



**MOORS & CABOT**  
INVESTMENTS

*Banking & Advisory Group*

NEW ISSUE

**Moody's: Aa1**  
**S&P: AA+**

In the opinion of Pierce Atwood LLP, Portland, Maine, Bond Counsel ("Bond Counsel"), and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Bonds (as defined below) is excludable from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in the computation of certain taxes that may be imposed with respect to certain corporations, including, without limitation, in adjusted current earnings of a corporation for purposes of calculation of the alternative minimum tax. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, the interest paid on the Bonds is exempt from income tax within the State of Maine (the "State") under existing statutes, regulations and judicial decisions. **The City will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS—TAX MATTERS" and "APPENDIX B" herein.

## CITY OF PORTLAND, MAINE

**\$14,514,000**

### 2017 GENERAL OBLIGATION BONDS

**Dated: Date of Delivery**

**Due: April 1, as shown below**

<u>Year of</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>Year of</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>
2018	\$969,000	2.00%	0.84	2028	\$500,000	5.00%	2.44
2019	965,000	5.00	0.98	2029	500,000	3.00	2.75
2020	965,000	5.00	1.14	2030	500,000	3.00	2.85
2021	965,000	5.00	1.32	2031	500,000	3.00	2.95
2022	965,000	5.00	1.53	2032	500,000	3.00	3.05
2023	940,000	2.50	1.73	2033	500,000	3.00	3.15
2024	940,000	5.00	1.95	2034	500,000	3.125	3.25
2025	935,000	5.00	2.11	2035	500,000	3.125	3.30
2026	935,000	5.00	2.24	2036	500,000	3.25	3.35
2027	935,000	5.00	2.34	2037	500,000	3.375	3.40

The City of Portland, Maine 2017 General Obligation Bonds (the "Bonds") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, and with one denomination of \$4,000 that will mature on April 1, 2018. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on October 1, 2017 and semi-annually on each April 1 and October 1 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the City of Portland, Maine (the "City") and, unless paid from other sources are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied, without limit as to rate or amount upon all the property within the territorial limits of the City and taxable by it (see "THE BONDS—SOURCE OF PAYMENTS AND REMEDIES - Limitation on Municipal Property Tax Levy" herein), except to the extent that the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the City establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see "CITY FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein). The Bonds issued for school improvements are included in the school budget are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended. The Director of Finance has certified that the City has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share assessed valuation with another municipality. The City has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the development projects described in the development programs adopted with respect to the districts. Within the limits established by statute, the City has the right to designate additional development districts pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. The opinion will indicate that the enforceability of the obligations of the City, including the Bonds, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before April 1, 2027 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after April 1, 2028 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after April 1, 2027 as more fully set forth herein. See "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein.

The Bonds are offered when, as and if issued, subject to the approval of legality by Pierce Atwood LLP, of Portland, Maine, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about March 15, 2017.

**Raymond James**

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the City. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the City since the date hereof.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds. Neither the City nor the Underwriter makes any representation with respect to the accuracy of such CUSIP numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The City is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Bonds or as set forth in this Official Statement. The CUSIP number for a specific maturity of the Bonds is subject to change after the issuance of the Bonds and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Bonds.

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**CERTIFICATE  
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by the City of Portland, Maine with the assistance of Moors & Cabot, Inc., its Financial Advisor, from the records of the City and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by the Financial Advisor or by Pierce Atwood LLP, Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Financial Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Director of Finance of the City this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the City is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Director of Finance and furnished at the closing.

This Official Statement is in a form “deemed final” by the issuer for purposes of Securities and Exchange Commission’s Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Brendan T. O’Connell  
Director of Finance  
City of Portland, Maine

**OFFICIAL STATEMENT  
CITY OF PORTLAND, MAINE  
\$14,514,000  
2017 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the City of Portland, Maine (the “City” or “Portland”) in connection with the sale of its 2017 General Obligation Bonds (the “Bonds” or the “2017 Bonds”).

**THE BONDS**

**DESCRIPTION OF THE BONDS**

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, and with one denomination of \$4,000 that will mature March 15, 2018. The Bonds will be dated March 15, 2017 and will bear interest (accrued on the basis of a 30 day month/360- day year with twelve 30-day months) payable on October 1, 2017 and semi-annually thereafter on April 1 and October 1 of each year until maturity, or redemption prior to maturity. It is expected that the Bonds will be available for delivery at DTC on or about March 15, 2017. The Bonds will mature as follows:

<u>Amount</u>	<u>April 1,</u>	<u>CUSIP</u>	<u>Amount</u>	<u>April 1,</u>	<u>CUSIP</u>
\$969,000	2018	736560NC3	\$500,000	2028	736560NN9
965,000	2019	736560ND1	500,000	2029	736560NP4
965,000	2020	736560NE9	500,000	2030	736560NQ2
965,000	2021	736560NF6	500,000	2031	736560NR0
965,000	2022	736560NG4	500,000	2032	736560NS8
940,000	2023	736560NH2	500,000	2033	736560NT6
940,000	2024	736560NJ8	500,000	2034	736560NU3
935,000	2025	736560NK5	500,000	2035	736560NV1
935,000	2026	736560NL3	500,000	2036	736560NW9
935,000	2027	736560NM1	500,000	2037	736560NX7

Principal of and interest on the Bonds will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Bonds by U.S. Bank National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein.

**OPTIONAL REDEMPTION PRIOR TO MATURITY**

Bonds maturing on or before April 1, 2027 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on and after April 1, 2028 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after April 1, 2027, as a whole or in part at any time, in such order of maturity as the City, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

## **GENERAL PROVISIONS REGARDING REDEMPTION**

### **Notice of Redemption**

In the case of every redemption of the Bonds, the City shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at his or her address as the same shall last appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of the City to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner. Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed. The City shall notify the Securities Depository (see "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein) in the same manner as the Bondholders, with a request that the Securities Depository notify its Participants who in turn notify the beneficial owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from the City, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption of such Bond.

### **Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue**

On any redemption date, the principal amount of each Bond to be redeemed, together with the premium, if any, and accrued interest thereon to such date, shall become due and payable. Funds shall be deposited with the Paying Agent to pay, and the Paying Agent is authorized and directed to apply such funds to the payment of the Bonds called for redemption, together with accrued interest thereon to the redemption date and redemption premium, if any. After such redemption date, notice having been given in the manner described above, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given), the Bonds to be redeemed shall not be deemed to be outstanding.

### **Cancellation**

All Bonds that have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the City or returned to the City at its request.

### **Partial Redemption of Bonds**

Bonds or portions of Bonds to be redeemed in part shall be selected when held by a Securities Depository by lot and when not held by a Securities Depository by the City by lot or in such other manner as the City in its discretion may deem appropriate.

### **RECORD DATE; PAYMENT**

The principal of the Bonds is payable upon surrender thereof at the principal Corporate Trust Office of the Paying Agent. Payment of the interest on the Bonds will be made to the person appearing on the

registration books of the Paying Agent as the registered owner thereof at the close of business on the 15<sup>th</sup> day of the month preceding each interest payment date for the Bonds, and if such day is not a regular business day of the Paying Agent the next day preceding which is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person's address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

## **AUTHORIZATION AND PURPOSE**

The Bonds are being issued pursuant to Bond Order #204-15/16 passed on April 25, 2016 by the City Council, authorizing the issuance of debt to provide funds to finance the General Fund Projects ("CIP Projects") and the Sewer Fund projects ("Sewer Fund Projects") (when collectively, the "Projects"). This authority is granted to the City by Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, and Article VII, Section 11 of the City's Charter.

## **Amortization Schedules (by Term)**

<u>April 1,</u>	<u>5-Year</u>	<u>CIP</u> <u>10-Year</u>	<u>Sewer</u> <u>10 Year</u>	<u>CIP</u> <u>20 Year</u>	<u>Sewer</u> <u>20-Year</u>	<u>The</u> <u>Bonds</u>
<b>2018</b>	\$28,627.41	\$354,344.56	\$55,465.60	\$359,455.21	\$171,107.23	\$969,000
<b>2019</b>	28,620.49	354,258.94	55,452.20	359,368.35	167,300.03	965,000
<b>2020</b>	28,620.49	354,258.94	55,452.20	359,368.35	167,300.03	965,000
<b>2021</b>	28,620.49	354,258.94	55,452.20	359,368.35	167,300.03	965,000
<b>2022</b>	28,620.49	354,258.94	55,452.20	359,368.35	167,300.03	965,000
<b>2023</b>		353,708.28	55,366.00	358,809.75	172,115.97	940,000
<b>2024</b>		353,708.28	55,366.00	358,809.75	172,115.97	940,000
<b>2025</b>		353,594.82	55,348.24	358,694.66	167,362.27	935,000
<b>2026</b>		353,594.82	55,348.24	358,694.66	167,362.27	935,000
<b>2027</b>		353,594.82	55,348.24	358,694.66	167,362.27	935,000
<b>2028</b>				340,814.73	159,185.27	500,000
<b>2029</b>				340,814.73	159,185.27	500,000
<b>2030</b>				340,814.73	159,185.27	500,000
<b>2031</b>				340,814.73	159,185.27	500,000
<b>2032</b>				340,814.73	159,185.27	500,000
<b>2033</b>				340,814.73	159,185.27	500,000
<b>2034</b>				340,814.73	159,185.27	500,000
<b>2035</b>				340,814.73	159,185.27	500,000
<b>2036</b>				340,814.73	159,185.27	500,000
<b>2037</b>				340,814.73	159,185.27	500,000
Bond Proceeds:	143,109.36	3,539,581.33	554,051.10	6,998,779.43	3,278,478.78	14,514,000
Use of Bid Premium:	8,890.64	223,272.67	34,948.90	635,470.57	297,417.22	1,200,000
Project Proceeds:	\$152,000.00	\$3,762,854.00	\$589,000.00	\$7,634,250.00	\$3,575,896.00	\$15,714,000

## **Unspent Bond Proceeds**

In the event that any proceeds of the Bonds remain unspent upon completion of a Project or the City abandons any Project, the City reserves the right to reallocate unspent proceeds to the costs of other qualified projects approved, or to be approved, by the City Council, or to apply unspent proceeds to the payment of debt service on the Bonds.

## The Projects

Financed by the Bonds									Financed by the Bonds								
CIP Projects	Authorized	Sub-totals	Totals	5 years	10 years	20 years	Totals	Unissued	CIP Projects (continued)	Authorized	Sub-totals	Totals	5 years	10 years	20 years	Totals	Unissued
PACTS RTMS - Traffic Signals	222,000				222,000		222,000	0	Wheel Loader - Winter 5093	210,000				210,000		210,000	0
PACTS Danforth St Paving	86,000					86,000	86,000	0	Wheel Loader - Public Services 5099	210,000				35,104		35,104	(174,896)
Sub-total PACTS		308,000							TA Dump Truck - Districting 3095	185,000				185,000		185,000	0
Traffic Signals - Various	200,000				200,000		200,000	0	TA Dump Truck - Winter 3094	185,000				185,000		185,000	0
Traffic Signal - Paving Programs	150,000					150,000	150,000	0	Refurbish 4 Plow Truck Bodies	160,000				160,000		160,000	0
Sub-total Traffic		350,000							Police Cruisers (4) - Police	152,000			152,000			152,000	0
Paving Preservation and Rehab	2,900,000					2,530,000	2,530,000		Used Pickups for Various City Depts	150,000				150,000		150,000	0
Railroad Quiet Zone Improv	800,000						0	(800,000)	Medcu 15 Cliff Island	126,000				126,000		126,000	0
Sidewalk Rehabilitation/Accessibility	500,000					470,000	470,000	(30,000)	Medcu 13 Great Diamond Island	126,000				126,000		126,000	0
MPI Paving Program	465,750					465,750	465,750	0	Food Service Truck - School Dept	89,000				89,000		89,000	0
CSO Compliance - SRF Ineligibles	400,000					400,000	400,000	0	Arrest Vehicle - Police	76,500				76,500		76,500	0
MaineDOT Arterial Paving Riverside St	102,000					102,000	102,000	0	Litter Vac - PDD	75,000				75,000		75,000	0
Monument Square ADA Improv	100,000					100,000	100,000	0	1 Ton Dump Truck - Districting 3084	60,000				60,000		60,000	0
Thames St Extension Eng	50,000					50,000	50,000	0	1 Ton Dump Truck - Districting 3085	60,000				60,000		60,000	0
One City Center - Shared cost sidewalk	28,000					28,000	28,000	0	1 Ton Dump Truck - Barron Center 3914	60,000				60,000		60,000	0
Sub-total Sts		5,345,750							Tractor - Ballfields 7138	55,000				55,000		55,000	0
Total Transportation			6,003,750						1 Ton Truck - Playgrounds 3091	52,000				52,000		52,000	0
Spring St P'k'g Garage - Phase II	700,000				700,000		700,000	0	Replace box truck 4903 - School Main	50,000				50,000		50,000	0
Peaks Island Library	250,000					250,000	250,000	0	Patrol Supervisor Vehicle - Police	39,500				39,500		39,500	0
212 Canco Rd Fit-Out	200,000					200,000	200,000	0	3/4 Ton Pickup - Districting 2184	35,000				35,000		35,000	0
Elevator - Police Dept	200,000					200,000	200,000	0	3/4 Ton Pickup - Districting 2185	35,000				35,000		35,000	0
Structural Repairs/Door Frame - Hadlock	190,000					190,000	190,000	0	3/4 Ton Pickup - Districting 2183	35,000				35,000		35,000	0
Public Safety Bumer - Police Dept	70,000					70,000	70,000	0	Activities League Vehicle - Police	30,000				30,000		30,000	0
Passenger Elevator at City Hall	50,000					50,000	50,000	0	Sub-total Vehicles		2,756,500						
Fire Station Exhaust Removal Sys Upgrade	30,000					30,000	30,000	0	Total Equipment & Vehicles			3,097,750					
Sub-total Buildings		1,690,000							Total CIP Projects			11,297,500		152,000	3,762,854	7,634,250	(2,134,896)
On going pile/pier work	170,000					170,000	170,000	0	Sewer Fund Projects								
POT - Pile Eng Survey	112,500					112,500	112,500	0	Street Sweepers Replace	195,000				195,000		195,000	0
Compass Park Pier Stabiliz/Maine State Pier	200,000					200,000	200,000	0	Clearing Machine	160,000				160,000		160,000	0
Sub-total Marine		482,500							Catch Basin Cleaning Veh	100,000				100,000		100,000	0
Peaks Island - Boiler Replace/EMS/Masonry	500,000					500,000	500,000	0	1 Ton Crew Cab Pickup	40,000				40,000		40,000	0
Lyman Moore - Paving Drainage	400,000					0	(400,000)		3/4 Ton Cab Pickup	38,000				38,000		38,000	0
Reiche Ramp Removal + Eng	800,000					800,000	800,000	0	Sewer Backhoe 5100	30,000				30,000		30,000	0
Lincoln School - Masonry	250,000					0	(250,000)		Van Water Resources Eng	26,000				26,000		26,000	0
PATHS Fire Alarm	200,000					200,000	200,000	0	CSO (Marginal / Forest / State)	4,200,000						0	(4,200,000)
CBHS - Eng/Const for new entrance	50,000					50,000	50,000	0	CSO (Woodfords / Hershey)	3,600,000						0	(3,600,000)
Sub-total Schools		2,200,000							CMOM (Swr Sys Renewal)	1,100,000				1,100,000		1,100,000	0
Total Facilities			4,372,500						CMOM (Pump Station Rehab)	1,100,000				1,100,000		1,100,000	0
Lincoln Park Walkways Repair	250,000				250,000		250,000	0	CSO (Madison / Walnut)	1,000,000						0	(1,000,000)
Lyman Moore Ballfields - Drainage Phase II	200,000					0	(200,000)		CMOM (Inflow and Infiltration)	750,000				750,000		750,000	0
Amythyst Lot Master Plan	80,000					80,000	80,000	0	CSO (Deering Oaks)	300,000						0	(300,000)
Golf Course Rehab	50,000					50,000	50,000	0	O&M (Outer Congress St)	230,000				230,000		230,000	0
Total Open Spaces et al			580,000						Stormwater Infra Failure	200,000				200,000		200,000	0
Parking Meters	131,250				131,250		131,250	0	Rand Rd/Emery Waterhouse	90,000				90,000		90,000	0
Implement GPCOG LED Conversion	100,000					100,000	100,000	0	MPI Paving	51,750				51,750		51,750	0
Virtualization, Storage, Redundancy Upgrade	75,000				75,000		75,000	0	MaineDOT Arterial Pav	41,000				41,000		41,000	0
Security Management System	35,000				35,000		35,000	0	CSO Back Flow Prev	25,000						0	(25,000)
Sub-total Equipment		341,250							PACTS Danforth St	14,000				14,000		14,000	0
Sidewalk Tractors	280,000					0	(280,000)		Total Sewer Fund Projects			13,290,750		0	589,000	3,576,750	(9,125,000)
Medcu Ambulance - Fire	220,500				220,500		220,500	0	Total CIP & Sewer Fund Projects			\$24,588,250		\$152,000	\$4,351,854	\$11,211,000	\$15,714,854 (\$11,259,896)

## **SOURCE OF PAYMENT AND REMEDIES**

### **General**

The Bonds are general obligations of the City and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the “State”) have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless the City follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, in which case the City has the power to levy such ad valorem taxes without limit as to rate or amount upon all the taxable property within its territorial limits (see “THE BONDS – SOURCE OF PAYMENT AND REMEDIES – Limitation on Municipal Property Tax Levy” herein), except to the extent that the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the City establishes or has established development districts as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see “CITY FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein). The Bonds issued for school improvements are included in the school budget are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended. The Director of Finance has certified that no tax base sharing agreement now exists. The City has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in these districts to pay costs of the development project within the districts. Within the limits established by statute, the City has the right to designate additional development districts pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

The City is subject to suit on the Bonds. The Maine statutes provide that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, the Maine statutes provide that the personal property of the residents and the real estate within the boundaries of any town may be taken to pay any debt of the town. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon. There has been no judicial determination as to whether statutory remedies available against towns are applicable to cities and Bond Counsel expresses no opinion thereon.

Funds to meet City expenses, including debt service, are not included in the tax levy to the extent they are expected to be met with other non-tax revenues. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal of or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. The Bonds are not guaranteed by the State.

## **Limitation on Municipal Property Tax Levy**

Effective July 1, 2005, the Legislature enacted LD 1, codified in part as Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, which, subject to certain procedural overrides, establishes a limit on municipal property tax levies. This limit is referred to as the “Property Tax Levy Limit”. With certain exceptions, a municipality may not adopt a property tax levy that exceeds its Property Tax Levy Limit from one year to the next by more than a specified growth limitation factor. Therefore, in cases where the amount of the prior year’s Property Tax Levy Limit exceeds the amount of the City’s actual property tax levy, the City may carry-forward that difference in establishing its future years’ property tax levy. See “CITY FINANCES - Property Tax Levy Limit” herein.

The growth limitation factor is the average personal income growth as defined by Title 5, Section 1531 of the Maine Revised Statutes, as amended, plus the property growth factor. The property growth factor is a percentage equivalent to a fraction established by a municipality whose denominator is the total valuation of the municipality, and whose numerator is the amount of increase in the assessed value of any real or personal property in the municipality that become subject to taxation for the first time, or taxes as a separate parcel for the first time for the most recent property tax year for which information is available, or that has had an increase in its assessed valuation over the prior year's valuation as a result of improvements to or expansion of the property. For municipalities that qualify as a result of a relatively larger percentage of personal property, personal property can be incorporated into the property growth factor calculation. In addition, a municipality is required to lower its Property Tax Levy in any year by an amount equal to net new funds provided by the State for existing services funded in whole or in part by the property tax levy. In addition, a municipality is required to lower its Property Tax Levy Limit in any year by an amount equal to net new funds provided by the State for existing services funded in whole or in part by the property tax levy.

The City may increase the Property Tax Levy Limit by a majority vote of the entire City Council on a separate article that specifically identifies the intent to exceed the Property Tax Levy Limit. Pursuant to Title 30-A, Section 5721-A(7)(B) of the Maine Revised Statutes, as amended, this action, however, is subject to override by initiative upon a petition signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality submitted within 30 days of the council’s vote. However, the opportunity for the voters to petition for a referendum vote on the council’s decision is not provided if the municipal charter “prohibits a petition and referendum process”.

In lieu of increasing the Property Tax Levy Limit, the City Council may vote to exceed the Property Tax Levy Limit for extraordinary circumstances. Exceeding the Property Tax Levy Limit permits the property tax levy to exceed the Property Tax Levy Limit only for the year in which the extraordinary circumstance occurs and does not increase the base for purposes of calculating the Property Tax Levy Limit for future years. Extraordinary circumstances are circumstances outside the control of the City Council and include:

- (1) Catastrophic events such as natural disaster, terrorism, fire, war or riot;
- (2) Unfunded or underfunded state or federal mandates;
- (3) Citizens’ initiatives or other referenda;
- (4) Court orders or decrees; or
- (5) Loss of state or federal funding.

Extraordinary circumstances do not include changes in economic conditions, revenue shortfalls, increases in salaries or benefits, new programs or program expansions that go beyond existing program criteria and operation.

Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, does not limit the amount of taxes which may be raised by a municipality to pay items included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended. The debt service on school improvements included in the school budget, financed by the a portion of the refunding portion of the Bonds is includable in the school budget and the City is therefore able to levy ad valorem property taxes without limit as to rate or amount to pay the debt service that portion of the Bonds.

The City does not expect that the Property Tax Levy Limit will have a material adverse effect on the City's financial condition or on the ability of the City to pay the principal of, and premiums, if any, and interest on the Bonds when due.

## **TAX MATTERS**

### **The Bonds**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the City to comply with such requirements may cause interest on the Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs or is ascertained.

The City will make certain representations with respect to the use of the proceeds of the Bonds and the 2017 CIP Projects and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Bonds and (ii) not to take any action or permit any action that would cause the interest paid on the Bonds to be included in gross income for purposes of federal income taxation pursuant to section 103 of the Code.

In the opinion of Bond Counsel, under existing statutes, regulations and court decisions interest on the Bonds is excludable from the gross income of the owners of the Bonds for purposes of federal income taxation pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference for the purpose of the federal alternative minimum tax imposed on to individuals and corporations, however, interest on the Bonds is taken into account in the computation of certain taxes that may be imposed with respect to certain corporations, including, without limitation, in adjusted current earnings of a corporation for purposes of calculation of the alternative minimum tax. In rendering its opinion, Bond Counsel will rely upon the City's representations made with respect to the use of the proceeds of the Bonds and the 2017 CIP Projects and the City's covenant that it will comply with the Code.

### **Exemption of Interest on the Bonds from Taxation Within the State of Maine**

In the opinion of Bond Counsel, interest paid on the Bonds is exempt from income taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

### **Not Designated as Qualified Tax-Exempt Obligations**

The City *will not designate* the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.



## **Original Issue Discount**

Certain maturities of the Bonds (the “Discount Bonds”) may be sold at an initial offering price less than the principal amount payable on the Discount Bonds at maturity. The difference between the initial public offering price at which a substantial amount of each of the Discount Bonds is sold and the principal amount payable at maturity of each of the Discount Bonds constitutes original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Pursuant to Section 1288 of the Code, original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued discount. Prospective purchasers of the Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

## **Original Issue Premium**

Certain maturities of the Bonds (the “Premium Bonds”) may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code. Prospective purchasers of the Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

## **Additional Federal Income Tax Consequences**

In the case of certain corporate holders of the Bonds, interest on the Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Bonds in “adjusted current earnings” of certain corporations.

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest

paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Bonds will be audited. If an audit is commenced, under current IRS procedures holders of the Bonds may not be permitted to participate in the audit process and the value and liquidity of the Bonds may be adversely affected.

### **Changes in Federal Tax Law**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2017 Bonds under federal or state law or otherwise prevent beneficial owners of the 2017 Bonds from realizing the full current benefit of the tax exempt status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2017 Bonds. Prospective purchasers of the Bonds should consult their tax and financial advisors regarding such matters.

### **Extent of Opinion**

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to section 103 of the Code, (b) interest on the Bonds not constituting an item of tax preference pursuant to section 57 of the Code and (c) the exemption of interest on the Bonds from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

### **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s

rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct

Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

## **RATINGS**

The Bonds are rated "Aa1" by Moody's Investors Service ("Moody's") and "AA+" by S&P Global Ratings ("S&P"). The City has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently.

Except as set forth in the Continuing Disclosure Certificate set forth in APPENDIX C and referred to under "THE BONDS – CONTINUING DISCLOSURE" herein, the City has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in, or withdrawal of, any rating of the Bonds or to oppose any such change or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist the underwriter of the Bonds in complying with the Securities Exchange Commission's ("SEC") Rule 15c2-12 (the "Rule"), the City will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"). The covenants will be contained in a "Continuing Disclosure Agreement" (the "Agreement"), the proposed form of which is provided in APPENDIX C. The Agreement will be executed by the Director of Finance of the City, and incorporated by reference in the Bonds. The City has never failed to comply with any previous undertakings to provide financial information or notices of material events in accordance with the Rule. The following is a list recent filings by the City:

<b>Financial Statements</b>	<b><u>Filed With EMMA</u></b>	
<b><u>FY ended June 30,</u></b>	<b><u>Filing Date</u></b>	<b><u>Days After Fiscal Period End</u></b>
2016	Feb. 15, 2017	230
2015	Dec. 28, 2015	181
2014	Dec. 18, 2014	171
2013	Dec. 30, 2013	183
2012	Nov. 20, 2012	143

In 2006 the City exhausted CUSIP's prior 736559 base identification sequence such that subsequent financings were assigned a 736560 base. Therefore, were underwriters to search for filing history under 736560 (e.g., search 736560HC0 being the City's 2012 Series A Bonds dated February 1, 2012 and due February 1, 2027), then the City's 2009 and 2010 financial filings would not show as posted. However, a search under 736559 (e.g., search 736559M1 being the City's 2004 Bonds dated April 1, 2004 and due November 1, 2024) shows all of the City's postings.

Furthermore, the City has issued General Airport Revenue Bonds from time-to-time. The Base CUSIP is 736564. Prior to the period ended on and after June 30, 2012, filings for these series of bonds were filed under the CUSIPs 736559 or 736560.

### **Assurances of Future Compliance**

On September 6, 2012, the City adopted a post-issuance compliance policy that, among other things, provides for timely filings with EMMA or its successor repository, if any, with respect to its existing and future continuing disclosure undertakings. Furthermore, the City has registered with the EMMA reminder system to receive e-mail reminders to help ensure timely annual filing of required financial and operating data.

### **FINANCIAL ADVISOR**

Moors & Cabot, Inc. has acted as Financial Advisor to the City with respect to the issuance of the Bonds pursuant to Municipal Securities Rulemaking Board Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Bonds.

### **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the City provided, however, that the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

### **STATUTORY REFERENCES**

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

### **CONDITIONS PRECEDENT TO DELIVERY**

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

#### **No Litigation**

Upon delivery of the Bonds, the City shall deliver or cause to be delivered a certificate of the Director of Finance, and attested to by the City Clerk dated the date of delivery of the Bonds, to the effect that there is no litigation pending or, to the knowledge of such official, threatened, affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the City, nor the title of any of said officers to their respective offices, is being contested.

### **Approval of Legality**

The legality of the Bonds will be approved by Bond Counsel. The approving opinion of such counsel with respect to the Bonds in substantially the form attached to this Official Statement as APPENDIX B will be delivered at the time of original delivery of the Bonds and a copy of the opinion will be provided to the original purchasers. Bond Counsel are not passing upon, and do not assume responsibility for, the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

### **Certificate With Respect to Official Statement**

At the time of the original delivery of, and payment for, the Bonds, the City will deliver a certificate of the Director of Finance to the effect that he has examined this Official Statement and the financial and other data contained therein and that, to the best of his knowledge and belief, both as of its date and as of the date of delivery of the Bonds, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the City is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe that such information is materially inaccurate or misleading.

## CITY OF PORTLAND

### GENERAL

The City of Portland is located on the southern coast of the State of Maine in the southeastern section of the County of Cumberland, the State's most populous county. The City is approximately 108 miles north-northeast of Boston, Massachusetts and 60 miles southwest of the City of Augusta, the State's capital. Portland is bordered by the Town of Falmouth on the northeast and the City of Westbrook on its west, with the Presumpscot River forming a portion of this border. The Fore River separates Portland from the City of South Portland for a major portion of its southern border. The Atlantic Ocean forms Portland's eastern border as Portland Harbor and Casco Bay.



**CUMBERLAND  
COUNTY**

As the hub of Maine's southern region convenient access to Portland is provided by Exits 44 through 48 of U.S. Interstate Route 95 (the Maine Turnpike) which intersects the City's western plain in a north-south direction and the

U.S. Interstate Route 295 spur which bisects the City through its interior. U.S. Route 1 follows the coastal plain of the City, also in a north-south direction. The Portland International Jetport, located in the City, provides air traffic for the region. The Casco Bay Island Transit District provides for commuter and tour boat service to the major islands in Casco Bay. The Ocean Gateway Ferry Terminal has been a port of call for ferry service to Yarmouth, Nova Scotia, and to supplement the Maine State Pier as berthing for cruise ships. Bus transit, by major carriers operating from two terminals in the City, provides regularly scheduled inter-state and intra-state transportation. The Maine Central Railroad, Boston & Maine Corporation and the St. Lawrence & Atlantic Railroad Company provide the greater Portland area with rail links to all of Maine, the continental United States and Canada.

The area embracing Portland was first settled in 1632 and called "Machigonne", the Micmac Indian name meaning "shaped like a great knee". The area was then referred to as Casco but subsequently incorporated as Old Falmouth in 1718, formed of the area now encompassing the cities of Portland, South Portland, and Westbrook and the towns of Cape Elizabeth and Falmouth. Portland separated from Old Falmouth incorporating as a town and taking its present name on July 4, 1786, was chartered as a city on March 26, 1832 and annexed the City of Deering (formerly part of the Town of Stroudwater which included the present limits of Westbrook plus Deering, Deering being further set off as a city in 1871) on February 6, 1899. Portland was the site of the 1819 Constitutional Convention when Maine broke away from the Commonwealth of Massachusetts to become a separate state in 1820. The City served as the first state capital from 1820 until its removal to Augusta in 1831.

The metropolitan area is clustered on the "Peninsula" which is surrounded on its sides by Back Cove, Casco Bay and the Fore River with the Eastern and Western Promenades at its opposite ends. Once confined geographically to this narrow peninsula the City added greatly to its territory with the annexation of Deering and now consists of 19.15 square miles of land area. The sections of the City are: Brighton, Casco Bay Islands, Deering, East Deering, the Peninsula, North Deering, Riverton, Stroudwater, Woodfords and Morrills.

Portland is the largest city in Maine, the seat of government for the County of Cumberland and is the region's leading industrial, commercial and cultural center. With one of the finest deep water harbors on

the Atlantic Coast, Portland is closer to Europe than any other transatlantic port in the United States. The City enjoys numerous parks, monuments, historical sites, several hotels and restaurants. Portland is the home of the University of Southern Maine, the Portland Campus of the University of New England, the Portland Museum of Art, the Maine College of Art and the Cross Insurance Arena. Major medical centers, including the Maine Medical Center and Mercy Hospital, are also located in the City.

## **GOVERNMENT**

There are two basic forms of local government in Maine: the “Direct” form, often referred to as town meeting government, in which the town meeting serves as the legislative body by passing laws and approving the spending of monies; and the “Representational” form, in which an elected council serves as the legislative body. There are five basic variations of these two forms. Three variations of the Direct form are: *Town Meeting/Selectmen* form of government, the most common in Maine currently used by 209 municipalities in the state; *Town Meeting/Selectmen/Manager*, the second most common form of local government in Maine currently used by 135 towns; and *Council/Town Meeting/Manager* variation of the town meeting form of government, where the legislative functions of government are shared between the town meeting and an elected council. The two variations of the Representational form are: *Council/Manager* (35 cities or towns) and *Council/Mayor/Administrator* (six cities in Maine).

The City operates under a charter initially on March 26, 1832 and amended most recently effective July 1, 2011 providing for a *Council/Mayor/Manager* form of government with a nine-member City Council, one member of which is the Mayor. Each of the City’s five voting districts elect one Council member, with four members, including the Mayor, being elected from the registered voters of the entire City at-large. Council members, except for the Mayor, hold three-year staggered terms. The Mayor’s term is four years with a two consecutive term limit. The Charter constitutes the City Council as Municipal Officers of the City and grants to the City Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the City’s property, affairs and government, to preserve the public peace, health and safety, to establish personnel policies, to give effect to any vote of the City and to authorize the issuance of debt. The City Council adopts an annual budget and provides for an annual audit. The City Manager, pursuant to Section VI(1)(a) of the City’s Charter is appointed by majority vote of the City Council, is the administrative head of the City and is responsible to the City Council for the administration of all departments.

## **MUNICIPAL SERVICES**

The City provides general governmental services for the territory within its boundaries, including police and fire protection, construction and maintenance of highways, streets and sidewalks, parks, recreation and coastal areas, health and social services, planning and zoning and general administrative services. Public education is provided by the City, under its own supervision, for grades Kindergarten (“K”) through 12 and for applied technology education.

The City owns and maintains its own sewer collection and interceptor system and is responsible for the costs of maintenance, improvements and expansion of the system to provide transmission of sewage to the Portland Water District’s treatment plant. The Portland Water District owns and operates the treatment plant, the use for which the City pays a monthly fee (see “INDEBTEDNESS - OVERLAPPING DEBT - Portland Water District” herein). The Portland Water District also provides water service to the City’s inhabitants (see “INDEBTEDNESS - CONTINGENT DEBT - Portland Water District” herein).

### **Department of Public Safety**

The Public Safety category includes the Police, Fire and Emergency Medical Service operations.



The Police Department is staffed by 222 employees who include a Chief of Police, an Assistant Chief, a Commander, Captains, Lieutenants, Sergeants, Police Officers, Detectives, Telecommunicators, Police Dog Officers, and an Animal Control Officer. The Police Department operates from the downtown Public Safety Building with a total of four satellite community policing centers. The Police Department maintains 85 vehicles, which are in good repair.

The Fire Department is staffed by 222 employees who include a Fire Chief, Deputy Chiefs, Captains, Lieutenants and firefighters. The Fire Department maintains ten fire stations, including four apparatus and staff dedicated to the Portland International Jetport Air Rescue Station, the Spring Street Fire Museum and maintains approximately 60 vehicles or pieces of equipment, all of which are in good repair.

Emergency Medical Service (“EMS”) is provided by the EMS Division of the Fire Department provided by Paramedics. The EMS maintains various MEDCU units. The Fire Department operates fire boat service, with three boats, protecting the harbor area of Portland and the adjoining City of South Portland, including sixteen of the major islands of Casco Bay.

### **Department of Public Services**

The Department of Public Services is responsible for the integration of operations for and maintenance of: parks and open spaces, including over 100 individual parks, eight miles of trails, forestry services and cemetery functions; the Riverside Recycling facility; the construction and maintenance of roads and sidewalks; the City’s sewer collection and interceptor system; removal of snow from roads and sidewalks, as well as providing service to the four adjacent islands in Casco Bay which are part of the City; traffic control and street lighting; and sanitation, and the removal and disposal of refuse and garbage. The City has centralized maintenance of all its vehicles including Police and Fire fleets under the responsibility of this department and has moved into a new central office facility adjacent to the maintenance complex.

The City provides for curbside pick-up of solid waste for residents of Portland. In July, 1978 the City closed its open dump for household refuse and began sending its solid waste to the former Regional Waste System’s (“RWS”) waste-to-energy plant in Portland, renamed ecomaine (“ecomaine”). The City continues to operate a recycling facility as a demolition disposal site, with a permit from the Department of Environmental Protection. See also “INDEBTEDNESS - CONTINGENT DEBT - ecomaine” herein.

### **Department of Recreation and Facilities Management**

The Department of Recreation and Facilities Management operations include Athletic Fields, Recreation, Aquatics and Ice Arena divisions and the Riverside Golf Courses. The department is responsible for maintenance of all city buildings, waterfront properties and HVAC systems for the School Department. The department also oversees the marketing and events at the Expo and Merrill auditoriums, Ocean Gateway, Hadlock Field (home of the Boston Red Sox affiliated team the Eastern League AA Division Minor League Portland Seadogs) and Fitzpatrick Stadium.

### **Health and Human Services Department**

The Health and Human Services Department undertakes the planning and coordination of human service activities in Portland. This department consists of the Public Health and Social Services divisions, the Barron Center and the Office of Elder Affairs. The City’s intent is to provide focus on the elderly care services issues and plan for future needs of that population. Much of the funding for Public Health and Social Service operations comes from State and federal grants. Most of the Barron Center’s funding is from Medicare funded residents’ costs, in addition to some private-pay residents. The Barron Center, which prior to the fiscal year 1998 budget cycle, was accounted for as an enterprise fund of the City, has

been combined with the Health and Human Services Department in the general fund, effective July 1, 1997. The Barron Center provides for long-term health care, both skilled and intermediate, with a 235-bed nursing home facility which opened in 1982. The old facility of the prior Portland City Hospital now has congregate housing for the elderly and provides 110 units. An additional 50-bed Alzheimer's Care Facility on the 12-acre campus complex of the Barron Center was completed and opened in March of 1992. The Office of Elder Affairs is focused on advocacy and non-institutional community based services.

## **Portland International Jetport**

The Portland International Jetport (FAA designation "PWM") (the "Jetport") is classified as a Primary Commercial Service airport by the Federal Aviation Administration ("FAA") in its National Plan of Integrated Airport Systems; and is further classified as a small hub airport because it enplanes between 0.05 and 0.24 percent of the airline passengers in the United States. The Jetport occupies approximately 840 acres of land in the City and the adjacent city of South Portland and is approximately three miles west of downtown Portland. The Jetport's major airfield facilities consist of two air carrier runways and associated taxiways, which provide access to the air carrier apron to the north and west, the cargo area to the north and east, and general aviation facilities to the east. The primary runway, 11/29, is 7,200 feet in length. The secondary runway, 18/36, is 6,100 feet in length and used primarily for crosswind operations.

The Jetport's passenger terminal complex is located near midfield in an east-west orientation on the north side of Runway 11/29. The terminal building now consists of approximately 300,000 square feet of space and is divided into two levels for passenger processing. The passenger terminal contains 12 passenger gates, nine of which contain passenger loading bridges. The passenger terminal apron is located south of the terminal and provides aircraft parking, access and circulation for the air carrier gate positions. Several gates have multiple aircraft parking positions and can be utilized by either commuter or jet aircraft.

## **THE WATERFRONT**

### **The Port of Portland**

The Port of Portland (the "Port") enjoys a diverse economic mix and cargo base of crude and refined petroleum, bulk cargoes such as salt and coal, finished products such as newsprint, tapioca, wood pulp and containerized cargo. The Port has a dredged deepwater channel, excellent berthing for vessels of all sizes and with the largest bascule type bridge in North America with a 196 foot horizontal span that can handle the widest vessels at the upriver terminals.

### **The Portland Fish Exchange**

The Portland Fish Exchange, (the "Fish Exchange"), was incorporated by the City Council, beginning operations in February 1986 as the first all-display, fresh fish auction in the country. The City is the sole voting member of the Fish Exchange and has the exclusive right to appoint the Board of Directors, amend its Articles of Incorporation and may cancel any amendment to the rules of operation adopted by the Board. The City also created the Portland Fish Pier Authority, a non-profit organization, for the purpose of operating the City's 18-acre, \$18 million Portland Fish Pier, to promote fishing and fishing-related enterprises in the City. The City leased its public fish pier facilities for a 60-year term and assigned its interest in all related operating leases, including the Fish Exchange lease, to the Portland Fish Pier Authority. A full display wholesale fish auction is its principle means to attract fish sellers and buyers to the Port of Portland. The premises are devoted to public purposes only and use is restricted to the landing or processing of shellfish, finfish and other natural products of the sea, or for other activities directly related to these purposes, including, but not limited to, loading or selling these products and fueling.

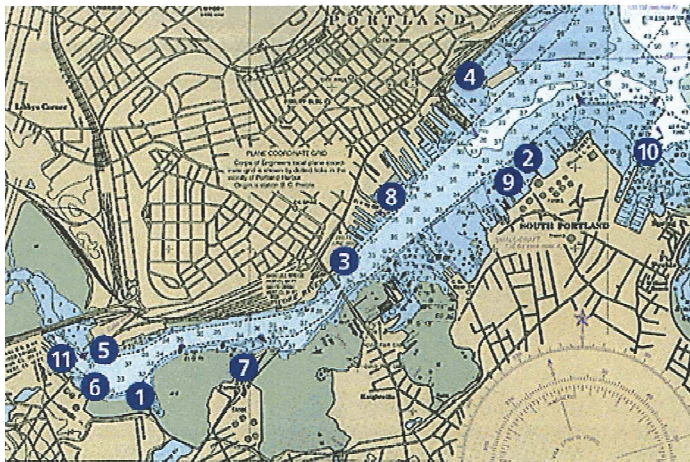
## Ocean Gateway Marine Passenger Terminal

The Ocean Gateway, in conjunction with the Maine State Pier, provides berthing for cruise ships which consolidates passenger activities at the east end of the Port.

## International Marine Terminal – Cargo Shipping

The City has a container and cargo facility on the west end of the waterfront and has entered into a management agreement with the State of Maine Port Authority for the State to operate the facility and share revenues with the City. During 2013, Eimskip<sup>(1)</sup> started providing scheduled cargo shipping service to Portland's International Marine Terminal. This shipping service provides businesses in Maine the ability to export their products directly to northern European markets without an Iceland stopover; and to handle imports that would be transported by rail to North American markets. In 2015 Eimskip announced plans to add more ships and increase frequency of the Portland to Europe routes.

