

The University of Maine

DigitalCommons@UMaine

Maine Town Documents

Maine Government Documents

2012

City of South Portland Maine, Comprehensive Annual Financial Report For the Fiscal Year Ending June 30, 2012

South Portland, Me.

Follow this and additional works at: <https://digitalcommons.library.umaine.edu/towndocs>

This Financial Report is brought to you for free and open access by DigitalCommons@UMaine. It has been accepted for inclusion in Maine Town Documents by an authorized administrator of DigitalCommons@UMaine. For more information, please contact um.library.technical.services@maine.edu.



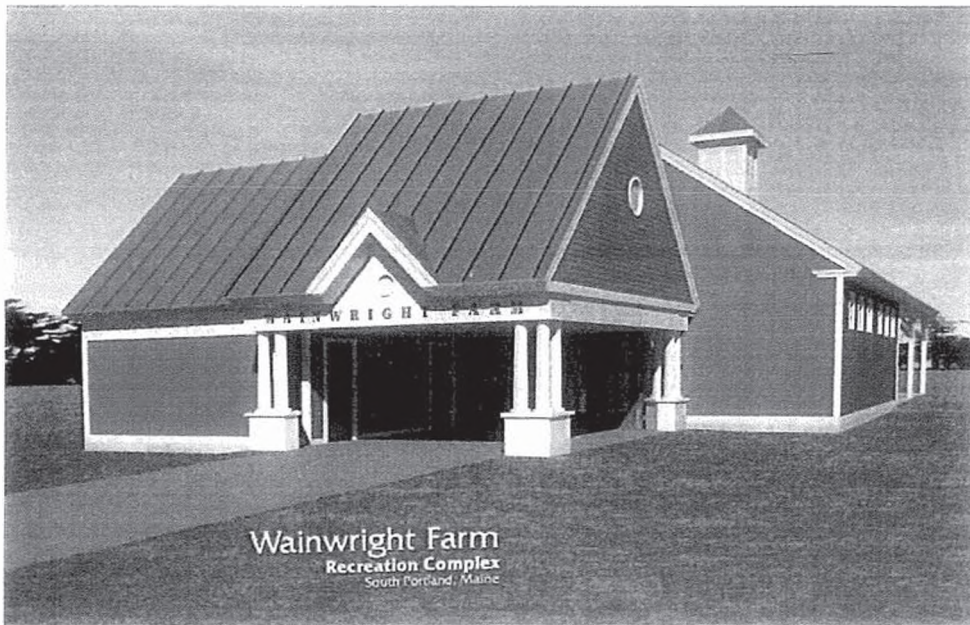
CITY OF SOUTH PORTLAND, MAINE

Comprehensive Annual Financial Report



For Fiscal Year Ended June 30, 2012

CITY OF SOUTH PORTLAND, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For Fiscal Year Ended June 30, 2012



Prepared By:
City of South Portland
Department of Finance

CITY OF SOUTH PORTLAND, MAINE
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2012

Table of Contents

		<u>Page</u>
INTRODUCTORY SECTION		
Letter of Transmittal		1
GFOA Certificate of Achievement		7
Organizational Chart		9
List of Elected and Appointed Officials		10
 FINANCIAL SECTION		
Independent Auditors' Report		13
Management's Discussion and Analysis		15
	<u>Statement</u>	
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	29
Statement of Activities	2	30
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	31
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	33
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and TIF Funds	6	34
Statement of Net Assets – Proprietary Funds	7	35
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	8	36
Statement of Cash Flows – Proprietary Funds	9	37
Statement of Fiduciary Net Assets – Fiduciary Funds	10	38
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	11	39
Notes to Basic Financial Statements		40
Required Supplementary Information		63
	<u>Exhibit</u>	
Combining and Individual Fund Statements and Schedules:		
General Fund:		
Comparative Balance Sheets	A-1	67
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	A-2	68
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Education	B	71
Reserves – General Fund:		
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	C	72
TIF Funds:		
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	D	75

CITY OF SOUTH PORTLAND, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

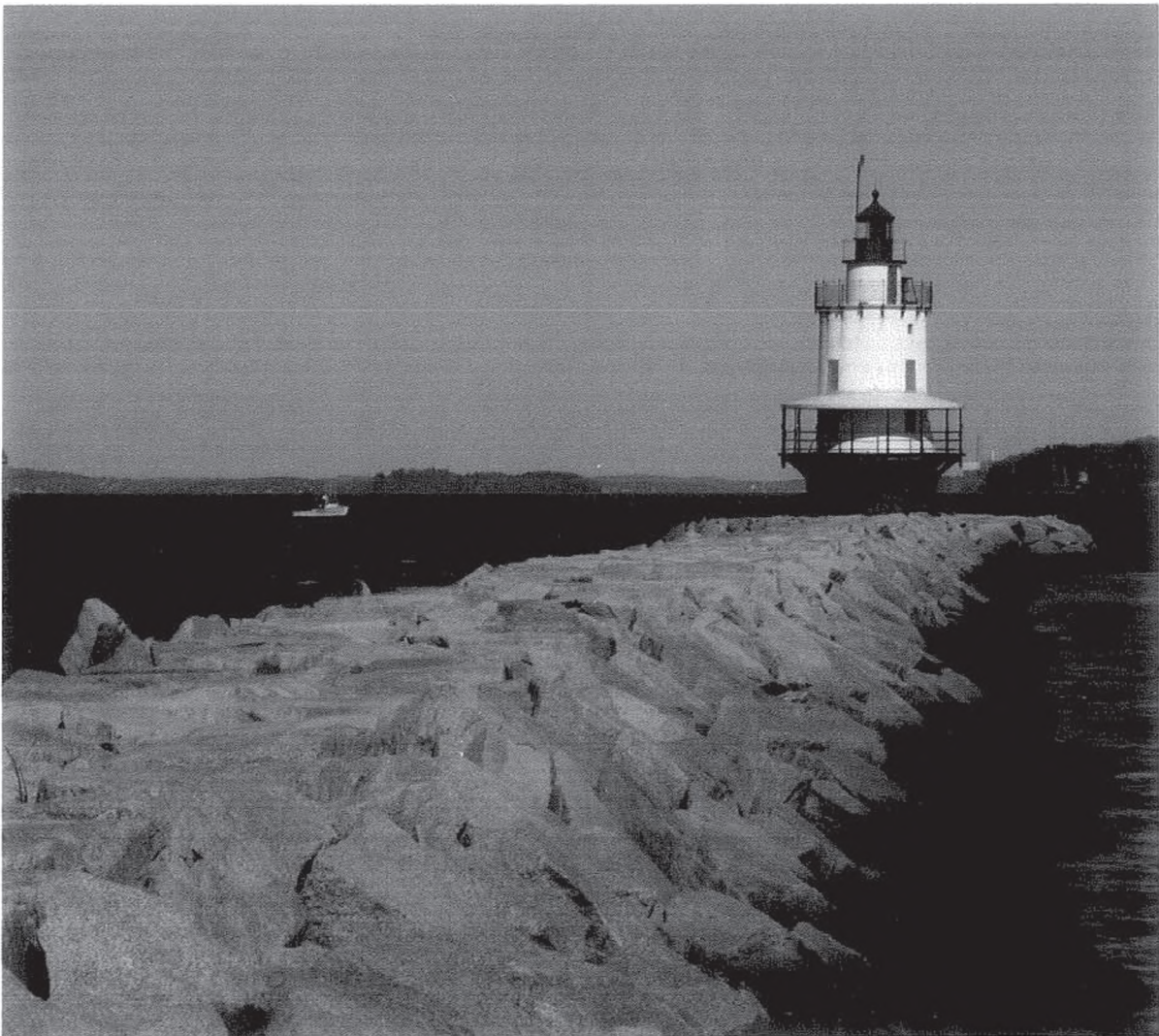
Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
Capital Project Funds:		
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	E	79
All Other Governmental Funds:		
Combining Balance Sheet	F-1	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	84
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	G-1	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	88
Nonmajor Permanent Funds:		
Combining Balance Sheet	H-1	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	H-2	92
Proprietary Fund:		
Schedule of Revenues, Expenses, and Changes in Net Assets – Budget and Actual	I	95
Agency Funds:		
Statement of Changes in Assets and Liabilities – Fiduciary Funds – Agency Funds	J	99
	<u>Schedule</u>	
City Special Revenues:		
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	1	103
School Grant Funds:		
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	2	106
Private-purpose Trust Funds:		
Combining Schedule of Changes in Fiduciary Net Assets	3	108

STATISTICAL SECTION

	<u>Table</u>	
Net Assets by Component	1	113
Changes in Net Assets	2	114
Program Revenues by Function/Program	3	116
Fund Balances of Governmental Funds	4	117
Changes in Fund Balances of Governmental Funds	5	118
Governmental Activities Tax Revenues by Source	6	120
State Aid Revenues by Source	7	121
Assessed Value and Estimated Actual Value of Taxable Property	8	122
Direct and Overlapping Property Tax Rates	9	123
Principal Property Taxpayers	10	124
Total Property Tax Levies and Collections	11	125
Ratios of Net General Debt Outstanding	12	126
Direct and Overlapping Governmental Activities Debt	13	127
Legal Debt Margin Information	14	128
Principal Employers	15	129
Demographic and Economic Statistics	16	130
Full-time Employees by Function/Program	17	131
Operating Indicators by Function/Program	18	132
Capital Asset Statistics by Function	19	133

INTRODUCTORY SECTION





FINANCE DEPARTMENT

GREGORY N. L'HEUREUX
Director of Finance

December 21, 2012

Honorable Thomas Blake, Mayor,
Distinguished Members of the City Council,
and Citizens of the City of South Portland, Maine

Maine state statutes and the South Portland City Charter require that the City issue annually a financial report audited in accordance with generally accepted auditing standards. Pursuant to these requirements, we hereby issue the comprehensive annual financial report of the City of South Portland, Maine, for the fiscal year ended June 30, 2012.

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 that the financial statements are free of any material misstatements.

Runyon Kersteen Ouellette, Certified Public Accountants, has issued an unqualified ("clean") opinion on the City of South Portland, Maine's financial statements for the year ended June 30, 2012. 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. MD&A complements this letter of transmittal and should be read in conjunction with it.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section, which is not audited, includes this transmittal letter, an organization chart, and a list of the City's principal elected and appointed officials. The financial section includes management's discussion and analysis of the City's financial activities, the basic financial statements and the combining and individual fund statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The statistical section, which is not audited, includes selected financial and demographic information, generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The "Single Audit" is designed to meet the special

needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of expenditures of federal awards, findings, recommendations and the independent auditor's reports on the internal control and compliance with applicable laws and regulations are included in a separately issued single audit report.

Profile of the City of South Portland

The City of South 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. South Portland is the fourth largest city in Maine and the second largest in its region. The City currently occupies 12.93 square miles and serves a population of 25,002. Under Maine statutes, the City is empowered to levy a property tax on both real and personal property located within its boundaries.

The area of which the City is comprised was originally the northern part of the Town of Cape Elizabeth. Old Falmouth, incorporated in 1718, was formed of the area now encompassing the cities of Portland, South Portland and Westbrook and the towns of Cape Elizabeth and Falmouth. Due to the inconvenience of crossing the Fore River, Cape Elizabeth (then including the City) became established as the Second Parish of Falmouth in 1733, and on November 1, 1765 separated from Falmouth, being incorporated as the Town of Cape Elizabeth. On March 15, 1895, South Portland divided and set off the northern portion of Cape Elizabeth to become a town. A city charter was granted on March 22, 1898 and adopted on December 5, 1898 as the City of South Portland.

The City operates under the charter adopted on December 5, 1898, as amended, most recently in November of 1997, (the "Charter") providing for a Council-Manager form of government. Policy making and legislative authority is vested in a seven-member City Council, all elected on a non-partisan basis. The Council is composed of seven members, one elected from each of the City's five voting districts, and two members who are elected at-large. The Council members are elected for three-year staggered terms. The Charter 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 and giving effect to any vote of the City and to authorize the issuance of debt subject to referendum approval by the voters of the City. Through its Charter, the Council adopts an annual budget, provides for an annual audit, appoints committees, and hires the City Manager and City Clerk.

The City Manager is the chief executive officer and the head of the administrative branch of the City government. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments. Under the City Charter, the City of South Portland's Education Department is a department of the City with an elected School Board and an appointed Superintendent of Schools.

The City of South Portland provides a full range of services, including police, ambulance and fire protection; construction and maintenance of highways, streets, sidewalks, parks and other infrastructure; sewer service and wastewater treatment; solid waste collection; public education; health and social welfare; public transportation; recreational and cultural activities; general administration and economic development.

The annual budget serves as the foundation for the City of South Portland's financial planning and control. All departments of the City of South Portland with the exception of the Education Department are required to submit requests for appropriation to the City Manager in January of each year. The City Manager uses these requests as the starting point for developing a proposed municipal budget. The City Manager then combines the proposed municipal budget with the Board of Education appropriation request for the Education Department and presents the total proposed budget to the City Council for review in March of each year. The City Council holds a public hearing on the proposed budget in April, and holds budget review workshops with the individual departments and the Board of Education in the months of April and May. The budget must be finally adopted by no later than 90 days after July 1, the beginning of the fiscal year, but is typically adopted in June.

The appropriated budget is prepared by fund, function (e.g., public safety) and department (e.g., police). The City Manager may transfer appropriations within a department. Transfers between departments, however, need approval from the City Council. Budget to actual comparisons are provided in this report for the general fund. This comparison is presented on page 34 as part of the basic financial statements for the governmental funds.

Relevant Financial Policies

The City of South Portland implemented GASB Statement No. 54 last year and as a result amended its fund balance policy. Under the new policy, the City has established a minimum unassigned fund balance in the general fund of 9%. In the event that the unassigned fund balance drops below this minimum level, the City will develop a plan implemented through the annual budget process to bring the balance back to the target level over a period of no more than three fiscal years. According to the policy, funds in excess of 12% may, with the approval of the City Council, be used for capital improvements or other one-time expenditures. For the year ended June 30, 2012, the amount of unassigned fund balance totaled \$10,591,915 or 14.7% of the fiscal year 2013 general fund budget.

Local Economy

Once principally a residential community, South Portland now enjoys a diversified commercial and industrial aspect to its economy. The City has been referred to as two cities, with the eastern half of the City sporting residential neighborhoods, a traditional downtown district, a waterfront, and the second busiest oil port on the entire East Coast, and the western half of the City hosting commercial, industrial, and advanced technology property.

The eastern half of the City is home to many of the City's residential neighborhoods, a traditional downtown district with a diverse mix of retail stores, restaurants, residential housing and professional offices, an oil pipeline and storage tank farms, a municipal beach, a municipal boat ramp, numerous scenic parks, several marinas, two lighthouses, a maritime museum, and the State's largest community college.

The western half of the City is home to a regional mall that forms the hub of the largest shopping district in the State. Additionally, there are two world-class semiconductor factories and a number of major hotel chains. Major companies with headquarters or divisions located within the western half of the City include a semiconductor manufacturer, an international financial services company, and two insurance companies. The mall and surrounding businesses increase the population of the City from 25,002 to between 46,000 and 102,000 per day. According to the latest 2000 census figures, a total of 21,838 workers are employed in South Portland, and the City serves as a regional employment center.

The City exhibits above average wealth and housing levels relative to the State of Maine as a whole. The City experienced rapid tax base growth in the last ten years with its taxable base growing by \$692,698,000 or 24.4%. However, from 2009 to 2012, the City's taxable base decreased by \$413,649,000 or 10.5%. Since the last revaluation in April 2006, market conditions due to the economy required the City to re-evaluate its property value tables in both 2009 and again in 2010. More recently, valuations have stabilized. There has also been a continued shift to exempt personal property with the implementation of the State of Maine Business Equipment Tax Exemption (BETE) reimbursement program. Under this program, the State reimburses the municipality for a portion of the taxes that would have been collected from this exempt property. For fiscal year 2012, the exempt value under BETE was \$140,425,200 and the City received BETE reimbursement at a rate 70% (and certain TIF property at 100%), totaling \$1,866,275. The City's current-year property tax collection rate remained at a very healthy 97.85%.

The City has a balanced and fairly diverse tax base with an approximately 50/50 split between residential (real) and commercial (real and personal) property value, its largest tax payer comprising 6.24% of its total tax base, and its top ten tax payers combined representing 21.03% of the total tax base.

Long-term Financial Planning

In preparing for the future, the City has identified several major programs necessary to meet citizens' needs for services, while continuing to meet the sharply rising fixed costs imposed on the City. Among these programs are road repair and reconstruction, storm water separation, upgrades to Knightville, recreational activities, vehicle and equipment purchases, and building construction and renovations. These initiatives were done in accordance with the City's basic financial planning document, its seven-year Capital Improvement Program (CIP), which is reviewed and updated annually by the City Council.

This year's capital plan calls for continuing work on the City's street paving program and sidewalk replacement program, Knightville sewer and storm water separation, upgrades to

Knightville streets, sidewalks and utility infrastructure, and improvements to pedestrian/bicycle projects.

This year's multi-year equipment and vehicle replacement plan calls for the purchase of a new custom 2,000 G.P.M. Class A Triple Combination Fire truck for the Fire Department and a new sidewalk plow and blower for the Public Works Department. Additionally, this year's CIP includes continued funding of the numerous other projects including improvements to the City's Information Technology system, City Hall renovations, transit bus replacement reserves, improvements to combined sewer overflow and telemetry projects for water resources, and numerous parks projects.

Major Initiatives

The Secondary Schools Facilities Committee has been working on the High School Renovation project since 2004. After numerous workshops and public review, the City Council sent the High School Project to the voters in early November of 2010. With a favorable vote of 60.8%, the voters of the City approved bonding of \$41.5 million for the project at South Portland High School. This project is anticipated to be done in two phases with phase one starting in the spring of 2012 and phase two in 2014. As part of the 2011-2012 operating budget, the City contributed \$1,350,000 towards funding of the High School Project. The City bonded the first phase for \$30,000,000 in May of 2012 and the project is currently underway.

As part of the 2013 capital improvement plan, the City funded phase II of the Knightville Project which included; eliminating 33 catch basins from the sewer collection system and providing storm water hookups to businesses on Ocean Street, reconstruction of Cottage Road as well as utility replacements, landscaping, lighting, sidewalks, ADA accessible ramps, parking and pedestrian crossings. Total City cost of phase II Knightville Projects is anticipated to be in excess of \$3.1 million. Additionally, the Portland Water District and a local gas company will be coordinating their own projects with the City to maximize the effectiveness of overall project.

Awards and Acknowledgements

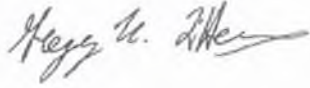
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Portland, Maine for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the fifth year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department staff. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Appreciation is also

extended to the accounting firm of Runyon Kersteen Ouellette for its assistance in the preparation and review of this report. Finally, credit must be given to the South Portland City Council and City Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gregory N. L'Heureux". The signature is written in a cursive style with a long, sweeping underline.

Gregory N. L'Heureux
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Portland
Maine

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

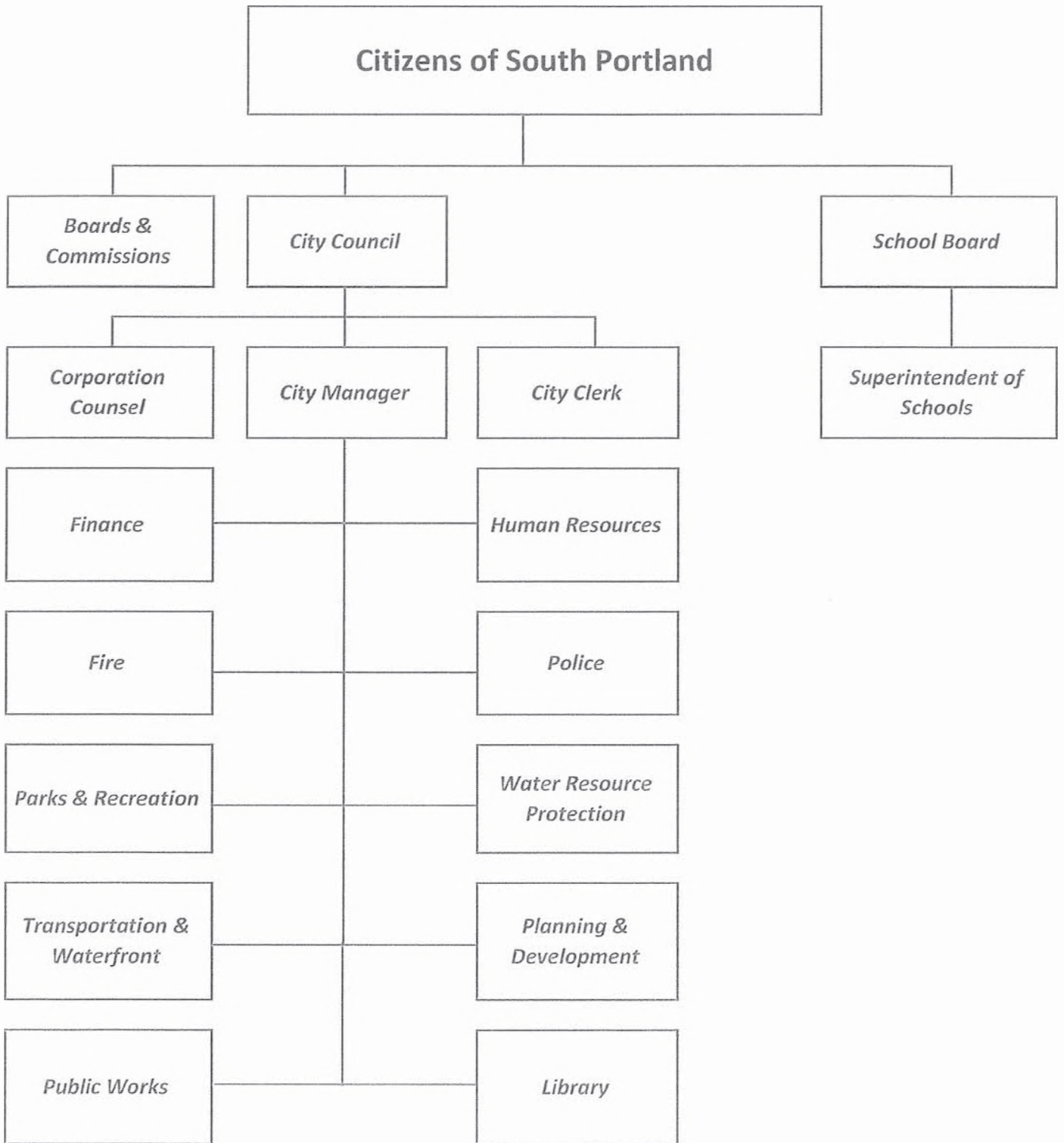


Christopher P. Moynell
President

Jeffrey R. Emer
Executive Director

CITY OF SOUTH PORTLAND, MAINE

Organizational Chart



CITY OF SOUTH PORTLAND, MAINE

LIST OF PRINCIPAL OFFICIALS (ELECTED AND APPOINTED)

June 30, 2012

Elected Officials

Council Member – District 2- Mayor	Patricia Smith
Council Member – District 3	Rosemarie De Angelis
Council Member – At Large	Alan Livingston
Council Member – At Large	Thomas Blake
Council Member – District 1	Thomas Coward
Council Member – District 4	Maxine R. Beecher
Council Member – District 5	Gerard Jalbert

Board of Education – District 5 - Chairman	Tappan Fitzgerald
Board of Education – At Large	Jeffrey Selser
Board of Education – At Large	Karen U. Callaghan
Board of Education – District 1	Richard L. Carter
Board of Education – District 2	Sara B. Goldberg
Board of Education – District 3	Richard Matthews
Board of Education – District 4	James H. Gilboy

Appointed Officials

City Manager	James H. Gailey
City Clerk	Susan M. Mooney
Finance Director	Gregory N. L'Heureux
Fire Chief	Kevin W. Guimond
Human Resource Director	Donald I. Brewer
Parks and Recreation Director	Richard G. Towle
Public Works Director	Douglas R. Howard
Planning & Development Director	Charles A. Haeuser
Police Chief	Edward J. Googins
Superintendent of Schools	Suzanne T. Godin
Transportation & Waterfront Director	Thomas Meyers
Water Resource Protection Director	Patrick M. Cloutier

FINANCIAL SECTION



Independent Auditor's Report

City Council
City of South Portland, Maine

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of South Portland, Maine as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of South Portland, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of South Portland, Maine, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and TIF Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2012, on our consideration of the City of South Portland, Maine's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

City Council
City of South Portland, Maine

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress, 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 regarding 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Portland, Maine's financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 it.



December 21, 2012
South Portland, Maine

CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis
June 30, 2012

As management of the City of South Portland, we offer readers of the City of South Portland's financial statements this narrative overview and analysis of the financial activities of the City of South Portland for the fiscal year ended June 30, 2012.

Financial Highlights

- The assets of the City of South Portland exceeded its liabilities at the close of the most recent fiscal year by \$159,483,524 (*net assets*). Of this amount, \$23,406,575 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$3,651,367.
- As of the close of the current fiscal year, the City of South Portland's governmental activities reported ending net assets of \$98,542,451, an increase of \$1,890,443 in comparison with the prior year. Approximately 18.1 percent of this total amount, \$17,843,882, is *available for spending* at the City's discretion (*unrestricted net assets*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,591,915, or 15.08% of total general fund expenditures. Last year, the City implemented GASB Statement No. 54 which substantially altered the categories and terminology historically used to describe fund balance.
- The City's total bonded debt increased by \$27,310,000 during the current fiscal year. City voters approved borrowing \$41,500,000 for renovations and addition to the South Portland High School. During the year, the City issued \$30,000,000 of bonding for this project. Construction on this project started in April of 2012 and is to be completed in phases to reduce the impact to students and taxpayers.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of South Portland's basic financial statements. The City of South Portland's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 in this statement 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 South Portland 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 South Portland include general government, public safety,

CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis, Continued

public works, culture and recreation, transportation and waterfront, health, welfare and social services, and education. The business-type activities of the City of South Portland include water resource protection (sewage treatment) activities. The government-wide financial statements can be found on pages 29-30 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 South Portland, 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 South Portland can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental 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 useful in evaluating a government's near-term financing requirements.

