-
Remaining basis of asset disposals	1,497,800	-	-	-	-	-	1,497,800
Change in operating assets and liabilities:							
Accounts receivable	(368,958)	(370,035)	2,227	14,590	1,575	-	(720,601)
Deferred Revenue	169,305	-	-	1,833	-	-	171,138
Loans receivable	-	-	-	-	-	55,446	55,446
Inventories	(1,014)	2,307	-	620	-	-	1,913
Accounts payable	(2,867,792)	(1,084,586)	4,796	3,052	29,570	-	(3,914,960)
Other liabilities and accrued expenses	(4,121)	(29,153)	443	(8,498)	(4,585)	-	(45,914)
Accrued self-insurance liabilities	14,730	169,195	-	705	1,165	-	185,795
Total adjustments	\$ 8,458,377	\$ 372,969	\$ 200,750	\$ 102,980	\$ 125,013	\$ 55,446	\$ 9,315,535
Net cash provided (used) by operating activities	\$ 4,196,561	\$ 6,002,137	\$ 359,675	\$ 84,223	\$ (39,019)	\$ (404,748)	\$ 10,198,829
Noncash investing, capital, and financing activities:							
Disposal of capital assets	\$ 2,526,986	\$ 400,863	\$ -	\$ 86,067	\$ 13,046	\$ -	\$ 3,026,962
Accumulated depreciation on capital asset dispositions	1,029,186	400,863	-	86,067	13,046	-	1,529,162

The notes to the financial statements are an integral part of this statement.

CITY OF PORTLAND, MAINE

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 3,733,425
Total assets	<u>\$ 3,733,425</u>
LIABILITIES	
Held for school activities and other purposes	\$ 1,309,390
Held for performance guarantees	1,110,569
Other liabilities	<u>1,313,466</u>
Total liabilities	<u>\$ 3,733,425</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORTLAND, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

1. **Summary of Significant Accounting Policies**

A. **Reporting Entity**

The City of Portland, Maine was incorporated on March 26, 1832 under the laws of the State of Maine. The City operates under a Council-Manager, with a popularly elected mayor, form of government and provides the following services: public safety, public services, health and social services, culture-recreation, education, public improvements, planning and zoning and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize they are legally separate from the City.

Blended Component Units: The Portland Fish Pier Authority, a local development corporation, was organized by the City for the express purpose of managing for the City its public fish pier facilities. The Portland Fish Pier Authority board of directors is an advisory board governed by the Portland City Council and is staffed by City employees. The City has leased, for a sixty-year term, its public fish pier facilities, and assigned its interest in all related operating leases, including the Portland Fish Exchange lease, to the Portland Fish Pier Authority. The premises are devoted to public purposes only and use is restricted to the landing or processing of shellfish, finfish and other natural products of the sea, or for other activities directly related to these purposes. The financial statements of the Fish Pier Authority, for the year ended June 30, 2012, have been incorporated into the City's Enterprise Fund.

The Portland Development Corporation (PDC) (formerly The Downtown Portland Corporation), a local development corporation, was organized by the City in 1991 for the purposes of implementation and administration of the City's economic development programs. The PDC board of directors is an advisory board governed by the Portland City Council and is staffed by City employees. The PDC is financially dependent upon the City. The financial statements of the PDC, for the year ended June 30, 2012, have been incorporated into the City's Enterprise Fund.

Discretely Presented Component Units: The Portland Public Library was established under State Statute in 1889. The Library operates under the control of a Board of Trustees, which is not appointed by the Portland City Council, in which the power to hire officers, approve the budget and amend the by-laws is vested. However, the Library is financially dependent upon the City. The City owns the land and building in which the Library operates and provides other support services to the Library. In addition, the City provided approximately 85% of all financial support received by the Library during the year ended June 30, 2012. The City believes that the financial statements would be incomplete without the inclusion of the Library as a discretely presented component unit. The Library, which has been determined not to be a governmental entity, has its financial statements prepared on the accrual basis of accounting in accordance with generally accepted accounting principles for not-for-profit organizations. The Library is exempt from income taxes under Section 501(c) 3 of the Internal Revenue Code.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices:

Portland Fish Pier Authority
389 Congress Street
Portland, Maine 04101

Portland Development Corporation
389 Congress Street
Portland, Maine 04101

Portland Public Library
5 Monument Square
Portland, Maine 04101

Related Organizations: The Portland City Council is responsible for appointing the Board of Commissioners of the Portland Housing Authority, the Board of Directors of the Portland Widows' Wood Society and the Board of Directors of the Portland Fish Exchange. The City's accountability for these organizations does not extend beyond making these appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City (the primary government) and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the City is reported separately from certain legally separate component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those

that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds, a fiduciary fund type, have no measurement focus but use 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including accrued interest on general long-term debt, are recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are due and payable.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

The *General Fund* is the City's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Project Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The City reports the following major proprietary funds:

The *Jetport Fund* is used to account for the operation of the City's airport, which serves the southwestern part of the State. The revenue is produced primarily through contracts and leases. It is one of the largest (by passenger volume) facilities in Northern New England.

The principal function of the *Sewer Fund* is to account for the sewer services provided to the City residents and business establishments. The Portland Water District (not a City department) owns and operates the filtration plant for which the Sewer Fund pays a monthly fee. The City owns and maintains the infrastructure sewer lines and is responsible for the costs of maintenance, improvements and expansion. All users of the system pay monthly or quarterly fees, based upon water volume, to support the expenditures of the fund.

The *Fish Pier Authority Fund*, a blended component unit, provides management services for the City's Fish Pier to make the provision of services to fishing vessels and the operation of the public fish auction possible. The operations of the Fish Pier Authority consist primarily of lease revenue and maintenance expenses.

The *Portland Development Corporation*, a blended component unit, is a local development corporation organized by the City to implement and administer its economic development programs. The operations of the Portland Development Corporation consist primarily of management of economic development loan programs and the acquisition, development and sale of real estate.

The operation of two adjacent public golf courses, eighteen holes and nine holes, respectively, is accounted for in the *Golf Course Fund*. Daily fees and season memberships are the main source of revenue supporting the facilities.

The operations of a public ice arena are accounted for in the *Ice Arena Facility Fund*.

Additionally, the City reports the following fund type:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's fiduciary funds include the following fund type:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of

accounting. The funds are used to account for assets that the City holds for others in an agency capacity, such as student activity accounts and employee payroll withholdings.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City also has the option of following subsequent private-sector guidance for its business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets

The City follows certain accounting principles for general fund budgetary reporting purposes that differ from GAAP, the most significant of which are encumbrances being treated as expenditures and appropriations of prior year fund balances being treated as revenue for budgetary purposes, and inter-fund and interdepartmental transfers under accounting principles generally accepted in the United States of America being treated as revenues and/or expenditures for budgetary reporting purposes. In addition, the City's budgetary reporting for insurance claims, compensated absences, and investment income is done in accordance with the cash basis method of accounting, as opposed to the modified accrual method required by accounting principles generally accepted in the United States of America. Also, capital leases are not budgeted. Finally, the general fund revenue and expenditures related to on-behalf payments made by the State of Maine

to the Maine Public Employees Retirement System for teachers and certain other school employees are not budgeted. Such on-behalf payments were approximately \$7,884,364 for the year ended June 30, 2012.

Budgets for the general and enterprise funds are formally adopted each year through the passage of an appropriation resolve. Unencumbered appropriations lapse at fiscal year-end. Debt service costs are budgeted for in the general fund; the debt service fund does not have a legally adopted budget. Special revenue funds do not have legally adopted budgets, but have administratively approved project budgets. Project-length financial plans are adopted for all capital projects funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in governmental funds. Encumbrances do not constitute expenditures or liabilities because goods and services have not been received in the current year. However, for budgetary purposes, encumbrances are treated as expenditures.

E. Deposits and Investments

The City's cash and cash equivalents, for the purposes of the statement of cash flows, 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.

The City has an investment policy that governs the investment of all funds other than its permanent funds, private-purpose trust funds, and agency funds. The objectives of this policy and applicable Maine law (Title 30-A, Section 5706 *et seq.* of the Maine Revised Statutes, as amended) are: safety, liquidity, return on investment, and point of presence. The City is not invested in any obligations typically referred to as derivatives.

The Portland Public Library is authorized by its governing board to invest in obligations of the U.S. Treasury, corporate stocks and bonds, financial institutions, mutual funds and repurchase agreements.

Investments are reported at fair value, except that investments with a remaining maturity at time of purchase of one year or less are stated at amortized cost. Income earned from the investment of pooled cash is allocated to various funds on the basis of the average cash balance allocated the fund.

F. Short-term Inter-fund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined balance sheet.

G. Inventories

Inventories are valued at cost, using the first-in first-out (FIFO) method. The costs of inventory items are recognized as expenditures in the Governmental Funds and as expenses in the Enterprise Funds when used.

H. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. These assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Total interest expense incurred by the Sewer and the Jetport Funds during the current fiscal year was \$1,012,619 and \$6,147,719. Of this amount, \$261,456 and \$2,732,531 was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings and Improvements	20-40
Improvements other than buildings	20-40
Machinery and equipment	02-20
Infrastructure	30-67

I. Long-term Care Facility Patient Revenues and Third-Party Contractual Adjustments

Patient accounts receivable and revenues are recorded at established charges when services are performed. Revenues from services to patients include amounts reimbursable under Medicare, Medicaid and welfare agreements and programs. Differences between established charges and third-party payer rates, which are generally lower, are recorded as reductions to operating revenues.

A substantial portion of the City’s long-term care facility services are reimbursed by third-party payers at rates subject to redetermination based on the filing of annual cost reports and audit of those reports. Anticipated final settlements due from or to third

parties are recorded in the year in which the related services are performed. Any adjustments resulting from third-party examination are recognized in the year in which the results of such examinations become known. Amounts related to the City's long-term care facility are recorded in the general fund.

J. Compensated Absences

Employees earn vacation and sick leave as they provide services. Pursuant to collective bargaining agreements, employees may accumulate (subject to certain limitations) unused sick leave and, upon retirement, termination or death, may be compensated for amounts up to 180 days at current rates of pay.

Vacation time is earned based on anniversary date and length of service in amounts ranging between two and four weeks per year. City employees are allowed to carry over vacation time earned up to a maximum of 240 hours for employees hired prior to 1979 and 160 hours for all other employees. Employees are paid for allowable accruals upon termination of employment.

Accumulated leave of governmental funds that is due and payable are reported as expenditures in the fund financial statements. All accumulated leave, including that which is not due and payable is reported in the government-wide financial statements. Accumulated leave of Enterprise Funds is recorded as an expense and liability of the respective fund as the benefits accrue to employees. Liabilities for compensated absences are recorded as other liabilities and accrued expenses in the Enterprise Funds.

K. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types generally recognize bond premiums and discounts, as well as bond issuance costs, during the current period. (However, the costs associated with the general obligation pension bonds sold to finance the City's initial unpooled unfunded actuarial liability have been deferred and amortized over the life of the bonds using the effective interest method). The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Net Assets and Fund Balance Classifications

Net assets are required to be classified into the following three components:

Invested in capital assets, net of related debt- This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt.

	<u>Governmental</u>	<u>Business-Type</u>	<u>Component Unit</u>
Capital assets	\$ 570,019,087	\$ 468,037,248	\$ 3,937,323
Accumulated depreciation	(240,362,989)	(155,524,243)	(1,061,247)
Bonds, notes payable, and capital leases	(214,747,179)	(190,737,860)	(95,397)
Bonds and notes payable not used for capital assets	112,618,001	-	-
Unspent Bond & Note Proceeds	<u>12,985,449</u>	<u>12,625,885</u>	<u>-</u>
Total invested in capital assets net of related debt	<u>\$ 240,512,369</u>	<u>\$ 134,401,030</u>	<u>\$ 2,780,679</u>

Restricted- This component of net assets consists of restrictions placed on the net assets use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted- This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund balance is presented in five possible categories:

Non-spendable- These are resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted- These are resources with constraints placed on their use that are externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed- These resources are subject to limitations the government imposes upon itself at its highest level of decision making authority, and that remain binding unless removed in the same manner. This highest level of decision making authority is a majority vote of the City Council.

Assigned- These resources, neither restricted nor committed, for which the City Council has stated an intended use, or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes. This authority lies with the finance director.

Unassigned- These are General Fund resources which cannot be properly classified in one of the other four categories.

The City has established a policy providing for an unassigned fund balance in the City's General fund. The goal of the policy is to achieve and maintain an unassigned general fund balance equal to 12.5% of expenditures. Pursuant to Title 30-A of the Maine Revised Statutes related to establishing reserves, for any audited increase in General Fund balance from one fiscal year to the next, 25% will be transferred to a Tax Stabilization account. The account is to be applied in periods of financial emergency to assist in continuing its normal operation without increasing the tax rate. Balances in the Tax Rate Stabilization account established by the City Council are included in the calculation of the 12.5% goal. In years where there is no increase in unassigned fund balance there will be no transfer to the Tax Rate Stabilization account. Additionally, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (which includes committed, assigned or unassigned) as needed.

M. Bond Issuance Costs

In Governmental Fund types, issuance costs are generally recognized in the current period. Issuance costs for the Enterprise Funds are capitalized and are being amortized on a straight-line basis over the life of the related bond. The difference between the reacquisition price of Enterprise Fund bonds and the net carrying amount of debt refunded is deferred and amortized over the life of the new bond issue or the old debt, whichever is shorter.

N. Unbilled Service Receivables

Unbilled service receivables have been accrued at year-end. This treatment is consistent with prior years.

O. Inter-fund Activity

Reciprocal inter-fund activity is the internal counterpart to exchange and exchange-like transactions and is accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonreciprocal activity is the internal counterpart to non-exchange transactions and is reported as transfers.

P. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for all types of receivables which historically experience uncollectible accounts.

Q. Allowance for Uncollectible Loans

Allowances for uncollectible loans are established when City management determines its ability to collect the outstanding loan balance has been impaired. Loans are reviewed on an annual basis to evaluate collectability. Primary considerations in this are management's evaluation of the fair value of the collateral, if any (net of any outstanding superior debt), the current level of delinquency for real estate-based loans, and business and economic conditions.

R. Use of Estimates

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance and Accountability

Each year, on or before May 1, the City Manager submits to the City Council a budget for the ensuing fiscal year, along with an accompanying message.

The Manager's message explains the budget both in fiscal terms and in terms of its effect on work programs. It outlines the proposed financial policies of the City for the coming fiscal year; describes the important features of the budget; indicates any major changes from the current year in financial policies, expenditures and revenues, together with the reasons for such changes; and includes such other information that the Manager deems desirable. It also describes the tax impact of the proposed budget.

The budget preparation deviates from the GAAP basis as previously described in Note 1.D. It provides a complete financial plan of the City's General and Enterprise Funds for the ensuing fiscal year. It begins with a general summary of its contents and shows in detail all estimated income, indicating the proposed property tax levy affecting the General Fund, and all proposed expenditures, including debt service, for the ensuing fiscal year, arranged to show comparative figures for actual and estimated income and expenditures to the preceding fiscal year.

A budget for the General and Enterprise Funds is formally adopted each year through the passage of an appropriation resolve. Special Revenue Funds do not have legally adopted budgets but have administratively approved project budgets. Copies of the budget, as

adopted, are public records and are made available for inspection by the public at designated places.

The Manager may, at his discretion, transfer appropriated amounts, except those amounts appropriated for education, between functions. Total expenditures for the fiscal year may not exceed the appropriation resolve passed for the period without Council approval. The City Council may, by resolution, appropriate additional amounts, but only up to the amount of excess revenues and unencumbered budget surplus remaining after the purpose of the original appropriation has been satisfied. At the end of the fiscal year, all unencumbered appropriations lapse unless specifically continued by resolution of the City Council.

General Fund revenues and expenditures reported in the Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances - Budget and Actual (Budget Basis) are presented on the basis budgeted by the City. As stated above, the City follows certain accounting principles for budgetary reporting purposes that differ from accounting principles generally accepted in the United States.

Such differences and their effects on the General Fund's reported operations are summarized in the following reconciliation:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - General Fund (Statement 4)	\$ 226,654,713	\$ 199,681,085	\$ (23,852,510)
Appropriation of fund balance	1,285,000	-	-
Activity reported in special revenue fund			
School food service program	3,198,139	3,054,206	-
Street openings	513,388	420,562	-
Interdepartmental revenues and expenses	28,424,509	28,424,509	-
Contributions made on behalf of the City for the teachers' retirement plan	(7,884,364)	(7,884,364)	-
Debt service presentation	-	18,834,502	18,834,502
Miscellaneous revenue and expenditures	-	5,372,145	5,018,008
2012 encumbrances	-	367,608	-
2011 encumbrances	-	(130,937)	-
	<u> </u>	<u> </u>	<u> </u>
Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balance - Budget and Actual (Budget Basis), Statement 5	<u>\$ 252,191,385</u>	<u>\$ 248,139,316</u>	<u>\$ -</u>

The following two schedules summarize the Enterprise Funds' revenue and expense budgets. The City follows certain accounting principles for budgetary reporting purposes that differ from generally accepted accounting principles. These differences are outlined below.

	Budgeted Amounts		Actual (Budget Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Jetport	\$ 19,189,065	\$ 19,189,065	\$ 17,966,008	\$ (1,223,057)
Sewer	21,659,336	21,659,336	22,485,118	825,782
Fish Pier Authority	311,973	311,973	469,289	157,316
Golf Courses	1,104,692	1,104,692	1,026,812	(77,880)
Ice Arena Facility	666,581	666,581	564,816	(101,765)
Total revenues - budget basis	\$ 42,931,647	\$ 42,931,647	\$ 42,512,043	\$ (419,604)
Total operating revenues - Statement 7				
			42,480,932	
Less: Portland Development Corporaton				
			(9,679)	
			<u>\$ 40,790</u>	

The primary reasons for the difference between actual budget basis revenues and the total operating revenues, as reported in Exhibit 7, are that the financial statement classifications of non-operating revenues required by GAAP are treated as operating revenues for budgetary purposes.

	Budgeted Amounts		Actual (Budget Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures/encumbrances:				
Jetport	\$ 17,963,309	\$ 17,963,309	\$ 18,127,378	\$ (164,069)
Sewer	21,659,336	21,659,336	21,201,282	458,054
Fish Pier Authority	311,973	311,973	280,125	31,848
Golf Courses	1,104,692	1,104,692	1,021,594	(83,098)
Ice Arena Facility	666,581	666,581	678,890	12,309
Total expenditures and encumbrances - budget basis	\$ 41,705,891	\$ 41,705,891	\$ 41,309,269	\$ 255,044
Total operating expenses - Statement 7				
			41,597,638	
Less: Portland Development Corporaton				
			(469,873)	
			<u>\$ 181,504</u>	

The primary reasons for the difference between the actual budget basis of expenditures and encumbrances and the total operating expenses of, as reported in Exhibit 7, are as follows:

- Encumbrances are recognized as expenditures for budgetary purposes.
- Non-operating expenses out are classified as operating expenses for budgetary purposes.
- Depreciation expense is not recognized for budgetary purposes.
- The principal amortization of general obligation bonds, notes payable and capital leases are recognized as expenditures for budgetary purposes.
- Capital outlay that has been included in an enterprise fund's operating budget is reported as expenditure for budgetary purposes.

3. Deposits and Investments

Cash deposits with financial institution

Custodial Credit Risk-City Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2012, the City's bank balance was \$77,708,469, of which \$26,250 was exposed to custodial credit risk.

The Library maintains its cash accounts at various institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution except that non-interest bearing accounts are fully insured. At various times throughout the year, the Library's cash balances exceeded FDIC insurance. Cash held within investment accounts is guaranteed by Securities Investor Protection Corporation (SIPC) up to \$250,000. At various times throughout the year the Library's cash balances may have exceeded SIPC insurance.

At June 30, 2012, the City had the following investments and maturities:

Investment types:	Fair Value	Not Applicable	Maturity (years)		
			< 1	1 - 5	6 - 10
Primary government - City:					
Money Market Funds	\$22,196,673	\$22,196,673	\$ -	\$ -	\$ -
US Agencies	10,727,310	-	4,440,419	6,215,566	71,325
US Treasuries	2,602,270	-	2,143,089	412,086	47,095
Bond Funds	2,553,468	2,553,468	-	-	-
Common Stock	9,656,510	9,656,510	-	-	-
	<u>\$47,736,231</u>	<u>\$34,406,651</u>	<u>\$ 6,583,508</u>	<u>\$ 6,627,652</u>	<u>\$ 118,420</u>
Component Unit - PPL:					
Cash Equivalents	\$ 755,550	\$ 755,550			
Money Market Funds	2,999,574	2,999,574			
US Treasuries	2,051,882	2,051,882			
	<u>\$ 5,807,006</u>	<u>\$ 5,807,006</u>			

Interest Rate Risk: The City's Investment policy requires that, to the extent possible, the City will attempt to match investments with anticipated cash requirements. Unless matched to a specific cash flow, the City is not allowed to directly invest in securities maturing more than one year from the date of purchase. However, the City is allowed to collateralize its repurchase agreements using longer investments not to exceed five years to maturity. Trust and endowment funds may be invested in securities exceeding one year if the maturity of such investments are made to coincide as nearly as practicable with the expected use of funds.

Credit Risk: Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Maine statutes (Title 30-A §5711) authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The City's investment policy requires investments to be made with judgment and care under prevailing circumstances, and include: safety of principal, liquidity, return on investment, and point of presence.

As of June 30, 2012 the City's investment in debt securities and the corresponding credit ratings were as follows:

Credit rating per Moody's:	<u>City</u>	<u>PPL</u>
Bond Funds Aaa	\$ 2,332,040	\$ -
Money Market Funds Aaa	20,044,646	-
US Agency Aaa	10,727,310	-
US Treasuries Aaa	2,602,270	2,051,882
	<u>\$ 35,706,266</u>	<u>\$ 2,051,882</u>

Custodial Credit Risk-City's Investments: For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. As of June 30, 2012, the City had no investments that were subject to custodial credit risk. The City's investment policy states that all security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a "delivery vs. payment" basis. Securities will be held by a third party custodian, or Trust Department, designated by the Treasurer and evidenced by safekeeping receipts.