NOTE: <sup>(1)</sup> Eimskip [ICEX-OMX Iceland] is a public limited liability company domiciled in Iceland that runs a network of 51 offices in 19 countries and operates 16 vessels with approximately 1,390 employees of which about 800 are located in Iceland. About half of Eimskip's operating revenue comes from operations outside Iceland. The company provides transportation services through a transport system in the North Atlantic, as well as offering an extensive worldwide network of reefer logistics services (<http://eimskip.is>).



## Port of Portland

- ⑤ International Marine Terminal
- ④ Ocean Gateway; Maine State Pier; Casco Bay Lines
- ③ Portland Fish Pier

## PUBLIC EDUCATION

The City operates its educational program for grades K through 12 and for applied technology education under its own supervision. Article III of the City's Charter, as amended, provides that the Department of Education for the City be administered by a Board of Public Education (the "School Committee") comprised of nine members. Each of the City's five voting districts elects one School Committee member, with four members being elected by the voters of the City at-large. The School Committee members are elected for three-year staggered terms. The School Committee performs all duties and functions in regard to the care and management of the public schools of the City. The School Committee prepares and submits its budget to the City Council, which includes it in the budget process. See also

“CITY FINANCES - BUDGETARY PROCESS” section herein for review and appropriation of one gross amount for school purposes. This appropriation is expended under the direction and control of the School Committee. The Schools’ staff consists of a Superintendent, a Chief Academic Officer, a Chief Financial Officer, a Chief Operations Officer, two Directors, 29.5 full time equivalent (“FTE”) principals and vice-principals, 754 full-time equivalent teachers of which 660 are locally funded and 95 are federally or State funded, and 410 various other staff.

The City’s enrollment trends and schools are listed as follows:

April 1,	Grades				Total Enrollment
	K-5	6-8	9-12	Other	
2016	3,253	1,484	2,067	108	6,912
2015	3,234	1,485	2,167	101	6,987
2014	3,274	1,514	2,140	77	7,005
2013	3,277	1,493	2,122	83	6,975
2012	3,230	1,524	2,179	67	7,000
2011	3,181	1,515	2,246	56	6,998
2010	3,166	1,555	2,144	60	6,925
2009	3,138	1,540	2,251	42	6,971
2008	3,095	1,464	2,403	51	7,013
2007	3,151	1,492	2,422	51	7,116

SOURCE: State of Maine, Department of Education, “April 1 Census of Students Educated at Public Expense”.

NOTE: “Other” includes: Elementary Special, Pre-Kindergarten, Secondary Special and Post-Graduate Students.

<u>School</u>	<u>Grades</u>	<u>Current Capacity</u>	<u>Enrollment</u>
Cliff Island	K – 5	10	5
Fred P Hall	K – 5	447	427
Harrison Lyseth Elementary	K – 5	508	471
Howard C Reiche Community	K – 5	371	435
Longfellow	K – 5	396	326
East End Community	K – 5	477	400
Ocean Avenue	K – 5	437	405
Peaks Island	K – 5	85	38
Presumpscot	K – 5	315	253
Riverton	K – 5	498	459
King Middle	6 – 8	574	517
Lincoln Middle	6 – 8	634	509
Lyman Moore Middle	6 – 8	705	501
Casco Bay High	9 – 12	322	379
Deering High	9 – 12	1,059	917
Portland High	9 – 12	1,338	740

### **Portland Arts & Technology High School**

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, provides for “applied technology education” or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school curriculum. The programs may be offered via an applied technology center (a “Center”) or an applied technology region (a “Region”). The Region is a quasi-municipal corporation established by the Legislature for the delivery of applied technology programs, which is comprised of two or more school administrative units and is governed by a cooperative board.

The school administrative unit is responsible for its proportionate share of the Region's operating expenses, including debt repayment, which is included in the respective unit's annual assessment to the Region. A Center is governed by a single school administrative unit and its obligations are those of the unit.

As a Center, the Portland Arts & Technology High School ("PATHS") is owned, operated and maintained by the Department of Education of the City of Portland. The law regarding the funding of PATHS was changed by Chapter 226 of the Private and Special Laws of Maine (1999) such that sending SAUs (as defined herein) no longer pay per student tuition to Portland but pays for attendance through a cost sharing agreement. State subsidy for PATHS no longer goes entirely to Portland, but each SAU receives some subsidy for Career Technical Education based on their costs for student enrollment at PATHS. Of the 454 current student population, 142 are residents of the City and 312 are tuition students.

## **PORTLAND PUBLIC LIBRARY**

The Portland Public Library (the "Library") was first established in 1867 as the Portland Institute and Public Library, which opened in the City Hall in 1868. As City Hall space then became needed for other purposes, James Phinney Baxter donated land and a new building at 619 Congress Street in Portland. The cornerstone of the building was laid on September 9, 1887. On January 26, 1889 the library trustees incorporated as The Portland Public Library, a non-profit organization operated and maintained by its Board of Trustees and the library opened on February 21, 1889. In August, 1979, the Library moved to a new 80,000 square foot facility at 5 Monument Square and subsequently underwent an expansion and renovation, completed in 2010. The Baxter Building became part of the former Portland School of Art. The Portland Room contains the Library's special collections for display, reference use and preservation. In addition to a main library, the Library also includes three branch libraries.

The Library is managed by a Board of Trustees which may include up to 30 members who may serve four-year staggered terms. The Board currently consists of 24 Trustees. As an independent and non-profit organization, the Library is self-supporting through its own resources with additional grants from the City, Cumberland County and the State of Maine. For the year ended June 30, 2015 the City provides approximately 81% of the Library's financial support. The City also owns the land and building in which the Library operates. The Library's current collection includes approximately 370,000 volumes. Recent circulation exceeded 860,000 items. The Portland Public Library is managed by a Library Director, a Finance and Operations Director, a Human resources Director, a part-time Development Director, a part-time Programming Manager, an Associate Director, 14 professional librarians for a total of 34 full-time positions.

## **BUILDING PERMITS**

<b>Fiscal Year</b>	<b>Commercial</b>		<b>Residential</b>		<b>Totals</b>	
	<b>Units</b>	<b>Est. Cost</b>	<b>Units</b>	<b>Est. Cost</b>	<b>Permits</b>	<b>Est. Cost</b>
2016	19	\$61,609,651	24	\$14,415,925	43	\$76,025,576
2015	7	11,288,015	33	8,175,247	40	19,463,362
2014	13	27,510,500	30	5,382,400	43	32,892,900
2013	15	19,755,500	31	6,250,500	46	26,006,000
2012	22	14,172,000	33	4,221,030	55	18,393,030
2011	9	74,762,300	37	6,290,000	46	81,082,300
2010	22	67,628,441	30	4,796,229	52	72,424,670
2009	22	48,830,590	24	3,267,010	46	52,097,600
2008	29	85,602,242	33	49,766,625	62	135,368,867
2007	19	127,375,634	63	11,138,213	82	138,513,847

## LABOR RELATIONS

The City employs approximately 2,592 FTE employees, approximately 1,199 FTE employees of whom are employed by the School Department. The following lists the various bargaining units that are represented by a union, and the status of its current contract. City Employees not included in the below table are not represented by unions. The various contracts for employees represented by unions are effective and expire as follows:

<u>Union<sup>(1)</sup></u>	<u>Members</u>	<u>Bargaining Unit</u>	<u>Date of Contract</u>	
			<u>Effective</u>	<u>Expiration</u>
PBA	123	Police Officers	01/01/2014	12/31/2016 <sup>(2)</sup>
PSOBA	31	Police Sergeants, Lieutenants, Captains	01/01/2014	12/31/2016 <sup>(2)</sup>
AFSCME	35	Foreman and Supervisors	07/01/2016	06/30/2017
AFSCME	160	Labor and Trades	07/01/2013	06/30/2016 <sup>(2)</sup>
AFSCME (CEBA)	483	Various Other	01/01/2016	12/31/2019
IAFF Local 740	225	Firefighters	07/01/2013	12/31/2017
Pro-Tech	125	Professionals & Technical	07/01/2016	06/30/2019
CEA/IAFF	35	Dispatchers and Technicians	07/01/2013	06/30/2016 <sup>(2)</sup>
PEA (MEA)	717	Educators	09/01/2014	08/31/2016 <sup>(2)</sup>
ETLF (MEA)	204	Ed Techs and Bilingual Facilitators	09/01/2013	08/31/2016 <sup>(2)</sup>
BASE (MEA)	224	School Support Staff	07/01/2014	06/30/2017
PAA	31	School Administrators	07/01/2014	06/30/2017

NOTES:<sup>(1)</sup> “PBA” indicates Police Benevolent Association; “PSOBA” indicates Police Superior Officers Benevolent Association; “AFSCME” indicates the American Federation of State, County and Municipal Employees, affiliated with the American Federation of Labor & Congress of Industrial Organizations (the “AFL-CIO”), of which the respective group is represented as a separate bargaining unit; “Pro-Tech” indicates Professional and Technical Employees Association whose members include the higher professional classifications of nurses, engineers, planners, accountants and various other; “CEBA” indicates the City Employee Benefits association; “IAFF” indicates the International Association of Fire Fighters; “MEA” indicates the Maine Education Association, of which the respective unit is also affiliated, as a separate bargaining unit. “CEA” indicates the Communications Employees Association; The three AFSCME units represent (a) foremen and supervisors or (b) labor and trades, for the following departments: Public Works, Parks and Recreation, Transportation and Waterfront Facilities, Parking Division and Public Buildings Division and (c) all other employees in City departments not otherwise represented including clerical, sub-professional, nurses, technicians, custodians, etc. The MEA also represents three bargaining units who of School Department employees, each of which is a separate bargaining unit. These include: Portland Education Association (“PEA”); Education Tech Language Facilitators (“ETLF”); and Benefit Association of School Employees (“BASE”), representing full and part-time support staff including cafeteria workers, bus drivers, custodians and secretaries; Portland Administrators Association (“PAA”) is an independent employee association that represents principals and assistant principals.

<sup>(2)</sup> The respective contract is in the process of negotiation. The City has provided amounts in its budget that it expects that the City will incur, if any.

## **ECONOMIC DEVELOPMENT**

### **Introduction**

The City contains a full spectrum of commercial and industrial districts which provide diverse development opportunities. Business zones range from the intense mix of the central business district, to more specialized community, neighborhood, and business corridor zones. Professional offices are also targeted for development within the larger scale office park district, and in smaller scale office districts adjacent to residence zones. Numerous industrial districts exist providing opportunities for select clean industry and commerce uses, for maritime industries, and for virtually all types of industrial uses, provided they are built to adhere to contemporary environmental standards. These districts include commercial, industrial and retail concerns, medical, legal, financial and other services which operate throughout the entire City. In order to address the needs and interests of the City's business community, a City-wide comprehensive economic strategy was developed and continues to evolve in response to changing economic challenges.

### **Portland Development Corporation**

In December, 1990 the City Council authorized the creation of the Portland Development Corporation (the "PDC") to act as an arm of the Economic Development Department of the City. The PDC is a quasi-governmental, local, economic development corporation established for the purpose of implementation and administration of economic development programs that enhance and create business and employment opportunities and coordination of the provision of services to the City's businesses. In response to economic challenges beyond the City's downtown proper, in 1996 the City Council expanded PDC's boundaries to encompass the entire City. The PDC assists investment in Portland in the primary areas of: financing; business development and recruitment; and promotion and marketing.

### **Bayside**

As a new gateway to the City, Bayside continues its transformation from a vacant and underutilized industrial tract of land into a first-rate, mixed-use urban extension of Portland's downtown central business district. Its location, adjacent to the US Interstate 295, enables corporate headquarters, office buildings and retail operations to have the advantage of excellent visibility and transportation access, while residential developments benefit from the area's proximity to the downtown. The project received City regulatory approval in March 2015 for a P<sup>3</sup> ("Public-Private-Partnership") with The Federated Companies to construct over 400 market-rate residential apartment units, 90,000 square feet of commercial space, and an 800 car parking structure. The Federated Companies successfully completed acquisition of a City parcel of land for \$2,300,000 in 2016 and now have adequate site control to begin construction.

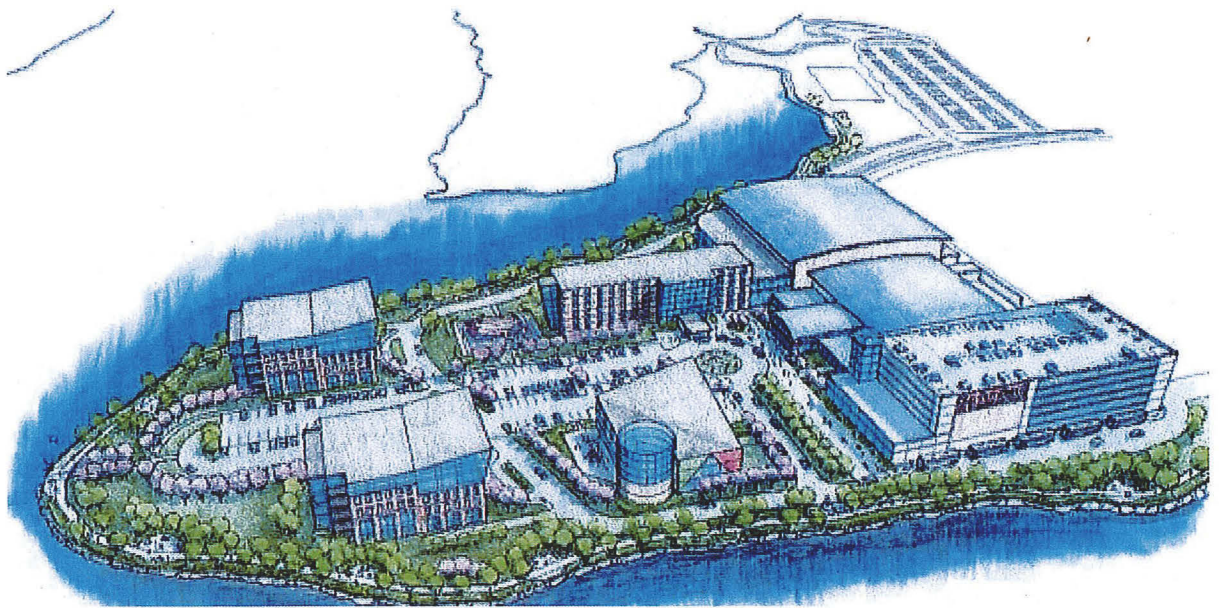
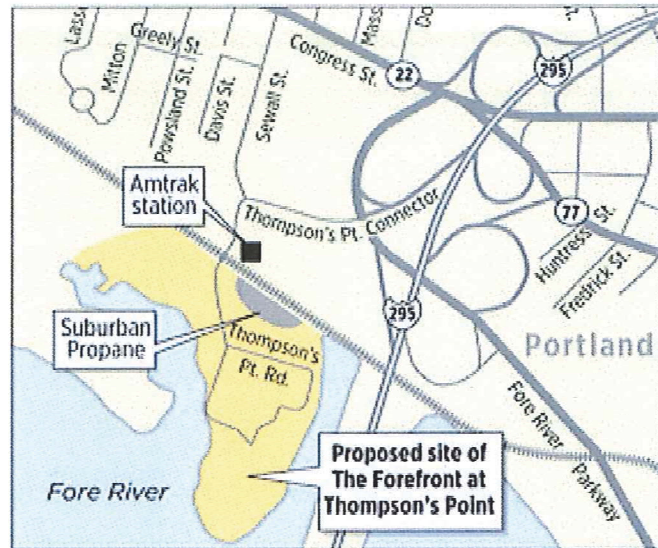
### **Downtown**

Portland's downtown contributes to the City's growing reputation as a vibrant center for arts and culture, shopping, dining and entertainment. The "Old Port" and the "Arts District" comprise the heart of the downtown. With its numerous boutique shops, restaurants, art galleries and working waterfront, the Old Port attracts people from around the region as well as visitors from around the world; and the Arts District is experiencing an exciting revitalization. Added to this is an infusion of numerous residential units as well as housing for students at the Maine College of Art, whose campus is in the heart of downtown.



## Thompson's Point

In June of 2012, the City's Planning Board gave final approval to plans for *The Forefront* at Thompson's Point, comprised of 30 acres adjacent to the Portland Transportation Center, site of Amtrak's Downeaster train depot and the Concord Trailways bus terminal. Phased construction on the Forefront Project began in 2014. State and private funds were invested in public infrastructure to support the project and to enhance the Portland Transportation Center. Total investment value of the Thompson's Point Development is estimated to be \$105 million over time, creating a mixed use development. To date, the Brick North Building at about 34,000 square feet has been redeveloped and is fully tenanted. The Depot Outdoor Event facility was developed into a concert venue that accommodates as many as 7,500 people. A \$5,600,000 redevelopment of the Brick South Building is underway.



## Thompson's Point Rendition



## ECONOMIC CHARACTERISTICS OF THE CITY

	-----% Change-----			
<b>Population</b>	<b>City of Portland</b>	<b>City</b>	<b>State</b>	<b>USA</b>
1970	65,116	(10.3)	2.4	13.4
1980	61,572	(5.4)	13.4	11.4
1990	64,358	4.5	9.2	9.8
2000	64,249	(0.3)	3.8	13.2
2010	66,194	3.0	4.2	8.9

SOURCE: Respective census, U.S. Department of Commerce, Bureau of the Census.

<b>Population Characteristics</b>	<b>City of Portland</b>	<b>Cumberland County</b>	<b>State of Maine</b>	<b>USA</b>
Median age (years)	36.7	41.0	42.7	37.2
% school age	24.6%	26.1%	18.2%	20.4%
% working age	70.3%	64.8%	63.4%	62.9%
% 65 and over	12.6%	14.3%	15.9%	13.0%
Persons/household	2.07	2.32	2.32	2.58

<b>Income</b>	<b>City of Portland</b>	<b>Cumberland County</b>	<b>State of Maine</b>	<b>USA</b>
Median family income	\$63,239	\$71,335	\$58,185	\$62,982
% below poverty level	17.5%	10.5%	12.6%	13.8%
Per capita income	\$27,794	\$31,041	\$25,385	\$27,334

<b>Housing</b>	<b>City of Portland</b>	<b>Cumberland County</b>	<b>State of Maine</b>	<b>USA</b>
% owner occupied	45.9%	68.5%	73.1%	66.6%
% Built before 1939	53.4%	29.0%	28.1%	14.1%
% Built since 2000	4.9%	10.8%	8.9%	12.8%
Owner occupied med. value	\$248,100	\$248,400	\$176,200	\$188,400
Median gross rent	\$840	\$868	\$707	\$841
Occupied housing units	30,725	117,339	557,219	-

SOURCE: 2010 Census, U.S. Department of Commerce, Bureau of the Census.

<b>Unemployment</b>	<b>City of Portland</b>	<b>Cumberland County</b>	<b>State of Maine</b>	<b>USA</b>
2015	3.3%	3.4%	4.4%	5.3%
2014	4.3	4.4	5.7	6.2
2013	4.3	5.3	6.7	7.4
2012	5.1	5.8	7.3	8.1
2011	5.9	6.0	4.5	8.9
2010	6.3	6.3	7.9	9.6
2009	6.4	6.4	8.0	9.3
2008	4.2	4.0	5.4	5.8
2007	3.7	3.5	4.6	4.7
2006	3.5	3.4	4.6	4.6

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research.

## FORMER PORTLAND METROPOLITAN STATISTICAL AREA

The U.S. Department of Commerce, Bureau of the Census formerly defined a metropolitan statistical area (“MSA”) as an area that includes at least one city with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 75,000 (in New England). Additional cities and towns were included in the MSA if they meet specified requirements of commuting to the central area and other selected requirements of metropolitan character (such as population density and percent urban). An MSA was also considered a labor market area.



The map displays the three cities and 19 towns that comprised the former Portland MSA.

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SOURCE: Maine Department of Labor, Labor Market Information Services

## EMPLOYMENT CENTER

The City is the hub of retail, wholesale, distribution, transportation, banking, legal, medical, recreational, and other major services for its MSA. A representative list of major employers in the Portland MSA are:

<b><u>Representative Largest Employers</u></b>	<b><u>Business</u></b>	<b><u>Approx. # Employees</u></b>
Maine Medical Center	Medical Facility	7,007
UNUM/Provident Corporation	Insurance	2,859
Mercy Hospital	Medical Facility	1,801
FairPoint (formerly Verizon)	Telephone Utility	617
Martins Point Healthcare	Medical Facility	535
University of New England	Post-secondary Education	402
Catholic Charities	Health, Educational & Support Services	368
Parker-Hannafin (Nichols)	Technology Manufacturer	350
Whole Foods	Groceries Supermarket	350
CIEE	International Student Exchange	310

## COMMERCIAL CENTER

The City is the hub of the Portland MSA, an economically integrated area that includes 20 communities with a substantial consumer base, being the largest employer in its MSA and has the largest population of the 22 cities in the State. The City is a regional destination for retail, wholesale, distribution, transportation, banking, legal, medical, recreational, and other major services for its market and its contiguous area. The following table displays certain sectors of the City’s economy, as measured by retail sales, by product group and by consumer sales:

**Retail Sales by Product Group and Consumer Sales**  
**(\$/000)**

	<b>Business/ Operating</b>	<b>Building Supply</b>	<b>Food Store</b>	<b>General Mdse.</b>	<b>Other Retail</b>	<b>Auto/ Transp.</b>	<b>Rest. &amp; Lodging</b>	<b>Group Total</b>	<b>Consumer Sales</b>
<b>2015</b>	187,835	233,177	133,720	123,321	147,925	258,685	426,021	1,510,686	1,322,851
<b>2014</b>	182,704	234,832	125,263	120,294	133,479	231,734	382,131	1,410,436	1,227,732
<b>2013</b>	152,932	227,109	118,318	106,723	126,285	229,283	339,978	1,300,628	1,147,696
<b>2012</b>	138,848	201,034	114,656	107,965	167,298	217,646	328,804	1,276,251	1,137,403
<b>2011</b>	134,046	188,966	108,345	106,843	218,037	205,697	314,045	1,275,981	1,141,934
<b>2010</b>	151,627	180,949	102,869	101,340	177,280	197,376	297,095	1,208,535	1,056,908
<b>2009</b>	138,290	179,186	99,997	97,365	171,207	200,955	277,665	1,164,665	1,026,376
<b>2008</b>	165,912	205,395	99,257	101,275	175,232	226,716	286,814	1,260,601	1,094,689
<b>2007</b>	194,661	219,241	98,621	109,043	174,388	244,775	272,870	1,313,599	1,118,938
<b>2006</b>	178,482	237,355	88,379	132,089	199,938	244,577	257,140	1,337,959	1,159,478

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

**COMMUTER PATTERNS**

The following table displays the geographic place of employment for the City's residents; and the residential component of the City's workforce:

<b>Portland Residents who work in:</b>	<b>Number of Workers</b>	<b>% Portland Workers</b>	<b>Portland Workers who live in:</b>	<b>Number of Workers</b>	<b>% Portland Workforce</b>
Portland	22,561	62.19%	Portland	22,561	34.98%
South Portland	3,965	10.93	South Portland	4,631	7.18
Westbrook	1,637	4.51	Westbrook	2,996	4.65
Scarborough	1,316	3.63	Windham	2,615	4.05
Falmouth	1,079	2.97	Scarborough	2,597	4.03
Freeport	558	1.54	Gorham	2,397	3.72
Saco	546	1.51	Falmouth	2,144	3.32
Gorham	534	1.47	Saco	1,948	3.02
Yarmouth	365	1.01	Cape Elizabeth	1,743	2.70
Biddeford	334	0.92	Standish	1,289	2.00
Brunswick	309	0.85	Yarmouth	1,123	1.74
Cape Elizabeth	299	0.82	Cumberland	1,120	1.74
Windham	185	0.51	Biddeford	1,001	1.55
Lewiston	175	0.48	Buxton	955	1.48
Augusta	173	0.48	Gray	749	1.16
Auburn	167	0.46	Old Orchard Beach	731	1.13
Bath	144	0.40	Freeport	685	1.06
New Gloucester	104	0.29	New Gloucester	682	1.06
Topsham	97	0.27	North Yarmouth	578	0.90
Boston	93	0.26	Brunswick	569	0.88
Kennebunk	82	0.23	Kennebunk	546	0.85
Hollis	60	0.17	Raymond	508	0.79
Washington DC	47	0.13	Lewiston	490	0.76
Providence	45	0.12	Topsham	479	0.74
Belfast	43	0.12	Casco	477	0.74
All other	1,360	3.75	All Other	8,876	13.76
<b>City's Workers</b>	<b>36,278</b>	<b>100.00%</b>	<b>City's Workforce</b>	<b>64,490</b>	<b>100.00%</b>

SOURCE: State of Maine, Department of Labor, Labor Market Information Services; U.S. Department of Commerce, Bureau of Census, 2010 Census.

## CITY FINANCES

### BUDGETARY PROCESS

Article VII of the City’s Charter provides for a budget process. The fiscal year (or “budget year”) of the City begins on the first day of July and ends on the thirtieth day of June of the following year. The Charter provides that the City Manager submit a budget to the Council not later than two months before the end of the fiscal year. An accurate summary of the budget is available upon submission. The Council holds a public hearing before its subsequent final passage of the appropriation resolve (“Appropriation Resolve” or “Resolve”). The Charter further provides that the annual Appropriation Resolve for the next fiscal year be on or before the last day of the twelfth month of the fiscal year currently ending. If the Council fails to adopt said Resolve by this date, the Charter directs the City Council to make appropriation for current departmental expenses, chargeable to the appropriation for the year, when passed, to an amount sufficient to cover the necessary expenses of the various departments until the annual Appropriation Resolve is in force. If the Appropriation Resolve establishes a property tax levy that exceeds the Property Tax Levy Limit, then the excess of the appropriation must be approved in a separate article by a majority of the entire City Council (i.e., a “super majority”). The Property Tax Levy Limit of one year may not exceed the Property Tax Levy Limit from the prior year by more than a specified Growth Limitation Factor (see “THE BONDS – SOURCE OF PAYMENT AND REMEDIES - Limitation on Municipal Property Tax” herein). The school budget is voted on by the School Board, then presented to the City Council at a Budget Meeting and is then subject to referendum by the voters of the City through a Budget Validation process. Upon adoption of the budget, a property tax levy is then established by the City Assessor. The following table sets forth the City’s General Fund’s budgets for the City for the last four and the current fiscal year:

**General Fund Budgets for Fiscal Year Ending June 30,**

	2013	2014	2015	2016	2017
<b>Revenues</b>					
Taxes	\$149,334,402	\$154,672,573	\$161,231,190	\$167,874,125	\$173,703,897
Licenses and Permits	3,245,982	3,524,241	3,745,774	4,140,154	4,697,826
Fines, Forfeits and Penalties	2,142,550	2,167,631	2,061,475	2,003,005	2,294,100
Use of Money and Property	6,863,290	7,538,222	7,877,882	8,101,192	8,797,326
Intergovernmental	15,173,562	14,415,684	15,169,850	10,296,263	10,048,308
Current Services	28,185,974	31,858,933	32,101,715	33,986,683	36,128,810
School	18,378,799	20,093,867	23,873,658	24,288,446	22,521,508
Other	8,158,389	8,173,881	7,110,657	6,932,611	7,883,970
Interdepartmental	20,980,289	21,598,692	22,863,396	21,688,132	23,099,024
Fund Balance	671,490	772,000	985,000	915,000	750,000
Transfers from (to) Other Funds	0	791,134	927,545	1,075,567	0
<b>Total Revenues</b>	<b>253,134,727</b>	<b>265,606,858</b>	<b>277,948,142</b>	<b>281,301,178</b>	<b>289,874,769</b>
<b>Expenditures</b>					
General Government	20,600,170	21,972,596	23,482,808	24,410,249	29,913,064
Public Safety	29,663,819	29,912,682	31,126,321	31,146,100	32,525,536
Public Works	16,277,356	16,916,779	16,331,323	15,906,948	14,322,049
Health and Social Services	29,463,105	32,293,099	32,518,049	31,662,573	31,651,129
Public Library	3,372,302	3,470,449	3,591,915	3,681,713	3,825,000
Education	90,632,651	94,796,868	101,592,669	102,776,657	103,602,884
Pension and Insurance	23,002,264	24,146,490	25,098,797	26,118,181	28,000,731
Other	8,352,824	8,692,123	9,037,557	9,928,907	8,710,807
Debt Service	31,770,236	33,405,772	35,168,703	35,669,850	37,323,569
<b>Total Expenditures</b>	<b>\$253,134,727</b>	<b>\$265,606,858</b>	<b>\$277,948,142</b>	<b>\$281,301,178</b>	<b>\$289,874,769</b>

## PROPERTY TAX LEVY LIMIT

As previously discussed, unless the City follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended the City is limited to an increase in the City's property tax levy from one year to the next to an amount not more than its Property Tax Levy Limit (see "THE BONDS - SOURCE OF PAYMENT AND REMEDIES - Limitation on Municipal Property Tax Levy" herein). The Property Tax Levy Limit for subsequent fiscal years is the Property Tax Levy Limit for the preceding year multiplied by the Growth Limitation Factor. Therefore, in cases where the amount of the prior year's Property Tax Levy Limit exceeds the amount of the City's actual property tax levy ("Property Tax Levy"), the City may carry-forward that difference in establishing its future years' Property Tax Levy. The following table displays the City's limitation on Property Tax Levy:

Fiscal year:	<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>
State Personal Income Factor:	1.43%	1.05%	1.09%	0.86%	2.67%
City Property Growth Factor:	<u>0.35%</u>	<u>1.39%</u>	<u>1.02%</u>	<u>1.01%</u>	<u>1.55%</u>
Growth Limitation Factor:	1.78%	2.44%	2.45%	1.87%	4.22%
Property Tax Levy Limit:	\$66,064,136	\$68,799,475	\$72,214,652	\$74,591,826	\$77,739,601
Property Tax Levy:	<u>60,523,210</u>	<u>61,965,988</u>	<u>64,883,948</u>	<u>71,508,217</u>	<u>73,237,040</u>
Over/(below) Property Tax Levy Limit:	(\$5,540,926)	(\$6,833,487)	(\$7,330,704)	(\$3,083,609)	(\$4,502,561)

## CAPITAL IMPROVEMENT PROGRAM

Article VI, Section 6(i) of the City's Charter requires the City Manager to prepare a one year plan of specific projects and costs; and a two to five year plan of specific projects, costs and proposed funding sources for its capital improvement plan ("CIP"). The City's CIP and Comprehensive Plan, which includes an inventory of possible capital projects some of which may ultimately be included in its CIP, are an indication of projects which may be financed through the issuance of indebtedness. A link to the City's current CIP is available at <http://portlandmaine.gov/DocumentCenter/Home/View/5817>. The issuance of debt, however, is subject to the review and approval of the City Council and, above a certain threshold, by voter referendum approval (see "INDEBTEDNESS – LIMITATION AND EXCLUSIONS – City Debt Referendum Requirement" herein).

In addition, the Portland Public Art Program was established in 2000 in order to preserve, enhance and expand the City's public art collection and, similarly, in 2003 a Landbank Program was established to provide for and preserve green space areas through the City. The City's policy is to add an amount of 0.5%, per program, of non-CSO general obligation debt (with an adjustment to round to issuable increments) to each financing to provide funds to finance the programs.

## INVESTMENT POLICY

The City adopted and has followed a formal Investment Policy since January 5, 1995. Pursuant to the Investment Policy, and under applicable Maine law [Title 30-A, Section 5706 et seq. of the Maine Revised Statutes, as amended (the "Act")], all investments of the City must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. Under the Act, the City's investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The City is not invested in any obligations typically referred to as derivatives,

meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

## FUND BALANCE POLICY

Pursuant to Governmental Accounting Standards Board (“GASB”) recently promulgated Statement 54 (“GASB 54”) on October 6, 2011 the City Council repealed all previous Fund Balance Policies (initially adopted on June 13, 2002; revised on February 26, 2009) and replaced the General Fund Balance Policy with a General Fund – Fund Balance Policy. The purpose of the policy is to establish a target level of fund balance for the General Fund and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. The policy also establishes a process for reaching and maintaining the targeted level of unassigned fund balance, and the priority for the use of amounts in excess of the target. Finally, the policy provides a mechanism for monitoring and reporting the City’s General Fund balance. The policy applies only to the General Fund and the goal of the City is to achieve and maintain unassigned fund balance at 12.5% of General Fund expenditures measured on a Generally Accepted Accounting Principles (“GAAP”) basis. It is an unassigned General Fund balance equal to 12.5% of expenditures.

Pursuant to Maine Statue, related to establishing reserves, any audited increase in unassigned General Fund balance from one fiscal year to the next will cause 25% to be transferred to a Tax Rate Stabilization account. Statue allows this type of account to, “...be applied in periods of financial emergency to assist in continuing its normal operation without increasing the tax rate.” Balances in the Tax Rate Stabilization account are included in the calculation of the 12.5% goal. The following table displays fund balance results over the last five fiscal years under its policy:

	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Assigned and Unassigned General Fund Balance	\$35,660,493	\$39,893,264	\$39,903,452	\$39,132,014	\$42,088,398
Next Year’s Budgeted Expenditures <sup>(1)</sup>	253,134,727	265,606,858	277,948,142	281,301,178	289,874,769
Fund Bal as % Expenditures	14.09%	15.02%	14.36%	13.91%	14.52%

### Fund Balance as % Total General Fund Revenues

	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Assigned and Unassigned General Fund Balance	\$35,660,493	\$39,893,264	\$39,903,452	\$39,132,014	\$42,088,398
Total Revenues (Current Year)	226,654,713	235,280,696	238,968,115	246,791,742	263,190,831
Fund Bal as % Revenues	15.73%	16.96%	16.70%	15.86%	15.99%
Unassigned General Fund Balance	\$29,711,223	\$33,107,652	\$34,414,158	\$33,642,720	\$36,599,104
Total Revenues (Current Year)	226,654,713	235,280,696	238,968,115	246,791,742	263,190,831
Fund Bal as % Revenues	13.11%	14.07%	14.40%	13.63%	13.91%

NOTE: <sup>(1)</sup> Ratios correspond to City’s prior Fund Balance Policy.

## FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Article VII, Section 1 of the City's Charter provide for independent annual audits of the City's accounts and establishes procedures for such audits. The City, in conformance with this statute and its Charter currently engages the services of Runyon Kersteen Ouellette, Certified Public Accountants ("RKO"). The City's fiscal year 2016 Annual Report, audited by RKO, is presented as APPENDIX A to this Official Statement. The City has not requested the consent of RKO for the incorporation of the Financial Statements included in APPENDIX A, nor has it been received. For the twenty-third consecutive year the Government Finance Officers Association (the "GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2015.

## FUNDS

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenues and expenditures/expenses. The various funds and fund types are summarized by type in the financial statements.

The City reports the following major **Governmental Funds**: The *General Fund* is the primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund. The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds. *Capital Project Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The City reports the following major **Proprietary Funds**: The *Jetport Fund* accounts for the operation of the local airport, which serves the southwestern part of the State; its revenue produced primarily through contracts and leases and is one of the largest (by passenger volume) facilities in Northern New England. The principal function of the *Sewer Fund* is to account for the sewer services provided to the City residents and business establishments. The Portland Water District owns and operates the filtration plant for which the Sewer Fund pays a monthly fee; the City owns and maintains the infrastructure sewer lines and is responsible for the costs of maintenance, improvements and expansion. All users of the system pay monthly or quarterly fees, based upon water volume, to support the expenditures of the fund. The *Fish Pier Authority Enterprise Fund*, a blended component unit, provides management services for the City's Fish Pier to make the provision of services to fishing vessels and the operation of the public fish auction possible. The operations of the Fish Pier Authority consist primarily of lease revenue and maintenance expenses. The *Portland Development Corporation*, a blended component unit, is a local development corporation organized by the City to implement and administer its economic development programs which operations consisting primarily of management of economic development loan programs and the acquisition, development and sale of real estate.

**Fiduciary Funds** account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's fiduciary funds include *Agency funds*, custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. The funds are used to account for assets that the City holds for others in an agency capacity.

**CITY OF PORTLAND**  
**COMPARATIVE BALANCE SHEET**  
**GENERAL FUND**  
**(As of June 30,)**

	2016	2015	2014	2013	2012
<b>ASSETS</b>					
Cash and equivalents	\$45,174,170	\$34,616,272	\$34,293,077	\$33,277,708	\$39,171,708
Investments	13,835,091	13,616,050	9,253,250	7,830,959	0
Taxes receivable	2,942,918	3,558,688	3,703,311	3,305,641	3,712,322
Accounts receivable	8,823,946	9,601,379	16,230,561	13,425,395	15,351,365
Allowance for uncollectible	(1,483,389)	(1,369,055)	(1,360,528)	(1,487,839)	(1,699,295)
Due from other governments	1,176,000	2,808,084	1,292,562	4,221,838	926,643
Due from other funds	399,940	190,628	225,941	1,773,554	518,557
Inventories	694,363	682,725	593,892	590,760	705,753
Other	11,623	0	0		186,304
<b>TOTAL ASSETS</b>	<b>71,574,662</b>	<b>63,704,771</b>	<b>\$64,232,066</b>	<b>62,938,016</b>	<b>58,873,357</b>
<b>LIABILITIES</b>					
Accounts payable	3,463,027	3,404,591	3,233,572	2,711,759	3,630,891
Accrued liabilities	13,584,110	13,626,614	13,760,982	12,555,179	12,341,659
Due to other governments	0	0	0	0	0
Claims and judgments	1,978,642	1,339,960	1,081,510	1,285,900	0
Unearned revenue	75,934	89,836	39,242	0	0
Accrued self-insurance	0	0	0	59,370	1,017,830
<b>TOTAL LIABILITIES</b>	<b>19,101,713</b>	<b>18,461,001</b>	<b>18,115,306</b>	<b>16,612,208</b>	<b>16,990,380</b>
<b>DEFERRED INFLOWS</b>					
Deferred revenue	3,183,348	3,353,774	3,474,159	3,308,866	3,343,882
<b>TOTAL DEFERRED INFLOWS</b>	<b>3,183,348</b>	<b>3,353,774</b>	<b>3,474,159</b>	<b>3,308,866</b>	<b>3,343,882</b>
<b>FUND BALANCE</b>					
Non-spendable	705,986	682,725	593,892	590,760	705,753
Restricted	0	0	0	0	0
Committed	6,495,217	2,075,257	2,145,257	2,532,918	2,172,849
Assigned	5,489,294	5,489,294	5,489,294	6,785,612	5,949,270
Unassigned	36,599,104	33,642,720	34,414,158	33,107,652	29,711,223
<b>TOTAL FUND BALANCE</b>	<b>49,289,601</b>	<b>41,889,996</b>	<b>42,642,601</b>	<b>43,016,942</b>	<b>38,539,095</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$71,574,662</b>	<b>\$63,704,771</b>	<b>\$64,232,066</b>	<b>\$62,938,016</b>	<b>\$58,873,357</b>

Prepared from Audited Financial Statements

NOTE: The City's GASB 34 compliant Statement of Net Assets is included as Exhibit 1 in "APPENDIX A" herein



**CITY OF PORTLAND**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**(For the Years Ended June 30,)**

	2016	2015	2014	2013	2012
<b>REVENUES</b>					
Property taxes	\$157,149,247	\$149,896,396	\$142,246,057	\$139,453,055	\$134,983,479
Excise taxes	11,308,231	10,377,614	9,875,683	9,787,482	9,190,158
Licenses and permits	5,226,790	3,076,521	3,615,083	3,678,861	2,910,539
Fines, forfeits and penalties	2,214,154	2,376,871	1,994,553	2,157,389	2,212,750
Uses of money and property	9,020,489	7,932,872	7,345,095	6,874,741	6,866,758
Intergovernmental	40,916,334	36,465,836	40,717,320	40,090,689	39,348,676
Current services	34,825,013	36,279,469	33,049,505	33,171,857	31,066,886
Other	2,530,573	386,163	124,819	66,622	75,467
<b>TOTAL REVENUES</b>	<b>263,190,831</b>	<b>246,791,742</b>	<b>238,968,115</b>	<b>235,280,696</b>	<b>226,654,713</b>
<b>EXPENDITURES</b>					
General government	23,044,603	21,249,760	19,434,584	16,673,377	16,462,394
Public safety	29,101,706	28,010,263	26,776,074	26,927,875	25,844,683
Public services	13,071,885	16,198,939	15,968,412	15,285,811	14,513,899
Health and social services	27,092,283	27,130,826	26,987,999	25,938,479	23,766,272
Public library	3,681,713	3,591,915	3,470,449	3,372,302	3,299,737
Education	98,688,243	94,737,867	94,331,531	90,715,291	88,378,324
Pension and insurance	25,448,341	21,384,277	19,647,417	18,465,744	17,984,982
Other	8,362,435	8,005,779	7,782,652	8,264,462	7,438,913
Capital outlay	366,560	179,897	641,511	1,149,390	1,991,881
<b>TOTAL EXPENDITURES</b>	<b>228,857,769</b>	<b>220,489,523</b>	<b>215,040,629</b>	<b>206,792,731</b>	<b>199,681,085</b>
<b>EXCESS (DEFICIENCY) OF OPERATING REVENUES</b>	<b>34,333,062</b>	<b>26,302,219</b>	<b>23,927,486</b>	<b>28,487,965</b>	<b>26,973,628</b>
<b>OTHER SOURCES (USES)</b>					
Capital leases	0	19,525	0	201,926	216,142
Transfer in	5,090,839	957,632	2,719,568	1,088,307	1,013,402
Transfer out <sup>(1)</sup>	(32,024,296)	(27,927,306)	(27,021,395)	(25,300,351)	(25,082,054)
	(26,933,457)	(26,950,149)	(24,301,827)	(24,010,118)	(23,852,510)
<b>EXCESS (DEFICIENCY) REVENUES/ EARNINGS OVER EXPENDITURES/OTHER USES</b>	<b>7,399,605</b>	<b>(647,930)</b>	<b>(374,341)</b>	<b>4,477,847</b>	<b>3,121,118</b>
<b>BEGINNING FUND BALANCE</b>	<b>41,889,996</b>	<b>42,537,926</b>	<b>43,016,942</b>	<b>38,539,095</b>	<b>35,417,977</b>
<b>ENDING FUND BALANCE</b>	<b>\$49,289,601</b>	<b>\$41,889,996</b>	<b>\$42,642,601</b>	<b>\$43,016,942</b>	<b>\$38,539,095</b>

Prepared from Audited Financial Statements

NOTES: The City's GASB 34 compliant Statement of Activities is included as Exhibit 2 in "APPENDIX A" herein

<sup>(1)</sup>The primary use of "Transfers out" is for "Current years' debt service".