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 balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of South Portland maintains 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, TIF fund, and capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of South Portland adopts an annual appropriated budget for its general fund and TIF funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 31-32 of this report.

Proprietary funds. The City of South Portland maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of South Portland uses an enterprise fund to account for its sewer user fund.

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 enterprise fund, which is considered to be a major fund of the City of South Portland.

The City of South Portland adopts an annual appropriated budget for its enterprise fund. Schedules of revenues, expenses and changes in net assets on the budgetary basis of accounting statement have been provided for the enterprise fund to demonstrate compliance with this budget.

The basic proprietary fund financial statements can be found on pages 35-37 of this report. The budget basis schedule demonstrating compliance can be found on page 95 of this report.

CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis, Continued

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of South Portland's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

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 40-62 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 67-108 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of South Portland, assets exceeded liabilities by \$159,483,524 at the close of the most recent fiscal year.

City of South Portland's Net Assets

	Governmental Activities		Business-type Activities		Total Activities	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 77,066,411	\$ 47,326,462	\$ 12,492,248	\$ 12,060,942	\$ 89,558,659	\$ 59,387,404
Capital assets	86,621,261	83,267,897	49,975,537	48,649,832	136,596,798	131,917,729
Total assets	163,687,672	130,594,359	62,467,785	60,710,774	226,155,457	191,305,133
Long-term liabilities	58,481,148	28,555,290	707,358	1,039,461	59,188,506	29,594,751
Other liabilities	6,664,073	5,387,061	819,354	491,164	7,483,427	5,878,225
Total liabilities	65,145,221	33,942,351	1,526,712	1,530,625	66,671,933	35,472,976
Net assets:						
Invested in capital assets, net of related debt	68,914,663	65,465,039	49,501,248	47,843,440	118,415,911	113,308,479
Restricted	11,783,906	16,473,151	5,877,132	6,884,009	17,661,038	23,357,160
Unrestricted	17,843,882	14,713,818	5,562,693	4,452,700	23,406,575	19,166,518
Total net assets	\$ 98,542,451	\$ 96,652,008	\$ 60,941,073	\$ 59,180,149	\$ 159,483,524	\$ 155,832,157

By far, the largest portion of the City of South Portland's net assets (74.2 percent or \$118,415,911) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of South Portland uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of South Portland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of South Portland's net assets (11.1 percent or \$17,661,038) represent resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (14.6% or \$23,406,575) may be used to meet the City's on-going obligation to citizens and creditors. At the end of the current fiscal year, the City of South Portland is able to report a positive balance in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis, Continued

The City's total net assets increased by \$3,651,367 during the current fiscal year. This increase is attributable to a combination of actual revenues being in excess of estimates and management's efforts to control and reduce budgeted expenditures.

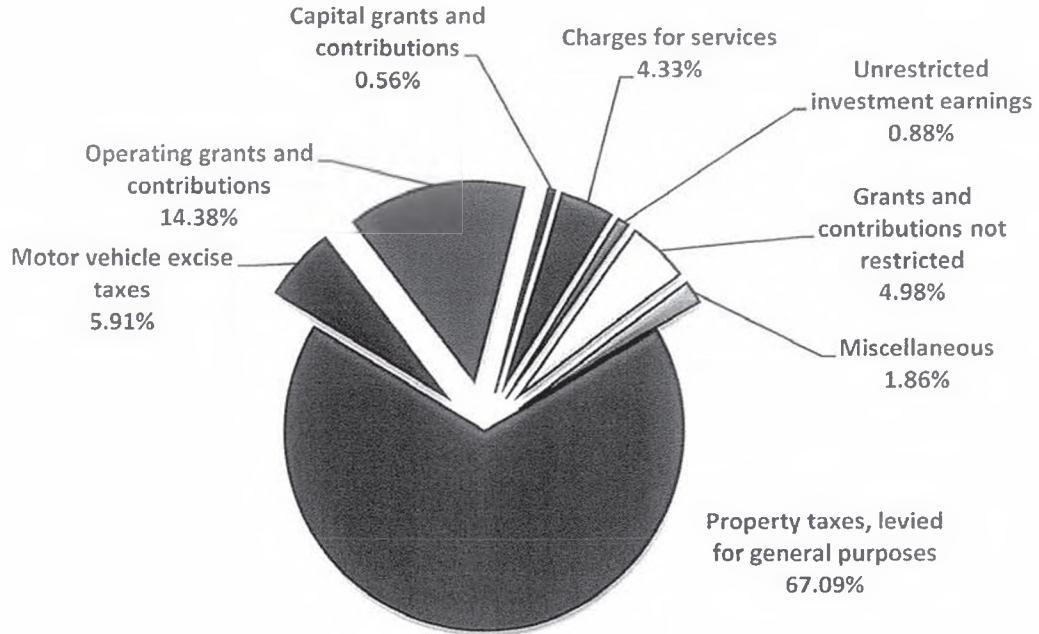
City of South Portland's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Activities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,690,285	\$ 3,495,377	\$ 5,436,377	\$ 5,397,938	\$ 9,126,662	\$ 8,893,315
Operating grants and contributions	12,254,487	11,296,237	-	-	12,254,487	11,296,237
Capital grants and contributions	479,280	1,888,618	110,000	63,392	589,280	1,952,010
General revenues:						
Property and other taxes	62,214,384	60,531,550	-	-	62,214,384	60,531,550
Grants and contributions not restricted to specific programs	4,244,228	4,234,142	-	-	4,244,228	4,234,142
Other	2,336,615	2,233,707	30,143	30,537	2,366,758	2,264,244
Total revenues	85,219,279	83,679,631	5,576,520	5,491,867	90,795,799	89,171,498
Expenses:						
General government	10,384,706	9,760,459	-	-	10,384,706	9,760,459
Public safety	11,883,029	11,475,123	-	-	11,883,029	11,475,123
Public works	7,333,922	7,919,091	-	-	7,333,922	7,919,091
Culture and recreation	4,349,852	4,271,160	-	-	4,349,852	4,271,160
Transportation and waterfront	1,220,037	1,100,308	-	-	1,220,037	1,100,308
Health, wealth and social services	321,795	346,737	-	-	321,795	346,737
Interest on debt service	853,840	1,020,873	-	-	853,840	1,020,873
Education	45,043,366	44,770,727	-	-	45,043,366	44,770,727
Sewer	-	-	5,632,254	5,721,362	5,632,254	5,721,362
Total expenses	81,390,547	80,664,478	5,632,254	5,721,362	87,022,801	86,385,840
Increase (decrease) in net assets before transfers and other	3,828,732	3,015,153	(55,734)	(229,495)	3,772,998	2,785,658
Gain (loss) on disposal of capital asset	(121,631)	289,956	-	(621,367)	(121,631)	(331,411)
Transfers	(1,816,658)	(210,802)	1,816,658	210,802	-	-
Increase (decrease) in net assets	1,890,443	3,094,307	1,760,924	(640,060)	3,651,367	2,454,247
Net assets - beginning of year	96,652,008	93,557,701	59,180,149	59,820,209	155,832,157	153,377,910
Net assets - end of year	\$ 98,542,451	\$ 96,652,008	\$ 60,941,073	\$ 59,180,149	\$ 159,483,524	\$ 155,832,157

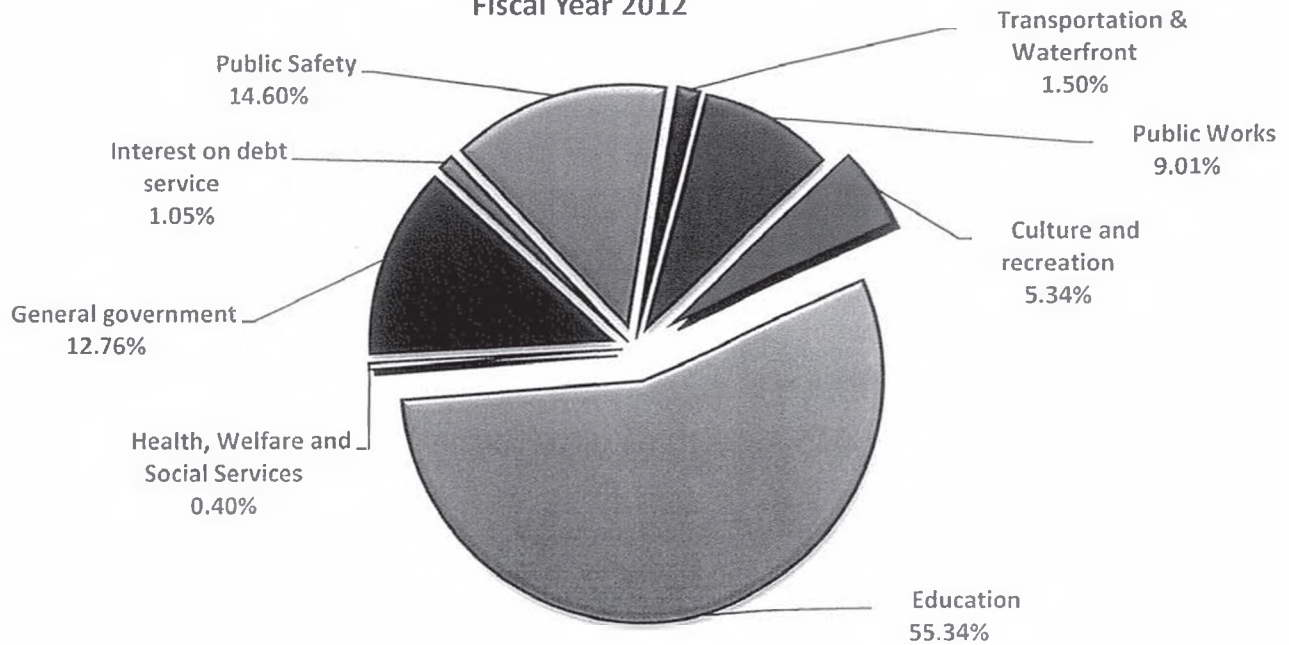
Governmental activities. During this past fiscal year, Governmental activities saw an increase in the City of South Portland's net assets of \$3.651 million. This amount represented an increase in the net assets of 2.34%. Key elements of this increase are as follows:

- Property and other taxes increased by \$1.663 million (2.74 percent). This was primary due to an increase in taxes to support the School and City budgets. Included in this tax increase was the increase to support the High School renovation project which the funding for is being phased in over several years.
- Capital grants and contributions decrease \$1.41 million. This was primary due to the City receiving a Federal and state grant for three transit buses totaling \$1,077,777 and a homeland security grant of \$467,488 for new communications equipment in the prior year.
- Total expenses increased by \$726,069 (.9%). Citywide insurance and benefit costs were the single largest area that increased during the year total approximately .5 million. An increase in public safety costs were offset by a decrease in public work with minor changes in other areas.

Government -wide
 Revenues by Source - Governmental Activities
 Fiscal Year 2012



Government -wide
 Expenses by Function- Governmental Activities
 Fiscal Year 2012

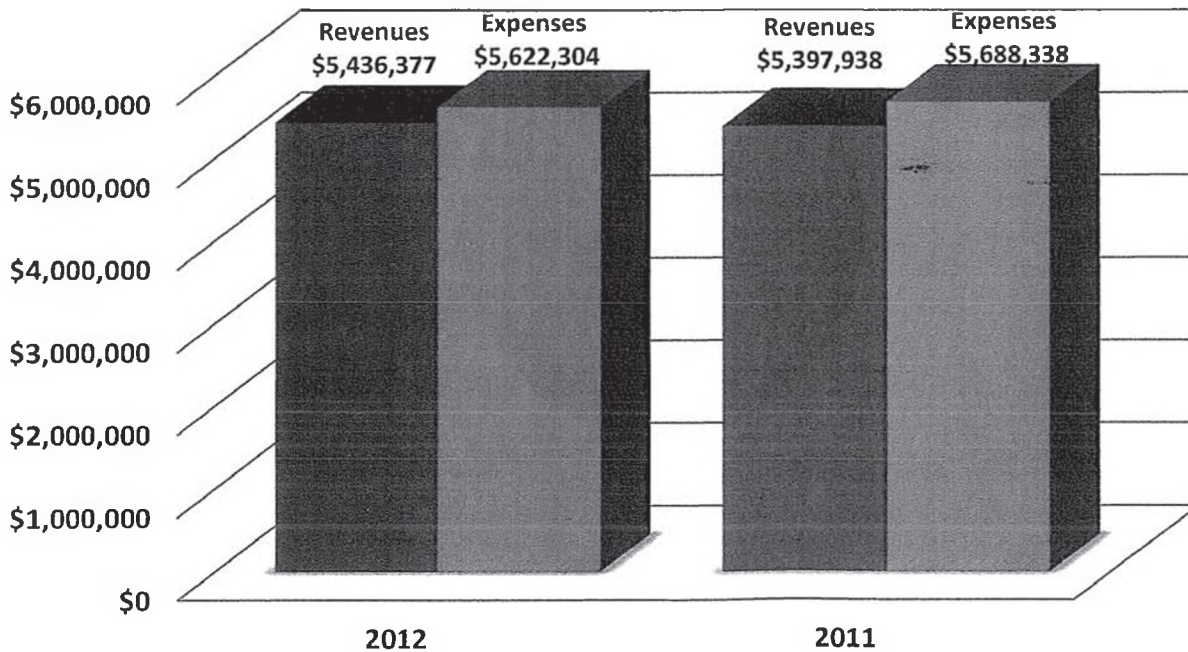


CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis, Continued

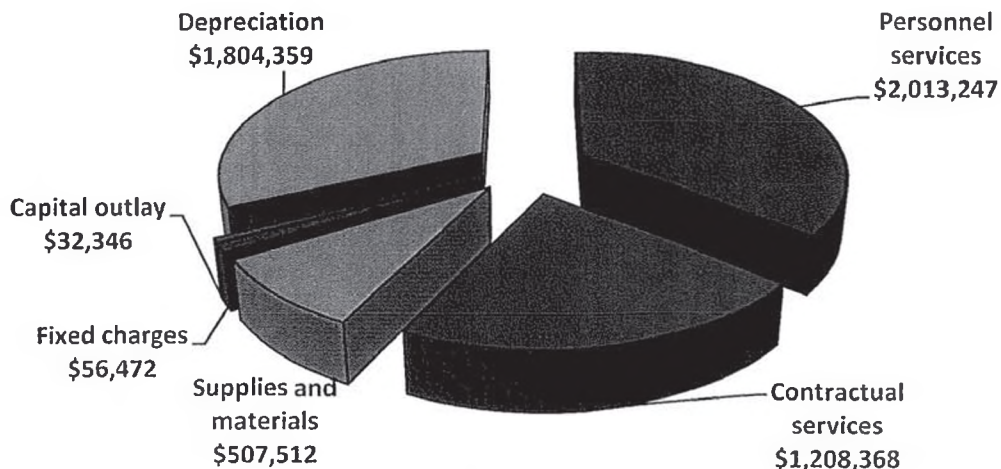
Business-type activities. The City's business-type activities which consist of sewer user operations increased the City of South Portland's net assets by \$1.76 million. A large portion of this was the result of the City's TIF districts transferring \$1.8 million towards the Knightville sewer and storm water separation phase II project.

Revenues for business-type activities increased by \$45K in billings due to an increase in user rates which were offset by lower consumption during the year. Total operating expenses for business-type activities decreased in total -\$66K or -1.16 percent due primarily to decreases in contractual services (-\$203K) and capital outlay (-\$114K) offset by an increases in personal services (\$176K) and depreciation (\$74K).

**Sewer User Operations
 Comparative Revenues and Expenses
 Fiscal Years 2012 and 2011**



**Sewer User Operations
 Expenses by Function
 Fiscal Year 2012**



Financial Analysis of the Government's Funds

As noted earlier, the City of South Portland uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The financial reporting focus of the City of South Portland's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the City of South Portland's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of South Portland's governmental funds reported combined ending fund balances of \$69.65 million, an increase of \$28.7 million in comparison with the prior year. A significant portion of the increase relates to the start of the High School renovation capital project (\$32.56 million) which received partial bond funding late in the year. Additionally, City TIF funds were spent down by approximately \$800K through the funding of the Knightville phase II projects as approved in the City's CIP program.

General Fund - The general fund is the central operating fund of the City of South Portland. At the end of the current fiscal year, the total fund balance of the general fund was \$22,036,221. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. General fund fund balance represents 31.38 percent of total general fund expenditures (\$70,215,793). Under the new breakdown of fund balance, unspent appropriations related to education are reported as restricted. At June 30, 2012, general fund restricted balance for education totaled \$5,284,024, a decrease of \$634,168. Additionally, the City maintains various reserve balances for various future needs. These balances are now reported as either committed or assigned and in total decreased slightly during the year.

In June of 2011, the City Council amended its fund balance policy to better reflect the changes brought about by GASB Statement No. 54 which alters the focus and terminology used for fund balance reporting. The purpose of the fund balance policy is to help insure the future financial stability of the City and to mitigate financial risk that can occur from unforeseen revenue fluctuations or unanticipated expenditures. The City's fund balance policy, which is based on the new unassigned fund balance component of fund balance, establishes a minimum unassigned fund balance of 9 percent of the City's general fund budget. As of June 30, 2012, the unassigned fund balance was \$10,591,915 or 14.84 percent of the City's FY 2013, budget (\$71,366,213).

The total fund balance of the City of South Portland's general fund increased by \$64,462 during the current fiscal year. Key factors in this change are as follows:

- Total actual revenues collected exceeded budgeted by approximately \$1,588,000. The largest budgetary surplus resulted from excise taxes collected in excess of budget totaling approximately \$812K. The City collects considerable excise taxes from fleet vehicles. However, the reliability of this revenue stream is at times uncertain and as a result, the City budgets conservatively. Property taxes also exceeded budget by \$533K. Additionally, estimated budgets for various revenues were exceeded; State revenue sharing (149K), BETE revenue (\$71K). For more detailed information on actual revenues to budget, please refer to the General Fund Highlights and Exhibit A-2.
- Total actual expenditures were less than budgeted by approximately \$1.47 million. The major discrepancies included unexpended education appropriations (\$691K), various public safety departments totaling \$108K, and public works (\$271K) coming in less than anticipated. For more detailed information on actual expenditures to budget, please refer to the General Fund Highlights and Exhibit A-2.
- As part of the City's 2012-13 capital improvement budget, the City appropriated \$1.1 million from unassigned fund balance to fund certain City capital projects. Additionally, the City contributed \$360K towards the City's tax stabilization reserve.

CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis, Continued

TIF - The TIF (Tax Increment Financing) fund includes all of the activity in the City's nine tax increment financing districts. At the end of the current fiscal year, the total fund balance of the TIF fund was \$4,265,177, all of which must be used for eligible projects as defined by Maine State Law. TIF funds are typically used to fund credit enhancement agreements with developers and also to fund capital improvement projects in and around the TIF districts. During the year, the City appropriated \$2.3 million towards sewer, storm water and public works capital improvement projects.

Capital Projects - The capital project fund has a total fund balance of \$39,006,304. The increase in fund balance during the current year in the capital project fund was \$29.6 million. This past year's projects included the first phase bonding \$30 million of the High School Renovation project that was approved by the voters in November of 2010.

Proprietary funds. The City of South Portland's proprietary fund, which consists of the sewer user fund, provides the same type of information found in the government-wide financial statements, but in a more detail budgetary basis.

Unrestricted net assets of the sewer user fund at the end of the year amounted to \$1,931,219. The increase in total unrestricted net assets for the sewer user fund was \$770,561. The City sets aside funds in various reserves for future capital needs. As part of its budgetary process annual appropriations are made to the reserves and are available to fund future improvements. On a budgetary basis, the sewer fund reported a surplus of \$329K on revenues coming in greater than anticipated \$127K and expenditures coming in approximately \$202K under budget.

Budgetary Highlights

General Fund:

Revenue for the general fund totaled \$68,030,217 (on the budgetary basis of accounting) in the fiscal year ended June 30, 2012. Actual revenues exceeded estimates by \$1,587,810.

General Fund Revenues Budget to Actual Summary			
	Budget	Actual	Variance
Revenues:			
Taxes	\$ 57,531,642	58,907,951	1,376,309
Intergovernmental	5,950,903	5,971,062	20,159
Licenses, permits, fees and fines	778,450	785,020	6,570
Charges for services	1,465,862	1,619,847	153,985
Unclassified	115,550	171,624	56,074
Interest earned	600,000	574,713	(25,287)
Total revenues	\$ 66,442,407	68,030,217	1,587,810

The revenue sources responsible for this surplus include the following:

- A taxes surplus of \$1.376 million of which \$812K is attributable to an excise tax surplus due primarily to budgeting conservatively for fleet vehicles which are susceptible to major swings. Additionally property taxes exceeded budget by \$533K
- A surplus in charges for services relating to ambulance billings and bus service ridership which exceed anticipated revenues by \$51,171 and \$65,985 respectively.
- An investment earnings deficit of \$25,287 as a result of significantly lower interest rates on investments.

CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis, Continued

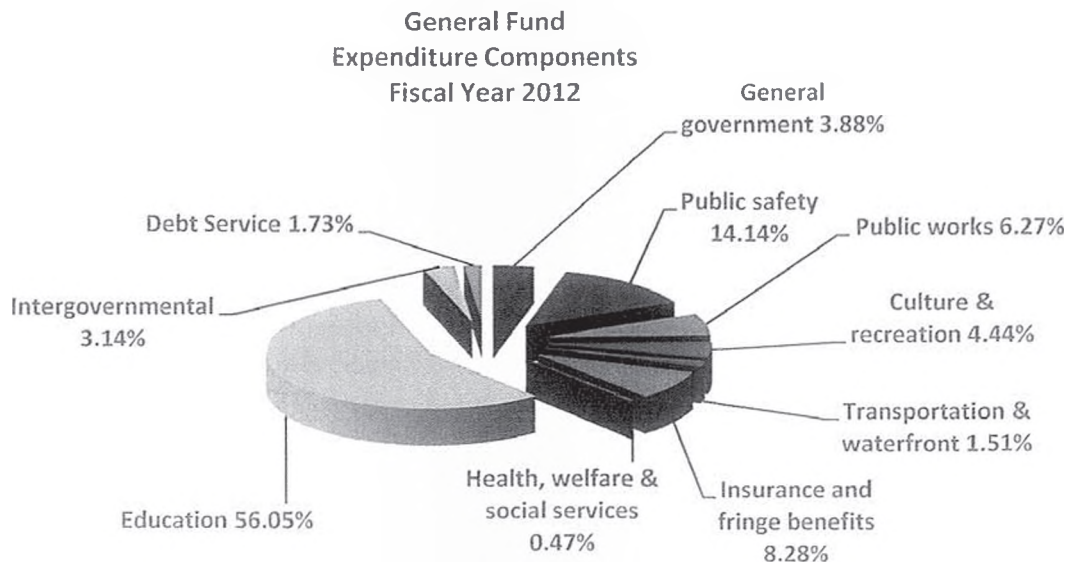
Expenditures for the general fund totaled \$66,014,613 (on the budgetary basis of accounting) in the fiscal year ended June 30, 2012.

General Fund Expenditures Budget to Actual Summary

	Budget	Actual	Variance
Expenditures:			
General government	\$2,641,674	2,564,083	77,591
Public safety	9,438,881	9,331,249	107,632
Public works	4,408,595	4,137,661	270,934
Culture and recreation	2,998,296	2,933,959	64,337
Transportation and waterfront	997,516	994,717	2,799
Health, welfare and social services	416,986	312,993	103,543
Insurance and fringe benefits	5,506,807	5,464,308	42,499
Education	37,693,072	37,001,532	691,540
Intergovernmental (county tax)	2,072,476	2,072,476	-
Other	162,453	60,392	102,061
Debt Service	1,144,404	1,141,243	3,161
Total expenditures	\$67,481,160	66,014,613	1,466,547

The following areas had expenditure surpluses attributable to management efforts to control budgeted expenditures:

- General government legal expenditures were lower than anticipated with a surplus to budget of \$33,451. Additional, the senior property tax reimbursement program which was introduced for the first time this past year, came in under budget with a surplus of \$17,887.
- Public safety expenditures were under budget with Police (surplus of \$52,619), Fire (surplus of \$14,659) and communications (surplus of \$20,647) making up the larger components.
- Public works was significantly under budget because of the very mild winter with Streets and Sidewalks (surplus of \$174,648) and the Garage (surplus of \$59,777).
- General assistance after several years of higher payments saw a decline this past year with a surplus \$102,672.
- Education surplus of \$691,540 attributable to lower than anticipated, High School (surplus of \$179,251) special education costs (surplus of \$241,876), board of education expenses (surplus of \$161,926) offset by higher costs expended for Technology (deficit of \$137,193).



CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis, Continued

Capital Asset and Debt Administration

Capital assets. The City of South Portland's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to \$136,596,798 (net of accumulated depreciation). This investment in capital assets includes land, buildings, sewer system, improvements, machinery and equipment, vehicles, park facilities, roads, highways and dams. The total increase in the City of South Portland's investment in capital assets for the current fiscal year was 3.55 percent (a 4.03 percent increase for governmental activities and a 2.72 percent increase for business-type activities).

