**Finance Committee Meeting**
**Thursday, October 9, 2014**
**6:00 pm, room 209 City Hall**

1. Approve Minutes From September 25 Meeting

   Documents: FINANCE COMMITTEE MEETING 9-25-14 (DRAFT).PDF

2. Stormwater Presentation

3. FY14 Financial Update

   3.I. Memo To Finance Committee Re FY14 Financial Update

   Documents: LETTER TO COMMITTEE RE FY14 FINANCIAL RESULTS.PDF

# Finance Committee
# Meeting Minutes
# Thursday, September 25, 2014

Attendees: Chair Mavodones, Vice Chair Duson, Committee members Marshall and Suslovic, Mayor Brennan, members of the public and staff

**Chair Mavodones opened the meeting – called to order**

1. **Approval of minutes of September 11, 2014 meeting**

   **Motion** by Councilor Marshall to approve the minutes, second by Councilor Duson - all in favor 4-0

2. **Minimum wage discussion**

The Mayor discussed his report to the Committee. The Finance Committee requests the following information:

- Create a proposed ordinance along with a brief summary of the ordinance
- Minimum wage plan with regards to the Council (for approval and public hearings)
- Create a memo with information on how it affects the City. Are there any staff on the City's payroll that are paid below $10/hr.
- Have information available on the City's website, including frequently asked questions.

3. **Stormwater discussion**

Additional requests for information:

- Does Lewiston have anyone who gets the 100% credit?
- Provide the Committee with the link to the Task Force information on the website

**Motion to adjourn**

Portland, Maine Yes. Life's good here.

**Finance Department**

To: Chair Mavodones

Members of the Finance Committee

Sheila Hill-Christian

From: Suzanne M. Knight, Acting Finance Director

Date: October 9, 2014

Re: FY14 Financial Update

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Attached are drafts of some of the City's financial statements and schedules, as well as a budgetary review by department. The audit is currently underway and significant changes are not expected.

Unassigned general fund balance increased $1.3 million for the fiscal year ended June 30, 2014, which brought the City to 13%, 0.5% more than the 12.5% targeted in the city's policy.

Highlights and items of note are summarized below.

Overall general fund revenues were under collected by $3.4 million: $2.3 on the City side and $1.1 million on the school side.

Property tax revenue did not meet budgetary expectations due to the increase in TIF district retentions, 2.7 million was budgeted, but 3.5 actually retained.

Sale of City property revenue was not realized due to the delay in the anticipated sale of property in Bayside: $0.6 million.

The Finance Department saw wins and losses. Excise taxes were up 5% over last year providing $0.5 million in additional revenue and was further evidence of a rebounding economy. Interest on investments on the other hand has not rebounded and was down $0.2 million, and an anticipated legislative hike in auto registration fees did not materialize.

Significant departmental budgetary revenue shortfalls include: $0.5 million in anticipated confined space revenue, $0.5 million in EMS revenue. Building permits were down $0.2 million. Public health Medicaid revenue fell short of expectations by $0.5 million. The Barron Center saw a decrease in occupancy rates (95.3% anticipated to 93.7% actual) and additional bad debt writeoffs. The total of both factors being a $0.7 million negative variance.

On the revenue plus side, The Fire Department received additional SAFER grant funds of $0.5 million.

General fund expenditures were down $3.7 million. The city side $1.8 million and the school side $1.9 million. This was due in part to lower revenue expectations and some curtailment efforts.

General Assistance expenses were up $0.8 million, which were partly covered by increased state reimbursements of $0.5.

Winter operations exceeded budget by $0.5 million. The budget was based on eight storms but the winter season was actually eleven storms.

The city's self-insured health program beat expectations by coming in $0.8 million lower than expected; also Maine PERS contributions were $0.3 million lower. Position vacancy, from curtailment and staff turnover contributed to this savings as well as utilities savings for the buildings.

