



CITY OF SOUTH PORTLAND, MAINE

Comprehensive Annual Financial Report



Photo Courtesy of Russ Lunt

For Fiscal Year Ended June 30, 2016

CITY OF SOUTH PORTLAND, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For Fiscal Year Ended June 30, 2016



Photo Courtesy of Russ Lunt

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, 2016

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INTRODUCTORY SECTION



Photo Courtesy of Russ Lunt



FINANCE DEPARTMENT

GREGORY N. L'HEUREUX
Director of Finance

January 16, 2017

Honorable Patti Smith, 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, 2016.

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, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. 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 financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The statistical section, which is not audited, includes selected financial and demographic information, generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The "Single Audit" is designed to

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

Profile of the City of South Portland

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

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

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

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

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

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

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, 2016, the amount of unassigned fund balance totaled \$13,320,584 or 16.09% of the fiscal year 2017 general fund budget.

Local Economy

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

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

The western half of the City is home to a regional mall that forms the hub of the largest shopping district in the State. Additionally, there are two world-class semiconductor factories and a number of major hotel chains. Major companies with headquarters or divisions located within the western half of the City include a semiconductor manufacturer, an international financial services company, and two insurance companies. The mall and surrounding businesses increase the population of the City from 25,002 to between 46,000 and 102,000 per day. According to the latest 2010 census figures, a total of 24,178 workers are employed in South Portland, and the City serves as a regional employment center.

The City exhibits above average wealth and housing levels relative to the State of Maine as a whole. The City experienced rapid tax base growth in the early part of the last ten years with its taxable base growing by \$1.1 billion or about 45% from 2004 to 2008. This increase included the impact of a full revaluation done in 2007. In more recent years the City's valuation has been somewhat unstable with values dropping during the economic crisis of 2008-2009 with values rebounding nicely in the past couple years. Additionally, there has also been a continued shift to exempt personal property with the implementation of the State of Maine Business Equipment Tax Exemption (BETE) reimbursement program. Under this program, the State reimburses the municipality for a portion of the taxes that would have been collected from this exempt property. For fiscal year 2016, the exempt value under BETE was \$215,867,700 and the City received BETE reimbursement at a rate 57.03% (and certain TIF property at 100%), totaling \$2,609,953. The City's current-year property tax collection rate improved to a very healthy rate of 99.01%.

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 6.93% of its total tax base, and its top ten tax payers combined representing 20.81% 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, control system upgrade for Water Resources, various vehicle replacements, and improvements to pedestrian/bicycle projects.

This year's multi-year equipment and vehicle replacement plan calls for the purchase of two plow trucks for the Public Works Department and pumper truck for the Fire Department. Additionally, this year's CIP includes continued funding of the numerous other projects including improvements to the City's Fiber Optic infrastructure, body armor and body worn cameras for the Police Department, improvements to combined sewer overflow projects for water resources, and numerous recreation and parks projects.

Major Initiatives

In November of 2013, the voters of the City approved bonding of \$14 million for a new Municipal Services Facility on Highland Avenue. The new facility will allow for the Transportation, Public Works, and Parks Department to be in one new facility. The facility will feature partial covered parking, a maintenance garage, storage, and administrative offices. The City completed construction of the new transfer station in 2016 and has started Phase II construction of the larger facility in 2016, with expected completion in the fall of 2017. Subsequent to year end, in August of 2016, the City issued bonds totaling \$12,700,000 for the project at a net interest cost of 2.13%

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, 2015. This was the ninth 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**

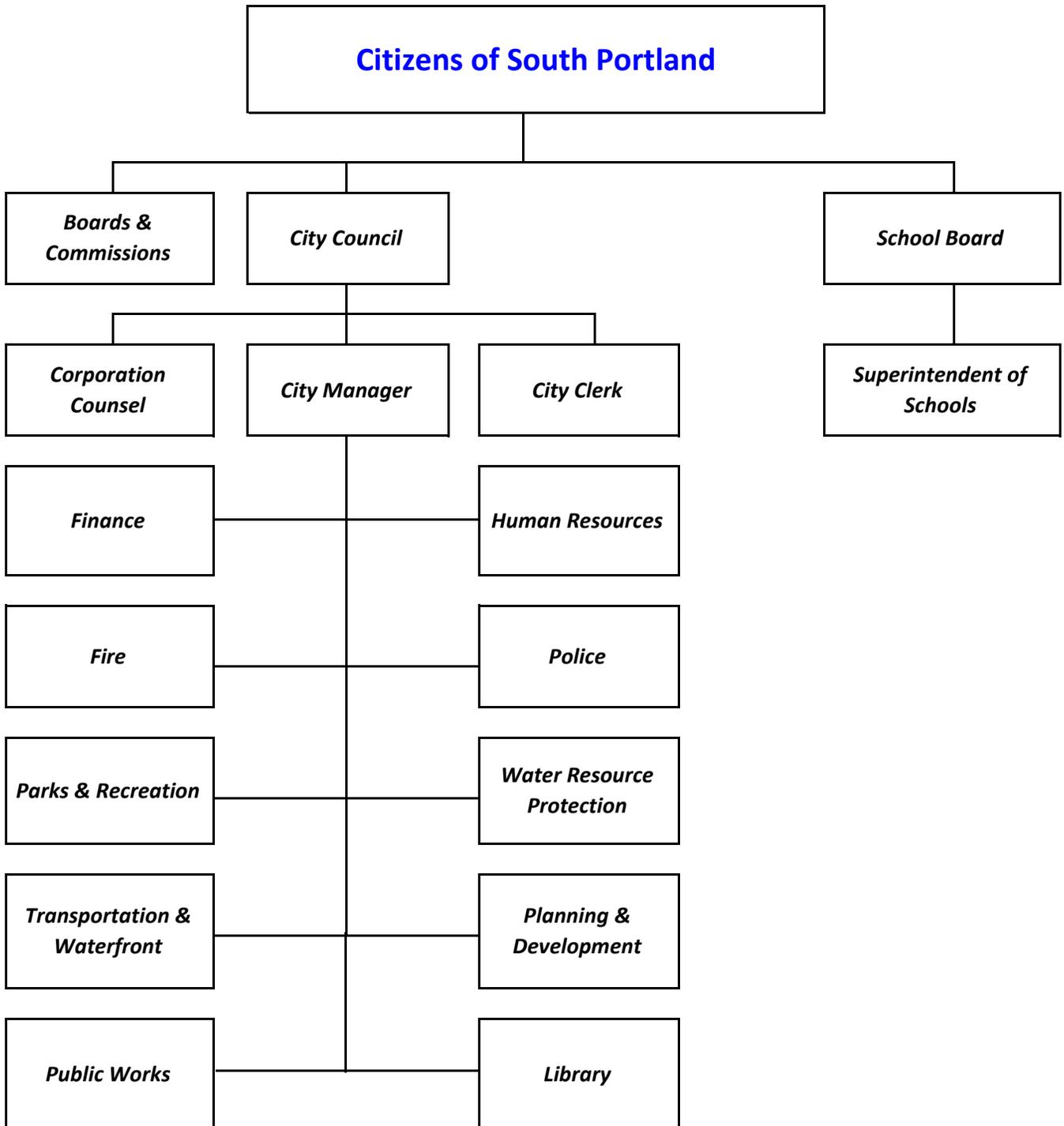
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF SOUTH PORTLAND, MAINE

Organizational Chart



CITY OF SOUTH PORTLAND, MAINE

LIST OF PRINCIPAL OFFICIALS (ELECTED AND APPOINTED)

