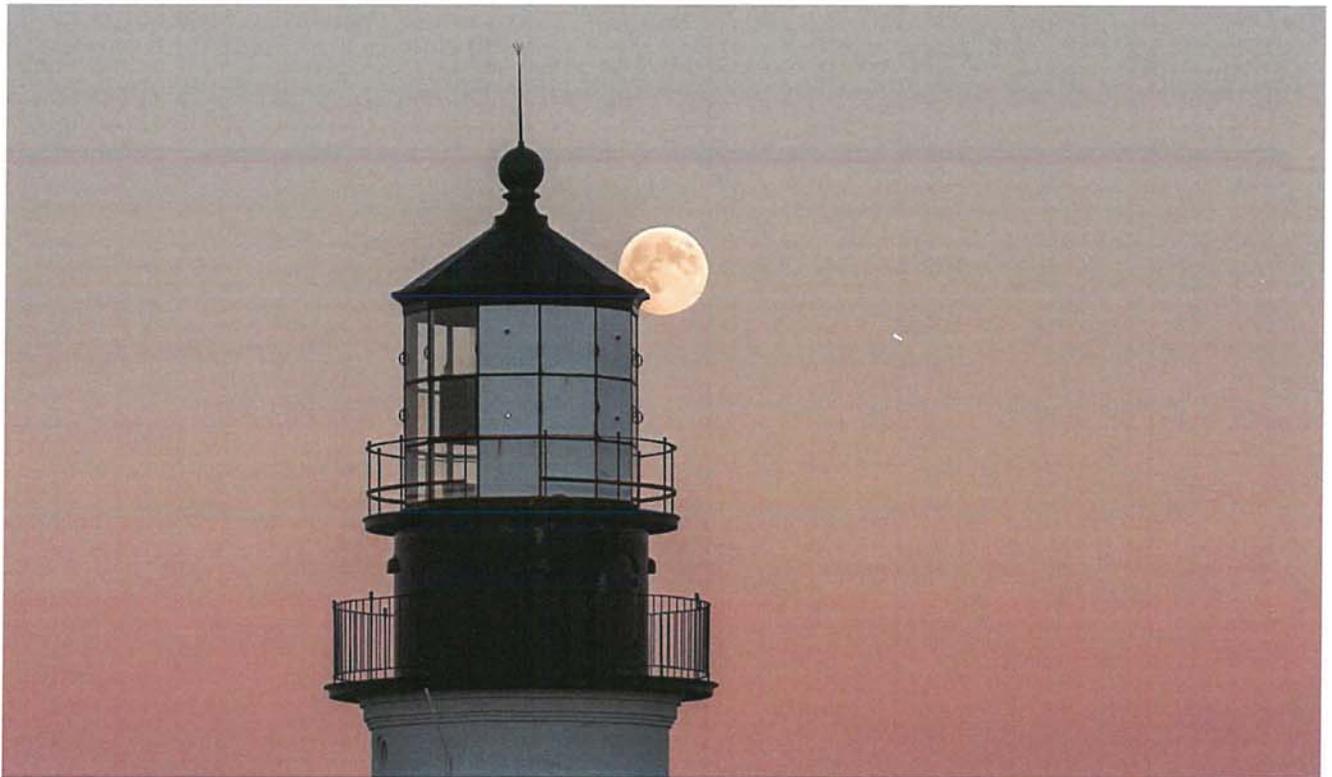




CITY OF SOUTH PORTLAND, MAINE

Comprehensive Annual Financial Report

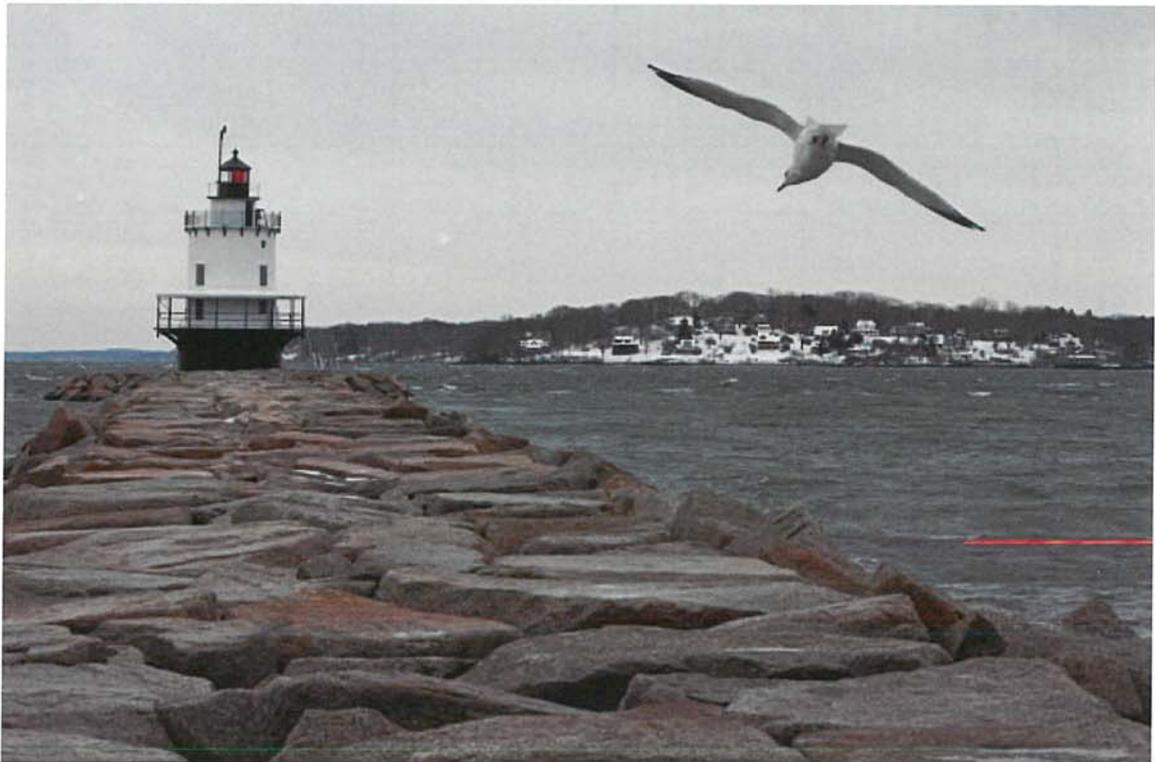


For Fiscal Year Ended June 30, 2013

CITY OF SOUTH PORTLAND, MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2013



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, 2013

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Comprehensive Annual Financial Report
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INTRODUCTORY SECTION





FINANCE DEPARTMENT

GREGORY N. L'HEUREUX
Director of Finance

December 18, 2013

Honorable Gerard Jalbert, 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, 2013.

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, 2013. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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

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

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

Profile of the City of South Portland

The City of South Portland is located on the southern coast of the State of Maine in the southeastern section of the County of Cumberland, the State's most populous county. South Portland is the fourth largest city in Maine and the second largest in its region. The City currently occupies 12.93 square miles and serves a population of 25,002. Under Maine statutes, the City is empowered to levy a property tax on both real and personal property located within its boundaries.

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

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

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

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

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

The appropriated budget is prepared by fund, function (e.g., public safety) and department (e.g., police). The City Manager may transfer appropriations within a department. Transfers between departments, however, need approval from the City Council. Budget to actual comparisons are provided in this report for the general fund. This comparison is presented on page 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, 2013, the amount of unassigned fund balance totaled \$10,144,040 or 13.6% of the fiscal year 2014 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, 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 in the last ten years with its taxable base growing by \$1,170,608,000 or 45.9% from 2004 to 2009. This increase included the impact of a full revaluation done in 2007. However, from 2009 to 2013, the City's taxable base decreased by \$309,009,000 or 8.3%. Since the last revaluation in April 2006, market conditions due to the economy required the City to re-evaluate its property value tables in both 2009 and again in 2010. Over the past three years, valuations have stabilized. 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 2013, the exempt value under BETE was \$164,089,100 and the City received BETE reimbursement at a rate 60% (and certain TIF property at 100%), totaling \$1,993,836. The City's current-year property tax collection rate remained at a very healthy 98.10%.

The City has a balanced and fairly diverse tax base with an approximately 50/50 split between residential (real) and commercial (real and personal) property value, its largest tax payer comprising 6.91% of its total tax base, and its top ten tax payers combined representing 21.45% 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 a new municipal services facility, road repair and reconstruction, storm water separation, upgrades to Thornton Heights area, recreational activities, vehicle and equipment purchases, and building renovations. These initiatives were done in accordance with the City's basic financial planning document, its seven-year Capital Improvement Program (CIP), which is reviewed and updated annually by the City Council.

This year's capital plan calls for continuing work on the City's street paving program and sidewalk replacement program, sewer and storm water separation, City hall improvements, various vehicle replacements, traffic islands, and improvements to pedestrian/bicycle projects.

This year's multi-year equipment and vehicle replacement plan calls for the purchase of a new ambulance for the fire department and a new plow truck for the public works department. Additionally, this year's CIP includes continued funding of the numerous other projects including improvements to the City's information technology system, City Hall renovations, transit bus replacement reserves, improvements to combined sewer overflow projects for water resources, and numerous recreation and parks projects.

Major Initiatives

The Secondary Schools Facilities Committee has been working on the High School Renovation project since 2004. After numerous workshops and public review, the City Council sent the High School Project to the voters in early November of 2010. With a favorable vote of 60.8%, the voters of the City approved bonding of \$41.5 million for the project at South Portland High School. This project is anticipated to be done in two phases with phase one starting in the spring of 2013 and phase two in 2014. As part of the 2013 operating budget, the City contributed \$1,350,000 towards funding of the High School Project. During the past year, the first phase has been going full steam and the school anticipates moving into the new section of the high school in January of 2014 with the second phase starting thereafter. The City plans to bond for the second phase in the spring of 2014.

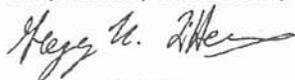
Awards and Acknowledgements

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, 2012. This was the sixth 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,



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**

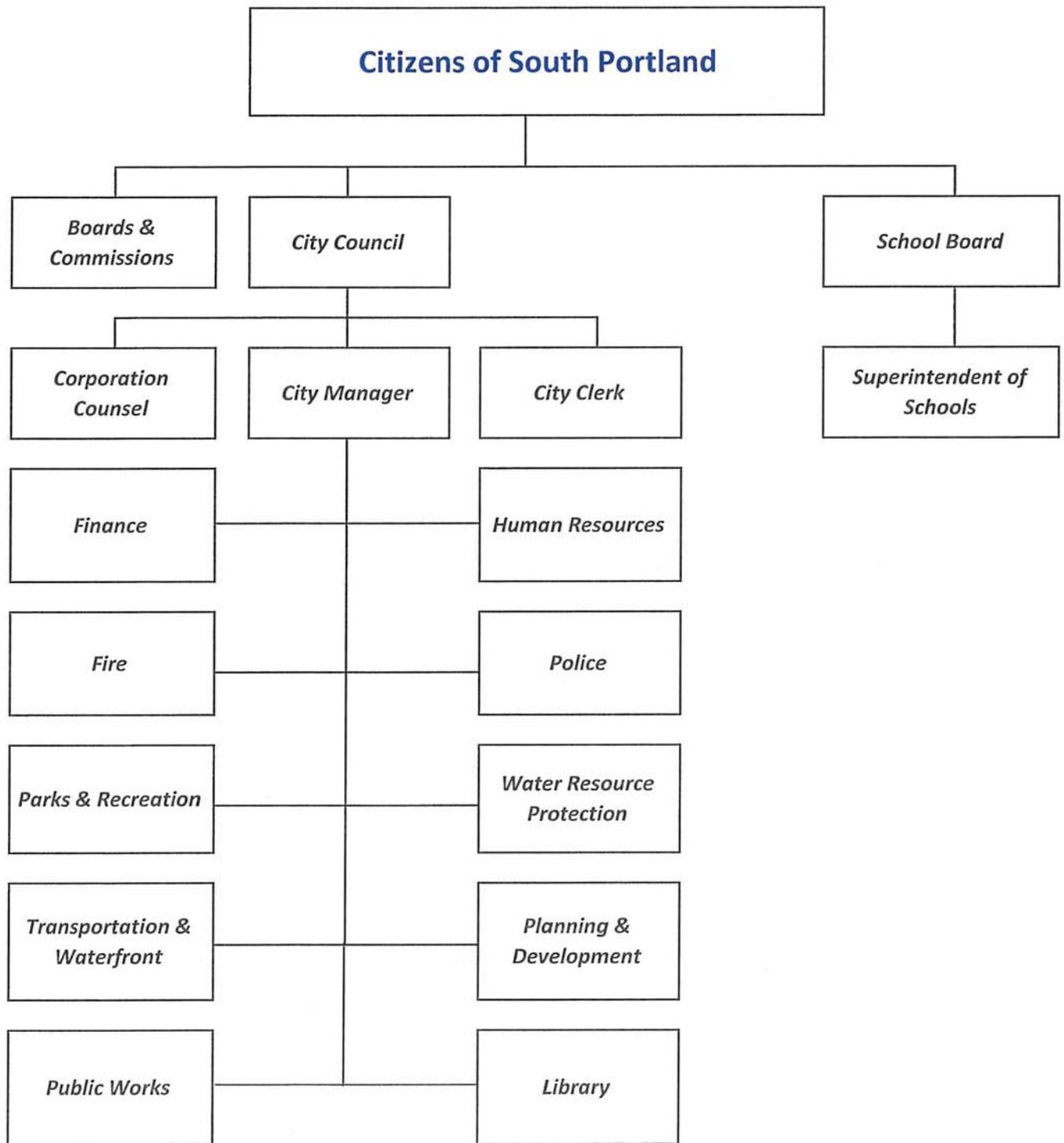
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY OF SOUTH PORTLAND, MAINE

Organizational Chart



CITY OF SOUTH PORTLAND, MAINE

LIST OF PRINCIPAL OFFICIALS (ELECTED AND APPOINTED)

June 30, 2013

Elected Officials

Council Member – At Large - Mayor	Thomas Blake
Council Member – District 2	Patricia Smith
Council Member – District 3	Melissa Linscott
Council Member – At Large	Alan Livingston
Council Member – District 1	Michael Pock
Council Member – District 4	Linda Cohen
Council Member – District 5	Gerard Jalbert
Board of Education – District 1 - Chairman	Richard L. Carter
Board of Education – District 5	Tappan Fitzgerald
Board of Education – At Large	Mary House
Board of Education – At Large	Karen U. Callaghan
Board of Education – District 2	Sara B. Goldberg
Board of Education – District 3	Richard Matthews
Board of Education – District 4	James H. Gilboy

Appointed Officials

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

FINANCIAL SECTION



Independent Auditor's Report

City Council
City of South Portland, Maine

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, 2013, 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, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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 statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

City Council
City of South Portland, Maine

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 December 18, 2013 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.



December 18, 2013
South Portland, Maine

CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis
June 30, 2013

As management of the City of South Portland, we offer readers of the City of South Portland's financial statements this narrative overview and analysis of the financial activities of the City of South Portland for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the City of South Portland exceeded its liabilities at the close of the most recent fiscal year by \$163,358,468 (*net position*). Of this amount, \$25,314,816 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$3,874,944.
- As of the close of the current fiscal year, the City of South Portland's governmental activities reported ending net position of \$102,201,456, an increase of \$3,659,005 in comparison with the prior year. Approximately 18% of this total amount, \$18,392,216, is *available for spending* at the City's discretion (*unrestricted net position*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,144,040, or 13.88% of total general fund expenditures.
- The City's total bonded debt decreased by \$2,315,000 during the current fiscal year. City voters approved borrowing \$41,500,000 for renovations and addition to the South Portland High School. Construction on this project started in April of 2012 and is to be completed in phases to reduce the impact to students and taxpayers. In the coming year, the City will be borrowing an additional \$9.5 million for the final phase of the project.

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 and liabilities, with the difference between the two 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. 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.

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

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 statement have been provided for the enterprise fund to demonstrate compliance with this budget.

The basic proprietary fund financial statements can be found on pages 37-39 of this report. The budgetary basis schedule demonstrating compliance can be found on page 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 42-63 of this report.

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

Government-wide Financial Analysis

As noted earlier, net 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 exceeded liabilities by \$163,358,468 at the close of the most recent fiscal year.

City of South Portland's Net Position

	Governmental Activities		Business-type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 55,980,875	\$ 77,066,411	\$ 11,834,868	\$ 12,492,248	\$ 67,815,743	\$ 89,558,659
Capital assets	111,601,253	86,621,261	50,137,633	49,975,537	161,738,886	136,596,798
Total assets	167,582,128	163,687,672	61,972,501	62,467,785	229,554,629	226,155,457
Long-term liabilities	57,251,311	58,481,148	684,041	707,358	57,935,352	59,188,506
Other liabilities	8,129,361	6,664,073	131,448	819,354	8,260,809	7,483,427
Total liabilities	65,380,672	65,145,221	815,489	1,526,712	66,196,161	66,671,933
Net investment						
in capital assets	72,207,636	68,914,663	49,690,446	49,501,248	121,898,082	118,415,911
Restricted	11,601,604	11,783,906	4,543,966	5,877,132	16,145,570	17,661,038
Unrestricted	18,392,216	17,843,882	6,922,600	5,562,693	25,314,816	23,406,575
Total net position	\$ 102,201,456	\$ 98,542,451	\$ 61,157,012	\$ 60,941,073	\$ 163,358,468	\$ 159,483,524

By far, the largest portion of the City of South Portland's net position (74.6% or \$121,898,082) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of South Portland uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of South Portland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of South Portland's net position (9.9% or \$16,145,570) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (15.5% or \$25,314,816) 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 \$3,874,944 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.