## **PROPERTY TAXATION**

The principal tax of the City is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The City's Tax Collector receives the tax commitment from the City Assessor, with assessed values as of April 1 of each year, after which time the tax bills are due in two installments. For fiscal 2016/2017 due dates are September 9, 2016 and March 10, 2017. All taxes paid after the due dates are subject to interest established under Title 39, Section 186 of the Maine Revised Statutes, as amended, currently at the rate of 7.0% per annum.

### **Real Estate Taxes**

Collection of real estate taxes is ordinarily enforced in the City by the "tax lien" procedure as provided in the Maine Revised Statutes, as amended, to the collection of delinquent real estate taxes. Real estate tax liens are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the City.

### **Business Personal Property Taxes**

Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended, provides for an eligible business equipment tax exemption ("BETE" or the "BETE Act") for certain types of tangible business personal property subject to an allowance for depreciation and some specialty types of real property improvements. The exemption does not apply to: office furniture; lamps and lighting fixtures used to provide general purpose office or worker lighting; property owned or used by public utilities and persons providing certain television/telecommunications services; telecommunications personal property subject to the tax imposed by Section 457 of Title 36; gambling machines or devices and associated equipment; property located at a retail sales facility unless such facility is more than 100,000 square feet in size and owned by a business whose Maine-based operations derive less than 30% of their total annual revenue from sales in the State; and certain energy and pollution control facilities.

Pursuant to the BETE Act, the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption through one of two formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town's tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".

For the purposes of identifying the municipality's valuation for determining the local property tax rate, the value of all property made exempt by the BETE Act in the municipality must be considered part of that municipality's local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district. The following table identifies the value of the property subject to BETE reimbursement:

<u>Calendar Year</u>	<u>BETE Exempt Value</u>
2016	\$159,589,870
2015	143,612,290
2014	169,128,040
2013	118,578,530
2012	98,433,580

The value of all property made exempt by the BETE Act in the City will also be considered part of that municipality's equalized State Valuation to the extent the City is being reimbursed for its lost property taxes by the state with an additional adjustment for property in a tax increment financing district. The law provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State's General Fund, rather than as an annual General Fund appropriation.

#### **LARGEST TAXPAYERS**

<b>Taxpayer</b>	<b>Business</b>	<b>as of April 1, 2016</b>				
		<b>Personal Property</b>	<b>Real Estate</b>	<b>Total Valuation</b>	<b>Property Tax</b>	<b>% of Levy</b>
UNUM	Insurance	\$11,029,210	\$135,985,200	\$147,014,410	\$3,103,474	1.90%
Iberdrola USA (formerly CMP)	Utility	1,973,970	97,216,290	99,190,260	2,093,906	1.30
Cow Plaza I LLC	Real Estate	1,177,720	72,016,190	73,193,910	1,545,123	1.00
JB Brown & Sons	Real Estate	1,568,190	57,979,370	59,547,560	1,257,049	0.80
Northern Utilities Inc	Utility	3,181,460	74,454,300	77,635,760	1,638,891	1.00
North River IV LLC	Real Estate	0	49,576,200	49,576,200	1,046,554	0.60
Olympia Equity Co's	Real Estate	1,973,380	40,712,000	42,685,380	901,088	0.60
RB Portland (Eastland)	Hospitality	4,433,010	30,770,300	35,203,310	743,142	0.50
One City Center Assoc LLC	Real Estate	10,400	35,654,700	35,655,100	752,890	0.50
Atlantic Bayside	Real Estate	0	34,245,800	34,245,800	722,929	<u>0.40</u>
<b>Total Top 10</b>						<b>8.60%</b>

## TAX LEVY AND COLLECTIONS

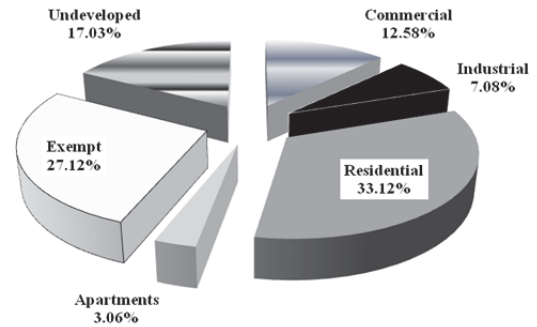
Fiscal Yr. End June 30,	Equalized State Valuation (000)	Local Assessed Valuation (000)	Tax Rate (000)	Tax Levy (000)	Collections (after Supplements and Abatements)		
					Year End (000)	% of Levy	% of Levy A/O 06/30/16
2017	\$8,501,550	\$7,839,472	\$21.11	\$162,368	---- In Process ----		
2016	7,996,350	7,691,357	20.63	158,673	\$156,930	98.90%	98.90%
2015	7,707,200	7,599,563	20.00	151,991	149,990	98.68	99.50
2014	7,551,450	7,495,433	19.41	145,486	143,468	98.61	99.87
2013	7,552,150	7,489,883	18.82	140,960	139,222	98.77	99.91
2012	7,659,250	7,446,064	18.28	136,114	133,769	98.28	99.94
2011	7,909,900	7,439,891	17.92	133,323	131,073	98.31	99.96
2010	8,196,900	7,440,547	17.74	131,995	129,556	98.15	99.95
2009	8,283,450	7,420,000	17.74	131,436	128,875	98.05	99.97
2008	8,289,850	7,351,057	17.10	125,703	123,694	98.40	99.97
2007	7,653,400	7,274,022	16.31	118,106	117,003	98.62	99.98

## CURRENT TAX BASE, TAX BASE GROWTH AND ZONING

### Land Area, by Sector of Tax Base

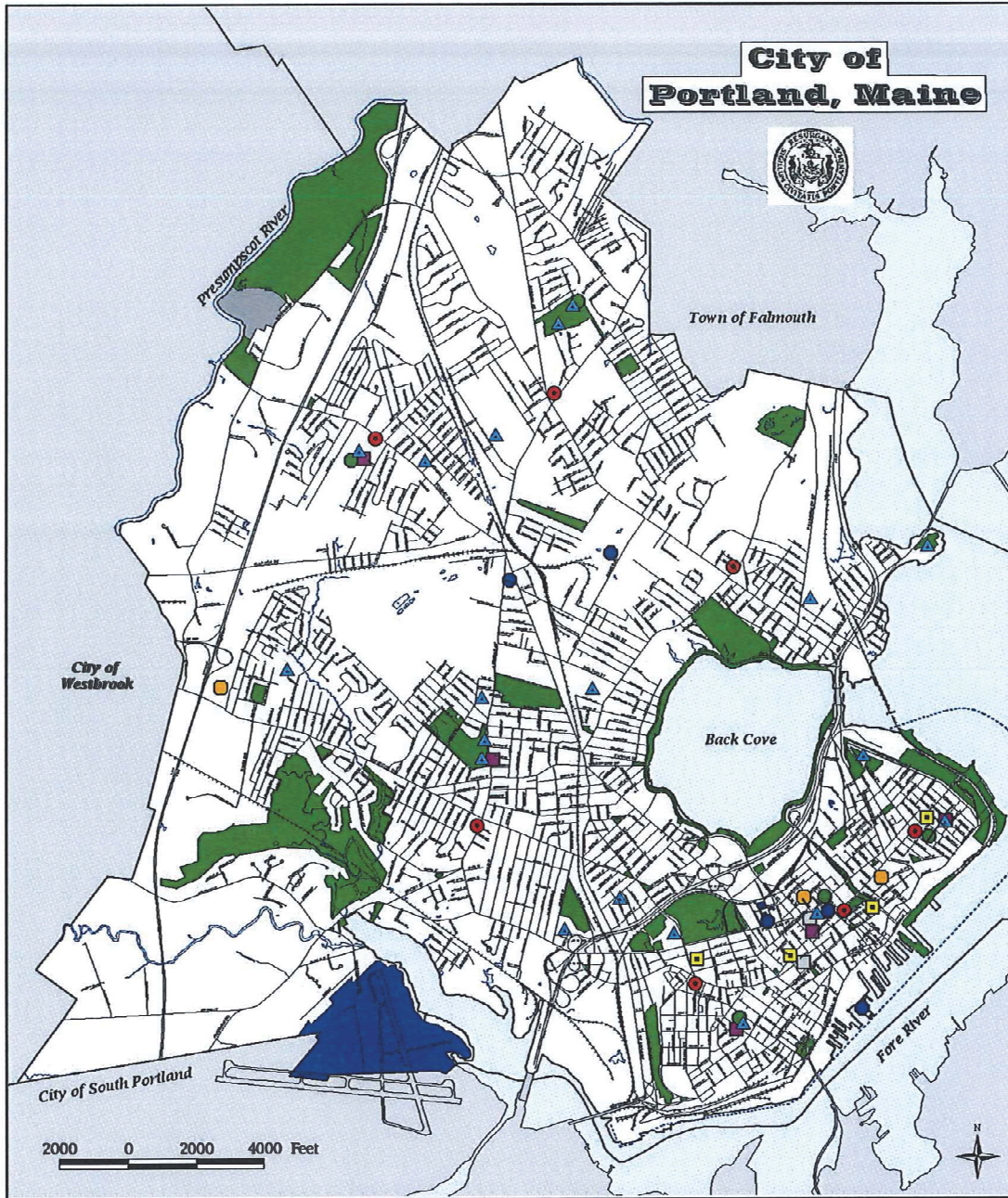
#### By Land Area (acres)

Commercial	1,563
Industrial	880
Residential	4,114
Apartments	380
Exempt	3,369
Undeveloped	<u>2,116</u>
<b>Total Acreage</b>	<b>12,422</b>

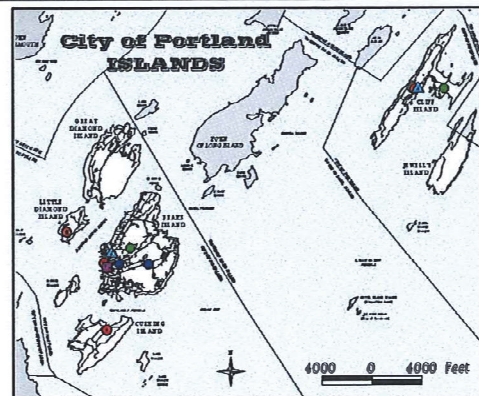


### Components of Tax Base (in five-year increments)

	2005			2010			2015	
	Value (\$)	% Total		Value (\$)	% Total		Value (\$)	% Total
Commercial	\$1,388,772,790	33.06%		\$2,749,351,948	36.91%		\$2,631,716,280	34.63%
Industrial	314,597,460	7.49%		307,470,260	4.13%		245,759,940	3.23%
Residential	1,963,843,380	46.74%		3,890,500,992	52.22%		4,316,214,330	56.80%
Other	<u>534,183,190</u>	<u>12.71%</u>		<u>502,305,620</u>	<u>6.74%</u>		<u>405,872,110</u>	<u>5.34%</u>
Assessed Value	\$4,201,396,820	100.00%		\$7,449,628,820	100.00%		\$7,599,562,660	100.00%



## City of Portland





## **TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS**

Chapter 206 and former 207 (now repealed) of Title 30-A of the Maine Revised Statutes, as amended, enables a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing (“TIF”) district or an affordable housing development district (a “housing district”) and adopts a development program (the “Development Program”) stating the means and objectives for the development of that district. The municipality may designate, or “capture”, all or a portion of the increase in assessed value resulting from development within the district and dedicates the increased property taxes it receives in future years generated by the “captured” assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of all TIF districts and the aggregate original assessed value of all housing districts within the municipality as of the April 1<sup>st</sup> preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing districts, approves the designation of any such district each cannot exceed 5% of the municipality’s total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality’s total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within certain grandfathered Pine Tree Development Zones or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, section 3403, subsection 3 of the Maine Revised Statutes, as amended.

The increase in assessed value captured by the municipality is excluded from the municipality’s equalized just value for each year’s State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating that municipality’s share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended. The City has designated various tax increment financing districts and may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the City’s comprehensive plan for economic development, which includes tax increment financing as one of its aspects. In no event will the City’s districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

## **REVENUES FROM THE STATE**

The State provides revenue to the City in a number of areas including education and road maintenance, reimbursement for general assistance, homestead exemption and BETE and revenue sharing. The amount of revenue in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State disbursements are governed by laws that may be changed by the State Legislature are subject to appropriation by the State Legislature in its budgetary process.

The State subsidizes most local school administrative units through the Essential Programs and Services (“EPS”) model of calculating and distributing state education aid. EPS utilizes a number of factors that

are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for school administrative units are an annual item in the State's budgetary process and are subject to legislative appropriation in that process. The following table displays revenue received by the City from the State for the last five audited fiscal periods. Revenues received by the City from the State in future years could, however, be less than any of the amounts set forth in the following table.

<b>Fiscal Yr. End June 30,</b>	<b>State Revenue Sharing</b>	<b>State School Subsidy</b>	<b>General Assistance</b>	<b>Other State</b>	<b>Total From State</b>
2016	\$4,141,164	\$23,845,912	\$5,023,640	\$3,030,458	\$36,041,174
2015	4,072,747	22,276,858	3,436,532	3,243,157	33,029,294
2014	4,313,430	23,482,573	8,118,080	4,165,156	40,079,239
2013	6,276,939	23,877,565	6,179,971	4,348,946	40,683,421
2012	6,153,216	24,956,535	6,259,078	5,690,895	43,059,724

## **INDEBTEDNESS**

### **LIMITATIONS AND EXCLUSIONS**

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, "No municipality shall incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set."

Title 30-A, Section 5703 of the Maine Revised Statutes, as amended, provides that the limitations on municipal debt contained in Section 5702 do not apply "... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under Chapter 235 and Title 10, chapter 110, subchapter IV, obligations payable from revenues of the current municipal year or from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt."

The City's 2017 equalized state valuation ("equalized State Valuation") is \$8,501,550,000. The 15% debt limit is \$1,275,232,500. As of June 30, 2016 the City's total long-term general obligation debt outstanding was \$295,375,695 or 3.47% of its 2017 equalized State Valuation.

### **City Debt Referendum Requirement**

Section 16(a) of the City's Charter requires referendum voter approval for general obligation borrowing issued for any single capital improvement or item of capital equipment of value in excess of five one-hundredths of 1% of the City's last certified State Equalized Valuation (e.g., 0.05% of \$8,501,550,000,

the City's 2017 State Equalized Valuation, is \$4,250,775). Section 16(a) also requires referendum voter approval for City Council action that obligate City's taxes over a term of greater than one year for any single capital improvement or item of capital equipment of value in excess of seven and one-half one-hundredths of 1% of the City's last certified State Equalized Valuation (e.g., 0.05% of \$8,501,550,000, the City's 2017 State Equalized Valuation, is \$6,376,162.50).

Section 16(b) provides that the provisions of this section are not be applicable to any order or resolve authorizing (i) the refunding of any securities or other obligations of the City; (ii) the issuance of general obligation securities, or other direct or indirect obligations, of the City for streets, sidewalks, or storm or sanitary sewers; or (iii) any construction or financing of improvements or equipment needed as a result of fire, flood, disaster or other declared emergency. For purposes of this section, the City Council may, by vote of at least seven (7) of its members, adopt emergency orders or resolves authorizing construction or financing of improvements or equipment needed as a result of fire, flood, disaster or other emergency and such orders or resolves shall contain a section in which the City of Portland Charter Code of Ordinances Article VII Rev. 7-1-11 emergency is set forth and defined; provided, however, that the declaration of such emergency by the City Council is conclusive.

### **Debt Management Policy**

On October 6, 2011 the City Council instituted a formal Debt Management Policy for use in guiding financing decisions and to manage debt levels by evaluating the need for capital investment against the capacity to pay for financing to meet the needs of the City. The Debt Management Policy replaced the City's *Resolution Limiting City Long-Term Debt*, established and followed since January 2002. The primary focus of the policy is to measure debt secured by the full faith and credit of the City for which such debt service is supported with the goal being to equip the City Council, administration and taxpayers with guidelines and information that can inform good decisions on borrowing money to accomplish the fiscal and operational mission of the City. The City's CIP includes projections for replacement of assets as well as anticipating investment in new assets that may be needed and is updated periodically to reflect additions, deletions and other changes in assets or circumstances.

Borrowing capacity is evaluated first by the Governing Principles, and then using a number of factors, specifically:

- *Demand*, measured by the needs presented by the Capital Plan;
- *Capacity*, evaluated by annual debt service levels, market conditions, economic conditions and opportunities of low interest financing programs, debt service reimbursement, grant opportunities or other situations beneficial to the City;
- *Affordability* as to the fiscal impact including budgetary impact and tax impact;
- *Term*, the length of payback period;
- *Payment Structure* where payments are primarily with level principal and declining interest over the life of the debt, except where level debt service payments offer economic benefit, such as for rate stabilization; and
- *Refundings* to pay off prior outstanding debt where the net savings, after costs of issuance, is estimated to be at least \$50,000 annually for the new financing.



## DEBT SUMMARY

Issued Date	Amount Issued (\$/000)	Final Date	Balance A/O June 30, 2016			Projected, June 30, 2017	
			General Fund	Enterprise Funds	Total Debt	Scheduled Payments	Balance Due
9/16/2006	625.7 <sup>(1)</sup>	12/1/2006	43,801	-	43,801	(43,801)	0
6/1/2007	25,465.0	6/1/2027	686,658	283,342	970,000	(970,000)	0
5/1/2009	13,220.0	5/1/2029	5,368,952	351,048	5,720,000	(840,000)	4,880,000
6/15/2009	11,135 <sup>(2a)</sup>	4/1/2029	-	7,237,750	7,237,750	(556,750)	6,681,000
6/15/2009	3,000 <sup>(3)</sup>	4/1/2029	-	1,243,295	1,243,295	(95,638)	1,147,657
7/15/2009	17,935.0	9/1/2018	2,053,520	1,176,479	3,229,999	(1,290,000)	1,939,999
11/1/2009	14,217.0	10/1/2029	9,940,000	-	9,940,000	(710,000)	9,230,000
3/1/2010	18,912.0	9/1/2030	9,764,912	1,090,088	10,855,000	(1,350,000)	9,505,000
11/9/2010	11,100 <sup>(2b)</sup>	10/1/2030	-	8,325,000	8,325,000	(555,000)	7,770,000
12/1/2010	13,900.0	9/1/2031	9,927,384	552,615	10,479,999	(835,000)	9,644,999
5/2/2011	7,769.5 <sup>(2c)</sup>	4/1/2031	-	5,464,851	5,464,851	(364,323)	5,100,528
9/1/2011	19,940.0	8/1/2024	4,152,890	7,207,110	11,360,000	(1,830,000)	9,530,000
12/18/2011	7,295.0	10/1/2031	-	5,796,000	5,796,000	(362,250)	5,433,750
2/1/2012	11,494.0	2/1/2027	7,973,000	242,000	8,215,000	(820,000)	7,395,000
2/1/2013	15,418.0	2/1/2033	11,072,074	1,317,926	12,390,000	(1,010,000)	11,380,000
4/15/2013	14,300.0	4/1/2033	-	12,155,000	12,155,000	(715,000)	11,440,000
2/1/2014	20,118.0	11/1/2033	14,345,467	2,264,533	16,610,000	(1,760,000)	14,850,000
2/12/2015	20,431.0	11/1/2034	16,431,310	2,448,690	18,880,000	(1,550,000)	17,330,000
12/1/2015	6,800.0	12/1/2045	-	6,800,000	6,800,000	(226,667)	6,573,333
3/17/2016	33,385.0	4/1/2036	25,184,059	8,200,941	33,385,000	(2,005,000)	31,380,000
<b>Before POBs</b>			116,944,027	72,156,668	189,100,695	(17,889,429)	171,211,266
7/19/2001	111,800 <sup>(4)</sup>	6/1/2026	106,275,000	0	106,275,000	(3,390,000)	102,885,000
<b>Sub-totals</b>			223,219,027	72,156,668	295,375,695	(21,279,429)	274,096,266
3/15/2017	14,514.0	4/1/2037					14,514,000
<b>Totals</b>			<b>\$223,219,027</b>	<b>\$72,156,668</b>	<b>\$295,375,695</b>	<b>(\$21,279,429)</b>	<b>\$288,610,266</b>

NOTES: <sup>(1)</sup> A portion of funds for the respective School Projects were obtained from the School Revolving Renovation Fund (the "SRRF") administered through the Maine Municipal Bond Bank ("MMBB"). The SRRF loans are without interest, with a portion of the principal balance being forgiven to be repaid in ten equal installments with 30% balance forgiven, \$43,801.30 to be repaid.

<sup>(2a)</sup> Represents a 0% interest loan through 2011 and 1.0% thereafter, through the State Clean Water Revolving Loan Fund Program (the "CWSRF") administered jointly by MMBB and the State of Maine, acting by and through its Department of Environmental Protection (the "DEP") to provide funds to finance 2008 CSO projects; <sup>(2b)</sup> Represents a 3% interest loan through 2012 and 1.0% thereafter, through the CWSRF to provide funds to finance 2009 CSO projects; <sup>(2c)</sup> Represents a 0% interest loan through 2013 and 1.0% thereafter, through the CWSRF to provide funds to finance 2011 CSO projects, with \$483,033 principal forgiven.

<sup>(3)</sup> Represents a \$3,000,000 grant and SRF loan with funds made available through the American Recovery and Reinvestment Act of 2009 of which \$1,087,238 of the principal balance is forgiven; with the \$1,912,762 principal balance (plus \$185,638 MMBB and DEP fees) repaid in 40 semi-annual payments at 0% interest.

<sup>(4)</sup> Effective July 1, 1995 the City joined the CPPLD, defined herein, and ceased to be an individual sponsor of PLD 2. The City's initial unfunded un-pooled actuarial liability ("IUUAL") was calculated on July 1, 1997. The IUUAL represents the amount of a PLD's unfunded actuarial liability as of the date it transitioned to the consolidated plan. The City's 2001 General Obligation Pension Bonds ("POBs") applied sufficient POB bond proceeds for the City to defease its IUUAL to the Maine State Retirement System.

**City of Portland, Maine  
General Obligation Bonds  
Projected Principal Payments by Issue**

Fiscal Yr. End June 30,	2001 POB	2007 SRRF	2007	2009 Sr A	2009 CWSRF	2009 ARRA	2009 Ref'd'g	2009 Sr B	2010 Sr A	2010 Sr B	2010 CWSRF	2010 Sr C	2010 Sr D	2011 CWSRF	2011 Ref'd'g	2011 CWSRF	2012 Sr A	2012 Sr B	2013	2013 CWSRF	2014	2015 Sr A	2015 Sr B	2015 CWSRF	2016	Sub- Total	2017	Total
2017	3,390	44	970	840	557	96	1,290	710	1,165	185	555	545	290	364	1,830	362	620	200	1,010	715	1,760	1,500	50	227	2,005	21,279	0	21,279
2018	4,515			840	557	96	1,270	710	1,165	185	555	570	290	364	1,810	362	615	200	1,010	715	1,105	1,500	50	227	2,435	21,146	969	22,115
2019	5,790			840	557	96	670	710	1,165	185	555	590	290	364	1,775	362	615	200	860	715	1,105	1,415	50	227	2,435	21,571	965	22,536
2020	7,230			320	557	96		710	1,160	185	555	615	290	364	1,760	362	615	200	860	715	855	1,415	50	227	2,375	21,516	965	22,481
2021	8,850			320	557	96		710	440	185	555	640	290	364	1,765	362	615	200	860	715	855	1,345	50	227	2,345	22,346	965	23,311
2022	10,675			320	557	96		710	300	185	555	660		364	1,770	362	615	200	860	715	855	1,345	50	227	2,340	23,761	965	24,726
2023	12,725			320	557	96		710	300	185	555	450		364	650	362	465	200	860	715	1,575	1,345	50	227	2,310	25,021	940	25,961
2024	15,025			320	557	96		710	300	185	555	465		364		362	465	200	610	715	1,575	1,345	50	227	2,305	26,431	940	27,371
2025	17,600			320	557	96		710	300	185	555	485		364		362	465	200	610	715	825	1,345	50	227	2,305	28,276	935	29,211
2026	20,475			320	557	96		710	300	185	555	505		364		362	465	200	610	715	680	895		227	2,305	30,526	935	31,461
2027				320	557	96		710	300	185	555	525		364		362	460	200	610	715	680	555		227	1,395	8,816	935	9,751
2028				320	557	96		710	300	185	555	550		364		362			610	715	680	555		227	985	7,771	500	8,271
2029				320	557	96		710	300	180	555	570		364		362			610	715	680	555		227	985	7,786	500	8,286
2030								710	300	180	555	595		364		362			610	715	680	555		227	980	6,833	500	7,333
2031									300	180	555	620		364		362			600	715	675	555		227	980	6,133	500	6,633
2032												645				362			600	715	675	555		227	980	4,759	500	5,259
2033																			600	715	675	550		227	980	3,747	500	4,247
2034																					675	550		227	980	2,432	500	2,932
2035																						550		227	980	1,757	500	2,257
2036																								227	980	1,207	500	1,707
2037																								227		227	500	727
2038																								227		227		227
2039																								227		227		227
2040																								227		227		227
2041																								227		227		227
2042																								227		227		227
2043																								227		227		227
2044																								227		227		227
2045																								227		227		227
2046																								227		227		227
Totals	106,275	44	2,350	5,720	7,238	1,243	3,230	9,940	8,095	2,760	8,325	9,030	1,450	5,465	11,360	5,796	6,015	2,200	12,390	12,155	16,610	18,430	450	6,800	33,385	295,376	14,514	309,890

## PROJECTED DEBT SERVICE

FY end June 30,	Prior Debt				Projected Debt			Projected Total Debt Service
	w/o POBs		POBs (Total D/S)	Total Prior	Pro Forma			
	Principal	Interest			Principal	Interest	Total	
2017	\$17,889,429	\$5,797,892	\$12,851,663	\$36,538,985	\$0	\$0	\$0	\$36,538,985
2018	16,630,628	5,063,692	13,674,852	\$35,369,172	969,000	613,616	1,582,616	36,951,788
2019	15,780,628	4,572,896	14,547,881	\$34,901,405	965,000	568,125	1,533,125	36,434,530
2020	14,285,628	4,110,438	15,472,397	\$33,868,464	965,000	519,875	1,484,875	35,353,339
2021	13,495,628	3,679,267	16,448,711	\$33,623,606	965,000	471,625	1,436,625	35,060,231
2022	13,085,628	3,236,959	17,485,795	\$33,808,382	965,000	423,375	1,388,375	35,196,757
2023	12,295,628	2,869,726	18,585,400	\$33,750,754	940,000	375,125	1,315,125	35,065,879
2024	11,405,628	2,474,043	19,752,493	\$33,632,164	940,000	351,625	1,291,625	34,923,789
2025	10,675,628	2,107,004	20,989,817	\$33,772,449	935,000	304,625	1,239,625	35,012,074
2026	10,050,628	1,785,709	22,297,889	\$34,134,227	935,000	257,875	1,192,875	35,327,102
2027	8,815,628	1,485,979		\$10,301,607	935,000	211,125	1,146,125	11,447,732
2028	7,770,628	1,253,412		\$9,024,040	500,000	164,375	664,375	9,688,415
2029	7,785,628	1,049,495		\$8,835,123	500,000	139,375	639,375	9,474,498
2030	6,833,240	809,261		\$7,642,501	500,000	124,375	624,375	8,266,876
2031	6,133,240	632,174		\$6,765,414	500,000	109,375	609,375	7,374,789
2032	4,758,917	436,687		\$5,195,604	500,000	94,375	594,375	5,789,979
2033	3,746,667	302,051		\$4,048,718	500,000	79,375	579,375	4,628,093
2034	2,431,667	165,846		\$2,597,512	500,000	64,375	564,375	3,161,887
2035	1,756,667	105,753		\$1,862,420	500,000	48,750	548,750	2,411,170
2036	1,206,667	65,723		\$1,272,390	500,000	33,125	533,125	1,805,515
2037	226,667	33,943		\$260,610	500,000	16,875	516,875	777,485
2038	226,667	31,563		\$258,230				258,230
2039	226,667	29,183		\$255,850				255,850
2040	226,667	26,803		\$253,470				253,470
2041	226,667	24,423		\$251,090				251,090
2042	226,667	22,043		\$248,710				248,710
2043	226,667	19,663		\$246,330				246,330
2044	226,667	17,283		\$243,950				243,950
2045	226,667	14,903		\$241,570				241,570
2046	226,667	12,523		\$239,190				239,190
TOTAL	\$189,100,697	\$42,236,342	\$172,106,898	\$403,443,937	\$14,514,000	\$4,971,366	\$19,485,366	\$422,929,303

## DEBT SERVICE COMPONENT OF OPERATING EXPENDITURES

	2012	2013	2014	2015	2016
Total Current Year Debt Service:	\$29,431,880	\$30,663,062	\$32,334,650	\$33,720,202	\$34,379,692
(less Subsidized School Debt):	(1,980,503)	(1,885,180)	(1,848,452)	(1,738,904)	(1,786,734)
(less POB Debt)	(9,392,984)	(10,006,236)	(10,655,995)	(11,346,996)	(12,075,335)
(less self-supporting Enterprise Debt):	(5,629,776)	(6,107,634)	(6,772,036)	(6,710,541)	(6,780,202)
Net Tax-backed Debt:	\$12,428,617	\$12,664,012	\$13,058,167	\$13,923,761	\$13,737,421
Budgeted Operating Expense:	\$248,422,062	\$256,749,524	\$269,085,351	\$277,948,142	\$281,301,178
Debt Service as % Oper. Expense:	5.00%	4.93%	4.85%	5.01%	4.88%

## DEBT RATIOS

Fiscal Yr. End June 30,	Pop	Equal. State Val. (000)	Assessed Valuation (000)	Total Bonded Debt	Gross Debt		Net of POBs	
					as % Eq. Val.	Per Capita	as % Eq. Val.	Per Capita
2016	66,881	\$7,996,350	\$7,996,350	\$295,375,695	3.69%	\$4,416.44	2.36%	2,827.42
2015	66,666	7,707,200	7,599,563	285,194,460	3.70	4,277.96	2.03	2,341.35
2014	66,318	7,551,450	7,495,433	288,976,222	3.83	4,357.43	2.37	2,695.59
2013	66,214	7,552,150	7,489,883	288,018,985	3.81	4,349.82	2.34	2,695.59
2012	66,279	7,659,250	7,446,064	274,611,746	3.59	4,143.27	2.13	2,673.66
2011	66,194	7,909,900	7,439,890	272,137,261	3.44	4,111.21	2.03	2,467.02
2010	63,008	8,196,900	7,449,629	258,290,983	3.15	4,099.34	1.79	2,431.30
2009	62,561	8,283,450	7,408,989	247,655,172	2.99	3,958.62	1.64	2,332.89
2008	62,561	8,289,850	7,654,632	235,893,212	2.85	3,770.61	1.50	2,177.96
2007	62,825	7,653,400	6,749,781	250,519,013	3.27	3,987.57	1.82	1,988.35

## DEBT RATIOS, BY FUND TYPE

FY. End June 30,	Debt			Debt as % Valuation			Debt Per Capita		
	General Fund	Ent'p Fund	Total Debt	General Fund	Ent'p Fund	Total Debt	General Fund	Ent'p Fund	Total Debt
2016	\$223,219,027	\$72,156,668	\$295,375,695	2.79%	0.90%	3.69%	\$3,338	\$1,079	\$4,416
2015	218,031,212	67,163,248	285,194,460	2.83	0.87	3.70	3,271	1,082	4,278
2014	218,970,921	70,005,301	288,976,222	2.90	0.93	3.83	3,302	1,056	4,357
2013	213,581,238	74,434,747	288,015,985	2.83	0.99	3.81	3,226	1,124	4,350
2012	211,168,886	63,442,860	274,611,746	2.76	0.83	3.59	3,186	957	4,143
2011	211,680,984	60,456,277	272,137,261	2.68	0.76	3.44	3,198	913	4,111
2010	212,338,893	45,952,090	258,290,983	2.59	0.56	3.15	3,370	729	4,099
2009	197,940,935	49,714,237	247,655,172	2.39	0.60	2.99	3,164	795	3,959
2008	196,781,346	39,111,866	235,893,212	2.37	0.47	2.85	3,145	625	3,771
2007	204,124,004	46,395,009	250,519,013	2.67	0.61	3.27	3,249	738	3,988

## OVERLAPPING DEBT

### County of Cumberland

The City is subject to an annual assessment of its proportional share of the County of Cumberland's expenses, including debt repayment, as determined by the percentage of the City's equalized State Valuation to the County's equalized State Valuation. As of January 1, 2017 the City's equalized State Valuation is \$8,501,550,000, or 20.17%, of the County's equalized State Valuation of \$42,139,850,000. The City's share is 20.17%, or \$7,209,397, of Cumberland County's \$35,735,000 (unaudited) long-term debt projected outstanding as of June 30, 2016.

### Greater Portland Transit District

The City, in conjunction with the City of Westbrook, participates in the Greater Portland Transit District ("GPTD"), a quasi-municipal entity incorporated June 24, 1966, which currently operates a public passenger bus service throughout the cities of Portland and Westbrook. The GPTD is managed by a Board of Directors selected by the elected officials of the member communities. Except for members' proportional share of bonds payable, which are repaid through member assessments, no member has any obligation or entitlement and the City's share of any residual interest has not been determined. At December 31, 2016 the GPTD had no long-term debt.

## **Portland Water District**

The City is also served by the Wastewater Division of the Portland Water District (the “PWD”), a wholly separate quasi-municipal entity whose operations are not part of the City, for treatment of its wastewater. The City owns and maintains the collector sewer lines and is responsible for the cost of their maintenance, improvements and expansion. The PWD owns and operates a sewer interceptor system, all pumping stations within the City and a treatment plant in the City for sewage delivered to the plant by the City, for which the City pays a monthly fee. The City is responsible for the entire debt service required to finance the PWD’s treatment plant (the “Wastewater System Debt”). All City users of the wastewater system pay monthly fees, based upon water volume, to support expenditures from the Enterprise Fund which are paid for these services. At June 30, 2016, the City was responsible for \$24,215,207 of its portion of PWD’s Wastewater System Debt.

## **CONTINGENT DEBT**

### **Portland Water District**

The Water Division of the PWD also provides water to the inhabitants of ten cities and towns within the Greater Portland Area (the “PWD Municipalities”), including the City. The Water Division’s debt is not a debt or obligation of the City. However, under Title 35-A, Section 6103 of the Maine Revised Statutes, as amended (the “Act”), and pursuant to an agreement with nine of the ten PWD Municipalities, (the “Section 6103 Members” - the exception being the Town of Standish) in compliance with Subsection 6 of the Act, the PWD possesses authority for taxation in the event of default in the payment of the indebtedness of the PWD incurred for water purposes (the “Water System Debt”). In the event of a default by PWD in the payment of the principal of, or interest on, its Water System Debt, the Trustees of the PWD have the authority to issue a warrant for payment of amounts necessary to cure the default to the assessors in each Section 6103 Member municipality within the PWD, including the City. Such assessment is allocated, pro-rata, to each Section 6103 Member municipality based upon 100% of its respective equalized State Valuation. At June 30, 2016, the City was responsible for 29.59%, or \$14,023,082, of the PWD’s \$47,391,288 (unaudited) Water System Debt.

### **ecomaine**

ecomaine (formerly Regional Waste Systems, Inc.), a Maine non-profit corporation with 21 participating municipalities (“Member Municipalities”), including the City, has issued debt to fund a resource recovery system (“RRS”) (the “RRS Debt”). The RRS Debt is a special revenue obligation of ecomaine, payable from and secured by a pledge of ecomaine revenues. The debt does not constitute a debt or liability within the meaning of any constitutional or statutory provision, or a pledge of the full faith and credit of any political subdivision of the State of Maine. ecomaine has no taxing power. Notwithstanding the foregoing, pursuant to certain waste handling agreements (the “Waste Handling Agreements”) between ecomaine and the Member Municipalities, the Member Municipalities are obligated severally to deliver certain of the solid waste produced within each such Member Municipality to ecomaine for processing and to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will be at least equal required debt service on the RRS Debt. The obligations of the Member Municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2016, ecomaine had \$0 RRS Debt outstanding.

The City has also entered into an agreement with ecomaine, as one of 20 RWS original Member Municipalities along with an additional seven Participating Municipalities, to establish a Material Recycling Facility (“MRF”) at ecomaine’s demolition debris and recycling facility. It is anticipated that

the City's share of debt incurred for the MRF will also be paid through user charges and service fees over the life of the MRF. At June 30, 2016 ecomaine had \$0 MRF Debt outstanding.

ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and post-closure care costs approximate \$16,746,994 at June 30, 2016. The City's proportionate share of these estimated landfill closure and post-closure care costs is approximately 24.27%, or \$4,063,998.

#### **TOTAL GENERAL OBLIGATION, OVERLAPPING AND CONTINGENT DEBT**

	<b>Direct Debt</b>		<b>Overlapping Debt</b>	<b>Contingent Debt</b>	<b>Total Debt</b>
	<b>General Fund</b>	<b>Enterprise</b>			
City of Portland	\$116,944,027	\$72,156,668			\$189,100,695
City of Portland (POB)	106,275,000	0			106,275,000
County of Cumberland			\$7,209,397		7,209,397
GPTD			0		0
PWD (Wastewater)			24,215,207		24,215,207
PWD (Water)				\$14,023,082	14,023,082
ecomaine (RRS)				0	0
ecomaine (MRF)				0	0
ecomaine (Post Closure)				4,063,998	4,063,998
<b>Total Debt</b>	<b>\$223,219,027</b>	<b>\$72,156,668</b>	<b>\$31,424,604</b>	<b>\$18,087,080</b>	<b>\$344,887,379</b>
<b>% ESV</b>	<b>2.79%</b>	<b>0.90%</b>	<b>0.39%</b>	<b>0.23%</b>	<b>4.31%</b>
<b>Per Capita</b>	<b>\$3,337.56</b>	<b>\$1,078.88</b>	<b>\$469.86</b>	<b>\$270.44</b>	<b>\$5,156.73</b>

NOTE: As of fiscal year ended June 30, 2016.

#### **FUTURE FINANCING**

The City's administration develops a Capital Improvement Program which is submitted to the City Council that includes an inventory of possible capital projects, some of which may ultimately be included in its Capital Improvement Plan, and is an indication of future projects that may be financed through the issuance of indebtedness. The issuance of debt, however, is subject to the prior review and approval of the City Council and, perhaps, by voter referendum approval (see "INDEBTEDNESS – LIMITATION AND EXCLUSIONS – City Debt Referendum Requirement" herein).

Other than the CIP, the following are projects for which authorization is outstanding but the respective debt has not been issued; or projects that, while the City Council has not yet taken formal action for authorization of the issuance of debt, the City expects that such action will be taken imminently and that debt could be issued:

#### **CSO Projects**

In order to achieve compliance with Maine Department of Environmental Protection ("DEP") Discharge Permits and to satisfy Clean Water Act Regulations, in 1997 the City prepared and submitted to DEP a Tier I Implementation Plan outlining 45 Combined Sewer Overflows ("CSO") Abatement Projects; and in 2003 prepared and submitted to DEP a Tier II Implementation Plan (the "Tier II Plan") outlining 75 CSO Abatement Projects. to be completed by 2011; with actual completion done in 2013. The City has issued bonds, in the amount of \$54,599,500, to provide funds to finance, and complete, the Tier II Plan, as amended.

A Tier III Implementation Plan, the next stage of its consent agreement with DEP, was completed and approved by the City Council on June 20, 2011 and by DEP in April 2013 (the “Tier III Plan”). The Tier III Plan is for a 15-year implementation period with progress assessments every five years. In lieu of authorizing financing(s) in three five-year increments, on May 20, 2013 (Order #227-12/13) the City Council authorized the issuance of the entire debt, in an amount not to exceed \$168,950,000, to provide all of the funds required to finance the Tier III projects over the 15 year period.

Tier III projects are expected to be financed as funds are needed, with aggregate approval for the plan and financing(s) based on construction schedule cash flow. The City anticipates that, from time-to-time and/or reflecting current conditions, it may adjust the amount(s) and the specific project(s) to be financed and/or constructed in a given year. This debt is a component of the Sewer Fund (see “INDEBTEDNESS – ENTERPRISE FUNDS”) and, as such, the funds planned to provide debt service to repay the financing of the CSO projects are expected to be provided by user fees. Increases in annual fees have been and are planned as needed to satisfy the debt service for these and future CSO financings.