Concentration of Credit Risk: The City's investment policy states that the City will diversify its investments by security type and institution. According to the City's policy, with the exception of US Treasury securities, no more than 50 percent of the City's total investment portfolio will be invested in a single type, or with a single financial institution. The limit may be extended up to 75% for pooled cash and investments held with the City's primary relationship banking institution provided that it is fully collateralized by an Irrevocable Letter of Credit pledged against a Federal Home Loan Bank of the United States. At June 30, 2012 no more than 25% of the City's cash and investments were held at any one institution. Of the total cash and investments, 62% was held in cash.

4. Property Tax

Property taxes were levied June 27, 2011 on the assessed values of real property as of April 1, 2011, as described below. Taxes were due in two installments, September 9, 2011 and March 9, 2012. Interest was charged at 7.0% per annum on amounts not paid by September 10, 2011 and March 10, 2012. Upon the expiration of eight months, and within one year from the date of the levy, a tax lien is recorded for all delinquent taxes on real estate property.

Property taxes for the fiscal year ended June 30, 2012 (\$136,114,054) were assessed at the rate of 18.28 mills on the dollar on a total taxable valuation of \$7,446,064,220.

Property taxes collected during fiscal year 2012 and during the first sixty days of fiscal year 2013 are recognized as revenue in 2012 in the fund financial statements. Receivables estimated to be collectible after the sixty day period; are recorded as deferred revenue in the fund financial statements.

5. Jointly Governed Organizations

The City of Portland participates in two jointly governed organizations, which are not part of the City's reporting entity.

The City, in conjunction with one other municipality, participates in the Greater Portland Transit District. The District provides public transportation services to the residents of the participating communities. The District is managed by a Board of Directors selected by the elected municipal officers of each participating municipality. Except for members' proportional share of bonds payable, which are repaid through member assessments, no participant has any obligation or entitlement and the City's share of any residual interest has not been determined. The City of Portland's member assessment for the year ended June 30, 2012, was \$2,332,654.

ecomaine, formerly known as Regional Waste Systems (RWS), provides solid waste disposal services to the 21 participating communities (including the City of Portland) and 6 associate member communities. ecomaine is managed by a Board of Directors selected by the elected municipal officers of its member communities. Except for requirements pursuant to Waste Handling Agreements (participating municipalities are obligated severally to deliver certain of the solid waste produced within the municipality to ecomaine for processing and to make service payments and pay tipping fees for such processing, which, when added to other available monies, will at least equal required debt service on ecomaine's bonds), no participant has any obligation, entitlement or residual interest. During the year ended June 30, 2012, the City paid ecomaine \$1,682,625 in tipping fees and assessments for solid waste disposal services.

In addition, ecomaine has estimated that landfill closure and post closure costs at June 30, 2012 (latest available information) amounted to \$15,693,920 of which Portland's share, based on estimated tonnage to be delivered, amounted to 24.92% or \$3,910,160.

Complete financial statements for each of the jointly governed organizations may be obtained at the entity's administrative offices:

Greater Portland Transit District
114 Valley Street
Portland, Maine 04102

ecomaine
64 Blueberry Road
Portland, Maine 04102

6. Capital Assets

Capital asset activity for the year ended June 30, 2012 (which includes transfers from business activities to the governmental activities) was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 21,973,289	\$ 1,033,797	\$ -	\$ 23,007,086
Construction in progress	7,712,023	8,025,359	6,675,462	9,061,920
Total capital assets, not being depreciated	<u>\$ 29,685,312</u>	<u>\$ 9,059,156</u>	<u>\$ 6,675,462</u>	<u>\$ 32,069,006</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 209,390,423	\$ 3,909,534	\$ 35,766	\$ 213,264,191
Improvements other than buildings	30,406,297	6,838,786	64,312	37,180,771
Machinery and equipment	46,598,290	4,063,444	3,511,617	47,150,117
Infrastructure	237,860,051	2,494,951	-	240,355,002
Total capital assets, being depreciated	<u>\$ 524,255,061</u>	<u>\$ 17,306,715</u>	<u>\$ 3,611,695</u>	<u>\$ 537,950,081</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (90,019,455)	\$ (5,509,067)	\$ -	\$ (95,528,522)
Improvements other than buildings	(15,581,705)	(1,308,987)	1,608	(16,889,084)
Machinery and equipment	(31,291,672)	(3,161,114)	3,342,238	(31,110,548)
Infrastructure	(93,181,014)	(3,653,821)	-	(96,834,835)
Total accumulated depreciation	<u>\$ (230,073,846)</u>	<u>\$ (13,632,989)</u>	<u>\$ 3,343,846</u>	<u>\$ (240,362,989)</u>
Total capital assets being depreciated, net	<u>294,181,215</u>	<u>3,673,726</u>	<u>267,849</u>	<u>297,587,092</u>
Governmental activities capital assets, net	<u>\$ 323,866,527</u>	<u>\$ 12,732,882</u>	<u>\$ 6,943,311</u>	<u>\$ 329,656,098</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 3,222,040
Public safety	1,502,092
Public services, including general infrastructure	4,947,015
Health and human services	293,481
Education	2,523,069
Public Library	358,333
Total depreciation expense - governmental activities	<u>\$ 12,846,030</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 18,659,051	\$ -	\$ 1,012,448	\$ 17,646,603
Construction in progress	86,930,123	35,644,612	94,246,353	28,328,382
Total capital assets, not being depreciated	<u>\$ 105,589,174</u>	<u>\$ 35,644,612</u>	<u>\$ 95,258,801</u>	<u>\$ 45,974,985</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 117,139,754	\$ 74,805,878	\$ -	\$ 191,945,632
Improvements other than buildings	100,263,499	7,637,943	-	107,901,442
Infrastructure	99,265,579	2,296,113	-	101,561,692
Machinery and equipment	15,047,639	8,622,820	3,016,962	20,653,497
Total capital assets, being depreciated	<u>\$ 331,716,471</u>	<u>\$ 93,362,754</u>	<u>\$ 3,016,962</u>	<u>\$ 422,062,263</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (48,349,111)	\$ (4,231,101)	\$ -	\$ (52,580,212)
Improvements other than buildings	(66,015,710)	(5,253,897)	-	(71,269,607)
Infrastructure	(19,287,294)	(1,480,324)	-	(20,767,618)
Machinery and equipment	(11,486,385)	(949,583)	1,529,162	(10,906,806)
Total accumulated depreciation	<u>\$ (145,138,500)</u>	<u>\$ (11,914,905)</u>	<u>\$ 1,529,162</u>	<u>\$ (155,524,243)</u>
Total capital assets being depreciated, net	<u>186,577,971</u>	<u>81,447,849</u>	<u>1,487,800</u>	<u>266,538,020</u>
Business-type activities capital assets, net	<u>\$ 292,167,145</u>	<u>\$ 117,092,461</u>	<u>\$ 96,746,601</u>	<u>\$ 312,513,005</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-type activities:	
Transportation	\$ 9,879,019
Sewer	1,654,787
Fish Pier	193,171
Golf	90,640
Ice Arena	97,288
Total depreciation expense - business-type activities	<u>\$ 11,914,905</u>

Construction Commitments

Projects	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Public buildings and improvements	\$ 6,721,116	\$ 2,073,112
Park improvements	502,906	334,594
Street and sidewalk programs	50,349	334,594
Wastewater treatment facilities improvements	10,130,949	27,394,704
Equipment purchases	1,696,942	1,421,522
Jetport construction projects	10,778,300	7,125,332
Total	<u>\$ 29,880,562</u>	<u>\$ 38,683,858</u>

Discretely Presented Component Unit

Balances for the Library are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Property and Equipment				
Buildings and Improvements	\$ 2,654,134	\$ 16,510	\$ -	\$ 2,670,644
Furniture and Equipment	1,235,989	53,872	(23,182)	\$ 1,266,679
Total capital assets, being depreciated	<u>3,890,123</u>	<u>70,382</u>	<u>(23,182)</u>	<u>3,937,323</u>
Less accumulated depreciation	<u>(829,738)</u>	<u>(253,263)</u>	<u>21,754</u>	<u>(1,061,247)</u>
Total capital assets being depreciated, net	<u>\$ 3,060,385</u>	<u>\$ (182,881)</u>	<u>\$ (1,428)</u>	<u>\$ 2,876,076</u>

7a. Long-term Liabilities

The following is a summary of changes in non-current governmental liabilities, including current portions reported in the Statement of Net Assets.

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>	<u>One Year</u>
General obligation bonds	\$ 211,680,984	\$ 19,287,390	\$ 19,799,488	\$ 211,168,886	\$ 11,341,548
Premium on bonds	1,474,485	1,036,305	269,629	2,241,161	339,407
Revenue bonds	340,659	-	340,659	-	-
Notes payable	2,878,499	-	168,448	2,710,051	171,067
Capital leases	996,919	216,142	344,819	868,242	350,067
Self-insurance	8,139,703	13,612,881	14,658,528	7,094,056	1,781,511
Compensated absences	8,839,840	9,045,434	7,634,833	10,250,441	2,999,301
Retirement incentive	1,554,370	452,005	1,019,213	987,162	523,266
Unfunded pension liability	1,046,771	-	101,471	945,300	108,970
	<u>\$ 236,952,230</u>	<u>\$ 43,650,157</u>	<u>\$ 44,337,088</u>	<u>\$ 236,265,299</u>	<u>\$ 17,615,137</u>

The General Fund has typically been used to liquidate all governmental long-term liabilities.

The following is a summary of changes in non-current business-type liabilities, including current portions reported in the Statement of Net Assets.

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 60,456,277	\$ 19,391,610	\$ 16,405,027	\$ 63,442,860	\$ 4,972,214
Revenue bonds	128,675,000	-	1,380,000	127,295,000	1,435,000
Premium on bonds	358,648	1,240,636	158,894	1,440,390	250,023
	<u>\$ 189,489,925</u>	<u>\$ 20,632,246</u>	<u>\$ 17,943,921</u>	<u>\$ 192,178,250</u>	<u>\$ 6,657,237</u>

As of June 30, 2012, general obligation bonds, capital leases and notes payable reported in the statement of net assets consisted of the following:

<u>Bond Issue</u>	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>General City</u>	<u>Enterprise Funds</u>	<u>Balance at June 30, 2012</u>
General obligation bonds:						
Multi-modal taxable						
pension bond	07/19/01	\$ 111,800,000	variable	\$ 111,100,000	\$ -	\$ 111,100,000
Various purpose	04/01/04	19,700,000	3.67	2,237,500	1,667,500	3,905,000
School renovation	07/15/04	600,000	0.00	126,000		126,000
Various purpose	04/01/05	11,325,000	4.09	7,430,000		7,430,000
Various purpose	04/01/06	15,770,000	4.20	6,868,245	2,671,755	9,540,000
School renovation	09/16/06	625,733	0.00	219,006		219,006
Refunding and						
various purposes	06/01/07	25,465,000	4.13	9,024,282	4,430,718	13,455,000
Various purpose	05/01/09	13,220,000	3.31	8,938,314	561,686	9,500,000
Combined Sewer Overflow	06/15/09	11,135,000	1.00		9,464,750	9,464,750
Combined Sewer Overflow	06/15/09	1,912,762	0.00		1,625,848	1,625,848
Refunding	06/15/09	17,935,000	3.05	7,342,469	3,647,531	10,990,000
School Construction	11/01/09	14,217,000	3.46	12,785,000		12,785,000
Refunding and						
various purposes	03/01/10	18,912,000	3.98	14,646,941	2,218,059	16,865,000
Combined Sewer Overflow	11/23/10	11,100,000	1.00		10,545,000	10,545,000
Refunding and						
various purposes	12/01/10	13,900,000	3.12	12,615,289	994,711	13,610,000
Combined Sewer Overflow	05/02/11	7,286,467	1.00		6,922,142	6,922,142
Refunding	09/01/11	19,940,000	3.83	6,821,840	10,968,160	17,790,000
Combined Sewer Overflow	12/18/11	7,245,000	1.00		7,245,000	7,245,000
Various purpose	01/25/12	11,494,000	2.06	11,014,000	480,000	11,494,000
Total general obligation bonds		<u>\$ 333,582,962</u>		<u>\$ 211,168,886</u>	<u>\$ 63,442,860</u>	<u>\$ 274,611,746</u>
Capital leases:						
School Department Equipment & Vehicles				\$ 868,242	\$ -	\$ 868,242
Total capital leases				<u>\$ 868,242</u>	<u>\$ -</u>	<u>\$ 868,242</u>
Notes payable:						
U.S. Environmental Protection Agency				\$ 10,247	\$ -	\$ 10,247
HUD 108 Loan				1,318,000	-	1,318,000
Maine Department of Transportation				1,381,804	-	1,381,804
Total notes payable				<u>\$ 2,710,051</u>	<u>\$ -</u>	<u>\$ 2,710,051</u>
Total				\$ 214,747,179	\$ 63,442,860	\$ 278,190,039
Less current portion				<u>11,862,682</u>	<u>4,972,214</u>	<u>16,834,896</u>
Total long-term				<u>\$ 202,884,497</u>	<u>\$ 63,442,860</u>	<u>\$ 278,190,039</u>

Bonds for capital improvements which were authorized but not issued at June 30, 2012 were \$20,655,500. These are to fund projects that are part of a six year Combined Sewer Overflow Program.

During the year ended June 30, 2012, the City was in compliance with all significant bond covenants.

The annual requirements to amortize general obligation bonds, capital leases and notes payable outstanding as of June 30, 2012 are as follow:

Year Ending June 30	General City		Enterprise Funds		Totals		Grand Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2013	\$ 11,341,548	\$ 13,355,567	\$ 4,972,214	\$ 1,135,420	\$ 16,313,762	\$ 14,490,987	\$ 30,804,749
2014	11,020,237	13,029,082	4,824,524	1,184,445	15,844,761	14,213,527	30,058,288
2015	10,456,081	12,653,787	4,638,682	1,106,828	15,094,763	13,760,615	28,855,378
2016	10,469,190	12,219,456	4,558,573	991,827	15,027,763	13,211,283	28,239,046
2017	10,643,978	11,737,953	4,493,785	879,813	15,137,763	12,617,766	27,755,529
2018-2022	65,174,346	48,528,807	19,920,461	2,840,606	85,094,807	51,369,413	136,464,220
2023-2027	84,434,898	19,283,903	13,194,909	910,230	97,629,807	20,194,133	117,823,940
2028-2032	7,628,608	687,057	6,839,712	145,762	14,468,320	832,819	15,301,139
Grand totals	\$ 211,168,886	\$ 131,495,612	\$ 63,442,860	\$ 9,194,931	\$ 274,611,746	\$ 140,690,543	\$ 415,302,289

Year Ending June 30	Capital Leases			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 350,067	\$ 33,183	\$ 383,250	\$ 171,066	\$ 62,181	\$ 233,247
2014	340,133	19,690	359,823	263,558	59,444	323,002
2015	133,432	6,414	139,846	316,418	56,584	373,002
2016	44,610	1,480	46,090	319,406	53,595	373,001
2017	-	-	-	372,530	50,472	423,002
2018-2022	-	-	-	632,645	200,365	833,010
2023-2027	-	-	-	516,722	98,286	615,008
2028-2032	-	-	-	117,706	5,297	123,003
	\$ 868,242	\$ 60,767	\$ 929,009	\$ 2,710,051	\$ 586,224	\$ 3,296,275

Advance Refunding

The City issued \$19,940,000 in general obligation bonds with interest rates ranging from 3% to 5%. The proceeds were used to advance refund \$20,550,000 of outstanding 2002, 2003 and 2004 Series A general obligation bonds which interest rates ranging from 3.75% to 5%. The net proceeds of \$21,997,668 (including a premium of \$2,262,370 and after payment of \$96,163 in underwriting fees and \$108,539 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for future debt service and call premiums on the refunded bonds. As a result, the 2002, 2003 and 2004 Series A general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net assets.

The net carrying amount of the old debt exceeded the reacquisition price by \$610,000. The city refinanced the debt in order to reduce its total debt service payments over ten years by \$1,591,586 and to obtain an economic gain (difference between the present

values of the debt service payments on the old and new debt) of \$1,291,661. At June 30, 2012, \$13,730,000 of the defeased bonds remains outstanding.

Pension Bonds

On July 17, 2001, the City issued \$111.8 million in multi-modal, taxable, variable rate general obligation bonds to refinance debt owed to the Maine Public Employees Retirement System and entered into an interest rate swap in order to pay fixed rates over the life of the debt. The City will pay fixed rates ranging from 4.9% on the first maturity in December 2001, to 8.9% on the final maturity in 2026. The bonds were priced at 3.85% on July 17, 2001 and are reset weekly at the USD-LIBOR-BBA rate plus .4%. Payments are due monthly on the first day of each month.

Jetport Revenue Bonds

On July 10, 2003, the City issued general airport revenue bonds in the amount of \$35,000,000 (\$29,165,000 Series 2003A – Non AMT, and \$5,835,000 Series 2003B – Federally Taxable) to convert the Jetport's temporary line-of-credit for its parking garage expansion project to permanent financing. The bonds have an average coupon rate of 4.659828% payable semi-annually and annual maturities ranging from \$690,000 to \$2,150,000 commencing July 1, 2005 and ending July 1, 2032.

On June 18, 2008, the City issued general airport revenue bonds in the amount of \$26,420,000 (Series 2008 – Non AMT) to fund the design and construction of Phase II of the Jetport's multi-level parking garage. The bonds have an average coupon rate of 5.1124227% payable semi-annually and annual maturities ranging from \$490,000 to \$1,675,000 commencing January 1, 2011 and ending January 1, 2038.

On April 28, 2010, the City issued general airport revenue bonds in the amount of \$72,310,000 (Series 2010-Non AMT, \$64,690,000 of which is PFC Funded) to fund the expansion of the Jetport terminal. The bonds have an average coupon rate of 5.009% payable semiannually and annual maturities ranging from \$125,000 to \$11,375,000 commencing July 1, 2010 and ending January 1, 2040.

The annual requirements to amortize the Jetport's outstanding revenue bonds as of June 30, 2012 are as follows:

Year ended June 30,	Principal	Interest	Total
2013	\$ 1,435,000	\$ 6,175,145	\$ 7,610,145
2014	1,615,000	6,122,284	7,737,284
2015	1,675,000	6,061,285	7,736,285
2016	1,740,000	5,994,648	7,734,648
2017	1,810,000	5,922,848	7,732,848
2018-2022	16,915,000	27,817,184	44,732,184
2023-2027	22,270,000	23,291,946	45,561,946
2028-2032	29,135,000	17,131,378	46,266,378
2033-2037	28,420,000	9,765,338	38,185,338
2038-2040	22,280,000	2,488,000	24,768,000
Grand Totals	<u>\$ 127,295,000</u>	<u>\$ 110,770,055</u>	<u>\$ 238,065,055</u>

Section 705 of the *General Certificate of Terms of Issuance of General Airport Revenue Bonds Portland International Jetport* for each issue requires a minimum debt service coverage ratio of 125 percent. The actual debt service coverage ratio for 2012 (132 percent) exceeded the requirement by 7 points.

Auditorium Revenue Bonds

Additional unscheduled principal payments (\$340,659) on the City's outstanding auditorium revenue bonds were made during the current year. At year end the bonds were paid in full.

Library Debt

During the year ended June 30, 2010, the Library obtained a \$500,000 unsecured, non-revolving line of credit. The maturity date of the outstanding balance is December 31, 2014. Monthly interest payments calculated at prime plus one percent (4.25% at June 30, 2012) are due until the maturity date. The loan provisions include certain financial covenants the Library is required to maintain, including the maintenance of at least \$400,000 of unrestricted investments. The balance outstanding at June 30, 2012 was \$83,843.

Debt Limit

The statutes of the State of Maine limit the City's long-term debt outstanding to 15% of the State's assessed valuation of the City. At June 30, 2012, \$274,611,748 (23.90%) of debt applicable to the statutory limit of \$1,148,887,500 was outstanding.

7b. Short Term Debt

During the current year, the Jetport continued interim financing with a bank for its Airport Improvement Program (AIP), which would be repaid solely from Federal Airport Improvement Program Entitlement Funds and not from any other revenues of the Jetport or the City. The available line of credit is \$11,300,000. The interest rate is calculated at a per annum rate equal to two percent above the one month London Inter-bank Offered Rate (LIBOR). There have been no draws under the note.