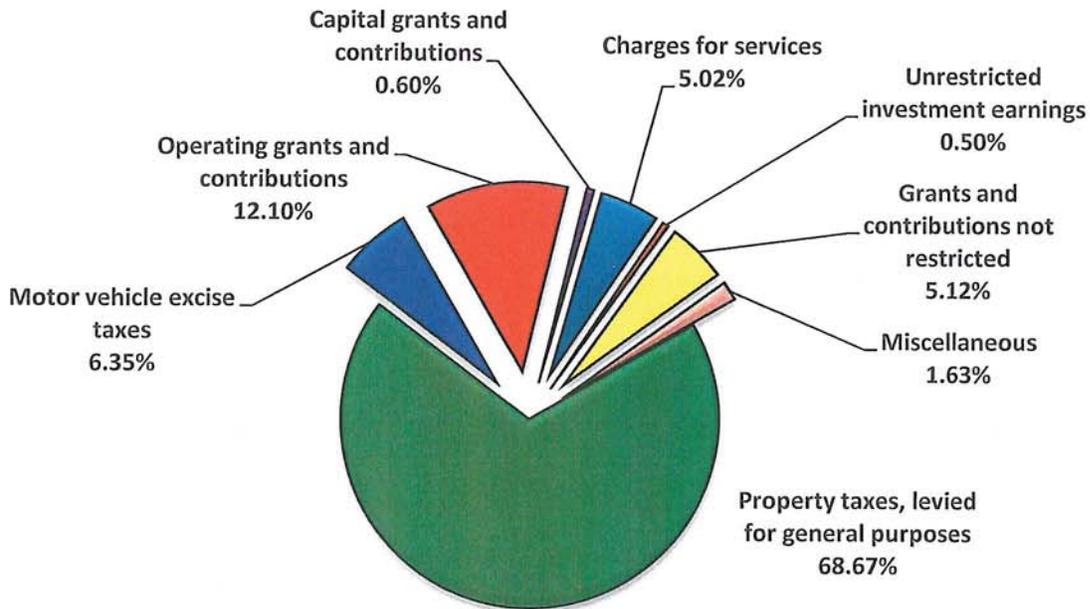
City of South Portland's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 4,310,410	\$ 3,690,285	\$ 5,637,193	\$ 5,436,377	\$ 9,947,603	\$ 9,126,662
Operating grants and contributions	10,382,263	12,254,487	-	-	10,382,263	12,254,487
Capital grants and contributions	518,319	479,280	138,232	110,000	656,551	589,280
General revenues:						
Property and other taxes	64,392,887	62,214,384	-	-	64,392,887	62,214,384
Grants and contributions not restricted to specific programs	4,391,399	4,244,228	-	-	4,391,399	4,244,228
Other	1,832,641	2,336,615	27,079	30,143	1,859,720	2,366,758
Total revenues	85,827,919	85,219,279	5,802,504	5,576,520	91,630,423	90,795,799
Expenses:						
General government	10,512,718	10,506,337	-	-	10,512,718	10,506,337
Public safety	12,030,128	11,883,029	-	-	12,030,128	11,883,029
Public works	7,282,274	7,333,922	-	-	7,282,274	7,333,922
Culture and recreation	4,333,705	4,349,852	-	-	4,333,705	4,349,852
Transportation and waterfront	1,218,546	1,220,037	-	-	1,218,546	1,220,037
Health, wealth and social services	329,143	321,795	-	-	329,143	321,795
Interest on debt service	1,761,281	853,840	-	-	1,761,281	853,840
Education	44,402,127	45,043,366	-	-	44,402,127	45,043,366
Sewer	-	-	5,885,557	5,632,254	5,885,557	5,632,254
Total expenses	81,869,922	81,512,178	5,885,557	5,632,254	87,755,479	87,144,432
Increase (decrease) in net position before transfers	3,957,997	3,707,101	(83,053)	(55,734)	3,874,944	3,651,367
Transfers	(298,992)	(1,816,658)	298,992	1,816,658	-	-
Increase (decrease) in net position	3,659,005	1,890,443	215,939	1,760,924	3,874,944	3,651,367
Net position - beginning of year	98,542,451	96,652,008	60,941,073	59,180,149	159,483,524	155,832,157
Net position - end of year	\$ 102,201,456	\$ 98,542,451	\$ 61,157,012	\$ 60,941,073	\$ 163,358,468	\$ 159,483,524

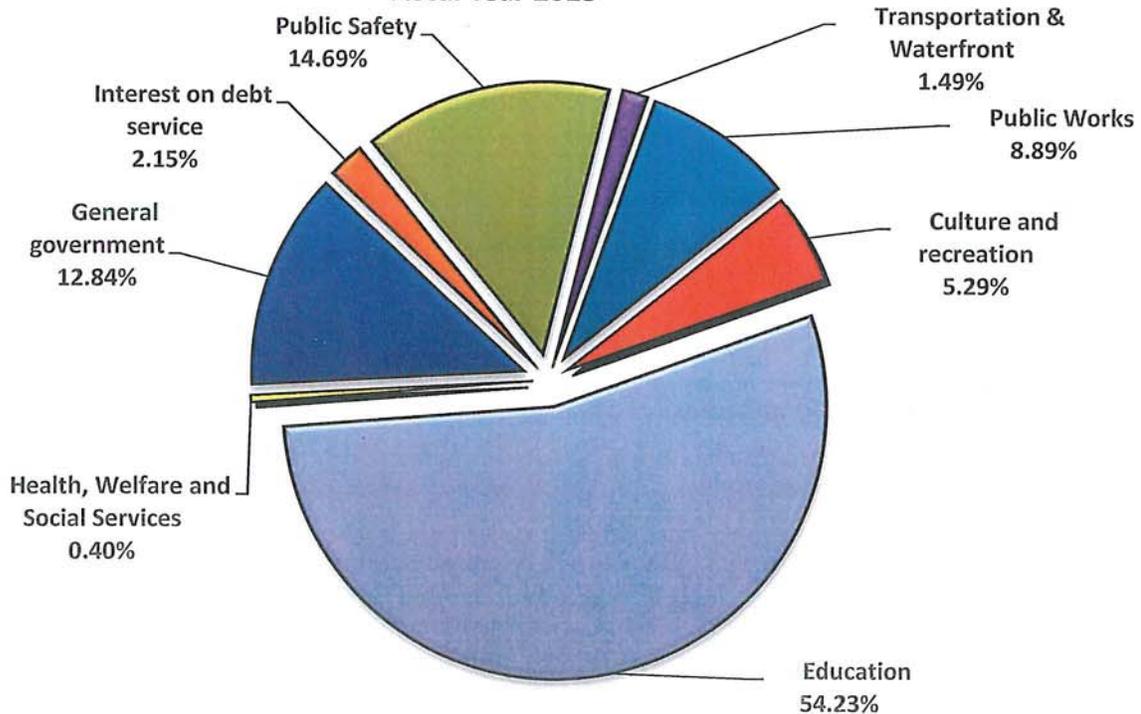
Governmental activities. During this past fiscal year, Governmental activities saw an increase in the City of South Portland's net position of \$3.659 million. This amount represented an increase in the net position of 3.71%. Key elements of this increase are as follows:

- Property and other taxes increased by \$2.2 million (3.5%). This was primary due to an increase in taxes to support the School and City budgets. Included in this tax increase was the increase to support the High School renovation project which the funding for is being phased in over several years.
- Operating grants decreased \$1.9 million. This was primary due to the school receiving considerably less Federal and state grants during the year. The prior several years included numerous ARRA grants which concluded last year.
- Total expenses increased by \$357,744 (.44%). For the year, the City had increases in public safety and interest on debt service as a result of bonding funds for the High School Project.

Government -wide
 Revenues by Source -Governmental Activities
 Fiscal Year 2013



Government -wide
 Expenses by Function -Governmental Activities
 Fiscal Year 2013

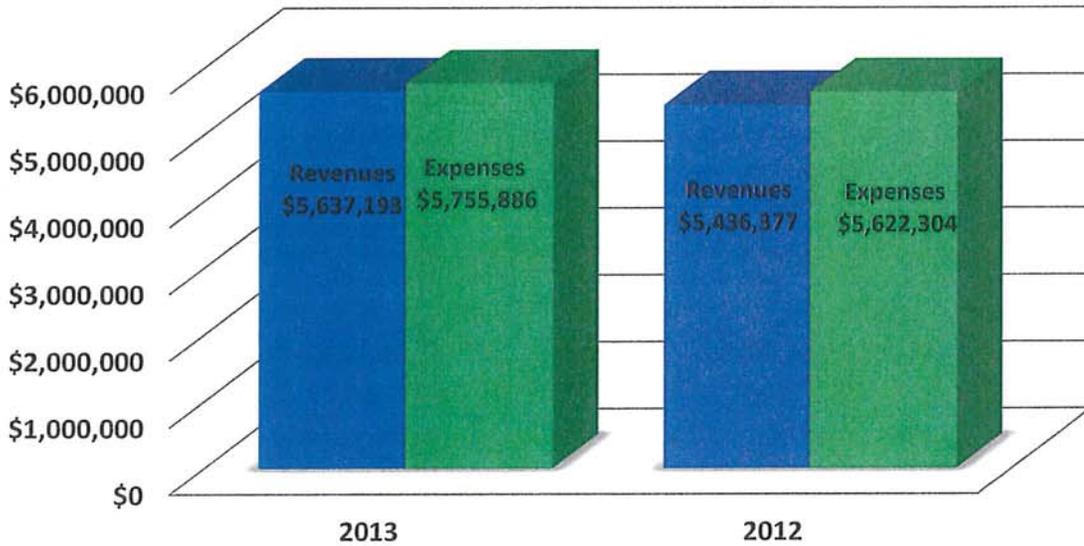


CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis, Continued

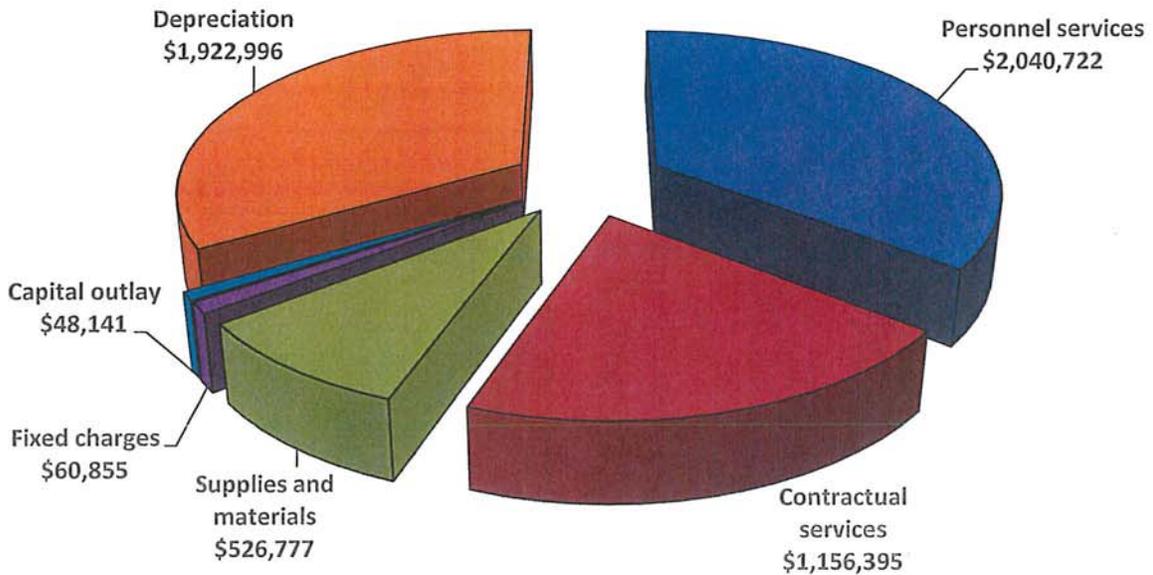
Business-type activities. The City's business-type activities which consist of sewer user operations increased the City of South Portland's net position by \$216 thousand. A large portion of this was the result of the City's TIF districts transferring \$300 thousand towards the sewer capital projects.

Revenues for business-type activities increased by \$200K due to an increase in user rates which were somewhat offset by lower residential consumption during the year. Total operating expenses for business-type activities increased in total \$133K or 2.38% due primarily to an increase in depreciation (\$119K). Additionally, the fund incurred a loss on disposal of capital assets of \$128K.

**Sewer User Operations
 Comparative Revenues and Expenses
 Fiscal Years 2013 and 2012**



**Sewer User Operations
 Expenses by Function
 Fiscal Year 2013**



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 \$47.18 million, a decrease of \$22.5 million in comparison with the prior year. This resulted from the expenditure of \$24 million relating to the High School renovation capital project.

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 \$21,671,182. 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 29.65% of total general fund expenditures (\$73,089,771). Under the breakdown of fund balance, unspent appropriations related to education are reported as restricted. At June 30, 2013, general fund restricted balance for education totaled \$4,072,226, a decrease of \$1,211,798. Additionally, the City maintains various reserve balances for various future needs. These balances are now reported as either committed or assigned and in total increased by \$1,294,634 during the year primarily as a result of \$500,000 being set aside for the Municipal Services facility and an additional \$700,000 being set aside in the tax rate stabilization fund.

In June of 2011, the City Council amended its fund balance policy to better reflect the changes brought about by GASB Statement No. 54 which alters the focus and terminology used for fund balance reporting. The purpose of the fund balance policy is to help insure the future financial stability of the City and to mitigate financial risk that can occur from unforeseen revenue fluctuations or unanticipated expenditures. The City's fund balance policy, which is based on the new unassigned fund balance component of fund balance, establishes a minimum unassigned fund balance of 9% of the City's general fund budget. As of June 30, 2013, the unassigned fund balance was \$10,144,040 or 13.6% of the City's FY 2014, budget (\$74,599,789).

The total fund balance of the City of South Portland's general fund decreased by \$365,039 during the current fiscal year. Key factors in this change are as follows:

- Total actual revenues collected exceeded budgeted by approximately \$1,378,500. The largest budgetary surplus resulted from excise taxes collected in excess of budget totaling approximately \$1.23 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 \$82K. Additionally, estimated budgets for various revenues were exceeded; State revenue sharing (101K), BETE revenue (\$221K), building permits (259K) and rescue billing (\$80K). These surplus revenues were offset by shortfalls in State Education subsidies (\$411K) and interest income (\$238K). 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 \$1.46 million. The major discrepancies included unexpended education appropriations (\$802K), various public safety departments totaling \$109K, and public works (\$121K) 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 2013-14 capital improvement budget, the City appropriated \$1.2 million from unassigned fund balance to fund certain City capital projects. Additionally, the City contributed \$1.1 mil towards the City's tax stabilization reserve and \$500K towards the Municipal Services facility.

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 \$5,156,049, all of which must be used for eligible projects as defined by Maine State Law. TIF funds are typically used to fund credit enhancement agreements with developers and also to fund capital improvement projects in and around the TIF districts. During the year, the City appropriated \$530K towards sewer, storm water and public works capital improvement projects.

Capital Projects - The capital projects fund has a total fund balance of \$15,827,242. During the year, the fund balance decreased as a result of the expenditure of approximately \$24 million for the first phase of the High School Renovation project that was approved by the voters in November of 2010.

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

Unrestricted net position of the sewer user fund at the end of the year amounted to \$2,417,716, an increase of \$486,497. 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 \$486K, of which revenues came in greater than anticipated by \$239K and expenditures came in approximately \$247K under budget.

Budgetary Highlights

General Fund:

Revenue for the general fund totaled \$70,254,947 (on the budgetary basis of accounting) in the fiscal year ended June 30, 2013. Actual revenues exceeded estimates by \$1,378,525.

General Fund Revenues Budget to Actual Summary			
	Budget	Actual	Variance
Revenues:			
Taxes	\$ 59,138,381	60,433,578	1,295,197
Intergovernmental	6,781,780	6,625,453	(156,327)
Licenses, permits, fees and fines	761,850	1,025,315	263,465
Charges for services	1,569,861	1,748,114	178,253
Unclassified	124,550	160,689	36,139
Interest earned	500,000	261,798	(238,202)
Total revenues	\$ 68,876,422	70,254,947	1,378,525

The revenue sources responsible for this surplus include the following:

- A taxes surplus of \$1.295 million of which \$1.228 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 \$82K.
- A surplus in State revenue sharing of \$101K, State BETE revenue of \$221K were offset by a large shortfall in State Education subsidies of \$411K as a result of the governor's curtailment.
- Building permit licenses came in with a surplus of \$259K.
- A surplus in charges for services relating to ambulance billings and bus service ridership which exceed anticipated revenues by \$80K and \$47K respectively.
- An investment earnings deficit of \$238K as a result of significantly lower interest rates on investments during the year and a mark to market adjustment as a result of increasing rates at yearend.

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

Expenditures for the general fund totaled \$68,489,790 (on the budgetary basis of accounting) in the fiscal year ended June 30, 2013.

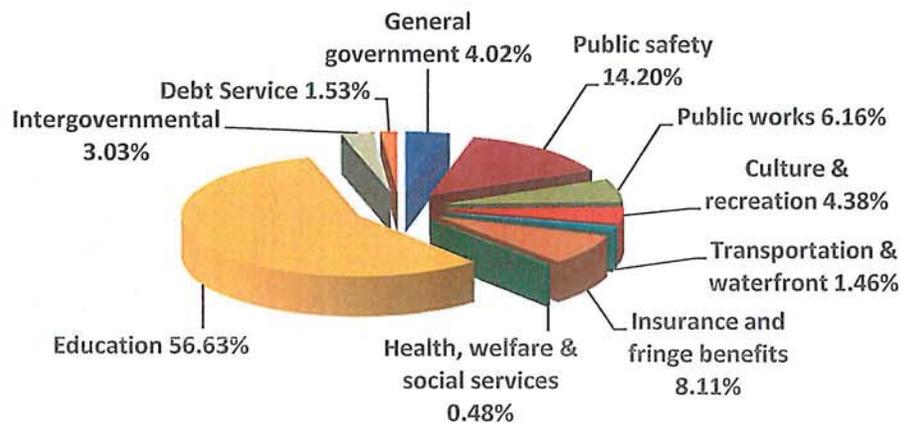
General Fund Expenditures Budget to Actual Summary

	Budget	Actual	Variance
Expenditures:			
General government	\$2,732,993	2,674,010	58,983
Public safety	9,835,593	9,726,184	109,409
Public works	4,339,150	4,218,084	121,066
Culture and recreation	3,122,003	3,000,007	121,996
Transportation and waterfront	1,029,764	997,583	32,181
Health, welfare and social services	365,421	326,893	38,528
Insurance and fringe benefits	5,697,050	5,552,005	145,045
Education	39,590,803	38,788,570	802,233
Intergovernmental (county tax)	2,075,037	2,075,037	-
Other	112,000	82,568	29,432
Debt Service	1,051,550	1,048,849	2,701
Total expenditures	\$69,951,364	68,489,790	1,461,574

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

- General government legal expenditures were lower than anticipated with a surplus to budget of \$26K.
- Public safety expenditures were under budget with police (surplus of \$41K), fire (surplus of \$25K) and communications (surplus of \$32K) making up the larger components.
- Public works was under budget because of lower tonnage for rubbish disposal (surplus of \$88K), streets and sidewalks (surplus of \$44K) and the garage (surplus of \$40).
- Citywide insurance and benefits cost surplus of \$145.
- Education surplus of \$802K attributable to lower than anticipated, High School (surplus of \$186K) special education costs (surplus of \$214K), assistant superintendent (surplus of \$138K) and operations and maintenance (surplus of \$185K).

**General Fund
Expenditure Components
Fiscal Year 2013**



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, 2013 amounts to \$161,738,886 (net of accumulated depreciation). This investment in capital assets includes land, buildings, sewer system, improvements, machinery and equipment, vehicles, park facilities, roads, highways and dams. The total increase in the City of South Portland's investment in capital assets for the current fiscal year was 3.55% (a 4.03% increase for governmental activities and a 2.72% increase for business-type activities).

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land	\$9,391,119	9,251,519	1,221,558	1,221,558	10,612,677	10,473,077
Buildings	50,670,634	51,862,295	16,660,283	17,440,155	67,330,917	69,302,450
Improvements other than buildings	1,836,458	1,368,715	-	-	1,836,458	1,368,715
Machinery and equipment	3,809,592	3,766,465	6,377,580	4,418,660	10,187,172	8,185,125
Infrastructure	12,152,780	11,220,198	24,893,928	23,303,691	37,046,708	34,523,889
Construction in progress	29,179,795	4,891,087	588,433	3,085,231	29,768,228	7,976,318
Vehicles	4,560,875	4,260,981	395,851	506,242	4,956,726	4,767,223
Total	\$111,601,253	86,621,260	50,137,633	49,975,537	161,738,886	136,596,797

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

- Millcreek park improvements totaling \$317,000 and playscape at Wainwright fields totaling \$86,000.
- Land addition on Highland Avenue at entrance to transfer station and future municipal services facility.
- City hall improvements to roof and exterior totaling \$195,000.
- Construction work in progress relating to phase 1 of the High School Renovation project totaling \$24.6 million.
- Various vehicles purchased included a new \$456,000 Pierce Fire truck pumper, a \$114,000 MT6 Trackless sidewalk tractor for public works, two new school buses totaling \$175,000, a new fire boat totaling \$74,000 and various other City vehicles totaling \$340,000.
- Telecommunications tower at West End Fire station totaling \$110,000.
- SCAN backup and virtual server upgrade totaling \$85,000.
- Pedestrian bridge at branch library totaling \$91,000.
- Various paving and sidewalk projects totaling \$625,000.
- Completion of construction of CSO clarifier equipment and domes totaling \$1,086,000.
- Upgrade and conversion to gas of boilers at Mahoney Middle School totaling \$127,000.
- Completion of Phase 2 sewer, storm water, street, sidewalk, and lighting projects for the Knightville area totaling \$3,136,000.
- Mussey Street sewer improvements totaling \$257,000.
- Completion of the pump station telemetry alarm system totaling \$1,421,000.

Additional information on the City of South Portland's capital assets can be found in the notes to the financial statements on pages 51-52 of this report.

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

Long-term debt. The State allows municipalities to borrow up to 15% of their total valuation. With the City's State Valuation at \$3,516,250,000 for 2013, the debt limit would be over \$527,000,000. Our current debt is \$47,722,187 or less than 1.36% of State Valuation or approximately 9.05% of the City's debt limit. Another measure of a municipality's debt load is debt per capita. As of June 30, 2013, the City of South Portland's debt per capita (including lease obligations) was \$2,034 as compared to the prior year of \$2,090.

The following is a summary of bond and note transactions of the City for the year ended June 30, 2013:

	Governmental Activities	Business-type Activities	Total
General Obligation Bonds payable at June 30, 2012	\$ 49,590,000	474,289	50,064,289
Principal additions	-	-	-
Principal payments	(2,315,000)	(27,102)	(2,342,102)
General Obligation Bonds payable at June 30, 2013	\$ 47,275,000	447,187	47,722,187

The City of South Portland's total bonded debt decreased by \$2,342,102 during the current fiscal year as a result of repayments and no additional borrowing.

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

Additional information on the City of South Portland's long-term debt can be found in the notes to the financial statements on pages 52-54 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- The October 2013 unemployment rate for the Portland/South Portland area is currently at 4.8% which is .7% less from the rate a year ago of 5.5%. This rate compares favorably to the state's average unemployment rate of 6.7% and the national average rate of 7.2%.
- As of December 2012, the vacancy rate for Class A office space in the mall area was 15.56% up from 13.13% in December 2011 and the vacancy rate for Class B office space in the mall area was 8.95% up from 8.3% in December 2011. We believe that more recent activity would conclude that that the office space has improved since that time.

