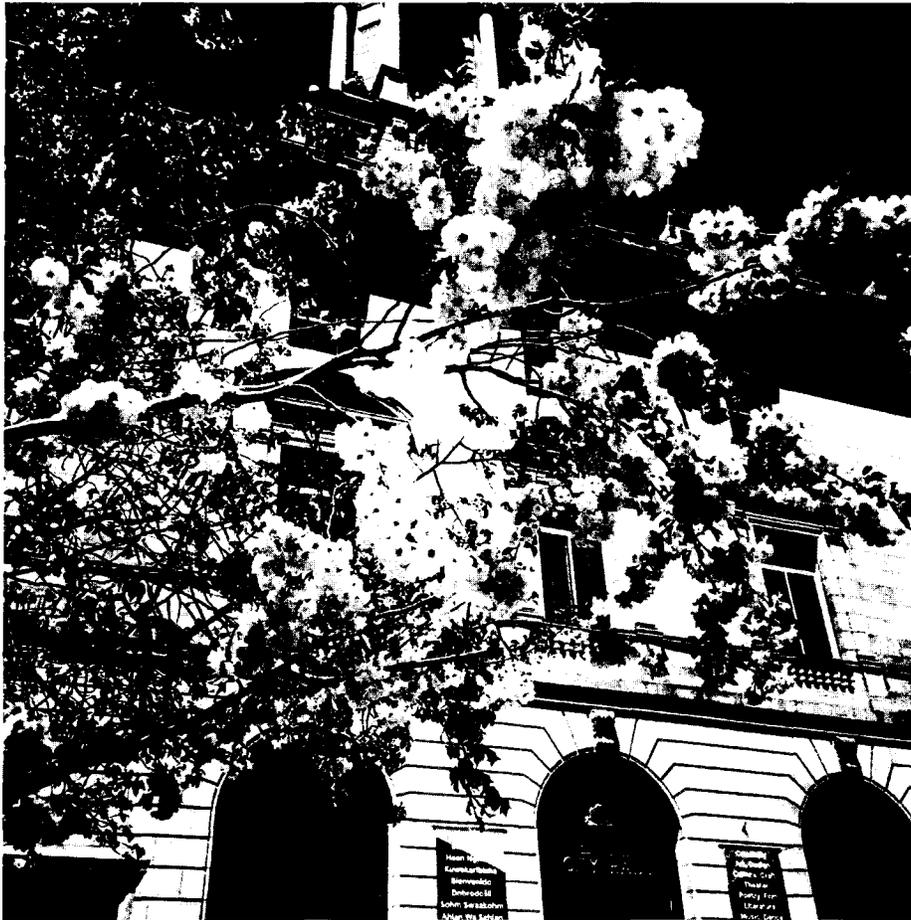


CITY OF PORTLAND, MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended
June 30, 2014

CITY OF PORTLAND, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014



**Prepared by the City of Portland, Maine
Finance Department**

**CITY OF PORTLAND, MAINE
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JUNE 30, 2014**

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Introductory Section



December 16, 2014

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, 2014, 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, has issued an unmodified ("clean") opinion on the City of Portland, Maine's financial statements for the year ended June 30, 2014. 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 66,318. 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 in 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.

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 order.

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 through a series of council orders. The council orders 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, and economic development activities are accounted for in the City's Enterprise Funds. Two former Enterprise Funds, Golf Courses and the Ice Arena Facility have been merged with the Recreation and Facilities Department and are reported in the General fund beginning July 1, 2013.

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 a discretely presented component unit. See the notes to the financial statements for additional information on all three of these legally separate entities.

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.

The City has been receiving top 10 national accolades for years, most recently as the best for high tech innovation, restaurants, raising a family, job prospects, greenest city, hippest hipster city, and many more. Portland has long been recognized for its quality of life, arts and culture,

and for being among the best foodie cities anywhere. Not surprisingly, the City is drawing new residents and visitors from all over the United States and all over the world.

Portland's population is 66,318 according to the new census figures, a modest increase over last year. Portland is a City of great diversity with over 40 languages spoken in the Portland School System. Portland also has a diversified real estate tax base ratio – 40 percent commercial/industrial and 60 percent residential.

The seasonally adjusted unemployment rate for the Portland labor market, as of June 2014, is 4 percent. It continues to remain lower than the State of Maine and U.S. unemployment rates of 5.1 and 6.3 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.

Bridging health care and academia, the University of New England (UNE) has opened the UNE College of Dental Medicine on its Portland Campus. The college welcomed its first class of dental students in September of 2013. This is in addition to opening the State of Maine's first College of Pharmacy, in 2009 and graduating its first class in the spring of 2013.

Portland is a transportation hub for Northern New England. The City fully recognizes that transportation is a vital economic driver, connecting Portland to the world. The City of Portland owns major transportation facilities including the Portland International Jetport, and in Portland Harbor, the International Marine Terminal and Ocean Gateway.

The Port of Portland continues to experience significant growth. The Maine Port Authority is managing the International Marine Terminal (IMT), through a lease agreement with the City, and overseeing its expansion. Plans are in place to more than double the size of the shipping container facility and create a direct link to rail. Icelandic shipping company, Eimskip, has made the Port of Portland its North American operations center, sparking this substantial need for growth at the IMT.

The Cruise Ship Industry has increased its visits to the Port of Portland in 2014. The season shows 73 cruise ships docking at Ocean Gateway, Portland's cruise ship terminal, with 74,500 passengers and 31,000 crew members. In 2013 there were just 59 cruise ships coming into the Port. In May, international ferry service started up again between the City and Yarmouth, Nova Scotia. With capacity for 1,200 passengers, the Nova Star makes daily round-trips between the two cities, from May through October.

Planning for the Portland Transportation Center, an intermodal facility is underway at Thompson's Point. The partners in this effort include Northern New England Passenger Rail Authority (NNEPRA), Thompson's Point, the Maine Department of Transportation (MDOT) and the City of Portland. NNEPRA operates the Amtrak Downeaster, which has been providing passenger rail service from Portland to Boston. They completed a \$38.3 million track expansion last year, with service now extended beyond Portland, up to Freeport and Brunswick.

The redevelopment of Thompson's Point, in addition to the intermodal facility, is estimated to be over \$100 million. The initial phase of this project will include an event center, The Circus

Conservatory of America, a hotel, office building, parking structure, sport medicine/performance lab and a restaurant.

New residential development has also gained energy throughout the Portland Peninsula. In the India Street neighborhood, the completed Bay House development has 94 market rate apartments with 5,700 sf of retail. This was followed by another 39 market rate units by the same developer. Other recently completed residential projects include several by Community Housing of Maine (CHOM) -- 38 affordable family units on Elm Street, and 30 affordable senior units on High Street; and AVESTA Housing completed Pearl Place II providing 54 affordable family units. Recently approved projects will see the construction of at least another 50 more new units of market rate housing.

The purchase and sale that was signed with The Federated Companies in July 2011 for the development of 3.25 acres of city-owned land along Somerset Street in Bayside, has received its Planning Board approvals. Phase one of this large development will represent a \$38 million investment in over 170 market rate residential units, a 700-space parking garage and over 37,000 sf of retail. Phase two will include close to 350 residential units, a 400 space parking garage and over 45,000 sf of retail.

Among the recent redevelopment projects in the City's downtown is the completed \$33 million renovation of the Cumberland County Civic Center recently rebranded as the Cross Insurance Arena, with new entrances, updated/expanded locker rooms, added restroom space, expanded ticket areas and a new loading dock. The facility hosts the Portland Pirates hockey team, numerous concerts and shows of all kinds.

The City completed Phase 1 of the Portland Technology Park, an investment of \$1.2 million. This opened up three sites for development of buildings ranging from 10,000 – 40,000 square feet. Marketing is underway to recruit bioscience companies from out-of-state. Once Phase 2 is completed within the next few years, this business park will accommodate seven buildings totaling approximately 120,000 square feet of space.

Long-term financial planning

As part of the City Charter, the Capital improvement Plan (CIP) is updated annually and submitted to and adopted by the Council. The CIP is a financing and construction/acquisition plan for projects that require significant capital investment by the City. The Plan represents a balance between maintaining the City's existing assets and investing in new assets to support the City's growth, as well as insuring that investments are made in accordance with the community's priorities.

Major initiatives

Since 2011, the City has had a unified Portland Economic Development Plan focusing on increasing jobs, taxable value, growing businesses and enhancing the creative economy in the City. The plan was created in collaboration with the Portland Community Chamber of Commerce, the Creative Portland Corporation, the Downtown Portland Corporation and the City of Portland. These groups formed a task force, including members from the real estate, banking, creative, legal, insurance, life science and retail communities, to steer the direction of the Plan to

completion and implementation. The task force continues to oversee the plan's implementation and annually measures its progress through the Portland Economic Scorecard. The Scorecard analyzes economic data in defined categories illustrating how Portland is performing economically, particularly as measured against other benchmark cities.

Relevant financial policies

The City has recognized that a key element of long term 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. As of June 30, 2014, the balance in the stabilization fund is \$1,882,005.

At June 30, 2014, the City's unassigned general fund balance is 13% of the net general fund budget.

The City's finance committee, made up of four City Councilors appointed by the mayor, has adopted a long term fiscal policy which guides the future issuance of long term debt. The policy includes governing principles and the evaluation of affordability factors.

The four elements of affordability include the following:

- Net debt service payments should not exceed 15% of general fund expenses.
- Net debt service payments should not exceed 1.5% of per capita income.
- Debt per capita should not exceed \$5,000.
- Total outstanding debt should not exceed 5% of the State of Maine's equalized valuation of the City.

Other information

Awards: The Government Finance Officers Association of the United States and Canada (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, 2013. This was the twenty-first 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. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements: 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. We would like to acknowledge the efforts of the accounting firm of Runyon Kersteen Ouellette and the City's finance department staff for their contributions in preparing and publishing this report.

Respectfully submitted,



Sheila Hill-Christian
City Manager



Suzanne M. Knight
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

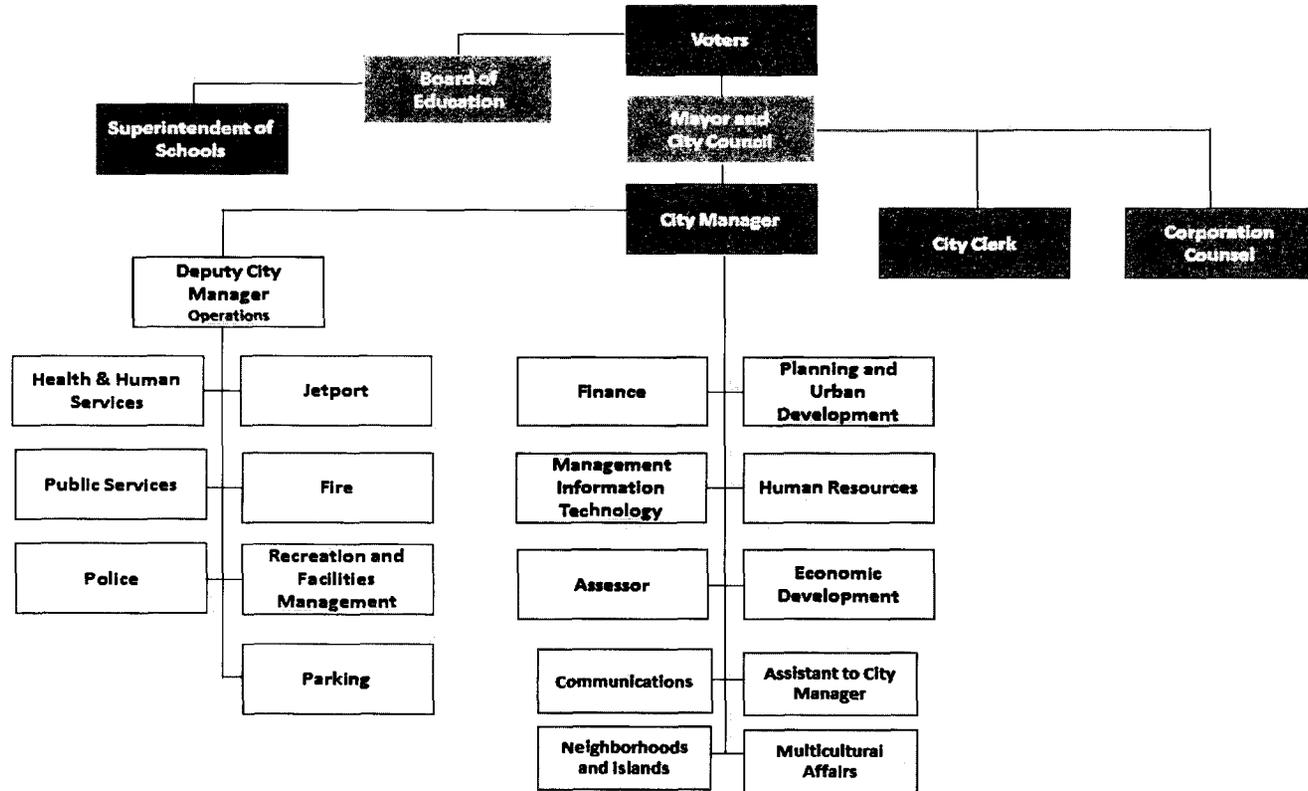
**City of Portland
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

**CITY OF PORTLAND, MAINE
ORGANIZATION CHART
JUNE 30, 2014**



CITY OF PORTLAND, MAINE
Principal Executive Officers
AS OF JUNE 30, 2014

City Council

Michael F. Brennan, Mayor

John R. Coyne

Cheryl A. Leeman

Kevin J. Donoghue

David A. Marshall

Jill C. Duson

Nicholas M. Mavodones, Jr.

Jon Hinck

Edward J. Suslovic

City Staff

Mark Rees, City Manager

Katherine Jones, City Clerk

Ellen Sanborn, Finance Director

Danielle West-Chuhta, Corporation Counsel

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Financial Section

Independent Auditor's Report

City Council
City of Portland, Maine

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Portland Public Library, a component unit of the City of Portland, Maine, which is presented as a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Portland Public Library, is based solely on the report of the other auditors. 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 required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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, 2014, and 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the, combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Portland, Maine's internal control over financial reporting and compliance.



December 16, 2014
South Portland, Maine

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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, 2014. 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 1-6 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars. Also, please note that percentages may not add to 100% due to rounding.

Financial Highlights

- The assets of the City of Portland exceeded its liabilities at the close of the most recent fiscal year by \$356,987 (*Net Position*).
- The City's total Net Position decreased by \$3,179. The primary reason for this is increased expenses without sufficient increases in revenue. Please note that the net position – end of year for 2013 has been restated in the governmental and total columns. The amount of the restatement was a decrease of \$441, which is explained further on page 77 of this report.
- As of the close of the current fiscal year, the City of Portland's governmental funds reported combined ending fund balances of \$97,220, an increase of \$3,356, in comparison with the prior year. The *unassigned fund balance* of the general fund increased \$1,307, while *nonspendable, committed, and assigned* decreased \$1,681. For an overall decrease in total general fund balance of \$374. The remaining governmental fund types, Debt Service, Capital Projects, and Other Governmental, increased \$293, \$2,224, and \$1,214, respectively.
- At the end of the current fiscal year, the *unassigned fund balance* for the general fund was \$34,414 or 13% of total general fund expenditures (budget basis).
- The City's total general obligation debt increased by \$960 during the current fiscal year. In addition to scheduled retirements, there was \$20,118 of general obligation bonds issued.

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, and other information found in the statistical section.

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 position* presents information on all of the City of Portland's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or

decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, 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 32-33 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 38.

The basic governmental fund financial statements can be found on pages 34-37 of this report.

Proprietary funds: The City of Portland maintains one type of proprietary fund. *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Portland uses proprietary funds to account for its jetport and sewer utility. The Fish Pier Authority and Portland Development Corporation (PDC), *blended component units*, are included in the City's proprietary 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 proprietary 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 proprietary funds. Schedules of revenues, expenditures and encumbrances on the budgetary basis of accounting statement have been provided for each proprietary 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 40-45 of this report. The budget basis schedules demonstrating compliance can be found on pages 86-88 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 statement can be found on page 46.

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 47-77.

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 79-80 of this report. Additional information on the revenues and expenditures of the school department can be found on pages 83-84.

Government-wide Financial Analysis

As noted earlier, net position 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 \$356,987 at the close of the 2014 fiscal year, a decrease of \$3,179 from \$360,166 at the end of 2013.

City of Portland's Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 125,102	\$ 118,388	\$ 62,451	\$ 68,164	\$ 187,553	\$ 186,552
Capital assets	325,914	324,881	317,829	323,507	643,743	648,388
Total assets	451,016	443,269	380,280	391,671	831,296	834,940
Long-term liabilities	224,317	220,471	188,007	194,279	412,324	414,750
Other liabilities	46,547	40,677	15,438	18,904	61,985	59,581
Total liabilities	270,864	261,148	203,445	213,183	474,309	474,331
Net Position:						
Net investment in capital assets	237,205	238,088	131,899	142,520	369,104	380,608
Restricted	29,578	28,617	18,538	18,356	48,116	46,973
Unrestricted (deficit)	(86,631)	(85,027)	26,398	17,612	(60,233)	(67,415)
Total net position	\$ 180,152	\$ 181,678	\$ 176,835	\$ 178,488	\$ 356,987	\$ 360,166

The balance of *unrestricted net position*, a deficit of \$60,233 is the result of the City recognizing 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 (pages 64 and 72), the City refinanced its \$111 million unfunded pension liability to produce annual savings of approximately \$845 thousand until the bonds issued are fully retired. The City will continue to include these amounts in future years' budgets as they become due.

By far the largest portion of the City of Portland's net position, \$369,104, 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 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.

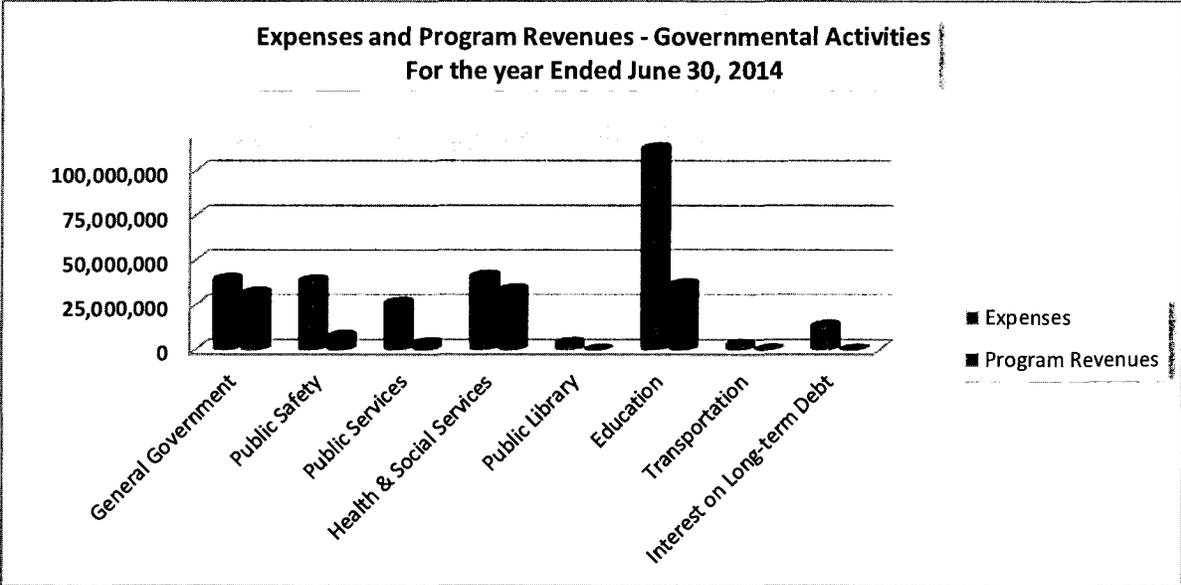
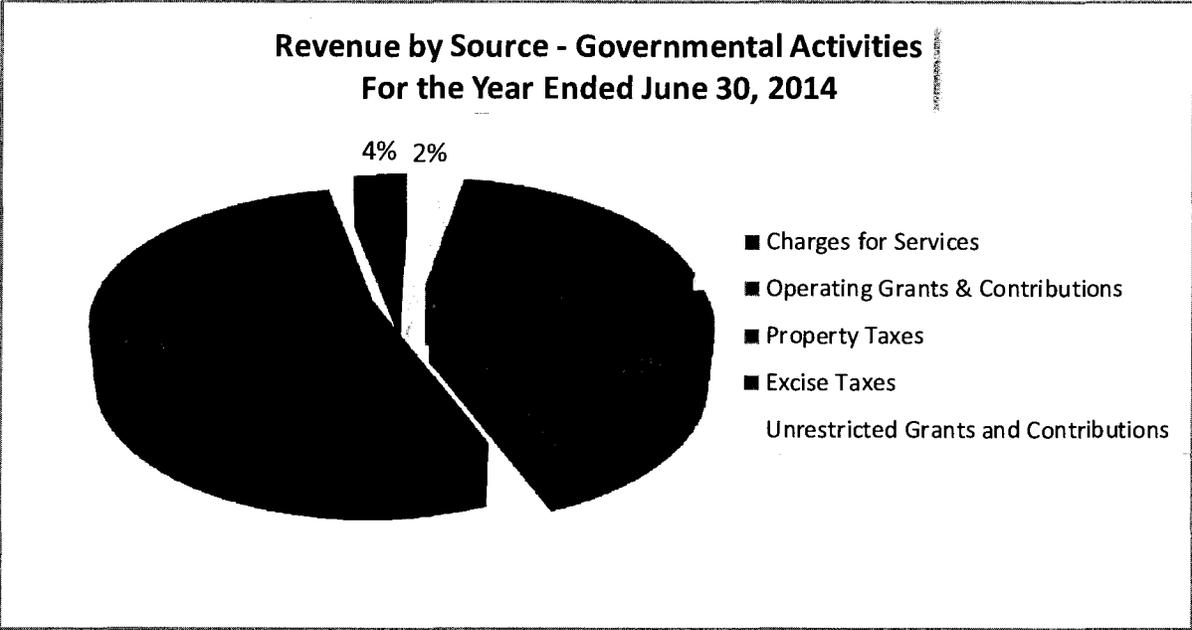
The remaining portion of the City of Portland's Net Position (13%) represents resources that are subject to external restrictions on how they may be used.

The overall decrease in net position of \$3,179 can be attributed to the decrease in net investment in capital assets. Net investment in capital assets is calculated starting with the total capital assets less accumulated depreciation. From that number is subtracted the outstanding amount of bonds, notes and capital leases used to acquire those assets. Finally any debt used to finance the purchase of capital assets, but not yet spent is added back into this number. During the 2014 fiscal year the amount of unspent bond and note proceeds increased \$4,150. The City is currently looking at the timing of borrowing for capital projects and the ultimate expenditure of those funds.