On January 21, 2015 the City Council passed Order 129-14/15. The order added Article V. to the City’s sewer ordinance. This article imposes a service charge on each property based on its impervious surface. The service charge will be used to assist the City in meeting its regulatory obligations for the storm sewers, combined sewers, and storm water drainage systems that it owns and operates. The service charge is effective January 1, 2016 and is \$6.00 per month per 1,200 Square feet of impervious surface.

### **Public Art and Land Bank Programs**

The Portland Public Art Program was established in 2000 in order to preserve, enhance and expand the City’s public art collection. Similarly, in 2003 a Landbank Program was established to provide for and preserve greenspace areas through the City. The City’s policy is to add an amount of 0.5%, per program, of non-CSO general obligation debt (with an adjustment to round to issuable increments) to each financing to provide funds to finance the programs. The City’s CIP estimates an amount of approximately \$50,000, per program, to be issued each year for these programs.

### **The Hall School Project**

On January 13, 2016, the State Board of Education gave Concept Approval to replace the Hall Elementary School. by the State Board of Education approved an amount of \$28,336,100 to be reimbursed through the State Major Capital School Construction program and the amount of \$1,326,557 was approved for Local-Only funding, (not eligible to be qualified for State subsidy) for a consolidated amount of \$29,662,657. On an April 5, 2016 public referendum, the voters of the City approved an amount not to exceed \$29,720,456 to provide funds to finance the project. The project is expected to be financed in the fall of 2017 and be substantially completed for occupancy in the fall of 2018.

### **Other School Projects**

In 2012, the Portland Public Schools started the Buildings for Our Future initiative to evaluate the Portland elementary schools and to develop preliminary plans for their replacement and / or major renovation to address their significant needs. In 2016, the Portland School Board requested that City Council submit the Buildings for Our Future projects, with estimated costs of \$70,593,229, to a voter referendum. Since then, the Portland School Board and the City Council have been engaged in significant planning discussions about whether to proceed with the Buildings for Our Future projects. To date, no final decisions have been made whether the City will proceed with any of some, all or none of the Buildings for Our Future projects. Pursuant to the City's Charter, general obligation borrowing issued for any single capital improvement in excess of in excess of five one-hundredths of 1% of the City’s last

certified State Equalized Valuation (e.g., 0.05% of \$8,501,550,000, the City's 2017 State Equalized Valuation, is \$4,250,775) must be approved by the City's voters at referendum election.

### **Other Authorized But Unissued General Obligation Debt**

Other than the above discussion the City does not contemplate, nor has it any authorized but unissued general obligation debt that it expects to finance with, the issuance of bonds over the next year.

## **RETIREMENT**

### **A. DEFINED BENEFIT PENSION PLAN**

The City is a “participating local district” of the Consolidated Plan for Participating Local Districts (“CPPLD”) (the “PLD Plan”) and teaching-certified employees of the City are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (the “SET Plan”) and contributes to Maine Public Employees Retirement System’s (“MainePERS”), successor to the Maine State Retirement System (“MSRS”), a cost-sharing multiple-employer defined benefit pension plan. The MSRS was established in 1942, and effective September 20, 2007, by virtue of Chapter 58 of the Public Laws of 2007, MSRS was renamed MainePERS as successor to the Maine State Retirement System (“MSRS”). MainePERS was established and is administered under the Maine State Retirement System Laws, Title 5, Chapters 421, 423 and 425 of the Maine Revised Statutes, as amended. The CPPLD provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature. MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the CPPLD. That report may be obtained by writing MainePERS, PO Box 349, Augusta, ME 04333-0039 or by calling (800) 451-9800.

### **Plan Descriptions**

The State is a non-employer contributing entity in that the State pays the unfunded actuarial liability (“UAL”) on behalf of the teachers, while the City contributes the normal cost, which is actuarially calculated. City employees are also provided with pensions through MainePERS as part of the CPPLD.

### **Benefits Provided**

Benefit terms are established in Maine statute; in the case of the CPPLD, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. MainePERS retirement programs provide defined retirement benefits based on members’ average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years.) In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement or after normal retirement age. Normal retirement age for teachers is age 60 or 65. The normal retirement age is determined by whether a member has met certain creditable service requirements on specific dates, as established by statute. For employees covered through the CPPLD, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age. MainePERS also provides disability and death benefits by statute for the City’s teachers and by contract for City’s PLD Plan.



Upon termination of membership, accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights under either plan. The annual rate of interest credited to employee's accounts is set by MainePERS's Board of Trustees and is currently at 5%.

### **Contributions**

Retirement benefits are funded by contributions from participants and contributions from the City, earnings on investments and in the SET Plan by contributions of the State. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Employer and employee normal cost contribution rates are defined by law or MainePERS board rule and depend on the terms of the plan under which an employee is covered. The City's contributions are determined by actuarial valuation. Teachers are required to contribute 7.65% of their annual pay. CPPLD City employees are required to pay 7.50% of their annual pay. For the year ended June 30, 2016 for the SET Plan, the City was required to pay 3.36% (normal cost) of participants' salary and the State was required to pick up 10.02% UAL. For the CPPLD Plan participants the City was required to contribute between 8.9% and 14.0% of participant's annual pay, and a fixed monthly amount (\$14,202) for an un-pooled unfunded actuarial liability ("IUUAL"). Contributions for the PLD Plan and the SET Plan for the year ended June 30, 2016 were \$4,120,914 and \$1,838,029 respectively.

### **Unfunded Actuarial Accrued Liability**

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

### **Recent Accounting Pronouncements**

In June 2012, the GASB issued GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* an amendment of GASB Statement No. 27. This statement improves accounting and financial reporting by state and local governments for pensions. The new statement is effective for periods beginning after June 15, 2014.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's portion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plan relative to the projected contributions of all PLDs, and of all participating school districts, and the State.

**PLD Plan** – At June 30, 2016, the City reported a liability of \$33,980,669 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportionate share of the PLD Plan was 10.65%.

**SET Plan** – At June 30, 2016, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State of Maine’s pension support provided to the SET Plan. The amount recognized by the City as it’s proportionate share of the net pension liability, the State’s support, and the total portion of the net pension liability that was associated with the Teacher’s Plan were as follows:

City's proportionate share of the net pension liability:	\$4,574,241
State's proportionate share of the net pension liability:	<u>58,599,731</u>
Total:	\$63,173,972

At June 30, 2016 The City’s portion of the SET Plan was 0.34%.

For the year ended June 30, 2016 the City recognized pension expense for the PLD Plan of \$12,383,831, \$12,786,491 for the SET Plan, and State support of \$5,480,621. At June 30, 2016, the City recorded deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience:	-	\$3,023,990
Changes of Assumptions:	\$3,129,017	-
Net difference between projected and actual earnings on pension investments:	-	2,774,100
Changes in proportion and differences between contributions and proportionate share of contributions:	-	502,764
The City’s contributions subsequent to the measurement date:	<u>5,958,943</u>	<u>-</u>
Total:	\$9,087,960	\$6,300,854

\$5,985,943 is reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year ended June 30,</u></b>	<b><u>PLD Plan</u></b>
2017	(\$1,486,879)
2018	(2,148,612)
2019	(2,400,240)
2020	2,863,894

## **Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2015, methodology and assumptions are detailed in “APPENDIX A - CITY OF PORTLAND, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016” NOTE III (E), pages 56 et seq, herein.

## **B. DEFINED CONTRIBUTION PENSION PLAN**

### **Plan Description**

The City provides pension benefits for permanent employees working 21 hours per week or more who opt out of MainePERS through a 401(a) defined contribution plan administered by ICMA/RC. In addition,

employees working 21 hours per week or less, temporary or seasonal employees may be covered through both a 401(a) and 457 Deferred Compensation Plan (“DCP”), also administered by ICMA/RC. In a DCP, benefits depend solely on amounts contributed to the plan plus investment earnings. Covered employees are eligible to participate and are fully invested in three years from the date of employment.

### **Funding Policy**

Plan members are required to contribute 7.0% of their annual covered salary and the City was required to contribute from 7.8% to 13.4% of annual covered salary for the 401(a) plan; and 1% of annual covered salary for the 457 plan for the fiscal year ended June 30, 2016. Covered payroll and City contributions for that period approximated \$46,120,100 and \$4,120,914, respectively.

### **C. OTHER POST EMPLOYMENT BENEFITS**

The Governmental Accounting Standards Board (“GASB”) recently promulgated its Statement 45 which addressed the reporting and disclosure requirements for other post employment benefits (“OPEB”). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The City is not obligated to, and does not, provide its retired employees with health care or other post employment benefits and, therefore, has no OPEB obligation or liability.

### **ENVIRONMENTAL MATTERS**

The City is subject to a wide variety of federal and State laws and regulations relating to land use, water resources, sewage disposal, the use, storage, discharge, emission and disposal of wastes and other environmental matters (see “INDEBTEDNESS – FUTURE FINANCING - CSO Projects” herein). While the City believes that its properties and operations are presently in material compliance with all land use and environmental laws, failure to comply with such laws could result in the imposition of severe penalties on operations by government agencies or courts that could adversely affect the City. The City is not aware of any environmental conditions or non-compliance, the remediation or correction of which the City believes would have a material adverse impact on the financial condition of the City. The City is not subject to any pending or threatened proceedings or actions involving environmental matters that, if adversely decided, would have a material adverse impact upon the City’s financial condition or ability to pay debt service on the Bonds as and when due.

### **LITIGATION**

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

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**APPENDIX A**

**CITY OF PORTLAND, MAINE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR  
FISCAL YEAR ENDED JUNE 30, 2016**

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CITY OF PORTLAND, MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016



Prepared by the City of Portland, Maine  
Finance Department

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**CITY OF PORTLAND, MAINE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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JUNE 30, 2016**

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February 6, 2017

Ethan K. Strimling, Mayor  
Members of the City Council  
Citizens of Portland, Maine

In accordance with the requirements of our charter and the laws of the State of Maine to prepare a complete set of audited financial statements and in recognition of the increased interest in public officials' accountability to citizens and potential investors, this comprehensive annual financial report (CAFR) of the City of Portland, Maine for the fiscal year ended June 30, 2016, is submitted.

The City is also required to undergo a single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996), and the U.S. Office of Management and Budget Uniform Guidance, *Cost Principles, Audit, and Administrative Requirements for Federal Awards*. Information pertaining to this single audit, including a schedule of expenditures of federal awards, findings and questioned costs, recommendations and the independent auditor's reports on the internal control and compliance with applicable laws and regulations, are reported in a separate document.

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

Runyon Kersteen Ouellette, a licensed firm of Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Portland, Maine's financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

### ***Profile of the Government***

The City of Portland, Maine is located in the state's southern coastal region, along the shores of Casco Bay. The City occupies 52.60 square miles and serves a population of nearly 70,000. The City is empowered to levy a tax on real property and business owners' personal property located within its boundaries.

The City was first settled in 1632, and incorporated in 1786. The first City charter was granted in 1832, its original charter was adopted in 1923. It has been amended several times, most recently, November 2, 2010. A nine member City council constitutes the legislative body, which includes a popularly elected mayor. The City manager is the chief executive officer of the City.

The City adopts fiscal year budgets for its general and enterprise funds. Special revenue funds do not have legally adopted budgets, but do have program budgets. Budgetary controls are maintained on the other governmental funds through formal authorizations by the City council and through grant agreements. Debt service requirements (principal and interest) are budgeted as expenditures in the general fund. Budgets are legally adopted by the City council through the passage of an appropriation order.

A nine-member board of education has general authority for the public schools. The board annually presents a budget for school purposes for the ensuing municipal year. The City council approves the school budget through a series of council orders. The orders must be ratified by the voters by referendum usually held in May before the start of the new fiscal year.

The city provides a full range of municipal services that include police and fire, highways and sanitation, health and human services, parks, recreation, education, public improvements, planning and urban development, parking, airport, sanitary sewer, and general administrative services.

The financial reporting entity of the City includes all the funds of the City of Portland, Maine as well as all its component units. Component units are legally separate entities for which the City (the primary government) is financially accountable. Blended component units, although legally separate, are in substance, part of the primary government's operations and are included as part of the primary government. The Portland Development Corporation and the Fish Pier Authority are reported as enterprise funds in the City's fund financial statements and are included in the business-type activities column in the government-wide financial statements. The Portland Public Library is a discretely presented component unit which is reported in a separate column in the government-wide financials only. The notes to financial statements provide additional information on component units.

### ***Local economy***

Portland is a healthy and growing City with many exciting opportunities.

Portland is a major center in Northern New England for commerce, finance, arts and entertainment, health care, IT, the marine industry, post-secondary education, and tourism. Mixed use office, retail, residential and commercial districts as well as marine and industrial areas provide diverse development opportunities and remain ongoing priorities for the future. Portland's healthy, diversified real estate tax base ratio is 38 percent commercial/industrial and 62 percent residential. With a population of 66,881 in the City, Portland is the hub of a Metropolitan Statistical Area of 514,000 people. A city of great diversity, there are over 40 languages spoken in the Portland Public School System. The unemployment rate in the City, as of June 2016, is 3.3% (down from 3.8 percent in 2015), and compared with Maine at 3.7% and the U.S. at 4.9%.

Among the 26 million people who visit Maine each year, 25% of them come through Portland. With an ever-growing creative sector of young entrepreneurs, the City is attracting new residents from all over the country and around the world. Portland's food sector continues to bring the City extraordinary accolades. Recognized as hosting a culinary boom, the Boston Globe wrote that Portland, Maine is what it looks like when a small city becomes an innovative and nationally recognized hub of cuisine. Bon Appetit and Wine Enthusiast Magazines have both recognized Portland as among the best foodie cities in America. The local farm to table movement is an integral part of the food sector's growth in Portland.

In addition to our booming restaurant industry, there is also a growing craft beer industry. Portland has more microbreweries per capita than any other city in the nation. There are now 23 breweries in the City and over 65 in Maine. Two of the largest are in Portland and have won international awards – Shipyard Brewing Company and Allagash Brewing Company. Their beers are distributed throughout the United States and beyond.

Portland has two major hospitals: Maine Medical Center (MMC), the largest medical facility in northern New England and Portland's largest employer, and Mercy Hospital. Bridging health care and academia, the University of New England (UNE) has invested \$17 million to open the UNE College of Dental Medicine on its Portland campus. The College welcomed its first class of dental students in September 2013. In 2009, UNE opened the State of Maine's first College of Pharmacy and graduated its first class of pharmacists in the spring of 2013.

Portland is a transportation hub for air, rail and shipping, and fully recognizes that transportation is a vital economic driver, connecting Portland to the world. The City owns and operates the Portland International Jetport, Ocean Gateway Facility, the International Marine Passenger Terminal, and the International Marine Cargo Terminal. The International Marine Terminal is in the process of expanding in size and connecting directly to rail service. In addition, a large, multi-million dollar cold storage facility will be constructed at the Terminal to support Maine and Portland's growing food production industry. Eimskip USA (the Icelandic Steamship Company) established its U.S. Port of Call in Portland in 2014, moving its base of operations from Norfolk Virginia. The company offers direct transatlantic services between the U.S., Canada and Europe and is planning further expansion of their operations along the Portland waterfront.

Ocean Gateway provides berthing for an international ferry that travels between Portland and Yarmouth, Nova Scotia, as well as for cruise ships. For the 2016 season, the Port of Portland hosted 84 cruise ships, with over 100,000 passengers. The largest of these vessels carries 6,000 passengers and crew and will dock at the City's megaberth. 2017 bookings are already underway with passenger counts set to exceed 140,000.

The Portland International Jetport, located just five minutes from downtown, is Maine's largest airport and the fastest growing airport in New England. It hosted nearly two million passengers in 2015, with daily non-stop flights to ten U.S. cities and one-stop connections to over 200 cities worldwide. Elite Airways, added seasonal non-stop service to Bar Harbor, Maine in June 2016.

Planning for the Portland Transportation Center, an intermodal facility is progressing at Thompson's Point. The partners in this effort include The Northern New England Passenger Rail Facility (NNEPRA), Thompson's Point, the Maine Department of Transportation (MDOT) and the City of Portland. NNEPRA operates the Amtrak Downeaster, which provides passenger rail service from Portland to Boston. They completed a \$38.3 million track expansion in 2014, with service now extended beyond Portland, to Freeport and Brunswick, Maine.

New residential developments continue to be constructed all over the City. Recently completed projects include the Bay House developments with 133 market rate apartments and 5,700 sf of retail; redevelopment of the former Nathan Clifford School with 19 condo units; 118 Congress St with 14 condo units; West End Place with 39 market rate apartments and ground floor commercial space and many others. In all, almost 750 units of housing are currently under construction.

Future multi-use developments, some in the early and some in the late planning stages include the 10-acre Portland Company site on the waterfront; Midtown in Bayside with plans for 440 market rate

apartments, 90,000 sf of retail/restaurant space and a parking garage; and Thompson's Point which is estimated to be a \$100 million development with a wide range of commercial uses from entertainment and academia to offices, restaurants and a hotel.

Portland's downtown contributes to the City's growing reputation as a vibrant center for arts and culture, shopping, dining and entertainment. Young professionals, retirees and entrepreneurs of all ages are choosing to move to downtown Portland for its culture, entertainment, energy, and pedestrian orientation. Among the recent redevelopment projects is the completed \$33 million renovation of the Cumberland County Civic Center, now the Cross Insurance Arena, with new entrances, updated/expanded locker rooms, added restroom space, expanded ticket areas and a new loading dock.

The Old Port and the Arts District are the two districts that comprise the heart of the downtown. Both are experiencing a boom in hotel growth. In the Arts District is the 110-room Press Hotel with a restaurant on the first floor in the former Portland Press Herald building. It joins the Westin Harborview, formerly the Eastland Park Hotel, which reopened at the end of 2013 after undergoing a \$30 million renovation; In the Old Port is the already opened 123-room Hyatt Place Hotel on Fore Street (\$15 million) and the 131-room Courtyard by Marriot on the western section of Commercial Street (\$17 million). On Great Diamond Island, the \$10 million Inn at Diamond Cove just had its grand opening and accommodates 22 hotel condo units. There are also several other hotels currently under development.

### ***Long-term financial planning***

As part of the City charter, the Capital Improvement Plan (CIP) is updated annually and submitted to and adopted by the Council. The CIP is a financing and construction/acquisition plan for projects that require significant capital investment. The plan strives to maintain a balance between maintaining existing assets and investing in new assets to support growth and community priorities.

### ***Major initiatives***

Since 2011, the City has had a unified Portland Economic Development Plan focusing on increasing jobs, taxable value, growing businesses and enhancing the creative economy in the City. The plan was created in collaboration with the Portland Community Chamber of Commerce, the Creative Portland Corporation, the Portland Development Corporation and the City of Portland. These groups formed a task force, including members from the real estate, banking, creative, legal, insurance, life science and retail communities, to steer the direction of the Plan to completion and implementation. A Work Plan is updated every two years to focus energies on implementation of particular areas of the plan, with the task force continuing to oversee that implementation and annually measures its progress through the Portland Economic Scorecard. The Scorecard analyzes economic data in defined categories illustrating how Portland is performing economically, particularly as measured against other benchmark cities of similar size.

### ***Relevant financial policies***

The City has established a fund balance policy that targets its unassigned fund balance to 12.5% of expenditures. At June 30, 2016, unassigned fund balance was fully in compliance with policy.

The City also has a debt policy which guides the future issuance of long-term debt. The policy requires the evaluation of affordability factors which include:

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

At June 30, 2016, the City was in full compliance with the debt management policy.

#### ***Other information***

*Awards:* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the year ended June 30, 2015. This was the twenty-third consecutive year that the City has received this prestigious award. The award requires a government to publish an easily readable and efficiently organized CAFR. This report also satisfies generally accepted accounting principles and applicable legal requirements.

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

*Acknowledgements:* This report could not have been completed without the dedicated service from the City Finance department, the cooperation and assistance of all City departments, and the assistance and review of Runyon Kersteen Ouellette.

Respectfully submitted,



Jon P. Jennings  
City Manager



Brendan T. O'Connell  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Portland  
Maine**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

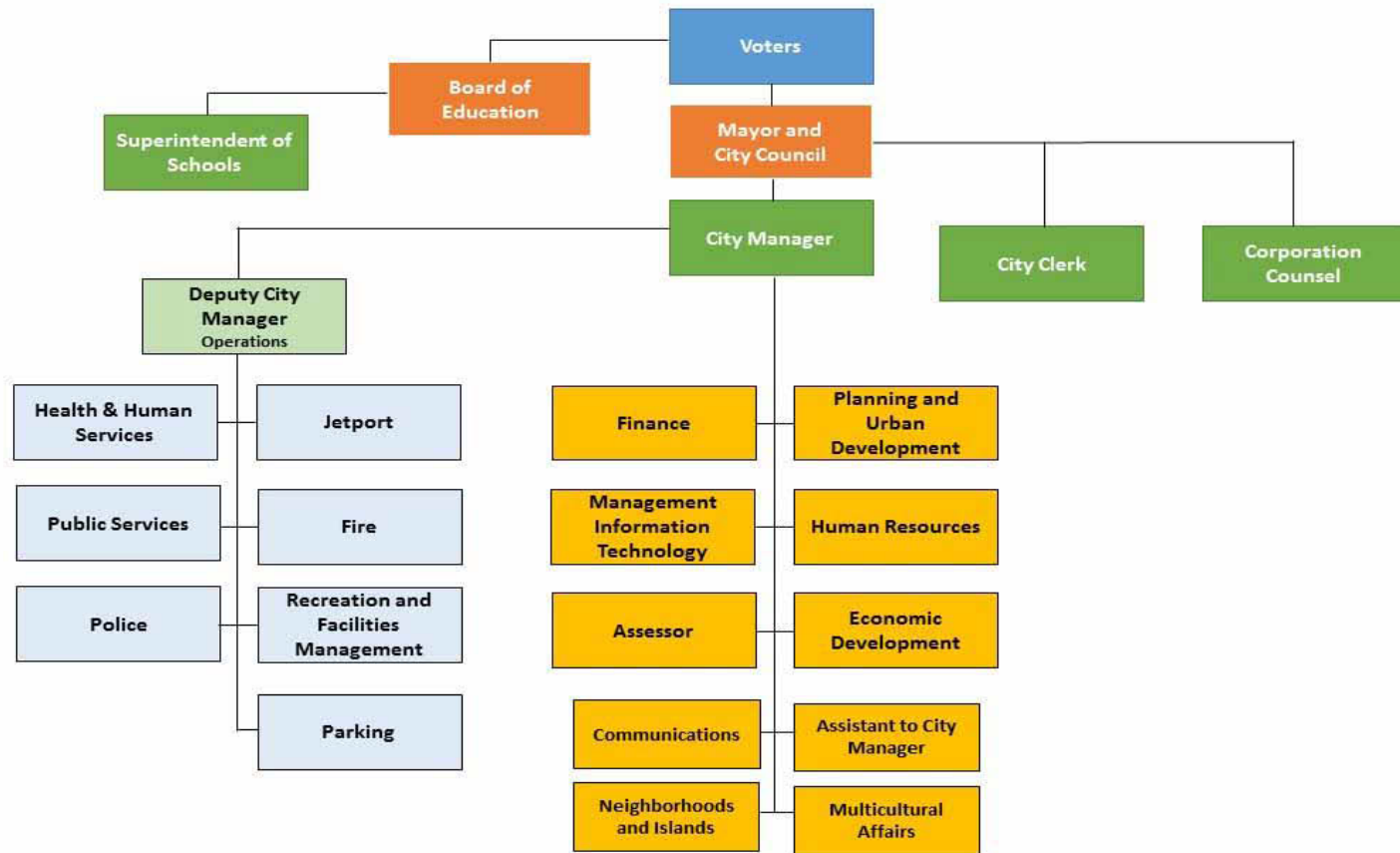
**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO



**CITY OF PORTLAND, MAINE**  
**Organization Chart**  
**June 30, 2016**



**CITY OF PORTLAND, MAINE**

Principal Executive Officers

As of June 30, 2016

**City Council**

Ethan K. Strimling, Mayor

Belinda S. Ray, District 1

Spenser Thibodeau, District 2

Edward J. Suslovic, District 3

Justin Costa, District 4

David Brenerman, District 5

Jill C. Duson, At Large

Jon Hinck, At Large

Nicholas M. Mavodones, Jr., At Large

**City Staff**

Jon Jennings, City Manager

Katherine Jones, City Clerk

Brendan T. O'Connell, Finance Director

Danielle West-Chuhta, Corporate Counsel

## Independent Auditor's Report

City Council  
City of Portland, Maine

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Portland, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Portland Public Library, a component unit of the City of Portland, Maine, which is presented as a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Portland Public Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Portland, Maine as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Portland, Maine's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2017 on our consideration of the City of Portland, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Portland, Maine's internal control over financial reporting and compliance.



February 6, 2017  
South Portland, Maine

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## Management's Discussion and Analysis

As management of the City of Portland, we offer readers of the City of Portland, Maine's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage the readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report. All amounts in the Management's Discussion and Analysis are expressed in thousands of dollars. Also, please note that percentages may not add to 100% due to rounding.

### Financial Highlights

- The assets plus the deferred outflows of the City of Portland, Maine exceeded its liabilities plus deferred inflows at the close of the most recent fiscal year by \$334,783 (*Net Position*).
- The City's total net position increased by \$237. The primary reason for the increase is related to the Sewer proprietary fund, which achieved savings in several expense lines while increasing revenues. The increase in Sewer net position was offset somewhat by an increase in the net pension liability in the governmental activities and business-type activities. At June 30, 2015, the net pension liability was \$20,771, and at June 30, 2016 the net pension liability was \$38,555.
- As of the close of the current fiscal year, the City of Portland, Maine's governmental funds reported combined ending fund balances of \$117,670 an increase of \$9,142, in comparison with the prior year. The *unassigned fund balance* increased by \$2,956, while *nonspendable, restricted, committed, and assigned* fund balance increased by \$6,186. In total, the general fund balance increased a total of \$7,400. The capital projects fund increased by \$2,293. The remaining governmental fund types, debt service and other governmental decreased \$204 and \$347, respectively.
- At the end of the current fiscal year, the *unassigned fund balance* for the general fund was \$36,599 or 12.99% of total general fund expenditures (budget basis).
- The City's total general obligation debt increased \$10,181 during the current fiscal year. In addition to scheduled retirements, there was \$40,185 of general obligation bonds issued, of which \$9,605 was the refunding of previously issued debt.

### Overview of the Financial Statements

This discussion and analysis serves as an introduction the City of Portland, Maine's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements, and other information found in the statistical section.

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

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

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

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

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

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

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

**Governmental funds:** These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financing requirements. The basic governmental funds can be found on pages 30-33.

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



The City of Portland, Maine maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements*. These statements can be found on pages 73-74.

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

**Proprietary funds:** The City of Portland, Maine maintains one type of proprietary fund. *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Portland uses proprietary funds to account for its jetport, sewer and stormwater utilities. The Fish Pier Authority and the Portland Development Corporation (PDC), *blended component units*, are also reported as proprietary funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the individual proprietary funds, each of which are considered to be a major fund of the City of Portland, Maine. The basic proprietary funds financial statements can be found on pages 36-38 of this report.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. These funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 39.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-68.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also represents *required supplementary information* concerning the City of Portland, Maine's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 69-71 of this report.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Portland, Maine, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$334,783 at the close of the 2016 fiscal year, an increase of \$237 from \$334,546 at the end of fiscal year 2015.

**City of Portland, Maine's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 143,814	\$ 133,993	\$ 73,840	\$ 62,709	\$ 217,654	\$ 196,702
Capital assets	327,027	322,554	310,566	310,824	637,593	633,378
Total assets	470,841	456,547	384,406	373,533	855,247	830,080
Deferred outflows of resources	8,423	14,178	664	406	9,087	14,584
Long-term liabilities	271,872	251,190	189,412	164,688	461,284	415,878
Other liabilities	46,644	44,139	15,323	14,251	61,967	58,390
Total liabilities	318,516	295,329	204,735	178,939	523,251	474,268
Deferred inflows of resources	5,735	14,686	565	1,164	6,300	15,850
Net investment in						
capital assets	224,948	233,196	136,613	127,782	361,561	360,978
Restricted	39,368	40,209	4,258	18,075	43,626	58,284
Unrestricted (deficit)	(109,303)	(112,695)	38,899	27,979	(70,404)	(84,716)
Total net position	\$ 155,013	\$ 160,710	\$ 179,770	\$ 173,836	\$ 334,783	\$ 334,546

The change of unrestricted net position, from a deficit of \$84,716 to a deficit of \$70,404 is the result of several factors. The change is predominantly due to increased tax, permit, and other fees for services that exceeded expectations.

The net investment in capital assets is the largest portion of the City's net position. It reflects the City's investment in land, buildings, machinery, equipment, vehicles, and infrastructure less any related outstanding debt used to acquire those assets. The capital assets are used to provide services to the City's citizens. Accordingly, these assets are not available for future spending. It should be noted that the resources used to repay the debt issued to finance asset acquisition must be provided from sources other than the assets themselves.

The remaining portion of net position (13.03%) represents resources that are subject to external restrictions on how they may be used.

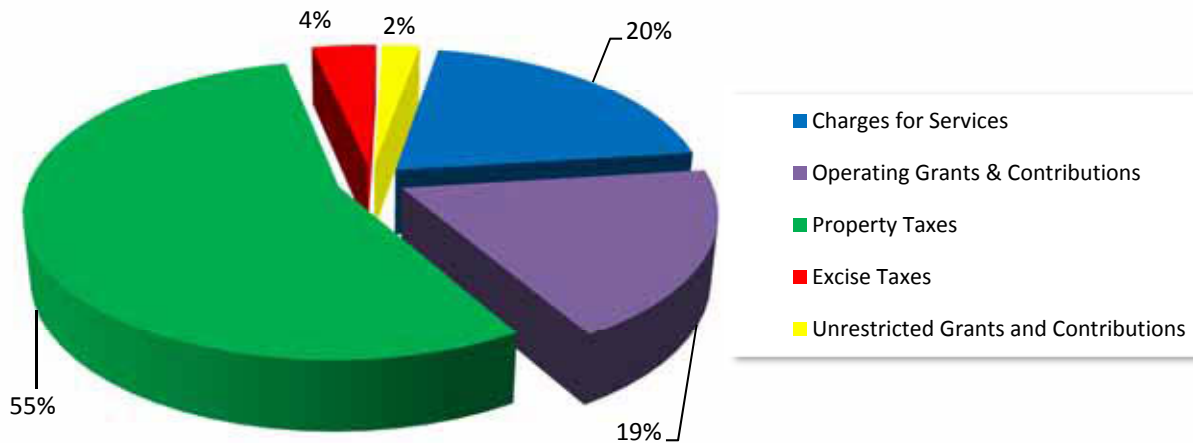
One of the largest changes affecting net position was the increase in the net pension liability of \$17,784. This is the result of the change in investment earnings and other projections associated with the City's participation in the defined benefit pension plan administered by the Maine Public Employees Retirement System (MainePERS). The liability is derived from actuarially determined amounts and includes City employees participating in the plan as well as teachers of the School Department. The total net pension liability at June 30, 2016 is \$38,555; \$33,981 for the City's pension plan, and \$4,574 for the Teacher's pension plan. Of the total liability for the City's school teachers (\$63,174), only \$4,574 is recorded by the City; the remaining (\$58,600) is the State of Maine's proportionate share. At the end of fiscal year 2016, the deferred outflows or resources related to pensions were \$9,088, the deferred inflows were \$6,301.

**City of Portland, Maine's Changes in Net Position**

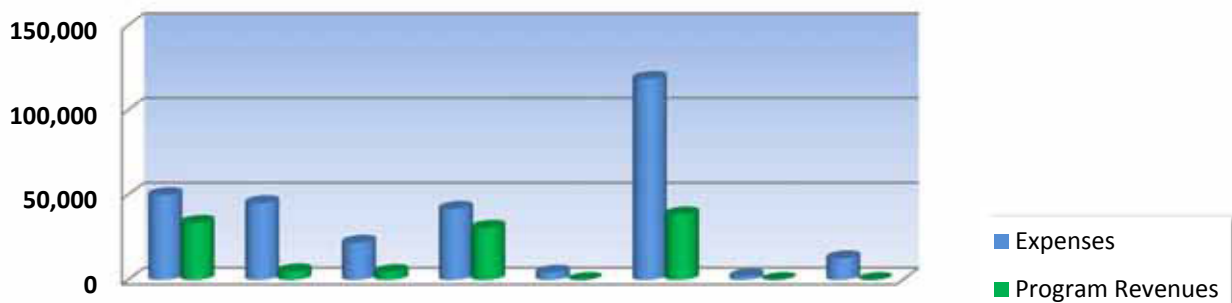
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 58,680	\$ 56,191	\$ 48,535	\$ 44,149	\$ 107,215	\$ 100,340
Operating grants and contributions	53,741	51,023	92	-	53,833	51,023
Capital grants and contributions	-	-	8,711	5,204	8,711	5,204
General revenues:						
Property and other taxes	170,986	162,774	-	-	170,986	162,774
Grants and contributions not restricted to specific programs	6,670	6,827	-	-	6,670	6,827
Other	435	257	329	293	764	550
Total revenues	290,512	277,072	57,667	49,646	348,179	326,718
Expenses:						
General government	49,849	41,015	-	-	49,849	41,015
Public safety	45,134	38,622	-	-	45,134	38,622
Public works	21,880	23,685	-	-	21,880	23,685
Health and social services	41,782	39,448	-	-	41,782	39,448
Public library	4,272	3,950	-	-	4,272	3,950
Education	118,485	102,703	-	-	118,485	102,703
Transportation	2,099	2,657	30,022	29,888	32,121	32,545
Interest on long-term debt	12,731	12,867	-	-	12,731	12,867
Sewer	-	-	18,821	19,425	18,821	19,425
Stormwater	-	-	2,116	-	2,116	-
Seaport facilities	-	-	548	370	548	370
Real estate development/lending	-	-	203	194	203	194
Total expenses	296,232	264,947	51,710	49,877	347,942	314,824
Transfers in (out)	23	-	(23)	-	-	-
Increase (decrease) in net position	(5,697)	12,125	5,934	(231)	237	11,894
Net position - beginning	160,710	148,585	173,836	174,067	334,546	322,652
Net position - end of year	\$ 155,013	\$ 160,710	\$ 179,770	\$ 173,836	\$ 334,783	\$ 334,546

**Governmental activities:** During the current fiscal year, net position decreased \$5,697 from the prior fiscal year for an ending balance of \$155,013. The increase in the City's net pension liability negatively affected overall net position (through increased pension expense). Increases in charges for services and other revenue were not enough to offset the added pension expense.

**Revenue by Source - Governmental Activities  
For the Year Ended June 30, 2016**

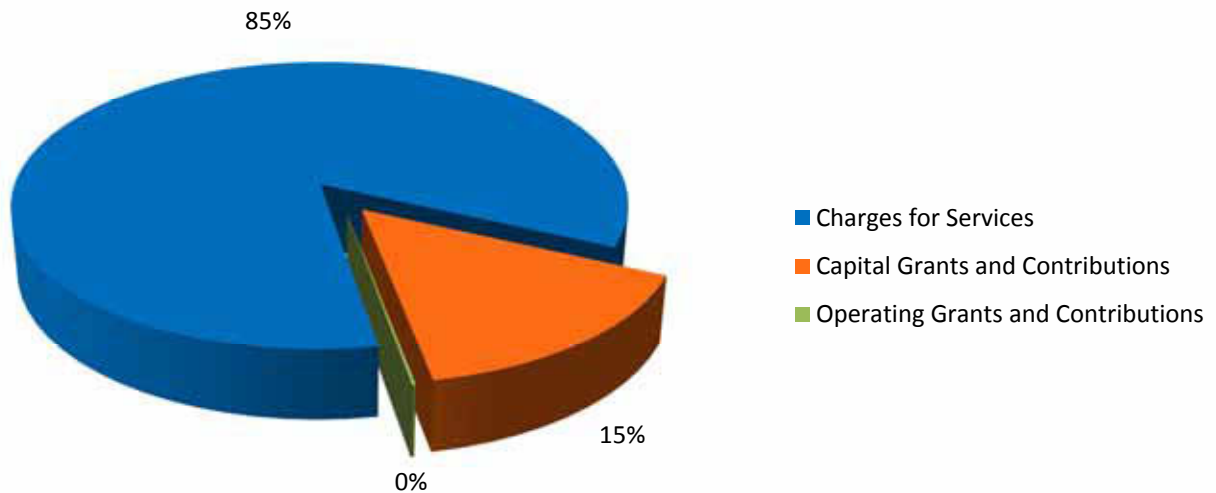


**Expenses and Program Revenues - Governmental Activities  
For the year Ended June 30, 2016**

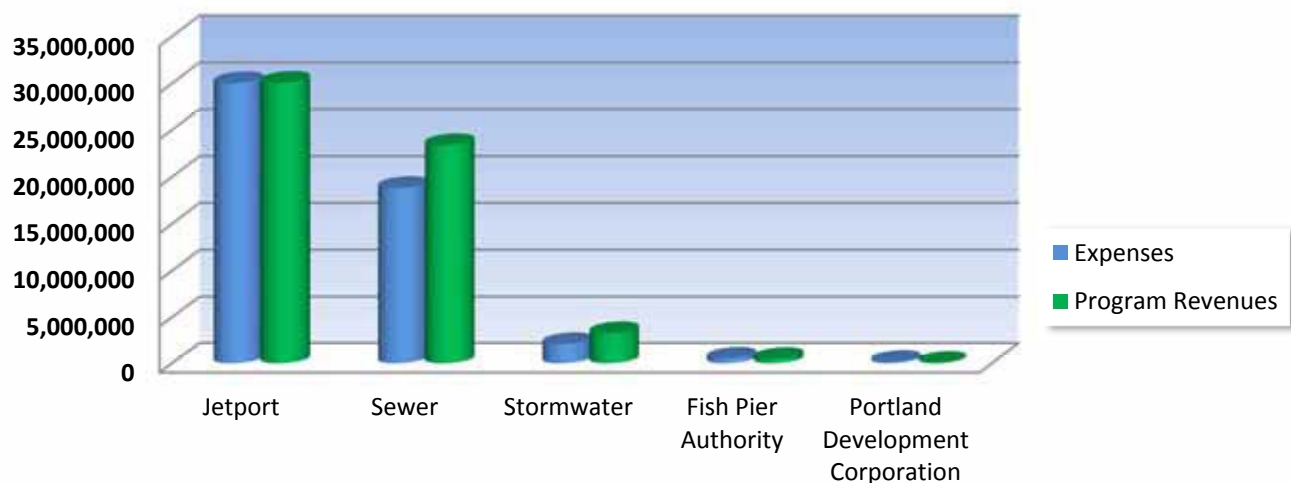


**Business-type activities:** For the City of Portland, Maine's business activities, the results for the current year were positive in that the overall net position for business-type increased \$5,934 to an ending balance of \$179,770.

**Revenue by Source - Business-type Activities  
For the Year Ended June 30, 2016**



**Expenses and Program Revenues - Business-type Activities  
For the Year Ended June 30, 2016**

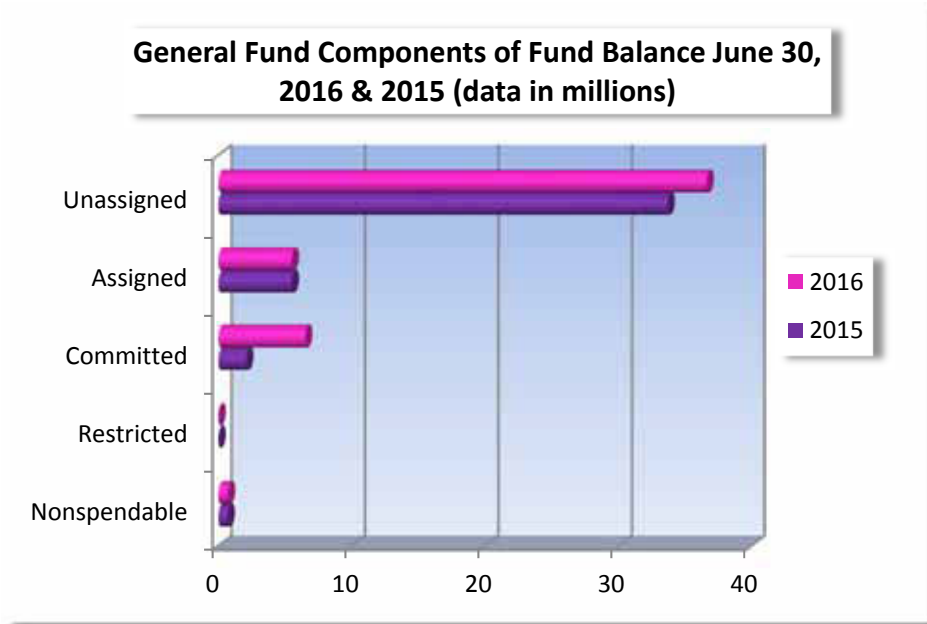


## Financial Analysis of Governmental Funds

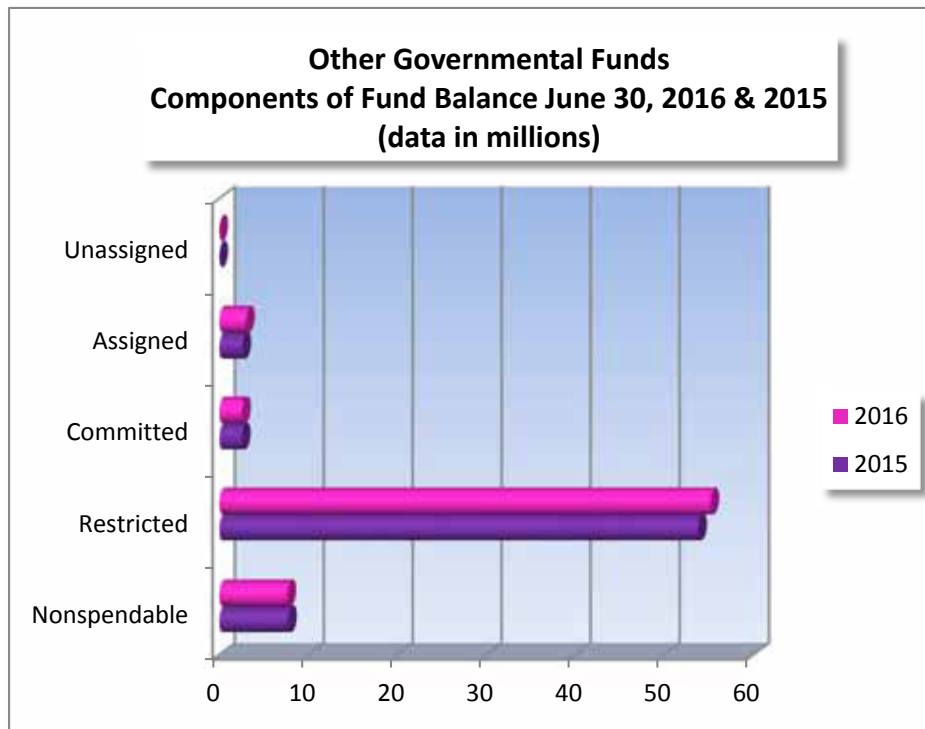
The City of Portland, Maine uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds:** The focus on the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances, of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Portland, Maine's Council.