In adopting the budget for the ensuing fiscal year 2014, 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 (2014) the City's management will continue to monitor and evaluate local economic conditions. In the forefront of our revenue and expenditure concerns are:

Revenue Projections:

- Continuing uncertainty in the State budget and the funding formula for local school aid and state revenue sharing. For FY14, the City expects to experience a significant increase in school aide while seeing a drop in state revenue sharing of about 30%.
- Risk of rolling back into recession that may translate to a reduction in building permits, automobile excise revenues, recreational fees, and tax collections.
- A continued decrease in interest rates that may lead to a further reduction in investment income.

Property Values and Business Development:

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

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. The City feels that by having a healthier workforce its long term cost for both health and worker's compensation insurance will be reduced.
- The employer cost for funding the City's defined benefit retirement plan have increased 25% each year for the past 3 years and approximately 12% for the coming year.
- The costs of maintaining our facilities, vehicles and infrastructure including expanding paving streets.

The fiscal year 2014 budget was approved in June 2013, with a \$2,572,014 (3.57%) increase in the overall general fund expenditure budget. Included in the budget is the first full year of debt service payments in the amount of \$2,520,000 for the High School Renovation project. Due to increases in various revenues, the impact to property taxes raised only increased by \$873,042 (1.56%). Overall, the cost of living increases and increased estimated revenues resulted in a tax rate increase to 16.70 per thousand from the prior year 16.50.

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, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 55,488,368	-	55,488,368
Investments	8,157,099	-	8,157,099
Receivables, net of allow. of \$804,580 and \$87,225	1,931,327	433,873	2,365,200
Taxes receivable	1,349,203	-	1,349,203
Tax liens and acquired property	377,851	-	377,851
Prepaid expenses	-	8,661	8,661
Inventory	19,361	-	19,361
Internal balances	(11,392,334)	11,392,334	-
Restricted assets, cash	50,000	-	50,000
Capital assets, not being depreciated	38,570,914	1,809,991	40,380,905
Capital assets, net of accumulated depreciation	73,030,339	48,327,642	121,357,981
Total assets	167,582,128	61,972,501	229,554,629
LIABILITIES			
Accounts payable	3,910,483	129,787	4,040,270
Accrued liabilities	460,855	1,661	462,516
Accrued interest	683,155	-	683,155
Accrued teachers' summer salaries	3,074,868	-	3,074,868
Non-current liabilities:			
Due within one year	5,405,096	112,350	5,517,446
Due in more than one year	51,846,215	571,691	52,417,906
Total liabilities	65,380,672	815,489	66,196,161
NET POSITION			
Net investment in capital assets	72,207,636	49,690,446	121,898,082
Restricted for:			
Permanent Funds - Nonexpendable principal	198,949	-	198,949
Permanent Funds - Expendable	125,576	-	125,576
Education	4,072,226	-	4,072,226
Other grants	2,048,804	-	2,048,804
Tax Increment Financing	5,156,049	-	5,156,049
Capital	-	4,543,966	4,543,966
Unrestricted	18,392,216	6,922,600	25,314,816
Total net position	\$ 102,201,456	61,157,012	163,358,468

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Activities
For the year ended June 30, 2013

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 10,512,718	514,857	870,791	-	(9,127,070)	-	(9,127,070)
Public safety	12,030,128	1,506,952	733,060	-	(9,790,116)	-	(9,790,116)
Public works	7,282,274	331,600	-	497,318	(6,453,356)	-	(6,453,356)
Culture and recreation	4,333,705	922,237	-	-	(3,411,468)	-	(3,411,468)
Transportation and waterfront	1,218,546	418,198	237,848	21,001	(541,499)	-	(541,499)
Health, welfare and social services	329,143	-	113,648	-	(215,495)	-	(215,495)
Education	44,402,127	616,566	8,426,916	-	(35,358,645)	-	(35,358,645)
Interest on debt service	1,761,281	-	-	-	(1,761,281)	-	(1,761,281)
Total governmental activities	81,869,922	4,310,410	10,382,263	518,319	(66,658,930)	-	(66,658,930)
Business-type activities:							
Sewer	5,885,557	5,637,193	-	138,232	-	(110,132)	(110,132)
Total business-type activities	5,885,557	5,637,193	-	138,232	-	(110,132)	(110,132)
Total primary government	\$ 87,755,479	9,947,603	10,382,263	656,551	(66,658,930)	(110,132)	(66,769,062)
General revenues:							
Property taxes, levied for general purposes					58,939,831	-	58,939,831
Motor vehicle excise taxes					5,453,056	-	5,453,056
Cable television franchise					176,253	-	176,253
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					1,901,233	-	1,901,233
Homestead exemption					475,200	-	475,200
Other State aid					2,014,966	-	2,014,966
Unrestricted investment earnings					431,930	27,079	459,009
Miscellaneous					1,224,458	-	1,224,458
Transfers					(298,992)	298,992	-
Total general revenues and transfers					70,317,935	326,071	70,644,006
Change in net position					3,659,005	215,939	3,874,944
Net position - beginning					98,542,451	60,941,073	159,483,524
Net position - ending					\$ 102,201,456	61,157,012	163,358,468

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Balance Sheet
Governmental Funds
June 30, 2013

	General	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 31,973,811	5,494,703	18,019,854	-	55,488,368
Investments	7,342,079	-	-	815,020	8,157,099
Due from other governments	247,261	-	-	1,429,450	1,676,711
Accounts receivable, net of allowance of \$804,580	162,032	22,679	1,261	68,644	254,616
Taxes receivable	1,349,203	-	-	-	1,349,203
Tax liens and tax acquired property	377,851	-	-	-	377,851
Interfund loans receivable	-	-	-	2,750,224	2,750,224
Inventory	-	-	-	19,361	19,361
Restricted assets, cash	50,000	-	-	-	50,000
Total assets	\$ 41,502,237	5,517,382	18,021,115	5,082,699	70,123,433
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	1,189,887	361,333	2,193,873	155,284	3,900,377
Accrued liabilities	429,196	-	-	31,659	460,855
Interfund loans payable	13,946,527	-	-	206,137	14,152,664
Accrued teachers' summer salaries	2,907,445	-	-	167,423	3,074,868
Total liabilities	18,473,055	361,333	2,193,873	560,503	21,588,764
Deferred inflows of resources:					
Unavailable revenue - property taxes	1,358,000	-	-	-	1,358,000
Total deferred inflows of resources	1,358,000	-	-	-	1,358,000
Fund balances:					
Nonspendable	-	-	-	218,310	218,310
Restricted	4,072,226	5,156,049	11,070,586	2,174,380	22,473,241
Committed	4,419,099	-	4,756,656	2,246,436	11,422,191
Assigned	3,035,817	-	-	-	3,035,817
Unassigned	10,144,040	-	-	(116,930)	10,027,110
Total fund balances	21,671,182	5,156,049	15,827,242	4,522,196	47,176,669
Total liabilities, deferred inflows of resources, and fund balances	\$ 41,502,237	5,517,382	18,021,115	5,082,699	

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.	111,601,253
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,358,000
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:	
Bond premiums	(2,575,862)
Accrued compensated absences	(3,124,656)
Other postemployment benefits liability	(1,030,952)
Accrued interest	(683,155)
Landfill closure	(111,500)
Capital leases	(3,133,341)
Bonds payable	(47,275,000)

Net position of governmental activities

\$ 102,201,456

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, 2013

	General	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 60,433,578	2,303,339	1,353,970	20,000	64,110,887
Intergovernmental	10,018,019	922,710	21,001	4,330,251	15,291,981
Licenses, permits, fees and fines	1,025,315	-	-	-	1,025,315
Charges for services	1,748,114	-	-	1,713,234	3,461,348
Unclassified	590,789	-	500,000	267,885	1,358,674
Interest earned	279,661	27,453	98,808	26,008	431,930
Total revenues	74,095,476	3,253,502	1,973,779	6,357,378	85,680,135
Expenditures:					
Current:					
General government	8,339,338	66,587	-	1,146,968	9,552,893
Public safety	10,150,395	-	-	666,206	10,816,601
Public works	4,316,757	133,431	-	223,229	4,673,417
Culture and recreation	3,030,146	-	-	823,200	3,853,346
Transportation and waterfront	997,583	-	-	86,928	1,084,511
Health, welfare and social services	329,143	-	-	-	329,143
Education	42,556,262	-	-	1,942,792	44,499,054
School lunch program	-	-	-	1,547,688	1,547,688
Intergovernmental	2,075,037	-	-	-	2,075,037
Other	66,437	1,426,678	-	15,695	1,508,810
Debt service (excluding education)	1,048,849	-	-	-	1,048,849
Capital expenditures	179,824	50,000	27,787,953	-	28,017,777
Total expenditures	73,089,771	1,676,696	27,787,953	6,452,706	109,007,126
Excess (deficiency) of revenues over (under) expenditures	1,005,705	1,576,806	(25,814,174)	(95,328)	(23,326,991)
Other financing sources (uses):					
Transfers in	731,353	-	1,690,861	521,105	2,943,319
Transfers out	(2,259,105)	(685,934)	(51,491)	(245,781)	(3,242,311)
Issuance of debt	157,008	-	995,742	-	1,152,750
Total other financing sources (uses)	(1,370,744)	(685,934)	2,635,112	275,324	853,758
Net change in fund balances	(365,039)	890,872	(23,179,062)	179,996	(22,473,233)
Fund balances, beginning of year	22,036,221	4,265,177	39,006,304	4,342,200	69,649,902
Fund balances, end of year	\$ 21,671,182	5,156,049	15,827,242	4,522,196	47,176,669

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, 2013

Net change in fund balances - total governmental funds (from Statement 4)	\$	(22,473,233)
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 (\$29,499,214) exceed book value of disposed assets (\$203,181) and depreciation (\$4,316,041).		24,979,992
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.		282,000
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 repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds (\$1,152,750) exceed repayments (\$217,996).		(934,754)
Change in accruals are recorded on the statement of net position, but not on the governmental fund balance sheet - accrued compensated absences (\$3,349), accrued interest (\$359,591), and other postemployment benefits liability (\$305,976).		(662,218)
Changes in long-term liabilities on the statement of net position, are expenditures in the governmental funds. This is the change of the landfill closure liability.		(9,500)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. During the year, the City did not issue any bonds. 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 amortized \$161,718 of bond premiums. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. For the year, the amount of repayments was \$2,315,000.		2,476,718
Change in net position of governmental activities (see Statement 2)	\$	3,659,005

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, 2013

	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	\$ 59,138,381	59,138,381	60,433,578	1,295,197	2,304,000	2,304,000	2,303,339	(661)
Intergovernmental	6,781,780	6,781,780	6,625,453	(156,327)	834,000	834,000	922,710	88,710
Licenses, permits, fees and fines	761,850	761,850	1,025,315	263,465	-	-	-	-
Charges for services	1,569,861	1,569,861	1,748,114	178,253	-	-	-	-
Unclassified	124,550	124,550	160,689	36,139	-	-	-	-
Interest earned	500,000	500,000	261,798	(238,202)	-	-	27,453	27,453
Total revenues	68,876,422	68,876,422	70,254,947	1,378,525	3,138,000	3,138,000	3,253,502	115,502
Expenditures:								
Current:								
General government	8,448,743	8,430,043	8,226,015	204,028	-	-	66,587	(66,587)
Public safety	9,835,593	9,835,593	9,726,184	109,409	-	-	-	-
Public works	4,339,150	4,339,150	4,218,084	121,066	230,558	230,558	133,431	97,127
Culture and recreation	3,122,003	3,122,003	3,000,007	121,996	-	-	-	-
Transportation and waterfront	1,011,064	1,029,764	997,583	32,181	-	-	-	-
Health, welfare and social services	365,421	365,421	326,893	38,528	-	-	-	-
Education	39,590,803	39,590,803	38,788,570	802,233	-	-	-	-
Intergovernmental	2,075,037	2,075,037	2,075,037	-	-	-	-	-
Other	112,000	112,000	82,568	29,432	1,464,054	1,464,054	1,426,678	37,376
Debt service (excluding education)	1,051,550	1,051,550	1,048,849	2,701	-	-	-	-
Capital expenditures	-	-	-	-	1,337,104	807,104	50,000	757,104
Total expenditures	69,951,364	69,951,364	68,489,790	1,461,574	3,031,716	2,501,716	1,676,696	825,020
Excess (deficiency) of revenues over (under) expenditures	(1,074,942)	(1,074,942)	1,765,157	2,840,099	106,284	636,284	1,576,806	940,522
Other financing sources (uses):								
Budgeted use of surplus - City	-	2,897,707	-	(2,897,707)	49,650	49,650	-	(49,650)
Budgeted use of surplus - School	1,050,000	1,050,000	-	(1,050,000)	-	-	-	-
Transfer in	731,353	731,353	731,353	-	-	-	-	-
Transfers out	(706,411)	(3,604,118)	(3,664,540)	(60,422)	(155,934)	(685,934)	(685,934)	-
Total other financing sources (uses)	1,074,942	1,074,942	(2,933,187)	(4,008,129)	(106,284)	(636,284)	(685,934)	(49,650)
Net change in fund balance - budgetary basis	-	-	(1,168,030)	(1,168,030)	-	-	890,872	890,872
Reconciliation to GAAP basis:								
Change in encumbrances - City			73,943				-	
Change in encumbrances - School			(216,938)				-	
Change in reserves			945,986				-	
Net change in fund balance - GAAP basis			(365,039)				890,872	
Fund balance, beginning of year			22,036,221				4,265,177	
Fund balance, end of year	\$		21,671,182				5,156,049	

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2013 and 2012

Business-type Activities - Enterprise Funds		
	Sewer	
	2013	2012
ASSETS		
Current assets:		
Receivables, net of allowance of \$87,225 and \$163,242, respectively	\$ 426,960	421,283
Sewer liens	6,913	97,143
Prepaid expenses	8,661	7,893
Interfund loan receivables	11,392,334	11,965,929
Total current assets	11,834,868	12,492,248
Noncurrent assets:		
Capital assets, not being depreciated	1,809,991	4,306,790
Capital assets	88,514,036	84,184,097
Accumulated depreciation	(40,186,394)	(38,515,350)
Total noncurrent assets	50,137,633	49,975,537
Total assets	61,972,501	62,467,785
LIABILITIES		
Current liabilities:		
Accounts payable	129,787	817,490
Accrued wages	1,661	1,864
Current portion of noncurrent liabilities:		
Compensated absences	85,248	78,605
Bonds payable	27,102	27,102
Total current liabilities	243,798	925,061
Noncurrent liabilities:		
Compensated absences	151,606	154,464
Bonds payable	420,085	447,187
Total noncurrent liabilities	571,691	601,651
Total liabilities	815,489	1,526,712
NET POSITION		
Net investment in capital assets	49,690,446	49,501,248
Restricted for capital projects	4,543,966	5,877,132
Unrestricted - reserves	4,504,884	3,631,474
Unrestricted	2,417,716	1,931,219
Total net position	\$ 61,157,012	60,941,073

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the years ended June 30, 2013 and 2012

Business-type Activities - Enterprise Funds		
	Sewer	
	2013	2012
Operating revenues:		
Charges for services	\$ 5,590,721	5,386,650
Interest and penalties	442	729
Licenses	46,030	48,998
Total operating revenues	5,637,193	5,436,377
Operating expenses:		
Personnel services	2,040,722	2,013,247
Contractual services	1,156,395	1,208,368
Supplies and materials	526,777	507,512
Fixed charges	60,855	56,472
Capital outlay	48,141	32,346
Depreciation	1,922,996	1,804,359
Total operating expenses	5,755,886	5,622,304
Operating loss	(118,693)	(185,927)
Nonoperating revenues (expenses):		
Interest revenue	27,079	30,143
Gain (loss) on disposal of capital assets	(128,316)	-
Interest and other debt issuance expense	(1,355)	(9,950)
Total nonoperating revenues (expenses)	(102,592)	20,193
Loss before transfers and capital contributions	(221,285)	(165,734)
Capital contributions	138,232	110,000
Transfers in	300,000	1,817,954
Transfer out	(1,008)	(1,296)
Total transfers and capital contributions	437,224	1,926,658
Change in net position	215,939	1,760,924
Net position, beginning of year	60,941,073	59,180,149
Net position, end of year	\$ 61,157,012	60,941,073

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Cash Flows
Proprietary Funds
For the years ended June 30, 2013 and 2012

	Sewer	
	2013	2012
Business-type Activities - Enterprise Funds		
Cash flows from operating activities:		
Receipts from customers and users	\$ 5,721,746	5,390,150
Payments to suppliers	(2,480,639)	(1,447,930)
Payments to employees	(2,037,140)	(2,036,528)
Net cash provided by operating activities	1,203,967	1,905,692
Cash flows from noncapital financing activities:		
Transfer in from other funds	300,000	1,817,954
Interfund loan	573,595	(654,372)
Transfers to other funds	(1,008)	(1,296)
Net cash provided by noncapital financing activities	872,587	1,162,286
Cash flows from capital and related financing activities:		
Purchase of capital assets	(2,075,176)	(3,020,066)
Proceeds from bonded obligations	-	269,751
Interest and debt issuance costs paid on bonds	(1,355)	(15,703)
Principal payments on bonds	(27,102)	(332,103)
Net cash (used in) provided by capital and related financing activities	(2,103,633)	(3,098,121)
Cash flows from investing activities:		
Interest revenue	27,079	30,143
Net cash provided by investing activities	27,079	30,143
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	\$ (118,693)	(185,927)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,922,996	1,804,359
(Increase) decrease in receivables	(5,677)	42,224
(Increase) decrease in liens	90,230	(88,451)
(Increase) decrease in prepaid expenses	(768)	(458)
Increase (decrease) in accounts payable	(687,703)	357,226
Increase (decrease) in accrued wages	(203)	(23,283)
Increase (decrease) in compensated absences	3,785	2
Net cash provided by operating activities	\$ 1,203,967	1,905,692
Noncash investing, capital, and financing activities:		
Capital contributions	\$ 138,232	110,000

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

		Private- purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$	186,334	108,804
Investments		2,087,089	-
Due from others		10,106	-
Total assets		2,283,529	108,804
LIABILITIES			
Accounts payable		2,270	-
Due to others		-	108,804
Total liabilities		2,270	108,804
NET POSITION			
Held in trust	\$	2,281,259	-

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, 2013

	Private- purpose Trust Funds
Additions:	
Donations	\$ 12,556
Investment earnings:	
Interest	75,853
Unrealized gain (loss)	(83,530)
Total additions	4,879
Deductions:	
Scholarships and other	79,953
Total deductions	79,953
Change in net position	(75,074)
Net position, beginning of year	2,356,333
Net position, end of year	\$ 2,281,259

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

The 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 governmental-wide statements. The City's fiduciary funds include the following:

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

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

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

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

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

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

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

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

G. Restricted Assets

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

H. Capital Assets

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

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

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

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

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

I. Compensated Absences

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City’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.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

M. Comparative Data

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

N. Use of Estimates

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

O. Deferred Inflows of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

P. Net Position

Net position represents the difference between assets and liabilities. 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, 2013:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 194,463,063	90,324,027
Accumulated depreciation	(82,861,810)	(40,186,394)
Bonds payable and premiums	(49,850,862)	(447,187)
Add back bonds payable pertaining to Maine PERS	2,520,000	-
Add back bond proceeds unexpended	11,070,586	-
<u>Capital leases</u>	<u>(3,133,341)</u>	<u>-</u>
 <u>Net investment in capital assets</u>	 <u>\$ 72,207,636</u>	 <u>49,690,446</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. The Sewer Use Fund budgets for debt service principal and interest payments as an expense and does not budget for depreciation expense. In addition, capital contributions from other funds are not budgeted. The legal level of budgetary control is at the department level.

The City employs encumbrance accounting in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were in the general fund in the amount of \$344,311.

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, 2013, all departments were within their charter level budget limits.

C. Deficit Fund Balances

At June 30, 2013, the following funds had deficit fund balances:

<u>Special Revenue Funds:</u>		<u>Private-purpose Trust Funds:</u>	
Long Creek Watershed Plan	\$ 1,249	A Varanelli Scholarship	15
LID Manual	4,826		
Officer Friendly	39		
Bug Light Beautification	941		
Recreation	102,802		
Title V	2		
Learning Results	405		
Memorial Tech Grant - Koelker	1,237		
National Semiconductor - Brown	3,683		
Dyer Friends	1,104		
Staff Computer Training	476		
Small Friends	50		
Adult Ed Enrichment	116		

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

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

DEPOSITS AND INVESTMENTS

As of June 30, 2013, 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	\$ 17,128,835	17,128,835	-	-
U.S. Treasury Notes	2,060,557	165,838	1,364,510	530,209
Federal Home Loan Bank	1,985,520	-	269,370	1,716,150
Federal National Mortgage	6,146,222	-	3,755,875	2,390,347
Certificates of Deposit	39,976,895	15,425,118	24,551,777	-
Stock Mutual Fund	51,185	Not applicable		

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, 2013, the City had bank balances of \$57,105,730. 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, 2013, the City had \$323,761 of deposits which were subject to custodial credit risk because they were not insured and not collateralized. This occurred as the result of an agency bond pending investment settlement.

