



Annual Financial Report

For the Years Ended June 30, 2021 and 2020

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Annual Financial Report
For the Years Ended June 30, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 November 23, 2021, 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 23, 2021
South Portland, Maine

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021

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, 2021.

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 \$4,993,196 showed an increase of \$1,453,712 (Statement 2) from FY 2020. This increase is due almost entirely from two economic development programs, Brownfields revolving funds and the Maine Economic Recovery Grant. In FY 2021, GPCOG received \$603,720 from the U.S. Environmental Protection Agency, which were used to provide a loan for related work at Thompson's Point. This funding is restricted in its purpose and cannot be used for regular operations, and thus is shown on Statement 1 under restricted net position. In FY 2021, GPCOG, along with the other six economic development districts in Maine, provided support to Maine's Department of Economic and Community Development in providing grants to businesses that had shown a significant loss in revenue due to the pandemic. As such, GPCOG was able to provide over \$67 million in grants to our region's 25 municipalities through the CARES Act. This was an approximately 7-month long intensive project which was compensated through an administrative fee. This compensation allowed for GPCOG to replenish the reserve fund with \$400,000.

The operating gain of \$1,206,166 was the result of revenues exceeding expenses in General Operations, Transportation Programs, PACTS Programs and Economic Development Programs, as shown on Exhibit 1. 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 increased by \$697,811. This increase was the result of year-over-year change in the investment portfolio of \$247,811, as well as \$450,000 in transfers from general operations and economic development programs into the investments. As stated in the Management's Discussion in Analysis from FY 2020, GPCOG is committed to growing the investment reserves over the next several years after a few previous years where the reserves had to be utilized for cash flow and prior deficits. GPCOG's financial stability and health have consistently increased over the last several years, and we believe investing in our reserves is necessary to ensure that stability and health remain high for years to come.

Capital assets decreased by \$8,679 due to depreciation expense. No new capital assets were purchased in FY 2021.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

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, with an interest rate of 3.63%. As of June 30, 2021, leases payable amounted to \$3,341, with a final payment due August 2021. GPCOG does not foresee needing to utilize capital leases in the near future.

Total operating revenues increased by \$68,932,893, or 2,031.03%, from FY 2020. This extreme increase was due entirely to the increase in federal and state grants due to the Maine Economic Recovery Grant. As shown on Exhibit 5, revenues in that program alone were almost \$68 million, which were passed through in grants to area businesses negatively affected by the pandemic. Considering this type of program will not likely be duplicated, if you remove those revenues from total operating revenues, the increase would be \$990,241, or 29.18%. Further, if you remove the new loan funding received in GPCOG's revolving loan programs of \$733,750 from three sources, the actual operating revenue increase would be \$256,491, or 7.56%. The reason to remove the new loan funding from the review of revenues is because this funding can only be used to provide loans to businesses and not to support operational costs, such as salaries.

Total operating expenses increased by \$67,988,117, or 2,170.34%, from FY 2020, due almost entirely to the increase in direct charges due to the grants passed through for the Maine Economic Recovery Grant. Aside from this, we also saw increases in direct labor and benefits as well as indirect expenses. The primary reason for the increase in direct labor, benefits and indirect costs is due to the change in composition in staff. As of June 30, 2021, GPCOG had 22 full-time and 3 part-time staff compared to 17 full-time and 5 part-time staff at June 30, 2020. 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>2021</u>	<u>2020</u>
Current assets	\$ 4,316,784	3,197,333
Non-current assets	1,224,146	592,989
Capital assets, net of accumulated depreciation	16,237	24,916
Total assets	5,557,167	3,815,238
Current liabilities	563,971	272,413
Non-current liabilities	-	3,341
Total liabilities	563,971	275,754
Net position:		
Net investment in capital assets	12,896	18,351
Restricted - loan funds	2,621,144	1,859,546
Unrestricted - assigned - reserve	1,513,995	816,184
Unrestricted - unassigned	845,161	845,403
Total net position	\$ 4,993,196	3,539,484

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

The increase in total assets is primarily due to increases in investments, restricted cash and equivalents, accounts receivable, and notes receivable. Investments increased due to transfers into the fund for future use.

