

**GREATER PORTLAND COUNCIL OF GOVERNMENTS**

**Annual Financial Report**

**For the Years Ended June 30, 2018 and 2017**

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## Independent Auditor's Report

Executive Committee  
Greater Portland Council of Governments

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Greater Portland Council of Governments (the "Council") as of and for the years then ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Greater Portland Council of Governments as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Portland Council of Governments basic financial statements. The supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the Greater Portland Council of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Portland Council of Governments' internal control over financial reporting and compliance.

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

November 30, 2018  
South Portland, Maine

**GREATER PORTLAND COUNCIL OF GOVERNMENTS**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

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The Greater Portland Council of Governments (GPCOG) is a not for profit, quasi-governmental organization providing technical assistance to 25 municipalities and Cumberland County. As management of GPCOG, we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of GPCOG for the fiscal year ended June 30, 2018.

GPCOG's basic financial statements include the following:

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

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

**Financial Highlights**

GPCOG's net position of \$3,082,832 showed an increase of \$270,548 (Statement 2) from FY 2017. The increase is the result of an operating gain of \$200,353 (Statement 2) as revenues exceeded expenses. However, included in this total are the increases in net position to the EDA, FAME and Brownfield Revolving Loan Funds, which are not allowed to be used to support operations. The total increase to these funds was \$262,573 (Exhibit 1), which if removed from the overall increase in net position of \$270,548 leaves an "operating" increase of \$7,975. Net non-operating revenues of \$70,195 (Statement 2) were realized because of the increase in the investment account that were partially offset by interest expense. In FY 2017, GPCOG made a commitment not to use investment funds to fund projects or cover operating deficits. Unfortunately, GPCOG had to use \$254,657 of investment funds in FY 2018 for cash flow purposes and to offset prior operating deficits. It is GPCOG's intent to start growing the investment fund over the next several years, as these funds are particularly important to GPCOG's sustainability.

The operating gain of \$200,353 was the result of revenues exceeding expenses in Economic Development and Transportation Programs, as shown on Exhibit 1. These operating gains were partially offset by operating losses in General Operations, PACTS, and Planning Programs. For further detail refer to Exhibits 1 and 2 of the Annual Financial Report.

As shown on Exhibit 1, net position in the Reserve Fund decreased by \$181,189 due to transfers into the General Fund of \$254,657 for cash flow and to offset prior deficits. These transfers were partially offset by the increase in the investments value due to interest, dividends and change in value of \$73,468. As noted above, GPCOG will be exploring options of how to grow the investment over time to ensure those funds are available well into the future.

Capital assets decreased by \$21,925 due to depreciation expense. Investments in capital assets include furniture, fixtures and office equipment. During FY 2018, GPCOG changed its policy with respect to asset capitalization by changing the capitalization threshold from \$500 to \$5,000. This allowed management to remove multiple assets from the capital asset listing below this threshold that were fully depreciated.

Leases payable decreased by \$10,041 due to regularly scheduled payments. GPCOG did not enter into any new leases during FY 2018. As of June 30, 2018, there is one outstanding capital lease, with the lease set to mature in May of 2019.

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

Total operating revenues increased by \$613,048, or 22.52%, from FY 2017. Federal and state revenues increased by \$670,887. Changes in federal and state funding depend on the status of projects ongoing, the availability of grant funds, and the timing of reimbursement requests based on actual expenditures incurred. Of the total increase in federal and state revenues of \$670,887, \$294,249 came from new funding that was used to provide new loans to several recipients. As such, those revenues were not available for GPCOG's operations.

Total operating expenses increased by \$413,509, or 15.19%, from FY 2017, due primarily to the increases in direct charges and indirect expenses. While an increase in expenses can often be seen negatively, most of these expenses were reimbursed through our various grant programs. Thus, the increase in revenues is generally directly correlated to the increase in expenses.

**Comparison of Financial Statements for Current and Prior Year**

**Condensed Statements of Net Position**

	<u>2018</u>	<u>2017</u> <u>restated</u>
Current assets	\$ 2,874,143	2,662,327
Noncurrent assets	1,009,163	1,020,861
Capital assets, net of accumulated depreciation	47,807	69,732
<b>Total assets</b>	<b>3,931,113</b>	<b>3,752,920</b>
Current liabilities	848,281	937,585
Noncurrent liabilities	-	3,051
<b>Total liabilities</b>	<b>848,281</b>	<b>940,636</b>
Net position:		
Net investment in capital assets	44,756	56,640
Restricted - RLF	2,055,163	1,792,590
Unrestricted - assigned - reserve	918,081	1,099,270
Unrestricted - unassigned	64,832	(136,216)
<b>Total net position</b>	<b>\$ 3,082,832</b>	<b>2,812,284</b>

The increase in total assets is primarily due to increases in unrestricted and restricted cash and equivalents and accounts receivable. These increases were partially offset by a large decrease in investments. Unrestricted cash increased due to the timing of cash disbursements and receipts near year-end. Restricted cash increased due to the receipt of new loan funding to be used for small business loans, the receipt of principal and interest payments from loan recipients, and the closing of a matured CD deposited into the checking account. The CD was classified as a non-current asset in the prior year. Accounts receivable increased from the prior year due to the timing of services provided near year-end and the receipt of payments. The investment balance decreased due to the use of investments for cash flow needs and to cover prior operating deficits. These decreases were partially offset by the receipt of interest and dividends as well as the change in the value of the investments. Capital assets decreased due to current year depreciation expense as there were no capital asset purchases during the year.