Custodial credit risk- investments – For investments, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2013, the City had fair value investment balances of \$10,243,484 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, 2013, the City’s investments in Federal Home Loan Banks and Federal National Mortgage Associations were rated AA+ by Standard & Poor’s. In accordance with its investment policy, the City minimizes credit risk by limiting the types of investments to be purchased and diversifying the investment portfolio so that the impact of potential losses will be minimized.

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

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

PROPERTY TAX

Property taxes for the current period were committed on July 15, 2012 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 \$631,508 for the year ended June 30, 2013.

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>2013</u>	<u>2012</u>
Assessed value	\$ 3,553,378,500	3,531,907,500
Tax rate (per \$1,000)	16.50	16.10
Commitment	58,630,745	56,863,711
Add:		
Supplementals	-	-
Total commitment	58,630,745	56,863,711
Less:		
Abatements	22,225	34,385
Collections	57,515,651	55,608,726
Current year taxes receivable at end of year	1,092,869	1,220,600
Taxes and liens receivable - prior years	634,185	524,199
Total taxes and liens receivable	\$ 1,727,054	1,744,799

Due dates:	1st quarter	August 16, 2012	August 18, 2011
	2nd quarter	November 15, 2012	November 17, 2011
	3rd quarter	February 14, 2013	February 16, 2012
	4th quarter	May 9, 2013	May 10, 2012

	<u>2013</u>	<u>2012</u>
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	98.14%	97.85%

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, 2013 was as follows:

	Balance June 30, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2013</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,251,519	141,900	2,300	9,391,119
Construction in progress	4,891,087	24,732,920	444,212	29,179,795
Total capital assets not being depreciated	14,142,606	24,874,820	446,512	38,570,914
Capital assets, being depreciated:				
Buildings	83,907,688	652,888	249,240	84,311,336
Improvements other than buildings	3,969,390	630,579	-	4,599,969
Machinery and equipment	12,170,563	638,878	240,561	12,568,880
Vehicles	13,110,789	1,159,103	713,675	13,556,217
Infrastructure	38,868,589	1,987,158	-	40,855,747
Total capital assets being depreciated	152,027,019	5,068,606	1,203,476	155,892,149
Less accumulated depreciation for:				
Buildings	32,045,393	1,651,246	55,934	33,640,705
Improvements other than buildings	2,600,675	162,837	-	2,763,512
Machinery and equipment	8,404,098	588,174	232,986	8,759,286
Vehicles	8,849,808	859,210	713,675	8,995,343
Infrastructure	27,648,390	1,054,574	-	28,702,964
Total accumulated depreciation	79,548,364	4,316,041	1,002,595	82,861,810
Total capital assets being depreciated, net	72,478,655	752,565	200,881	73,030,339
Governmental activities capital assets, net	\$ 86,621,261	25,627,385	647,393	111,601,253

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

Governmental activities:	
General government	\$ 166,899
Public safety	664,868
Public works	1,301,998
Culture and recreation	570,698
Transportation and waterfront	194,352
Education	1,417,226
Total depreciation expense – governmental activities	\$ 4,316,041

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, 2013 was as follows:

	Balance June 30, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2013</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,221,558	-	-	1,221,558
Construction in progress	3,085,232	213,135	2,709,934	588,433
Total capital assets not being depreciated	4,306,790	213,135	2,709,934	1,809,991
Capital assets, being depreciated:				
Buildings	34,214,686	-	165,267	34,049,419
Improvements other than buildings	80,331	-	-	80,331
Machinery and equipment	12,989,826	2,568,495	215,000	15,343,321
Vehicles	1,229,177	-	-	1,229,177
Infrastructure	35,670,077	2,141,711	-	37,811,788
Total capital assets being depreciated	84,184,097	4,710,206	380,267	88,514,036
Less accumulated depreciation for:				
Buildings	16,774,531	694,931	80,326	17,389,136
Improvements other than buildings	80,331	-	-	80,331
Machinery and equipment	8,571,166	566,200	171,625	8,965,741
Vehicles	722,935	110,390	-	833,325
Infrastructure	12,366,387	551,475	-	12,917,862
Total accumulated depreciation	38,515,350	1,922,996	251,951	40,186,394
Total capital assets being depreciated, net	45,668,747	2,787,210	128,316	48,327,642
Business-type activities capital assets, net	\$ 49,975,537	3,000,345	2,838,250	50,137,633

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Governmental activities:					
General obligation bonds	\$ 49,590,000	-	2,315,000	47,275,000	3,810,000
Bond premiums	2,737,580	-	161,718	2,575,862	250,234
Capital leases	2,198,587	1,152,750	217,996	3,133,341	346,112
Landfill closure	102,000	9,500	-	111,500	11,150
Other post employment benefits	724,976	326,976	21,000	1,030,952	-
Compensated absences	3,128,005	1,473,725	1,477,074	3,124,656	987,600
Governmental activity long-term liabilities	\$ 58,481,148	2,962,951	4,192,788	57,251,311	5,405,096

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	\$ 474,289	-	27,102	447,187	27,102
Compensated absences	233,069	154,210	150,425	236,854	85,248
Business-type activities					
long-term liabilities	\$ 707,358	154,210	177,527	684,041	112,350

Long-term debt payable at June 30, 2013 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, 2013</u>
Governmental activities:					
1994 Series B - School	12/1/1994	\$ 3,250,000	9/1/2014	5.70-6.50%	250,000
2003 Brown Elementary – School	10/1/2003	6,000,000	10/1/2023	2.50-4.45%	300,000
2004 MSRS (1) – City & School	1/15/2004	8,200,000	3/1/2017	3.00-5.10%	2,520,000
2007 Paving and Refinancing (2)	5/15/2009	2,075,000	9/1/2016	4.00-5.00%	725,000
2010 1999 Community Center – City	2/1/2010	1,890,000	11/1/2018	2.00-3.00%	1,260,000
2010 HS & MS Renovations - School	2/1/2010	4,613,000	11/1/2029	2.00-4.00%	3,910,000
2012 Refund 2002 & 2003 Elem-Sch.	11/9/2012	8,905,000	7/1/2023	2.00-4.375%	8,310,000
2012 HS Construction – School	5/30/2012	30,000,000	7/15/2032	2.00-4.00%	30,000,000
Total governmental activities					47,275,000
Business-type activities:					
2009 SRF (Long creek)	10/7/2009	749,716	10/1/2029	N/A	447,187
Total business-type activities					447,187
Total bonds payable					\$ 47,722,187

- (1) Of the outstanding bond principal, 81.55% is City (\$2,055,060) and 18.45% is School (\$464,940).
(2) Of the outstanding bond principal, (\$200,000) is for City and (\$525,000) is for School.

In November of 2010, the voters approved a bond referendum for the High School Renovation and Addition project totaling \$41,500,000. During the year ended June 30, 2012, the City issued bonds totaling \$30,000,000. At June 30, 2013, \$11,500,000 was authorized but unissued for this project.

Prior year defeasance of debt. In prior years, the government defeased general obligations bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the government's financial statements. At June 30, 2013, \$3,300,000 of defeased bonds remains outstanding.

All governmental activity debt service payments, including capital leases and compensated absences, were made within the General Fund. Other post employment benefits are not currently being funded on a budgetary level. If and when such funding would occur, it would be funded within the General Fund. Capital lease proceeds have been recorded in the vehicle replacement city reserve fund and in the municipal buildings capital project 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, 2013 are as follows:

<u>June 30,</u>	<u>Governmental activities</u>			<u>Business-type activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,810,000	1,737,727	5,547,727	27,102	-	27,102
2015	3,810,000	1,489,502	5,299,502	27,102	-	27,102
2016	3,685,000	1,344,085	5,029,085	27,102	-	27,102
2017	3,510,000	1,203,780	4,713,780	27,102	-	27,102
2018	2,830,000	1,068,275	3,898,275	27,102	-	27,102
2019-2023	12,720,000	4,146,163	16,866,163	135,511	-	135,511
2024-2028	8,950,000	2,163,563	11,113,563	135,511	-	135,511
2029-2033	7,960,000	588,400	8,548,400	40,655	-	40,655
Total	\$ 47,275,000	13,741,495	61,016,495	447,187	-	447,187

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, 2013, the statutory limit for the City was \$527,437,500. The City's outstanding long-term debt of \$47,722,187 at June 30, 2013 was \$479,715,313 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, 2013:

<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	\$ 36,925,000	9.09%	3,355,768
Portland Water District	31,085,441	13.87%	4,310,153

JOINTLY GOVERNED ORGANIZATION

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

Ecomaine is a solid waste management corporation serving 40 municipalities in Cumberland, Oxford and York counties in Maine. Owned and controlled by 21 member communities, Ecomaine creates electricity through its processing of waste and also operates an extensive recycling program. The City is a member community in Ecomaine. Interlocal (waste handling) agreements between Ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to Ecomaine for processing and to make service payments and pay tipping fees for such processing. The City has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in Ecomaine. Selected balance sheet information for Ecomaine for the year ended June 30, 2013 includes total assets of \$60,282,199, and total liabilities of \$17,775,424 and unrestricted net position of \$11,323,226. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,951,872. Ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2013 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.

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

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, 2013 was \$3,478,814.

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, 2013.

	<u>Governmental activities</u>
2014	\$ 436,256
2015	418,498
2016	361,985
2017	364,818
2018	371,093
<u>2019-2023</u>	<u>1,653,496</u>
Total minimum lease payments	3,606,146
Less: amount representing interest	472,805
Present value of future minimum lease payments	<u>\$ 3,133,341</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, 2013, the City had recorded approximately \$111,500 of estimated cost remaining related to postclosure care of the landfill. The City has amounts available in the capital project fund and general fund to fund these estimated costs. The actual cost may be higher due to inflation, changes in technology, or changes in regulations.

INTERFUND BALANCES AND TRANSFERS

As of June 30, 2013, interfund loans receivable and payable were as follows:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General Fund	\$ -	13,946,527
Sewer Fund	11,392,334	-
Nonmajor Special Revenue Funds:		
City Special Revenues	2,654,789	-
School Grant Funds	-	201,817
School Adult Education	7,470	-
School Lunch Fund	87,965	-
Nonmajor Permanent Funds:		
City Permanent Funds	-	4,320
Private-purpose Trust Funds	10,106	-
Total interfund balances	<u>\$ 14,152,664</u>	<u>14,152,664</u>

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

INTERFUND BALANCES AND TRANSFERS, CONTINUED

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, 2013, interfund transfers were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 731,353	2,259,105
Sewer Fund	300,000	1,008
Tax Increment Financing	-	685,934
Capital Projects	1,690,861	51,491
Nonmajor Special Revenue Funds:		
City Special Revenues	139,006	245,781
School Grant Funds	12,099	-
School Lunch Fund	370,000	-
Total interfund transfers	\$ 3,243,319	3,234,319

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.

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, 2013, the City maintained an unassigned general fund balance of \$10,144,040 which is 13.60 percent of the fiscal year 2014 budget of \$74,599,789.

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 \$1,706,229 tax rate stabilization reserve at June 30, 2013 with \$550,000 anticipated to be used in the funding of fiscal year ending June 30, 2014 budget.

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

FUND BALANCES, CONTINUED

As of June 30, 2013, fund balance components consisted of the following:

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Nonspendable:			
Inventory and prepaid items	\$ -	19,361	19,361
Principal for permanent funds	-	198,949	198,949
Total nonspendable	-	218,310	218,310
Restricted:			
Education	4,072,226	792,498	4,864,724
TIF funds	-	5,156,049	5,156,049
Capital projects	-	11,070,586	11,070,586
Grants - General government	-	344,350	344,350
Grants - Public safety	-	128,314	128,314
Grants - Public works	-	640,840	640,840
Grants - Culture and recreation	-	114,189	114,189
Grants - Transit and waterfront	-	28,613	28,613
Permanent funds	-	125,576	125,576
Total restricted	4,072,226	18,401,015	22,473,241
Committed:			
General government:			
Tax stabilization reserve	1,706,229	-	1,706,229
Municipal services facility reserve	528,456	-	528,456
Equipment replacement reserve	103,122	-	103,122
Unemployment reserve	38,261	-	38,261
Self-Insurance reserve	42,269	-	42,269
Safety reserve	151,205	-	151,205
Computerization reserve	114,198	-	114,198
Litigation legal reserve	145,388	-	145,388
Municipal buildings and land acquisition	193,350	-	193,350
Other reserves	23,700	-	23,700
South Portland Community TV	-	583,589	583,589
Freshwater Wetland Fund	-	97,702	97,702
Land Bank Trust	-	485,596	485,596
Public safety:			
Fire equipment and vehicle reserve	266,013	-	266,013
Police equipment reserves	64,704	-	64,704
Call company retirement reserve	64,698	-	64,698
Hazardous materials fund	-	80,374	80,374

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

FUND BALANCES, CONTINUED

	General Fund	Other Governmental Funds	Total
Committed, continued:			
Public works:			
Snow removal reserve	\$ 418,315	-	418,315
Cummings road sewer reserve	207,030	-	207,030
Solid waste reserve	36,181	-	36,181
Other reserves	44,703	-	44,703
Street openings & recycling funds	-	264,038	264,038
Sewer impact fund	-	414,975	414,975
Transit and waterfront:			
Bus reserve	271,277	-	271,277
Portland Street Pier	-	154,613	154,613
Culture and recreation:			
Golf Course	-	138,843	138,843
Other	-	26,706	26,706
Capital projects	-	4,756,656	4,756,656
Total committed	4,419,099	7,003,092	11,422,191
Assigned:			
Compensated absences reserve	2,529,819	-	2,529,819
Phone system reserve	124,607	-	124,607
Public safety vehicle reserve	49,453	-	49,453
Public works fuel distribution	35,274	-	35,274
Encumbrances	296,664	-	296,664
Total assigned	3,035,817	-	3,035,817
Unassigned	10,144,040	(116,930)	10,027,110
Total fund balance	\$ 21,671,182	25,505,487	47,176,669

NEW PRONOUNCEMENTS AND ACCOUNTING CHANGES

For the fiscal year ended June 30, 2013, the City has elected to implement the following Statements of the Governmental Accounting Standards Board:

- Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
- Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- Statement No. 65 – *Items Previously Reported as Assets and Liabilities*

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

CONSTRUCTION COMMITMENTS

The School Department has entered into contracts in connection with the High School construction project. The following is a summary of the commitments at June 30, 2013:

	<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Balance Remaining</u>
High School Project:				
Construction contract	\$ 39,699,944	57.04%	22,646,034	17,053,910
Engineering contract	2,361,761	91.11%	2,151,791	209,970

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

TAX INCREMENT FINANCING DISTRICTS

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

	<u>Original value</u>	<u>Increase in value</u>	<u>TIF cap</u>	<u>Captured value</u>	<u>Captured tax</u>
Fairchild TIF	\$ 33,512,500	12,634,500	100%	12,634,500	208,469
Texas Instruments TIF	20,509,000	156,828,500	50%	78,414,250	1,293,835
Cummings TIF	1,697,200	25,184,200	30%	-	-
One Wallace TIF	2,178,200	3,711,200	100%	3,711,200	61,235
Long Creek TIF	1,066,300	10,814,600	100%	10,814,600	178,441
Brick Hill TIF	-	20,584,200	100%	20,584,200	339,639
Jared TIF	957,500	1,216,400	100%	1,216,400	20,071
Hannaford TIF	343,000	8,800,300	100%	8,800,300	145,205
Downtown TIF	96,881,900	46,113,100	100%	3,312,430	54,655
Transit TIF	18,373,000	108,400	100%	108,400	1,789

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)

Maine Public Employees Retirement System - Consolidated Plan

Description of the Plan - The City contributes to the Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the City of South Portland is required to contribute an actuarially determined rate. The current rate is 5.3% of covered payroll for the regular plan and 10% of covered payroll for the special plan. The contribution rates of plan members and the City of South Portland are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The City's contributions to the Maine Public Employees Retirement System Consolidated Plan for the year ended June 30, 2013, 2012 and 2011 were \$796,790, \$639,328, and \$486,241, respectively, and were equal to the required contribution for each year.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)

Maine Public Employees Retirement System – Teachers Group

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

Funding Policy – Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$3,392,566 (15.86%) for the fiscal year 2013. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statements 2 and 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 16.33% of their compensation. This cost is charged to the applicable grant.

OTHER POST EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) promulgated its Statement 45 which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the City of South Portland for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The City is a member of the Maine Municipal Employees Health Trust. The Trust is an agent multiple employer Voluntary Employee’s Beneficiary Association. The City is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Trust contracted with an outside consultant to assist in the determination and valuation of the City’s OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed by the consultants in October 2013 based on an actuarial valuation date of January 1, 2013.

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

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

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Normal cost	\$ 104,974	90,618	90,618
Amortization of unfunded	228,327	228,444	228,444
Adjustment to ARC	(41,925)	(29,511)	(20,629)
<u>Interest</u>	<u>35,600</u>	<u>26,731</u>	<u>20,588</u>
Annual required contribution	\$ 326,976	316,282	319,021

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

	<u>2013</u>	<u>2012</u>	<u>2010</u>
OPEB liability, July 1, 2012	\$ 724,976	510,306	356,715
Annual required contribution	326,976	316,282	319,021
<u>Less: Actual contributions</u>	<u>(21,000)</u>	<u>(101,612)</u>	<u>(165,430)</u>
OPEB liability, June 30, 2013	\$ 1,030,952	724,976	510,306

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual required contribution	\$ 326,976	316,282	319,021
Actual contribution	21,000	101,612	165,431
<u>Percent contributed</u>	<u>6.42%</u>	<u>32.13%</u>	<u>51.86%</u>
Actuarial accrued liability	\$ 4,106,163	4,108,269	4,108,269
<u>Plan assets</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability	\$ 4,106,163	4,108,269	4,108,269
Covered payroll	12,399,860	12,376,330	11,964,142
Unfunded actuarial accrued liability as a percentage of covered payroll	33.11%	33.19%	34.34%

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

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

Actuarial valuation date	1/1/13
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.0%
Healthcare cost trend rate	4.25%

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 \$338,530 to the plans during the year ended June 30, 2013.

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 2013, the City was a member of the Maine Municipal Association Property and Casualty Risk Pool which provides auto, general liability, and property insurance, as well as the Maine Municipal Associations Workers' Compensation Fund. Members of the pools have joint and several liability. If the assets of the Pool are at any time actuarially determined to be insufficient to enable the Pool to discharge its legal liabilities and other obligations and to maintain actuarially sound reserves, the Pool has the power to make up the deficiency by the levy of a pro-rated assessment upon Pool Members for the amount needed to make up the deficiency. Management believes that no such deficiency exists at June 30, 2013. 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.

