



Annual Financial Report

For the Years Ended June 30, 2020 and 2019

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Annual Financial Report
For the Years Ended June 30, 2020 and 2019

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Independent Auditor's Report

Executive Committee of
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 ended June 30, 2020 and 2019, 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Greater Portland Council of Governments as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020, 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 cursive script, reading "Raymond Keenan Ouellette".

December 1, 2020
South Portland, Maine

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

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, 2020.

GPCOG's basic financial statements include the following:

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

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

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

Financial Highlights

GPCOG's net position of \$3,539,484 showed an increase of \$255,328 (Statement 2) from FY 2019. This increase is due to the increase in General Operations of \$343,629 (Exhibit 1) being partially offset by the decrease in the Economic Development Programs of (\$82,267), as well as the decrease in the reserve fund of (\$6,034). The large increase in General Operations was primarily due to revenues exceeding expenses in the Cooperative Purchasing Program, as well as a favorable reduction in overhead costs. Additionally, membership dues were increased from \$1.60 to \$2.00 per capita in FY20, of which GPCOG reserved approximately 20% for a match on an upcoming FY21 initiative.

The operating gain of \$261,390 was the result of revenues exceeding expenses in General Operations, Transportation Programs, PACTS Programs, and Planning Programs, as shown on Exhibit 1. These operating gains were partially offset by operating losses in Economic Development Programs. For further detail refer to Exhibits 1 and 2 of the Annual Financial Report.

As shown on Exhibit 1, net position in the Reserve Fund decreased by \$6,034. This decrease was due to interest and dividends of \$19,007 being exceeded by the reduction in account value as well as fees of \$25,041. GPCOG has committed to growing the investment reserves over the next several years following a few years of necessary transfers out of the reserves for cash flow and prior deficits. GPCOG did not transfer any funds out of investments in FY20 and has no plans to utilize investment funds in FY21.

Capital assets decreased by \$9,412 due to depreciation expense. No new capital assets were purchased in FY20.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2020

In August 2019, GPCOG entered into a \$10,000, 3-year lease agreement with Gorham Savings Leasing for the purchase of computer equipment and accessories. The lease provides for interest at a rate of 3.63%. The first payment was due upon execution of the lease which decreased the principal amount by \$3,435. At June 30, 2020, the outstanding capital lease balance was \$6,565, as there were no prior outstanding capital leases from the prior year.

Total operating revenues increased by \$294,926, or 9.52%, from FY 2019. This was primarily due to increases in federal and state grants, membership dues, and local matching funds. Federal and state grants increased due to the timing of when expenses were incurred and when reimbursement was requested. Membership dues increased as a result of per capita membership dues increasing from \$1.60 to \$2.00. This increase was implemented over a two-year period starting July 1, 2018 (FY19) where dues went from \$1.00 to \$1.60 per capita, and then increased to \$2.00 per capita starting July 1, 2019 (FY20). Prior to this increase, dues based on per capita had not been increased in 27 years. The increase in local matching funds is primarily due to several existing projects that were re-scoped due to requests from the participating municipalities which substantially increased the budgets, however, the increases to those project budgets were paid directly from the participating municipalities as a local match. Additionally, several new grants awarded in FY20 required a local match.

Total operating expenses increased by \$183,685, or 6.23%, from FY 2019, due primarily to the increases in direct labor and other direct charges. The primary reason for the increase in direct labor is a result of the change in composition in staff, which included the hiring of several senior management positions. Other direct charges increased due to several new projects requiring the use of consultants being started or completed during the fiscal year. Almost all of GPCOG's expenses are reimbursed after incurring the charges. Thus, expenses and revenues are directly correlated, so an increase in expenses will generally result in an increase in revenue, as was shown in the current fiscal year.

Comparison of Financial Statements for Current and Prior Year

Condensed Statements of Net Position

	<u>2020</u>	<u>2019</u>
Current assets	\$ 3,197,333	2,850,599
Non-current assets	592,989	810,657
Capital assets, net of accumulated depreciation	24,916	34,328
Total assets	3,815,238	3,695,584
Current liabilities	272,413	411,428
Non-current liabilities	3,341	-
Total liabilities	275,754	411,428
Net position:		
Net investment in capital assets	18,351	34,328
Restricted - loan funds	1,859,546	1,941,813
Unrestricted - assigned - reserve	816,184	822,218
Unrestricted - unassigned	845,403	485,797
Total net position	\$ 3,539,484	3,284,156

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2020

The increase in total assets is primarily due to increases in regular and restricted cash and cash equivalents. These increases were partially offset by decreases in accounts and notes receivable.