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

Total liabilities decreased primarily due to the increase in unearned revenue being completely offset by the decreases in the line of credit, accounts payable and accrued compensated absences. Unearned revenues increased due to the increase in member dues being charged in FY 2019 from \$1 per capita to \$1.60 per capita. The line of credit decreased as management paid down some of the debt prior to year-end. Accounts payable decreased due to the timing of services provided near year-end, and accrued compensated absences decreased due to staff turnover resulting in the hiring of employees at lower levels of allowed vacation.

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

	<u>2018</u>	<u>2017</u> <u>restated</u>
Federal and State grants	\$ 2,556,050	1,885,163
Membership dues	265,957	281,332
Other contracts and grants	183,797	222,914
Cooperative purchasing fees	61,922	16,186
Interest and fees	86,150	80,790
Local matching funds	119,712	59,213
Miscellaneous	62,227	177,169
<b>Total operating revenues</b>	<b>3,335,815</b>	<b>2,722,767</b>
Direct labor	813,421	818,928
Direct fringe benefits	222,301	216,995
Other direct charges	1,340,975	1,007,921
Indirect expenses	736,840	661,896
Depreciation	21,925	16,213
<b>Total operating expenses</b>	<b>3,135,462</b>	<b>2,721,953</b>
<u>Non-operating revenues</u>	<u>70,195</u>	<u>82,548</u>
Change in net position	270,548	83,362
<b><u>Net position, beginning of year, restated</u></b>	<b><u>2,812,284</u></b>	<b><u>2,728,922</u></b>
<b><u>Net position, end of year</u></b>	<b><u>\$ 3,082,832</u></b>	<b><u>2,812,284</u></b>

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

**Capital Asset and Debt Administration**

Capital assets totaled \$109,520 at June 30, 2018, consisting of furniture, fixtures and equipment. Accumulated depreciation at June 30, 2018 was \$61,713. Therefore, capital assets, net of accumulated depreciation, as shown on Statement 1, was \$47,807. Depreciation expense for FY 2018 was \$21,925.

Capital leases decreased by \$10,041 due to regularly scheduled payments. GPCOG does not have any other long-term debt, such as bonds or notes. At June 30, 2018, GPCOG has one lease outstanding with the maturity of that lease in FY 2019.



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

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**Contacting GPCOG's Management**

Request for Information:

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

**GREATER PORTLAND COUNCIL OF GOVERNMENTS**  
**Statements of Net Position**  
**June 30, 2018 and 2017**

	2018	2017 (Restated)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 129,215	21,285
Restricted cash and cash equivalents	488,055	326,053
Investments	918,081	1,099,270
Accounts receivable, net	854,762	811,059
Notes receivable - current portion	484,030	400,384
Prepaid expenses	-	4,276
Total current assets	2,874,143	2,662,327
Non-current assets:		
Restricted cash and cash equivalents	-	37,366
Notes receivable - non-current portion	1,009,163	983,495
Total non-current assets	1,009,163	1,020,861
Capital assets - net of accumulated depreciation	47,807	69,732
<b>Total assets</b>	<b>3,931,113</b>	<b>3,752,920</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	201,008	277,922
Accrued payroll and related liabilities	21,508	23,790
Accrued compensated absences	38,837	55,400
Line of credit	150,000	208,700
Unearned revenue	433,877	361,732
Leases payable - current portion	3,051	10,041
Total current liabilities	848,281	937,585
Non-current liabilities:		
Leases payable - non-current portion	-	3,051
Total non-current liabilities	-	3,051
<b>Total liabilities</b>	<b>848,281</b>	<b>940,636</b>
<b>NET POSITION</b>		
Net investment in capital assets	44,756	56,640
Restricted - loan funds	2,055,163	1,792,590
Unrestricted:		
Assigned - Reserve Fund	918,081	1,099,270
Unassigned	64,832	(136,216)
<b>Total net position</b>	<b>\$ 3,082,832</b>	<b>2,812,284</b>

*See accompanying notes to basic financial statements.*

**GREATER PORTLAND COUNCIL OF GOVERNMENTS**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years ended June 30, 2018 and 2017**