Restricted cash and cash equivalents increased due to repayments of principal and interest on loan funds, as well as the receipt of new loan funding that has yet to be disbursed. Accounts receivable increased due to the timing of services provided by GPCOG near year-end and the receipt of payments. Notes receivable increased primarily due to the loan provided for a project ongoing at Thompsons' Point, as well as GPCOG starting a microloan program in FY 2021 where applicants could receive a loan of up to \$10,000 with deferred payment, low interest rates, and a possibility of 25% forgiveness if certain terms were met.

Total liabilities increased primarily due to the increase in accounts payable, accrued payroll, accrued compensated absences and unearned revenue. Accounts payable increased due to the timing of when goods and services are incurred and when payment is made near year-end. Accrued payroll increased due to the increase in the number of employees accruing leave time, as well as the number of days that were accrued. Accrued compensated absences increased due to the increase in the number of employees on payroll at year-end, as well as a change in policy whereby part-time staff are now eligible for prorated vacation benefits.

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

	<u>2021</u>	<u>2020</u>
Federal and State grants	\$ 71,340,549	2,357,203
Membership dues	418,599	520,683
Other contracts and grants	244,712	72,841
Cooperative purchasing fees	29,745	60,762
Interest and fees	67,880	84,963
Local matching funds	203,907	271,487
Miscellaneous	21,491	26,051
Total operating revenues	72,326,883	3,393,990
Direct labor	1,274,988	958,588
Direct fringe benefits	252,482	191,229
Other direct charges	68,802,525	1,341,010
Indirect expenses	782,043	632,361
Depreciation	8,679	9,412
Total operating expenses	71,120,717	3,132,600
<u>Non-operating revenues (expenses)</u>	<u>247,546</u>	<u>(6,062)</u>
Change in net position	1,453,712	255,328
Net position, beginning of year	3,539,484	3,284,156
Net position, end of year	\$ 4,993,196	3,539,484

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). Federal and State grants increased primarily due to CARES Act funding for several grants to support small businesses, promote resilience, as well as a HUD funded Community Development Block Grant program that also provided grants to small businesses.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

Other Contracts and grants saw an increase of approximately \$172,000 from FY 2020, which was primarily due to funding received to support businesses by providing microloans of up to \$10,000, as well as multiple projects funded through the Center for Regional Prosperity including for broadband and sustainability initiatives. Membership dues decreased by approximately \$102,000, which was the result of a 20% credit provided to member municipalities.

Capital Asset and Debt Administration

Capital assets totaled \$84,803 at June 30, 2021, consisting of furniture, fixtures and equipment. Accumulated depreciation at June 30, 2021 was \$68,566. Therefore, capital assets, net of accumulated depreciation, as shown on Statement 1, was \$16,237. Depreciation expense for FY 2021 was \$8,679.

As described above, GPCOG entered into a 3-year lease in August 2019 for computer and related equipment. Final payment was due in August 2021.

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, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 424,208	426,703
Restricted cash and cash equivalents	1,091,335	1,008,971
Investments	1,513,995	816,184
Accounts receivable	932,249	627,173
Prepaid expenses	-	3,932
Notes receivable - current portion, net of allowance	354,997	314,370
Total current assets	4,316,784	3,197,333
Non-current assets:		
Notes receivable - non-current portion	1,224,146	592,989
Total non-current assets	1,224,146	592,989
Capital assets - net of accumulated depreciation	16,237	24,916
Total assets	\$ 5,557,167	3,815,238
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 421,102	195,245
Accrued payroll and related liabilities	51,231	33,242
Accrued compensated absences	60,940	40,702
Unearned revenue	27,357	-
Leases payable - current portion	3,341	3,224
Total current liabilities	563,971	272,413
Non-current liabilities:		
Leases payable - non-current portion	-	3,341
Total non-current liabilities	-	3,341
Total liabilities	563,971	275,754
NET POSITION		
Net investment in capital assets	12,896	18,351
Restricted - loan funds	2,621,144	1,859,546
Unrestricted:		
Assigned - Reserve Fund	1,513,995	816,184
Unassigned	845,161	845,403
Total net position	\$ 4,993,196	3,539,484