The increase in cash and cash equivalents is primarily due to an increase in membership dues, a portion of which was set aside for use on projects in FY21. Restricted cash and cash equivalents increased as a result of loan repayments of principal and interest exceeding new loans provided during the year. Accounts receivable decreased from the prior year due to the timing of services provided near year-end and the receipt of payments. Notes receivable balances also decreased from the prior year due to loan repayments exceeding new loans provided, as well as the write-off of approximately \$82,000 of bad debt. During FY20, GPCOG started to restructure its loan programs, which includes taking on new loan programs in the coming fiscal year to provide significantly more loans to area businesses.

Total liabilities decreased entirely due to the decrease in accounts payable, which is due to the timing of when expenses are incurred and when invoices are paid.

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

	<u>2020</u>	<u>2019</u>
Federal and State grants	\$ 2,357,203	2,292,522
Membership dues	520,683	417,201
Other contracts and grants	72,841	120,951
Cooperative purchasing fees	60,762	39,302
Interest and fees	84,963	87,779
Local matching funds	271,487	119,336
Miscellaneous	26,051	21,973
Total operating revenues	3,393,990	3,099,064
Direct labor	958,588	894,211
Direct fringe benefits	191,229	194,475
Other direct charges	1,341,010	1,218,054
Indirect expenses	632,361	628,696
Depreciation	9,412	13,479
Total operating expenses	3,132,600	2,948,915
<u>Non-operating (expenses) revenues</u>	<u>(6,062)</u>	<u>51,175</u>
Change in net position	255,328	201,324
Net position, beginning of year	3,284,156	3,082,832
Net position, end of year	\$ 3,539,484	3,284,156

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

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2020

Capital Asset and Debt Administration

Capital assets totaled \$84,803 at June 30, 2020, consisting of furniture, fixtures and equipment. Accumulated depreciation at June 30, 2020 was \$59,887. Therefore, capital assets, net of accumulated depreciation, as shown on Statement 1, was \$24,916. Depreciation expense for FY 2020 was \$9,412.

As described above, GPCOG entered into a 3-year lease in August 2019 for computer and related equipment, and the first payment of principal and interest was paid upon execution of the lease. This is the only lease outstanding as of June 30, 2020.

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, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 426,703	101,524
Restricted cash and cash equivalents	1,008,971	779,779
Investments	816,184	822,218
Accounts receivable, net	627,173	718,019
Prepaid expenses	3,932	-
Notes receivable - current portion, net of allowance	314,370	429,059
Total current assets	3,197,333	2,850,599
Non-current assets:		
Notes receivable - non-current portion, net of allowance	592,989	810,657
Total non-current assets	592,989	810,657
Capital assets - net of accumulated depreciation	24,916	34,328
Total assets	\$ 3,815,238	3,695,584
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 195,245	362,359
Accrued payroll and related liabilities	33,242	22,403
Accrued compensated absences	40,702	26,666
Leases payable - current portion	3,224	-
Total current liabilities	272,413	411,428
Non-current liabilities:		
Leases payable - non-current portion	3,341	-
Total non-current liabilities	3,341	-
Total liabilities	275,754	411,428
NET POSITION		
Net investment in capital assets	18,351	34,328
Restricted - loan funds	1,859,546	1,941,813
Unrestricted:		
Assigned - Reserve Fund	816,184	822,218
Unassigned	845,403	485,797
Total net position	\$ 3,539,484	3,284,156