City of South Portland's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 9,251,519	\$ 9,251,519	1,221,558	1,221,558	10,473,077	10,473,077
Buildings	51,862,295	51,916,077	17,440,155	18,023,391	69,302,450	69,939,468
Improvements other than buildings	1,368,715	1,312,972	-	-	1,368,715	1,312,972
Machinery and equipment	3,766,465	3,845,556	4,418,660	4,836,060	8,185,125	8,681,616
Infrastructure	11,220,198	10,885,909	23,303,691	23,478,073	34,523,889	34,363,982
Construction in progress	4,891,087	1,418,659	3,085,231	474,118	7,976,318	1,892,777
Vehicles	4,260,981	4,637,204	506,242	616,632	4,767,223	5,253,836
Total	\$ 86,621,261	\$83,267,897	49,975,537	48,649,832	136,596,798	131,917,729

Major capital asset events during the current fiscal year included the following:

- City building and equipment energy improvements were completed totaling approximately \$1,038,000 during the year at numerous City Buildings.
- HVAC and pool shell improvements totaling \$151,000 at the Community Center swimming pool.
- Field, track and fencing improvements at various School and City grounds totaling \$223,000.
- Exterior improvements to the Hutchins School Building totaling \$76,000
- Various vehicles purchased included a new \$187,000 2012 sweeper and \$127,000 2012 dump truck for public works and various other City vehicles totaling \$278,000.
- Public safety security equipment totaling \$129,000 were purchased with the aid of a Federal grant.
- Telephone improvements at Memorial Middle School and system wide.
- Data archival hardware/software totaling \$76,000 and computer network system totaling \$59,000.
- Architectural, other design work and the start of construction on the High School Renovation project totaling \$3.3 million.
- Various paving and sidewalk projects totaling \$729,000.
- Start if Millcreek park improvements totaling \$91,000.
- Waterline replacement at Port Harbor Marine totaling \$151,000
- Construction of CSO clarifier equipment and domes totaling \$748,000
- Security system and other improvements at Mahoney Middle School totaling \$791,514.
- Completion of Phase 1 and start of Phase 2 sewer, storm water, street, sidewalk, transit hub, and lighting projects for the Knightville area totaling \$1,697,000.
- Completion of the pump station telemetry alarm system totaling \$1,059,000.

Additional information on the City of South Portland's capital assets can be found in the notes to the financial statements on pages 50-51 of this report.

CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis, Continued

Long-term debt. The State allows municipalities to borrow up to 15% of their total valuation. With the City's State Valuation at \$3,556,500,000 for 2012, the debt limit would be over \$533,475,000. Our current debt is \$50,064,289, or less than 1.41% of State Valuation or approximately 9.38% of the City's debt limit. Another measure of a municipality's debt load is debt per capita. As of June 30, 2012, the City of South Portland's debt per capita (including lease obligations) was \$2,090 as compared to the prior year of \$1,022.

The following is a summary of bond and note transactions of the City for the year ended June 30, 2011:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
General Obligation Bonds payable at June 30, 2011	\$ 22,280,000	806,392	23,086,392
Principal additions	30,000,000	-	30,000,000
Advance refunding –net reduction	(95,000)	-	(95,000)
Principal payments	(2,595,000)	(332,102)	(2,927,102)
<u>General Obligation Bonds payable at June 30, 2012</u>	<u>\$ 49,590,000</u>	<u>474,289</u>	<u>50,064,289</u>

The City of South Portland's total bonded debt increased by \$26,977,897 during the current fiscal year as a result of bonding \$30,000,000 for the first phase of the High School renovation project. Additionally the City was able to advance refund portions of the 2002 and 2003 general obligation bonds. This refunding resulted in significant savings over the remaining 13 year term of the bonds, saving the City debt service costs in excess of \$1,080,000 (present value savings in excess of \$918,000).

The City of South Portland maintains a "Aaa" rating from Moody's and a "AA+" rating from Standard & Poor's for general obligation debt. Please refer to the agencies' reports for a comprehensive explanation of their rating assessment.

Additional information on the City of South Portland's long-term debt can be found in the notes to the financial statements on pages 51-53 of this report.

Economic Factors and Next Year's Budgets and Rates

South Portland continues to be the retail center for Northern New England with a diverse economic base that includes a regional mall, numerous large insurance and financial service companies, two semi-conductor manufacturing plants, hotels and restaurants, and petroleum distribution facilities. The local economy of the City of South Portland has not been immune from the recent global recession experience over the past few years. However, development has continued with strong building permit activity into the new fiscal year.

- The October 2012 unemployment rate for the Portland/South Portland area is currently at 5.5% which is unchanged from the rate a year ago. This rate compares favorably to the state's average unemployment rate of 7.4% and the national average rate of 7.5%.
- As of December 2011, the vacancy rate for Class A office space in the mall area was 13.13% from 16.3% in December 2010 and the vacancy rate for Class B office space in the mall area was 8.3% from 6.0% in December 2010. We believe that more recent activity would conclude that that the Class A office space has improved since that time.

In adopting the budget for the ensuing fiscal year 2013, the City officials considered many factors in making judgments and estimates about the finances of the upcoming year. A primary objective was to continue to provide basic City services to the citizens while attempting to keep the property tax rate low.

CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis, Continued

During the upcoming fiscal year (2013) the City's management will continue to monitor and evaluate local economic conditions. In the forefront of our revenue and expenditure concerns are:

Revenue Projections:

- Continuing uncertainty in the State budget and the funding formula for local school aid and the elimination of federal stimulus and jobs bond programs.
- Risk of rolling back into recession that may translate to a reduction in building permits, automobile excise revenues, recreational fees, and tax collections.
- A continued decrease in interest rates that may lead to a further reduction in investment income.

Property Values and Business Development:

- The regional economy appears to have stabilized in regards to property market values, however we will be watching this very closely over the coming months. Vacancy rates in the mall area appear to have declined some and the City will be working with businesses to assist in business development.

Health Insurance and Other Costs:

- The cost of health insurance continues to rise. The 2013 calendar year premiums will see an increase of 10.23%. The City is actively taking steps to improve the City's health insurance experience rating. The City feels that by having a healthier workforce its long term cost for both health and worker's compensation insurance will be reduced.
- The employer cost for funding the City's defined benefit retirement plan have increased 25% each year for the past 3 years resulting from investment returns not meeting estimates.
- The volatile and increasing cost of petroleum products is a concern as the City uses large quantities of gas, diesel, and #2 fuel oil to support its operations.
- The costs of maintaining our facilities, vehicles and infrastructure including expanding paving streets.

The fiscal year 2013 budget was approved in June 2012, with a \$2,755,353 (3.97%) increase in the overall general fund expenditure budget. Included in the budget is a contribution of \$1,350,000 towards the High School Renovation project. This contribution will reduce the amount required to bond for the High School Project while at the same time help phase in the impact to taxpayers on future debt service requirements. Overall, the cost of living increases and increased estimated revenues resulted in a tax rate increase to 16.50 per thousand from the prior year 16.10.

Requests for Information

This financial report is designed to provide a general overview of the City of South Portland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of South Portland, Maine, 25 Cottage Road, South Portland, Maine 04106.

BASIC FINANCIAL STATEMENTS

This page left blank intentionally.

CITY OF SOUTH PORTLAND, MAINE
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 76,761,216	-	76,761,216
Investments	8,342,943	-	8,342,943
Receivables, net of allow. of \$659,054 and \$163,242	2,114,021	518,426	2,632,447
Taxes receivable	1,437,957	-	1,437,957
Tax liens and acquired property	306,842	-	306,842
Prepaid expenses	-	7,893	7,893
Inventory	19,361	-	19,361
Internal balances	(11,965,929)	11,965,929	-
Restricted assets, cash	50,000	-	50,000
Capital assets, not being depreciated	14,142,606	4,306,790	18,449,396
Capital assets, net of accumulated depreciation	72,478,655	45,668,747	118,147,402
Total assets	163,687,672	62,467,785	226,155,457
LIABILITIES			
Accounts payable	2,729,600	817,490	3,547,090
Accrued liabilities	443,471	1,864	445,335
Accrued interest	323,564	-	323,564
Accrued teachers' summer salaries	3,167,438	-	3,167,438
Non-current liabilities:			
Due within one year	3,583,220	105,707	3,688,927
Due in more than one year	54,897,928	601,651	55,499,579
Total liabilities	65,145,221	1,526,712	66,671,933
NET ASSETS			
Invested in capital assets, net of related debt	68,914,663	49,501,248	118,415,911
Restricted for:			
Permanent Funds - Nonexpendable principal	198,949	-	198,949
Permanent Funds - Expendable	132,232	-	132,232
Education	5,284,024	-	5,284,024
Other grants	1,903,524	-	1,903,524
Tax Increment Financing	4,265,177	-	4,265,177
Capital	-	5,877,132	5,877,132
Unrestricted	17,843,882	5,562,693	23,406,575
Total net assets	\$ 98,542,451	60,941,073	159,483,524

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Activities
For the year ended June 30, 2012

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 10,384,706	305,479	898,041	-	(9,181,186)	-	(9,181,186)
Public safety	11,883,029	1,188,407	799,252	-	(9,895,370)	-	(9,895,370)
Public works	7,333,922	200,634	-	351,262	(6,782,026)	-	(6,782,026)
Culture and recreation	4,349,852	923,531	-	-	(3,426,321)	-	(3,426,321)
Transportation and waterfront	1,220,037	393,663	169,086	128,018	(529,270)	-	(529,270)
Health, welfare and social services	321,795	-	99,697	-	(222,098)	-	(222,098)
Education	45,043,366	678,571	10,288,411	-	(34,076,384)	-	(34,076,384)
Interest on debt service	853,840	-	-	-	(853,840)	-	(853,840)
Total governmental activities	81,390,547	3,690,285	12,254,487	479,280	(64,966,495)	-	(64,966,495)
Business-type activities:							
Sewer	5,632,254	5,436,377	-	110,000	-	(85,877)	(85,877)
Total business-type activities	5,632,254	5,436,377	-	110,000	-	(85,877)	(85,877)
Total primary government	\$ 87,022,801	9,126,662	12,254,487	589,280	(64,966,495)	(85,877)	(65,052,372)
General revenues:							
Property taxes, levied for general purposes					\$ 57,176,484	-	57,176,484
Motor vehicle excise taxes					5,037,900	-	5,037,900
Cable television franchise					185,000	-	185,000
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					1,888,773	-	1,888,773
Homestead exemption					466,578	-	466,578
Other State aid					1,888,877	-	1,888,877
Unrestricted investment earnings					751,519	30,143	781,662
Miscellaneous					1,400,096	-	1,400,096
Gain (loss) on disposal of capital assets					(121,631)	-	(121,631)
Transfers					(1,816,658)	1,816,658	-
Total general revenues and transfers					66,856,938	1,846,801	68,703,739
Change in net assets					1,890,443	1,760,924	3,651,367
Net assets - beginning					96,652,008	59,180,149	155,832,157
Net assets - ending					\$ 98,542,451	60,941,073	159,483,524

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE

Balance Sheet

Governmental Funds

June 30, 2012

	General	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 32,370,604	4,250,351	40,140,261	-	76,761,216
Investments	7,572,185	-	-	770,758	8,342,943
Due from other governments	257,608	-	128,018	1,412,767	1,798,393
Accounts receivable, net of allowance of \$659,054	263,975	22,678	-	28,975	315,628
Taxes receivable	1,437,957	-	-	-	1,437,957
Tax liens and tax acquired property	306,842	-	-	-	306,842
Interfund loans receivable	-	-	-	2,565,143	2,565,143
Inventory	-	-	-	19,361	19,361
Restricted assets, cash	50,000	-	-	-	50,000
Total assets	\$ 42,259,171	4,273,029	40,268,279	4,797,004	91,597,483
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,277,097	7,852	1,261,975	181,059	2,727,983
Accrued liabilities	412,065	-	-	31,406	443,471
Interfund loans payable	14,532,689	-	-	-	14,532,689
Deferred tax revenue	1,076,000	-	-	-	1,076,000
Accrued teachers' summer salaries	2,925,099	-	-	242,339	3,167,438
Total liabilities	20,222,950	7,852	1,261,975	454,804	21,947,581
Fund balances:					
Nonspendable	-	-	-	218,310	218,310
Restricted	5,284,024	4,265,177	33,669,569	2,035,756	45,254,526
Committed	3,340,240	-	5,488,392	2,199,643	11,028,275
Assigned	2,820,042	-	-	-	2,820,042
Unassigned	10,591,915	-	(151,657)	(111,509)	10,328,749
Total fund balances	22,036,221	4,265,177	39,006,304	4,342,200	69,649,902
Total liabilities and fund balances	\$ 42,259,171	4,273,029	40,268,279	4,797,004	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	86,621,261
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,076,000
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:	
Bond premium	(2,737,580)
Accrued compensated absences	(3,128,005)
Other postemployment benefits liability	(724,976)
Accrued interest	(323,564)
Landfill closure	(102,000)
Capital leases	(2,198,587)
Bonds payable	(49,590,000)

Net assets of governmental activities

\$ 98,542,451

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2012

	General	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 58,907,951	2,400,433	1,050,000	20,000	62,378,384
Intergovernmental	9,425,026	944,803	128,018	6,480,148	16,977,995
Licenses, permits, fees and fines	785,020	-	-	-	785,020
Charges for services	1,619,847	-	-	1,470,418	3,090,265
Unclassified	632,075	-	-	700,827	1,332,902
Interest earned	602,078	41,585	60,542	47,314	751,519
Total revenues	71,971,997	3,386,821	1,238,560	8,718,707	85,316,085
Expenditures:					
Current:					
General government	8,261,581	-	-	1,080,038	9,341,619
Public safety	9,441,068	-	-	737,318	10,178,386
Public works	4,152,365	190,380	-	420,812	4,763,557
Culture and recreation	2,904,299	-	-	912,791	3,817,090
Transportation and waterfront	994,717	-	-	18,028	1,012,745
Health, welfare and social services	321,795	-	-	-	321,795
Education	40,540,585	-	-	4,239,996	44,780,581
School lunch program	-	-	-	1,591,951	1,591,951
Intergovernmental	2,072,476	-	-	-	2,072,476
Other	53,621	1,470,750	-	1,679	1,526,050
Debt service (excluding education)	1,141,243	-	-	-	1,141,243
Capital expenditures	332,043	-	6,616,799	-	6,948,842
Total expenditures	70,215,793	1,661,130	6,616,799	9,002,613	87,496,335
Excess (deficiency) of revenues over (under) expenditures	1,756,204	1,725,691	(5,378,239)	(283,906)	(2,180,250)
Other financing sources (uses):					
Refunding bonds issued and premium	9,584,150	-	-	-	9,584,150
Payments to refunded bonds escrow agent and fees	(9,516,956)	-	-	-	(9,516,956)
Transfers in	560,038	-	4,598,124	885,527	6,043,689
Transfers out	(2,318,974)	(2,525,593)	(2,250,395)	(765,385)	(7,860,347)
Issuance of debt	-	-	32,642,580	-	32,642,580
Total other financing sources (uses)	(1,691,742)	(2,525,593)	34,990,309	120,142	30,893,116
Net change in fund balances	64,462	(799,902)	29,612,070	(163,764)	28,712,866
Fund balances, beginning of year	21,971,759	5,065,079	9,394,234	4,505,964	40,937,036
Fund balances, end of year	\$ 22,036,221	4,265,177	39,006,304	4,342,200	69,649,902

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the year ended June 30, 2012

Net change in fund balances - total governmental funds (from Statement 4)	\$	28,712,866
---	----	------------

Amounts reported for governmental activities in the statement of activities (Statement 2) 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 as depreciation expense. This is the amount by which capital acquisitions (\$7,783,805) exceed book value of disposed assets (\$121,631) and depreciation (\$4,308,810).		3,353,364
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in deferred revenues.		(164,000)
Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments (\$259,639) exceed proceeds (\$0).		259,639
Change in accruals are recorded on the statement of net assets, but not on the governmental fund balance sheet - accrued compensated absences (\$-76,753), accrued interest (\$85,929), and other postemployment benefits liability (\$214,670).		(223,846)
Changes in long-term liabilities on the statement of net assets, are expenditures in the governmental funds. This is the change of the landfill closure liability.		-
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Bond proceeds totaled \$30,000,000 for the year. Governmental funds report the effects of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. During the year, the City received \$2,737,580 of bond premiums. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. For the year, the amount of repayments were \$2,690,000).		(30,047,580)

Change in net assets of governmental activities (see Statement 2)	\$	1,890,443
---	----	-----------

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund and TIF Funds
For the year ended June 30, 2012

	General Fund				TIF Funds			
	Budget		Actual	Variance with final budget positive (negative)	Budget		Actual	Variance with final budget positive (negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 57,531,642	57,531,642	58,907,951	1,376,309	2,261,450	2,261,450	2,400,433	138,983
Intergovernmental	5,950,903	5,950,903	5,971,062	20,159	834,000	834,000	944,803	110,803
Licenses, permits, fees and fines	778,450	778,450	785,020	6,570	-	-	-	-
Charges for services	1,465,862	1,465,862	1,619,847	153,985	-	-	-	-
Unclassified	115,550	115,550	171,624	56,074	-	-	-	-
Interest earned	600,000	600,000	574,713	(25,287)	-	-	41,585	41,585
Total revenues	66,442,407	66,442,407	68,030,217	1,587,810	3,095,450	3,095,450	3,386,821	291,371
Expenditures:								
Current:								
General government	8,259,594	8,148,481	8,028,391	120,090	-	-	-	-
Public safety	9,375,202	9,438,881	9,331,249	107,632	-	-	-	-
Public works	4,407,390	4,408,595	4,137,661	270,934	241,660	241,660	190,380	51,280
Culture and recreation	3,042,954	2,998,296	2,933,959	64,337	-	-	-	-
Transportation and waterfront	997,082	997,516	994,717	2,799	-	-	-	-
Health, welfare and social services	416,986	416,986	312,993	103,993	-	-	-	-
Education	37,693,072	37,693,072	37,001,532	691,540	-	-	-	-
Intergovernmental	2,072,476	2,072,476	2,072,476	-	-	-	-	-
Other	174,000	162,453	60,392	102,061	386,283	1,470,750	1,470,750	-
Debt service (excluding education)	1,042,404	1,144,404	1,141,243	3,161	-	-	-	-
Capital expenditures	-	-	-	-	2,306,102	1,221,635	-	1,221,635
Total expenditures	67,481,160	67,481,160	66,014,613	1,466,547	2,934,045	2,934,045	1,661,130	1,272,915
Excess (deficiency) of revenues over (under) expenditures	(1,038,753)	(1,038,753)	2,015,604	3,054,357	161,405	161,405	1,725,691	1,564,286
Other financing sources (uses):								
Budgeted use of surplus - City	-	1,486,543	-	(1,486,543)	-	2,365,578	-	(2,365,578)
Budgeted use of surplus - School	1,200,000	1,200,000	-	(1,200,000)	-	-	-	-
Refunding bonds issued and premium	-	-	9,584,150	9,584,150	-	-	-	-
Payments to refunded bonds escrow agent and fees	-	-	(9,516,956)	(9,516,956)	-	-	-	-
Transfer in	560,014	560,014	560,038	24	-	-	-	-
Transfers out	(721,261)	(2,207,804)	(2,682,734)	(474,930)	(161,405)	(2,526,983)	(2,525,593)	1,390
Total other financing sources (uses)	1,038,753	1,038,753	(2,055,502)	(3,094,255)	(161,405)	(161,405)	(2,525,593)	(2,364,188)
Net change in fund balance - budgetary basis	-	-	(39,898)	(39,898)	-	-	(799,902)	(799,902)
Reconciliation to GAAP basis:								
Change in encumbrances - City			140,912				-	
Change in encumbrances - School			83,242				-	
Change in reserves			(119,794)				-	
Net change in fund balance - GAAP basis			64,462				(799,902)	
Fund balance, beginning of year			21,971,759				5,065,079	
Fund balance, end of year	\$		22,036,221				4,265,177	

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Net Assets
Proprietary Funds
June 30, 2012 and 2011

Business-type Activities - Enterprise Funds		
	Sewer	
	2012	2011
ASSETS		
Current assets:		
Due from other governments	\$ -	269,751
Receivables, net of allowance of \$163,242 and \$165,302, respectively	421,283	463,507
Sewer liens	97,143	8,692
Prepaid expenses	7,893	7,435
Interfund loan receivables	11,965,929	11,311,557
Total current assets	12,492,248	12,060,942
Noncurrent assets:		
Capital assets, not being depreciated	4,306,790	1,695,676
Capital assets	84,184,097	83,852,882
Accumulated depreciation	(38,515,350)	(36,898,726)
Total noncurrent assets	49,975,537	48,649,832
Total assets	62,467,785	60,710,774
LIABILITIES		
Current liabilities:		
Accounts payable	817,490	460,264
Accrued wages	1,864	25,147
Accrued interest	-	5,753
Current portion of noncurrent liabilities:		
Compensated absences	78,605	77,530
Bonds payable	27,102	332,102
Total current liabilities	925,061	900,796
Noncurrent liabilities:		
Compensated absences	154,464	155,539
Bonds payable	447,187	474,290
Total noncurrent liabilities	601,651	629,829
Total liabilities	1,526,712	1,530,625
NET ASSETS		
Invested in capital assets, net of related debt	49,501,248	47,843,440
Restricted for capital projects	5,877,132	6,884,009
Unrestricted - reserves	3,631,474	3,292,042
Unrestricted	1,931,219	1,160,658
Total net assets	\$ 60,941,073	59,180,149

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the years ended June 30, 2012 and 2011

Business-type Activities - Enterprise Funds		
	Sewer	
	2012	2011
Operating revenues:		
Charges for services	\$ 5,386,650	5,341,582
Interest and penalties	729	568
Licenses	48,998	55,788
Total operating revenues	5,436,377	5,397,938
Operating expenses:		
Personnel services	2,013,247	1,837,471
Contractual services	1,208,368	1,411,783
Supplies and materials	507,512	506,762
Fixed charges	56,472	55,477
Capital outlay	32,346	146,058
Depreciation	1,804,359	1,730,787
Total operating expenses	5,622,304	5,688,338
Operating loss	(185,927)	(290,400)
Nonoperating revenues (expenses):		
Interest revenue	30,143	30,537
Gain (loss) on disposal of capital assets	-	(621,367)
Interest and other debt issuance expense	(9,950)	(33,024)
Total nonoperating revenues (expenses)	20,193	(623,854)
Loss before transfers and capital contributions	(165,734)	(914,254)
Capital contributions	110,000	63,392
Transfers in	1,817,954	273,972
Transfer out	(1,296)	(63,170)
Total transfers and capital contributions	1,926,658	274,194
Change in net assets	1,760,924	(640,060)
Net assets, beginning of year	59,180,149	59,820,209
Net assets, end of year	\$ 60,941,073	59,180,149

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Cash Flows
Proprietary Funds
For the years ended June 30, 2012 and 2011

Business-type Activities - Enterprise Funds		
	Sewer	
	2012	2011
Cash flows from operating activities:		
Receipts from customers and users	\$ 5,390,150	5,200,488
Payments to suppliers	(1,447,930)	(1,857,923)
Payments to employees	(2,036,528)	(1,844,196)
Net cash provided by operating activities	1,905,692	1,498,369
Cash flows from noncapital financing activities:		
Transfer in from other funds	1,817,954	273,972
Interfund loan	(654,372)	2,116,900
Transfers to other funds	(1,296)	(63,170)
Net cash (used in) provided by noncapital financing activities	1,162,286	2,327,702
Cash flows from capital and related financing activities:		
Purchase of capital assets	(3,020,066)	(3,805,469)
Proceeds from bonded obligations	269,751	319,739
Interest and debt issuance costs paid on bonds	(15,703)	(38,776)
Principal payments on bonds	(332,103)	(332,102)
Net cash (used in) provided by capital and related financing activities	(3,098,121)	(3,856,608)
Cash flows from investing activities:		
Interest revenue	30,143	30,537
Net cash provided by investing activities	30,143	30,537
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	-
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (185,927)	(290,400)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,804,359	1,730,787
(Increase) decrease in receivables	42,224	(196,072)
(Increase) decrease in liens	(88,451)	(1,378)
(Increase) decrease in prepaid expenses	(458)	(225)
Increase (decrease) in accounts payable	357,226	262,382
Increase (decrease) in accrued wages	(23,283)	7,322
Increase (decrease) in compensated absences	2	(14,047)
Net cash provided by operating activities	\$ 1,905,692	1,498,369
Noncash investing, capital, and financing activities:		
Transfers of capital assets from governmental funds	110,000	63,392

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

		Private- purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$	158,752	104,285
Investments		2,196,788	-
Accounts receivable		915	-
Due from others		1,617	-
Total assets		2,358,072	104,285
LIABILITIES			
Accounts payable		1,739	-
Due to others		-	104,285
Total liabilities		1,739	104,285
NET ASSETS			
Held in trust	\$	2,356,333	-

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2012

		Private- purpose Trust Funds
Additions:		
Donations	\$	57,018
Investment earnings:		
Interest		78,112
Unrealized gain (loss)		30,841
Total additions		165,971
Deductions:		
Scholarships and other		72,137
Total deductions		72,137
Change in net assets		93,834
Net assets, beginning of year		2,262,499
Net assets, end of year	\$	2,356,333

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of South Portland, Maine functions under a City Manager - City Council form of government.

The financial statements of the City of South Portland have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

This report includes all funds of the City of South Portland, Maine. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

It is the City's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no entities that would be considered potential component units within the City of South Portland that should be included as part of these financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions and segments. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

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 measurable 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 certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Project Fund accounts for the resources accumulated and payments made for the acquisition construction of major capital facilities (other than those financed by the proprietary fund).