At June 30, 2016, the City of Portland, Maine's governmental funds reported combined fund balance of \$117,670, an increase of \$9,142. Approximately, 31% of this amount (\$36,599) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$8,354), 2) restricted for a specific purpose (\$55,180), 3) committed to a particular purpose (\$9,046), or 5) assigned to a particular purpose (\$8,491).



The general fund is the central operating fund of the City, and by definition is the only fund that can have a positive unassigned balance. At the end of the current fiscal year, unassigned fund balance of the general fund was \$36,599; total fund balance was \$49,290. As a measure of the general funds liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Unassigned fund balance represents 13.00% of total budgeted general fund expenditures, while total fund balance represents 17.51% of that same amount.



The total fund balance of the City of Portland's general fund increased \$7,400 during the current fiscal year. The City sold property in the Bayside neighborhood that provided \$2,100 in revenue. Other major contributors to the increase were auto excise revenue, which was higher than budget by \$1,220, building permit revenue, which was \$971 over budget, and parking revenues, which were \$846 over budget.

The non-major governmental funds, had a decrease of \$347. This was due primarily to a decline in intergovernmental funds available from the State, most of which was related to health and social service programs.

The capital projects fund, a major fund, had an increase of \$2,293 in fund balance. This is caused mainly by the timing of the issuance of long-term debt and expenditure of funds as the related projects progressed.

The debt service fund, also a major fund, had a decrease of \$204. The City received a premium on the issuance of its general obligation bonds. Part of the premium was used to reduce the amount of the overall borrowing and the remainder will be applied to future debt service payments.

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

Net position of the five enterprise funds totaled \$179,770, an overall increase of \$5,934. The four funds with a positive net position are the Jetport (\$100,329), the Sewer (\$71,182), the Fish Pier Authority (\$6,952), and the Portland Development Corporation (\$3,535). The stormwater fund had a decrease in net position and finished the year with a deficit of \$2,229.

Net position restricted for debt service, operating maintenance, and renewal and replacement in the enterprise funds totaled \$4,257 at the end of the current year. The following table summarizes restricted net position at year end and also the amount and percentage increase (decrease) from June 30, 2015.

<b>Restricted Net Position</b>	<b>Amount</b>	<b>Percentage of Total</b>	<b>Increase / (Decrease) from 2015</b>	<b>Percentage Increase / (Decrease)</b>
Jetport	\$ 3,686	87%	\$ (14,043)	-79%
Sewer	571	13%	227	66%
Stormwater	-	0%	-	0%
Fish Pier Authority	-	0%	-	0%
Portland Development Corporation	-	0%	-	0%
Total	<u>\$ 4,257</u>	100%	<u>\$ (13,816)</u>	

The decrease in restricted net position for the Jetport is attributed to decreases in the debt service reserve funds requirement.

### **General Fund Budgetary Highlights**

The City sold property in the Bayside area to Federated Corporation in 2016. The sale provided revenue of \$2.1 million to the City.

Parking revenue increased approximately \$585 over the prior year.

Excise tax collection increases positively affected the revenue side by \$1.2 million.

Permit revenue exceeded expectations by \$1.09 million, the result the commencement of large development projects and improved economic conditions.

A \$92 million increase in valuation, an increased reliance on property tax revenue, and faster collections positively impacted real estate tax revenue by \$7.5 million over the prior year.

The School Department had several prolonged staffing vacancies resulting in a budgetary savings of \$1 million.

Refer to Statement 5 on page 34, Schedules B-1 and B-2 on pages 77-78, and the notes to the financial statements on pages 40-68 for more detailed information.



The following schedule presents a summary of the general fund's revenues on the budgetary basis for the fiscal year ended June 30, 2016, and the percentage of increases (decreases) from the year ended June 30, 2015.

<b>Revenues</b>	<b>Amount</b>	<b>Percentage of Total</b>	<b>Increase / (Decrease) from 2015</b>	<b>Percentage Increase / (Decrease)</b>
General property taxes	\$ 159,626	55%	\$ 7,028	5%
Excise taxes	11,309	4%	931	9%
Licenses and permits	5,227	2%	2,150	70%
Fines, forfeits and penalties	2,215	1%	(162)	-7%
Uses of money and property	9,018	3%	1,091	14%
Intergovernmental	10,898	4%	934	9%
Current services	34,825	12%	2,133	7%
Education	23,944	8%	732	3%
Other	9,157	3%	1,602	21%
Interdepartmental charges	22,343	8%	304	1%
Total	<u>\$ 288,562</u>	100%	<u>\$ 16,743</u>	

The tax rate of the 2016 fiscal year was a 3% increase over the prior year; combined with a valuation increase and a faster collection rate led to a 5% increase in property tax revenue over 2015.

General fund expenditures on the budgetary basis for the year ended June 30, 2016 and the corresponding increases (decreases) and percentages from the prior year are as follows.

<b>Expenditures</b>	<b>Amount</b>	<b>Percentage of Total</b>	<b>Increase / (Decrease) from 2015</b>	<b>Percentage Increase / (Decrease)</b>
General government	\$ 25,970	9%	\$ 2,230	9%
Public safety	31,814	11%	973	3%
Public works	14,056	5%	(3,468)	-20%
Health and social services	31,095	11%	(285)	-1%
Public library	3,682	1%	90	3%
Education	101,794	36%	4,060	4%
Pension and employee insurance	29,355	10%	4,303	17%
Other	8,362	3%	356	4%
Debt service	35,253	13%	633	2%
Capital	<u>366</u>	<u>0%</u>	<u>187</u>	<u>105%</u>
Total	<u>\$ 281,747</u>	100%	<u>\$ 9,079</u>	

General fund expenditures were budgeted to increase 1.3%. The significant decrease in Public Works expenditures was due in part to the movement of the Parks Department out of Public Works and into the Recreation, Parks and Facilities Department (shown as part of general government above). The increase in pension and employee insurance was related to abnormally high insurance claims during the fiscal year.

As described in the notes to the financial statements (page 42), the City treats inter-fund and interdepartmental transfers as revenues and expenditures for budgetary purposes. Interdepartmental expenditures for the year ended June 30, 2016 increased \$307 or 1.4%. Interdepartmental expenditures for the year are summarized below along with the dollar amount of change and percentage increase and (decrease) from the prior year.

Expenditures	Amount	Percentage of Total	Increase / (Decrease) from 2015	Percentage Increase / (Decrease)
General government	\$ 3,020	14%	\$ 326	12%
Public safety	1,970	9%	267	16%
Public works	800	4%	(330)	-29%
Pension and employee insurance	3,096	14%	297	11%
Debt service	13,457	60%	(253)	-2%
Total	<u>\$ 22,343</u>	100%	<u>\$ 307</u>	

### Capital Assets and Debt Administration

**Capital assets.** The City of Portland, Maine's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$637,593 (net of accumulated depreciation). The investment in capital assets includes land, buildings, machinery, equipment, vehicles, roads and sewer lines. The total increase for the current year was approximately \$4,215 or 0.67%. Depreciation expense (net of disposals) for the year was \$22,548 while additions (net of disposals) were \$26,763.

City of Portland, Maine's capital assets						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Capital assets not being depreciated						
Land	\$ 24,773	\$ 23,927	\$ 18,430	\$ 17,582	\$ 43,203	\$ 41,509
Construction in progress	7,604	3,349	6,689	3,717	14,293	7,066
Capital assets being depreciated, net						
Buildings and improvements	120,212	119,349	120,515	125,441	240,727	244,790
Improvements other than buildings	21,401	21,105	43,269	42,944	64,670	64,049
Machinery and equipment	16,095	16,869	10,913	10,023	27,008	26,892
Infrastructure	136,942	137,953	110,750	111,119	247,692	249,072
Total	<u>\$ 327,027</u>	<u>\$ 322,552</u>	<u>\$ 310,566</u>	<u>\$ 310,826</u>	<u>\$ 637,593</u>	<u>\$ 633,378</u>

Major capital asset events during the year included the following:

- \$30,580 in new bonds were issued to support various capital improvement projects for governmental and business-type activities.

Additional information on the City of Portland, Maine's capital assets can be found on pages 44-45 and 52-53 of this report.

**Long-term debt:** At the end of the current fiscal year, the City had total bonded debt outstanding of \$413,694. Of this amount, \$295,374 comprises general obligation debt backed by the full faith and credit of the City. The remainder consists of revenue bonds secured solely by Jetport operating revenues and passenger surcharges \$118,320.

City of Portland, Maine's outstanding bonded debt						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 223,218	\$ 218,031	\$ 72,156	\$ 67,163	\$ 295,374	\$ 285,194
Revenue bonds	-	-	118,320	119,985	118,320	119,985
Total	<u>\$ 223,218</u>	<u>\$ 218,031</u>	<u>\$ 190,476</u>	<u>\$ 187,148</u>	<u>\$ 413,694</u>	<u>\$ 405,179</u>

Total bonded debt increased \$8,515 (2.1%) during the current fiscal year. This was because new debt issued exceeded the repayments in the current year. The City issued \$40,185 in new debt. Of the \$40,185, \$30,580 was for new capital improvement projects, and \$9,605 was to refund previously issued debt in order to achieve reduced debt service payments over the remaining life of the bonds. The combined sewer overflow abatement program issued no new debt in the current year.

In May of 2016, the City council authorized \$26,370 in additional borrowings for capital improvement projects.

The City of Portland, Maine maintains an “Aa1” rating from Moody’s Investor Services and an “AA” rating from Standard and Poor’s Rating Services.

State statutes limit the amount of general obligation debt that a municipality may issue to 15% of its total state assessed valuation. The current debt limit for the City is \$1,199,453. Outstanding debt of \$295,374 is 24.63% of the total allowed.

Additional information on the City of Portland, Maine’s long-term debt can be found in Note I on pages 60-65.

### **Economic Factors and Next Year’s Budget and Rates**

The following economic factors currently affect the City of Portland, Maine and were considered and included in developing the 2016-2017 fiscal year budgets.

- Unemployment rate
- Increases in revenues
- Expenses for which the City has limited control
- Taxable assessed value
- State budget deliberations
- Restrictions on discretionary spending at the federal level

In adopting the budget for the 2017 year, City officials considered many factors in making judgements and estimates about the finances of the upcoming year.

- Minimize taxpayer impact
- Minimize the impact to services and its recipients
- Minimize the impact to our workforce
- Responsibly manage our fund balance

The result was a tax increase to \$21.11 mills from \$20.63, a 2.3% rate increase, with a fund balance utilization component of \$750 by the School Department.

### **Requests for Information**

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

# Basic Financial Statements

**CITY OF PORTLAND, MAINE**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Portland Public Library</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 93,410,208	\$ 43,878,546	\$ 137,288,754	\$ 823,985
Investments	32,716,884	-	32,716,884	5,428,230
Taxes receivable	2,942,918	-	2,942,918	-
Accounts receivable, net	7,798,634	4,303,195	12,101,829	122,714
Loans and notes receivable, net	1,606,195	1,889,902	3,496,097	-
Due from other governments	4,558,264	1,340,104	5,898,368	-
Due from primary government	-	-	-	63,056
Inventories	767,986	364,213	1,132,199	-
Prepaid expenses	13,183	1,454,752	1,467,935	65,548
Restricted assets-cash and cash equivalents	-	20,609,576	20,609,576	430,352
Capital assets:				
Land	24,773,225	18,430,890	43,204,115	162,500
Construction in progress	7,604,232	6,688,496	14,292,728	-
Buildings and improvements, net	120,212,345	120,514,809	240,727,154	3,359,011
Improvements other than buildings, net	21,401,083	43,269,498	64,670,581	-
Machinery and equipment, net	16,094,811	10,913,462	27,008,273	255,634
Infrastructure, net	136,941,698	110,749,353	247,691,051	-
Total assets	<u>\$ 470,841,666</u>	<u>\$ 384,406,796</u>	<u>\$ 855,248,462</u>	<u>\$ 10,711,030</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of pension resources	\$ 8,423,931	\$ 664,029	\$ 9,087,960	\$ -
Total deferred outflows of resources	<u>\$ 8,423,931</u>	<u>\$ 664,029</u>	<u>\$ 9,087,960</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 6,107,631	\$ 2,002,356	\$ 8,109,987	\$ 35,732
Accrued liabilities	18,203,598	4,971,573	23,175,171	253,914
Due to component unit	63,056	-	63,056	-
Unearned revenue	514,082	81,040	595,122	-
Noncurrent liabilities:				
Due within one year	21,756,270	8,268,324	30,024,594	24,176
Due in more than one year	271,872,208	189,412,534	461,284,742	793,357
Total liabilities	<u>\$ 318,516,845</u>	<u>\$ 204,735,827</u>	<u>\$ 523,252,672</u>	<u>\$ 1,107,179</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of pension resources	\$ 5,735,643	\$ 565,211	\$ 6,300,854	\$ -
Total deferred inflows of resources	<u>\$ 5,735,643</u>	<u>\$ 565,211</u>	<u>\$ 6,300,854</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 224,948,267	\$ 136,613,213	\$ 361,561,480	\$ 2,959,612
Restricted for:				
Debt service	93,877	-	93,877	-
Operating maintenance	-	3,730,374	3,730,374	-
Other grants and special revenue	19,516,157	-	19,516,157	-
Permanent funds, expendable	13,791,974	-	13,791,974	1,970,639
Permanent funds, nonexpendable	5,966,149	-	5,966,149	3,638,962
Renewal and replacement	-	527,156	527,156	-
Unrestricted (deficit)	(109,303,315)	38,899,044	(70,404,271)	1,034,638
Total net position	<u>\$ 155,013,109</u>	<u>\$ 179,769,787</u>	<u>\$ 334,782,896</u>	<u>\$ 9,603,851</u>

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

**CITY OF PORTLAND, MAINE**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2016

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Portland Public Library
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 49,848,640	\$ 29,988,960	\$ 3,546,198	\$ -	\$ (16,313,482)	\$ -	\$ (16,313,482)	\$ -
Public safety	45,134,716	4,352,514	717,067	-	(40,065,135)	-	(40,065,135)	-
Public works	21,880,552	3,907,652	731,428	-	(17,241,472)	-	(17,241,472)	-
Health and social services	41,781,999	18,687,273	11,948,283	-	(11,146,443)	-	(11,146,443)	-
Public library	4,271,668	-	-	-	(4,271,668)	-	(4,271,668)	-
Education	118,484,605	1,743,722	36,798,431	-	(79,942,452)	-	(79,942,452)	-
Transportation	2,098,934	-	-	-	(2,098,934)	-	(2,098,934)	-
Interest on long-term debt	12,731,147	-	-	-	(12,731,147)	-	(12,731,147)	-
Total governmental activities	\$ 296,232,261	\$ 58,680,121	\$ 53,741,407	\$ -	\$ (183,810,733)	\$ -	\$ (183,810,733)	\$ -
Business-type activities:								
Jetport	\$ 30,021,862	\$ 21,363,450	\$ -	\$ 8,693,444	\$ -	\$ 35,032	\$ 35,032	\$ -
Sewer	18,820,984	23,357,118	-	17,726	-	4,553,860	4,553,860	-
Stormwater	2,116,535	3,297,088	-	-	-	1,180,553	1,180,553	-
Fish Pier Authority	548,448	513,492	-	-	-	(34,956)	(34,956)	-
Portland Development Corporation	203,938	3,695	92,500	-	-	(107,743)	(107,743)	-
Total business-type activities	\$ 51,711,767	\$ 48,534,843	\$ 92,500	\$ 8,711,170	\$ -	\$ 5,626,746	\$ 5,626,746	\$ -
Total primary government	\$ 347,944,028	\$ 107,214,964	\$ 53,833,907	\$ 8,711,170	\$ (183,810,733)	\$ 5,626,746	\$ (178,183,987)	\$ -
<b>Component unit:</b>								
Portland Public Library	\$ 6,279,213	\$ 220,764	\$ 5,564,043	\$ 113,673	\$ -	\$ -	\$ -	\$ (380,733)
General revenues:								
Property taxes					\$ 159,677,365	\$ -	\$ 159,677,365	\$ -
Excise taxes					11,308,231	-	11,308,231	-
Grants and contributions not restricted to specific programs					6,670,186	-	6,670,186	-
Unrestricted investment earnings					435,154	329,775	764,929	57,734
Transfers					22,616	(22,616)	-	-
Total general revenues and transfers					\$ 178,113,552	\$ 307,159	\$ 178,420,711	\$ 57,734
Change in net position					(5,697,181)	5,933,905	236,724	(322,999)
Net position - beginning					160,710,290	173,835,882	334,546,172	9,926,850
Net position - ending					\$ 155,013,109	\$ 179,769,787	\$ 334,782,896	\$ 9,603,851

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

**CITY OF PORTLAND, MAINE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 45,174,170	\$ 3,825,770	\$ 23,175,628	\$ 21,234,640	\$ 93,410,208
Investments	13,835,091	-	-	18,881,793	32,716,884
Taxes receivable	2,942,918	-	-	-	2,942,918
Accounts receivable	8,823,946	-	-	458,077	9,282,023
Allowance for uncollectible accounts	(1,483,389)	-	-	-	(1,483,389)
Loans receivable	-	-	-	1,690,732	1,690,732
Allowance for uncollectible loans	-	-	-	(84,537)	(84,537)
Due from other governments	1,176,000	-	-	3,382,264	4,558,264
Due from other funds	399,940	-	-	-	399,940
Inventories	694,363	-	-	73,623	767,986
Prepaid expenditures	11,623	-	-	1,560	13,183
Total assets	<u>\$ 71,574,662</u>	<u>\$ 3,825,770</u>	<u>\$ 23,175,628</u>	<u>\$ 45,638,152</u>	<u>\$ 144,214,212</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,463,027	\$ -	\$ 1,202,954	\$ 1,504,706	\$ 6,170,687
Accrued liabilities	13,584,110	-	119,224	593,929	14,297,263
Due to other funds	-	-	-	399,940	399,940
Claims and judgments	1,978,642	-	-	-	1,978,642
Unearned revenue	75,934	-	-	438,148	514,082
Total liabilities	<u>\$ 19,101,713</u>	<u>\$ -</u>	<u>\$ 1,322,178</u>	<u>\$ 2,936,723</u>	<u>\$ 23,360,614</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	\$ 3,183,348	\$ -	\$ -	\$ -	\$ 3,183,348
Total deferred inflows of resources	<u>\$ 3,183,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,183,348</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories and prepaid expenses	\$ 705,986	\$ -	\$ -	\$ 75,183	\$ 781,169
Loans	-	-	-	1,606,195	1,606,195
Permanent funds	-	-	-	5,966,149	5,966,149
Restricted:					
Capital projects	-	-	21,853,450	-	21,853,450
Debt service	-	93,877	-	-	93,877
Other grants and special revenue	-	-	-	19,440,974	19,440,974
Permanent funds	-	-	-	13,791,974	13,791,974
Committed:					
Debt service	-	730,313	-	-	730,313
Economic development activities	338,837	-	-	-	338,837
Capital Improvement	5,406,380	-	-	-	5,406,380
Loan programs	-	-	-	1,820,954	1,820,954
Subsequent years expenditure	750,000	-	-	-	750,000
Assigned:					
Barron Center resident benefits	189,294	-	-	-	189,294
Debt service	-	3,001,580	-	-	3,001,580
Medicaid settlements	300,000	-	-	-	300,000
Self insurance programs	5,000,000	-	-	-	5,000,000
Unassigned	36,599,104	-	-	-	36,599,104
Total fund balances	<u>\$ 49,289,601</u>	<u>\$ 3,825,770</u>	<u>\$ 21,853,450</u>	<u>\$ 42,701,429</u>	<u>\$ 117,670,250</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 71,574,662</u>	<u>\$ 3,825,770</u>	<u>\$ 23,175,628</u>	<u>\$ 45,638,152</u>	

Continued

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



**CITY OF PORTLAND, MAINE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016**

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

Total fund balances - total governmental funds, Statement 3 \$ 117,670,250

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

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds. 327,027,394

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are deferred in the funds. 3,183,348

Accrued interest payable on long-term liabilities is not reported in the funds. (1,927,693)

Deferred inflows and outflows of pension resources are not financial resources  
nor are they available to pay current-period expenditures:

Deferred inflows	\$ (5,735,643)	
Deferred outflows	8,423,931	2,688,288

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

General obligation bonds	\$ 223,219,027	
Premium on bonds	7,135,804	
Notes payable	10,371,602	
Capital leases	53,322	
Self-insurance	7,206,558	
Compensated absences	9,793,739	
Unfunded pension liability	460,915	
Net pension liability	35,387,511	(293,628,478)

Net position of governmental activities \$ 155,013,109

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

**CITY OF PORTLAND, MAINE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2016**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
General property taxes	\$ 157,149,247	\$ -	\$ -	\$ 2,698,544	\$159,847,791
Excise taxes	11,308,231	-	-	-	11,308,231
Licenses and permits	5,226,790	-	-	738,399	5,965,189
Fines, forfeits and penalties	2,214,154	-	-	-	2,214,154
Uses of money and property	9,020,489	-	78,411	476,580	9,575,480
Intergovernmental	40,916,334	-	-	19,495,259	60,411,593
Current services	34,825,013	-	-	3,999,605	38,824,618
Other	2,530,573	5,261	-	-	2,535,834
Total revenues	\$ 263,190,831	\$ 5,261	\$ 78,411	\$ 27,408,387	\$290,682,890
<b>Expenditures</b>					
Current:					
General government	\$ 23,044,603	\$ -	\$ -	\$ 6,271,534	\$ 29,316,137
Public safety	29,101,706	-	-	1,062,503	30,164,209
Public works	13,071,885	-	-	471,883	13,543,768
Health and social services	27,092,283	-	-	6,122,045	33,214,328
Public library	3,681,713	-	-	-	3,681,713
Education	98,688,243	-	346,356	11,117,394	110,151,993
Pension and employee insurance	25,448,341	-	80,000	-	25,528,341
Other	8,362,435	312,830	-	-	8,675,265
Debt service:					
Principal	-	13,637,149	-	250,000	13,887,149
Interest	-	13,230,454	-	39,775	13,270,229
Capital outlay	366,560	-	19,884,197	1,771,353	22,022,110
Total expenditures	\$ 228,857,769	\$ 27,180,433	\$ 20,310,553	\$ 27,106,487	\$303,455,242
Excess (deficiency) of revenues over (under) expenditures	\$ 34,333,062	\$ (27,175,172)	\$ (20,232,142)	\$ 301,900	\$ (12,772,352)
<b>Other financing sources (uses)</b>					
Transfers in	5,090,839	27,551,665	22,525,042	193,236	55,360,782
Transfers out	(32,024,296)	(22,472,046)	-	(841,824)	(55,338,166)
General obligation bonds issued	-	19,656,168	-	-	19,656,168
Premium on general obligation bonds	-	2,188,431	-	-	2,188,431
Refunding bonds issued	-	5,527,890	-	-	5,527,890
Premium on refunding bonds	-	948,050	-	-	948,050
Payment to refunded bond escrow agent	-	(6,428,498)	-	-	(6,428,498)
Total other financing sources (uses)	\$ (26,933,457)	\$ 26,971,660	\$ 22,525,042	\$ (648,588)	\$ 21,914,657
Net change in fund balances	\$ 7,399,605	\$ (203,512)	\$ 2,292,900	\$ (346,688)	\$ 9,142,305
Fund balances - beginning	41,889,996	4,029,282	19,560,550	43,048,117	108,527,945
Fund balances - ending	\$ 49,289,601	\$ 3,825,770	\$ 21,853,450	\$ 42,701,429	\$117,670,250

Continued

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

**CITY OF PORTLAND, MAINE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2016**

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

Net change in fund balances - total governmental funds, Statement 4 \$ 9,142,305

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

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

Capitalized expenditures	\$ 19,446,868	
Depreciation expense	<u>(14,619,747)</u>	4,827,121

The cost less accumulated depreciation of assets disposed or sold not reflected in the governmental funds		(354,560)
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Current years' revenues in the statement of activities that do not meet the availability criteria in the fund statements		(170,426)
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The issuance of long-term debt (e.g., bonds, notes, leases) provides current  
financial resources to governmental funds, while the repayment of the principal  
of long-term debt consumes the current financial resources of governmental  
funds. Neither transaction, however, has any effect on net position.

Debt issued and premiums received	\$ (28,320,539)	
Amortization of premiums	570,035	
Principal repaid	<u>20,404,302</u>	(7,346,202)

Changes in the net pension liability and related deferred inflows and outflows of  
resources are not recorded as expenditures in the governmental funds, but are  
recorded as expenses in the statement of activities.

General government expense	\$ (1,719,384)	
Public safety expense	(3,107,054)	
Public service expense	(733,889)	
Health and human services expense	(1,932,390)	
Education expense	<u>(5,467,842)</u>	(12,960,559)

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

Change in self insurance liability	\$ 1,454,884	
Change in accrued compensated absences	(392,576)	
Change in unfunded pension liability	133,788	
Change in accrued interest	<u>(30,956)</u>	<u>1,165,140</u>

Change in net position of governmental activities, Statement 2		<u><u>(5,697,181)</u></u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF PORTLAND, MAINE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (BUDGET BASIS)**  
**For the Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budget Basis)</b>	<b>Final Budget - Positive (Negative)</b>
<b>Revenues</b>				
General property taxes	\$ 157,797,625	\$ 157,797,625	\$ 159,625,983	\$ 1,828,358
Excise taxes	10,076,500	10,076,500	11,308,231	1,231,731
Licenses and permits	4,140,154	4,140,154	5,226,790	1,086,636
Fines, forfeits and penalties	2,003,005	2,003,005	2,214,154	211,149
Uses of money and property	8,101,192	8,101,192	9,017,489	916,297
Intergovernmental	10,296,263	10,296,263	10,898,097	601,834
Current services	33,986,683	33,988,886	34,825,013	836,127
Education	24,288,446	24,288,446	23,944,207	(344,239)
Other	7,836,647	7,834,444	9,157,801	1,323,357
Interdepartmental charges	21,859,663	21,859,663	22,343,430	483,767
Total revenues	\$ 280,386,178	\$ 280,386,178	\$ 288,561,195	\$ 8,175,017
<b>Expenditures and encumbrances</b>				
General government	\$ 24,410,249	\$ 25,607,562	\$ 25,969,620	\$ (362,058)
Public safety	31,146,100	31,273,350	31,814,366	(541,016)
Public works	15,906,948	14,727,550	14,056,097	671,453
Health and social services	31,662,573	31,688,858	31,095,465	593,393
Public library	3,681,713	3,681,713	3,681,713	-
Education	102,776,657	102,776,657	101,793,606	983,051
Pension and employee insurance	26,118,181	26,096,731	29,354,707	(3,257,976)
Other	9,553,907	9,553,907	8,362,435	1,191,472
Debt service	35,669,850	35,669,850	35,252,636	417,214
Capital	375,000	375,000	366,560	8,440
Total expenditures and encumbrances	\$ 281,301,178	\$ 281,451,178	\$ 281,747,205	\$ (296,027)
Excess (deficiency) of revenues over (under) expenditures and encumbrances	\$ (915,000)	\$ (1,065,000)	\$ 6,813,990	\$ 7,878,990

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

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**CITY OF PORTLAND, MAINE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**Business-type Activities - Enterprise Funds**  
**June 30, 2016**

	<b>Jetport</b>	<b>Sewer</b>	<b>Stormwater</b>	<b>Fish Pier Authority</b>	<b>Portland Development Corporation</b>	<b>Total Business-type Activities</b>
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 21,446,955	\$ 17,809,162	\$ 912,269	\$ 1,820,536	\$ 1,889,624	\$ 43,878,546
Accounts receivable	3,100,730	861,075	377,947	20,514	229	4,360,495
Allowance for uncollectible accounts	(55,000)	(300)	-	(2,000)	-	(57,300)
Notes and loans receivable	-	244,913	-	-	1,935,281	2,180,194
Allowance for uncollectible loans	-	-	-	-	(290,292)	(290,292)
Due from other governments	1,340,104	-	-	-	-	1,340,104
Inventories	308,135	56,078	-	-	-	364,213
Prepaid expenses	1,454,752	-	-	-	-	1,454,752
Total current assets	\$ 27,595,676	\$ 18,970,928	\$ 1,290,216	\$ 1,839,050	\$ 3,534,842	\$ 53,230,712
Noncurrent assets:						
Restricted cash and cash equivalents	\$ 14,839,512	\$ 5,770,064	\$ -	\$ -	\$ -	\$ 20,609,576
Capital assets:						
Land	13,313,235	854,086	-	4,263,569	-	18,430,890
Buildings and improvements	176,526,424	1,802,442	-	12,751,199	-	191,080,065
Improvements other than buildings	128,975,670	46,031	-	1,405,606	-	130,427,307
Machinery and equipment	18,484,901	4,795,483	-	428,446	-	23,708,830
Infrastructure	-	138,896,847	-	-	-	138,896,847
Construction in progress	683,247	6,005,249	-	-	-	6,688,496
Less accumulated depreciation	(153,454,062)	(31,841,144)	-	(13,370,721)	-	(198,665,927)
Total capital assets (net of accumulated depreciation)	\$ 184,529,415	\$ 120,558,994	\$ -	\$ 5,478,099	\$ -	\$ 310,566,508
Total noncurrent assets	\$ 199,368,927	\$ 126,329,058	\$ -	\$ 5,478,099	\$ -	\$ 331,176,084
Total assets	\$ 226,964,603	\$ 145,299,986	\$ 1,290,216	\$ 7,317,149	\$ 3,534,842	\$ 384,406,796
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of pension resources	\$ 345,864	\$ 318,165	\$ -	\$ -	\$ -	\$ 664,029
Total deferred outflows of resources	\$ 345,864	\$ 318,165	\$ -	\$ -	\$ -	\$ 664,029
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 910,479	\$ 829,213	\$ 63,651	\$ 199,013	\$ -	\$ 2,002,356
Accrued liabilities	3,186,609	633,975	21,996	1,430	-	3,844,010
Compensated absences	280,785	179,031	-	-	-	459,816
Claims and judgments	101,992	565,755	-	-	-	667,747
Unearned revenue	-	57,483	23,557	-	-	81,040
Total current liabilities	\$ 4,479,865	\$ 2,265,457	\$ 109,204	\$ 200,443	\$ -	\$ 7,054,969
Noncurrent liabilities:						
Due within one year	\$ 1,969,919	\$ 6,134,454	\$ 114,257	\$ 49,694	\$ -	\$ 8,268,324
Due in more than one year	120,237,085	65,764,997	3,295,705	114,747	-	189,412,534
Total noncurrent liabilities	\$ 122,207,004	\$ 71,899,451	\$ 3,409,962	\$ 164,441	\$ -	\$ 197,680,858
Total liabilities	\$ 126,686,869	\$ 74,164,908	\$ 3,519,166	\$ 364,884	\$ -	\$ 204,735,827
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of pension resources	\$ 294,394	\$ 270,817	\$ -	\$ -	\$ -	\$ 565,211
Total deferred inflows of resources	\$ 294,394	\$ 270,817	\$ -	\$ -	\$ -	\$ 565,211
<b>NET POSITION</b>						
Net investment in capital assets	\$ 78,811,682	\$ 55,897,835	\$ (3,409,962)	\$ 5,313,658	\$ -	\$ 136,613,213
Restricted for -						
Operating maintenance	3,686,163	44,211	-	-	-	3,730,374
Renewal and replacement	-	527,156	-	-	-	527,156
Unrestricted	17,831,359	14,713,224	1,181,012	1,638,607	3,534,842	38,899,044
Total net position	\$ 100,329,204	\$ 71,182,426	\$ (2,228,950)	\$ 6,952,265	\$ 3,534,842	\$ 179,769,787

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

**CITY OF PORTLAND, MAINE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Business-type Activities - Enterprise Funds**  
**For the Year Ended June 30, 2016**

	<b>Jetport</b>	<b>Sewer</b>	<b>Stormwater</b>	<b>Fish Pier Authority</b>	<b>Portland Development Corporation</b>	<b>Total Business-type Activities</b>
Operating revenues:						
Charges for services	\$ 21,363,450	\$ 23,357,118	\$ 3,297,088	\$ 513,492	\$ 3,695	\$ 48,534,843
Intergovernmental	-	-	-	-	92,500	92,500
Total operating revenues	\$ 21,363,450	\$ 23,357,118	\$ 3,297,088	\$ 513,492	\$ 96,195	\$ 48,627,343
Operating expenses:						
Personnel services	\$ 4,812,333	\$ 2,830,809	1,247,916	25,731	-	\$ 8,916,789
Contractual services	6,706,375	1,028,273	673,998	25,829	203,938	8,638,413
Portland Water District services	-	11,145,024	-	-	-	11,145,024
Supplies and materials	689,682	212,272	80,801	5,760	-	988,515
Rentals	40,838	29,362	27,524	-	-	97,724
Utilities	1,407,204	74,122	-	22,896	-	1,504,222
Maintenance	1,740,540	129,421	73,642	127,284	-	2,070,887
Depreciation	8,952,733	2,389,899	-	193,438	-	11,536,070
Other	104,245	795	-	141,009	-	246,049
Total operating expenses	\$ 24,453,950	\$ 17,839,977	\$ 2,103,881	\$ 541,947	\$ 203,938	\$ 45,143,693
Operating income (loss)	\$ (3,090,500)	\$ 5,517,141	\$ 1,193,207	\$ (28,455)	\$ (107,743)	\$ 3,483,650
Nonoperating revenues (expenses):						
Passenger facility charges	\$ 3,504,626	\$ -	\$ -	\$ -	\$ -	\$ 3,504,626
Loss on disposal of property	(18,495)	(38,404)	-	-	-	(56,899)
Interest and other revenue	175,502	49,804	459	-	104,010	329,775
Interest and other expense	(5,549,417)	(942,603)	(12,654)	(6,501)	-	(6,511,175)
Total nonoperating revenues (expenses)	\$ (1,887,784)	\$ (931,203)	\$ (12,195)	\$ (6,501)	\$ 104,010	\$ (2,733,673)
Income (loss) before capital contributions and transfers	\$ (4,978,284)	\$ 4,585,938	\$ 1,181,012	\$ (34,956)	\$ (3,733)	\$ 749,977
Capital contributions	5,188,818	17,726	-	-	-	5,206,544
Transfers in (out)	-	3,409,962	(3,409,962)	-	(22,616)	(22,616)
Change in net position	\$ 210,534	\$ 8,013,626	\$ (2,228,950)	\$ (34,956)	\$ (26,349)	\$ 5,933,905
Total net position - beginning	100,118,670	63,168,800	-	6,987,221	3,561,191	173,835,882
Total net position - ending	\$ 100,329,204	\$ 71,182,426	\$ (2,228,950)	\$ 6,952,265	\$ 3,534,842	\$ 179,769,787

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

**CITY OF PORTLAND, MAINE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Business-type Activities - Enterprise Funds**  
**For the Year Ended June 30, 2016**

	<b>Jetport</b>	<b>Sewer</b>	<b>Stormwater</b>	<b>Fish Pier Authority</b>	<b>Portland Development Corporation</b>	<b>Total Business-type Activities</b>
<b>Cash flows from operating activities</b>						
Receipts from customers and users	\$ 21,545,614	\$ 23,748,409	\$ 2,942,698	\$ 522,122	\$ 95,966	\$ 48,854,809
Payments to suppliers	(9,980,113)	(12,142,695)	(792,314)	(127,749)	(240,565)	(23,283,436)
Payments to employees	(4,751,671)	(2,807,032)	(1,229,695)	(25,731)	-	(8,814,129)
Net cash provided (used) by operating activities	\$ 6,813,830	\$ 8,798,682	\$ 920,689	\$ 368,642	\$ (144,599)	\$ 16,757,244
<b>Cash flows from capital and related financing activities</b>						
Contributed capital	\$ 6,956,237	\$ 17,726	\$ -	\$ -	\$ -	\$ 6,973,963
Passenger facility charges	3,360,360	-	-	-	-	3,360,360
Proceeds from sale of general obligation bonds	-	11,951,473	3,409,962	100,000	-	15,461,435
Acquisition and construction of capital assets	(5,189,872)	(5,881,553)	-	-	-	(11,071,425)
Principal paid on bond maturities	(1,665,000)	(9,854,747)	-	(152,774)	-	(11,672,521)
Interest paid on debt	(5,867,597)	(1,185,464)	(8,879)	(8,784)	-	(7,070,724)
Nonoperating other	-	12,930	-	-	-	12,930
Net cash provided (used) by capital and related financing activities	\$ (2,405,872)	\$ (4,939,635)	\$ 3,401,083	\$ (61,558)	\$ -	\$ (4,005,982)
<b>Cash flows from noncapital financing activities</b>						
Transfers in (out)	\$ -	\$ 3,409,962	\$ (3,409,962)	\$ -	\$ (22,616)	\$ (22,616)
Issuance of loans	-	-	-	-	(247,500)	(247,500)
Repayment of loans	-	15,723	-	-	444,307	460,030
Net cash provided (used) by noncapital financing activities	\$ -	\$ 3,425,685	\$ (3,409,962)	\$ -	\$ 174,191	\$ 189,914
<b>Cash flows from investing activities</b>						
Interest income	\$ 175,502	\$ 36,275	\$ 459	\$ -	\$ 104,010	\$ 316,246
Net cash provided by investing activities	\$ 175,502	\$ 36,275	\$ 459	\$ -	\$ 104,010	\$ 316,246
Net increase in cash and cash equivalents	\$ 4,583,460	\$ 7,321,007	\$ 912,269	\$ 307,084	\$ 133,602	\$ 13,257,422
Cash and cash equivalents, beginning of year	31,703,007	16,258,219	-	1,513,452	1,756,022	51,230,700
Cash and cash equivalents, end of year	\$ 36,286,467	\$ 23,579,226	\$ 912,269	\$ 1,820,536	\$ 1,889,624	\$ 64,488,122
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ (3,090,500)	\$ 5,517,141	\$ 1,193,207	\$ (28,455)	\$ (107,743)	\$ 3,483,650
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	8,952,733	2,389,899	-	193,438	-	11,536,070
Change in operating assets and liabilities:						
Accounts receivable	119,326	409,017	(377,947)	8,630	(229)	158,797
Due from other governments	62,838	-	-	-	-	62,838
Prepaid expenses	62,535	-	-	-	-	62,535
Inventories	(9,020)	15,754	-	-	-	6,734
Accounts payable	228,921	168,155	63,651	195,029	(36,627)	619,129
Accrued liabilities	36,163	6,248	18,221	-	-	60,632
Compensated absences	33,499	17,529	-	-	-	51,028
Accrued claims and judgments	16,171	(76,672)	-	-	-	(60,501)
Unearned revenue	-	(17,726)	23,557	-	-	5,831
Change in net pension liability and related deferred outflows and inflows of resources	401,164	369,337	-	-	-	770,501
Total adjustments	\$ 9,904,330	\$ 3,281,541	\$ (272,518)	\$ 397,097	\$ (36,856)	\$ 13,273,594
Net cash provided (used) by operating activities	\$ 6,813,830	\$ 8,798,682	\$ 920,689	\$ 368,642	\$ (144,599)	\$ 16,757,244
<b>Noncash investing, capital, and financing activities and financing activities:</b>						
Disposal of capital assets	\$ 280,636	\$ 403,278	\$ -	\$ 4,155	\$ -	\$ 688,069
Accumulated depreciation on capital asset dispositions	262,142	364,874	-	4,155	-	631,171

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



**CITY OF PORTLAND, MAINE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2016**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,177,486
Total assets	\$ 4,177,486
<b>LIABILITIES</b>	
Accrued liabilities	\$ 299,998
Held for school activities	947,430
Held for performance guarantees	1,530,994
Held for others	1,399,064
Total liabilities	\$ 4,177,486

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

**CITY OF PORTLAND, MAINE**  
**Notes to Financial Statements**  
**June 30, 2016**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the government-wide financial statements**

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

**B. Reporting entity**

The City of Portland, Maine was incorporated in 1786 under the laws of the State of Maine. The City is governed by an elected mayor and an eight-member governing council. The accompanying financial statements present the government and its component units, entities for which the City is considered financially accountable. Blended component units are presented as funds of the City. The City's one discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

**Blended component units:** The Portland Fish Pier Authority, a local development corporation, was organized by the City for the purpose of managing and marketing the entire premises known as the Portland Fish Pier for the benefit of the fishing and fishery related business enterprises and the citizens of Portland. The Authority's board of directors is an advisory board governed by the City Council.