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, 2020 and 2019

	2020	2019
Operating revenues:		
Federal and state grants	\$ 2,357,203	2,292,522
Membership dues	520,683	417,201
Other contracts and grants	72,841	120,951
Cooperative purchasing fees	60,762	39,302
Interest and fees	84,963	87,779
Local matching funds	271,487	119,336
Miscellaneous	26,051	21,973
Total operating revenues	3,393,990	3,099,064
Operating expenses:		
Direct expenses:		
Direct labor	958,588	894,211
Direct fringe benefits	191,229	194,475
Other direct charges	1,341,010	1,218,054
Total direct expenses	2,490,827	2,306,740
Depreciation	9,412	13,479
Indirect expenses	632,361	628,696
Total operating expenses	3,132,600	2,948,915
Operating income	261,390	150,149
Non-operating revenues (expenses):		
Interest expense	(28)	(2,962)
Investment gain - endowment fund	(6,034)	54,137
Total non-operating revenues (expenses)	(6,062)	51,175
Change in net position	255,328	201,324
Net position, beginning of year	3,284,156	3,082,832
Net position, end of year	\$ 3,539,484	3,284,156

See accompanying notes to basic financial statements.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Statements of Cash Flows
Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Receipts from members and other governments	\$ 3,484,836	2,801,930
New loans issued	(87,000)	(290,000)
Loan repayments	419,357	323,035
Payments to employees	(1,124,942)	(1,099,962)
Payments to others	(2,144,417)	(1,464,957)
Net cash and cash equivalents provided by operating activities	547,834	270,046
Cash flows from non-capital financing activities:		
Repayment of line of credit principal	-	(150,000)
Repayment of line of credit interest	-	(2,912)
Net cash and cash equivalents used in non-capital financing activities	-	(152,912)
Cash flows from capital and related financing activities:		
Proceeds from capital leases	10,000	-
Repayment of lease principal	(3,435)	(3,051)
Repayment of lease interest	(28)	(50)
Net cash and cash equivalents provided by (used in) capital and related financing activities	6,537	(3,101)
Cash flows from investing activities:		
Investment (loss) income	-	-
(Purchase) sale of investments, net	-	150,000
Net cash and cash equivalents provided by investing activities	-	150,000
Net change in cash and cash equivalents	554,371	264,033
Cash and cash equivalents, beginning of year	881,303	617,270
Cash and cash equivalents, end of year	\$ 1,435,674	881,303
Reconciliation of operating income to net cash and cash equivalents provided by operating activities:		
Operating income	\$ 261,390	150,149
Depreciation	9,412	13,479
Bad debt	81,559	220,442
(Increase) decrease in operating assets:		
Accounts receivable	90,846	136,743
Prepaid expenses	(3,932)	-
Notes receivable	250,798	33,035
Increase (decrease) in operating liabilities:		
Accounts payable	(167,114)	161,351
Accrued payroll and related liabilities	10,839	895
Accrued compensated absences	14,036	(12,171)
Unearned revenue	-	(433,877)
Net cash and cash equivalents provided by operating activities	\$ 547,834	270,046
Supplemental disclosures:		
Cash paid during the year for interest	\$ 28	2,962

See accompanying notes to basic financial statements.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements
June 30, 2020 and 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Effective February 11, 2020, Portland Area Comprehensive Transportation System (“PACTS”) and GPCOG entered into an agreement to merge PACTS into GPCOG as a single organization called GPCOG. All activity of PACTS is included within the financial statements herein.

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.

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
June 30, 2020 and 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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.

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

Indirect Cost Allocations - The Council's indirect cost rate is approved by the Maine Department of Transportation. The calculation is based on a percentage of direct salaries plus direct fringe benefits. The approved indirect cost rates for fiscal years 2020 and 2019 were 60.57% and 73.26%, 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, 2020 and 2019, GPCOG reported deposits of \$1,435,674 and \$881,303 with a bank balance of \$1,478,110 and \$882,201, respectively. Of GPCOG's bank balances of \$1,478,110 and \$882,201 at June 30, 2020 and 2019, 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, 2020, GPCOG had the following investments and maturities:

	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Corporate bonds	\$ 20,133	20,133	-	-
Equities/stock	393,677		Not Applicable	
Mutual funds, MM's	402,374		Not Applicable	
Total investments	\$ 816,184	20,133	-	-