The Tax Increment Financing Fund accounts for resources accumulated and payments made for the Tax Increment Financing Districts established by the City.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The City reports the following major proprietary fund:

The Sewer User Fund accounts for the operation of the sewer treatment plant, sewage pumping stations and collection systems.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. As such, fiduciary funds are not reported in the governmental-wide statements. The City's fiduciary funds include the following:

Private-purpose trust funds account for resources where funds are legally restricted by a formal trust agreement and may be used for purposes that benefit individuals, private organizations, or other governments. These include scholarship, education, and public library funds.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. The student activity funds are used to account for assets that the government holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's governmental activities and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 the City's proprietary fund is charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as time deposits and certificates of deposit owned by the City. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

Investments are stated at fair value. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

E. Interfund Loans

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "interfund loans receivable" or "interfund loans payable" on the balance sheet.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

F. Inventories

Inventories are valued at cost using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are generally recorded as expenditures when consumed rather than when purchased

G. Restricted Assets

The City has a \$50,000 deposit with the State of Maine related to workers' compensation self insurance from prior years.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, sewer system and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. If material, interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. Capital Assets, continued

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 - 50
Building/land improvements	20
Streets, street lights and sidewalks	10 - 20
Bridges	50
Collection and distribution systems	65
Vehicles	3 - 20
Machinery and equipment	5 - 20

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The City provides vesting for vacation and sick leave benefits based upon length of employment. There is a liability for unpaid accumulated sick leave since the City does have a policy to pay a portion of unused sick time based on length of service when employees separate from service with the City. All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

K. Fund Equity

Governmental Fund fund balance is reported in five classification that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the City imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- *Assigned* – resources that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the City Council or a body or official delegated by the City Council may assign fund balance, including unspent budgeted amounts, for specific purposes in the General Fund at year end based on Department requests.

The City’s fund balance policy states when both restricted and unrestricted resources are available for use, it is the City’s intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the City’s intent to use committed or assigned resources first, and then unassigned resources as they are needed. The City Council approved the fund balance policy and fund classifications on June 20, 2011, in order #166-10/11.

L. Interfund Transactions

Interfund services provided and used are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except internal services provided and used for transactions and reimbursements, are reported as transfers.

M. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City’s financial position and operations. However, comparative data has not been presented in all statements because its inclusion would make certain statements unduly complex and difficult to understand.

N. Use of Estimates

Preparation of the City’s financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2012:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 166,169,625	88,490,887
Accumulated depreciation	(79,548,364)	(38,515,350)
Bonds payable and premiums	(52,327,580)	(474,289)
Add back bonds payable pertaining to Maine PERS	3,150,000	-
Add back bond proceeds unexpended	33,669,569	-
Capital leases	(2,198,587)	-
<u>Total invested in capital assets net of related debt</u>	<u>\$ 68,914,663</u>	<u>49,501,248</u>

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted by the City Council for the General Fund, Sewer Use Fund and the TIF Fund. The budgets are prepared substantially in accordance with accounting principles generally accepted in the United States of America, except that the general fund revenues and expenditures related to "on-behalf payments" made by the State of Maine to the Maine Public Employees Retirement System for teachers and other school employees are not budgeted. The Sewer Use Fund budgets for debt service principal and interest payments as an expense and does not budget for depreciation expense. In addition, capital contributions from other funds are not budgeted. The legal level of budgetary control is at the department level.

The City employs encumbrance accounting in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were in the general fund in the amount of \$217,096.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

B. Excess of Expenditures Over Appropriations

Per City Charter, the level of budgetary control is at the department level. For the year ended June 30, 2012, all departments were within their charter level budget limits.

C. Deficit Fund Balances

At June 30, 2012, the following funds had deficit fund balances:

<u>Special Revenue Funds:</u>		<u>Capital Project Funds:</u>	
Long Creek Watershed Plan	\$ 1,249	Energy Savings Projects	151,657
LID Manual	4,826		
Maine Investigative Agent	978		
Bug Light Beautification	941		
Recreation	93,744		
Title V	2		
Learning Results	405		
Memorial Tech Grant - Koelker	1,237		
National Semiconductor - Brown	3,683		
Hockey Boosters	3,931		
Staff Computer Training	476		
Robotics	37		

These deficits will be funded by future grant revenue, charges for services, lease proceeds or transfers.

DEPOSITS AND INVESTMENTS

As of June 30, 2012, the City had the following deposits and investments with the following maturities, some of which are classified as cash and cash equivalents:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1 – 5 years</u>	<u>Over 5 years</u>
Checking, money market and cash management sweep	\$ 11,693,346	11,693,346	-	-
U.S. Treasury Notes	1,968,416	-	1,248,351	720,065
Federal Home Loan Bank	3,118,609	127,559	1,223,097	1,767,953
Federal National Mortgage	5,399,907	214,979	4,061,930	900,325
Certificates of Deposit	66,922,320	49,088,261	17,834,059	-
Stock Mutual Fund	52,801	Not applicable		

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

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. As of June 30, 2012, the City had bank balances of \$78,615,666. In accordance with its investment policy, the City's funds should whenever practicable be fully covered under FDIC, fully insured or fully collateralized, or covered with an irrevocable stand by letter of credit, with pledged collateral being at least 102% of market value of the principal and accrued interest, and must be marked to market daily. As of June 30, 2012, the City had \$401,969 of deposits which were subject to custodial credit risk because they were not insured and not collateralized. This occurred as the result of an agency bond pending investment settlement.

Custodial credit risk- investments – For investments, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2012, the City had fair value investment balances of \$10,539,732 of which only the stock mutual fund was subject to custodial credit risk. In accordance with its investment policy, the City minimizes custodial credit risk by doing business with authorized institutions, depositories, and broker/dealers, and that funds should be fully covered under FDIC, fully insured or fully collateralized, with pledged collateral being at least 102% of market value of the principal and accrued interest, and must be marked to market daily.

Credit risk – Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. U.S. Treasury Notes are not rated. As of June 30, 2012, the City's investments in Federal Home Loan Banks and Federal National Mortgage Associations were rated AA+ by Standard & Poor's. In accordance with its investment policy, the City minimizes credit risk by limiting the types of investments to be purchased and diversifying the investment portfolio so that the impact of potential losses will be minimized.

Interest rate risk – In accordance with its investment policy, the City structures its investment portfolio so securities mature to meet cash requirements for ongoing operations. It invests funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limits the average maturity of the portfolio.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

PROPERTY TAX

Property taxes for the current period were committed on July 15, 2011 on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value. The City performed a revaluation to bring assessed values in line with market values prior to the commitment date.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$504,295 for the year ended June 30, 2012.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remain unpaid.

Property taxes levied during the period were recorded as receivables at the time the levy was made. The receivables collected during the period and in the first sixty days following the end of the period have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

The following summarizes the levy:

	<u>2012</u>	<u>2011</u>
Assessed value	\$ 3,531,907,500	3,523,224,400
Tax rate (per \$1,000)	16.10	15.70
Commitment	56,863,711	55,314,623
Add:		
Supplementals	-	8,374
Total commitment	56,863,711	55,322,997
Less:		
Abatements	34,385	69,115
Collections	55,608,726	54,175,209
Current year taxes receivable at end of year	1,220,600	1,078,673
Taxes and liens receivable - prior years	524,199	673,178
Total taxes and liens receivable	\$ 1,744,799	1,751,851

Due dates:	1st quarter	August 18, 2011	August 19, 2010
	2nd quarter	November 17, 2011	November 18, 2010
	3rd quarter	February 16, 2012	February 17, 2011
	4th quarter	May 10, 2012	May 12, 2011

	<u>2012</u>	<u>2011</u>
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	97.85%	98.05%

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2012 was as follows:

	Balance June 30, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2012</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,251,519	-	-	9,251,519
Construction in progress	1,418,659	3,786,264	313,836	4,891,087
Total capital assets not being depreciated	10,670,178	3,786,264	313,836	14,142,606
Capital assets, being depreciated:				
Buildings	82,341,066	1,566,622	-	83,907,688
Improvements other than buildings	3,925,885	193,942	150,437	3,969,390
Machinery and equipment	11,664,308	620,534	114,279	12,170,563
Vehicles	13,075,995	591,760	556,966	13,110,789
Infrastructure	37,530,070	1,338,519	-	38,868,589
Total capital assets being depreciated	148,537,324	4,311,377	821,682	152,027,019
Less accumulated depreciation for:				
Buildings	30,424,991	1,620,402	-	32,045,393
Improvements other than buildings	2,612,913	138,199	150,437	2,600,675
Machinery and equipment	7,818,750	672,090	86,742	8,404,098
Vehicles	8,438,791	873,888	462,871	8,849,808
Infrastructure	26,644,159	1,004,231	-	27,648,390
Total accumulated depreciation	75,939,604	4,308,810	700,050	79,548,364
Total capital assets being depreciated, net	72,597,719	2,567	121,632	72,478,655
Governmental activities capital assets, net	\$ 83,267,897	3,788,831	435,468	86,621,261

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

Governmental activities:	
General government	\$ 178,385
Public safety	664,188
Public works	1,242,131
Culture and recreation	532,762
Transportation and waterfront	207,292
Education	1,484,052
Total depreciation expense – governmental activities	\$ 4,308,810

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

Capital asset activity for business-type activities for the year ended June 30, 2012 was as follows:

	Balance June 30, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2012</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,221,558	-	-	1,221,558
Construction in progress	474,118	2,703,997	92,883	3,085,232
Total capital assets not being depreciated	1,695,676	2,703,997	92,883	4,306,790
Capital assets, being depreciated:				
Buildings	34,103,092	111,594	-	34,214,686
Improvements other than buildings	80,331	-	-	80,331
Machinery and equipment	12,946,633	53,973	10,780	12,989,826
Vehicles	1,406,133	-	176,956	1,229,177
Infrastructure	35,316,693	353,384	-	35,670,077
Total capital assets being depreciated	83,852,882	518,951	187,736	84,184,097
Less accumulated depreciation for:				
Buildings	16,079,701	694,830	-	16,774,531
Improvements other than buildings	80,331	-	-	80,331
Machinery and equipment	8,110,573	471,373	10,780	8,571,166
Vehicles	789,501	110,390	176,956	722,935
Infrastructure	11,838,620	527,767	-	12,366,387
Total accumulated depreciation	36,898,726	1,804,360	187,736	38,515,350
Total capital assets being depreciated, net	46,954,156	(1,285,409)	-	45,668,747
Business-type activities capital assets, net	\$ 48,649,832	1,418,588	92,883	49,975,537

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Governmental activities:					
General obligation bonds	\$ 22,280,000	30,000,000	2,690,000	49,590,000	2,315,000
Bond Premiums	-	2,737,580	-	2,737,580	160,765
Capital leases	2,458,226	-	259,639	2,198,587	201,721
Landfill closure	102,000	11,778	11,778	102,000	8,500
Other post employment benefits	510,306	316,282	101,612	724,976	-
Compensated absences	3,204,758	1,387,664	1,464,417	3,128,005	897,234
Governmental activity long-term liabilities	\$ 28,555,290	34,453,304	4,527,446	58,481,148	3,583,220

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Business-type activities:					
General obligation bonds	\$ 806,392	-	332,102	474,289	27,102
Compensated absences	233,069	150,425	150,425	233,069	78,605
Business-type activities long-term liabilities	\$ 1,039,461	150,425	482,527	707,358	105,707

Long-term debt payable at June 30, 2012 is comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance June 30, 2012</u>
Governmental activities:					
1994 Series B - School	12/1/1994	\$ 3,250,000	9/1/2014	5.70-6.50%	375,000
2003 Brown Elementary – School	10/1/2003	6,000,000	10/1/2023	2.50-4.45%	600,000
2004 MSRS (1) – City & School	1/15/2004	8,200,000	3/1/2017	3.00-5.10%	3,150,000
2007 Paving and Refinancing (2)	5/15/2009	2,075,000	9/1/2016	4.00-5.00%	950,000
2010 1999 Community Center – City	2/1/2010	1,890,000	11/1/2018	2.00-3.00%	1,470,000
2010 HS & MS Renovations - School	2/1/2010	4,613,000	11/1/2029	2.00-4.00%	4,140,000
2011 Refund 2002 & 2003 Elem-Sch.	11/9/2011	8,905,000	7/1/2023	2.00-4.375%	8,905,000
2011 HS Construction – School	5/30/2012	30,000,000	7/15/2032	2.00-4.00%	30,000,000
Total governmental activities:					49,590,000
Business-type activities:					
2009 SRF (Long creek)	10/7/2009	749,716	10/1/2029	N/A	474,289
Total business-type activities					474,289
Total bonds payable					\$ 50,064,289

(1) Of the outstanding bond principal, 81.55% is City (\$2,568,825) and 18.45% is School (\$581,175).

(2) Of the outstanding bond principal, \$250,000 is for City and \$700,000 is for School.

In November of 2010, the voters approved a bond referendum for the High School Renovation and Addition project totaling \$41,500,000. During the fiscal year, the City issued bonds totaling \$30,000,000. Additionally the City received a bond premium totaling \$2,642,580. At June 30, 2012, \$11,500,000 was authorized but unissued for this project.

During the year, the City issued \$8,905,000 in general obligation bonds with interest rates ranging from 2.0% to 4.375% to advance refund \$9,000,000 of outstanding 2002 and 2003 general obligation bonds which had interest rates ranging from 3.55% to 5.00%. The net proceeds of \$9,584,150 (including a \$679,150 premium and after payment of \$113,001 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2002, and 2003 bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$95,000.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The City was able to reduce its total debt service payments over 13 years by \$1,080,128 and to obtain a present value savings of \$918,748 or 10.21% percentage savings of refunded bonds.

All governmental activity debt service payments, including capital leases and compensated absences, were made within the General Fund. Other post employment benefits are not currently being funded on a budgetary level. If and when such funding would occur, it would be funded within the general fund. Capital lease proceeds have been recorded in the vehicle replacement city reserve fund and in the municipal buildings capital project.

The annual requirements to amortize long-term debt outstanding as of June 30, 2012 are as follows:

<u>June 30,</u>	<u>Governmental activities</u>			<u>Business-type activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,315,000	1,321,228	3,636,228	27,102	-	27,102
2014	3,810,000	1,617,728	5,427,728	27,102	-	27,102
2015	3,810,000	1,489,502	5,299,502	27,102	-	27,102
2016	3,685,000	1,344,085	5,029,085	27,102	-	27,102
2017	3,510,000	1,203,780	4,713,780	27,102	-	27,102
2018-2022	13,520,000	4,555,750	18,075,750	135,511	-	135,511
2023-2027	9,250,000	2,529,250	11,779,250	135,511	-	135,511
2028-2032	8,190,000	858,900	9,048,900	67,757	-	67,757
2033-2037	1,500,000	22,500	1,522,500	-	-	-
Total	\$ 49,590,000	14,942,723	64,532,723	474,289	-	474,289

The City is subject to a statutory limitation, by the State of Maine, of its general long-term debt equal to 15% of the State's valuation of the City. At June 30, 2012, the statutory limit for the City was \$533,475,000. The City's outstanding long-term debt of \$50,064,289 at June 30, 2012 was \$483,410,711 less than the statutory limit.

In addition to the notes and bonds payable, the City is contingently responsible for the following overlapping debt as of June 30, 2012:

<u>Governmental Unit</u>	<u>Net debt outstanding</u>	<u>Applicable to South Portland</u>	<u>City of South Portland's share of debt</u>
Cumberland County	\$ 37,220,000	9.00%	3,351,468
Portland Water District	28,438,885	13.83%	3,932,690

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

JOINTLY GOVERNED ORGANIZATION

The City of South Portland participates in a jointly governed organization, which is not part of the City's reporting entity.

Ecomaine is a solid waste management corporation serving 40 municipalities in Cumberland, Oxford and York counties in Maine. Owned and controlled by 21 member communities, Ecomaine creates electricity through its processing of waste and also operates an extensive recycling program. The City is a member community in Ecomaine. Interlocal (waste handling) agreements between Ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to Ecomaine for processing and to make service payments and pay tipping fees for such processing. The City has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in Ecomaine. Selected balance sheet information for Ecomaine for the year ended June 30, 2012 includes total assets of \$60,491,701, and total liabilities of \$22,953,734 and unrestricted net assets of \$9,881,421. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,694,020. 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. The separate audited financial statements of Ecomaine may be obtained at their administrative office: Ecomaine, 64 Blueberry Road, Portland, Maine 04102.

CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of equipment and has also entered into an energy performance lease arrangement. These leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception. The value of assets capitalized under these leases as of June 30, 2012 was \$2,524,173.

The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payment at June 30, 2012.

	<u>Governmental activities</u>
2013	\$ 279,360
2014	246,412
2015	251,015
2016	252,555
2017	255,389
2018-2022	1,273,054
2023-2027	94,957
Total minimum lease payments	2,652,742
Less: amount representing interest	454,155
Present value of future minimum lease payments	\$ 2,198,587

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

LANDFILL

The City records a liability for the estimated costs of landfill closure and postclosure care, as required by government authorities. State and federal laws and regulations require the City to place a final cover on its Highland Avenue landfill site and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill ceased accepting waste, effective January 1, 1993, as required by State regulations. Since that time, the twenty-five acre landfill has remained inactive. Although it was not at capacity, its useful life was over. The City completed the landfill closure process in fiscal year 2000. At June 30, 2012, the City had recorded approximately \$102,000 of estimated cost remaining related to postclosure care of the landfill. The City has amounts available in the capital project fund and general fund to fund these estimated costs. The actual cost may be higher due to inflation, changes in technology, or changes in regulations.

INTERFUND BALANCES AND TRANSFERS

As of June 30, 2012, interfund loans receivable and payable were as follows:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General Fund	\$ -	14,532,689
Sewer Use Fund	11,965,929	-
Nonmajor Special Revenue Funds:		
City Special Revenues	2,315,169	-
School Grant Funds	182,700	-
School Adult Education	5,239	-
School Lunch Fund	62,035	-
Private-purpose Trust Funds	1,617	-
Total interfund balances	\$ 14,532,689	14,532,689

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. The balances represent each fund's portion of the centralized checking account.

As of June 30, 2012, interfund transfers were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 560,038	2,318,974
Sewer Use Fund	1,817,954	1,296
Tax Increment Financing	-	2,525,593
Capital Projects	4,598,124	2,250,395
Nonmajor Special Revenue Funds:		
City Special Revenues	-	231,412
School Grant Funds	21,054	-
School Lunch Fund	330,500	-
Total interfund transfers	\$ 7,327,670	7,327,670

The primary purpose of the transfers is to move unrestricted revenues from various funds to finance various programs and capital projects that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or match funds for various grant programs.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

FUND BALANCES

Minimum fund balance policy. The City Council has adopted a financial policy to maintain a minimum level of unassigned fund balance in the general fund. The minimum target level is set at 9% of general fund budgeted expenditures. In the event that the unassigned fund balance drops below this minimum level, the City will develop a plan, implemented through the annual budgetary process, to bring the balance back to the target level over a period of no more than three (3) fiscal years. Amounts in excess of the targeted maximum of 12% of general fund measured on a GAAP basis shall be used for capital improvements or other one-time expenditures as identified by the City Council. The policy was adopted by the City to recognize the financial importance of a stable and sufficient level of unassigned fund balance. However, the City Council reserves the right to appropriate funds from the unassigned fund balance for emergencies and other requirements the City Council believes to be in the best interest of the City of South Portland. At June 30, 2012, the City maintained an unassigned fund balance of \$10,591,915 which is 14.70 percent of the fiscal year 2013 budget of \$72,027,775.

Stabilization arrangement. In the periods of economic decline where valuation assessments are flat or decreasing, and/or periods of significant estimated revenue loss or periods of high increases in budgeted expenditures, the City Council may set aside funds in the tax rate stabilization reserve to be used to reduce the needs from taxation for the coming year(s). Funds set aside in the tax rate stabilization reserve should have a planned exit strategy to reduce the use of such reserves in subsequent budgets and should be fully funded to the extent necessary to properly provide a declining (tiered) use of this reserve for a period no greater than 5 years. The objective of this tiered approach is to lessen the impact in subsequent years for the lower estimated revenues from the tax rate stabilization reserve. The committed general fund balances include a \$1,000,511 tax rate stabilization reserve at June 30, 2012 with \$400,000 anticipated to be used in the funding of fiscal year ending June 30, 2013 budget.

As of June 30, 2012, fund balance components consisted of the following:

	General Fund	Other Governmental Funds	Total
Nonspendable:			
Inventory and prepaid items	\$ -	19,361	19,361
Principal for permanent funds	-	198,949	198,949
Total nonspendable	-	218,310	218,310
Restricted:			
Education	5,284,024	912,845	6,196,869
TIF funds	-	4,265,177	4,265,177
Capital projects	-	33,669,569	33,669,569
General government	-	340,754	340,754
Public safety	-	93,612	93,612
Public works	-	425,754	425,754
Culture and recreation	-	101,946	101,946
Transit and waterfront	-	28,613	28,613
Permanent funds	-	132,232	132,232
Total restricted	5,284,024	39,970,502	45,254,526

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

FUND BALANCES, CONTINUED

Committed:			
General government	\$ 1,891,373	1,177,459	3,068,832
Public safety	519,831	100,683	620,514
Public works	670,121	584,161	1,254,282
Transit and waterfront	258,915	168,070	426,985
Culture and recreation	-	169,270	169,270
Capital projects	-	5,488,392	5,488,392
Total committed	3,340,240	7,688,035	11,028,275
Assigned:			
General government	2,489,919	-	2,489,919
Public safety	96,173	-	96,173
Public works	16,854	-	16,854
Encumbrances	217,096	-	217,096
Total assigned	2,820,042	-	2,820,042
Unassigned	10,591,915	(263,166)	10,328,749
Total fund balance	\$ 22,036,221	47,613,681	69,649,902

CONSTRUCTION COMMITMENTS

The School Department has entered into contracts in connection with the High School construction project. Additionally, the City has entered into a contract for the Knightville Phase II project. The following is a summary of the commitments at June 30, 2012:

	Contract Total	Percentage Complete	Billed to Date	Balance Remaining
High School Project:				
Construction contract	\$ 39,257,405	4.19%	1,646,435	37,610,970
Engineering contract	2,361,761	80.97%	1,912,217	449,544
Knightville Phase II Project:				
Construction contract	2,778,802	28.85%	793,443	1,985,359

The High School project is anticipated to be completed in two phases with phase one bonding of \$30,000,000 having been issued to-date.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)

Maine Public Employees Retirement System - Consolidated Plan

Description of the Plan - The City contributes to the Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System 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. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the City of South Portland is required to contribute an actuarially determined rate. The current rate is 4.4% of covered payroll for the regular plan and 8.3% of covered payroll for the special plan. The contribution rates of plan members and the City of South Portland are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The City's contributions to the Maine Public Employees Retirement System Consolidated Plan for the year ended June 30, 2012, 2011 and 2010 were \$639,328, \$486,241, and \$293,667, respectively, and were equal to the required contribution for each year.

Maine Public Employees Retirement System – Teachers Group

Description of Plan – All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System 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 Maine Public Employees Retirement System Board of Trustees. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy – Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$3,453,964 (16.36%) for the fiscal year 2012. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statements 2 and 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 16.36% of their compensation. This cost is charged to the applicable grant.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) 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*, was implemented, as required, by the City of South Portland for the year ended June 30, 2009. 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 a member of the Maine Municipal Employees Health Trust. The Trust is an agent multiple employer Voluntary Employee's Beneficiary Association. The City is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Trust contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed by the consultants in October 2011 based on an actuarial valuation date of January 1, 2011.

Plan Descriptions – In addition to providing pension benefits, the City provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

Funding Policy and Annual OPEB Cost – GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The City currently plans to fund these benefits on a pay-as-you-go basis primarily from the general fund. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the year and the annual required contribution:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Normal cost	\$ 90,618	90,618	90,618
Amortization of unfunded	228,444	228,444	228,444
Adjustment to ARC	(29,511)	(20,629)	(10,803)
Interest	26,731	20,588	13,791
Annual required contribution	\$ 316,282	319,021	322,050

Net OPEB Obligation – The City's net OPEB obligation was calculated as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
OPEB liability, July 1, 2011	\$ 510,306	356,715	186,812
Annual required contribution	316,282	319,021	322,050
Less: Actual contributions	(101,612)	(165,430)	(152,147)
OPEB liability, June 30, 2012	\$ 724,976	510,306	356,715

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Funding Status and Funding Progress – The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual required contribution	\$ 316,282	319,021	322,050
Actual contribution	101,612	165,431	152,147
Percent contributed	32.13%	51.86%	47.24%
<hr/>			
Actuarial accrued liability	\$ 4,108,269	4,108,269	4,108,269
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 4,108,269	4,108,269	4,108,269
Covered payroll	12,376,330	11,964,142	11,048,641
Unfunded actuarial accrued liability as a percentage of covered payroll	33.19%	34.34%	37.18%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/11
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare cost trend rate	4.0% - 8.7%

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

DEFERRED COMPENSATION PLAN

The City of South Portland offers on a voluntary basis to all permanent employees working at least fifteen hours per week and covered by the City's Section 215 Agreement (Social Security), and who do not participate in the Maine Public Employees Retirement System Plan, the following options, with a City contribution: Internal Revenue Code Section 457, Deferred Compensation Plan or Internal Revenue Code Section 401(a), Defined Contribution Plan. In addition, employees who participate in the MSRS plan or 401(a) plans may also participate in the 457 Deferred Compensation Plan without a City contribution. The employees' accounts are not available until termination, retirement, death or an unforeseeable emergency. The City contributed approximately \$367,877 to the plans during the year ended June 30, 2012.

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions. During fiscal year 2012, the City was a member of the Maine Municipal Association Property and Casualty Risk Pool which provides auto, general liability, and property insurance, as well as the Maine Municipal Associations Workers' Compensation Fund. Members of the pools have joint and several liability. If the assets of the Pool are at any time actuarially determined to be insufficient to enable the Pool to discharge its legal liabilities and other obligations and to maintain actuarially sound reserves, the Pool has the power to make up the deficiency by the levy of a pro-rated assessment upon Pool Members for the amount needed to make up the deficiency. Management believes that no such deficiency exists at June 30, 2012. The City also maintains commercial insurance for other specific liabilities with deductibles from \$1,000 to \$25,000. There have been no changes in commercial coverage from the prior year and no settlements have exceeded insurance coverage in any of the past three years.