8. Overlapping Debt

The City is liable for its proportional share of any defaulted debt issued by entities of which it is a member. The overlapping bonded debt applicable to the City as of June 30, 2012, consists of the following:

<u>Entity</u>	<u>Percentage</u>	<u>Share of Bonded Debt Amount</u>
Cumberland County	19%	\$ 7,217,694
Portland Water District (sewer debt)	100%	16,856,624
Portland Water District (water debt)	30%	8,469,410
		<u>\$ 32,543,728</u>

9. Leases

The Library leases a security system under a capital lease. Amortization of this asset is included with depreciation expense. Accumulated depreciation on this asset at June 30, 2012 is \$43,267; the asset is valued at \$55,628. The following is a schedule by year of the minimum payments required under the lease together with their present value at June 30, 2012:

2013	\$ 11,846
Net minimum lease payments	11,846
Less amounts representing interest	292
Present value of minimum lease payments	<u>\$ 11,554</u>

Leasing arrangements where the City is lessor:

The City has several operating leases covering the properties listed below. The total rental income was \$19,120,129 for the year ended June 30, 2012. The future minimum lease payments are as follows:

For the years ending June 30:	<u>Operating Lease:</u>
2013	\$ 4,496,904
2014	4,423,745
2015	4,445,864
2016	1,546,628
2017	1,282,944
Total future minimum lease payments	<u>\$ 16,196,085</u>

The following is a schedule of the cost and carrying value of property leased, or held for lease under operating leases, by major classification:

	<u>Cost</u>	<u>Carrying Value</u>
Land:		
Casco Bay Ferry Terminal	\$ 511,024	\$ 511,024
Fish Pier	4,263,569	4,263,569
International Ferry Terminal	<u>1,397,399</u>	<u>1,397,399</u>
 Total land	 \$ 6,171,992	 \$ 6,171,992
Property, plant and equipment:		
Casco Bay Ferry Terminal	\$ 5,837,331	\$ 2,256,191
Exposition Building	2,252,126	1,273,813
Fish Pier	14,101,856	9,562,330
Hadlock Field	3,951,187	2,149,192
International Ferry Terminal	3,064,841	515,438
Jetport	<u>54,089,832</u>	<u>36,816,726</u>
Total property, plant and equipment	<u>\$ 83,297,173</u>	<u>\$ 52,573,690</u>
	 <u>\$ 89,469,165</u>	 <u>\$ 58,745,682</u>

10. Inter-fund Balances and Transfers

Inter-fund balances and transfers by fund at and for the year ended June 30, 2012, are as follows:

	Due From Other Funds	Due To Other Funds	Transfers In	Transfers Out
General Fund	\$ 518,557	\$ -	\$ 1,013,402	\$ 25,082,054
Debt Service	-	-	24,996,626	375,769
Capital Projects Fund	-	-	97,826	264,612
Nonmajor governmental funds	-	144,087	432,507	817,926
Enterprise Funds:				
Ice Arena	-	374,470	-	-
	<u>\$ 518,557</u>	<u>\$ 518,557</u>	<u>\$ 26,540,361</u>	<u>\$ 26,540,361</u>

The outstanding balances between funds result mainly from short-term cash flow needs that are funded by the general fund. Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due and 2) move unrestricted revenues from various funds to finance various programs that the City must account for in other funds in accordance with budgetary authorizations.

11. Contingent Liabilities

The City participates in a number of federally assisted grant programs, principal of which are the Housing Development Action Grant, Community Development Block Grant, Airport Development Aid, Economic Development Administration, National School Lunch and Improving America’s School Act programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs for, or including, the year ended June 30, 2012, have not yet been completed. Accordingly, the City’s compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Management of the Library evaluated the tax positions the Library had taken and concluded no uncertain tax positions that require adjustment to the financial statements. The Library does not expect that unrecognized tax benefits arising from tax positions will change significantly within the next twelve months. The Library is subject to federal and state examinations by tax authorities for years ended June 30, 2009 and forward.

12. Components of Fund Balances

As of June 30, 2012 fund balances components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Inventories	\$ 705,753	\$ -	\$ -	\$ -
Self Insurance Program:				
General Liability	-	-	-	1,500,000
Worker's Compensation	-	-	-	3,000,000
Employee Health Plan	-	-	-	1,000,000
Economic Development Activities	-	-	338,837	-
Educational Facilities	-	-	341,102	-
Facilities relocation	-	-	821,420	-
Subsequent years expenditures	-	-	671,490	-
Medicaid Settlements	-	-	-	300,000
Barron Center Resident Benefits	-	-	-	149,270
Debt Service Fund	-	491,887	108,680	1,545,249
Capital Projects Fund	-	12,985,449	-	-
Other Governmental Funds:				
City Loan Program	2,314,719	-	1,510,771	-
School Food Service	48,170	700,870	-	-
Education Programs	-	1,229,425	-	-
Other Grants and Special Revenues	-	9,124,923	-	-
Permanent Fund	4,649,355	11,386,606	-	-
	<u>\$ 7,717,997</u>	<u>\$ 35,919,160</u>	<u>\$ 3,792,300</u>	<u>\$ 7,494,519</u>

At June 30, 2012, the Tax Rate Stabilization component of the General Fund Unassigned fund balance was \$706,271. Of this amount: \$116,585.25 is applicable to school operations.

Encumbrances at year end were \$482,245; \$367,608 for General Fund, \$62,095 for the Jetport, \$8,293 for the Sewer, \$33,200 for the Golf Course, and \$11,049 of the Ice Arena Funds.

13. Capital Grants

The City is the recipient of several airport development aid program capital grants for continuing projects at the Portland International Jetport. State, federal and local grants were authorized in the amount of \$42,586,486. At June 30, 2012, \$35,307,535 had been expended against these grants. Amounts due from federal and state governments related to these grants are \$17,129,211.

14. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health insurance benefits; and natural disasters. Beginning in 1983 (1988 for employee health insurance benefits), the City decided to stop carrying commercial insurance for certain types of risk of loss because of its prohibitive cost and began covering claim settlements and judgments out of its General Fund resources. The City currently reports all of its risk management activities in its General and Enterprise Funds and Statement of Net Assets. The liability for claims and judgments of the General Fund which are not currently due and payable are reported in the Statement of Net Assets. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The uninsured risk retention per incident is \$400,000 for liability and \$50,000 for property.

With the exception of 1983 Civil Rights claims, which have no limit, the City's risk retention for tort liability claims is limited by State statute. The City has purchased commercial insurance for property claims in excess of \$50,000. The Jetport, an Enterprise Fund, is insured under separate policies with commercial insurance carriers with a \$5,000 deductible per incident. There have been no significant reductions in commercial insurance coverage from the prior year and no settlements have exceeded commercial insurance coverage in any of the past three years.

At June 30, 2012, the amount of these liabilities was \$8,489,397. This liability is the City's best estimate based on available information. This table includes both governmental and proprietary funds. Changes in the reported liability since July 1, 2010, resulted from the following:

	<u>Workers' Compensation</u>	<u>Health Insurance</u>	<u>Liability</u>	<u>Unemploy- ment</u>	<u>Total</u>
Unpaid claims as of June 30, 2010	\$ 6,043,658	\$ 750,000	\$ 197,747	\$ -	\$ 6,991,405
Incurred claims	477,585	12,218,279	1,041,579	210,318	13,947,761
Payments	(1,470,781)	(13,002,423)	(1,150,957)	(210,318)	(15,834,479)
Changes in estimates and other adjustments	<u>2,194,013</u>	<u>784,144</u>	<u>56,859</u>	<u>-</u>	<u>3,035,016</u>
Unpaid claims as of June 30, 2011	7,244,475	750,000	145,228	-	8,139,703
Incurred claims	500,218	12,934,374	173,297	155,139	13,763,028
Payments	(1,688,921)	(13,780,683)	(295,190)	(155,139)	(15,919,933)
Changes in estimates and other adjustments	<u>1,188,807</u>	<u>1,196,309</u>	<u>121,483</u>	<u>-</u>	<u>2,506,599</u>
Unpaid claims as of June 30, 2012	<u>\$ 7,244,579</u>	<u>\$ 1,100,000</u>	<u>\$ 144,818</u>	<u>\$ -</u>	<u>\$ 8,489,397</u>

In addition, the City participates in the Maine Municipal Association Group Risk Pool, a state-chartered risk pool established exclusively for Maine municipalities. The Risk Pool provides certain property, liability, fidelity and vehicle coverage. There have been no significant changes in insurance coverage during the past year.

If the assets of the Pool are at any time actuarially determined to be insufficient to enable the Pool to discharge its legal liabilities and other obligations and to maintain actuarially sound reserves, the Pool has the power to make up the deficiency by the levy of a pro-rated assessment upon Pool Members for the amount needed to make up the deficiency. There have been no such deficiencies during the past three years. Management believes that no such deficiency exists at June 30, 2012.

15. Loans Receivable

The City has eleven revolving loan programs, which are accounted for within its Enterprise and Special Revenue Funds. Funding for these programs came from federal grants and the City's General Fund. Federal grants and program income continue to fund program loans, which are made to qualified borrowers for housing and economic development activities.

The City annually determines the collectability of these loans and adjusts its reserve for uncollectible loans to the calculated amounts. At June 30, 2012, the City had established a reserve for uncollectible loans of \$297,221.

16. Defined Benefit Pension Plan

A. Plan Description

The City of Portland contributes to the Consolidated Plan for Participating Local Districts (CPPLD), a cost-sharing multiple-employer defined benefit pension plan administered by the Maine Public Employees Retirement System (Maine PERS). The Maine PERS is established and administered under the Maine Public Employees Retirement System Laws, Title 5 M.R.S.A., C. 421, 423 and 425. CPPLD provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature. The Maine PERS issues a publicly available financial report that includes financial statements and required supplementary information for the CPPLD. That report may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04433-0046 and is also available on their website.

B. Funding Policy

Plan members are required to contribute 6.5% of their annual covered salary and the City of Portland is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2012 is 4.4% of covered payroll for the regular plan, 10.2% of covered payroll for the Special #1 Plan and 6.3% of covered payroll for the Special #2 Plan. The contribution requirements of plan members and the City of Portland are established by and may be amended by the State legislature. The City's and employees contribution to the CPPLD for the last ten fiscal years was equal to the required contribution for each year as follows (000's):

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$5,238	\$4,560	\$3,951	\$3,902	\$3,935	\$3,867	\$3,870	\$3,517	\$3,399	\$4,069

C. Unfunded Actuarial Accrued Liability

Effective July 1, 1995, the City joined the CPPLD of the Maine Public Employees Retirement System (Maine PERS). Upon entry, the City ceased to be an individual sponsor of PLD 0002 and instead became a participant in the CPPLD. As a participant of the plan, the City was required to fund its remaining unfunded un-pooled actuarial liability over a period of 27 years. At June 30, 2001, the remaining balance was \$110,899,203. On July 19, 2001, the City issued taxable general obligation bonds for the purpose of extinguishing its IUUAL obligation and delivered to the System \$111,344,389. Subsequent to the delivery of bond proceeds, all investments became the responsibility of the System and any future investment gains or losses experienced by the System do not result in any additional payment by the City in regard to its extinguished IUUAL obligation.

During the year ended June 30, 2005, the City amended its retirement plan to conform to a decision by the Board of Trustees of the System associated with the purchase of military service credit by its retirees. This change created a new IUUAL of \$1,569,141

that is being amortized at 8.0%, compounded annually, over 15 years beginning July 1, 2005. \$183,324 is the required annual payment to amortize this debt.

D. School Employees’ Retirement Plan

Teachers and certain other School Department employees also participate in the Maine PERS through the Teachers Retirement Plan, a cost sharing plan with funding established by the Maine State legislature. Employees participating in the plan are eligible for normal retirement upon attaining age 60, provided they have 25 years of credible service. Employees are penalized 2.5% for each year of early retirement. The authority to establish and amend benefit provisions rests with the State legislature. The Maine PERS issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers Retirement Plan. That report may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046.

Employees are required by State statute to contribute 7.65% of their compensation to the retirement system. The City is not required to make contributions to this plan except for federally funded teachers, in which case the City was required to contribute 16.36%. As required by State statute, contributions are made on behalf of the City for the teachers by a Biennial State appropriation. The City recognizes both revenues and expenditures/expenses in its fund financial statements for this.

Contributions paid by the State to the plan for the last ten fiscal years were equal to the required contributions for each year as follows (000’s):

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$7,884	\$8,845	\$9,455	\$9,097	\$8,875	\$8,721	\$8,371	\$7,343	\$7,201	\$7,765

17. Defined Contribution Pension Plan

Plan Description – The City provides pension benefits for permanent employees working 21 hours per week or more who opt out of Maine PERS through a 401(a) defined contribution plan administered by ICMA/RC. In addition persons working 21 hours per week or less, and temporary or seasonal employees are covered by a 457 Deferred Compensation Plan (DCP) also administered by ICMA/RC. In the deferred compensation plan, benefits are fully vested immediately. Employees enrolled in the 401(a) plan are fully vested in three years from the date of employment. In both plans, benefits depend solely on amounts contributed to the plan plus investment earnings.

Funding Policy – Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute 7.5% of annual covered salary for the 401(a) plan and 1% of annual covered salary for the 457 plan. For fiscal year 2012 covered payroll and City contributions approximated \$25,904,176 and \$1,675,692 respectively.

18. Retirement Incentive Program

The Portland Public School System this year offered an incentive to retire to employees who have reached normal retirement age (either age 60 or 62 depending upon dates of service) and have worked for the district at least 10 years. Eligible employees receive at least \$10,000, or 30% of their 2011-2012 annual salary, to a maximum of \$20,000, whichever is higher. The incentive will be paid in four installments beginning in fiscal year 2013.

19. Landfill Closure and Post closure Care Costs

Statement No. 18 of the Government Accounting Standards Board entitled *Accounting for Municipal Solid Waste Landfill Closure and Post closure Care* requires the City to record a liability for the estimated costs of landfill closure and post closure care, as required by governmental authorities.

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at its Peaks Island municipal solid waste landfill. This landfill stopped accepting municipal solid waste in 1983 and construction demolition debris in 1990. The City estimates that there are no significant remaining landfill post closure care costs. This estimate is based on what it would cost to perform all remaining post closure care in 2011. The actual costs may be higher due to inflation, changes in technology or changes in regulations.

20. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits 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.

21. Litigation

There are various claims and suits pending against the City which arise in the normal course of the City's activities. In the opinion of the City management the ultimate disposition of these various claims and suits will not materially affect the financial condition of the City.

22. Subsequent Events

On August 6, 2012, the City Council authorized \$16,668,000 in capital improvement borrowing.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

To account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Community Development Block Grants

To account for Community Development Block Grants received from the federal government under the Housing and Community Development Act of 1974, as amended. These funds are used to repair streets, sidewalks and maintain parks in neighborhoods that qualify under the regulations. Qualified external Human Service Organizations also share in these funds.

City Loan Program

To account for the funds and transactions in the various loan improvement programs. Loans are made to qualified borrowers at a low interest rate for home improvements. The original funding for this program came from community development funds and the City.

School Food Service Program

To account for the operations of the City's school system's partially subsidized lunch program. The subsidy is received primarily from the State as a pass-through of federal money.

Education Programs

To account for educational grants from state and federal governments as well as other funding sources dedicated to specific education programs.

Other Grants and Special Revenues

To account for all other Special Revenue Funds from federal and state grants and local gifts that affect multiple City programs.

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Perpetual Care

To account for monies provided by private donors to finance perpetual care of cemeteries. The principal amount of the gifts is to remain intact. Investment earnings are used to finance care and maintenance of the cemeteries.

Other Permanent Funds

To account for monies provided by private donors to establish various trusts. Principal and income may be expended as is stipulated by the various trust instruments.

CITY OF PORTLAND, MAINE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

	Special Revenue					Permanent Fund			Total Nonmajor Governmental Funds	
	Community Development Block Grants	City Loan Program	School Food Service Program	Education Programs	Other Grants and Special Revenues	Total	Perpetual Care	Other Permanent Funds		Total
ASSETS										
Cash and cash equivalents	\$ -	\$ 1,526,071	\$ 329,728	\$ -	\$ 6,709,135	\$ 8,564,934	\$ 610,206	\$ 651,643	\$ 1,261,849	\$ 9,826,783
Investments	-	-	-	-	-	-	7,534,611	7,219,416	14,754,027	14,754,027
Accounts receivable	-	-	-	-	224,071	224,071	10,566	9,827	20,393	244,464
Loans receivable	-	2,436,551	-	-	-	2,436,551	-	-	-	2,436,551
Allowance for uncollectible loans	-	(121,832)	-	-	-	(121,832)	-	-	-	(121,832)
Due from other governments	127,825	-	418,395	2,232,883	3,598,885	6,377,988	-	-	-	6,377,988
Inventories	-	-	48,170	-	-	48,170	-	-	-	48,170
Total assets	\$ 127,825	\$ 3,840,790	\$ 796,293	\$ 2,232,883	\$ 10,532,091	\$ 17,529,882	\$ 8,155,383	\$ 7,880,886	\$ 16,036,269	\$ 33,566,151
LIABILITIES										
Accounts payable	\$ 97,762	\$ 15,300	\$ 39,685	\$ 393,585	\$ 533,501	\$ 1,079,833	\$ -	\$ 308	\$ 308	\$ 1,080,141
Other liabilities	166	-	7,568	495,683	873,667	1,377,084	-	-	-	1,377,084
Due to other funds	29,897	-	-	114,190	-	144,087	-	-	-	144,087
Total liabilities	\$ 127,825	\$ 15,300	\$ 47,253	\$ 1,003,458	\$ 1,407,168	\$ 2,601,004	\$ -	\$ 308	\$ 308	\$ 2,601,312
FUND BALANCES										
Nonspendable										
Inventories	\$ -	\$ -	\$ 48,170	\$ -	\$ -	\$ 48,170	\$ -	\$ -	\$ -	\$ 48,170
Loans	-	2,314,719	-	-	-	2,314,719	-	-	-	2,314,719
Permanent Funds	-	-	-	-	-	-	-	4,649,355	4,649,355	4,649,355
Restricted										
Other Grants and Special Revenue	-	-	700,870	1,229,425	9,124,923	11,055,218	-	-	-	11,055,218
Permanent Funds	-	-	-	-	-	-	8,155,383	3,231,223	11,386,606	11,386,606
Committed										
Loan Programs	-	1,510,771	-	-	-	1,510,771	-	-	-	1,510,771
Total fund balances	\$ -	\$ 3,825,490	\$ 749,040	\$ 1,229,425	\$ 9,124,923	\$ 14,928,878	\$ 8,155,383	\$ 7,880,578	\$ 16,035,961	\$ 30,964,839
Total liabilities and fund balances	\$ 127,825	\$ 3,840,790	\$ 796,293	\$ 2,232,883	\$ 10,532,091	\$ 17,529,882	\$ 8,155,383	\$ 7,880,886	\$ 16,036,269	\$ 33,566,151

CITY OF PORTLAND, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

	Special Revenue					Permanent Fund			Total Nonmajor Governmental Funds	
	Community Development Block Grants	City Loan Program	School Food Service Program	Education Programs	Other Grants and Special Revenues	Total	Perpetual Care	Other Permanent Funds		Total
REVENUES										
General property taxes	\$ -	\$ -	\$ 12,865	\$ -	\$ 1,721,038	\$ 1,733,903	\$ -	\$ -	\$ -	\$ 1,733,903
Licenses and Permits	-	-	-	-	513,388	513,388	-	-	-	513,388
Uses of money and property	-	14,850	-	1,451	-	16,301	31,874	9,647	41,521	57,822
Intergovernmental	1,827,901	1,479,426	2,342,955	10,952,598	11,202,982	27,805,862	-	-	-	27,805,862
Current services	129,238	212,849	655,185	447,165	4,624,205	6,068,642	-	-	-	6,068,642
Donations	-	-	-	-	-	-	49,027	72,355	121,382	121,382
Total revenue	\$ 1,957,139	\$ 1,707,125	\$ 3,011,005	\$ 11,401,214	\$ 18,061,613	\$ 36,138,096	\$ 80,901	\$ 82,002	\$ 162,903	\$ 36,300,999
EXPENDITURES										
General government	\$ 1,326,186	\$ 1,517,867	\$ -	\$ -	\$ 1,980,989	\$ 4,825,042	\$ 17,643	\$ 121,567	\$ 139,210	\$ 4,964,252
Public safety	149,687	-	-	-	2,087,707	2,237,394	-	-	-	2,237,394
Public services	108,452	-	-	-	510,299	618,751	-	-	-	618,751
Health and social services	35,457	-	-	-	9,773,051	9,808,508	-	-	-	9,808,508
Education	-	-	3,054,206	11,143,258	20,000	14,217,464	-	-	-	14,217,464
Debt Service	-	-	-	-	108,110	108,110	-	-	-	108,110
Capital outlay	337,357	-	-	-	2,611,624	2,948,981	-	-	-	2,948,981
Total expenditures	\$ 1,957,139	\$ 1,517,867	\$ 3,054,206	\$ 11,143,258	\$ 17,091,780	\$ 34,764,250	\$ 17,643	\$ 121,567	\$ 139,210	\$ 34,903,460
Excess (deficiency) of revenues over (under) expenditures	-	189,258	(43,201)	257,956	969,833	1,373,846	63,258	(39,565)	23,693	1,397,539
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	432,507	432,507	-	-	-	432,507
Transfers out	-	-	-	-	(633,098)	(633,098)	(144,828)	(40,000)	(184,828)	(817,926)
Total other financing sources (uses)	-	-	-	-	(200,591)	(200,591)	(144,828)	(40,000)	(184,828)	(385,419)
Net change in fund balances	-	189,258	(43,201)	257,956	769,242	1,173,255	(81,570)	(79,565)	(161,135)	1,012,120
Fund balances - beginning	-	3,636,232	792,241	971,469	8,355,681	13,755,623	8,236,953	7,960,143	16,197,096	29,952,719
Fund balances - ending	\$ -	\$ 3,825,490	\$ 749,040	\$ 1,229,425	\$ 9,124,923	\$ 14,928,878	\$ 8,155,383	\$ 7,880,578	\$ 16,035,961	\$ 30,964,839

CITY OF PORTLAND, MAINE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND -- AGENCY FUNDS

For the Year Ended June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS				
Cash and cash equivalents	\$ 4,181,149	\$31,514,529	\$31,962,253	\$ 3,733,425
LIABILITIES				
Held for school activities and other purposes	\$ 1,159,978	\$ 4,634,252	\$ 4,484,840	\$ 1,309,390
Held for performance guarantees	1,614,554	1,361,907	1,865,892	1,110,569
Other liabilities	1,406,617	25,518,370	25,611,521	1,313,466
	<u>\$ 4,181,149</u>	<u>\$31,514,529</u>	<u>\$31,962,253</u>	<u>\$ 3,733,425</u>

SCHOOL DEPARTMENT

This part of the City of Portland’s comprehensive annual financial report presents additional detailed information as a context for understanding what the information in the financial statements and note disclosures say about the School Department’s overall financial operations. This additional information is presented in the form of status reports summarizing revenues and expenditures. The revenue and expenditure reports were prepared from the department’s financial management system and are presented on the department’s budgetary basis of accounting.