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, 2021 and 2020

	2021	2020
Operating revenues:		
Federal and state grants	\$ 71,340,549	2,357,203
Membership dues	418,599	520,683
Other contracts and grants	244,712	72,841
Cooperative purchasing fees	29,745	60,762
Interest and fees	67,880	84,963
Local matching funds	203,907	271,487
Miscellaneous	21,491	26,051
Total operating revenues	72,326,883	3,393,990
Operating expenses:		
Direct expenses:		
Direct labor	1,274,988	958,588
Direct fringe benefits	252,482	191,229
Other direct charges	68,802,525	1,341,010
Total direct expenses	70,329,995	2,490,827
Depreciation	8,679	9,412
Indirect expenses	782,043	632,361
Total operating expenses	71,120,717	3,132,600
Operating income	1,206,166	261,390
Non-operating revenues (expenses):		
Interest expense	(265)	(28)
Investment gain - endowment fund	247,811	(6,034)
Total non-operating revenues (expenses)	247,546	(6,062)
Change in net position	1,453,712	255,328
Net position, beginning of year	3,539,484	3,284,156
Net position, end of year	\$ 4,993,196	3,539,484

See accompanying notes to basic financial statements.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Statements of Cash Flows
Years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Receipts from members and other governments	\$ 72,045,951	3,484,836
New loans issued	(900,250)	(87,000)
Loan repayments	221,821	419,357
Payments to employees	(1,489,243)	(1,124,942)
Payments to others	(69,344,921)	(2,144,417)
Net cash and cash equivalents provided by operating activities	533,358	547,834
Cash flows from capital and related financing activities:		
Proceeds from capital leases	-	10,000
Repayment of lease principal	(3,224)	(3,435)
Payment of lease interest	(265)	(28)
Net cash and cash equivalents used in (provided by) capital and related financing activities	(3,489)	6,537
Cash flows from investing activities:		
Investment (loss) income	-	-
Transfer to investments	(450,000)	-
Net cash and cash equivalents provided by investing activities	(450,000)	-
Net change in cash and cash equivalents	79,869	554,371
Cash and cash equivalents, beginning of year	1,435,674	881,303
Cash and cash equivalents, end of year	\$ 1,515,543	1,435,674
Reconciliation of operating income to net cash and cash equivalents provided by operating activities:		
Operating income	\$ 1,206,166	261,390
Depreciation	8,679	9,412
Bad debt	9,858	81,559
(Increase) decrease in operating assets:		
Accounts receivable	(308,289)	90,846
Prepaid expenses	3,932	(3,932)
Notes receivable	(678,429)	250,798
Increase (decrease) in operating liabilities:		
Accounts payable	225,857	(167,114)
Accrued payroll and related liabilities	17,989	10,839
Accrued compensated absences	20,238	14,036
Unearned revenue	27,357	-
Net cash and cash equivalents provided by operating activities	\$ 533,358	547,834
Supplemental disclosures:		
Cash paid during the year for interest	\$ 265	28

See accompanying notes to basic financial statements.

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements
June 30, 2021 and 2020

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 (“the 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, 2021 and 2020

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 bi-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 2021 and 2020 were 55.83% and 60.57%, 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, 2021 and 2020, GPCOG reported deposits of \$1,515,543 and \$1,435,674 with a bank balance of \$1,524,420 and \$1,478,110, respectively. Of GPCOG's bank balances of \$1,524,450 and \$1,478,110 at June 30, 2021 and 2020, 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, 2021, 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>
Equities/stock	\$ 604,680		Not Applicable	
Mutual funds, MM's	909,315		Not Applicable	
Total investments	\$ 1,513,995	-	-	-

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued
June 30, 2021 and 2020

DEPOSITS AND INVESTMENTS, CONTINUED

At June 30, 2020, 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	\$ 20,133	20,133	-	-
Equities/stock	393,677		Not Applicable	
Mutual funds, MM's	402,374		Not Applicable	
Total investments	\$ 816,184	20,133	-	-