Prior to June 30, 1993, the City was partially self-insured with respect to workers' compensation insurance coverage and maintains a \$50,000 restricted deposit with the State of Maine for this program. Deductible amounts under excess workers' compensation insurance coverage range from \$250,000 to \$350,000 per claim with an aggregate deductible ranging from \$459,000 to \$1,650,000. The City is also self-insured with respect to unemployment benefits.

The following summarizes the claims activity with respect to the City's self-insurance programs during 2012:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u>
<u>Unpaid claims as of the beginning of year</u>	\$ 125,000	-
Provision for current year events	-	35,143
Increase in provision for prior year events	-	-
Total incurred claims	-	35,143
Payments:		
Claims attributable to current year	-	35,143
Claims attributable to prior year	23,162	-
Total payments	23,162	35,143
<u>Unpaid claims, end of year</u>	<u>\$ 101,838</u>	<u>-</u>

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements, Continued

RISK MANAGEMENT, CONTINUED

The following summarizes the claims activity with respect to the City's self-insurance programs during 2011:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u>
<u>Unpaid claims as of the beginning of year</u>	<u>\$ 125,000</u>	<u>-</u>
Provision for current year events	-	60,840
<u>Increase in provision for prior year events</u>	<u>1,352</u>	<u>-</u>
Total incurred claims	1,352	60,840
Payments:		
Claims attributable to current year	-	60,840
<u> Claims attributable to prior year</u>	<u>1,352</u>	<u>-</u>
Total payments	1,352	60,840
 <u>Unpaid claims, end of year</u>	 <u>\$ 125,000</u>	 <u>-</u>

The estimate of unpaid claims is based on a review of actual claims by an independent third party.

CONTINGENT LIABILITIES

Grant Funds – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

TAX INCREMENT FINANCING DISTRICTS

The City has established ten tax increment financing districts under the terms of applicable state laws.

	<u>Original</u> <u>value</u>	<u>Increase in</u> <u>value</u>	<u>TIF</u> <u>cap</u>	<u>Captured</u> <u>value</u>	<u>Captured</u> <u>tax</u>
Fairchild TIF	\$ 33,512,500	17,892,600	100%	17,892,600	288,071
Texas Instruments TIF	20,509,000	163,682,600	50%	81,841,300	1,317,645
Cummings TIF	1,697,200	25,184,200	20%	5,036,840	81,093
One Wallace TIF	2,718,200	3,711,200	100%	3,711,200	59,750
Long Creek TIF	1,066,300	10,845,300	100%	10,845,300	174,609
Brick Hill TIF	-	19,739,200	100%	19,739,200	317,801
Jared TIF	957,500	1,228,500	100%	1,228,500	19,779
Hannaford TIF	343,000	8,800,300	100%	8,800,300	141,685
Downtown TIF	114,438,200	-	100%	-	-
Transit TIF	18,373,000	-	100%	-	-

CITY OF SOUTH PORTLAND, MAINE
Required Supplementary Information

Schedule of Funding Progress
Retiree Healthcare Plan

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) /c]
2009	1/1/11	\$ -	\$4,108,269	\$4,108,269	0.00%	\$12,367,933	33.22%
2010	1/1/11	\$ -	\$4,108,269	\$4,108,269	0.00%	\$11,048,641	37.18%
2011	1/1/11	\$ -	\$4,108,269	\$4,108,269	0.00%	\$11,964,142	34.34%
2012	1/1/11	\$ -	\$4,108,269	\$4,108,269	0.00%	\$12,376,330	33.19%

This page left blank intentionally.

GENERAL FUND

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The fund pays general operating expenditures, fixed charges and capital improvement costs which are not paid through other funds.

This page left blank intentionally.

CITY OF SOUTH PORTLAND, MAINE
General Fund
Comparative Balance Sheets
June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	\$ 32,370,604	33,179,585
Investments	7,572,185	6,729,620
Due from other governments	257,608	109,100
Receivables, net of allowance of \$655,609 and \$958,788	263,975	295,588
Taxes receivable	1,437,957	1,257,623
Tax liens and tax acquired property	306,842	494,228
Prepaid expenditures	-	28,138
Restricted assets, cash	50,000	50,000
Total assets	\$ 42,259,171	42,143,882
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	1,277,097	971,472
Accrued liabilities	412,065	675,432
Interfund loans payable	14,532,689	14,428,022
Deferred tax revenue	1,076,000	1,240,000
Accrued teachers' summer salaries	2,925,099	2,857,197
Total liabilities	20,222,950	20,172,123
Fund balances:		
Nonspendable	-	28,138
Restricted	5,284,024	5,918,192
Committed	3,340,240	3,679,767
Assigned	2,820,042	2,658,767
Unassigned	10,591,915	9,686,895
Total fund balances	22,036,221	21,971,759
Total liabilities and fund balances	\$ 42,259,171	42,143,882

CITY OF SOUTH PORTLAND, MAINE
 General Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 For the year ended June 30, 2012
 (with comparative actual amounts for the year ended June 30, 2011)

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property	\$ 52,971,790	53,505,182	533,392	52,436,750
Excise	4,226,000	5,037,900	811,900	4,942,156
Interest and penalties	110,000	123,249	13,249	136,826
Payments in lieu of taxes	223,852	241,620	17,768	240,148
Total taxes	57,531,642	58,907,951	1,376,309	57,755,880
Intergovernmental:				
State Revenue Sharing	1,740,000	1,888,773	148,773	1,751,872
State BETE Revenue	850,000	921,472	71,472	897,637
Homestead reimbursement	455,000	466,578	11,578	442,112
State education subsidy	2,123,289	2,108,358	(14,931)	1,940,324
State agency client	175,000	161,197	(13,803)	319,277
Medicaid	220,000	80,664	(139,336)	48,607
Section 9	159,000	157,584	(1,416)	157,233
General assistance	142,000	99,697	(42,303)	131,513
Other State revenue	86,614	86,739	125	99,815
Total intergovernmental	5,950,903	5,971,062	20,159	5,788,390
Licenses, permits, fees, and fines:				
Cable franchise fee	185,000	185,000	-	180,000
City clerk	160,800	158,602	(2,198)	166,776
Planning	4,750	8,614	3,864	9,971
Police	108,900	97,711	(11,189)	96,667
Code enforcement	300,000	314,425	14,425	369,836
Public library	19,000	20,668	1,668	19,888
Total licenses, permits, fees, and fines	778,450	785,020	6,570	843,138
Charges for services:				
Rent and leases	62,800	70,246	7,446	121,407
Finance and Information Technology	108,531	124,567	16,036	114,108
Fire	725,100	776,271	51,171	756,102
Public works - Transfer facility	94,000	90,579	(3,421)	74,967
Parks and recreation	149,000	166,304	17,304	172,633
Bus service	243,681	309,666	65,985	250,052
Other	5,400	4,864	(536)	5,388
Education	77,350	77,350	-	114,136
Total charges for services	1,465,862	1,619,847	153,985	1,608,793
Unclassified:				
City clerk	15,000	18,770	3,770	19,467
Finance	15,000	21,581	6,581	23,919
Police	8,000	8,013	13	9,311
Fire	3,000	4,445	1,445	4,015
Planning and Code enforcement	2,750	3,941	1,191	2,845
Public works	29,000	45,251	16,251	35,409
Other	4,800	15,052	10,252	5,928
Education	38,000	54,571	16,571	54,414
Total unclassified	115,550	171,624	56,074	155,308
Interest earned	600,000	574,713	(25,287)	642,388
Total revenues	66,442,407	68,030,217	1,587,810	66,793,897

CITY OF SOUTH PORTLAND, MAINE
 General Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 For the year ended June 30, 2012
 (with comparative actual amounts for the year ended June 30, 2011)

	Budget	Actual	Variance positive (negative)	2011 Actual
Expenditures:				
Current:				
General government:				
City council	\$ 128,283	107,862	20,421	97,477
Executive	188,476	186,066	2,410	180,698
City clerk	214,166	212,704	1,462	209,138
Corporation council	189,541	155,297	34,244	127,684
Finance	936,894	932,180	4,714	898,993
Information technology	324,573	329,491	(4,918)	318,001
Planning	215,375	212,396	2,979	235,992
Human resources	264,798	264,565	233	227,378
City building	179,568	163,522	16,046	172,793
Citywide insurance and benefit costs	5,506,807	5,464,308	42,499	4,977,343
Total general government	8,148,481	8,028,391	120,090	7,445,497
Public safety:				
Police department	3,724,152	3,671,533	52,619	3,533,834
Fire department	4,356,313	4,334,466	21,847	4,256,730
Communications	705,134	684,487	20,647	659,109
Code enforcement	640,772	628,816	11,956	638,199
Civil service	12,510	11,947	563	4,728
Total public safety	9,438,881	9,331,249	107,632	9,092,600
Public works:				
Administration	171,125	159,848	11,277	167,792
Streets and sidewalks	1,710,171	1,535,523	174,648	1,715,790
Rubbish disposal	2,012,458	2,009,692	2,766	2,018,858
Public works garage	280,511	220,734	59,777	277,582
Transfer facility	234,330	211,864	22,466	219,837
Total public works	4,408,595	4,137,661	270,934	4,399,859
Culture:				
Main library	547,956	541,559	6,397	555,365
Branch library	91,582	97,841	(6,259)	73,527
Total culture	639,538	639,400	138	628,892
Parks and recreation:				
Administration	146,579	116,628	29,951	121,343
Parks	1,107,150	1,096,488	10,662	1,060,284
Pool	365,374	345,131	20,243	342,424
Recreation	739,655	736,312	3,343	719,273
Total parks and recreation	2,358,758	2,294,559	64,199	2,243,324
Total culture, parks, and recreation	2,998,296	2,933,959	64,337	2,872,216
Transportation and waterfront:				
Bus service	959,466	957,360	2,106	920,845
Waterfront	38,050	37,357	693	38,006
Total transportation and waterfront	997,516	994,717	2,799	958,851

CITY OF SOUTH PORTLAND, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(with comparative actual amounts for the year ended June 30, 2011)

	Budget	Actual	Variance positive (negative)	2011 Actual
Expenditures, continued:				
Current, continued:				
Health, welfare and social services				
Welfare:				
Administration	\$ 77,708	76,837	871	75,375
General assistance	296,250	193,578	102,672	239,836
Total welfare	373,958	270,415	103,543	315,211
Health	43,028	42,578	450	42,578
Total health, welfare and social services	416,986	312,993	103,993	357,789
Intergovernmental - County tax	2,072,476	2,072,476	-	2,058,577
Other:				
Contingency and abatement reserve	162,453	60,392	102,061	32,703
Total other	162,453	60,392	102,061	32,703
Education	37,693,072	37,001,532	691,540	35,913,762
Debt service (excluding education):				
Administration	6,000	1,600	4,400	3,614
Principal	925,165	925,161	4	898,765
Interest	213,239	214,482	(1,243)	247,590
Total debt service	1,144,404	1,141,243	3,161	1,149,969
Total expenditures	67,481,160	66,014,613	1,466,547	64,281,823
Excess (deficiency) of revenues over (under) expenditures	(1,038,753)	2,015,604	3,054,357	2,512,074
Other financing sources (uses):				
Budgeted use of surplus - City	1,486,543	-	(1,486,543)	-
Budgeted use of surplus - School	1,200,000	-	(1,200,000)	-
Refunding bonds issued and premium	-	9,584,150	9,584,150	-
Payment to refunded bonds escrow agent and fees	-	(9,516,956)	(9,516,956)	-
Transfers - in	560,014	560,038	24	615,259
Transfers - out	(2,207,804)	(2,682,734)	(474,930)	(3,302,436)
Total other financing sources (uses)	1,038,753	(2,055,502)	(3,094,255)	(2,687,177)
Net change in fund balance - budgetary basis	-	(39,898)	(39,898)	(175,103)
Reconciliation to GAAP basis:				
Change in encumbrances - City		140,912		(18,364)
Change in encumbrances - School		83,242		169,943
Change in reserves		(119,794)		407,627
Net change in fund balance - GAAP basis		64,462		384,103
Fund balance, beginning of year		21,971,759		21,587,656
Fund balance, end of year	\$	22,036,221		21,971,759

CITY OF SOUTH PORTLAND, MAINE
 General Fund - Education
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 For the year ended June 30, 2012
 (with comparative actual amounts for the year ended June 30, 2011)

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Revenues:				
Local assessment	\$ 34,063,256	34,063,256	-	33,729,699
State education subsidy	2,123,289	2,108,358	(14,931)	1,940,324
State agency client	175,000	161,197	(13,803)	319,277
Medicaid	220,000	80,664	(139,336)	48,607
Charges for services	77,350	77,350	-	114,136
Other	38,000	54,571	16,571	54,414
Total revenues	36,696,895	36,545,396	(151,499)	36,206,457
Expenditures:				
Current:				
Brown Elementary	1,531,264	1,567,838	(36,574)	1,475,284
Dyer Elementary	1,579,798	1,625,175	(45,377)	1,501,191
Kaler Elementary	1,226,636	1,175,078	51,558	1,190,521
Skillin Elementary	2,289,694	2,224,652	65,042	2,212,326
Small Elementary	1,673,916	1,716,622	(42,706)	1,612,344
Mahoney Middle School	2,269,009	2,179,093	89,916	2,303,380
Memorial Middle School	2,261,674	2,212,157	49,517	2,222,389
South Portland High School	5,968,944	5,789,693	179,251	5,858,339
K-12 instrumental music	106,636	111,019	(4,383)	95,738
6-12 athletics	628,510	603,954	24,556	599,197
Special education	7,420,222	7,178,346	241,876	6,732,696
Health	339,078	327,347	11,731	325,453
Board of education	295,844	133,918	161,926	106,722
Superintendent of schools	340,396	350,203	(9,807)	322,014
Assistant superintendent	1,670,092	1,589,978	80,114	1,571,982
Technology	548,287	685,480	(137,193)	583,020
Business office	963,507	959,400	4,107	735,691
Operations/maintenance	3,025,602	3,025,919	(317)	2,640,025
Transportation	1,240,899	1,232,596	8,303	1,246,064
Debt service:				
Principal	1,761,235	1,761,235	-	1,764,235
Interest	551,829	551,829	-	815,151
Total expenditures	37,693,072	37,001,532	691,540	35,913,762
Excess (deficiency) of revenues over (under) expenditures	(996,177)	(456,136)	540,041	292,695
Other financing sources (uses):				
Transfers - in	150,517	150,517	-	143,239
Transfers - out	(354,340)	(678,356)	(324,016)	(1,410,824)
Refunding Bonds issued and premium	-	9,584,150	9,584,150	-
Payments to refunded bonds escrow agent and fees	-	(9,516,956)	(9,516,956)	-
Budgeted use of surplus	1,200,000	-	(1,200,000)	-
Total other financing sources (uses)	996,177	(460,645)	(1,456,822)	(1,267,585)
Net change in fund balances - budgetary basis	-	(916,781)	(916,781)	(974,890)
Reconciliation to GAAP basis:				
Change in encumbrances		83,242		169,943
Change in reserves		199,371		(36,599)
Net change in fund balance - GAAP basis		(634,168)		(841,546)
Fund balance, beginning of year		5,918,192		6,759,738
Fund balance, end of year	\$	5,284,024		5,918,192

CITY OF SOUTH PORTLAND, MAINE
Reserves - General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Fund balance beginning of year	Revenues			Expenditures	Other financing sources (uses)	Fund balance end of year
		Other	Investment earnings	Transfers			
<u>City committed reserves:</u>							
1801	Equipment replacement	\$ 112,342	340	861	21,757	23,580	115,366
1803	Unemployment - City	66,818	-	416	35,143	30,000	62,091
1804	Self-Insurance - City	35,463	55,324	267	58,275	12,500	45,279
1805	Municipal facilities	48,950	2,500	290	25,040	(10,000)	16,700
1806	Safety reserve	73,871	58,546	661	2,413	-	130,665
1807	Computerization project	187,013	17,240	1,281	101,871	96,000	199,663
1809	Litigation - legal	94,263	-	714	5,142	33,000	122,835
1822	Communication equipment - police	56,570	-	448	-	2,600	59,618
1824	Body armor - police	10,050	-	-	-	(10,050)	-
1830	Fire	798,177	-	5,671	20,333	(388,000)	395,515
1834	Traffic improvements	29,275	-	216	-	(6,700)	22,791
1836	Public works equipment	42,385	3,667	306	-	(25,000)	21,358
1840	Snow removal	313,458	-	2,480	-	100,000	415,938
1845	Cummings Road sewer	204,237	-	1,616	-	-	205,853
1847	Bus	225,274	-	1,779	18,138	50,000	258,915
1850	Senior Property Tax Program	-	-	-	-	17,887	17,887
1861	Tax stabilization	1,032,354	-	8,157	-	(40,000)	1,000,511
1864	Call company retirement	64,698	-	-	-	-	64,698
1869	Energy efficient	48,593	57,742	-	86,987	-	19,348
1871	Solid waste	23,208	-	-	19,027	-	4,181
1872	Municipal buildings & land acq.	212,768	57,232	1,544	84,081	(26,435)	161,028
	Subtotal City committed reserves	3,679,767	252,591	26,707	478,207	(140,618)	3,340,240
<u>City assigned reserves:</u>							
1828	Vehicle replacement - police	58,895	34,294	-	1,165	-	92,024
1867	Phone system	90,042	-	-	1,542	21,600	110,100
1868	Compensated absences	2,399,137	-	-	169,318	150,000	2,379,819
2172	Outside OT - Police	-	138,156	-	134,319	-	3,837
2173	Outside OT - Fire	-	1,144	-	832	-	312
2176	Fuel Distribution	34,510	-	-	17,656	-	16,854
	Subtotal City assigned reserves	2,582,584	173,594	-	324,832	171,600	2,602,946
	Total City reserves	6,262,351	426,185	26,707	803,039	30,982	5,943,186
<u>School reserves:</u>							
0202	Restricted school reserve funds:						
	School consolidation	323,684	30	-	96	-	323,618
	School tech upgrade	529,891	-	-	17,050	300,000	812,841
	Unemployment - School	60,470	-	-	27,176	23,840	57,134
	School bus	506,923	-	-	-	-	506,923
	School resource officer	48,171	-	-	-	-	48,171
	School elementary	114,804	-	-	95,293	-	19,511
	School hold harmless	(8,938)	-	-	-	8,938	-
	Self-insurance - School	10,965	-	-	957	-	10,008
	Musical program	139,128	-	-	-	-	139,128
	Maintenance	626,200	-	-	130	-	626,070
	Adult education	20,000	-	-	-	-	20,000
	Student educational support	8,417	17,422	-	27,629	-	(1,790)
	Laptop repair	12,345	16,814	-	-	-	29,159
	Special Education	200,000	-	-	-	-	200,000
0456	School facility	83,142	-	658	-	-	83,800
	Total School reserves	2,675,202	34,266	658	168,331	332,778	2,874,573
	Total reserves	\$ 8,937,553	460,451	27,365	971,370	363,760	8,817,759

TIF FUNDS

This page left blank intentionally.

CITY OF SOUTH PORTLAND, MAINE
TIF Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	2501	2502	2503	2504	2505	2507	2508	2509	2510	
	Fairchild	National	One Wallace	Cummings						
	Semiconductor	Semiconductor	Avenue	Road	Long Creek	Brick Hill	Jared	Hannaford	Downtown	Total
Revenues:										
Taxes	\$ 288,071	1,317,645	59,750	81,093	174,609	317,801	19,779	141,685	-	2,400,433
State BETE revenue	944,803	-	-	-	-	-	-	-	-	944,803
Investment earnings	19,904	1,708	2,977	6,296	5,052	1,816	401	2,987	444	41,585
Total revenues	1,252,778	1,319,353	62,727	87,389	179,661	319,617	20,180	144,672	444	3,386,821
Expenditures:										
Current:										
Public Works	111,004	43,082	-	19,681	11,976	-	4,637	-	-	190,380
Other	144,035	1,054,116	6,067	-	94,777	171,755	-	-	-	1,470,750
Capital expenditures	-	-	-	-	-	-	-	-	-	-
Total expenditures	255,039	1,097,198	6,067	19,681	106,753	171,755	4,637	-	-	1,661,130
Excess (deficiency) of revenues over (under) expenditures	997,739	222,155	56,660	67,708	72,908	147,862	15,543	144,672	444	1,725,691
Other financing sources (uses):										
Transfers - out	(1,619,498)	(62,578)	-	(70,000)	(70,000)	(150,517)	(25,000)	(458,000)	(70,000)	(2,525,593)
Total other financing sources (uses)	(1,619,498)	(62,578)	-	(70,000)	(70,000)	(150,517)	(25,000)	(458,000)	(70,000)	(2,525,593)
Net change in fund balances	(621,759)	159,577	56,660	(2,292)	2,908	(2,655)	(9,457)	(313,328)	(69,556)	(799,902)
Fund balances, beginning of year	2,384,672	102,529	356,249	821,549	626,876	234,702	50,640	417,846	70,016	5,065,079
Fund balances, end of year	\$ 1,762,913	262,106	412,909	819,257	629,784	232,047	41,183	104,518	460	4,265,177

This page left blank intentionally.

CAPITAL PROJECT FUND

This page left blank intentionally.

CITY OF SOUTH PORTLAND, MAINE
Capital Projects
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Fund balance beginning of year	Revenues		Expenditures	Other financing sources (uses)		Fund balance end of year
		Other	Investment earnings		Issuance of debt	Transfers	
City capital projects:							
4008 Landfill closeout	\$ 17,657	-	116	11,778	-	-	5,995
4009 Transfer facility	112,486	-	890	-	-	-	113,376
4011 Paving	1,249,827	-	7,397	696,827	-	500,000	1,060,397
4012 Bug Light Park	1,446	-	-	-	-	-	1,446
4018 Chlorination/Dechlorinate	17,227	-	-	-	-	-	17,227
4038 City FY 01 projects	36,357	-	285	-	-	(1,667)	34,975
4040 East Broadway improvement	12,269	-	74	1,338	-	(10,931)	74
4044 Undesignated CIP projects	12,101	-	-	440	-	(3,325)	8,336
4045 City FY 03 projects	131,509	-	853	-	-	(119,425)	12,937
4047 City FY 04 projects	72,609	-	451	62,842	-	-	10,218
4049 City FY 05 projects	2,495	-	-	2,495	-	-	-
4051 City FY 06 projects	37,623	-	-	-	-	-	37,623
4053 City FY 07 projects	189,575	-	-	-	-	(178,690)	10,885
4055 City FY 08 projects	67,211	-	-	-	-	(25,000)	42,211
4056 City FY 09 projects	33,357	-	-	-	-	(11,357)	22,000
4061 Library CIP	76,700	-	-	3,627	-	30,000	103,073
4063 Police CIP	52,452	-	-	17,451	-	15,000	50,001
4064 Fire CIP	105,750	-	-	61,920	-	488,000	531,830
4072 Public works CIP	965,511	-	-	887,296	-	1,289,010	1,367,225
4077 Parks and recreation CIP	446,971	-	-	321,489	-	268,614	394,096
4080 Bus CIP	213,301	128,018	-	160,357	-	-	180,962
4081 Waterfront CIP	66,936	-	-	8,531	-	-	58,405
4151 Municipal buildings CIP	966,015	-	47	883,580	-	80,000	162,482
4155 Information technology CIP	135,763	-	-	17,117	-	-	118,646
4156 Planning CIP	37,688	-	-	37,943	-	27,500	27,245
Total City capital projects	5,060,836	128,018	10,113	3,175,031	-	2,347,729	4,371,665
School capital projects:							
0301 Major capital projects:							
ADA Buildings - School	31,468	-	-	-	-	-	31,468
High School Auditorium/Cafeteria	11,927	-	-	-	-	-	11,927
School FY 02 projects	326,276	-	2,265	-	-	-	328,541
0303 SPHS construction/renovation	252,493	1,050,000	6,007	3,290,111	32,642,580	1,900,000	32,560,969
0400 School FY 03 projects	191,082	-	1,512	-	-	-	192,594
0401 School FY 04 projects	198,761	-	1,573	-	-	-	200,334
0402 School FY 01 projects	218,586	-	1,730	-	-	-	220,316
0403 School FY 05 projects	60,636	-	480	-	-	-	61,116
0404 School FY 07 projects	44,022	-	-	-	-	-	44,022
0455 School FY 08 projects	26,409	-	-	-	-	-	26,409
0405 School FY 10 projects	2,971,738	-	36,862	-	-	(1,900,000)	1,108,600
0406 Energy savings projects	-	-	-	151,657	-	-	(151,657)
Total School capital projects	4,333,398	1,050,000	50,429	3,441,768	32,642,580	-	34,634,639
Total capital projects	\$ 9,394,234	1,178,018	60,542	6,616,799	32,642,580	2,347,729	39,006,304

This page left blank intentionally.

ALL OTHER GOVERNMENTAL FUNDS

This page left blank intentionally.