CITY OF PORTLAND, MAINE
SCHOOL DEPARTMENT
REVENUE STATUS REPORT SUMMARY
(Includes General, Adult Education and Food Services Funds)

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Budget Basis Actual</u>	<u>Variance Positive (Negative)</u>
Municipal Revenue Sources:			
General property taxes for			
General fund	\$ 68,661,414	\$ 68,661,414	\$ -
Food service	12,865	12,865	-
Adult education	723,626	723,626	-
Total Municipal Revenue Sources	<u>\$ 69,397,905</u>	<u>\$ 69,397,905</u>	<u>\$ -</u>
School Department Revenue Sources:			
Intergovernmental Revenues -			
Federal for			
General fund	\$ 103,000	\$ 117,464	\$ 14,464
Food service	2,040,616	2,299,908	259,292
Adult education	-	34,462	34,462
	<u>\$ 2,143,616</u>	<u>\$ 2,451,834</u>	<u>\$ 308,218</u>
State for			
General fund	\$ 13,434,003	\$ 13,571,436	\$ 137,433
Food service	30,613	43,048	12,435
Adult education	500,499	499,181	(1,318)
	<u>\$ 13,965,115</u>	<u>\$ 14,113,665</u>	<u>\$ 148,550</u>
Local Revenues -			
General fund			
Tuition	\$ 2,187,956	\$ 2,205,359	\$ 17,403
Miscellaneous	274,000	377,429	103,429
	<u>\$ 2,461,956</u>	<u>\$ 2,582,788</u>	<u>\$ 120,832</u>
Adult education	\$ 444,000	\$ 279,894	\$ (164,106)
Food service	1,049,443	655,183	(394,260)
	<u>\$ 3,955,399</u>	<u>\$ 935,077</u>	<u>\$ (437,534)</u>
Total School Department revenue sources	<u>20,064,130</u>	<u>20,083,364</u>	<u>19,234</u>
Total Revenues	<u><u>\$ 89,462,035</u></u>	<u><u>\$ 89,481,269</u></u>	<u><u>\$ 19,234</u></u>

CITY OF PORTLAND, MAINE

SCHOOL DEPARTMENT
EXPENDITURE STATUS REPORT SUMMARY
(Includes General, Adult Education and Food Services Funds)

For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Budget Basis Actual</u>	<u>Variance Positive (Negative)</u>
General Operations:			
Salaries and wages -			
Regular salaries	\$ 51,605,389	\$ 51,707,367	\$ (101,978)
Temporary salaries	1,164,629	1,292,207	(127,578)
Overtime and additional work	247,064	217,517	29,547
Sabbaticals	65,336	1,236	64,100
Stipends and differentials	1,549,403	1,738,703	(189,300)
Total salaries and wages	<u>\$ 54,631,821</u>	<u>\$ 54,957,030</u>	<u>\$ (325,209)</u>
Employee benefits	\$ 11,708,039	\$ 11,419,969	\$ 288,070
Contracted services -			
Professional and technical services	\$ 1,067,429	\$ 1,176,816	\$ (109,387)
Employee training and development	50,105	28,866	21,239
Security services	128,118	100,453	27,665
Architectural and engineering services	10,000	24,455	(14,455)
Special education	159,877	301,744	(141,867)
Legal	100,000	172,926	(72,926)
Total contracted services	<u>\$ 1,515,529</u>	<u>\$ 1,805,260</u>	<u>\$ (289,731)</u>
Other expenditures -			
Communications	\$ 197,250	\$ 150,075	\$ 47,175
Debt service	5,806,541	5,806,528	13
Dues and fees	130,696	88,064	42,632
Equipment	168,353	94,430	73,923
Insurance	274,611	231,578	43,033
Miscellaneous	978,159	942,854	35,305
Rentals and leases	442,594	475,730	(33,136)
Repairs and maintenance	2,204,244	2,199,314	4,930
Supplies	2,506,632	2,536,592	(29,960)
Transportation services	526,777	505,240	21,537
Travel	120,858	62,213	58,645
Tuition	963,000	920,597	42,403
Utilities	2,485,269	2,271,287	213,982
Total other expenditures	<u>\$ 16,804,984</u>	<u>\$ 16,284,502</u>	<u>\$ 520,482</u>
Total General Operations	\$ 84,660,373	\$ 84,466,761	\$ 193,612
Total Adult Education	\$ 1,668,125	\$ 1,399,344	\$ 268,781
Total Food Service	<u>\$ 3,133,537</u>	<u>\$ 3,054,206</u>	<u>\$ 79,331</u>
Total Expenditures	<u>\$ 89,462,035</u>	<u>\$ 88,920,312</u>	<u>\$ 541,723</u>

PROPRIETARY FUNDS

To account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the public be financed primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Jetport Enterprise Fund

The Jetport Enterprise Fund is used to account for the operation of the local airport, which serves the southwestern part of the State. The revenue is produced primarily through contracts and leases. It is one of the largest (by passenger volume) facilities in Northern New England.

Sewer Enterprise Fund

The principal function of this fund is to account for the sewer services provided to the City residents and business establishments. The Portland Water District (not a City department) owns and operates the filtration plant for which the Sewer Enterprise Fund pays a monthly fee. The City owns and maintains the infrastructure sewer lines and is responsible for the costs of maintenance, improvements and expansion.

Fish Pier Authority Enterprise Fund (blended component unit)

The Fish Pier Authority Enterprise Fund provides management services for the City's Fish Pier to make the provision of services to fishing vessels and the operation of the public fish auction possible. The operations of the Fish Pier Authority consist primarily of lease revenue and maintenance expenses.

Golf Course Enterprise Fund

The operation of two adjacent public golf courses, eighteen holes and nine holes, respectively, is accounted for in this fund. Daily fees and seasonal memberships are the main source of revenue supporting the facilities.

Ice Arena Facility Enterprise Fund

The operations of a public ice arena are accounted for in this fund.

CITY OF PORTLAND, MAINE

**SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES
BUDGET AND ACTUAL (BUDGET BASIS)
PROPRIETARY FUNDS
JETPORT ENTERPRISE FUND**

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>	<u>Final Budget -</u>
			<u>Amounts</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Charges for services	\$ 19,164,065	\$ 19,164,065	\$ 17,939,788	\$ (1,224,277)
Interest and other revenue	25,000	25,000	26,220	1,220
Total revenues	<u>19,189,065</u>	<u>19,189,065</u>	<u>17,966,008</u>	<u>(1,223,057)</u>
Expenditures and encumbrances				
Personnel services	3,858,616	3,858,616	3,643,244	215,372
Contractual services	5,540,730	5,540,730	5,633,843	(93,113)
Supplies and materials	811,528	811,528	538,502	273,026
Rentals	15,879	15,879	11,259	4,620
Utilities	1,218,628	1,218,628	1,105,730	112,898
Maintenance	1,122,090	1,122,090	639,482	482,608
Capital outlay	355,083	355,083	1,595,441	(1,240,358)
Debt service	4,348,760	4,348,760	4,348,760	-
Other	691,995	691,995	611,117	80,878
Total expenditures and encumbrances	<u>17,963,309</u>	<u>17,963,309</u>	<u>18,127,378</u>	<u>(164,069)</u>
Excess (deficiency) of revenues over (under) expenditures and encumbrances	<u>\$ 1,225,756</u>	<u>\$ 1,225,756</u>	<u>\$ (161,370)</u>	<u>\$ (1,387,126)</u>

CITY OF PORTLAND, MAINE

**SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES
BUDGET AND ACTUAL (BUDGET BASIS)
PROPRIETARY FUNDS
SEWER ENTERPRISE FUND**

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budget Basis) Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 21,644,336	\$ 21,644,336	\$ 22,470,548	\$ 826,212
Interest and other revenue	15,000	15,000	14,570	(430)
Total revenues	21,659,336	21,659,336	22,485,118	825,782
Expenditures and encumbrances				
Personnel services	2,901,369	2,901,369	3,046,506	(145,137)
Contractual services	1,168,763	1,168,763	1,178,969	(10,206)
Portland Water District Services	10,671,792	10,671,792	10,340,044	331,748
Supplies and materials	221,800	221,800	195,919	25,881
Rentals	10,150	10,150	8,492	1,658
Utilities	83,450	83,450	72,958	10,492
Maintenance	282,570	282,570	296,955	(14,385)
Capital outlay	590,000	590,000	580,077	9,923
Debt service	5,698,661	5,698,661	5,456,773	241,888
Other	30,781	30,781	24,589	6,192
Total expenditures and encumbrances	21,659,336	21,659,336	21,201,282	458,054
Excess of revenues over expenditures and encumbrances	\$ -	\$ -	\$ 1,283,836	\$ 1,283,836

CITY OF PORTLAND, MAINE

SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES
BUDGET AND ACTUAL (BUDGET BASIS)
PROPRIETARY FUNDS
FISH PIER AUTHORITY ENTERPRISE FUND

For the Year Ended June 30, 2012

	Budget Amounts		Actual (Budget Basis) Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 311,973	\$ 311,973	\$ 469,289	\$ 157,316
Total revenues	311,973	311,973	469,289	157,316
Expenditures and encumbrances				
Personnel services	44,811	44,811	21,720	23,091
Contractual services	26,389	26,389	35,779	(9,390)
Supplies and materials	15,500	15,500	10,516	4,984
Utilities	25,000	25,000	15,689	9,311
Maintenance	24,850	24,850	22,519	2,331
Capital Outlay	70,000	70,000	69,939	61
Debt service	93,773	93,773	93,106	667
Other	11,650	11,650	10,857	793
Total expenditures and encumbrances	311,973	311,973	280,125	31,848
Excess of revenues over expenditures and encumbrances	\$ -	\$ -	\$ 189,164	\$ 189,164

CITY OF PORTLAND, MAINE

SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES
BUDGET AND ACTUAL (BUDGET BASIS)PROPRIETARY FUNDS
GOLF COURSE ENTERPRISE FUND

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budget Basis) Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 1,104,692	\$ 1,104,692	\$ 1,026,812	\$ (77,880)
Total revenues	1,104,692	1,104,692	1,026,812	(77,880)
Expenditures and encumbrances				
Personnel services	510,341	510,341	480,203	30,138
Contractual services	53,685	53,685	92,270	(38,585)
Supplies and materials	309,219	309,219	223,518	85,701
Rentals	60,350	60,350	53,056	7,294
Utilities	88,177	88,177	83,805	4,372
Maintenance	31,200	31,200	37,046	(5,846)
Debt service	50,677	50,677	50,677	-
Capital outlay	-	-	-	-
Other	1,043	1,043	1,019	24
Total expenditures and encumbrances	1,104,692	1,104,692	1,021,594	83,098
Excess of revenues over expenditures and encumbrances	\$ -	\$ -	\$ 5,218	\$ 5,218

CITY OF PORTLAND, MAINE

SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES
BUDGET AND ACTUAL (BUDGET BASIS)
PROPRIETARY FUNDS
ICE ARENA FACILITY ENTERPRISE FUND

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budget Basis) Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 666,581	\$ 666,581	\$ 564,816	\$ (101,765)
Total revenues	666,581	666,581	564,816	(101,765)
Expenditures and encumbrances				
Personnel services	314,213	314,213	319,087	(4,874)
Contractual services	34,830	34,830	37,105	(2,275)
Supplies and materials	37,050	37,050	32,816	4,234
Rentals	360	360	356	4
Utilities	219,600	219,600	215,417	4,183
Maintenance	12,490	12,490	17,033	(4,543)
Capital Outlay	17,000	17,000	26,570	(9,570)
Debt service	29,455	29,455	29,219	236
Other	1,583	1,583	1,287	296
Total expenditures and encumbrances	666,581	666,581	678,890	(12,309)
Excess (deficiency) of revenues over (under) expenditures and encumbrances	\$ -	\$ -	\$ (114,074)	\$ (114,074)

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Statistical Section

STATISTICAL SECTION

This part of the City of Portland’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City’s overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and fiscal health have changed over time.	93
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	99
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	105
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	110
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	112

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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TABLE 1

CITY OF PORTLAND, MAINE

NET ASSETS BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
Invested in capital assets, net of related debt	\$ 240,512,369	\$ 236,710,451	\$ 237,690,869	\$ 233,095,588	\$ 232,626,780	\$ 202,772,071	\$ 201,647,212	\$ 180,105,472	\$ 182,311,744	\$ 184,197,816
Restricted	40,568,515	42,220,700	27,732,463	27,283,892	28,086,768	34,672,137	32,890,140	32,502,442	30,147,687	23,004,208
Unrestricted	(101,782,479)	(106,347,379)	(97,244,553)	(99,006,369)	(102,392,852)	(114,014,092)	(111,308,026)	(93,877,164)	(88,689,997)	(87,574,973)
Total governmental activities net assets	\$ 179,298,405	\$ 172,583,772	\$ 168,178,779	\$ 161,373,111	\$ 158,320,696	\$ 123,430,116	\$ 123,229,326	\$ 118,730,750	\$ 123,769,434	\$ 119,627,051
Business-type activities:										
Invested in capital assets, net of related debt	\$ 134,401,030	\$ 118,355,999	\$ 34,953,117	\$ 101,204,925	\$ 99,182,931	\$ 122,613,617	\$ 116,425,113	\$ 107,834,005	\$ 93,161,042	\$ 88,924,061
Restricted	27,397,885	32,453,383	88,012,857	25,672,978	37,980,780	19,527,016	21,653,346	17,860,567	20,265,143	16,226,208
Unrestricted	15,841,788	16,050,004	21,327,425	5,174,384	(10,605,819)	5,458,482	1,696,042	1,329,379	(446,831)	204,357
Total business-type activities net assets	\$ 177,640,703	\$ 166,859,386	\$ 144,293,399	\$ 132,052,287	\$ 126,557,892	\$ 147,599,115	\$ 139,774,501	\$ 127,023,951	\$ 112,979,354	\$ 105,354,626
Primary government:										
Invested in capital assets, net of related debt	\$ 374,913,399	\$ 355,066,450	\$ 272,643,986	\$ 334,300,513	\$ 331,809,711	\$ 325,385,688	\$ 318,072,325	\$ 287,939,477	\$ 275,472,786	\$ 273,121,877
Unrestricted	67,966,399	74,674,083	115,745,320	52,956,870	66,067,548	54,199,153	54,543,486	50,363,009	50,412,830	39,230,416
Unrestricted	(85,940,691)	(90,297,375)	(75,917,128)	(93,831,985)	(112,998,671)	(108,555,610)	(109,611,984)	(92,547,785)	(89,136,828)	(87,370,616)
Total primary government net assets	\$ 356,939,108	\$ 339,443,158	\$ 312,472,178	\$ 293,425,398	\$ 284,878,588	\$ 271,029,231	\$ 263,003,827	\$ 245,754,701	\$ 236,748,788	\$ 224,981,677

TABLE 2

CITY OF PORTLAND, MAINE

CHANGES IN NET ASSETS

Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses -										
Governmental activities:										
General government	\$ 33,309,315	\$ 33,057,893	\$ 36,613,534	\$ 35,560,710	\$ 24,232,228	\$ 33,048,546	\$ 26,651,410	\$ 25,925,129	\$ 28,373,725	\$ 23,281,828
Public safety	37,094,156	37,144,627	35,490,454	27,505,495	30,109,641	28,076,618	30,744,449	31,422,650	28,050,605	24,881,491
Public services	22,076,438	27,616,897	23,861,900	24,954,571	24,804,928	21,516,081	23,930,232	18,069,032	17,389,733	15,947,278
Health and social services	38,959,633	34,735,555	40,438,590	38,971,431	36,153,651	33,839,414	28,750,098	30,583,891	28,681,987	24,837,297
Parks and recreation	c -	-	-	4,194,639	7,973,046	7,833,055	5,342,871	5,269,490	5,256,404	5,726,744
Public library	3,658,070	3,531,782	3,720,852	3,226,843	3,408,232	3,228,483	2,964,374	2,856,082	2,872,619	2,802,139
Education	105,974,129	108,432,077	107,229,960	101,075,374	99,977,355	98,785,055	91,469,804	93,366,081	87,539,720	84,165,010
Transportation	2,489,016	2,448,674	2,493,453	2,400,382	3,190,503	2,315,615	2,259,106	2,243,626	2,183,309	2,207,225
Interest on long-term debt	12,367,091	12,554,551	12,593,760	13,684,430	10,658,140	10,700,797	9,975,125	10,606,612	9,112,194	9,772,273
Total governmental activities	\$ 255,927,848	\$ 259,522,056	\$ 262,442,504	\$ 251,573,875	\$ 240,507,725	\$ 239,343,664	\$ 222,087,469	\$ 220,342,593	\$ 209,460,296	\$ 193,621,285
Business-type activities:										
Transportation	\$ 25,670,417	\$ 22,771,819	\$ 21,785,978	\$ 20,699,161	\$ 20,716,369	\$ 19,229,508	\$ 19,242,001	\$ 17,209,129	\$ 15,572,526	\$ 13,149,468
Sewer	17,484,320	17,330,283	18,014,387	16,746,645	16,724,613	15,858,953	15,774,543	15,381,598	14,915,644	14,384,508
Seaport facilities	b 326,420	319,439	518,473	529,675	694,141	3,069,484	3,213,487	3,083,895	3,176,093	2,798,454
Recreational facilities	1,785,842	1,684,478	1,643,425	1,729,210	1,642,888	1,623,526	1,681,484	1,575,704	1,589,192	1,528,045
Real estate development and lending	a 469,873	49,959	188,820	707,420	331,215	455,654	180,287	-	-	-
Total business-type activities	\$ 45,736,872	\$ 42,155,978	\$ 42,151,083	\$ 40,412,111	\$ 40,109,226	\$ 40,237,125	\$ 40,091,802	\$ 37,250,326	\$ 35,253,455	\$ 31,860,475
Total primary government expenses	\$ 301,664,720	\$ 301,678,034	\$ 304,593,587	\$ 291,985,986	\$ 280,616,951	\$ 279,580,789	\$ 262,179,271	\$ 257,592,919	\$ 244,713,751	\$ 225,481,760
Program Revenues -										
Governmental activities:										
Charges for services:										
General government	\$ 18,874,424	\$ 21,505,035	\$ 22,910,549	\$ 15,267,016	\$ 16,102,532	\$ 14,978,179	\$ 14,466,808	\$ 14,136,125	\$ 14,041,436	\$ 11,696,293
Public safety	4,053,962	3,604,977	3,757,518	3,767,496	3,300,386	3,442,211	3,777,231	3,337,097	3,172,285	2,954,463
Public services	3,770,781	3,736,127	3,126,767	4,140,082	4,964,016	4,607,161	4,544,631	2,371,363	2,689,607	2,309,756
Health and social services	18,555,023	18,886,015	26,655,127	26,668,748	24,592,512	22,959,939	21,794,658	19,697,564	18,912,563	16,166,769
Parks and recreation	c -	-	-	2,013,114	1,855,112	1,762,074	1,393,913	1,250,634	1,191,410	1,243,672
Education	4,087,382	5,434,044	5,287,046	5,605,127	5,202,389	4,320,870	4,295,602	4,563,758	4,379,900	4,208,579
Transportation	-	-	-	-	1,131,154	-	-	-	-	-
Operating grants and contributions	58,906,897	61,178,311	56,170,343	49,329,472	46,442,769	45,790,883	41,574,223	39,956,196	43,516,510	41,693,879
Capital grants and contributions	-	-	-	73,741	835,697	580,304	1,283,826	462,208	-	-
Total governmental activities program revenues	\$ 108,248,469	\$ 114,344,509	\$ 117,907,350	\$ 106,864,796	\$ 104,426,567	\$ 98,441,621	\$ 93,130,892	\$ 85,774,945	\$ 87,903,711	\$ 80,273,411