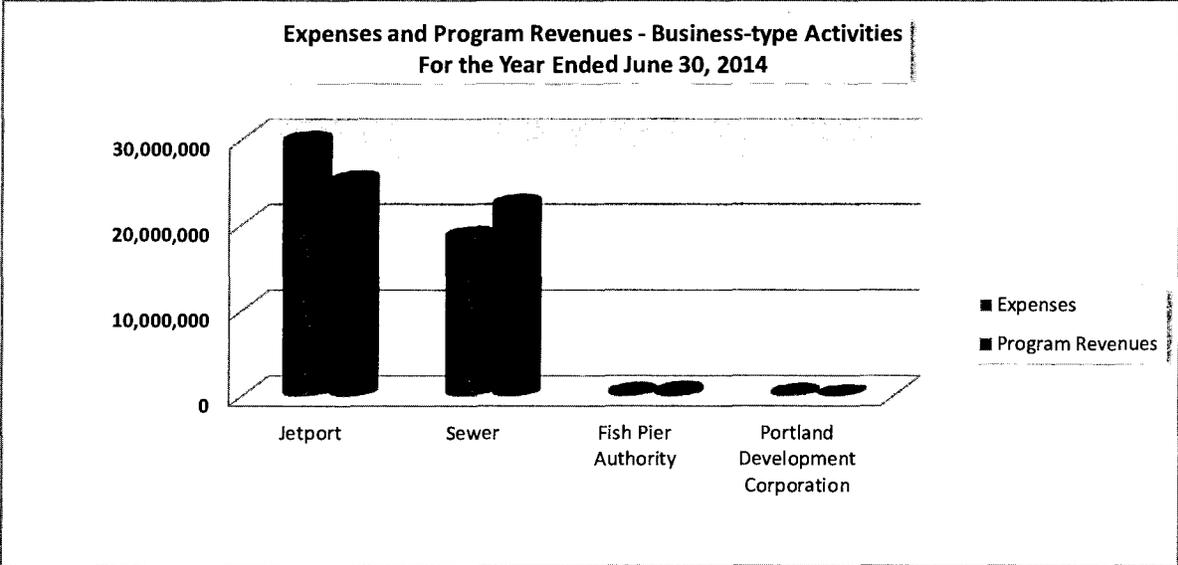
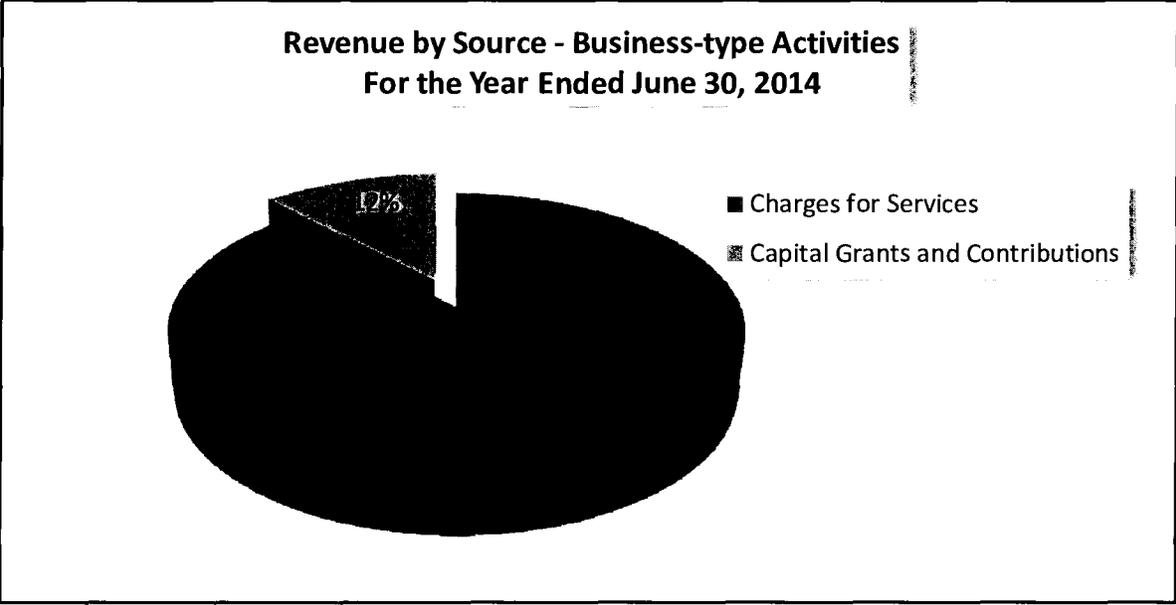
City of Portland's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 56,050	\$ 53,570	\$ 42,186	\$ 43,168	\$ 98,236	\$ 96,738
Operating grants and contributions	57,082	59,947	-	116	57,082	60,063
Capital grants and contributions	-	-	5,731	12,222	5,731	12,222
General Revenues:						
Property and other taxes	154,955	151,409	-	-	154,955	151,409
Grants and Contributions not restricted to specific programs	6,460	8,074	-	-	6,460	8,074
Other	1,231	271	(688)	144	543	415
Total revenues	275,778	273,271	47,229	55,650	323,007	328,921
Expenses:						
General government	39,343	38,631	-	-	39,343	38,631
Public safety	38,717	40,867	-	-	38,717	40,867
Public services	26,123	22,744	-	-	26,123	22,744
Health and social services	41,053	41,201	-	-	41,053	41,201
Public library	3,828	3,730	-	-	3,828	3,730
Education	112,288	108,353	-	-	112,288	108,353
Transportation	2,628	2,439	29,661	30,520	32,289	32,959
Interest on long-term debt	13,324	12,888	-	-	13,324	12,888
Sewer	-	-	18,559	18,897	18,559	18,897
Seaport facilities	-	-	384	435	384	435
Recreational facilities	-	-	-	1,960	-	1,960
Real estate development/lending	-	-	279	358	279	358
Total expenses	277,304	270,853	48,883	52,170	326,187	323,023
Increase (decrease) in net position	(1,526)	2,418	(1,654)	3,480	(3,180)	5,898
Net position - beginning as restated	181,678	179,260	178,488	175,008	360,166	354,268
Net position - end of year	\$ 180,152	\$ 181,678	\$ 176,834	\$ 178,488	\$ 356,986	\$ 360,166

Governmental activities: Governmental activities resulted in a decrease in the City of Portland’s net position of \$1,526. This decrease is attributed to expenses exceeding revenues for the year, which will be discussed later in the financial analysis of the governmental funds and budgetary highlights.



Business-type activities: The decrease in net position of \$1,654 for the business-type activities is primarily attributable to the transfer to the general fund of two enterprise funds in July. The amount of this transfer was a decrease to business-type activities net position of \$898.



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 \$97,220. Of that amount \$8,374 is classified as nonspendable. Another \$42,614 is restricted, \$4,164 is committed, \$7,653 is assigned, and \$34,414 is unassigned.

The largest portion of the non-spendable is comprised of a portion of the permanent funds of the City. Of the \$42,614 in restricted funds, \$18,529 is for capital project funds, \$13,722 is for permanent funds, and \$10,363 is held for grants and special revenue.

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, 2014 is 13%.

The fund balance of the City of Portland's general fund was budgeted to decrease by \$927 during the current fiscal year. The actual decrease was \$374.

The debt service fund has a total fund balance of \$2,477. The net increase in fund balance during the current year in the debt service fund was \$293. The increases in the debt service fund are used to reduce debt service payments in subsequent budget cycles.

The capital projects fund has a total fund balance of \$18,529, all of which is restricted. The net increase in fund balance during the period was \$2,224. During the current year, the City issued \$16,964 of general obligation bonds for the capital projects fund to finance various governmental capital improvement projects for total projects of \$18,143. Premiums on issuance were used to reduce the amount of borrowing. The spending on new and prior year funds was less than the new projects authorized leading to an increase in ending fund balance.

Additional information concerning the School Department, which is part of the general fund, for the current fiscal year, can be found on pages 82-83 of this report.

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 position of the four enterprise funds totaled \$26,398. The City’s four enterprise funds consist of the Jetport (\$14,072), Sewer (\$7,429), and two blended component units: the Fish Pier Authority (\$1,242) and the Portland Development Corporation (\$3,655).

Net position restricted for debt service, operating maintenance, and renewal and replacement in the enterprise funds totaled \$18,535 at the end of the current year. The following schedule presents a summary of enterprise fund restricted net position for the fiscal year ended June 30, 2014, and the amount and percentage of increases and decreases in relation to prior year restricted net position.

Restricted Net Position	Amount	Percentage of Total	Increase / (Decrease) 2013	Percentage of Increase / (Decrease)
Jetport	\$ 18,200	98%	\$ 181	1%
Sewer	335	2%	1	0%
Fish Pier Authority	-	0%	(0)	0%
Portland Development Corporation	-	0%	(0)	0%
Total	\$ 18,535	100%	\$ 182	

The increase in net restricted assets for the Jetport can be attributed to increased contributions to debt service reserve funds. Sewer restricted funds remained essentially the same.

Budgetary Highlights

Highlights and items of note regarding budgetary performance are noted below:

- Overall general fund revenues were undercollected/overbudgeted by \$4.5 million: \$3.4 on the City Side and \$1.1 million on the school side.
- Property tax revenue did not meet budgetary expectations due to the increase in TIF district retentions, \$2.7 million was budgeted, but \$3.5 actually retained, making this tax revenue unavailable for general fund operations.
- Sale of City property revenue was not realized due to the delay in the anticipated sale of property in Bayside: \$0.6 million.
- The Finance Department saw wins and losses, while excise taxes were up 5% over last year providing \$0.5 million in additional revenue; interest on investments was down \$0.2 million, and an anticipated legislative hike in auto registration fees did not materialize.
- Significant departmental budgetary revenue shortfalls include: \$0.5 million in anticipated confined space revenue, \$0.5 million in EMS revenue. Building permits were down \$0.2 million. Public health revenue fell short of expectations by \$0.5 million. The Barron Center saw a decrease in occupancy rates (95.3% anticipated to 93.7% actual) and

additional bad debt writeoffs. The total of both factors being a \$0.7 million negative variance.

- On the revenue plus side, The Fire Department received additional grant funds of \$0.5 million.
- General fund expenditures were down \$3.4 million. The City side \$1.5 million and the school side \$1.9 million. This was due in part to lower revenue expectations and some curtailment efforts.
- General Assistance expenses were up \$0.8 million, which were partly covered by increased state reimbursements of \$0.5.
- Winter operations exceeded budget by \$0.5 million. Eight winter storms were budgeted. The total number of storms was eleven.
- Fixed costs were down in the FY14 year. The City's self-insured health program beat expectations by coming in \$0.8 million lower than expected; also Maine PERS contributions were \$0.3 million lower. Position vacancy, from curtailment and staff turnover contributed to this savings as did the delay of union contract settlements.

The Jetport ended its year with a net excess of revenues over expenses of \$848; its budget had projected a net excess of \$969. Sewer had budgeted for a use of surplus of \$975, but ended the year with a use of surplus of \$1,077. The Fish Pier Authority had budgeted for an increase in surplus of \$270 and ended the year with a surplus of \$287.

Refer to Statement 5 on page 38, Schedules B-1 and B-2 on pages 83-84, C-1 thru C-3 on pages 86-88, and the notes to the financial statements on pages 56-58 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, 2014, and the amount and percentage of increases and decreases in relation to prior year revenues:

Revenues	Amount	Percentage of Total	Increase / (Decrease) 2013	Percentage of Increase / (Decrease)
General property taxes	\$ 144,342	55%	\$ 4,889	4%
Excise taxes	9,875	4%	88	1%
Licenses and permits	3,615	1%	(63)	-2%
Fines, forfeits and penalties	1,994	1%	(163)	-8%
Uses of money and property	7,345	3%	471	7%
Intergovernmental	14,791	6%	(4,144)	-22%
Current services	30,188	11%	(542)	-2%
Education	22,324	8%	2,803	14%
Other	8,114	3%	(180)	-2%
Interdepartmental charges	21,042	8%	693	3%
Total	<u>\$ 263,630</u>	100%	<u>\$ 3,852</u>	

Revenue for general government functions totaled \$263,630 (on the budgetary basis of accounting) in fiscal year ended June 30, 2014.

A greater reliance on property taxes as a source of revenue through the budget process accounts for a majority of the increase. Intergovernmental revenue decreased in 2014. State revenue sharing saw a decline of \$1,964. Excise tax collections again showed an increase over last year. Occupancy rates for the Barron Center did not meet expectations. The School Department enjoyed an increase in state educational subsidy after a year that included a mid-year curtailment. Increase in the state subsidy was due in part because of the shifting of a portion of the pension expense for teachers from the state to the district.

The following schedule represents a summary of General Fund expenditures on the budgetary basis of accounting for the fiscal year ended June 30, 2014, and the percentage of increases and decreases in relation to prior year amounts:

Expenditures	Amount	Percentage of Total	Increase / (Decrease) 2013	Percentage of Increase / (Decrease)
General Government	\$ 23,388	9%	\$ 3,580	18%
Public Safety	28,807	11%	(1,587)	-5%
Public Services	18,763	7%	2,164	13%
Health and Social Services	32,050	12%	1,186	4%
Public Library	3,470	1%	98	3%
Education	96,377	36%	4,250	5%
Pension & employee insurance	21,111	8%	(930)	-4%
Other	7,782	3%	226	3%
Debt service	33,222	13%	1,852	6%
Capital	641	0%	(466)	-42%
Total	\$ 265,611	100%	\$ 10,373	

General government expenses increased in part because of the change in accounting for two former enterprise funds. The increase in Public Services was partly because of increased winter expenses. Public Safety ended the year with an overall decrease in expenses from the prior year due in part from increased monitoring of expenses throughout the year. Education was budgeted for an increase as part of a recently adopted multiyear budgeting approach. As described in Notes to Financial Statements (page 51), the City treats inter-fund and inter-departmental transfers as revenues and expenditures for budgetary purposes. Interdepartmental expenditures increased \$695, or 3%. The following schedule presents a summary of interdepartmental expenditures for the fiscal year ended June 30, 2014, and the percentage of increases and decreases in relation to prior year amounts:

Expenditures	Amount	Percentage of Total	Increase / (Decrease) 2013	Percentage of Increase / (Decrease)
General Government	\$ 2,664	13%	\$ (26)	-1%
Public Safety	1,721	8%	(333)	-16%
Public Services	1,169	6%	73	7%
Pension & employee insurance	2,504	12%	(73)	-3%
Debt Service	12,984	62%	1,054	9%
Total	\$ 21,042	100%	\$ 695	

The debt service increase is due to increased borrowing leading to increased debt service payments for the Sewer fund. The increased borrowing is applicable to the ongoing sewer separation projects.

General Fund Balance. As a result of current year’s operations, the total general fund balance decreased \$374 after being budgeted to decrease by \$927.

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 four 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, is administered by the City’s Department of Recreation and Facilities Management. The Department of Public Services administers the City’s sanitary sewer operations. The Portland Development Corporation (PDC), also a blended component unit, is administered by the Economic Development Department. Beginning in fiscal year 2014 the Ice Arena and the City’s two municipal golf courses are no longer accounted for in the enterprise funds. Their operation has been transferred to the general fund.

Operating revenues for the City’s combined enterprise operations increased by \$622 or 1.5%. The sewer fund raised rates 3% for the year and the Jetport, whose rates are set in September and are effective each October, saw an increase in landing fees rates and a decrease in the terminal rental rates.

The following schedule represents a summary of Enterprise Fund operating revenues for the fiscal year ended June 30, 2014, and the percentage of increases and decreases in relation to prior year amounts:

Operating Revenues	Amount	Percentage of Total	Increase / (Decrease) 2013	Percentage of Increase / (Decrease)
Jetport	\$ 19,468	47%	\$ 404	2%
Sewer	22,195	53%	200	1%
Fish Pier Authority	517	1%	23	5%
Portland Development Corporation	4	0%	(5)	-56%
Total	\$ 42,184	100%	\$ 622	

The following schedule represents a summary of Enterprise Fund operating expenses for the fiscal year ended June 30, 2014, and the percentage of decreases in relation to prior year amounts:

Operating Expenses	Amount	Percentage of Total	Increase / (Decrease) 2013	Percentage of Increase / (Decrease)
Jetport	\$ 23,924	57%	\$ (173)	-1%
Sewer	17,613	42%	(588)	-3%
Fish Pier Authority	372	1%	(49)	-12%
Portland Development Corporation	279	1%	(79)	-22%
Total	\$ 42,188	100%	\$ (889)	

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, 2014 amounts to \$643,741 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, sewer lines, storm water systems, roads, runways, highways and bridges. The investment in capital assets for the City's governmental activities was an overall increase from the previous year of \$1,035. This was due in part to the capital assets of two former enterprises funds (ice arena and municipal golf courses) being transferred from the business-type activities to the governmental activities.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Capital assets not being depreciated						
Land	\$ 23,927	\$ 23,367	\$ 17,582	\$ 17,656	\$ 41,509	\$ 41,023
Construction in Progress	5,324	4,558	3,231	37,203	8,555	41,761
Capital assets being depreciated						
Buildings and Improvements	120,932	120,453	129,894	134,801	250,826	255,254
Improvements other than buildings	18,402	18,827	45,624	36,372	64,026	55,199
Machinery and equipment	17,673	16,342	10,161	9,406	27,834	25,748
Infrastructure	139,654	141,330	111,337	88,066	250,991	229,396
Total	\$ 325,912	\$ 324,877	\$ 317,829	\$ 323,504	\$ 643,741	\$ 648,381

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

- \$18,627 in new bonds were issued to support various capital improvement projects to both governmental and business type activities.
- The City is in the midst of a multi-year combined sewer overflow abatement program. The City is obligated by law to this program which is funded by sewer user fees. Completed projects of \$26,675 were placed in service in the current year.
- The school department purchased a building to house central office activities for \$2,704.

Additional information on the City of Portland's capital assets can be found on pages 61-62 of this report.

Long-term debt: At the end of the current fiscal year, the City of Portland had total bonded debt outstanding of \$410,575. Of this amount, \$288,975 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 operating revenues and passenger surcharges (\$121,600).

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 218,970	\$ 213,581	\$ 70,005	\$ 74,434	\$ 288,975	\$ 288,015
Revenue Bonds	-	-	121,600	123,465	121,600	123,465
Total	<u>\$ 218,970</u>	<u>\$ 213,581</u>	<u>\$ 191,605</u>	<u>\$ 197,899</u>	<u>\$ 410,575</u>	<u>\$ 411,480</u>

The City of Portland’s total bonded debt decreased by \$905 (0.2%) during the current fiscal year. This was due principally to repayments exceeding new issues. The combined sewer overflow abatement program issued no new debt. \$18,627 was issued for various capital improvement projects, and \$1,491 was issued to refund outstanding bonds of \$1,590. The refunding will reduce interest payments over the remaining life of the loan.

Additional general obligation debt has been approved by the City Council for FY15’s capital improvement program of \$20,161.

The City of Portland maintains an “Aa1” rating from Moody’s Investor Services. This exceeds the State of Maine’s Aa2 rating.

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 \$1,132,718 which is significantly in excess of the City of Portland’s outstanding general obligation debt (\$288,975 or 3.83% of its total state assessed valuation). Additional information on the City of Portland’s long-term debt can be found on pages 68-72 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 2014-2015 fiscal year budgets.

- The unemployment rate for the City was 4.0% at June 30, 2014. This is the fifth year of decline since 2009, and is also lower than the state and federal rates which were 5.1% and 6.3%, respectively.
- Continued increases in excise tax collections indicating more robust economic recovery and stabilization.
- Projected increases in expenditures which the City has limited control over including: pension increases in employer contributions, self-insured health insurance costs, county tax, and previously bonded debt service payments.
- The City’s taxable assessed value increased \$5,551. The State’s assessed value for the City, calculated three years in arrears, was \$7,551,450, a decrease of \$700 over 2013.

In adopting the budget for the ensuing fiscal year 2015, the City officials considered many factors in making judgments and estimates about the finances of the upcoming year. The primary goals of which were:

- Improving City Services
- Promoting Transportation
- Bolstering Economic Development
- Enhancing our Environment
- Addressing Homelessness
- Increasing Housing Stock

The result was a tax increase to \$20.00 mills from \$19.41 mills in 2015, a 3% rate increase, with a fund balance utilization component of \$985.

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.

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 POSITION
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Portland Public Library
ASSETS				
Cash and cash equivalents	\$ 68,668,584	\$ 29,400,196	\$ 98,068,780	\$ 205,968
Investments	27,442,346	-	27,442,346	5,534,896
Taxes receivable	3,703,311	-	3,703,311	-
Accounts receivable, net	15,092,429	4,429,721	19,522,150	847,819
Loans and notes receivable, net	2,233,729	1,653,114	3,886,843	-
Due from other governments	7,315,059	6,092,910	13,407,969	-
Due from primary government	-	-	-	57,337
Inventories	647,234	259,781	907,015	-
Prepaid expenses	-	1,579,823	1,579,823	45,909
Restricted assets-Cash and cash equivalents	-	19,035,730	19,035,730	359,588
Capital assets:				
Land	23,927,351	17,582,212	41,509,563	162,500
Construction in progress	5,324,243	3,230,851	8,555,094	-
Buildings and improvements, net	120,932,810	129,893,148	250,825,958	3,659,440
Improvements other than buildings, net	18,402,250	45,624,969	64,027,219	-
Machinery and equipment, net	17,673,254	10,161,580	27,834,834	410,160
Infrastructure, net	139,654,768	111,336,305	250,991,073	-
Total assets	<u>\$ 451,017,368</u>	<u>\$ 380,280,340</u>	<u>\$ 831,297,708</u>	<u>\$ 11,283,617</u>
LIABILITIES				
Accounts payable	\$ 8,030,492	\$ 1,830,054	\$ 9,860,546	\$ 124,049
Accrued liabilities	18,028,651	5,917,636	23,946,287	239,714
Due to component unit	57,337	-	57,337	-
Unearned revenue	253,652	77,609	331,261	-
Noncurrent liabilities:				
Due within one year	20,177,350	7,613,117	27,790,467	140,300
Due in more than one year	224,317,201	188,007,428	412,324,629	1,090,718
Total liabilities	<u>\$ 270,864,683</u>	<u>\$ 203,445,844</u>	<u>\$ 474,310,527</u>	<u>\$ 1,594,781</u>
NET POSITION				
Net investment in capital assets	\$ 237,205,418	\$ 131,899,572	\$ 369,104,990	\$ 3,001,082
Restricted for:				
Debt service	-	14,528,929	14,528,929	-
Operating maintenance	-	3,707,308	3,707,308	-
Other Grants and Special Revenue	10,363,387	-	10,363,387	-
Permanent funds, expendable	13,721,525	-	13,721,525	2,925,153
Permanent funds, nonexpendable	5,493,535	-	5,493,535	3,612,406
Renewal and replacement	-	300,000	300,000	-
Unrestricted (deficit)	(86,631,180)	26,398,687	(60,232,493)	150,195
Total net position	<u>\$ 180,152,685</u>	<u>\$ 176,834,496</u>	<u>\$ 356,987,181</u>	<u>\$ 9,688,836</u>

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, 2014

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Portland Public Library
Primary government:								
Governmental activities:								
General government	\$ 39,343,296	\$ 28,578,030	\$ 3,091,459	\$ -	\$ (7,673,807)	\$ -	\$ (7,673,807)	\$ -
Public safety	38,717,490	4,361,998	3,210,319	-	(31,145,173)	-	(31,145,173)	-
Public services	26,123,759	2,995,876	635,504	-	(22,492,379)	-	(22,492,379)	-
Health and social services	41,053,636	17,258,649	16,364,619	-	(7,430,368)	-	(7,430,368)	-
Public library	3,828,782	-	-	-	(3,828,782)	-	(3,828,782)	-
Education	112,288,031	2,857,544	33,780,105	-	(75,650,382)	-	(75,650,382)	-
Transportation	2,628,118	-	-	-	(2,628,118)	-	(2,628,118)	-
Interest on long-term debt	13,324,928	-	-	-	(13,324,928)	-	(13,324,928)	-
Total governmental activities	\$ 277,308,040	\$ 56,052,097	\$ 57,082,006	\$ -	\$ (164,173,937)	\$ -	\$ (164,173,937)	\$ -
Business-type activities:								
Jetport	\$ 29,661,187	\$ 19,468,378	\$ -	\$ 5,525,240	\$ -	\$ (4,667,569)	\$ (4,667,569)	\$ -
Sewer	18,559,070	22,195,897	-	73,743	-	3,710,570	3,710,570	-
Fish Pier Authority	384,558	517,893	-	-	-	133,335	133,335	-
Portland Development Corporation	279,093	4,822	-	132,954	-	(141,317)	(141,317)	-
Total business-type activities	\$ 48,883,908	\$ 42,186,990	\$ -	\$ 5,731,937	\$ -	\$ (964,981)	\$ (964,981)	\$ -
Total primary government	\$ 326,191,948	\$ 98,239,087	\$ 57,082,006	\$ 5,731,937	\$ (164,173,937)	\$ (964,981)	\$ (165,138,918)	\$ -
Component unit:								
Portland Public Library	\$ 5,965,883	\$ 161,999	\$ 6,241,321	\$ -	\$ -	\$ -	\$ -	\$ 437,437
General revenues:								
Property taxes					\$ 145,080,087	\$ -	\$ 145,080,087	\$ -
Excise taxes					9,875,683	-	9,875,683	-
Grants and contributions not restricted to specific programs					6,460,888	-	6,460,888	-
Unrestricted investment earnings					334,129	209,390	543,519	60,812
Transfers					897,576	(897,576)	-	466,964
Total general revenues and transfers					\$ 162,648,363	\$ (688,186)	\$ 161,960,177	\$ 527,776
Change in net position					\$ (1,525,574)	\$ (1,653,167)	\$ (3,178,741)	\$ 965,213
Net position - beginning as restated					181,678,259	178,487,663	360,165,922	8,723,623
Net position - ending					\$ 180,152,685	\$ 176,834,496	\$ 356,987,181	\$ 9,688,836