June 30, 2016

Elected Officials

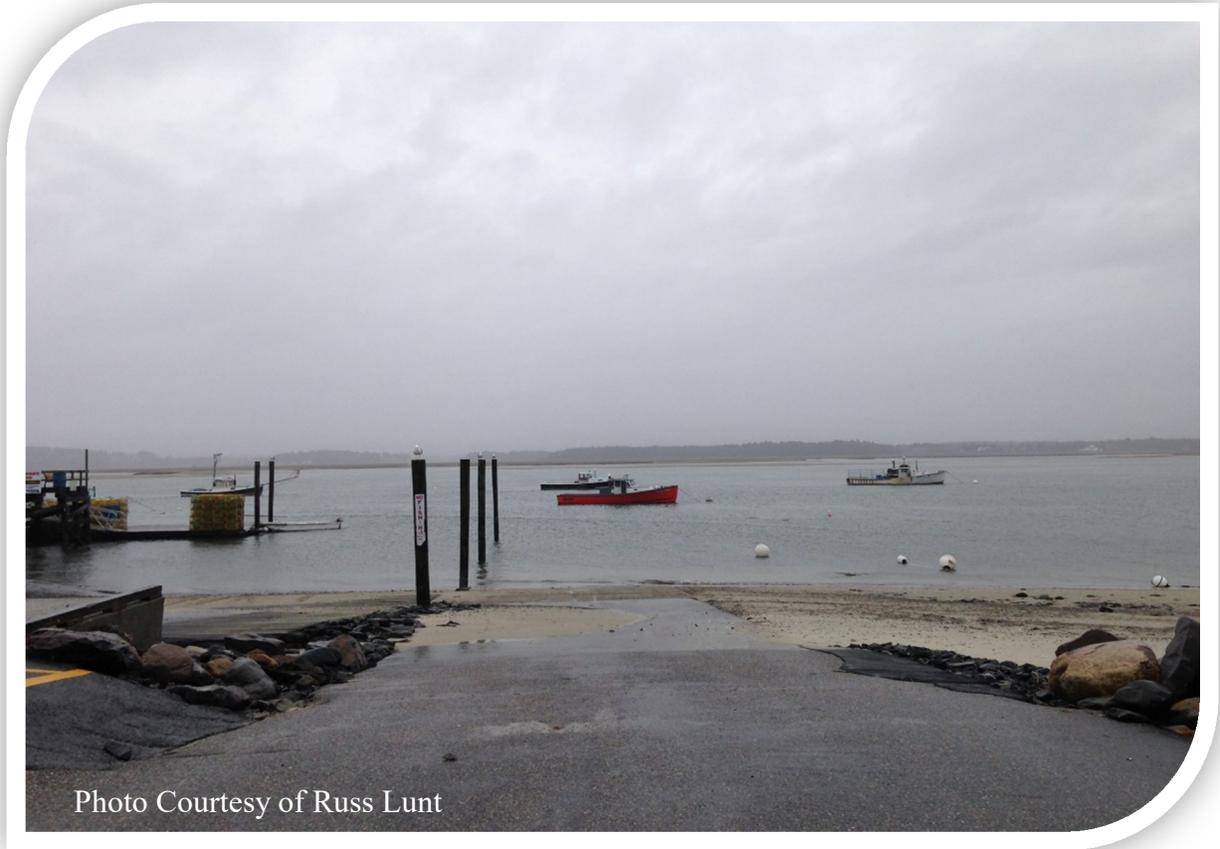
Council Member – At Large - Mayor	Thomas Blake
Council Member – District 4	Linda Cohen
Council Member – District 2	Patricia Smith
Council Member – District 3	Eben Rose
Council Member – At Large	Maxine Beecher
Council Member – District 1	Claude Morgan
Council Member – District 5	Brad Fox

Board of Education – District 3 - Chairman	Richard Matthews
Board of Education – District 1	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 4	Libby Reynolds

Appointed Officials

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

FINANCIAL SECTION





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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2016, 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 management's discussion and analysis, the schedule of funding progress, the schedule of City's proportionate share of the net pension liability, and the schedule of City contributions, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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 January 16, 2017, on our consideration of the City of South Portland, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of South Portland, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Raymond Newton Ouellette". The signature is written in a cursive style with a large initial 'R'.

January 16, 2017
South Portland, Maine

CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis
June 30, 2016

This section of the Comprehensive Annual Financial Report of the City of South Portland presents a narrative overview and analysis of the financial activities of the City of South Portland for the fiscal year ended June 30, 2016. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City of South Portland exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$168,809,569 (*net position*). Of this amount, \$22,158,100 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of South Portland's governmental activities reported ending net position of \$105,803,868, an increase of \$3,648,828 in comparison with the prior year. Approximately 13.12% of this total amount, \$13,880,761, is *available for spending* at the City's discretion (unrestricted net position).
- For the fund financial statements, at the end of the current fiscal year, unassigned fund balance for the general fund was \$13,320,584, or 17.06% of total general fund expenditures (budgetary basis).
- The City's total bonded debt decreased by \$803,613 during the current fiscal year as a result of repayments on existing bonds \$4,203,613 and forgiveness of \$100,000 exceeding new debt of \$3,500,000.
- Voters in 2013 approved a bond referendum for \$14,000,000 for the construction of a new community services facility housing the Public Works, Parks, and Bus operations and maintenance garage. During the year, the City started construction on this facility with financing obtained shortly after yearend. The project is anticipated to be completed in the fall of 2017.
- Last year, the City implemented the new GASB Statement No. 68 pension standard. This year's government-wide financial statements reflected a fairly significant swing in the total net liability and related inflows and outflows. The net effect of these adjustments resulted a decrease in net position of \$1,754,973.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of South Portland that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of South Portland include general government, public safety, public works, culture and recreation, transportation and waterfront, health, welfare and social services, and education.

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

The business-type activities of the City of South Portland include water resource protection (sewage treatment) activities. The government-wide financial statements can be found on pages 31-32 of this report.

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

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

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

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

The City of South Portland adopts an annual appropriated budget for its general fund and TIF funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budgets. The basic governmental fund financial statements can be found on pages 33-34 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the individual enterprise fund, which is considered to be a major fund of the City of South Portland.

The City of South Portland adopts an annual appropriated budget for its enterprise fund. Schedules of revenues, expenses, and changes in net position on the budgetary basis of accounting have been provided for the enterprise fund to demonstrate compliance with this budget. The basic proprietary fund financial statements can be found on pages 37-39 of this report. The budgetary basis schedule demonstrating compliance can be found on page 103 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 42-68 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules can be found on pages 75-116 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of South Portland, assets and deferred outflows exceeded liabilities and deferred inflows by \$168,809,569 at the close of the most recent fiscal year.

City of South Portland's Net Position

	Governmental Activities		Business-type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 48,462,422	\$ 48,862,520	\$ 14,523,320	\$ 11,121,505	\$ 62,985,742	\$ 59,984,025
Capital assets	127,130,252	126,376,831	53,877,012	51,360,421	181,007,264	177,737,252
Deferred outflows	2,783,094	2,304,049	-	-	2,783,094	2,304,049
Total assets and outflows	178,375,768	177,543,400	68,400,332	62,481,926	246,776,100	240,025,326
Long-term liabilities	63,673,640	63,161,035	4,030,131	647,783	67,703,771	63,808,818
Other liabilities	7,476,284	8,294,745	1,364,500	630,043	8,840,784	8,924,788
Deferred inflows	1,421,976	3,932,580	-	-	1,421,976	3,932,580
Total liabilities and inflows	72,571,900	75,388,360	5,394,631	1,277,826	77,966,531	76,666,186
Net investment						
in capital assets	79,523,948	75,413,372	50,111,131	50,967,438	129,635,079	126,380,810
Restricted	12,399,159	11,581,748	4,617,231	2,152,583	17,016,390	13,734,331
Unrestricted	13,880,761	15,159,920	8,277,339	8,084,079	22,158,100	23,243,999
Total net position	\$ 105,803,868	\$ 102,155,040	\$ 63,005,701	\$ 61,204,100	\$ 168,809,569	\$ 163,359,140

By far, the largest portion of the City of South Portland's net position (76.79% or \$129,635,079) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, net of depreciation); less any related debt used to acquire those assets that is still outstanding. The City of South Portland uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of South Portland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of South Portland's net position (10.08% or \$17,016,390) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (13.13% or \$22,158,100) 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 \$5,450,429 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