TABLE 2 Continued

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Business-type activities:										
Charges for services:										
Transportation	\$ 17,939,788	\$ 17,343,193	\$ 17,269,070	\$ 16,161,010	\$ 16,386,807	\$ 13,774,761	\$ 11,830,137	\$ 13,073,322	\$ 11,144,674	\$ 9,293,527
Sewer	22,470,548	21,283,123	21,746,343	20,466,364	18,761,693	17,755,956	16,767,303	15,946,451	15,817,565	15,618,108
Seaport facilities	b 469,289	412,094	638,424	363,953	387,031	1,433,934	1,527,808	1,561,776	2,480,061	2,597,901
Recreational facilities	1,591,628	1,470,736	1,541,791	1,529,053	1,630,467	1,422,847	1,433,021	1,457,647	1,498,814	1,493,982
Real estate development and lending	a 72,791	85,642	53,748	5,758	700	1,040,550	228,517	-	-	-
Operating grants and contributions	-	-	-	-	-	-	450,000	266,268	94,795	237,606
Capital grants and contributions	13,933,355	24,121,462	15,918,069	6,654,237	4,034,883	10,996,793	14,140,167	18,118,267	11,606,528	8,935,024
Total business-type activities program revenues	\$ 56,477,399	\$ 64,716,250	\$ 57,167,445	\$ 45,180,375	\$ 41,201,581	\$ 46,424,841	\$ 46,376,953	\$ 50,423,731	\$ 42,642,437	\$ 38,176,148
Total primary government program revenues	\$ 164,725,868	\$ 179,060,759	\$ 175,074,795	\$ 152,045,171	\$ 145,628,148	\$ 144,866,462	\$ 139,507,845	\$ 136,198,676	\$ 130,546,148	\$ 118,449,559
Net (Expense)/Revenue -										
Governmental activities	\$ (147,679,379)	\$ (145,177,547)	\$ (144,535,154)	\$ (144,709,079)	\$ (136,081,158)	\$ (140,902,043)	\$ (128,956,577)	\$ (134,567,648)	\$ (121,556,585)	\$ (113,347,874)
Business-type activities	10,740,527	22,560,272	15,016,362	4,768,264	1,092,355	6,187,716	6,285,151	13,173,405	7,388,982	6,315,673
Total primary government net expense	\$ (136,938,852)	\$ (122,617,275)	\$ (129,518,792)	\$ (139,940,815)	\$ (134,988,803)	\$ (134,714,327)	\$ (122,671,426)	\$ (121,394,243)	\$ (114,167,603)	\$ (107,032,201)
General Revenues and Other Changes in Net Assets -										
Governmental activities:										
Property taxes	\$ 136,320,324	\$ 132,196,346	\$ 131,430,388	\$ 131,467,714	\$ 125,476,098	\$ 117,686,683	\$ 113,682,378	\$ 110,837,533	\$ 110,587,180	\$ 104,894,955
Excise taxes	9,190,158	8,949,510	9,090,560	9,147,112	9,805,579	10,472,164	11,118,080	10,826,333	10,826,333	10,906,083
Unrestricted grants and contributions	8,247,641	7,450,701	6,115,563	7,698,305	8,501,405	7,670,215	7,260,779	7,389,591	7,310,345	7,027,220
Unrestricted investment earnings	560,421	681,842	1,185,284	1,495,667	3,009,257	4,578,802	3,318,933	2,281,944	1,513,904	1,734,631
Miscellaneous	75,468	281,436	546,116	(418,068)	1,228,632	1,532,995	3,894,482	130,470	564,275	306,158
Transfers	-	22,705	2,972,911	(29,236)	22,950,767	(838,026)	(2,019,803)	(615,516)	(87,386)	(744,053)
Total governmental activities	\$ 154,394,012	\$ 149,582,540	\$ 151,340,823	\$ 149,361,494	\$ 170,971,738	\$ 141,102,833	\$ 137,254,849	\$ 130,850,355	\$ 130,714,651	\$ 124,124,994
Business-type activities:										
Unrestricted investment earnings	\$ 40,790	\$ 28,420	\$ 197,661	\$ 696,895	\$ 817,189	\$ 798,873	\$ 645,900	\$ 255,675	\$ 148,360	\$ 45,584
Transfers	-	(22,705)	(2,972,911)	29,236	(22,950,767)	838,026	2,019,803	615,516	87,386	744,053
Total business-type activities	\$ 40,790	\$ 5,715	\$ (2,775,250)	\$ 726,131	\$ (22,133,578)	\$ 1,636,899	\$ 2,665,703	\$ 871,191	\$ 235,746	\$ 789,637
Total primary government	\$ 154,434,802	\$ 149,588,255	\$ 148,565,574	\$ 150,087,625	\$ 148,838,160	\$ 142,739,732	\$ 139,920,552	\$ 131,721,546	\$ 130,950,397	\$ 124,914,631
Change in Net Assets -										
Governmental activities	\$ 6,714,633	\$ 4,404,993	\$ 6,805,668	\$ 4,652,415	\$ 34,890,580	\$ 200,790	\$ 8,298,272	\$ (3,717,293)	\$ 9,158,066	\$ 10,777,120
Business-type activities	10,781,317	22,565,987	12,241,112	5,494,395	(21,041,223)	7,824,615	8,950,854	14,044,596	7,624,728	7,105,310
Total primary government	\$ 17,495,950	\$ 26,970,980	\$ 19,046,780	\$ 10,146,810	\$ 13,849,357	\$ 8,025,405	\$ 17,249,126	\$ 10,327,303	\$ 16,782,794	\$ 17,882,430

Notes:

- a - 2006 was the first year of incorporating the Portland Development Corporation, a blended component unit, financial statements with the City's Enterprise Funds.
- b - The net assets and operations of Seaport Enterprises, a proprietary fund included in business type activities, were transferred to various governmental funds effective July 1, 2007.
- c - The parks and recreation department was merged with facilities maintenance and is shown in general government starting in 2010.

TABLE 3

CITY OF PORTLAND, MAINE

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:										
Nonspendable										
Inventories	\$ 705,753	\$ 558,255	\$ 913,043	\$ 678,602	\$ 883,653	\$ 1,013,807	\$ 1,090,771	\$ 983,614	\$ 1,010,453	\$ 985,694
Loans	-	25,000	100,000	175,000	250,753	356,090	251,833	2,703	3,797	51,846
Committed										
Economic Development Activities	338,837	338,837	338,837	338,837	338,837	338,837	338,837	338,837	338,837	338,837
Educational Facilities	341,102	341,102	341,102	441,102	470,000	715,000	1,023,447	2,314,763	1,878,800	2,098,297
Encumbrances	-	248,352	-	154,614	1,545	333,716	985,424	779,750	512,876	298,460
Facilities Relocation	821,420	821,420	-	-	-	-	-	-	-	-
Subsequent years expenditure	671,490	1,285,000	-	-	-	1,000,000	3,730,000	1,750,000	1,750,000	623,493
Assigned										
Barron Center Resident Benefits	149,270	147,766	156,354	147,331	160,709	216,910	187,391	-	-	-
Casco Bay Island Transit District	-	466,106	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	750,000	750,000
Medicaid Settlements	300,000	300,000	300,000	300,000	600,000	600,000	600,000	600,000	600,000	600,000
Self Insurance Programs	5,500,000	4,000,000	4,000,000	3,500,000	4,027,000	4,625,000	4,625,000	4,625,000	1,475,000	1,475,000
Unassigned	29,711,223	26,886,139	23,673,730	21,922,546	17,169,219	12,138,346	12,364,145	11,631,709	13,461,854	10,876,889
Total general fund	<u>\$38,539,095</u>	<u>\$35,417,977</u>	<u>\$29,823,066</u>	<u>\$27,658,032</u>	<u>\$23,901,716</u>	<u>\$21,337,706</u>	<u>\$25,196,848</u>	<u>\$23,026,376</u>	<u>\$21,781,617</u>	<u>\$18,098,516</u>
All Other Governmental Funds:										
Nonspendable										
Inventories	\$ 48,170	\$ 59,227	\$ 63,827	\$ 108,412	\$ 95,795	\$ 106,974	\$ 136,629	\$ 85,119	\$ 98,276	\$ 96,564
Loans	2,314,719	2,301,261	2,493,094	2,520,166	2,510,606	2,552,462	2,636,039	3,967,605	4,381,958	4,798,132
Permanent Funds	4,649,355	4,668,322	4,047,663	2,479,722	2,984,969	2,959,177	2,672,613	2,548,651	2,430,365	2,282,363
Restricted										
Capital Projects	12,985,449	16,076,623	9,708,192	8,978,693	6,176,873	13,060,437	12,673,072	9,626,253	11,364,311	8,209,347
Debt Service	491,887	681,114	2,133,068	809,766	2,904,575	2,562,538	2,256,796	2,004,190	2,760,019	2,429,662
Other Grants and Special Revenue	11,055,218	9,265,867	11,234,623	14,061,160	4,858,270	6,197,485	5,710,941	6,598,089	6,411,312	3,817,135
Permanent Funds	11,386,606	11,528,774	10,076,821	10,953,910	12,192,413	12,232,967	10,998,083	10,612,129	10,474,536	9,961,484
Committed										
Debt Service	108,680	166,184	-	-	-	-	-	-	-	-
Encumbrances	-	-	4,678,672	7,178,007	6,783,851	6,239,643	5,482,527	9,521,642	3,809,906	2,653,507
Loan Programs	1,510,771	1,334,971	-	-	-	-	-	-	-	-
Subsequent years expenditure	-	200,000	-	-	-	-	-	-	-	-
Assigned										
Debt Service	1,545,249	1,457,145	599,616	78,067	91,212	72,608	-	-	182,948	136,762
Total all other governmental funds	<u>\$46,096,103</u>	<u>\$47,739,488</u>	<u>\$45,035,576</u>	<u>\$47,167,903</u>	<u>\$38,598,564</u>	<u>\$45,984,291</u>	<u>\$42,566,700</u>	<u>\$44,963,678</u>	<u>\$41,913,631</u>	<u>\$34,384,956</u>

a - The financial statements of the Portland Development Corporation, a blended component unit, had, prior to 2006, been incorporated into the City's Special Revenue Fund. 2006 was the initial year of incorporating its statements into the City's Enterprise Fund. The PDC's 2005 restricted and committed fund balances were \$1,376,609 and \$2,423,087, respectively.

b - Prior years have been restated following GASB Statement 54.

TABLE 4

CITY OF PORTLAND, MAINE
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
General property and other taxes (see Table 6)	\$ 145,907,540	\$ 141,184,606	\$ 140,952,782	\$ 139,800,607	\$ 134,861,679	\$ 128,233,259	\$ 125,056,740	\$ 121,437,692	\$ 121,286,835	\$ 115,535,220
Licenses and permits	3,423,927	3,258,013	3,107,930	2,727,770	3,825,343	3,326,529	2,983,860	3,251,802	3,211,408	2,508,330
Fines, forfeits and penalties	2,212,750	2,094,462	1,452,268	1,424,973	1,467,595	1,411,991	1,290,885	1,335,580	1,486,625	1,167,561
Uses of money and property	7,008,406	9,727,132	7,665,112	5,894,355	9,040,501	10,421,924	8,552,263	6,871,009	6,215,938	5,961,711
Intergovernmental	67,154,538	68,629,012	63,209,500	58,389,760	56,927,674	54,843,590	51,191,726	46,680,840	50,812,872	47,949,234
Current services	37,135,528	38,646,295	34,557,947	32,147,661	35,075,771	32,665,053	32,029,788	28,639,253	27,187,484	23,832,785
Other	196,849	1,859,215	15,761,557	14,740,721	10,828,977	9,554,547	11,556,565	8,798,466	8,377,908	7,921,797
Total Revenues	\$263,039,538	\$265,398,735	\$266,707,096	\$255,125,847	\$252,027,540	\$240,456,893	\$232,661,827	\$217,014,642	\$218,579,070	\$204,876,638
Expenditures:										
General government	\$ 21,426,646	\$ 22,625,298	\$ 20,941,443	\$ 18,864,417	\$ 18,964,537	\$ 20,713,851	\$ 17,660,162	\$ 15,876,533	\$ 16,184,025	\$ 16,760,945
Public safety	28,082,077	28,091,831	26,807,356	27,857,302	29,815,939	25,854,883	24,853,923	24,455,652	22,630,003	21,091,417
Public services	15,132,650	17,643,131	15,697,086	18,111,629	18,481,553	15,001,764	15,397,157	10,376,745	10,901,068	10,111,959
Health and social services	33,574,780	32,251,090	35,483,366	32,493,616	29,868,030	27,834,823	25,278,668	26,333,692	25,420,885	22,713,660
Parks and recreation	a -	-	-	3,405,389	5,121,610	5,408,227	5,048,594	4,146,965	4,465,474	4,644,910
Public library	3,299,737	3,196,396	3,106,397	3,185,149	3,160,877	2,986,397	2,836,397	2,736,397	2,690,545	2,692,558
Education	102,595,788	105,421,503	104,591,711	100,241,712	98,554,682	96,110,013	91,343,047	89,383,528	85,517,557	83,781,707
Pension and employee insurance	17,984,982	16,688,071	18,393,369	15,767,458	15,157,897	14,957,753	14,999,279	14,280,409	12,198,388	10,678,988
Other	8,055,410	7,795,290	8,657,147	7,730,576	7,201,626	8,921,199	9,247,698	8,987,975	12,735,303	8,158,001
Debt service -										
Principal	11,827,400	12,098,998	21,011,318	11,579,937	11,866,500	11,562,464	10,999,685	11,111,921	10,865,654	10,838,782
Interest	12,520,653	12,097,015	12,619,231	13,685,320	10,818,661	10,593,545	10,189,497	10,685,318	9,112,194	9,772,273
Capital outlay	18,890,124	11,507,045	29,603,396	12,566,910	8,755,985	10,548,840	10,250,067	8,556,374	5,458,813	6,854,741
Total expenditures	\$273,390,247	\$269,415,668	\$296,911,819	\$265,489,415	\$257,767,897	\$250,493,759	\$238,104,174	\$226,931,509	\$218,179,909	\$208,099,941
Excess (deficiency) of revenues over (under) expenditures	\$ (10,350,709)	\$ (4,016,933)	\$ (30,204,723)	\$ (10,363,568)	\$ (5,740,357)	\$ (10,036,866)	\$ (5,442,347)	\$ (9,916,867)	\$ 399,161	\$ (3,223,303)
Other Financing Sources (Uses):										
Proceeds from borrowing	\$ 11,410,946	\$ 12,209,965	\$ 26,626,848	\$ 22,718,460	\$ -	\$ 10,360,733	\$ 11,035,340	\$ 11,581,089	\$ 10,900,000	\$ 9,377,104
Proceeds from refunding	9,161,535	2,983,085	17,377,339	-	-	9,026,800	-	-	-	-
Payments on Refunded Bonds	(8,744,039)	(2,900,000)	(16,739,668)	-	-	(8,954,192)	-	-	-	-
Transfers in	26,540,361	26,213,564	38,979,571	25,095,517	27,134,838	24,931,393	26,311,922	23,268,854	22,247,332	22,688,640
Transfers out	(26,540,361)	(26,190,859)	(36,006,660)	(25,124,754)	(26,216,198)	(25,769,419)	(28,331,725)	(23,884,370)	(22,334,718)	(23,432,694)
Total other financing sources (uses)	\$ 11,828,442	\$ 12,315,755	\$ 30,237,430	\$ 22,689,223	\$ 918,640	\$ 9,595,315	\$ 9,015,537	\$ 10,965,573	\$ 10,812,614	\$ 8,633,050
Net change in fund balances	\$ 1,477,733	\$ 8,298,822	\$ 32,707	\$ 12,325,655	\$ (4,821,717)	\$ (441,551)	\$ 3,573,190	\$ 1,048,706	\$ 11,211,775	\$ 5,409,747
Debt service as a percentage of noncapital expenditures	9.57%	9.38%	12.58%	9.99%	9.11%	9.23%	9.30%	9.98%	9.39%	10.24%

Notes:

a- Parks and recreation was merged with the management of city facilities and is reported in general government starting in 2010.

TABLE 5

CITY OF PORTLAND, MAINE

PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Function/Program										
Governmental activities:										
General government	\$ 24,639,455	\$ 27,202,736	\$ 27,811,916	\$ 19,620,335	\$ 19,643,232	\$ 20,893,322	\$ 19,431,801	\$ 17,490,166	\$ 17,371,344	\$ 16,968,856
Public safety	6,908,924	4,711,788	6,845,282	8,656,446	6,573,081	4,968,568	5,445,836	5,486,853	3,790,439	3,496,114
Public services	4,602,534	5,070,727	5,267,296	4,218,149	6,722,104	5,187,465	5,828,457	2,833,571	4,911,613	2,336,248
Health and social services	32,731,905	33,902,231	36,664,919	32,843,894	31,456,805	26,831,387	25,706,382	25,608,096	25,188,797	21,388,317
Parks and recreation	c -	-	-	2,017,714	2,017,546	1,954,885	1,436,271	1,609,408	1,246,285	1,320,105
Education	39,365,651	43,457,027	41,317,937	39,393,887	36,882,645	38,605,994	35,282,145	32,746,851	35,395,233	34,763,771
Transportation	-	-	-	114,371	1,131,154	b -	-	-	-	-
Subtotal governmental activities	\$ 108,248,469	\$ 114,344,509	\$ 117,907,350	\$ 106,864,796	\$ 104,426,567	\$ 98,441,621	\$ 93,130,892	\$ 85,774,945	\$ 87,903,711	\$ 80,273,411
Business-type activities:										
Charges for services:										
Transportation	\$ 31,400,082	\$ 41,175,814	\$ 17,269,070	\$ 21,740,513	\$ 19,911,087	\$ 18,546,846	\$ 18,722,902	\$ 31,148,833	\$ 22,757,278	\$ 18,466,157
Sewer	22,689,604	21,523,412	21,746,343	20,466,364	18,761,693	17,755,956	17,217,303	15,946,451	15,862,507	15,618,108
Seaport facilities	502,294	412,094	638,424	363,953	872,689	7,449,642	6,786,317	1,870,800	2,523,838	2,597,901
Recreational facilities	1,591,628	1,470,736	1,541,791	1,529,053	1,655,412	1,422,847	1,433,021	1,457,647	1,498,814	1,493,982
Real estate development	293,791	134,194	53,748	1,080,492	700	1,249,550	2,217,410	a -	-	-
Subtotal business-type activities	\$ 56,477,399	\$ 64,716,250	\$ 41,249,376	\$ 45,180,375	\$ 41,201,581	\$ 46,424,841	\$ 46,376,953	\$ 50,423,731	\$ 42,642,437	\$ 38,176,148
Total primary government	\$ 164,725,868	\$ 179,060,759	\$ 159,156,726	\$ 152,045,171	\$ 145,628,148	\$ 144,866,462	\$ 139,507,845	\$ 136,198,676	\$ 130,546,148	\$ 118,449,559

a - 2006 was the first year of incorporating the Downtown Portland Corporation (now the Portland Development Corporation), a blended component unit, financial statements with the City's Enterprise Funds.

b - Effective July 1, 2007, the operations of Seaport Enterprises, a proprietary fund included in business-type activities, was transferred to various governmental funds.

c - The parks and recreation department was merged with facilities maintenance and is shown in general government starting in 2010.

TABLE 6**CITY OF PORTLAND, MAINE****TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS****Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Excise Tax</u>	<u>Total</u>
2003	104,629,137	10,906,083	115,535,220
2004	110,460,502	10,826,333	121,286,835
2005	110,491,869	10,945,823	121,437,692
2006	113,938,660	11,118,080	125,056,740
2007	117,761,095	10,472,164	128,233,259
2008	125,056,100	9,805,579	134,861,679
2009	130,653,495	9,147,112	139,800,607
2010	131,862,222	9,090,560	140,952,782
2011	132,235,096	8,949,510	141,184,606
2012	136,717,382	9,190,158	145,907,540
Change 2003 - 2012	30.67%	-15.73%	26.29%

TABLE 7

CITY OF PORTLAND, MAINE
STATE AID REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	State Revenue Sharing	School Aid (1)	Welfare Assistance	Other State Aid	Total State Aid
2003	6,386,677	22,055,843	1,955,325	2,651,753	33,049,598
2004	6,640,510	20,069,498	2,571,455	4,999,761	34,281,224
2005	6,838,100	18,829,068	2,094,807	2,255,530	30,017,505
2006	6,683,425	20,594,933	2,116,863	4,842,432	34,237,653
2007	6,878,244	24,041,334	2,432,621	5,311,807	38,664,006
2008	7,696,522	22,481,651	2,671,300	6,778,847	39,628,320
2009	6,984,489	23,340,701	4,406,714	7,173,771	41,905,675
2010	6,029,609	25,641,377	4,605,726	7,557,597	43,834,309
2011	5,927,329	25,625,321	5,442,774	5,590,551	42,585,975
2012	6,153,216	24,956,535	6,259,078	5,690,895	43,059,725

(1) State school aid includes Federal funds passed through the State Department of Education.

TABLE 8

CITY OF PORTLAND, MAINE

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Property Value						Total Direct Tax Rate	Estimated Actual Total Value (2)	Assessor's Certified Ratio State Value
	Commercial	Industrial	Residential (1)	Personal	Less Tax Exempt	Total Taxable Assessed Value			
2003	2,435,635,030	326,495,580	1,953,080,230	502,256,266	1,137,703,700	4,079,763,406	24.35	5,610,179,684	89%
2004	2,458,381,800	317,628,420	1,975,585,550	540,625,750	1,140,133,050	4,152,088,470	25.38	5,946,316,315	82%
2005	2,480,322,430	314,597,460	2,003,727,420	534,183,190	1,131,433,680	4,201,396,820	25.12	7,406,709,028	72%
2006	3,274,452,548	279,698,910	2,807,676,902	525,138,980	1,194,982,460	5,691,984,880	19.07	8,502,428,815	81%
2007	3,782,027,889	309,670,300	3,827,638,261	524,241,090	1,693,796,630	6,749,780,910	15.47	8,887,976,358	95%
2008	4,639,939,261	235,188,740	3,938,358,037	512,466,620	1,671,320,610	7,654,632,048	16.26	10,362,169,620	90%
2009	4,384,317,631	307,470,260	3,980,026,969	502,305,620	1,765,130,130	7,408,990,350	16.86	10,081,451,077	91%
2010	4,430,745,628	307,470,260	4,009,502,742	502,305,620	1,800,395,430	7,449,628,820	16.85	9,736,867,632	95%
2011	4,450,110,490	311,647,780	4,001,139,070	470,866,840	1,793,874,000	7,439,890,180	17.05	9,233,764,180	100%
2012	4,287,919,950	286,757,500	4,299,031,250	446,400,470	1,874,044,950	7,446,064,220	17.38	9,320,109,170	100%

(1) Excludes multi-unit apartment buildings, which are included in commercial

(2) Actual Total Value includes tax exempt property the total of which is divided by the certified ratio

Source: City Tax Assessor

TABLE 9

CITY OF PORTLAND, MAINE

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(per \$1,000 of Assessed Value)

Last Ten Fiscal Years

Fiscal Year	City Direct Rates				Overlapping Rates		Total Property Tax Rates	
	Basic Rate	General Obligation Debt Service	Enterprise Fund	Education	Total Direct	County Tax		Transit District
2003	7.70	3.64	(0.13)	13.13	24.35	0.86	0.50	25.72
2004	8.35	3.65	(0.06)	13.45	25.38	0.92	0.50	26.80
2005	7.55	3.62	0.03	13.92	25.12	0.91	0.50	26.53
2006	5.78	2.71	0.01	10.57	19.07	0.69	0.37	20.13
2007	4.71	2.21	0.10	8.45	15.47	0.55	0.29	16.31
2008	4.96	2.32	0.00	8.98	16.26	0.55	0.29	17.10
2009	5.42	2.33	(0.01)	9.12	16.86	0.58	0.30	17.74
2010	5.55	2.41	0.00	8.89	16.85	0.59	0.30	17.74
2011	5.69	2.37	0.00	8.99	17.05	0.57	0.30	17.92
2012	5.68	2.47	0.00	9.23	17.38	0.59	0.31	18.28

Source: City Budget Office.