	2018	2017 (Restated)
Operating revenues:		
Federal and State grants	\$ 2,556,050	1,885,163
Membership dues	265,957	281,332
Other contracts and grants	183,797	222,914
Cooperative purchasing fees	61,922	16,186
Interest and fees	86,150	80,790
Local matching funds	119,712	59,213
Miscellaneous	62,227	177,169
Total operating revenues	3,335,815	2,722,767
Operating expenses:		
Direct expenses:		
Direct labor	813,421	818,928
Direct fringe benefits	222,301	216,995
Other direct charges	1,340,975	1,007,921
Total direct expenses	2,376,697	2,043,844
Depreciation	21,925	16,213
Indirect expenses	736,840	661,896
Total operating expenses	3,135,462	2,721,953
Operating gain (loss)	200,353	814
Non-operating revenues (expenses):		
Interest expense	(3,273)	(4,517)
Investment gain - endowment fund	73,468	87,065
Total non-operating revenues (expenses)	70,195	82,548
Change in net position	270,548	83,362
Net position, beginning of year, as restated	2,812,284	2,728,922
<b>Net position, end of year</b>	<b>\$ 3,082,832</b>	<b>2,812,284</b>

*See accompanying notes to basic financial statements.*

**GREATER PORTLAND COUNCIL OF GOVERNMENTS**  
**Statements of Cash Flows**  
**Years ended June 30, 2018 and 2017**

	2018	2017 (Restated)
Cash flows from operating activities:		
Receipts from members and other governments	\$ 3,364,257	2,710,650
Payments to employees	(1,054,567)	(1,029,850)
Payments to others	(2,111,400)	(1,689,554)
Net cash and cash equivalents provided by (used in) operating activities	198,290	(8,754)
Cash flows from non-capital financing activities:		
Repayment of line of credit principal	(353,700)	(156,775)
Repayment of line of credit interest	(3,064)	(2,679)
Proceeds from line of credit	295,000	205,000
Net cash and cash equivalents provided by (used in) non-capital financing activities	(61,764)	45,546
Cash flows from capital financing activities:		
Proceeds from capital leases	-	-
Repayment of lease principal	(10,041)	(23,112)
Repayment of lease interest	(209)	(817)
Purchase of capital assets	-	(8,370)
Net cash and cash equivalents provided by (used in) capital and related financing activities	(10,250)	(32,299)
Cash flows from investing activities:		
Investment income	73,468	87,065
New loans issued	(262,354)	(265,585)
Loan repayments	113,987	102,717
(Purchase) sale of investments, net	181,189	(87,065)
Net cash and cash equivalents provided by (used in) investing activities	106,290	(162,868)
Net change in cash and cash equivalents	232,566	(158,375)
Cash and cash equivalents, beginning of year	384,704	543,079
<b>Cash and cash equivalents, end of year</b>	<b>\$ 617,270</b>	<b>384,704</b>
Reconciliation of operating gain (loss) to net cash and cash equivalents provided by (used in) operating activities:		
Operating gain (loss)	\$ 200,353	814
Depreciation	21,925	16,213
Bad debt	39,053	-
(Increase) decrease in operating assets:		
Accounts receivable	(43,703)	(36,598)
Prepaid expenses	4,276	-
Increase (decrease) in operating liabilities:		
Accounts payable	(76,914)	(19,737)
Accrued payroll and related liabilities	(2,282)	9,847
Accrued compensated absences	(16,563)	(3,774)
Unearned revenue	72,145	24,481
<b>Net cash and cash equivalents used in operating activities</b>	<b>198,290</b>	<b>(8,754)</b>
Supplemental disclosures:		
Cash paid during the year for interest	\$ 3,273	4,517

*See accompanying notes to basic financial statements.*

**GREATER PORTLAND COUNCIL OF GOVERNMENTS**  
**Notes to Basic Financial Statements**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

**Compensated Absences** - Accrued vacation leave is granted in varying amounts based upon length of service and are paid out upon termination. Accrued compensated absences are reported in the statement of net position.

**Indirect Cost Allocations** - The Council's indirect cost rate is approved by the Maine Department of Transportation. The calculation is based on a percentage of direct salaries plus direct fringe benefits. The approved indirect cost rates for fiscal years 2018 and 2017 were 66.53% and 63.49%, respectively.

**DEPOSITS AND INVESTMENTS**

**Deposits**

*Custodial Credit Risk-Deposits:* Custodial credit risk is the risk that in the event of a bank failure, GPCOG's deposits may not be returned to it. As of June 30, 2018 and 2017, GPCOG reported deposits of \$617,270 and \$384,704 with a bank balance of \$655,294 and \$429,379, respectively. Of GPCOG's bank balances of \$655,294 and \$429,379 at June 30, 2018 and 2017, respectively, none were exposed to custodial credit risk as these funds were covered by the F.D.I.C. or other collateralization.

