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CITY OF SOUTH PORTLAND, MAINE

Comprehensive Annual Financial Report



Photo Courtesy of Russ Lunt

For Fiscal Year Ended June 30, 2018

CITY OF SOUTH PORTLAND, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For Fiscal Year Ended June 30, 2018



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, 2018

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INTRODUCTORY SECTION



Photo Courtesy of Sue Mooney



FINANCE DEPARTMENT

GREGORY N. L'HEUREUX
Director of Finance

January 23, 2019

Honorable Claude V.Z. Morgan, 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, 2018.

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 unmodified ("clean") opinion on the City of South Portland, Maine's financial statements for the year ended June 30, 2018. 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, the 2017 CAFR certificate of achievement, 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, required supplementary information, and the combining and individual fund financial 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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. This year because of State of Maine subsidy issues, the budget was amended on July 24, 2017 to reflect an increase in State Education Subsidies and a decrease in State Homestead reimbursement.

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 36 as part of the basic financial statements for the governmental funds.

Relevant Financial Policies

The City's fund balance policy 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, 2018, the amount of unassigned fund balance totaled \$12,400,808 or 14.04% of the fiscal year 2019 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 2010 census figures, a total of 24,178 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 from 2004 to 2008 with its taxable base growing by \$1.1 billion or about 45%. This increase included the impact of a full revaluation done in 2007. In more recent years, the City's valuation has been somewhat unstable with values dropping during the economic crisis of 2008-2009; with values rebounding nicely in the past several years. Additionally, 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 2018, the exempt value under BETE was \$216,832,800 and the City received BETE reimbursement at a rate of 57.07% (and certain TIF property at 100%), totaling \$2,584,299. The City's current-year property tax collection rate is a healthy rate of 99.00% a slight increase from 98.98% the year before.

The City has a balanced and fairly diverse tax base with an approximately 53/47 split between residential (real) and commercial (real and personal) property value, its largest taxpayer comprising 6.75% of its total tax base, and its top ten taxpayers combined representing 20.23% 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 the fourth phase of the Thorton Heights/Pleasantdale sewer and stormwater project, the Cash Corner Fire Station (as further discussed below), the Cottage Road safety and road improvements project, the Westbrook Street road and sidewalk project, as well as other road and sidewalk repair projects as identified through the City's new asset management software. Looking forward the City has numerous capital needs that will need to be addressed including vehicle and equipment purchases, and renovating numerous older buildings. These initiatives are being address 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.

Major Initiatives

In February of 2017, the City hired Environmental Safety & Hygiene Associates to conduct a baseline assessment with the Cash Corner Fire Station. The results of the assessment concluded that a significant remediation and renovations would need to take place to address the extensive damage. Based on the long-term needs of the City, the City council felt that the benefits of new construction outweighed the high cost shorter-term renovations option. They will be sending this issue to the voters as a bond referendum in June of 2019 for possible construction in late 2019 and 2020.

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, 2017. This was the eleventh 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 "Greg N. L'Heureux", with a stylized flourish at the end.

Gregory N. L'Heureux
Director of Finance



Government Finance Officers Association

**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

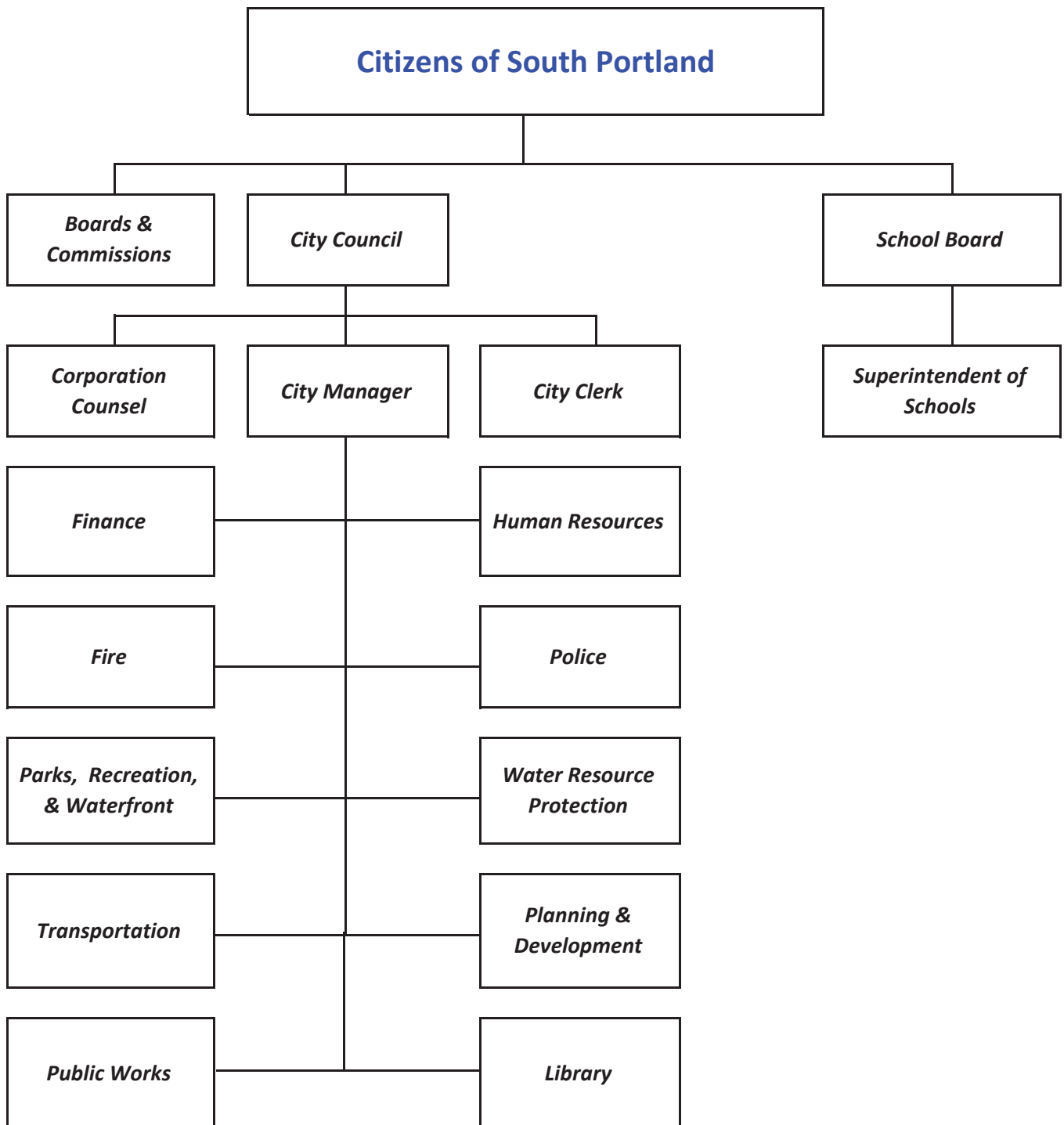
June 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF SOUTH PORTLAND, MAINE

Organizational Chart



CITY OF SOUTH PORTLAND, MAINE

LIST OF PRINCIPAL OFFICIALS (ELECTED AND APPOINTED)

June 30, 2018

Elected Officials

Council Member – District 4 - Mayor	Linda C. Cohen
Council Member – At Large	Susan J. Henderson
Council Member – At Large	Maxine R. Beecher
Council Member – District 1	Claude V.Z. Morgan
Council Member – District 2	Katherine W. Lewis
Council Member – District 3	Eben C. Rose
Council Member – District 5	Adrian T. Dowling

Board of Education – At Large, Chair	Mary House
Board of Education – At Large	Heather Johnson
Board of Education – District 1	Jennifer Kirk
Board of Education – District 2	Nicole Petit
Board of Education – District 3	Richard Matthews
Board of Education – District 4	Matthew Perkins
Board of Education – District 5	Elyse Tipton

Appointed Officials

City Manager	Scott T. Morelli
Assistant City Manager	Joshua J. Reny
City Clerk	Emily F. Scully
Finance Director	Gregory N. L'Heureux
Fire Chief	James P. Wilson
Human Resource Director	Stephanie Weaver
Parks and Recreation Director	Kevin G. Adams
Public Works Director	Douglas R. Howard
Planning & Development Director	Charles A. Haeuser
Police Chief	Edward J. Googins
Superintendent of Schools	Kenneth E. Kunin
Transportation & Waterfront Director	Arthur Handman
Water Resource Protection Director	Patrick M. Cloutier

FINANCIAL SECTION



Photo Courtesy of Denise Michaud



Certified Public Accountants and Business Consultants

Independent Auditor's Report

City Council
City of South Portland, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Portland, Maine, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the TIF Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described on page 66 in the notes to basic financial statements, in 2018, the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

City Council
City of South Portland, Maine

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2019, on our consideration of the City of South Portland, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of South Portland, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remy Kristen Ouellette". The signature is written in a cursive, flowing style.

January 23, 2019
South Portland, Maine

CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis
June 30, 2018

This section of the Comprehensive Annual Financial Report of the City of South Portland presents a narrative overview and analysis of the financial activities of the City of South Portland for the fiscal year ended June 30, 2018. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City of South Portland exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$172,230,232 (*net position*). Of this amount, \$21,629,204 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of South Portland's governmental activities reported ending net position of \$107,781,296, a decrease of \$1,639,388 in comparison with the prior year after restatement of the prior period of \$2,763,991 relating to recognition of other post-employment benefits as required by the new GASB # 75. Approximately 12.77% of this total amount, \$13,762,193, is *available for spending* at the City's discretion (unrestricted net position).
- For the fund financial statements, at the end of the current fiscal year, unassigned fund balance for the general fund was \$12,400,808, or 14.04% of 2019 general fund budget.
- The City's total bonded debt decreased by \$4,146,511 during the current fiscal year as a result of repayments on existing bonds of \$4,046,511 and an advance refunding that resulted in a decrease of \$100,000.
- This year the City implemented GASB Statement No. 75 for Other Post Employment Benefits (OPEB). This new statement resulted in a prior period adjustment of \$2,763,991 and a negative net current year impact of \$116,596.
- The City, in defense of the Clear Skies Ordinance lawsuit, incurred legal costs during the year totaling \$969,420. In June of 2018, the Courts ruled in favor of the City but subsequently the plaintiffs have appealed the case to the United States Court of Appeals for the 1st Circuit in Boston.

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported 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, public works, culture and recreation, transportation and waterfront, health, welfare and social services, and education.

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

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 31-32 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 33-34 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 position on the budgetary basis of accounting have been provided for the enterprise fund to demonstrate compliance with this budget. The basic proprietary fund financial statements can be found on pages 37-39 of this report. The budgetary basis schedule demonstrating compliance can be found on page 109 of this report.

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 40-41 of this report.

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

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 42-73 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 financial statements and schedules can be found on pages 81-122 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of South Portland, assets and deferred outflows exceeded liabilities and deferred inflows by \$172,230,232 at the close of the most recent fiscal year.

City of South Portland's Net Position

	Governmental Activities		Business-type Activities		Total Activities	
	2018	2017 **	2018	2017	2018	2017 **
Current and other assets	\$ 51,713,296	\$ 58,265,688	\$ 15,754,780	\$ 12,340,353	\$ 67,468,076	\$ 70,606,041
Capital assets	136,977,057	135,695,518	53,052,321	53,306,724	190,029,378	189,002,242
Total assets	188,690,353	193,961,206	68,807,101	65,647,077	257,497,454	259,608,283
Deferred outflows	5,232,970	6,806,232	-	-	5,232,970	6,806,232
Long-term liabilities	75,326,304	81,403,989	3,654,456	3,837,778	78,980,760	85,241,767
Other liabilities	9,638,606	9,126,090	703,709	472,169	10,342,315	9,598,259
Total liabilities	84,964,910	90,530,079	4,358,165	4,309,947	89,323,075	94,840,026
Deferred inflows	1,177,117	816,675	-	-	1,177,117	816,675
Net investment in capital assets	82,508,257	82,323,833	49,680,645	49,737,946	132,188,902	132,061,779
Restricted	11,510,846	14,425,257	6,901,280	3,434,257	18,412,126	17,859,514
Unrestricted	13,762,193	12,671,594	7,867,011	8,164,927	21,629,204	20,836,521
Total net position	\$ 107,781,296	\$ 109,420,684	\$ 64,448,936	\$ 61,337,130	\$ 172,230,232	\$ 170,757,814

** As restated for OPEB GASB #75

By far, the largest portion of the City of South Portland's net position (76.75% or \$132,188,902) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, net of depreciation); less any related debt used to acquire those assets that is 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 position (10.69% or \$18,412,126) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (12.56% or \$21,629,204) 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 position, 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 position increased by \$1,472,418 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 Position

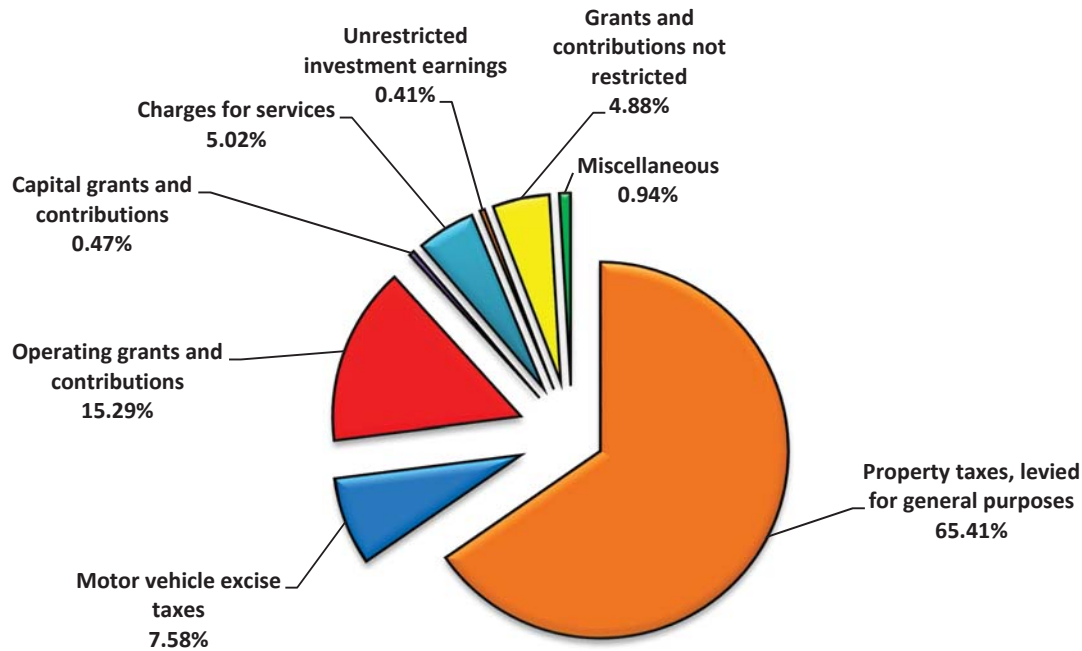
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,032,850	\$ 5,098,787	\$ 6,015,315	\$ 6,008,622	\$ 11,048,165	\$ 11,107,409
Operating grants and contributions	15,318,974	14,780,259	-	-	15,318,974	14,780,259
Capital grants and contributions	468,032	1,783,472	-	254,765	468,032	2,038,237
General revenues:						
Property and other taxes	73,115,178	71,265,455	-	-	73,115,178	71,265,455
Grants and contributions not restricted to specific programs	4,883,857	4,911,784	-	-	4,883,857	4,911,784
Other	1,352,857	1,518,200	78,264	79,684	1,431,121	1,597,884
Total revenues	100,171,748	99,357,957	6,093,579	6,343,071	106,265,327	105,701,028
Expenses:						
General government	13,958,497	13,548,355	-	-	13,958,497	13,548,355
Public safety	13,857,160	13,344,042	-	-	13,857,160	13,344,042
Public works	8,159,709	7,641,737	-	-	8,159,709	7,641,737
Culture and recreation	4,938,167	4,372,866	-	-	4,938,167	4,372,866
Transportation and waterfront	1,982,271	1,814,621	-	-	1,982,271	1,814,621
Health, wealth and social services	559,095	506,108	-	-	559,095	506,108
Interest on debt service	1,272,571	1,695,611	-	-	1,272,571	1,695,611
Education	53,720,323	51,862,105	-	-	53,720,323	51,862,105
Sewer	-	-	6,345,116	6,203,347	6,345,116	6,203,347
Total expenses	98,447,793	94,785,445	6,345,116	6,203,347	104,792,909	100,988,792
Increase (decrease) in net position before transfers	1,723,955	4,572,512	(251,537)	139,724	1,472,418	4,712,236
Transfers	(3,363,343)	1,808,295	3,363,343	(1,808,295)	-	-
Increase (decrease) in net position	(1,639,388)	6,380,807	3,111,806	(1,668,571)	1,472,418	4,712,236
Net position - beginning of year	109,420,684	105,803,868	61,337,130	63,005,701	170,757,814	168,809,569
Restatement	-	(2,763,991)	-	-	-	(2,763,991)
Net position - end of year	\$ 107,781,296	\$ 109,420,684	\$ 64,448,936	\$ 61,337,130	\$ 172,230,232	\$ 170,757,814

Governmental activities. During this past fiscal year, governmental activities saw a decrease in the City of South Portland's net position of \$1.64 million. This amount represented a decrease in the net position of 1.50%. Key elements of this increase are as follows:

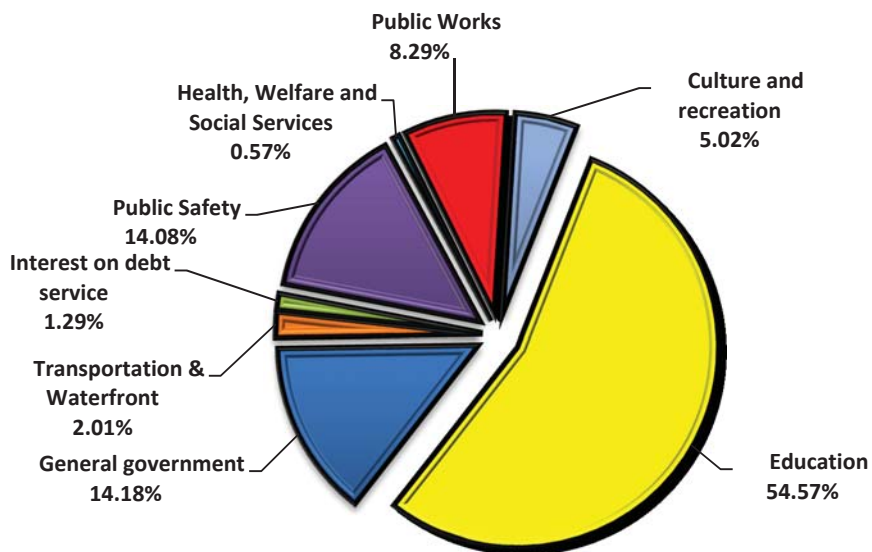
- Property and other taxes increased by \$1.85 million (2.6%). This was primarily due to an increase in taxes to support the School and City budgets and a slight increase in motor vehicle excise revenues.
- Capital grants decreased significantly from the prior year as a result of fewer State and Federal capital grants.
- Total expenses increased by \$3.66 million (3.86%). The largest increase in expenses was for education of \$1.86 million.
- The single largest event that impacted net position was the transfer of \$3.242 million from governmental activities (TIF Funds) to business-type activities for the construction of sewer and stormwater improvements.

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

**Government-wide
Revenues by Source-Governmental Activities
Fiscal Year 2018**



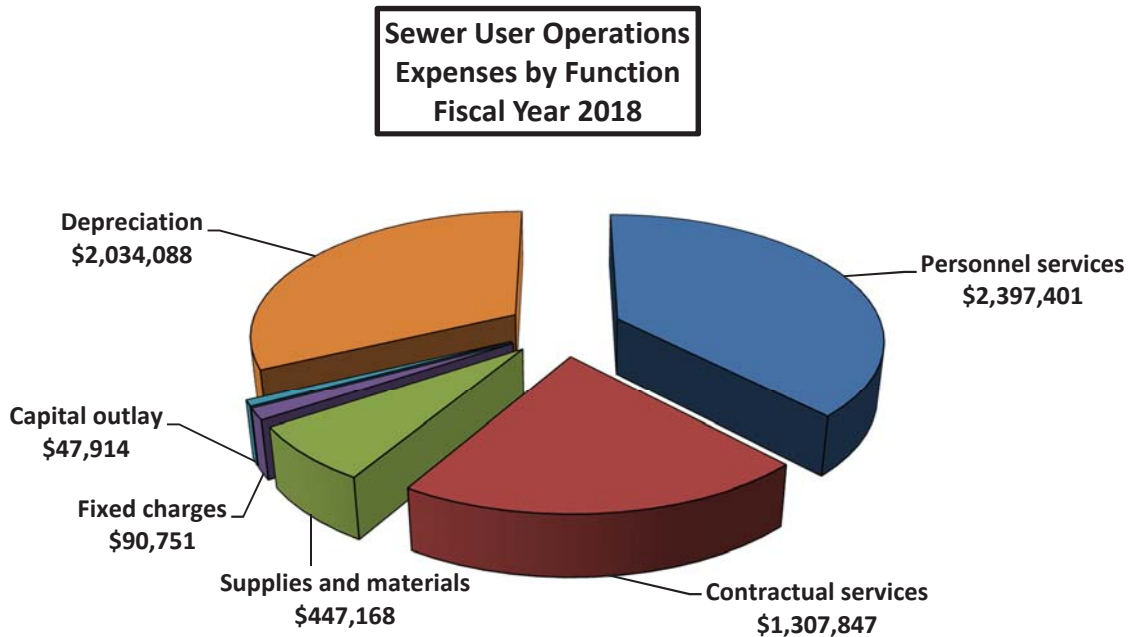
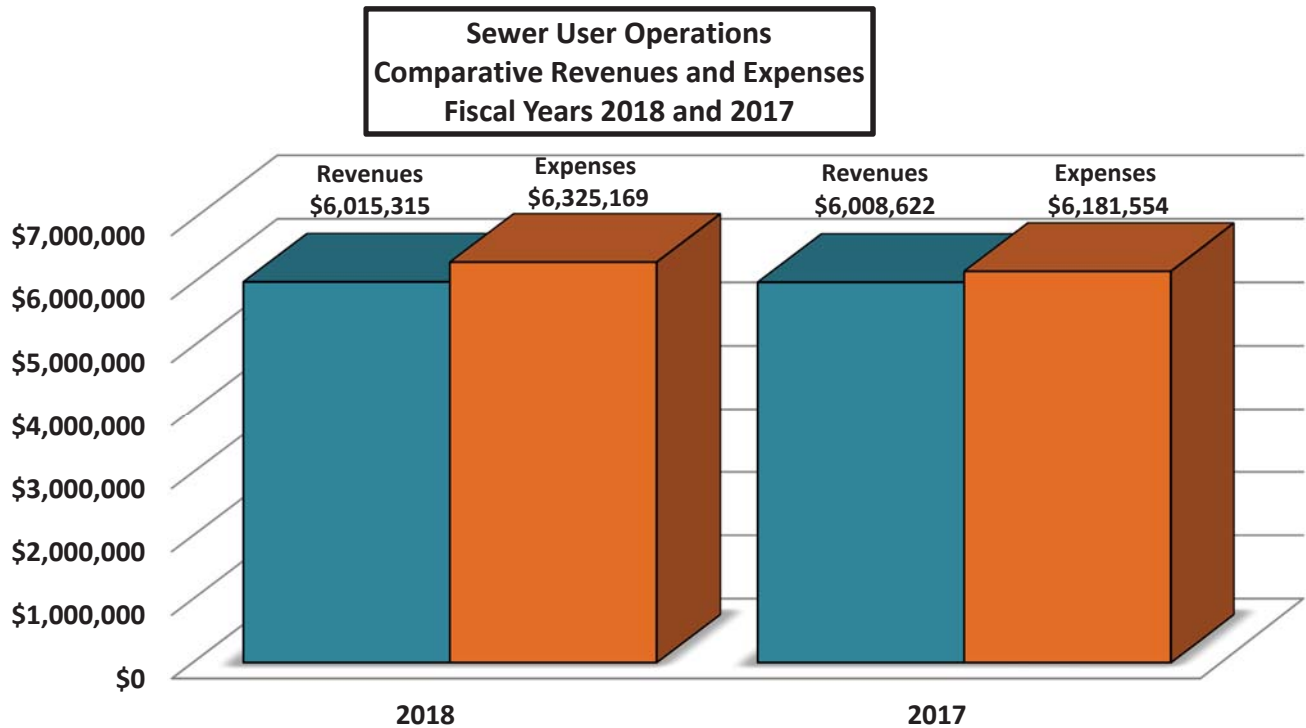
**Government-wide
Expenses by Function-Governmental Activities
Fiscal Year 2018**



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

Business-type activities. The City's business-type activities, which consists of sewer user operations, net position increased by \$3.11 million. As previously noted, the City transferred TIF funds for various Sewer and Stormwater projects, the largest projects being the Pleasantdale project for \$2.54 million and Westbrook Street P roject for \$420 thousand.