TABLE 10

CITY OF PORTLAND, MAINE

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

<u>Taxpayer</u>	2012			2003		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
UNUM Group	\$ 169,283,090	1	2.25%	\$ 151,339,980	1	3.71%
CMP (Central Securities Corp)	79,712,660	2	1.06%	49,040,340	3	1.20%
RREEF America REIT III Corp	48,181,670	3	0.64%			
Olympia Equity Companies	46,963,190	4	0.62%			
Northern Utilities Inc	40,810,050	5	0.54%			
Brown JB & Sons	35,717,590	6	0.48%	35,407,210	4	0.87%
One City Center Associates LLC	35,664,130	7	0.47%	24,027,010	7	0.59%
Barber Foods (KDJS & St Johns St Assoc)	33,912,210	8	0.45%	21,708,880	9	0.53%
COW Plaza LLC	32,717,700	9	0.44%			
Atlantic Bayside Trust	32,232,180	10	0.43%			
BankNorth Group				21,313,450	10	0.52%
Parker Hannifin Corp				35,162,540	5	0.86%
October Corporation				67,917,010	2	1.66%
BCIA New England Holdings LLC				31,250,880	6	0.77%
Harper Hotels				22,490,580	8	0.55%
Totals	<u>\$ 555,194,470</u>		<u>7.38%</u>	<u>\$ 459,657,880</u>		<u>11.26%</u>

Source: City Tax Assessor

TABLE 11

CITY OF PORTLAND, MAINE

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	104,931,642	103,464,396	98.60%	1,438,835	104,903,231	99.97%
2004	111,276,064	109,132,990	98.07%	2,110,902	111,243,892	99.97%
2005	111,463,188	110,456,456	99.10%	976,843	111,433,299	99.97%
2006	114,579,787	113,108,527	98.72%	1,414,246	114,522,773	99.95%
2007	118,639,299	117,003,429	98.62%	1,572,050	118,575,479	99.95%
2008	125,703,218	123,694,048	98.40%	1,910,368	125,604,416	99.92%
2009	131,435,654	128,875,115	98.05%	2,411,694	131,286,809	99.89%
2010	131,995,299	129,556,626	98.15%	2,219,795	131,776,421	99.83%
2011	133,322,832	131,073,155	98.31%	1,550,621	132,623,776	99.48%
2012	136,114,054	133,768,662	98.28%	-	133,768,662	98.28%

TABLE 12

CITY OF PORTLAND, MAINE

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Mortgage Payable			
2003	203,003,448	1,623,512	207,204	2,055,464	39,141,552	-	-	246,031,180	8.4	3,848
2004	203,568,951	1,488,218	188,596	1,431,509	44,936,049	35,000,000	-	286,613,323	7.6	4,474
2005	204,201,089	1,352,924	169,988	1,422,442	42,313,911	35,000,000	-	284,460,354	7.8	4,481
2006	204,596,453	1,217,629	155,561	1,205,656	44,016,547	34,310,000	5,000,000	290,501,846	7.6	4,610
2007	204,124,004	1,082,235	141,479	698,458	46,395,009	33,595,000	4,328,321	290,364,506	7.6	4,622
2008	196,781,346	946,841	1,731,233	325,592	39,111,866	59,270,000	4,320,443	302,487,321	7.3	4,835
2009	197,940,935	811,447	11,637,984	217,707	49,714,238	58,495,000	2,901,443	321,718,754	7.7	5,142
2010	212,338,893	676,053	2,574,441	767,733	45,952,091	130,000,000	-	392,309,211	6.7	6,226
2011	211,680,984	340,659	2,878,499	996,919	60,456,277	128,675,000	-	405,028,338	6.8	6,119
2012	211,168,886	-	2,710,051	868,242	63,442,862	127,295,000	-	405,485,041	6.8	6,118

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Personal income and population data can be found in the schedule of Demographic Statistics Table 17.

TABLE 13

CITY OF PORTLAND, MAINE

RATIOS OF OUTSTANDING GENERAL OBLIGATION BONDED DEBT

Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business-Type Activities	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	203,003,448	39,141,552	242,145,000	5.94	3,788
2004	203,568,951	44,936,049	248,505,000	5.99	3,879
2005	204,201,089	42,313,911	246,515,000	5.87	3,884
2006	204,596,453	44,016,547	248,613,000	4.37	3,946
2007	204,124,004	46,395,009	250,519,013	3.71	3,988
2008	196,781,346	39,111,666	235,893,012	3.08	3,771
2009	197,940,935	49,714,238	247,655,173	3.34	3,959
2010	212,338,893	45,952,090	258,290,983	3.47	4,062
2011	211,680,984	60,456,277	272,137,261	3.66	4,111
2012	211,168,886	63,442,862	274,611,748	3.69	4,143

Notes: See Table 8 Assessed Value and Estimated Actual Value of Taxable Property
Population data can be found in the schedule of Demographic Statistics Table 17

TABLE 14

CITY OF PORTLAND, MAINE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2012

<u>Jurisdiction</u>	<u>Total Debt Outstanding</u>	<u>Percentage Applicable to Portland</u>	<u>Amount Applicable to Portland</u>
Direct:			
City of Portland	<u>\$ 211,168,886</u> (1)	100.00%	<u>\$ 211,168,886</u>
Overlapping:			
Cumberland County	37,220,000 (2)	19.39%	7,217,694
Portland Water District:			
Water debt	28,438,885 (2)	29.78%	8,469,410
Sewer debt	<u>16,856,624</u> (3)	100.00%	<u>16,856,624</u>
	<u>82,515,509</u>		<u>32,543,728</u>
	<u>\$ 293,684,395</u>		<u>\$ 243,712,614</u>

(1) excludes general obligation bonds reported in the enterprise funds.

(2) based on the relationship between the city's state property valuation to the total state valuation of all members.

(3) sewer portion of the water district's sewer debt is based on specifically identified projects for the city's sewer department.

Source: Finance department of the respective entities

TABLE 15

CITY OF PORTLAND, MAINE
LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years
(dollars in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Assessed value per State Property Tax Division	\$ 7,659,250	\$ 7,909,900	\$ 8,196,900	\$ 8,283,450	\$ 8,289,850	\$ 7,653,400	\$ 7,039,000	\$ 6,289,900	\$ 5,501,100	\$ 4,944,650
Debt limit - 15% of assessed value	1,148,888	1,186,485	1,229,535	1,242,518	1,243,478	1,148,010	1,055,850	943,485	825,165	741,698
Less outstanding debt applicable to debt limit	274,612	272,137	258,291	247,655	235,893	250,519	248,613	246,515	248,505	242,145
Legal debt margin	\$ 874,276	\$ 914,348	\$ 971,244	\$ 994,863	\$ 1,007,585	\$ 897,491	\$ 807,237	\$ 696,970	\$ 576,660	\$ 499,553
Total outstanding debt applicable to the limit as a percentage of debt limit	23.90%	22.94%	21.01%	19.93%	18.97%	21.82%	23.55%	26.13%	30.12%	32.65%
The debt limit is restricted by State statute based on the assessed value per the State above and the percentages below.										
Municipal purposes - 7.5%										
Debt limit	\$ 574,444	\$ 593,243	\$ 614,768	\$ 621,259	\$ 621,739	\$ 574,005	\$ 527,925	\$ 471,743	\$ 412,583	\$ 370,849
Less outstanding debt applicable to debt limit	174,002	174,351	178,469	177,096	173,708	182,078	174,895	179,932	183,619	183,513
Debt margin for municipal purposes	\$ 400,442	\$ 418,892	\$ 436,299	\$ 444,163	\$ 448,031	\$ 391,927	\$ 353,030	\$ 291,811	\$ 228,964	\$ 187,336
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	30.29%	29.39%	29.03%	28.51%	27.94%	31.72%	33.13%	38.14%	44.50%	49.48%
School purposes - 10%										
Debt limit	\$ 765,925	\$ 790,990	\$ 819,690	\$ 828,345	\$ 828,985	\$ 765,340	\$ 703,900	\$ 628,990	\$ 550,110	\$ 494,465
Less outstanding debt applicable to debt limit	38,087	38,242	34,985	22,171	24,554	27,837	29,605	29,187	24,717	24,408
Debt margin for school purposes	\$ 727,838	\$ 752,748	\$ 784,705	\$ 806,174	\$ 804,431	\$ 737,503	\$ 674,295	\$ 599,803	\$ 525,393	\$ 470,057
Outstanding debt applicable to the limit as a percentage of debt limit for school purposes	4.97%	4.83%	4.27%	2.68%	2.96%	3.64%	4.21%	4.64%	4.49%	4.94%
Storm and sanitary sewer purposes - 7.5%										
Debt limit	\$ 574,444	\$ 593,243	\$ 614,768	\$ 621,259	\$ 621,739	\$ 574,005	\$ 527,925	\$ 471,743	\$ 412,583	\$ 370,849
Less outstanding debt applicable to debt limit	62,523	59,544	44,837	48,388	37,631	40,604	44,113	37,396	40,169	34,224
Debt margin for sewer purposes	\$ 511,921	\$ 533,698	\$ 569,931	\$ 572,871	\$ 584,108	\$ 533,401	\$ 483,812	\$ 434,347	\$ 372,414	\$ 336,625
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	10.88%	10.04%	7.29%	7.79%	6.05%	7.07%	8.36%	7.93%	9.74%	9.23%
Airport, water and other special district purposes - 3%										
Debt limit	\$ 229,778	\$ 237,297	\$ 245,907	\$ 248,504	\$ 248,696	\$ 229,602	\$ 211,170	\$ 188,697	\$ 165,033	\$ 148,340
Less outstanding debt applicable to debt limit	-	-	78	235	392	550	707	864	1,024	1,193
Debt margin for special district purposes	\$ 229,778	\$ 237,297	\$ 245,829	\$ 248,269	\$ 248,304	\$ 229,052	\$ 210,463	\$ 187,833	\$ 164,009	\$ 147,147
Outstanding debt applicable to the limit as a percentage of debt limit for special districts	0.00%	0.00%	0.03%	0.09%	0.16%	0.24%	0.33%	0.46%	0.62%	0.80%
Maximum total debt limit - 15%	\$ 1,148,888	\$ 1,186,485	\$ 1,229,535	\$ 1,242,518	\$ 1,243,478	\$ 1,148,010	\$ 1,055,850	\$ 943,485	\$ 825,165	\$ 741,698

TABLE 16

CITY OF PORTLAND, MAINE

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Merrill Auditorium Renovation Revenue Bonds				General Airport Revenue Bonds (Budget Basis of Accounting)					
	Ticket Surcharge Revenue	Scheduled(2) Debt Service Principal	Interest	Coverage	Revenues(3)	Maintenance and Operating Expenditures (1)	Net Revenues	Debt Service Principal	Interest	Coverage
2003	297,430	187,767	111,803	0.99	-	-	-	-	-	-
2004	295,126	135,294	113,646	1.19	11,306,382	8,269,138	3,037,244	-	1,526,800	1.99
2005	264,656	135,294	112,175	1.07	13,260,537	8,836,384	4,424,153	690,000	1,565,949	1.96
2006	312,547	135,294	94,652	1.36	12,173,354	9,027,239	3,146,115	715,000	1,527,287	1.40
2007	281,258	135,294	85,234	1.28	14,311,388	9,963,611	4,347,777	745,000	1,510,311	1.93
2008	268,548	135,294	75,725	1.27	16,502,828	10,492,597	6,010,231	775,000	1,515,404	2.62
2009	253,888	135,294	66,305	1.26	16,479,552	10,258,721	6,220,831	805,000	2,731,837	1.76
2010	228,188	135,294	56,801	1.19	17,340,917	10,146,040	7,194,877	835,000	2,722,376	2.02
2011	223,668	135,294	47,332	1.22	18,967,185	11,563,182	7,404,003	1,325,000	5,098,033	1.15
2012	209,064	340,659	9,075	0.60	21,199,801	12,183,177	9,016,624	1,380,000	6,228,771	1.19

Source: City Finance Department.

(1) Excludes current encumbrances and debt service and capital outlay expenditures.

Includes current year's payments on prior year's encumbrances.

(2) In 2012 this debt was paid off with prior years accumulation of excess surcharge revenue

(3) Revenues for 2011 and forward include passenger surcharges which is a specified revenue for debt service coverage.

TABLE 17

CITY OF PORTLAND, MAINE

DEMOGRAPHIC STATISTICS (1)

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (000's)	Per Capita Personal Income	(2) Public School Enrollment	(3) Unemployment Rate
2003	63,932	2,078,301	32,508	7,559	3.00
2004	64,067	2,183,275	34,078	7,555	2.50
2005	63,477	2,236,549	35,234	7,329	3.50
2006	63,011	2,355,477	37,382	7,252	3.70
2007	62,825	2,489,127	39,620	7,068	3.30
2008	62,561	2,478,667	39,620	7,063	4.20
2009	62,561	2,478,667	39,620	6,957	6.80
2010	63,008	2,616,218	41,522	6,914	6.50
2011	66,194	2,741,226	41,412	7,066	6.20
2012	66,279	2,777,156	41,901	6,953	6.10

Sources:

- (1) U.S. Department of Commerce, Bureau of Economic Analysis (unless otherwise noted).
- (2) School department's fall semester student enrollment.
- (3) Maine Department of Labor for the Portland Metropolitan Service Area.

Note that the most recent published data for per capita personal income and population was used.

TABLE 18

CITY OF PORTLAND, MAINE

PRINCIPAL NON-GOVERNMENTAL EMPLOYERS

Current Year and Nine Years Ago

<u>Employer</u>	<u>2012</u>			<u>2003</u>
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>
Maine Medical Center	6,700	1	18.69%	>1000
UNUM Provident	2,978	2	8.31%	>1000
Mercy Hospital	1,763	3	4.92%	>1000
Fairpoint (formerly Verizon)	824	4	2.30%	>1000
Barber Foods	640	5	1.78%	500-999
Martins Point Healthcare	553	6	1.54%	
Parker Hannafin	385	7	1.07%	
Catholic Charities	335	8	0.93%	250-499
Whole Foods	315	9	0.88%	
TD Bank	287	10	0.80%	500-999
Anthem Blue Cross/Blue Shield				>1000
Blethen Maine Newspapers				500-999
Fleet Bank of Maine				250-499
Goodwill Industries				500-999
Hannaford				>1000
Kelly Services, Inc.				250-499
Shaw's Supermarkets				>1000
Total	14,780		41.22%	

Notes:

2003 employee census information based on state employment.

2012 employee census information based on regional employment for Portland.

Source: City Economic Development Division

TABLE 19

CITY OF PORTLAND, MAINE

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government										
Management services	48	49	48	54	57	55	55	56	56	53
Finance and Technology	41	40	43	42	47	46	43	43	43	44
Parking control and garages	30	29	34	36	36	35	35	36	36	35
Planning and development	34	35	31	37	42	43	43	42	41	41
Public buildings	42	47	48	56	70	49	50	52	49	44
Public safety										
Police										
Officers	162	157	162	162	162	162	162	160	167	167
Civilians	69	55	45	45	58	58	53	53	41	44
Fire										
Firefighters and officers	172	171	172	175	183	183	184	184	183	183
MEDCU	32	32	32	32	34	34	34	34	35	35
Civilians	6	6	7	8	8	8	8	7	7	8
Public services	147	149	152	146	142	140	134	122	120	114
Health and social services										
Public Health	101	90	84	88	85	75	73	71	64	62
Social Service	57	59	60	54	58	56	56	59	58	59
Skilled nursing facility	261	262	259	259	261	261	263	262	262	265
Parks and recreation	76	67	63	73	106	104	103	103	102	116
Public library	46	44	46	51	52	51	51	51	49	49
Education	1,178	1,166	1,120	1,137	1,150	1,150	1,125	1,132	1,136	1,190
Seaport facilities	-	-	-	-	-	8	11	11	11	9
Sewer										
Engineering	14	13	14	14	15	14	18	18	22	21
Maintenance and other	22	24	22	24	22	22	35	35	27	32
Transportation										
Air rescue	17	13	13	14	18	18	18	18	17	17
Security	14	14	14	14	13	15	15	15	20	11
All other	27	27	36	35	37	38	38	38	39	38
Total	2,596	2,549	2,505	2,556	2,656	2,625	2,607	2,602	2,585	2,637

Source: Municipal and School Department Budgets

One

TABLE 20

CITY OF PORTLAND, MAINE
OPERATING INDICATORS BY FUNCTION/PROGRAM

<u>Function/Program</u>	Last Ten Fiscal Years									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police										
Physical arrests	4,605	4,527	3,481	3,964	4,575	4,188	4,189	3,311	3,370	3,118
Citations	6,617	6,311	6,152	7,620	10,026	6,191	5,855	6,073	6,272	5,620
Total calls for service	75,106	84,738	84,007	79,080	85,056	75,985	75,985	69,482	64,143	58,656
Fire										
Emergency responses	14,950	14,173	14,016	13,250	13,851	13,129	13,143	13,183	13,067	21,667
Structural fires	225	280	272	267	278	273	287	260	-	35
Refuse collection										
Refuse collected (tons)	9,446	9,777	10,415	10,345	10,893	11,639	12,073	12,478	12,685	13,215
Recyclables collected	5,683	5,358	5,003	5,015	5,459	5,735	5,570	5,331	4,976	5,162
Other Public services										
Requests for service - number of workorders	3,437	3,611	4,012	5,087	7,443	6,435	7,914	6,890	7,489	7,433
Traffic workorders - signals, lights and signs	752	1,192	1,591	1,330	1,077	609	902	875	795	810
Vehicle maintenance workorders	3,437	3,325	3,205	3,360	3,974	3,335	3,399	3,523	2,806	3,119
Street sweeping - lane miles	250	1,500	2,000	2,000	2,050	3,360	4,568	4,568	4,568	4,568
Number of winter storms	6	10	5	20	22	10	12	26	10	10
Library										
Volumes in collection	358,982	336,000	415,000	441,529	371,778	369,102	380,344	356,354	337,945	328,138
Total circulation	940,947	1,089,338	793,037	750,978	807,276	742,779	704,640	709,420	709,234	708,121
Reference questions	72,009	73,283	55,912	67,535	131,941	131,437	131,734	128,185	135,854	142,298
Attendance	666,273	633,854	336,095	452,666	615,615	617,449	625,741	609,708	591,128	571,747
Wastewater (cubic feet in 100's)										
Average daily sewage treatment	22,726	22,912	23,146	25,461	25,695	22,029	24,957	28,321	26,811	26,393
Customer count (monthly average)	16,818	16,495	16,719	16,707	16,674	16,705	16,619	16,589	16,490	16,381
Planning and development										
Building Permits new structures - residential	31	37	30	24	31	64	26	96	95	75
Building Permits new structures - commercial	10	9	22	22	29	18	20	29	16	5
Inspection services completed -										
Building inspections	2,904	2,455	1,954	2,141	1,472	2,371	1,317	3,433	2,865	2,462
Food service inspections (1)	254	232	269	855	632	486	802	880	797	877
Housing & general assistance inspections (1)	612	403	1,589	883	936	457	433	455	770	611
All other inspections	1,344	1,599	3,351	2,427	962	2,392	2,789	2,962	1,800	1,139
Parking control										
Parking violations (calendar year)	136,092	144,008	148,417	74,576	148,984	144,640	154,967	145,513	162,780	155,287

Source: Various City Departments

(1) these inspections are performed by the Health and Human Services Department.

TABLE 21

CITY OF PORTLAND, MAINE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

	Last Ten Fiscal Years									
<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Community policing centers	5	5	4	4	4	4	4	4	4	4
Marked cruisers and other vehicles	48	50	48	47	45	37	37	40	40	40
Unmarked sedans	38	31	28	26	24	24	24	21	21	21
Fire										
Fire stations	9	8	8	8	8	8	8	8	8	8
Fire/rescue boats	3	2	2	2	2	2	2	2	2	2
District owned fire hydrants	1,454	1,431	1,427	1,421	1,416	1,414	1,408	1,402	NA	NA
Refuse collection										
Collection trucks - packers	14	14	19	19	19	19	15	14	13	12
Collection trucks - recycle	5	5	-	-	-	6	8	9	9	9
Street sweepers	7	7	8	7	6	9	9	8	10	9
Other Public services										
Streets (lane miles)	582	582	582	582	581	580	579	571	571	571
Street lights	6,756	6,241	6,241	6,455	6,578	6,574	6,449	6,489	6,095	5,990
Traffic signalized intersections	126	125	111	111	109	109	108	116	NA	NA
Parks and recreation										
Parks	37	41	41	55	55	55	54	54	54	54
City tree inventory	20,000	20,000	20,000	20,000	20,000	16,000	NA	NA	NA	NA
Public golf courses	2	2	2	2	2	2	2	2	2	2
Ice Arena	1	1	1	1	1	1	1	1	1	1
Playgrounds	27	27	27	32	32	31	29	27	27	27
Ball fields	50	50	50	50	50	47	47	47	47	47
Community centers	5	5	5	5	5	5	5	5	4	4
Swimming pools	3	3	3	3	3	3	3	3	3	3
Education (Public)										
Schools	18	18	17	17	17	17	17	17	17	17
Classrooms	458	482	461	461	466	458	555	555	551	551
Wastewater (1)(2)										
Sanitary sewers (miles)	70	47	243	243	243	242	239	233	189	189
Storm sewers (miles)	108	112	112	112	108	85	75	77	50	49
Combined Sewer Miles	142	153	NA							
Treatment capacity (000's gallons)	80,000	80,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Licensed for (000's gallons)	19,800	19,800	19,800	19,800	19,800	19,800	19,800	19,800	19,800	19,800

(1) 2005 increase due primarily to an increase in the accuracy of data through GIS mapping.

(2) 2011 and going forward will be separating sanitary and combined in the future, also accuracy has increased due to GIS mapping

NA = information not available.