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

RISK MANAGEMENT, CONTINUED

The following summarizes the claims activity with respect to the City's self-insurance programs during 2013:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u>
<u>Unpaid claims as of the beginning of year</u>	<u>\$ 101,838</u>	<u>-</u>
Provision for current year events	-	54,117
<u>Increase in provision for prior year events</u>	<u>-</u>	<u>-</u>
Total incurred claims	-	54,117
Payments:		
Claims attributable to current year	-	54,117
<u>Claims attributable to prior year</u>	<u>4,308</u>	<u>-</u>
Total payments	4,308	54,117
 <u>Unpaid claims, end of year</u>	 <u>\$ 97,530</u>	 <u>-</u>

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

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

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

CONTINGENT LIABILITIES

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

CITY OF SOUTH PORTLAND, MAINE
Required Supplementary Information

Schedule of Funding Progress
Retiree Healthcare Plan

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) /c]
2009	1/1/11	\$ -	\$4,108,269	\$4,108,269	0.00%	\$12,367,933	33.22%
2010	1/1/11	\$ -	\$4,108,269	\$4,108,269	0.00%	\$11,048,641	37.18%
2011	1/1/11	\$ -	\$4,108,269	\$4,108,269	0.00%	\$11,964,142	34.34%
2012	1/1/11	\$ -	\$4,108,269	\$4,108,269	0.00%	\$12,376,330	33.19%
2013	1/1/13	\$ -	\$4,106,163	\$4,106,163	0.00%	\$12,399,860	33.11%

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, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 31,973,811	32,370,604
Investments	7,342,079	7,572,185
Due from other governments	247,261	257,608
Receivables, net of allowance of \$801,100 and \$655,609	162,032	263,975
Taxes receivable	1,349,203	1,437,957
Tax liens and tax acquired property	377,851	306,842
Restricted assets, cash	50,000	50,000
Total assets	\$ 41,502,237	42,259,171
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	1,189,887	1,277,097
Accrued liabilities	429,196	412,065
Interfund loans payable	13,946,527	14,532,689
Accrued teachers' summer salaries	2,907,445	2,925,099
Total liabilities	18,473,055	19,146,950
Deferred inflows of resources:		
Unavailable revenue - property taxes	1,358,000	1,076,000
Total deferred inflows of resources	1,358,000	1,076,000
Fund balances:		
Restricted	4,072,226	5,284,024
Committed	4,419,099	3,340,240
Assigned	3,035,817	2,820,042
Unassigned	10,144,040	10,591,915
Total fund balances	21,671,182	22,036,221
Total liabilities, deferred inflows of resources and fund balances	\$ 41,502,237	42,259,171

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, 2013

(with comparative actual amounts for the year ended June 30, 2012)

	2013		Variance positive (negative)	2012 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property	\$ 54,556,955	54,639,082	82,127	53,505,182
Excise	4,225,000	5,453,056	1,228,056	5,037,900
Interest and penalties	120,000	105,898	(14,102)	123,249
Payments in lieu of taxes	236,426	235,542	(884)	241,620
Total taxes	59,138,381	60,433,578	1,295,197	58,907,951
Intergovernmental:				
State Revenue Sharing	1,800,000	1,901,233	101,233	1,888,773
State BETE Revenue	850,000	1,071,126	221,126	921,472
Homestead reimbursement	465,000	475,200	10,200	466,578
State education subsidy	3,103,278	2,691,993	(411,285)	2,108,358
State agency client	75,000	49,925	(25,075)	161,197
Medicaid	120,000	60,573	(59,427)	80,664
Section 9	159,000	178,127	19,127	157,584
General assistance	119,500	113,648	(5,852)	99,697
Other State revenue	90,002	83,628	(6,374)	86,739
Total intergovernmental	6,781,780	6,625,453	(156,327)	5,971,062
Licenses, permits, fees, and fines:				
Cable franchise fee	188,000	176,253	(11,747)	185,000
City clerk	149,700	152,476	2,776	158,602
Planning	5,250	11,274	6,024	8,614
Police	99,900	91,808	(8,092)	97,711
Code enforcement	300,000	572,472	272,472	314,425
Public library	19,000	21,032	2,032	20,668
Total licenses, permits, fees, and fines	761,850	1,025,315	263,465	785,020
Charges for services:				
Rent and leases	64,800	77,083	12,283	70,246
Finance and Information Technology	146,031	144,543	(1,488)	124,567
Fire	765,100	842,672	77,572	776,271
Public works - Transfer facility	84,000	98,693	14,693	90,579
Parks and recreation	159,000	184,339	25,339	166,304
Bus service	268,880	320,059	51,179	309,666
Other	4,700	3,375	(1,325)	4,864
Education	77,350	77,350	-	77,350
Total charges for services	1,569,861	1,748,114	178,253	1,619,847
Unclassified:				
City clerk	16,000	21,467	5,467	18,770
Finance	16,000	15,816	(184)	21,581
Police	8,000	10,591	2,591	8,013
Fire	3,000	3,430	430	4,445
Planning and code enforcement	2,750	4,435	1,685	3,941
Public works	31,000	38,223	7,223	45,251
Other	9,800	10,953	1,153	15,052
Education	38,000	55,774	17,774	54,571
Total unclassified	124,550	160,689	36,139	171,624
Interest earned	500,000	261,798	(238,202)	574,713
Total revenues	68,876,422	70,254,947	1,378,525	68,030,217

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, 2013
 (with comparative actual amounts for the year ended June 30, 2012)

	Budget	Actual	Variance positive (negative)	2012 Actual
Expenditures:				
Current:				
General government:				
City Council	\$ 149,012	147,155	1,857	107,862
Executive	191,713	187,214	4,499	186,066
City clerk	222,348	215,474	6,874	212,704
Corporation council	181,779	153,161	28,618	155,297
Finance	945,771	931,483	14,288	932,180
Information technology	332,121	332,092	29	329,491
Planning	215,023	213,122	1,901	212,396
Human resources	305,728	305,350	378	264,565
City building	189,498	188,959	539	163,522
Citywide insurance and benefit costs	5,697,050	5,552,005	145,045	5,464,308
Total general government	8,430,043	8,226,015	204,028	8,028,391
Public safety:				
Police department	3,905,716	3,864,695	41,021	3,671,533
Fire department	4,553,431	4,527,965	25,466	4,334,466
Communications	741,244	708,837	32,407	684,487
Code enforcement	626,692	616,326	10,366	628,816
Civil service	8,510	8,361	149	11,947
Total public safety	9,835,593	9,726,184	109,409	9,331,249
Public works:				
Administration	132,236	162,365	(30,129)	159,848
Streets and sidewalks	1,793,181	1,749,190	43,991	1,535,523
Rubbish disposal	1,904,969	1,817,289	87,680	2,009,692
Public works garage	273,692	233,626	40,066	220,734
Transfer facility	235,072	255,614	(20,542)	211,864
Total public works	4,339,150	4,218,084	121,066	4,137,661
Culture:				
Main library	576,100	540,652	35,448	541,559
Branch library	137,746	135,657	2,089	97,841
Total culture	713,846	676,309	37,537	639,400
Parks and recreation:				
Administration	216,607	145,016	71,591	116,628
Parks	1,093,948	1,058,555	35,393	1,096,488
Pool	354,001	336,368	17,633	345,131
Recreation	743,601	783,759	(40,158)	736,312
Total parks and recreation	2,408,157	2,323,698	84,459	2,294,559
Total culture, parks, and recreation	3,122,003	3,000,007	121,996	2,933,959
Transportation and waterfront:				
Bus service	991,714	960,157	31,557	957,360
Waterfront	38,050	37,426	624	37,357
Total transportation and waterfront	1,029,764	997,583	32,181	994,717

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, 2013
 (with comparative actual amounts for the year ended June 30, 2012)

	Budget	Actual	Variance positive (negative)	2012 Actual
Expenditures, continued:				
Current, continued:				
Health, welfare and social services:				
Welfare:				
Administration	\$ 79,463	77,521	1,942	76,837
General assistance	242,930	206,794	36,136	193,578
Total welfare	322,393	284,315	38,078	270,415
Health	43,028	42,578	450	42,578
Total health, welfare and social services	365,421	326,893	38,528	312,993
Intergovernmental - County tax	2,075,037	2,075,037	-	2,072,476
Other:				
Contingency and abatement reserve	112,000	82,568	29,432	60,392
Total other	112,000	82,568	29,432	60,392
Education	39,590,803	38,788,570	802,233	37,001,532
Debt service (excluding education):				
Administration	4,000	1,300	2,700	1,600
Principal	850,644	850,644	-	925,161
Interest	196,906	196,905	1	214,482
Total debt service	1,051,550	1,048,849	2,701	1,141,243
Total expenditures	69,951,364	68,489,790	1,461,574	66,014,613
Excess (deficiency) of revenues over (under) expenditures	(1,074,942)	1,765,157	2,840,099	2,015,604
Other financing sources (uses):				
Budgeted use of surplus - City	2,897,707	-	(2,897,707)	-
Budgeted use of surplus - School	1,050,000	-	(1,050,000)	-
Refunding bonds issued and premium	-	-	-	9,584,150
Payment to refunded bonds escrow agent and fees	-	-	-	(9,516,956)
Transfers - in	731,353	731,353	-	560,038
Transfers - out	(3,604,118)	(3,664,540)	(60,422)	(2,682,734)
Total other financing sources (uses)	1,074,942	(2,933,187)	(4,008,129)	(2,055,502)
Net change in fund balance - budgetary basis	-	(1,168,030)	(1,168,030)	(39,898)
Reconciliation to GAAP basis:				
Change in encumbrances - City		73,943		140,912
Change in encumbrances - School		(216,938)		83,242
Change in reserves		945,986		(119,794)
Net change in fund balance - GAAP basis		(365,039)		64,462
Fund balance, beginning of year		22,036,221		21,971,759
Fund balance, end of year	\$	21,671,182		22,036,221

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, 2013
 (with comparative actual amounts for the year ended June 30, 2012)

	2013		Variance positive (negative)	2012 Actual
	Budget	Actual		
Revenues:				
Local assessment	\$ 35,212,648	35,212,648	-	34,063,256
State education subsidy	3,103,278	2,691,993	(411,285)	2,108,358
State agency client	75,000	49,925	(25,075)	161,197
Medicaid	120,000	60,573	(59,427)	80,664
Charges for services	77,350	77,350	-	77,350
Other	38,000	55,774	17,774	54,571
Total revenues	38,626,276	38,148,263	(478,013)	36,545,396
Expenditures:				
Current:				
Brown Elementary	1,655,505	1,676,440	(20,935)	1,567,838
Dyer Elementary	1,588,088	1,569,656	18,432	1,625,175
Kaler Elementary	1,004,898	1,067,569	(62,671)	1,175,078
Skillin Elementary	2,278,418	2,239,433	38,985	2,224,652
Small Elementary	1,879,188	1,838,693	40,495	1,716,622
Mahoney Middle School	2,242,320	2,201,843	40,477	2,179,093
Memorial Middle School	2,465,716	2,407,302	58,414	2,212,157
South Portland High School	6,022,301	5,835,810	186,491	5,789,693
K-12 instrumental music	107,609	105,305	2,304	111,019
6-12 athletics	652,787	640,715	12,072	603,954
Special education	7,461,163	7,247,230	213,933	7,178,346
Health	339,981	333,830	6,151	327,347
Board of education	136,758	97,293	39,465	133,918
Superintendent of schools	371,817	369,943	1,874	350,203
Assistant superintendent	1,907,508	1,769,355	138,153	1,589,978
Technology	492,156	554,464	(62,308)	685,480
Business office	788,055	813,362	(25,307)	959,400
Operations/maintenance	3,912,831	3,727,524	185,307	3,025,919
Transportation	1,576,020	1,585,119	(9,099)	1,232,596
Debt service:				
Principal	1,628,188	1,628,188	-	1,761,235
Interest	1,079,496	1,079,496	-	551,829
Total expenditures	39,590,803	38,788,570	802,233	37,001,532
Excess (deficiency) of revenues over (under) expenditures	(964,527)	(640,307)	324,220	(456,136)
Other financing sources (uses):				
Transfers - in	320,465	320,465	-	150,517
Transfers - out	(405,938)	(405,938)	-	(678,356)
Refunding bonds issued and premium	-	-	-	9,584,150
Payments to refunded bonds escrow agent and fees	-	-	-	(9,516,956)
Budgeted use of surplus	1,050,000	-	(1,050,000)	-
Total other financing sources (uses)	964,527	(85,473)	(1,050,000)	(460,645)
Net change in fund balances - budgetary basis	-	(725,780)	(725,780)	(916,781)
Reconciliation to GAAP basis:				
Change in encumbrances		(216,938)		83,242
Change in reserves		(269,080)		199,371
Net change in fund balance - GAAP basis		(1,211,798)		(634,168)
Fund balance, beginning of year		5,284,024		5,918,192
Fund balance, end of year	\$	4,072,226		5,284,024

CITY OF SOUTH PORTLAND, MAINE
Reserves - General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2013

	Fund balance beginning of year	Revenues			Expenditures	Other financing sources (uses)		Fund balance end of year
		Other	Investment earnings			Issuance of debt	Transfers	
<u>City committed reserves:</u>								
1801 Equipment replacement	\$ 115,366	-	609	16,433	-	3,580	103,122	
1803 Unemployment - City	62,091	-	287	54,117	-	30,000	38,261	
1804 Self-Insurance - City	45,279	41,573	285	57,368	-	12,500	42,269	
1805 Municipal facilities	16,700	-	25	20,673	-	10,000	6,052	
1806 Safety reserve	130,665	23,577	691	3,728	-	-	151,205	
1807 Computerization project	199,663	420	496	171,381	-	85,000	114,198	
1809 Litigation - legal	122,835	-	678	6,125	-	28,000	145,388	
1822 Communication equipment - police	59,618	-	341	-	-	2,600	62,559	
1824 Body armor - police	-	-	-	-	-	2,145	2,145	
1830 Fire	395,515	1,229	1,970	90,701	-	(42,000)	266,013	
1834 Traffic improvements	22,791	-	130	-	-	-	22,921	
1836 Public works equipment	21,358	300	124	-	-	-	21,782	
1840 Snow removal	415,938	-	2,377	-	-	-	418,315	
1845 Cummings Road sewer	205,853	-	1,177	-	-	-	207,030	
1847 Bus	258,915	-	1,525	8,443	-	19,280	271,277	
1850 Senior Property Tax Program	17,887	-	-	15,152	-	-	2,735	
1861 Tax stabilization	1,000,511	-	5,718	-	-	700,000	1,706,229	
1864 Call company retirement	64,698	-	-	-	-	-	64,698	
1869 Energy efficient	19,348	525	-	4,960	-	-	14,913	
1871 Solid waste	4,181	-	-	-	-	32,000	36,181	
1872 Municipal buildings & land acq.	161,028	16,401	951	5,030	-	20,000	193,350	
1873 Municipal services facility	-	134,216	-	105,760	-	500,000	528,456	
Subtotal City committed reserves	3,340,240	218,241	17,384	559,871	-	1,403,105	4,419,099	
<u>City assigned reserves:</u>								
1828 Vehicle replacement - police	92,024	27,147	-	214,027	157,008	(12,891)	49,261	
1867 Phone system	110,100	-	-	2,293	-	16,800	124,607	
1868 Compensated absences	2,379,819	-	-	-	-	150,000	2,529,819	
2172 Outside OT - Police	3,837	125,004	-	128,730	-	-	111	
2173 Outside OT - Fire	312	1,080	-	1,311	-	-	81	
2176 Fuel Distribution	16,854	18,420	-	-	-	-	35,274	
Subtotal City assigned reserves	2,602,946	171,651	-	346,361	157,008	153,909	2,739,153	
Total City reserves	5,943,186	389,892	17,384	906,232	157,008	1,557,014	7,158,252	
<u>School reserves:</u>								
0202 Restricted school reserve funds:								
School consolidation	323,618	-	-	-	-	-	323,618	
School tech upgrade	812,841	-	-	17,749	-	-	795,092	
Unemployment - School	57,134	-	-	14,876	-	23,840	66,098	
School bus	506,923	-	-	-	-	(167,000)	339,923	
School resource officer	48,171	-	-	-	-	(8,419)	39,752	
School elementary	19,511	-	-	-	-	-	19,511	
Self-insurance - School	10,008	-	-	-	-	-	10,008	
Musical program	139,128	-	-	-	-	-	139,128	
Maintenance	626,070	1,000	-	93,323	-	-	533,747	
Adult education	20,000	-	-	-	-	-	20,000	
Student educational support	(1,790)	19,656	-	32,240	-	-	(14,374)	
Laptop repair	29,159	19,552	-	-	-	-	48,711	
Special Education	200,000	-	-	-	-	-	200,000	
0456 School facility	83,800	-	479	-	-	-	84,279	
Total School reserves	2,874,573	40,208	479	158,188	-	(151,579)	2,605,493	
Total reserves	\$ 8,817,759	430,100	17,863	1,064,420	157,008	1,405,435	9,763,745	

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, 2013

	2501 Fairchild Semiconductor	2502 Texas Instrument	2503 One Wallace Avenue	2504 Cummings Road	2505 Long Creek	2507 Brick Hill	2508 Jared	2509 Hannaford	2510 Downtown	2511 Transit	Total
Revenues:											
Taxes	\$ 208,469	1,293,835	61,235	-	178,441	339,639	20,071	145,205	54,655	1,789	2,303,339
State BETE revenue	922,710	-	-	-	-	-	-	-	-	-	922,710
Investment earnings	13,650	1,287	2,432	4,615	3,370	1,132	207	692	68	-	27,453
Total revenues	1,144,829	1,295,122	63,667	4,615	181,811	340,771	20,278	145,897	54,723	1,789	3,253,502
Expenditures:											
Current:											
General government	56,191	2,642	-	4,247	3,507	-	-	-	-	-	66,587
Public Works	51,440	36,854	-	20,852	11,427	-	6,935	5,923	-	-	133,431
Other	104,235	1,035,068	6,217	-	97,202	183,956	-	-	-	-	1,426,678
Capital expenditures	-	50,000	-	-	-	-	-	-	-	-	50,000
Total expenditures	211,866	1,124,564	6,217	25,099	112,136	183,956	6,935	5,923	-	-	1,676,696
Excess (deficiency) of revenues over (under) expenditures	932,963	170,558	57,450	(20,484)	69,675	156,815	13,343	139,974	54,723	1,789	1,576,806
Other financing sources (uses):											
Transfers - out	(310,888)	-	-	-	(150,000)	(145,046)	(25,000)	(55,000)	-	-	(685,934)
Total other financing sources (uses)	(310,888)	-	-	-	(150,000)	(145,046)	(25,000)	(55,000)	-	-	(685,934)
Net change in fund balances	622,075	170,558	57,450	(20,484)	(80,325)	11,769	(11,657)	84,974	54,723	1,789	890,872
Fund balances, beginning of year	1,762,913	262,106	412,909	819,257	629,784	232,047	41,183	104,518	460	-	4,265,177
Fund balances, end of year	\$ 2,384,988	432,664	470,359	798,773	549,459	243,816	29,526	189,492	55,183	1,789	5,156,049

CAPITAL PROJECT FUND

CITY OF SOUTH PORTLAND, MAINE
Capital Projects
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2013

	Fund balance beginning of year	Revenues		Expenditures	Other financing sources (uses)		Fund balance end of year
		Other	Investment earnings		Issuance of debt	Transfers	
City capital projects:							
4008 Landfill closeout	\$ 5,995	-	16	2,751	-	-	3,260
4009 Transfer facility	113,376	-	648	-	-	(243)	113,781
4011 Paving	1,060,397	-	5,140	479,497	-	500,000	1,086,040
4012 Bug Light Park	1,446	-	-	-	-	-	1,446
4018 Chlorination/Dechlorinate	17,227	-	-	-	-	-	17,227
4038 City FY 01 projects	34,975	-	200	-	-	-	35,175
4040 East Broadway improvement	74	-	-	-	-	-	74
4044 Undesignated CIP projects	8,336	-	-	-	-	(8,336)	-
4045 City FY 03 projects	12,937	-	70	2,000	-	-	11,007
4047 City FY 04 projects	10,218	-	27	10,245	-	-	-
4051 City FY 06 projects	37,623	-	-	-	-	(3,622)	34,001
4053 City FY 07 projects	10,885	-	-	-	-	(10,885)	-
4055 City FY 08 projects	42,211	-	-	-	-	-	42,211
4056 City FY 09 projects	22,000	-	-	-	-	-	22,000
4061 Library CIP	103,073	-	-	21,682	-	29,496	110,887
4063 Police CIP	50,001	-	-	23,804	-	35,666	61,863
4064 Fire CIP	531,830	-	-	518,820	-	230,171	243,181
4072 Public works CIP	1,367,225	500,000	-	1,373,566	-	489,408	983,067
4077 Parks and recreation CIP	394,096	-	-	211,654	-	234,800	417,242
4080 Bus CIP	180,962	21,001	-	26,252	-	42,720	218,431
4081 Waterfront CIP	58,405	-	-	-	-	(28,405)	30,000
4151 Municipal buildings CIP	162,482	-	-	164,104	-	90,000	88,378
4155 Information technology CIP	118,646	-	-	9,000	-	-	109,646
4156 Planning CIP	27,245	-	-	17,649	-	38,600	48,196
Total City capital projects	4,371,665	521,001	6,101	2,861,024	-	1,639,370	3,677,113
School capital projects:							
0301 Major capital projects:							
ADA Buildings - School	31,468	-	-	-	-	-	31,468
High School Auditorium/Cafeteria	11,927	-	-	-	-	-	11,927
School FY 02 projects	328,541	-	1,649	31,929	-	-	298,261
0303 SPHS construction/renovation	32,560,969	1,353,970	83,827	24,127,533	-	-	9,871,233
0400 School FY 03 projects	192,594	-	1,100	-	-	-	193,694
0401 School FY 04 projects	200,334	-	1,145	-	-	-	201,479
0402 School FY 01 projects	220,316	-	1,259	-	-	-	221,575
0403 School FY 05 projects	61,116	-	349	-	-	-	61,465
0404 School FY 07 projects	44,022	-	-	10,757	-	-	33,265
0455 School FY 08 projects	26,409	-	-	-	-	-	26,409
0405 School FY 10 projects	1,108,600	-	3,229	217,787	-	-	894,042
0406 Energy savings projects	(151,657)	-	149	538,923	995,742	-	305,311
Total School capital projects	34,634,639	1,353,970	92,707	24,926,929	995,742	-	12,150,129
Total capital projects	\$ 39,006,304	1,874,971	98,808	27,787,953	995,742	1,639,370	15,827,242