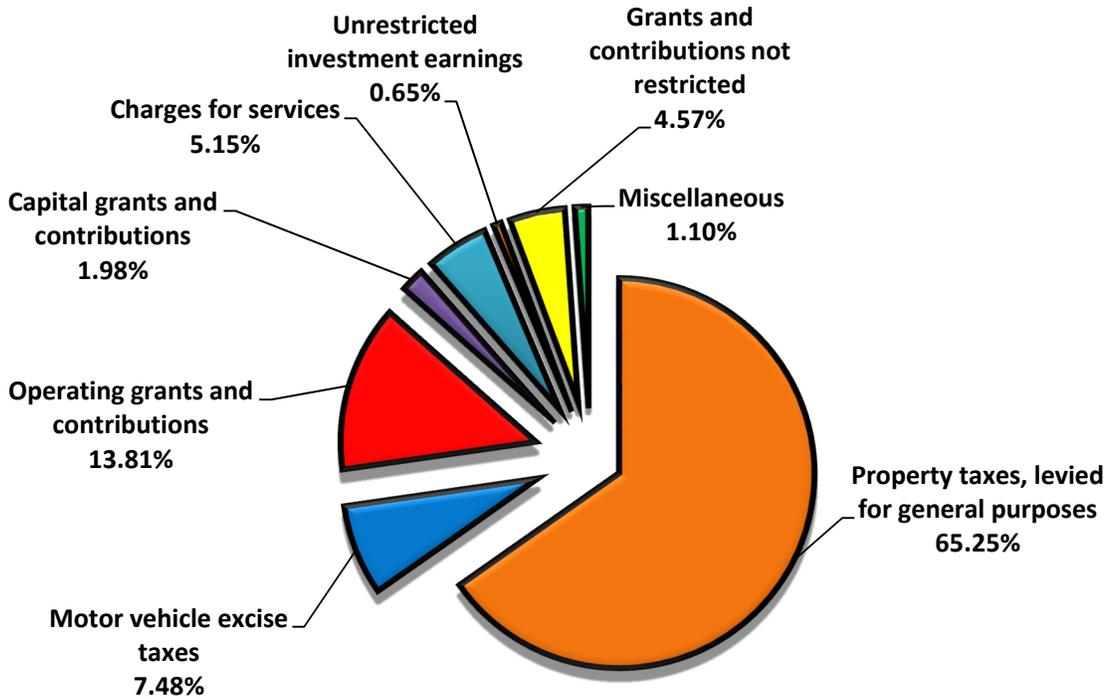
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 4,988,513	\$ 4,175,642	\$ 5,922,343	\$ 5,820,329	\$ 10,910,856	\$ 9,995,971
Operating grants and contributions	13,373,025	13,459,862	-	-	13,373,025	13,459,862
Capital grants and contributions	1,917,714	382,528	100,000	-	2,017,714	382,528
General revenues:						
Property and other taxes	70,424,578	68,249,072	-	-	70,424,578	68,249,072
Grants and contributions not restricted to specific programs	4,427,881	4,321,318	-	-	4,427,881	4,321,318
Other	1,695,396	1,902,594	76,744	48,777	1,772,140	1,951,371
Total revenues	<u>96,827,107</u>	<u>92,491,016</u>	<u>6,099,087</u>	<u>5,869,106</u>	<u>102,926,194</u>	<u>98,360,122</u>
Expenses:						
General government	13,747,918	10,584,081	-	-	13,747,918	10,584,081
Public safety	13,000,756	12,766,963	-	-	13,000,756	12,766,963
Public works	6,873,549	7,510,853	-	-	6,873,549	7,510,853
Culture and recreation	4,587,976	4,440,715	-	-	4,587,976	4,440,715
Transportation and waterfront	1,596,383	1,519,381	-	-	1,596,383	1,519,381
Health, wealth and social services	521,834	369,616	-	-	521,834	369,616
Interest on debt service	1,328,266	1,436,958	-	-	1,328,266	1,436,958
Education	49,664,988	49,178,808	-	-	49,664,988	49,178,808
Sewer	-	-	6,154,095	6,147,313	6,154,095	6,147,313
Total expenses	<u>91,321,670</u>	<u>87,807,375</u>	<u>6,154,095</u>	<u>6,147,313</u>	<u>97,475,765</u>	<u>93,954,688</u>
Increase (decrease) in net position before transfers	5,505,437	4,683,641	(55,008)	(278,207)	5,450,429	4,405,434
Transfers	<u>(1,856,609)</u>	<u>(195,242)</u>	<u>1,856,609</u>	<u>195,242</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	3,648,828	4,488,399	1,801,601	(82,965)	5,450,429	4,405,434
Net position - beginning of year	<u>102,155,040</u>	<u>97,666,641</u>	<u>61,204,100</u>	<u>61,287,065</u>	<u>163,359,140</u>	<u>158,953,706</u>
Net position - end of year	<u>\$ 105,803,868</u>	<u>\$ 102,155,040</u>	<u>\$ 63,005,701</u>	<u>\$ 61,204,100</u>	<u>\$ 168,809,569</u>	<u>\$ 163,359,140</u>

Governmental activities. During this past fiscal year, Governmental activities saw an increase in the City of South Portland's net position of \$3.649 million. This amount represented an increase in the net position of 3.57%. Key elements of this increase are as follows:

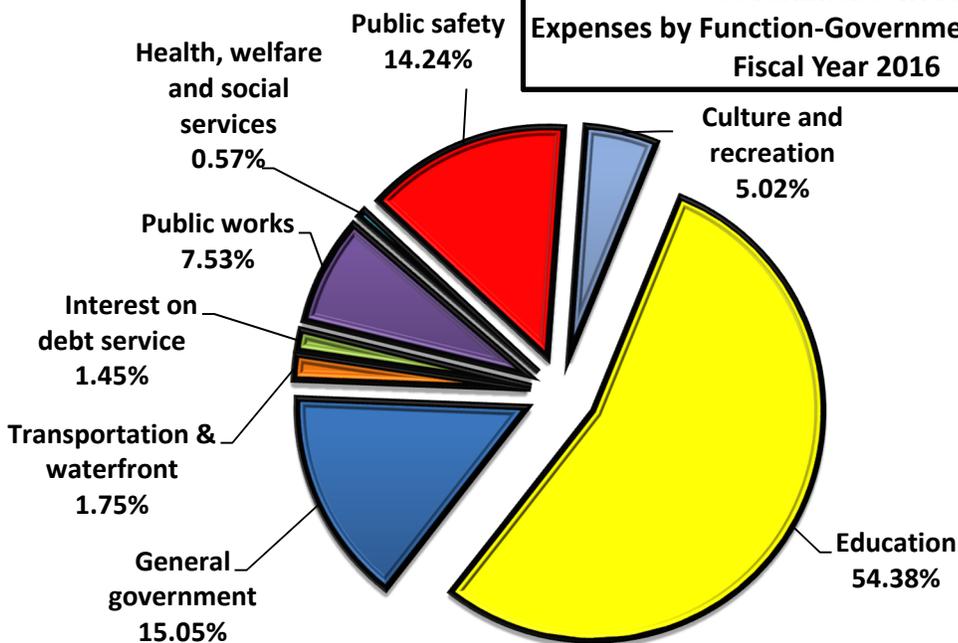
- Property and other taxes increased by \$2.18 million (3.2%). This was primary due to an increase in taxes to support the School and City budgets and an increase in motor vehicle excise revenues.
- Capital grants increased significantly from the prior year as a result of Federal/State grants for the Main Street projects totaling \$1.17 million and Federal Transit grants related to the new Municipal Services Facility totaling \$392K in FY16.
- Total expenses increased by \$3.51 million (1.6%). The largest increase in expenses was for general government of \$3.164 million primarily the result of the negative impact of the pension obligation increasing which was a swing of \$2.98 million.