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**City of Portland**
**Preliminary review of year end June 30, 2014**
**Prepared October 1, 2014**
**Revenue**

| DESCRIPTION | BUDGET | ACTUAL | Over/(Under) Collected |
|---|---|---|---|
| **City:** | | | |
| Property Tax | 144,887,641 | 143,902,031 | (985,610) |
| Revenue Sharing | 4,278,885 | 4,313,430 | 34,545 |
| Excise Tax | 9,330,000 | 9,875,684 | 545,684 |
| Interest & Penalties | 200,000 | 287,453 | 87,453 |
| Sale of City Property | 620,000 | 73,221 | (546,779) |
| City Council | 5,000 | 5,000 | - |
| City Clerk | 1,086,974 | 1,108,207 | 21,233 |
| City Manager | 1,027,421 | 1,190,004 | 162,583 |
| Assessors | 1,100 | 2,454 | 1,354 |
| Finance | 1,410,980 | 1,086,270 | (324,710) |
| Legal | 126,038 | 129,105 | 3,067 |
| Human Resources | 53,824 | 53,824 | 0 |
| Parking | 6,786,247 | 6,736,533 | (49,714) |
| Economic Development | 330,279 | 332,607 | 2,328 |
| Police | 1,993,420 | 2,331,229 | 337,809 |
| Fire | 5,331,236 | 4,485,422 | (845,814) |
| Planning & Development | 2,401,547 | 2,186,274 | (215,273) |
| Technology | 213,920 | 208,223 | (5,697) |
| Public Services | 4,976,553 | 4,911,755 | (64,798) |
| Rec & Facilities | 7,977,934 | 8,111,742 | 133,808 |
| Public Health | 4,188,976 | 3,670,219 | (518,757) |
| Social Services | 9,638,972 | 10,095,597 | 456,625 |
| Barron Center | 17,992,792 | 17,302,480 | (690,312) |
| Debt Service | 13,813,341 | 13,666,496 | (146,845) |
| Pension | 1,072,890 | 1,088,621 | 15,731 |
| Employee Benefits | 4,834,810 | 5,078,549 | 243,739 |
| Liability Insurance | 160,211 | 187,628 | 27,417 |
| | 244,740,991 | 242,420,059 | (2,320,932) |
| | | | |
| **School:** | | | |
| School | 19,123,538 | 18,485,366 | (638,172) |
| Adult Ed | 815,000 | 637,412 | (177,588) |
| Food Service | 3,478,493 | 3,201,252 | (277,241) |
| | 23,417,031 | 22,324,030 | (1,093,001) |
| | | | |
| | 268,158,022 | 264,744,089 | (3,413,933) |