Revenues for business-type activities charges for services were unchanged with flat residential consumption with a small rate hike during the year. Total operating expenses for business-type activities were up \$144 thousand (2.3%) with increases in personnel services (\$78K), contractual (\$31K), and depreciation (\$55K) which were offset primarily by small decreases in fixed charges (-\$11K), and capital outlay (-\$10K). The below graphs provide a more visual view of the last two year's operations and expenditure components.



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 \$42 million, a decrease of \$7.1 million. With decreases in the general fund of \$1.05 million, TIF funds of \$2.45 million and a large decrease in the capital projects funds of \$3.77 million, which is primarily the result of expending funds relating to the bonding for the municipal services facility.

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 \$22,840,958. 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 25.56% of total general fund expenditures (\$89,363,686). Under the breakdown of fund balance, unspent appropriations related to education are reported as restricted. At June 30, 2018, general fund restricted balance for education totaled \$2,338,747. Additionally, the City maintains various reserve and encumbrance balances for various future needs. These balances are reported as either committed or assigned and in total increased slightly by \$60,144 during the year, primarily as a result of additional funds being set aside for future needs.

In 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 unassigned fund balance component of fund balance, establishes a minimum unassigned fund balance of 9% of the City's general fund budget. As of June 30, 2018, the unassigned fund balance was \$12,400,808 or 14.04% of the City's FY 2019, budget (\$88,338,226).

The total fund balance of the City of South Portland's general fund decreased by \$1,052,444 during the current fiscal year. Key factors in this change are as follows:

- Total actual revenues collected exceeded budgeted by approximately \$1,601,221. The largest budgetary surplus resulted from excise taxes collected in excess of budget totaling approximately \$1.006 million. 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 \$479K. Additionally, estimated budgets for various revenues were exceeded; building permits (\$145K) and rescue billings \$98K. With the rise in interest rates, the City's laddered fixed income investment portfolio experienced an unrealized market loss which resulted in a shortfall in the general fund investment income shortfall of -\$242K. 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 \$1.104 million. The major discrepancies included: unexpended education appropriations (\$625K), Citywide insurance and benefit costs (\$105K), public works (\$104K) and the parks and recreation department (\$137K) 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 2018-19 capital improvement budget, the City appropriated \$1.5 million from unassigned fund balance to fund certain City capital projects. Additionally, the Council set aside an additional \$475K for tax rate stabilization, and \$1 million to fund the clear skies legal 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 ten tax increment financing districts. At the end of the current fiscal year, the total fund balance of the TIF fund was \$6,948,908, 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 deferred funding a project due to additional time required to have the project properly designed and as a result, the TIF funds accumulated additional funds. The 4th phase of the Thorton Heights/Pleasantdale sewer/stormwater project was funded in 2018 for \$2.54 million.

Capital Projects - The capital projects fund has a total fund balance of \$6,281,009. During the year, the fund balance decreased as a result of the construction of the Municipal Services Facility that was approved by the voters in November of 2013.

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 position of the sewer user fund at the end of the year amounted to \$7,867,011, a decrease of \$298K. 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 \$325K, of which revenues came in greater than anticipated by \$79K and expenditures came in approximately \$245K under budget.

Budgetary Highlights

General Fund:

Revenue for the general fund totaled \$86,105,416 (on the budgetary basis of accounting) in the fiscal year ended June 30, 2018. Actual revenues exceeded estimates by \$1,601,221.

General Fund Revenues Budget to Actual Summary

	Budget	Actual	Variance
Revenues:			
Taxes	\$ 69,063,928	\$ 70,533,408	\$ 1,469,480
Intergovernmental	12,165,417	12,223,567	58,150
Licenses, permits, fees and fines	879,600	1,081,073	201,473
Charges for services	1,831,150	1,917,398	86,248
Unclassified	164,100	191,968	27,868
Interest earned	400,000	158,002	(241,998)
Total revenues	\$ 84,504,195	\$ 86,105,416	\$ 1,601,221

The revenue sources responsible for this surplus include the following:

- A taxes surplus of \$1.469 million of which \$1.006 million 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 \$479K as a result of the overlay exceeding abatements.
- State BETE revenue surplus of \$34K and State Revenue sharing surplus of \$36K.
- Building permit licenses came in with a surplus of \$145K primarily the result of a couple of larger projects.
- With the climb of interest rates, existing investments required a mark to market adjustment that resulted in an unrealized loss of (-\$364K). As a result, the interest income budget resulted in a shortfall of \$242K.

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

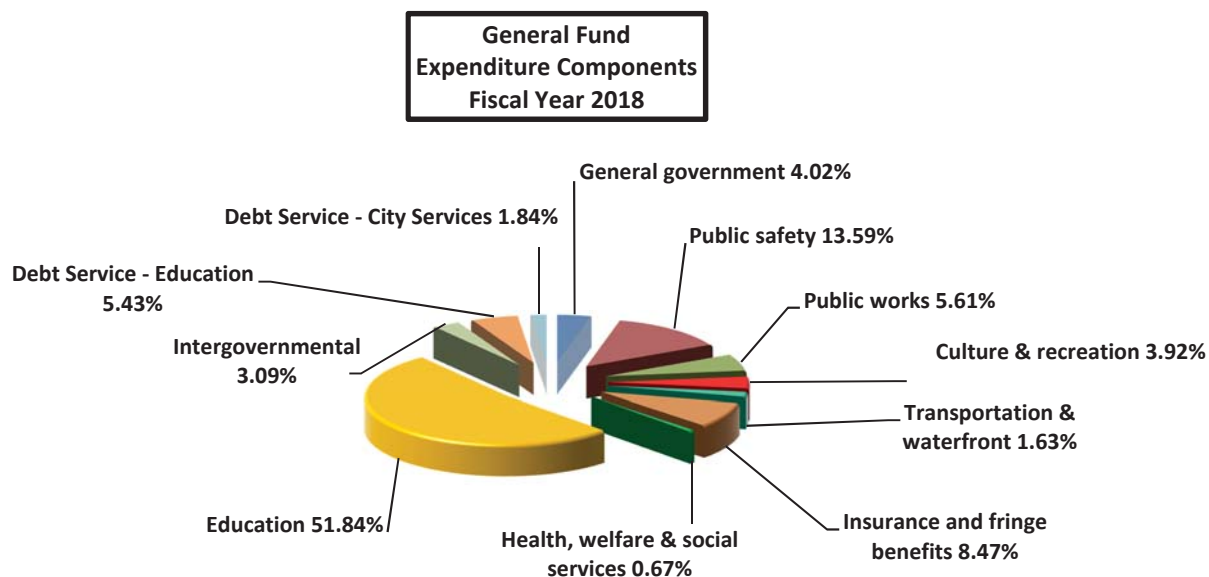
Expenditures for the general fund totaled \$84,030,844 (on the budgetary basis of accounting) in the fiscal year ended June 30, 2018.

General Fund Expenditures Budget to Actual Summary

	Budget	Actual	Variance
Expenditures:			
General government	\$ 3,271,203	\$ 3,187,896	\$ 83,307
Public safety	11,507,404	11,421,076	86,328
Public works	4,817,824	4,713,723	104,101
Culture and recreation	3,444,444	3,292,580	151,864
Transportation and waterfront	1,398,625	1,371,000	27,625
Health, welfare and social services	574,332	559,095	15,237
Education	48,750,018	48,124,652	625,366
Insurance and fringe benefits	7,224,370	7,118,949	105,421
Intergovernmental	2,598,030	2,598,030	-
Other	112,000	99,199	12,801
Debt Service	1,562,116	1,544,644	17,472
Total expenditures	\$ 85,260,366	\$ 84,030,844	\$ 1,229,522

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

- General government expenditures were lower than anticipated with a surplus to budget of \$83K with surpluses of \$14K in Finance and \$21K in Human Resource expenditures.
- Public safety expenditures were under budget \$86K, with police (\$27K), Fire (\$24K) and Communications (\$35K) making up the larger components.
- Public works had a moderate winter and finished the year with a streets and sidewalks division surplus (\$74K), and garage division surplus (\$30K).
- Citywide insurance and benefits had a surplus (\$105K), which was mostly from health insurance savings (\$237K), retirement surplus (\$50K) and Social Security savings (\$51K) which were offset with deficits for workers compensation (-\$51) and accrued vacation and sick relating to retirements (-\$174K).
- Education had a surplus of \$625K attributable to lower than anticipated expenditures for the various Elementary Schools (\$260K) Middle Schools (\$95K), High School (\$107K) Special Education (\$72K) and debt service (\$98K) with shortfalls in Curriculum (-\$64K), Technology (-\$56K) and Business office (-\$42K).



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, 2018 amounts to \$190,029,378 (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 0.54% (a 0.94% increase for governmental activities and a 0.48% decrease for business-type activities). The chart below shows how the City's investment changes over time as a result of the effects of depreciation. Is the community investing and keeping up with depreciation?

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 9,416,245	\$ 8,852,149	\$ 1,221,558	\$ 1,221,558	\$ 10,637,803	\$ 10,073,707
Buildings	98,200,812	87,908,644	15,470,505	16,179,068	113,671,317	104,087,712
Improvements other than buildings	2,653,666	2,312,994	-	-	2,653,666	2,312,994
Machinery and equipment	4,979,075	4,705,943	5,425,407	4,473,408	10,404,482	9,179,351
Infrastructure	15,045,781	15,616,913	29,335,652	30,054,614	44,381,433	45,671,527
Construction in progress	1,309,108	11,484,981	1,539,636	1,282,701	2,848,744	12,767,682
Vehicles	5,372,370	4,813,894	59,563	95,375	5,431,933	4,909,269
Total	\$ 136,977,057	\$ 135,695,518	\$ 53,052,321	\$ 53,306,724	\$ 190,029,378	\$ 189,002,242

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

- Construction costs for the new Municipal Services Facility including furniture and equipment totaling \$3.87 million to complete the facility during the year.
- Pleasantdale sewer and storm water phase 4 improvements for \$1.176 million.
- Various vehicles purchased included various police vehicles totaling \$135K, a Quint Fire truck for \$1.064M, three plow trucks totaling \$493K, three school buses totaling \$317K, and various other City and school vehicles totaling \$92K.
- Various paving and sidewalk projects totaling \$344K.
- Various building improvements including roof restorations at various schools of \$74K and other improvements totaling \$121K.
- Installation of a new therapy hot tub at the Community Center for \$154K.
- The purchase all Streetlights from the utility for \$224K.
- Various computer and network equipment totaling \$213K, a portable toxic and hazardous chemicals analyzer for \$61K, bus transit traffic priority system \$220K, and various heating and security control systems at the Schools \$76K.
- Various other projects throughout the City.

Additional information on the City of South Portland's capital assets can be found in the notes to the financial statements on pages 52-53 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 \$4,008,050,000 for 2018, the debt limit would be over \$601.2 million. Our current debt is \$52,225,745 or about 1.30% of State Valuation or approximately 8.69% of the City's debt limit. Another measure of a municipality's debt load is debt per capita. As of June 30, 2018, the City of South Portland's debt per capita (including lease obligations and debt premium) was \$2,332 as compared to the prior year of \$2,450.

The following is a summary of bond transactions of the City for the year ended June 30, 2018:

	Governmental Activities	Business-type Activities	Total
General Obligation Bonds payable at June 30, 2017	\$ 53,000,580	3,568,778	56,569,358
Principal additions	-	-	-
Advance refunding impact	(100,000)	-	(100,000)
Principal payments	(4,046,511)	(197,102)	(4,243,613)

General Obligation Bonds payable at June 30, 2018	\$ 48,854,069	3,371,676	52,225,745
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During the year, the City refinanced certain 2010 and 2012 bonds of the City through an advance refunding. The proceeds of these new bonds along with the associated premium were used to fund the escrow to defease the old bonds. The result was bonds at a lower overall cost to the City and a net present value savings of \$683,579.

The City of South Portland maintains an "Aaa" rating from Moody's and an "AAA" 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 53-55 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. Development has continued with strong building permit activity for each of the past few fiscal years.

- The October 2018 unemployment rate for the Portland/South Portland area is currently at 2.7% which is 0.1% more from the rate a year ago of 2.6%. This rate compares favorably to the state's average unemployment rate of 3.4% and the national average rate of 3.7%.
- As of January of 2018, the vacancy rate for Class A office space in the Suburban Greater Portland area was 3.26% down from 3.28% in June of 2017 and the vacancy rate for Class B office space Suburban Greater Portland area was 4.46% down from 5.37% in June of 2017.

In adopting the budget for the ensuing fiscal year 2019, 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 (2019), 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:

- For FY19, the City expects to experience decreased school aide of \$823K, with an offsetting increase in State BETE Reimbursement \$369K and State Homestead reimbursement \$199K. Additionally, the City anticipates an increase in building permits \$80K and Ambulance fees \$60K.
- The City continues to promote economic development and has experienced strong building permits in the past few years. Monitoring and maintain conservative estimates going forward.

Property Values and Business Development:

- The regional economy has seen fairly strong growth in property values. Vacancy rates in the mall area appear to be flat and the City has been working with businesses to assist in business development.
- Housing prices for coastal properties is especially strong. Available rental housing stock is limited with rates rising significantly.
- A strong increase in overall taxable value resulted from several larger development projects.

Health Insurance and Other Costs:

- The cost of health insurance continues to rise. The City is actively taking steps to improve the City's health insurance experience rating. This has allowed the City rate increases to be modest as compared to many other communities and businesses. 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 City recently received notice that the increase for the coming year will be a 6.16% increase, slightly below what was anticipated.
- The employer cost for funding the City's defined benefit retirement plan has increased steadily each of the past several years.
- The costs of maintaining our facilities, vehicles, and infrastructure including expanding paving streets.
- The increase in operating costs for utilities and operating costs for the new Municipal Services Facility.

The fiscal year 2019 budget was approved in June 2018 with a \$2,425,582 (2.82%) increase in the overall general fund expenditure budget. Due to changes in various revenues including increased taxable valuation, the impact to property taxes was an increase of \$2,934,793 (4.72%). Overall the tax rate increased (2.78%) to 18.50 per thousand from the prior year 18.00.

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

CITY OF SOUTH PORTLAND, MAINE
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 53,274,591	-	53,274,591
Investments	10,279,197	-	10,279,197
Receivables, net of allow. of \$784,282 and \$41,200	2,155,826	630,754	2,786,580
Taxes receivable	818,389	-	818,389
Tax liens and tax acquired property	211,745	-	211,745
Inventory	47,574	-	47,574
Internal balances	(15,124,026)	15,124,026	-
Restricted assets, cash	50,000	-	50,000
Capital assets, not being depreciated	10,725,353	2,761,194	13,486,547
Capital assets, net of accumulated depreciation	126,251,704	50,291,127	176,542,831
Total assets	188,690,353	68,807,101	257,497,454
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	3,447,350	-	3,447,350
Deferred outflows of resources related to OPEB	284,145	-	284,145
Deferred charge on refunding	1,501,475	-	1,501,475
Total deferred outflows of resources	5,232,970	-	5,232,970
LIABILITIES			
Accounts payable	3,929,889	696,935	4,626,824
Accrued liabilities	612,579	2,361	614,940
Accrued interest	606,416	4,413	610,829
Accrued teachers' summer salaries	4,489,722	-	4,489,722
Non-current liabilities:			
Due within one year	6,017,794	296,608	6,314,402
Due in more than one year	69,308,510	3,357,848	72,666,358
Total liabilities	84,964,910	4,358,165	89,323,075
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	1,003,769	-	1,003,769
Deferred inflows of resources related to OPEB	173,348	-	173,348
Total deferred inflows of resources	1,177,117	-	1,177,117
NET POSITION			
Net investment in capital assets	82,508,257	49,680,645	132,188,902
Restricted for:			
Permanent Funds - Nonexpendable principal	193,519	-	193,519
Permanent Funds - Expendable	137,030	-	137,030
Education	2,338,747	-	2,338,747
Other grants	1,892,642	-	1,892,642
Tax Increment Financing	6,948,908	-	6,948,908
Capital	-	6,901,280	6,901,280
Unrestricted	13,762,193	7,867,011	21,629,204
Total net position	\$ 107,781,296	64,448,936	172,230,232

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Activities
For the year ended June 30, 2018

						Net (expense) revenue and changes in net position		
						Primary Government		
Functions/programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 13,958,497	414,864	655,093	-	(12,888,540)	-	(12,888,540)	
Public safety	13,857,160	1,919,169	356,584	13,504	(11,567,903)	-	(11,567,903)	
Public works	8,159,709	242,771	-	274,253	(7,642,685)	-	(7,642,685)	
Culture and recreation	4,938,167	1,316,027	-	-	(3,622,140)	-	(3,622,140)	
Transportation and waterfront	1,982,271	374,004	739,929	180,275	(688,063)	-	(688,063)	
Health, welfare and social services	559,095	-	296,491	-	(262,604)	-	(262,604)	
Education	53,720,323	766,015	13,270,877	-	(39,683,431)	-	(39,683,431)	
Interest on debt service	1,272,571	-	-	-	(1,272,571)	-	(1,272,571)	
Total governmental activities	98,447,793	5,032,850	15,318,974	468,032	(77,627,937)	-	(77,627,937)	
Business-type activities:								
Sewer	6,345,116	6,015,315	-	-	-	(329,801)	(329,801)	
Total business-type activities	6,345,116	6,015,315	-	-	-	(329,801)	(329,801)	
Total primary government	\$ 104,792,909	11,048,165	15,318,974	468,032	(77,627,937)	(329,801)	(77,957,738)	
General revenues:								
Property taxes, levied for general purposes					65,519,757	-	65,519,757	
Motor vehicle excise taxes					7,595,421	-	7,595,421	
Cable television franchise					120,000	-	120,000	
Grants and contributions not restricted to specific programs:								
State Revenue Sharing					1,296,113	-	1,296,113	
Homestead exemption					986,940	-	986,940	
Other State aid					2,600,804	-	2,600,804	
Unrestricted investment earnings					407,993	78,264	486,257	
Miscellaneous					824,864	-	824,864	
Transfers					(3,363,343)	3,363,343	-	
Total general revenues and transfers					75,988,549	3,441,607	79,430,156	
Change in net position					(1,639,388)	3,111,806	1,472,418	
Net position - beginning as restated					109,420,684	61,337,130	170,757,814	
Net position - ending					\$ 107,781,296	64,448,936	172,230,232	

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

	General	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 39,626,055	6,948,801	6,699,735	-	53,274,591
Investments	9,090,461	-	-	1,188,736	10,279,197
Due from other governments	682,682	-	11,056	1,039,527	1,733,265
Accounts receivable, net of allowance of \$784,282	192,808	8,719	-	221,034	422,561
Taxes receivable	818,389	-	-	-	818,389
Tax liens and tax acquired property	211,745	-	-	-	211,745
Interfund loans receivable	-	-	-	3,951,765	3,951,765
Inventory	-	-	-	47,574	47,574
Restricted assets, cash	50,000	-	-	-	50,000
Total assets	\$ 50,672,140	6,957,520	6,710,791	6,448,636	70,789,087
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	3,341,017	8,612	429,782	160,247	3,939,658
Accrued liabilities	550,805	-	-	61,774	612,579
Interfund loans payable	18,888,480	-	-	177,542	19,066,022
Accrued teachers' summer salaries	4,300,680	-	-	189,042	4,489,722
Total liabilities	27,080,982	8,612	429,782	588,605	28,107,981
Deferred inflows of resources:					
Unavailable revenue - property taxes	750,200	-	-	-	750,200
Total deferred inflows of resources	750,200	-	-	-	750,200
Fund balances:					
Nonspendable	-	-	-	241,093	241,093
Restricted	2,338,747	6,948,908	467,669	1,982,098	11,737,422
Committed	3,972,242	-	5,967,307	3,676,369	13,615,918
Assigned	4,129,161	-	-	-	4,129,161
Unassigned	12,400,808	-	(153,967)	(39,529)	12,207,312
Total fund balances	22,840,958	6,948,908	6,281,009	5,860,031	41,930,906
Total liabilities, deferred inflows of resources, and fund balances	\$ 50,672,140	6,957,520	6,710,791	6,448,636	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					136,977,057
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					750,200
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:					
Bond premiums					(4,138,565)
Deferred charge from refunding					1,501,475
Accrued compensated absences					(3,359,778)
Net other postemployment benefits liability with related deferred inflows and outflows of resources					(4,849,764)
Accrued interest					(606,416)
Landfill closure					(142,000)
Capital leases					(1,943,835)
Net pension liability with related deferred inflows and outflows of resources					(9,483,915)
Bonds payable					(48,854,069)
Net position of governmental activities					\$ 107,781,296