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

**Government -wide
Revenues by Source -Governmental Activities
Fiscal Year 2016**



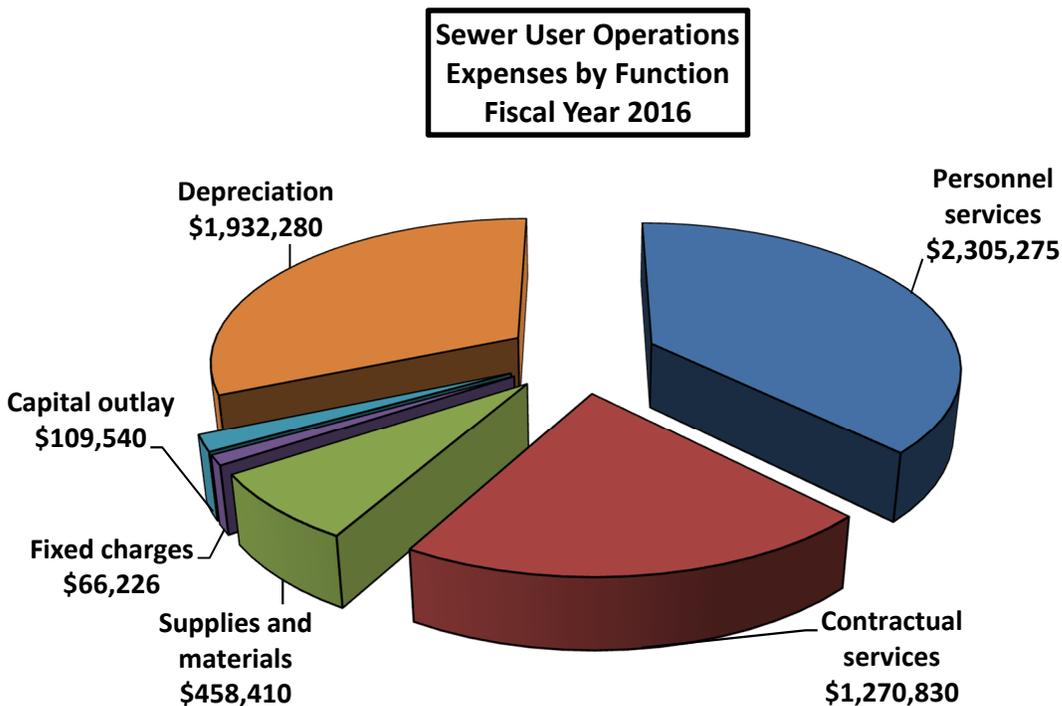
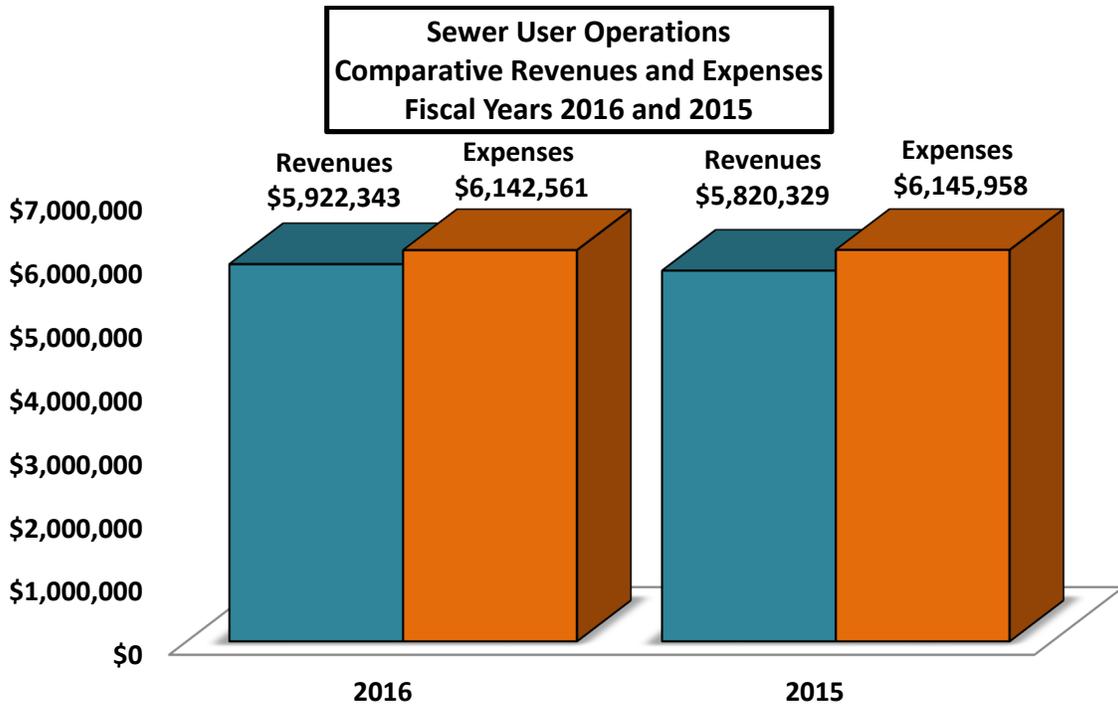
**Government -wide
Expenses by Function-Governmental Activities
Fiscal Year 2016**



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

Business-type activities. The City's business-type activities, which consists of sewer user operations, net position increased by \$1.8 million. This was primarily the result of a significant contribution from TIF funds for infrastructure totaling approximately \$1.3 million.

Revenues for business-type activities increased by \$102K due to basically flat residential consumption with a small rate hike during the year. Total operating expenses for business-type activities were flat in total with increases in personnel services (\$146), contractual (\$37K), and capital (\$48K) which were offset primarily by decreases in supplies and materials (-\$182K), fixed charges (\$-13K) and depreciation (\$-40K). The below graphs provide a more visual view of the last two year's operations and expenditure components.



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

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 \$40.86 million, an increase of \$568 thousand in comparison with the prior year. With increases in the general fund of \$1.4 million and TIF funds of \$933 thousand while a decrease in the capital projects funds of \$2.2 million.

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 \$23,751,638. 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 29.12% of total general fund expenditures (\$81,571,117). Under the breakdown of fund balance, unspent appropriations related to education are reported as restricted. At June 30, 2016, general fund restricted and nonspendable balances for education totaled \$2,813,159. 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 \$924,791 during the year, primarily as a result of additional funds being set aside for future needs.

In 2011, the City Council amended its fund balance policy to better reflect the changes brought about by GASB Statement No. 54 which alters the focus and terminology used for fund balance reporting. The purpose of the fund balance policy is to help insure the future financial stability of the City and to mitigate financial risk that can occur from unforeseen revenue fluctuations or unanticipated expenditures. The City's fund balance policy, which is based on the unassigned fund balance component of fund balance, establishes a minimum unassigned fund balance of 9% of the City's general fund budget. As of June 30, 2016, the unassigned fund balance was \$13,320,584 or 16.1% of the City's FY 2017, budget (\$82,787,929).

The total fund balance of the City of South Portland's general fund increased by \$1,415,102 during the current fiscal year. Key factors in this change are as follows:

- Total actual revenues collected exceeded budgeted by approximately \$3,415,616. The largest budgetary surplus resulted from excise taxes collected in excess of budget totaling approximately \$1.8 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 \$579 thousand with a substantial decrease in delinquent taxes. Additionally, estimated budgets for various revenues were exceeded; State revenue sharing (\$100K), State Education Subsidy (\$404K), and building permits (\$355K). 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 million. The major discrepancies included: unexpended education appropriations (\$417K), Citywide insurance and benefit costs (\$183K), Public works (\$92K) and the parks and recreation department (\$96K) 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 2016-17 capital improvement budget, the City appropriated \$1.13 million from unassigned fund balance to fund certain City capital projects. Additionally, the Council set aside an additional \$700K for tax rate stabilization, \$710K for the Municipal Services Facility and \$678K to fund the clear skies legal reserve.

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

TIF - The TIF (Tax Increment Financing) fund includes all of the activity in the City's ten tax increment financing districts. At the end of the current fiscal year, the total fund balance of the TIF fund was \$7,450,075, 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 \$1.275 million towards sewer, storm water, and public works capital improvement projects.

Capital Projects - The capital projects fund has a total fund balance of \$4,532,591. During the year, the fund balance decreased as a result of the expenditure of approximately \$3.1 million expended for the start of construction of the Municipal Services Facility that was approved by the voters in November of 2013.

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

Unrestricted net position of the sewer user fund at the end of the year amounted to \$8,277,339, an increase of \$193K. 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 \$412K, of which revenues came in greater than anticipated by \$231K and expenditures came in approximately \$181K under budget.

Budgetary Highlights

General Fund:

Revenue for the general fund totaled \$82,078,066 (on the budgetary basis of accounting) in the fiscal year ended June 30, 2016. Actual revenues exceeded estimates by \$3,415,616.

General Fund Revenues Budget to Actual Summary

	Budget	Actual	Variance
Revenues:			
Taxes	\$ 65,694,084	\$ 68,117,887	\$ 2,423,803
Intergovernmental	9,856,053	10,372,910	516,857
Licenses, permits, fees and fines	800,650	1,162,225	361,575
Charges for services	1,777,863	1,825,550	47,687
Unclassified	143,800	171,303	27,503
Interest earned	390,000	428,191	38,191
Total revenues	\$ 78,662,450	\$ 82,078,066	\$ 3,415,616

The revenue sources responsible for this surplus include the following:

- A taxes surplus of \$2.424 million of which \$1.816 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 \$579K as a result of a significant increase in the collection of delinquent taxes.
- State education subsidy surplus of \$404K and State Revenue sharing surplus of \$100K.
- Building permit licenses came in with a surplus of \$355K primarily the result of one large project.
- An investment earnings surplus of \$38K as a result of better interest rates on investments during the year.