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued
June 30, 2020 and 2019

DEPOSITS AND INVESTMENTS, CONTINUED

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

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

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

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, GPCOG will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of GPCOG's \$816,184 and \$822,218 of investments at June 30, 2020 and 2019, 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, 2020 and 2019, GPCOG had the following credit quality distribution in debt securities:

Standard & Poor Rating	<u>2020</u>	<u>2019</u>
A	\$ 20,133	-
A-	-	20,251

ACCOUNTS RECEIVABLE

GPCOG operates in the Greater Portland area and grants credit to customers in that geographical area, substantially all of whom are state and local government agencies. No amounts were deemed to be uncollectible at June 30, 2020 or 2019. Accounts receivable were comprised of the following at June 30:

	<u>2020</u>	<u>2019</u>
Billed receivables	\$ 604,094	650,393
Unbilled receivables	23,079	67,626
Total	\$ 627,173	718,019

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued
June 30, 2020 and 2019

NOTES RECEIVABLE

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

	<u>Notes receivable</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
<u>2020:</u>			
FAME Regional Economic Development			
Revolving Loan Fund	\$ 364,334	435,305	799,639
EDA Defense Loan Fund	7,836	101,434	109,270
Brownfields Revolving Loan Fund	-	56,250	56,250
	372,170	592,989	965,159
Less: Allowance for doubtful accounts	(57,800)	-	(57,800)
Total notes receivable	\$ 314,370	592,989	907,359
<u>2019:</u>			
FAME Regional Economic Development			
Revolving Loan Fund	\$ 416,237	577,787	994,024
EDA Defense Loan Fund	17,441	237,301	254,742
Brownfields Revolving Loan Fund	-	49,250	49,250
	433,678	864,338	1,298,016
Less: Allowance for doubtful accounts	(4,619)	(53,681)	(58,300)
Total notes receivable	\$ 429,059	810,657	1,239,716

Management assesses the payment history and loan collateralization as part of determining the collectability of each loan outstanding. During the year ended June 30, 2020, management identified one loan totaling \$81,559 that it considered uncollectible. This amount was charged to bad debt expense and written off against outstanding notes receivable. During the year ended June 30, 2019, management identified five loans totaling \$220,442 that it considered uncollectible. Four of these loans totaling \$162,142 were charged to bad debt expense and written off against outstanding notes receivable. The last loan totaling \$58,300 was charged to bad debt expense and allowance for doubtful accounts as collection efforts were still underway.

CAPITAL ASSETS

Capital assets and related accumulated depreciation were as follows at June 30, 2020 and 2019:

	<u>2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>2020</u>
Furniture, fixtures and equipment	\$ 88,249	-	(3,446)	84,803
Less accumulated depreciation	(53,921)	(9,412)	3,446	(59,887)
Capital assets, net	\$ 34,328	(9,412)	-	24,916

Depreciation expense amounted to \$9,412 and \$13,479, respectively, for the years ended June 30, 2020 and 2019.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued
June 30, 2020 and 2019

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2020 and 2019 were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<u>2020</u>					
Capital leases	\$ -	10,000	3,435	6,565	3,224
Total long-term liabilities	\$ -	10,000	3,435	6,565	3,224
<u>2019</u>					
Capital leases	\$ 3,051	-	3,051	-	-
Total long-term liabilities	\$ 3,051	-	3,051	-	-

CAPITAL LEASE OBLIGATIONS

	<u>2020</u>	<u>2019</u>
Financing lease payable, \$10,000 original principal, three-year term, Including interest at 3.63%	\$ 6,565	-
Total capital lease obligations	6,565	-
Less current portion	(3,224)	-
Long-term capital lease obligations	\$ 3,341	-

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

<u>Fiscal year ending</u>	<u>Present value</u>
2021	\$ 3,463
<u>2022</u>	<u>3,462</u>
Total minimum lease payments	6,925
Less: amount representing interest	(360)
Present value of future minimum lease payments	\$ 6,565

ASSIGNED/RESTRICTED NET POSITION

Net position has been restricted for loan programs as required by grant regulations. Net position restricted for loan programs amounted to \$1,859,546 and \$1,941,813, respectively, at June 30, 2020 and 2019. Additionally, amounts assigned by the Board for future projects totaled \$816,184 and \$822,218 at June 30, 2020 and 2019, respectively.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued
June 30, 2020 and 2019

OPERATING LEASE OBLIGATIONS

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

2021	\$ 96,449
2022	98,378
2023	33,008
Totals	\$ 227,835

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.