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

CITY OF PORTLAND, MAINE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 34,293,077	\$ 2,476,625	\$ 21,640,581	\$ 10,258,301	\$ 68,668,584
Investments	9,253,250	-	-	18,189,096	27,442,346
Taxes receivable	3,703,311	-	-	-	3,703,311
Accounts receivable	16,230,561	-	-	222,396	16,452,957
Allowance for uncollectible accounts	(1,360,528)	-	-	-	(1,360,528)
Loans receivable	-	-	-	2,351,293	2,351,293
Allowance for uncollectible loans	-	-	-	(117,564)	(117,564)
Due from other governments	1,292,562	-	-	6,022,497	7,315,059
Due from other funds	225,941	-	-	-	225,941
Inventories	593,892	-	-	53,342	647,234
Total assets	<u>\$ 64,232,066</u>	<u>\$ 2,476,625</u>	<u>\$ 21,640,581</u>	<u>\$ 36,979,361</u>	<u>\$ 125,328,633</u>
LIABILITIES					
Accounts payable	\$ 3,233,572	\$ -	\$ 2,883,038	\$ 1,971,219	\$ 8,087,829
Accrued liabilities	13,760,982	-	228,249	996,264	14,985,495
Due to other funds	-	-	-	225,941	225,941
Claims and judgments	1,081,510	-	-	-	1,081,510
Unearned revenue	39,242	-	-	214,410	253,652
Total liabilities	<u>\$ 18,115,306</u>	<u>\$ -</u>	<u>\$ 3,111,287</u>	<u>\$ 3,407,834</u>	<u>\$ 24,634,427</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	\$ 3,474,159	\$ -	\$ -	\$ -	\$ 3,474,159
Total deferred inflows of resources	<u>\$ 3,474,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,474,159</u>
FUND BALANCE					
Nonspendable					
Inventories	\$ 593,892	\$ -	\$ -	\$ 53,342	\$ 647,234
Loans	-	-	-	2,233,729	2,233,729
Permanent Funds	-	-	-	5,493,535	5,493,535
Restricted					
Capital Projects	-	-	18,529,294	-	18,529,294
Other Grants and Special Revenue	-	-	-	10,363,387	10,363,387
Permanent Funds	-	-	-	13,721,525	13,721,525
Committed					
Debt Service	-	313,083	-	-	313,083
Economic Development Activities	338,837	-	-	-	338,837
Facilities Relocation	821,420	-	-	-	821,420
Loan Programs	-	-	-	1,706,009	1,706,009
Subsequent years expenditure	985,000	-	-	-	985,000
Assigned					
Barron Center Resident Benefits	189,294	-	-	-	189,294
Debt Service	-	2,163,542	-	-	2,163,542
Medicaid Settlements	300,000	-	-	-	300,000
Self Insurance Programs	5,000,000	-	-	-	5,000,000
Unassigned	34,414,158	-	-	-	34,414,158
Total fund balances	<u>\$ 42,642,601</u>	<u>\$ 2,476,625</u>	<u>\$ 18,529,294</u>	<u>\$ 33,571,527</u>	<u>\$ 97,220,047</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 64,232,066</u>	<u>\$ 2,476,625</u>	<u>\$ 21,640,581</u>	<u>\$ 36,979,361</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, 2014**

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

Total fund balances - total governmental funds, Statement 3 \$ 97,220,047

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

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds. 325,914,676

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are deferred in the funds. 3,474,159

Accrued interest payable on long-term liabilities is not reported in the funds. (1,961,646)

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

General obligation bonds	\$ 218,970,921	
Premium on bonds	3,927,120	
Notes payable	2,275,426	
Capital leases	299,266	
Self-insurance	8,595,309	
Compensated absences	9,593,862	
Retirement incentives	113,001	
Unfunded pension liability	719,646	(244,494,551)

Net position of governmental activities \$ 180,152,685

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, 2014

	<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	\$ 142,246,057	\$ -	\$ -	\$ 2,668,736	\$ 144,914,793
Excise taxes	9,875,683	-	-	-	9,875,683
Licenses and permits	3,615,083	-	-	696,084	4,311,167
Fines, forfeits and penalties	1,994,553	-	-	-	1,994,553
Uses of money and property	7,345,095	249	56,450	2,041,011	9,442,805
Intergovernmental	40,717,320	-	-	22,825,574	63,542,894
Current services	33,049,505	-	-	6,501,839	39,551,344
Other	124,819	-	-	961,538	1,086,357
Total revenues	\$ 238,968,115	\$ 249	\$ 56,450	\$ 35,694,782	\$ 274,719,596
Expenditures					
Current:					
General government	\$ 19,434,584	\$ -	\$ -	\$ 5,403,816	\$ 24,838,400
Public safety	26,776,074	-	-	2,052,987	28,829,061
Public services	15,968,412	-	-	901,453	16,869,865
Health and social services	26,987,999	-	-	8,439,386	35,427,385
Public library	3,470,449	-	-	-	3,470,449
Education	94,331,531	-	-	13,344,472	107,676,003
Pension and employee insurance	19,647,417	-	-	-	19,647,417
Other	7,782,652	4,487	-	-	7,787,139
Debt service:					
Principal	-	12,737,501	-	100,000	12,837,501
Interest	-	13,148,324	-	104,915	13,253,239
Capital outlay	641,511	-	15,918,582	3,083,256	19,643,349
Total expenditures	\$ 215,040,629	\$ 25,890,312	\$ 15,918,582	\$ 33,430,285	\$ 290,279,808
Excess (deficiency) of revenues over (under) expenditures	\$ 23,927,486	\$ (25,890,063)	\$ (15,862,132)	\$ 2,264,497	\$ (15,560,212)
Other financing sources (uses)					
Transfers in	2,719,568	25,545,917	18,143,000	807,022	47,215,507
Transfers out	(27,021,395)	(18,280,375)	(56,450)	(1,857,287)	(47,215,507)
General obligation bonds issued	-	17,692,328	-	-	17,692,328
Premium on general obligation bonds	-	1,224,855	-	-	1,224,855
Total other financing sources (uses)	\$ (24,301,827)	\$ 26,182,725	\$ 18,086,550	\$ (1,050,265)	\$ 18,917,183
Net change in fund balances	\$ (374,341)	\$ 292,662	\$ 2,224,418	\$ 1,214,232	\$ 3,356,971
Fund balances - beginning	43,016,942	2,183,963	16,304,876	32,357,295	93,863,076
Fund balances - ending	\$ 42,642,601	\$ 2,476,625	\$ 18,529,294	\$ 33,571,527	\$ 97,220,047

Continued

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 BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds, Statement 4 \$ 3,356,971

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	\$ 13,652,661	
Depreciation expense	<u>(13,999,302)</u>	(346,641)

The cost less accumulated depreciation of assets disposed or sold not reflected in the governmental funds		(496,535)
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Current years' other financing source in the funds that did provide current financial resources are not reported in the current year's statement of activities.		(1,224,855)
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Current years' revenues in the statement of activities that do not meet the availability criteria in the fund statements		165,293
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Current years' transfers in the statement of activities		897,576
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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 position.

Debt issued	\$ (17,692,328)	
Principal repaid	<u>12,837,501</u>	(4,854,827)

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	\$ 175,871	
Public Safety	763,499	
Public Services	89,904	
Health and Social Services	205,905	
Education expense	(182,662)	
Interest on long-term debt	<u>(75,073)</u>	<u>\$ 977,444</u>

Change in net position of governmental activities, Statement 2		<u>(1,525,574)</u>
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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, 2014

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
General property taxes	\$ 145,382,573	\$ 145,382,573	\$ 144,342,343	\$ (1,040,230)
Excise taxes	9,290,000	9,290,000	9,875,683	585,683
Licenses and permits	3,524,241	3,524,241	3,615,083	90,842
Fines, forfeits and penalties	2,167,631	2,167,631	1,994,553	(173,078)
Uses of money and property	7,538,222	7,538,222	7,345,095	(193,127)
Intergovernmental	14,415,684	14,415,684	14,791,695	376,011
Current services	31,858,933	31,858,933	30,188,961	(1,669,972)
Education	23,417,031	23,417,031	22,324,031	(1,093,000)
Other	8,965,015	8,965,015	8,114,477	(850,538)
Interdepartmental charges	21,598,692	21,598,692	21,042,300	(556,392)
Total revenues	\$ 268,158,022	\$ 268,158,022	\$ 263,634,221	\$ (4,523,801)
Expenditures and encumbrances				
General government	\$ 22,440,426	\$ 22,440,426	\$ 23,388,564	\$ (948,138)
Public safety	29,912,682	29,912,682	28,807,942	1,104,740
Public services	16,916,779	16,916,779	18,763,314	(1,846,535)
Health and social services	32,293,099	32,293,099	32,050,494	242,605
Public library	3,470,449	3,470,449	3,470,449	-
Education	98,275,361	98,275,361	96,377,358	1,898,003
Pension and employee insurance	24,146,490	24,146,490	21,111,722	3,034,768
Other	7,737,293	7,737,293	7,782,652	(45,359)
Debt service	33,405,772	33,405,772	33,222,947	182,825
Capital	487,000	487,000	641,511	(154,511)
Total expenditures and encumbrances	\$ 269,085,351	\$ 269,085,351	\$ 265,616,953	\$ 3,468,398
Deficiency of revenues under expenditures and encumbrances	\$ (927,329)	\$ (927,329)	\$ (1,982,731)	\$ (1,055,402)

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

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CITY OF PORTLAND, MAINE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
Business-type Activities - Enterprise Funds
June 30, 2014

	<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>
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 12,662,845	\$ 13,255,281	\$ 1,266,062	\$ -	\$ -	\$ 2,216,008	\$ 29,400,196
Accounts receivable	3,135,513	1,348,796	24,418	-	-	105,994	4,614,721
Allowance for uncollectible accounts	(177,000)	(5,000)	(3,000)	-	-	-	(185,000)
Notes & loans receivable	-	274,560	-	-	-	1,640,530	1,915,090
Allowance for uncollectible loans	-	-	-	-	-	(261,976)	(261,976)
Due from other governments	6,092,910	-	-	-	-	-	6,092,910
Inventories	223,870	35,911	-	-	-	-	259,781
Prepaid expenses	1,579,823	-	-	-	-	-	1,579,823
Total current assets	<u>\$ 23,517,961</u>	<u>\$ 14,909,548</u>	<u>\$ 1,287,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,700,556</u>	<u>\$ 43,415,545</u>
Noncurrent assets:							
Restricted cash and cash equivalents	\$ 14,528,929	\$ 4,506,801	\$ -	\$ -	\$ -	\$ -	\$ 19,035,730
Capital assets:							
Land	13,313,235	5,408	4,263,569	-	-	-	17,582,212
Buildings and improvements	175,853,490	1,552,180	12,751,199	-	-	-	190,156,869
Improvements other than buildings	124,071,868	46,031	1,405,606	-	-	-	125,523,505
Machinery and equipment	18,155,067	3,461,878	432,601	-	-	-	22,049,546
Infrastructure	-	135,479,812	-	-	-	-	135,479,812
Construction in progress	1,239,195	1,991,656	-	-	-	-	3,230,851
Less accumulated depreciation	(135,640,872)	(27,581,193)	(12,971,665)	-	-	-	(176,193,730)
Total capital assets (net of accumulated depreciation)	<u>\$ 196,991,983</u>	<u>\$ 114,955,772</u>	<u>\$ 5,881,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,829,065</u>
Total noncurrent assets	<u>\$ 211,520,912</u>	<u>\$ 119,462,573</u>	<u>\$ 5,881,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,864,795</u>
Total assets	<u>\$ 235,038,873</u>	<u>\$ 134,372,121</u>	<u>\$ 7,168,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,700,556</u>	<u>\$ 380,280,340</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	\$ 1,444,549	\$ 325,406	\$ 15,007	\$ -	\$ -	\$ 45,092	\$ 1,830,054
Accrued liabilities	3,535,498	799,441	1,521	-	-	-	4,336,460
Compensated absences	245,768	161,402	-	-	-	-	407,170
Claims and judgments	62,372	1,111,634	-	-	-	-	1,174,006
Unearned revenue	-	77,609	-	-	-	-	77,609
Total current liabilities	<u>\$ 5,288,187</u>	<u>\$ 2,475,492</u>	<u>\$ 16,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,092</u>	<u>\$ 7,825,299</u>
Noncurrent liabilities:							
Due within one year	\$ 1,904,978	\$ 5,644,092	\$ 64,047	\$ -	\$ -	\$ -	\$ 7,613,117
Due in more than one year	122,495,054	65,292,711	219,663	-	-	-	188,007,428
Total noncurrent liabilities	<u>\$ 124,400,032</u>	<u>\$ 70,936,803</u>	<u>\$ 283,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,620,545</u>
Total liabilities	<u>\$ 129,688,219</u>	<u>\$ 73,412,295</u>	<u>\$ 300,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,092</u>	<u>\$ 203,445,844</u>
NET POSITION							
Net investment in capital assets	\$ 73,078,592	\$ 53,194,142	\$ 5,626,839	\$ -	\$ -	\$ -	\$ 131,899,573
Restricted for -							
Debt service	14,528,929	-	-	-	-	-	14,528,929
Operating maintenance	3,671,397	35,911	-	-	-	-	3,707,308
Renewal and replacement	-	300,000	-	-	-	-	300,000
Unrestricted (deficit)	14,071,736	7,429,773	1,241,713	-	-	3,655,464	26,398,686
Total net position	<u>\$ 105,350,654</u>	<u>\$ 60,959,826</u>	<u>\$ 6,868,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,655,464</u>	<u>\$ 176,834,496</u>

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

CITY OF PORTLAND, MAINE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Business-type Activities - Enterprise Funds
For the Year Ended June 30, 2014

	Jetport	Sewer	Fish Pier Authority	Golf Courses	Ice Arena Facility	Portland Development Corporation	Totals Current Year
Operating revenues:							
Charges for services	\$ 19,468,378	\$ 22,195,897	\$ 517,893	\$ -	\$ -	\$ 4,822	\$ 42,186,990
Total operating revenues	\$ 19,468,378	\$ 22,195,897	\$ 517,893	\$ -	\$ -	\$ 4,822	\$ 42,186,990
Operating expenses:							
Personnel services	\$ 3,966,148	\$ 3,232,294	\$ 28,764	\$ -	\$ -	\$ -	\$ 7,227,206
Contractual services	5,836,992	1,170,929	35,556	-	-	279,093	7,322,570
Portland Water District services	-	10,706,124	-	-	-	-	10,706,124
Supplies and materials	748,935	169,494	8,607	-	-	-	927,036
Rentals	11,807	5,707	-	-	-	-	17,514
Utilities	1,411,237	63,347	14,026	-	-	-	1,488,610
Maintenance	1,109,862	246,321	55,178	-	-	-	1,411,361
Depreciation	10,715,429	2,018,092	217,781	-	-	-	12,951,302
Other	124,455	700	12,369	-	-	-	137,524
Total operating expenses	\$ 23,924,865	\$ 17,613,008	\$ 372,281	\$ -	\$ -	\$ 279,093	\$ 42,189,247
Operating income (loss)	\$ (4,456,487)	\$ 4,582,889	\$ 145,612	\$ -	\$ -	\$ (274,271)	\$ (2,257)
Nonoperating revenues (expenses):							
Passenger facility charges	\$ 3,424,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,424,890
Interest and other revenue	66,764	60,552	-	-	-	82,074	209,390
Interest and other expense	(5,736,322)	(946,062)	(12,277)	-	-	-	(6,694,661)
Total nonoperating revenues (expenses)	\$ (2,244,668)	\$ (885,510)	\$ (12,277)	\$ -	\$ -	\$ 82,074	\$ (3,060,381)
Income (loss) before contributions and transfers	\$ (6,701,155)	\$ 3,697,379	\$ 133,335	\$ -	\$ -	\$ (192,197)	\$ (3,062,638)
Capital contributions	\$ 2,100,350	\$ 73,743	\$ -	\$ -	\$ -	\$ 132,954	\$ 2,307,047
Transfers from (to) other funds	-	-	-	(22,286)	(875,290)	-	(897,576)
Total contributions and transfers	2,100,350	73,743	-	(22,286)	(875,290)	132,954	1,409,471
Change in net position	\$ (4,600,805)	\$ 3,771,122	\$ 133,335	\$ (22,286)	\$ (875,290)	\$ (59,243)	\$ (1,653,167)
Total net position - beginning	109,951,459	57,188,704	6,735,217	22,286	875,290	3,714,707	178,487,663
Total net position - ending	\$ 105,350,654	\$ 60,959,826	\$ 6,868,552	\$ -	\$ -	\$ 3,655,464	\$ 176,834,496

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, 2014

	Jetport	Sewer	Fish Pier Authority	Golf Courses	Ice Arena Facility	Portland Development Corporation	Total
Cash flows from operating activities							
Receipts from customers and users	\$ 19,494,240	\$ 22,233,641	\$ 514,798	\$ -	\$ -	\$ 4,822	\$ 42,247,501
Payments to suppliers	(8,233,341)	(15,044,655)	(218,977)	-	-	(194,215)	(23,691,188)
Payments to employees	(3,936,395)	(3,211,178)	(28,764)	-	-	-	(7,176,337)
Net cash provided (used) by operating activities	\$ 7,324,504	\$ 3,977,808	\$ 267,057	\$ -	\$ -	\$ (189,393)	\$ 11,379,976
Cash flows from capital and related financing activities							
Contributed capital	\$ 2,625,220	\$ -	\$ -	\$ -	\$ -	\$ 132,954	\$ 2,758,174
Passenger facility charges	3,505,456	-	-	-	-	-	3,505,456
Proceeds from sale of general obligation bonds	-	1,662,858	-	-	-	-	1,662,858
Proceeds from sale of refunding bonds	-	762,814	-	-	-	-	762,814
Acquisition and construction of capital assets	(3,919,096)	(5,980,308)	-	-	-	-	(9,899,404)
Principal paid on bond maturities	(1,865,000)	(5,497,872)	(63,947)	-	-	-	(7,426,819)
Principal paid on bond refunding	-	(822,000)	-	-	-	-	(822,000)
Interest paid on debt	(5,770,788)	(1,050,623)	(13,612)	-	-	-	(6,835,023)
Net cash provided (used) by capital and related financing activities	\$ (5,424,208)	\$ (10,925,131)	\$ (77,559)	\$ -	\$ -	\$ 132,954	\$ (16,293,944)

	Jetport	Sewer	Fish Pier Authority	Golf Courses	Ice Arena Facility	Portland Development Corporation	Total
Cash flows from noncapital financing activities							
Issuance of loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (602,118)	\$ (602,118)
Repayment of loans	-	-	26,000	-	-	261,309	287,309
Transfers to other funds	-	-	-	(100,907)	(397)	-	(101,304)
Net cash provided (used) by noncapital financing activities	\$ -	\$ -	\$ 26,000	\$ (100,907)	\$ (397)	\$ (340,809)	\$ (416,113)
Cash flows from investing activities							
Interest income	\$ 66,764	\$ 60,552	\$ -	\$ -	\$ -	\$ 82,074	\$ 209,390
Net cash provided (used) by investing activities	\$ 66,764	\$ 60,552	\$ -	\$ -	\$ -	\$ 82,074	\$ 209,390
Net increase (decrease) in cash and cash equivalents	\$ 1,967,060	\$ (6,886,771)	\$ 215,498	\$ (100,907)	\$ (397)	\$ (315,174)	\$ (5,120,692)
Cash and cash equivalents, beginning of year	25,224,714	24,648,853	1,050,564	100,907	397	2,531,182	53,556,617
Cash and cash equivalents, end of year	\$ 27,191,774	\$ 17,762,082	\$ 1,266,062	\$ -	\$ -	\$ 2,216,008	\$ 48,435,926
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (4,456,487)	\$ 4,582,889	\$ 145,612	\$ -	\$ -	\$ (274,271)	\$ (2,257)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation	10,715,429	2,018,092	217,781	-	-	-	12,951,302
Change in operating assets and liabilities:							
Accounts receivable	25,862	37,744	(3,095)	-	-	51,376	111,887
Prepaid expenses	85,036	-	-	-	-	-	85,036
Inventories	58,366	3,883	-	-	-	-	62,249
Accounts payable	873,604	(3,008,325)	(93,241)	-	-	33,502	(2,194,460)
Accrued liabilities & other accrued expenses	29,753	21,116	-	-	-	-	50,869
Accrued claims and judgments	(7,059)	322,409	-	-	-	-	315,350
Total adjustments	\$ 11,780,991	\$ (605,081)	\$ 121,445	\$ -	\$ -	\$ 84,878	\$ 11,382,233
Net cash provided (used) by operating activities	\$ 7,324,504	\$ 3,977,808	\$ 267,057	\$ -	\$ -	\$ (189,393)	\$ 11,379,976
Noncash investing, capital, and financing activities and financing activities:							
Disposal of capital assets	\$ 154,449	\$ 136,201	\$ -	\$ -	\$ -	\$ -	\$ 290,650
Accumulated depreciation on capital asset dispositions	154,449	136,201	-	-	-	-	290,650

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

**CITY OF PORTLAND, MAINE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 3,744,804</u>
Total assets	<u>\$ 3,744,804</u>
 LIABILITIES	
Held for school activities and other purposes	\$ 1,402,734
Held for performance guarantees	1,050,056
Other liabilities	<u>1,292,014</u>
Total liabilities	<u>\$ 3,744,804</u>

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

CITY OF PORTLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City (the primary government) and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the City is reported separately from certain legally separate *component units* for which the City is financially accountable.

B. 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. The accompanying financial statements present the government and its component units, entities for which the City is considered financially accountable. Blended component units are, in substance, part of the City's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the City. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Units: The Portland Fish Pier Authority, a local development corporation, was organized by the City for the express purpose of managing 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, 2014, 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, 2014, 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 74% of all financial support received by the Library during the year ended June 30, 2014. 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.

Separately issued financial reports are available for the Portland Public Library. Complete financial statements may be obtained at the entity's administrative offices:

Portland Public Library
5 Monument Square
Portland, Maine 04101

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.

ecomaine – ecomaine is a solid waste management corporation which services 40 municipalities in Cumberland, Oxford, and York counties. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and operates an extensive recycling program.

The City of Portland is a member community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produces within the community and to make service payments and pay tipping fees for such processing. The City has no explicit, measurable equity interest. Consequently, the City has not reported an asset in these financial statements in connection with its participation in ecomaine.

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

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. 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.

As discussed earlier, the government has one discretely presented component unit. The Portland Public Library is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 southern 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 expenses 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 and a public ice arena had been accounted for as enterprise funds. As of July 1, 2013, they are accounted for as part of the general fund.

Additionally, the City reports the following fund type:

Agency funds account for employee payroll tax withholdings, the school department's student activities funds, performance guarantees, and various departments' client funds.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included in transfers in the business-type activities column.

E. Measurement focus basis of accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned

and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

The 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 government 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, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund except for the following:

- Encumbrances are treated as expenditures.
- Appropriations of prior year fund balances are treated as revenue.
- Interdepartmental and interfund transfers are treated as revenues and/or expenditures.
- Insurance claims, compensated absences and investment income are recorded on the cash basis.
- On behalf payments made by the State of Maine for school department teachers are not budgeted.

- Capital leases are not budgeted.

The Capital projects fund is appropriated on a project-length basis. Other special revenue funds and the permanent funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by department, division and expenditure category. The City's department heads may make transfers of appropriations within a department. The legal level of budgetary control is determined by the appropriation resolve enacted by the City Council each year. The resolve contains two appropriation amounts: one for the City's general fund and one for the Department of Public Schools. City Council authorization is required when expenditures exceed appropriation. To summarize the legal level of budgetary control is at the fund level with the exception of the school department, which is at the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year except for finance department approved encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

G. Asset, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

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 to the fund.

3. 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.

4. 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.

Land and construction in progress are not depreciated. The other 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

5. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has one of these items, which arises from the modified accrual basis of accounting and are reported in the governmental funds balance sheet, the item is: *unavailable revenue*. The governmental funds report unavailable funds in one category: property taxes. The amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Net position flow assumptions

Occasionally the City will fund outlays for a particular purpose from both restricted (bond or grant proceeds) and unrestricted sources. In order to calculate the amounts to report as restricted-net position and unrestricted net-position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

7. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted sources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned balance is applied last.

8. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

Property taxes act as an enforceable lien on real property and are levied usually in late June of early July. Taxes are due in two installments: one in September and the second in March.

Property values are based on the assessed values as of the previous April first as set by statute. Interest is assessed after the due dates as approved by the council. The maximum rate that can be charged is determined annually by the State of Maine Department of Revenue Services. 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.

3. Compensated absences

Vacation

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.

Sick Leave

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

The liability for both such types of leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits, where applicable.

4. Proprietary funds operating and nonoperating revenues and expenses

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary control

The accounting system is employed as a budgetary control device to monitor individual departments. The budget process deviates from the GAAP statements as summarized in Note I.F. These differences and the effects on the General Fund are summarized below.