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 \$1,513,995 and \$816,184 of investments at June 30, 2021 and 2020, 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, 2021 and 2020, GPCOG had the following credit quality distribution in debt securities:

Standard & Poor Rating	<u>2021</u>	<u>2020</u>
A	\$ -	20,133

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, 2021 or 2020. Accounts receivable were comprised of the following at June 30:

	<u>2021</u>	<u>2020</u>
Billed receivables	\$ 892,052	604,094
Unbilled receivables	40,197	23,079
Total	\$ 932,249	627,173

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued
June 30, 2021 and 2020

NOTES RECEIVABLE

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

	Notes receivable		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
<u>2021:</u>			
FAME Regional Economic Development			
Revolving Loan Fund	\$ 355,387	327,286	682,673
EDA Defense Loan Fund	33,617	206,566	240,183
Brownfields Revolving Loan Fund	11,190	648,810	660,000
Yarmouth Loan Fund	7,882	16,562	24,444
South Portland Loan Fund	4,721	24,922	29,643
	412,797	1,224,146	1,636,943
Less: Allowance for doubtful accounts	(57,800)	-	(57,800)
Total notes receivable	\$ 354,997	1,224,146	1,579,143

<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

Management assesses the payment history and loan collateralization as part of determining the collectability of each loan outstanding. During the year ended June 30, 2021, management identified two loans totaling \$2,895 that it considered uncollectible. This amount was charged to bad debt expense and written off against outstanding notes receivable. Additionally, \$3,750 was forgiven on one microloan as the loan recipient met the terms of the forgiveness agreement per the contract. This amount was charged to loan forgiveness expense and written off against the outstanding receivable. 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.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2021 and 2020 were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<u>2021</u>					
Capital leases	\$ 6,565	-	3,224	3,341	3,341
Total long-term liabilities	\$ 6,565	-	3,224	3,341	3,341

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued
June 30, 2021 and 2020

CHANGES IN LONG-TERM LIABILITIES, CONTINUED

	<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

CAPITAL ASSETS

Capital assets and related accumulated depreciation were as follows at June 30, 2021 and 2020:

	<u>2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>2021</u>
Furniture, fixtures and equipment	\$ 84,803	-	-	84,803
<u>Less accumulated depreciation</u>	<u>(59,887)</u>	<u>(8,679)</u>	<u>-</u>	<u>(68,566)</u>
Capital assets, net	\$ 24,916	(8,679)	-	16,237

Depreciation expense amounted to \$8,679 and \$9,412, respectively, for the years ended June 30, 2021 and 2020.

CAPITAL LEASE OBLIGATIONS

	<u>2021</u>	<u>2020</u>
Financing lease payable, \$10,000 original principal, three-year term, <u>Including interest at 3.63%</u>	<u>\$ 3,341</u>	<u>6,565</u>
Total capital lease obligations	3,341	6,565
<u>Less current portion</u>	<u>(3,341)</u>	<u>(3,224)</u>
Long-term capital lease obligations	\$ -	3,341

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

Fiscal year ending	Present value
<u>2022</u>	<u>\$ 3,462</u>
Total minimum lease payments	3,462
<u>Less: amount representing interest</u>	<u>(121)</u>
Present value of future minimum lease payments	\$ 3,341

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Notes to Basic Financial Statements, Continued
June 30, 2021 and 2020

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 \$2,621,144 and \$1,859,546, respectively, at June 30, 2021 and 2020. Additionally, amounts assigned by the Board for future projects totaled \$1,513,995 and \$816,184 at June 30, 2021 and 2020, respectively.