RETIREMENT PLANS

GPCOG offers several retirement plan options to its employees, including a 401(a) Defined Contribution Plan, 457 Deferred Compensation Plan, traditional IRA, or Roth IRA. Regular full-time and part-time employees, who work 30 hours or more per week, may contribute, with GPCOG matching such contributions on a progressive scale based on length of service between 3% and 8% of the employee's gross salary. Employees may also elect to contribute additional unmatched funds up to IRS maximum amounts. GPCOG contributed \$35,864 and \$44,511 to the plans during the years ended June 30, 2020 and 2019, respectively.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combined Statement of Revenues, Expenses, and Changes in Net Position
By Program Type
For the Year Ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	General Operations	Reserve Fund	Transportation Programs	Portland Area Comprehensive Transportation System	Economic Development Programs	Planning Programs	Totals	
							2020	2019
Revenues:								
Federal and state grants	\$ -	-	319,476	1,473,029	268,223	296,475	2,357,203	2,292,522
Membership dues	322,413	-	4,465	74,132	77,991	41,682	520,683	417,201
Other contracts and grants	370	-	14,801	-	23,970	33,700	72,841	120,951
Cooperative purchasing fees	60,762	-	-	-	-	-	60,762	39,302
Interest and fees	-	-	-	-	84,963	-	84,963	87,779
Local matching funds	63,209	-	-	156,318	-	51,960	271,487	119,336
Miscellaneous	22,940	-	3,111	-	-	-	26,051	21,973
Total revenues	469,694	-	341,853	1,703,479	455,147	423,817	3,393,990	3,099,064
Expenses:								
Direct expenses:								
Direct labor	85,662	-	130,446	521,809	114,282	106,389	958,588	894,211
Direct fringe benefits	12,761	-	26,593	107,987	23,744	20,144	191,229	194,475
Other direct charges	76,719	-	78,253	655,044	316,057	214,937	1,341,010	1,218,054
Total direct expenses	175,142	-	235,292	1,284,840	454,083	341,470	2,490,827	2,306,740
Indirect expenses	4,945	-	95,118	381,465	83,603	76,642	641,773	642,175
Total expenses	180,087	-	330,410	1,666,305	537,686	418,112	3,132,600	2,948,915
Operating income (loss)	289,607	-	11,443	37,174	(82,539)	5,705	261,390	150,149
Non-operating revenues (expenses):								
Interest expense	(28)	-	-	-	-	-	(28)	(2,962)
Investment gain (loss)	-	(6,034)	-	-	-	-	(6,034)	54,137
Total non-operating revenues (expenses)	(28)	(6,034)	-	-	-	-	(6,062)	51,175
Change in net position before transfers	289,579	(6,034)	11,443	37,174	(82,539)	5,705	255,328	201,324
Transfer in (out)	54,050	-	(11,443)	(37,174)	272	(5,705)	-	-
Change in net position	343,629	(6,034)	-	-	(82,267)	-	255,328	201,324
Net position, beginning of year	520,125	822,218	-	-	1,941,813	-	3,284,156	3,082,832
Net position, end of year	\$ 863,754	816,184	-	-	1,859,546	-	3,539,484	3,284,156

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
General Operations
For the Year Ended June 30, 2020

	Cooperative Purchasing <i>37500</i>	Overhead Cost Recovery <i>39108-39110</i>	General Fund <i>39300</i>	Total
Operating revenues:				
Membership dues	\$ -	6,058	316,355	322,413
Other contracts and grants	-	-	370	370
Cooperative purchasing fees	60,762	-	-	60,762
Local matching funds	-	-	63,209	63,209
Miscellaneous	-	-	22,940	22,940
Total operating revenues	60,762	6,058	402,874	469,694
Operating expenses:				
Direct expenses:				
Direct labor	3,013	5,167	77,482	85,662
Direct fringe benefits	662	(3,666)	15,765	12,761
Other direct charges	1,745	-	74,974	76,719
Total direct expenses	5,420	1,501	168,221	175,142
Indirect expenses	2,226	(53,761)	56,480	4,945
Total operating expenses	7,646	(52,260)	224,701	180,087
Operating income (loss)	53,116	58,318	178,173	289,607
Non-operating expenses:				
Interest expense	-	-	(28)	(28)
Total non-operating expenses	-	-	(28)	(28)
Change in net position before transfers	53,116	58,318	178,145	289,579
Transfer in (out)	(53,116)	(58,318)	165,484	54,050
Change in net position	-	-	343,629	343,629
Net position, beginning of year	-	-	520,125	520,125
Net position, end of year	\$ -	-	863,754	863,754