# City of Portland
## Preliminary review of year end June 30, 2014
## Prepared October 1, 2014
## Expenses

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| DESCRIPTION | BUDGET | ACTUAL | Under / Over +/- |
|---|---|---|---|
| **City:** | | | |
| City Council | 297,788 | 289,825 | 7,963 |
| City Clerk | 531,438 | 494,676 | 36,762 |
| City Manager | 754,902 | 763,841 | (8,939) |
| Assessors | 312,178 | 301,821 | 10,357 |
| Finance | 1,666,449 | 1,573,291 | 93,158 |
| Legal | 436,874 | 426,979 | 9,895 |
| Human Resources | 732,563 | 774,929 | (42,366) |
| Parking | 1,965,970 | 1,908,454 | 57,516 |
| Economic Development | 255,474 | 245,667 | 9,807 |
| Police | 13,767,948 | 13,661,201 | 106,747 |
| Fire | 16,144,734 | 16,141,373 | 3,361 |
| Planning & Development | 2,096,207 | 1,944,441 | 151,766 |
| Technology | 2,093,575 | 1,999,423 | 94,152 |
| Public Services | 16,916,779 | 17,155,193 | (238,414) |
| Rec & Facilities | 11,035,740 | 10,466,400 | 569,340 |
| Public Health | 5,035,663 | 4,654,484 | 381,179 |
| Social Services | 12,008,967 | 12,820,371 | (811,404) |
| Barron Center | 15,041,907 | 14,272,695 | 769,212 |
| Debt Service | 33,405,772 | 33,222,948 | 182,824 |
| Library | 3,470,449 | 3,470,449 | - |
| Pension | 5,776,315 | 5,456,362 | 319,953 |
| Employee Benefits | 18,370,175 | 17,560,165 | 810,010 |
| Contingency | 175,000 | 237,339 | (62,339) |
| Liability Insurance | 692,830 | 715,720 | (22,890) |
| Cumberland County Tax | 4,757,524 | 4,757,524 | - |
| Membership | 2,979,769 | 3,025,128 | (45,359) |
| Capital | 487,000 | 641,511 | (154,511) |
| Salary Adjustment | (400,000) | - | (400,000) |
| | 170,809,990 | 168,982,213 | 1,827,777 |
| **School:** | | | |
| School | 93,114,752 | 91,513,446 | 1,601,306 |
| Adult Ed | 1,539,530 | 1,446,502 | 93,028 |
| School Lunch | 3,621,079 | 3,417,411 | 203,668 |
| | 98,275,361 | 96,377,359 | 1,898,002 |
| | 269,085,351 | 265,359,572 | 3,725,779 |

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Statement 3

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

| | General | Debt Service | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 43,814,545 | $ 2,417,439 | $ 21,640,581 | $ 9,990,084 | $ 77,862,649 |
| Investments | - | - | - | 18,189,096 | 18,189,096 |
| Taxes receivable | 3,703,311 | - | - | - | 3,703,311 |
| Accounts receivable | 16,230,561 | - | - | 222,396 | 16,452,957 |
| Allowance for uncollectible accounts | (1,360,528) | - | - | - | (1,360,528) |
| Loans receivable | - | - | - | 2,351,293 | 2,351,293 |
| Allowance for uncollectible loans | - | - | - | (117,564) | (117,564) |
| Due from other governments | 1,292,562 | - | - | 5,984,122 | 7,276,684 |
| Due from other funds | 225,941 | - | - | - | 225,941 |
| Inventories | 593,892 | - | - | 53,342 | 647,234 |
| Total assets | $ 64,500,284 | $ 2,417,439 | $ 21,640,581 | $ 36,672,769 | $ 125,231,073 |
| **LIABILITIES** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 3,233,572 | $ - | $ 2,883,038 | $ 1,971,219 | $ 8,087,829 |
| Accrued liabilities | 14,029,199 | - | 228,249 | 996,264 | 15,253,712 |
| Due to other funds | - | - | - | 225,941 | 225,941 |
| Claims and judgements | 1,081,510 | - | - | - | 1,081,510 |
| Unearned income | 39,242 | - | - | 214,410 | 253,652 |
| Total liabilities | $ 18,383,523 | $ - | $ 3,111,287 | $ 3,407,834 | $ 24,902,644 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Unavailable revenue-property taxes | $ 3,474,159 | $ - | $ - | $ - | $ 3,474,159 |
| Total deferred inflows of resources | $ 3,474,159 | $ - | $ - | $ - | $ 3,474,159 |
| **FUND BALANCES** | | | | | |
| Nonspendable | | | | | |
| Inventories | $ 593,892 | $ - | $ - | $ 53,342 | $ 647,234 |
| Loans | - | - | - | 2,233,729 | 2,233,729 |
| Permanent Funds | - | - | - | 5,493,535 | 5,493,535 |
| Restricted | | | | | |
| Capital Projects | - | - | 18,529,294 | - | 18,529,294 |
| Other Grants and Special Revenue | - | - | - | 10,056,795 | 10,056,795 |
| Permanent Funds | - | - | - | 13,721,525 | 13,721,525 |
| Committed | | | | | |
| Debt Service | - | 253,897 | - | - | 253,897 |
| Economic Development Activities | 338,837 | - | - | - | 338,837 |
| Facilities Relocation | 821,420 | - | - | - | 821,420 |
| Loan Programs | - | - | - | 1,706,009 | 1,706,009 |
| Subsequent years expenditure | 985,000 | - | - | - | 985,000 |
| Assigned | | | | | |
| Barron Center Resident Benefits | 189,294 | - | - | - | 189,294 |
| Debt Service | - | 2,163,542 | - | - | 2,163,542 |
| Medicaid Settlements | 300,000 | - | - | - | 300,000 |
| Self Insurance Programs | 5,000,000 | - | - | - | 5,000,000 |
| Unassigned | 34,414,159 | - | - | - | 34,414,159 |
| Total fund balances | 42,642,602 | 2,417,439 | 18,529,294 | 33,264,935 | 96,854,270 |
| Total liabilities, deferred inflows of resources and fund balances | $ 64,500,284 | $ 2,417,439 | $ 21,640,581 | $ 36,672,769 | |