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

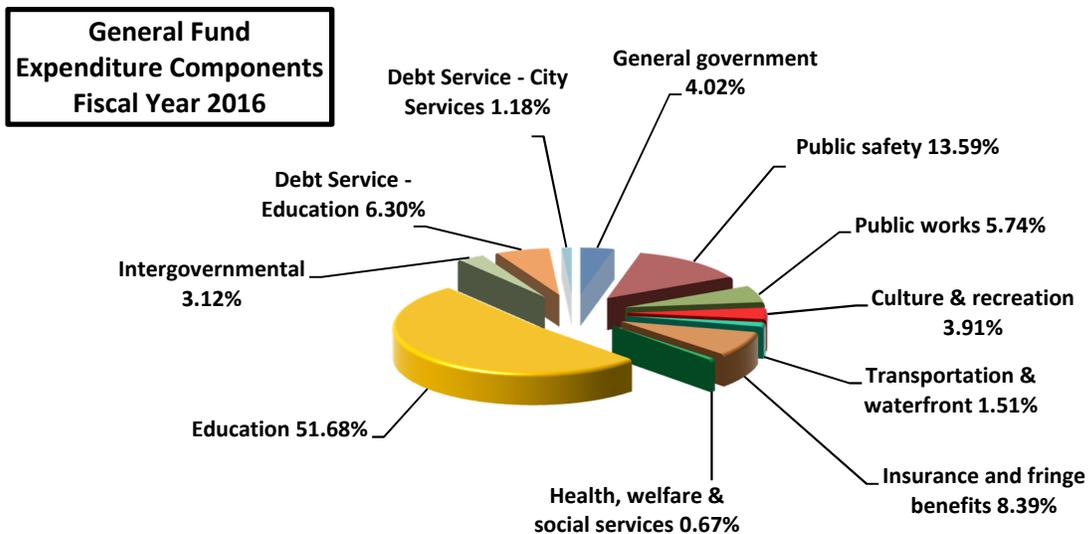
Expenditures for the general fund totaled \$78,063,660 (on the budgetary basis of accounting) in the fiscal year ended June 30, 2016.

General Fund Expenditures Budget to Actual Summary

	Budget	Actual	Variance
Expenditures:			
General government	\$ 3,051,133	\$ 2,976,064	\$ 75,069
Public safety	10,699,751	10,607,791	91,960
Public works	4,576,965	4,484,640	92,325
Culture and recreation	3,183,254	3,052,062	131,192
Transportation and waterfront	1,184,513	1,182,609	1,904
Health, welfare and social services	522,179	521,834	345
Education	45,678,804	45,261,254	417,550
Insurance and fringe benefits	6,735,370	6,552,162	183,208
Intergovernmental	2,434,056	2,434,056	-
Other	84,900	67,832	17,068
Debt Service	926,356	923,356	3,000
Total expenditures	\$ 79,077,281	\$ 78,063,660	\$ 1,013,621

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

- General government expenditures were lower than anticipated with a surplus to budget of \$75K with surpluses of \$20K in City Council, \$16K in Finance and \$17K in Human Resource expenditures.
- Public safety expenditures were under budget \$92K, with a police surplus (\$47K), and Code enforcement (\$31K) making up the larger components.
- Public works had a much milder winter and finished the year with a streets and sidewalks division surplus (\$22K), rubbish disposal division surplus (\$144K) which was offset with a Transfer Facility shortfall (\$113K). With the transition from the old to new transfer facility there was a significant amount of disposal costs for materials at the old facility to make room for the new construction.
- Citywide insurance and benefits had a surplus (\$183K), which was mostly from health insurance savings.
- Education had a surplus of \$417K attributable to lower than anticipated expenditures for the various Elementary Schools (\$58K) Middle Schools (\$115K), High School (\$33K), Special Education (\$103K) and Transportation (\$84K).



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, 2016 amounts to \$181,007,264 (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 1.84% (a 0.6% increase for governmental activities and a 4.9% increase for business-type activities). The chart below shows how the City's investment changes over time as a result of the effects of depreciation. Is the community investing and keeping up with depreciation?

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$ 8,912,149	\$ 9,373,049	\$ 1,221,558	\$ 1,221,558	\$ 10,133,707	\$ 10,594,607
Buildings	90,387,728	92,694,440	16,932,212	15,772,984	107,319,940	108,467,423
Improvements other than buildings	2,529,700	1,486,523	-	-	2,529,700	1,486,523
Machinery and equipment	5,147,281	5,434,842	4,923,488	5,337,273	10,070,769	10,772,112
Infrastructure	13,555,925	11,368,839	28,328,679	27,289,667	41,884,604	38,658,505
Construction in progress	2,510,150	1,759,808	2,340,068	1,540,307	4,850,218	3,300,115
Vehicles	4,087,318	4,259,330	131,007	198,632	4,218,325	4,457,967
Total	\$ 127,130,252	\$ 126,376,831	\$ 53,877,012	\$ 51,360,421	\$ 181,007,264	\$ 177,737,252

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

- Transfer Station and related building land improvements for \$1.79 million and preliminary construction costs for the new at the new Municipal Services Facility totaling \$1.43 million.
- Thornton Heights Main Street road and sidewalk improvements totaling \$2.7 million and related sewer and storm water phase 2 improvements for \$1.67 million.
- Sale of the Armory and related land to a developer for \$690,000.
- Various vehicles purchased included a Bus Service truck totaling \$78K, various police vehicles totaling \$161K, a new grounds mower for \$74K, and various other City vehicles totaling \$143K and school bus vehicles totaling \$259K.
- Multi-use path and bike and pedestrian improvements along Main Street totaling \$273K.
- Various roof and ceiling improvements at various schools totaling \$243K.
- Various paving and sidewalk projects totaling \$747K.
- Building addition for Water Resource Protection at the Waterman Drive complex totaling \$1.9 million.
- Various IT and network projects totaling \$252K.
- As well as various other projects throughout the City.

Additional information on the City of South Portland's capital assets can be found in the notes to the financial statements on pages 52-53 of this report.

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

Long-term debt. The State allows municipalities to borrow up to 15% of their total valuation. With the City's State Valuation at \$3,696,350,000 for 2016, the debt limit would be over \$554 million. Our current debt is \$48,067,973 or about 1.30% of State Valuation or approximately 8.7% of the City's debt limit. Another measure of a municipality's debt load is debt per capita. As of June 30, 2016, the City of South Portland's debt per capita (including lease obligations and debt premium) was \$2,097 as compared to the prior year of \$2,146.

The following is a summary of bond transactions of the City for the year ended June 30, 2016:

	Governmental Activities	Business-type Activities	Total
General Obligation Bonds payable at June 30, 2015	\$ 48,478,603	392,983	48,871,586
Principal additions	-	3,500,000	3,500,000
Principal forgiveness	-	(100,000)	(100,000)
Principal payments	(4,176,511)	(27,102)	(4,203,613)
General Obligation Bonds payable at June 30, 2016	\$ 44,302,092	3,765,881	48,067,973

The City voters approved a bond referendum in November of 2013 authorizing the bonding of \$14,000,000 for the construction of a new Municipal Services Facility that will house Public Works, Parks, and Transportation Departments. The new facility will provide the departments with a much needed modern maintenance facility and administrative offices. Subsequent to year end, the City issued bonds totaling \$12,700,000 for this project.

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

Additional information on the City of South Portland's long-term debt can be found in the notes to the financial statements on pages 53-55 of this report.

Economic Factors and Next Year's Budgets and Rates

South Portland continues to be the retail center for Northern New England with a diverse economic base that includes a regional mall, numerous large insurance and financial service companies, two semi-conductor manufacturing plants, hotels and restaurants, and petroleum distribution facilities. Development has continued with strong building permit activity for each of the past few fiscal years.

- The November 2016 unemployment rate for the Portland/South Portland area is currently at 3.1% which is 0.2% less from the rate a year ago of 3.3%. This rate compares favorably to the state's average unemployment rate of 4.0% and the national average rate of 4.6%.
- As of June 2016, the vacancy rate for Class A office space in the Suburban Greater Portland area was 8.86% up from 6.22% in June of 2015 and the vacancy rate for Class B office space Suburban Greater Portland area was 10.28% up from 8.98% in June of 2015.

In adopting the budget for the ensuing fiscal year 2017, 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 (2017), the City's management will continue to monitor and evaluate local economic conditions. In the forefront of our revenue and expenditure concerns are:

Revenue Projections:

- For FY17, the City expects to experience flat funding for both school aide and state revenue sharing. However, the State budget continues to attack local revenue sharing and the distribution of funding for other local programs.
- The City continues to promote economic development and has experienced strong building permits in the past few years. Monitoring and maintain conservative estimates going forward.

Property Values and Business Development:

- The regional economy has seen fairly strong growth in property values. Vacancy rates in the mall area appear to flat and the City has been working with businesses to assist in business development.
- Housing prices have rebounded and the market for coastal properties is especially strong. Available rental housing stock is limited with rates rising significantly.
- The City has developed a new economic development plan and is rolling elements this year and next.
- The City has established a new Growth TIF district and will continue marketing that program to redevelop specific areas of the City that have been identified as having redevelopment needs.