	<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)	\$ 238,968,115	\$ 215,040,629	\$ (24,301,827)
Activity reported in special revenue fund			
School food service program	3,201,253	3,417,410	-
Interdepartmental revenues and expenditures	16,047,705	16,047,704	-
Contributions made on behalf of the City for the teachers' retirement plan	(7,567,105)	(7,567,105)	-
Debt service presentation	12,984,254	38,530,170	24,301,827
2014 encumbrances	-	154,031	-
2013 encumbrances	-	(5,886)	-
	<hr/>	<hr/>	<hr/>
Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balance - Budget and Actual (Budget Basis), Statement 5	<u>\$ 263,634,221</u>	<u>\$ 265,616,953</u>	<u>\$ -</u>

Reconciliation statement of revenues, expenditures, and changes in fund net position proprietary funds (statement 7) and schedule of revenues, expenditures and encumbrances budget and actual (budget basis) (C-1 through C-3):

	Budgeted Amounts		Actual (Budget Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Jetport	\$ 19,677,876	\$ 19,677,876	\$ 19,535,142	\$ (142,734)
Sewer	23,523,086	23,523,086	22,256,449	(1,266,637)
Fish Pier Authority	527,223	527,223	543,893	16,670
Total revenues - budget basis	<u>\$ 43,728,185</u>	<u>\$ 43,728,185</u>	<u>\$ 42,335,484</u>	<u>\$ (1,392,701)</u>
Total operating revenues - Statement 7			\$ 42,186,990	
Less: Portland Development Corporation			(4,822)	
Net variance budget basis (C-1 through C-3) and GAAP basis (statement 7)			<u>\$ 153,316</u>	

The primary reasons for the difference is 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	\$ 18,708,478	\$ 18,708,478	\$ 18,687,583	\$ 20,895
Sewer	24,497,897	24,497,897	23,392,522	1,105,375
Fish Pier Authority	256,815	256,815	256,966	(151)
Total expenditures and encumbrances - budget basis	<u>\$ 43,463,190</u>	<u>\$ 43,463,190</u>	<u>\$ 42,337,071</u>	<u>\$ 1,126,119</u>
Total operating expenses - Statement 7			\$ 42,189,247	
Less: Portland Development Corporation			(279,093)	
Net variance budget basis (C-1 through C-3) and GAAP basis (statement 7)			<u>\$ 426,917</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 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.

III. Detailed notes on all activities and funds

A. Cash deposits with financial institutions

Custodial Credit Risk-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, 2014, the City's bank balance was \$94,367,261; none of which was exposed to custodial credit risk.

B. Investments

It is the policy of the City to invest in funds in a manner which will provide safety of principal with a market rate of return while meeting the daily cash flow demands of the City and conforming to all statutes (30-A, MRSA §5706 et seq) and local ordinances (City of Portland Code of Ordinances §2-17) governing the investment of public funds. Authorized investments include Obligations of the U.S. government and its agencies, prime commercial papers, repurchase agreements, money market mutual funds, municipal and state bonds rated within the three highest grades and bonds issued or guaranteed by the State of Maine, or issued by any instrumentality or agency of the State, or any political subdivision of the State that is not in default on any of its outstanding funded obligations.

At June 30, 2014, the City had the following investments and maturities:

Investment types:	Fair Value	Not Applicable	Maturity (years)		
			< 1	1 - 5	6 - 10
Primary government - City:					
U.S. Treasuries	\$ 42,017	\$ -	\$ -	\$ -	\$ 42,017
Federal National Mortgage	37,751	-	-	37,751	-
Cash Equivalents	14,528,958	14,528,958	-	-	-
Mutual Funds	16,306,271	16,306,271	-	-	-
Corporate Bonds	2,048,052	-	-	804,634	1,243,418
Common Stock	4,827,745	4,827,745	-	-	-
Municipal Bonds	9,238,250	-	500,690	6,367,897	2,369,663
Money Market	3,208,993	3,208,993	-	-	-
	<u>\$ 50,238,037</u>	<u>\$ 38,871,967</u>	<u>\$ 500,690</u>	<u>\$ 7,210,282</u>	<u>\$ 3,655,098</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. Funds may be invested in securities exceeding one year.

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, 2014, the City's investment in debt securities and the corresponding credit ratings were as follows:

Credit risk ratings	AAA	Aaa	AA3	AA2	AA1	A1	A2
Municipal Bonds	\$ 5,177,329	\$ -	\$ 273,342	\$ 1,625,979	\$ 1,660,911	\$ 500,689	\$ -
Money Market Funds	-	3,208,993	-	-	-	-	-
Corporate Bonds	-	208,868	820,250	210,024	-	607,694	201,216
	<u>\$ 5,177,329</u>	<u>\$ 3,417,861</u>	<u>\$ 1,093,592</u>	<u>\$ 1,836,003</u>	<u>\$ 1,660,911</u>	<u>\$ 1,108,383</u>	<u>\$ 201,216</u>

Custodial Credit Risk-City's Investments: For investments, custodial risk is the risk that, in the event of failure of the counter party, the City will not be able to recover value of its investments or collateral securities that are in the possession of the outside party. As of June 30, 2014, 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 investment satisfactory to the Finance Director and Corporation Counsel. At June 30, 2014 53% of the City's cash and investments were held at one institution. Of the total cash and investments, 65% was held in cash.

C. Receivables

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.

Property taxes were levied June 25, 2013 on the assessed values of real property as of April 1, 2013, as described below. Taxes were due in two installments, September 13, 2013 and March 14, 2014. Interest was charged at 7.0% per annum on amounts not paid by September 14, 2013 and March 15, 2014. 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, 2014, (\$145,486,359) were assessed at the rate of 19.41 mills on the dollar on a total taxable valuation of \$7,495,433,220.

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

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

The City has twelve *revolving loan programs*, which are accounted for within its Enterprise and Special Revenue Funds. Funding for these programs came from federal grants, bonded debt, 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.

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.

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 \$36,810,573. At June 30, 2014, \$36,165,743 had been expended against these grants. Amounts due from federal and state governments related to these grants are \$6,092,911.

D. Capital assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Primary Government					
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 23,367,826	\$ 74,375	\$ 485,150	\$ -	\$ 23,927,351
Construction in progress	4,558,223	-	4,009,928	(3,243,908)	5,324,243
Total capital assets, not being depreciated	\$ 27,926,049	\$ 74,375	\$ 4,495,078	\$ (3,243,908)	\$ 29,251,594
Capital assets, being depreciated:					
Buildings and improvements	\$ 221,716,858	\$ 3,187,829	\$ 6,022,600	\$ (766,416)	\$ 230,160,871
Improvements other than buildings	37,181,961	1,413,999	1,045,130	(167,267)	39,473,823
Machinery and equipment	47,089,350	949,422	3,796,828	(3,001,741)	48,833,859
Infrastructure	241,849,714	-	2,033,471	-	243,883,185
Total capital assets, being depreciated	\$ 547,837,883	\$ 5,551,250	\$ 12,898,029	\$ (3,935,424)	\$ 562,351,738
Less accumulated depreciation for:					
Buildings and improvements	\$ (101,263,410)	\$ (2,391,145)	\$ (6,091,812)	\$ 518,306	\$ (109,228,061)
Improvements other than buildings	(18,354,000)	(1,326,522)	(1,482,904)	91,853	(21,071,573)
Machinery and equipment	(30,746,714)	(527,699)	(2,714,922)	2,828,730	(31,160,605)
Infrastructure	(100,518,753)	-	(3,709,664)	-	(104,228,417)
Total accumulated depreciation	\$ (250,882,877)	\$ (4,245,366)	\$ (13,999,302)	\$ 3,438,889	\$ (265,688,656)
Total capital assets being depreciated, net	296,955,006	1,305,884	(1,101,273)	(496,535)	296,663,082
Governmental activities capital assets, net	\$ 324,881,055	\$ 1,380,259	\$ 3,393,805	\$ (3,740,443)	\$ 325,914,676

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

Governmental activities:	
General government	\$ 3,970,873
Public safety	1,769,354
Public services, including general infrastructure	4,656,224
Health and human services	350,870
Education	2,893,648
Public library	358,333
Total depreciation expense - governmental activities	\$ 13,999,302

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 17,656,587	\$ (74,375)	\$ -	\$ -	\$ 17,582,212
Construction in progress	37,203,630	-	3,540,471	(37,513,250)	3,230,851
Total capital assets, not being depreciated	<u>\$ 54,860,217</u>	<u>\$ (74,375)</u>	<u>\$ 3,540,471</u>	<u>\$ (37,513,250)</u>	<u>\$ 20,813,063</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 192,320,001	\$ (3,187,829)	\$ 1,024,697	\$ -	\$ 190,156,869
Improvements other than buildings	112,694,532	(1,413,999)	14,242,972	-	125,523,505
Infrastructure	110,396,209	-	25,083,603	-	135,479,812
Machinery and equipment	21,014,770	(949,422)	2,274,848	(290,650)	22,049,546
Total capital assets, being depreciated	<u>\$ 436,425,512</u>	<u>\$ (5,551,250)</u>	<u>\$ 42,626,120</u>	<u>\$ (290,650)</u>	<u>\$ 473,209,732</u>
Less accumulated depreciation for:					
Buildings and improvements	\$ (57,518,680)	\$ 2,391,145	\$ (5,098,875)	\$ -	\$ (60,226,410)
Improvements other than buildings	(76,321,739)	1,326,522	(4,903,325)	-	(79,898,542)
Infrastructure	(22,329,923)	-	(1,813,580)	-	(24,143,503)
Machinery and equipment	(11,608,102)	527,699	(1,135,522)	290,650	(11,925,275)
Total accumulated depreciation	<u>\$ (167,778,444)</u>	<u>\$ 4,245,366</u>	<u>\$ (12,951,302)</u>	<u>\$ 290,650</u>	<u>\$ (176,193,730)</u>
Total capital assets being depreciated, net	<u>268,647,068</u>	<u>(1,305,884)</u>	<u>29,674,818</u>	<u>-</u>	<u>297,016,002</u>
Business-type activities capital assets, net	<u>\$ 323,507,285</u>	<u>\$ (1,380,259)</u>	<u>\$ 33,215,289</u>	<u>\$ (37,513,250)</u>	<u>\$ 317,829,065</u>

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

Business-type activities:	
Jetport	\$ 10,715,429
Sewer	2,018,092
Fish Pier	217,781
Total depreciation expense - business-type activities	<u>\$ 12,951,302</u>

The transfer column represents assets transferred from business-type activities to governmental activities during the year; in this case, the City's ice arena and two municipal golf courses.

E. Pension obligations

Defined Benefit Pension Plan-City Employees

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 Law, found in 5 MRSA Part 20 State Retirement System. The 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 and can be found in 5 MRSA §18252-B. 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 contacting Maine PERS at 46 State House Station, Augusta, ME 04333-0046, or (207) 512-3100, or toll free at (800) 451-9800, and is also available on their website.

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, 2014 is 6.5% of covered payroll for the regular plan, 12.8% of covered payroll for the Special #1 Plan and 7.9% 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 contribution to the CPPLD for the last ten fiscal years was equal to the required contribution for each year as follows (000's):

<u>2014</u>	<u>2013</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>
\$3,499	\$ 3,065	\$ 2,554	\$ 1,995	\$ 1,547	\$ 1,525	\$ 1,543	\$ 1,545	\$ 1,513	\$ 1,288

Defined Benefit Pension Plan-School Employees

Plan description. Teachers and certain other School Department employees also participate in the Maine PERS through the Teachers Retirement Plan, a cost sharing multiple-employer defined benefit pension plan with special funding situations established by the Maine State legislature. The Plan's retirement program provide defined retirement benefits based on a member's average final compensation, vesting (eligibility for benefits) occurs upon the earning of five years of service credit. Normal retirement age (NRA) is 60 based on creditable service of 10 years on June 30, 1993; if not then NRA is 62. Beginning on July 1, 2014, for new members, NRA will be 65. The authority to establish and amend benefit provisions rests with the State of Maine's Legislature. The Maine PERS issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher Plan. That report may be obtained by contacting Maine PERS at 46 State House Station, Augusta, ME 04333-0046, or (207) 512-3100, or toll free at (800) 451-9800, and is also available on their website.

Funding policy. Employees are required by State statute to contribute 7.65% of their compensation to the retirement system. The City is required to make contributions to this plan for federally funded teachers. The contribution for these employees is 16.15% of compensation for the fiscal year ended June 30, 2014. The City is also required to pay a portion for the remaining teachers in the plan. For the year ended June 30, 2014 this was 2.65% of compensation. The State of Maine makes a contribution for these teachers of 13.03% for the year. 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 amount.

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>2014</u>	<u>2013</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>
\$ 6,419	\$ 7,694	\$ 7,884	\$ 8,845	\$ 9,455	\$ 9,097	\$ 8,875	\$ 8,721	\$ 8,371	\$ 7,343

Funding status and progress – 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.

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 2014 covered payroll and City

contributions approximated \$25,778,528 and \$1,721,069 respectively. Authority for establishing or amending contribution requirements is found in State Law, specifically 5 MRSA §18252-B.

F. Construction and other significant commitments

Construction commitments – The City has active construction projects as of June 30, 2014. At year end the government’s commitments with contractors are as follow:

Projects	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Public buildings and improvements	\$ 6,771,796	\$ 7,278,507
Combined Sewer Overflow Projects	3,270,957	3,096,873
Equipment purchases	-	42,358
Jetport construction projects	276,664	1,551,426
Total	<u>\$ 10,319,417</u>	<u>\$ 11,969,164</u>

G. 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 Position. The liability for claims and judgments of the General Fund which are not currently due and payable are reported in the Statement of Net Position. 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.

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, 2014.

At June 30, 2014, the amount of these liabilities was \$10,850,824. 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, 2012, resulted from the following:

	Workers' Compensation	Health Insurance	Liability	Unemployment	Total
Unpaid claims as of June 30, 2012	\$ 7,244,579	\$ 1,100,000	\$ 144,818	\$ -	\$ 8,489,397
Incurred claims	620,995	13,117,647	82,694	152,351	13,973,687
Payments	(1,676,909)	(13,810,129)	(189,815)	(152,351)	(15,829,204)
Changes in estimates and other adjustments	<u>1,747,780</u>	<u>992,482</u>	<u>557,548</u>	<u>-</u>	<u>3,297,810</u>
Unpaid claims as of June 30, 2013	7,936,445	1,400,000	595,245	-	9,931,690
Incurred claims	742,807	13,226,657	311,718	123,463	14,404,645
Payments	(1,678,280)	(14,477,054)	(286,851)	(123,463)	(16,565,648)
Changes in estimates and other adjustments	<u>2,107,278</u>	<u>1,000,397</u>	<u>(27,538)</u>	<u>-</u>	<u>3,080,137</u>
Unpaid claims as of June 30, 2014	<u>\$ 9,108,250</u>	<u>\$ 1,150,000</u>	<u>\$ 592,574</u>	<u>\$ -</u>	<u>\$ 10,850,824</u>

H. Lease obligations

Leasing arrangements where the City is lessor. The City has several operating leases covering the properties listed below. The total rental income was \$24,450,559 for the year ended June 30, 2014. The future minimum lease payments are as follows:

For the years ending June 30:	<u>Operating Leases</u>
2015	\$ 4,565,374
2016	4,372,286
2017	4,335,137
2018	3,975,042
2019	3,343,128
Total future minimum lease payments	<u>\$ 20,590,967</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:

	Cost	Carrying Value
	<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	1,397,399	1,397,399
	<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	\$ 6,087,776	\$ 2,057,044
Exposition Building	3,079,075	1,565,528
Fish Pier	14,589,407	1,617,742
Hadlock Field	3,976,120	1,936,103
International Ferry Terminal	3,044,155	279,662
Jetport	97,158,814	72,196,891
	<u>97,158,814</u>	<u>72,196,891</u>
Total property, plant and equipment	\$ 127,935,347	\$ 79,652,970
	<u>\$ 127,935,347</u>	<u>\$ 79,652,970</u>
	 <u>\$ 134,107,339</u>	 <u>\$ 85,824,962</u>

Leasing arrangements where the City is lessee. The City leases a building which houses various City departments. Total costs for the lease for the year ended June 30, 2014 was \$24,134. The future minimum lease payments for this lease are as follows:

For the years ending June 30:	<u>Operating Leases</u>
2015	\$ 38,810
2016	38,810
2017	38,810
2018	38,810
2019	12,937
Total future minimum lease payments	<u>\$ 168,177</u>

I. Short-term debt

On August 23, 2010, the Jetport secured 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 was \$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). During fiscal year 2013 the available line of credit was reduced to \$7,251,039 and on September 9, 2013 the financing was cancelled.

J. Long-term liabilities

Changes in long-term liabilities

Changes in the City's long-term liabilities for the governmental activities for the year ended June 30, 2014 are as follows:

	<u>July 1, 2013</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>	<u>One Year</u>
General obligation bonds	\$ 213,581,238	\$ 471,299	\$ 17,692,328	\$ 12,773,944	\$ 218,970,921	\$ 13,097,655
Premium on bonds	3,147,382	11,458	1,224,855	456,575	3,927,120	599,462
Notes payable	2,538,984	-	-	263,558	2,275,426	316,418
Capital leases	466,064	-	-	166,798	299,266	172,672
Self-insurance	7,779,295	-	2,973,730	2,157,716	8,595,309	2,265,656
Compensated absences	9,864,519	-	8,050,227	8,320,884	9,593,862	3,487,543
Retirement incentive	274,353	-	-	161,352	113,001	113,001
Unfunded pension liability	836,330	-	-	116,684	719,646	124,943
	<u>\$ 238,488,165</u>	<u>\$ 482,757</u>	<u>\$ 29,941,140</u>	<u>\$ 24,417,511</u>	<u>\$ 244,494,551</u>	<u>\$ 20,177,350</u>

The general fund is typically used to liquidate the liability for compensated absences.

Changes in the City's long-term liabilities for the business-type activities for the year ended June 30, 2014 are as follows:

	<u>Balance July 1, 2013</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 74,434,747	\$ (471,299)	\$ 2,425,672	\$ 6,383,819	\$ 70,005,301	\$ 5,470,108
Revenue bonds	123,465,000	-	-	1,865,000	121,600,000	1,615,000
Premium on bonds	4,446,190	(11,458)	139,504	558,991	4,015,245	528,009
	<u>\$ 202,345,937</u>	<u>\$ (482,757)</u>	<u>\$ 2,565,176</u>	<u>\$ 8,807,810</u>	<u>\$ 195,620,546</u>	<u>\$ 7,613,117</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, public improvements, infrastructure, equipment, economic development projects, the liquidation of self-insured claims, and pension benefit obligations. Bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

Bonds for capital improvements which were authorized but not issued at June 30, 2014 were \$195,466,500. Of that total \$175,305,500 was for the City's Combined Sewer Overflow Program.

As of June 30, 2014, general obligation bonds, capital leases and notes payable reported in the statement of Net Position 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, 2014</u>
General obligation bonds:						
Multi-modal taxable						
pension bond	07/19/01	\$ 111,800,000	variable	\$ 110,210,000	\$ -	\$ 110,210,000
School renovation	07/15/04	600,000	0.00	42,000	-	42,000
Various purpose	04/01/05	11,325,000	4.09	6,240,000	-	6,240,000
Various purpose	04/01/06	15,770,000	4.20	5,513,740	2,216,259	7,729,999
School renovation	09/16/06	625,733	0.00	131,404	-	131,404
Refunding and						
various purposes	06/01/07	25,465,000	4.13	5,503,606	3,586,394	9,090,000
Various purpose	05/01/09	13,220,000	3.31	6,969,560	430,440	7,400,000
Combined Sewer Overflow	06/15/09	11,135,000	1.00	-	8,351,250	8,351,250
Combined Sewer Overflow	06/15/09	1,912,762	0.00	-	1,434,572	1,434,572
Refunding	06/15/09	17,935,000	3.05	3,771,979	2,123,021	5,895,000
School Construction	11/01/09	14,217,000	3.46	11,360,000	-	11,360,000
Refunding and						
various purposes	03/01/10	18,912,000	3.98	12,218,927	1,636,073	13,855,000
Combined Sewer Overflow	11/23/10	11,100,000	1.00	-	9,435,000	9,435,000
Refunding and						
various purposes	12/01/10	13,900,000	3.12	11,311,337	773,663	12,085,000
Combined Sewer Overflow	05/02/11	7,286,467	1.00	-	6,193,497	6,193,497
Refunding	09/01/11	19,940,000	3.83	5,544,642	9,490,358	15,035,000
Combined Sewer Overflow	12/18/11	7,245,000	1.00	-	6,520,500	6,520,500
Various purpose	01/25/12	11,494,000	2.06	9,569,000	286,000	9,855,000
Various Purposes	02/01/13	15,418,000	3.40	12,892,398	1,517,602	14,410,000
Combined Sewer Overflow	04/15/13	14,300,000	0.50	-	13,585,000	13,585,000
Refunding and						
various purposes	02/01/14	20,118,000	3.68	17,692,328	2,425,672	20,118,000
Total general obligation bonds		<u>\$ 343,600,962</u>		<u>\$ 218,970,921</u>	<u>\$ 70,005,301</u>	<u>\$ 288,976,222</u>
Capital leases:						
School Department Equipment & Vehicles				\$ 299,266	\$ -	\$ 299,266
Total capital leases				<u>\$ 299,266</u>	<u>\$ -</u>	<u>\$ 299,266</u>
Notes payable:						
HUD 108 Loan				\$ 1,018,000	\$ -	\$ 1,018,000
Maine Department of Transportation				1,257,425	-	1,257,425
Total notes payable				<u>\$ 2,275,425</u>	<u>\$ -</u>	<u>\$ 2,275,425</u>
Total				\$ 221,545,612	\$ 70,005,301	\$ 291,550,913
Less current portion				(13,586,745)	(5,470,108)	(19,056,853)
Total long-term				<u>\$ 207,958,867</u>	<u>\$ 64,535,193</u>	<u>\$ 272,494,060</u>

The annual requirements to amortize general obligation bonds, capital leases and notes payable outstanding as of June 30, 2014 are as follow:

Year Ending June 30	General City		Enterprise Funds		Totals		Grand Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 13,097,655	\$ 13,907,405	\$ 5,470,108	\$ 1,240,433	\$ 18,567,763	\$ 15,147,838	\$ 33,715,601
2016	13,117,430	13,207,239	5,395,333	1,108,658	18,512,763	14,315,897	32,828,660
2017	13,279,304	12,620,431	5,343,459	990,433	18,622,763	13,610,864	32,233,627
2018	13,208,805	11,995,333	5,305,156	876,890	18,513,961	12,872,223	31,386,184
2019	13,880,943	11,261,174	5,143,018	784,390	19,023,961	12,045,564	31,069,525
2020-2024	85,432,016	41,765,480	21,667,791	2,339,240	107,099,807	44,104,720	151,204,527
2025-2029	58,256,690	8,650,729	15,273,117	696,217	73,529,807	9,346,946	82,876,753
2030-2034	8,698,078	605,568	6,407,319	97,268	15,105,397	702,836	15,808,233
Grand totals	\$ 218,970,921	\$ 114,013,359	\$ 70,005,301	\$ 8,133,529	\$ 288,976,222	\$ 122,146,888	\$ 411,123,110

Year Ending June 30	Capital Leases			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 172,672	\$ 9,990	\$ 182,662	\$ 316,418	\$ 56,584	\$ 373,002
2016	85,007	3,899	88,906	319,406	53,595	373,001
2017	41,587	1,228	42,815	372,530	50,472	423,002
2018	-	-	-	293,794	47,208	341,002
2019	-	-	-	79,204	43,798	123,002
2020-2024	-	-	-	452,802	162,207	615,009
2025-2029	-	-	-	441,272	50,735	492,007
	\$ 299,266	\$ 15,117	\$ 314,383	\$ 2,275,426	\$ 464,599	\$ 2,740,025

Revenue Bonds

The Jetport issues revenue bonds for the purpose of enlarging and improving its operations. The Jetport has also issued refunding bonds when there has been an economic gain. The refundings are structured as legal defeasances of the old debt and such debt has been removed from the Jetport's books.