CITY OF SOUTH PORTLAND, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Investments	\$ 439,577	331,181	770,758
Due from other governments	1,412,767	-	1,412,767
Accounts receivable, net of allowance of \$3,445	28,975	-	28,975
Interfund loan receivable	2,565,143	-	2,565,143
Inventory	19,361	-	19,361
Total assets	\$ 4,465,823	331,181	4,797,004
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	181,059	-	181,059
Accrued liabilities	31,406	-	31,406
Accrued teachers' summer salaries	242,339	-	242,339
Total liabilities	454,804	-	454,804
Fund balances:			
Nonspendable	19,361	198,949	218,310
Restricted	1,903,524	132,232	2,035,756
Committed	2,199,643	-	2,199,643
Unassigned	(111,509)	-	(111,509)
Total fund balances	4,011,019	331,181	4,342,200
Total liabilities and fund balances	\$ 4,465,823	331,181	4,797,004

CITY OF SOUTH PORTLAND, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Taxes	\$ 20,000		20,000
Charges for services	1,470,418	-	1,470,418
Intergovernmental	6,480,148	-	6,480,148
Investment income	31,670	15,644	47,314
Other	700,827	-	700,827
Total revenues	8,703,063	15,644	8,718,707
Expenditures:			
General government	1,080,038	-	1,080,038
Public safety	737,318	-	737,318
Public works	420,812	-	420,812
Culture and recreation	912,791	-	912,791
Transportation and waterfront	18,028	-	18,028
Education	4,239,996	-	4,239,996
School lunch program	1,591,951	-	1,591,951
Other	-	1,679	1,679
Total expenditures	9,000,934	1,679	9,002,613
Excess (deficiency) of revenues over (under) expenditures	(297,871)	13,965	(283,906)
Other financing sources (uses):			
Transfers-in (out)	120,142	-	120,142
Total other financing sources (uses)	120,142	-	120,142
Net change in fund balances	(177,729)	13,965	(163,764)
Fund balances, beginning of year	4,188,748	317,216	4,505,964
Fund balances, end of year	\$ 4,011,019	331,181	4,342,200

NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor special revenue funds account for specific resources, the expenditure of which is restricted by law or administrative action for particular purposes.

This page left blank intentionally.

CITY OF SOUTH PORTLAND, MAINE
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 June 30, 2012

	Special Revenues				Total Nonmajor Special Revenue Funds
	City Special Revenues Fund	School Grant Funds	School Adult Education	School Lunch Fund	
ASSETS					
Investments	\$ 439,577	-	-	-	439,577
Due from other governments	438,717	876,406	-	97,644	1,412,767
Accounts receivable, net of allowance of \$3,445	28,975	-	-	-	28,975
Interfund loans receivable	2,315,169	182,700	5,239	62,035	2,565,143
Inventory	-	-	-	19,361	19,361
Total assets	\$ 3,222,438	1,059,106	5,239	179,040	4,465,823
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	102,448	25,133	72	53,406	181,059
Accrued liabilities	31,406	-	-	-	31,406
Accrued teachers' summer salaries	-	227,335	2,458	12,546	242,339
Total liabilities	133,854	252,468	2,530	65,952	454,804
Fund balances:					
Nonspendable	-	-	-	19,361	19,361
Restricted	990,679	816,409	2,709	93,727	1,903,524
Committed	2,199,643	-	-	-	2,199,643
Unassigned	(101,738)	(9,771)	-	-	(111,509)
Total fund balances	3,088,584	806,638	2,709	113,088	4,011,019
Total liabilities and fund balances	\$ 3,222,438	1,059,106	5,239	179,040	4,465,823

CITY OF SOUTH PORTLAND, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Special Revenues				Total Nonmajor Special Revenue Funds
	City Special Revenues Funds	School Grant Funds	School Adult Education	School Lunch Fund	
Revenues:					
Taxes	\$ -	-	20,000	-	20,000
Charges for services	869,197	-	-	601,221	1,470,418
Intergovernmental	1,988,805	3,866,521	7,115	617,707	6,480,148
Investment income	31,670	-	-	-	31,670
Other	277,329	422,323	1,175	-	700,827
Total revenues	3,167,001	4,288,844	28,290	1,218,928	8,703,063
Expenditures:					
Current:					
General government	1,080,038	-	-	-	1,080,038
Public safety	737,318	-	-	-	737,318
Public works	420,812	-	-	-	420,812
Culture and recreation	912,791	-	-	-	912,791
Transportation and waterfront	18,028	-	-	-	18,028
Education	-	4,212,612	27,384	-	4,239,996
School lunch program	-	-	-	1,591,951	1,591,951
Total expenditures	3,168,987	4,212,612	27,384	1,591,951	9,000,934
Excess (deficiency) of revenues over (under) expenditures	(1,986)	76,232	906	(373,023)	(297,871)
Other financing sources (uses):					
Transfers-in (out)	(231,412)	21,054	-	330,500	120,142
Total other financing sources and (uses)	(231,412)	21,054	-	330,500	120,142
Net change in fund balances	(233,398)	97,286	906	(42,523)	(177,729)
Fund balances, beginning of year	3,321,982	709,352	1,803	155,611	4,188,748
Fund balances, end of year	\$ 3,088,584	806,638	2,709	113,088	4,011,019

NONMAJOR PERMANENT FUNDS

Nonmajor 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.

This page left blank intentionally.

CITY OF SOUTH PORTLAND, MAINE
 Nonmajor Permanent Funds
 Combining Balance Sheet
 June 30, 2012

	7001	7002	7003	7004	7006	7007	7008	7009	
	Lillian Anderson Bequest	Lois V. Whitten Bequest	Reta Nappi Bequest	Virginia Boyd Bequest	Sandra Coolbroth Trust	Callahan Trust	Virginia Lewis Bequest	W.P. Adams Maintenance Liberty Ship Memorial	Total
ASSETS									
Investments	\$ 26,751	9,415	2,683	3,660	90,641	122,331	42,785	32,915	331,181
Interfund loans receivable	-	-	-	-	-	-	-	-	-
Total assets	\$ 26,751	9,415	2,683	3,660	90,641	122,331	42,785	32,915	331,181
LIABILITIES AND FUND BALANCES									
Liabilities:									
Interfund loans payable	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-
Fund balances:									
Nonspendable principal	16,406	5,430	1,566	3,150	52,238	70,502	24,657	25,000	198,949
Restricted	10,345	3,985	1,117	510	38,403	51,829	18,128	7,915	132,232
Total fund balances	26,751	9,415	2,683	3,660	90,641	122,331	42,785	32,915	331,181
Total liabilities and fund balances	\$ 26,751	9,415	2,683	3,660	90,641	122,331	42,785	32,915	331,181

CITY OF SOUTH PORTLAND, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	7001	7002	7003	7004	7006	7007	7008	7009	
	Lillian Anderson Bequest	Lois V. Whitten Bequest	Reta Nappi Bequest	Virginia Boyd Bequest	Sandra Coolbroth Trust	Callahan Trust	Virginia Lewis Bequest	W.P. Adams Maintenance Liberty Ship Memorial	Total
Revenues:									
Investment income:									
Interest income	\$ 872	307	87	119	2,953	3,987	1,394	1,073	10,792
Unrealized gain/(loss)	394	138	39	53	1,332	1,798	629	469	4,852
Donations	-	-	-	-	-	-	-	-	-
Total revenues	1,266	445	126	172	4,285	5,785	2,023	1,542	15,644
Expenditures:									
Other	135	47	13	19	458	619	216	172	1,679
Total expenditures	135	47	13	19	458	619	216	172	1,679
Net change in fund balances	1,131	398	113	153	3,827	5,166	1,807	1,370	13,965
Fund balances, beginning of year	25,620	9,017	2,570	3,507	86,814	117,165	40,978	31,545	317,216
Fund balances, end of year	\$ 26,751	9,415	2,683	3,660	90,641	122,331	42,785	32,915	331,181

PROPRIETARY FUNDS

This page left blank intentionally.

CITY OF SOUTH PORTLAND, MAINE
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget and Actual - Proprietary Fund
 For the year ended June 30, 2012

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 5,251,049	5,251,049	5,386,650	135,601
Interest and penalties	2,000	2,000	729	(1,271)
Licenses	56,582	56,582	48,998	(7,584)
Total operating revenues	5,309,631	5,309,631	5,436,377	126,746
Operating expenses:				
Administration	141,655	141,655	144,123	(2,468)
Treatment plant	965,388	965,388	916,998	48,390
Pump stations	517,750	517,750	482,107	35,643
Billing	195,270	195,270	192,748	2,522
Sewer maintenance	710,092	710,092	704,496	5,596
Engineering	167,428	167,428	164,259	3,169
Debt service	347,805	347,805	347,805	-
Compliance	88,786	88,786	82,242	6,544
Sludge disposal	349,492	349,492	321,045	28,447
Insurance	695,731	695,731	621,643	74,088
Total operating expenses	4,179,397	4,179,397	3,977,466	201,931
Operating income	1,130,234	1,130,234	1,458,911	328,677
Nonoperating revenues (expenses):				
Equipment reserve	(1,128,614)	(1,128,614)	(1,128,614)	-
Total nonoperating revenues (expenses)	(1,128,614)	(1,128,614)	(1,128,614)	-
Income before transfers	1,620	1,620	330,297	328,677
Transfers out	(1,620)	(1,620)	(1,296)	324
Total transfers	(1,620)	(1,620)	(1,296)	324
Change in net assets - budgetary basis	-	-	329,001	329,001
Reconciliation to GAAP basis:				
Revenues and expenditures in the reserve funds are included on the GAAP basis, but not the budgetary basis:				
Reserve revenues			30,143	
Reserve expenditures			(642,105)	
Transfers into reserves			1,128,614	
Transfers in from other funds			145,376	
Capital outlays are recorded as expenditures on the budgetary basis, but are capitalized and expensed over their useful life on the GAAP basis:				
Transfers in of capital assets			563,821	
Depreciation expense			(1,804,359)	
Transfers in from TIF Funds			1,672,578	
Repayment of bond principal is an expenditure on the budgetary basis, but reduces the long-term liability on the GAAP basis:				
Bond principal			332,102	
Change in accruals are recorded on the GAAP basis, but not on the budgetary basis:				
Interest expense			5,753	
Change in net assets - GAAP basis			1,760,924	
Net assets, beginning of year			59,180,149	
Net assets, end of year	\$		60,941,073	

This page left blank intentionally.

AGENCY FUNDS

This page left blank intentionally.

CITY OF SOUTH PORTLAND, MAINE
Statement of Changes in Assets and Liabilities
Fiduciary Funds
Agency Funds
For the Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Cash and cash equivalents	\$ 107,843	223,195	226,753	104,285
Total assets	107,843	223,195	226,753	104,285
LIABILITIES				
Due to others	107,843	223,195	226,753	104,285
Total liabilities	\$ 107,843	223,195	226,753	104,285

This page left blank intentionally.

SCHEDULES

This page left blank intentionally.

CITY OF SOUTH PORTLAND, MAINE
City Special Revenues
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

		Fund balance beginning of year	Revenues		Expenditures	Transfers	Fund balance end of year
			Inter- governmental	Other			
General Government:							
Federal grants:							
2115	CDBG - Entitlement Community	\$ 21,901	629,674	-	619,769	-	31,806
2155	Housing Revolving Loan	64,226	-	53	-	-	64,279
2193	Energy Efficiency and Conservation	(503)	60,792	-	60,289	-	-
State grants:							
2031	Watershed Plan	(1,249)	15,971	-	15,971	-	(1,249)
2055	Comprehensive Planning Grant	(39)	-	-	-	39	-
2138	Greater Portland Public Development	51,841	-	132	-	-	51,973
2154	Land Use Regulation Grant	233	-	-	-	-	233
Other:							
2008	Restoration of Records	1,251	-	-	-	-	1,251
2042	Business Development Revolving Loan	57,846	-	-	-	-	57,846
2044	City Hall Water & Soda	440	-	4	184	-	260
2053	Wallace Avenue Directional	2,143	-	16	-	-	2,159
2057	Downeast Energy Traffic Improvement	4,599	-	37	-	-	4,636
2058	NE Audio/Tweeter Sidewalks	9,761	-	77	-	-	9,838
2067	Toys "R" Us Sidewalks	10,215	-	80	-	-	10,295
2088	SPCTV	612,806	-	195,808	177,343	(6,191)	625,080
2094	Gannett Traffic Signal Escrow	25,120	-	199	-	-	25,319
2097	Wellness Committee	725	6,600	360	7,013	-	672
2099	Gannett Drive Wagner Escrow	6,080	-	-	6,057	(23)	-
2108	Longhorn Steakhouse Escrow	18,120	-	143	-	-	18,263
2114	Sawyer/Broadway Intersection	5,532	-	44	-	-	5,576
2120	Evan/Highland Toddle Inn Escrow	22,189	-	177	-	-	22,366
2129	Westbrook/Western Escrow	1,170	-	1,215	-	-	2,385
2136	Knightville/Mill Creek Plan	7,981	-	-	-	-	7,981
2139	Brickhill Traffic Escrow	1,159	-	9	-	-	1,168
2146	Heating Assistance	13,581	-	4,408	348	-	17,641
2149	Westbrook/South Portland Assessing	2	185,004	-	182,945	(216)	1,845
2161	War Memorial	350	-	275	-	-	625
2165	Freshwater Wetland Fund	83,833	-	1,832	2,799	-	82,866
2169	John Roberts Road Escrow	1,500	-	600	-	-	2,100
2179	Land Bank Trust	421,193	-	20,640	7,320	35,000	469,513
2188	Longcreek Tragedy Memorial	237	-	-	-	-	237
2190	LID Manual	(4,826)	-	-	-	-	(4,826)
Total General Government		1,439,417	898,041	226,109	1,080,038	28,609	1,512,138

CITY OF SOUTH PORTLAND, MAINE
City Special Revenues
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

		Fund balance beginning of year	Revenues		Expenditures	Transfers	Fund balance end of year
			Inter- governmental	Other			
Public Safety:							
Federal grants:							
2023	OUI Grant	918	-	-	-	-	918
2050	Asset Forfeiture - Federal	1,846	498	15	1,224	-	1,135
2064	Seat Belt Enforcement Grant	2,237	-	-	-	-	2,237
2089	Cops Hiring	-	24,684	-	24,684	-	-
2102	Body Armor	(2,846)	7,679	-	18,133	13,300	-
2121	Supplemental Homeland Security	(20,361)	456,013	-	442,839	7,187	-
2125	County Hazmat Grant	(1,225)	16,647	-	8,521	-	6,901
2126	State Hazmat Grant	3,172	-	-	-	-	3,172
2151	Justice Assistance Grant	(264)	107,084	-	98,888	-	7,932
2160	Speed Enforcement	(1,754)	15,148	-	10,924	-	2,470
2167	Underage Drinking Enforcement	(1,968)	7,881	-	4,986	-	927
2181	Language Access New America	1,711	-	-	-	-	1,711
State grants:							
2049	Asset Forfeiture - State	45,216	8,514	313	30,099	-	23,944
2192	Maine Investigative Agent	(919)	79,034	-	79,093	-	(978)
Other:							
2009	Officer Friendly	600	-	975	792	-	783
2018	Hazardous Materials	89,354	-	-	-	-	89,354
2086	Police Donations	4,888	500	2,700	4,020	-	4,068
2107	Tobacco Cessation	9,216	-	2,901	1,199	-	10,918
2142	SP Police Youth Program	12,476	-	1,925	3,064	-	11,337
2174	Fire Donation	8,320	-	568	3,016	-	5,872
2178	Outside OT - Code Enforcement	5,041	-	-	-	-	5,041
2182	Compliance Check	970	-	-	-	-	970
2186	County Underage Drinking Enforcement	2,980	8,520	-	5,836	-	5,664
2194	Fire Training	3,141	5,800	-	-	-	8,941
Total Public Safety		162,749	738,002	9,397	737,318	20,487	193,317

CITY OF SOUTH PORTLAND, MAINE
City Special Revenues
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

		Fund balance beginning of year	Revenues		Expenditures	Transfers	Fund balance end of year
			Inter- governmental	Other			
Public Works:							
Federal grants:							
2096	FEMA Disaster Relief	\$ 154,253	-	-	23,426	-	130,827
2191	Safer Routes to Schools	4,018	-	-	-	-	4,018
State grants:							
2046	State Aid Highway Block Grant	429,470	351,262	3,529	169,741	(323,611)	290,909
Other:							
2024	Recycling	2,406	-	762	394	-	2,774
2082	Street Openings	189,331	-	88,659	70,982	(108)	206,900
2084	Sewer Impact	504,384	-	26,372	156,269	-	374,487
Total Public Works		1,283,862	351,262	119,322	420,812	(323,719)	1,009,915
Culture and Recreation:							
Other:							
2035	Tree Fund	-	-	300	-	-	300
2037	Debevoise Tennis Court	1,426	-	701	-	-	2,127
2056	Library Donations	35,264	-	1,878	388	-	36,754
2071	Golf Course	201,277	-	191,003	217,786	(35,664)	138,830
2072	Recreation	(71,805)	-	548,126	648,940	78,875	(93,744)
2073	Donations to Parks and Recreation	52,303	-	11,338	3,431	-	60,210
2076	Art in the Park	33,732	-	23,925	27,517	-	30,140
2106	Friends of Maine Libraries	36	-	-	45	9	-
2109	Bug Light Beautification	1,326	-	-	2,267	-	(941)
2116	Ge Erskine Park	1,987	-	-	-	-	1,987
2152	Friends of South Portland Libraries	719	-	12,000	12,417	(9)	293
2189	Communities Promoting Health	575	-	-	-	-	575
Total Culture and Recreation		256,840	-	789,271	912,791	43,211	176,531
Transportation and Waterfront:							
Federal grants:							
2041	Section 9 Capital	21,436	-	-	-	-	21,436
2093	Rural Transit Assistance Grant	1,530	1,500	-	747	-	2,283
State grants:							
2133	Small Harbor Improvement Program	4,894	-	-	-	-	4,894
Other:							
2074	Boat Ramp	-	-	12,702	13,625	923	-
2075	Portland Street Pier	151,254	-	21,149	2,713	(1,620)	168,070
2117	Thomas Knight Boat Landing	-	-	246	943	697	-
Total Transportation and Waterfront		179,114	1,500	34,097	18,028	-	196,683
Total city special revenues		\$ 3,321,982	1,988,805	1,178,196	3,168,987	(231,412)	3,088,584

CITY OF SOUTH PORTLAND, MAINE
School Grant Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Fund balance beginning of year	Revenues	Expenditures	Transfers	Fund balance end of year
Federal Grants:					
0020 ARRA - Stabilization Fund	\$ 881	981,777	982,658	-	-
0046 ARRA - Maine Care	25,502	-	25,502	-	-
0050 ARRA - Local Entitlement	-	21,900	21,900	-	-
0051 ARRA - Preschool	-	1,448	1,448	-	-
0230 Title IA - Disadvantaged	-	519,219	519,219	-	-
0231 Title I - Program Improvement	3,109	53,415	56,524	-	-
0242 Smaller Learning Communities	-	11,068	11,068	-	-
0247 Local Entitlement	-	684,569	684,569	-	-
0251 Preschool Grant	675	2,320	2,995	-	-
0259 Second Language Program	(19,018)	16,000	16,000	19,018	-
0263 21st Century Grant	-	129,592	151,071	21,479	-
0264 Title V	(2)	-	-	-	(2)
0268 Title III - Language Acquisition	14,242	22,569	36,811	-	-
0270 Title II A - Improving Teacher Quality	14,088	123,591	123,591	-	14,088
0275 Elementary School Program	500	-	-	-	500
0295 Adult Basic Education	-	18,336	18,336	-	-
0299 Education Jobs Bill	-	1,245,036	1,245,036	-	-
Total federal grants	39,977	3,830,840	3,896,728	40,497	14,586
State Grants:					
0216 MMSA Cooperating School	2,704	-	-	-	2,704
0220 MSLN Grant	68,001	-	-	-	68,001
0221 Health & Wellness Grants:					
Health & Wellness	420	-	-	-	420
Dental Study	3,427	-	-	-	3,427
Action for Healthy Kids	10	-	-	-	10
Integrated Youth Health Survey	300	-	-	-	300
0224 Partners in Arts & Learning	735	-	-	-	735
0225 Reading Recovery	1,248	-	-	-	1,248
0226 Learning Results	(405)	-	-	-	(405)
0228 Art Department Grant	2,000	-	-	-	2,000
0229 State Agency Clients	22,853	-	5,771	-	17,082
0284 E-Rate	83,290	35,681	62,749	-	56,222
Total state grants	184,583	35,681	68,520	-	151,744
Local Grants and Other Special Funds:					
0200 SPHS Auditorium:					
SPHS Auditorium	86,399	12,800	7,224	-	91,975
Elaine Wolfson Memorial	1,158	-	-	-	1,158
0201 Local SPHS:					
High School Musical	10,475	30,176	17,953	-	22,698
High School Aspirations	18,522	13,100	14,485	-	17,137
SPHS Friends	8,859	-	1,646	-	7,213
SPHS Class of 1940	100	-	-	-	100
Readiness Partnership	178	-	-	-	178

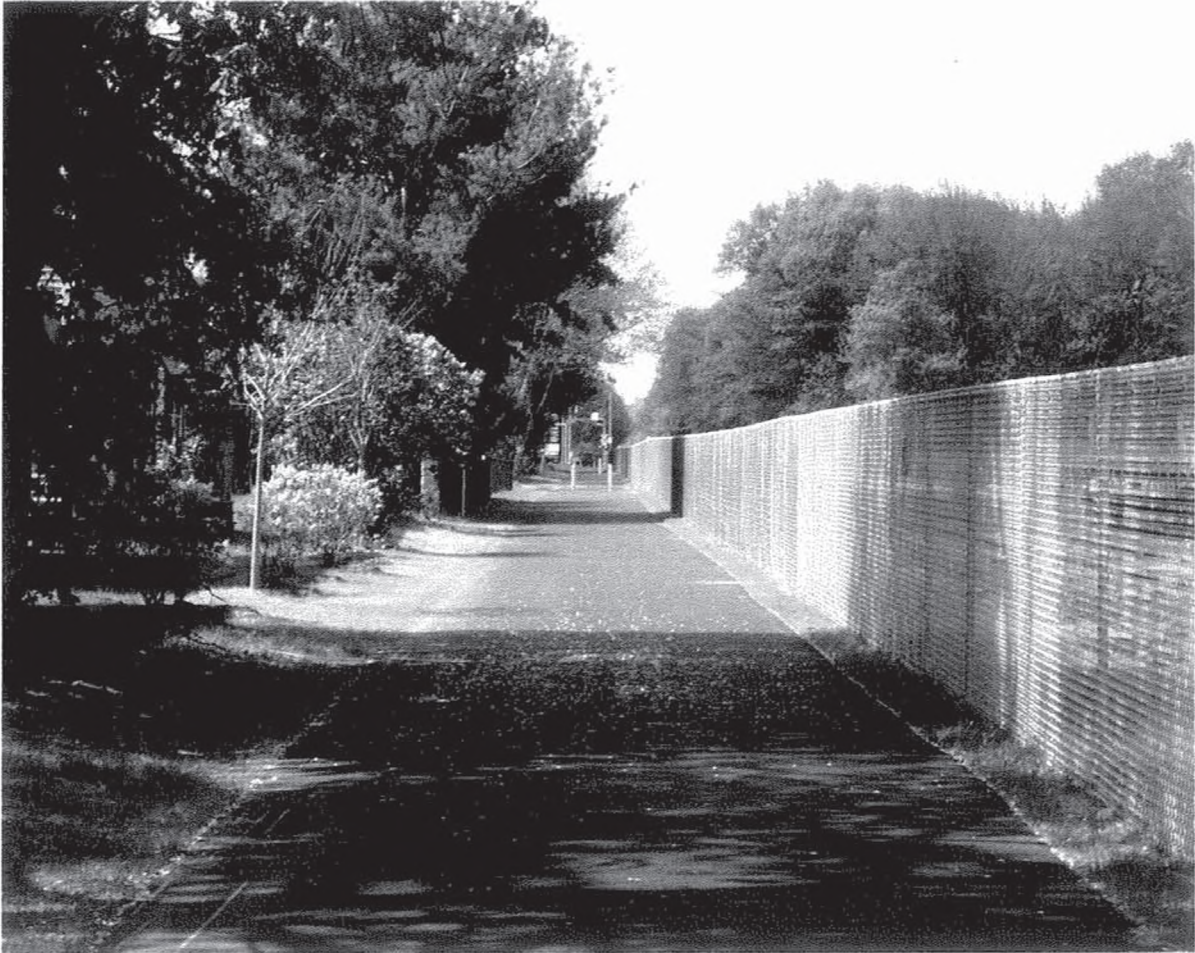
CITY OF SOUTH PORTLAND, MAINE
School Grant Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

		Fund balance beginning of year	Revenues	Expenditures	Transfers	Fund balance end of year
Local Grants and Other Special Funds, Continued:						
0203	Primary Books	\$ 7,906	-	3,096	-	4,810
0204	Local Grants:					
	Memorial Tech Grant Koelker	(1,237)	-	-	-	(1,237)
	National Semiconductor (Morneault)	174	-	-	-	174
	National Semiconductor (Brown)	(3,683)	-	-	-	(3,683)
	National Semiconductor (Stem Grant)	75,000	76,000	61,407	-	89,593
	Innovative Idea (Thurlow)	1,558	-	-	-	1,558
	Summer Music (Memorial)	1,680	340	781	-	1,239
	Kids Consortium Memorial	477	-	-	-	477
	Memorial Friends	(247)	9,121	2,247	-	6,627
	Cohen Foundation - Pre-school	-	50,000	50,000	-	-
	Great Bay Foundation - Kaler	-	125,000	-	-	125,000
	Target Kaler Prof. Development Grant	-	4,000	-	-	4,000
	Girls Leadership Initiative	31	-	-	-	31
	Donations	1,513	3,600	-	-	5,113
	Transition Books	1,996	1,200	1,658	-	1,538
0205	Local Boosters:					
	Baseball Boosters	500	-	-	-	500
	Hockey Boosters	(3,931)	-	-	-	(3,931)
	Lacrosse Club Boys	2,625	-	-	-	2,625
	Lacrosse Club Girls	3,861	-	-	-	3,861
	MSSPA Playoffs	3,657	4,750	2,610	-	5,797
	Johnson Athletic	2,891	-	-	15,078	17,969
0206	Southern Maine (LCA) Project	(721)	1,173	315	-	137
0207	Dyer Friends	79	-	-	-	79
0208	Staff Computer Training	(476)	-	-	-	(476)
0209	Future Builders/Summer School	17,252	16,965	19,504	-	14,713
0211	Robotics	5,000	42,648	47,685	-	(37)
0212	21st Century Donations	214,798	21,182	2,208	(40,496)	193,276
0213	Quest	7,551	-	-	-	7,551
0214	Skillin Local:					
	Skillin Playground	655	-	-	-	655
	Friends Skillin Library	559	6,328	5,198	-	1,689
	Skillin Natural Science	925	650	1,120	-	455
	Skillin Friends	228	-	-	-	228
0215	Gates Teacher Leader Grant	1,500	-	-	-	1,500
0217	Art Donations	150	785	78	-	857
0218	Small Friends	88	-	-	-	88
0219	Local Friends Grants:					
	Brown Friends	1,620	350	-	-	1,970
	Mary F Marsh Book	5,401	250	-	-	5,651
	Mahoney Friends	276	-	-	-	276
	Kaler Friends	1,295	170	160	-	1,305
0222	Special Education Access Channel	7,100	-	6,235	5,975	6,840
0227	Teamwork for Kids - Fallon	1,000	-	-	-	1,000
0615	Adult Ed Enrichment	50	1,735	1,754	-	31
Total local grants and other special funds		484,792	422,323	247,364	(19,443)	640,308
Total		\$ 709,352	4,288,844	4,212,612	21,054	806,638