ALL OTHER GOVERNMENTAL FUNDS

CITY OF SOUTH PORTLAND, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2013

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Investments	\$ 486,175	328,845	815,020
Due from other governments	1,429,450	-	1,429,450
Accounts receivable, net of allowance of \$3,480	68,644	-	68,644
Interfund loan receivable	2,750,224	-	2,750,224
Inventory	19,361	-	19,361
Total assets	\$ 4,753,854	328,845	5,082,699
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	155,284	-	155,284
Accrued liabilities	31,659	-	31,659
Accrued teachers' summer salaries	167,423	-	167,423
Interfund loans payable	201,817	4,320	206,137
Total liabilities	556,183	4,320	560,503
Fund balances:			
Nonspendable	19,361	198,949	218,310
Restricted	2,048,804	125,576	2,174,380
Committed	2,246,436	-	2,246,436
Unassigned	(116,930)	-	(116,930)
Total fund balances	4,197,671	324,525	4,522,196
Total liabilities and fund balances	\$ 4,753,854	328,845	5,082,699

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, 2013

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Taxes	\$ 20,000	-	20,000
Intergovernmental	4,330,251	-	4,330,251
Charges for services	1,713,234	-	1,713,234
Investment income	26,969	(961)	26,008
Other	257,885	10,000	267,885
Total revenues	6,348,339	9,039	6,357,378
Expenditures:			
General government	1,146,968	-	1,146,968
Public safety	666,206	-	666,206
Public works	223,229	-	223,229
Culture and recreation	823,200	-	823,200
Transportation and waterfront	86,928	-	86,928
Education	1,942,792	-	1,942,792
School lunch program	1,547,688	-	1,547,688
Other	-	15,695	15,695
Total expenditures	6,437,011	15,695	6,452,706
Excess (deficiency) of revenues over (under) expenditures	(88,672)	(6,656)	(95,328)
Other financing sources (uses):			
Transfers-in (out)	275,324	-	275,324
Total other financing sources (uses)	275,324	-	275,324
Net change in fund balances	186,652	(6,656)	179,996
Fund balances, beginning of year	4,011,019	331,181	4,342,200
Fund balances, end of year	\$ 4,197,671	324,525	4,522,196

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, 2013

	City Special Revenues Fund	School Grant Funds	School Adult Education	School Lunch Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Investments	\$ 486,175	-	-	-	486,175
Due from other governments	298,809	1,099,334	-	31,307	1,429,450
Accounts receivable, net of allowance of \$3,480	68,419	225	-	-	68,644
Interfund loans receivable	2,654,789	-	7,470	87,965	2,750,224
Inventory	-	-	-	19,361	19,361
Total assets	\$ 3,508,192	1,099,559	7,470	138,633	4,753,854
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	86,125	54,851	131	14,177	155,284
Accrued liabilities	29,182	-	-	2,477	31,659
Accrued teachers' summer salaries	-	164,752	2,671	-	167,423
Interfund loans payable	-	201,817	-	-	201,817
Total liabilities	115,307	421,420	2,802	16,654	556,183
Fund balances:					
Nonspendable	-	-	-	19,361	19,361
Restricted	1,256,306	685,212	4,668	102,618	2,048,804
Committed	2,246,436	-	-	-	2,246,436
Unassigned	(109,857)	(7,073)	-	-	(116,930)
Total fund balances	3,392,885	678,139	4,668	121,979	4,197,671
Total liabilities and fund balances	\$ 3,508,192	1,099,559	7,470	138,633	4,753,854

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, 2013

	City Special Revenues Funds	School Grant Funds	School Adult Education	School Lunch Fund	Total Nonmajor Special Revenue Funds
Revenues:					
Taxes	\$ -	-	20,000	-	20,000
Intergovernmental	2,089,638	1,584,496	8,754	647,363	4,330,251
Charges for services	1,174,018	-	-	539,216	1,713,234
Investment income	26,969	-	-	-	26,969
Other	66,982	190,903	-	-	257,885
Total revenues	3,357,607	1,775,399	28,754	1,186,579	6,348,339
Expenditures:					
Current:					
General government	1,146,968	-	-	-	1,146,968
Public safety	666,206	-	-	-	666,206
Public works	223,229	-	-	-	223,229
Culture and recreation	823,200	-	-	-	823,200
Transportation and waterfront	86,928	-	-	-	86,928
Education	-	1,915,997	26,795	-	1,942,792
School lunch program	-	-	-	1,547,688	1,547,688
Total expenditures	2,946,531	1,915,997	26,795	1,547,688	6,437,011
Excess (deficiency) of revenues over (under) expenditures	411,076	(140,598)	1,959	(361,109)	(88,672)
Other financing sources (uses):					
Transfers-in (out)	(106,775)	12,099	-	370,000	275,324
Total other financing sources and (uses)	(106,775)	12,099	-	370,000	275,324
Net change in fund balances	304,301	(128,499)	1,959	8,891	186,652
Fund balances, beginning of year	3,088,584	806,638	2,709	113,088	4,011,019
Fund balances, end of year	\$ 3,392,885	678,139	4,668	121,979	4,197,671

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, 2013

	7001	7002	7003	7004	7006	7007	7008	7009	Total
	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	
ASSETS									
Investments	\$ 26,859	9,320	2,656	3,621	89,719	121,086	42,350	33,234	328,845
Total assets	\$ 26,859	9,320	2,656	3,621	89,719	121,086	42,350	33,234	328,845
LIABILITIES AND FUND BALANCES									
Liabilities:									
Interfund loans payable	-	-	-	-	-	-	-	4,320	4,320
Total liabilities	-	-	-	-	-	-	-	4,320	4,320
Fund balances:									
Nonspendable principal	16,406	5,430	1,566	3,150	52,238	70,502	24,657	25,000	198,949
Restricted	10,453	3,890	1,090	471	37,481	50,584	17,693	3,914	125,576
Total fund balances	26,859	9,320	2,656	3,621	89,719	121,086	42,350	28,914	324,525
Total liabilities and fund balances	\$ 26,859	9,320	2,656	3,621	89,719	121,086	42,350	33,234	328,845

CITY OF SOUTH PORTLAND, MAINE
 Nonmajor Permanent Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the year ended June 30, 2013

	7001	7002	7003	7004	7006	7007	7008	7009	
	Lillian Anderson Bequest	Lois V. Whitten Bequest	Reta Nappi Bequest	Virginia Boyd Bequest	Sandra Coolbroth Trust	Callahan Trust	Virginia Lewis Bequest	W.P. Adams Maintenance Liberty Ship Memorial	Total
Revenues:									
Investment income:									
Interest income	\$ 440	307	87	119	2,948	3,977	1,392	542	9,812
Unrealized gain/(loss)	(260)	(354)	(101)	(139)	(3,404)	(4,593)	(1,607)	(315)	(10,773)
Donations	-	-	-	-	-	-	-	10,000	10,000
Total revenues	180	(47)	(14)	(20)	(456)	(616)	(215)	10,227	9,039
Expenditures:									
Other	72	48	13	19	466	629	220	14,228	15,695
Total expenditures	72	48	13	19	466	629	220	14,228	15,695
Net change in fund balances	108	(95)	(27)	(39)	(922)	(1,245)	(435)	(4,001)	(6,656)
Fund balances, beginning of year	26,751	9,415	2,683	3,660	90,641	122,331	42,785	32,915	331,181
Fund balances, end of year	\$ 26,859	9,320	2,656	3,621	89,719	121,086	42,350	28,914	324,525

PROPRIETARY FUNDS

CITY OF SOUTH PORTLAND, MAINE
 Schedule of Revenues, Expenses and Changes in Net Position
 Budget and Actual - Proprietary Fund
 For the year ended June 30, 2013

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 5,339,987	5,339,987	5,590,721	250,734
Interest and penalties	1,000	1,000	442	(558)
Licenses	57,496	57,496	46,030	(11,466)
Total operating revenues	5,398,483	5,398,483	5,637,193	238,710
Operating expenses:				
Administration	152,110	152,110	149,674	2,436
Treatment plant	953,029	953,029	889,276	63,753
Pump stations	518,068	518,068	467,970	50,098
Billing	195,270	195,270	192,306	2,964
Sewer maintenance	730,156	730,156	716,783	13,373
Engineering	180,562	180,562	169,190	11,372
Debt service	28,458	28,458	28,457	1
Compliance	90,695	90,695	88,335	2,360
Sludge disposal	356,615	356,615	323,029	33,586
Insurance	695,707	695,707	628,114	67,593
Total operating expenses	3,900,670	3,900,670	3,653,134	247,536
Operating income	1,497,813	1,497,813	1,984,059	486,246
Nonoperating revenues (expenses):				
Equipment reserve	(1,496,553)	(1,496,553)	(1,496,553)	-
Total nonoperating revenues (expenses)	(1,496,553)	(1,496,553)	(1,496,553)	-
Income before transfers	1,260	1,260	487,506	486,246
Transfers out	(1,260)	(1,260)	(1,008)	252
Total transfers	(1,260)	(1,260)	(1,008)	252
Change in net position - budgetary basis	-	-	486,498	486,498
Reconciliation to GAAP basis:				
Revenues and expenditures in the reserve funds are included on the GAAP basis, but not the budgetary basis:				
Reserve revenues			27,079	
Reserve expenditures			(384,976)	
Transfers into reserves			1,496,553	
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			314,995	
Gain (loss) on disposal of capital assets			(128,316)	
Depreciation expense			(1,922,996)	
Transfers in from TIF Funds			300,000	
Repayment of bond principal is an expenditure on the budgetary basis, but reduces the long-term liability on the GAAP basis:				
Bond principal			27,102	
Change in net position - GAAP basis			215,939	
Net position, beginning of year			60,941,073	
Net position, end of year	\$		61,157,012	

AGENCY FUNDS

CITY OF SOUTH PORTLAND, MAINE
Statement of Changes in Assets and Liabilities
Fiduciary Funds
Agency Funds
For the Year Ended June 30, 2013

	Balance			Balance
	July 1, 2012	Additions	Deductions	June 30, 2013
ASSETS				
Cash and cash equivalents	\$ 104,285	208,023	203,504	108,804
Total assets	104,285	208,023	203,504	108,804
LIABILITIES				
Due to others	104,285	208,023	203,504	108,804
Total liabilities	\$ 104,285	208,023	203,504	108,804

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, 2013

		Fund balance beginning of year	Revenues		Expenditures	Transfers	Fund balance end of year
			Inter- governmental	Other			
General Government:							
Federal grants:							
2115	CDBG - Entitlement Community	\$ 31,806	671,412	15,680	678,330	-	40,568
2155	Housing Revolving Loan	64,279	-	50	-	-	64,329
State grants:							
2031	Watershed Plan	(1,249)	15,847	-	15,847	-	(1,249)
2138	Greater Portland Public Development	51,973	-	32	-	-	52,005
2154	Land Use Regulation Grant	233	-	-	-	-	233
Other:							
2008	Restoration of Records	1,251	-	-	-	-	1,251
2042	Business Development Revolving Loan	57,846	-	-	-	-	57,846
2044	City Hall Water & Soda	260	-	345	451	-	154
2053	Wallace Avenue Directional	2,159	-	13	-	-	2,172
2057	Downeast Energy Traffic Improvement	4,636	-	26	-	-	4,662
2058	NE Audio/Tweeter Sidewalks	9,838	-	56	-	-	9,894
2067	Toys "R" Us Sidewalks	10,295	-	59	-	-	10,354
2088	SPCTV	625,080	-	179,601	220,924	(168)	583,589
2094	Gannett Traffic Signal Escrow	25,319	-	145	-	-	25,464
2097	Wellness Committee	672	6,368	-	6,915	-	125
2108	Longhorn Steakhouse Escrow	18,263	-	104	-	-	18,367
2114	Sawyer/Broadway Intersection	5,576	-	32	-	-	5,608
2120	Evan/Highland Toddle Inn Escrow	22,366	-	128	-	-	22,494
2129	Westbrook/Western Escrow	2,385	-	3,746	-	-	6,131
2136	Knightville/Mill Creek Plan	7,981	-	-	-	-	7,981
2139	Brickhill Traffic Escrow	1,168	-	7	-	-	1,175
2146	Heating Assistance	17,641	-	2,250	12,096	-	7,795
2149	Westbrook/South Portland Assessing	1,845	177,164	-	177,202	(168)	1,639
2161	War Memorial	625	-	2,390	1,249	-	1,766
2165	Freshwater Wetland Fund	82,866	-	14,836	-	-	97,702
2169	John Roberts Road Escrow	2,100	-	-	-	-	2,100
2179	Land Bank Trust	469,513	-	15,037	33,954	35,000	485,596
2188	Longcreek Tragedy Memorial	237	-	-	-	-	237
2190	LID Manual	(4,826)	-	-	-	-	(4,826)
Total General Government		1,512,138	870,791	234,537	1,146,968	34,664	1,505,162

CITY OF SOUTH PORTLAND, MAINE
School Grant Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2013

		Fund balance beginning of year	Revenues	Expenditures	Transfers	Fund balance end of year
Federal Grants:						
0230	Title IA - Disadvantaged	\$ -	456,188	456,188	-	-
0231	Title I - Program Improvement	-	55,566	55,566	-	-
0247	Local Entitlement	-	782,326	782,326	-	-
0251	Preschool Grant	-	11,461	11,461	-	-
0259	Second Language Program	-	8,000	8,000	-	-
0263	21st Century Grant	-	93,281	93,281	-	-
0264	Title V	(2)	-	-	-	(2)
0268	Title III - Language Acquisition	-	32,489	32,489	-	-
0270	Title II A - Improving Teacher Quality	14,088	126,709	126,710	-	14,087
0275	Elementary School Program	500	-	-	-	500
0295	Adult Basic Education	-	18,476	18,476	-	-
Total federal grants		14,586	1,584,496	1,584,497	-	14,585
State Grants:						
0216	MMSA Cooperating School	2,704	-	-	-	2,704
0220	MSLN Grant	68,001	-	-	-	68,001
0221	Health & Wellness Grants:					
	Health & Wellness	420	-	-	-	420
	Dental Study	3,427	-	-	-	3,427
	Action for Healthy Kids	10	-	-	-	10
	Integrated Youth Health Survey	300	-	-	-	300
0224	Partners in Arts & Learning	735	-	-	-	735
0225	Reading Recovery	1,248	-	-	-	1,248
0226	Learning Results	(405)	-	-	-	(405)
0228	Art Department Grant	2,000	-	-	-	2,000
0229	State Agency Clients	17,082	-	-	-	17,082
0284	E-Rate	56,222	-	1,960	-	54,262
Total state grants		151,744	-	1,960	-	149,784
Local Grants and Other Special Funds:						
0200	SPHS Auditorium:					
	SPHS Auditorium	91,975	3,455	37,640	-	57,790
	Elaine Wolfson Memorial	1,158	-	-	-	1,158
0201	Local SPHS:					
	High School Musical	22,698	24,542	23,934	-	23,306
	High School Aspirations	17,137	17,000	12,433	-	21,704
	SPHS Friends	7,213	200	820	-	6,593
	SPHS Class of 1940	100	-	-	-	100
	Readiness Partnership	178	-	-	-	178
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, 2013

	Fund balance beginning of year	Revenues	Expenditures	Transfers	Fund balance 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)	89,593	70,000	57,551	-	102,042
Innovative Idea (Thurlow)	1,558	-	-	-	1,558
Summer Music (Memorial)	1,239	1,050	1,495	-	794
Kids Consortium Memorial	477	-	-	-	477
Memorial Friends	6,627	6,420	5,420	-	7,627
Great Bay Foundation - Kaler	125,000	-	92,864	-	32,136
Target Kaler Prof. Development Grant	4,000	-	-	-	4,000
Girls Leadership Initiative	31	-	-	-	31
Donations	5,113	800	-	-	5,913
Transition Books	1,538	1,465	1,589	-	1,414
Opportunity Alliance	-	10,000	-	-	10,000
0205 Local Boosters:					
Baseball Boosters	500	-	-	-	500
Hockey Boosters	(3,931)	-	-	3,931	-
Lacrosse Club Boys	2,625	-	-	-	2,625
Lacrosse Club Girls	3,861	-	-	-	3,861
MSSPA Playoffs	5,797	727	1,906	-	4,618
Johnson Athletic	17,969	-	-	8,168	26,137
Johnson Athletic	137	-	-	-	137
0206 Southern Maine (LCA) Project	79	500	1,683	-	(1,104)
0207 Dyer Friends	(476)	-	-	-	(476)
0208 Staff Computer Training	14,713	19,350	8,904	-	25,159
0209 Future Builders/Summer School	(37)	23,494	23,457	-	-
0211 Robotics	193,276	4,914	48,190	-	150,000
0212 21st Century Donations	7,551	-	-	-	7,551
0213 Quest	-	-	-	-	-
0214 Skillin Local:					
Skillin Playground	655	-	-	-	655
Friends Skillin Library	1,689	2,524	2,386	-	1,827
Skillin Natural Science	455	1,450	864	-	1,041
Skillin Friends	228	-	-	-	228
0215 Gates Teacher Leader Grant	1,500	-	-	-	1,500
0217 Art Donations	857	-	-	-	857
0218 Small Friends	88	1,200	1,338	-	(50)
0219 Local Friends Grants:					
Brown Friends	1,970	-	-	-	1,970
Mary F Marsh Book	5,651	-	-	-	5,651
Mahoney Friends	276	-	-	-	276
Kaler Friends	1,305	335	450	-	1,190
0222 Special Education Access Channel	6,840	-	4,992	-	1,848
0227 Teamwork for Kids - Fallon	1,000	-	-	-	1,000
0615 Adult Ed Enrichment	31	1,477	1,624	-	(116)
Total local grants and other special funds	640,308	190,903	329,540	12,099	513,770
Total	\$ 806,638	1,775,399	1,915,997	12,099	678,139

CITY OF SOUTH PORTLAND, MAINE
Private-purpose Trust Funds
Combining Schedule of Changes in Fiduciary Net Position
For the year ended June 30, 2013

		Net position beginning of year	Additions			Deductions	Net position end of year
			Donations/ other	Interest income	Realized and Unrealized gain (loss)		
Private-purpose trusts:							
0801	Dora Small Trust	\$ 9,292	-	303	(349)	48	9,198
0803	Lewis Trust (School)	1,522,852	-	49,526	(58,678)	44,191	1,469,509
0804	Alley Scholarship	11,694	-	382	(457)	313	11,306
0805	Davidson Scholarship	4,981	-	163	(199)	27	4,918
0806	Elliot Scholarship	7,589	-	248	(298)	241	7,298
0807	Friese Scholarship	6,612	-	216	(258)	235	6,335
0808	Harvie Scholarship	5,398	-	179	(215)	530	4,832
0809	Naylon Scholarship	5	-	-	-	-	5
0810	Norwood Scholarship	47,101	7,500	1,209	4,676	9,000	51,486
0811	Reynolds Scholarship	76	-	2	(3)	-	75
0812	Robinson Scholarship	31	-	1	(1)	-	31
0813	Schwartz Scholarship	826	-	27	(32)	4	817
0814	Smart Scholarship	19,774	-	622	(697)	1,597	18,102
0815	Super Runion Scholarship	8,193	-	268	(323)	245	7,893
0816	Wiggin Scholarship	8,906	-	291	(349)	248	8,600
0817	Paul Fiore Scholarship	6,327	-	206	(241)	33	6,259
0818	John Millington Scholarship	13,782	-	451	(539)	474	13,220
0819	Stu Brown Scholarship	77	-	1	-	-	78
0820	William Linskey Memorial	11,134	-	365	(453)	563	10,483
0821	SPHS Recycle Club Scholarship	1	-	-	-	-	1
0822	Governor's Restaurant Scholarship	3	-	-	-	-	3
0823	Book Trust	2,562	-	85	(102)	214	2,331
0824	Eagles Association Scholarship	1	-	-	-	-	1
0825	Sherrie Libby Scholarship	9,432	500	309	(377)	452	9,412
0826	Gustaf W Johnson Scholarship	608,473	-	19,821	(23,548)	15,299	589,447
0827	A Varanelli Scholarship	3,220	-	98	(96)	3,237	(15)
0828	Downing Scholarship	7,881	-	256	(264)	33	7,840
0829	Robert Graff Scholarship	2,625	1,705	85	(83)	510	3,822
0830	Rosella Loveitt Trust	2,447	-	65	(84)	210	2,218
0831	Deveboise Scholarship	17,577	461	172	-	172	18,038
0832	TJ Michaud	319	-	2	-	-	321
0833	Walker Scholarship	2,243	1,390	15	-	1,000	2,648
0834	Burton Scholarship	-	1,000	-	-	1,000	-
7506	Eleanor Hatch Trust	14,899	-	485	(560)	77	14,747
Total private-purpose trusts		\$ 2,356,333	12,556	75,853	(83,530)	79,953	2,281,259