Health Insurance and Other Costs:

- The cost of health insurance continues to rise. The City is actively taking steps to improve the City's health insurance experience rating. This has allowed the City rate increases to be modest as compared to many other communities and businesses. The City feels that by having a healthier workforce its long-term cost for both health and worker's compensation insurance will be reduced. The City recently received notice that the increase for the coming year will be a 6.1% increase, well below the State average.
- The employer cost for funding the City's defined benefit retirement plan has increased steadily each of the past several years.
- The costs of maintaining our facilities, vehicles, and infrastructure including expanding paving streets.
- Heating and vehicle fuels prices have fallen dramatically and will have a positive impact to future year's budgets.
- The City has hired a sustainability coordinator who will be looking at ways to reduce energy usage and is looking at options for solar including the possibility of a solar farm on the City's closed landfill.

The fiscal year 2017 budget was approved in June 2016, with a \$2,880,080 (3.6%) increase in the overall general fund expenditure budget. Due to increases in various revenues, the impact to property taxes was an increase of \$1,013,305 (1.69%). Overall the tax rate increased (1.72%) to 17.70 per thousand from the prior year 17.40.

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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 48,085,392	-	48,085,392
Investments	6,442,141	-	6,442,141
Cash held in escrow	-	3,500,000	3,500,000
Receivables, net of allow. of \$710,813 and \$86,850	3,185,540	580,279	3,765,819
Taxes receivable	824,599	-	824,599
Tax liens and tax acquired property	170,266	-	170,266
Prepaid expenses	117,915	-	117,915
Inventory	29,610	-	29,610
Internal balances	(10,443,041)	10,443,041	-
Restricted assets, cash	50,000	-	50,000
Capital assets, not being depreciated	11,422,300	3,561,626	14,983,926
Capital assets, net of accumulated depreciation	115,707,952	50,315,386	166,023,338
Total assets	175,592,674	68,400,332	243,993,006
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	2,783,094	-	2,783,094
Total deferred outflows of resources	2,783,094	-	2,783,094
LIABILITIES			
Accounts payable	1,733,923	1,332,052	3,065,975
Accrued liabilities	929,721	27,544	957,265
Accrued interest	573,342	4,904	578,246
Accrued teachers' summer salaries	4,239,298	-	4,239,298
Non-current liabilities:			
Due within one year	5,683,859	290,858	5,974,717
Due in more than one year	57,989,781	3,739,273	61,729,054
Total liabilities	71,149,924	5,394,631	76,544,555
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	1,421,976	-	1,421,976
Total deferred inflows of resources	1,421,976	-	1,421,976
NET POSITION			
Net investment in capital assets	79,523,948	50,111,131	129,635,079
Restricted for:			
Permanent Funds - Nonexpendable principal	198,949	-	198,949
Permanent Funds - Expendable	144,615	-	144,615
Education	2,813,159	-	2,813,159
Other grants	1,792,361	-	1,792,361
Tax Increment Financing	7,450,075	-	7,450,075
Capital	-	4,617,231	4,617,231
Unrestricted	13,880,761	8,277,339	22,158,100
Total net position	\$ 105,803,868	63,005,701	168,809,569

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Activities
For the year ended June 30, 2016

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 13,747,918	831,509	572,717	-	(12,343,692)	-	(12,343,692)
Public safety	13,000,756	1,715,339	203,949	-	(11,081,468)	-	(11,081,468)
Public works	6,873,549	308,979	-	1,429,047	(5,135,523)	-	(5,135,523)
Culture and recreation	4,587,976	1,078,408	-	-	(3,509,568)	-	(3,509,568)
Transportation and waterfront	1,596,383	389,317	560,649	488,667	(157,750)	-	(157,750)
Health, welfare and social services	521,834	-	284,231	-	(237,603)	-	(237,603)
Education	49,664,988	664,961	11,751,479	-	(37,248,548)	-	(37,248,548)
Interest on debt service	1,328,266	-	-	-	(1,328,266)	-	(1,328,266)
Total governmental activities	91,321,670	4,988,513	13,373,025	1,917,714	(71,042,418)	-	(71,042,418)
Business-type activities:							
Sewer	6,154,095	5,922,343	-	100,000	-	(131,752)	(131,752)
Total business-type activities	6,154,095	5,922,343	-	100,000	-	(131,752)	(131,752)
Total primary government	\$ 97,475,765	10,910,856	13,373,025	2,017,714	(71,042,418)	(131,752)	(71,174,170)
General revenues:							
Property taxes, levied for general purposes					63,183,208	-	63,183,208
Motor vehicle excise taxes					7,241,370	-	7,241,370
Cable television franchise					120,000	-	120,000
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					1,285,328	-	1,285,328
Homestead exemption					484,938	-	484,938
Other State aid					2,657,615	-	2,657,615
Unrestricted investment earnings					630,112	76,744	706,856
Miscellaneous					945,284	-	945,284
Transfers					(1,856,609)	1,856,609	-
Total general revenues and transfers					74,691,246	1,933,353	76,624,599
Change in net position					3,648,828	1,801,601	5,450,429
Net position - beginning					102,155,040	61,204,100	163,359,140
Net position - ending					105,803,868	63,005,701	168,809,569

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Balance Sheet
Governmental Funds
June 30, 2016

	General	Tax Incremental Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 37,165,601	7,459,265	3,460,526	-	48,085,392
Investments	5,427,170	-	-	1,014,971	6,442,141
Due from other governments	609,538	-	1,272,769	789,338	2,671,645
Accounts receivable, net of allowance of \$710,813	352,778	6,712	-	95,020	454,510
Taxes receivable	824,599	-	-	-	824,599
Tax liens and tax acquired property	170,266	-	-	-	170,266
Interfund loans receivable	-	-	-	3,630,610	3,630,610
Prepaid expenditures	104,615	-	-	13,300	117,915
Inventory	-	-	-	29,610	29,610
Restricted assets, cash	50,000	-	-	-	50,000
Total assets	\$ 44,704,567	7,465,977	4,733,295	5,572,849	62,476,688
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	1,401,611	15,902	200,704	115,706	1,733,923
Accrued liabilities	856,019	-	-	73,702	929,721
Interfund loans payable	14,014,266	-	-	-	14,014,266
Accrued teachers' summer salaries	3,985,033	-	-	254,265	4,239,298
Total liabilities	20,256,929	15,902	200,704	443,673	20,917,208
Deferred inflows of resources:					
Unavailable revenue - property taxes	696,000	-	-	-	696,000
Total deferred inflows of resources	696,000	-	-	-	696,000
Fund balances:					
Nonspendable	104,615	-	-	241,859	346,474
Restricted	2,708,544	7,450,075	-	1,894,066	12,052,685
Committed	4,344,471	-	5,577,468	3,007,676	12,929,615
Assigned	3,273,424	-	-	-	3,273,424
Unassigned	13,320,584	-	(1,044,877)	(14,425)	12,261,282
Total fund balances	23,751,638	7,450,075	4,532,591	5,129,176	40,863,480
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,704,567	7,465,977	4,733,295	5,572,849	

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.	127,130,252
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	696,000
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:	
Bond premiums	(2,046,566)
Accrued compensated absences	(3,522,500)
Other postemployment benefits liability	(1,781,758)
Accrued interest	(573,342)
Landfill closure	(147,000)
Capital leases	(2,307,319)
Net pension liability with related deferred inflows and outflows of resources	(8,205,287)
Bonds payable	(44,302,092)

Net position of governmental activities **\$ 105,803,868**

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, 2016

	General	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 68,117,887	2,485,691	-	20,000	70,623,578
Intergovernmental	12,926,610	1,087,867	1,660,324	4,043,819	19,718,620
Licenses, permits, fees and fines	1,162,225	-	-	-	1,162,225
Charges for services	1,825,550	-	-	2,120,738	3,946,288
Unclassified	621,105	-	469,798	516,364	1,607,267
Interest earned	471,910	65,656	21,917	70,629	630,112
Total revenues	85,125,287	3,639,214	2,152,039	6,771,550	97,688,090
Expenditures:					
Current:					
General government	9,860,593	122,266	-	843,908	10,826,767
Public safety	10,880,649	-	-	174,490	11,055,139
Public works	4,541,932	141,165	-	173,468	4,856,565
Culture and recreation	3,032,965	-	-	853,403	3,886,368
Transportation and waterfront	1,202,083	-	-	86,373	1,288,456
Health, welfare and social services	521,834	-	-	-	521,834
Education	43,126,739	-	-	2,459,953	45,586,692
School lunch program	-	-	-	1,721,538	1,721,538
Intergovernmental	2,434,056	-	-	-	2,434,056
Other	92,801	942,041	-	1,731	1,036,573
Debt service	5,842,336	-	250,000	-	6,092,336
Capital expenditures	35,129	-	6,113,072	-	6,148,201
Total expenditures	81,571,117	1,205,472	6,363,072	6,314,864	95,454,525
Excess (deficiency) of revenues over (under) expenditures	3,554,170	2,433,742	(4,211,033)	456,686	2,233,565
Other financing sources (uses):					
Transfers in	2,456,079	-	2,010,191	209,328	4,675,598
Transfers out	(4,786,007)	(1,500,419)	-	(245,781)	(6,532,207)
Issuance of debt	190,860	-	-	-	190,860
Total other financing sources (uses)	(2,139,068)	(1,500,419)	2,010,191	(36,453)	(1,665,749)
Net change in fund balances	1,415,102	933,323	(2,200,842)	420,233	567,816
Fund balances, beginning of year	22,336,536	6,516,752	6,733,433	4,708,943	40,295,664
Fund balances, end of year	\$ 23,751,638	7,450,075	4,532,591	5,129,176	40,863,480