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 over the course of the lease. Future minimum lease payments required under this lease at June 30 are as follows:

2022	\$ 98,378
2023	33,008
Totals	\$ 131,386

UNEARNED REVENUE

Unearned revenue consists of unearned grant/contract revenue received prior to June 30, but not yet earned, and consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
<u>Unearned grant/contract revenue</u>	<u>\$ 27,357</u>	<u>-</u>
Total	\$ 27,357	-

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 20 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 \$39,752 and \$35,864 to the plans during the years ended June 30, 2021 and 2020, 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, 2021
(with comparative totals for the year ended June 30, 2020)

	General Operations	Reserve Fund	Transportation Programs	Portland Area Comprehensive Transportation System	Economic Development Programs	Planning Programs	Totals	
							2021	2020
Revenues:								
Federal and state grants	\$ -	-	469,634	1,212,803	69,142,640	515,472	71,340,549	2,357,203
Membership dues	141,527	-	885	76,345	84,060	115,782	418,599	520,683
Other contracts and grants	8,500	-	230	-	225,274	10,708	244,712	72,841
Cooperative purchasing fees	29,745	-	-	-	-	-	29,745	60,762
Interest and fees	-	-	-	-	67,880	-	67,880	84,963
Local matching funds	60,308	-	-	83,366	-	60,233	203,907	271,487
Miscellaneous	14,993	-	6,498	-	-	-	21,491	26,051
Total revenues	255,073	-	477,247	1,372,514	69,519,854	702,195	72,326,883	3,393,990
Expenses:								
Direct expenses:								
Direct labor	80,760	-	171,407	478,940	269,853	274,028	1,274,988	958,588
Direct fringe benefits	47,561	-	34,613	93,965	54,366	21,977	252,482	191,229
Other direct charges	74,194	-	155,448	479,654	67,844,241	248,988	68,802,525	1,341,010
Total direct expenses	202,515	-	361,468	1,052,559	68,168,460	544,993	70,329,995	2,490,827
Indirect expenses	9,577	-	115,020	319,853	181,012	165,260	790,722	641,773
Total expenses	212,092	-	476,488	1,372,412	68,349,472	710,253	71,120,717	3,132,600
Operating income (loss)	42,981	-	759	102	1,170,382	(8,058)	1,206,166	261,390
Non-operating revenues (expenses):								
Interest expense	(265)	-	-	-	-	-	(265)	(28)
Investment gain (loss)	-	247,811	-	-	-	-	247,811	(6,034)
Total non-operating revenues (expenses)	(265)	247,811	-	-	-	-	247,546	(6,062)
Change in net position before transfers	42,716	247,811	759	102	1,170,382	(8,058)	1,453,712	255,328
Transfer in (out)	(48,413)	450,000	(759)	(102)	(408,784)	8,058	-	-
Change in net position	(5,697)	697,811	-	-	761,598	-	1,453,712	255,328
Net position, beginning of year	863,754	816,184	-	-	1,859,546	-	3,539,484	3,284,156
Net position, end of year	\$ 858,057	1,513,995	-	-	2,621,144	-	4,993,196	3,539,484

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
General Operations
For the Year Ended June 30, 2021

	Cooperative Purchasing	Overhead Cost Recovery	General Fund	Total
	<i>37500</i>	<i>39108-39110</i>	<i>39300</i>	
Operating revenues:				
Membership dues	\$ -	-	141,527	141,527
Other contracts and grants	-	-	8,500	8,500
Cooperative purchasing fees	29,745	-	-	29,745
Local matching funds	-	-	60,308	60,308
Miscellaneous	-	-	14,993	14,993
Total operating revenues	29,745	-	225,328	255,073
Operating expenses:				
Direct expenses:				
Direct labor	1,860	(5,848)	84,748	80,760
Direct fringe benefits	378	31,474	15,709	47,561
Other direct charges	659	-	73,535	74,194
Total direct expenses	2,897	25,626	173,992	202,515
Indirect expenses	1,250	(47,758)	56,085	9,577
Total operating expenses	4,147	(22,132)	230,077	212,092
Operating income (loss)	25,598	22,132	(4,749)	42,981
Non-operating expenses:				
Interest expense	-	-	(265)	(265)
Total non-operating expenses	-	-	(265)	(265)
Change in net position before transfers	25,598	22,132	(5,014)	42,716
Transfer in (out)	(25,598)	(22,132)	(683)	(48,413)
Change in net position	-	-	(5,697)	(5,697)
Net position, beginning of year	-	-	863,754	863,754
Net position, end of year	\$ -	-	858,057	858,057