**Investments**

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

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

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

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

**DEPOSITS AND INVESTMENTS, CONTINUED**

At June 30, 2017, GPCOG had the following investments and maturities:

	Fair <u>Value</u>	Less than <u>1 year</u>	<u>1-5 years</u>	More than <u>5 years</u>
U. S. Treasuries	\$ 25,113	-	25,113	-
U.S. Government obligations	26,000	-	26,000	-
Corporate bonds	38,151	-	38,151	-
Equities/stock	586,684		Not Applicable	
Mutual funds, CD's, MM's	423,322		Not Applicable	
<b>Total investments</b>	<b>\$ 1,099,270</b>	<b>-</b>	<b>89,264</b>	<b>-</b>

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

*Custodial Credit Risk:* For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, GPCOG will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of GPCOG's \$918,081 and \$1,099,270 of investments at June 30, 2018 and 2017, respectively, none were exposed to custodial credit risk.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with GPCOG's investment policy, credit risk is minimized by only holding investments authorized by State statutes. At June 30, 2018 and 2017, GPCOG had the following credit quality distribution in debt securities:

Standard & Poor Rating	2018 Fair <u>Value</u>	2017 Fair <u>Value</u>
AA+	\$ 25,265	26,000
A	17,089	-
A-	20,090	20,623
AA-	-	17,528

**ACCOUNTS RECEIVABLE**

GPCOG operates in the Greater Portland area and grants credit to customers in that geographical area, substantially all of whom are state and local government agencies. Accounts receivable, net of allowance for uncollectible accounts, were comprised of the following at June 30:

	<u>2018</u>	<u>2017</u>
Billed receivables	\$ 846,524	593,516
Unbilled receivables	8,238	222,660
Less: Allowance for uncollectible accounts	-	(5,117)
<b>Total</b>	<b>\$ 854,762</b>	<b>811,059</b>

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

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**NOTES RECEIVABLE**

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

	Notes receivable		
	Current	Non-current	Total
<u>2018:</u>			
Regional Economic Development			
Revolving Loan Fund	\$ 458,686	577,355	1,036,041
EDA Defense Loan Fund	25,344	382,558	407,902
Brownfields Revolving Loan Fund	-	49,250	49,250
<b>Total notes receivable</b>	<b>\$ 484,030</b>	<b>1,009,163</b>	<b>1,493,193</b>
<u>2017:</u>			
Regional Economic Development			
Revolving Loan Fund	\$ 375,839	605,012	980,851
EDA Defense Loan Fund	24,545	378,483	403,028
<b>Total notes receivable</b>	<b>\$ 400,384</b>	<b>983,495</b>	<b>1,383,879</b>

Management assesses the payment history and loan collateralization as part of determining the collectability of each loan outstanding. During the year ended June 30, 2018, management identified two loans totaling \$39,053 that it considered uncollectible. This amount was charged to bad debt expense and written off against outstanding notes receivable. There were no write-offs during the year ended June 30, 2017. Management has also identified several other loans that may potentially be uncollectible in portion or in full, however, collection efforts are underway and, thus, management has not determined these loans identified to be uncollectible as of June 30, 2018.

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**CAPITAL ASSETS**

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Capital assets and related accumulated depreciation are as follows at June 30, 2018 and 2017:

	<u>2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>2018</u>
Furniture, fixtures and equipment	\$ 503,116	-	(393,596)	109,520
<u>Less accumulated depreciation</u>	<u>(433,384)</u>	<u>(21,925)</u>	<u>393,596</u>	<u>(61,713)</u>
<b>Capital assets, net</b>	<b>\$ 69,732</b>	<b>(21,925)</b>	<b>-</b>	<b>47,807</b>

Depreciation expense amounted to \$21,925 and \$16,213, respectively, for the years ended June 30, 2018 and 2017. During FY 2018, GPCOG changed its accounting practices with respect to capitalizing assets. The capitalization threshold was increased from \$500 to \$5,000. Due to this, management extensively went through the capital asset listing to determine if assets were under this threshold and fully depreciated and, therefore, could be removed from the listing. Management identified multiple assets that fit this description, along with multiple other assets that were no longer in service or owned by GPCOG. As such, GPCOG is showing a large amount of disposals to its capital asset inventory above.



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

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the years ended June 30, 2018 and 2017 were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<u>2018</u>					
Capital leases	\$ 13,092	-	10,041	3,051	3,051
<b>Total long-term liabilities</b>	<b>\$ 13,092</b>	<b>-</b>	<b>10,041</b>	<b>3,051</b>	<b>3,051</b>
<u>2017</u>					
Capital leases	\$ 36,204	-	23,112	13,092	10,041
<b>Total long-term liabilities</b>	<b>\$ 36,204</b>	<b>-</b>	<b>23,112</b>	<b>13,092</b>	<b>10,041</b>

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**CAPITAL LEASE OBLIGATIONS**

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The following is a summary of capital lease obligations:

	<u>2018</u>	<u>2017</u>
Financing lease payable, monthly installments of \$285, including interest at 3.35%, secured by computers	\$ -	852
Financing lease payable, monthly installments of \$1,202, including interest at 3.32%, secured by technology equipment	-	5,962
Financing lease payable, monthly installments of \$282, including interest at 3.23%, secured by computers	3,051	6,278
Total capital lease obligations	3,051	13,092
Less current portion	(3,051)	(10,041)
<b>Long-term capital lease obligations</b>	<b>\$ -</b>	<b>3,051</b>

The following is a schedule of future minimum lease payments required under capital lease obligations:

<u>Fiscal year ending</u>	<u>Present value</u>
<u>2019</u>	<u>\$ 3,101</u>
Total minimum lease payments	3,101
Less: amount representing interest	(50)
<b>Present value of future minimum lease payments</b>	<b>\$ 3,051</b>

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

**LINE OF CREDIT**

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

At June 30, 2017, GPCOG had a \$250,000 line of credit available to cover cash shortfalls during the year. As of June 30, 2017, \$208,700 was outstanding on the line of credit at 2.55%. The due date was September 30, 2017.