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Transportation Programs
For the Year Ended June 30, 2020

	Inclusive Coordinated Transportation <i>31203</i>	Getting Ready to Innovate <i>31206</i>	FTA HSCR Grant <i>31210</i>	FTA CARES Act Transit Funding <i>31211</i>	MDOT Planning Funds CY19 <i>33137</i>	MDOT Planning Funds CY20 <i>33138</i>	Lakes Region Bus FY19 - FY20 <i>33306</i>	Lakes Region Bus FY20 - FY21 <i>33307</i>	Total
Operating revenues:									
Federal and state grants	\$ 49,055	35,648	46,649	107,753	54,403	25,968	-	-	319,476
Membership dues	-	-	4,465	-	-	-	-	-	4,465
Other contracts and grants	-	-	-	-	-	-	10,329	4,472	14,801
Miscellaneous	870	542	1,699	-	-	-	-	-	3,111
Total operating revenues	49,925	36,190	52,813	107,753	54,403	25,968	10,329	4,472	341,853
Operating expenses:									
Direct expenses:									
Direct labor	8,032	11,549	23,377	42,073	25,922	13,151	4,428	1,914	130,446
Direct fringe benefits	1,743	2,040	5,117	8,502	5,324	2,888	675	304	26,593
Other direct charges	33,211	9,830	7,060	26,545	1,109	323	128	47	78,253
Total direct expenses	42,986	23,419	35,554	77,120	32,355	16,362	5,231	2,265	235,292
Indirect expenses	5,921	8,231	17,259	30,633	18,926	9,714	3,091	1,343	95,118
Total operating expenses	48,907	31,650	52,813	107,753	51,281	26,076	8,322	3,608	330,410
Operating income (loss)	1,018	4,540	-	-	3,122	(108)	2,007	864	11,443
Transfer in (out)	(1,018)	(4,540)	-	-	(3,122)	108	(2,007)	(864)	(11,443)
Change in net position	-	-	-	-	-	-	-	-	-
Net position, beginning of year	-	-	-	-	-	-	-	-	-
Net position, end of year	\$ -	-	-	-	-	-	-	-	-

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Portland Area Comprehensive Transportation System
For the Year Ended June 30, 2020

	Portland Peninsula Transit Route 31207	Portland Peninsula Transit Route 31208	Collector Road Condition Assessment 31419	PACTS Planning FY18 - FY19 31420	PACTS Planning FY20 - FY21 31421-31424	High Crash Locations 31500	PACTS 5303 Transit Planning FY18 - FY19 31723-31727	PACTS Transit Stop Access Project 33914	Total
Operating revenues:									
Federal and state grants	\$ -	26,149	32,009	577,290	592,683	26,440	132,175	86,283	1,473,029
Membership dues	-	-	-	3,032	38,496	-	32,604	-	74,132
Local matching funds	73,162	6,537	10,670	20,809	23,130	-	439	21,571	156,318
Total operating revenues	73,162	32,686	42,679	601,131	654,309	26,440	165,218	107,854	1,703,479
Operating expenses:									
Direct expenses:									
Direct labor	-	14,043	-	217,609	245,867	-	44,290	-	521,809
Direct fringe benefits	-	2,590	-	46,864	50,669	-	7,864	-	107,987
Other direct charges	73,110	2,209	42,679	150,805	178,161	26,440	73,786	107,854	655,044
Total direct expenses	73,110	18,842	42,679	415,278	474,697	26,440	125,940	107,854	1,284,840
Indirect expenses	-	10,075	-	160,191	179,612	-	31,587	-	381,465
Total operating expenses	73,110	28,917	42,679	575,469	654,309	26,440	157,527	107,854	1,666,305
Operating income (loss)	52	3,769	-	25,662	-	-	7,691	-	37,174
Transfer in (out)	(52)	(3,769)	-	(25,662)	-	-	(7,691)	-	(37,174)
Change in net position	-	-	-	-	-	-	-	-	-
Net position, beginning of year	-	-	-	-	-	-	-	-	-
Net position, end of year	\$ -	-	-	-	-	-	-	-	-