Continued

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

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Statement 4

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

| | General | Debt Service | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| General property taxes | $ 142,246,058 | $ - | $ - | $ 2,668,736 | $ 144,914,794 |
| Excise taxes | 9,875,683 | - | - | - | 9,875,683 |
| Licenses and permits | 3,615,083 | - | - | 696,084 | 4,311,167 |
| Fines, forfeits and penalties | 1,994,553 | - | - | - | 1,994,553 |
| Uses of money and property | 7,345,095 | 249 | 56,450 | 2,041,011 | 9,442,805 |
| Intergovernmental | 39,569,445 | - | - | 22,787,199 | 62,356,644 |
| Current services | 33,049,505 | - | - | 6,233,622 | 39,283,127 |
| Other | 124,819 | - | - | 961,538 | 1,086,357 |
| Total revenues | $ 237,820,241 | $ 249 | $ 56,450 | $ 35,388,190 | $ 273,265,130 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| General government | $ 19,434,584 | $ - | $ - | $ 5,403,816 | $ 24,838,400 |
| Public safety | 26,776,074 | - | - | 2,052,987 | 28,829,061 |
| Public services | 15,968,412 | - | - | 901,453 | 16,869,865 |
| Health and social services | 26,987,999 | - | - | 8,439,386 | 35,427,385 |
| Public library | 3,470,449 | - | - | - | 3,470,449 |
| Education | 93,183,656 | - | - | 13,344,472 | 106,528,128 |
| Pension and employee insurance | 19,647,417 | - | - | - | 19,647,417 |
| Other | 7,782,652 | 4,487 | - | - | 7,787,139 |
| Debt service: | | | | | |
| Principal | - | 13,559,501 | - | 100,000 | 13,659,501 |
| Interest | - | 13,148,324 | - | 104,915 | 13,253,239 |
| Capital outlay | 641,511 | - | 15,918,582 | 3,083,256 | 19,643,349 |
| Total expenditures | $ 213,892,754 | $ 26,712,312 | $ 15,918,582 | $ 33,430,285 | $ 289,953,933 |
| Excess (deficiency) of revenues over (under) expenditures | $ 23,927,487 | $ (26,712,063) | $ (15,862,132) | $ 1,957,905 | $ (16,688,803) |
| **Other financing sources (uses)** | | | | | |
| Transfers in | 2,719,568 | 25,545,917 | 18,143,000 | 807,022 | 47,215,507 |
| Transfers out | (27,021,395) | (18,280,375) | (56,450) | (1,857,287) | (47,215,507) |
| General obligation bonds issued | - | 18,455,142 | - | - | 18,455,142 |
| Premium on general obligation bonds | - | 1,224,855 | - | - | 1,224,855 |
| Total other financing sources (uses) | $ (24,301,827) | $ 26,945,539 | $ 18,086,550 | $ (1,050,265) | $ 19,679,997 |
| Net change in fund balances | $ (374,340) | $ 233,476 | $ 2,224,418 | $ 907,640 | $ 2,991,194 |
| Fund balances - beginning | 43,016,942 | 2,183,963 | 16,304,876 | 32,357,295 | 93,863,076 |
| Fund balances - ending | $ 42,642,602 | $ 2,417,439 | $ 18,529,294 | $ 33,264,935 | $ 96,854,270 |