**UNEARNED REVENUE**

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

	<u>2018</u>	<u>2017</u>
Unearned grant/contract revenue	\$ 15,282	83,079
Unearned dues	418,595	278,653
<b>Total</b>	<b>\$ 433,877</b>	<b>361,732</b>

Dues for FY 2019 and 2018 were billed prior to June 30, 2018 and 2017, respectively, and are reflected above as unearned dues.

**ASSIGNED/RESTRICTED NET POSITION**

Net position has been restricted for loan programs as required by grant regulations. Net position restricted for loan programs amounted to \$2,055,163 and \$1,792,590, respectively, at June 30, 2018 and 2017. Additionally, amounts assigned by the Board for future projects totaled \$918,081 and \$1,099,270 at June 30, 2018 and 2017, respectively.

**CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state and Federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although GPCOG expects such amounts, if any, to be immaterial.

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

During 2002, GPCOG reached an agreement with MPERS and the sole remaining retiree receiving benefits from its Participating Local District (PLD) account maintained by the MPERS on behalf of GPCOG. Under the agreement, MPERS and GPCOG each purchased single premium annuities to provide retirement benefits to the remaining plan participant and GPCOG received the funds that remained in the PLD at the time of the settlement. As a result of the agreement, GPCOG has no remaining commitment to either the retiree or to MPERS. The funds received from MPERS after the purchase of the annuities amounted to \$1,136,275 and have been accounted for in the Endowment Fund. At June 30, 2018 and 2017, the balance in the Endowment Fund of \$918,081 and \$1,099,270, respectively, has been assigned for future projects.

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

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**RETIREMENT PLANS**

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GPCOG offers several retirement plan options to its employees, including a 401(a) Defined Contribution Plan, 457 Deferred Compensation Plan, traditional IRA, or Roth IRA. Regular full-time and part-time employees, who work 30 hours or more per week, may contribute, with GPCOG matching such contributions on a progressive scale based on length of service between 3% and 8% of the employee's gross salary. Employees may also elect to contribute additional unmatched funds up to IRS maximum amounts. GPCOG contributed \$62,254 and \$75,772 to the plans during the years ended June 30, 2018 and 2017, respectively.

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**PRIOR PERIOD ADJUSTMENT**

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During the current fiscal year, it was discovered that accrued payroll and accrued compensated absences were understated as of June 30, 2017.

Net position as of June 30, 2017 has been restated as follows:

	<u>Net Position</u>
Net position as previously reported	\$ 2,840,804
<u>Accrued payroll and vacation understated</u>	<u>(28,520)</u>
<b><u>Net position, as restated</u></b>	<b><u>\$ 2,812,284</u></b>

Also during the current fiscal year, it was discovered that federal expenditures and related revenue were understated by \$83,644 for the year ended June 30, 2017, and were incorrectly recorded in fiscal 2018. A prior period adjustment was recorded to restate the statement of net position as of June 30, 2017 as well as the statement of revenues, expenses, and changes in net position for the year then ended. There was no net effect on net position as of June 30, 2017 as a result of this restatement.

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**SUBSEQUENT EVENTS**

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On May 31, 2017, the General Assembly approved an increase in GPCOG's membership dues for FY 2019 and FY 2020. As of June 30, 2018, GPCOG's dues are assessed at \$1 per capita, based on the most recent census data of its members. Starting July 1, 2018 dues will be increased to \$1.60 per capita and will be increased again on July 1, 2019 to \$2 per capita. GPCOG had not increased its dues in 27 years prior to these increases.

On September 11, 2018, the Council paid off the entire \$150,000 line of credit reported at June 30, 2018, including accrued interest. This line of credit was set to mature on February 28, 2019, however, paying it off early saved thousands of dollars in interest expense.

**GREATER PORTLAND COUNCIL OF GOVERNMENTS**  
**Combined Statement of Revenues, Expenses, and Changes in Net Position**  
**By Program Type**  
**For the Year Ended June 30, 2018**  
**(with comparative totals for the year ended June 30, 2017)**