Revenue bonds payable for the year ended June 30, 2014:

	Interest Rate Range	Outstanding June 30, 2014
General Airport Revenue Refunding Bonds, Series 2013 \$26,265,000 original principal, matures July 1, 2032	2%-5%	\$ 25,080,000
General Airport Revenue Bonds, Series 2010 \$72,310,000 original principal, matures January 1, 2040	4%-5%	72,185,000
General Airport Revenue Bonds, Series 2008 \$26,420,000 original principal, matures January 1, 2038	4%-4.75%	24,335,000
		<u>\$ 121,600,000</u>

The annual requirements to amortize the Jetport's outstanding revenue bonds as of June 30, 2014 are as follows:

Year ended June 30,	Principal	Interest	Total
2015	\$ 1,615,000	\$ 5,919,773	\$ 7,534,773
2016	1,665,000	5,867,098	7,532,098
2017	1,720,000	5,807,973	7,527,973
2018	2,780,000	5,745,916	8,525,916
2019	3,140,000	5,625,966	8,765,966
2020-2024	18,315,000	25,848,980	44,163,980
2025-2029	24,010,000	20,810,464	44,820,464
2030-2034	29,435,000	14,094,825	43,529,825
2035-2039	27,545,000	6,965,500	34,510,500
2040	11,375,000	568,750	11,943,750
Totals	<u>\$ 121,600,000</u>	<u>\$ 97,255,245</u>	<u>\$ 218,855,245</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%. The actual debt service coverage ratio for 2014 (147%) exceeded the requirement by 22 points.

Advance refunding

In February of 2014, the City issued \$1,491,316 in general obligation bonds with interest rates ranging from 2% to 5%. The net proceeds (including premium) were used to advance refund 2004 Series A general obligation bonds with a face amount outstanding of \$1,590,000. On March 17, 2014 the 2004 Series A were fully redeemed. As a result the 2004 Series A were removed from the statement of net assets.

The net carrying amount of the old debt exceeded the requisition price by \$98,684. The City refinanced the debt in order to reduce its total debt service payments over ten years by \$59,078 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$101,138.

Prior year defeasance of debt. In prior years the City defeased general obligation capital improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide all future debt services on the old bond. In November of 2013, the remaining defeased bonds were retired.

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, 2014, \$288,976,222 (25.5%) of debt applicable to the statutory limit of \$1,132,717,500 was 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.

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, 2014, consists of the following:

<u>Entity</u>	<u>Percentage</u>	<u>Share of Bonded Debt Amount</u>
Cumberland County	19.55%	\$ 7,493,807
Portland Water District (sewer debt)	100.00%	17,019,915
Portland Water District (water debt)	29.74%	12,645,715
		<u>\$ 37,159,437</u>

K. Fund balance

Minimum fund balance policy and stabilization arrangement. 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.

At June 30, 2014, the Tax Rate Stabilization component of the General Fund Unassigned fund balance is \$1,882,005.

Encumbrances at year end for the general fund and the proprietary funds were \$5,885 and \$154,031, respectively.

L. Interfund receivables, payables and transfers

Inter-fund balances and transfers by fund at and for the year ended June 30, 2014, are as follows:

	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 225,941	\$ -	\$ 2,719,568	\$ 27,021,395
Debt Service	-	-	25,545,917	18,280,375
Capital Projects Fund	-	-	18,143,000	56,450
Nonmajor governmental funds	-	225,941	807,022	1,857,287
	<u>\$ 225,941</u>	<u>\$ 225,941</u>	<u>\$ 47,215,507</u>	<u>\$ 47,215,507</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.

M. Discretely presented component unit and jointly governed organizations

Portland Public Library

The Library maintains its cash accounts at various institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. 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 June 30, 2014, none of the library's deposits were uninsured and uncollateralized.

The Library's investments consist of the following:

Investment types:	Fair Value	Maturities (years)		
		Not Applicable	< 1	1 - 5
Library:				
Cash Equivalents	\$ 8,712	\$ 8,712	\$ -	\$ -
U.S. Treasuries	1,560,740	-	402,672	1,158,068
Common Stock	496,461	496,461	-	-
Mutual Funds	3,468,983	3,468,983	-	-
	<u>\$ 5,534,896</u>	<u>\$ 3,974,156</u>	<u>\$ 402,672</u>	<u>\$ 1,158,068</u>

Capital assets for the Library are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ -	\$ 162,500	\$ -	\$ 162,500
Total capital assets, not being depreciated	\$ -	\$ 162,500	\$ -	\$ 162,500
Property and Equipment				
Buildings and Improvements	\$ 2,670,644	\$ 1,465,625	\$ -	\$ 4,136,269
Furniture and Equipment	1,480,106	29,525	(271,104)	1,238,527
Total capital assets, being depreciated	4,150,750	1,495,150	(271,104)	5,374,796
Less accumulated depreciation				
Buildings and Improvements	(387,836)	-	(88,993)	(476,829)
Furniture and Equipment	(931,016)	263,257	(160,608)	(828,367)
	(1,318,852)	263,257	(249,601)	(1,305,196)
Total capital assets being depreciated, net	\$ 2,831,898	\$ 1,920,907	\$ (520,705)	\$ 4,232,100

During the year ended June 30, 2014, the Library obtained a \$150,000 line of credit secured by various business assets. The maturity date is June 2015. Interest is at Wall Street Journal Prime Rate plus 2.75% (6.00% at June 30, 2014). The outstanding balance as of June 30, 2014 was \$130,000.

Notes payable for the Library consisted of the following as of June 30, 2014:

Key Bank, N.A.

Monthly payments of \$1,027 with interest at 3.55%
due February 2016, unsecured \$ 10,300

Key Bank, N.A.

Construction loan, monthly payments of interest at
30-LIBOR Rate plus 2.6% (2.75% at June 30, 2014),
principal of \$250,000 due May 15, 2014 and due on
May 15, 2015 and 2016, secured by property. 1,090,718

Less current portion

\$ 1,101,018
(10,300)
\$ 1,090,718

Subsequent to year end, the Library refinanced the construction loan with long term debt. The new loan with TD Bank was signed on September 30, 2014 with the following terms: limited up to \$1,750,000, interest only for the first 24 months at LIBOR plus 1.9%, then principal and interest monthly based on a 20 year amortization. Maturity is in ten years on August 31, 2024,

secured by endowment investments, real estate on Riverside Street, Portland and all personal assets of the Library excluding collections.

The expected maturities are as follows:

June 30,	
2015	\$ 10,300
2016	-
2017	52,147
2018	70,941
2019	72,591
Thereafter	895,039
	<u>\$ 1,101,018</u>

The Library is exempt from income taxes under Section 501(c)(3).

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, 2011 and forward.

Greater Portland Transit District

The City of Portland's member assessment for the year ended June 30, 2014, was \$2,439,138.

ecomaine

During the year ended June 30, 2014, the City paid ecomaine \$1,234,032 in tipping fees and assessments for solid waste disposal services. Selected balance sheet information for ecomaine for the year ended June 30, 2014 based on the most recent information available, includes total assets of \$64,568,980, total liabilities of \$18,893,073 and unrestricted net position of \$16,593,731. The liabilities include an accrual for landfill closure and postclosure care of \$16,191,575. Ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date.

N. Contingencies

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.

The City participates in a number of federally assisted grant programs, principal of which are the Community Development Block Grant, Airport Development Aid, National School Lunch and U.S. Department of Education programs. These programs are subject to financial and compliance audits

by the grantors or their representatives. 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.

The City also depends on a large portion of its general assistance expenses to be reimbursed on a sliding scale by the State of Maine. At June 30, 2014 the City, was a party to a lawsuit against the state based on changes the state was implementing in determining expenses eligible for reimbursement. Additionally, the state conducted a field audit of the City's General Assistance program in the fall of 2013. As a result of that audit the state issued some preliminary findings against the City. No amounts of potential questioned costs were listed in the findings and the City has submitted their response within the required time period. No loss has been recorded in these financial statements for these two items. Any amount of reimbursement due to the State is not estimable at this time.

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.

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 2014. The actual costs may be higher due to inflation, changes in technology or changes in regulations.

O. New pronouncements

For the fiscal year ended June 30, 2014 the City has implemented the Government Accounting Standards Board (GASB) Statement No. 66, *Technical Corrections – 2012 an amendment of GASB Statements No. 10 and No. 62*.

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This GASB Statement replaces the requirements of Statement No. 27, *Accounting for Pension by State and Local Government Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pension through pension plans administered as trust or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long term obligation for pension benefits as a liability for the first time, and to comprehensively and comparably measure the annual cost of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplemental information. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014. The City is currently evaluating the impact this guidance will have on its financial statements.

Also effective for the City's fiscal year ending June 30, 2015 the City is evaluating the impact of the follow:

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.
- GASB Statement No. 70, *Accounting and Financial reporting for Nonexchange Financial Guarantees*.

P. Accounting Changes

Prior Period Adjustment. The beginning net position in the government-wide financial statements has been restated due to an error. Expenses related to self-insurance were understated by \$441,383. Beginning net position in the statement of activities has been reduced by this same amount.

**NONMAJOR GOVERNMENTAL FUND
SPECIAL REVENUE FUNDS**

Special Revenue funds are used to account for proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for particular 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, 2014

	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	\$ -	\$ 1,718,785	\$ 245,571	\$ 357,236	\$ 6,909,558	\$ 9,231,150	\$ 569,579	\$ 457,572	\$ 1,027,151	\$ 10,258,301
Investments	-	-	-	-	-	-	9,037,526	9,151,570	18,189,096	18,189,096
Accounts receivable, net	-	-	-	-	222,235	222,235	92	69	161	222,396
Loans receivable	-	2,351,293	-	-	-	2,351,293	-	-	-	2,351,293
Allowance for uncollectible loans	-	(117,564)	-	-	-	(117,564)	-	-	-	(117,564)
Due from other governments	442,658	-	253,665	2,276,293	3,049,881	6,022,497	-	-	-	6,022,497
Inventories	-	-	53,342	-	-	53,342	-	-	-	53,342
Total assets	\$ 442,658	\$ 3,952,514	\$ 552,578	\$ 2,633,529	\$ 10,181,674	\$ 17,762,953	\$ 9,607,197	\$ 9,609,211	\$ 19,216,408	\$ 36,979,361
LIABILITIES										
Accounts payable	\$ 213,304	\$ 12,598	\$ 78,686	\$ 298,473	\$ 1,366,810	\$ 1,969,871	\$ -	\$ 1,348	\$ 1,348	\$ 1,971,219
Other liabilities	3,413	178	12,360	710,153	270,160	996,264	-	-	-	996,264
Due to other funds	225,941	-	-	-	-	225,941	-	-	-	225,941
Unearned revenue	-	-	-	-	214,410	214,410	-	-	-	214,410
Total liabilities	\$ 442,658	\$ 12,776	\$ 91,046	\$ 1,008,626	\$ 1,851,380	\$ 3,406,486	\$ -	\$ 1,348	\$ 1,348	\$ 3,407,834
FUND BALANCES										
Nonspendable										
Inventories	\$ -	\$ -	\$ 53,342	\$ -	\$ -	\$ 53,342	\$ -	\$ -	\$ -	\$ 53,342
Loans	-	2,233,729	-	-	-	2,233,729	-	-	-	2,233,729
Permanent Funds	-	-	-	-	-	-	-	5,493,535	5,493,535	5,493,535
Restricted										
Other Grants and Special Revenue	-	-	408,190	1,624,903	8,330,294	10,363,387	-	-	-	10,363,387
Permanent Funds	-	-	-	-	-	-	9,607,197	4,114,328	13,721,525	13,721,525
Committed										
Loan Programs	-	1,706,009	-	-	-	1,706,009	-	-	-	1,706,009
Total fund balances	\$ -	\$ 3,939,738	\$ 461,532	\$ 1,624,903	\$ 8,330,294	\$ 14,356,467	\$ 9,607,197	\$ 9,607,863	\$ 19,215,060	\$ 33,571,527
Total liabilities and fund balances	\$ 442,658	\$ 3,952,514	\$ 552,578	\$ 2,633,529	\$ 10,181,674	\$ 17,762,953	\$ 9,607,197	\$ 9,609,211	\$ 19,216,408	\$ 36,979,361

CITY OF PORTLAND, MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	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	\$ -	\$ -	\$ 142,586	\$ -	\$ 2,526,150	\$ 2,668,736	\$ -	\$ -	\$ -	\$ 2,668,736
Licenses and Permits	-	-	-	-	696,084	696,084	-	-	-	696,084
Uses of money and property	-	18,129	-	-	-	18,129	1,025,883	996,999	2,022,882	2,041,011
Intergovernmental	2,081,077	837,149	2,628,486	7,322,281	9,956,581	22,825,574	-	-	-	22,825,574
Current services	110,158	221,041	572,767	3,047,056	2,550,817	6,501,839	-	-	-	6,501,839
Donations	-	-	-	-	543,763	543,763	51,350	366,425	417,775	961,538
Total revenue	\$ 2,191,235	\$ 1,076,319	\$ 3,343,839	\$ 10,369,337	\$ 16,273,395	\$ 33,254,125	\$ 1,077,233	\$ 1,363,424	\$ 2,440,657	\$ 35,694,782
EXPENDITURES										
General government	\$ 1,161,961	\$ 1,033,281	\$ -	\$ -	\$ 3,084,066	\$ 5,279,308	\$ 20,724	\$ 103,784	\$ 124,508	\$ 5,403,816
Public safety	126,300	-	-	-	1,926,687	2,052,987	-	-	-	2,052,987
Public services	-	-	-	-	901,453	901,453	-	-	-	901,453
Health and social services	129,777	-	-	-	8,309,609	8,439,386	-	-	-	8,439,386
Education	-	-	3,417,410	9,927,062	-	13,344,472	-	-	-	13,344,472
Debt Service	-	-	-	-	204,915	204,915	-	-	-	204,915
Capital outlay	773,197	-	-	-	2,310,059	3,083,256	-	-	-	3,083,256
Total expenditures	\$ 2,191,235	\$ 1,033,281	\$ 3,417,410	\$ 9,927,062	\$ 16,736,789	\$ 33,305,777	\$ 20,724	\$ 103,784	\$ 124,508	\$ 33,430,285
Excess (deficiency) of revenues over (under) expenditures	-	43,038	(73,571)	442,275	(463,394)	(51,652)	1,056,509	1,259,640	2,316,149	2,264,497
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	807,022	807,022	-	-	-	807,022
Transfers out	-	-	-	-	(1,718,923)	(1,718,923)	(112,608)	(25,756)	(138,364)	(1,857,287)
Total other financing sources (uses)	-	-	-	-	(911,901)	(911,901)	(112,608)	(25,756)	(138,364)	(1,050,265)
Net change in fund balances	-	43,038	(73,571)	442,275	(1,375,295)	(963,553)	943,901	1,233,884	2,177,785	1,214,232
Fund balances - beginning	-	3,896,700	535,103	1,182,628	9,705,589	15,320,020	8,663,296	8,373,979	17,037,275	32,357,295
Fund balances - ending	\$ -	\$ 3,939,738	\$ 461,532	\$ 1,624,903	\$ 8,330,294	\$ 14,356,467	\$ 9,607,197	\$ 9,607,863	\$ 19,215,060	\$ 33,571,527

CITY OF PORTLAND, MAINE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND – AGENCY FUNDS
For the Year Ended June 30, 2014

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
ASSETS				
Cash and cash equivalents	\$ 3,971,431	\$ 32,311,524	\$ 32,538,151	\$ 3,744,804
LIABILITIES				
Held for school activities and other purposes	\$ 1,293,954	\$ 5,210,649	\$ 5,101,869	\$ 1,402,734
Held for performance guarantees	1,418,187	662,603	1,030,734	1,050,056
Other liabilities	1,259,290	26,438,272	26,405,548	1,292,014
	<u>\$ 3,971,431</u>	<u>\$ 32,311,524</u>	<u>\$ 32,538,151</u>	<u>\$ 3,744,804</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, 2014**

	<u>Budget</u>	<u>Budget Basis Actual</u>	<u>Variance Positive (Negative)</u>
Municipal Revenue Sources:			
General property taxes for:			
General fund	\$ 73,835,885	\$ 73,835,885	\$ -
Food service	142,586	142,586	-
Adult education	724,530	724,530	-
Total Municipal Revenue Sources	\$ 74,703,001	\$ 74,703,001	\$ -
School Department Revenue Sources:			
Intergovernmental Revenues -			
Federal for:			
General fund	\$ 100,000	\$ 101,943	\$ 1,943
Food service	2,625,170	2,583,464	(41,706)
	<u>\$ 2,725,170</u>	<u>\$ 2,685,407</u>	<u>\$ (39,763)</u>
State for:			
General fund	\$ 15,895,407	\$ 15,709,992	\$ (185,415)
Food service	37,800	45,022	7,222
Adult education	485,000	450,299	(34,701)
	<u>\$ 16,418,207</u>	<u>\$ 16,205,313</u>	<u>\$ (212,894)</u>
Local Revenues -			
General fund:			
Tuition	\$ 2,449,381	\$ 2,445,998	\$ (3,383)
Miscellaneous	678,750	227,433	(451,317)
Fund balance appropriation	155,329	-	(155,329)
Food Service:			
Miscellaneous	815,523	572,767	(242,756)
Adult education	330,000	187,113	(142,887)
	<u>\$ 4,428,983</u>	<u>\$ 3,433,311</u>	<u>\$ (995,672)</u>
Total School Department revenue sources	23,572,360	22,324,031	(1,248,329)
Total Revenues	\$ 98,275,361	\$ 97,027,032	\$ (1,248,329)

CITY OF PORTLAND, MAINE
SCHOOL DEPARTMENT
EXPENDITURE STATUS REPORT SUMMARY
(Includes General, Adult Education and Food Services Funds)
For the Year Ended June 30, 2014

	<u>Budget</u>	<u>Budget Basis Actual</u>	<u>Variance Positive (Negative)</u>
General Operations:			
Salaries and wages -			
Regular salaries	\$ 56,112,912	\$ 55,027,344	\$ 1,085,568
Temporary salaries	1,335,729	1,503,242	(167,513)
Overtime and additional work	193,360	165,744	27,616
Sabbaticals	15,565	-	15,565
Stipends and differentials	1,951,020	2,273,227	(322,207)
Total salaries and wages	<u>\$ 59,608,586</u>	<u>\$ 58,969,557</u>	<u>\$ 639,029</u>
Employee benefits	\$ 14,908,322	\$ 14,621,278	\$ 287,044
Contracted services -			
Professional and technical services	\$ 2,228,026	\$ 2,140,546	\$ 87,480
Employee training and development	88,608	219,184	(130,576)
Architectural and engineering services	15,000	62,941	(47,941)
Security services	136,975	119,156	17,819
Special education	240,000	151,742	88,258
Legal	142,555	236,210	(93,655)
Total contracted services	<u>\$ 2,851,164</u>	<u>\$ 2,929,779</u>	<u>\$ (78,615)</u>
Other expenditures -			
Communications	\$ 356,786	\$ 301,362	\$ 55,424
Debt service	6,433,730	6,481,905	(48,175)
Dues and fees	144,563	152,221	(7,658)
Equipment	62,517	64,649	(2,132)
Insurance	298,196	277,657	20,539
Miscellaneous	644,073	268,252	375,821
Rentals and leases	478,409	348,327	130,082
Repairs and maintenance	1,430,008	1,412,742	17,266
Supplies	1,880,258	1,961,245	(80,987)
Transportation services	663,631	625,361	38,270
Travel	108,628	98,177	10,451
Tuition	1,037,441	855,792	181,649
Utilities	2,208,440	2,145,142	63,298
Total other expenditures	<u>\$ 15,746,680</u>	<u>\$ 14,992,832</u>	<u>\$ 753,848</u>
Total General Operations	\$ 93,114,752	\$ 91,513,446	\$ 1,601,306
Total Adult Education	\$ 1,539,530	\$ 1,446,502	\$ 93,028
Total Food Service	<u>\$ 3,621,079</u>	<u>\$ 3,417,410</u>	<u>\$ 203,669</u>
Total Expenditures	<u>\$ 98,275,361</u>	<u>\$ 96,377,358</u>	<u>\$ 1,898,003</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 southern 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.

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, 2014

	Budgeted Amounts		Actual (Budget Basis) Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 19,663,876	\$ 19,663,876	\$ 19,468,378	\$ (195,498)
Interest and other revenue	14,000	14,000	66,764	52,764
Total revenues	19,677,876	19,677,876	19,535,142	(142,734)
Expenditures and encumbrances				
Personnel services	4,044,687	4,038,992	3,966,148	72,844
Contractual services	6,579,926	6,238,676	5,836,992	401,684
Supplies and materials	713,662	653,412	748,935	(95,523)
Rentals	14,550	12,739	11,807	932
Utilities	1,126,438	1,148,561	1,411,237	(262,676)
Maintenance	1,091,278	1,120,532	1,109,862	10,670
Capital outlay	727,571	1,085,200	1,102,372	(17,172)
Debt service	4,273,992	4,273,992	4,375,775	(101,783)
Insurance	136,374	136,374	124,455	11,919
Total expenditures and encumbrances	18,708,478	18,708,478	18,687,583	20,895
Excess (deficiency) of revenues over (under) expenditures and encumbrances	\$ 969,398	\$ 969,398	\$ 847,559	\$ (121,839)

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, 2014

	Budgeted Amounts		Actual (Budget Basis) Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 23,509,086	\$ 23,509,086	\$ 22,195,897	\$ (1,313,189)
Interest and other revenue	14,000	14,000	60,552	46,552
Total revenues	23,523,086	23,523,086	22,256,449	(1,266,637)
Expenditures and encumbrances				
Personnel services	3,147,880	3,147,880	3,232,294	(84,414)
Contractual services	2,003,547	2,045,002	1,170,929	874,073
Portland Water District Services	10,829,898	10,829,898	10,706,124	123,774
Supplies and materials	251,950	199,895	169,494	30,401
Rentals	7,800	7,800	5,707	2,093
Insurance	736	736	700	36
Utilities	72,564	72,564	63,347	9,217
Maintenance	214,350	239,645	246,321	(6,676)
Capital outlay	1,115,000	1,100,305	988,409	111,896
Debt service	6,854,172	6,854,172	6,809,197	44,975
Total expenditures and encumbrances	24,497,897	24,497,897	23,392,522	1,105,375
Excess (deficiency) of revenues over (under) expenditures and encumbrances	\$ (974,811)	\$ (974,811)	\$ (1,136,073)	\$ (161,262)

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, 2014

	Budget Amounts		Actual (Budget Basis) Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 527,223	\$ 527,223	\$ 543,893	\$ 16,670
Total revenues	527,223	527,223	543,893	16,670
Expenditures and encumbrances				
Personnel services	33,200	33,200	28,764	4,436
Contractual services	30,879	30,879	35,556	(4,677)
Supplies and materials	15,500	15,500	8,607	6,893
Insurance	12,454	12,454	12,369	85
Utilities	12,371	12,371	14,026	(1,655)
Maintenance	44,850	44,850	55,178	(10,328)
Capital Outlay	30,000	30,000	24,906	5,094
Debt service	77,561	77,561	77,560	1
Total expenditures and encumbrances	256,815	256,815	256,966	(151)
Excess of revenues over expenditures and encumbrances	\$ 270,408	\$ 270,408	\$ 286,927	\$ 16,519

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.	91
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	97
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.	103
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.	108
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.	110

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 POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Net investment in capital assets	\$ 237,205,418	\$ 238,088,203	\$ 240,512,369	\$ 236,710,451	\$ 237,690,869	\$ 233,095,588	\$ 232,626,780	\$ 202,772,071	\$ 201,647,212	\$ 180,105,472
Restricted	29,578,447	28,617,473	40,568,515	42,220,700	27,732,463	27,283,892	28,086,768	34,672,137	32,890,140	32,502,442
Unrestricted	(86,631,180)	(84,586,033)	(101,782,479)	(106,347,379)	(97,244,553)	(99,006,369)	(102,392,852)	(114,014,092)	(111,308,026)	(93,877,164)
Total governmental activities net position	\$ 180,152,685	\$ 182,119,643	\$ 179,298,405	\$ 172,583,772	\$ 168,178,779	\$ 161,373,111	\$ 158,320,696	\$ 123,430,116	\$ 123,229,326	\$ 118,730,750
Business-type activities:										
Net investment in capital assets	\$ 131,899,572	\$ 142,520,123	\$ 134,401,030	\$ 118,355,999	\$ 34,953,117	\$ 101,204,925	\$ 99,182,931	\$ 122,613,617	\$ 116,425,113	\$ 107,834,005
Restricted	18,536,237	18,354,631	27,397,885	32,453,383	88,012,857	25,672,978	37,980,780	19,527,016	21,653,346	17,860,567
Unrestricted	26,398,687	17,612,910	15,841,788	16,050,004	21,327,425	5,174,384	(10,605,819)	5,458,482	1,696,042	1,329,379
Total business-type activities net position	\$ 176,834,496	\$ 178,487,664	\$ 177,640,703	\$ 166,859,386	\$ 144,293,399	\$ 132,052,287	\$ 126,557,892	\$ 147,599,115	\$ 139,774,501	\$ 127,023,951
Primary government:										
Net investment in capital assets	\$ 369,104,990	\$ 380,608,326	\$ 374,913,399	\$ 355,066,450	\$ 272,643,986	\$ 334,300,513	\$ 331,809,711	\$ 325,385,688	\$ 318,072,325	\$ 287,939,477
Restricted	48,114,684	46,972,104	67,966,399	74,674,083	115,745,320	52,956,870	66,067,548	54,199,153	54,543,486	50,363,009
Unrestricted	(60,232,493)	(66,973,123)	(85,940,691)	(90,297,375)	(75,917,128)	(93,831,985)	(112,998,671)	(108,555,610)	(109,611,984)	(92,547,785)
Total primary government net position	\$ 356,987,181	\$ 360,607,307	\$ 356,939,108	\$ 339,443,158	\$ 312,472,178	\$ 293,425,398	\$ 284,878,588	\$ 271,029,231	\$ 263,003,827	\$ 245,754,701