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Transportation Programs
For the Year Ended June 30, 2021

	FTA HSCR Grant <i>31210</i>	FTA CARES Act Transit Funding <i>31211</i>	FTA CARES Act Transit Funding Round 2/3 <i>31213</i>	MDOT Planning Funds CY20 <i>33138</i>	MDOT Planning Funds CY21 <i>33139</i>	Lakes Region Bus FY20 - FY21 <i>33307</i>	Total
Operating revenues:							
Federal and state grants	\$ 55,884	12,830	321,660	46,700	32,560	-	469,634
Membership dues	885	-	-	-	-	-	885
Other contracts and grants	-	-	-	-	-	230	230
Miscellaneous	6,498	-	-	-	-	-	6,498
Total operating revenues	63,267	12,830	321,660	46,700	32,560	230	477,247
Operating expenses:							
Direct expenses:							
Direct labor	20,429	2,892	106,170	24,169	17,645	102	171,407
Direct fringe benefits	4,139	505	21,476	4,891	3,587	15	34,613
Other direct charges	24,983	7,302	122,749	181	233	-	155,448
Total direct expenses	49,551	10,699	250,395	29,241	21,465	117	361,468
Indirect expenses	13,716	1,896	71,265	16,224	11,854	65	115,020
Total operating expenses	63,267	12,595	321,660	45,465	33,319	182	476,488
Operating income (loss)	-	235	-	1,235	(759)	48	759
Transfer in (out)	-	(235)	-	(1,235)	759	(48)	(759)
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, 2021

	Additional Local Funding PACTS Projects	Portland Peninsula Transit Route	Collector Road Condition Assessment	PACTS Planning FY20 - FY21	High Crash Locations	PACTS Transit Stop Access Project	Total
	31207	31208	31419	31421-31424	31500	33914	
Operating revenues:							
Federal and state grants	\$ -	8,755	11,283	942,231	95,724	154,810	1,212,803
Membership dues	-	-	-	76,345	-	-	76,345
Local matching funds	5,093	2,189	3,864	33,518	-	38,702	83,366
Total operating revenues	5,093	10,944	15,147	1,052,094	95,724	193,512	1,372,514
Operating expenses:							
Direct expenses:							
Direct labor	-	5,897	-	473,043	-	-	478,940
Direct fringe benefits	-	1,126	-	92,839	-	-	93,965
Other direct charges	5,093	-	15,045	170,280	95,724	193,512	479,654
Total direct expenses	5,093	7,023	15,045	736,162	95,724	193,512	1,052,559
Indirect expenses	-	3,921	-	315,932	-	-	319,853
Total operating expenses	5,093	10,944	15,045	1,052,094	95,724	193,512	1,372,412
Operating income (loss)	-	-	102	-	-	-	102
Transfer in (out)	-	-	(102)	-	-	-	(102)
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, 2021