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, 2018

	General	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 70,533,408	2,579,570	-	25,000	73,137,978
Intergovernmental	15,757,895	831,083	207,152	3,874,733	20,670,863
Licenses, permits, fees and fines	1,081,073	-	-	-	1,081,073
Charges for services	1,917,398	-	-	1,869,751	3,787,149
Unclassified	840,163	4,000	327	406,887	1,251,377
Interest earned	219,061	114,655	28,626	45,651	407,993
Total revenues	90,348,998	3,529,308	236,105	6,222,022	100,336,433
Expenditures:					
Current:					
General government	11,325,330	130,760	-	941,286	12,397,376
Public safety	11,555,228	-	-	271,533	11,826,761
Public works	4,819,652	125,280	-	140,239	5,085,171
Culture and recreation	3,373,685	-	-	939,384	4,313,069
Transportation and waterfront	1,409,045	-	-	94,172	1,503,217
Health, welfare and social services	559,095	-	-	-	559,095
Education (excluding debt service)	47,410,712	-	-	2,132,544	49,543,256
School lunch program	-	-	-	1,820,284	1,820,284
Intergovernmental	2,598,030	-	-	-	2,598,030
Other	39,199	1,279,129	-	7,738	1,326,066
Debt service	6,107,087	-	-	-	6,107,087
Capital expenditures	166,623	-	7,466,908	-	7,633,531
Total expenditures	89,363,686	1,535,169	7,466,908	6,347,180	104,712,943
Excess (deficiency) of revenues over (under) expenditures	985,312	1,994,139	(7,230,803)	(125,158)	(4,376,510)
Other financing sources (uses):					
Transfers in	1,693,383	-	3,005,439	430,000	5,128,822
Transfers out	(3,920,609)	(4,441,722)	-	(129,834)	(8,492,165)
Capital lease proceeds	-	-	456,948	-	456,948
Issuance of refunding bond debt	15,700,000	-	-	-	15,700,000
Premium on refunding bonds issued	1,862,444	-	-	-	1,862,444
Payment to refunding bond escrow agent	(17,372,974)	-	-	-	(17,372,974)
Total other financing sources (uses)	(2,037,756)	(4,441,722)	3,462,387	300,166	(2,716,925)
Net change in fund balances	(1,052,444)	(2,447,583)	(3,768,416)	175,008	(7,093,435)
Fund balances, beginning of year	23,893,402	9,396,491	10,049,425	5,685,023	49,024,341
Fund balances, end of year	\$ 22,840,958	6,948,908	6,281,009	5,860,031	41,930,906

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, 2018

Net change in fund balances - total governmental funds (from Statement 4)	\$	(7,093,435)
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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 (\$7,702,848) exceed book value of disposed assets (\$169,397) and depreciation (\$6,251,912).		1,281,539
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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 unavailable revenues.		(22,800)
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Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayments reduces long-term liabilities in the statement of net position. Capital lease proceeds (\$456,948) exceeded repayments (\$423,391).		(33,557)
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As as a result of differences between the principle of debt refunded and the payment to the refunding escrow, the City has recorded a deferred charge (\$1,572,974). Additionally, the City is amortizing the deferred charge on refunding over the life of the refunding bonds (\$71,499).		1,501,475
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Change in accruals are recorded on the statement of net position, but not on the governmental fund balance sheet - accrued compensated absences (\$172,222), accrued interest (\$51,327), net pension liability with deferred outflows and inflows of resources, (\$154,350) and other postemployment benefits liability with related deferred outflows and inflows of resources (\$116,596).		(47,397)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Governmental funds report the effects of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. During the year, the City advance refunded bonds with bond premiums of \$1,862,444. The City amortized bond premiums of \$490,720. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. For the year, the amount of repayments was \$4,146,511.		2,774,787
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Change in net position of governmental activities (see Statement 2)	\$	(1,639,388)
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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, 2018

	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	\$ 69,063,928	69,063,928	70,533,408	1,469,480	2,455,606	2,455,606	2,579,570	123,964
Intergovernmental	12,102,520	12,165,417	12,223,567	58,150	985,794	985,794	831,083	(154,711)
Licenses, permits, fees and fines	879,600	879,600	1,081,073	201,473	-	-	-	-
Charges for services	1,831,150	1,831,150	1,917,398	86,248	-	-	-	-
Unclassified	164,100	164,100	191,968	27,868	-	-	4,000	4,000
Interest earned	400,000	400,000	158,002	(241,998)	-	-	114,655	114,655
Total revenues	84,441,298	84,504,195	86,105,416	1,601,221	3,441,400	3,441,400	3,529,308	87,908
Expenditures:								
Current:								
General government	10,495,573	10,495,573	10,306,845	188,728	252,792	252,792	130,760	122,032
Public safety	11,507,404	11,507,404	11,421,076	86,328	-	-	-	-
Public works	4,817,824	4,817,824	4,713,723	104,101	153,321	153,321	125,280	28,041
Culture and recreation	3,444,444	3,444,444	3,292,580	151,864	-	-	-	-
Transportation and waterfront	1,335,728	1,398,625	1,371,000	27,625	-	-	-	-
Health, welfare and social services	574,332	574,332	559,095	15,237	-	-	-	-
Education	48,750,018	48,750,018	48,124,652	625,366	-	-	-	-
Intergovernmental	2,598,030	2,598,030	2,598,030	-	-	-	-	-
Other	112,000	112,000	99,199	12,801	1,050,071	1,050,071	1,279,129	(229,058)
Debt service (excluding education)	1,372,646	1,562,116	1,544,644	17,472	-	-	-	-
Capital expenditures	-	-	-	-	1,737,063	-	-	-
Total expenditures	85,007,999	85,260,366	84,030,844	1,229,522	3,193,247	1,456,184	1,535,169	(78,985)
Excess (deficiency) of revenues over (under) expenditures	(566,701)	(756,171)	2,074,572	2,830,743	248,153	1,985,216	1,994,139	8,923
Other financing sources (uses):								
Budgeted use of surplus - City	-	2,978,346	-	(2,978,346)	95,407	2,456,506	-	(2,456,506)
Budgeted use of surplus - School	500,000	500,000	-	(500,000)	-	-	-	-
Issuance of refunding bond debt	-	15,700,000	15,700,000	-	-	-	-	-
Premium on refunding bonds issued	-	1,862,444	1,862,444	-	-	-	-	-
Payment to refunded bond escrow agent	-	(17,372,974)	(17,372,974)	-	-	-	-	-
Transfer in	883,449	883,449	883,449	-	-	-	-	-
Transfers out	(816,748)	(3,795,094)	(3,920,609)	(125,515)	(343,560)	(4,441,722)	(4,441,722)	-
Total other financing sources (uses)	566,701	756,171	(2,847,690)	(3,603,861)	(248,153)	(1,985,216)	(4,441,722)	(2,456,506)
Net change in fund balance - budgetary basis	-	-	(773,118)	(773,118)	-	-	(2,447,583)	(2,447,583)
Reconciliation to GAAP basis:								
Change in encumbrances - City			132,810				-	
Change in encumbrances - School			(4,181)				-	
Change in unbudgeted teacher summer benefits			(74,240)				-	
Change in reserves			(333,715)				-	
Net change in fund balance - GAAP basis			(1,052,444)				(2,447,583)	
Fund balance, beginning of year			23,893,402				9,396,491	
Fund balance, end of year	\$		22,840,958				6,948,908	

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statements of Net Position
Proprietary Funds
June 30, 2018 and 2017

Business-type Activities - Enterprise Funds		
	Sewer	
	2018	2017
ASSETS		
Current assets:		
Receivables, net of allowance of \$41,200 and \$77,900, respectively	\$ 628,526	\$ 664,292
Sewer liens	2,228	6,832
Interfund loans receivable	15,124,026	11,669,229
Total current assets	15,754,780	12,340,353
Noncurrent assets:		
Capital assets, not being depreciated	2,761,194	2,504,259
Capital assets	100,169,505	98,811,724
Accumulated depreciation	(49,878,378)	(48,009,259)
Total noncurrent assets	53,052,321	53,306,724
Total assets	68,807,101	65,647,077
LIABILITIES		
Current liabilities:		
Accounts payable	696,935	465,188
Accrued wages	2,361	2,322
Accrued interest	4,413	4,659
Current portion of noncurrent liabilities:		
Compensated absences	99,506	95,746
Bonds payable	197,102	197,102
Total current liabilities	1,000,317	765,017
Noncurrent liabilities:		
Compensated absences	183,274	173,254
Bonds payable	3,174,574	3,371,676
Total noncurrent liabilities	3,357,848	3,544,930
Total liabilities	4,358,165	4,309,947
NET POSITION		
Net investment in capital assets	49,680,645	49,737,946
Restricted for capital projects	6,901,280	3,434,257
Unrestricted	7,867,011	8,164,927
Total net position	\$ 64,448,936	61,337,130

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statements of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the years ended June 30, 2018 and 2017

Business-type Activities - Enterprise Funds		
	Sewer	
	2018	2017
Operating revenues:		
Charges for services	\$ 5,940,533	5,948,268
Interest and penalties	516	1,802
Licenses	74,266	58,552
Total operating revenues	6,015,315	6,008,622
Operating expenses:		
Personnel services	2,397,401	2,319,456
Contractual services	1,307,847	1,276,539
Supplies and materials	447,168	447,010
Fixed charges	90,751	101,625
Capital outlay	47,914	57,489
Depreciation	2,034,088	1,979,435
Total operating expenses	6,325,169	6,181,554
Operating loss	(309,854)	(172,932)
Nonoperating revenues (expenses):		
Interest revenue	78,264	79,684
Gain (loss) on disposal of capital assets	1,220	-
Interest expense	(21,167)	(21,793)
Total nonoperating revenues (expenses)	58,317	57,891
Loss before transfers and capital contributions	(251,537)	(115,041)
Capital contributions	-	254,765
Transfers in	3,364,207	122,609
Transfer out	(864)	(1,930,904)
Total transfers and capital contributions	3,363,343	(1,553,530)
Change in net position	3,111,806	(1,668,571)
Net position, beginning of year	61,337,130	63,005,701
Net position, end of year	\$ 64,448,936	61,337,130

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statements of Cash Flows
Proprietary Funds
For the years ended June 30, 2018 and 2017

Business-type Activities - Enterprise Funds			Sewer	
			2018	2017
Cash flows from operating activities:				
Receipts from customers and users	\$	6,055,685	5,917,777	
Payments to suppliers		(1,661,933)	(2,749,527)	
Payments to employees		(2,383,582)	(2,339,928)	
Net cash provided by operating activities		2,010,170	828,322	
Cash flows from noncapital financing activities:				
Transfer in from other funds		3,364,207	122,609	
Interfund loan		(3,454,797)	(1,226,188)	
Transfers to other funds		(864)	(1,930,904)	
Net cash provided by (used in) noncapital financing activities		(91,454)	(3,034,483)	
Cash flows from capital and related financing activities:				
Purchase of capital assets		(1,778,465)	(1,154,383)	
Proceeds from sale of capital assets		-	-	
Proceeds from bonded obligations		-	3,500,000	
Interest paid on bonds		(21,413)	(22,038)	
Principal payments on bonds		(197,102)	(197,102)	
Net cash provided by (used in) capital and related financing activities		(1,996,980)	2,126,477	
Cash flows from investing activities:				
Interest revenue		78,264	79,684	
Net cash provided by investing activities		78,264	79,684	
Net increase (decrease) in cash		-	-	
Cash, beginning of year		-	-	
Cash, end of year	\$	-	-	
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	\$	(309,854)	(172,932)	
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation		2,034,088	1,979,435	
(Increase) decrease in receivables		35,766	(90,916)	
(Increase) decrease in liens		4,604	71	
Increase (decrease) in accounts payable		231,747	(866,864)	
Increase (decrease) in accrued wages		39	(25,222)	
Increase (decrease) in compensated absences		13,780	4,750	
Net cash provided by operating activities	\$	2,010,170	828,322	
Noncash investing, capital, and financing activities:				
Capital contributions	\$	-	100,000	

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

		Private- purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$	271,484	129,809
Investments		1,801,828	-
Total assets		2,073,312	129,809
LIABILITIES			
Accounts payable		6,000	-
Due to others		9,769	129,809
Total liabilities		15,769	129,809
NET POSITION			
Held in trust	\$	2,057,543	-

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2018

		Private- purpose Trust Funds
<hr/>		
Additions:		
Donations	\$	840
Investment earnings:		
Interest		51,675
Unrealized loss		(55,777)
Total additions		(3,262)
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Deductions:		
Scholarships and other		94,621
Total deductions		94,621
<hr/>		
Change in net position		(97,883)
Net position, beginning of year		2,155,426
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Net position, end of year	\$	2,057,543

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

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

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 government-wide financial 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.

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.

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".

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

F. Inventories and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses 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 acquisition 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.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 position.

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. The City Council is the highest level of decision making authority, and has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments by passage of an order.
- *Assigned* – resources that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has delegated the authority to assign fund balance to the City's Finance Director based on prescribed policies previously established by the City Council.
- *Unassigned* – resources which have not been assigned to other funds and that have 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'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, 2012, in order #166-10/11.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

O. Pensions

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

P. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined based on actuary reports prepared by the OPEB Plan's actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Q. Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report one type of deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The governmental activities have two items that qualify for reporting in this category. One is the deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other deferred inflows and outflows relate to the net pension and OPEB liabilities, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension and OPEB liabilities in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which are deferred and amortized over a five-year period.

R. Net Position

Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets 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 position is 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 investment in capital assets was calculated as follows at June 30, 2018:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 243,477,274	102,930,699
Accumulated depreciation	(106,500,217)	(49,878,378)
Bonds payable and premiums	(52,992,634)	(3,371,676)
Add back bond proceeds unexpended	467,669	-
Capital leases	(1,943,835)	-
<u>Net investment in capital assets</u>	<u>\$ 82,508,257</u>	<u>49,680,645</u>

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

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. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$3,534,328.

These amounts have been included as an intergovernmental revenue and as an education expense/expenditure on Statements 2 and 4 (GAAP basis). There is no effect on the net position/fund balance at the end of the year. 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 \$1,309,103 in the General Fund.

Additionally, the City does not budget for certain benefits that are accrued at year end by the School Department for teachers during the summer vacation.

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, 2018, all departments were within their charter level budget limits.

C. Deficit Fund Balances

At June 30, 2018, the following funds had deficit fund balances:

Special Revenue Funds:

Dyer Friends	\$ 154	Memorial Tech Grant - Koelker	1,237
Staff Computer Training	476	Sustainability Committee	87
Friends Skillin Library	168	Future Builders / Summer School	23,908
Wellness Committee	3,294		
National Semiconductor - Brown	3,683	<u>Private-purpose Trust Funds:</u>	
Heating Assistance	524	A Varanelli Scholarship	241
E-Rate	5,593		
Learning Results	405	<u>Capital Project Funds:</u>	
		Middle School Project	153,967

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

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

DEPOSITS AND INVESTMENTS

As of June 30, 2018, 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	\$ 16,994,201	16,994,201	-	-
U.S. Treasury Notes	4,485,051	2,118,746	1,471,443	894,862
Federal Home Loan Mort. Corp.	4,128,919	398,384	2,704,000	1,026,535
Federal Farm Credit Bank	492,112	-	492,112	-
Federal National Mortgage	951,467	-	876,486	74,981
Federal Home Loan Bank	1,947,346	-	981,348	965,998
Certificates of Deposit	38,062,397	12,837,242	24,979,756	245,399
Stock Mutual Fund	76,133	Not applicable		

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investments held by the City are categorized as Level 1 inputs.

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, 2018, the City had bank balances of \$55,398,564. 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, 2018, the City had no deposits which were subject to custodial credit risk because they were not insured or collateralized.

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, 2018, the City had fair value investment balances of \$12,081,028 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, 2018, the City's investments in Federal Home Loan Banks, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 minimalized.

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 25, 2017 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 \$867,003 for the year ended June 30, 2018.

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 unavailable revenues.

The following summarizes the levy:

	<u>2018</u>	<u>2017</u>
Assessed value	\$ 3,641,513,160	3,610,630,400
Tax rate (per \$1,000)	18.00	17.70
Commitment	65,547,237	63,908,158
Less:		
Abatements	202,288	44,932
Collections	64,686,257	63,212,383
Current year taxes receivable at end of year	658,692	650,843
Taxes and liens receivable - prior years	371,442	320,412
Total taxes and liens receivable	\$ 1,030,134	971,255
Due dates:		
1st quarter	August 31, 2017	August 18, 2016
2nd quarter	November 16, 2017	November 17, 2016
3rd quarter	February 15, 2018	February 16, 2017
4th quarter	May 10, 2018	May 11, 2017
	<u>2018</u>	<u>2017</u>
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	99.00%	98.98%

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, 2018 was as follows:

	Balance June 30, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,852,149	567,700	3,604	9,416,245
Construction in progress	11,484,981	1,123,067	11,298,940	1,309,108
Total capital assets not being depreciated	20,337,130	1,690,767	11,302,544	10,725,353
Capital assets, being depreciated:				
Buildings	130,375,304	13,083,730		143,459,034
Improvements other than buildings	5,868,752	586,110	-	6,454,862
Machinery and equipment	16,217,271	1,117,610	138,081	17,196,800
Vehicles	15,516,825	1,887,051	1,673,946	15,729,930
Infrastructure	49,123,274	788,020	-	49,911,294
Total capital assets being depreciated	217,101,426	17,462,521	1,812,027	232,751,920
Less accumulated depreciation for:				
Buildings	42,466,660	2,791,561		45,258,221
Improvements other than buildings	3,555,758	245,437	-	3,801,195
Machinery and equipment	11,511,328	841,135	134,737	12,217,726
Vehicles	10,702,931	1,166,128	1,511,497	10,357,562
Infrastructure	33,506,361	1,359,152	-	34,865,513
Total accumulated depreciation	101,743,038	6,403,413	1,646,234	106,500,217
Total capital assets being depreciated, net	115,358,388	11,059,108	165,793	126,251,703
Governmental activities capital assets, net	\$ 135,695,518	12,749,875	11,468,337	136,977,056

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

Governmental activities:	
General government	\$ 211,085
Public safety	699,326
Public works	1,669,006
Culture and recreation	659,971
Transportation and waterfront	479,055
Education	2,533,470

Total depreciation expense – governmental activities **\$ 6,251,913**

The difference between depreciation expense and increase in depreciation (\$151,500) represents a transfer of a capital asset that was fully depreciated from the business type activities to the governmental activities. Additionally this creates a difference between increases in capital assets and capital asset acquisitions reported on Statement 5.

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, 2018 was as follows:

	Balance June 30, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,221,558	-	-	1,221,558
Construction in progress	1,282,701	1,361,468	1,104,533	1,539,636
Total capital assets not being depreciated	2,504,259	1,361,468	1,104,533	2,761,194
Capital assets, being depreciated:				
Buildings	36,443,693	46,929	-	36,490,621
Improvements other than buildings	80,331	-	-	80,331
Machinery and equipment	15,505,557	1,459,522	-	16,965,080
Vehicles	1,231,177	16,300	164,970	1,082,507
Infrastructure	45,550,966	-	-	45,550,966
Total capital assets being depreciated	98,811,724	1,522,751	164,970	100,169,505
Less accumulated depreciation for:				
Buildings	20,264,625	755,490	-	21,020,115
Improvements other than buildings	80,331	-	-	80,331
Machinery and equipment	11,032,149	507,522	-	11,539,671
Vehicles	1,135,802	52,111	164,970	1,022,943
Infrastructure	15,496,352	718,965	-	16,215,317
Total accumulated depreciation	48,009,259	2,034,088	164,970	49,878,377
Total capital assets being depreciated, net	50,802,465	(511,337)	-	50,291,128
Business-type activities capital assets, net	\$ 53,306,724	850,131	1,104,533	53,052,322

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 53,000,580	15,700,000	19,846,511	48,854,069	3,956,512
Bond premiums	2,766,841	1,862,444	490,720	4,138,565	563,271
Capital leases	1,910,278	456,948	423,391	1,943,835	486,951
Landfill closure	142,000	-	-	142,000	14,200
Other post-employment benefits*	4,733,168	227,393	-	4,960,561	-
Net pension liability	15,319,122	-	3,391,626	11,927,496	-
Compensated absences	3,532,000	82,178	254,400	3,359,778	996,860
Governmental activity long-term liabilities	\$ 81,403,989	18,328,963	24,406,648	75,326,304	6,017,794

*Beginning balance was restated due to implementation of GASB # 75.

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	\$3,568,778	-	197,102	3,371,676	197,102
Compensated absences	269,000	220,873	207,093	282,780	99,506
Business-type activities long-term liabilities	\$ 3,837,778	220,873	404,195	3,654,456	296,608

Long-term debt payable at June 30, 2018 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, 2018</u>
Governmental activities:					
2010 1999 Community Center - City	1/26/2010	1,890,000	11/1/2018	2.00-3.00%	210,000
2010 HS & MS Renovations - School	1/26/2010	4,613,000	11/1/2020	2.00-4.00%	460,000
2011 Refund 2002 & 2003 - School	10/26/2011	8,905,000	7/15/2023	2.00-4.375%	4,160,000
2012 HS Construction - School	5/30/2012	30,000,000	7/15/2032	2.00-4.00%	9,000,000
2013 HS SRRF - School	12/1/2013	664,450	12/1/2023	0.00%	279,069
2014 HS Construction - School	4/10/2014	8,850,000	4/15/2034	2.25-3.25%	7,070,000
2016 Municipal Service Facility - City	9/8/2016	12,700,000	3/1/2037	2.00-5.00%	12,065,000
2017 Advance Refund 2010 & 2012	9/13/2017	15,700,000	7/15/2029	2.38-4.00%	15,610,000
Total governmental activities					48,854,069
Business-type activities:					
2009 SRF (Long Creek)	10/7/2009	749,716	10/1/2029	0.00%	311,676
2015 CWSRF	8/30/2015	3,500,000	8/1/2035	0.35%	3,060,000
Total business-type activities					3,371,676
Total bonds payable					\$ 52,225,745

In September of 2017, the City advance refunded \$2.3 million of the 2010 bonds and \$13.5 million of the 2012 bonds (which had interest rates rating from 3.0% to 4.0%) with \$15.7 million of new bonds at a net interest cost (NIC) of 1.894% and an economic gain (net present value savings) of \$683,579 over 12 years. The advance refunding produced a 4.33 percent savings of refunded bonds. The net proceeds of \$17,372,974 (including a \$1,862,444 premium and after payment of \$174,303 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 portion of 2010 and 2012 bonds advanced refunded are considered defeased and the liability for those bonds has been removed from the statement of net position. The City will amortize over the remaining life the premium and deferred charges relating to the refunding. At June 30, 2018, \$15,610,000 of defeased bonds remain outstanding.