CITY OF SOUTH PORTLAND, MAINE
Private-purpose Trust Funds
Combining Schedule of Changes in Fiduciary Net Assets
For the year ended June 30, 2012

	Net assets beginning of year	Additions			Deductions	Net assets end of year
		Donations/ other	Interest income	Realized and Unrealized gain (loss)		
Private-purpose trusts:						
0801 Dora Small Trust	\$ 8,899	-	303	137	47	9,292
0803 Lewis Trust (School)	1,496,681	-	51,116	21,298	46,243	1,522,852
0804 Alley Scholarship	11,449	-	389	169	313	11,694
0805 Davidson Scholarship	4,967	-	169	73	228	4,981
0806 Elliot Scholarship	7,466	-	254	110	241	7,589
0807 Friese Scholarship	6,527	-	222	98	235	6,612
0808 Harvie Scholarship	5,267	-	183	78	130	5,398
0809 Naylor Scholarship	5	-	-	-	-	5
0810 Norwood Scholarship	(4,200)	52,863	1,175	(1,237)	1,500	47,101
0811 Reynolds Scholarship	73	-	2	1	-	76
0812 Robinson Scholarship	30	-	1	-	-	31
0813 Schwartz Scholarship	792	-	27	11	4	826
0814 Smart Scholarship	18,336	2,115	636	282	1,595	19,774
0815 Super Runion Scholarship	8,046	-	274	118	245	8,193
0816 Wiggin Scholarship	8,729	-	297	128	248	8,906
0817 Paul Fiore Scholarship	6,063	-	206	91	33	6,327
0818 John Millington Scholarship	13,574	-	492	193	477	13,782
0819 Stu Brown Scholarship	76	-	1	-	-	77
0820 William Linskey Memorial	11,160	-	379	158	563	11,134
0821 SPSHS Recycle Club Scholarship	1	-	-	-	-	1
0822 Governor's Restaurant Scholarship	3	-	-	-	-	3
0823 Book Trust	2,646	-	90	40	214	2,562
0824 Eagles Association Scholarship	1	-	-	-	-	1
0825 Sherrie Libby Scholarship	9,426	-	320	138	452	9,432
0826 Gustaf W Johnson Scholarship	595,438	-	20,380	8,465	15,810	608,473
0827 A Varanelli Scholarship	4,144	-	137	35	1,096	3,220
0828 Downing Scholarship	7,521	-	256	136	32	7,881
0829 Robert Graff Scholarship	2,506	-	73	53	7	2,625
0830 Rosella Loveitt Trust	2,524	-	86	47	210	2,447
0831 Deveboise Scholarship	17,577	-	139	-	139	17,577
0832 TJ Michaud	317	-	2	-	-	319
0833 Walker Scholarship	2,185	1,040	18	-	1,000	2,243
0834 Burton Scholarship	-	1,000	-	-	1,000	-
7506 Eleanor Hatch Trust	14,270	-	485	219	75	14,899
Total private-purpose trusts	\$ 2,262,499	57,018	78,112	30,841	72,137	2,356,333

STATISTICAL SECTION



STATISTICAL SECTION

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

Contents

Tables

Financial Trends

1-5

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

6-11

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

12-14

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

15-16

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

17-19

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

This page left blank intentionally.

CITY OF SOUTH PORTLAND, MAINE
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 59,716,644	\$ 49,299,478	\$ 56,427,912	\$ 53,045,309	\$ 60,871,026	\$ 61,842,283	\$ 62,710,640	\$ 58,877,233	\$ 65,465,039	\$ 68,914,663
Restricted	21,435,671	9,034,497	7,551,453	5,580,125	6,789,992	5,617,965	5,231,382	20,519,257	16,473,151	11,783,906
Unrestricted	8,069,035	23,169,347	20,446,568	28,131,091	21,778,559	27,506,644	28,222,514	14,161,211	14,713,818	17,843,882
Total governmental activities net assets	\$ 89,221,350	\$ 81,503,322	\$ 84,425,933	\$ 86,756,525	\$ 89,439,577	\$ 94,966,892	\$ 96,164,536	\$ 93,557,701	\$ 96,652,008	\$ 98,542,451
Business-type activities										
Invested in capital assets, net of related debt	\$ 33,681,135	\$ 47,372,868	\$ 46,517,541	\$ 46,845,715	\$ 47,074,503	\$ 46,308,755	\$ 46,316,298	\$ 45,994,633	\$ 47,843,440	\$ 49,501,248
Restricted	29,114	46,402	25,857	-	16,387	59,260	3,695,284	9,527,765	6,884,009	5,877,132
Unrestricted	5,467,551	6,234,019	7,043,102	7,443,111	7,459,989	7,982,872	5,484,960	4,297,811	4,452,700	5,562,693
Total business-type net assets	\$ 39,177,800	\$ 53,653,289	\$ 53,586,500	\$ 54,288,826	\$ 54,550,879	\$ 54,350,887	\$ 55,496,542	\$ 59,820,209	\$ 59,180,149	\$ 60,941,073
Primary government										
Invested in capital assets, net of related debt	\$ 93,397,779	\$ 96,672,346	\$ 102,945,453	\$ 99,891,024	\$ 107,945,529	\$ 108,151,038	\$ 109,026,938	\$ 104,871,866	\$ 113,308,479	\$ 118,415,911
Restricted	21,464,785 (a)	9,080,899	7,577,310	5,580,125	6,806,379	5,677,225	8,926,666	30,047,022	23,357,160	17,661,038
Unrestricted	13,536,586 (a)	29,403,366	27,489,670	35,574,202	29,238,548	35,489,516	33,707,474	18,459,022	19,166,518	23,406,575
Total primary government net assets	\$ 128,399,150	\$ 135,156,611	\$ 138,012,433	\$ 141,045,351	\$ 143,990,456	\$ 149,317,779	\$ 151,661,078	\$ 153,377,910	\$ 155,832,157	\$ 159,483,524

(a) For fiscal year 2004, the City of South Portland changed accounting for restricted versus unrestricted.

CITY OF SOUTH PORTLAND, MAINE
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General government	\$ 7,573,487	\$ 6,368,109	\$ 7,145,994	\$ 8,131,168	\$ 7,858,530	\$ 8,751,896 (e)	\$ 9,495,321 (g)	\$ 9,688,052	\$ 9,760,459 (h)	\$ 10,384,706
Public safety	7,842,615	7,812,767	8,971,803	9,316,207	9,752,130	10,932,053 (e)	10,957,606	11,199,775	11,475,123	11,883,029
Public works	9,172,222	6,904,028	8,150,388	8,636,981	8,098,520	8,471,162	10,588,187 (f)	8,857,599	7,919,091	7,333,922
Culture and recreation	3,690,004	3,912,896	3,958,526	4,064,565	4,164,619	4,385,614	4,508,966	4,118,351	4,271,160	4,349,852
Transportation and waterfront	1,291,565	927,882	1,349,357	1,160,373	1,138,742	1,206,499	1,240,071	1,114,584	1,100,308	1,220,037
Health, welfare and social services	264,650	312,407	290,835	304,135	364,539	365,874	411,092	422,295	346,737	321,795
Education	32,680,136	34,788,496	36,933,609	38,632,642	40,004,828	40,404,346	42,048,840	43,115,348	43,299,040	43,451,415
School lunch	971,541	1,016,272	989,814	1,019,946	1,083,170	1,508,487	1,537,754	1,471,687	1,471,687	1,591,951
Intergovernmental	1,769,580	1,884,150	1,888,324	1,916,839	1,916,991	- (e)	-	-	-	-
Other (a)	2,646,626	96,591	58,757	38,262	45,863	95,030	-	-	-	-
Interest on debt service	1,293,474	1,343,881	1,676,693	1,416,593	1,300,155	1,199,352	1,131,499	1,018,182	1,020,873	853,840
Capital maintenance expenses	3,162,797	436,400	2,577,522	1,397,328	895,800	-	-	-	-	-
Total governmental activities expenses	72,358,697	65,803,879	73,991,622	76,035,039	76,623,887	77,320,313	81,919,336	81,005,873	80,664,478	81,390,547
Business-type activities:										
Sewer	4,551,934	4,732,418	4,835,619	5,195,059	5,039,723	5,269,243	5,385,925	5,588,572	5,721,362	5,632,254
Total business-type activities expenses	4,551,934	4,732,418	4,835,619	5,195,059	5,039,723	5,269,243	5,385,925	5,588,572	5,721,362	5,632,254
Total primary government expenses	\$ 76,910,631	\$ 70,536,297	\$ 78,827,241	\$ 81,230,098	\$ 81,663,610	\$ 82,589,556	\$ 87,305,261	\$ 86,594,445	\$ 86,385,840	\$ 87,022,801
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 464,199	\$ 223,890	\$ 215,067	\$ 204,337	\$ 267,501	\$ 394,785	\$ 451,215	\$ 460,562	\$ 291,417	\$ 305,479
Public safety	1,244,363	905,122	1,066,820	1,145,692	1,626,374	1,663,068	1,297,109	1,281,955	1,222,605	1,188,407
Public works	325,211	118,844	123,906	120,624	124,318	288,339	251,918	227,948	76,690	200,634
Culture and recreation	838,092	845,778	852,827	876,989	888,205 (d)	967,556	961,885	1,026,341	945,933	923,531
Transportation and waterfront	239,863	167,314	158,990	168,988	182,179	239,178	254,240	249,769	285,060	393,663
Health, welfare and social services	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	104,088	94,400	114,136	119,035
School lunch program	13,969	588,725	584,481	642,172	618,742	677,501	666,218	617,646	559,536	559,536
Other activities	450,510	-	-	-	-	-	-	-	-	-
Operating grants and contributions	7,817,923	10,232,481	11,708,167	12,522,647	12,844,817	12,534,281	13,129,038	13,495,633	11,296,237	12,254,487
Capital grants and contributions	365,484	616,700	510,698	527,922	524,503	427,728	666,143	438,734	1,888,618	479,280
Total governmental activities program revenues	11,759,614	13,698,854	15,220,956	16,209,371	17,076,639	17,192,436	17,781,854	17,892,988	16,680,232	16,424,052
Business-type activities:										
Charges for services:										
Sewer	4,611,842	4,393,554	4,704,910	4,702,081	4,712,656	4,830,444	4,828,439	4,934,609	5,397,938	5,436,377
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	175,000	-	207,671	63,392	110,000
Total business-type activities program revenues	4,611,842	4,393,554	4,704,910	4,702,081	4,712,656	5,005,444	4,828,439	5,142,280	5,461,330	5,546,377
Total primary government program revenues	\$ 16,371,456	\$ 18,092,408	\$ 19,925,866	\$ 20,911,452	\$ 21,789,295	\$ 20,871,646	\$ 22,610,293	\$ 23,035,268	\$ 22,141,562	\$ 21,970,429

CITY OF SOUTH PORTLAND
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expense)/revenue										
Governmental activities	\$ (60,599,083)	\$ (52,105,025)	\$ (58,770,666)	\$ (59,825,668)	\$ (59,547,248)	\$ (60,127,877)	\$ (64,137,482)	\$ (63,112,885)	\$ (63,984,246)	\$ (64,966,495)
Business-type activities	59,908	(338,864)	(130,709)	(492,978)	(327,067)	(263,799)	(557,486)	(446,292)	(260,032)	(85,877)
Total primary government net (expense)/revenue	<u>\$ (60,539,175)</u>	<u>\$ (52,443,889)</u>	<u>\$ (58,901,375)</u>	<u>\$ (60,318,646)</u>	<u>\$ (59,874,315)</u>	<u>\$ (60,391,676)</u>	<u>\$ (64,694,968)</u>	<u>\$ (63,559,177)</u>	<u>\$ (64,244,278)</u>	<u>\$ (65,052,372)</u>
General Revenues and other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 49,627,579	\$ 49,348,535	\$ 51,026,917	\$ 50,720,084	\$ 51,914,401	\$ 54,792,790	\$ 55,427,763	\$ 54,915,627	\$ 55,589,394	\$ 57,176,484
Motor vehicle excise tax	3,854,073	3,847,112	3,916,469	4,044,271	4,161,209	4,778,818	4,989,942	4,076,731	4,942,156	5,037,900
Cable television franchise	107,600	108,000	108,000	125,934	148,000	167,000	167,000	175,000	180,000	185,000
Unrestricted grants and contributions	2,099,373	2,607,591	2,879,068	2,663,615	2,492,697	2,799,221	3,656,803	4,140,782	4,234,142	4,244,228
Miscellaneous	(b) 3,550,133	2,378,322	2,810,310	3,688,724	2,037,648	(d) 971,453	1,503,264	976,023	1,224,520	1,400,096
Gain (Loss) on sale of assets/property	339,088	(117,565)	47,088	498,154	(97,456)	2,000	-	-	289,956	(121,631)
Interest and investment earnings	1,145,075	1,020,909	935,274	1,516,896	1,920,809	2,077,877	1,247,382	948,180	829,187	751,519
Transfers	309,550	(c) (14,805,907)	(29,849)	(1,101,418)	(440,027)	66,033	(1,657,028)	(4,726,293)	(210,802)	(1,816,658)
Total governmental activities	<u>\$ 61,032,471</u>	<u>\$ 44,386,997</u>	<u>\$ 61,693,277</u>	<u>\$ 62,156,260</u>	<u>\$ 62,137,281</u>	<u>\$ 65,655,192</u>	<u>\$ 65,335,126</u>	<u>\$ 60,506,050</u>	<u>\$ 67,078,553</u>	<u>\$ 66,856,938</u>
Business-type activities:										
Interest and investment earnings	75,486	8,446	34,071	99,484	149,093	110,957	46,113	43,666	30,537	30,143
Gain (Loss) on sale of assets/property	-	-	-	(5,598)	-	-	-	-	(621,367)	-
Transfers	(309,550)	(c) 14,805,907	29,849	1,101,418	440,027	(47,150)	1,657,028	4,726,293	210,802	1,816,658
Total business-type activities	<u>(234,064)</u>	<u>14,814,353</u>	<u>63,920</u>	<u>1,195,304</u>	<u>589,120</u>	<u>63,807</u>	<u>1,703,141</u>	<u>4,769,959</u>	<u>(380,028)</u>	<u>1,846,801</u>
Total primary government	<u>\$ 60,798,407</u>	<u>\$ 59,201,350</u>	<u>\$ 61,757,197</u>	<u>\$ 63,351,564</u>	<u>\$ 62,726,401</u>	<u>\$ 67,045,233</u>	<u>\$ 67,038,267</u>	<u>\$ 65,276,009</u>	<u>\$ 66,698,525</u>	<u>\$ 68,703,739</u>
Change in Net Assets										
Governmental activities	\$ 433,388	\$ (7,718,028)	\$ 2,922,611	\$ 2,330,592	\$ 2,590,033	\$ 5,527,315	\$ 1,197,644	\$ (2,606,835)	\$ 3,094,307	\$ 1,890,443
Business-type activities	(174,156)	14,475,489	(66,789)	702,326	262,053	(199,992)	1,145,655	4,323,667	(640,060)	1,760,924
Total primary government	<u>\$ 259,232</u>	<u>\$ 6,757,461</u>	<u>\$ 2,855,822</u>	<u>\$ 3,032,918</u>	<u>\$ 2,852,086</u>	<u>\$ 5,327,323</u>	<u>\$ 2,343,299</u>	<u>\$ 1,716,832</u>	<u>\$ 2,454,247</u>	<u>\$ 3,651,367</u>

(a) Maine Public Employees Retirement school payment is included in Other Expenses.

(b) Rent, Leases and one time cost adjustment to asset.

(c) The business-type activities transfer was a result of sewer pipe infrastructure entered into Public Works, but should have been attributed to Water Resource Protection.

(d) Certain recreation charges for services have been reclassified from previously recorded miscellaneous receipts to properly reflect their classification.

(e) Intergovernmental expenditures relating to County Tax have been reclassified to general government and public safety starting in Fiscal year 2008 to better reflect the function of those expenses. No restatement for county tax has been made for years prior to fiscal year 2008.

(f) Fiscal year 2009 public works includes a one time contribution towards a state road interchange project of \$2,050,000.

(g) Fiscal year 2009 was the first year of GASB #45 which includes the recognition of the annual required contribution for other post employment benefits.

(h) Fiscal years 2009 and 2010 have been restated to correct an actuarial error in the calculation of OPEB liability.

CITY OF SOUTH PORTLAND, MAINE
 Program Revenues by Function/Program
 Last Ten Fiscal Years
 (accrual basis of accounting)

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General government	\$ 984,073	\$ 435,660	\$ 980,761	\$ 740,808	\$ 675,933	\$ 551,765	\$ 1,223,949	\$ 1,088,768	\$ 1,023,181	\$ 1,203,520
Public safety	1,375,139	1,086,032	1,584,300	1,839,285	2,391,416	1,984,122	1,790,751	1,825,941	2,370,744	1,987,659
Public works	476,323	834,776	830,515	986,921	1,071,128	737,532	928,021	676,642	420,743	551,896
Culture and recreation	920,393	310,660	167,957	165,888	107,035	166,204	984,385	1,026,341	947,023	923,531
Transportation and waterfront	680,656	277,803	319,587	597,081	400,075	492,824	452,590	438,416	1,581,186	690,767
Health, welfare and social services	51,337	76,110	73,559	74,090	100,824	114,320	138,875	169,058	131,513	99,697
Education	6,821,183	9,980,158	10,559,875	11,069,862	11,549,058	11,819,435	12,263,283	12,667,822	10,205,842	10,966,982
Unclassified (a)	450,510	-	-	-	-	-	-	-	-	-
Total governmental activities	11,759,614	13,001,199	14,516,554	15,473,935	16,295,469	15,866,202	17,781,854	17,892,988	16,680,232	16,424,052
Business-type activities:										
Sewer	4,611,842	4,393,554	4,704,910	4,702,081	4,712,656	5,005,444	4,828,439	5,142,280	5,461,330	5,546,377
Total business-type activities	4,611,842	4,393,554	4,704,910	4,702,081	4,712,656	5,005,444	4,828,439	5,142,280	5,461,330	5,546,377
Total primary government	\$ 16,371,456	\$ 17,394,753	\$ 19,221,464	\$ 20,176,016	\$ 21,008,125	\$ 20,871,646	\$ 22,610,293	\$ 23,035,268	\$ 22,141,562	\$ 21,970,429

(a) After Fiscal Year 2003, all Special Revenues were classified to appropriate functions.

CITY OF SOUTH PORTLAND, MAINE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - (a)	\$ -	\$ 28,138	\$ -
Restricted	-	-	-	-	-	-	-	6,759,738	5,918,192	5,284,024
Committed	-	-	-	-	-	-	-	3,469,215	3,679,767	3,340,240
Assigned	-	-	-	-	-	-	-	2,492,458	2,658,767	2,820,042
Unassigned	-	-	-	-	-	-	-	8,866,245	9,686,895	10,591,915
General fund										
Reserved	214,267	80,343	137,894	63,007	47,904	75,761	86,254	-	-	-
Unreserved	17,412,565	18,956,332	17,485,019	16,258,795	16,668,116	20,933,104	22,182,284	-	-	-
Total general fund	\$ 17,626,832	\$ 19,036,675	\$ 17,622,913	\$ 16,321,802	\$ 16,716,020	\$ 21,008,865	\$ 22,268,538	\$ 21,587,656	\$ 21,971,759	\$ 22,036,221
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - (a)	\$ 198,949	\$ 218,310	\$ 218,310
Restricted	-	-	-	-	-	-	-	13,560,570	10,356,010	39,970,502
Committed	-	-	-	-	-	-	-	7,971,945	8,528,436	7,688,035
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(147,328)	(137,479)	(263,166)
All other governmental funds										
Reserved	2,613,604	1,343,835	1,444,260	1,981,536	1,349,394	1,682,034	511,768	-	-	-
Unreserved, reported in:										
Special revenue funds	10,005,854	10,383,038	9,758,784	8,514,482	8,897,621	7,578,863	9,707,555	-	-	-
Capital project funds	8,110,023	10,022,992	9,045,224	8,991,983	10,181,451	11,052,928	8,408,461	-	-	-
Permanent funds	43,079	41,211	49,674	50,112	61,070	80,652	96,812	-	-	-
Total all other governmental funds	\$ 20,772,560	\$ 21,791,076	\$ 20,297,942	\$ 19,538,113	\$ 20,489,536	\$ 20,394,477	\$ 18,724,596	\$ 21,584,136	\$ 18,965,277	\$ 47,613,681

(a) 2010 and 2011 have been restated for the purposes of GASB Statement Number 54.

CITY OF SOUTH PORTLAND, MAINE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 53,396,541	\$ 53,205,671	\$ 54,881,972	\$ 54,692,520	\$ 56,115,227	\$ 59,703,389	\$ 60,190,887	\$ 58,841,558	\$ 60,530,950	\$ 62,378,384
Intergovernmental	12,863,621	13,456,772	15,097,933	15,714,184	15,862,017	15,761,230	17,451,984	18,075,149	17,418,997	16,977,995
Licenses and permits	1,003,557	670,865	758,767	679,389	1,200,997	1,034,769	753,670	768,097	843,138	785,020
Charges for services	2,267,241	1,833,631	1,855,162	2,115,822	2,118,758	2,288,552	3,647,254	3,497,817	2,953,646	3,090,265
Unclassified	1,279,178	2,274,283	3,447,562	4,748,736	2,573,212	2,047,559	1,418,758	830,707	1,697,113	1,332,902
Interest	1,145,075	1,020,909	935,274	1,516,896	1,920,809	2,077,877	1,247,382	948,180	829,187	751,519
Total revenues	71,955,213	72,462,131	76,976,670	79,467,547	79,791,020	82,913,376	84,709,935	82,961,508	84,273,031	85,316,085
Expenditures										
General government	7,456,959	6,606,716	6,831,811	8,059,489	7,543,139	7,597,359	8,379,854	8,551,477	8,734,685	9,341,619
Public safety	7,372,087	7,526,354	8,526,035	8,948,953	9,311,250	9,310,380	9,622,443	9,725,959	9,889,615	10,178,386
Public works	7,873,230	6,766,492	6,968,380	7,437,527	7,000,672	7,158,444	7,197,276	4,489,408	4,963,506	4,763,557
Culture and recreation	3,272,574	3,468,418	3,488,880	3,596,371	3,688,126	3,886,781	4,035,270	3,823,890	3,765,412	3,817,090
Transportation and waterfront	1,128,097	803,577	1,252,636	1,044,321	1,010,334	1,082,421	1,096,823	968,877	1,065,623	1,012,745
Health, welfare and social services	264,650	312,407	290,835	304,135	364,539	365,874	411,092	422,295	346,737	321,795
Education	32,651,741	36,002,519	38,253,836	40,016,928	40,776,756	41,344,800	43,126,774	44,463,544	44,508,869	44,780,581
School lunch program	-	1,029,821	989,814	1,019,946	1,083,170	1,508,487	1,537,754	1,471,687	1,487,170	1,591,951
County tax	1,769,580	1,884,150	1,888,324	1,916,839	1,916,991	1,941,542	1,999,427	2,034,422	2,058,577	2,072,476
Other	-	96,591	58,757	38,262	45,863	40,846	59,571	1,822,481	1,741,346	1,526,050
Pension obligation	3,266,501 (a)	8,184,001	-	-	-	-	-	-	-	-
Capital projects	17,391,031	10,140,771	11,295,663	7,644,426	5,455,657	3,200,346	5,850,981	3,445,901	7,543,276	6,948,842
Debt Service: (b)										
Principal	1,235,000	1,210,000	1,692,843	1,617,843	1,403,765	1,308,765	1,148,765	898,765	898,765	925,161
Interest expense	405,643	352,945	600,833	508,648	447,893	412,661	370,714	314,348	251,204	216,082
Total expenditures	84,087,093	84,384,762	82,138,647	82,153,688	80,048,155	79,158,706	84,836,744	82,433,054	87,254,785	87,496,335
Excess (deficiency) of revenues over (under) expenditures	(12,131,880)	(11,922,631)	(5,161,977)	(2,686,141)	(257,135)	3,754,670	(126,809)	528,454	(2,981,754)	(2,180,250)

(a) City of South Portland refinanced its \$8.2 million unfunded pension liability through the issuance of general obligation bonds to produce a total saving of \$2,119,036 when the bonds issued are paid off in 2017.