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, 2016

Net change in fund balances - total governmental funds (from Statement 4)	\$	567,816
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital acquisitions (\$7,120,178) exceed book value of disposed assets (\$661,982) and depreciation (\$5,704,775).		753,421
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in unavailable revenues.		(199,000)
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Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayments reduces long-term liabilities in the statement of net position. This is the amount of repayments (\$374,953) that exceeds proceeds (\$190,860).		184,093
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Change in accruals are recorded on the statement of net position, but not on the governmental fund balance sheet - accrued compensated absences (\$99,200), accrued interest (-\$49,547), net pension liability with deferred outflows and inflows of resources, (\$1,754,973) and other postemployment benefits liability (\$226,204).		(2,030,830)
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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.		(50,760)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. During the year, the City did not issue any new debt. 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 \$247,577 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 \$4,176,511.		4,424,088
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Change in net position of governmental activities (see Statement 2)	\$	3,648,828
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See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund and TIF Funds
For the year ended June 30, 2016

	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	\$ 65,694,084	65,694,084	68,117,887	2,423,803	2,447,500	2,447,500	2,485,691	38,191
Intergovernmental	9,737,053	9,856,053	10,372,910	516,857	1,150,000	1,150,000	1,087,867	(62,133)
Licenses, permits, fees and fines	800,650	800,650	1,162,225	361,575	-	-	-	-
Charges for services	1,777,863	1,777,863	1,825,550	47,687	-	-	-	-
Unclassified	143,800	143,800	171,303	27,503	-	-	-	-
Interest earned	390,000	390,000	428,191	38,191	-	-	65,656	65,656
Total revenues	78,543,450	78,662,450	82,078,066	3,415,616	3,597,500	3,597,500	3,639,214	41,714
Expenditures:								
Current:								
General government	10,201,568	9,786,503	9,528,226	258,277	175,518	175,518	122,266	53,252
Public safety	10,488,181	10,699,751	10,607,791	91,960	-	-	-	-
Public works	4,576,965	4,576,965	4,484,640	92,325	162,292	162,292	141,165	21,127
Culture and recreation	3,052,254	3,183,254	3,052,062	131,192	-	-	-	-
Transportation and waterfront	1,143,863	1,184,513	1,182,609	1,904	20,500	20,500	-	20,500
Health, welfare and social services	522,179	522,179	521,834	345	-	-	-	-
Education	45,678,804	45,678,804	45,261,254	417,550	-	-	-	-
Intergovernmental	2,434,056	2,434,056	2,434,056	-	-	-	-	-
Other	112,000	84,900	67,832	17,068	1,184,966	1,184,966	942,041	242,925
Debt service (excluding education)	926,356	926,356	923,356	3,000	-	-	-	-
Capital expenditures	-	-	-	-	1,906,291	630,669	-	630,669
Total expenditures	79,136,226	79,077,281	78,063,660	1,013,621	3,449,567	2,173,945	1,205,472	968,473
Excess (deficiency) of revenues over (under) expenditures	(592,776)	(414,831)	4,014,406	4,429,237	147,933	1,423,555	2,433,742	1,010,187
Other financing sources (uses):								
Budgeted use of surplus - City	-	3,216,772	-	(3,216,772)	83,561	83,561	-	(83,561)
Budgeted use of surplus - School	500,000	500,000	-	(500,000)	-	-	-	-
Transfer in	844,399	844,399	844,399	-	-	-	-	-
Transfers out	(751,623)	(4,146,340)	(4,482,992)	(336,652)	(231,494)	(1,507,116)	(1,500,419)	6,697
Total other financing sources (uses)	592,776	414,831	(3,638,593)	(4,053,424)	(147,933)	(1,423,555)	(1,500,419)	(76,864)
Net change in fund balance - budgetary basis	-	-	375,813	375,813	-	-	933,323	933,323
Reconciliation to GAAP basis:								
Change in encumbrances - City			15,042				-	
Change in encumbrances - School			(121,103)				-	
Change in unbudgeted teacher summer benefits			111,817				-	
Change in reserves			1,033,533				-	
Net change in fund balance - GAAP basis			1,415,102				933,323	
Fund balance, beginning of year			22,336,536				6,516,752	
Fund balance, end of year	\$		23,751,638				7,450,075	

CITY OF SOUTH PORTLAND, MAINE
Statements of Net Position
Proprietary Funds
June 30, 2016 and 2015

Business-type Activities - Enterprise Funds		
	Sewer	
	2016	2015
ASSETS		
Current assets:		
Receivables, net of allowance of \$86,850 and \$87,500, respectively	\$ 573,376	511,547
Cash held in escrow	3,500,000	-
Sewer liens	6,903	6,704
Interfund loans receivable	10,443,041	10,603,254
Total current assets	14,523,320	11,121,505
Noncurrent assets:		
Capital assets, not being depreciated	3,561,626	2,761,865
Capital assets	96,362,836	92,713,726
Accumulated depreciation	(46,047,450)	(44,115,170)
Total noncurrent assets	53,877,012	51,360,421
Total assets	68,400,332	62,481,926
LIABILITIES		
Current liabilities:		
Accounts payable	1,332,052	616,110
Accrued wages	27,544	13,933
Accrued interest	4,904	-
Current portion of noncurrent liabilities:		
Compensated absences	93,756	93,756
Bonds payable	197,102	27,102
Total current liabilities	1,655,358	750,901
Noncurrent liabilities:		
Compensated absences	170,494	161,044
Bonds payable	3,568,779	365,881
Total noncurrent liabilities	3,739,273	526,925
Total liabilities	5,394,631	1,277,826
NET POSITION		
Net investment in capital assets	50,111,131	50,967,438
Restricted for capital projects	4,617,231	2,152,583
Unrestricted	8,277,339	8,084,079
Total net position	\$ 63,005,701	61,204,100

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statements of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the years ended June 30, 2016 and 2015

Business-type Activities - Enterprise Funds		
	Sewer	
	2016	2015
Operating revenues:		
Charges for services	\$ 5,851,019	5,758,245
Interest and penalties	1,701	995
Licenses	69,623	61,089
Total operating revenues	5,922,343	5,820,329
Operating expenses:		
Personnel services	2,305,275	2,159,046
Contractual services	1,270,830	1,234,062
Supplies and materials	458,410	640,095
Fixed charges	66,226	79,372
Capital outlay	109,540	61,255
Depreciation	1,932,280	1,972,128
Total operating expenses	6,142,561	6,145,958
Operating loss	(220,218)	(325,629)
Nonoperating revenues (expenses):		
Interest revenue	76,744	48,777
Interest expense	(11,534)	(1,355)
Total nonoperating revenues (expenses)	65,210	47,422
Loss before transfers	(155,008)	(278,207)
Capital contributions	100,000	-
Transfers in	1,857,329	201,076
Transfer out	(720)	(5,834)
Total transfers and capital contributions	1,956,609	195,242
Change in net position	1,801,601	(82,965)
Net position, beginning of year	61,204,100	61,287,065
Net position, end of year	\$ 63,005,701	61,204,100

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statements of Cash Flows
Proprietary Funds
For the years ended June 30, 2016 and 2015