	General Operations	Reserve Fund	Transportation Programs	Portland Area Comprehensive Transportation System	Economic Development Programs	Planning Programs	Totals	
							2018	2017 (Restated)
<b>Revenues:</b>								
Federal and State grants	\$ -	-	45,798	1,542,395	738,991	228,866	2,556,050	1,885,163
Membership dues	72,571	-	-	58,379	110,021	24,986	265,957	281,332
Other contracts and grants	-	-	33,582	-	-	150,215	183,797	222,914
Cooperative purchasing fees	61,922	-	-	-	-	-	61,922	16,186
Interest and fees	2,668	-	-	-	83,482	-	86,150	80,790
Local matching funds	-	-	-	97,483	-	22,229	119,712	59,213
Miscellaneous	40,125	-	-	-	12,415	9,687	62,227	177,169
<b>Total revenues</b>	<b>177,286</b>	<b>-</b>	<b>79,380</b>	<b>1,698,257</b>	<b>944,909</b>	<b>435,983</b>	<b>3,335,815</b>	<b>2,722,767</b>
<b>Expenses:</b>								
<b>Direct expenses:</b>								
Direct labor	55,919	-	30,020	481,386	113,103	132,993	813,421	818,928
Direct fringe benefits	13,921	-	8,456	134,571	29,413	35,940	222,301	216,995
Other direct charges	35,211	-	6,437	689,192	394,286	215,849	1,340,975	1,007,921
<b>Total direct expenses</b>	<b>105,051</b>	<b>-</b>	<b>44,913</b>	<b>1,305,149</b>	<b>536,802</b>	<b>384,782</b>	<b>2,376,697</b>	<b>2,043,844</b>
Indirect expenses	116,161	-	25,598	409,798	94,817	112,391	758,765	678,109
<b>Total expenses</b>	<b>221,212</b>	<b>-</b>	<b>70,511</b>	<b>1,714,947</b>	<b>631,619</b>	<b>497,173</b>	<b>3,135,462</b>	<b>2,721,953</b>
<b>Operating income (loss)</b>	<b>(43,926)</b>	<b>-</b>	<b>8,869</b>	<b>(16,690)</b>	<b>313,290</b>	<b>(61,190)</b>	<b>200,353</b>	<b>814</b>
<b>Non-operating revenues (expenses):</b>								
Interest expense	(3,273)	-	-	-	-	-	(3,273)	(4,517)
Investment gain (loss)	-	73,468	-	-	-	-	73,468	87,065
<b>Total non-operating revenues (expenses)</b>	<b>(3,273)</b>	<b>73,468</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,195</b>	<b>82,548</b>
<b>Change in net position before transfers</b>	<b>(47,199)</b>	<b>73,468</b>	<b>8,869</b>	<b>(16,690)</b>	<b>313,290</b>	<b>(61,190)</b>	<b>270,548</b>	<b>83,362</b>
<b>Transfer in (out)</b>	<b>236,363</b>	<b>(254,657)</b>	<b>(8,869)</b>	<b>16,690</b>	<b>(50,717)</b>	<b>61,190</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>189,164</b>	<b>(181,189)</b>	<b>-</b>	<b>-</b>	<b>262,573</b>	<b>-</b>	<b>270,548</b>	<b>83,362</b>
<b>Net position, beginning of year, as restated</b>	<b>(79,576)</b>	<b>1,099,270</b>	<b>-</b>	<b>-</b>	<b>1,792,590</b>	<b>-</b>	<b>2,812,284</b>	<b>2,728,922</b>
<b>Net position, end of year</b>	<b>\$ 109,588</b>	<b>918,081</b>	<b>-</b>	<b>-</b>	<b>2,055,163</b>	<b>-</b>	<b>3,082,832</b>	<b>2,812,284</b>

**GREATER PORTLAND COUNCIL OF GOVERNMENTS**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**General Operations**  
**For the Year Ended June 30, 2018**

	Cooperative Purchasing	Agency Projects	Indirect Cost Recovery	General Fund	Total
	<i>37500</i>	<i>39100</i>	<i>39108</i>	<i>39300</i>	
Operating revenues:					
Membership dues	\$ 26,796	-	-	45,775	72,571
Cooperative purchasing fees	61,922	-	-	-	61,922
Interest and fees	-	-	-	2,668	2,668
Miscellaneous	-	5,989	-	34,136	40,125
<b>Total operating revenues</b>	<b>88,718</b>	<b>5,989</b>	<b>-</b>	<b>82,579</b>	<b>177,286</b>
Operating expenses:					
Direct expenses:					
Direct labor	41,060	6,032	-	8,827	55,919
Direct fringe benefits	10,860	1,745	-	1,316	13,921
Other direct charges	2,256	-	-	32,955	35,211
<b>Total direct expenses</b>	<b>54,176</b>	<b>7,777</b>	<b>-</b>	<b>43,098</b>	<b>105,051</b>
Indirect expenses	34,542	5,174	67,652	8,793	116,161
<b>Total operating expenses</b>	<b>88,718</b>	<b>12,951</b>	<b>67,652</b>	<b>51,891</b>	<b>221,212</b>
Operating income (loss)	-	(6,962)	(67,652)	30,688	(43,926)
non-operating expenses					
Interest expense	-	-	-	(3,273)	(3,273)
<b>Total non-operating expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,273)</b>	<b>(3,273)</b>
Change in net position before transfers	-	(6,962)	(67,652)	27,415	(47,199)
Transfer in (out)	-	6,962	67,652	161,749	236,363
Change in net position	-	-	-	189,164	189,164
Net position, beginning of year, as restated	-	-	-	(79,576)	(79,576)
<b>Net position, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>109,588</b>	<b>109,588</b>