STATISTICAL SECTION



STATISTICAL SECTION

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

<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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 49,299,478	\$ 56,427,912	\$ 53,045,309	\$ 60,871,026	\$ 61,842,283	\$ 62,710,640	\$ 58,877,233	\$ 65,465,039	\$ 68,914,663	\$ 72,207,636
Restricted	9,034,497	7,551,453	5,580,125	6,789,992	5,617,965	5,231,382	20,519,257	16,473,151	11,783,906	11,601,604
Unrestricted	23,169,347	20,446,568	28,131,091	21,778,559	27,506,644	28,222,514	14,161,211	14,713,818	17,843,882	18,392,216
Total governmental activities net position	\$ 81,503,322	\$ 84,425,933	\$ 86,756,525	\$ 89,439,577	\$ 94,966,892	\$ 96,164,536	\$ 93,557,701	\$ 96,652,008	\$ 98,542,451	\$ 102,201,456
Business-type activities										
Net investment in capital assets	\$ 47,372,868	\$ 46,517,541	\$ 46,845,715	\$ 47,074,503	\$ 46,308,755	\$ 46,316,298	\$ 45,994,633	\$ 47,843,440	\$ 49,501,248	\$ 49,690,446
Restricted	46,402	25,857	-	16,387	59,260	3,695,284	9,527,765	6,884,009	5,877,132	4,543,966
Unrestricted	6,234,019	7,043,102	7,443,111	7,459,989	7,982,872	5,484,960	4,297,811	4,452,700	5,562,693	6,922,600
Total business-type net position	\$ 53,653,289	\$ 53,586,500	\$ 54,288,826	\$ 54,550,879	\$ 54,350,887	\$ 55,496,542	\$ 59,820,209	\$ 59,180,149	\$ 60,941,073	\$ 61,157,012
Primary government										
Net investment in capital assets	\$ 96,672,346	\$ 102,945,453	\$ 99,891,024	\$ 107,945,529	\$ 108,151,038	\$ 109,026,938	\$ 104,871,866	\$ 113,308,479	\$ 118,415,911	\$ 121,898,082
Restricted	9,080,899	7,577,310	5,580,125	6,806,379	5,677,225	8,926,666	30,047,022	23,357,160	17,661,038	16,145,570
Unrestricted	29,403,366	27,489,670	35,574,202	29,238,548	35,489,516	33,707,474	18,459,022	19,166,518	23,406,575	25,314,816
Total primary government net position	\$ 135,156,611	\$ 138,012,433	\$ 141,045,351	\$ 143,990,456	\$ 149,317,779	\$ 151,661,078	\$ 153,377,910	\$ 155,832,157	\$ 159,483,524	\$ 163,358,468

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

Expenses	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government	\$ 6,368,109	\$ 7,145,994	\$ 8,131,168	\$ 7,858,530	\$ 8,751,896 (a)	\$ 9,495,321 (e)	\$ 9,688,052	\$ 9,760,459 (f)	\$ 10,384,706	\$ 10,512,718
Public safety	7,812,767	8,971,803	9,316,207	9,752,130	10,932,053 (a)	10,957,606	11,199,775	11,475,123	11,883,029	12,030,128
Public works	6,904,028	8,150,388	8,636,981	8,098,520	8,471,162	10,588,187 (d)	8,857,599	7,919,091	7,333,922	7,282,274
Culture and recreation	3,912,896	3,958,526	4,064,565	4,164,619	4,385,614	4,508,966	4,118,351	4,271,160	4,349,852	4,333,705
Transportation and waterfront	927,882	1,349,357	1,160,373	1,138,742	1,206,499	1,240,071	1,114,584	1,100,308	1,220,037	1,218,546
Health, welfare and social services	312,407	290,835	304,135	364,539	365,874	411,092	422,295	346,737	321,795	329,143
Education	34,788,496	36,933,609	38,632,642	40,004,828	40,404,346	42,048,840	43,115,348	43,299,040	43,451,415	42,854,439
School lunch	1,016,272	989,814	1,019,946	1,083,170	1,508,487	1,537,754	1,471,687	1,471,687	1,591,951	1,547,688
Intergovernmental	1,884,150	1,888,324	1,916,839	1,916,991	- (a)	-	-	-	-	-
Other	96,591	58,757	38,262	45,863	95,030	-	-	-	-	-
Interest on debt service	1,343,881	1,676,693	1,416,593	1,300,155	1,199,352	1,131,499	1,018,182	1,020,873	853,840	1,761,281
Capital maintenance expenses	436,400	2,577,522	1,397,328	895,800	-	-	-	-	-	-
Total governmental activities expenses	65,803,879	73,991,622	76,035,039	76,623,887	77,320,313	81,919,336	81,005,873	80,664,478	81,390,547	81,869,922
Business-type activities:										
Sewer	4,732,418	4,835,619	5,195,059	5,039,723	5,269,243	5,385,925	5,588,572	5,721,362	5,632,254	5,885,557
Total business-type activities expenses	4,732,418	4,835,619	5,195,059	5,039,723	5,269,243	5,385,925	5,588,572	5,721,362	5,632,254	5,885,557
Total primary government expenses	\$ 70,536,297	\$ 78,827,241	\$ 81,230,098	\$ 81,663,610	\$ 82,589,556	\$ 87,305,261	\$ 86,594,445	\$ 86,385,840	\$ 87,022,801	\$ 87,755,479
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 223,890	\$ 215,067	\$ 204,337	\$ 267,501	\$ 394,785	\$ 451,215	\$ 460,562	\$ 291,417	\$ 305,479	\$ 514,857
Public safety	905,122	1,066,820	1,145,692	1,626,374	1,663,068	1,297,109	1,281,955	1,222,605	1,188,407	1,506,952
Public works	118,844	123,906	120,624	124,318	288,339	251,918	227,948	76,690	200,634	331,600
Culture and recreation	845,778	852,827	876,989	888,205 (b)	967,556	961,885	1,026,341	945,933	923,531	922,237
Transportation and waterfront	167,314	158,990	168,988	182,179	239,178	254,240	249,769	285,060	393,663	418,198
Health, welfare and social services	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	104,088	94,400	114,136	119,035	57,030
School lunch program	588,725	584,481	642,172	618,742	677,501	666,218	617,646	559,536	559,536	559,536
Operating grants and contributions	10,232,481	11,708,167	12,522,647	12,844,817	12,534,281	13,129,038	13,495,633	11,296,237	12,254,487	10,382,263
Capital grants and contributions	616,700	510,698	527,922	524,503	427,728	666,143	438,734	1,888,618	479,280	518,319
Total governmental activities program revenues	13,698,854	15,220,956	16,209,371	17,076,639	17,192,436	17,781,854	17,892,988	16,680,232	16,424,052	15,210,992
Business-type activities:										
Charges for services:										
Sewer	4,393,554	4,704,910	4,702,081	4,712,656	4,830,444	4,828,439	4,934,609	5,397,938	5,436,377	5,637,193
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	175,000	-	207,671	63,392	110,000	138,232
Total business-type activities program revenues	4,393,554	4,704,910	4,702,081	4,712,656	5,005,444	4,828,439	5,142,280	5,461,330	5,546,377	5,775,425
Total primary government program revenues	\$ 18,092,408	\$ 19,925,866	\$ 20,911,452	\$ 21,789,295	\$ 22,197,880	\$ 22,610,293	\$ 23,035,268	\$ 22,141,562	\$ 21,970,429	\$ 20,986,417

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense)/revenue										
Governmental activities	\$ (52,105,025)	\$ (58,770,666)	\$ (59,825,668)	\$ (59,547,248)	\$ (60,127,877)	\$ (64,137,482)	\$ (63,112,885)	\$ (63,984,246)	\$ (64,966,495)	\$ (66,658,930)
Business-type activities	(338,864)	(130,709)	(492,978)	(327,067)	(263,799)	(557,486)	(446,292)	(260,032)	(85,877)	(110,132)
Total primary government net (expense)/revenue	<u>\$ (52,443,889)</u>	<u>\$ (58,901,375)</u>	<u>\$ (60,318,646)</u>	<u>\$ (59,874,315)</u>	<u>\$ (60,391,676)</u>	<u>\$ (64,694,968)</u>	<u>\$ (63,559,177)</u>	<u>\$ (64,244,278)</u>	<u>\$ (65,052,372)</u>	<u>\$ (66,769,062)</u>
General Revenues and other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 49,348,535	\$ 51,026,917	\$ 50,720,084	\$ 51,914,401	\$ 54,792,790	\$ 55,427,763	\$ 54,915,627	\$ 55,589,394	\$ 57,176,484	\$ 58,939,831
Motor vehicle excise tax	3,847,112	3,916,469	4,044,271	4,161,209	4,778,818	4,989,942	4,076,731	4,942,156	5,037,900	5,453,056
Cable television franchise	108,000	108,000	125,934	148,000	167,000	167,000	175,000	180,000	185,000	176,253
Unrestricted grants and contributions	2,607,591	2,879,068	2,663,615	2,492,697	2,799,221	3,656,803	4,140,782	4,234,142	4,244,228	4,391,399
Miscellaneous	2,378,322	2,810,310	3,688,724	2,037,648 (b)	971,453	1,503,264	976,023	1,224,520	1,400,096	1,224,458
Gain (Loss) on sale of assets/property	(117,565)	47,088	498,154	(97,456)	2,000	-	-	289,956	(121,631)	-
Interest and investment earnings	1,020,909	935,274	1,516,896	1,920,809	2,077,877	1,247,382	948,180	829,187	751,519	431,930
Transfers	(14,805,907) (c)	(29,849)	(1,101,418)	(440,027)	66,033	(1,657,028)	(4,726,293)	(210,802)	(1,816,658)	(298,992)
Total governmental activities	<u>\$ 44,386,997</u>	<u>\$ 61,693,277</u>	<u>\$ 62,156,260</u>	<u>\$ 62,137,281</u>	<u>\$ 65,655,192</u>	<u>\$ 65,335,126</u>	<u>\$ 60,506,050</u>	<u>\$ 67,078,553</u>	<u>\$ 66,856,938</u>	<u>\$ 70,317,935</u>
Business-type activities:										
Interest and investment earnings	8,446	34,071	99,484	149,093	110,957	46,113	43,666	30,537	30,143	27,079
Gain (Loss) on sale of assets/property	-	-	(5,598)	-	-	-	-	(621,367)	-	-
Transfers	14,805,907 (c)	29,849	1,101,418	440,027	(47,150)	1,657,028	4,726,293	210,802	1,816,658	298,992
Total business-type activities	<u>14,814,353</u>	<u>63,920</u>	<u>1,195,304</u>	<u>589,120</u>	<u>63,807</u>	<u>1,703,141</u>	<u>4,769,959</u>	<u>(380,028)</u>	<u>1,846,801</u>	<u>326,071</u>
Total primary government	<u>\$ 59,201,350</u>	<u>\$ 61,757,197</u>	<u>\$ 63,351,564</u>	<u>\$ 62,726,401</u>	<u>\$ 65,718,999</u>	<u>\$ 67,038,267</u>	<u>\$ 65,276,009</u>	<u>\$ 66,698,525</u>	<u>\$ 68,703,739</u>	<u>\$ 70,644,006</u>
Change in Net Position										
Governmental activities	\$ (7,718,028)	\$ 2,922,611	\$ 2,330,592	\$ 2,590,033	\$ 5,527,315	\$ 1,197,644	\$ (2,606,835)	\$ 3,094,307	\$ 1,890,443	\$ 3,659,005
Business-type activities	14,475,489	(66,789)	702,326	262,053	(199,992)	1,145,655	4,323,667	(640,060)	1,760,924	215,939
Total primary government	<u>\$ 6,757,461</u>	<u>\$ 2,855,822</u>	<u>\$ 3,032,918</u>	<u>\$ 2,852,086</u>	<u>\$ 5,327,323</u>	<u>\$ 2,343,299</u>	<u>\$ 1,716,832</u>	<u>\$ 2,454,247</u>	<u>\$ 3,651,367</u>	<u>\$ 3,874,944</u>

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

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

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

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

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

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

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government	\$ 435,660	\$ 980,761	\$ 740,808	\$ 675,933	\$ 551,765	\$ 1,223,949	\$ 1,088,768	\$ 1,023,181	\$ 1,203,520	\$ 1,385,648
Public safety	1,086,032	1,584,300	1,839,285	2,391,416	1,984,122	1,790,751	1,825,941	2,370,744	1,987,659	2,240,012
Public works	834,776	830,515	986,921	1,071,128	737,532	928,021	676,642	420,743	551,896	828,918
Culture and recreation	310,660	167,957	165,888	107,035	166,204	984,385	1,026,341	947,023	923,531	922,237
Transportation and waterfront	277,803	319,587	597,081	400,075	492,824	452,590	438,416	1,581,186	690,767	677,047
Health, welfare and social services	76,110	73,559	74,090	100,824	114,320	138,875	169,058	131,513	99,697	113,648
Education	9,980,158	10,559,875	11,069,862	11,549,058	11,819,435	12,263,283	12,667,822	10,205,842	10,966,982	9,043,482
Total governmental activities	13,001,199	14,516,554	15,473,935	16,295,469	15,866,202	17,781,854	17,892,988	16,680,232	16,424,052	15,210,992
Business-type activities:										
Sewer	4,393,554	4,704,910	4,702,081	4,712,656	5,005,444	4,828,439	5,142,280	5,461,330	5,546,377	5,775,425
Total business-type activities	4,393,554	4,704,910	4,702,081	4,712,656	5,005,444	4,828,439	5,142,280	5,461,330	5,546,377	5,775,425
Total primary government	\$ 17,394,753	\$ 19,221,464	\$ 20,176,016	\$ 21,008,125	\$ 20,871,646	\$ 22,610,293	\$ 23,035,268	\$ 22,141,562	\$ 21,970,429	\$ 20,986,417

Table 4

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - (a)	\$ 28,138	\$ -	\$ -
Restricted	-	-	-	-	-	-	6,759,738	5,918,192	5,284,024	4,072,226
Committed	-	-	-	-	-	-	3,469,215	3,679,767	3,340,240	4,419,099
Assigned	-	-	-	-	-	-	2,492,458	2,658,767	2,820,042	3,035,817
Unassigned	-	-	-	-	-	-	8,866,245	9,686,895	10,591,915	10,144,040
General fund										
Reserved	80,343	137,894	63,007	47,904	75,761	86,254	-	-	-	-
Unreserved	18,956,332	17,485,019	16,258,795	16,668,116	20,933,104	22,182,284	-	-	-	-
Total general fund	\$ 19,036,675	\$ 17,622,913	\$ 16,321,802	\$ 16,716,020	\$ 21,008,865	\$ 22,268,538	\$ 21,587,656	\$ 21,971,759	\$ 22,036,221	\$ 21,671,182
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,949 (a)	\$ 218,310	\$ 218,310	\$ 218,310
Restricted	-	-	-	-	-	-	13,560,570	10,356,010	39,370,502	18,401,015
Committed	-	-	-	-	-	-	7,971,945	8,528,436	7,688,035	7,003,092
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(147,328)	(137,479)	(263,166)	(116,930)
All other governmental funds										
Reserved	1,343,835	1,444,260	1,981,536	1,349,394	1,682,034	511,768	-	-	-	-
Unreserved, reported in:										
Special revenue funds	10,383,038	9,758,784	8,514,482	8,897,621	7,578,863	9,707,555	-	-	-	-
Capital project funds	10,022,992	9,045,224	8,991,983	10,181,451	11,052,928	8,408,461	-	-	-	-
Permanent funds	41,211	49,674	50,112	61,070	80,652	96,812	-	-	-	-
Total all other governmental funds	\$ 21,791,076	\$ 20,297,942	\$ 19,538,113	\$ 20,489,536	\$ 20,394,477	\$ 18,724,596	\$ 21,584,136	\$ 18,965,277	\$ 47,013,681	\$ 25,505,487

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 53,205,671	\$ 54,881,972	\$ 54,692,520	\$ 56,115,227	\$ 59,703,389	\$ 60,190,887	\$ 58,841,558	\$ 60,530,950	\$ 62,378,384	\$ 64,110,887
Intergovernmental	13,456,772	15,097,933	15,714,184	15,862,017	15,761,230	17,451,984	18,075,149	17,418,997	16,977,995	15,291,981
Licenses and permits	670,865	758,767	679,389	1,200,997	1,034,769	753,670	768,097	843,138	785,020	1,025,315
Charges for services	1,833,631	1,855,162	2,115,822	2,118,758	2,288,552	3,647,254	3,497,817	2,953,646	3,090,265	3,461,348
Unclassified	2,274,283	3,447,562	4,748,736	2,573,212	2,047,559	1,418,758	830,707	1,697,113	1,332,902	1,358,674
Interest	1,020,909	935,274	1,516,896	1,920,809	2,077,877	1,247,382	948,180	829,187	751,519	431,930
Total revenues	72,462,131	76,976,670	79,467,547	79,791,020	82,913,376	84,709,935	82,961,508	84,273,031	85,316,085	85,680,135
Expenditures										
General government	6,606,716	6,831,811	8,059,489	7,543,139	7,597,359	8,379,854	8,551,477	8,734,685	9,341,619	9,552,893
Public safety	7,526,354	8,526,035	8,948,953	9,311,250	9,310,380	9,622,443	9,725,959	9,889,615	10,178,386	10,816,601
Public works	6,766,492	6,968,380	7,437,527	7,000,672	7,158,444	7,197,276	4,489,408	4,963,506	4,763,557	4,673,417
Culture and recreation	3,468,418	3,488,880	3,596,371	3,688,126	3,886,781	4,035,270	3,823,890	3,765,412	3,817,090	3,853,346
Transportation and waterfront	803,577	1,252,636	1,044,321	1,010,334	1,082,421	1,096,823	968,877	1,065,623	1,012,745	1,084,511
Health, welfare and social services	312,407	290,835	304,135	364,539	365,874	411,092	422,295	346,737	321,795	329,143
Education	36,002,519	38,253,836	40,016,928	40,776,756	41,344,800	43,126,774	44,463,544	44,508,869	44,780,581	44,499,054
School lunch program	1,029,821	989,814	1,019,946	1,083,170	1,508,487	1,537,754	1,471,687	1,487,170	1,591,951	1,547,688
County tax	1,884,150	1,888,324	1,916,839	1,916,991	1,941,542	1,999,427	2,034,422	2,058,577	2,072,476	2,075,037
Other	96,591	58,757	38,262	45,863	40,846	59,571	1,822,481	1,741,346	1,526,050	1,508,810
Pension obligation	8,184,001 (a)	-	-	-	-	-	-	-	-	-
Capital projects	10,140,771	11,295,663	7,644,426	5,455,657	3,200,346	5,850,981	3,445,901	7,543,276	6,948,842	28,017,777
Debt Service: (b)										
Principal	1,210,000	1,692,843	1,617,843	1,403,765	1,308,765	1,148,765	898,765	898,765	925,161	850,644
Interest expense	352,945	600,833	508,648	447,893	412,661	370,714	314,348	251,204	216,082	198,205
Total expenditures	84,384,762	82,138,647	82,153,688	80,048,155	79,158,706	84,836,744	82,433,054	87,254,785	87,496,335	109,007,126
Excess (deficiency) of revenues over (under) expenditures	(11,922,631)	(5,161,977)	(2,686,141)	(257,135)	3,754,670	(126,809)	528,454	(2,981,754)	(2,180,250)	(23,326,991)