Continued

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

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

| | Budget | Budget Basis Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Municipal Revenue Sources:** | | | |
| General property taxes for | | | |
| General fund | $ 73,835,885 | $ 73,835,885 | $ - |
| Food service | 142,586 | $ 142,586 | - |
| Adult education | 724,530 | 724,530 | - |
| Total Municipal Revenue Sources | $ 74,703,001 | $ 74,703,001 | $ - |
| **School Department Revenue Sources:** | | | |
| Intergovernmental Revenues - | | | |
| Federal for | | | |
| General fund | $ 100,000 | $ 101,943 | $ 1,943 |
| Food service | 2,625,170 | 2,583,464 | (41,706) |
| | $ 2,725,170 | $ 2,685,407 | $ (39,763) |
| State for | | | |
| General fund | $ 15,895,407 | $ 15,709,992 | $ (185,415) |
| Food service | 37,800 | 45,022 | 7,222 |
| Adult education | 485,000 | 450,299 | (34,701) |
| | $ 16,418,207 | $ 16,205,313 | $ (212,894) |
| Local Revenues - | | | |
| General fund | | | |
| Tuition | $ 2,449,381 | $ 2,445,998 | $ (3,383) |
| Miscellaneous | 678,750 | 227,433 | (451,317) |
| Fund balance appropriation | 155,329 | - | (155,329) |
| Food Service | | | |
| Miscellaneous | 815,523 | 572,765 | (242,758) |
| Adult education | 330,000 | 187,113 | (142,887) |
| | $ 4,428,983 | $ 3,433,309 | $ (995,674) |
| Total School Department revenue sources | 23,572,360 | 22,324,029 | (1,248,331) |
| **Total Revenues** | $ 98,275,361 | $ 97,027,030 | $ (1,248,331) |

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

| | Budget | Budget Basis Actual | Variance Positive (Negative) |
|---|---|---|---|
| **General Operations:** | | | |
| **Salaries and wages -** | | | |
| Regular salaries | $ 56,112,912 | $ 55,027,344 | $ 1,085,568 |
| Temporary salaries | 1,335,729 | 1,503,242 | (167,513) |
| Overtime and additional work | 193,360 | 165,744 | 27,616 |
| Sabbaticals | 15,565 | - | 15,565 |
| Stipends and differentials | 1,951,020 | 2,273,227 | (322,207) |
| **Total salaries and wages** | $ 59,608,586 | $ 58,969,557 | $ 639,029 |
| **Employee benefits** | $ 14,908,322 | $ 14,621,278 | $ 287,044 |
| **Contracted services -** | | | |
| Professional and technical services | $ 2,228,026 | $ 2,140,546 | $ 87,480 |
| Employee training and development | 88,608 | 219,184 | (130,576) |
| Architectual and engineering services | 15,000 | 62,941 | (47,941) |
| Security services | 136,975 | 119,156 | 17,819 |
| Special education | 240,000 | 151,742 | 88,258 |
| Legal | 142,555 | 236,210 | (93,655) |
| **Total contracted services** | $ 2,851,164 | $ 2,929,779 | $ (78,615) |
| **Other expenditures -** | | | |
| Communications | $ 356,786 | $ 301,362 | $ 55,424 |
| Debt service | 6,433,730 | 6,481,905 | (48,175) |
| Dues and fees | 144,563 | 152,221 | (7,658) |
| Equipment | 62,517 | 64,649 | (2,132) |
| Insurance | 298,196 | 277,657 | 20,539 |
| Miscellaneous | 644,073 | 268,252 | 375,821 |
| Rentals and leases | 478,409 | 348,327 | 130,082 |
| Repairs and maintenance | 1,430,008 | 1,412,742 | 17,266 |
| Supplies | 1,880,258 | 1,961,245 | (80,987) |
| Transportation services | 663,631 | 625,361 | 38,270 |
| Travel | 108,628 | 98,177 | 10,451 |
| Tuition | 1,037,441 | 855,792 | 181,649 |
| Utilities | 2,208,440 | 2,145,142 | 63,298 |
| **Total other expenditures** | $ 15,746,680 | $ 14,992,832 | $ 753,848 |
| **Total General Operations** | $ 93,114,752 | $ 91,513,446 | $ 1,601,306 |
| **Total Adult Education** | $ 1,552,675 | $ 1,446,502 | $ 106,173 |
| **Total Food Service** | $ 3,621,079 | $ 3,417,411 | $ 203,668 |
| **Total Expenditures** | $ 98,288,506 | $ 96,377,359 | $ 1,911,147 |