**GREATER PORTLAND COUNCIL OF GOVERNMENTS**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Transportation Programs**  
**For the Year Ended June 30, 2018**

	Transit Providers FY18	Transit Projects FY17	CMP EV Lease 32508	Lakes Region Bus FY17 - FY18 33122	MDOT Planning Funds CY17 33124-33130	MDOT Planning Funds CY18 33131-33136	Lakes Region Bus FY18 - FY19 33305	Bus Stop Demo Project 33910	Total
Operating revenues:									
Federal and State grants	\$ -	-	-	-	33,089	12,709	-	-	45,798
Other contracts and grants	5,437	1,248	9,000	5,406	-	-	11,893	598	33,582
Total operating revenues	5,437	1,248	9,000	5,406	33,089	12,709	11,893	598	79,380
Operating expenses:									
Direct expenses:									
Direct labor	2,460	-	-	977	15,548	5,620	5,381	34	30,020
Direct fringe benefits	712	-	-	282	4,498	1,411	1,543	10	8,456
Other direct charges	-	-	3,268	35	2,758	298	78	-	6,437
Total direct expenses	3,172	-	3,268	1,294	22,804	7,329	7,002	44	44,913
Indirect expenses	2,110	-	-	838	13,336	4,678	4,607	29	25,598
Total operating expenses	5,282	-	3,268	2,132	36,140	12,007	11,609	73	70,511
Operating income (loss)	155	1,248	5,732	3,274	(3,051)	702	284	525	8,869
Transfer in (out)	(155)	(1,248)	(5,732)	(3,274)	3,051	(702)	(284)	(525)	(8,869)
Change in net position	-	-	-	-	-	-	-	-	-
Net position, beginning of year	-	-	-	-	-	-	-	-	-
<b>Net position, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**GREATER PORTLAND COUNCIL OF GOVERNMENTS**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Portland Area Comprehensive Transportation System**  
**For the Year Ended June 30, 2018**

	<b>PACTS Planning FY16 - FY17</b>	<b>PACTS Bike Rack Program</b>	<b>Collector Road Condition Assessment</b>	<b>PACTS Planning FY18 - FY19</b>	<b>PACTS Corridor Signal Review</b>	<b>FTA 5303 Transit Planning FY16 - FY17</b>	<b>PACTS 5303 Transit Planning FY18 - FY19</b>	<b>PACTS Transit Stop Access Project</b>	<b>Total</b>
	<i>31417</i>	<i>31418</i>	<i>31419</i>	<i>31420</i>	<i>31426</i>	<i>31717-31721</i>	<i>31723-31727</i>	<i>33914</i>	
Operating revenues:									
Federal and State grants	\$ 686,829	3,557	83,370	438,346	10,602	151,266	60,121	108,304	1,542,395
Membership dues	2,953	-	-	2,928	-	37,467	15,031	-	58,379
Local matching funds	64,524	328	27,790	560	3,534	747	-	-	97,483
Total operating revenues	754,306	3,885	111,160	441,834	14,136	189,480	75,152	108,304	1,698,257
Operating expenses:									
Direct expenses:									
Direct labor	184,922	-	-	199,691	-	61,946	34,827	-	481,386
Direct fringe benefits	52,929	-	-	53,930	-	17,795	9,917	-	134,571
Other direct charges	358,990	3,885	111,160	27,738	14,136	64,338	641	108,304	689,192
Total direct expenses	596,841	3,885	111,160	281,359	14,136	144,079	45,385	108,304	1,305,149
Indirect expenses	158,243	-	-	168,734	-	53,052	29,769	-	409,798
Total operating expenses	755,084	3,885	111,160	450,093	14,136	197,131	75,154	108,304	1,714,947
Operating income (loss)	(778)	-	-	(8,259)	-	(7,651)	(2)	-	(16,690)
Transfer in (out)	778	-	-	8,259	-	7,651	2	-	16,690
Change in net position	-	-	-	-	-	-	-	-	-
Net position, beginning of year	-	-	-	-	-	-	-	-	-
<b>Net position, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**GREATER PORTLAND COUNCIL OF GOVERNMENTS**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Economic Development Programs**  
**For the Year Ended June 30, 2018**