TABLE 2

CITY OF PORTLAND, MAINE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses -										
Governmental activities:										
General government	\$ 39,343,296	\$ 38,191,117	\$ 33,309,315	\$ 33,057,893	\$ 36,613,534	\$ 35,560,710	\$ 24,232,228	\$ 33,048,546	\$ 26,651,410	\$ 25,925,129
Public safety	38,717,490	40,867,186	37,094,156	37,144,627	35,490,454	27,505,495	30,109,641	28,076,618	30,744,449	31,422,650
Public services	26,123,759	22,744,855	22,076,438	27,616,897	23,861,900	24,954,571	24,804,928	21,516,081	23,930,232	18,069,032
Health and social services	41,053,636	41,201,671	38,959,633	34,735,555	40,438,590	38,971,431	36,153,651	33,839,414	28,750,098	30,583,891
Parks and recreation	c -	-	-	-	-	4,194,639	7,973,046	7,833,055	5,342,871	5,269,490
Public library	3,828,782	3,730,635	3,658,070	3,531,782	3,720,852	3,226,843	3,408,232	3,228,483	2,964,374	2,856,082
Education	112,288,031	108,353,354	105,974,129	108,432,077	107,229,960	101,075,374	99,977,355	98,785,055	91,469,804	93,366,081
Transportation	2,628,118	2,439,138	2,489,016	2,448,674	2,493,453	2,400,382	3,190,503	2,315,615	2,259,106	2,243,626
Interest on long-term debt	13,324,928	12,888,359	12,367,091	12,554,551	12,593,760	13,684,430	10,658,140	10,700,797	9,975,125	10,606,612
Total governmental activities	\$ 277,308,040	\$ 270,416,315	\$ 255,927,848	\$ 259,522,056	\$ 262,442,504	\$ 251,573,875	\$ 240,507,725	\$ 239,343,664	\$ 222,087,469	\$ 220,342,593
Business-type activities:										
Transportation	\$ 29,661,187	\$ 30,520,852	\$ 25,670,417	\$ 22,771,819	\$ 21,785,978	\$ 20,699,161	\$ 20,716,369	\$ 19,229,508	\$ 19,242,001	\$ 17,209,129
Sewer	18,559,070	18,897,135	17,484,320	17,330,283	18,014,387	16,746,645	16,724,613	15,858,953	15,774,543	15,381,598
Seaport facilities	b 384,558	435,661	326,420	319,439	518,473	529,675	694,141	3,069,484	3,213,487	3,083,895
Recreational facilities	d -	1,960,483	1,785,842	1,684,478	1,643,425	1,729,210	1,642,888	1,623,526	1,681,484	1,575,704
Real estate development and lending	a 279,093	358,225	469,873	49,959	188,820	707,420	331,215	455,654	180,287	-
Total business-type activities	\$ 48,883,908	\$ 52,172,356	\$ 45,736,872	\$ 42,155,978	\$ 42,151,083	\$ 40,412,111	\$ 40,109,226	\$ 40,237,125	\$ 40,091,802	\$ 37,250,326
Total primary government expenses	\$ 326,191,948	\$ 322,588,671	\$ 301,664,720	\$ 301,678,034	\$ 304,593,587	\$ 291,985,986	\$ 280,616,951	\$ 279,580,789	\$ 262,179,271	\$ 257,592,919
Program Revenues -										
Governmental activities:										
Charges for services:										
General government	\$ 28,578,030	\$ 24,096,710	\$ 18,874,424	\$ 21,505,035	\$ 22,910,549	\$ 15,267,016	\$ 16,102,532	\$ 14,978,179	\$ 14,466,808	\$ 14,136,125
Public safety	4,361,998	4,384,254	4,053,962	3,604,977	3,757,518	3,767,496	3,300,386	3,442,211	3,777,231	3,337,097
Public services	2,995,876	2,721,420	3,770,781	3,736,127	3,126,767	4,140,082	4,964,016	4,607,161	4,544,631	2,371,363
Health and social services	17,258,649	18,984,363	18,555,023	18,886,015	26,655,127	26,668,748	24,592,512	22,959,939	21,794,658	19,697,564
Parks and recreation	c -	-	-	-	-	2,013,114	1,855,112	1,762,074	1,393,913	1,250,634
Education	2,857,544	3,386,013	4,087,382	5,434,044	5,287,046	5,605,127	5,202,389	4,320,870	4,295,602	4,563,758
Transportation	-	-	-	-	-	-	1,131,154	-	-	-
Operating grants and contributions	57,082,006	59,947,968	58,906,897	61,178,311	56,170,343	49,329,472	46,442,769	45,790,883	41,574,223	39,956,196
Capital grants and contributions	-	-	-	-	-	73,741	835,697	580,304	1,283,826	462,208
Total governmental activities program revenues	\$ 113,134,103	\$ 113,520,728	\$ 108,248,469	\$ 114,344,509	\$ 117,907,350	\$ 106,864,796	\$ 104,426,567	\$ 98,441,621	\$ 93,130,892	\$ 85,774,945

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-type activities:										
Charges for services:										
Transportation	\$ 19,468,378	\$ 19,064,429	\$ 17,939,788	\$ 17,343,193	\$ 17,269,070	\$ 16,161,010	\$ 16,386,807	\$ 13,774,761	\$ 11,830,137	\$ 13,073,322
Sewer	22,195,897	21,995,546	22,470,548	21,283,123	21,746,343	20,466,364	18,761,693	17,755,956	16,767,303	15,946,451
Seaport facilities	b 517,893	494,521	469,289	412,094	638,424	363,953	387,031	1,433,934	1,527,808	1,561,776
Recreational facilities	d -	1,604,588	1,591,628	1,470,736	1,541,791	1,529,053	1,630,467	1,422,847	1,433,021	1,457,647
Real estate development and lending	a 4,822	9,678	72,791	85,642	53,748	5,758	700	1,040,550	228,517	-
Operating grants and contributions	-	116,848	-	-	-	-	-	-	450,000	266,268
Capital grants and contributions	5,731,937	12,222,465	13,933,355	24,121,462	15,918,069	6,654,237	4,034,883	10,996,793	14,140,167	18,118,267
Total business-type activities program revenues	\$ 47,918,927	\$ 55,508,075	\$ 56,477,399	\$ 64,716,250	\$ 57,167,445	\$ 45,180,375	\$ 41,201,581	\$ 46,424,841	\$ 46,376,953	\$ 50,423,731
Total primary government program revenues	\$ 161,053,030	\$ 169,028,803	\$ 164,725,868	\$ 179,060,759	\$ 175,074,795	\$ 152,045,171	\$ 145,628,148	\$ 144,866,462	\$ 139,507,845	\$ 136,198,676
Net (Expense)/Revenue -										
Governmental activities	\$ (164,173,937)	\$ (156,895,587)	\$ (147,679,379)	\$ (145,177,547)	\$ (144,535,154)	\$ (144,709,079)	\$ (136,081,158)	\$ (140,902,043)	\$ (128,956,577)	\$ (134,567,648)
Business-type activities	(964,981)	3,335,719	10,740,527	22,560,272	15,016,362	4,768,264	1,092,355	6,187,716	6,285,151	13,173,405
Total primary government net expense	\$ (165,138,918)	\$ (153,559,868)	\$ (136,938,852)	\$ (122,617,275)	\$ (129,518,792)	\$ (139,940,815)	\$ (134,988,803)	\$ (134,714,327)	\$ (122,671,426)	\$ (121,394,243)
General Revenues and Other Changes in net position -										
Governmental activities:										
Property taxes	\$ 145,080,087	\$ 141,621,832	\$ 136,320,324	\$ 132,196,346	\$ 131,430,388	\$ 131,467,714	\$ 125,476,098	\$ 117,686,683	\$ 113,682,378	\$ 110,837,533
Excise taxes	9,875,683	9,787,482	9,190,158	8,949,510	9,090,560	9,147,112	9,805,579	10,472,164	11,118,080	10,826,333
Unrestricted grants and contributions	6,460,888	8,074,576	8,247,641	7,450,701	6,115,563	7,698,305	8,501,405	7,670,215	7,260,779	7,389,591
Unrestricted investment earnings	334,129	255,376	560,421	681,842	1,185,284	1,495,667	3,009,257	4,578,802	3,318,933	2,281,944
Miscellaneous	-	15,819	75,468	281,436	546,116	(418,068)	1,228,632	1,532,995	3,894,482	130,470
Transfers	897,576	-	-	22,705	2,972,911	(29,236)	22,950,767	(838,026)	(2,019,803)	(615,516)
Total governmental activities	\$ 162,648,363	\$ 159,755,085	\$ 154,394,012	\$ 149,582,540	\$ 151,340,823	\$ 149,361,494	\$ 170,971,738	\$ 141,102,833	\$ 137,254,849	\$ 130,850,355
Business-type activities:										
Unrestricted investment earnings	\$ 209,390	\$ 144,129	\$ 40,790	\$ 28,420	\$ 197,661	\$ 696,895	\$ 817,189	\$ 798,873	\$ 645,900	\$ 255,675
Transfers	(897,576)	-	-	(22,705)	(2,972,911)	29,236	(22,950,767)	838,026	2,019,803	615,516
Total business-type activities	\$ (688,186)	\$ 144,129	\$ 40,790	\$ 5,715	\$ (2,775,250)	\$ 726,131	\$ (22,133,578)	\$ 1,636,899	\$ 2,665,703	\$ 871,191
Total primary government	\$ 161,960,177	\$ 159,899,214	\$ 154,434,802	\$ 149,588,255	\$ 148,565,574	\$ 150,087,625	\$ 148,838,160	\$ 142,739,732	\$ 139,920,552	\$ 131,721,546
Change in net position -										
Governmental activities	\$ (1,525,574)	\$ 2,859,497	\$ 6,714,633	\$ 4,404,993	\$ 6,805,668	\$ 4,652,415	\$ 34,890,580	\$ 200,790	\$ 8,298,272	\$ (3,717,293)
Business-type activities	(1,653,167)	3,479,848	10,781,317	22,565,987	12,241,112	5,494,395	(21,041,223)	7,824,615	8,950,854	14,044,596
Total primary government	\$ (3,178,741)	\$ 6,339,345	\$ 17,495,950	\$ 26,970,980	\$ 19,046,780	\$ 10,146,810	\$ 13,849,357	\$ 8,025,405	\$ 17,249,126	\$ 10,327,303

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 position 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.
- d - The golf courses and the ice arena were merged with facilities maintenance and are shown in general government starting in 2014.

TABLE 3

CITY OF PORTLAND, MAINE
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:										
Nonspendable										
Inventories	\$ 593,892	\$ 590,760	\$ 705,753	\$ 558,255	\$ 913,043	\$ 678,602	\$ 883,653	\$ 1,013,807	\$ 1,090,771	\$ 983,614
Loans	-	-	-	25,000	100,000	175,000	250,753	356,090	251,833	2,703
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	-	445,332	341,102	341,102	341,102	441,102	470,000	715,000	1,023,447	2,314,763
Encumbrances	-	-	-	248,352	-	154,614	1,545	333,716	985,424	779,750
Facilities Relocation	821,420	821,420	821,420	821,420	-	-	-	-	-	-
Subsequent years expenditure	985,000	927,329	671,490	1,285,000	-	-	-	1,000,000	3,730,000	1,750,000
Assigned										
Barron Center Resident Benefits	189,294	139,735	149,270	147,766	156,354	147,331	160,709	216,910	187,391	-
Casco Bay Island Transit District	-	845,877	-	466,106	-	-	-	-	-	-
Medicaid Settlements	300,000	300,000	300,000	300,000	300,000	300,000	600,000	600,000	600,000	600,000
Self Insurance Programs	5,000,000	5,500,000	5,500,000	4,000,000	4,000,000	3,500,000	4,027,000	4,625,000	4,625,000	4,625,000
Unassigned	34,414,158	33,107,652	29,711,223	26,886,139	23,673,730	21,922,546	17,169,219	12,138,346	12,364,145	11,631,709
Total general fund	\$ 42,642,601	\$ 43,016,942	\$ 38,539,095	\$ 35,417,977	\$ 29,823,066	\$ 27,658,032	\$ 23,901,716	\$ 21,337,706	\$ 25,196,848	\$ 23,026,376
All Other Governmental Funds:										
Nonspendable										
Inventories	\$ 53,342	\$ 24,026	\$ 48,170	\$ 59,227	\$ 63,827	\$ 108,412	\$ 95,795	\$ 106,974	\$ 136,629	\$ 85,119
Loans	2,233,729	2,354,077	2,314,719	2,301,261	2,493,094	2,520,166	2,510,606	2,552,462	2,636,039	3,967,605
Permanent Funds	5,493,535	4,865,126	4,649,355	4,668,322	4,047,663	2,479,722	2,984,969	2,959,177	2,672,613	2,548,651
Restricted										
Capital Projects	18,529,294	16,304,876	12,985,449	16,076,623	9,708,192	8,978,693	6,176,873	13,060,437	12,673,072	9,626,253
Debt Service	-	180,904	491,887	681,114	2,133,068	809,766	2,904,575	2,562,538	2,256,796	2,004,190
Other Grants and Special Revenue	10,363,387	11,399,294	11,055,218	9,265,867	11,234,623	14,061,160	4,858,270	6,197,485	5,710,941	6,598,089
Permanent Funds	13,721,525	12,172,149	11,386,606	11,528,774	10,076,821	10,953,910	12,192,413	12,232,967	10,998,083	10,612,129
Committed										
Debt Service	313,083	62,510	108,680	166,184	-	-	-	-	-	-
Encumbrances	-	-	-	-	4,678,672	7,178,007	6,783,851	6,239,643	5,482,527	9,521,642
Loan Programs	1,706,009	1,542,623	1,510,771	1,334,971	-	-	-	-	-	-
Subsequent years expenditure	-	-	-	200,000	-	-	-	-	-	-
Assigned										
Debt Service	2,163,542	1,940,549	1,545,249	1,457,145	599,616	78,067	91,212	72,608	-	-
Total all other governmental funds	\$ 54,577,446	\$ 50,846,134	\$ 46,096,103	\$ 47,739,488	\$ 45,035,576	\$ 47,167,903	\$ 38,598,564	\$ 45,984,291	\$ 42,566,700	\$ 44,963,678

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)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
General property and other taxes (see Table 6)	\$ 154,790,476	\$ 151,096,056	\$ 145,907,540	\$ 141,184,606	\$ 140,952,782	\$ 139,800,607	\$ 134,861,679	\$ 128,233,259	\$ 125,056,740	\$ 121,437,692
Licenses and permits	4,311,167	4,438,158	3,423,927	3,258,013	3,107,930	2,727,770	3,825,343	3,326,529	2,983,860	3,251,802
Fines, forfeits and penalties	1,994,553	2,157,389	2,212,750	2,094,462	1,452,268	1,424,973	1,467,595	1,411,991	1,290,885	1,335,580
Uses of money and property	9,442,805	8,132,414	7,008,406	9,727,132	7,665,112	5,894,355	9,040,501	10,421,924	8,552,263	6,871,009
Intergovernmental	63,542,894	68,022,545	67,154,538	68,629,012	63,209,500	58,389,760	56,927,674	54,843,590	51,191,726	46,680,840
Current services	39,551,344	38,617,500	37,135,528	38,646,295	34,557,947	32,147,661	35,075,771	32,665,053	32,029,788	28,639,253
Other	1,086,357	498,494	196,849	1,859,215	15,761,557	14,740,721	10,828,977	9,554,547	11,556,565	8,798,466
Total revenues	\$ 274,719,596	\$ 272,962,556	\$ 263,039,538	\$ 265,398,735	\$ 266,707,096	\$ 255,125,847	\$ 252,027,540	\$ 240,456,893	\$ 232,661,827	\$ 217,014,642
Expenditures:										
General government	\$ 24,838,400	\$ 22,827,017	\$ 21,426,646	\$ 22,625,298	\$ 20,941,443	\$ 18,864,417	\$ 18,964,537	\$ 20,713,851	\$ 17,660,162	\$ 15,876,533
Public safety	28,829,061	30,027,793	28,082,077	28,091,831	26,807,356	27,857,302	29,815,939	25,854,883	24,853,923	24,455,652
Public services	16,869,865	15,732,010	15,132,650	17,643,131	15,697,086	18,111,629	18,481,553	15,001,764	15,397,157	10,376,745
Health and social services	35,427,385	36,039,086	33,574,780	32,251,090	35,483,366	32,493,616	29,868,030	27,834,823	25,278,668	26,333,692
Parks and recreation	a -	-	-	-	-	3,405,389	5,121,610	5,408,227	5,048,594	4,146,965
Public library	3,470,449	3,372,302	3,299,737	3,196,396	3,106,397	3,185,149	3,160,877	2,986,397	2,836,397	2,736,397
Education	107,676,003	104,998,421	102,595,788	105,421,503	104,591,711	100,241,712	98,554,682	96,110,013	91,343,047	89,383,528
Pension and employee insurance	19,647,417	18,465,744	17,984,982	16,688,071	18,393,369	15,767,458	15,157,897	14,957,753	14,999,279	14,280,409
Other	7,787,139	8,437,468	8,055,410	7,795,290	8,657,147	7,730,576	7,201,626	8,921,199	9,247,698	8,987,975
Debt service -										
Principal	12,837,501	11,402,368	11,827,400	12,098,998	21,011,318	11,579,937	11,866,500	11,562,464	10,999,685	11,111,921
Interest	13,253,239	13,064,394	12,520,653	12,097,015	12,619,231	13,685,320	10,818,661	10,593,545	10,189,497	10,685,318
Capital outlay	19,643,349	14,531,247	18,890,124	11,507,045	29,603,396	12,566,910	8,755,985	10,548,840	10,250,067	8,556,374
Total expenditures	\$ 290,279,808	\$ 278,897,850	\$ 273,390,247	\$ 269,415,668	\$ 296,911,819	\$ 265,489,415	\$ 257,767,897	\$ 250,493,759	\$ 238,104,174	\$ 226,931,509
Excess (deficiency) of revenues over (under) expenditures	\$ (15,560,212)	\$ (5,935,294)	\$ (10,350,709)	\$ (4,016,933)	\$ (30,204,723)	\$ (10,363,568)	\$ (5,740,357)	\$ (10,036,866)	\$ (5,442,347)	\$ (9,916,867)
Other Financing Sources (Uses):										
Proceeds from borrowing	\$ 18,917,183	\$ 15,201,433	\$ 11,410,946	\$ 12,209,965	\$ 26,626,848	\$ 22,718,460	\$ -	\$ 10,360,733	\$ 11,035,340	\$ 11,581,089
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	47,215,507	42,015,267	26,540,361	26,213,564	38,979,571	25,095,517	27,134,838	24,931,393	26,311,922	23,268,854
Transfers out	(47,215,507)	(42,015,267)	(26,540,361)	(26,190,859)	(36,006,660)	(25,124,754)	(26,216,198)	(25,769,419)	(28,331,725)	(23,884,370)
Total other financing sources (uses)	\$ 18,917,183	\$ 15,201,433	\$ 11,828,442	\$ 12,315,755	\$ 30,237,430	\$ 22,689,223	\$ 918,640	\$ 9,595,315	\$ 9,015,537	\$ 10,965,573
Net change in fund balances	\$ 3,356,971	\$ 9,266,139	\$ 1,477,733	\$ 8,298,822	\$ 32,707	\$ 12,325,655	\$ (4,821,717)	\$ (441,551)	\$ 3,573,190	\$ 1,048,706
Debt service as a percentage of noncapital expenditures	9.64%	9.06%	9.56%	9.38%	12.51%	9.99%	9.11%	9.23%	9.30%	9.98%

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)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Function/Program										
Governmental activities:										
General government	\$ 31,669,489	\$ 29,752,175	\$ 24,639,455	\$ 27,202,736	\$ 27,811,916	\$ 19,620,335	\$ 19,643,232	\$ 20,893,322	\$ 19,431,801	\$ 17,490,166
Public safety	7,572,317	8,012,051	6,908,924	4,711,788	6,845,282	8,656,446	6,573,081	4,968,568	5,445,836	5,486,853
Public services	3,631,380	4,776,655	4,602,534	5,070,727	5,267,296	4,218,149	6,722,104	5,187,465	5,828,457	2,833,571
Health and social services	33,623,268	34,806,028	32,731,905	33,902,231	36,664,919	32,843,894	31,456,805	26,831,387	25,706,382	25,608,096
Parks and recreation ^c	-	-	-	-	-	2,017,714	2,017,546	1,954,885	1,436,271	1,609,408
Education	36,637,649	36,173,819	39,365,651	43,457,027	41,317,937	39,393,887	36,882,645	38,605,994	35,282,145	32,746,851
Transportation	-	-	-	-	-	114,371	1,131,154	-	-	-
Subtotal governmental activities	\$ 113,134,103	\$ 113,520,728	\$ 108,248,469	\$ 114,344,509	\$ 117,907,350	\$ 106,864,796	\$ 104,426,567	\$ 98,441,621	\$ 93,130,892	\$ 85,774,945
Business-type activities:										
Transportation	\$ 24,993,618	\$ 29,465,473	\$ 31,400,082	\$ 41,175,814	\$ 17,269,070	\$ 21,740,513	\$ 19,911,087	\$ 18,546,846	\$ 18,722,902	\$ 31,148,833
Sewer	22,269,640	22,065,670	22,689,604	21,523,412	21,746,343	20,466,364	18,761,693	17,755,956	17,217,303	15,946,451
Seaport facilities	517,893	755,317	502,294	412,094	638,424	363,953 ^b	872,689	7,449,642	6,786,317	1,870,800
Recreational facilities ^d	-	2,646,937	1,591,628	1,470,736	1,541,791	1,529,053	1,655,412	1,422,847	1,433,021	1,457,647
Real estate development	137,776	574,678	293,791	134,194	53,748	1,080,492	700	1,249,550 ^a	2,217,410	-
Subtotal business-type activities	\$ 47,918,927	\$ 55,508,075	\$ 56,477,399	\$ 64,716,250	\$ 41,249,376	\$ 45,180,375	\$ 41,201,581	\$ 46,424,841	\$ 46,376,953	\$ 50,423,731
Total primary government	\$ 161,053,030	\$ 169,028,803	\$ 164,725,868	\$ 179,060,759	\$ 159,156,726	\$ 152,045,171	\$ 145,628,148	\$ 144,866,462	\$ 139,507,845	\$ 136,198,676

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.

d - The golf courses and the ice arena were merged with facilities maintenance and are shown in general government starting in 2014.

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>
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
2013	141,308,574	9,787,482	151,096,056
2014	144,914,793	9,875,683	154,790,476
 Change 2005 - 2014	 31.15%	 -9.78%	 27.46%

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
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	24,956,536	6,259,078	5,690,895	43,059,725
2013	6,276,939	23,877,565	6,179,971	4,348,946	40,683,421
2014	4,313,430	23,482,573	8,118,080	4,165,156	40,079,239

(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 Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Total Value (2)	Assessor's Certified Ratio State Value
	Commercial	Industrial	Residential (1)	Personal	Less Tax Exempt				
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%
2013	4,357,453,520	272,694,790	4,332,720,570	431,286,630	1,904,272,930	7,489,882,580	17.90	9,394,155,510	100%
2014	4,433,468,600	251,907,020	4,350,158,010	407,084,870	1,947,185,280	7,495,433,220	18.46	9,442,618,500	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
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
2013	5.80	2.52	0.00	9.58	17.90	0.60	0.32	18.82
2014	6.02	2.58	0.00	9.86	18.46	0.62	0.33	19.41

Source: City Budget Office.