All governmental activity debt service payments, including capital leases and compensated absences, were made within the General Fund. Other post-employment benefits and the net pension liability are not currently being funded on a budgetary level. If and when such funding would occur, it would be funded within the General Fund.

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

LONG-TERM DEBT, CONTINUED

The annual requirements to amortize long-term debt outstanding as of June 30, 2018 are as follows:

Governmental activities				Business-type activities		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,956,512	1,514,484	5,470,996	197,102	19,433	216,535
2020	3,801,512	1,404,800	5,206,312	197,102	18,808	215,910
2021	3,776,511	1,288,400	5,064,911	197,102	18,184	215,286
2022	3,766,512	1,161,725	4,928,237	197,102	17,559	214,661
2023	3,161,511	1,047,663	4,209,174	197,102	16,934	214,036
2024-2028	14,146,511	3,584,975	17,731,486	985,511	75,300	1,060,811
2029-2033	13,265,000	1,328,956	14,593,956	890,655	59,681	950,336
2034-2037	2,980,000	137,331	3,117,331	510,000	28,311	538,311
Total	\$ 48,854,069	11,468,334	60,322,403	3,371,676	254,210	3,625,886

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, 2018, the statutory limit for the City was \$601,207,500. The City's outstanding long-term debt of \$52,225,745 at June 30, 2018 was \$548,981,755 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, 2018:

<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	\$ 35,583,000	9.10%	\$ 3,238,172
Portland Water District	50,150,965	13.61%	6,825,546

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.

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

JOINTLY GOVERNED ORGANIZATION, CONTINUED

Selected balance sheet information for ecomaine for the year ended June 30, 2018 includes total assets of \$62,899,434, and total liabilities of \$17,719,973 and unrestricted net position of \$17,354,190. The liabilities include an accrual for landfill closure and postclosure care amounting to \$14,819,398. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2018 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, 2018 was \$4,200,391

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, 2018.

	Governmental activities
2019	\$ 532,285
2020	539,077
2021	488,739
2022	295,594
2023	204,387
Total minimum lease payments	2,060,082
Less: amount representing interest	116,247
Present value of future minimum lease payments	<u>\$ 1,943,835</u>

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, 2018, the City had recorded approximately \$142,000 of estimated cost remaining related to postclosure care of the landfill. The City has amounts available in the general fund to fund these estimated costs. The actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

INTERFUND BALANCES AND TRANSFERS

As of June 30, 2018, interfund loans receivable and payable were as follows:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General Fund	\$ -	18,888,480
Sewer Fund	15,124,026	-
Nonmajor Special Revenue Funds:		
City Special Revenues	3,942,799	-
School Grant Funds	-	136,918
School Adult Education	8,966	-
School Lunch Fund	-	37,815
Permanent Funds	-	2,809
Private-purpose Trust Funds	-	9,769
Total interfund balances	\$ 19,075,791	19,075,791

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, 2018, interfund transfers were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 1,693,383	3,920,609
Sewer Fund	3,364,207	864
Tax Increment Financing	-	4,441,722
Capital Projects	3,005,439	-
Nonmajor Special Revenue Funds:		
City Special Revenues	-	126,634
School Grant Fund	-	3,200
School Lunch Fund	430,000	-
Total interfund transfers	\$ 8,493,029	8,493,029

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, 2018, the City maintained an unassigned general fund balance of \$12,400,808 which is 14.04% of the fiscal year 2019 budget of \$88,338,226.

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 \$1,502,461 tax rate stabilization reserve at June 30, 2018 with \$500,000 anticipated to be used in the funding of fiscal year ending June 30, 2019 budget.

As of June 30, 2018, fund balance components consisted of the following:

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Nonspendable:			
Inventory	\$ -	47,574	47,574
Principal for permanent funds	-	193,519	193,519
Total nonspendable	-	241,093	241,093
Restricted:			
Education	2,338,747	399,894	2,738,641
TIF funds	-	6,948,908	6,948,908
Capital Projects – unspent bond proceeds	-	467,669	467,669
Grants – Housing and Business Development	-	179,174	179,174
Grants – Other planning and general government	-	15,477	15,477
Grants – Fire and Police	-	53,088	53,088
Grants – FEMA equipment	-	121,321	121,321
Grants – State Highway Block	-	503,290	503,290
Donations – Parks and recreation operations	-	551,987	551,987
Other grants and donations	-	20,837	20,837
Permanent funds	-	137,030	137,030
Total restricted	2,338,747	9,398,675	11,737,422

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

FUND BALANCES, CONTINUED

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Committed:			
General government:			
Tax stabilization reserve	\$ 1,502,461	-	1,502,461
Climate action plan	30,320	-	30,320
Equipment replacement reserve	185,401	-	185,401
Unemployment reserve	83,923	-	83,923
Self-Insurance reserve	107,232	-	107,232
Safety reserve	201,287	-	201,287
Computerization reserve	71,301	-	71,301
Litigation legal reserve	550,931	-	550,931
Municipal buildings and land acquisition	58,524	-	58,524
Other reserves	137,589	250,883	388,472
South Portland Community TV	-	773,537	773,537
Freshwater Wetland Fund	-	210,819	210,819
Land Bank Trust	-	891,147	891,147
Public safety:			
Fire equipment and vehicle reserve	26,734	-	26,734
Police equipment reserves	74,806	-	74,806
Call company retirement reserve	59,848	-	59,848
Hazardous materials fund	-	113,536	113,536
Other	-	62,079	62,079
Public works:			
Snow removal reserve	400,107	-	400,107
Cummings road sewer reserve	217,102	-	217,102
Solid waste reserve	53,411	-	53,411
Other reserves	57,262	-	57,262
Street openings and recycling funds	-	380,236	380,236
Sewer impact fund	-	548,558	548,558
Transit and waterfront:			
Bus reserve	154,003	-	154,003
Portland Street Pier and Thomas Knight	-	189,213	189,213
Culture and recreation:			
Library Donations	-	141,135	141,135
Other	-	115,226	115,226
Capital projects	-	5,967,307	5,967,307
Total committed	3,972,242	9,643,676	13,615,918

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

FUND BALANCES, CONTINUED

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Assigned:			
Compensated absences reserve	\$ 2,679,319	-	2,679,319
Phone system reserve	89,463	-	89,463
Public safety vehicle reserve	(47,074)	-	(47,074)
Public works fuel distribution	98,350	-	98,350
Encumbrances	1,309,103	-	1,309,103
Total assigned	4,129,161	-	4,129,161
 Unassigned	 12,400,808	 (193,496)	 12,207,312
 Total fund balance	 \$ 22,840,958	 19,089,948	 41,930,906

CONSTRUCTION COMMITMENTS

The City has entered into a contract in connection with the Pleasantdale Sewer construction project. The following is a summary of the commitments at June 30, 2018:

	Contract <u>Total</u>	Percentage <u>Complete</u>	Billed <u>to Date</u>	Balance <u>Remaining</u>
Pleasantdale Sewer Construction:				
Construction contracts	\$ 4,224,080	22.37%	944,763	3,279,317

TAX INCREMENT FINANCING DISTRICTS

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

	Original <u>value</u>	Increase in <u>value</u>	TIF <u>cap</u>	Captured <u>value</u>	Captured <u>tax</u>
Fairchild TIF	\$ 33,512,500	4,034,900	100%	4,034,900	72,628
Texas Instruments TIF	20,509,000	154,564,800	50%	77,282,400	1,391,083
One Wallace TIF	2,178,200	4,281,300	100%	4,281,300	77,063
Cummings TIF	1,697,100	25,184,200	0%	-	-
Long Creek TIF	1,066,300	11,896,200	100%	11,896,200	214,132
Brick Hill TIF	-	27,920,860	100%	27,920,860	502,575
Jared TIF	957,500	1,180,700	100%	1,180,700	21,253
Hannaford TIF	343,000	8,856,479	100%	8,856,479	159,417
Downtown TIF	96,881,900	7,260,830	100%	7,260,830	130,695
Transit TIF	18,373,000	2,383,000	25%	595,750	10,724

The City may provide financial assistance to local economic development projects by using the new property taxes that result from the commercial investment and corresponding increase in taxable property valuation. This is accomplished by utilizing municipal tax increment financing district (TIF) in accordance with Chapter 260 of MRSA Title 30-A.

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

TAX INCREMENT FINANCING DISTRICTS, CONTINUED

The City Council is authorized by statute to establish a Municipal Tax Increment Financing District and establish the Development Plan subject to the approval by the Commissioner of the Maine Department of Economic and Community Development.

Tax increment Financing Districts allow the City to “shelter” the increase property valuation from the computation of its State subsidies (General Purpose Aid to Education and Municipal Revenue Sharing) and Cumberland County tax assessments. The City would lose 50%-55% of all new property taxes due to reductions in State subsidies and increase in the City’s share the County taxes.

The Development Plan may authorize the City to enter into a Credit Enhancement Agreement (C.E.A.). The C.E.A. is a mechanism to assist the development project by using all or a portion of the incremental property tax revenues generated by the new investment to pay certain authorized project cost directly to the developer.

The City had ten (10) approved Tax Increment Financing Districts as of June 30, 2018. For FY 2018, the City captured \$2,579,570 in TIF tax revenues and disbursed \$1,279,129 in C.E.A. payments to five (5) developers. The remaining \$1,300,441 was applied toward eligible local expenses. The following are the C.E.A. payments that each exceed ten (10) percent of the total amount of C.E.A. payments.

The City disbursed \$834,650 to Texas Instruments to reimburse for investments in plant equipment to make the facility more cost competitive in the highly competitive semiconductor industry. The current amended C.E.A. became effective for FY 2013 and the company must meet annually a minimum investment in the plant (three-year average) of at least \$6 million, with a sliding scale reimbursement percentage based on the investment. The FY2018 reimbursement was at a 60% reimbursement of taxes captured rate.

The City disbursed \$256,436 in C.E.A. payments to Long Creek Redevelopment LLC (Brick Hill TIF) to reimburse the eligible infrastructure investment for affordable housing relating to the Affordable Housing TIF based on a tax shift calculation formula that for FY2018 was at 51.02% of taxes captured.

The City disbursed \$108,586 in C.E.A. payments to Long Creek Properties to reimburse the eligible infrastructure investment of an office building that was constructed for rent to WEX, a large international company with its headquarters in South Portland. The reimbursement was based on a tax shift calculation formula that for FY2018 was at 50.71% of taxes captured.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description - Employees of the City are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD) and teaching-certified employees of the City are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SETP), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.mainebers.org.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Benefits Provided - The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SETP members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD) or by statute (SETP).

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

PLD Plan - Employees are required to contribute 8.0% to 9.5% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2018, was 9.6% of annual payroll for the regular plan and 12.2% of annual payroll for the special plan. Contributions to the pension plan from the City were \$1,398,549 for the year ended June 30, 2018.

SET Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2018, was 15.05% of annual payroll of which 3.97% of payroll was required from the City and 11.08% was required from the State. Contributions to the pension plan from the City were \$1,002,500 for the year ended June 30, 2018.

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

The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2018, the City reported a liability of \$10,392,557 for its proportionate share of the net pension liability. At June 30, 2018, the City's proportion of the PLD Plan was 2.5383%.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

SET Plan - At June 30, 2018, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 1,534,939
State's proportionate share of the net pension liability associated with the City	<u>28,198,719</u>
Total	<u>\$ 29,733,658</u>

At June 30, 2018, the City's proportion of the SETP was 0.1057%.

For the year ended June 30, 2018 the City recognized pension expense of \$1,558,952 for the PLD Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	499,287
Changes of assumptions	884,341	-
Net difference between projected and actual earnings on pension plan investments	-	285,770
Changes in proportion and differences between City contributions and proportionate share of contributions	-	172,165
City contributions subsequent to the measurement date	<u>1,398,549</u>	<u>-</u>
Total	<u>\$ 2,282,890</u>	<u>957,222</u>

\$1,398,549 is reported as deferred outflows of resources related to the PLD plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ (311,469)
2020	876,430
2021	69,723
2022	(707,565)

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

For the year ended June 30, 2018 the City recognized pension expense of \$3,794,390 for the SET Plan with revenue of \$2,797,943 for support provided by the State. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the SET plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 64,555	-
Changes of assumptions	-	23,973
Net difference between projected and actual earnings on pension plan investments	-	22,574
Changes in proportion and differences between City contributions and proportionate share of contributions	97,405	-
City contributions subsequent to the measurement date	1,002,500	-
Total	\$ 1,164,460	46,547

\$1,002,500 is reported as deferred outflows of resources related to the SET plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 31,577
2020	155,744
2021	10,261
2022	(82,169)

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SETP</u>
Inflation	2.75%	2.75%
Salary Increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 6.875% for the PLD Plan and SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the PLD Plan and SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875% for PLD Plan and SET Plan) or 1 percentage-point higher (7.875% for PLD Plan and SET Plan) than the current rate:

<u>PLD Plan</u>	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(5.875%)</u>	<u>(6.875%)</u>	<u>(7.875%)</u>
City's proportionate share of the net pension liability	\$ 20,850,663	\$ 10,392,557	\$ 2,519,224
<u>SET Plan</u>	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(5.875%)</u>	<u>(6.875%)</u>	<u>(7.875%)</u>
City's proportionate share of the net pension liability	\$ 2,693,363	\$ 1,534,939	\$ 578,495

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2018.

OTHER POST EMPLOYMENT BENEFITS

General Information about the OPEB Plans

Plan Description - The City sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees and certain School Department employees the City participates in Group Life Insurance Plan for Participating Local District (PLD). Teachers also participate in the Group Term Life Insurance Plan for State Employees and Teachers (SET). Both plans are a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MPERS issues a publicly available financial reports that are available at www.maineipers.org.

Additionally, the City sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - Under both the PLD and SET OPEB plans, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Retirees with a minimum of age 55 and 5 years of service at retirement are eligible for postretirement health insurance benefits. Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the City makes no actual contributions.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employee entitled to but not yet receiving benefits	-
Active employees	237
Total	<u>273</u>

Contributions - Premium rates for both the PLD and SET OPEB plans are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

PLD OPEB Plan - The City is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the City were \$11,850 for the year ended June 30, 2018. Employees are not required to contribute to the PLD OPEB plan.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the City were \$77,303 for the year ended June 30, 2018. Employers and employees are not required to contribute to the SET OPEB plan.

Health OPEB Plan - Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the City makes no actual contributions.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability for both the PLD and SET OPEB plans was measured as of June 30, 2017, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by actuarial valuations as of that date. The City's proportion of the net OPEB liabilities was based on a projection of the City's long-term share of contributions to the PLD and SET OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan - At June 30, 2018, the City reported a liability of \$530,896 for its proportionate share of the net OPEB liability. At June 30, 2017, the City's proportion was 3.1749%.

SET OPEB Plan - At June 30, 2018, the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was \$852,965 as of June 30, 2018. At June 30, 2017, the City's proportion was 0.00%.

The City's total Health Plan OPEB liability of \$4,429,665 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total Health Plan OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ 4,050,462
Changes for the year:	
Service cost	100,023
Interest	154,034
Changes of benefit terms	-
Differences between expected and actual experience	50,155
Changes in assumptions or other inputs	227,448
Benefit payments	(152,457)
Net changes	<u>379,203</u>
Balance at June 30, 2018	\$ <u>4,429,665</u>

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% and also a change in valuation method from Projected Unit Credit to the Entry Age Normal funding method.

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

For the year ended June 30, 2018, the City recognized OPEB gain of \$7,854 for the PLD OPEB Plan. For the year ended June 30, 2018, the City recognized OPEB expense of \$77,303 and also revenues of \$77,303 for support provided by the State related to the SET OPEB plan. At June 30, 2018, the City reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	147,932
Net difference between projected and actual earnings on OPEB plan investments	-	25,416
Changes in proportion and differences between City contributions and proportionate share of contributions	29,392	-
City contributions subsequent to measurement date	11,850	
Total	\$ <u>41,242</u>	<u>173,348</u>

\$11,850 is reported as deferred outflows of resources related to the PLD plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liabilities in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (30,062)
2020	(30,062)
2021	(30,062)
2022	(30,062)
2023	(23,708)

For the year ended June 30, 2018, the City recognized OPEB expense of \$136,300 related to the Health Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,886	-
Changes of assumption or other inputs	199,017	-
Total	\$ <u>242,903</u>	<u>-</u>

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (34,700)
2020	(34,700)
2021	(34,700)
2022	(34,700)
2023	(34,700)
Thereafter	(69,403)

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2017 actuarial valuations for both the PLD and SET OPEB plans was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	PLD OPEB Plan	SET OPEB Plan
Inflation	2.75%	2.75%
Salary increases	2.75% - 9.00%	2.75% - 14.50%
Investment rate of return	6.875%	6.875%

Mortality rates for both the PLD and SET OPEB plans were based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2017 valuations for both the PLD and SET OPEB plans were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US Government Securities	9.0%	2.3%
Total	100.0%	

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

The total OPEB liability in the January 1, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Salary increases	2.75% per year
Discount rate	3.44%
Healthcare cost trend rates	8.27% for 2018, decreasing 0.27% per year
Retirees' share of the benefit related costs	5%-100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate - The rate used to measure the net OPEB liability for the PLD OPEB plan was 5.41% which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. Projections of the plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2052. Therefore, the portion of the future projected benefit payments after 2052 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The rate used to measure the net OPEB liability for the SET OPEB plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The rate used to measure the total OPEB liability for the Health Plan was 3.44%. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 5.41%, as well as what the City's proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.41%) or 1 percentage-point higher (6.41%) than the current rate:

	1% Decrease (4.41%)	Discount Rate (5.41%)	1% Increase (6.41%)
Net OPEB liability	\$ 712,498	530,896	387,531

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Sensitivity of the City's proportionate share of the net SET OPEB plan liability to the changes in the discount rate are not presented as the City does not have any liability related to this plan given that the SET OPEB plan is 100% funded by contributions from the State of Maine.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate – The following presents the City's total OPEB liability related to the Health Plan calculated using the discount rate of 3.44%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$ 5,131,206	4,429,665	3,863,953

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the City's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates of 8.27% decreasing 0.27% per year, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 4,036,075	4,429,665	4,925,753

OPEB Plan Fiduciary Net Position - Detailed information about both the PLD and SET OPEB plan's fiduciary net positions are available in a separately issued MPERS financial report.

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 MPERS 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 \$378,141 to the plans during the year ended June 30, 2018.

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 2018, 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.

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

RISK MANAGEMENT, CONTINUED

Management believes that no such deficiency exists at June 30, 2018. 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 2018:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u>
Unpaid claims as of the beginning of year	\$ 16,525	-
Provision for current year events	-	7,019
Increase in provision for prior year events	-	-
Total incurred claims	-	7,019
Payments:		
Claims attributable to current year	-	7,019
Claims attributable to prior year	6,712	-
Total payments	6,712	7,019
Unpaid claims, end of year	\$ 9,813	-

The following summarizes the claims activity with respect to the City's self-insurance programs during 2017:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u>
Unpaid claims as of the beginning of year	\$ 27,583	-
Provision for current year events	-	8,363
Increase in provision for prior year events	-	-
Total incurred claims	-	8,363
Payments:		
Claims attributable to current year	-	8,363
Claims attributable to prior year	11,058	-
Total payments	11,058	8,363
Unpaid claims, end of year	\$ 16,525	-

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.

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

CONTINGENT LIABILITIES, CONTINUED

The City is defending a lawsuit brought against it by Portland Pipe Line Corp. (PPLC) and American Waterways Operators (AWO) based on the local citizen-led enactment of the “Clear Skies Ordinance,” (the “Ordinance”) which prohibits the bulk loading of crude oil onto marine tank vessels in South Portland and affects the ability of Portland Pipe Line Corp. to reverse the flow of the South Portland-to-Montreal pipeline to instead bring Canadian tar sands oil into Maine. The plaintiffs seek declaratory and injunctive relief, but no money damages are alleged. The City has earmarked just under \$2,400,000 for its own legal fees to date, and may incur additional fees and costs. To the extent that the plaintiffs prevail on one of their constitutional claims, the City may be responsible under 42 U.S.C. §1988 to reimburse the plaintiffs for some or all of their attorney’s fees and costs. The City could use its unassigned fund balance and reserves to cover legal fees and does not expect the lawsuit to have a material adverse effect on its financial condition or budgetary performance. Following a four-day bench trial this summer, the U.S. District Court entered judgement in the City’s favor on all counts of the complaint. PPLC and AWO have appealed the trial court’s decision to the First Circuit Court of Appeals in Boston.

CHANGE OF ACCOUNTING PRINCIPLE

For the fiscal year ended June 30, 2018, the City has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, an amendment of GASB Statement No. 45. As a result of implementing GASB Statement No. 75, the City has restated beginning net position in the government-wide financial statements to account for the addition of the Town’s proportionate share of the net OPEB liability, which effectively decreased the City’s net position as of July 1, 2017 by \$2,763,991.

CITY OF SOUTH PORTLAND, MAINE
Required Supplementary Information

Schedule of Changes in the City's Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 100,023
Interest	154,034
Changes of benefit terms	-
Differences between expected and actual experience	50,155
Changes of assumptions or other inputs	227,448
Benefit payments	<u>(152,457)</u>
Net change in total OPEB Liability	379,203
 Total OPEB liability - beginning	 <u>4,050,462</u>
Total OPEB liability - ending	\$ <u><u>4,429,665</u></u>
 Covered-employee payroll	 \$ 12,670,169
Total OPEB liability as a percentage of covered-employee payroll	34.96%

* Only one year of information available.