(b) Does not include debt service relating to Education

CITY OF SOUTH PORTLAND, MAINE
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other financing sources (uses)										
Proceeds - Bonds	\$ -	\$ 14,200,000	\$ -	\$ -	\$ 500,000	\$ -	\$ 6,182,810	\$ 4,712,173	\$ -	\$ 32,642,580
Proceeds capital leases	-	-	283,570	152,892	-	-	-	1,470,637	957,800	-
Proceeds on asset disposal	334,211	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	1,575,000	-	-	1,934,957	-	9,584,150
Payment to refunded bond escrow agent	-	-	-	-	(1,575,000)	-	-	(1,921,934)	-	(9,516,956)
Transfers in	3,179,097	150,990	329,487	472,309	4,056,229	4,315,184	2,464,669	809,829	4,448,190	6,043,689
Transfers out	(2,662,497)	-	-	-	(2,953,453)	(3,872,068)	(2,748,068)	(5,355,458)	(4,658,992)	(7,860,347)
Total other financing sources (uses)	850,811	14,350,990	613,057	625,201	1,602,776	443,116	5,899,411	1,650,204	746,998	30,893,116
Net change in fund balances	\$ (11,281,069)	\$ 2,428,359	\$ (4,548,920)	\$ (2,060,940)	\$ 1,345,641	\$ 4,197,786	\$ 5,772,602	\$ 2,178,658	\$ (2,234,756)	\$ 28,712,866
Total Debt Service including education	3,658,555	3,637,503	4,863,037	4,630,023	4,291,922	4,098,209	3,811,482	3,442,285	3,729,355	3,583,220
Debt service as a percentage of noncapital expenditures	5.11%	4.98%	6.59%	5.98%	5.57%	5.36%	4.66%	4.34%	4.43%	4.50%

CITY OF SOUTH PORTLAND, MAINE
Governmental Activities Tax Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Vehicle Taxes	Other (a)	Subtotal	TIF Property Taxes	Capital Project Property Taxes	Total
2003	\$ 43,637,899	\$ 3,685,739	\$ 276,334	\$ 47,599,972	\$ 5,796,569	\$ -	\$ 53,396,541
2004	44,667,706	3,847,112	321,055	48,835,873	4,369,798	-	53,205,671
2005	46,724,656	3,916,469	299,176	50,940,301	3,941,671	-	54,881,972
2006	46,524,932	4,044,271	308,440	50,877,643	3,814,877	-	54,692,520
2007	48,469,669	4,161,209	316,968	52,947,846	3,167,381	-	56,115,227
2008	51,091,582	4,778,818	365,804	56,236,204	3,467,185	-	59,703,389
2009	51,743,235	4,989,942	339,008	57,072,185	3,118,702	-	60,190,887
2010	51,925,202	4,076,731	370,741	56,372,674	2,468,884	-	58,841,558
2011	52,436,750	4,942,156	376,974	57,755,880	2,399,132	375,938	60,530,950
2012	53,525,182	5,037,900	364,869	58,927,951	2,400,433	1,050,000	62,378,384

(a) Interest and penalties and payments in lieu of taxes.

CITY OF SOUTH PORTLAND, MAINE
State Aid Revenues by Source
Last Ten Fiscal Years

Fiscal Year	State Revenue Sharing	School Aid	General Assistance	Homestead Reimb	Business Equipment Tax Exemption (c)	Other State Aid (a)	Total State Aid
2003	\$ 2,099,373	\$ 4,390,804	\$ 51,337	\$ 675,124	\$ -	\$ 143,873	\$ 7,360,511
2004	2,058,659	4,327,890	76,110	537,434	-	125,168	7,125,261
2005	2,091,049	4,848,213	73,559	459,685	-	467,762 (b)	7,940,268
2006	2,076,515	5,100,680	74,090	573,700	-	163,268	7,988,253
2007	1,999,347	5,215,864	100,824	483,090	-	150,474	7,949,599
2008	2,291,242	5,681,482	114,320	498,227	-	230,216	8,815,487
2009	2,185,778	4,335,654	138,875	524,979	663,651	243,137	8,092,074
2010	1,896,769	3,331,791	169,058	540,909	832,201	253,495	7,024,223
2011	1,751,872	2,308,208	131,513	442,112	897,637	257,048	5,788,390
2012	1,888,773	2,350,219	99,697	466,578	921,472	244,323	5,971,062

(a) MDEA Revenue, MDOT Revenue, Section 9 and Veterans exemption.

(b) MDEA Revenue, MDOT Revenue, Section 9, Veterans exemption and FEMA Snowstorm assistance.

(c) Starting in fiscal year ended June 30, 2009, the State of Maine exempted certain personal property taxes and in lieu provided reimbursement to the municipality under the Business Equipment Tax Exemption (BETE) program. Revenue is recognized under the BETE program in the general fund and TIF fund. BETE revenue reported in the TIF fund is not reported on this table.

CITY OF SOUTH PORTLAND, MAINE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Tax Roll Year	Taxable Real Property		Taxable Personal Property	Total Taxable Assessed Value	Less TIF Property Value	Total Taxable General	Total Direct Tax Value	Estimated Actual Taxable Value (b)	Assessed Value as a Percentage of Actual Value
	Residential	Commercial							
2003	(d) \$ 1,168,945,700	\$ 1,027,502,804	\$ 642,760,900	\$ 2,839,209,404	\$ 312,939,767	\$ 2,526,269,637	17.06	\$ 2,437,250,000	103.7%
2004	1,202,989,800	1,036,352,200	566,144,900	2,805,486,900	253,303,800	2,552,183,100	17.49	2,681,800,000	95.2%
2005	1,241,803,600	1,046,773,200	514,525,700	2,803,102,500	221,564,850	2,581,537,650	18.10	3,071,600,000	84.0%
2006	1,228,568,600	1,052,647,500	479,535,100	2,760,751,200	212,547,400	2,548,203,800	18.27	3,411,200,000	74.7%
2007	(d) 1,971,394,300	1,482,218,700	487,023,500	3,940,636,500	241,765,900	3,698,870,600	13.10	3,642,750,000	101.5%
2008	1,990,118,400	1,486,787,400	507,143,200	3,984,049,000	259,305,300	3,724,743,700	13.69	3,844,400,000	96.9%
2009	2,001,840,100	1,499,315,500	444,400,100 (e)	3,945,555,700	222,764,400	3,722,791,300	14.00	3,843,700,000	96.9%
2010	1,902,934,000	1,430,791,200	400,422,500	3,734,147,700	167,951,200	3,566,196,500	14.70	3,875,800,000	92.0%
2011	1,847,604,000	1,334,587,200	341,033,200	3,523,224,400	152,811,000	3,370,413,400	15.70	3,738,950,000	90.1%
2012	1,855,163,100	1,339,392,500	337,351,900	3,531,907,500	149,095,240	3,382,812,260	16.10	3,556,500,000	95.1%

(b) Maine Bureau of Property Taxation, state equalized values.

(c) Total number of homestead granted increased by 4,915 in 2006 due to program change.

(d) A revaluation designed to bring assessed values in line with market values was conducted.

(e) In 2008 the State of Maine created a Business Equipment Tax Exemption (BETE) program for certain personal property which is summarized below.

	Homestead Assessed Values	Homestead Estimated Actual Values	BETE Assessed Values	BETE Estimated Actual Values
2003	\$ 39,557,000	\$ 33,030,095	\$ -	\$ -
2004	30,588,000	29,180,952	-	-
2005	25,323,000	27,526,101	-	-
2006	(c) 62,700,000	77,472,479	-	-
2007	73,658,000	68,089,934	-	-
2008	74,787,000	74,787,000	-	-
2009	74,997,000	74,997,000	77,861,300	77,861,300
2010	73,593,000	73,593,000	131,230,200	131,230,200
2011	56,320,000	56,320,000	141,235,000	141,235,000
2012	57,960,000	57,960,000	140,425,200	140,425,200

CITY OF SOUTH PORTLAND, MAINE
Direct and Overlapping Property Tax Rates (Per \$1,000 of Assessed Value)
Direct and Overlapping Governments
Last Ten Fiscal Years

Tax Year	Direct Rates		Overlapping Rate		
	General Municipal	Education	Cumberland County (a)	Total	
2003	(b)	5.27	11.10	0.69	17.06
2004		5.47	11.28	0.74	17.49
2005		5.65	11.72	0.73	18.10
2006		5.79	11.73	0.75	18.27
2007	(b)	4.18	8.41	0.51	13.10
2008		4.46	8.71	0.52	13.69
2009		4.30	9.16	0.54	14.00
2010		4.61	9.52	0.57	14.70
2011		4.92	10.17	0.61	15.70
2012		5.02	10.46	0.62	16.10

The City annually adopts an annual budget for which property taxes are levied. The Education and County Tax are part of the total property tax levy. The distribution shown above reflects the amount each component requires of the tax levy.

(a) Cumberland County assesses a county tax to the City of South Portland. The City includes the county assessment in the City's total direct tax rate. The rate shown here reflects the portion of the City's total direct tax rate levied by the City to pay the county tax assessment.

(b) A revaluation designed to bring assessed values in line with market values was conducted.

CITY OF SOUTH PORTLAND, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2012			2003		
	Assessed Valuation	Rank	Percentage of Total Assessed Value	Assessed Valuation	Rank	Percentage of Total Assessed Value
GGP - Maine Mall	(a) \$ 220,458,100	1	6.24%			
National Semiconductor (Texas Instruments)	(b) 188,178,010	2	5.33%	\$ 313,713,400	1	11.21%
Hannaford	58,527,200	3	1.66%	49,688,400	4	1.77%
Fairchild Semiconductor	57,274,200	4	1.62%	173,607,000	2	6.20%
Home Properties	55,256,500	5	1.56%			
Portland Pipe Line	45,209,800	6	1.28%	37,244,800	6	1.33%
Central Maine Power	32,751,800	7	0.93%	21,908,200	8	0.78%
Dead River	30,953,500	8	0.88%			
Anthem	27,575,100	9	0.78%	35,351,800	7	1.26%
Oprock Portland	26,659,600	10	0.75%			
Maine Associates	(a)			162,109,300	3	5.79%
Blethen Maine Newspaper				44,244,800	5	1.58%
Allied Stores				21,133,600	9	0.75%
UNUM Corp.				19,935,200	10	0.71%
				742,843,810		21.03%
Total Assessed Valuation	\$ 3,531,907,500			\$ 2,839,209,000		31.38%
Includes:						
Municipal valuation	3,324,852,260			2,486,712,233		
TIF valuation	149,095,240			312,939,767		
Homestead exemptions	57,960,000			39,557,000		
	\$ 3,531,907,500			\$ 2,839,209,000		

(a) GGP purchased the Maine Mall from Maine Associates.

(b) National Semiconductor was acquired by Texas Instruments on September 23, 2011.

CITY OF SOUTH PORTLAND, MAINE
Total 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	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 48,436,912	\$ 47,787,857	98.66%	\$ 629,007	\$ 48,416,864	99.96%
2004	49,067,966	48,530,797	98.91%	520,942	49,051,739	99.97%
2005	50,736,155	50,074,721	98.70%	643,782	50,718,503	99.97%
2006	50,438,924	49,714,723	98.56%	706,601	50,421,324	99.97%
2007	51,639,156	50,893,134	98.56%	733,687	51,626,821	99.98%
2008	54,424,090	53,687,629	98.65%	724,921	54,412,550	99.98%
2009	55,191,170	54,287,615	98.36%	863,012	55,150,627	99.93%
2010	54,605,827	53,622,159	98.20%	918,446	54,540,605	99.88%
2011	55,253,882	54,175,209	98.05%	707,243	54,882,452	99.33%
2012	56,829,326	55,608,726	97.85%	-	55,608,726	97.85%

CITY OF SOUTH PORTLAND, MAINE
Ratios of Net General Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities	Total	Personal Income (a)	Percentage of Personal Income	Population (b)	Per Capita	Percentage of Estimated Actual Taxable Value of Property (c)
	General Obligation bonds	Capital Lease	General Obligation Bonds						
2003	\$ 25,220,000	\$ 134,396	\$ 2,770,000	\$ 28,124,396	\$ 531,344,044	5.29%	23,324	\$ 1,206	1.03%
2004	37,060,000 (d)	155,000	2,440,000	39,655,000	531,344,044	7.46%	23,324	1,700	1.38%
2005	33,840,000	362,065	2,135,000	36,337,065	531,344,044	6.84%	23,324	1,558	1.10%
2006	30,695,000	369,913	1,830,000	32,894,913	531,344,044	6.19%	23,324	1,410	0.90%
2007	28,265,000	151,787	1,525,000	29,941,787	531,344,044	5.64%	23,324	1,284	0.78%
2008	25,430,000	37,679	1,220,000	26,687,679	531,344,044	5.02%	23,324	1,144	0.66%
2009	22,755,000	103,293	915,000	23,773,293	531,344,044	4.47%	23,324	1,019	0.59%
2010	24,943,000	1,591,184	1,138,494	27,672,678	531,344,044	5.21%	23,324	1,186	0.64%
2011	22,280,000	2,458,226	806,392	25,544,618	569,570,562	4.48%	25,002	1,022	0.60%
2012	49,590,000 (e)	2,198,587	474,289	52,262,876	569,570,562	9.18%	25,002	2,090	1.39%

(a) See Table 16. Amount shown is per capita income multiplied by population.

(b) For years 2003 through 2010, 2000 Census, U.S. Department of Commerce, Bureau of the Census.

For year 2011 & 2012, 2010 Census, U.S. Department of Commerce, Bureau of the Census.

(c) See Table 8. General Obligation Bond divided by the Estimated Actual Taxable Value.

(d) \$6 Million in GOB's issued for renovation and expansion of Brown School. \$8.2 Million in taxable GOB's issued to extinguish the City's unfunded unpooled actuarial liability for its defined benefit pension plan with the MEPERS

(e) \$30 Million in GOB's issued for phase one of High School Project

CITY OF SOUTH PORTLAND, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2012

Jurisdiction	Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
City of South Portland General Obligation	\$ 50,064,289	100.00%	\$ 50,064,289
City of South Portland Capital Leases	2,198,587	100.00%	2,198,587
Total direct debt	<u>52,262,876</u>		<u>52,262,876</u>
Overlapping:			
Portland Water District	28,438,885	13.83%	3,932,690
Cumberland County	37,220,000	9.00%	3,351,468
Total overlapping debt	<u>65,658,885</u>		<u>7,284,158</u>
Total direct and overlapping debt	<u>\$ 117,921,761</u>		<u>\$ 59,547,034</u>

Note: Annually Cumberland County assesses each municipality its proportionate share of the County tax required to fund the County budget. The County tax assessment applicable to the City of South Portland is included in the total property tax levy of the City of South Portland.

Sources: The outstanding debt for Cumberland County has been provided by the County. The percentage applicable to the City of South Portland is based on the ratio of the State equalized assessed valuation for the City of South Portland versus the equalized State valuation Cumberland County.

The outstanding debt for Portland Water District has been provided by the District. The percentage applicable to the City of South Portland is based on the ratio of the State equalized assessed valuation for the City of South Portland versus the equalized State valuation of all municipalities located within the District.

CITY OF SOUTH PORTLAND, MAINE
Legal Debt Margin Information
June 30, 2012

The amount of debt a Maine municipality may have is governed by title 30-A.M.R.S.A. section 5702. The law limits total debt and debt for specific categories. Total debt cannot exceed 15% of the City's last full State Valuation. Debt for specific categories is limited to a percentage of State Valuation. As the following table indicates, based on a 2012 State Valuation of \$3,556,500,000, the City is in compliance with the total and categorical debt limits:

Debt Limit by Category

<u>Type of Debt</u>	<u>Maximum Percent Allowable</u>	<u>Maximum Amount Allowable</u>	<u>Principal Amount Outstanding</u>	<u>Legal Debt Margin</u>
School	10.00%	\$ 355,650,000	\$ 43,501,175	\$ 312,148,825
Storm or Sanitary Sewer	7.50%	266,737,500	474,289	266,263,211
Municipal	7.50%	266,737,500	6,088,825	260,648,675
Total Maximum Debt	15.00%	\$ 533,475,000	\$ 50,064,289	\$ 483,410,711

Legal Debt Margin Calculation for Fiscal Year 2012

State Valuation	\$ 3,556,500,000
Debt Limit - 15% of State Valuation	533,475,000
Less outstanding debt applicable to debt limit	<u>(50,064,289)</u>
Legal Debt Margin	<u>\$ 483,410,711</u>

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 319,000,000	\$ 365,600,000	\$ 402,270,000	\$ 460,740,000	\$ 511,680,000	\$ 546,412,500	\$ 576,660,000	\$ 576,555,000	\$ 581,370,000	\$ 533,475,000
Total debt applicable to limit	<u>30,730,000</u>	<u>27,990,000</u>	<u>39,500,000</u>	<u>36,337,065</u>	<u>32,525,000</u>	<u>29,790,000</u>	<u>26,650,000</u>	<u>23,670,000</u>	<u>26,081,494</u>	<u>50,064,289</u>
Legal debt margin	\$ 288,270,000	\$ 337,610,000	\$ 362,770,000	\$ 424,402,935	\$ 479,155,000	\$ 516,622,500	\$ 550,010,000	\$ 552,885,000	\$ 555,288,506	\$ 483,410,711
Total debt applicable to the limit as a percentage of debt limit	9.63%	7.66%	9.82%	7.89%	6.36%	5.45%	4.62%	4.11%	4.49%	9.38%

CITY OF SOUTH PORTLAND, MAINE
Principal Employers
Current Year and Nine Years Ago

Employer	2012			2003		
	(a) Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
UnumProvident Life Insurance Co.	3,500	1	14.00%	3,180	1	13.63%
Anthem/Blue Cross & Blue Shield of Maine	1,000	2	4.00%	982	2	4.21%
City of South Portland	861	3	3.63%	940	3	4.03%
Fairchild Semiconductor	775	4	3.10%	940	4	4.03%
Wright Express	744	5	2.98%			
Southern Maine Community College	739	6	2.96%	180	9	0.77%
Texas Instruments (formerly National Semi)	540	7	2.16%	460	5	1.97%
United Parcel Service	200	8	0.80%			
Macy's	150	9	0.60%			
Marriott Corporation	148	10	0.59%	160	10	0.69%
Spring Harbor Hospital				350	6	1.50%
G.H. Bass & Company				270	7	1.16%
Filene's				250	8	1.07%
	8,657		34.82%	7,712		33.06%

Source for Data: State of Maine, Department of Labor, Labor Market Information Services; U.S. Department of Commerce, Bureau of Census - 2000 & 2010 data.

(a) Source for employees was each company's human resource department.

CITY OF SOUTH PORTLAND, MAINE
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (a)	Median Age (a)	School Enrollment (d)	Unemployment Rate (c)
2003	23,324	\$ 531,344,044	\$ 22,781	37.90	3,191	3.70%
2004	23,324	531,344,044	22,781	37.90	3,084	3.40%
2005	23,324	531,344,044	22,781	37.90	3,009	3.60%
2006	23,324	531,344,044	22,781	37.90	3,041	3.40%
2007	23,324	531,344,044	22,781	37.90	3,064	3.30%
2008	23,324	531,344,044	22,781	37.90	3,064	4.00%
2009	23,324	531,344,044	22,781	37.90	3,024	4.20%
2010	23,324	531,344,044	22,781	37.90	3,120	6.40%
2011	25,002	569,570,562	22,781	39.40	3,074	6.10%
2012	25,002	569,570,562	22,781	39.40	3,116	5.70%

(a) For years 2003 through 2010, 2000 Census, U.S. Department of Commerce, Bureau of the Census.

For years 2011 & 2012, 2010 Census, U.S. Department of Commerce, Bureau of the Census.

(b) Personal income equals per capita income times the population.

(c) State of Maine, Department of Labor, Division of Economic Analysis and Research as of 12/31 prior to fiscal year end.

(d) State of Maine Department of Education, April 1 Census

CITY OF SOUTH PORTLAND, MAINE
Full-time Employees by Function/Program
Last Ten Fiscal Years

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
City council	7	7	7	7	7	7	7	7	7	7
Executive department	6	6	6	6	6	3	3	3	3	3
City clerk	5	5	5	5	5	4	4	4	4	4
Corporation council	2	2	2	2	2	1	1	1	1	1
Finance department	17	17	17	17	17	18	17	17	16	17
Information technology	3	3	3	3	3	6	6	6	6	6
Planning department	3	3	3	3	3	3	2	2	2	2
Human resources	3	3	3	3	3	3	2	2	3	3
City building	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police	55	57	58	56	56	57	56	55	56	55
Fire	64	66	68	67	69	66	65	64	65	67
Dispatch	12	12	12	12	12	12	12	11	10	9
Code	4	4	4	5	5	5	5	5	5	5
Public Works										
Public Works	29	28	25	24	24	21	21	21	20	20
Engineering	5	2	2	-	-	-	-	-	-	-
Parks and Recreation										
Parks	11	11	11	12	12	12	12	12	12	12
Recreation	21	22	22	26	27	27	22	22	22	22
Public Library										
Main Library	14	14	12	12	11	12	12	11	11	11
Branch Library	4	3	6	6	5	3	2	2	2	2
Transportation and Waterfront	14	14	14	14	14	14	14	13	12	13
Health and Welfare	2	2	2	2	2	2	2	2	2	2
School	516	498	515	517	513	528	560	579	571	571
Water Resource	24	23	25	25	25	25	25	26	28	29
Total	820	801	821	823	819	828	850	865	858	861

Source: Payroll Department.

Note: Neither the municipal nor the education departments have maintained their employment numbers on a full-time equivalents basis. The above represents the departments best estimates of full-time positions for the various fiscal years. Many seasonal and part-time positions have not been included or converted to full-time equivalents. Further, the determination of which positions have been counted as full-time may have varied from year to year. All of the positions may or may not have been filled as of June 30 of any given year.

CITY OF SOUTH PORTLAND, MAINE
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police (b)										
Physical arrests	703	837	782	850	767	814	814	750	833	693
Calls for Service	31,609	34,588	34,899	33,676	32,522	34,692	30,648	32,028	33,009	30,740
UCR - Crime Index	1,259	1,121	1,133	1,148	981	1,058	1,253	1,085	946	923
Fire										
Fire calls	1,073	1,189	1,152	1,121	1,321	1,129	1,071	1,283	1,192	1,173
Medical calls	2,850	2,882	2,896	2,944	3,046	3,056	3,173	2,768	3,026	3,240
Inspections	2,351	2,310	2,215	2,338	1,818	2,268	2,310	1,600	1,698	1,749
Refuse Collection										
Refuse collected (tons)	7,808	7,512	7,667	7,741	7,838	7,525	6,947	6,633	6,253	6,244
Recyclables collected (tons)	2,131	2,139	2,202	2,053	1,905	2,093	2,036	2,457	2,461	2,323
Other public works										
Street resurfacing (miles)	4.48	6.37	5.57	5.33	5.23	5.87	4.59	5.21	5.01	4.50
Potholes repaired	207	198	231	156	187	217	200	241	250	225
Parks and Recreation										
Community center admissions	116,606	114,465	112,242	84,548	106,408	116,840	111,582	158,224	155,153	177,390
Library										
Items in collection (a)	112,836	115,467	115,752	116,046	115,930	101,828	106,817	106,527	104,062	99,316
Total items circulated (a)	n/a	202,418	211,048	216,010	212,959	256,623	224,929	277,641	288,602	262,125
Total items borrowed (a)	338	1,206	5,178	12,475	13,367	17,307	20,624	24,826	21,242	21,088
Water Resource										
Average daily sewage treatment (thousands of gallons)	6,640	6,420	8,530	7,840	7,350	7,140	8,100	7,613	6,610	6,740
Transit										
Total route miles	215,008	219,205	214,731	216,004	215,310	214,326	224,847	210,169	193,242	196,295
Passengers	162,725	178,762	177,681	189,355	184,273	202,299	223,575	219,749	211,634	247,370

Sources: Various city departments.

n/a = information not available

(a) Items are books, periodicals, audio, books and music on cassette and cd, tapes and videos and art prints.

(b) Operating indicators are based on calendar from 2002-2011

CITY OF SOUTH PORTLAND, MAINE
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Buildings	6	6	7	6	6	6	6	6	7	7
Vehicles	1	1	1	1	1	1	1	1	1	1
Police Department										
Buildings	2	2	2	2	2	2	2	2	2	2
Vehicles	32	33	31	37	30	35	36	39	38	35
Fire Department										
Buildings	6	7	7	7	7	7	7	7	7	7
Vehicles	20	21	21	21	23	23	24	26	27	27
Code Enforcement										
Buildings	1	1	-	-	-	-	-	-	1	1
Vehicles	5	5	3	2	4	4	4	4	4	4
Public Works										
Buildings	7	7	7	7	7	7	7	7	7	7
Streets (miles)	115	115	115	115	115	115	115	115	115	115
Vehicles/Trucks	6	7	8	8	10	10	10	11	10	11
Heavy Vehicles	33	30	33	31	32	37	36	37	38	39
Engineering										
Vehicles	2	2	1	1	-	-	-	-	-	-
Culture and recreation										
Buildings	14	14	14	14	14	13	14	14	14	14
Vehicles	13	13	15	16	18	18	18	18	18	18
Transportation & Waterfront										
Buildings	2	2	2	2	2	2	2	2	2	2
Buses	8	8	8	7	7	7	7	7	12	12
Vehicles	2	2	2	2	2	2	2	2	2	2
Water Resources										
Buildings	36	37	37	37	37	38	38	38	38	38
Vehicles	20	21	21	21	24	22	23	23	24	23
School Department										
Schools	8	8	8	8	9	9	9	9	8	8
Buildings	4	4	4	4	4	4	4	4	4	4
Portable Classrooms	2	2	2	2	2	2	2	2	2	3
School Buses	21	21	21	21	21	23	23	23	22	22
Vehicles	7	6	7	8	8	8	8	8	7	8

Sources: Various city departments and the City's capital asset database.

This page left blank intentionally.