Source: Various City Departments

Table 22

**CITY OF PORTLAND, MAINE
PORTLAND INTERNATIONAL JETPORT
SCHEDULE OF ENPLANEMENT DATA
Last Ten Fiscal Years**

AIRLINE	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Air Canada / Air Alliance	5,838	6,463	1,004	-	-	-	-	-	-	-
AirTran	94,721	99,466	110,154	96,618	102,187	6,453	-	-	-	-
American Eagle	-	-	-	-	-	-	-	26,005	40,951	58,465
Continental Airlines	-	-	-	-	-	-	-	-	3,598	992
Commutair	-	-	-	-	-	-	1,182	7,349	9,341	8,378
Colgan / Continental Connection	44,389	73,130	74,304	68,881	1,303	-	-	-	-	-
Continental Express / ExpressJet	33,056	8,676	12,813	14,512	66,843	65,101	58,385	52,701	48,800	51,340
Trans State Airlines	1,412	-	-	-	-	-	-	-	-	-
Delta	101,601	75,435	27,881	12,850	-	5,031	29,550	150,515	147,834	146,516
Atlantic Coast Airlines	-	-	-	-	-	-	-	-	10,643	21,518
Atlantic Southeast Airlines	-	3,672	15,799	40,638	63,687	56,717	62,608	7,394	-	-
Chautauqua	17,151	14,925	563	-	29,683	28,747	-	-	-	-
Comair	6,209	19,044	13,965	26,354	54,748	58,324	76,968	65,100	46,266	27,644
Compass	-	2,713	2,538	-	-	-	-	-	-	-
Freedom Air	-	-	-	38,732	-	21,814	-	-	-	-
Go Jet	8,125	-	-	-	-	-	-	-	-	-
Mesaba	-	94	59	-	-	-	-	-	-	-
Pinnacle	60,356	35,920	26,563	2,468	-	-	-	-	-	-
Shuttle America	6,905	721	-	-	-	-	-	-	-	-
Independence Air	-	-	-	-	-	-	39,917	65,640	1,169	-
jetBlue	104,272	116,839	135,571	143,235	147,971	135,836	14,294	-	-	-
Northwest	-	-	-	65	14,678	33,602	36,610	60,923	66,887	49,931
Comair	-	805	4,608	-	-	-	-	-	-	-
Mesaba	-	-	3,090	49,089	23,583	-	14,631	6,471	-	-
Pinnacle	-	23,955	47,435	6,034	15,717	19,336	19,627	18,054	-	-
Starlink Aviation	-	-	945	551	-	-	-	-	-	-
Twin Cities Air Service	779	717	246	-	-	-	-	-	-	-
U.S. Airways	50,134	41,704	26,882	-	-	-	36,448	68,682	70,530	123,925
Air Wisconsin	65,584	70,642	82,891	105,579	97,891	76,042	51,964	-	-	-
Chautauqua	-	-	48	11,024	9,765	49,174	45,973	19,645	23,341	-
Colgan	-	-	-	-	7,797	-	-	16,731	22,932	21,344
Mesa	-	1,210	-	9,409	19,969	27,602	4,962	25,039	21,935	9,209
Midway	-	-	-	-	-	-	-	-	11,315	1,962
Piedmont	12,717	10,126	1,848	1,975	-	6,502	2,820	2,050	-	-
PSA Express	-	904	2,253	1,776	-	1,539	41,629	45,340	7,657	15,257
Republic Airlines	112,659	126,088	146,453	110,536	94,325	69,763	15,832	-	-	-
Trans State Airlines	-	-	-	-	-	-	5,662	901	7,546	-
United Airlines	-	-	-	-	-	-	-	-	-	-
Air Wisconsin	-	-	-	291	-	-	-	42,537	2,068	-
Atlantic Coast	-	-	-	-	-	-	-	5,922	95,861	89,945
Atlantic Southeast Airlines	-	22,107	2,304	-	-	-	-	-	-	-
ExpressJet	32,895	822	-	-	-	-	-	-	-	-
Go Jet	18,619	38,253	79,389	73,916	86,879	87,611	19,407	-	-	-
Mesa	30,487	54,645	36,955	47,052	31,691	31,991	88,921	8,013	-	-
Skywest Airlines	-	-	-	-	-	-	3,084	-	-	-
Trans State Airlines	16,256	-	2,126	-	909	-	8,984	49,501	-	-
Subtotal	824,165	849,076	858,687	861,585	869,626	781,185	679,458	744,513	638,674	626,426
Charters and Unscheduled Flights	1,045	911	971	905	1,023	985	992	1,543	2,006	1,409
Local Total	825,210	849,987	859,658	862,490	870,649	782,170	680,450	746,056	640,680	627,835
Total for United States (000)'s	(a)	725,262	711,264	695,912	734,154	763,480	736,870	735,745	705,424	651,829
Local Market Share of US Total	(b)	0.117%	0.121%	0.124%	0.119%	0.102%	0.092%	0.101%	0.091%	0.096%

(a) Source - Jetport's fiscal year enplanement data

(b) Source - Federal Aviation Administration calendar year enplanement data

CITY OF PORTLAND, MAINE

**Reports Required by *Government Auditing
Standards* and OMB Circular A-133**

For the Year Ended June 30, 2012

CITY OF PORTLAND, MAINE
Reports Required by *Government Auditing Standards*
and OMB Circular A-133
June 30, 2012

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**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**

City Council and School Committee
City of Portland, Maine

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Portland, Maine (the City) as of and for the year ended June 30, 2012, which collectively comprise the City of Portland, Maine's basic financial statements and have issued our report thereon dated November 16, 2012. 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.

Internal Control Over Financial Reporting

Management of the City of Portland, Maine, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Portland, Maine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Portland, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Portland, Maine's internal control over financial reporting.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**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**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Portland, Maine'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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the management of the City of Portland, Maine in a separate letter dated November 16, 2012.

This report is intended solely for the information and use of the City Council, School Committee, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



November 16, 2012
South Portland, Maine

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City Council and School Committee
City of Portland, Maine

Compliance

We have audited the compliance of the City of Portland, Maine with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have direct and material effect on each of City of Portland, Maine's major federal programs for the year ended June 30, 2012. The City of Portland, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Portland, Maine's management. Our responsibility is to express an opinion on the City of Portland, Maine's compliance based on our audit.

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 the City of Portland, Maine'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. Our audit does not provide a legal determination on the City of Portland Maine's compliance with those requirements.

As described in item #2012-1 in the accompanying schedule of findings and questioned costs, the City of Portland, Maine did not comply with requirements regarding cash management that are applicable to its U.S. Department of Housing and Urban Development, Community Development Block Grant (CFDA #14.218).

As described in item #2012-2 in the accompanying schedule of findings and questioned costs, the City of Portland, Maine did not comply with requirements regarding reporting that are applicable to its U.S. Department of Homeland Security, TSA - Checked Baggage Inspection System including Recovery Act (CFDA #97.117).

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, CONTINUED**

As described in item #2012-3 in the accompanying schedule of findings and questioned costs, the City of Portland, Maine did not comply with requirements regarding reporting that are applicable to its U.S. Department of Housing and Urban Development, HOME Program (CFDA #14.239).

As described in item #2012-4 in the accompanying schedule of findings and questioned costs, the City of Portland, Maine did not comply with requirements of the special tests and provisions regarding private schools that are applicable to its U.S. Department of Education, Title 1A Grant (CFDA #84.010).

In our opinion, except for the noncompliance described in the preceding paragraphs, the City of Portland, Maine complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the City of Portland is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 the City of Portland, Maine'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, CONTINUED

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Portland, Maine as of and for the year ended June 30, 2012 and have issued our report thereon dated November 16, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. 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 States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.

The City of Portland, Maine's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Portland, Maine's responses or Corrective Action Plan and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City Council, School Committee, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



November 16, 2012
South Portland, Maine

CITY OF PORTLAND, MAINE
Schedule of Expenditures of Federal Awards
For year ended June 30, 2012

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/ grantor number	Beginning balance	Revenue		Expenditures	Ending balance	
							Federal	State			
							Other				
U.S. Department of Housing and Urban Development:											
Direct Programs:											
Community Development Block Grants		None	14.218	\$ 1,940,539	N/A	50,631	1,828,002	-	129,239	1,957,141	50,731
CDBG - Section 108 Loan Program		PL0955	14.248	10,200,000	N/A	214,929	-	-	-	6,703	208,226
Brownfields Economic Development		GR0655	14.246	1,800,000	N/A	(6,703)	-	-	-	(6,703)	-
Cumberland St. Sidewalk Reconstruction	ARRA	CD1013	14.253	235,670	N/A	10,657	-	-	-	-	10,657
Everett St. Sidewalk Reconstruction	ARRA	CD1016	14.253	115,000	N/A	1,130	-	-	-	-	1,130
ESG-Operations		GR1014	14.234	37,732	N/A	1,130	(1,130)	-	-	-	-
ESG-Operations		GR1106	14.234	37,582	N/A	(1,130)	1,130	-	-	-	-
Emergency Shelter Grant		GR1118	14.234	28,187	N/A	(1,865)	1,946	-	-	81	-
ESG-Operations		GR1212	14.234	37,582	N/A	-	36,484	-	-	37,020	(536)
ESG-Homeless Prevention		GR1224	14.234	28,326	N/A	-	20,894	-	-	28,326	(7,432)
ESG Essential Services		GR1225	14.234	28,327	N/A	-	27,753	-	-	28,327	(574)
HUD Continuum of Care 2008-Employment Assistance		GR1153	14.234	70,016	N/A	(8,970)	39,488	-	-	30,518	-
HUD Continuum of Care-Job Training		GR1245	14.234	15,443	N/A	-	2,520	-	-	5,431	(2,911)
HUD Continuum of Care 2010-Employment Assistance		GR1247	14.234	70,016	N/A	-	19,080	-	-	23,396	(4,316)
HOME Program		None	14.239	1,379,749	N/A	(439,641)	40,752	-	1,700,502	1,410,780	(109,167)
HUD Continuum of Care 2009-Job Training Fund		GR1152	14.235	15,443	N/A	(2,328)	11,733	-	-	9,405	-
HUD Continuum of Care 2009-Portland Collaborative		GR1151	14.235	158,126	N/A	(3,017)	-	-	-	93,222	(96,239)
HUD Continuum of Care 2010-Portland Collaborative		GR1246	14.235	158,125	N/A	-	-	-	-	14,813	(14,813)
Subtotal U.S. Department of Housing and Urban Development						(185,177)	2,028,652	-	1,829,741	3,638,460	34,756

CITY OF PORTLAND, MAINE
 Schedule of Expenditures of Federal Awards, Continued

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/grantor number	Beginning balance	Revenue		Expenditures	Ending balance
							Federal	State		
U.S. Department of Housing and Urban Development, continued:										
Direct programs, continued:										
HUD CoC Bell Street Transitional Housing		GR1079	14.235	\$ 43,092	N/A	-	-	-	(150)	150
HUD CoC 09 Bell Street Transitional Housing		GR1254	14.235	42,152	N/A	-	16,042	-	26,403	(10,361)
HUD-HPRP	ARRA	GR1030	14.257	876,120	N/A	(15,877)	219,779	-	204,008	(106)
HUD-HPRP Engagement & Stabilization	ARRA	GR1048	14.257	909,815	N/A	5,469	141,996	-	146,919	546
HUD-HPRP Cumberland CTY Security Deposit	ARRA	GR1049	14.257	297,050	N/A	14,835	9,375	682	15,502	9,390
Lead Paint Grant		GR0863	14.900	977,765	N/A	4,517	-	-	4,517	-
Pass-through Maine State Housing Authority:										
MSHA - ESG - OSSM		GR1062	14.231	52,513	NONE	20	-	-	20	-
HUD-HPRP E&S Housing Counselor	ARRA	GR1161	14.231	34,564	NONE	(23,286)	40,713	-	17,427	-
MSHA-ESG-Family Shelter		GR1164	14.231	40,000	NONE	(2,623)	18,354	-	15,731	-
MSHA-ESG-OSSM		GR1165	14.231	52,313	NONE	(5,435)	37,173	-	31,738	-
MSHA-ESG-OSSM		GR1256	14.231	60,587	NONE	-	37,289	-	28,109	9,180
MSHA-ESG-Family Shelter		GR1257	14.231	40,000	NONE	-	25,968	-	31,699	(5,731)
Pass-through Ingraham Volunteers:										
Mainstay		GR1108	14.235	9,036	NONE	9,036	-	-	9,036	-
Pass-through Maine Department of Economic Development:										
Neighborhood Stabilization Program (NSP) Grant		GR0971	14.228	1,324,136	NONE	(308,315)	515,085	-	329,085	(122,315)
Total U.S. Department of Housing and Urban Development							682	1,829,741	4,498,504	(84,491)
Environmental Protection Agency:										
Direct Programs:										
Brownfields Assessment		GR0675	66.818	200,000	N/A	46,249	10,840	-	57,089	-
Brownfields Cleanup Grant		GR0951	66.818	180,000	N/A	19,271	-	-	19,271	-
EPA Environment Resource		GR1138	66.035	100,000	N/A	(13,846)	61,061	-	40,537	6,678
Brownfield Grant		GR0241	66.463	135,000	N/A	-	(10,840)	-	(10,840)	-
Pass-through Maine Department of Environmental Protection:										
Clifton Street Stimulus Fund	ARRA	MM09A1	66.458	2,063,665	NONE	(163,284)	50,125	-	125,868	(239,027)
Forest Avenue Stimulus Fund	ARRA	MM09A2	66.458	936,335	NONE	-	-	-	71	(71)
Retrofit Diesel DPP's	ARRA	GR1078	66.040	1,18,000	2009SP04	-	94,339	-	94,339	-
Capsaic Brook Watershed Plan	ARRA	GR1053	66.454	97,795	2009SP04	(6,539)	6,542	-	3	-
Total Environmental Protection Agency							(118,149)	212,067	326,338	(232,420)

CITY OF PORTLAND, MAINE
Schedule of Expenditures of Federal Awards, Continued

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/ grantor number	Beginning balance	Revenue		Expenditures	Ending balance
							Federal	State		
U.S. Department of Justice:										
Direct Programs:										
COPS Hiring Grant	ARRA	GR1032	16,710	\$ 882,528	N/A	(59,011)	243,586	-	254,509	(69,934)
Byrne Justice Assistance Grant		GR1031	16,738	261,148	N/A	(11,270)	55,849	-	57,541	(12,962)
2010 Justice Assistance Grant		GR1122	16,738	199,578	N/A	(35,804)	99,251	-	67,628	(4,181)
2011 Justice Assistance Grant		GR1222	16,738	134,775	N/A	-	38,485	-	42,444	(9,959)
Justice and Mental Health Collaboration		GR1133	16,745	184,940	N/A	(21,511)	65,118	17,602	81,955	(20,746)
FY2009 Byrne Memorial Justice Assistance	ARRA	GR0977	16,804	1,158,713	N/A	56,587	5,984	-	99,419	(36,848)
Portland Safe Kids		GR1143	16,730	160,000	N/A	(43,990)	72,403	-	29,013	-
Portland Safe Kids		GR1231	16,730	500,000	N/A	-	34,036	-	87,302	(53,266)
Pass-through Department of Public Safety:										
Greater Portland Area Information Sharing		GR0841	16,588	15,923	42-01-07	-	15,923	-	15,923	-
East Bayside Community Policing Coordinator	ARRA	GR1057	16,588	96,050	42-03-09	(12,006)	48,025	-	36,019	-
Pass-through Maine Department of Human Services:										
Victim Advocate FY11		GR1136	16,575	34,094	CFS-11-2307	(256)	8,524	-	8,268	-
Victim Advocate FY12		GR1223	16,575	34,094	CFS-12-2307	-	25,003	-	25,570	(567)
Total U.S. Department of Justice						(126,661)	712,187	17,602	805,591	(202,463)
U.S. Department of Transportation:										
Direct Program:										
Airport Improvement Plan		None	20,106	29,508,350	N/A	(790,172)	6,802,521	198,661	8,885,435	(817,891)
Airport Improvement Plan	ARRA	None	20,106	2,138,016	N/A	(281)	-	-	-	(281)
Total U.S. Department of Transportation						(790,453)	6,802,521	198,661	8,885,435	(818,172)
U.S. Department of Labor:										
Pass-through City of Lewiston:										
City of Lewiston Earmark/NMRWDP		GR1120	17,261	80,885	EA-20169-10-60-A-23	(30,764)	52,083	-	21,319	-
Total U.S. Department of Labor						(30,764)	52,083	-	21,319	-

CITY OF PORTLAND, MAINE
Schedule of Expenditures of Federal Awards, Continued

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/ grantor number	Beginning balance	Revenue			Expenditures	Ending balance	
							Federal	State	Other			
U.S. Department of Agriculture:												
Pass-through Maine Department of Education:												
Fresh Fruit and Vegetables Program			10.582	\$	N/A	-	111,212	-	-	111,212	-	
School Breakfast Program			10.553	N/A	013-7127	-	588,742	3,946	-	592,688	-	
School Lunch Program			10.555	N/A	013-7128	-	1,438,132	39,102	-	1,477,234	-	
After School Program			10.558	N/A	CCFP9359	-	6,357	-	-	6,357	-	
Summer Food			10.559	N/A	N/A	-	9,112	-	-	9,112	-	
Cash in Lieu of Commodities			10.565	N/A	N/A	-	148,498	-	-	148,498	-	
Total U.S. Department of Agriculture							-	2,302,053	43,048	-	2,345,101	-
U.S. Department of Commerce:												
Direct Programs:												
Bayside Business Park		GR0254	11.300	1,500,000	N/A	31,432	-	-	-	31,432	-	
Total U.S. Department of Commerce							31,432	-	-	-	31,432	-
U.S. Department of Conservation:												
Pass-through Maine Department of Conservation:												
Fort Allen Trail Improvement Project		GR1018	15.916	25,000	23-00819	2,531	-	-	-	2,531	-	
Total U.S. Department of Conservation							2,531	-	-	-	2,531	-
Federal Highway Administration:												
Pass-through Maine Department of Transportation:												
Bayside Trail		GR0861	20.205	560,000	STP-1184	(31,961)	12,965	-	-	(19,148)	152	
Prelim Engineering Path from 295 to High Street		GR0773	20.205	70,000	STP-1334(800)X	(56,622)	57,294	-	-	672	-	
Port Security		GR0416	20.420	390,000	DTS A20-03-G-01191	12,979	-	-	-	10,694	2,285	
Bike Lanes		GR0950	20.205	39,894	STP-1436(300)X	(342)	-	-	-	(342)	-	
Franklin Arterial Study		GR0943	20.205	22,500	STP-1521(300)X	(22,500)	22,500	-	-	-	-	
Brighton Avenue Level II Resurfacing		GR0918	20.205	127,500	STP-1158(800)X	3,292	-	-	-	3,292	-	
Brighton Avenue Resurfacing		GR0974	20.205	29,538	STP-1158(800)X	2,549	-	-	-	2,549	-	
Overlay Park Ave/Deering-State		GR0976	20.205	159,970	STP-A150(000)X	5,539	-	-	-	5,539	-	
Brighton Avenue Pedestrian Signal		GR1070	20.205	12,750	STP-1158(700)X	(12,953)	-	-	-	-	(12,953)	
Pass-through Bureau of Parks and Lands:							-	-	-	-	-	-
Recreational Trails Program			20.219	1,995	N/A	-	1,995	-	-	1,995	-	
Total Federal Highway Administration							(100,019)	94,754	-	-	5,251	(10,516)

CITY OF PORTLAND, MAINE
Schedule of Expenditures of Federal Awards, Continued

Federal Awards	ARRA number	City Grant number	Federal CFDA number	Award amount	Pass-through/ grantor number	Beginning balance	Revenue			Expenditures	Transfers	Ending balance
							Federal	State	Other			
U.S. Department of Education:												
Direct Program:												
Readiness and Emergency Management for Schools			84.184C	\$ 52,500	N/A	12,977	-	-	12,977	-	-	-
School Counseling			84.215E	15,000	N/A	(13,982)	215,400	-	248,544	-	-	(47,126)
U.S. Department of Education:												
Pass-through the Maine Department of Education:												
ARRA GPA Stabilization Funds			84.394	-	020-2077	(1)	-	-	-	-	-	-
Adult Basic Education			84.002	125,038	013-6296	(25,038)	125,038	-	100,000	-	-	-
Adult Education Special Project			84.002	57,171	013-6299	(14,697)	57,171	-	42,474	-	-	-
Title 1A; Disadvantaged			84.010	2,654,301	013-3057	(1)	2,654,301	-	2,916,376	262,076	-	-
Title 1A; Disadvantaged			84.010	198,977	013-3057	69,243	198,977	-	6,144	(262,076)	-	-
Title 1A; SIG			84.010	-	013-3056	5,274	-	-	5,274	-	-	-
Title 1A; SIG			84.388	1,682,222	013-3055	-	1,682,222	-	1,682,222	-	-	-
Title 1C - Even Start			84.213	1,006	013-3058	1,092	1,006	-	135	(1,963)	-	-
Special Ed Local Entitlement Title VA EHA			84.027	1,579,590	013-3046	(1)	1,579,590	-	1,580,428	-	-	(839)
IDEA Part B			84.391	38,619	020-3046	-	38,619	-	38,619	-	-	-
Preschool Local Entitlement			84.173	37,117	013-6241	32,854	37,117	-	69,131	-	-	840
IDEA Part B Pre-School			84.392	2,743	020-6241	-	2,743	-	2,743	-	-	-
Vocational Education Title II			84.048	177,177	013-3030	(458)	177,177	-	176,719	-	-	-
Stewart B. McKinney Act			84.196	67,343	013-3002	1	67,343	-	67,344	-	-	-
Title IIA - Teacher Quality			84.367	529,457	013-3042	(1)	529,457	-	529,456	-	-	-
Title IID - Education Technology			84.318	110	013-3003	-	110	-	110	-	-	-
English Language Acquisition Grant			84.365	383,468	013-3090	(9,148)	383,468	-	310,722	-	-	63,598
Education Jobs Fund			84.410	1,879,869	013-3099	(1)	1,879,869	-	1,879,868	-	-	-
Title 1-Gear Up			84.334	8,967	013-3059	8,482	8,967	-	17,449	-	-	-
Total U.S. Department of Education						66,595	9,638,575	-	9,686,735	(1,963)	-	16,473