**CITY OF PORTLAND, MAINE**
**SCHOOL DEPARTMENT**
**FUND BALANCE STATUS REPORT**
**For the Year Ended June 30, 2014**

| | GENERAL ED | ADULT ED | FOOD SERVICE | TOTAL FUNDS |
|---|---|---|---|---|
| **Fund balances, beginning of year:** | | | | |
| Nonspendable Inventory | $ - | $ - | $ 24,026 | $ 24,026 |
| Committed for subsequent years expenditure | 155,329 | - | - | 155,329 |
| Unassigned | 2,495,732 | 165,198 | 511,078 | 3,172,008 |
| Total fund balance, beginning of year | 2,651,061 | 165,198 | 535,104 | 3,351,363 |
| Revenues and other financing sources in excess of expenditures and other financing uses | 807,805 | (84,560) | (73,574) | 649,671 |
| Fund balance, end of year | $ 3,458,866 | $ 80,638 | $ 461,530 | $ 4,001,034 |
| **Fund balances, end of year:** | | | | |
| Nonspendable Inventory | $ - | $ - | $ 53,342 | $ 53,342 |
| Committed for subsequent years expenditure | 250,000 | - | - | 250,000 |
| Unassigned | 3,208,866 | 80,638 | 408,188 | 3,697,692 |
| Total fund balance, end of year | $ 3,458,866 | $ 80,638 | $ 461,530 | $ 4,001,034 |

**Reconciliation of Revenue and Expenditure Status Reports to Change in Fund Balance:**

| | GENERAL ED | ADULT ED | FOOD SERVICE | TOTAL FUNDS |
|---|---|---|---|---|
| Revenue Status Report, Schedule B-1 | $ 92,321,251 | $ 1,361,942 | $ 3,343,837 | $ 97,027,030 |
| Expenditure Status Report, Schedule B-2 | 91,513,446 | 1,446,502 | 3,417,411 | 96,377,359 |
| Net change in fund balance | $ 807,805 | $ (84,560) | $ (73,574) | $ 649,671 |

## City of Portland
## Worksheet for Calculation of Unassigned General Fund Balance

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Total General Fund Budget Expenditures | 244,781,661 | 248,422,062 | 256,749,524 | 269,085,351 | 277,948,142 |
| Less Enterprise Debt Service Transfer | (10,710,671) | (11,217,261) | (11,930,018) | (12,984,253) | (14,093,925) |
| Net General Fund Budget | 234,070,990 | 237,204,801 | 244,819,506 | 256,101,098 | 263,854,217 |
| Unassigned Fund Balance (previous year) | 23,673,730 | 26,886,139 | 29,711,223 | 33,107,652 | 34,414,159 |
| | FY10 fund balance | FY11 fund balance | FY12 fund balance | FY13 fund balance | **FY14 Estimated Fund Bal** |
| | 10.1% | 11.3% | 12.1% | 12.9% | 13.0% |

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