CITY OF SOUTH PORTLAND, MAINE
Required Supplementary Information, Continued

Schedule of City's Proportionate Share of the Net OPEB Liability

Last 10 Fiscal Years*

	<u>2018</u>
<u>PLD OPEB Plan</u>	
City's proportion of the net OPEB liability	3.1749%
City's proportionate share of the net OPEB liability	\$ 530,896
City's covered-employee payroll	12,293,702
City's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	4.32%
Plan fiduciary net position as a percentage of the total OPEB liability	47.42%
<u>SET OPEB Plan</u>	
City's proportion of the net OPEB liability	0.00%
City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	852,965
Total	\$ <u>852,965</u>
Plan fiduciary net position as a percentage of the total OPEB liability	47.29%

* Only one year of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

Schedule of City OPEB Contributions

Last 10 Fiscal Years*

	<u>2018</u>
<u>PLD OPEB Plan</u>	
Contractually required contribution	\$ 11,850
Contributions in relation to the contractually required contribution	(11,850)
Contribution deficiency (excess)	<u>-</u>
City's covered-employee payroll	\$ 12,667,956
Contributions as a percentage of covered-employee payroll	0.87%

* Only one year of information available.

CITY OF SOUTH PORTLAND, MAINE
Required Supplementary Information, Continued

Schedule of City's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SETP)

Last 10 Fiscal Years
(Only four years of information available)

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
<u>PLD</u>				
City's proportion of the net pension liability	2.5383%	2.5640%	2.5958%	2.6531%
City's proportionate share of the net pension liability	\$10,392,557	\$13,623,357	\$8,281,849	\$4,082,632
City's covered payroll	12,293,702	11,567,444	10,562,181	9,928,201
City's proportion share of the net pension liability as a percentage of its covered payroll	84.54%	117.77%	78.41%	41.12%
Plan fiduciary net position as a percentage of of the total pension liability	86.43%	81.61%	88.27%	94.10%
<u>SETP</u>				
City's proportion of the net pension liability	0.1057%	0.0960%	0.0951%	0.0684%
City's proportionate share of the net pension liability	\$1,534,939	\$1,695,765	\$1,284,556	\$739,151
State's proportionate share of the net pension liability associated with the City	<u>28,198,719</u>	<u>33,940,464</u>	<u>25,808,454</u>	<u>20,178,883</u>
Total	<u>\$29,733,658</u>	<u>\$35,636,229</u>	<u>\$27,093,010</u>	<u>\$20,918,034</u>
City's covered payroll	\$24,703,124	\$23,686,664	\$22,885,971	\$21,703,551
City's proportionate share of the net pension liability as a percentage of its covered payroll	6.21%	7.16%	5.61%	3.41%
Plan fiduciary net position as a percentage of of the total pension liability	80.78%	76.21%	81.18%	83.91%

* The amounts presented for each fiscal year were determined as of the prior fiscal year.

CITY OF SOUTH PORTLAND, MAINE
Required Supplementary Information, Continued

Schedule of City Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SETP)

Last 10 Fiscal Years
(Only four years of information available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD</u>				
Contractually required contribution	\$ 1,398,549	\$1,300,791	\$1,197,620	1,027,150
Contributions in relation to the contractually required contribution	<u>(1,398,549)</u>	<u>(1,300,791)</u>	<u>(1,197,620)</u>	<u>(1,027,150)</u>
Contribution deficiency (excess)	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
City's covered payroll	12,667,956	12,293,702	11,567,444	10,562,181
Contributions as a percentage of covered payroll	11.04%	10.58%	10.35%	9.72%
<u>SETP</u>				
Contractually required contribution	\$ 1,002,500	\$829,843	\$795,989	\$606,477
Contributions in relation to the contractually required contribution	<u>(1,002,500)</u>	<u>(829,843)</u>	<u>(795,989)</u>	<u>(606,477)</u>
Contribution deficiency (excess)	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
City's covered payroll	25,252,193	24,703,124	23,686,664	22,885,971
Contributions as a percentage of covered payroll	3.97%	3.36%	3.36%	2.65%

CITY OF SOUTH PORTLAND, MAINE
Notes to Required Supplementary Information

Net OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - None related to the PLD and SET OPEB plans. Under the Health Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Discount Rate
2018	3.44%
2017	3.78%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions - The PLD and SET Plans changed the discount rate of 7.125%, inflation rate of 3.5%, and the cost of living increase of 2.55% in the 2015 valuation to 6.875%, 2.75%, and 2.20%, respectively in the 2016 valuation. The PLD Plan changed the salary increases in the 2015 valuation of 3.5% - 13.5% to 2.75% - 9.0% in the 2016 valuation. The SET Plan changed the salary increases in the 2015 valuation of 3.5% - 9.5% to 2.75% - 14.5% in the 2016 valuation. In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the 2016 valuation, was changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuity Mortality Table.

The PLD Plan changed the discount rate from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation. The PLD Plan also changed the cost of living benefits increase from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation.

The SET Plan changed the discount rate from 7.25% in the 2013 valuation to 7.125% in the 2014 valuation.

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.

CITY OF SOUTH PORTLAND, MAINE
General Fund
Comparative Balance Sheets
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 39,626,055	39,487,049
Investments	9,090,461	6,319,823
Due from other governments	682,682	614,886
Receivables, net of allowance of \$774,540 and \$633,110	192,808	176,989
Taxes receivable	818,389	812,456
Tax liens and tax acquired property	211,745	158,799
Restricted assets, cash	50,000	50,000
Total assets	\$ 50,672,140	47,620,002
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	3,341,017	2,449,411
Accrued liabilities	550,805	564,763
Interfund loans payable	18,888,480	15,721,293
Accrued teachers' summer salaries and benefits	4,300,680	4,218,133
Total liabilities	27,080,982	22,953,600
Deferred inflows of resources:		
Unavailable revenue - property taxes	750,200	773,000
Total deferred inflows of resources	750,200	773,000
Fund balances:		
Restricted	2,338,747	2,662,892
Committed	3,972,242	4,012,592
Assigned	4,129,161	4,028,667
Unassigned	12,400,808	13,189,251
Total fund balances	22,840,958	23,893,402
Total liabilities, deferred inflows of resources and fund balances	\$ 50,672,140	47,620,002

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, 2018
(with comparative actual amounts for the year ended June 30, 2017)

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property	\$ 62,114,820	62,593,719	478,899	61,246,181
Excise	6,589,000	7,595,421	1,006,421	7,100,567
Interest and penalties	90,000	66,097	(23,903)	72,913
Payments in lieu of taxes	270,108	278,171	8,063	279,055
Total taxes	69,063,928	70,533,408	1,469,480	68,698,716
Intergovernmental:				
State revenue sharing	1,260,000	1,296,113	36,113	1,243,362
State BETE Revenue	1,720,000	1,753,640	33,640	1,648,477
Homestead reimbursement	986,000	986,940	940	729,461
State education subsidy	6,988,219	6,988,219	-	6,278,170
State agency client	45,000	61,208	16,208	112,957
MaineCare	50,000	17,732	(32,268)	28,704
Section 5307	700,748	678,027	(22,721)	680,526
General assistance	287,210	296,491	9,281	250,007
Other State revenue	128,240	145,197	16,957	121,395
Total intergovernmental	12,165,417	12,223,567	58,150	11,093,059
Licenses, permits, fees, and fines:				
Cable franchise fee	120,000	120,000	-	120,000
City clerk	157,600	163,640	6,040	158,049
Planning	14,500	59,913	45,413	27,611
Police	77,000	62,829	(14,171)	68,777
Code enforcement	494,000	659,468	165,468	832,890
Public library	16,500	15,223	(1,277)	17,057
Total licenses, permits, fees, and fines	879,600	1,081,073	201,473	1,224,384
Charges for services:				
Rent and leases	85,800	86,633	833	97,925
Finance and information technology	150,100	157,122	7,022	151,019
Fire	848,500	941,708	93,208	926,123
Public works - transfer facility	108,000	91,497	(16,503)	91,330
Parks and recreation	214,800	247,940	33,140	251,164
Bus service	295,000	261,820	(33,180)	255,430
Other	2,950	4,678	1,728	5,179
Education	126,000	126,000	-	126,000
Total charges for services	1,831,150	1,917,398	86,248	1,904,170
Unclassified:				
City clerk	19,000	19,181	181	21,717
Finance	15,000	14,757	(243)	12,480
Police and Fire	11,000	16,830	5,830	13,027
Planning and code enforcement	3,500	9,652	6,152	6,776
Public works	18,500	28,172	9,672	15,675
Other	4,300	4,556	256	4,191
Education	92,800	98,820	6,020	94,468
Total unclassified	164,100	191,968	27,868	168,334
Interest earned	400,000	158,002	(241,998)	209,914
Total revenues	84,504,195	86,105,416	1,601,221	83,298,577

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, 2018
(with comparative actual amounts for the year ended June 30, 2017)

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
City council	\$ 147,321	140,339	6,982	136,234
Executive	235,623	224,679	10,944	204,590
City clerk	234,829	227,509	7,320	227,462
Corporation council	193,816	193,669	147	174,020
Finance	1,059,005	1,044,579	14,426	1,029,264
Information technology	389,461	378,849	10,612	370,092
Planning	255,457	254,718	739	234,967
Sustainability	104,725	104,573	152	82,620
Human resources	392,393	370,949	21,444	349,902
City building	258,573	248,032	10,541	172,828
Citywide insurance and benefit costs	7,224,370	7,118,949	105,421	6,561,710
Total general government	10,495,573	10,306,845	188,728	9,543,689
Public safety:				
Police department	4,530,399	4,503,330	27,069	4,378,273
Fire department	5,170,716	5,146,689	24,027	5,088,613
Communications	1,078,126	1,042,996	35,130	1,008,684
Code enforcement	716,883	714,592	2,291	709,687
Civil service	11,280	13,469	(2,189)	6,863
Total public safety	11,507,404	11,421,076	86,328	11,192,120
Public works:				
Administration	224,596	234,832	(10,236)	223,769
Streets and sidewalks	2,656,781	2,582,284	74,497	2,514,679
Rubbish disposal	1,345,440	1,334,452	10,988	1,327,345
Public works garage	306,956	277,343	29,613	278,300
Transfer facility	284,051	284,812	(761)	260,726
Total public works	4,817,824	4,713,723	104,101	4,604,819
Culture:				
Main library	634,158	623,864	10,294	596,321
Branch library	57,346	52,531	4,815	56,135
Total culture	691,504	676,395	15,109	652,456
Parks and recreation:				
Administration	223,413	221,161	2,252	177,189
Parks	1,290,222	1,192,977	97,245	1,224,331
Pool	362,803	360,029	2,774	360,645
Recreation	876,502	842,018	34,484	840,164
Total parks and recreation	2,752,940	2,616,185	136,755	2,602,329
Total culture, parks, and recreation	3,444,444	3,292,580	151,864	3,254,785
Transportation and waterfront:				
Bus service	1,357,568	1,331,000	26,568	1,308,980
Waterfront	41,057	40,000	1,057	40,500
Total transportation and waterfront	1,398,625	1,371,000	27,625	1,349,480

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, 2018
(with comparative actual amounts for the year ended June 30, 2017)

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Health, welfare, and social services:				
Welfare:				
Administration	\$ 113,032	107,337	5,695	104,981
General assistance	442,300	432,758	9,542	384,627
Total welfare	555,332	540,095	15,237	489,608
Health	19,000	19,000	-	16,500
Total health, welfare, and social services	574,332	559,095	15,237	506,108
Intergovernmental - County tax	2,598,030	2,598,030	-	2,504,088
Other:				
Contingency and abatement reserve	112,000	99,199	12,801	93,670
Total other	112,000	99,199	12,801	93,670
Education	48,750,018	48,124,652	625,366	46,530,882
Debt service (excluding education):				
Administration (Includes bond issuance costs)	192,470	174,998	17,472	50
Principal	935,561	935,561	-	861,407
Interest	434,085	434,085	-	243,891
Total debt service	1,562,116	1,544,644	17,472	1,105,348
Total expenditures	85,260,366	84,030,844	1,229,522	80,684,989
Excess (deficiency) of revenues over (under) expenditures	(756,171)	2,074,572	2,830,743	2,613,588
Other financing sources (uses):				
Budgeted use of surplus - City	2,978,346	-	(2,978,346)	-
Budgeted use of surplus - School	500,000	-	(500,000)	-
Issuance of refunding bond debt	15,700,000	15,700,000	-	-
Premium on refunding bonds issued	1,862,444	1,862,444	-	-
Payment to refunded bond escrow agent	(17,372,974)	(17,372,974)	-	-
Transfers in	883,449	883,449	-	921,231
Transfers out	(3,795,094)	(3,920,609)	(125,515)	(3,643,485)
Total other financing sources (uses)	756,171	(2,847,690)	(3,603,861)	(2,722,254)
Net change in fund balance - budgetary basis	-	(773,118)	(773,118)	(108,666)
Reconciliation to GAAP basis:				
Change in encumbrances - City		132,810		807,981
Change in encumbrances - School		(4,181)		(25,455)
Change in unbudgeted teacher summer benefits		(74,240)		(29,123)
Change in reserves		(333,715)		(502,973)
Net change in fund balance - GAAP basis		(1,052,444)		141,764
Fund balance, beginning of year		23,893,402		23,751,638
Fund balance, end of year	\$	22,840,958		23,893,402

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, 2018
(with comparative actual amounts for the year ended June 30, 2017)

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Revenues:				
Local assessment	\$ 41,018,550	41,018,550	-	40,131,019
State education subsidy	6,988,219	6,988,219	-	6,278,170
State agency client	45,000	61,208	16,208	112,957
MaineCare	50,000	17,732	(32,268)	28,704
Charges for services	126,000	126,000	-	126,000
Other	92,800	98,820	6,020	94,468
Total revenues	48,320,569	48,310,529	(10,040)	46,771,318
Expenditures:				
Current:				
Brown Elementary	1,954,864	1,939,312	15,552	1,859,837
Dyer Elementary	1,469,136	1,488,544	(19,408)	1,419,683
Kaler Elementary	1,563,403	1,525,928	37,475	1,518,967
Skillin Elementary	2,729,552	2,613,584	115,968	2,662,941
Small Elementary	2,103,035	1,992,929	110,106	2,019,492
Mahoney Middle School	2,534,201	2,484,701	49,500	2,480,476
Memorial Middle School	2,998,518	2,953,140	45,378	2,801,422
South Portland High School	6,956,509	6,849,639	106,870	6,610,205
K-12 instrumental music	121,871	114,349	7,522	117,158
6-12 athletics	830,354	823,921	6,433	754,884
Special education	9,113,923	9,042,194	71,729	8,624,242
Health	476,643	429,087	47,556	432,352
Board of Education	221,786	182,539	39,247	160,105
Superintendent of Schools	425,045	405,859	19,186	400,248
Assistant Superintendent	2,122,026	2,118,563	3,463	1,890,874
Curriculum	379,652	443,477	(63,825)	293,615
Technology	760,660	816,291	(55,631)	773,621
Business office	853,231	895,077	(41,846)	873,253
Operations/maintenance	4,280,080	4,271,801	8,279	4,084,283
Transportation	2,195,225	2,171,274	23,951	1,871,468
Debt service:				
Principal	3,338,408	3,428,408	(90,000)	3,442,092
Interest	1,321,896	1,134,035	187,861	1,439,664
Total expenditures	48,750,018	48,124,652	625,366	46,530,882
Excess (deficiency) of revenues over (under) expenditures	(429,449)	185,877	615,326	240,436
Other financing sources (uses):				
Transfers in	359,449	359,449	-	397,231
Transfers out	(430,000)	(530,000)	(100,000)	(615,000)
Budgeted use of surplus	500,000	-	(500,000)	-
Total other financing sources (uses)	429,449	(170,551)	(600,000)	(217,769)
Net change in fund balances - budgetary basis	-	15,326	15,326	22,667
Reconciliation to GAAP basis:				
Change in encumbrances		(4,181)		(25,455)
Change in unbudgeted teacher summer benefits		(74,240)		(29,123)
Change in reserves		(261,049)		(118,356)
Net change in fund balance - GAAP basis		(324,144)		(150,267)
Fund balance, beginning of year		2,662,892		2,813,159
Fund balance, end of year	\$	2,338,748		2,662,892

CITY OF SOUTH PORTLAND, MAINE
Reserves - General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Fund balance beginning of year	Revenues			Other financing sources (uses)	Fund balance end of year
			Other	Investment earnings	Expenditures	Transfers	
City committed reserves:							
1801	Equipment replacement	\$ 164,595	3,470	2,085	9,509	24,760	185,401
1803	Unemployment - City	60,176	-	766	7,019	30,000	83,923
1804	Self-Insurance - City	60,627	88,832	990	55,717	12,500	107,232
1805	Municipal facilities	60,639	-	792	-	20,000	81,431
1806	Safety reserve	212,972	6,693	2,012	20,390	-	201,287
1807	Computerization project	25,575	23,135	148	37,557	60,000	71,301
1809	Litigation - legal	487,481	29,927	4,487	970,964	1,000,000	550,931
1822	Communication equipment - police	71,314	-	892	-	2,600	74,806
1824	Body armor - police	12,345	-	-	-	5,000	17,345
1830	Fire	30,543	67,885	1,005	-	(72,699)	26,734
1834	Traffic improvements	43,857	-	545	-	-	44,402
1836	Public works equipment	13,254	64,030	576	-	(65,000)	12,860
1840	Snow removal	380,377	-	4,730	-	15,000	400,107
1842	Library	3,440	450	-	-	-	3,890
1844	Parks and Recreation equipment	-	9,232	-	-	(9,232)	-
1845	Cummings Road sewer	214,435	-	2,667	-	-	217,102
1847	Bus	157,340	6,110	1,976	36,423	25,000	154,003
1850	Senior Property Tax Program	30,799	-	-	-	3,917	34,716
1858	Climate Action Plan	75,425	-	-	16,105	(29,000)	30,320
1861	Tax stabilization	1,509,538	-	17,923	-	(25,000)	1,502,461
1864	Call company retirement	59,848	-	-	-	-	59,848
1869	Energy efficient	199	8	-	-	-	207
1871	Solid waste	139,870	-	1,491	37,950	(50,000)	53,411
1872	Municipal buildings & land acq.	197,943	-	2,254	41,673	(100,000)	58,524
Subtotal City committed reserves		4,012,592	299,772	45,339	1,233,307	847,846	3,972,242
City assigned reserves:							
1828	Vehicle replacement - police	(49,894)	77,502	-	94,062	-	(66,454)
1867	Phone system	80,824	-	-	5,545	14,184	89,463
1868	Compensated absences	2,679,319	-	-	-	-	2,679,319
2172	Outside OT - Police	9,471	187,279	-	194,214	-	2,536
2173	Outside OT - Fire	17,679	-	-	835	-	16,844
2176	Fuel distribution	114,975	-	-	16,625	-	98,350
Subtotal City assigned reserves		2,852,374	264,781	-	311,281	14,184	2,820,058
Total City reserves		6,864,966	564,553	45,339	1,544,588	862,030	6,792,300
School reserves:							
0202	Restricted school reserve funds:						
	School consolidation	292,731	-	3,295	-	-	296,026
	School tech upgrade	523,750	-	4,923	149,235	(106,316)	273,122
	Unemployment - School	60,355	-	708	5,677	-	55,386
	School bus	204,321	-	1,810	72,561	(40,000)	93,570
	School resource officer	5,780	-	-	-	(5,780)	-
	School elementary	19,511	-	-	-	-	19,511
	Self-insurance - School	10,008	-	-	-	-	10,008
	Musical program	113,458	-	-	19,797	-	93,661
	Maintenance	330,007	-	4,045	5,529	100,000	428,523
	Adult education	5,478	-	-	1,331	-	4,147
	Student educational support	10,530	29,140	-	15,320	-	24,350
	Laptop repair	30,753	54,502	-	16,193	-	69,062
	Special education	200,000	-	-	-	-	200,000
0456	School facility	87,179	-	939	22,672	-	65,446
Total School reserves		1,893,861	83,642	15,720	308,315	(52,096)	1,632,812
Total reserves		\$ 8,758,827	648,195	61,059	1,852,903	809,934	8,425,112

TIF FUNDS

CITY OF SOUTH PORTLAND, MAINE
TIF Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

	2501 Fairchild Semiconductor	2502 Texas Instruments	2503 One Wallace Avenue	2504 Cummings Road	2505 Long Creek	2507 Brick Hill	2508 Jared	2509 Hannaford	2510 Downtown	2511 Transit	Total
Revenues:											
Taxes	\$ 72,628	1,391,083	77,063	-	214,132	502,575	21,253	159,417	130,695	10,724	2,579,570
State BETE revenue	831,083	-	-	-	-	-	-	-	-	-	831,083
Other Income	4,000	-	-	-	-	-	-	-	-	-	4,000
Investment earnings	50,065	22,707	9,060	6,149	7,416	2,795	1,085	9,131	5,455	792	114,655
Total revenues	957,776	1,413,790	86,123	6,149	221,548	505,370	22,338	168,548	136,150	11,516	3,529,308
Expenditures:											
Current:											
General government	30,003	10,521	874	50,096	33,373	2,766	280	2,782	-	65	130,760
Public works	37,699	37,699	-	27,466	16,853	-	5,563	-	-	-	125,280
Other	72,628	834,650	6,829	-	108,586	256,436	-	-	-	-	1,279,129
Total expenditures	140,330	882,870	7,703	77,562	158,812	259,202	5,843	2,782	-	65	1,535,169
Excess (deficiency) of revenues over (under) expenditures	817,446	530,920	78,420	(71,413)	62,736	246,168	16,495	165,766	136,150	11,451	1,994,139
Other financing uses:											
Transfers out	(2,301,582)	(1,125,375)	-	(19,375)	(369,375)	(197,353)	-	(250,820)	(177,842)	-	(4,441,722)
Total other financing uses	(2,301,582)	(1,125,375)	-	(19,375)	(369,375)	(197,353)	-	(250,820)	(177,842)	-	(4,441,722)
Net change in fund balances	(1,484,136)	(594,455)	78,420	(90,788)	(306,639)	48,815	16,495	(85,054)	(41,692)	11,451	(2,447,583)
Fund balances, beginning of year	3,745,687	2,131,202	717,812	534,936	650,229	294,338	86,981	736,601	436,551	62,154	9,396,491
Fund balances, end of year	\$ 2,261,551	1,536,747	796,232	444,148	343,590	343,153	103,476	651,547	394,859	73,605	6,948,908

CAPITAL PROJECTS FUND

CITY OF SOUTH PORTLAND, MAINE
Capital Projects
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