CITY OF PORTLAND, MAINE
Schedule of Expenditures of Federal Awards, Continued

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/ grantor number	Beginning balance	Revenue			Ending balance	
							Federal	State	Other		
Federal Emergency Management Agency:											
Pass-through the Maine Emergency Management:											
Storm Damage		97.036	\$	776,729	FEME-1891-DR-ME	(304,855)	-	-	-	(304,855)	
Total Federal Emergency Management Agency						(304,855)	-	-	-	(304,855)	
Federal Department of Homeland Security:											
Direct Program:											
Jetport EDS Checked Baggage Inspection System		GR1081		9,100,000	HST504-09_H-REC146	(5,713,984)	4,999,108	-	-	2,944,500	(3,659,376)
FEMA Safer		GR1211		1,047,362	EMW-2010-FAH-00982	-	303,748	-	-	506,383	(202,635)
Port Security Recovery Grant		GR1040		225,000	2009-PU-RI-0212	-	-	-	-	101,800	(101,800)
DHS-Fire Training		GR1083		119,457	EMW-2009-FR-00498	(22,388)	90,389	-	-	68,001	-
Port Security Round 8		GR0942		1,122,025	2008-GB-T8-0096	(620,835)	877,903	-	-	391,777	(134,709)
Port Security Round 9		GR1019		1,137,543	2009-PU-T9-K010	-	-	-	-	910	(910)
FY10 Port Security Grant		GR1214		1,027,985	2010-PU-TO-K023	-	6,515	-	-	561,858	(555,343)
FY11 Port Security Grant		GR1230		1,000,777	EMW-2011-PU-00082	-	-	-	-	43,081	(43,081)
Pass-through Maine Emergency Management Association:											
Public Safety Interoperable Communications		GR0933		236,250	2007-GS-H7-0056	-	111,899	-	-	111,899	-
HHS-Homeland Security		GR0563		40,600	None	3,075	-	-	-	221	2,854
Homeland Security FY09		GR1051		629,420	2009-SS-T9-0077	(351,703)	309,142	-	-	1,060	(43,621)
Homeland Security FY10		GR1148		664,306	210-SS-TO-0090	(254,186)	-	-	-	300,600	(554,786)
Homeland Security FY11		GR1262		460,597	EMW-2011-SS-00056-S01	-	-	-	-	238,767	(238,767)
Total Federal Department of Homeland Security						(6,960,021)	6,698,704	-	-	5,270,857	(5,532,174)
Transportation Security Administration:											
Direct Program											
TSA Bomb Dogs		GR1139		542,500	None	(95,958)	128,654	-	-	82,710	(50,014)
Total Transportation Security Administration						(95,958)	128,654	-	-	82,710	(50,014)
U.S. Department of Energy:											
Direct Program:											
Energy Efficient Block Grant		ARRA	GR1042	684,700	DE-SC0002942	(7,410)	529,659	-	-	530,220	(7,971)
Pass-through Efficiency Maine Trust		ARRA	GR1150	48,973	DE-EE0000368	9,795	-	-	-	45,959	(36,164)
Total U.S. Department of Energy						2,385	529,659	-	-	576,179	(44,135)

CITY OF PORTLAND, MAINE
Schedule of Expenditures of Federal Awards, Continued

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/ grantor number	Beginning balance	Revenue			Ending balance	
							Federal	State	Other		
											Federal
U.S. Department of Health & Human Services:											
Direct Program:											
King School Renovation		GR1251	93.501	\$ 198,269	N/A	-	14,900	-	-	(30,506)	
Health Care Homeless		GR1169	93.224	592,410	N/A	(158,626)	373,672	-	-	215,046	
Health Care Homeless		GR1232	93.224	655,868	N/A	-	231,529	-	-	(177,858)	
PTLD Comm Hlth Ctr		GR1233	93.224	650,000	N/A	-	221,790	-	-	(205,351)	
ORR Torture Survivors Grant		GR1034	93.604	360,000	N/A	19,560	(14,992)	-	-	4,568	
Services to Torture Survivors		GR1154	93.604	360,000	N/A	(226,373)	278,980	81,020	-	-	
Services to Torture Survivors		GR1242	93.604	360,000	N/A	-	147,703	-	-	(44,740)	
Capital Improvement Program		GR1011	93.703	320,595	N/A	-	64,842	-	-	-	
Portland Comm. Health Center	ARRA	GR1170	93.703	650,000	N/A	(178,948)	422,623	-	-	64,842	
Ryan White HIV		GR1056	93.918	375,298	N/A	1,309	-	-	-	1,309	
Ryan White HIV		GR1157	93.918	375,298	N/A	(96,723)	299,768	-	-	203,045	
Ryan White HIV		GR1250	93.918	375,298	N/A	-	88,436	-	-	190,699	
HEP C/HIV		GR1234	93.928	90,000	N/A	-	28,581	-	-	55,499	
Targeted Assistance Grant		GR1243	93.576	150,000	N/A	-	49,500	-	-	57,282	
Pass-through the Maine Department of Education:											
Refugee Resettlement			93.576	137,715	013-3080	(22,924)	137,715	-	-	85,074	
Pass-through Catholic Charities of Maine:											
Block Grant		GR1172	93.566	37,325	NONE	(17,600)	31,624	-	-	14,024	
Block Grant		GR1244	93.566	132,544	NONE	-	66,272	-	-	80,239	
Supplemental Services		GR1261	93.576	33,750	NONE	-	11,009	-	-	(9,165)	
Subtotal U.S. Department of Health & Human Services							(680,325)	2,453,952	81,020	-	(583,632)

CITY OF PORTLAND, MAINE
Schedule of Expenditures of Federal Awards, Continued

Federal Awards	ARRA	City Grant number	Federal CFDA number	Award amount	Pass-through/grantor number	Beginning balance	Revenue		Expenditures	Transfers	Ending balance
							Federal	State			
U.S. Department of Health & Human Services, continued:											
Pass-through the Maine Department of Health & Human Services:											
CRI		GR1213	93.069	\$ 135,000	CDC 12-468	-	71,454	-	109,847	-	(38,393)
Teen Text Drive		GR1179	93.136	10,000	CDC 11-1107	-	10,000	-	8,874	-	1,126
CCHC/HMP/OSA/HMP		GR10A1/A2/A3	93.243	738,682	CDC 10-383	(1)	-	1	-	-	-
CCHC/HMP/School HMP		GR11A1/A2/A4	93.243	667,140	CDC 11-383	7,976	(3,826)	(453)	3,697	-	-
Colon Cancer Prevention		GR1113	93.243	16,000	CDC-10-677	(1,269)	2,519	(1,000)	250	-	-
Colon Cancer Prevention		GR1207	93.243	16,750	CDC-12-677	-	10,852	-	16,750	-	(5,898)
HMP Substance Abuse		GR1111	93.243	44,200	OSA 1-11-117	1,360	3,683	-	5,043	-	-
C.R.I.		GR1121	93.283	150,000	CDC-11-468	(33,925)	88,130	-	54,205	-	-
Smoke-Free Environments		GR1075	93.283	143,755	CDC 10-899	7,475	-	-	7,475	-	-
Smoke-Free Environments		GR1171	93.283	143,755	CDC-11-899	(19,985)	143,755	-	123,770	-	-
Smoke-Free Environments		GR1263	93.283	143,755	CDC 12-899	-	35,939	-	31,165	-	4,774
CPPW		GR1084	93.724	1,841,197	CDC 10-900-RA	244,693	690,449	-	938,891	-	(3,749)
HID/IDU	ARRA	GR1156	93.940	426,425	CDC-11-257	4,500	23,213	-	27,713	-	-
IDU		GR12C1/C2	93.940	193,425	CDC 12-255	-	96,713	-	79,488	-	17,225
Community Transformation		GR1264	93.959	90,000	-	-	-	-	6,535	-	(6,535)
HCB CCHC		GR12B1/B2/B3/B4	93.959	366,632	CDC-12-383	-	356,065	-	330,642	-	25,423
HMP Substance Abuse		GR0961	93.959	81,500	SA 1-09-117	(10)	-	-	(10)	-	-
HP CCHC		GR12A1/A2/A3/A4	93.959	255,147	CDC-12-1186	-	242,366	-	235,098	-	7,268
PMP Promotion Project		GR1235	93.959	13,000	SA-2-12-110	-	13,000	-	13,000	-	-
Youth Substance Abuse		GR1112	93.959	40,000	SA-11-091	3,389	3,336	-	6,725	-	281
Youth Substance Abuse		GR1206	93.959	40,000	OSA 3-12-091	-	36,674	3,326	39,719	-	-
School Based Health Centers		GR1012	93.994	450,000	CDC-10-022	29,183	125	(5,922)	9,850	-	-
School Based Health Centers		GR1209	93.994	264,200	CDC-12-022	-	211,500	30,554	256,516	-	(14,462)
Total U.S. Department of Health & Human Services						(436,939)	4,489,899	70,810	4,743,522	-	(596,572)
Total Federal Awards						(9,367,712)	34,751,582	313,201	37,272,058	(1,963)	(7,859,339)

See accompanying notes to schedule of expenditures of federal awards.

CITY OF PORTLAND, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2012

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-profit Organizations, requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Portland, Maine for the fiscal year ended June 30, 2012. The reporting entity is defined in the Notes to Financial Statements of the City of Portland, Maine.

- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133.
 - 1. Pursuant to OMB Circular A-133, 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 - OMB Circular A-133 establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the City of Portland, Maine 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 cash basis of accounting, which differs from the reporting in the City's fund financial statements.

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs
June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
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 programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Yes

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218, 14.253	Community Dev. Block Grants - Including ARRA
14.239	HOME Program
20.106	Airport Improvement Program - Including ARRA
97.117	TSA - Checked Baggage Inspection System
84.027, 84.173, 84.391, 84.392	Special Education Cluster - Including ARRA
84.010	Title 1A
84.388	Title 1A, SIG - including ARRA
84.410	ARRA Education Jobs Fund
10.553, 10.555, 10.559	School Lunch Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,118,445
Auditee qualified as low-risk auditee?	No

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs, Continued

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

SIGNIFICANT DEFICIENCIES

NONE

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards

NONCOMPLIANCE – FEDERAL AWARDS

#2012-1 - U.S. Department of Housing and Urban Development, for the Period July 1, 2011 through June 30, 2012, CFDA #14.218 Community Development Block Grant – Entitlement Program

Statement of Condition: The Community Development Block Grant had excess cash balances on hand for an excessive period of time.

Criteria: Draw downs of federal funds must be made as close as possible to the time of making distributions. Time should be minimized between the transfer from the U. S. Treasury and the disbursement of funds by the recipient.

Effect: Excess cash on hand could result in the payment of federal funds being delayed or denied.

Cause: The City erroneously drew down \$190,000 in February of 2012 and did not return the funds until August of 2012 by taking a credit on that month's drawdown. The City was drawing down funds from older projects that had not been closed out on the IDIS system. The budget was entered incorrectly on the IDIS system and the City drew down that incorrect amount while closing out the project.

Recommendation: The City should thoroughly review all drawdown requests to ensure that the amounts requested match the amounts disbursed in the City's accounting system for the period of time in the drawdown request. The City should request all funds disbursed for a project in the drawdown immediately following those disbursements. This would help eliminate the need for drawing down funds from older projects. The City should also thoroughly review the budgeted amounts entered into the IDIS system per project to ensure that all amounts were entered correctly to eliminate the chance of drawing down incorrect amounts while closing the projects.

Questioned Costs: None

Management's response/corrective action plan:

The City's CDBG program has a set of policies and procedures in place for IDIS drawdowns that state that drawdowns should occur in the same time period as the expense occurs. This procedure will be reiterated to the staff doing the drawdowns. The City will also create a system where the budgeted amounts listed in the IDIS system are confirmed by managers after they are entered on an annual basis. In addition, the City's Planning & Urban Development and Finance Departments are reviewing the overall structure of how Community Development Block Grant funds are managed in order to create a closer relationship between the Finance Department and the financial staff managing the CDBG program. The goal of this examination will be to create adequate controls to ensure reconciliation, accuracy and timely drawdowns.

Contact person responsible for corrective action:

Ellen Sanborn, Finance Director, 207-874-8645

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards, Continued

#2011-2 - U.S. Department of Homeland Security, for the Period July 1, 2011 through June 30, 2012, CFDA #97.117 TSA - Checked Baggage Inspection System

Finding – The City did not comply with the section 1512 reporting requirements under the American Recovery and Reinvestment Act (ARRA). Expenditures for certain quarters could not be substantiated and did not agree with the City’s general ledger for those quarters. The City also did not comply with the requirements specific to this grant regarding small business participation. Unlike fiscal year 2011, we were able to gain a copy of the report, but when questioned, management stated the report was not filed.

Criteria – Grantees must submit expenditure information to the Federal Government on a quarterly basis for 1512 reports. Expenditures should be reported in the quarter in which they occurred. Also as a requirement to this grant, the City is required to file semi-annual small business participation reports.

Effect – By not adhering to the reporting requirements, the City does not meet the requirements of the American Recovery and Reinvestment Act (ARRA) of enhanced accountability and transparency.

Recommendation – The City should review the amounts reported to the Federal government and ensure that they agree with the amounts in the general ledger. They should also review the grant document to ensure all requirements specific to this grant are being met.

Questioned Costs – None

Management’s response/corrective action plan:

The Jetport agrees with the Auditor’s recommendation and will work more closely with our contractors for future grant-funded projects to ensure that all grant requirements are fulfilled according to the grant agreement.

Contact person responsible for corrective action:

Ellen Sanborn, Finance Director, 207-874-8645

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards, Continued

#2012-3 - U.S. Department of Housing and Urban Development, for the period July 1, 2011 through June 30, 2012, CFDA #14.239, HOME Program

Statement of Condition: The HUD 60002 Section 3 Summary Report prepared and submitted to the federal oversight agency was overlooked and therefore, filed late.

Criteria: The U.S. Department of Housing and Urban Development requires that all reports be filed within a specified period of time.

Effect: The U.S. Department of Housing and Urban Development may not be able to correctly monitor the financial status and performance of the program.

Cause: City personnel were unaware that the report had not been included with their Consolidated Annual Performance and Evaluation Report (CAPER).

Recommendation: We recommend the City develop and implement a system to track due dates of reports to ensure compliance with the requirements of the grant.

Questioned Costs: None

Management's response/corrective action plan:

A Section 3 report was filed with the CAPER but only included CDBG reporting. The HOME reporting was inadvertently not included. Staff completed the form and forwarded a copy to HUD when the oversight was discovered. The Section 3 report is filed for both HOME and CDBG with the CAPER.

Contact person responsible for corrective action:

Ellen Sanborn, Finance Director, 207-874-8645

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III – Findings and Questioned Costs for Federal Awards, Continued

#2012-4 – U.S. Department of Education, for the Period July 1, 2011 through June 30, 2012, CFDA #84:010; Title 1A

Statement of Condition: The School Department miscalculated the appropriate equitable share of Title 1A funding for two of the eligible participating private schools.

Criteria: For programs funded under Title I, Part A (CFDA 84.010), an LEA, after timely and meaningful consultation with private school officials, must provide equitable services to eligible private school children, their teachers, and their families.

Effect: Failure to properly allocate funding could result in the payment of federal funds being reduced, delayed, or denied.

Cause: The calculation used in the application process to allocate equitable services (funding) was incorrect.

Recommendation: The calculation to allocate equitable services to eligible private schools should be reviewed annually as part of the grant application preparation process. Additionally, management should review expenditure throughout the year to ensure funding is allocated according to the budget items identified in the application.

Questioned Costs: None

Management's response/corrective action plan:

The amount allocated for private schools was submitted as part of the FY 2012 Consolidated NCLB Grant Application and the amounts were approved by the ESEA Federal Programs Director at the Maine Department of Education. Furthermore, actual funds spent on the private schools in FY2012 exceeded the budgeted amount in the allocation due to the use of FY2011 carry-forward funds. Actual funds spent at private schools were \$4,048 for Levey Day and \$15,615 for St. Brigid. Additionally, funds have been carried forward into fiscal year 2013 to ensure that both schools have received their entire FY2012 equitable share. The equitable services allocation calculation is reviewed annually as part of the grant application preparation process. Periodic reviews of expenditures are performed throughout the year to make sure funding is allocated properly and within the established budgeted items.

Contact person responsible for corrective action:

Michael Wilson, Chief Financial Officer, 207-874-8100

Anticipated completion date for corrective action of all comments:

We anticipate corrective action to be taken within the next 12 months.

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards, Continued

SIGNIFICANT DEFICIENCIES – FEDERAL AWARDS

NONE

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs, Continued

Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards

#2011-1 - U.S. Department of Housing and Urban Development, for the period July 1, 2010 through June 30, 2011, CFDA #14.218, Community Development Block Grant

Statement of Condition: The Consolidated Annual Performance and Evaluation Report (CAPER), the Quarterly Federal Cash Transaction reports (SF-272), and the PR03 Activity Summary Report prepared and submitted to the federal oversight agency contained several errors and variances from supporting documentation which were material in nature.

Criteria: The U.S. Department of Housing and Urban Development requires that all reports be filed accurately and timely. Reports submitted should reconcile to the accounting system and other supporting documentation maintained by the grantee.

Effect: The U.S. Department of Housing and Urban Development may not be able to correctly monitor the financial status and performance of the program.

Cause: Turnover in City personnel resulted in a loss of grant compliance knowledge and experience. City personnel were unaware of specific grant reporting requirements.

Recommendation: We recommend that the reports be revised and submitted based on the underlying audited documentation. In addition, we recommend the City implement a process to ensure accurate reporting.

Questioned Costs: None

Status: Reports were correctly submitted by the City for the current year.

#2011-2 - U.S. Department of Homeland Security, for the Period July 1, 2010 through June 30, 2011, CFDA #97.117 TSA - Checked Baggage Inspection System

Statement of Condition – The City did not comply with the section 1512 reporting requirements under the American Recovery and Reinvestment Act (ARRA). Expenditures for certain quarters could not be substantiated and did not agree with the City's general ledger for those quarters. The City also did not comply with the requirements specific to this grant regarding small business participation as we were not able to obtain copies of the semi-annual reports filed, either because they were not prepared, or they could not be located.

Criteria – Grantees must submit expenditure information to the Federal Government on a quarterly basis for 1512 reports. Expenditures should be reported in the quarter in which they occurred. Also as a requirement to this grant, the City is required to file semi-annual small business participation reports.

Effect – By not adhering to the reporting requirements, the City does not meet the requirements of the American Recovery and Reinvestment Act (ARRA) of enhanced accountability and transparency.

Recommendation – The City should review the amounts reported to the Federal government and ensure that they agree with the amounts in the general ledger. They should also review the grant document to ensure all requirements specific to this grant are being met.

Questioned Costs – None

Status: This finding was repeated in 2012.

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs, Continued

Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards, Continued

#2011-3 - U.S. Department of Education, for the Period July 1, 2010 through June 30, 2011, CFDA #84.391; 84.392 Special Education Cluster (ARRA funds)

Statement of Condition: The aforementioned programs had excess cash balances on hand for excessive periods of time.

Criteria: Circular A-102 (Common Rule) requires the draw downs of funds be made as close as possible to the time of making ultimate distributions. Time should be minimized between the transfer of funds and the ultimate disbursement of funds by the recipient.

Effect: Excess cash on hand could result in the payment of federal funds being delayed or denied.

Cause: Allowable cost expenditures under the aforementioned grants from July 1, 2010 through June 30, 2011 were not sufficient to prevent cash overflows, as defined by the State of Maine, for certain months. For example, at the end of September 2010, the department had a cash balance in #84.391 (Special Education – Local Entitlement ARRA) of \$308,908 and at the end of December 2010 of \$131,965.

Recommendation: Request for draw downs, which are accomplished in the application, should be timed such that they are received in the later periods of the grant resulting in these payments being reimbursements for expenditures already made rather than advances.

Questioned Costs: None

Status: Increased oversight by the State of Maine and changes to the reimbursement system has eliminated any excess cash held by the School Department.

#2011-4 - U.S. Department of Education, for the Period July 1, 2010 through June 30, 2011, CFDA #84:010; 84.389 Title 1A Cluster (including ARRA funds)

Statement of Condition: The aforementioned programs had excess cash balances on hand for excessive periods of time.

Criteria: Circular A-102 (Common Rule) requires the draw downs of funds be made as close as possible to the time of making ultimate distributions. Time should be minimized between the transfer of funds and the ultimate disbursement of funds by the recipient.

Effect: Excess cash on hand could result in the payment of federal funds being delayed or denied.

Cause: Allowable cost expenditures under the aforementioned grants from July 1, 2010 through June 30, 2011 were not sufficient to prevent cash overflows, as defined by the State of Maine, for certain months. For example, at the end of March 2011, the department had a cash balance in #84.010 (Title 1A) of \$787,307 and at the end of December 2010 in (Title 1A - ARRA) of \$348,285.

Recommendation: Request for draw downs, which are accomplished in the application, should be timed such that they are received in the later periods of the grant resulting in these payments being reimbursements for expenditures already made rather than advances.

Questioned Costs: None

Status: Increased oversight by the State of Maine and changes to the reimbursement system has eliminated any excess cash held by the School Department.

CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs, Continued

Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards, Continued

SIGNIFICANT DEFICIENCY – FEDERAL AWARDS

#2011-5 Title 1A Program

One of the federally funded programs tested at the Department of Public Schools was the Title 1A program. Our tests revealed the following control which could be strengthened:

Title 1A - The performance report, which is part of an overall “No Child Left Behind” performance report, reported expenditures amounts and carryover amounts that were inconsistent from amounts per the general ledger (fund accounting) system of the School Department. We would recommend that prior to submission of this report, a complete reconciliation be performed which details differences between amounts reported and the amounts per the fund accounting system. The reasons for the differences should be explained on the reconciliations.

Status: These issues were corrected in 2012.