The Portland Development Corporation (PDC) is a local development corporation, which was organized in 1991 for the purpose of implementing and administering economic development programs. The board of directors is an advisory board governed by the City Council and is staffed by City employees. The PDC is financially dependent upon the City.

The financial statements of the Authority and the PDC have been incorporated into the City's Proprietary Funds and neither issues separate financial statements.

**Discretely presented component unit:** The Portland Public Library is a nonprofit corporation established in 1889. The Library has a Board of Trustees which is not appointed by the City Council. The Library is financially dependent upon the City. The City owns the land and building in which the Library operates and provides other support services to the Library. In addition, the City provides significant financial support to the Library and believes that the City's financial statements would be incomplete without the inclusion of the library as a discretely presented component unit. The Library, which is not a governmental entity, prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles for not-for-profit organizations. The Library is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Separately issued financial statements are available for the Library and can be obtained at the Library's administrative offices.

Portland Public Library  
5 Monument Square  
Portland, ME 04101

**Jointly governed organizations:** The City participates in two jointly governed organizations. Neither is part of the City's reporting entity.

The Greater Portland Transit District provides public transportation to the residents of participating communities. The District is managed by a board of directors selected by the participating communities. The members' proportional share of bonds payable is repaid through member assessments. The City's share of any residual interest has not been determined.

ecomaine is a solid waste management corporation which serves 55 municipal members. Owned and controlled by 21 communities, ecomaine creates electricity through its processing of waste and operates an extensive recycling program. The City is an owner member. The City has no explicit, measureable equity. The City has no recorded asset in connection with its participation in ecomaine.

Complete financial statements for each organization can be obtained from the entity's administrative offices.

Greater Portland Transit District  
114 Valley Street  
Portland, ME 04102

ecomaine  
64 Blueberry Road  
Portland, ME 04102

### **C. Basis of presentation – government-wide financial statements**

Although separate government-wide and fund financial statements are presented; they are interrelated. The governmental activities column incorporates data from governmental funds and business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental, proprietary, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements.

The Portland Public Library, the City's only discretely presented component unit, is shown in a separate column in the government-wide financial statements.

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

### **D. Basis of presentation – fund financial statements**

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

The City reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The City reports all of its proprietary funds as major. These funds consist of the following:

The *jetport fund* is used to account for the operation of the City's airport. The airport serves the southern part of Maine. The revenue is produced primarily through contracts and leases.

The *sewer fund* and *stormwater fund* are used to account for sewer and stormwater services provided to residents and businesses. The City owns and maintains sewer and stormwater lines and is responsible for the costs of maintenance, improvements and expansion. All users of the system pay monthly or quarterly fees, based on water usage to support the system. The Portland Water District (not a department of the City) owns and operates the filtration plant, for which it charges the City monthly fees which are included in the sewer rate. The stormwater service charge was newly created for 2016 and aims to more equitably split costs associated with capital maintenance of the City's sewer and stormwater infrastructure.

The remaining two proprietary funds are the *Fish Pier Authority* and the *Portland Development Corporation*, blended component units of the City.

The City also reports an *agency fund* type to account for employee payroll tax withholdings, student activity funds, performance guarantees, and various departments' client funds.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the government activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included in transfers in the business-type activities column. There are exceptions to this treatment; these include charges which would distort the direct costs and program revenues reported for the various functions concerned.

## **E. Measurement focus basis of accounting**

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measureable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

## **F. Budgetary information**

### ***Budgetary basis of accounting***

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

- Encumbrances are treated as expenditures.
- Appropriations of prior year fund balances are treated as revenue.
- Interdepartmental and inter-fund transfers are treated as revenues and/or expenditures.

- Insurance claims, compensated absences and investment income are recorded on the cash basis.
- On-behalf payments made by the State of Maine are not budgeted.
- Capital leases are not budgeted.

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

The appropriated budget is prepared by department, division, and expenditure. The City's department heads may make transfers of appropriations within their department. Council authorization is required when expenditures exceed appropriation. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriation) is at the fund level except for the school department which is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed, executory contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) may be carried into the next fiscal year.

## **G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

### ***1. Cash, cash equivalents, and investments***

The City's cash and cash equivalents consist of cash on hand, demand deposits, and cash equivalent investments (i.e. money market mutual funds).

Investments are recorded at fair value. Income earned from the investment of pooled cash is allocated to various funds on the basis of the average cash balance allocated to the fund.

### ***2. Inventories and prepaid items***

Inventories are valued at cost, using the first-in first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### ***3. Capital assets***

Capital assets include property, plant, equipment and infrastructure assets (i.e., road, bridges, sidewalks, and similar items). They are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Except for infrastructure assets, capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated minimum useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if historical cost is unknown. As the City acquires or constructs additional capital assets, they are capitalized and reported at historical cost. The reported value

excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its useful life. Donated capital assets are recorded at their estimated fair value at the date of the donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure of the primary government are depreciated using the straight-line method over the following useful lives:

Asset	Years
Buildings and Improvements	20-40
Improvements other than buildings	20-40
Machinery and equipment	2-20
Infrastructure	30-67

#### ***4. Deferred outflows/inflows of resources***

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has several such items in the statement of net position. These items are related to the recognition of the net pension liability and can include: differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between the City's contributions and proportionate share of contributions, and also City pension contributions subsequent to the measurement date.

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

#### ***5. Net position flow assumptions***

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

## ***6. Fund balance flow assumptions***

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

## ***7. Fund balance policies***

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

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

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

## **H. Revenues and expenditures/expenses**

### ***1. Program revenues***

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### ***2. Property taxes***

Property taxes act as an enforceable lien on real property and are levied usually in late June or early July. Taxes are due in two installments: one in September and the second in March. Property values are based on the assessed values as of the previous April first as set by statute. Interest is assessed after the due dates as approved by the council. The maximum rate that can be charged is determined annually by the State of Maine Department of Revenue Services. Upon the expiration of eight



months, and within one year from the date of levy, a tax lien is recorded for all delinquent real property.

### ***3. Compensated absences***

#### **Vacation**

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

#### **Sick leave**

Employees earn sick leave pursuant to collectively bargained agreements or policy; generally at a rate of one day per month. Upon retirement, termination, or death an employee may be compensated for amounts up to 180 days at current pay.

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

### ***4. Proprietary funds operating and nonoperating revenues and expenses***

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

## **I. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position for both the City's and the Teacher's Pension Plans and additions to/deductions from the City's and Teacher's fiduciary net position have been determined on the same basis as they are reported by the Maine Public Employees Retirement System (MainePERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **II STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary control**

The accounting system is employed as a budgetary control device to monitor individual departments. The budget process deviates from the GAAP statements as summarized in note I.F. These differences and the effect on the general fund are summarized here.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - General Fund (Statement 4)	\$ 263,190,831	\$ 228,857,769	\$ (26,933,457)
Activity reported in special revenue fund			
School food service program	3,236,314	3,261,165	-
Interdepartmental revenues and expenditures	15,513,114	15,513,114	-
Contributions made on behalf of the City for the teachers' retirement plan	(6,421,608)	(6,421,608)	-
Debt service presentation	13,457,544	41,079,019	26,933,457
Use of fund balance/transfers	(415,000)	(500,000)	-
2016 encumbrances	-	76,602	-
2015 encumbrances	-	(118,856)	-
Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balance - Budget and Actual (Budget Basis), Statement 5	<u>\$ 288,561,195</u>	<u>\$ 281,747,205</u>	<u>\$ -</u>

### **III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

#### **A. Cash deposits with financial institutions**

*Custodial credit risk-deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's primary investment policy does not have a deposit policy for custodial credit risk. As of June 30, 2016, the City's bank balance was \$131,966,791; none of which was exposed to custodial credit risk.

#### **B. Investments**

At June 30, 2016, the City had the following investments and maturities:

Investment types:	Fair Value	Not Applicable	Maturity (years)			
			< 1	1 - 5	6 - 10	10 >
Primary government - City:						
U.S. Treasuries	\$ 40,844	\$ -	\$ -	\$ -	\$ 40,844	\$ -
Federal National Mortgage	15,022	-	-	15,022	-	-
Cash Equivalents	14,865,808	14,865,808	-	-	-	-
Mutual Funds	10,806,861	10,806,861	-	-	-	-
Corporate Bonds	2,114,872	-	-	1,244,056	870,816	-
Common Stock	5,807,975	5,807,975	-	-	-	-
Municipal Bonds	13,835,088	-	4,562,863	8,259,168	-	1,013,057
Money Market	10,683,313	10,683,313	-	-	-	-
	<u>\$58,169,783</u>	<u>\$ 42,163,957</u>	<u>\$ 4,562,863</u>	<u>\$ 9,518,246</u>	<u>\$ 911,660</u>	<u>\$ 1,013,057</u>

*Interest rate risk:* The City's primary investment policy requires that, to the extent possible, the City will attempt to match investment term with anticipated cash requirements. Funds may be invested in securities exceeding one year.

*Credit risk:* This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Maine statutes (Title 30-A §5711) authorize the City to invest in government unit bonds, corporate securities, financial institution stock and other obligations, other stock investments, and other prudent investments. The City's investment policy has primary objectives of safety, liquidity, return on investment, and point of presence.

At June 30, 2016, the City's investment in debt securities and the corresponding credit ratings were as follows:

Credit risk ratings	AAA	Aaa	AA3	AA2	AA1	A1	Baa1
Municipal Bonds	\$ 5,650,459	\$ -	\$ -	\$ 4,556,965	\$ 3,627,664	\$ -	\$ -
Money Market Funds	-	10,683,313	-	-	-	-	-
Corporate Bonds	213,670	-	856,338	216,362	202,836	423,292	202,372
	<u>\$ 5,864,129</u>	<u>\$ 10,683,313</u>	<u>\$ 856,338</u>	<u>\$ 4,773,327</u>	<u>\$ 3,830,500</u>	<u>\$ 423,292</u>	<u>\$ 202,372</u>

*Custodial credit risk-investments:* For investments, the custodial risk is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. As of June 30, 2016, the City had no investments that were subject to custodial credit risk. The City's investment policy states that all security transactions will be settled using a delivery versus payment settlement system. The City's securities are held by third party custodians or trust departments designated by the treasurer and evidenced by safekeeping receipts.

*Concentration of credit risk:* The City's investment policy states that the City will diversify its investments by security type and institution. With the exception of U.S. Treasury securities, no more than 50% of the City's total investment portfolio will be invested in a single type, or with a single financial institution. This limit may be increased to 75% for pooled cash and investments held by the City's primary relationship banking institution provided that it is fully collateralized by an investment satisfactory to the finance director and corporate counsel. At June 30, 2016, 39% of the City's cash and investments were held at one institution. Of the total cash and investments, 71% was held in cash.

*Fair Value Measurements:* Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the City uses various methods, including market, income and cost approaches. Based on these approaches, the City often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The City utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the City is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the City performs a detailed analysis of the assets and liabilities. At the end of the fiscal year all investments held were classified as Level 1.

For the year ended June 30, 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

#### Investments

Investments have been valued using a market approach. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

The beneficial interest in the perpetual trust has been valued using an income approach. The fair value of the beneficial interest in perpetual trust is based on the fair value of the underlying assets in the trust, which approximates the future estimated cash flows from the trust.

## C. Receivables

**Patient accounts receivable** and revenues are recorded at established rates when services are performed. Revenues from services include amounts reimbursable under Medicare, Medicaid, private insurance, and self-pay. Differences between established rates and third party payer rates, which are generally lower, are recorded as reductions to operating revenues.

**Property taxes** were levied on June 29, 2015 on the assessed value of real property as of April 1, 2015, as described below. Taxes were due in two installments, September 11, 2015 and March 11, 2016. Interest was charged at 7.00% per annum on amounts not paid by September 11, 2015 and March 11, 2016. Upon the expiration of eight months, and within one year from the date of the levy, a tax lien is recorded for all delinquent taxes on real estate property. Property taxes for the fiscal year ended June 30, 2016, (\$158,672,700) were assessed at a rate of 20.63 mills on the dollar on a total taxable value of \$7,691,357,240.

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

**Allowances for uncollectible accounts** are maintained for all receivables.

The City has twelve **revolving loan programs**, which are accounted for within its enterprise and special revenue funds. Funding for these programs came from federal grants, bonded debt, and the general fund. Federal grants and program income continue to fund program loans, which are made to qualified borrowers for housing and economic development activities.

**Allowance for uncollectible loans** are established and used to estimate the portion of the City's loan portfolio that will ultimately be uncollectible. Allowances for each loan fund are reviewed annually.

The City is the recipient of several **airport development aid program capital grants** for the City's airport. Federal, state and local grants were authorized in the amount of \$24,371,159. At June 30, 2016, \$21,405,981 had been expended against these grants. Amounts due from the federal and state government are \$1,327,537.

## D. Capital assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 23,927,351	\$ 845,874	\$ -	\$ 24,773,225
Construction in progress	3,349,662	4,314,812	(60,242)	7,604,232
Total capital assets, not being depreciated	<u>\$ 27,277,013</u>	<u>\$ 5,160,686</u>	<u>\$ (60,242)</u>	<u>\$ 32,377,457</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 234,486,256	\$ 7,205,510	\$ -	\$ 241,691,766
Improvements other than buildings	43,766,887	2,007,623	-	45,774,510
Machinery and equipment	49,940,717	2,359,599	(3,330,758)	48,969,558
Infrastructure	245,924,260	2,773,692	-	248,697,952
Total capital assets, being depreciated	<u>\$ 574,118,120</u>	<u>\$ 14,346,424</u>	<u>\$ (3,330,758)</u>	<u>\$ 585,133,786</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (115,136,733)	\$ (6,342,688)	\$ -	\$ (121,479,421)
Improvements other than buildings	(22,661,571)	(1,711,856)	-	(24,373,427)
Machinery and equipment	(33,070,920)	(2,780,025)	2,976,198	(32,874,747)
Infrastructure	(107,971,076)	(3,785,178)	-	(111,756,254)
Total accumulated depreciation	<u>\$ (278,840,300)</u>	<u>\$ (14,619,747)</u>	<u>\$ 2,976,198</u>	<u>\$ (290,483,849)</u>
Total capital assets being depreciated, net	<u>295,277,820</u>	<u>(273,323)</u>	<u>(354,560)</u>	<u>294,649,937</u>
Governmental activities capital assets, net	<u>\$ 322,554,833</u>	<u>\$ 4,887,363</u>	<u>\$ (414,802)</u>	<u>\$ 327,027,394</u>

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

Governmental activities:	
General government	\$ 4,077,267
Public safety	1,768,591
Public works, including general infrastructure	4,885,274
Health and social services	359,934
Education	3,170,030
Public library	358,651
Total depreciation expense - governmental activities	<u>\$ 14,619,747</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 17,582,212	\$ 848,678	-	\$ 18,430,890
Construction in progress	3,716,500	3,118,622	(146,625)	6,688,496
Total capital assets, not being depreciated	<u>\$ 21,298,712</u>	<u>\$ 3,967,300</u>	<u>\$ (146,625)</u>	<u>\$ 25,119,386</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 190,829,803	250,262	\$ -	\$ 191,080,065
Improvements other than buildings	126,938,587	3,488,721	-	130,427,308
Machinery and equipment	22,286,727	2,110,174	(688,070)	23,708,831
Infrastructure	137,231,606	1,665,241	-	138,896,847
Total capital assets, being depreciated	<u>\$ 477,286,723</u>	<u>\$ 7,514,397</u>	<u>\$ (688,070)</u>	<u>\$ 484,113,050</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (65,389,456)	(5,175,800)	\$ -	\$ (70,565,256)
Improvements other than buildings	(83,994,395)	(3,163,419)	-	(87,157,814)
Machinery and equipment	(12,263,693)	(1,162,842)	631,171	(12,795,364)
Infrastructure	(26,113,484)	(2,034,009)	-	(28,147,493)
Total accumulated depreciation	<u>\$ (187,761,028)</u>	<u>\$ (11,536,070)</u>	<u>\$ 631,171</u>	<u>\$ (198,665,927)</u>
Total capital assets being depreciated, net	<u>289,525,695</u>	<u>(4,021,673)</u>	<u>(56,899)</u>	<u>285,447,123</u>
Business-type activities capital assets, net	<u><u>\$ 310,824,407</u></u>	<u><u>\$ (54,374)</u></u>	<u><u>\$ (203,524)</u></u>	<u><u>\$ 310,566,509</u></u>

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

Business-type activities:	
Jetport	\$ 8,952,733
Sewer	2,389,899
Fish Pier	193,438
Total depreciation expense - business-type activities	<u><u>\$ 11,536,070</u></u>

## **E. Pension Plans**

### ***General Information about the pension plans to which the City is a participant***

*Plan Descriptions.* City teachers are provided with pensions through the Maine Public Employees Retirement System (MainePERS) as part of the State Employee and Teacher Plan – a cost sharing multiple-employer plan with a special funding situation. The State of Maine is a non-employer contributing entity in that the state pays the unfunded actuarial liability (UAL) on behalf of the teachers, while the City contributes the normal cost, which is actuarially calculated.

City employees are also provided with pensions through MainePERS as part of the Participating Local District (PLD) Consolidated Plan – a cost sharing multiple-employer plan.

MainePERS is established under Maine law found in 5 MRSA Part 20. The authority to establish and amend benefit provisions rests with the State legislature. MainePERS issues a publicly available financial report that can be obtained at <http://www.maineopers.org/>.

*Benefits provided.* Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. MainePERS retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years.) In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement or after normal retirement age. Normal retirement age for teachers is age 60 or 65. The normal retirement age is determined by whether a member has met certain creditable service requirements on specific dates, as established by statute. For employees covered through the PLD, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age. MainePERS also provides disability and death benefits by statute for the City's teachers and by contract for City's PLD Plan.

Upon termination of membership, accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights under either plan. The annual rate of interest credited to employee's accounts is set by MainePERS's Board of Trustees and is currently at 5%.

*Contributions.* Retirement benefits are funded by contributions from participants and contributions from the City, earnings on investments and in the Teachers plan by contributions of the State of Maine. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Employer and employee normal cost contribution rates are defined by law or MainePERS board rule and depend on the terms of the plan under which an employee is covered. The City's contributions are determined by actuarial valuation. Teachers are required to contribute 7.65% of their annual pay. PLD City employees are required to pay 7.50% of their annual pay. For the year ended June 30, 2016 for the teachers' plan, the City was required to pay 3.36% (normal cost) of participants salary and the State of Maine was required to pick up 10.02% (unfunded actuarial liability (UAL)). For the PLD Plan participants the City was required to contribute between 8.9% and 14.0% of participant's annual pay, and a fixed monthly amount (\$14,202) for an unpooled



unfunded actuarial liability (IUUAL). Contributions for the City's plan and the Teachers' plan for the year ended June 30, 2016 were \$4,120,914 and \$1,838,029 respectively.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's portion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, and of all participating school districts, and the State of Maine.

**City's Plan** – At June 30, 2016, the City reported a liability of \$33,980,669 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportionate share of the PLD Plan was 10.65%.

**Teacher's Plan** – At June 30, 2016, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State of Maine's pension support provided to the Teacher's plan. The amount recognized by the City as it's proportionate share of the net pension liability, the State's support, and the total portion of the net pension liability that was associated with the Teacher's Plan were as follows:

City's proportionate share of the net pension liability	\$	4,574,241
State's proportionate share of the net pension liability		58,599,731
Total	\$	<u>63,173,972</u>

At June 30, 2015 the City's proportion of the Teacher Plan was 0.34%.

For the year ended June 30, 2016, the City recognized pension expense for the City's Plan of \$12,383,831, \$12,786,491 for the Teacher's plan, and State support of \$5,480,621. At June 30, 2016, the City recorded deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ -	\$ 3,023,990
Changes of assumptions	3,129,017	-
Net difference between projected and actual earnings on pension plan investments	-	2,774,100
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	502,764
The City's contribution subsequent to the measurement date	5,958,943	-
	<u>\$ 9,087,960</u>	<u>\$ 6,300,854</u>

\$5,958,943 is reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$	(1,486,879)
2018		(2,148,612)
2019		(2,400,240)
2020		2,863,894

*Actuarial assumptions.* The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Teachers' Plan	City's Plans
Inflation	3.5%	3.5%
Salary increases	3.5% to 13.5%	3.5% to 9.5%
Investment rate of return	7.125%	7.125%
Cost of living benefit increases, per annum	2.55%	2.55%

Mortality rates for the City's plans were based on the RP2000 Tables projected forward to 2015 using Scale AA; for the Teachers' Plan, the ages are set back two years; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

Economic assumptions and mortality tables were adopted as a result of the latest experience study review performed in 2011 and covering the period July 1, 2005 through June 30, 2010. The remaining assumptions were adopted as a result of the experience study review performed in 2008 and covering the period July 1, 2000 through June 30, 2008.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Equities	20%	5.2%
Non-U.S. Equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Natural resources	5%	4.8%
Fixed income	25%	0.7%
Total	100%	

*Discount Rate:* The discount rate used to measure the total pension liability was 7.125% for the Teachers' and PLD Plans. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rate and that all contributions (the

plan member, the City and the State of Maine) would be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current participants. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability for the Teachers' and PLD Plans using the discount rate of 7.125% as well as what the net pension liability would be if it were calculated using a discount rate of one percentage point lower (6.125%) or one percentage point higher (8.125%) than the current rate.

	Teachers' Plan (6.125%, 7.125%, 8.125%)	City's Plans (6.125%, 7.125%, 8.125%)
1% Decrease	\$ 8,008,413	\$ 67,699,559
Current Rate	\$ 4,574,241	\$ 33,980,669
1% Increase	\$ 1,713,972	\$ 2,013,078

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial report.

*Payables to the pension plan:* None as of June 30, 2016.

## F. Construction and other significant commitments

**Construction commitments** – The City has active construction projects as of June 30, 2016. At year end the City's commitments with contractors are as follows:

<b>Projects</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
Public buildings and improvements	\$ 5,179,005	\$ 6,569,715
Sewer Projects	3,435,820	3,117,658
Jetport construction projects	4,121,321	560,858
Equipment	4,092,064	5,024,627
Total	<u>\$ 16,828,210</u>	<u>\$ 15,272,858</u>

## **G. Risk management**

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

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

The City participates in the Maine Municipal Association Group Risk Pool, a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30 2016. There have been no significant changes in insurance coverage during the past year.

At June 30, 2016, the amount of these liabilities was \$10,380,381. It is the City's best estimate based on available information. This table includes both governmental and proprietary funds. Changes in the liability since July 1, 2013 are as follows:

	Workers' Compensation	Health Insurance	Liability	Unemployment	Total
Unpaid claims as of June 30, 2014	\$ 9,108,250	\$ 1,150,000	\$ 592,574	\$ -	\$ 10,850,824
Incurred claims	843,543	15,249,692	232,777	124,391	16,450,403
Payments	(1,745,381)	(15,858,821)	(601,634)	(124,391)	(18,330,227)
Changes in estimates and other adjustments	569,927	889,129	298,593	-	1,757,649
Unpaid claims as of June 30, 2015	8,776,339	1,430,000	522,310	-	10,728,649
Incurred claims	806,206	17,147,304	186,900	83,572	18,223,982
Payments	(1,857,429)	(18,974,169)	(361,426)	(83,572)	(21,276,596)
Changes in estimates and other adjustments	238,339	2,481,865	(15,858)	-	2,704,346
Unpaid claims as of June 30, 2016	<u>\$ 7,963,455</u>	<u>\$ 2,085,000</u>	<u>\$ 331,926</u>	<u>\$ -</u>	<u>\$ 10,380,381</u>

## H. Lease obligations

*Leasing arrangements where the City is Lessor.* The City has several operating leases covering the properties listed below. The total rental income was \$23,697,072 for the year ended June 30, 2016. The future minimum lease payments are as follows:

For the years ending June 30:	Operating Leases
2017	\$ 4,335,137
2018	3,975,042
2019	3,343,128
2020	3,343,128
2021	3,343,128
Total future minimum lease payments	<u>\$ 18,339,563</u>

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

	Cost	Carrying Value
Land:		
Casco Bay Ferry Terminal	\$ 511,024	\$ 511,024
Fish Pier	4,263,569	4,263,569
International Ferry Terminal	1,397,399	1,397,399
Total land	\$ 6,171,992	\$ 6,171,992
Property, plant and equipment:		
Casco Bay Ferry Terminal	\$ 5,860,143	\$ 1,757,397
Exposition Building	3,089,325	1,363,156
Fish Pier	14,585,252	1,214,531
Hadlock Field	4,362,422	2,095,796
International Ferry Terminal	3,044,155	128,405
Jetport	97,616,019	67,124,285
Total property, plant and equipment	\$128,557,316	\$ 73,683,570

## I. Long-term liabilities

### Changes in long-term liabilities

Changes in the City's long-term liabilities for the governmental activities for the year ended June 30, 2016 are as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
General obligation bonds	\$ 218,031,212	\$ 25,184,058	\$ 19,996,243	\$ 223,219,027	\$ 15,291,185
Premium on bonds	4,569,358	3,136,481	570,035	7,135,804	953,774
Notes payable	10,691,009	-	319,407	10,371,602	372,530
Capital leases	141,974	-	88,652	53,322	45,368
Self-insurance	8,661,442	18,223,980	19,678,864	7,206,558	1,326,472
Compensated absences	9,401,163	392,576	-	9,793,739	3,623,683
Unfunded pension liability	594,703	-	133,788	460,915	143,258
Net pension liability	19,230,593	16,156,918	-	35,387,511	-
	<u>\$ 271,321,454</u>	<u>\$ 63,094,013</u>	<u>\$ 40,786,989</u>	<u>\$ 293,628,478</u>	<u>\$ 21,756,270</u>

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

Changes in the City's long-term liabilities for the business-type activities for the year ended June 30, 2016 are as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
General obligation bonds	\$ 67,163,248	\$ 15,000,941	\$ 10,007,521	\$ 72,156,668	\$ 5,988,245
Revenue bonds	119,985,000	-	1,665,000	118,320,000	1,720,000
Premium on bonds	3,761,827	792,521	517,555	4,036,793	560,079
Net pension liability	1,540,616	1,626,783	-	3,167,399	-
	<u>\$ 192,450,691</u>	<u>\$ 17,420,245</u>	<u>\$ 12,190,076</u>	<u>\$ 197,680,860</u>	<u>\$ 8,268,324</u>

### General obligation bonds

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

Bonds for capital improvements which were authorized but not issued at June 30, 2016 were \$225,195,810.

As of June 30, 2016, general obligation bonds, capital leases and notes payable reported in the statement of net position consisted of the following:

<u>Bond Issue</u>	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>General City</u>	<u>Enterprise Funds</u>	<u>Balance at June 30, 2016</u>
General obligation bonds:						
Multi-modal taxable						
pension bond	07/19/01	\$ 111,800,000	variable	\$ 106,275,000	\$ -	\$ 106,275,000
School renovation	09/16/06	625,733	0.00	43,801	-	43,801
Refunding and						
various purposes	06/01/07	25,465,000	4.13	686,658	283,342	970,000
Various purpose	05/01/09	13,220,000	3.31	5,368,952	351,048	5,720,000
Combined Sewer Overflow	06/15/09	11,135,000	1.00	-	7,237,750	7,237,750
Combined Sewer Overflow	06/15/09	1,912,762	0.00	-	1,243,295	1,243,295
Refunding	06/15/09	17,935,000	3.05	2,053,520	1,176,479	3,229,999
School Construction	11/01/09	14,217,000	3.46	9,940,000	-	9,940,000
Refunding and						
various purposes	03/01/10	18,912,000	3.98	9,764,912	1,090,088	10,855,000
Combined Sewer Overflow	11/23/10	11,100,000	1.00	-	8,325,000	8,325,000
Refunding and						
various purposes	12/01/10	13,900,000	3.12	9,927,384	552,615	10,479,999
Combined Sewer Overflow	05/02/11	7,286,467	1.00	-	5,464,851	5,464,851
Refunding	09/01/11	19,940,000	3.83	4,152,890	7,207,110	11,360,000
Combined Sewer Overflow	12/18/11	7,245,000	1.00	-	5,796,000	5,796,000
Various purpose	01/25/12	11,494,000	2.06	7,973,000	242,000	8,215,000
Various Purposes	02/01/13	15,418,000	3.40	11,072,074	1,317,926	12,390,000
Combined Sewer Overflow	04/15/13	14,300,000	0.50	-	12,155,000	12,155,000
Refunding and						
various purposes	02/01/14	20,118,000	3.68	14,345,467	2,264,533	16,610,000
Refunding and						
various purposes	02/03/15	20,431,000	3.00	16,431,310	2,448,690	18,880,000
Combined Sewer Overflow	12/01/15	6,800,000	1.00	-	6,800,000	6,800,000
Refunding and						
various purposes	03/02/16	33,385,000	4.00	25,184,059	8,200,941	33,385,000
Total general obligation bonds		<u>\$396,639,962</u>		<u>\$ 223,219,027</u>	<u>\$72,156,668</u>	<u>\$ 295,375,695</u>
Capital leases:						
School Department Equipment & Vehicles				<u>\$ 53,322</u>	<u>\$ -</u>	<u>\$ 53,322</u>
Total capital leases				<u>\$ 53,322</u>	<u>\$ -</u>	<u>\$ 53,322</u>
Notes payable:						
HUD 108 Loan				<u>\$ 9,250,000</u>	<u>\$ -</u>	<u>\$ 9,250,000</u>
Maine Department of Transportation				<u>1,121,602</u>	<u>-</u>	<u>1,121,602</u>
Total notes payable				<u>\$ 10,371,602</u>	<u>\$ -</u>	<u>\$ 10,371,602</u>
Total				<u>\$ 233,643,951</u>	<u>\$72,156,668</u>	<u>\$ 305,800,619</u>
Less current portion				<u>(15,709,083)</u>	<u>(5,988,245)</u>	<u>(21,697,328)</u>
Total long-term				<u>\$ 217,934,868</u>	<u>\$66,168,423</u>	<u>\$ 284,103,291</u>



The debt service requirements for the City's general obligation bonds, capital leases and notes payable as of June 30, 2016 are as follows:

Year Ending June 30	General City		Enterprise Funds		Totals		Grand Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 15,291,185	\$ 13,632,492	\$ 5,988,245	\$ 1,273,796	\$ 21,279,430	\$ 14,906,288	\$ 36,185,718
2018	15,205,247	12,936,486	5,940,381	1,127,211	21,145,628	14,063,697	35,209,325
2019	15,789,658	12,151,914	5,780,971	1,020,085	21,570,629	13,171,999	34,742,628
2020	16,027,524	11,296,419	5,488,105	898,706	21,515,629	12,195,125	33,710,754
2021	17,177,399	10,340,677	5,168,229	780,659	22,345,628	11,121,336	33,466,964
2022-2026	112,412,328	31,920,276	21,600,813	2,397,374	134,013,141	34,317,650	168,330,791
2027-2031	21,918,718	3,646,436	15,419,647	908,365	37,338,365	4,554,801	41,893,166
2032-2036	9,396,968	655,879	4,503,611	266,622	13,900,579	922,501	14,823,080
2037-2041	-	-	1,133,333	85,000	1,133,333	85,000	1,218,333
2042-2046	-	-	1,133,333	28,333	1,133,333	28,333	1,161,666
Grand totals	\$223,219,027	\$ 96,580,579	\$72,156,668	\$8,786,151	\$295,375,695	\$105,366,730	\$400,742,425

Year Ending June 30	Capital Leases			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 45,368	\$ 1,630	\$ 46,998	\$ 372,530	\$ 88,957	\$ 461,487
2018	3,910	273	4,183	425,794	84,188	509,982
2019	4,044	139	4,183	479,204	79,058	558,262
2020	-	-	-	632,768	73,128	705,896
2021	-	-	-	686,493	66,824	753,317
2022-2026	-	-	-	4,294,471	226,318	4,520,789
2027-2031	-	-	-	3,480,342	30,640	3,510,982
	\$ 53,322	\$ 2,042	\$ 55,364	\$ 10,371,602	\$ 649,113	\$ 11,020,715

### Revenue bonds

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

Revenue bonds payable for the year ended June 30, 2016:

	Stated Interest Rate Range	Face Value Outstanding June 30, 2016
General Airport Revenue Refunding Bonds, Series 2013 \$26,265,000 original principal, matures July 1, 2032	2%-5%	\$ 23,250,000
General Airport Revenue Bonds, Series 2010 \$72,310,000 original principal, matures January 1, 2040	4%-5%	71,910,000
General Airport Revenue Bonds, Series 2008 \$26,420,000 original principal, matures January 1, 2038	4%-4.75%	23,160,000
		<u>\$ 118,320,000</u>

The debt service requirements for the outstanding revenue bonds at June 30, 2016 are as follows:

Year ended June 30,	Principal	Interest	Total
2017	\$ 1,720,000	\$ 5,807,973	\$ 7,527,973
2018	2,780,000	5,745,916	8,525,916
2019	3,140,000	5,625,966	8,765,966
2020	3,285,000	5,497,966	8,782,966
2021	3,465,000	5,347,754	8,812,754
2022-2026	20,390,000	24,018,063	44,408,063
2027-2031	26,760,000	18,348,063	45,108,063
2032-2036	28,645,000	11,181,925	39,826,925
2037-2040	28,135,000	3,894,749	32,029,749
Totals	<u>\$ 118,320,000</u>	<u>\$ 85,468,375</u>	<u>\$ 203,788,375</u>

Section 705 of the *General Certificate of Terms of Issuance of General Airport Revenue Bonds Portland International Jetport* for each issue requires a minimum debt service coverage ratio of 125%. The actual debt service coverage ratio for 2016 is 141%, which exceeds the requirement by 16 points.

#### Current refunding

In March of 2016, the City issued \$33,385,000 in general obligation bonds with interest rates ranging from 2%-5%. A portion of the net proceeds (including premium) were used to advance refund 2006 and 2007 bonds with a face amount outstanding of \$10,470,000.

The net carrying amount of the old debt exceeded the requisition price by \$865,000. The City refinanced the debt in order to reduce its total debt service payments over twelve years by \$1,469,133 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$1,318,429.

#### Debt limit

The statutes of the State of Maine limit the City's long-term debt outstanding to 15% of the State's assessed valuation of the City. At June 30, 2016, \$295,375,695 (24.63%) of debt applicable to the statutory limit of \$1,199,453,000 was outstanding.

#### Pension bonds

On July 17, 2001, the City issued \$111.8 million in multi-modal, taxable, variable rate general obligation bonds to refinance debt owed to Maine Public Employees Retirement System (MainePERS) and entered into an interest rate swap in order to pay fixed rates over the life of the debt. The City pays fixed rates from 4.9% to 8.9%. On July 17, 2001 the bonds were priced at 3.85% and are reset weekly at the USD-LIBOR-BBA rate plus 0.4%. Principal payments are due each June first and interest is due monthly on the first day of each month.

## Overlapping debt

The City is liable for its proportionate share of any defaulted debt issued by entities of which it is a member. The overlapping bonded debt applicable to the City as of June 30, 2016 is as follows:

Entity	Percentage	Share of Bonded Debt Amount
Cumberland County	19.60%	\$ 7,002,499
Portland Water District (sewer debt)	100.00%	24,215,207
Portland Water District (water debt)	29.59%	14,023,082
		<u>\$ 45,240,788</u>

## **J. Fund balance**

*Minimum fund balance policy and stabilization arrangement.* The City has established a policy providing for the unassigned fund balance of the City's general fund. The goal of the policy is to achieve and maintain an unassigned general fund balance equal to 12.5% of expenditures. Additionally the policy calls for establishing reserves for any audited increase in unassigned general fund balance from one year to the next. This reserve is in accordance with Title 30-A of the Maine Revised Statutes requirements related to establishing reserves, and is equal to 25% of the increase. The account is to be applied in periods of financial emergency to assist in continuing its normal operation without increasing the tax rate. Balances in the tax rate stabilization reserve are included in the calculation of the 12.5% goal. In years where there is no increase in unassigned fund balance; there is no increase to the reserve.

## **K. Interfund receivables, payables, and transfers**

Interfund balances and transfers by fund at and for the year ended June 30, 2016 are as follows:

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
General fund	\$ 399,940	\$ -	\$ 5,090,839	\$ 32,024,296
Debt service	-	-	27,551,665	22,472,046
Capital projects fund	-	-	22,525,042	-
Nonmajor governmental funds	-	399,940	193,236	841,824
Sewer	-	-	3,409,962	-
Stormwater	-	-	-	3,409,962
Portland Development Corporation	-	-	-	22,616
	<u>\$ 399,940</u>	<u>\$ 399,940</u>	<u>\$ 58,770,744</u>	<u>\$ 58,770,744</u>

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

## L. Discretely presented component unit and jointly governed organizations

### Portland Public Library

The library maintains its cash accounts at various institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times throughout the year the library's cash balance exceeded FDIC insurance. Cash held within investment accounts is guaranteed by Securities Investor Protection Corporation (SIPC) up to \$250,000. At June 30, 2016, none of the library's deposits were uninsured and uncollateralized.

Capital assets for the Library are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 162,500	\$ -	\$ -	\$ 162,500
Total capital assets, not being depreciated	\$ 162,500	\$ -	\$ -	\$ 162,500
Property and Equipment				
Buildings and Improvements	\$ 4,096,527	\$ 25,448	\$ -	\$ 4,121,975
Furniture and Equipment	1,302,205	3,964	-	1,306,169
Total capital assets, being depreciated	5,398,732	29,412	-	5,428,144
Less accumulated depreciation				
Buildings and Improvements	(622,352)	(140,612)	-	(762,964)
Furniture and Equipment	(948,017)	(102,518)	-	(1,050,535)
Total accumulated depreciation	(1,570,369)	(243,130)	-	(1,813,499)
Total capital assets being depreciated, net	3,828,363	(213,718)	-	3,614,645
Component unit capital assets, net	\$ 3,990,863	\$ (213,718)	\$ -	\$ 3,777,145

The Library's investments consist of the following:

Investment types:	Fair Value	Maturities (years)		
		Not Applicable	< 1	1 - 5
Library:				
Cash Equivalents	\$ 428,717	\$ 428,717	\$ -	\$ -
U.S. Treasuries	391,889	-	96,499	295,390
Common Stock	864,222	864,222	-	-
Mutual Funds	3,743,402	3,743,402	-	-
	\$ 5,428,230	\$ 5,036,341	\$ 96,499	\$ 295,390

Notes payable for the library consisted of the following as of June 30, 2016:

TD Bank, N.A.

Term note dated September 30, 2014 for \$1,750,000, interest only for first 24 months at LIBOR plus 1.9%, followed by 96 monthly payments of principal and interest (based on a 20 year amortization at LIBOR rate plus 1.9% (2.08% at June 30, 2015), matures in ten years, due August 31, 2024, secured by endowment investments, property and various assets.

\$	817,533
\$	817,533
	(24,176)
\$	<u>793,357</u>

Less current portion

The expected debt service requirements are as follows:

June 30,	
2017	\$ 24,176
2018	32,925
2019	33,732
2020	34,559
2021	35,406
Thereafter	656,735
	<u>\$ 817,533</u>

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

Management of the library evaluated the tax positions the library had taken and concluded no uncertain tax positions that require adjustment to the financial statements. The library does not expect that unrecognized tax benefits arising from tax positions will change significantly within the next twelve months. The library is subject to federal and state examinations by tax authorities for the years ended June 30, 2012 and forward.

#### Greater Portland Transit District

The City's member assessment for the year ended June 30, 2016 was \$2,485,115.

#### ecomaine

During the year June 30, 2016, the City paid ecomaine \$664,197 in tipping fees and assessments for solid waste disposal services. Selected balance sheet information for ecomaine for the year ended June 30, 2016 based on the most recent information available, includes total assets of \$62,510,802 total liabilities of \$18,994,187, and unrestricted net position of \$14,477,555. The liabilities include an accrual for landfill closure and post closure care of \$16,746,994. Ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date.

## **M. Contingencies**

A substantial portion of the City's long-term care services are reimbursed by third-party payers at rates subject to redetermination based on the filing of an annual cost report and audit of those reports. Anticipated final settlements due from or to third parties are recorded in the year in which the related services are performed. Any adjustments resulting from third party examination are recognized in the year in which the related services are performed. Any adjustments resulting from third-party examination are recognized in the year in which the results of examinations become known. Amounts related to the City's long-term care facility are recorded in the general fund.

The City participates in a number of federally assisted grant programs, principal of which are U.S. Department of Education programs, National School Lunch, Airport Development Aid, and Community Development Block Grants. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

As of June 30, 2016, the City was a party to a lawsuit against the State of Maine based on changes in the State's interpretation of general assistance expenses eligible for reimbursement. Subsequent to year end, the Maine Superior Court ruled in favor of the City determining that the State's withholding of general assistance was improper. On November 15, 2016, the lawsuit was settled, with the City receiving a settlement payment of \$1,313,720. No liabilities exist related the settled lawsuit.