	Fund balance beginning of year	Revenues		Investment earnings	Expenditures	Other financing sources (uses)		Fund balance end of year
		Other	Intergov- ernmental			Issuance of debt	Transfers	
City capital projects:								
4011 Paving	\$ 653,637	-	-	8,023	-	-	(170,000)	491,660
4012 Bug Light Park	17,294	327	-	-	-	-	-	17,621
4018 Chlorination/dechlorinate	17,227	-	-	-	-	-	-	17,227
4040 East Broadway improvement	73	-	-	-	-	-	(73)	-
4045 City FY 03 projects	1,859	-	-	-	-	-	73	1,932
4061 Library CIP	103,782	-	-	-	-	-	-	103,782
4063 Police CIP	125,570	-	13,504	-	64,728	-	48,400	122,746
4064 Fire CIP	1,230,610	-	-	-	1,143,454	-	1,039,699	1,126,855
4072 Public works CIP	1,706,053	-	13,373	-	693,125	-	1,480,820	2,507,121
4077 Parks and recreation CIP	456,098	-	-	-	331,151	-	66,178	191,125
4079 Municipal services facility	3,937,642	-	135,391	11,749	3,856,796	-	-	227,986
4080 Bus CIP	190,740	-	44,884	-	72,843	-	-	162,781
4081 Waterfront CIP	12,990	-	-	-	-	-	-	12,990
4151 Municipal buildings CIP	46,973	-	-	-	37,404	-	-	9,569
4155 Information technology CIP	226,208	-	-	-	206,734	-	-	19,474
4156 Planning CIP	418,432	-	-	-	221,847	-	375,342	571,927
4157 Sustainability CIP	-	-	-	-	-	-	165,000	165,000
Total City capital projects	9,145,188	327	207,152	19,772	6,628,082	-	3,005,439	5,749,796
School capital projects:								
0300 Middle School Project	(76,364)	-	-	-	77,603	-	-	(153,967)
0301 School FY 02 projects	174,339	-	-	1,713	67,691	-	-	108,361
0303 SPHS construction/renovation	79,750	-	-	684	42,303	-	-	38,131
0400 School FY 03 projects	102,825	-	-	920	66,188	-	-	37,557
0401 School FY 04 projects	158,297	-	-	1,852	14,945	-	-	145,204
0402 School FY 01 projects	84,445	-	-	873	24,057	-	-	61,261
0403 School FY 05 projects	63,580	-	-	791	-	-	-	64,371
0404 School FY 07 projects	2,334	-	-	-	-	-	-	2,334
0455 School FY 08 projects	26,409	-	-	-	-	-	-	26,409
0405 School FY 10 projects	288,622	-	-	2,021	89,091	-	-	201,552
0410 Technology projects	-	-	-	-	456,948	456,948	-	-
Total School capital projects	904,237	-	-	8,854	838,826	456,948	-	531,213
Total capital projects	\$ 10,049,425	327	207,152	28,626	7,466,908	456,948	3,005,439	6,281,009

ALL OTHER GOVERNMENTAL FUNDS

CITY OF SOUTH PORTLAND, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Investments	\$ 855,378	333,358	1,188,736
Due from other governments	1,039,527	-	1,039,527
Accounts receivable, net of allowance of \$3,445	221,034	-	221,034
Interfund loans receivable	3,951,765	-	3,951,765
Inventory	47,574	-	47,574
Total assets	\$ 6,115,278	333,358	6,448,636
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	160,247	-	160,247
Accrued liabilities	61,774	-	61,774
Interfund loans payable	174,733	2,809	177,542
Accrued teachers' summer salaries	189,042	-	189,042
Total liabilities	585,796	2,809	588,605
Fund balances:			
Nonspendable	47,574	193,519	241,093
Restricted	1,845,068	137,030	1,982,098
Committed	3,676,369	-	3,676,369
Unassigned	(39,529)	-	(39,529)
Total fund balances	5,529,482	330,549	5,860,031
Total liabilities and fund balances	\$ 6,115,278	333,358	6,448,636

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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Taxes	\$ 25,000	-	25,000
Intergovernmental	3,874,733	-	3,874,733
Charges for services	1,869,751	-	1,869,751
Investment income (loss)	46,402	(751)	45,651
Other	406,887	-	406,887
Total revenues	6,222,773	(751)	6,222,022
Expenditures:			
General government	941,286	-	941,286
Public safety	271,533	-	271,533
Public works	140,239	-	140,239
Culture and recreation	939,384	-	939,384
Transportation and waterfront	94,172	-	94,172
Education	2,132,544	-	2,132,544
School lunch program	1,820,284	-	1,820,284
Other	-	7,738	7,738
Total expenditures	6,339,442	7,738	6,347,180
Excess (deficiency) of revenues over (under) expenditures	(116,669)	(8,489)	(125,158)
Other financing sources:			
Transfers in	300,166	-	300,166
Total other financing sources	300,166	-	300,166
Net change in fund balances	183,497	(8,489)	175,008
Fund balances, beginning of year	5,345,985	339,038	5,685,023
Fund balances, end of year	\$ 5,529,482	330,549	5,860,031

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.

CITY OF SOUTH PORTLAND, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2018

	City Special Revenues Fund	School Grant Funds	School Adult Education	School Lunch Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Investments	\$ 855,378	-	-	-	855,378
Due from other governments	215,270	687,639	-	136,618	1,039,527
Accounts receivable, net of allowance of \$3,445	221,034	-	-	-	221,034
Interfund loans receivable	3,942,799	-	8,966	-	3,951,765
Inventory	-	-	-	47,574	47,574
Total assets	\$ 5,234,481	687,639	8,966	184,192	6,115,278
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	60,055	71,441	25	28,726	160,247
Accrued liabilities	56,701	110	2,831	2,132	61,774
Interfund loans payable	-	136,918	-	37,815	174,733
Accrued teachers' summer salaries	-	189,042	-	-	189,042
Total liabilities	116,756	397,511	2,856	68,673	585,796
Fund balances:					
Nonspendable	-	-	-	47,574	47,574
Restricted	1,445,174	325,839	6,110	67,945	1,845,068
Committed	3,676,369	-	-	-	3,676,369
Unassigned	(3,818)	(35,711)	-	-	(39,529)
Total fund balances	5,117,725	290,128	6,110	115,519	5,529,482
Total liabilities and fund balances	\$ 5,234,481	687,639	8,966	184,192	6,115,278

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, 2018

	City Special Revenues Funds	School Grant Funds	School Adult Education	School Lunch Fund	Total Nonmajor Special Revenue Funds
Revenues:					
Taxes	\$ -	-	25,000	-	25,000
Intergovernmental	1,194,853	1,878,882	10,490	790,508	3,874,733
Charges for services	1,229,273	53,714	463	586,301	1,869,751
Investment income	46,402	-	-	-	46,402
Other	333,757	73,130	-	-	406,887
Total revenues	2,804,285	2,005,726	35,953	1,376,809	6,222,773
Expenditures:					
Current:					
General government	941,286	-	-	-	941,286
Public safety	271,533	-	-	-	271,533
Public works	140,239	-	-	-	140,239
Culture and recreation	939,384	-	-	-	939,384
Transportation and waterfront	94,172	-	-	-	94,172
Education	-	2,097,077	35,467	-	2,132,544
School lunch program	-	-	-	1,820,284	1,820,284
Total expenditures	2,386,614	2,097,077	35,467	1,820,284	6,339,442
Excess (deficiency) of revenues over (under) expenditures	417,671	(91,351)	486	(443,475)	(116,669)
Other financing sources (uses):					
Transfers in (out)	(126,634)	(3,200)	-	430,000	300,166
Total other financing sources and (uses)	(126,634)	(3,200)	-	430,000	300,166
Net change in fund balances	291,037	(94,551)	486	(13,475)	183,497
Fund balances, beginning of year	4,826,688	384,679	5,624	128,994	5,345,985
Fund balances, end of year	\$ 5,117,725	290,128	6,110	115,519	5,529,482

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.

CITY OF SOUTH PORTLAND, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2018

	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	\$ 27,593	6,584	2,765	3,750	93,409	126,065	44,091	29,101	333,358
Total assets	\$ 27,593	6,584	2,765	3,750	93,409	126,065	44,091	29,101	333,358
Liabilities:									
Interfund loans payable	-	2,809	-	-	-	-	-	-	2,809
Total liabilities	-	2,809	-	-	-	-	-	-	2,809
Fund balances:									
Nonspendable principal	16,406	-	1,566	3,150	52,238	70,502	24,657	25,000	193,519
Restricted	11,187	3,775	1,199	600	41,171	55,563	19,434	4,101	137,030
Total fund balances	27,593	3,775	2,765	3,750	93,409	126,065	44,091	29,101	330,549
Total liabilities and fund balances	\$ 27,593	6,584	2,765	3,750	93,409	126,065	44,091	29,101	333,358

CITY OF SOUTH PORTLAND, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

	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:									
Interest income	\$ 609	214	61	82	2,062	2,783	973	633	7,417
Unrealized gain/(loss)	(665)	(165)	(67)	(93)	(2,263)	(3,055)	(1,069)	(791)	(8,168)
Total revenues	(56)	49	(6)	(11)	(201)	(272)	(96)	(158)	(751)
Expenditures:									
Other	142	6,048	14	20	480	648	226	160	7,738
Total expenditures	142	6,048	14	20	480	648	226	160	7,738
Net change in fund balances	(198)	(5,999)	(20)	(31)	(681)	(920)	(322)	(318)	(8,489)
Fund balances, beginning of year	27,791	9,774	2,785	3,781	94,090	126,985	44,413	29,419	339,038
Fund balances, end of year	\$ 27,593	3,775	2,765	3,750	93,409	126,065	44,091	29,101	330,549

PROPRIETARY FUND

CITY OF SOUTH PORTLAND, MAINE
Proprietary Fund
Schedule of Revenues, Expenses, and Changes in Net Position -
Budget and Actual
For the year ended June 30, 2018

	Budget			Variance with final budget positive (negative)
	Original	Final	Actual	
Operating revenues:				
Charges for services	\$ 5,870,308	5,870,308	5,940,533	70,225
Interest and penalties	-	-	516	516
Licenses	65,790	65,790	74,266	8,476
Total operating revenues	5,936,098	5,936,098	6,015,315	79,217
Operating expenses:				
Administration	166,579	166,579	188,344	(21,765)
Treatment plant	1,014,120	1,014,120	924,594	89,526
Pump stations	545,452	545,452	495,946	49,506
Billing	182,384	182,384	178,766	3,618
Sewer maintenance	832,259	832,259	820,352	11,907
Engineering	249,645	249,645	245,155	4,490
Debt service	96,309	96,309	96,308	1
Compliance	102,313	102,313	98,212	4,101
Sludge disposal	372,594	372,594	308,798	63,796
Insurance	861,579	861,579	821,329	40,250
Total operating expenses	4,423,234	4,423,234	4,177,804	245,430
Operating income	1,512,864	1,512,864	1,837,511	324,647
Nonoperating expenses:				
Equipment reserve	(1,512,000)	(1,512,000)	(1,512,000)	-
Total nonoperating expenses	(1,512,000)	(1,512,000)	(1,512,000)	-
Income before transfers	864	864	325,511	324,647
Other financing uses:				
Transfers out	(864)	(864)	(864)	-
Total other financing uses	(864)	(864)	(864)	-
Change in net position - budgetary basis	-	-	324,647	324,647
Reconciliation to GAAP basis:				
Revenues and expenditures in the reserve funds are included on the GAAP basis, but not the budgetary basis:				
Reserve revenues			78,264	
Reserve expenditures			(412,187)	
Transfers into reserves			1,512,000	
Capital outlays are recorded as expenditures on the budgetary basis, but are capitalized and expensed over their useful life on the GAAP basis:				
Purchase of capital assets			202,602	
Gain (loss) on disposal of capital assets			1,220	
Depreciation expense			(2,034,088)	
Capital contribution			3,242,000	
Change in accruals are recorded on the GAAP basis, but not on the budgetary basis:				
Interest expense			246	
Bond proceeds provide current financial resources on a budgetary basis, but issuing debt increases long-term liabilities on the statement of net position. Repayment of bond principal is an expenditure on the budgetary basis, but reduces the long-term liability on the GAAP basis:				
Bond principal			197,102	
Change in net position - GAAP basis			3,111,806	
Net position, beginning of year			61,337,130	
Net position, end of year			\$ 64,448,936	

AGENCY FUNDS

CITY OF SOUTH PORTLAND, MAINE
Agency Funds
Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
ASSETS				
Cash and cash equivalents	\$ 140,019	257,914	268,124	129,809
Total assets	140,019	257,914	268,124	129,809
LIABILITIES				
Due to others	140,019	257,914	268,124	129,809
Total liabilities	\$ 140,019	257,914	268,124	129,809

SCHEDULES

CITY OF SOUTH PORTLAND, MAINE
City Special Revenues
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Fund balance (deficit) beginning of year	Revenues		Expenditures	Transfers	Fund balance (deficit) end of year
			Inter- governmental	Other			
General Government:							
Federal grants:							
2115	CDBG - Entitlement Community	\$ 9,657	424,135	-	424,135	-	9,657
2155	Housing Revolving Loan	104,976	-	2,137	-	-	107,113
State grants:							
2031	Watershed Plan	25,727	6,216	316	14,153	-	18,106
2138	Greater Portland Public Development	77,005	-	-	14,601	-	62,404
2154	Land Use Regulation Grant	233	-	-	-	-	233
Other:							
2008	Restoration of Records	1,254	-	-	-	-	1,254
2042	Business Development Revolving Loan	58,942	-	167	-	-	59,109
2044	City Hall Water & Soda	28	-	16,943	3,472	-	13,499
2053	Wallace Avenue Directional	2,249	-	28	-	-	2,277
2057	Downeast Energy Traffic Improvement	4,830	-	60	-	-	4,890
2058	NE Audio/Tweeter Sidewalks	10,248	-	127	-	-	10,375
2067	Toys "R" Us Sidewalks	10,724	-	133	-	-	10,857
2088	SPCTV	794,018	-	226,637	240,174	(6,944)	773,537
2094	Gannett Traffic Signal Escrow	26,374	-	328	-	-	26,702
2097	Wellness Committee	590	-	4,442	8,326	-	(3,294)
2108	Longhorn Steakhouse Escrow	19,025	-	237	-	-	19,262
2114	Millcreek Traffic Impact	10,577	-	132	-	-	10,709
2120	Evan/Highland Toddle Inn Escrow	23,298	-	290	-	-	23,588
2129	Westbrook/Western Escrow	49,197	-	1,828	-	-	51,025
2136	Knightville/Mill Creek Plan	7,981	-	-	-	-	7,981
2139	Brick Hill Traffic Escrow	1,217	-	15	-	-	1,232
2146	Heating Assistance	(468)	-	24	80	-	(524)
2149	Westbrook/South Portland Assessing	3,500	194,815	-	194,325	(144)	3,846
2161	War Memorial	2,001	-	-	-	-	2,001
2165	Freshwater Wetland Fund	235,426	-	14,136	38,743	-	210,819
2169	John Roberts Road Escrow	2,100	-	450	-	-	2,550
2179	Land Bank Trust	862,307	-	(2,883)	3,277	35,000	891,147
2188	Long Creek Tragedy Memorial	237	-	-	-	-	237
Total General Government		2,343,253	625,166	265,547	941,286	27,912	2,320,592

CITY OF SOUTH PORTLAND, MAINE
City Special Revenues
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Fund balance beginning of year	Revenues Inter- governmental	Other	Expenditures	Transfers	Fund balance end of year
Public Safety:							
Federal grants:							
2023	OUI Grant	\$ 918	4,734	-	4,734	-	918
2050	Asset Forfeiture - Federal	12,036	-	108	3,527	-	8,617
2064	Seat Belt Enforcement Grant	2,228	5,392	-	5,392	-	2,228
2102	Body Armor	680	-	-	-	-	680
2121	Supplemental Homeland Security	-	76,434	-	76,434	-	-
2125	County Hazmat Grant	8,429	14,837	-	19,659	-	3,607
2126	State Hazmat Grant	5,226	-	-	-	-	5,226
2151	Justice Assistance Grant	7,398	-	-	-	-	7,398
2160	Speed Enforcement	2,165	7,859	-	7,859	-	2,165
2167	Underage Drinking Enforcement	568	-	-	-	-	568
2181	Language Access New America	1,711	-	-	-	-	1,711
2195	Drug Free Community	-	146,862	-	146,862	-	-
State grants:							
2049	Asset Forfeiture - State	19,418	-	3,027	2,475	-	19,970
Other:							
2018	Hazardous Materials	113,536	-	-	-	-	113,536
2086	Police Donations	8,676	-	1,740	3,287	-	7,129
2107	Tobacco Cessation	9,020	-	-	245	-	8,775
2142	SP Police Youth Program	5,823	-	-	1,059	-	4,764
2174	Fire Donation	12,366	-	100	-	-	12,466
2178	Outside OT - Code Enforcement	5,041	-	-	-	-	5,041
2182	Compliance Check	970	-	-	-	-	970
2186	County Underage Drinking Enforcement	8,138	789	-	-	-	8,927
2194	Fire Training	14,007	-	-	-	-	14,007
Total Public Safety		238,354	256,907	4,975	271,533	-	228,703

CITY OF SOUTH PORTLAND, MAINE
City Special Revenues
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Fund balance beginning of year	Revenues		Expenditures	Transfers	Fund balance end of year
			Inter- governmental	Other			
Public Works:							
Federal grants:							
2096	FEMA Disaster Relief	\$ 121,321	-	-	-	-	121,321
State grants:							
2046	State Aid Highway Block Grant	430,137	260,880	7,273	-	(195,000)	503,290
Other:							
2024	Recycling	5,244	-	377	-	-	5,621
2082	Street Openings	342,402	-	95,149	62,864	(72)	374,615
2084	Sewer Impact	558,341	-	67,592	77,375	-	548,558
Total Public Works		1,457,445	260,880	170,391	140,239	(195,072)	1,553,405
Culture and Recreation:							
Other:							
2035	Tree Fund	300	-	-	-	-	300
2037	Debevoise Tennis Court	2,127	-	-	-	-	2,127
2056	Library Donations	46,316	-	3,474	1,275	-	48,515
2071	Golf Course	132,040	-	153,526	159,957	15,526	141,135
2072	Recreation	297,331	-	796,110	681,518	25,000	436,923
2073	Donations to Parks and Recreation	62,211	-	67,478	63,140	-	66,549
2076	Art in the Park	36,470	-	22,549	17,444	-	41,575
2116	Ge Erskine Park	1,987	-	-	-	-	1,987
2152	Friends of South Portland Libraries	-	-	16,050	16,050	-	-
2189	Communities Promoting Health	575	-	-	-	-	575
2317	Brown Hill Cemetary	-	-	70,649	-	-	70,649
Total Culture and Recreation		579,357	-	1,129,836	939,384	40,526	810,335
Transportation and Waterfront:							
Federal grants:							
2041	Planning/Capital Grants	19,945	21,900	-	28,651	-	13,194
2093	Rural Transit Assistance Grant	2,283	-	-	-	-	2,283
2166	Shore and Harbor Managment Grant	-	30,000	-	30,000	-	-
Other:							
2074	Boat Ramp	-	-	13,622	18,601	4,979	-
2075	Portland Street Pier	183,843	-	24,832	16,440	(4,979)	187,256
2117	Thomas Knight Boat Landing	2,208	-	229	480	-	1,957
Total Transportation and Waterfront		208,279	51,900	38,683	94,172	-	204,690
Total		\$ 4,826,688	1,194,853	1,609,432	2,386,614	(126,634)	5,117,725

CITY OF SOUTH PORTLAND, MAINE
School Grant Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Fund balance (deficit) beginning of year	Revenues	Expenditures	Transfers	Fund balance (deficit) end of year
Federal Grants:						
0230	Title IA - Disadvantaged	\$ -	771,282	771,282	-	-
0231	Title I Program Improvement	-	11,834	11,834	-	-
0242	Smaller Learning Community	-	16,544	16,544	-	-
0247	Local Entitlement	-	873,670	873,670	-	-
0251	Preschool Grant	-	9,876	9,876	-	-
0264	Title V	(2)	350	-	-	348
0268	Title III - Language Acquisition	-	31,553	31,553	-	-
0270	Title II A - Supporting Effective Instruction	14,087	124,773	124,773	-	14,087
0275	Elementary School Program	500	-	-	-	500
0295	Adult Basic Education	-	16,496	16,496	-	-
	Total federal grants	14,585	1,856,378	1,856,028	-	14,935
State Grants:						
0216	MMSA Cooperating School	2,704	-	-	-	2,704
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
	AE College Transitions	-	6,504	6,504	-	-
0223	State Proficiency Grants	44,828	16,000	57,066	-	3,762
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	17,082	-	-	-	17,082
0284	E-Rate	(2,551)	-	3,042	-	(5,593)
	Total state grants	69,798	22,504	66,612	-	25,690
Local Grants and Other Special Funds:						
0200	SPHS Auditorium:					
	SPHS Auditorium	27,691	14,630	4,658	-	37,663
	Elaine Wolfson Memorial	1,158	-	-	-	1,158
0201	Local SPHS:					
	High School Musical	10,143	18,538	22,517	-	6,164
	High School Aspirations	16,626	7,500	16,661	-	7,465
	SPHS Friends	6,816	-	-	-	6,816
	SPHS Class of 1940	100	-	-	-	100
	Readiness Partnership	178	-	-	-	178
	Sustainability Committee	(87)	-	-	-	(87)
	Vicious Cycle	1,783	-	-	-	1,783
	Substance Abuse Prevention	1,235	-	-	-	1,235
0203	Primary Books	4,810	-	-	-	4,810