	Brownfields RLF & Grants	Brownfields East Bayside	Brownfields Assessments	Economic Development Assistance IMCP	EDA TA FY17	EDA TA FY18	Regional Economic Development Revolving Loan Fund	EDA Defense Loan Fund	Total
	33904	33905	33907	34517	34518	34520	37700	37800	
Operating revenues:									
Federal and State grants	\$ 73,358	93,930	256,704	-	-	70,000	244,999	-	738,991
Membership dues	29,784	-	10,237	-	-	70,000	-	-	110,021
Interest and fees	13,508	-	-	-	-	-	52,886	17,088	83,482
Miscellaneous	-	-	-	797	212	-	-	11,406	12,415
Total operating revenues	116,650	93,930	266,941	797	212	140,000	297,885	28,494	944,909
Operating expenses:									
Direct expenses:									
Direct labor	7,777	8,181	11,841	60	918	65,110	13,288	5,928	113,103
Direct fringe benefits	2,137	1,920	3,327	12	265	16,663	3,780	1,309	29,413
Other direct charges	14,263	77,927	221,615	5,008	-	2,893	66,288	6,292	394,286
Total direct expenses	24,177	88,028	236,783	5,080	1,183	84,666	83,356	13,529	536,802
Indirect expenses	6,596	6,720	10,092	47	787	54,404	11,356	4,815	94,817
Total operating expenses	30,773	94,748	246,875	5,127	1,970	139,070	94,712	18,344	631,619
Operating income (loss)	85,877	(818)	20,066	(4,330)	(1,758)	930	203,173	10,150	313,290
Transfer in (out)	(36,627)	818	(20,066)	4,330	1,758	(930)	-	-	(50,717)
Change in net position	49,250	-	-	-	-	-	203,173	10,150	262,573
Net position, beginning of year	-	-	-	-	-	-	1,263,814	528,776	1,792,590
<b>Net position, end of year</b>	<b>\$ 49,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,466,987</b>	<b>538,926</b>	<b>2,055,163</b>



**GREATER PORTLAND COUNCIL OF GOVERNMENTS**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Planning Programs**  
**For the Year Ended June 30, 2018**

	USM/GPCOG RTAP	Data Initiative	Land Use Technical Assistance FY17	Land Use Technical Assistance FY18	Easter Seals Mobility Management	Maine Clean Communities CY16	Renewable Energy Development Assistance Grant	Maine Clean Communities CY17	Maine Clean Communities CY18	Iberdrola USA	Local Foods Promotion Program	Community Planning Services	Total
	31200	31201	33519	33520	33913	34116	34117	34118	34119	34122	34521	35000	
<b>Operating revenues:</b>													
Federal and State grants	\$ 4,829	-	8,758	45,464	-	-	42,561	12,954	22,500	-	91,800	-	228,866
Membership dues	-	-	156	18,166	-	-	1,664	-	-	-	5,000	-	24,986
Other contracts and grants	-	1,100	-	-	49,434	-	-	-	-	-	-	99,681	150,215
Local matching funds	-	-	-	-	-	-	6,786	-	-	-	15,443	-	22,229
Miscellaneous	500	-	-	-	-	-	-	-	-	902	-	8,285	9,687
<b>Total operating revenues</b>	<b>5,329</b>	<b>1,100</b>	<b>8,914</b>	<b>63,630</b>	<b>49,434</b>	<b>-</b>	<b>51,011</b>	<b>12,954</b>	<b>22,500</b>	<b>902</b>	<b>112,243</b>	<b>107,966</b>	<b>435,983</b>
<b>Operating expenses:</b>													
<b>Direct expenses:</b>													
Direct labor	-	414	4,382	28,831	19,275	12,611	7,930	5,848	1,868	-	18,287	33,547	132,993
Direct fringe benefits	-	120	1,267	8,338	5,524	2,320	2,293	1,691	540	-	4,635	9,212	35,940
Other direct charges	4,891	-	389	1,744	6,692	2,899	33,936	241	1,197	912	74,071	88,877	215,849
<b>Total direct expenses</b>	<b>4,891</b>	<b>534</b>	<b>6,038</b>	<b>38,913</b>	<b>31,491</b>	<b>17,830</b>	<b>44,159</b>	<b>7,780</b>	<b>3,605</b>	<b>912</b>	<b>96,993</b>	<b>131,636</b>	<b>384,782</b>
<b>Indirect expenses</b>	<b>-</b>	<b>355</b>	<b>3,759</b>	<b>24,729</b>	<b>16,499</b>	<b>9,933</b>	<b>6,801</b>	<b>5,016</b>	<b>1,602</b>	<b>-</b>	<b>15,250</b>	<b>28,447</b>	<b>112,391</b>
<b>Total operating expenses</b>	<b>4,891</b>	<b>889</b>	<b>9,797</b>	<b>63,642</b>	<b>47,990</b>	<b>27,763</b>	<b>50,960</b>	<b>12,796</b>	<b>5,207</b>	<b>912</b>	<b>112,243</b>	<b>160,083</b>	<b>497,173</b>
<b>Operating income (loss)</b>	<b>438</b>	<b>211</b>	<b>(883)</b>	<b>(12)</b>	<b>1,444</b>	<b>(27,763)</b>	<b>51</b>	<b>158</b>	<b>17,293</b>	<b>(10)</b>	<b>-</b>	<b>(52,117)</b>	<b>(61,190)</b>
<b>Transfer in (out)</b>	<b>(438)</b>	<b>(211)</b>	<b>883</b>	<b>12</b>	<b>(1,444)</b>	<b>27,763</b>	<b>(51)</b>	<b>(158)</b>	<b>(17,293)</b>	<b>10</b>	<b>-</b>	<b>52,117</b>	<b>61,190</b>
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>