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Economic Development Programs
For the Year Ended June 30, 2020

	Brownfields RLF & Grants 33904	Brownfields Assessments FY17 - FY20 33907	Brownfields Assessments FY19 - FY22 33915	EDA TA FY20 34523	Center for Regional Prosperity 36100	Regional Economic Development Revolving Loan Fund 37700	EDA Defense Loan Fund 37800	Total
Operating revenues:								
Federal and state grants	\$ 35,790	47,356	115,077	70,000	-	-	-	268,223
Membership dues	5,774	622	1,595	70,000	-	-	-	77,991
Other contracts and grants	-	-	-	-	23,970	-	-	23,970
Interest and fees	2,120	-	-	-	-	58,152	24,691	84,963
Total operating revenues	43,684	47,978	116,672	140,000	23,970	58,152	24,691	455,147
Operating expenses:								
Direct expenses:								
Direct labor	7,815	841	2,160	65,389	11,306	18,138	8,633	114,282
Direct fringe benefits	1,716	185	474	13,479	2,065	3,929	1,896	23,744
Other direct charges	28,633	46,409	112,447	13,550	2,500	21,536	90,982	316,057
Total direct expenses	38,164	47,435	115,081	92,418	15,871	43,603	101,511	454,083
Indirect expenses	5,773	621	1,596	47,771	8,099	13,366	6,377	83,603
Total operating expenses	43,937	48,056	116,677	140,189	23,970	56,969	107,888	537,686
Operating income (loss)	(253)	(78)	(5)	(189)	-	1,183	(83,197)	(82,539)
Transfer in (out)	-	78	5	189	-	-	-	272
Change in net position	(253)	-	-	-	-	1,183	(83,197)	(82,267)
Net position, beginning of year	49,250	-	-	-	-	1,465,484	427,079	1,941,813
Net position, end of year	\$ 48,997	-	-	-	-	1,466,667	343,882	1,859,546

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Planning Programs
For the Year Ended June 30, 2020

	Land Use Technical Assistance FY19	Land Use Technical Assistance FY20	Maine Clean Communities CY19	Maine Clean Communities CY20	Local Foods Promotion Program	Community Planning Services	Total
	33521	33522	34120	34121	34521	35000	
Operating revenues:							
Federal and state grants	\$ 3,683	35,920	41,250	45,000	121,123	49,499	296,475
Membership dues	-	13,701	-	-	1,450	26,531	41,682
Other contracts and grants	-	-	-	-	-	33,700	33,700
Local matching funds	-	-	-	-	51,960	-	51,960
Total operating revenues	3,683	49,621	41,250	45,000	174,533	109,730	423,817
Operating expenses:							
Direct expenses:							
Direct labor	1,068	24,769	21,648	15,413	9,501	33,990	106,389
Direct fringe benefits	234	5,439	4,386	1,011	2,087	6,987	20,144
Other direct charges	6,402	1,146	8,196	3,783	155,924	39,486	214,937
Total direct expenses	7,704	31,354	34,230	20,207	167,512	80,463	341,470
Indirect expenses	789	18,297	15,769	9,948	7,019	24,820	76,642
Total operating expenses	8,493	49,651	49,999	30,155	174,531	105,283	418,112
Operating income (loss)	(4,810)	(30)	(8,749)	14,845	2	4,447	5,705
Transfer in (out)	4,810	30	8,749	(14,845)	(2)	(4,447)	(5,705)
Change in net position	-	-	-	-	-	-	-
Net position, beginning of year	-	-	-	-	-	-	-
Net position, end of year	\$ -	-	-	-	-	-	-