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

Statement No. 18 of the Government Accounting Standards Board (GASB) entitled *Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care* requires the City to record a liability for the estimated costs of landfill closure and post closure care. State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at its Peaks Island municipal solid waste landfill. This landfill stopped accepting municipal solid waste in 1983 and construction debris in 1990. The City estimates there are no significant remaining post closure care costs. This estimate is based on what it would cost to perform all remaining post closure in 2016. The actual costs may be higher due to inflation, changes in technology or changes in regulations.

## **N. New pronouncements**

For the fiscal year ended June 30, 2016, the City has implemented GASB Statement No. 72, *Fair Value Measurement and Application*.

**Required Supplementary Information**

**CITY OF PORTLAND, MAINE  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ALL AVAILABLE YEARS**

**Teachers' Pension Plan**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
City's proportion of the net pension liability (asset)	0.3388%	0.3928%	0.3755%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability (asset)	\$ 4,574,241	\$ 4,243,093	\$ 5,969,409	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State of Maine's proportionate share of the net pension liability (asset)	58,599,731	47,511,544	112,160,829	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	<u>\$ 63,173,972</u>	<u>\$ 51,754,637</u>	<u>\$ 118,130,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 54,696,814	\$ 53,169,981	\$ 53,769,823	\$ 48,514,298	\$ 48,192,931	\$ 49,800,635	\$ 54,716,435	\$ 54,310,448	\$ 47,433,244	\$ 45,564,894
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	8.36%	7.98%	11.10%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.18%	83.91%	76.85%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**City's Pension Plan**

City's proportion of the net pension liability (asset)	10.6507%	10.7408%	10.9373%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability (asset)	\$ 33,980,669	\$ 16,528,117	\$ 33,715,175	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's covered employee payroll	\$ 46,120,100	\$ 54,218,853	\$ 54,432,870	\$ 51,652,925	\$ 50,822,691	\$ 49,284,523	\$ 37,948,138	\$ 37,383,593	\$ 46,407,592	\$ 36,808,540
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	73.68%	30.48%	64.30%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position a a percentage of the total pension liability	88.27%	94.10%	87.50%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Required Supplementary Information**

**CITY OF PORTLAND, MAINE  
SCHEDULE OF CONTRIBUTIONS  
ALL AVAILABLE YEARS**

	<b>Teachers' Pension Plan</b>									
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Contractually required contribution	\$ 1,838,029	\$ 1,409,110	\$ 1,424,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to contractually required contributions	(1,838,029)	(1,409,110)	(1,424,898)	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 54,696,814	\$ 53,169,981	\$ 53,769,823	\$ 48,514,298	\$ 48,192,931	\$ 49,800,635	\$ 54,716,435	\$ 54,310,448	\$ 47,433,244	\$ 45,564,894
Contributions as a percentage of covered-employee payroll	3.36%	2.65%	2.65%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>City's Pension Plan</b>									
Contractually required contribution	\$ 4,120,914	\$ 4,697,703	\$ 4,030,154	\$ 3,519,186	\$ 2,913,708	\$ 2,295,280	\$ 1,546,558	\$ 1,524,861	\$ 1,789,722	\$ 1,545,194
Contributions in relation to contractually required contributions	(4,120,914)	(4,697,703)	(4,030,154)	(3,519,186)	(2,913,708)	(2,295,280)	(1,546,558)	(1,524,861)	(1,789,722)	(1,545,194)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 46,120,100	\$ 54,218,853	\$ 54,432,870	\$ 51,652,925	\$ 50,822,691	\$ 49,284,523	\$ 37,948,138	\$ 37,383,593	\$ 46,407,592	\$ 36,808,540
Contributions as a percentage of covered-employee payroll	8.94%	8.66%	7.40%	6.81%	5.73%	4.66%	4.08%	4.08%	3.86%	4.20%



**CITY OF PORTLAND, MAINE**  
**Notes to the Required Supplementary Information**  
**For the Year Ended June 30, 2016**

*Changes of benefit terms.* Both the Teachers' and City's Pension plan had no changes in benefit terms since the previous valuation.

*Changes in assumptions.* The discount rate used to measure the collective total pension liability in the City's PLD plan decreased from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation. The cost of living benefit increase assumption on the City's PLD plan was changed from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation.

## **NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for proceeds of specific revenue sources that are restricted or committed to expenditures for particular purposes.

### *Community Development Block Grant (CDBG)*

Received from the U.S. Department of Housing and Community Development; these funds are used to promote housing, work and shop, mobility and accessibility, safe neighborhoods, and basic needs.

### *City Loan Programs*

This fund is used to account for various housing and rehabilitation loans. In addition to providing loans and grants the funds are used for affordable housing development, rental assistance, and housing information and resources. The funding sources include CDBG, the Home Investment Partnership Program (HOME), and City contributions.

### *School Food Service Program*

The City's School Department's Food service program provides meals to students. The program is funded through local contributions and federal and state grants.

### *Education Programs*

Educational grants from federal, state and local sources are accounted for in this fund.

### *Other Grants and Special Revenues*

All other special revenue funds of the City are combined and accounted for in this fund.

## **PERMANENT FUNDS**

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

### *Perpetual Care*

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

### *Other Permanent Funds*

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

**CITY OF PORTLAND, MAINE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2016**

	Special Revenues						Permanent Funds			Total Nonmajor Governmental Funds
	Community Development Block Grants	City Loan Program	School Food Service Program	Education Programs	Other Grants and Special Revenues	Total	Perpetual Care	Other Permanent Funds	Total	
ASSETS										
Cash and cash equivalents	\$ -	\$ 1,977,866	\$ 760,433	\$ 498,309	\$ 17,121,766	\$ 20,358,374	\$ 358,706	\$ 517,560	\$ 876,266	\$ 21,234,640
Investments	-	-	-	-	-	-	9,393,845	9,487,948	18,881,793	18,881,793
Accounts receivable, net	150,237	-	177,262	-	130,514	458,013	37	27	64	458,077
Loans receivable	-	1,690,732	-	-	-	1,690,732	-	-	-	1,690,732
Allowance for uncollectible loans	-	(84,537)	-	-	-	(84,537)	-	-	-	(84,537)
Due from other governments	369,777	-	-	1,444,349	1,568,138	3,382,264	-	-	-	3,382,264
Inventories	-	-	73,623	-	-	73,623	-	-	-	73,623
Prepaid expenditures	-	-	-	-	1,560	1,560	-	-	-	1,560
Total assets	\$ 520,014	\$ 3,584,061	\$ 1,011,318	\$ 1,942,658	\$ 18,821,978	\$ 25,880,029	\$ 9,752,588	\$ 10,005,535	\$ 19,758,123	\$ 45,638,152
LIABILITIES										
Accounts payable	\$ 109,307	\$ 130,246	\$ 74,574	\$ 61,028	\$ 1,129,551	\$ 1,504,706	\$ -	\$ -	\$ -	\$ 1,504,706
Other liabilities	10,767	26,666	23,756	474,371	58,369	593,929	-	-	-	593,929
Due to other funds	399,940	-	-	-	-	399,940	-	-	-	399,940
Unearned revenue	-	-	-	-	438,148	438,148	-	-	-	438,148
Total liabilities	\$ 520,014	\$ 156,912	\$ 98,330	\$ 535,399	\$ 1,626,068	\$ 2,936,723	\$ -	\$ -	\$ -	\$ 2,936,723
FUND BALANCES										
Nonspendable:										
Inventories and prepaid expenses	\$ -	\$ -	\$ 73,623	\$ -	\$ 1,560	\$ 75,183	\$ -	\$ -	\$ -	\$ 75,183
Loans	-	1,606,195	-	-	-	1,606,195	-	-	-	1,606,195
Permanent funds	-	-	-	-	-	-	-	5,966,149	5,966,149	5,966,149
Restricted:										
Other grants and special revenue	-	-	839,365	1,407,259	17,194,350	19,440,974	-	-	-	19,440,974
Permanent funds	-	-	-	-	-	-	9,752,588	4,039,386	13,791,974	13,791,974
Committed:										
Loan programs	-	1,820,954	-	-	-	1,820,954	-	-	-	1,820,954
Total fund balances	\$ -	\$ 3,427,149	\$ 912,988	\$ 1,407,259	\$ 17,195,910	\$ 22,943,306	\$ 9,752,588	\$ 10,005,535	\$ 19,758,123	\$ 42,701,429
Total liabilities and fund balances	\$ 520,014	\$ 3,584,061	\$ 1,011,318	\$ 1,942,658	\$ 18,821,978	\$ 25,880,029	\$ 9,752,588	\$ 10,005,535	\$ 19,758,123	\$ 45,638,152

**CITY OF PORTLAND, MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2016**

	Special Revenues						Permanent Funds			Total Nonmajor Governmental Funds
	Community Development Block Grants	City Loan Program	School Food Service Program	Education Programs	Other Grants and Special Revenues	Total	Perpetual Care	Other Permanent Funds	Total	
<b>REVENUES</b>										
General property taxes	\$ -	\$ -	\$ 471,729	\$ -	\$ 2,226,815	\$ 2,698,544	\$ -	\$ -	\$ -	\$ 2,698,544
Licenses and permits	-	-	-	-	738,399	738,399	-	-	-	738,399
Uses of money and property	-	13,447	-	-	72,636	86,083	194,360	196,137	390,497	476,580
Intergovernmental	1,734,688	1,062,698	2,856,776	6,400,156	7,440,941	19,495,259	-	-	-	19,495,259
Current services	132,527	372,350	379,538	1,364,184	1,357,564	3,606,163	46,153	347,289	393,442	3,999,605
Total revenue	\$ 1,867,215	\$ 1,448,495	\$ 3,708,043	\$ 7,764,340	\$ 11,836,355	\$ 26,624,448	\$ 240,513	\$ 543,426	\$ 783,939	\$ 27,408,387
<b>EXPENDITURES</b>										
Current:										
General government	\$ 1,374,206	\$ 1,424,040	\$ -	\$ -	\$ 3,255,489	\$ 6,053,735	\$ 20,666	\$ 197,133	\$ 217,799	\$ 6,271,534
Public safety	150,000	-	-	-	912,503	1,062,503	-	-	-	1,062,503
Public works	29,859	-	-	-	442,024	471,883	-	-	-	471,883
Health and social services	-	237,123	-	-	5,884,922	6,122,045	-	-	-	6,122,045
Education	-	-	3,261,165	7,856,229	-	11,117,394	-	-	-	11,117,394
Debt Service	-	-	-	-	289,775	289,775	-	-	-	289,775
Capital outlay	313,150	-	-	-	1,458,203	1,771,353	-	-	-	1,771,353
Total expenditures	\$ 1,867,215	\$ 1,661,163	\$ 3,261,165	\$ 7,856,229	\$ 12,242,916	\$ 26,888,688	\$ 20,666	\$ 197,133	\$ 217,799	\$ 27,106,487
Excess (deficiency) of revenues over (under) expenditures	-	(212,668)	446,878	(91,889)	(406,561)	(264,240)	219,847	346,293	566,140	301,900
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	\$ -	\$ 32,801	\$ -	\$ -	\$ 160,435	\$ 193,236	\$ -	\$ -	\$ -	\$ 193,236
Transfers out	-	-	-	-	(614,811)	(614,811)	(187,014)	(39,999)	(227,013)	(841,824)
Total other financing sources (uses)	\$ -	\$ 32,801	\$ -	\$ -	\$ (454,376)	\$ (421,575)	\$ (187,014)	\$ (39,999)	\$ (227,013)	\$ (648,588)
Net change in fund balances	\$ -	\$ (179,867)	\$ 446,878	\$ (91,889)	\$ (860,937)	\$ (685,815)	\$ 32,833	\$ 306,294	\$ 339,127	\$ (346,688)
Fund balances - beginning	-	3,607,016	466,110	1,499,148	18,056,847	23,629,121	9,719,755	9,699,241	19,418,996	43,048,117
Fund balances - ending	\$ -	\$ 3,427,149	\$ 912,988	\$ 1,407,259	\$ 17,195,910	\$ 22,943,306	\$ 9,752,588	\$ 10,005,535	\$ 19,758,123	\$ 42,701,429

**CITY OF PORTLAND, MAINE**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUND -- AGENCY FUNDS**  
**For the Year Ended June 30, 2016**

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 3,606,675</u>	<u>\$ 3,614,806</u>	<u>\$ 3,043,995</u>	<u>\$ 4,177,486</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 202,622	\$ -	\$ 202,622	\$ -
Accrued liabilities	273,185	300,608	273,795	299,998
Held for school activities	999,567	1,481,020	1,533,157	947,430
Held for performance guarantees	819,049	1,042,215	330,270	1,530,994
Held for others	<u>1,312,252</u>	<u>790,963</u>	<u>704,151</u>	<u>1,399,064</u>
	<u>\$ 3,606,675</u>	<u>\$ 3,614,806</u>	<u>\$ 3,043,995</u>	<u>\$ 4,177,486</u>

## **SCHOOL DEPARTMENT**

The following two summaries present additional detailed information about the City's School Department. The reports were prepared from the department's financial management system and are presented on the department's budgetary basis of accounting.

**CITY OF PORTLAND, MAINE**  
**SCHOOL DEPARTMENT**  
**REVENUE STATUS REPORT SUMMARY**  
**(Includes General, Adult Education and Food Services Funds)**  
**For the Year Ended June 30, 2016**

	<b>Budget</b>	<b>Budget Basis Actual</b>	<b>Variance Positive (Negative)</b>
<b>Municipal revenue sources:</b>			
General property taxes for:			
General fund	\$ 76,537,649	\$ 76,537,649	\$ -
Food service	471,729	471,729	-
Adult education	1,063,833	1,063,833	-
Total Municipal revenue sources	<u>\$ 78,073,211</u>	<u>\$ 78,073,211</u>	<u>\$ -</u>
<b>School department revenue sources:</b>			
Intergovernmental revenues -			
Federal for:			
General fund	\$ 695,000	\$ 663,982	\$ (31,018)
Food service	2,775,668	2,790,063	14,395
	<u>\$ 3,470,668</u>	<u>\$ 3,454,045</u>	<u>\$ (16,623)</u>
State for:			
General fund	\$ 17,142,200	\$ 16,973,483	\$ (168,717)
Food service	40,000	43,343	3,343
Adult education	453,680	428,930	(24,750)
	<u>\$ 17,635,880</u>	<u>\$ 17,445,756</u>	<u>\$ (190,124)</u>
Local revenues -			
General fund:			
Tuition	\$ 2,233,659	\$ 2,203,383	\$ (30,276)
Miscellaneous	208,000	253,459	45,459
Fund balance appropriation	415,000	-	(415,000)
Food service:			
Miscellaneous	505,239	402,909	(102,330)
Adult education	235,000	184,655	(50,345)
	<u>\$ 3,596,898</u>	<u>\$ 3,044,406</u>	<u>\$ (552,492)</u>
Total school department revenue sources	<u>24,703,446</u>	<u>23,944,207</u>	<u>(759,239)</u>
<b>Total revenues</b>	<u><u>\$ 102,776,657</u></u>	<u><u>\$102,017,418</u></u>	<u><u>\$ (759,239)</u></u>

**CITY OF PORTLAND, MAINE**  
**SCHOOL DEPARTMENT**  
**EXPENDITURE STATUS REPORT SUMMARY**  
(Includes General, Adult Education and Food Services Funds)  
For the Year Ended June 30, 2016

	<b>Budget</b>	<b>Budget Basis Actual</b>	<b>Variance Positive (Negative)</b>
<b>General operations:</b>			
<b>Salaries and wages -</b>			
Regular salaries	\$ 57,879,779	\$ 58,217,930	\$ (338,151)
Temporary salaries	1,154,793	1,189,218	(34,425)
Overtime and additional work	163,553	234,487	(70,934)
Sabbaticals	-	28,635	(28,635)
Stipends and differentials	2,100,959	2,141,863	(40,904)
<b>Total salaries and wages</b>	<b>\$ 61,299,084</b>	<b>\$ 61,812,133</b>	<b>\$ (513,049)</b>
<b>Employee benefits</b>	<b>\$ 16,132,044</b>	<b>\$ 15,832,512</b>	<b>\$ 299,532</b>
<b>Contracted services -</b>			
Professional and technical services	\$ 2,825,885	\$ 2,257,476	\$ 568,409
Employee training and development	174,465	178,773	(4,308)
Architectural and engineering services	17,835	36,300	(18,465)
Security services	140,127	117,167	22,960
Special education	307,672	360,979	(53,307)
Legal	186,531	125,749	60,782
<b>Total contracted services</b>	<b>\$ 3,652,515</b>	<b>\$ 3,076,444</b>	<b>\$ 576,071</b>
<b>Other expenditures -</b>			
Books and Periodicals	\$ 442,073	\$ 399,013	\$ 43,060
Communications	454,523	288,019	166,504
Debt service	6,681,525	6,681,525	-
Dues and fees	171,580	134,176	37,404
Equipment	200,239	630,073	(429,834)
Insurance	329,823	337,363	(7,540)
Miscellaneous	561,505	672,404	(110,899)
Rentals and leases	199,851	222,516	(22,665)
Repairs and maintenance	1,475,747	1,566,579	(90,832)
Supplies	1,830,517	1,669,993	160,524
Transportation services	906,740	741,176	165,564
Travel	169,650	126,005	43,645
Tuition	773,402	757,004	16,398
Utilities	1,950,690	1,959,834	(9,144)
<b>Total other expenditures</b>	<b>\$ 16,147,865</b>	<b>\$ 16,185,680</b>	<b>\$ (37,815)</b>
<b>Total general operations</b>	<b>\$ 97,231,508</b>	<b>\$ 96,906,769</b>	<b>\$ 324,739</b>
<b>Total adult education</b>	<b>\$ 1,752,513</b>	<b>\$ 1,625,670</b>	<b>\$ 126,843</b>
<b>Total food service</b>	<b>\$ 3,792,636</b>	<b>\$ 3,261,167</b>	<b>\$ 531,469</b>
<b>Total expenditures</b>	<b>\$ 102,776,657</b>	<b>\$101,793,606</b>	<b>\$ 983,051</b>



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## Statistical Section

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

Contents	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	82-87
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	88-93
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	94-98
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	99-100
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	101-104

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TABLE 1

**CITY OF PORTLAND, MAINE**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental activities:</b>										
Net investment in capital assets	\$224,948,267	\$233,196,369	\$237,205,418	\$238,088,203	\$240,512,369	\$236,710,451	\$237,690,869	\$233,095,588	\$232,626,780	\$202,772,071
Restricted	39,368,157	40,209,041	29,578,447	28,617,473	40,568,515	42,220,700	27,732,463	27,283,892	28,086,768	34,672,137
Unrestricted	(109,303,315)	(112,695,120)	(86,631,180)	(84,586,033)	(101,782,479)	(106,347,379)	(97,244,553)	(99,006,369)	(102,392,852)	(114,014,092)
Total governmental activities net position	<u>\$155,013,109</u>	<u>\$160,710,290</u>	<u>\$180,152,685</u>	<u>\$182,119,643</u>	<u>\$179,298,405</u>	<u>\$172,583,772</u>	<u>\$168,178,779</u>	<u>\$161,373,111</u>	<u>\$158,320,696</u>	<u>\$123,430,116</u>
<b>Business-type activities:</b>										
Net investment in capital assets	\$136,613,213	\$127,782,688	\$131,899,572	\$142,520,123	\$134,401,030	\$118,355,999	\$107,054,083	\$101,204,925	\$ 99,182,931	\$122,613,617
Restricted	4,257,530	18,073,670	18,536,237	18,354,631	27,397,885	32,453,383	15,911,891	25,672,978	37,980,780	19,527,016
Unrestricted	38,899,044	27,979,524	26,398,687	17,612,910	15,841,788	16,050,004	21,327,425	5,174,384	(10,605,819)	5,458,482
Total business-type activities net position	<u>\$179,769,787</u>	<u>\$173,835,882</u>	<u>\$176,834,496</u>	<u>\$178,487,664</u>	<u>\$177,640,703</u>	<u>\$166,859,386</u>	<u>\$144,293,399</u>	<u>\$132,052,287</u>	<u>\$126,557,892</u>	<u>\$147,599,115</u>
<b>Primary government:</b>										
Net investment in capital assets	\$361,561,480	\$360,979,057	\$369,104,990	\$380,608,326	\$374,913,399	\$355,066,450	\$344,744,952	\$334,300,513	\$331,809,711	\$325,385,688
Restricted	43,625,687	58,282,711	48,114,684	46,972,104	67,966,399	74,674,083	43,644,354	52,956,870	66,067,548	54,199,153
Unrestricted	(70,404,271)	(84,715,596)	(60,232,493)	(66,973,123)	(85,940,691)	(90,297,375)	(75,917,128)	(93,831,985)	(112,998,671)	(108,555,610)
Total primary government net position	<u>\$334,782,896</u>	<u>\$334,546,172</u>	<u>\$356,987,181</u>	<u>\$360,607,307</u>	<u>\$356,939,108</u>	<u>\$339,443,158</u>	<u>\$312,472,178</u>	<u>\$293,425,398</u>	<u>\$284,878,588</u>	<u>\$271,029,231</u>

TABLE 2

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses -</b>										
<b>Governmental activities:</b>										
General government	\$ 49,848,640	\$ 41,015,763	\$ 39,343,296	\$ 38,191,117	\$ 33,309,315	\$ 33,057,893	\$ 36,613,534	\$ 35,560,710	\$ 24,232,228	\$ 33,048,546
Public safety	45,134,716	38,622,239	38,717,490	40,867,186	37,094,156	37,144,627	35,490,454	27,505,495	30,109,641	28,076,618
Public works	21,880,552	23,685,030	26,123,759	22,744,855	22,076,438	27,616,897	23,861,900	24,954,571	24,804,928	21,516,081
Health and social services	41,781,999	39,448,342	41,053,636	41,201,671	38,959,633	34,735,555	40,438,590	38,971,431	36,153,651	33,839,414
Parks and recreation	b -	-	-	-	-	-	-	4,194,639	7,973,046	7,833,055
Public library	4,271,668	3,950,248	3,828,782	3,730,635	3,658,070	3,531,782	3,720,852	3,226,843	3,408,232	3,228,483
Education	118,484,605	102,703,782	112,288,031	108,353,354	105,974,129	108,432,077	107,229,960	101,075,374	99,977,355	98,785,055
Transportation	2,098,934	2,657,424	2,628,118	2,439,138	2,489,016	2,448,674	2,493,453	2,400,382	3,190,503	2,315,615
Interest on long-term debt	12,731,147	12,867,857	13,324,928	12,888,359	12,367,091	12,554,551	12,593,760	13,684,430	10,658,140	10,700,797
Total governmental activities	<u>\$ 296,232,261</u>	<u>\$ 264,950,685</u>	<u>\$ 277,308,040</u>	<u>\$ 270,416,315</u>	<u>255,927,848</u>	<u>259,522,056</u>	<u>262,442,503</u>	<u>251,573,875</u>	<u>240,507,724</u>	<u>239,343,664</u>
<b>Business-type activities:</b>										
Jetport	\$ 30,021,862	\$ 29,888,359	\$ 29,661,187	\$ 30,520,852	\$ 25,670,417	\$ 22,771,819	\$ 21,785,978	\$ 20,699,161	\$ 20,716,369	\$ 19,229,508
Sewer	18,820,984	19,425,958	18,559,070	18,897,135	17,484,320	17,330,283	18,014,387	16,746,645	16,724,613	15,858,953
Stormwater	d 2,116,535	-	-	-	-	-	-	-	-	-
Fish Pier Authority	a 548,448	370,882	384,558	435,661	326,420	319,439	518,473	529,675	694,141	3,069,484
Recreational facilities	c -	-	-	1,960,483	1,785,842	1,684,478	1,643,425	1,729,210	1,642,888	1,623,526
Portland Development Corporation	203,938	194,149	279,093	358,225	469,873	49,959	188,820	707,420	331,215	455,654
Total business-type activities	<u>\$ 51,711,767</u>	<u>\$ 49,879,348</u>	<u>\$ 48,883,908</u>	<u>\$ 52,172,356</u>	<u>\$ 45,736,872</u>	<u>\$ 42,155,978</u>	<u>\$ 42,151,083</u>	<u>\$ 40,412,111</u>	<u>\$ 40,109,226</u>	<u>\$ 40,237,125</u>
Total primary government expenses	<u>\$ 347,944,028</u>	<u>\$ 314,830,033</u>	<u>\$ 326,191,948</u>	<u>\$ 322,588,671</u>	<u>\$ 301,664,720</u>	<u>\$ 301,678,034</u>	<u>\$ 304,593,586</u>	<u>\$ 291,985,986</u>	<u>\$ 280,616,950</u>	<u>\$ 279,580,789</u>
<b>Program Revenues -</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 29,988,960	\$ 26,658,429	\$ 28,578,030	\$ 24,096,710	\$ 18,874,424	\$ 21,505,035	\$ 22,910,549	\$ 15,267,016	\$ 16,102,532	\$ 14,978,179
Public safety	4,352,514	5,061,823	4,361,998	4,384,254	4,053,962	3,604,977	3,757,518	3,767,496	3,300,386	3,442,211
Public Works	3,907,652	3,160,345	2,995,876	2,721,420	3,770,781	3,736,127	3,126,767	4,140,082	4,964,016	4,607,161
Health and social services	18,687,273	17,724,143	17,258,649	18,984,363	18,555,023	18,886,015	26,655,127	26,668,748	24,592,512	22,959,939
Parks and recreation	b -	-	-	-	-	-	-	2,013,114	1,855,112	1,762,074
Education	1,743,722	3,586,994	2,857,544	3,386,013	4,087,382	5,434,044	5,287,046	5,605,127	5,202,389	4,320,870
Transportation	-	-	-	-	-	-	-	-	1,131,154	-
Operating grants and contributions	53,741,407	51,023,899	57,082,006	59,947,968	58,906,897	61,178,311	56,170,343	49,329,472	46,442,769	45,790,883
Capital grants and contributions	-	-	-	-	-	-	-	73,741	835,697	580,304
Total governmental activities program revenues	<u>\$ 112,421,528</u>	<u>\$ 107,215,633</u>	<u>\$ 113,134,103</u>	<u>\$ 113,520,728</u>	<u>\$ 108,248,469</u>	<u>\$ 114,344,509</u>	<u>\$ 117,907,350</u>	<u>\$ 106,864,796</u>	<u>\$ 104,426,567</u>	<u>\$ 98,441,621</u>

TABLE 2, CONTINUED

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Business-type activities:</b>										
Charges for services:										
Jetport	\$ 21,363,450	\$ 20,766,077	\$ 19,064,429	\$ 17,939,788	\$ 17,343,193	\$ 17,269,070	\$ 16,161,010	\$ 16,386,807	\$ 13,774,761	\$ 11,830,137
Sewer	23,357,118	22,889,426	21,995,546	22,470,548	21,283,123	21,746,343	20,466,364	18,761,693	17,755,956	16,767,303
Stormwater	3,297,088	-	-	-	-	-	-	-	-	-
Fish Pier Authority	a 513,492	489,551	494,521	469,289	412,094	638,424	363,953	387,031	1,433,934	1,527,808
Recreational facilities	c -	-	1,604,588	1,591,628	1,470,736	1,541,791	1,529,053	1,630,467	1,422,847	1,433,021
Portland Development Corporation	3,695	5,070	9,678	72,791	85,642	53,748	5,758	700	1,040,550	228,517
Operating grants and contributions	92,500	-	116,848	-	-	-	-	-	-	450,000
Capital grants and contributions	8,711,170	5,204,224	12,222,465	13,933,355	24,121,462	15,918,069	6,654,237	4,034,883	10,996,793	14,140,167
Total business-type activities program revenues	\$ 57,338,513	\$ 49,354,348	\$ 55,508,075	\$ 56,477,399	\$ 64,716,250	\$ 57,167,445	\$ 45,180,375	\$ 41,201,581	\$ 46,424,841	\$ 46,376,953
Total primary government program revenues	\$ 169,760,041	\$ 156,569,981	\$ 168,642,178	\$ 169,998,127	\$ 172,964,719	\$ 171,511,954	\$ 163,087,725	\$ 148,066,377	\$ 150,851,408	\$ 144,818,574
<b>Net (Expense)/Revenue -</b>										
Governmental activities	\$(183,810,733)	\$(157,735,052)	\$(164,173,937)	\$(156,895,587)	\$(147,679,379)	\$(145,177,547)	\$(144,535,153)	\$(144,709,079)	\$(136,081,157)	\$(140,902,043)
Business-type activities	5,626,746	(525,000)	6,624,167	4,305,043	18,979,378	15,011,467	3,029,292	789,470	6,315,615	6,139,828
Total primary government net expense	\$(178,183,987)	\$(158,260,052)	\$(157,549,770)	\$(152,590,544)	\$(128,700,001)	\$(130,166,080)	\$(141,505,861)	\$(143,919,609)	\$(129,765,542)	\$(134,762,215)
<b>General Revenues and Other Changes in net position -</b>										
<b>Governmental activities:</b>										
Property taxes	\$ 159,677,365	\$ 152,397,290	\$ 141,621,832	\$ 136,320,324	\$ 132,196,346	\$ 131,430,388	\$ 131,467,714	\$ 125,476,098	\$ 117,686,683	\$ 113,682,378
Excise taxes	11,308,231	10,377,614	9,787,482	9,190,158	8,949,510	9,090,560	9,147,112	9,805,579	10,472,164	11,118,080
Unrestricted grants and contributions	6,670,186	6,827,126	8,074,576	8,247,641	7,450,701	6,115,563	7,698,305	8,501,405	7,670,215	7,260,779
Unrestricted investment earnings	435,154	257,840	255,376	560,421	681,842	1,185,284	1,495,667	3,009,257	4,578,802	3,318,933
Miscellaneous	-	-	15,819	75,468	281,436	546,116	(418,068)	1,228,632	1,532,995	3,894,482
Transfers	22,616	-	-	-	22,705	2,972,911	(29,236)	22,950,767	(838,026)	(2,019,803)
Total governmental activities	\$ 178,113,552	\$ 169,859,870	\$ 159,755,085	\$ 154,394,012	\$ 149,582,540	\$ 151,340,822	\$ 149,361,494	\$ 170,971,738	\$ 141,102,833	\$ 137,254,849
<b>Business-type activities:</b>										
Unrestricted investment earnings	\$ 329,775	293,380	\$ 144,129	\$ 40,790	\$ 28,420	\$ 197,661	\$ 696,895	\$ 817,189	\$ 798,873	\$ 645,900
Transfers	(22,616)	-	-	-	(22,705)	(2,972,911)	29,236	(22,950,767)	838,026	2,019,803
Total business-type activities	\$ 307,159	\$ 293,380	\$ 144,129	\$ 40,790	\$ 5,715	\$ (2,775,250)	\$ 726,131	\$ (22,133,578)	\$ 1,636,899	\$ 2,665,703
Total primary government	\$ 178,420,711	\$ 170,153,250	\$ 159,899,214	\$ 154,434,802	\$ 149,588,255	\$ 148,565,572	\$ 150,087,625	\$ 148,838,160	\$ 142,739,732	\$ 139,920,552
<b>Change in net position -</b>										
Governmental activities	\$ (5,697,181)	\$ 12,124,818	\$ (4,418,852)	\$ (2,501,575)	\$ 1,903,161	\$ 6,163,275	\$ 4,826,341	\$ 26,262,659	\$ 5,021,676	\$ (3,647,194)
Business-type activities	5,933,905	(231,620)	6,768,296	4,345,833	18,985,093	12,236,217	3,755,423	(21,344,108)	7,952,514	8,805,531
Total primary government	\$ 236,724	\$ 11,893,198	\$ 2,349,444	\$ 1,844,258	\$ 20,888,254	\$ 18,399,492	\$ 8,581,764	\$ 4,918,551	\$ 12,974,190	\$ 5,158,337

## Notes:

- a - The net position and operations of Seaport Enterprises, a proprietary fund included in business type activities, were transferred to various governmental funds effective July 1, 2007.
- b - The parks and recreation department was merged with facilities maintenance and is shown in general government starting in 2010.
- c - The golf courses and the ice arena were merged with facilities maintenance and are shown in general government starting in 2014.
- d - The Stormwater fund was created in 2016 to track specific activities previously included in the Sewer fund.

TABLE 3

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund:</b>										
Nonspendable:										
Inventories and prepaid expenses	\$ 705,986	\$ 682,725	\$ 593,892	\$ 590,760	\$ 705,753	\$ 558,255	\$ 913,043	\$ 678,602	\$ 883,653	\$ 1,013,807
Committed:										
Economic development activities	338,837	338,837	338,837	338,837	338,837	338,837	338,837	338,837	338,837	338,837
Educational facilities	-	-	-	445,332	341,102	341,102	341,102	441,102	470,000	715,000
Encumbrances	-	-	-	-	-	248,352	-	154,614	1,545	333,716
Capital Improvement	5,406,380	821,420	821,420	821,420	821,420	821,420	-	-	-	-
Subsequent years expenditure	750,000	915,000	985,000	927,329	671,490	1,285,000	-	-	-	1,000,000
Assigned:										
Barron Center resident benefits	189,294	189,294	189,294	139,735	149,270	147,766	156,354	147,331	160,709	216,910
Casco Bay Island Transit District	-	-	-	845,877	-	466,106	-	-	-	-
Medicaid settlements	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	600,000	600,000
Self insurance programs	5,000,000	5,000,000	5,000,000	5,500,000	5,500,000	4,000,000	4,000,000	3,500,000	4,027,000	4,625,000
Unassigned	36,599,104	33,642,720	34,414,158	33,107,652	29,711,223	26,886,139	23,673,730	21,922,546	17,169,219	12,138,346
Total general fund	<u>\$49,289,601</u>	<u>\$41,889,996</u>	<u>\$42,642,601</u>	<u>\$43,016,942</u>	<u>\$38,539,095</u>	<u>\$35,417,977</u>	<u>\$29,823,066</u>	<u>\$27,658,032</u>	<u>\$23,901,716</u>	<u>\$21,337,706</u>
<b>All Other Governmental Funds:</b>										
Nonspendable:										
Inventories and prepaid expenses	\$ 75,183	\$ 56,563	\$ 53,342	\$ 24,026	\$ 48,170	\$ 59,227	\$ 63,827	\$ 108,412	\$ 95,795	\$ 106,974
Loans	1,606,195	1,701,763	2,233,729	2,354,077	2,314,719	2,301,261	2,493,094	2,520,166	2,510,606	2,552,462
Permanent funds	5,966,149	5,966,149	5,493,535	4,865,126	4,649,355	4,668,322	4,047,663	2,479,722	2,984,969	2,959,177
Restricted:										
Capital projects	21,853,450	19,560,550	18,529,294	16,304,876	12,985,449	16,076,623	9,708,192	8,978,693	6,176,873	13,060,437
Debt service	93,877	824,513	-	180,904	491,887	681,114	2,133,068	809,766	2,904,575	2,562,538
Other grants and special revenue	19,440,974	19,965,542	10,363,387	11,399,294	11,055,218	9,265,867	11,234,623	14,061,160	4,858,270	6,197,485
Permanent funds	13,791,974	13,452,847	13,721,525	12,172,149	11,386,606	11,528,774	10,076,821	10,953,910	12,192,413	12,232,967
Committed:										
Debt service	730,313	620,517	313,083	62,510	108,680	166,184	-	-	-	-
Encumbrances	-	-	-	-	-	-	4,678,672	7,178,007	6,783,851	6,239,643
Loan Programs	1,820,954	1,905,253	1,706,009	1,542,623	1,510,771	1,334,971	-	-	-	-
Subsequent years expenditure	-	-	-	-	-	200,000	-	-	-	-
Assigned:										
Debt service	3,001,580	2,584,262	2,163,542	1,940,549	1,545,249	1,457,145	599,616	78,067	91,212	72,608
Total all other governmental funds	<u>\$68,380,649</u>	<u>\$66,637,959</u>	<u>\$54,577,446</u>	<u>\$50,846,134</u>	<u>\$46,096,103</u>	<u>\$47,739,488</u>	<u>\$45,035,576</u>	<u>\$47,167,903</u>	<u>\$38,598,564</u>	<u>\$45,984,291</u>

2010 and prior years have been restated following GASB Statement 54.

TABLE 4

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues:</b>										
General property and other taxes (see Table 6)	\$171,156,022	\$162,895,289	\$154,790,476	\$151,096,056	\$145,907,540	\$141,184,606	\$140,952,782	\$139,800,607	\$134,861,679	\$128,233,259
Licenses and permits	5,965,189	3,623,926	4,311,167	4,438,158	3,423,927	3,258,013	3,107,930	2,727,770	3,825,343	3,326,529
Fines, forfeits and penalties	2,214,154	2,376,871	1,994,553	2,157,389	2,212,750	2,094,462	1,452,268	1,424,973	1,467,595	1,411,991
Uses of money and property	9,575,480	8,561,806	9,442,805	8,132,414	7,008,406	9,727,132	7,665,112	5,894,355	9,040,501	10,421,924
Intergovernmental	60,411,593	57,851,025	63,542,894	68,022,545	67,154,538	68,629,012	63,209,500	58,389,760	56,927,674	54,843,590
Current services	38,824,618	41,045,068	39,551,344	38,617,500	37,135,528	38,646,295	34,557,947	32,147,661	35,075,771	32,665,033
Other	2,535,834	841,903	1,086,357	498,494	196,849	1,859,215	15,761,557	14,740,721	10,828,977	9,554,547
Total revenues	<u>\$290,682,890</u>	<u>\$277,195,888</u>	<u>\$274,719,596</u>	<u>\$272,962,556</u>	<u>\$263,039,538</u>	<u>\$265,398,735</u>	<u>\$266,707,096</u>	<u>\$255,125,847</u>	<u>\$252,027,540</u>	<u>\$240,456,893</u>
<b>Expenditures:</b>										
General government	\$ 29,316,137	\$ 27,231,445	\$ 24,838,400	\$ 22,827,017	\$ 21,426,646	\$ 22,625,298	\$ 20,941,443	\$ 18,864,417	\$ 18,964,537	\$ 20,713,851
Public safety	30,164,209	29,628,085	28,829,061	30,027,793	28,082,077	28,091,831	26,807,356	27,857,302	29,815,939	25,854,883
Public works	13,543,768	16,935,831	16,869,865	15,732,010	15,132,650	17,643,131	15,697,086	18,111,629	18,481,553	15,001,764
Health and social services	33,214,328	34,752,569	35,427,385	36,039,086	33,574,780	32,251,090	35,483,366	32,493,616	29,868,030	27,834,823
Parks and recreation	a -	-	-	-	-	-	-	3,405,389	5,121,610	5,408,227
Public library	3,681,713	3,591,915	3,470,449	3,372,302	3,299,737	3,196,396	3,106,397	3,185,149	3,160,877	2,986,397
Education	110,151,993	106,799,749	107,676,003	104,998,421	102,595,788	105,421,503	104,591,711	100,241,712	98,554,682	96,110,013
Pension and employee insurance	25,528,341	21,629,277	19,647,417	18,465,744	17,984,982	16,688,071	18,393,369	15,767,458	15,157,897	14,957,753
Other	8,675,265	8,008,161	7,787,139	8,437,468	8,055,410	7,795,290	8,657,147	7,730,576	7,201,626	8,921,199
Debt service -										
Principal	13,887,149	19,059,072	12,837,501	11,402,368	11,827,400	12,098,998	21,011,318	11,579,937	11,866,500	11,562,464
Interest	13,270,229	13,532,228	13,253,239	13,064,394	12,520,653	12,097,015	12,619,231	13,685,320	10,818,661	10,593,545
Capital outlay	22,022,110	12,411,154	19,643,349	14,531,247	18,890,124	11,507,045	29,603,396	12,566,910	8,755,985	10,548,840
Total expenditures	<u>\$303,455,242</u>	<u>\$293,579,486</u>	<u>\$290,279,808</u>	<u>\$278,897,850</u>	<u>\$273,390,247</u>	<u>\$269,415,668</u>	<u>\$296,911,819</u>	<u>\$265,489,415</u>	<u>\$257,767,897</u>	<u>\$250,493,759</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (12,772,352)	\$ (16,383,598)	\$ (15,560,212)	\$ (5,935,294)	\$ (10,350,709)	\$ (4,016,933)	\$ (30,204,723)	\$ (10,363,568)	\$ (5,740,357)	\$ (10,036,866)
<b>Other Financing Sources (Uses):</b>										
Proceeds from borrowing	\$ 21,844,599	\$ 22,131,646	\$ 18,917,183	\$ 15,201,433	\$ 11,410,946	\$ 12,209,965	\$ 26,626,848	\$ 22,718,460	\$ -	\$ 10,360,733
Proceeds from refunding	6,475,940	5,645,000	-	-	9,161,535	2,983,085	17,377,339	-	-	9,026,800
Payments on refunded bonds	(6,428,498)	-	-	-	(8,744,039)	(2,900,000)	(16,739,668)	-	-	(8,954,192)
Transfers in	55,360,782	40,913,980	47,215,507	42,015,267	26,540,361	26,213,564	38,979,571	25,095,517	27,134,838	24,931,393
Transfers out	(55,338,166)	(40,913,980)	(47,215,507)	(42,015,267)	(26,540,361)	(26,190,859)	(36,006,660)	(25,124,754)	(26,216,198)	(25,769,419)
Total other financing sources (uses)	<u>\$ 21,914,657</u>	<u>\$ 27,776,646</u>	<u>\$ 18,917,183</u>	<u>\$ 15,201,433</u>	<u>\$ 11,828,442</u>	<u>\$ 12,315,755</u>	<u>\$ 30,237,430</u>	<u>\$ 22,689,223</u>	<u>\$ 918,640</u>	<u>\$ 9,595,315</u>
Net change in fund balances	<u>\$ 9,142,305</u>	<u>\$ 11,393,048</u>	<u>\$ 3,356,971</u>	<u>\$ 9,266,139</u>	<u>\$ 1,477,733</u>	<u>\$ 8,298,822</u>	<u>\$ 32,707</u>	<u>\$ 12,325,655</u>	<u>\$ (4,821,717)</u>	<u>\$ (441,551)</u>
Debt service as a percentage of noncapital expenditures	9.56%	11.54%	9.64%	9.06%	9.56%	9.38%	12.51%	9.99%	9.11%	9.23%

Notes:

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



TABLE 5

**CITY OF PORTLAND, MAINE**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Function/Program</b>										
<b>Governmental activities:</b>										
General government	\$ 33,535,158	\$ 29,075,907	\$ 31,669,489	\$ 29,752,175	\$ 24,639,455	\$ 27,202,736	\$ 27,811,916	\$ 19,620,335	\$ 19,643,232	\$ 20,893,322
Public safety	5,069,581	7,209,128	7,572,317	8,012,051	6,908,924	4,711,788	6,845,282	8,656,446	6,573,081	4,968,568
Public works	4,639,080	4,265,863	3,631,380	4,776,655	4,602,534	5,070,727	5,267,296	4,218,149	6,722,104	5,187,465
Health and social services	30,635,556	29,938,229	33,623,268	34,806,028	32,731,905	33,902,231	36,664,919	32,843,894	31,456,805	26,831,387
Parks and recreation	b -	-	-	-	-	-	-	2,017,714	2,017,546	1,954,885
Education	38,542,153	36,726,506	36,637,649	36,173,819	39,365,651	43,457,027	41,317,937	39,393,887	36,882,645	38,605,994
Transportation	-	-	-	-	-	-	-	114,371	1,131,154	-
Subtotal governmental activities	\$ 112,421,528	\$ 107,215,633	\$ 113,134,103	\$ 113,520,728	\$ 108,248,469	\$ 114,344,509	\$ 117,907,350	\$ 106,864,796	\$ 104,426,567	\$ 98,441,621
<b>Business-type activities:</b>										
Jetport	\$ 30,056,894	\$ 25,967,901	\$ 24,993,618	\$ 29,465,473	\$ 31,400,082	\$ 41,175,814	\$ 17,269,070	\$ 21,740,513	\$ 19,911,087	\$ 18,546,846
Sewer	23,374,844	22,891,826	22,269,640	22,065,670	22,689,604	21,523,412	21,746,343	20,466,364	18,761,693	17,755,956
Stormwater	d 3,297,088	-	-	-	-	-	-	-	-	-
Fish Pier Authority	a 513,492	489,551	517,893	755,317	502,294	412,094	638,424	363,953	872,689	7,449,642
Recreational facilities	c -	-	-	2,646,937	1,591,628	1,470,736	1,541,791	1,529,053	1,655,412	1,422,847
Portland Development Corporation	96,195	5,070	137,776	574,678	293,791	134,194	53,748	1,080,492	700	1,249,550
Subtotal business-type activities	\$ 57,338,513	\$ 49,354,348	\$ 47,918,927	\$ 55,508,075	\$ 56,477,399	\$ 64,716,250	\$ 41,249,376	\$ 45,180,375	\$ 41,201,581	\$ 46,424,841
Total primary government	\$ 169,760,041	\$ 156,569,981	\$ 161,053,030	\$ 169,028,803	\$ 164,725,868	\$ 179,060,759	\$ 159,156,726	\$ 152,045,171	\$ 145,628,148	\$ 144,866,462

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

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

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

d - The Stormwater fund was created in 2016 to track specific activities previously included in the Sewer fund.