	Brownfields RLF & Grants	Brownfields Assessments FY19 - FY22	EDA TA FY21	EDA CARES FY21-22	DECD CARES Act	Center for Regional Prosperity	Maine Broadband Coalition	MTI Digital Frontiers	Regional Economic Development Revolving Loan Fund	EDA Defense Loan Fund	Community Development Block Grants	South Portland Microloans	Yarmouth Microloans	Total
	33904	33915	34524	34525	34527	36100	36150	36200	37700	37800	37900	37901	37902	
Operating revenues:														
Federal and state grants	\$ 606,776	93,914	70,000	133,833	67,942,652	30,000	-	-	-	-	265,465	-	-	69,142,640
Membership dues	3,119	5,149	70,015	-	-	-	-	-	-	-	5,777	-	-	84,060
Other contracts and grants	-	-	-	-	-	87,750	375	7,149	-	-	-	30,000	100,000	225,274
Interest and fees	14,975	-	-	-	-	-	-	-	46,713	1,538	-	4,629	25	67,880
Total operating revenues	624,870	99,063	140,015	133,833	67,942,652	117,750	375	7,149	46,713	1,538	271,242	34,629	100,025	69,519,854
Operating expenses:														
Direct expenses:														
Direct labor	4,642	7,670	67,551	66,381	51,333	39,783	-	3,813	8,618	2,088	16,125	1,245	604	269,853
Direct fringe benefits	944	1,552	13,666	13,495	10,350	7,763	-	775	1,749	424	3,272	253	123	54,366
Other direct charges	1,810	84,692	13,455	9,362	67,424,898	42,573	-	-	20,845	1,600	241,016	240	3,750	67,844,241
Total direct expenses	7,396	93,914	94,672	89,238	67,486,581	90,119	-	4,588	31,212	4,112	260,413	1,738	4,477	68,168,460
Indirect expenses	3,119	5,149	45,343	44,595	34,438	26,545	-	2,561	5,788	1,402	10,829	837	406	181,012
Total operating expenses	10,515	99,063	140,015	133,833	67,521,019	116,664	-	7,149	37,000	5,514	271,242	2,575	4,883	68,349,472
Operating income (loss)	614,355	-	-	-	421,633	1,086	375	-	9,713	(3,976)	-	32,054	95,142	1,170,382
Transfer in (out)	14,310	-	-	-	(421,633)	(1,086)	(375)	-	-	-	-	-	-	(408,784)
Change in net position	628,665	-	-	-	-	-	-	-	9,713	(3,976)	-	32,054	95,142	761,598
Net position, beginning of year	48,997	-	-	-	-	-	-	-	1,466,667	343,882	-	-	-	1,859,546
Net position, end of year	\$ 677,662	-	-	-	-	-	-	-	1,476,380	339,906	-	32,054	95,142	2,621,144

GREATER PORTLAND COUNCIL OF GOVERNMENTS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Planning Programs

For the Year Ended June 30, 2021

	COVID Response Ambassadors 31212	WinterDine 31214	GOPIF Resilience Pilot 31215	Land Use Technical Assistance FY20 33522	Land Use Technical Assistance FY21 33523	Coastal Community Grant 33525	Maine Clean Communities CY20 34121	Maine Clean Communities CY21 34123	Local Foods Promotion Program 34521	AmeriCorps 34526	Community Planning Services 35000	Total
Operating revenues:												
Federal and state grants	\$ 31,911	76,880	2,340	4,834	48,287	-	45,000	30,000	136,671	139,549	-	515,472
Membership dues	-	-	-	1,532	19,345	-	-	-	3,188	75,062	16,655	115,782
Other contracts and grants	-	-	-	-	-	741	-	-	-	-	9,967	10,708
Local matching funds	-	-	-	-	-	-	-	-	60,233	-	-	60,233
Total operating revenues	31,911	76,880	2,340	6,366	67,632	741	45,000	30,000	200,092	214,611	26,622	702,195
Operating expenses:												
Direct expenses:												
Direct labor	18,240	5,413	1,248	3,374	36,062	395	30,386	15,513	12,978	137,307	13,112	274,028
Direct fringe benefits	793	1,101	254	686	7,331	80	3,275	3,154	2,638	-	2,665	21,977
Other direct charges	1,230	66,729	-	39	13	-	3,680	75	175,757	646	819	248,988
Total direct expenses	20,263	73,243	1,502	4,099	43,406	475	37,341	18,742	191,373	137,953	16,596	544,993
Indirect expenses	10,626	3,637	838	2,267	24,226	266	18,793	10,421	8,719	76,658	8,809	165,260
Total operating expenses	30,889	76,880	2,340	6,366	67,632	741	56,134	29,163	200,092	214,611	25,405	710,253
Operating income (loss)	1,022	-	-	-	-	-	(11,134)	837	-	-	1,217	(8,058)
Transfer in (out)	(1,022)	-	-	-	-	-	11,134	(837)	-	-	(1,217)	8,058
Change in net position	-	-	-	-	-	-	-	-	-	-	-	-
Net position, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-
Net position, end of year	\$ -	-	-	-	-	-	-	-	-	-	-	-