TABLE 10

**CITY OF PORTLAND, MAINE
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>2014</u>			<u>2005</u>		
	<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	\$ 157,272,050	1	2.10%	\$ 155,044,170	1	3.69%
CMP (Central Securities Corp)	80,573,040	2	1.07%	55,819,180	2	1.33%
COW Plaza LLC	57,954,440	3	0.77%			
Northern Utilities Inc	53,534,390	4	0.71%			
RREEF America REIT	48,181,670	5	0.64%			
Brown JB & Sons	47,716,120	6	0.64%	32,634,230	6	0.78%
Olympia Equity Co	45,777,350	7	0.61%	22,973,840	10	0.55%
One City Center Associates LLC	35,664,130	8	0.48%	24,411,280	8	0.58%
Middle Street Associates Towers A&B	33,308,000	9	0.44%			
Atlantic Bayside	32,967,980	10	0.44%			
October Corp				38,687,010	3	0.92%
Parker-Hannafin				34,587,340	4	0.82%
Barber Foods Inc.				33,041,040	5	0.79%
BCIA New England Holdings LLC				31,129,290	7	0.74%
Harper Hotels				24,147,430	9	0.57%
Totals	<u>\$ 592,949,170</u>		<u>7.90%</u>	<u>\$ 452,474,810</u>		<u>10.77%</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
2005	\$ 111,463,188	\$ 110,456,456	99.10%	\$ 986,474	\$ 111,442,930	99.98%
2006	114,579,787	113,108,527	98.72%	1,446,540	114,555,067	99.98%
2007	118,639,299	117,003,429	98.62%	1,588,435	118,591,864	99.96%
2008	125,703,218	123,694,048	98.40%	1,940,651	125,634,699	99.95%
2009	131,435,654	128,875,115	98.05%	2,446,292	131,321,407	99.91%
2010	131,995,299	129,556,626	98.15%	2,313,133	131,869,759	99.90%
2011	133,322,832	131,073,155	98.31%	2,127,775	133,200,930	99.91%
2012	136,114,054	133,768,662	98.28%	2,126,635	135,895,297	99.84%
2013	140,959,590	139,222,246	98.77%	959,469	140,181,715	99.45%
2014	145,486,359	143,467,886	98.61%	-	143,467,886	98.61%

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			
2005	\$204,201,089	\$1,352,924	\$ 169,988	\$1,422,442	\$42,313,911	\$ 35,000,000	\$ -	\$284,460,354	12.81%	\$ 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	13.18%	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	13.21%	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	13.76%	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	12.98%	5,142
2010	212,338,893	676,053	2,574,441	767,733	45,952,091	130,000,000	-	392,309,211	15.00%	6,226
2011	211,680,984	340,659	2,878,499	996,919	60,456,277	128,675,000	-	405,028,338	14.78%	6,119
2012	213,410,047	-	2,710,051	868,242	64,883,149	127,295,000	-	409,166,489	14.73%	6,118
2013	216,728,620	-	2,538,984	466,064	75,775,721	126,570,166	-	422,079,555	14.50%	6,260
2014	222,898,041	-	2,275,426	299,266	71,220,513	124,400,033	-	421,093,279	14.27%	6,350

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
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	213,410,047	64,883,149	278,293,196	3.74%	4,199
2013	216,728,620	75,775,721	292,504,341	3.91%	4,418
2014	222,898,041	71,220,513	294,118,554	3.92%	4,435

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, 2014

<u>Jurisdiction</u>	<u>Total Debt Outstanding</u>	<u>Percentage Applicable to Portland</u>	<u>Amount Applicable to Portland</u>
Direct:			
City of Portland	\$ 222,898,041 (1)	100.00%	\$ 222,898,041
Overlapping:			
Cumberland County	38,325,000 (2)	19.55%	7,493,807
Portland Water District:			
Water debt	42,514,891 (2)	29.74%	12,645,715
Sewer debt	<u>17,019,915 (3)</u>	100.00%	<u>17,019,915</u>
	<u>97,859,806</u>		<u>37,159,437</u>
	<u>\$ 320,757,847</u>		<u>\$ 260,057,478</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)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Assessed value per State Property Tax Division	\$ 7,551,450	\$ 7,552,150	\$ 7,659,250	\$ 7,909,900	\$ 8,196,900	\$ 8,283,450	\$ 8,289,850	\$ 7,653,400	\$ 7,039,000	\$ 6,289,900
Debt limit - 15% of assessed value	1,132,718	1,132,823	1,148,888	1,186,485	1,229,535	1,242,518	1,243,478	1,148,010	1,055,850	943,485
Less outstanding debt applicable to debt limit	288,976	288,016	274,612	272,137	258,291	247,655	235,893	250,519	248,613	246,515
Legal debt margin	\$ 843,741	\$ 844,807	\$ 874,276	\$ 914,348	\$ 971,244	\$ 994,863	\$ 1,007,585	\$ 897,491	\$ 807,237	\$ 696,970
Total outstanding debt applicable to the limit as a percentage of debt limit	25.51%	25.42%	23.90%	22.94%	21.01%	19.93%	18.97%	21.82%	23.55%	26.13%
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	\$ 566,359	\$ 566,411	\$ 574,444	\$ 593,243	\$ 614,768	\$ 621,259	\$ 621,739	\$ 574,005	\$ 527,925	\$ 471,743
Less outstanding debt applicable to debt limit	180,533	177,292	174,002	174,351	178,469	177,096	173,708	182,078	174,895	179,932
Debt margin for municipal purposes	\$ 385,826	\$ 389,119	\$ 400,442	\$ 418,892	\$ 436,299	\$ 444,163	\$ 448,031	\$ 391,927	\$ 353,030	\$ 291,811
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	31.88%	31.30%	30.29%	29.39%	29.03%	28.51%	27.94%	31.72%	33.13%	38.14%
School purposes - 10%										
Debt limit	\$ 755,145	\$ 755,215	\$ 765,925	\$ 790,990	\$ 819,690	\$ 828,345	\$ 828,985	\$ 765,340	\$ 703,900	\$ 628,990
Less outstanding debt applicable to debt limit	38,719	37,105	38,087	38,242	34,985	22,171	24,554	27,837	29,605	29,187
Debt margin for school purposes	\$ 716,426	\$ 718,110	\$ 727,838	\$ 752,748	\$ 784,705	\$ 806,174	\$ 804,431	\$ 737,503	\$ 674,295	\$ 599,803
Outstanding debt applicable to the limit as a percentage of debt limit for school purposes	5.13%	4.91%	4.97%	4.83%	4.27%	2.68%	2.96%	3.64%	4.21%	4.64%
Storm and sanitary sewer purposes - 7.5%										
Debt limit	\$ 566,359	\$ 566,411	\$ 574,444	\$ 593,243	\$ 614,768	\$ 621,259	\$ 621,739	\$ 574,005	\$ 527,925	\$ 471,743
Less outstanding debt applicable to debt limit	69,725	73,619	62,523	59,544	44,837	48,388	37,631	40,604	44,113	37,396
Debt margin for sewer purposes	\$ 496,634	\$ 492,792	\$ 511,921	\$ 533,698	\$ 569,931	\$ 572,871	\$ 584,108	\$ 533,401	\$ 483,812	\$ 434,347
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	12.31%	13.00%	10.88%	10.04%	7.29%	7.79%	6.05%	7.07%	8.36%	7.93%
Airport, water and other special district purposes - 3%										
Debt limit	\$ 226,544	\$ 226,565	\$ 229,778	\$ 237,297	\$ 245,907	\$ 248,504	\$ 248,696	\$ 229,602	\$ 211,170	\$ 188,697
Less outstanding debt applicable to debt limit	-	-	-	-	78	235	392	550	707	864
Debt margin for special district purposes	\$ 226,544	\$ 226,565	\$ 229,778	\$ 237,297	\$ 245,829	\$ 248,269	\$ 248,304	\$ 229,052	\$ 210,463	\$ 187,833
Outstanding debt applicable to the limit as a percentage of debt limit for special districts	0.00%	0.00%	0.00%	0.00%	0.03%	0.09%	0.16%	0.24%	0.33%	0.46%
Maximum total debt limit - 15%	\$ 1,132,718	\$ 1,132,823	\$ 1,148,888	\$ 1,186,485	\$ 1,229,535	\$ 1,242,518	\$ 1,243,478	\$ 1,148,010	\$ 1,055,850	\$ 943,485

TABLE 16

**CITY OF PORTLAND, MAINE
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years**

Fiscal Year	Merrill Auditorium Revenue Bonds				General Airport Revenue Bonds (Budget Basis of Accounting)					
	Ticket Surcharge Revenue	Scheduled(2) Debt Service		Coverage	Revenues(3)	Maintenance and Operating Expenditures (1)	Net Revenues	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
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
2013	-	-	-	-	25,304,708	15,768,752	9,535,956	1,435,000	6,175,145	1.25
2014	-	-	-	-	21,568,728	13,037,034	8,531,694	1,865,000	5,669,004	1.13

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) Debt paid in full 2012.
- (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
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	7,065	4.20
2009	62,561	2,478,667	39,620	6,916	6.80
2010	63,008	2,616,218	41,522	6,929	6.50
2011	66,194	2,741,226	41,412	6,997	6.20
2012	66,279	2,777,156	41,901	6,918	6.10
2013	66,214	2,910,767	43,960	6,986	5.80
2014	66,318	2,950,289	44,487	7,005	4.00

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>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Maine Medical Center	6,044	1	15.30%	5,170	1	13.35%
UNUM Provident	2,777	2	7.03%	3,150	2	8.13%
Mercy Hospital	1,886	3	4.77%	1,400	3	3.61%
Fairpoint (formerly Verizon)	680	4	1.72%	1,000	4	2.58%
Martin's Point Healthcare	502	5	1.27%			
Parker-Hannafin (Nichols)	373	6	0.94%	550	7	1.42%
Catholic Charities	366	7	0.93%			
Whole Foods	350	8	0.89%			
UNE	311	9	0.79%			
AdvancePierre (Barber Foods)	302	10	0.76%	750	5	1.94%
Shaw's Supermarkets				570	6	1.47%
Goodwill Industries				520	8	1.34%
TD Bank (BankNorth Group)				510	9	1.32%
Blethen Maine Newspapers				490	10	1.26%
Total	13,591		34.40%	14,110		36.42%

Notes:

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Management services	51	49	48	49	48	54	57	55	55	56
Finance and Technology	44	41	41	40	43	42	47	46	43	43
Parking control and garages	29	28	30	29	34	36	36	35	35	36
Planning and development	29	32	34	35	31	37	42	43	43	42
Public buildings	49	42	42	47	48	56	70	49	50	52
Public safety										
Police										
Officers	162	162	162	157	162	162	162	162	162	160
Civilians	59	59	69	55	45	45	58	58	53	53
Fire										
Firefighters, EMTs and officers	204	204	204	203	204	207	217	217	218	218
Non firefighting staff	14	6	6	6	7	8	8	8	8	7
Public services	151	152	147	149	152	146	142	140	134	122
Health and social services										
Public Health	35	81	101	90	84	88	85	75	73	71
Social Service	77	67	57	59	60	54	58	56	56	59
Skilled nursing facility	268	263	261	262	259	259	261	261	263	262
Recreation	72	79	76	67	63	73	106	104	103	103
Public library	55	46	46	44	46	51	52	51	51	51
Education	1,163	1,174	1,178	1,166	1,120	1,137	1,150	1,150	1,125	1,132
Seaport facilities	-	-	-	-	-	-	-	8	11	11
Sewer										
Engineering	13	13	14	13	14	14	15	14	18	18
Maintenance and other	25	25	22	24	22	24	22	22	35	35
Transportation										
Air rescue	12	14	17	13	13	14	18	18	18	18
Security	9	9	14	14	14	14	13	15	15	15
All other	38	36	27	27	36	35	37	38	38	38
Total	2,559	2,582	2,596	2,549	2,505	2,556	2,656	2,625	2,607	2,602

Source: Municipal and School Department Budgets

TABLE 20

CITY OF PORTLAND, MAINE
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Physical arrests	2,953	4,342	4,605	4,527	3,481	3,964	4,575	4,188	4,189	3,311
Citations	5,846	6,303	6,617	6,311	6,152	7,620	10,026	6,191	5,855	6,073
Total calls for service	84,438	83,885	75,106	84,738	84,007	79,080	85,056	75,985	75,985	69,482
Fire										
Emergency responses	15,833	15,561	14,950	14,173	14,016	13,250	13,851	13,129	13,143	13,183
Structural fires	193	247	225	280	272	267	278	273	287	260
Refuse collection										
Refuse collected (tons)	9,392	9,382	9,446	9,777	10,415	10,345	10,893	11,639	12,073	12,478
Recyclables collected	5,554	5,543	5,683	5,358	5,003	5,015	5,459	5,735	5,570	5,331
Other Public services										
Requests for service - number of workorders	3,309	3,276	3,437	3,611	4,012	5,087	7,443	6,435	7,914	6,890
Traffic workorders - signals, lights and signs	1,378	1,364	752	1,192	1,591	1,330	1,077	609	902	875
Vehicle maintenance workorders	2,372	3,518	3,437	3,325	3,205	3,360	3,974	3,335	3,399	3,523
Street sweeping - lane miles	2,650	2,275	250	1,500	2,000	2,000	2,050	3,360	4,568	4,568
Number of winter storms	11	11	6	10	5	20	22	10	12	26
Library										
Volumes in collection	360,000	365,000	358,982	336,000	415,000	441,529	371,778	369,102	380,344	356,354
Total circulation	882,278	940,034	940,947	1,089,338	793,037	750,978	807,276	742,779	704,640	709,420
Reference questions	70,835	67,599	72,009	73,283	55,912	67,535	131,941	131,437	131,734	128,185
Attendance	627,501	662,455	666,273	633,854	336,095	452,666	615,615	617,449	625,741	609,708
Wastewater (cubic feet in 100's)										
Average daily sewage treatment	19,800	17,000	22,726	22,912	23,146	25,461	25,695	22,029	24,957	28,321
Customer count (monthly average)	16,922	16,892	16,818	16,495	16,719	16,707	16,674	16,705	16,619	16,589
Planning and development										
Building Permits new structures - residential	30	31	31	37	30	24	31	64	26	96
Building Permits new structures - commercial	13	15	10	9	22	22	29	18	20	29
Inspection services completed -										
Building inspections	3,259	2,593	2,904	2,455	1,954	2,141	1,472	2,371	1,317	3,433
All other inspections	2,467	2,256	1,344	1,599	3,351	2,427	962	2,392	2,789	2,962
Health and Human Services										
Food service inspections (1)	572	298	254	232	269	855	632	486	802	880
Housing & general assistance inspections (1)	392	560	612	403	1,589	883	936	457	433	455
Parking control										
Parking violations (calendar year)	123,079	130,122	136,092	144,008	148,417	74,576	148,984	144,640	154,967	145,513

Source: Various City Departments

(1) these inspections were previously performed by the Planning Department

TABLE 21

CITY OF PORTLAND, MAINE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Community policing centers	5	5	5	5	4	4	4	4	4	4
Marked cruisers and other vehicles	49	48	48	50	48	47	45	37	37	40
Unmarked sedans	39	39	38	31	28	26	24	24	24	21
Fire										
Fire stations	10	9	9	8	8	8	8	8	8	8
Fire/rescue boats	3	3	3	2	2	2	2	2	2	2
District owned fire hydrants	1,300	1,450	1,454	1,431	1,427	1,421	1,416	1,414	1,408	1,402
Refuse collection										
Collection trucks - packers	14	14	14	14	19	19	19	19	15	14
Collection trucks - recycle	5	5	5	5	-	-	-	6	8	9
Street sweepers	8	7	7	7	8	7	6	9	9	8
Other Public services										
Streets (lane miles)	582	582	582	582	582	582	581	580	579	571
Street lights (3)	615	605	6,756	6,241	6,241	6,455	6,578	6,574	6,449	6,489
Traffic signalized intersections	115	115	126	125	111	111	109	109	108	116
Parks and recreation										
Parks	37	37	37	41	41	55	55	55	54	54
City tree inventory	19,500	19,500	20,000	20,000	20,000	20,000	20,000	16,000	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	27	27	32	32	31	29	27
Ball fields	50	50	50	50	50	50	50	47	47	47
Community centers	5	5	5	5	5	5	5	5	5	5
Swimming pools	3	3	3	3	3	3	3	3	3	3
Education (Public)										
Schools	18	18	18	18	17	17	17	17	17	17
Classrooms	445	454	458	482	461	461	466	458	555	555
Wastewater (1)(2)										
Sanitary sewers (miles)	87	70	70	47	243	243	243	242	239	233
Storm sewers (miles)	107	108	108	112	112	112	108	85	75	77
Combined Sewer Miles	136	142	142	153	NA	NA	NA	NA	NA	NA
Treatment capacity (000's gallons)	80,000	80,000	80,000	80,000	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

(3) Prior to 2013 this number included street lights not owned by the city.

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	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Air Canada / Air Alliance	-	4,095	5,838	6,463	1,004	-	-	-	-	-
AirTran	-	67,349	94,721	99,466	110,154	96,618	102,187	6,453	-	-
American Eagle	-	-	-	-	-	-	-	-	-	26,005
Continental Airlines										
Commutair	-	-	-	-	-	-	-	-	1,182	7,349
Colgan / Continental Connection	-	6,147	44,389	73,130	74,304	68,881	1,303	-	-	-
Continental Express / ExpressJet	-	55,418	33,056	8,676	12,813	14,512	66,843	65,101	58,385	52,701
Trans State Airlines	-	95	1,412	-	-	-	-	-	-	-
Delta	110,974	125,867	101,601	75,435	27,881	12,850	-	5,031	29,550	150,515
Atlantic Southeast Airlines	-	-	-	3,672	15,799	40,638	63,687	56,717	62,608	7,394
Chautauqua	24,446	3,176	17,151	14,925	563	-	29,683	28,747	-	-
Comair	-	344	6,209	19,044	13,965	26,354	54,748	58,324	76,968	65,100
Compass	4,815	9,048	-	2,713	2,538	-	-	-	-	-
Endeavor	17,115	-	-	-	-	-	-	-	-	-
ExpressJet	7,064	9,367	-	-	-	-	-	-	-	-
Freedom Air	-	-	-	-	-	38,732	-	21,814	-	-
Go Jet	29,409	20,515	8,125	-	-	-	-	-	-	-
Mesaba	-	-	-	94	59	-	-	-	-	-
Pinnacle	20,620	43,615	60,356	35,920	26,563	2,468	-	-	-	-
Shuttle America	8,675	21,307	6,905	721	-	-	-	-	-	-
Independence Air	-	-	-	-	-	-	-	-	39,917	65,640
jetBlue	102,522	99,925	104,272	116,839	135,571	143,235	147,971	135,836	14,294	-
Northwest	-	-	-	-	-	65	14,678	33,602	36,610	60,923
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
Southwest	116,939	25,411	-	-	-	-	-	-	-	-
Starlink Aviation	-	-	-	-	945	551	-	-	-	-
Twin Cities Air Service	-	433	779	717	246	-	-	-	-	-
U.S. Airways	45,593	42,009	50,134	41,704	26,882	-	-	-	36,448	68,682
Air Wisconsin	49,131	54,497	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
Colgan	-	-	-	-	-	-	7,797	-	-	16,731
Mesa	330	-	-	1,210	-	9,409	19,969	27,602	4,962	25,039
Piedmont	-	363	12,717	10,126	1,848	1,975	-	6,502	2,820	2,050
PSA Express	1,187	43	-	904	2,253	1,776	-	1,539	41,629	45,340
Republic Airlines	131,801	123,752	112,659	126,088	146,453	110,536	94,325	69,763	15,832	-
Trans State Airlines	-	-	-	-	-	-	-	-	5,662	901
United Airlines										
Air Wisconsin	-	34,555	-	-	-	291	-	-	-	42,537
Atlantic Coast	-	-	-	-	-	-	-	-	-	5,922
Atlantic Southeast Airlines	-	-	-	22,107	2,304	-	-	-	-	-
ExpressJet	59,303	-	32,895	822	-	-	-	-	-	-
Go Jet	20,472	26,803	18,619	38,253	79,389	73,916	86,879	87,611	19,407	-
Mesa	28,834	7,724	30,487	54,645	36,955	47,052	31,691	31,991	88,921	8,013
Republic Airlines	54,431	11,464	-	-	-	-	-	-	-	-
Skywest Airlines	-	-	-	-	-	-	-	-	3,084	-
Trans State Airlines	9,407	25,219	16,256	-	2,126	-	909	-	8,984	49,501
Subtotal	843,068	818,541	824,165	849,076	858,687	861,585	869,626	781,185	679,458	744,513
Charters and Unscheduled Flights	1,156	963	1,045	911	971	905	1,023	985	992	1,543
Local Total	844,224	819,504	825,210	849,987	859,658	862,490	870,649	782,170	680,450	746,056
Total for United States (000)'s	(a)	738,616	731,130	725,262	711,264	695,912	734,154	763,480	736,870	735,745
Local Market Share of US Total	(b)	0.111%	0.113%	0.117%	0.121%	0.124%	0.119%	0.102%	0.092%	0.101%

(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, 2014

CITY OF PORTLAND, MAINE
Reports Required by *Government Auditing Standards*
and OMB Circular A-133
For the Year Ended June 30, 2014

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

City Council and Portland Board of Public Education
City of Portland, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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, 2014, and the related notes to the financial statements, which collectively comprise the City of Portland, Maine's basic financial statements and have issued our report thereon dated December 16, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Portland, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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. Accordingly, we do not express an opinion on the effectiveness of the City of Portland, Maine's internal control.

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

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

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

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 or other matters 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 December 16, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 16, 2014
South Portland, Maine

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

City Council and Portland Board of Public Education
City of Portland, Maine

Report on Compliance for Each Major Federal Program

We have audited the City of Portland, Maine's compliance 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 the City of Portland, Maine's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Portland, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 required 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Portland, Maine's compliance.

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

Basis of Qualified Opinion on Title IA, School Improvement Grant, and Special Education-Local Entitlement Cluster

As described in finding 2014-001 in the accompanying schedule of findings and questioned costs, the City of Portland, Maine did not comply with requirements regarding the following:

Finding	CFDA #	Program (or Cluster) Name	Compliance Requirement
2014-001	84.010, 84.388, 84.027, 84.173	Title IA, School Improvement Grant, Special Education – Local Entitlement Cluster	Semi-annual Certifications

Compliance with such requirements is necessary, in our opinion, for the City of Portland, Maine to comply with the requirements applicable to that program.

Qualified Opinion on Title IA, School Improvement Grant, and Special Education-Local Entitlement Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Portland, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title IA, School Improvement Grant, and Special Education-Local Entitlement Cluster for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Portland, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matters

The City of Portland, Maine's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Portland, Maine's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider a significant deficiency.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-002 to be a significant deficiency.

The City of Portland, Maine's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Portland, Maine's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate 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, 2014, and the related notes to the financial statements, which collectively comprise the City of Portland, Maine's basic financial statements. We issued our report thereon dated December 16, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements.

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script, reading "Raymond Hudson Ouellette".