**TABLE 6**

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Excise Tax</b>	<b>Total</b>
2007	\$ 117,761,095	10,472,164	128,233,259
2008	125,056,100	9,805,579	134,861,679
2009	130,653,495	9,147,112	139,800,607
2010	131,862,222	9,090,560	140,952,782
2011	132,235,096	8,949,510	141,184,606
2012	136,717,382	9,190,158	145,907,540
2013	141,308,574	9,787,482	151,096,056
2014	144,914,793	9,875,683	154,790,476
2015	152,517,675	10,377,614	162,895,289
2016	159,847,791	11,308,231	171,156,022
Change 2007 - 2016	35.74%	7.98%	33.47%

TABLE 7

**CITY OF PORTLAND, MAINE  
STATE AID REVENUES BY SOURCE  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>State Revenue Sharing</b>	<b>School Aid (1)</b>	<b>Welfare Assistance</b>	<b>Other State Aid</b>	<b>Total State Aid</b>
2007	\$ 6,878,244	24,041,334	2,432,621	5,311,807	38,664,006
2008	7,696,522	22,481,651	2,671,300	6,778,847	39,628,320
2009	6,984,489	23,340,701	4,406,714	7,173,771	41,905,675
2010	6,029,609	25,641,377	4,605,726	7,557,597	43,834,309
2011	5,927,329	25,625,321	5,442,774	5,590,551	42,585,975
2012	6,153,216	24,956,536	6,259,078	5,690,895	43,059,725
2013	6,276,939	23,877,565	6,179,971	4,348,946	40,683,421
2014	4,313,430	23,482,573	8,118,080	4,165,156	40,079,239
2015	4,072,747	22,276,858	3,436,532	3,243,157	33,029,294
2016	4,141,164	23,845,912	5,023,640	3,030,458	36,041,174

(1) State School aid includes federal funds passed through the State Department of Education.

TABLE 8

**CITY OF PORTLAND, MAINE**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

Fiscal Year	Property Value						Total Direct Tax Rate	Estimated Actual Total Value (2)	Assessor's Certified Ratio State Value
	Commercial	Industrial	Residential (1)	Personal	Less Tax Exempt	Total Taxable Assessed Value			
2007	\$3,782,027,889	309,670,300	3,827,638,261	524,241,090	1,693,796,630	6,749,780,910	15.47	8,887,976,358	95%
2008	4,639,939,261	235,188,740	3,938,358,037	512,466,620	1,671,320,610	7,654,632,048	16.26	10,362,169,620	90%
2009	4,384,317,631	307,470,260	3,980,026,969	502,305,620	1,765,130,130	7,408,990,350	16.86	10,081,451,077	91%
2010	4,430,745,628	307,470,260	4,009,502,742	502,305,620	1,800,395,430	7,449,628,820	16.85	9,736,867,632	95%
2011	4,450,110,490	311,647,780	4,001,139,070	470,866,840	1,793,874,000	7,439,890,180	17.05	9,233,764,180	100%
2012	4,287,919,950	286,757,500	4,299,031,250	446,400,470	1,874,044,950	7,446,064,220	17.38	9,320,109,170	100%
2013	4,357,453,520	272,694,790	4,332,720,570	431,286,630	1,904,272,930	7,489,882,580	17.90	9,394,155,510	100%
2014	4,433,468,600	251,907,020	4,350,158,010	407,084,870	1,947,185,280	7,495,433,220	18.46	9,442,618,500	100%
2015	4,546,684,360	245,759,940	4,411,198,330	405,872,110	2,009,952,080	7,599,562,660	19.04	9,609,514,740	100%
2016	4,567,442,828	264,190,500	4,468,433,832	398,757,520	2,007,467,440	7,691,357,240	19.62	9,698,824,680	100%

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

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

Source: City Tax Assessor

TABLE 9

**CITY OF PORTLAND, MAINE**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
(per \$1,000 of Assessed Value)  
**Last Ten Fiscal Years**

Fiscal Year	City Direct Rates					Overlapping Rates		Total Property Tax Rates
	Basic Rate	General Obligation Debt Service	Enterprise Fund	Education	Total Direct	County Tax	Transit District	
2007	\$ 4.71	\$ 2.21	\$ 0.10	\$ 8.45	\$ 15.47	\$ 0.55	\$ 0.29	\$ 16.31
2008	4.96	2.32	0.00	8.98	16.26	0.55	0.29	17.10
2009	5.42	2.33	(0.01)	9.12	16.86	0.58	0.30	17.74
2010	5.55	2.41	0.00	8.89	16.85	0.59	0.30	17.74
2011	5.69	2.37	0.00	8.99	17.05	0.57	0.30	17.92
2012	5.68	2.47	0.00	9.23	17.38	0.59	0.31	18.28
2013	5.80	2.52	0.00	9.58	17.90	0.60	0.32	18.82
2014	6.02	2.58	0.00	9.86	18.46	0.62	0.33	19.41
2015	6.24	2.68	0.00	10.12	19.04	0.64	0.32	20.00
2016	6.64	2.85	0.00	10.13	19.62	0.68	0.33	20.63

TABLE 10

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

<u><b>Taxpayer</b></u>	<b>2016</b>			<b>2007</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
UNUM Group	\$ 153,698,410	1	0.20%	\$ 182,265,260	1	2.51%
CMP (Central Securities Corp)	96,428,750	2	0.13%	72,266,230	2	0.99%
COW Plaza LLC	74,209,390	3	0.10%	-		
Brown JB & Sons	70,288,500	4	0.09%	45,988,800	6	0.63%
Northern Utilities Inc / Unifil	68,766,090	5	0.09%	-		
North River IV LLC	49,576,200	6	0.06%	-		
Olympia Equity Co	46,444,450	7	0.06%	49,298,450	4	0.68%
R B Portland Westin/Eastland Park Hotel	37,772,080	8	0.05%	-		
One City Center Associates LLC	35,655,740	9	0.05%	38,865,590	8	0.53%
Atlantic Bayside	34,526,580	10	0.04%	-		
October Corporation				55,637,480	3	0.76%
PREEF America REIT III				47,381,590	5	0.65%
Barber Foods Co., Inc.				45,847,240	7	0.63%
WH Nichols Co (Parker-Hannafin)				33,345,300	9	0.46%
Harper Hotels				33,086,850	10	0.45%
Totals	<u>\$ 667,366,190</u>		<u>0.87%</u>	<u>\$ 603,982,790</u>		<u>8.29%</u>

Source: City Tax Assessor

TABLE 11

**CITY OF PORTLAND, MAINE  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$	118,639,299	117,003,429	98.62%	1,607,339	118,610,768	99.98%
2008		125,703,218	123,694,048	98.40%	1,975,395	125,669,443	99.97%
2009		131,435,654	128,875,115	98.05%	2,515,029	131,390,144	99.97%
2010		131,995,299	129,556,626	98.15%	2,376,446	131,933,072	99.95%
2011		133,322,832	131,073,155	98.31%	2,194,180	133,267,335	99.96%
2012		136,114,054	133,768,662	98.28%	2,264,253	136,032,915	99.94%
2013		140,959,590	139,222,246	98.77%	1,611,975	140,834,221	99.91%
2014		145,486,359	143,467,886	98.61%	1,829,256	145,297,142	99.87%
2015		151,991,253	149,990,017	98.68%	1,245,470	151,235,487	99.50%
2016		158,672,700	156,929,908	98.90%	-	156,929,908	98.90%

TABLE 12

**CITY OF PORTLAND, MAINE**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Mortgage Payable			
2007	\$204,124,004	1,082,235	141,479	698,458	46,395,009	33,595,000	4,328,321	290,364,506	13.21%	4,622
2008	196,781,346	946,841	1,731,233	325,592	39,111,866	59,270,000	4,320,443	302,487,321	13.76%	4,835
2009	197,940,935	811,447	11,637,984	217,707	49,714,238	58,495,000	2,901,443	321,718,754	12.98%	5,142
2010	212,338,893	676,053	2,574,441	767,733	45,952,091	130,000,000	-	392,309,211	15.00%	6,226
2011	211,680,984	340,659	2,878,499	996,919	60,456,277	128,675,000	-	405,028,338	14.78%	6,119
2012	213,410,047	-	2,710,051	868,242	64,883,149	127,295,000	-	409,166,489	14.73%	6,118
2013	216,728,620	-	2,538,984	466,064	75,775,721	126,570,166	-	422,079,555	14.50%	6,260
2014	222,898,041	-	2,275,426	299,266	71,220,513	124,400,033	-	421,093,279	14.27%	6,350
2015	222,600,570	-	10,691,009	141,974	68,415,020	122,495,055	-	424,343,628	13.70%	6,365
2016	230,354,831	-	10,371,602	53,322	73,956,216	120,557,245	-	435,293,216	14.05%	6,529

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



TABLE 13

**CITY OF PORTLAND, MAINE**  
**RATIOS OF OUTSTANDING GENERAL OBLIGATION BONDED DEBT**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2007	\$ 204,124,004	46,395,009	250,519,013	3.71%	3,988
2008	196,781,346	39,111,666	235,893,012	3.08%	3,771
2009	197,940,935	49,714,238	247,655,173	3.34%	3,959
2010	212,338,893	45,952,090	258,290,983	3.47%	4,062
2011	211,680,984	60,456,277	272,137,261	3.66%	4,111
2012	213,410,047	64,883,149	278,293,196	3.74%	4,199
2013	216,728,620	75,775,721	292,504,341	3.91%	4,418
2014	222,898,041	71,220,513	294,118,554	3.92%	4,435
2015	222,600,570	68,415,020	291,015,590	3.83%	4,365
2016	230,354,831	73,956,216	304,311,047	3.96%	4,550

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

TABLE 14

**CITY OF PORTLAND, MAINE**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2016**

<u><b>Jurisdiction</b></u>	<u><b>Total Debt Outstanding</b></u>	<u><b>Percentage Applicable to Portland</b></u>	<u><b>Amount Applicable to Portland</b></u>
Direct:			
City of Portland	<u>\$ 240,779,755 (1)</u>	100.00%	<u>\$ 240,779,755</u>
Overlapping:			
Cumberland County	35,735,000 (2)	19.60%	7,002,499
Portland Water District:			
Water debt	47,391,288 (2)	29.59%	14,023,082
Sewer debt	<u>24,215,207 (3)</u>	100.00%	<u>24,215,207</u>
	<u>107,341,495</u>		<u>45,240,788</u>
	<u><u>\$ 348,121,250</u></u>		<u><u>\$ 286,020,543</u></u>

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

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

(3) Sewer portion of the Water District's sewer debt is based on specifically identified projects for the City's sewer department.

Source: Finance department of the respective entities

TABLE 15

**CITY OF PORTLAND, MAINE**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**  
**(dollars in thousands)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Assessed value per State Property Tax Division	\$7,996,350	\$7,707,200	\$7,551,450	\$7,552,150	\$7,659,250	\$7,909,900	\$8,196,900	\$8,283,450	\$8,289,850	\$7,653,400
Debt limit - 15% of assessed value	1,199,453	1,156,080	1,132,718	1,132,823	1,148,888	1,186,485	1,229,535	1,242,518	1,243,478	1,148,010
Less outstanding debt applicable to debt limit	295,376	285,194	288,976	288,016	274,612	272,137	258,291	247,655	235,893	250,519
Legal debt margin	\$ 904,077	\$ 870,886	\$ 843,742	\$ 844,807	\$ 874,276	\$ 914,348	\$ 971,244	\$ 994,863	\$1,007,585	\$ 897,491
Total outstanding debt applicable to the limit as a percentage of debt limit	24.63%	24.67%	25.51%	25.42%	23.90%	22.94%	21.01%	19.93%	18.97%	21.82%
The debt limit is restricted by State statute based on the assessed value per the State above and the percentages below.										
Municipal purposes - 7.5%										
Debt limit	\$ 599,726	\$ 578,040	\$ 566,359	\$ 566,411	\$ 574,444	\$ 593,243	\$ 614,768	\$ 621,259	\$ 621,739	\$ 574,005
Less outstanding debt applicable to debt limit	190,113	182,198	180,533	177,292	174,002	174,351	178,469	177,096	173,708	182,078
Debt margin for municipal purposes	\$ 409,613	\$ 395,842	\$ 385,826	\$ 389,119	\$ 400,442	\$ 418,892	\$ 436,299	\$ 444,163	\$ 448,031	\$ 391,927
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	31.70%	31.52%	31.88%	31.30%	30.29%	29.39%	29.03%	28.51%	27.94%	31.72%
School purposes - 10%										
Debt limit	\$ 799,635	\$ 770,720	\$ 755,145	\$ 755,215	\$ 765,925	\$ 790,990	\$ 819,690	\$ 828,345	\$ 828,985	\$ 765,340
Less outstanding debt applicable to debt limit	33,106	36,050	38,719	37,105	38,087	38,242	34,985	22,171	24,554	27,837
Debt margin for school purposes	\$ 766,529	\$ 734,670	\$ 716,426	\$ 718,110	\$ 727,838	\$ 752,748	\$ 784,705	\$ 806,174	\$ 804,431	\$ 737,503
Outstanding debt applicable to the limit as a percentage of debt limit for school purposes	4.14%	4.68%	5.13%	4.91%	4.97%	4.83%	4.27%	2.68%	2.96%	3.64%
Storm and sanitary sewer purposes - 7.5%										
Debt limit	\$ 599,726	\$ 578,040	\$ 566,359	\$ 566,411	\$ 574,444	\$ 593,243	\$ 614,768	\$ 621,259	\$ 621,739	\$ 574,005
Less outstanding debt applicable to debt limit	72,157	66,946	69,725	73,619	62,523	59,544	44,837	48,388	37,631	40,604
Debt margin for sewer purposes	\$ 527,570	\$ 511,094	\$ 496,634	\$ 492,792	\$ 511,921	\$ 533,698	\$ 569,931	\$ 572,871	\$ 584,108	\$ 533,401
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	12.03%	11.58%	12.31%	13.00%	10.88%	10.04%	7.29%	7.79%	6.05%	7.07%
Airport, water and other special district purposes - 3%										
Debt limit	\$ 239,891	\$ 231,216	\$ 226,544	\$ 226,565	\$ 229,778	\$ 237,297	\$ 245,907	\$ 248,504	\$ 248,696	\$ 229,602
Less outstanding debt applicable to debt limit	-	-	-	-	-	-	78	235	392	550
Debt margin for special district purposes	\$ 239,891	\$ 231,216	\$ 226,544	\$ 226,565	\$ 229,778	\$ 237,297	\$ 245,829	\$ 248,269	\$ 248,304	\$ 229,052
Outstanding debt applicable to the limit as a percentage of debt limit for special districts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.09%	0.16%	0.24%
Maximum total debt limit - 15%	\$1,199,453	\$1,156,080	\$1,132,718	\$1,132,823	\$1,148,888	\$1,186,485	\$1,229,535	\$1,242,518	\$1,243,478	\$1,148,010

TABLE 16

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

Fiscal Year	Merrill Auditorium Revenue Bonds				General Airport Revenue Bonds (Budget Basis of Accounting)					
	Ticket Surcharge Revenue	Scheduled(2) Debt Service		Coverage	Revenues(3)	Maintenance and Operating Expenditures (1)	Net Revenues	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
2007	281,258	135,294	85,234	1.28	14,311,388	9,963,611	4,347,777	745,000	1,510,311	1.93
2008	268,548	135,294	75,725	1.27	16,502,828	10,492,597	6,010,231	775,000	1,515,404	2.62
2009	253,888	135,294	66,305	1.26	16,479,552	10,258,721	6,220,831	805,000	2,731,837	1.76
2010	228,188	135,294	56,801	1.19	17,340,917	10,146,040	7,194,877	835,000	2,722,376	2.02
2011	223,668	135,294	47,332	1.22	18,967,185	11,563,182	7,404,003	1,325,000	5,098,033	1.15
2012	209,064	340,659	9,075	0.60	21,199,801	12,183,177	9,016,624	1,380,000	6,228,771	1.19
2013	-	-	-	-	25,304,708	15,768,752	9,535,956	1,435,000	6,175,145	1.25
2014	-	-	-	-	21,568,728	13,037,034	8,531,694	1,865,000	5,669,004	1.13
2015	-	-	-	-	24,241,199	14,364,580	9,876,619	1,615,000	5,919,773	1.31
2016	-	-	-	-	24,868,076	15,317,842	9,550,234	1,665,000	5,873,848	1.27

Source: City Finance Department.

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

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

(2) Debt paid in full 2012.

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

TABLE 17

**CITY OF PORTLAND, MAINE  
DEMOGRAPHIC STATISTICS (1)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (000's)</b>	<b>Per Capita Personal Income</b>	<b>(2) Public School Enrollment</b>	<b>(3) Unemploy- ment Rate</b>
2007	62,825	2,489,127	39,620	7,068	3.30
2008	62,561	2,478,667	39,620	7,065	4.20
2009	62,561	2,478,667	39,620	6,916	6.80
2010	63,008	2,616,218	41,522	6,929	6.50
2011	66,194	2,741,226	41,412	6,997	6.20
2012	66,279	2,777,156	41,901	6,918	6.10
2013	66,214	2,910,767	43,960	6,986	5.80
2014	66,318	2,950,289	44,487	7,005	4.00
2015	66,666	3,097,369	46,461	6,987	3.80
2016	66,881	3,095,253	46,280	6,859	3.30

Sources:

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

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

TABLE 18

**CITY OF PORTLAND, MAINE**  
**PRINCIPAL NON-GOVERNMENTAL EMPLOYERS**  
**Current Year and Nine Years Ago**

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Maine Medical Center	7,007	1	18.59%	5,537	1	14.32%
UNUM Provident	2,859	2	7.58%	2,998	2	7.75%
Mercy Hospital	1,801	3	4.78%	1,465	3	3.79%
Fairpoint (formerly Verizon)	617	4	1.64%	850	4	2.20%
Martin Point Healthcare	535	5	1.42%			
University of New England	402	6	1.07%			
Catholic Charities	368	7	0.98%			
Parker-Hannifin (Nichols)	350	8	0.93%	457	8	1.18%
Whole Foods	350	9	0.93%			
Council for International Educational Exchange	310	10	0.82%			
AdvancePierre (Barber Foods)			0.00%	832	5	2.15%
TD Bank (BankNorth Group)			0.00%	527	6	1.36%
Blethen Maine Newspapers			0.00%	470	7	1.22%
Hannaford Bros. Co.			0.00%	381	9	0.99%
Goodwill Industries			0.00%	323	10	0.84%
Shaw's Supermarkets			0.00%	261	11	0.68%
Blue Cross Blue Shield of Maine			0.00%	245	12	0.63%
Total	<u>14,599</u>		<u>38.72%</u>	<u>14,346</u>		<u>37.10%</u>

Source: City Economic Development Division

TABLE 19

**CITY OF PORTLAND, MAINE**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General government										
Management services	48	49	51	49	48	49	48	54	57	55
Finance and Technology	43	38	44	41	41	40	43	42	47	46
Parking control and garages	30	30	29	28	30	29	34	36	36	35
Planning and development	35	33	29	32	34	35	31	37	42	43
Public buildings	38	38	49	42	42	47	48	56	70	49
Public safety										
Police										
Officers	162	163	162	162	162	157	162	162	162	162
Civilians	60	59	59	59	69	55	45	45	58	58
Fire										
Firefighters, EMTs and officers	206	206	204	204	204	203	204	207	217	217
Non firefighting staff	16	16	14	6	6	6	7	8	8	8
Public works	144	152	151	152	147	149	152	146	142	140
Health and social services										
Public Health	31	31	35	81	101	90	84	88	85	75
Social Service	82	76	77	67	57	59	60	54	58	56
Skilled nursing facility	265	264	268	263	261	262	259	259	261	261
Recreation	121	80	72	79	76	67	63	73	106	104
Public library	54	52	55	46	46	44	46	51	52	51
Education	1,181	1,171	1,163	1,174	1,178	1,166	1,120	1,137	1,150	1,150
Seaport facilities	-	-	-	-	-	-	-	-	-	8
Sewer										
Engineering	13	13	13	13	14	13	14	14	15	14
Maintenance and other	19	28	25	25	22	24	22	24	22	22
Stormwater	11	-	-	-	-	-	-	-	-	-
Transportation										
Air rescue	14	14	12	14	17	13	13	14	18	18
Security	10	11	9	9	14	14	14	14	13	15
All other	40	37	38	36	27	27	36	35	37	38
Total	<u>2,623</u>	<u>2,561</u>	<u>2,559</u>	<u>2,582</u>	<u>2,596</u>	<u>2,549</u>	<u>2,505</u>	<u>2,556</u>	<u>2,656</u>	<u>2,625</u>

Source: Municipal and School Department Budgets

TABLE 20

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

<b>Function/Program</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Police</b>										
Physical arrests	3,239	3,567	2,953	4,342	4,605	4,527	3,481	3,964	4,575	4,188
Citations	5,042	5,607	5,846	6,303	6,617	6,311	6,152	7,620	10,026	6,191
Total calls for service	81,460	83,861	84,438	83,885	75,106	84,738	84,007	79,080	85,056	75,985
<b>Fire</b>										
Emergency responses	16,053	16,314	15,833	15,561	14,950	14,173	14,016	13,250	13,851	13,129
Structural fires	58	164	193	247	225	280	272	267	278	273
<b>Refuse collection</b>										
Refuse collected (tons)	9,334	9,472	9,392	9,382	9,446	9,777	10,415	10,345	10,893	11,639
Recyclables collected	5,810	5,463	5,554	5,543	5,683	5,358	5,003	5,015	5,459	5,735
<b>Other Public Works</b>										
Requests for service - number of workorders	5,217	2,861	3,309	3,276	3,437	3,611	4,012	5,087	7,443	6,435
Traffic workorders - signals, lights and signs	1,143	1,206	1,378	1,364	752	1,192	1,591	1,330	1,077	609
Vehicle maintenance workorders	2,343	2,168	2,372	3,518	3,437	3,325	3,205	3,360	3,974	3,335
Street sweeping - lane miles	2,450	2,450	2,650	2,275	250	1,500	2,000	2,000	2,050	3,360
Number of winter storms	8	14	11	11	6	10	5	20	22	10
<b>Library</b>										
Volumes in collection	369,868	363,376	360,000	365,000	358,982	336,000	415,000	441,529	371,778	369,102
Total circulation	828,676	869,563	882,278	940,034	940,947	1,089,338	793,037	750,978	807,276	742,779
Reference questions	80,149	80,254	70,835	67,599	72,009	73,283	55,912	67,535	131,941	131,437
Attendance	615,955	612,335	627,501	662,455	666,273	633,854	336,095	452,666	615,615	617,449
<b>Wastewater (cubic feet in 100's)</b>										
Average daily sewage treatment	17,000	17,000	19,800	17,000	22,726	22,912	23,146	25,461	25,695	22,029
Customer count (monthly average)	17,033	17,060	16,922	16,892	16,818	16,495	16,719	16,707	16,674	16,705
<b>Planning and development</b>										
Building permits new structures - residential	24	33	30	31	31	37	30	24	31	64
Building permits new structures - commercial	19	7	13	15	10	9	22	22	29	18
Inspection services completed										
Building inspections	3,808	3,353	3,259	2,593	2,904	2,455	1,954	2,141	1,472	2,371
All other inspections	5,150	2,040	2,467	2,256	1,344	1,599	3,351	2,427	962	2,392
<b>Health and social services</b>										
Food service inspections (1)	937	953	572	298	254	232	269	855	632	486
Housing & general assistance inspections (1)	205	280	392	560	612	403	1,589	883	936	457
<b>Parking control</b>										
Parking violations (calendar year)	117,874	119,851	123,079	130,122	136,092	144,008	148,417	74,576	148,984	144,640

Source: Various City Departments

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



TABLE 21

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

<b>Function/Program</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Community policing centers	5	5	5	5	5	5	4	4	4	4
Marked cruisers and other vehicles	50	50	49	48	48	50	48	47	45	37
Unmarked sedans	39	39	39	39	38	31	28	26	24	24
<b>Fire</b>										
Fire stations	10	10	10	9	9	8	8	8	8	8
Fire/rescue boats	3	3	3	3	3	2	2	2	2	2
District owned fire hydrants	1,500	1,500	1,300	1,450	1,454	1,431	1,427	1,421	1,416	1,414
<b>Refuse collection</b>										
Collection trucks - packers	14	14	14	14	14	14	19	19	19	19
Collection trucks - recycle	5	5	5	5	5	5	-	-	-	6
Street sweepers	9	8	8	7	7	7	8	7	6	9
<b>Other Public Works</b>										
Streets (lane miles)	582	582	582	582	582	582	582	582	581	580
Street lights (2)	615	615	615	605	6,756	6,241	6,241	6,455	6,578	6,574
Traffic signalized intersections	115	115	115	115	126	125	111	111	109	109
<b>Parks and recreation</b>										
Parks	37	37	37	37	37	41	41	55	55	55
City tree inventory	19,500	19,500	19,500	19,500	20,000	20,000	20,000	20,000	20,000	16,000
Public golf courses	2	2	2	2	2	2	2	2	2	2
Ice Arena	1	1	1	1	1	1	1	1	1	1
Playgrounds	27	27	27	27	27	27	27	32	32	31
Ball fields	50	50	50	50	50	50	50	50	50	47
Community centers	5	5	5	5	5	5	5	5	5	5
Swimming pools	3	3	3	3	3	3	3	3	3	3
<b>Education (Public)</b>										
Schools	18	18	18	18	18	18	17	17	17	17
Classrooms	462	448	445	454	458	482	461	461	466	458
<b>Wastewater (1)</b>										
Sanitary sewers (miles)	96	85	87	70	70	47	243	243	243	242
Storm sewers (miles)	129	108	107	108	108	112	112	112	108	85
Combined sewer (miles)	141	131	136	142	142	153	NA	NA	NA	NA
Treatment capacity (000's gallons)	80,000	80,000	80,000	80,000	80,000	80,000	30,000	30,000	30,000	30,000
Licensed for (000's gallons)	19,800	19,800	19,800	19,800	19,800	19,800	19,800	19,800	19,800	19,800

(1) 2011 and going forward will be separating sanitary and combined sewer miles, also accuracy has increased due to GIS mapping

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

NA = information not available.

Source: Various City departments

Table 22

**CITY OF PORTLAND, MAINE**  
**PORTLAND INTERNATIONAL JETPORT**  
**Schedule of Enplanement Data**  
**Last Ten Fiscal Years**

<b>AIRLINE</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Air Canada / Air Alliance	-	-	-	4,095	5,838	6,463	1,004	-	-	-
AirTran	-	-	-	67,349	94,721	99,466	110,154	96,618	102,187	6,453
Continental Airlines										
Colgan / Continental Connection	-	-	-	6,147	44,389	73,130	74,304	68,881	1,303	-
Continental Express / ExpressJet	-	-	-	55,418	33,056	8,676	12,813	14,512	66,843	65,101
Trans State Airlines	-	-	-	95	1,412	-	-	-	-	-
Delta	102,962	100,639	110,974	125,867	101,601	75,435	27,881	12,850	-	5,031
Atlantic Southeast Airlines	-	-	-	-	-	3,672	15,799	40,638	63,687	56,717
Chautauqua	-	9,167	24,446	3,176	17,151	14,925	563	-	29,683	28,747
Comair	-	-	-	344	6,209	19,044	13,965	26,354	54,748	58,324
Compass	74	-	4,815	9,048	-	2,713	2,538	-	-	-
Endeavor Air	56,689	55,025	17,115	-	-	-	-	-	-	-
ExpressJet	31,670	20,325	7,064	9,367	-	-	-	-	-	-
Freedom Air	-	-	-	-	-	-	-	38,732	-	21,814
Go Jet	6,702	14,332	29,409	20,515	8,125	-	-	-	-	-
Mesaba	-	-	-	-	-	94	59	-	-	-
Pinnacle	-	-	20,620	43,615	60,356	35,920	26,563	2,468	-	-
Shuttle America	22,063	18,288	8,675	21,307	6,905	721	-	-	-	-
Independence Air	2,964	-	-	-	-	-	-	-	-	-
JetBlue	98,298	99,730	102,522	99,925	104,272	116,839	135,571	143,235	147,971	135,836
Northwest	-	-	-	-	-	-	-	65	14,678	33,602
Comair	-	-	-	-	-	805	4,608	-	-	-
Mesaba	-	-	-	-	-	-	3,090	49,089	23,583	-
Pinnacle	-	-	-	-	-	23,955	47,435	6,034	15,717	19,336
Southwest	130,567	127,060	116,939	25,411	-	-	-	-	-	-
Starlink Aviation	-	-	-	-	-	-	945	551	-	-
Twin Cities Air Service	-	-	-	433	779	717	246	-	-	-
U.S. Airways	47,034	43,605	45,593	42,009	50,134	41,704	26,882	-	-	-
Air Wisconsin	54,615	59,737	49,131	54,497	65,584	70,642	82,891	105,579	97,891	76,042
Chautauqua	-	-	80	-	-	-	48	11,024	9,765	49,174
Colgan	-	-	-	-	-	-	-	-	7,797	-
Mesa	-	2,456	330	-	-	1,210	-	9,409	19,969	27,602
Piedmont	2,215	-	-	363	12,717	10,126	1,848	1,975	-	6,502
PSA Express	55,428	379	1,187	43	-	904	2,253	1,776	-	1,539
Republic Airlines	91,418	129,478	131,801	123,752	112,659	126,088	146,453	110,536	94,325	69,763
United Airlines										
Air Wisconsin	-	-	-	34,555	-	-	-	291	-	-
Atlantic Southeast Airlines	-	-	-	-	-	22,107	2,304	-	-	-
ExpressJet	65,903	34,175	59,303	-	32,895	822	-	-	-	-
Go Jet	26,657	30,519	20,472	26,803	18,619	38,253	79,389	73,916	86,879	87,611
Mesa	25,827	23,522	28,834	7,724	30,487	54,645	36,955	47,052	31,691	31,991
Republic Airlines	26,600	62,989	54,431	11,464	-	-	-	-	-	-
Shuttle America	25,441	8,473	-	-	-	-	-	-	-	-
Trans State Airlines	3,123	2,885	9,407	25,219	16,256	-	2,126	-	909	-
Subtotal	876,250	842,784	818,541	824,165	849,076	858,687	861,585	869,626	781,185	679,458
Charters and Unscheduled Flights	148	730	1,156	963	1,045	911	971	905	1,023	985
Local Total	876,398	843,514	819,504	825,210	849,987	859,658	862,490	870,649	782,170	680,450
Total for United States (000)'s	(a)	804,471	760,847	738,616	731,130	725,262	711,264	695,912	734,154	763,480
Local Market Share of US Total	(b)	0.105%	0.111%	0.111%	0.113%	0.117%	0.121%	0.124%	0.119%	0.102%

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

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

## **APPENDIX B**

### **PROPOSED FORM OF LEGAL OPINION**

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**Upon issuance and delivery of the Bonds described herein, Pierce Atwood LLP, Portland, Maine, Bond Counsel, proposes to issue its opinion in substantially the following form:**

[Dated date of Issue]

City of Portland  
Portland, Maine 04101

Re City of Portland, Maine  
\$15,714,000 2017 General Obligation Refunding Bonds  
Dated March \_\_, 2017

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the City of Portland, Maine (the "City") of \$15,714,000 aggregate principal amount of its 2017 General Obligation Bonds (the "Bonds"). In such capacity, we have examined the record of proceedings submitted to us by the City in connection with the issue and sale of the above-described Bonds, including among other documents, certified copies of Order No. 204-15/16 duly adopted by the City Council at a meeting thereof duly called and held on April 25, 2016, respectively (collectively, the "Bond Order"), authorizing issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials without undertaking to verify such facts by independent investigations. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies.

We understand the Bonds are dated as of March \_\_, 2015. The Bonds have been issued as serial bonds in the denominations, bearing interest payable on each April 1 and October 1, commencing October 1, 2017, until maturity or redemption prior to maturity, and maturing on April 1 of each year as reflected hereinbelow:

<u>Year of</u> <u>Maturity</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Year of</u> <u>Maturity</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>
2018	\$1,029,000	%	2028	\$560,000	%
2019	\$1,025,000	%	2029	\$560,000	%
2020	\$1,025,000	%	2030	\$560,000	%
2021	\$1,025,000	%	2031	\$560,000	%
2022	\$1,025,000	%	2032	\$560,000	%
2023	\$1,000,000	%	2033	\$560,000	%
2024	\$1,000,000	%	2034	\$560,000	%

2025	\$995,000	%	2035	\$560,000	%
2026	\$995,000	%	2036	\$560,000	%
2027	\$995,000	%	2037	\$560,000	%

Bonds maturing on and before April 1, 2027 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after April 1, 2028 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after April 1, 2027, as a whole or in part at any time, in such order of maturity as the City, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

The Bonds should be signed by the Director of Finance and the Mayor of the City, sealed with the seal of the City attested by its Clerk, and should bear the signed certificate of the certifying agent identified thereon.

We note that the Code establishes certain requirements regarding use, expenditure and investment of the proceeds of the Bonds and timely payment of certain investment earnings to the U.S. Treasury that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Code. Noncompliance with such requirements may cause interest on the Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

In expressing the opinions set forth in paragraph 3, we have examined and relied upon the Arbitrage and Use of Proceeds Certificate and the General Certificate of the Director of Finance of the City (collectively, the "Tax Certificates"), delivered by the City concurrently herewith, which contain certain covenants, representations and certifications regarding compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The City, in executing such Tax Certificates, (i) has set forth facts, estimates, circumstances and reasonable expectations of the City as of the date hereof as to future events regarding the amount, use and investment of the proceeds of the Bonds and the use of the improvements financed with the proceeds of the Bonds that are material for purposes of Section 141 and Section 148 of the Code, and (ii) has certified that the information therein is true and accurate and that the City will comply with the covenants, provisions and procedures set forth therein and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes. In rendering the opinions set forth in paragraph 3 below, we have relied upon the representations and certifications of the City set forth in such Tax Certificates, and we have assumed that the City will comply with the requirements of the Code and with the provisions and procedures set forth therein.

We also note that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

With reference to the Bonds, we are of the opinion that:

1. Under the Constitution and laws of the State of Maine, the City has been duly created and validly exists as a body corporate and politic and a municipality under the name of the City of Portland with lawful power and authority to adopt the Bond Order and to issue the Bonds.
2. The Bonds are in proper form and have been duly authorized and executed by the City, and, subject to due authentication, are valid and binding general obligations of the City, enforceable in accordance with their terms, and all taxable property within the City (except to the extent that the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the City establishes or has established municipal development districts or municipal affordable housing districts pursuant to Title 30-A, Chapter 206 and former Chapter 207 (now repealed) of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds) is subject to the levy of limited *ad valorem* taxes to pay the Bonds unless certain procedural requirements under 30-A M.R.S.A. §5721-A are met; in which case such *ad valorem* taxes may be levied without limit as to rate or amount; provided, however, that the Bonds issued to finance school improvements included in the school budget are not subject to the property tax levy limit in Section 5721-A.
3. Under existing law, interest payable on the Bonds is excludable from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference under the Code for purposes of computing alternative minimum tax; however, interest on the bonds will be taken into account in the calculation of the alternative minimum tax of certain corporations as a result of the inclusion of interest on the Bonds in the "adjusted current earnings" of such corporations.
4. Pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, interest paid on the Bonds is exempt from income tax within the State of Maine.

The foregoing opinions are qualified to the extent that the enforceability of the obligations of the City, including the Bonds, may be limited by bankruptcy, moratorium or insolvency or other laws affecting the rights and remedies of creditors generally and are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have not examined and assume no responsibility for the financial condition of the City and nothing set forth herein shall be construed as assurance as to the City's financial condition or ability to make required debt service payments on the Bonds.

We are not passing upon and do not assume any responsibilities for the accuracy or adequacy of the statements made in any Preliminary Official Statement or Official Statement, other offering material or similar information prepared or provided by the City with respect the Bonds and we express no opinion, advice or representation to any

City of Portland  
Page 4  
[Dated date of Issue]

person with respect to any such Preliminary Official Statement or Official Statement, other offering material or similar information.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,



**APPENDIX C**

**PROPOSED FORM  
OF  
CONTINUING DISCLOSURE AGREEMENT**

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**CITY OF PORTLAND, MAINE  
PROPOSED FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the City of Portland, Maine (the “Issuer”) of its \$14,514,000 2017 General Obligation Bonds, dated as of March 15, 2017 (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Paragraphs 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board established under the Securities and Exchange Act of 1934, as amended, or any successor thereto (the “MSRB”). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at [www.emma.msrb.org](http://www.emma.msrb.org). The Issuer reserves the right to incorporate by reference its Official Statement dated February 28, 2017 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2017, certain updated financial information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement under the headings “CITY FINANCES,” “INDEBTEDNESS,” “RETIREMENT” and in APPENDIX B and such other financial information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) business days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Bonds.
  - (a) Certain events whether material or not material:
    - (1) Principal and interest payment delinquencies;
    - (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
    - (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
    - (4) Substitution of credit or liquidity providers, or their failure to perform;
    - (5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
    - (6) Tender offers;
    - (7) Defeasances;
    - (8) Rating changes;

(9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in paragraph 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);

(b) Certain events if material:

- (1) Non-payment related defaults;
- (2) Modifications to the rights of holders of the Bonds;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the Bonds;
- (5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
- (6) Appointment of a successor or additional trustee or the change of name of a trustee.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Paragraph 1 herein.
4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the beneficial owners of the Bonds, (d) to modify the contents, presentation and format of the financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the beneficial owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any beneficial owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.
6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule.
7. The Issuer's Director of Finance, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Brendan T. O'Connell, Director of Finance, City of Portland, 389 Congress Street, Portland, ME 04101; Telephone: (207) 874-8642.

Dated: \_\_\_\_\_, 20\_\_

CITY OF PORTLAND, MAINE

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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