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

(b) Does not include debt service relating to Education

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other financing sources (uses)										
Proceeds - Bonds	\$ 14,200,000	\$ -	\$ -	\$ 500,000	\$ -	\$ 6,182,810	\$ 4,712,173	\$ -	\$ 32,642,580	\$ -
Proceeds capital leases	-	283,570	152,892	-	-	-	1,470,637	957,800	-	1,152,750
Refunding bonds issued	-	-	-	1,575,000	-	-	1,934,957	-	9,584,150	-
Payment to refunded bond escrow agent	-	-	-	(1,575,000)	-	-	(1,921,934)	-	(9,516,956)	-
Transfers in	150,990	329,487	472,309	4,056,229	4,315,184	2,464,669	809,829	4,448,190	6,043,689	2,943,319
Transfers out	-	-	-	(2,953,453)	(3,872,068)	(2,748,068)	(5,355,458)	(4,658,992)	(7,860,347)	(3,242,311)
Total other financing sources (uses)	14,350,990	613,057	625,201	1,602,776	443,116	5,899,411	1,650,204	746,998	30,893,116	853,758
Net change in fund balances	\$ 2,428,359	\$ (4,548,920)	\$ (2,060,940)	\$ 1,345,641	\$ 4,197,786	\$ 5,772,602	\$ 2,178,658	\$ (2,234,756)	\$ 28,712,866	\$ (22,473,233)
Total Debt Service including education	3,637,503	4,863,037	4,630,023	4,291,922	4,098,209	3,811,482	3,442,285	3,729,355	3,583,220	3,756,533
Debt service as a percentage of noncapital expenditures	4.98%	6.59%	5.98%	5.57%	5.36%	4.66%	4.34%	4.43%	4.50%	4.72%

Table 6

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

Fiscal Year	Property Taxes	Vehicle Taxes	Other (a)	Subtotal	TIF Property Taxes	Capital Project Property Taxes	Total
2004	\$ 44,667,706	\$ 3,847,112	\$ 321,055	\$ 48,835,873	\$ 4,369,798	-	\$ 53,205,671
2005	46,724,656	3,916,469	299,176	50,940,301	3,941,671	-	54,881,972
2006	46,524,932	4,044,271	308,440	50,877,643	3,814,877	-	54,692,520
2007	48,469,669	4,161,209	316,968	52,947,846	3,167,381	-	56,115,227
2008	51,091,582	4,778,818	365,804	56,236,204	3,467,185	-	59,703,389
2009	51,743,235	4,989,942	339,008	57,072,185	3,118,702	-	60,190,887
2010	51,925,202	4,076,731	370,741	56,372,674	2,468,884	-	58,841,558
2011	52,436,750	4,942,156	376,974	57,755,880	2,399,132	375,938	60,530,950
2012	53,525,182	5,037,900	364,869	58,927,951	2,400,433	1,050,000	62,378,384
2013	54,659,082 (b)	5,453,056	341,440	60,453,578	2,303,339	1,353,970	64,110,887

(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 (c)	Other State Aid (a)	Total State Aid
2004	\$ 2,058,659	\$ 4,327,890	\$ 76,110	\$ 537,434	\$ -	\$ 125,168	\$ 7,125,261
2005	2,091,049	4,848,213	73,559	459,685	-	467,762 (b)	7,940,268
2006	2,076,515	5,100,680	74,090	573,700	-	163,268	7,988,253
2007	1,999,347	5,215,864	100,824	483,090	-	150,474	7,949,599
2008	2,291,242	5,681,482	114,320	498,227	-	230,216	8,815,487
2009	2,185,778	4,335,654	138,875	524,979	663,651	243,137	8,092,074
2010	1,896,769	3,331,791	169,058	540,909	832,201	253,495	7,024,223
2011	1,751,872	2,308,208	131,513	442,112	897,637	257,048	5,788,390
2012	1,888,773	2,350,219	99,697	466,578	921,472	244,323	5,971,062
2013	1,901,233	2,802,491	113,648	475,200	1,071,126	261,755	6,625,453

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

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

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

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

Tax Roll Year	Taxable Real Property		Taxable Personal Property	Total Taxable Assessed Value	Less TIF Property Value	Total Taxable General	Total Direct Tax Value	Estimated Actual Taxable Value (a)	Assessed Value as a Percentage of Actual Value
	Residential	Commercial							
2004	\$ 1,202,989,800	\$ 1,036,352,200	\$ 566,144,900	\$ 2,805,486,900	\$ 253,303,800	\$ 2,552,183,100	17.49	\$ 2,681,800,000	95.2%
2005	1,241,803,600	1,046,773,200	514,525,700	2,803,102,500	221,564,850	2,581,537,650	18.10	3,071,600,000	84.0%
2006	1,228,568,600	1,052,647,500	479,535,100	2,760,751,200	212,547,400	2,548,203,800	18.27	3,411,200,000	74.7%
2007	(b) 1,971,394,300	1,482,218,700	487,023,500	3,940,636,500	241,765,900	3,698,870,600	13.10	3,642,750,000	101.5%
2008	1,990,118,400	1,486,787,400	507,143,200	3,984,049,000	259,305,300	3,724,743,700	13.69	3,844,400,000	96.9%
2009	2,001,840,100	1,499,315,500	444,400,100 (d)	3,945,555,700	222,764,400	3,722,791,300	14.00	3,843,700,000	96.9%
2010	1,902,934,000	1,430,791,200	400,422,500	3,734,147,700	167,951,200	3,566,196,500	14.70	3,875,800,000	92.0%
2011	1,847,604,000	1,334,587,200	341,033,200	3,523,224,400	152,811,000	3,370,413,400	15.70	3,738,950,000	90.1%
2012	1,855,163,100	1,339,392,500	337,351,900	3,531,907,500	149,095,240	3,382,812,260	16.10	3,556,500,000	95.1%
2013	1,863,390,300	1,361,640,500	328,347,700	3,553,378,500	139,596,280	3,413,782,220	16.50	3,516,250,000	97.1%

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

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

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

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

	Homestead Assessed Values	Homestead Estimated Actual Values	BETE Assessed Values	BETE Estimated Actual Values
2004	\$ 30,588,000	\$ 29,180,952	\$ -	\$ -
2005	25,323,000	27,526,101	-	-
2006	(c) 62,700,000	77,472,479	-	-
2007	73,658,000	68,089,934	-	-
2008	74,787,000	74,787,000	-	-
2009	74,997,000	74,997,000	77,861,300	77,861,300
2010	73,593,000	73,593,000	131,230,200	131,230,200
2011	56,320,000	56,320,000	141,235,000	141,235,000
2012	57,960,000	57,960,000	140,425,200	140,425,200
2013	57,600,000	57,600,000	164,089,100	164,089,100

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	Total
	General Municipal	Education	Cumberland County (a)	
2004	5.47	11.28	0.74	17.49
2005	5.65	11.72	0.73	18.10
2006	5.79	11.73	0.75	18.27
2007	(b) 4.18	8.41	0.51	13.10
2008	4.46	8.71	0.52	13.69
2009	4.30	9.16	0.54	14.00
2010	4.61	9.52	0.57	14.70
2011	4.92	10.17	0.61	15.70
2012	5.02	10.46	0.62	16.10
2013	5.10	10.79	0.61	16.50

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

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

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

Table 10

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

Taxpayer	2013			2003		
	Assessed Valuation	Rank	Percentage of Total Assessed Value	Assessed Valuation	Rank	Percentage of Total Assessed Value
GGP - Maine Mall	(a) \$ 245,438,400	1	6.91%			
National Semiconductor (Texas Instruments)	(b) 183,349,000	2	5.16%	\$ 313,713,400	1	11.05%
Hannaford	60,347,000	3	1.70%	49,688,400	4	1.75%
Home Properties	55,249,900	4	1.55%			
Fairchild Semiconductor	51,944,400	5	1.46%	173,607,000	2	6.11%
Portland Pipe Line	44,938,000	6	1.26%	37,244,800	6	1.31%
Central Maine Power	33,909,100	7	0.95%	21,908,200	8	0.77%
Dead River	31,220,500	8	0.88%			
Oprock Portland	28,485,300	9	0.80%			
Anthem	27,491,300	10	0.77%	35,351,800	7	1.25%
Maine Associates	(a)			162,109,300	3	5.71%
Blethen Maine Newspaper				44,244,800	5	1.56%
Allied Stores				21,133,600	9	0.74%
UNUM Corp.				19,935,200	10	0.70%
				<u>878,936,500</u>		<u>30.96%</u>
Total Assessed Valuation	\$ 3,553,378,500			\$ 2,839,209,000		
Includes:						
Municipal valuation	3,346,323,260			2,486,712,233		
TIF valuation	149,095,240			312,939,767		
Homestead exemptions	57,960,000			39,557,000		
	<u>\$ 3,553,378,500</u>			<u>\$ 2,839,209,000</u>		

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

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

* Information unavailable for 2004

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
2004	\$ 49,067,966	\$ 48,530,797	98.91%	\$ 520,952	\$ 49,051,749	99.97%
2005	50,736,155	50,074,721	98.70%	643,835	50,718,556	99.97%
2006	50,438,924	49,714,723	98.56%	706,868	50,421,591	99.97%
2007	51,639,156	50,893,134	98.56%	733,867	51,627,001	99.98%
2008	54,424,090	53,687,629	98.65%	725,289	54,412,918	99.98%
2009	55,191,170	54,287,615	98.36%	868,122	55,155,737	99.94%
2010	54,605,827	53,622,159	98.20%	924,074	54,546,233	99.89%
2011	55,253,882	54,175,209	98.05%	1,001,069	55,176,278	99.86%
2012	56,829,326	55,608,726	97.85%	788,053	56,396,779	99.24%
2013	58,630,745	57,515,651	98.10%	-	57,515,651	98.10%

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	Capital Lease	General Obligation Bonds							
2004	\$ 37,060,000	\$ 155,000	\$ 2,440,000		\$ 39,655,000	\$ 531,344,044	7.46%	23,324	\$ 1,700	1.38%
2005	33,840,000	362,065	2,135,000		36,337,065	531,344,044	6.84%	23,324	1,558	1.10%
2006	30,695,000	369,913	1,830,000		32,894,913	531,344,044	6.19%	23,324	1,410	0.90%
2007	28,265,000	151,787	1,525,000		29,941,787	531,344,044	5.64%	23,324	1,284	0.78%
2008	25,430,000	37,679	1,220,000		26,687,679	531,344,044	5.02%	23,324	1,144	0.66%
2009	22,755,000	103,293	915,000		23,773,293	531,344,044	4.47%	23,324	1,019	0.59%
2010	24,943,000	1,591,184	1,138,494		27,672,678	531,344,044	5.21%	23,324	1,186	0.64%
2011	22,280,000	2,458,226	806,392		25,544,618	569,570,562	4.48%	25,002	1,022	0.60%
2012	49,590,000 (d)	2,198,587	474,289		52,262,876	569,570,562	9.18%	25,002	2,090	1.39%
2013	47,275,000	3,133,341	447,187		50,855,528	569,570,562	8.93%	25,002	2,034	1.34%

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

(b) For years 2004 through 2010, 2000 Census, U.S. Department of Commerce, Bureau of the Census.

For years 2011 through 2013, 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

Table 13

CITY OF SOUTH PORTLAND, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2013

Jurisdiction	Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
City of South Portland General Obligation	\$ 47,722,187	100.00%	\$ 47,722,187
City of South Portland Capital Leases	3,133,341	100.00%	3,133,341
Total direct debt	50,855,528		50,855,528
Overlapping:			
Portland Water District	31,085,441	13.87%	4,310,153
Cumberland County	36,925,000	9.09%	3,355,768
Total overlapping debt	68,010,441		7,665,921
Total direct and overlapping debt	\$ 118,865,969		\$ 58,521,449

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

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

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

CITY OF SOUTH PORTLAND, MAINE
 Legal Debt Margin Information
 June 30, 2013

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 2013 State Valuation of \$3,516,250,000, the City is in compliance with the total and categorical debt limits:

Debt Limit by Category

Type of Debt	Maximum Percent Allowable	Maximum Amount Allowable	Principal Amount Outstanding	Legal Debt Margin
School	10.00%	\$ 351,625,000	\$ 43,759,940	\$ 307,865,060
Storm or Sanitary Sewer	7.50%	263,718,750	447,187	263,271,563
Municipal	7.50%	263,718,750	3,515,060	260,203,690
Total Maximum Debt	15.00%	\$ 527,437,500	\$ 47,722,187	\$ 479,715,313

Legal Debt Margin Calculation for Fiscal Year 2013

State Valuation	\$ 3,516,250,000
Debt Limit - 15% of State Valuation	527,437,500
Less outstanding debt applicable to debt limit	(47,722,187)
Legal Debt Margin	\$ 479,715,313

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 402,270,000	\$ 460,740,000	\$ 511,680,000	\$ 546,412,500	\$ 576,660,000	\$ 576,555,000	\$ 581,370,000	\$ 560,842,500	\$ 533,475,000	\$ 527,437,500
Total debt applicable to limit	39,500,000	36,337,065	32,525,000	29,790,000	26,650,000	23,670,000	26,081,494	23,806,392	50,064,289	47,722,187
Legal debt margin	\$ 362,770,000	\$ 424,402,935	\$ 479,155,000	\$ 516,622,500	\$ 550,010,000	\$ 552,885,000	\$ 555,288,506	\$ 537,036,108	\$ 483,410,711	\$ 479,715,313
Total debt applicable to the limit as a percentage of debt limit	9.82%	7.89%	6.36%	5.45%	4.62%	4.11%	4.49%	4.24%	9.38%	9.05%

Table 15

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

Employer	2013			2003		
	(a) Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
UnumProvident Life Insurance Co.	3,500	1	14.00%	3,180	1	13.63%
Anthem/Blue Cross & Blue Shield of Maine	1,000	2	4.00%	982	2	4.21%
City of South Portland	861	3	3.63%	940	3	4.03%
Fairchild Semiconductor	775	4	3.10%	940	4	4.03%
WEX Inc.	744	5	2.98%			
Southern Maine Community College	739	6	2.96%	180	9	0.77%
Texas Instruments (formerly National Semi)	540	7	2.16%	460	5	1.97%
United Parcel Service	200	8	0.80%			
Macy's	150	9	0.60%			
Marriott Corporation	148	10	0.59%	160	10	0.69%
Spring Harbor Hospital				350	6	1.50%
G.H. Bass & Company				270	7	1.16%
Filene's				250	8	1.07%
	8,657		34.82%	7,712		33.06%

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

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

* Information unavailable for 2004

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)
2004	23,324	\$ 531,344,044	\$ 22,781	37.90	3,084	3.40%
2005	23,324	531,344,044	22,781	37.90	3,009	3.60%
2006	23,324	531,344,044	22,781	37.90	3,041	3.40%
2007	23,324	531,344,044	22,781	37.90	3,064	3.30%
2008	23,324	531,344,044	22,781	37.90	3,064	4.00%
2009	23,324	531,344,044	22,781	37.90	3,024	4.20%
2010	23,324	531,344,044	22,781	37.90	3,120	6.40%
2011	25,002	569,570,562	22,781	39.40	3,075	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%

(a) For years 2004 through 2010, 2000 Census, U.S. Department of Commerce, Bureau of the Census.

For years 2011 through 2013, 2010 Census, U.S. Department of Commerce, Bureau of the Census.

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

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

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

Table 17

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	6.0	6.0	6.0	6.0	3.0	3.0	3.0	3.0	3.0	3.0
City clerk	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Corporation council	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance department	17.0	17.0	17.0	17.0	18.0	17.0	17.0	16.0	17.0	17.0
Information technology	3.0	3.0	3.0	3.0	6.0	6.0	6.0	6.0	6.0	6.0
Planning department	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0
Human resources	3.0	3.0	3.0	3.0	3.0	2.0	2.0	3.0	3.0	3.0
City building	1.0	1.0	1.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0
Public Safety										
Police	57.0	58.0	56.0	56.0	57.0	56.0	55.0	56.0	55.0	56.0
Fire	66.0	68.0	67.0	69.0	65.5	65.0	64.0	65.0	67.0	68.0
Dispatch	12.0	12.0	12.0	12.0	12.0	12.0	11.0	10.0	9.0	8.0
Code	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Public Works										
Public Works	28.0	25.0	23.5	23.5	21.0	21.0	21.0	20.0	20.0	20.0
Engineering	2.0	2.0	-	-	-	-	-	-	-	-
Parks and Recreation										
Parks	10.5	10.5	11.5	11.5	12.0	11.5	11.5	11.5	11.5	11.5
Recreation	22.0	22.0	26.0	27.0	26.5	22.0	22.0	22.0	22.0	22.0
Public Library										
Main Library	14.0	12.0	12.0	11.0	12.0	12.0	11.0	11.0	11.0	11.0
Branch Library	2.5	5.5	5.5	4.5	3.0	2.0	2.0	2.0	2.0	2.0
Transportation and Waterfront	14.0	14.0	14.0	14.0	14.0	14.0	13.0	12.0	13.0	12.0
Health and Welfare	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
School	497.5	514.5	517.0	512.5	527.5	559.8	579.0	571.0	571.0	561.0
Water Resource	23.0	25.0	25.0	25.0	25.0	25.0	26.0	28.0	29.0	29.0
Total	801.0	821.0	823.0	819.0	828.0	849.8	865.0	858.0	861.0	851.0

Source: Payroll Department.

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

Table 18

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police (b)										
Physical arrests	837	782	850	767	814	814	750	833	693	745
Calls for Service	34,588	34,899	33,676	32,522	34,692	30,648	32,028	33,009	30,740	34,071
UCR - Crime Index	1,121	1,133	1,148	981	1,058	1,253	1,085	946	923	1,013
Fire										
Fire calls	1,189	1,152	1,121	1,321	1,129	1,071	1,283	1,192	1,173	1,137
Medical calls	2,882	2,896	2,944	3,046	3,056	3,173	2,768	3,026	3,240	3,142
Inspections	2,310	2,215	2,338	1,818	2,268	2,310	1,600	1,698	1,749	1,670
Refuse Collection										
Refuse collected (tons)	7,512	7,667	7,741	7,838	7,525	6,947	6,633	6,253	6,244	5,878
Recyclables collected (tons)	2,139	2,202	2,053	1,905	2,093	2,036	2,457	2,461	2,323	2,278
Other public works										
Street resurfacing (miles)	6.37	5.57	5.33	5.23	5.87	4.59	5.21	5.01	4.50	4.00
Potholes repaired	198	231	156	187	217	200	241	250	225	235
Parks and Recreation										
Community center admissions	114,465	112,242	84,548	106,408	116,840	111,582	158,224	155,153	177,390	185,868
Library										
Items in collection (a)	115,467	115,752	116,046	115,930	101,828	106,817	106,527	104,062	99,316	102,906
Total items circulated (a)	202,418	211,048	216,010	212,959	256,623	224,929	277,641	288,602	262,125	267,654
Total items borrowed (a)	1,206	5,178	12,475	13,367	17,307	20,624	24,826	21,242	21,088	21,183
Water Resource										
Average daily sewage treatment (thousands of gallons)	6,420	8,530	7,840	7,350	7,140	8,100	7,613	6,610	6,740	6,273
Transit										
Total route miles	219,205	214,731	216,004	215,310	214,326	224,847	210,169	193,242	196,295	189,007
Passengers	178,762	177,681	189,355	184,273	202,299	223,575	219,749	211,634	247,370	263,124

Sources: Various city departments.

n/a = information not available

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

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

Table 19

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Buildings	6	7	6	6	6	6	6	7	7	7
Vehicles	1	1	1	1	1	1	1	1	1	1
Police Department										
Buildings	2	2	2	2	2	2	2	2	2	2
Vehicles	33	31	37	30	35	36	39	38	35	39
Fire Department										
Buildings	7	7	7	7	7	7	7	7	7	7
Vehicles	21	21	21	23	23	24	26	27	27	28
Code Enforcement										
Buildings	1	-	-	-	-	-	-	1	1	1
Vehicles	5	3	2	4	4	4	4	4	4	5
Public Works										
Buildings	7	7	7	7	7	7	7	7	7	7
Streets (miles)	115	115	115	115	115	115	115	115	115	115
Vehicles/Trucks	7	8	8	10	10	10	11	10	11	12
Heavy Vehicles	30	33	31	32	37	36	37	38	39	39
Engineering										
Vehicles	2	1	1	-	-	-	-	-	-	-
Culture and recreation										
Buildings	14	14	14	14	13	14	14	14	14	14
Vehicles	13	15	16	18	18	18	18	18	18	17
Transportation & Waterfront										
Buildings	2	2	2	2	2	2	2	2	2	2
Buses	8	8	7	7	7	7	7	12	12	8
Vehicles	2	2	2	2	2	2	2	2	2	2
Water Resources										
Buildings	37	37	37	37	38	38	38	38	38	38
Vehicles	21	21	21	24	22	23	23	24	23	23
School Department										
Schools	8	8	8	9	9	9	9	8	8	8
Buildings	4	4	4	4	4	4	4	4	4	4
Portable Classrooms	2	2	2	2	2	2	2	2	3	3
School Buses	21	21	21	21	23	23	23	22	22	23
Vehicles	6	7	8	8	8	8	8	7	8	7

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