CITY OF SOUTH PORTLAND, MAINE
School Grant Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Fund balance (deficit) beginning of year	Revenues	Expenditures	Transfers	Fund balance (deficit) end of year
Local Grants and Other Special Funds, Continued:						
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)	7,354	-	7,278	-	76
	Texas Instruments (Stem Grant)	20,001	49,825	34,701	-	35,125
	Innovative Idea (Thurlow)	1,558	-	-	-	1,558
	Summer Music (Memorial)	1,554	-	-	-	1,554
	Kids Consortium Memorial	477	-	-	-	477
	Memorial Friends	4,450	7,027	6,858	-	4,619
	Great Bay Foundation - Kaler	997	-	397	-	600
	Target Kaler Prof. Development Grant	750	-	-	-	750
	Girls Leadership Initiative	31	-	-	-	31
	Donations	5,213	-	-	-	5,213
	Transition Books	1,414	-	-	-	1,414
	Opportunity Alliance	10,000	-	-	(10,000)	-
	School Nutrition Donations	2,671	600	1,063	-	2,208
	Project Based Learning	900	-	-	-	900
	MEA Wellness Program	500	500	373	-	627
0205	Local Boosters:					
	Baseball Boosters	500	-	-	-	500
	Lacrosse Club Boys	1,891	-	-	-	1,891
	Lacrosse Club Girls	1,886	-	-	-	1,886
	MSSPA Playoffs	6,578	4,289	204	-	10,663
	SPHS Athletic Shed	5,000	-	-	-	5,000
	Johnson Athletic	18,604	-	11,020	-	7,584
	Athletic Sponsorship Program	15,200	-	2,200	-	13,000
	Pape Chevrolet Truck Raffle	-	7,141	2,813	-	4,328
0206	Southern Maine (LCA) Project	137	-	-	-	137
0207	Dyer Friends	(154)	-	-	-	(154)
0208	Staff Computer Training	(476)	-	-	-	(476)
0209	Future Builders/Summer School	(6,485)	1,225	18,648	-	(23,908)
0211	Robotics	17,340	6,998	6,155	-	18,183
0212	21st Century Donations	74,235	-	22,326	-	51,909
0213	Quest	7,551	-	-	-	7,551
0214	Skillin Local:					
	Skillin Playground	655	-	-	-	655
	Friends Skillin Library	(168)	-	-	-	(168)
	Skillin Natural Science	937	500	392	-	1,045
	Skillin Friends	628	2,748	3,331	-	45
0215	Gates Teacher Leader Grant	1,500	-	-	-	1,500
0217	Art Donations	857	-	-	-	857
0218	Small Friends	945	500	1,236	-	209
0219	Local Friends Grants:					
	Brown Friends	2,794	-	2,124	-	670
	Mary F Marsh Book	5,651	-	-	-	5,651
	Mahoney Friends	3,072	-	747	-	2,325
	Kaler Friends	2,243	-	-	-	2,243
	Donations	-	365	-	-	365
0222	Special Education Access Channel	7,978	-	5,571	6,800	9,207
0227	Teamwork for Kids - Fallon	1,000	-	-	-	1,000
0615	Adult Ed Enrichment	6,820	4,458	3,164	-	8,114
	Total local grants and other special funds	300,296	126,844	174,437	(3,200)	249,503
Total		\$ 384,679	2,005,726	2,097,077	(3,200)	290,128

CITY OF SOUTH PORTLAND, MAINE
Private-purpose Trust Funds
Combining Schedule of Changes in Fiduciary Net Position
For the year ended June 30, 2018

		Net	Additions			Net	
		position	Donations/ other	Interest income	Realized and	Deductions	position end of year
		beginning of year			Unrealized gain (loss)		
Private-purpose trusts:							
0801	Dora Small Trust	\$ 9,646	-	211	(232)	49	9,576
0803	Lewis Trust (School)	1,401,055	-	30,378	(37,386)	57,763	1,336,284
0804	Alley Scholarship	9,666	-	217	(273)	556	9,054
0805	Davidson Scholarship	4,261	-	95	(120)	225	4,011
0806	Elliot Scholarship	6,334	-	144	(179)	438	5,861
0807	Friese Scholarship	4,687	-	112	(134)	529	4,136
0808	Harvie Scholarship	3,556	-	96	(83)	421	3,148
0809	Naylon Scholarship	5	-	-	-	-	5
0810	Norwood Scholarship	64,257	-	6,504	(328)	1,500	68,933
0811	Reynolds Scholarship	78	-	2	(2)	1	77
0812	Robinson Scholarship	32	-	1	(1)	-	32
0813	Schwartz Scholarship	846	-	18	(22)	4	838
0814	Smart Scholarship	12,793	-	273	(324)	1,571	11,171
0815	Super Runion Scholarship	7,232	-	161	(204)	342	6,847
0816	Wiggin Scholarship	7,578	-	170	(213)	445	7,090
0817	Paul Fiore Scholarship	6,519	-	139	(182)	36	6,440
0818	John Millington Scholarship	12,390	-	292	(312)	1,070	11,300
0819	Stu Brown Scholarship	80	-	1	-	-	81
0820	William Linskey Memorial	8,782	-	198	(247)	1,052	7,681
0821	SPHS Recycle Club Scholarship	1	-	-	-	-	1
0822	Governor's Restaurant Scholarship	3	-	-	-	-	3
0823	Book Trust	1,605	-	41	(47)	310	1,289
0824	Eagles Association Scholarship	1	-	-	-	-	1
0825	Sherrie Libby Scholarship	9,027	-	205	(244)	452	8,536
0826	Gustaf W Johnson Scholarship	542,399	-	11,707	(14,774)	24,554	514,778
0827	A Varanelli Scholarship	(203)	-	(9)	(26)	3	(241)
0828	Downing Trust	198	-	-	-	-	198
0829	Robert Graff Scholarship	3,334	-	78	(47)	513	2,852
0830	Rosella Loveitt Trust	1,656	-	43	(25)	208	1,466
0831	Deveboise Scholarship	17,376	-	219	-	2,000	15,595
0832	TJ Michaud	332	-	4	-	-	336
0833	Walker Scholarship	2,589	840	36	-	-	3,465
0835	Ralph Baxter Scholarship	1,845	-	-	-	500	1,345
7506	Eleanor Hatch Trust	15,466	-	339	(372)	79	15,354
Total private-purpose trusts		\$ 2,155,426	840	51,675	(55,777)	94,621	2,057,543

STATISTICAL SECTION



Photo Courtesy of Russ Lunt

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.

<u>Contents</u>	<u>Tables</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	1-5
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	6-11
Debt Capacity <i>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.</i>	12-14
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	15-16
Operating Information <i>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.</i>	17-19

Table 1

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	\$ 62,710,640	\$ 58,877,233	\$ 65,465,039	\$ 68,914,663	\$ 72,207,636	\$ 73,600,630	\$ 75,413,372	\$ 79,523,948	\$ 82,323,833	\$ 82,508,257
Restricted	5,231,382	20,519,257	16,473,151	11,783,906	11,601,604	12,642,454	11,581,748	12,399,159	14,425,257	11,510,846
Unrestricted	<u>28,222,514</u>	<u>14,161,211</u>	<u>14,713,818</u>	<u>17,843,882</u>	<u>18,392,216</u>	<u>11,423,557</u>	<u>15,159,920</u>	<u>13,880,761</u>	<u>15,435,585</u>	<u>13,762,193</u>
Total governmental activities net position	<u>\$ 96,164,536</u>	<u>\$ 93,557,701</u>	<u>\$ 96,652,008</u>	<u>\$ 98,542,451</u>	<u>\$ 102,201,456</u>	<u>\$ 97,666,641</u>	<u>\$ 102,155,040</u>	<u>\$ 105,803,868</u>	<u>\$ 112,184,675</u>	<u>\$ 107,781,296</u>
Business-type activities:										
Net investment in capital assets	\$ 46,316,298	\$ 45,994,633	\$ 47,843,440	\$ 49,501,248	\$ 49,690,446	\$ 49,898,598	\$ 50,967,438	\$ 50,111,131	\$ 49,737,946	\$ 49,680,645
Restricted	3,695,284	9,527,765	6,884,009	5,877,132	4,543,966	4,060,384	2,152,583	4,617,231	3,434,257	6,901,280
Unrestricted	<u>5,484,960</u>	<u>4,297,811</u>	<u>4,452,700</u>	<u>5,562,693</u>	<u>6,922,600</u>	<u>7,328,083</u>	<u>8,084,079</u>	<u>8,277,339</u>	<u>8,164,927</u>	<u>7,867,011</u>
Total business-type activities net position	<u>\$ 55,496,542</u>	<u>\$ 59,820,209</u>	<u>\$ 59,180,149</u>	<u>\$ 60,941,073</u>	<u>\$ 61,157,012</u>	<u>\$ 61,287,065</u>	<u>\$ 61,204,100</u>	<u>\$ 63,005,701</u>	<u>\$ 61,337,130</u>	<u>\$ 64,448,936</u>
Primary government:										
Net investment in capital assets	\$ 109,026,938	\$ 104,871,866	\$ 113,308,479	\$ 118,415,911	\$ 121,898,082	\$ 123,499,228	\$ 126,380,810	\$ 129,635,079	\$ 132,061,779	\$ 132,188,902
Restricted	8,926,666	30,047,022	23,357,160	17,661,038	16,145,570	16,702,838	13,734,331	17,016,390	17,859,514	18,412,126
Unrestricted	<u>33,707,474</u>	<u>18,459,022</u>	<u>19,166,518</u>	<u>23,406,575</u>	<u>25,314,816</u>	<u>18,751,640</u>	<u>23,243,999</u>	<u>22,158,100</u>	<u>23,600,512</u>	<u>21,629,204</u>
Total primary government net position	<u>\$ 151,661,078</u>	<u>\$ 153,377,910</u>	<u>\$ 155,832,157</u>	<u>\$ 159,483,524</u>	<u>\$ 163,358,468</u>	<u>\$ 158,953,706</u>	<u>\$ 163,359,140</u>	<u>\$ 168,809,569</u>	<u>\$ 173,521,805</u>	<u>\$ 172,230,232</u>

(a) Restated for GASB #68 pension recognition effective June 30, 2014.

Table 2

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

Expenses	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
General government	\$ 9,495,321 (c)	\$ 9,688,052	\$ 9,760,459 (d)	\$ 10,384,706 (d)	\$ 10,512,718	\$ 11,234,446	\$ 10,584,081	\$ 13,747,918	\$ 13,548,355	\$ 13,958,497
Public safety	10,957,606	11,199,775	11,475,123	11,883,029	12,030,128	12,553,773	12,766,963	13,000,756	13,344,042	13,857,160
Public works	10,588,187 (b)	8,857,599	7,919,091	7,333,922	7,282,274	7,519,818	7,510,853	6,873,549	7,641,727	8,159,709
Culture and recreation	4,508,966	4,118,351	4,271,160	4,349,852	4,333,705	4,431,468	4,440,715	4,587,976	4,372,866	4,938,167
Transportation and waterfront	1,240,071	1,114,584	1,100,308	1,220,037	1,218,546	1,381,048	1,519,381	1,596,383	1,814,621	1,982,271
Health, welfare and social services	411,092	422,295	346,737	321,795	329,143	335,866	369,616	521,834	506,108	559,095
Education	42,048,840	43,115,348	43,299,040	43,451,415	42,854,439	45,825,021	47,485,069	47,943,450	50,058,768	51,900,039
School lunch	1,537,754	1,471,687	1,471,687	1,591,951	1,547,688	1,681,737	1,693,739	1,721,538	1,803,337	1,820,284
Interest on debt service	1,131,499	1,018,182	1,020,873	853,840	1,761,281	1,464,950	1,436,958	1,328,266	1,695,611	1,272,571
Total governmental activities expenses	81,919,336	81,005,873	80,664,478	81,390,547	81,869,922	86,428,127	87,807,375	91,321,670	94,785,435	98,447,793
Business-type activities:										
Sewer	5,385,925	5,588,572	5,721,362	5,632,254	5,885,557	6,133,807	6,147,313	6,154,095	6,203,347	6,345,116
Total business-type activities expenses	5,385,925	5,588,572	5,721,362	5,632,254	5,885,557	6,133,807	6,147,313	6,154,095	6,203,347	6,345,116
Total primary government expenses	\$ 87,305,261	\$ 86,594,445	\$ 86,385,840	\$ 87,022,801	\$ 87,755,479	\$ 92,561,934	\$ 93,954,688	\$ 97,475,765	\$ 100,988,782	\$ 104,792,909
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 451,215	\$ 460,562	\$ 291,417	\$ 305,479	\$ 514,857	\$ 417,451	\$ 510,092	\$ 831,509	\$ 442,734	\$ 414,864
Public safety	1,297,109	1,281,955	1,222,605	1,188,407	1,506,952	1,448,532	1,358,246	1,715,339	2,090,407	1,919,169
Public works	251,918	227,948	76,690	200,634	331,600	283,953	300,711	308,979	386,056	242,771
Culture and recreation	961,885	1,026,341	945,933	923,531	922,237	922,321	974,204	1,078,408	1,119,989	1,316,027
Transportation and waterfront	254,240	249,769	285,060	393,663	418,198	439,386	417,158	389,317	376,949	374,004
Education	104,088	94,400	114,136	119,035	57,030	37,159	55,695	105,425	126,000	126,463
School lunch program	666,218	617,646	559,536	559,536	559,536	559,536	559,536	559,536	556,652	639,552
Operating grants and contributions	13,129,038	13,495,633	11,296,237	12,254,487	10,382,263	12,995,004	13,459,862	13,373,025	14,780,259	15,318,974
Capital grants and contributions	666,143	438,734	1,888,618	479,280	518,319	1,574,695	382,528	1,917,714	1,783,472	468,032
Total governmental activities program revenues	17,781,854	17,892,988	16,680,232	16,424,052	15,210,992	18,678,037	18,018,032	20,279,252	21,662,518	20,819,856
Business-type activities:										
Charges for services:										
Sewer	4,828,439	4,934,609	5,397,938	5,436,377	5,637,193	5,927,684	5,927,684	5,922,343	6,008,622	6,015,315
Capital grants and contributions	-	207,671	63,392	110,000	138,232	-	-	100,000	254,765	-
Total business-type activities program revenues	4,828,439	5,142,280	5,461,330	5,546,377	5,775,425	5,927,684	5,927,684	6,022,343	6,263,387	6,015,315
Total primary government program revenues	\$ 22,610,293	\$ 23,035,268	\$ 22,141,562	\$ 21,970,429	\$ 20,986,417	\$ 24,605,721	\$ 23,945,716	\$ 26,301,595	\$ 27,925,905	\$ 26,835,171

Table 2, cont.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (expense)/revenue										
Governmental activities	\$ (64,137,482)	\$ (63,112,885)	\$ (63,984,246)	\$ (64,966,495)	\$ (66,658,930)	\$ (67,750,090)	\$ (69,789,343)	\$ (71,042,418)	\$ (73,122,927)	\$ (77,627,937)
Business-type activities	(557,486)	(446,292)	(260,032)	(85,877)	(110,132)	(206,123)	(326,984)	(131,752)	60,040	(329,801)
Total primary government net (expense)/revenue	\$ (64,694,968)	\$ (63,559,177)	\$ (64,244,278)	\$ (65,052,372)	\$ (66,769,062)	\$ (67,956,213)	\$ (70,116,327)	\$ (71,174,170)	\$ (73,062,887)	\$ (77,957,738)
General Revenues and other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 55,427,763	\$ 54,915,627	\$ 55,589,394	\$ 57,176,484	\$ 58,939,831	\$ 59,778,935	\$ 61,874,477	\$ 63,183,208	\$ 64,164,888	\$ 65,519,757
Motor vehicle excise tax	4,989,942	4,076,731	4,942,156	5,037,900	5,453,056	5,829,497	6,374,595	7,241,370	7,100,567	7,595,421
Cable television franchise	167,000	175,000	180,000	185,000	176,253	166,543	151,779	120,000	120,000	120,000
Unrestricted grants and contributions	3,656,803	4,140,782	4,234,142	4,244,228	4,391,399	4,259,604	4,321,318	4,427,881	4,911,784	4,883,857
Miscellaneous	1,503,264	976,023	1,224,520	1,400,096	1,224,458	1,088,123	1,169,599	945,284	986,617	824,864
Gain (Loss) on sale of assets/property	-	-	289,956	(121,631)	-	-	-	-	-	-
Interest and investment earnings	1,247,382	948,180	829,187	751,519	431,930	592,776	581,216	630,112	411,583	407,993
Transfers	(1,657,028)	(4,726,293)	(210,802)	(1,816,658)	(298,992)	(306,075)	(195,242)	(1,856,609) (a)	1,808,295	(3,363,343)
Total governmental activities	\$ 65,335,126	\$ 60,506,050	\$ 67,078,553	\$ 66,856,938	\$ 70,317,935	\$ 71,409,403	\$ 74,277,742	\$ 74,691,246	\$ 79,503,734	\$ 75,988,549
Business-type activities:										
Interest and investment earnings	46,113	43,666	30,537	30,143	27,079	30,101	48,777	76,744	79,684	78,264
Gain (Loss) on sale of assets/property	-	-	(621,367)	-	-	-	-	-	-	-
Transfers	1,657,028	4,726,293	210,802	1,816,658	298,992	306,075	195,242	1,856,609 (a)	(1,808,295)	3,363,343
Total business-type activities	1,703,141	4,769,959	(380,028)	1,846,801	326,071	336,176	244,019	1,933,353	(1,728,611)	3,441,607
Total primary government	\$ 67,038,267	\$ 65,276,009	\$ 66,698,525	\$ 68,703,739	\$ 70,644,006	\$ 71,745,579	\$ 74,521,761	\$ 76,624,599	\$ 77,775,123	\$ 79,430,156
Change in Net Position										
Governmental activities	\$ 1,197,644	\$ (2,606,835)	\$ 3,094,307	\$ 1,890,443	\$ 3,659,005	\$ 3,659,313	\$ 4,488,399	\$ 3,648,828	\$ 6,380,807	\$ (1,639,388)
Business-type activities	1,145,655	4,323,667	(640,060)	1,760,924	215,939	130,053	(82,965)	1,801,601	(1,668,571)	3,111,806
Total primary government	\$ 2,343,299	\$ 1,716,832	\$ 2,454,247	\$ 3,651,367	\$ 3,874,944	\$ 3,789,366	\$ 4,405,434	\$ 5,450,429	\$ 4,712,236	\$ 1,472,418

(a) 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.

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

(c) Fiscal years 2012 and 2013 have been restated to correct an actuarial error in the calculation of the OPEB liability.

Table 3

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

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
General government	\$ 1,223,949	\$ 1,088,768	\$ 1,023,181	\$ 1,203,520	\$ 1,385,648	\$ 1,061,168	\$ 1,186,539	\$ 1,404,226	\$ 1,109,773	\$ 1,069,957
Public safety	1,790,751	1,825,941	2,370,744	1,987,659	2,240,012	2,015,605	1,765,083	1,919,288	2,472,100	2,289,257
Public works	928,021	676,642	420,743	551,896	828,918	887,641	683,239	1,738,026	1,187,743	517,024
Culture and recreation	984,385	1,026,341	947,023	923,531	922,237	922,321	974,204	1,078,408	1,119,989	1,316,027
Transportation and waterfront	452,590	438,416	1,581,186	690,767	677,047	1,560,803	883,678	1,438,633	2,084,690	1,294,208
Health, welfare and social services	138,875	169,058	131,513	99,697	113,648	125,937	124,747	284,231	250,007	296,491
Education	12,263,283	12,667,822	10,205,842	10,966,982	9,043,482	12,104,562	12,400,542	12,416,440	13,438,216	14,036,892
Total governmental activities	17,781,854	17,892,988	16,680,232	16,424,052	15,210,992	18,678,037	18,018,032	20,279,252	21,662,518	20,819,856
Business-type activities:										
Sewer	4,828,439	5,142,280	5,461,330	5,546,377	5,775,425	5,927,684	5,820,239	6,022,343	6,263,387	6,015,315
Total business-type activities	4,828,439	5,142,280	5,461,330	5,546,377	5,775,425	5,927,684	5,820,239	6,022,343	6,263,387	6,015,315
Total primary government	<u>\$ 22,610,293</u>	<u>\$ 23,035,268</u>	<u>\$ 22,141,562</u>	<u>\$ 21,970,429</u>	<u>\$ 20,986,417</u>	<u>\$ 24,605,721</u>	<u>\$ 23,838,271</u>	<u>\$ 26,301,595</u>	<u>\$ 27,925,905</u>	<u>\$ 26,835,171</u>

Table 4

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund:										
Nonspendable	\$ -	\$ - (a)	\$ 28,138	\$ -	\$ -	\$ -	\$ 100,382	\$ 104,615	\$ -	\$ -
Restricted	-	6,759,738	5,918,192	5,284,024	4,072,226	3,693,988	2,715,462	2,708,544	2,662,892	2,338,747
Committed	-	3,469,215	3,679,767	3,340,240	4,419,099	4,482,037	3,458,710	4,344,471	4,012,592	3,972,242
Assigned	-	2,492,458	2,658,767	2,820,042	3,035,817	3,117,547	3,234,394	3,273,424	4,028,667	4,129,161
Unassigned	-	8,866,245	9,686,895	10,591,915	10,144,040	10,838,800	12,827,588	13,320,584	13,189,251	12,400,808
General fund:										
Reserved	86,254	-	-	-	-	-	-	-	-	-
Unreserved	22,182,284	-	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 22,268,538</u>	<u>\$ 21,587,656</u>	<u>\$ 21,971,759</u>	<u>\$ 22,036,221</u>	<u>\$ 21,671,182</u>	<u>\$ 22,132,372</u>	<u>\$ 22,336,536</u>	<u>\$ 23,751,638</u>	<u>\$ 23,893,402</u>	<u>\$ 22,840,958</u>
All other governmental funds:										
Nonspendable	\$ -	\$ 198,949 (a)	\$ 218,310	\$ 218,310	\$ 218,310	\$ 228,559	\$ 228,559	\$ 241,859	\$ 246,523	\$ 241,093
Restricted	-	13,560,570	10,356,010	39,370,502	18,401,015	16,551,026	9,578,044	9,344,141	15,821,856	9,398,675
Committed	-	7,971,945	8,528,436	7,688,035	7,003,092	6,715,850	8,160,788	8,585,144	9,154,640	9,643,676
Unassigned	-	(147,328)	(137,479)	(263,166)	(116,930)	(69,544)	(8,263)	(1,059,302)	(92,080)	(193,496)
All other governmental funds:										
Reserved	511,768	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	9,707,555	-	-	-	-	-	-	-	-	-
Capital project funds	8,408,461	-	-	-	-	-	-	-	-	-
Permanent funds	96,812	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 18,724,596</u>	<u>\$ 21,584,136</u>	<u>\$ 18,965,277</u>	<u>\$ 47,013,681</u>	<u>\$ 25,505,487</u>	<u>\$ 23,425,891</u>	<u>\$ 17,959,128</u>	<u>\$ 17,111,842</u>	<u>\$ 25,130,939</u>	<u>\$ 19,089,948</u>

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

Table 5

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 60,190,887	\$ 58,841,558	\$ 60,530,950	\$ 62,378,384	\$ 64,110,887	\$ 65,352,432	\$ 68,968,072	\$ 70,623,578	\$ 71,188,455	\$ 73,137,978
Intergovernmental	17,451,984	18,075,149	17,418,997	16,977,995	15,291,981	18,629,968	18,163,708	19,718,620	21,350,777	20,670,863
Licenses and permits	753,670	768,097	843,138	785,020	1,025,315	966,203	893,186	1,162,225	1,224,384	1,081,073
Charges for services	3,647,254	3,497,817	2,953,646	3,090,265	3,461,348	3,308,678	3,434,235	3,946,288	3,731,786	3,787,149
Unclassified	1,418,758	830,707	1,697,113	1,332,902	1,358,674	1,127,061	1,377,045	1,607,267	1,541,682	1,251,377
Interest	1,247,382	948,180	829,187	751,519	431,930	592,776	581,216	630,112	411,583	407,993
Total revenues	84,709,935	82,961,508	84,273,031	85,316,085	85,680,135	89,977,118	93,417,462	97,688,090	99,448,667	100,336,433
Expenditures										
General government	8,379,854	8,551,477	8,734,685	9,341,619	9,552,893	9,951,423	10,446,432	10,826,767	11,397,541	12,397,376
Public safety	9,622,443	9,725,959	9,889,615	10,178,386	10,816,601	10,731,258	10,860,700	11,055,139	11,456,415	11,826,761
Public works	7,197,276	4,489,408	4,963,506	4,763,557	4,673,417	4,593,184	5,170,020	4,856,565	4,521,156	5,085,171
Culture and recreation	4,035,270	3,823,890	3,765,412	3,817,090	3,853,346	3,819,006	3,848,406	3,886,368	3,893,759	4,313,069
Transportation and waterfront	1,096,823	968,877	1,065,623	1,012,745	1,084,511	1,147,881	1,214,276	1,288,456	1,465,393	1,503,217
Health, welfare and social services	411,092	422,295	346,737	321,795	329,143	335,866	369,616	521,834	506,108	559,095
Education	40,834,771	42,234,372	41,929,483	42,467,517	41,791,370	43,572,441	45,667,455	45,586,692	47,698,940	49,543,256
School lunch program	1,537,754	1,471,687	1,487,170	1,591,951	1,547,688	1,681,737	1,693,739	1,721,538	1,803,337	1,820,284
County tax	1,999,427	2,034,422	2,058,577	2,072,476	2,075,037	2,215,084	2,327,942	2,434,056	2,504,088	2,598,030
Other	59,571	1,822,481	1,741,346	1,526,050	1,508,810	1,474,662	1,297,458	1,036,573	991,155	1,326,066
Capital projects	5,850,981	3,445,901	7,543,276	6,948,842	28,017,777	15,811,139	9,356,651	6,148,201	14,578,120	7,633,531
Debt Service: (a)										
Principal	2,675,000	2,425,000	2,663,000	2,686,396	2,478,832	4,077,856	4,465,751	4,466,946	4,303,499	4,363,969
Interest expense	1,136,482	1,017,285	1,066,355	767,911	1,277,701	1,708,713	1,766,373	1,625,390	1,683,605	1,743,118
Total expenditures	84,836,744	82,433,054	87,254,785	87,496,335	109,007,126	101,120,250	98,484,819	95,454,525	106,803,116	104,712,943
Excess (deficiency) of revenues over (under) expenditures	(126,809)	528,454	(2,981,754)	(2,180,250)	(23,326,991)	(11,143,132)	(5,067,357)	2,233,565	(7,354,449)	(4,376,510)

(a) Prior years reports have been restated to show debt service for both Education and City and School debt service removed from Education classification.