December 16, 2014
South Portland, Maine

CITY OF PORTLAND, MAINE
Schedule of Expenditures of Federal Awards
For year ended June 30, 2014

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	\$ 1,850,549	NONE	50,731	1,961,114	-	230,122	2,191,236	50,731
CDBG - Section 108 Loan Program		PL0955	14.248	10,200,000	NONE	208,226	-	-	-	-	208,226
City ESG Wrap HPRP		GR1271	14.234	53,007	NONE	(43,900)	45,298	-	-	1,398	-
ESG Admin		GR1272	14.234	11,043	NONE	-	7,709	-	-	7,709	-
ESG-Operations		GR1305	14.234	37,582	NONE	(24,487)	24,487	-	-	-	-
City ESG-OSS HP X RR Funds FY13		GR1317	14.234	61,208	NONE	(29,978)	42,533	-	-	24,449	(11,894)
ESG Essential Services		GR1318	14.234	28,327	NONE	(15,899)	15,899	-	-	-	-
ESG-Homeless Prevention		GR1319	14.234	28,326	NONE	(12,155)	12,155	-	-	-	-
HUD Continuum of Care 2011-Employment Assistance		GR1363	14.234	70,016	NONE	2,120	26,368	-	-	28,388	100
ESG Admin		GR1375	14.234	12,603	NONE	(7,709)	12,125	-	-	4,894	(478)
ESG-Operations		GR1417	14.234	28,993	NONE	-	9,941	-	-	28,993	(19,052)
ESG-Essential Services		GR1424	14.234	21,853	NONE	-	13,178	-	-	21,853	(8,675)
ESG-Homeless Prevention		GR1425	14.234	21,853	NONE	-	9,319	-	-	21,853	(12,534)
City ESG-OSS HP X RR Funds FY14		GR1427	14.234	44,860	NONE	-	15,936	-	-	17,507	(1,571)
ESG Admin		GR1428	14.234	5,600	NONE	-	2,867	-	-	5,600	(2,733)
HUD Continuum of Care 2012-Employment Assistance		GR1441	14.234	71,350	NONE	-	29,254	-	-	45,037	(15,783)
HUD Continuum of Care 2012-Job Training		GR1442	14.234	15,737	NONE	-	6,452	-	-	5,009	1,443
HUD Continuum of Care 2011-Job Training Fund		GR1362	14.235	15,443	NONE	(271)	9,893	-	-	4,122	5,500
HUD Continuum of Care 2011-PTD Portland Collaborative		GR1364	14.235	158,125	NONE	13,256	75,880	-	-	89,136	-
HUD COC 11 Bell Street Transitional Housing		GR1374	14.235	44,152	NONE	(20,310)	39,073	-	-	16,893	1,870
HUD Continuum of Care 2012-PTD Collaborative		GR1448	14.235	161,137	NONE	-	53,175	-	-	109,892	(56,717)
HOME Program		NONE	14.239	866,153	NONE	(109,419)	971,469	-	254,634	939,892	176,792
HUD CoC 09 Bell Street Transitional Housing		GR1254	14.235	44,152	NONE	(18,348)	18,119	-	229	-	-
HUD COC 11 Bell Street Transitional Housing		GR1469	14.235	44,152	NONE	-	1,439	-	-	19,731	(18,292)
Subtotal U.S. Department of Housing and Urban Development						(8,143)	3,403,683	-	484,985	3,583,592	296,934

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 Housing and Urban Development, continued:											
Pass-through Maine State Housing Authority:											
MSHA-HUD Housing Counselor		GR1462	14.169	\$ 12,000	NONE	-	-	-	-	19,000	(19,000)
MSHA-ESG-Family Shelter		GR1366	14.231	40,000	NONE	(18,901)	35,000	-	-	16,099	-
MSHA ESG Funds - Oxford Street Shelter		GR1368	14.231	50,907	NONE	(30,728)	52,916	-	-	22,153	35
MSHA ESG Funds - Home to Stay-Family Shelter		GR1379	14.231	75,000	NONE	-	43,393	-	-	65,391	(21,998)
MSHA ESG Funds - Home to Stay-Oxford Street Shelter		GR1381	14.231	100,000	NONE	-	56,211	-	-	80,560	(24,349)
MSHA-ESG-Family Shelter		GR1463	14.231	35,000	NONE	-	21,401	-	-	11,524	9,877
MSHA ESG Funds - Oxford Street Shelter		GR1464	14.231	40,100	NONE	-	32,000	-	-	12,046	19,954
Pass-through Ingraham Volunteers:											
Mainstay		GR1411	14.235	9,036	NONE	-	9,036	-	-	9,036	-
Pass-through Cumberland County:											
Center for Therapeutic Recreation		GR1440	14.218	5,000	NONE	-	4,475	-	-	4,475	-
Total U.S. Department of Housing and Urban Development						(57,772)	3,658,115	-	484,985	3,823,876	261,453
Environmental Protection Agency:											
Direct Programs:											
EPA Environment Resource		GR1138	66.035	100,000	NONE	(7,064)	7,129	-	-	65	-
Total Environmental Protection Agency						(7,064)	7,129	-	-	65	-
U.S. Veterans Administration:											
Pass-through Preble Street Inc.:											
Support Services for Veteran Families		GR1343	64.033	376,030	12-ME-330	(44,238)	132,459	-	-	89,128	(907)
Support Services for Veteran Families		GR1452	64.033	555,703	12-ME-330	-	341,514	-	-	376,403	(34,889)
Total U.S. Veterans Administration						(44,238)	473,973	-	-	465,531	(35,796)

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 Justice:											
Direct Programs:											
COPS Hiring Grant	ARRA	GR1032	16.710	\$ 882,528	NONE	(14,162)	53,450	-	-	51,233	(11,945)
Portland Safe Kids		GR1231	16.730	2,110,000	NONE	(204,723)	470,347	-	-	539,132	(273,508)
2010 Justice Assistance Grant		GR1122	16.738	199,578	NONE	(11,008)	15,439	-	-	4,431	-
2011 Justice Assistance Grant		GR1222	16.738	134,775	NONE	(5,140)	10,604	-	-	10,977	(5,513)
2012 Justice Assistance Grant		GR1320	16.738	110,254	NONE	(26,265)	46,354	-	-	25,988	(5,899)
Pass-through Department of Public Safety:											
Mental Health Coordinator		GR1301	16.803	18,000	RJ 42-01-12	(9,649)	9,649	-	-	-	-
Pass-through Maine Department of Human Services:											
Operation Safe Start-21 Reasons		GR1439	16.727	3,000	NONE	-	2,737	-	-	2,737	-
Victim Advocate FY14		GR1422	16.575	42,000	CFS-13-2307	-	30,713	-	-	31,493	(780)
Victim Advocate FY13		GR1336	16.575	34,094	CF5-13-2307	(2,294)	10,161	-	-	7,867	-
Total U.S. Department of Justice						(273,241)	649,454	-	-	673,858	(297,645)
U.S. Department of Transportation:											
Direct Program:											
Airport Improvement Plan		NONE	20.106	14,116,158	NONE	(818,171)	1,581,114	421,411	86,264	2,539,754	(1,269,136)
Pass-through Bureau of Highway Safety:											
2013-2014 OUI Enforcement		GR1445	20.501	5,000	AL14-047	-	2,265	-	-	1,749	516
2014 Seatbelt Enforcement		GR1477	20.616	3,000	OP14-055	-	-	-	-	1,449	(1,449)
Total U.S. Department of Transportation						(818,171)	1,583,379	421,411	86,264	2,542,952	(1,270,069)
U.S. Department of the Interior:											
Direct Program:											
1924 Tax Record Digitization Project		GR1409	15.904	61,655	NONE	(578)	62,000	-	-	61,422	-
Pass-through Maine Historic Preservation:											
CLG Training and Salary		GR1326	15.904	22,350	NONE	(15,750)	15,750	-	-	-	-
CLG Abyssinian Meeting House		GR1349	15.904	32,388	NONE	(32,388)	18,988	-	13,400	-	-
CLG Historical Preservation		GR1402	15.904	20,000	NONE	-	20,000	-	-	20,000	-
Total U.S. Department of Interior						(48,716)	116,738	-	13,400	81,422	-

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:											
Direct Program:											
Farm to School Grant		NONE	10.575	\$ 99,895	NONE	-	48,303	-	-	48,303	-
Pass-through Maine Department of Education:											
Fresh Fruit and Vegetables Program		NONE	10.582	N/A	013-3028	-	74,317	-	-	74,317	-
School Breakfast Program		NONE	10.553	N/A	013-3014	-	744,126	5,630	-	749,756	-
School Lunch Program		NONE	10.555	N/A	013-3024	-	1,535,746	39,393	-	1,575,139	-
After School Program		NONE	10.558	N/A	013-3020	-	27,763	-	-	27,763	-
Summer Food		NONE	10.559	N/A	013-3018	-	31,231	-	-	31,231	-
Cash in Lieu of Commodities		NONE	10.565	N/A	NONE	-	169,796	-	-	169,796	-
Pass-through the Maine Department of Health and Human Services,											
Pass-through the University of New England:											
HP SNAP		GR1358	10.561	178,980	UNE 290032-09	(3,801)	83,546	-	-	79,745	-
HCB SNAP ED		GR1359	10.561	77,196	UNE 290032-22	(8,634)	32,689	-	-	24,055	-
HCB SNAP ED		GR1429	10.561	60,929	UNE 290032-42	-	31,604	-	-	36,289	(4,685)
HP SNAP ED		GR1430	10.561	186,394	UNE 290032-42	-	146,625	-	-	228,972	(82,347)
Pass-through Maine Forest Service:											
Project Canopy		GR1228	10.675	2,424	10-DG-11420004-067	(1,063)	1,063	-	-	-	-
Project Canopy		GR1265	10.675	11,600	10-DG-097 1PWP	(11,699)	11,600	-	99	-	-
Project Canopy		GR1474	10.675	15,000	13-DG-076	-	-	-	-	13,750	(13,750)
Total U.S. Department of Agriculture						(25,197)	2,938,409	45,023	99	3,059,116	(100,782)
U.S. Department of Commerce:											
Direct Programs:											
Portland Technology Park		GR10P1	11.300	660,000	NONE	(502,081)	624,062	-	-	121,981	-
Portland Technology Park		GR10W1	11.300	225,000	NONE	-	252,059	-	-	252,059	-
Fish Exchange EDA Grant		GR1270	11.300	320,000	NONE	(260,797)	260,797	-	-	-	-
Total U.S. Department of Commerce						(762,878)	1,136,918	-	-	374,040	-
Federal Highway Administration:											
Pass-through Maine Department of Transportation:											
Safe Routes to School		GR1069	20.205	403,956	17585	(158,058)	-	-	-	179,311	(337,369)
Brighton Avenue Pedestrian Signal		GR1070	20.205	12,750	STP-1158(700)x	(12,750)	12,750	-	-	-	-
Somerset/Elm-Hanover Reconstruction		GR1322	20.205	506,540	HPP-1762(800)x	-	-	-	-	96,130	(96,130)
Franklin st. Corridor Feasibility Study Phase II		GR1345	20.205	359,307	STP-1521	(18,478)	216,359	-	-	194,999	2,882
Auburn Street New Freedom Project		GR1382	20.521	82,282	ME-57-X001-01	-	69,361	-	-	69,361	-
Total Federal Highway Administration						(189,286)	298,470	-	-	539,801	(430,617)

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 Education:											
Direct Program:											
School Counseling		NONE	84.215	\$ 352,049	NONE	-	310,918	-	-	311,918	(1,000)
Passed through the Finance Authority of Maine:											
College Access Challenge Grant		NONE	84.378	22,000	NONE	-	22,000	-	-	22,577	(577)
Pass-through the Maine Department of Education:											
Adult Basic Education		NONE	84.002	100,000	013-6296	(4,112)	100,000	-	-	95,888	-
Adult Education Special Project		NONE	84.002	44,926	013-6299	(169)	45,079	-	-	44,910	-
Title 1A, Disadvantaged		NONE	84.010	2,592,966	013-3107	-	2,957,494	-	-	2,957,494	-
Title 1A, Program Improvement		NONE	84.010	20,000	013-3106	-	19,175	-	-	19,175	-
Title 1A, SIG		NONE	84.010	5,136	013-3105	-	5,136	-	-	5,136	-
Title 1A, SIG	ARRA	NONE	84.388	6,134,817	013-3105	-	1,091,095	-	-	1,091,095	-
Special Ed Local Entitlement Title VA EHA		NONE	84.027	1,700,492	013-3046	-	2,001,985	-	-	2,001,985	-
Preschool Local Entitlement		NONE	84.173	22,080	013-6247	-	22,080	-	-	22,080	-
Vocational Education Title II		NONE	84.048	199,508	013-3030	-	201,710	-	-	201,710	-
Stewart B. McKinney Act		NONE	84.196	53,861	013-3104	(180)	63,881	-	-	63,701	-
Title IIA - Teacher Quality		NONE	84.367	554,242	013-3042	-	554,960	-	-	554,960	-
English Language Acquisition Grant		NONE	84.365	215,682	013-3115	-	271,960	-	-	271,960	-
Total U.S. Department of Education						(4,461)	7,667,473	-	-	7,664,589	(1,577)

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		
Federal Department of Homeland Security:											
Direct Program:											
AFG 2011 Regional Training		GR1259	97.004	\$ 80,452	EMW-2011-FR-00598	(18,658)	47,667	-	-	29,202	(193)
FEMA Safer		GR1211	97.044	1,047,362	EMW-2010-FAH-00982	(255,965)	255,965	-	-	-	-
FEMA Safer		GR1416	97.044	1,111,188	EMW-2012-FH-0083	-	361,887	-	-	566,444	(204,557)
Port Security Round 9		GR1019	97.056	1,137,543	2009-PU-T9-K010	(467,044)	633,867	-	-	166,823	-
FY10 Port Security Grant		GR1214	97.056	1,027,985	2010-PU-TO-K023	(252,426)	252,426	-	-	-	-
FY11 Port Security Grant		GR1230	97.056	1,000,777	EMW-2011-PU-00082	(323,532)	572,251	-	-	341,258	(92,539)
TSA Bomb Dogs		GR1139	97.072	635,500	NONE	(14,495)	276,237	-	-	298,510	(36,768)
Pass-through Maine Emergency Management Association:											
HHS-Homeland Security		GR0563	97.004	40,600	NONE	2,854	-	-	-	2,854	-
Munjoy Hill Generator		GR1378	97.039	60,000	FEMA-4108-DR-ME	-	-	-	-	4,251	(4,251)
Homeland Security FY10		GR1148	97.067	664,306	210-SS-TO-0090	(24,547)	24,149	-	398	-	-
Homeland Security FY11		GR1262	97.067	460,597	EMW-2011-SS-00056-S01	(352,126)	365,348	-	-	94,325	(81,103)
Homeland Security FY12		GR1338	97.067	218,085	EMW-2012-SS-00081	(95,228)	-	-	-	100,110	(195,338)
Homeland Security FY13		GR1444	97.067	332,201	EMW-2013-SS-0008	-	-	-	-	67,099	(67,099)
FATPOT CAD Fusion		GR1376	97.067	103,350	2010-SS-TO-0090	(50,570)	101,140	-	-	50,570	-
Total Federal Department of Homeland Security						(1,851,737)	2,890,937	-	398	1,721,446	(681,848)

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 Health and Human Services:											
Direct Program:											
Health Care Homeless		GR1351	93.224	\$ 1,357,697	NONE	(206,557)	749,801	-	-	675,897	(132,653)
Homeless Outreach Enrollment		GR1431	93.224	74,433	NONE	-	14,653	-	-	14,653	-
King School Renovation		GR1251	93.501	198,629	NONE	-	12,709	-	-	12,709	-
Portland High Renovation		GR1361	93.501	225,000	NONE	(15,602)	225,000	-	-	205,028	4,370
Capital Development		GR1269	93.526	500,000	NONE	(48,896)	120,678	-	-	71,782	-
Services to Torture Survivors		GR1344	93.604	360,000	NONE	(253,379)	141,671	-	-	78,936	(190,644)
Services to Torture Survivors		GR1450	93.604	360,000	NONE	-	-	-	-	225,070	(225,070)
Ryan White HIV		GR1350	93.918	356,533	NONE	(122,450)	248,691	-	-	126,241	-
Ryan White HIV		GR1451	93.918	178,267	NONE	-	40,718	-	-	143,866	(103,148)
HEP C/HIV		GR1335	93.928	80,000	NONE	(23,446)	48,933	-	-	25,487	-
Pass-through the Maine Department of Health and Human Services:											
Refugee Resettlement		NONE	93.576	87,654	OMA-14-004	-	84,576	-	-	69,047	15,529
Pass-through the National Assoc. of County and City Health Officials:											
NACCHO Retail Food		GR1460	93.103	10,000	NONE	-	2,866	-	-	6,952	(4,086)
Pass-through Catholic Charities of Maine:											
Block Grant		GR1370	93.566	64,253	NONE	(43,232)	64,253	-	-	21,021	-
Block Grant		GR1468	93.566	52,297	NONE	-	-	-	-	41,769	(41,769)
Supplemental Services		GR1371	93.576	25,829	NONE	4,192	37,304	-	-	41,496	-
Subtotal U.S. Department of Health and Human Services						(709,370)	1,791,853	-	-	1,759,954	(677,471)

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 Health and Human Services, continued:											
Pass-through the Maine Department of Health and Human Services:											
CRI		GR1324	93.069	\$ 135,000	CDC-13-468	(39,149)	47,372	-	-	8,223	-
CRI		GR1401	93.069	135,000	CDC-14-468	-	108,811	-	-	134,997	(26,186)
Partnership for Success HP		GR1346	93.243	79,185	OSA 13-417	46,317	12,965	-	-	59,282	-
Partnership for Success HP		GR1419	93.243	79,185	OSA-14-417	-	30,123	-	-	35,387	(5,264)
Smoke-Free Environments		GR1373	93.283	244,755	CDC-13-899	4,656	208,782	-	-	213,438	-
Smoke-Free Environments		GR1471	93.283	192,837	CDC14-899	-	19,136	-	-	35,803	(16,667)
Targeted Assistance		GR1342	93.576	148,500	OMA 13-3008	(16,914)	74,250	-	-	89,961	(32,625)
Targeted Assistance		GR1454	93.576	174,500	OMA-14-3008	-	130,875	-	-	109,814	21,061
HIV/STD		GR1354	93.940	220,500	CDC-13-255	(1,054)	145,463	-	-	152,203	(7,794)
IDU		GR1355	93.940	69,638	CDC-13-255	715	46,426	-	-	45,815	1,326
Community Transformation		GR1339	93.531	90,000	CDC-13-1412	(15,188)	64,712	-	-	49,524	-
Community Transformation		GR1418	93.531	90,000	CDC-14-1412	-	67,500	-	-	73,823	(6,323)
Healthy Partnership OSA		GR13A3	93.959	80,000	CDC-13-1186	299	-	-	-	299	-
Office of Substance Abuse		GR1404	93.959	27,870	OSA-14-345	-	27,870	-	-	27,870	-
HP SA Expansion		GR1407	93.959	20,000	OSA 14-157	-	13,336	-	-	19,435	(6,099)
HCB SA Expansion		GR1408	93.959	15,000	OSA 14-168	-	10,000	-	-	14,701	(4,701)
HP CCHC		GR14A1	93.959	122,505	CDC-14-1186	-	101,842	-	-	120,884	(19,042)
HP HMP		GR14A2	93.959	384,984	CDC-14-1186	-	320,047	-	-	379,094	(59,047)
HP OSA		GR14A3	93.959	60,000	CDC-14-1186	-	49,880	-	-	59,382	(9,502)
School Based Health Centers		GR1314	93.994	534,800	CDC-13-022	34,394	141,750	15,290	54,446	292,812	(46,932)
Pass-through University of New England:											
UNE Project Channels		GR1353	93.359	246,128	UNE 71745	(15,691)	188,621	-	-	171,218	1,712
Total U.S. Department of Health and Human Services						(710,985)	3,601,614	15,290	54,446	3,853,919	(893,554)
Total Federal Awards				\$		(4,793,746)	25,022,609	481,724	639,592	24,800,615	(3,450,436)

See accompanying notes to schedule of expenditures of federal awards.

CITY OF PORTLAND, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2014

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, 2014. 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, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
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>
<u>10.553, 10.555, 10.559</u>	<u>School Nutrition Cluster</u>
<u>14.239</u>	<u>HOME Program</u>
<u>14.218</u>	<u>Community Development Block Grant</u>
<u>20.106</u>	<u>Airport Improvement Program</u>
<u>84.010</u>	<u>Title IA</u>
<u>84.027, 84.173</u>	<u>Local Entitlement Cluster</u>
<u>84.388</u>	<u>School Improvement Grant</u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 744,018
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Auditee qualified as low-risk auditee?	No
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CITY OF PORTLAND, MAINE
Schedule of Findings and Questioned Costs, Continued

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

NONE

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

Section III - Findings and Questioned Costs for Federal Awards

2014-001 - U.S. Department of Education, for the Period July 1, 2013 through June 30, 2014, CFDA #84.010 Title 1A, CFDA #84.388 School Improvement Grant, CFDA #84.027 and 84.173 Special Education – Local Entitlement Cluster (IDEA)

Statement of Condition: The School Department did not comply with the requirements relating to employee certifications. The School Department has a system in place to document employee time spent on federal programs, but failed to complete the necessary forms in a timely manner.

Criteria: *OMB Circular A-87, Attachment B, paragraphs 8.h.(3), (4), (5), and (6)* describe the documentation requirements regarding employee time-and-effort requirements. A local educational agency must complete semiannual certification forms for all employees who work on a single federal cost objective. Employees working on multiple cost objectives, one of which is federally funded, must complete certification forms at least monthly.

Effect: These forms are used to certify that employees paid with federal funds were in fact engaged in activities supporting a federal program. Failure to complete the forms as described can result in loss of funding as the local educational agency may not be able to otherwise justify an employee's pay under a federal program.

Recommendation: The School Department has a system in place to document employee time spent on federal programs, but failed to implement the system as it was designed. The School Department should review the requirements under the federal grants and consider changing the design of their system to better allow for the timely completion of the necessary forms.

Questioned Costs: None

Management's Response/Corrective Action plan:

Central Office staff from both the Finance Department and the Academics and Grant Administration Department met to review the current process for obtaining the required employee certifications for time charged to federal grants and determined changes needed to ensure certifications are obtained timely. The current process, which is manual, relies on grant administrators and academic support staff to compile a semi-annual list of employees who need to complete certifications, send the certifications to the listed employees, log responses and follow up on non-responses. This process will be revised to include support from the payroll team and Staff Accountant who will compile a monthly list of employees charged (in whole or in part) to a federal grant. Employees on this monthly list will be subdivided into two groups: one group will be for semi-annual certifiers (employees working 100% on federal grants or who are allocated to more than one budget unit, but work a regular schedule); the second group will be employees who must complete monthly Personnel Activity Reports. Payroll staff will then work with the grant managers and academic support staff to send forms and log responses.

Anticipated completion date for corrective action of all comments:

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

Contact person responsible for corrective action:

Ray O'Donnell, Controller, 207-874-8100

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

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

SIGNIFICANT DEFICIENCY

2014-002 - School Nutrition Program: Claim Form Reimbursements

During our compliance testing over the School Nutrition program it was noted that the March 2014 meal claim reimbursement was inaccurately reported to the State of Maine Department of Education. This resulted in the nutrition program under-claiming nearly 3,600 breakfast meals. The dollar amount which the School Department failed to collect as a result of this error was \$3,771. While this amount is not material to the program in quantitative terms we feel that this error is significant qualitatively.

The cause of the error noted above relates to the process that Presumpscot Elementary and Lindon Middle School use to calculate meals available for reimbursement. Currently, Presumpscot Elementary and Lincoln Middle School provide free meals to all students regardless of the free, reduced, or paid eligibility classification. However, the School Nutrition program is only allowed to claim reimbursements for free, reduced, or paid meal classifications based on actual eligibility for each student in the program. As such, the School Nutrition program must track the eligibility of each student and claim meals based on eligibility status of the prior year. In order to do this the School Nutrition Director maintains a spreadsheet that tracks monthly meal counts for both schools.

This spreadsheet is also used to complete the computation of allowable meals to be reimbursed for each eligibility classification. The spreadsheet employs multiple tabs and formulas that must be updated each month. We found that during the process of updating the spreadsheet for March 2014 the School Nutrition Director improperly linked certain formulas. The spreadsheet and meal claim form was not reviewed by another individual after it was prepared by the School Nutrition Director and the inadvertent error was not detected or corrected prior to submission. We recommend that the calculation spreadsheet and monthly claim forms are reviewed and approved by another individual separate from the preparer in order to ensure that claim form amounts reported to the State are accurate.

Management's Response/Corrective Action plan:

The Food Service team will send the monthly claim workbook to the Central Office Finance Department for review and approval. In addition, it is anticipated that by early 2015 the existing point of sale computer system used by Food Service will be programmed to capture the actual meal counts at all schools and be used in support of the meal claim reimbursement.

Anticipated completion date for corrective action of all comments:

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

Contact person responsible for corrective action:

Ray O'Donnell, Controller, 207-874-8100

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

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

2013-001 - U.S. Department of Homeland Security, for the Period July 1, 2012 through June 30, 2013, CDFA #97.036 Disaster Grants – Public Assistance

Statement of Condition: The City did not comply with the allowable costs/cost principles relating to equipment usage. When calculating the equipment usage reimbursement, City personnel used an outdated schedule of equipment rates. Since the most current reimbursement rates actually decreased, the City over-estimated the amount due from FEMA.

Criteria: Equipment Usage – The Public Assistance program restricts eligible direct costs for City owned equipment used to perform eligible work to reasonable rates that were established under State guidelines, or when the hourly rate exceeds \$75, rates may be determined on a case-by-case basis by FEMA. When local guidelines are used to establish equipment rates, reimbursement is based on these rates or rates in a Schedule of Equipment Rates published by FEMA, whichever is lower.

Effect: By not using the most current schedule of equipment rates to calculate the reimbursement, the City over-estimated the amount due from FEMA.

Recommendation: The City should review the amounts and calculations used for reimbursement and ensure their accuracy before submitting them to the federal government.

Questioned Costs: \$19,576

Status: This grant was completed in 2013.