Table 5, cont.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other financing sources (uses)										
Proceeds - Bonds	\$ 6,182,810	\$ 4,712,173	\$ -	\$ 32,642,580	\$ -	\$ 9,747,306	\$ -	\$ -	\$ 13,707,015	\$ -
Proceeds capital leases	-	1,470,637	957,800	-	1,152,750	83,000	-	190,860	-	456,948
Refunding bonds issued	-	1,934,957	-	9,584,150	-	1,928,405	-	-	-	17,562,444
Payment to refunded bond escrow agent	-	(1,921,934)	-	(9,516,956)	-	(1,927,910)	-	-	-	(17,372,974)
Transfers in	2,464,669	809,829	4,448,190	6,043,689	2,943,319	2,786,789	5,002,623	4,675,598	6,456,501	5,128,822
Transfers out	(2,748,068)	(5,355,458)	(4,658,992)	(7,860,347)	(3,242,311)	(3,092,864)	(5,197,865)	(6,532,207)	(4,648,206)	(8,492,165)
Total other financing sources (uses)	5,899,411	1,650,204	746,998	30,893,116	853,758	9,524,726	(195,242)	(1,665,749)	15,515,310	(2,716,925)
Net change in fund balances	\$ 5,772,602	\$ 2,178,658	\$ (2,234,756)	\$ 28,712,866	\$ (22,473,233)	\$ (1,618,406)	\$ (5,262,599)	\$ 567,816	\$ 8,160,861	\$ (7,093,435)
Total Debt Service including education	3,811,482	3,442,285	3,729,355	3,454,307	3,756,533	5,786,569	5,786,569	6,092,336	5,987,104	6,107,087
Debt service as a percentage of noncapital expenditures	4.66%	4.39%	4.71%	4.33%	4.72%	6.78%	7.03%	6.90%	6.49%	6.31%

Table 6

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

Fiscal Year	Property Taxes (b)	Vehicle Taxes	Other (a)	Subtotal	TIF Property Taxes	Capital Project Property Taxes	Total
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
2013	54,659,082	5,453,056	341,440	60,453,578	2,303,339	1,353,970	64,110,887
2014	56,837,797	5,829,497	350,795	63,018,089	2,334,343	-	65,352,432
2015	59,781,351	6,374,595	359,164	66,515,110	2,452,962	-	68,968,072
2016	60,517,323	7,241,370	379,194	68,137,887	2,485,691	-	70,623,578
2017	61,266,181	7,100,567	351,968	68,718,716	2,469,739	-	71,188,455
2018	62,618,719	7,595,421	344,268	70,558,408	2,579,570	-	73,137,978

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

(b) includes property taxes allocated to adult education.

Table 7

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	Other State Aid (a)	Total State Aid
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
2013	1,901,233	2,802,491	113,648	475,200	1,071,126	261,755	6,625,453
2014	1,315,198	5,584,653	125,937	478,706	1,135,762	440,909	9,081,165
2015	1,264,320	5,356,835	124,747	477,176	1,259,322	545,061	9,027,461
2016	1,285,328	6,197,822	284,231	484,938	1,522,086	598,505	10,372,910
2017	1,243,362	6,419,831	250,007	729,461	1,648,477	801,921	11,093,059
2018	1,296,113	7,067,159	296,491	986,940	1,753,640	823,224	12,223,567

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

Table 8

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 (a)	Assessed Value as a Percentage of Actual Value
	Residential	Commercial							
2009	2,001,840,100	1,499,315,500	444,400,100	3,945,555,700	222,764,400	3,722,791,300	13.46	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	14.13	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	15.09	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	14.13	3,556,500,000	95.1%
2013	1,863,390,300	1,361,640,500	328,347,700	3,553,378,500	139,596,280	3,413,782,220	15.89	3,516,250,000	97.1%
2014	1,871,920,200	1,364,111,100	326,665,500	3,562,696,800	139,781,030	3,422,915,770	16.05	3,537,700,000	96.8%
2015	1,892,251,700	1,379,303,000	329,605,300	3,601,160,000	143,448,080	3,457,711,920	15.48	3,580,100,000	96.6%
2016	1,907,528,200	1,389,683,400	323,423,000	3,620,634,600	142,855,880	3,477,778,720	16.42	3,696,350,000	94.1%
2017	1,894,613,500	1,392,736,100	323,280,800	3,610,630,400	139,533,280	3,471,097,120	16.97	3,738,700,000	92.8%
2018	1,938,556,760	1,374,023,400	328,933,000	3,641,513,160	143,309,419	3,498,203,741	17.25	4,008,050,000	87.3%

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

	Homestead Assessed Values	Homestead Estimated Actual Values	BETE Assessed Values	BETE Estimated Actual Values
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
2013	57,600,000	57,600,000	164,089,100	164,089,100
2014	57,330,000	57,330,000	196,012,700	196,012,700
2015	55,810,000	55,810,000	200,539,700	200,539,700
2016	55,740,000	55,740,000	215,867,700	215,867,700
2017	82,425,000	82,425,000	218,824,290	218,824,290
2018	109,660,000	109,660,000	216,832,800	216,832,800

Table 9

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	Total	Cumberland County (a)	Total
2009	4.30	9.16	13.46	0.54	14.00
2010	4.61	9.52	14.13	0.57	14.70
2011	4.92	10.17	15.09	0.61	15.70
2012	4.61	9.52	14.13	0.57	14.70
2013	5.10	10.79	15.89	0.61	16.50
2014	5.14	10.91	16.05	0.65	16.70
2010	5.02	10.46	15.48	0.62	16.10
2016	5.30	11.40	16.70	0.71	17.41
2017	5.31	11.66	16.97	0.73	17.70
2018	5.36	11.89	17.25	0.75	18.00

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.

Table 10

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

Taxpayer	2018			2009		
	Assessed Valuation	Rank	Percentage of Total Assessed Value	Assessed Valuation	Rank	Percentage of Total Assessed Value
GGP- MAINE MALL, LLC	\$ 243,850,200	1	6.70%	\$ 269,013,300	1	6.82%
TEXAS INSTRUMENTS INCORPORATED (a)	181,085,300	2	4.97%	233,844,100	2	5.93%
HANNAFORD/DELHAIZE AMERICA	56,528,700	3	1.55%	64,352,600	4	1.63%
PORTLAND PORTFOLIO I LLC (c)	48,021,400	4	1.32%	59,826,200	5	1.52%
PORTLAND PIPE LINE CORP.	43,653,100	5	1.20%	48,339,000	6	1.23%
CENTRAL MAINE POWER COMPANY	43,031,000	6	1.18%	28,283,200	9	0.72%
ON SEMICONDUCTOR CORP. (b)	38,960,900	7	1.07%	85,753,100	3	2.17%
WPME001 LLC	25,799,500	8	0.71%			0.00%
MACY'S/ASGREC TWO, INC.	25,548,500	9	0.70%	26,725,200	10	0.68%
NORTHERN UTILITIES, INC	23,817,600	10	0.65%			0.00%
PORTLAND NEWSPAPERS				46,561,900	7	1.18%
ANTHEM				32,045,700	8	0.81%
	<u>730,296,200</u>		<u>20.05%</u>	<u>894,744,300</u>		<u>22.68%</u>
Total Assessed Valuation	\$ 3,641,513,160			\$ 3,945,555,700		
Includes:						
Municipal valuation	3,551,339,381			3,722,791,300		
TIF valuation	90,173,779			222,764,400		
	<u>\$ 3,641,513,160</u>			<u>\$ 3,945,555,700</u>		

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

(b) Fairchild Semiconductor was acquired by ON Semiconductor on September 19, 2016.

(c) Home Properties was acquired by LSR Lighthouse Acquisitions LLC and was transferred to Portland Portfolio I LLC on May 6, 2016.

Table 11

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
2009	\$ 55,191,170	54,287,615	98.36%	903,555	55,191,170	100.00%
2010	54,605,827	53,622,159	98.20%	983,495	54,605,654	100.00%
2011	55,253,882	54,175,209	98.05%	1,020,919	55,196,128	99.90%
2012	56,829,326	55,608,726	97.85%	1,180,770	56,789,496	99.93%
2013	58,630,745	57,515,651	98.10%	1,082,598	58,598,249	99.94%
2014	59,449,469	58,468,581	98.35%	947,248	59,415,829	99.94%
2015	61,546,876	60,720,014	98.66%	789,225	61,509,239	99.94%
2016	62,846,082	62,226,796	99.01%	584,450	62,811,246	99.94%
2017	63,908,158	63,257,315	98.98%	409,803	63,667,118	99.62%
2018	65,547,237	64,890,327	99.00%	-	64,890,327	99.00%

Table 12

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 (f)	Capital Lease	General Obligation Bonds						
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 (d)	2,198,587	474,289	52,262,876	569,570,562	9.18%	25,002	2,090	1.39%
2013	49,850,862	3,133,341	447,187	53,431,390	569,570,562	9.38%	25,002	2,137	1.42%
2014	55,335,688 (e)	2,870,232	420,085	58,626,005	569,570,562	10.29%	25,002	2,345	1.56%
2015	50,772,746	2,491,412	392,983	53,657,141	569,570,562	9.42%	25,002	2,146	1.42%
2016	46,348,658	2,307,319	3,765,881	52,421,858	569,570,562	9.20%	25,002	2,097	1.25%
2017	55,767,421	1,910,278	3,568,778	61,246,477	569,570,562	10.75%	25,002	2,450	1.49%
2018	52,992,634	1,943,835	3,371,676	58,308,145	569,570,562	10.24%	25,002	2,332	1.32%

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

(b) For years 2009 through 2010, 2000 Census, U.S. Department of Commerce, Bureau of the Census.

For years 2011 through 2018, 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) \$30 Million in GOB's issued for phase one of High School Project.

(e) \$9.3 Million in GOB's issued for phase two of High School Project.

(f) Includes unamortized bond premiums.

Table 13

CITY OF SOUTH PORTLAND, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2018

Jurisdiction	Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
City of South Portland General Obligation	\$ 52,992,634	100.00%	\$ 52,992,634
City of South Portland Capital Leases	1,943,835	100.00%	1,943,835
Total direct debt	<u>54,936,469</u>		<u>54,936,469</u>
Overlapping:			
Portland Water District	50,150,965	13.61%	6,825,546
Cumberland County	35,583,000	9.10%	3,238,172
Total overlapping debt	<u>85,733,965</u>		<u>10,063,718</u>
Total direct and overlapping debt	<u>\$ 140,670,434</u>		<u>\$ 65,000,187</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 for 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.

Table 14

CITY OF SOUTH PORTLAND, MAINE
Legal Debt Margin Information
June 30, 2018

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 2018 State Valuation of \$4,008,050,000, 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%	\$ 400,805,000	\$ 39,411,719	\$ 361,393,281
Storm or Sanitary Sewer	7.50%	300,603,750	3,371,676	297,232,074
Municipal	7.50%	300,603,750	<u>9,442,350</u>	291,161,400
Total Maximum Debt	15.00%	\$ 601,207,500	<u>\$ 52,225,745</u>	\$ 548,981,755

Legal Debt Margin Calculation for Fiscal Year 2018

State Valuation	\$ 4,008,050,000
Debt Limit - 15% of State Valuation	601,207,500
Less outstanding debt applicable to debt limit	<u>(52,225,745)</u>
Legal Debt Margin	<u>\$ 548,981,755</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 576,555,000	\$ 581,370,000	\$ 560,842,500	\$ 533,475,000	\$ 527,437,500	\$ 530,655,000	\$ 537,015,000	\$ 554,452,500	\$ 560,805,000	\$ 601,207,500
Total debt applicable to limit	<u>23,670,000</u>	<u>26,081,494</u>	<u>23,806,392</u>	<u>50,064,289</u>	<u>47,722,187</u>	<u>53,200,200</u>	<u>51,165,729</u>	<u>48,067,972</u>	<u>56,569,358</u>	<u>52,225,745</u>
Legal debt margin	\$ 552,885,000	\$ 555,288,506	\$ 537,036,108	\$ 483,410,711	\$ 479,715,313	\$ 477,454,800	\$ 485,849,271	\$ 506,384,528	\$ 504,235,642	\$ 548,981,755
Total debt applicable to the limit as a percentage of debt limit	4.11%	4.49%	4.24%	9.38%	9.05%	10.03%	9.53%	8.67%	10.09%	8.69%

(a) Total outstanding debt does not include bond premiums as bond premiums are not subject to the State debt limit.

Table 15

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

Employer	2018			2009		
	(a) Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
UnumProvident Life Insurance Co.	2,800	1	11.20%	3,500	1	14.89%
City of South Portland	944	2	3.78%	849	4	3.61%
WEX Inc. (formerly Wright Express)	795	3	3.18%	720	5	3.06%
Hannaford	720	4	2.88%	600	6	2.55%
Southern Maine Community College	610	5	2.44%	250	8	1.06%
Anthem/Blue Cross & Blue Shield of Maine	492	6	1.97%	950	3	4.04%
Texas Instruments (formerly National Semi)	455	7	1.82%	520	7	2.21%
ON Semiconductor	425	8	1.70%	1,100	2	4.68%
United Parcel Service	250	9	1.00%	200	9	0.85%
Macy's	150	10	0.60%	150	10	0.64%
	7,641		30.57%	8,839		37.59%

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.

Table 16

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)
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	3,075	6.10%
2012	25,002	569,570,562	22,781	39.40	3,116	5.70%
2013	25,002	569,570,562	22,781	39.40	3,135	5.20%
2014	25,002	569,570,562	22,781	39.40	3,093	4.80%
2015	25,002	569,570,562	22,781	39.40	3,064	4.00%
2016	25,002	569,570,562	22,781	39.40	3,080	3.10%
2017	25,002	569,570,562	22,781	39.40	3,068	2.90%
2018	25,002	569,570,562	22,781	39.40	3,045	2.80%

(a) For years 2009 through 2010, 2000 Census, U.S. Department of Commerce, Bureau of the Census.

For years 2011 through 2018, 2010 Census, U.S. Department of Commerce, Bureau of the Census.

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

(c) Portland - South Portland Metropolitan Area, State of Maine, Department of Labor, Division of Economic Analysis and Research as of December prior to fiscal year end.

(d) State of Maine Department of Education, October 1 Census (April 1 Census information no longer collected).

Table 17

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
City Council	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Executive department	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.5
City clerk	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Corporation council	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance department	17.0	17.0	16.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Information technology	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Planning department	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Human resources	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	4.0
City building	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
Public Safety										
Police	56.0	55.0	56.0	55.0	56.0	58.0	59.0	59.0	59.0	59.0
Fire	65.0	64.0	65.0	67.0	68.0	69.0	69.5	69.5	69.5	69.5
Dispatch	12.0	11.0	10.0	9.0	8.0	6.0	5.0	3.0	3.0	3.0
Code	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Public Works										
Public Works	21.0	21.0	20.0	20.0	20.0	21.0	22.0	22.0	22.5	23.0
Parks and Recreation										
Parks	11.5	11.5	11.5	11.5	11.5	11.5	13.5	13.5	13.5	13.5
Recreation	22.0	22.0	22.0	22.0	22.0	22.0	21.0	21.0	21.0	21.0
Public Library										
Main Library	12.0	11.0	11.0	11.0	11.0	11.0	11.0	10.0	10.0	10.0
Branch Library	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Transportation and Waterfront	14.0	13.0	12.0	13.0	12.0	13.0	15.0	15.0	15.0	15.0
Health and Welfare	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0
School	559.8	579.0	571.0	571.0	561.0	568.0	570.0	565.0	570.0	605.0
Water Resource	25.0	26.0	28.0	29.0	29.0	29.0	29.5	29.0	29.0	29.0
Total	850.8	866.0	859.0	862.0	852.0	862.0	870.5	862.0	868.0	905.5

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 department's 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.

Table 18

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

<u>Function</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police (b)										
Physical arrests	814	750	833	693	745	636	676	599	551	440
Calls for Service	30,648	32,028	33,009	30,740	34,071	37,391	36,361	36,337	33,738	33,577
UCR - Crime Index	1,253	1,085	946	923	1,013	923	1,012	804	620	592
Fire										
Fire calls	1,071	1,283	1,192	1,173	1,137	1,327	1,366	1,222	1,166	1,297
Medical calls	3,173	2,768	3,026	3,240	3,142	2,915	3,089	3,279	3,295	3,328
Inspections	2,310	1,600	1,698	1,749	1,670	1,808	1,923	1,915	2,186	2,040
Refuse Collection										
Refuse collected (tons)	6,947	6,633	6,253	6,244	5,878	5,705	5,643	5,519	6,147	5,834
Recyclables collected (tons)	2,036	2,457	2,461	2,323	2,278	2,292	2,333	2,243	2,289	2,277
Other public works										
Street resurfacing (miles)	4.59	5.21	5.01	4.50	4.00	3.50	2.90	2.90	2.90	2.25
Potholes repaired	200	241	250	225	235	255	220	125	220	162
Parks and Recreation										
Community center admissions	111,582	158,224	155,153	177,390	185,868	190,549	189,242	190,143	190,143	186,890
Library										
Items in collection (a)	106,817	106,527	104,062	99,316	102,906	103,838	103,104	107,109	107,109	107,489
Total items circulated (a)	224,929	277,641	288,602	262,125	267,654	213,668	200,337	260,865	260,865	192,021
Total items borrowed (a)	20,624	24,826	21,242	21,088	21,183	19,184	19,353	25,836	25,836	25,869
Water Resource										
Average daily sewage treatment (thousands of gallons)	8,100	7,613	6,610	6,740	6,273	6,139	6,078	5,496	6,078	5,850
Transit										
Total route miles	224,847	210,169	193,242	196,295	189,007	203,469	203,469	200,557	209,286	218,885
Passengers	223,575	219,749	211,634	247,370	263,124	258,617	259,824	246,931	270,930	273,167

Sources: Various city departments.

(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 the calendar year from 2008-2017.

Table 19

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Buildings	6	6	7	7	7	7	7	7	7	14 (a)
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	36	39	38	35	39	38	34	34	35	35
Fire Department										
Buildings	7	7	7	7	7	7	7	7	7	7
Vehicles	24	26	27	27	28	28	28	28	25	25
Code Enforcement										
Buildings	-	-	1	1	1	1	1	1	1	1
Vehicles	4	4	4	4	5	5	6	6	6	6
Public Works										
Buildings	7	7	7	7	7	7	7	7	7	8
Streets (miles)	115	115	115	115	115	115	115	115	115	115
Vehicles/Trucks	10	11	10	11	12	12	12	12	12	12
Heavy Vehicles	36	37	38	39	39	39	39	39	34	34
Culture and recreation										
Buildings	14	14	14	14	14	15	15	15	15	15
Vehicles	18	18	18	18	17	18	19	19	24	24
Transportation & Waterfront										
Buildings	2	2	2	2	2	3	3	3	3	2
Buses	7	7	12	12	8	10	10	10	8	8
Vehicles	2	2	2	2	2	2	2	2	2	2
Water Resources										
Buildings	38	38	38	38	38	38	38	38	38	38
Vehicles	23	23	24	23	23	23	23	23	23	23
School Department										
Schools	9	9	8	8	8	8	8	8	8	8
Buildings	4	4	4	4	4	4	4	4	4	4
Portable Classrooms	2	2	2	3	3	3	3	3	3	3
School Buses	23	23	22	22	23	23	23	23	29	29
Vehicles	8	8	7	8	7	7	7	7	7	7

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

(a) includes 7 buildings that are in process of being sold from old Public Works/Bus/Parks location