	Sewer	
	2016	2015
Business-type Activities - Enterprise Funds		
Cash flows from operating activities:		
Receipts from customers and users	\$ 5,860,315	5,852,809
Payments to suppliers	(1,189,064)	(1,869,701)
Payments to employees	(2,282,214)	(2,136,858)
Net cash provided by operating activities	2,389,037	1,846,250
Cash flows from noncapital financing activities:		
Transfer in from other funds	1,857,329	201,076
Interfund loan	160,213	952,054
Transfers to other funds	(720)	(5,834)
Net cash provided by noncapital financing activities	2,016,822	1,147,296
Cash flows from capital and related financing activities:		
Purchase of capital assets	(4,448,871)	(3,013,866)
Interest paid on bonds	(6,630)	(1,355)
Principal payments on bonds	(27,102)	(27,102)
Net cash used in capital and related financing activities	(4,482,603)	(3,042,323)
Cash flows from investing activities:		
Interest revenue	76,744	48,777
Net cash provided by investing activities	76,744	48,777
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	\$ (220,218)	(325,629)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,932,280	1,972,128
(Increase) decrease in receivables	(61,829)	36,727
(Increase) decrease in liens	(199)	(4,247)
(Increase) decrease in prepaid expenses	-	10,434
Increase in accounts payable	715,942	134,649
Increase in accrued wages	13,611	4,993
Increase in compensated absences	9,450	17,195
Net cash provided by operating activities	\$ 2,389,037	1,846,250
Noncash investing, capital, and financing activities:		
Capital contributions	\$ 100,000	-

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

		Private- purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$	77,283	133,109
Investments		2,247,990	-
Total assets		2,325,273	133,109
LIABILITIES			
Accounts payable		4,224	-
Due to others		59,385	133,109
Total liabilities		63,609	133,109
NET POSITION			
Held in trust	\$	2,261,664	-

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, 2016

		Private- purpose Trust Funds
<hr/>		
Additions:		
Donations	\$	990
Investment earnings:		
Interest		71,808
Unrealized gain		12,638
<hr/>		
Total additions		85,436
<hr/>		
Deductions:		
Scholarships and other		69,598
<hr/>		
Total deductions		69,598
<hr/>		
Change in net position		15,838
Net position, beginning of year		2,245,826
<hr/>		
Net position, end of year	\$	2,261,664

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions, and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

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 and Prepaid Items

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

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

G. Restricted Assets

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

H. Capital Assets

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

I. Compensated Absences

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

J. Long-term Obligations

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

K. Fund Equity

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

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the City imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner. The City Council is the highest level of decision making authority, and has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments by passage of an order.
- *Assigned* – resources that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has delegated the authority to assign fund balance to the City's Finance Director based on prescribed policies previously established by the City Council.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City's fund balance policy states when both restricted and unrestricted resources are available for use, it is the City's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the City's intent to use committed or assigned resources first, and then unassigned resources as they are needed. The City Council approved the fund balance policy and fund classifications on June 20, 2012, in order #166-10/11.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

L. Interfund Transactions

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

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

M. Comparative Data

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

N. Use of Estimates

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

O. Pensions

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

P. Deferred Inflows and Outflows of Resources

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the City’s contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

Q. Net Position

Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City’s net investment in capital assets was calculated as follows at June 30, 2016:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 223,338,583	99,924,462
Accumulated depreciation	(96,208,331)	(46,047,450)
Bonds payable and premiums	(46,348,658)	(3,765,881)
Add back bonds payable pertaining to Maine PERS	630,000	-
Add back bond proceeds unexpended	419,673	-
Capital leases	(2,307,319)	-
Net investment in capital assets	\$ 79,523,948	50,111,131

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted by the City Council for the General Fund, Sewer Use Fund, and the TIF Fund. The budgets are prepared substantially in accordance with accounting principles generally accepted in the United States of America, except that the general fund revenues and expenditures related to “on-behalf payments” made by the State of Maine to the Maine Public Employees Retirement System for teachers and other school employees are not budgeted. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$2,553,700.

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

These amounts have been included as an intergovernmental revenue and as an education expense/expenditure on Statements 2 and 4 (GAAP basis). There is no effect on the net position/fund balance at the end of the year. The Sewer Use Fund budgets for debt service principal and interest payments as an expense and does not budget for depreciation expense. In addition, capital contributions from other funds are not budgeted. The legal level of budgetary control is at the department level.

The City employs encumbrance accounting in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were \$368,312 in the General Fund.

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, 2016, all departments were within their charter level budget limits.

C. Deficit Fund Balances

At June 30, 2016, the following funds had deficit fund balances over \$100:

<u>Special Revenue Funds:</u>		<u>Private-purpose Trust Funds:</u>	
Wellness Committee	\$ 137	A Varanelli Scholarship	149
E-Rate	7,586		
Learning Results	405	<u>Capital Project Funds:</u>	
Memorial Tech Grant - Koelker	1,237	Municipal Services Facility	1,033,862
National Semiconductor - Brown	3,683		
Dyer Friends	531		
Staff Computer Training	476		
Small Friends	281		

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

DEPOSITS AND INVESTMENTS

As of June 30, 2016, 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	\$ 13,959,235	13,959,235	-	-
U.S. Treasury Notes	2,312,514	-	1,675,345	637,169
Federal Home Loan Mort. Corp.	2,452,823	-	1,678,926	773,897
Federal Farm Credit Bank	502,678	-	502,678	-
Federal National Mortgage	3,273,092	255,912	901,847	2,115,333
Certificates of Deposit	36,168,488	8,615,630	27,303,858	249,000
Stock Mutual Fund	61,617	Not applicable		

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

DEPOSITS AND INVESTMENTS, CONTINUED

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

Custodial credit risk- deposits – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. As of June 30, 2016, the City had bank balances of \$50,127,723. 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, 2016, the City had deposits of \$498,338 which were subject to custodial credit risk because they were not insured or collateralized.

Custodial credit risk- investments – For investments, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2016, the City had fair value investment balances of \$8,602,724 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, 2016, 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 minimalized.

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

PROPERTY TAX

Property taxes for the current period were committed on July 15, 2015 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.

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

PROPERTY TAX, CONTINUED

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 \$575,746 for the year ended June 30, 2016.

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>2016</u>	<u>2015</u>
Assessed value	\$ 3,620,634,600	3,601,160,000
Tax rate (per \$1,000)	17.40	17.10
Commitment	62,999,042	61,579,826
Add:		
Supplementals	-	-
Total commitment	62,999,042	61,579,836
Less:		
Abatements	152,960	32,960
Collections	62,226,796	60,720,014
Current year taxes receivable at end of year	619,286	826,862
Taxes and liens receivable - prior years	375,579	888,767
Total taxes and liens receivable	\$ 994,865	1,715,629

Due dates:	1st quarter	August 20, 2015	August 21, 2014
	2nd quarter	November 19, 2015	November 20, 2014
	3rd quarter	February 11, 2016	February 12, 2015
	4th quarter	May 5, 2016	May 7, 2015

	<u>2016</u>	<u>2015</u>
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	99.01%	98.66%

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, 2016 was as follows:

	Balance June 30, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2016</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,373,049	-	460,900	8,912,149
Construction in progress	1,759,808	1,894,645	1,144,302	2,510,151
Total capital assets not being depreciated	11,132,857	1,894,645	1,605,202	11,422,300
Capital assets, being depreciated:				
Buildings	130,055,894	473,470	242,403	130,286,961
Improvements other than buildings	4,599,969	1,254,226	-	5,854,195
Machinery and equipment	15,361,502	501,415	-	15,862,917
Vehicles	14,027,280	742,612	567,521	14,202,371
Infrastructure	42,311,727	3,398,112	-	45,709,839
Total capital assets being depreciated	206,356,372	6,369,835	809,924	211,916,283
Less accumulated depreciation for:				
Buildings	37,361,454	2,592,209	54,430	39,899,233
Improvements other than buildings	3,113,446	211,049	-	3,324,495
Machinery and equipment	9,926,660	788,976	-	10,715,636
Vehicles	9,767,950	901,515	554,412	10,115,053
Infrastructure	30,942,888	1,211,026	-	32,153,914
Total accumulated depreciation	91,112,398	5,704,775	608,842	96,208,331
Total capital assets being depreciated, net	115,243,974	665,060	201,082	115,707,952
Governmental activities capital assets, net	\$ 126,376,831	2,559,705	1,806,284	127,130,252

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

Governmental activities:	
General government	\$ 170,394
Public safety	701,139
Public works	1,403,546
Culture and recreation	591,320
Transportation and waterfront	297,926
Education	2,540,450
Total depreciation expense – governmental activities	\$ 5,704,775

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, 2016 was as follows:

	Balance June 30, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2016</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,221,558	-	-	1,221,558
Construction in progress	1,540,307	2,131,369	1,331,608	2,340,068
Total capital assets not being depreciated	2,761,865	2,131,369	1,331,608	3,561,626
Capital assets, being depreciated:				
Buildings	34,565,751	1,877,942	-	36,443,693
Improvements other than buildings	80,331	-	-	80,331
Machinery and equipment	15,431,693	59,764	-	15,491,457
Vehicles	1,229,177	-	-	1,229,177
<u>Infrastructure</u>	<u>41,406,774</u>	<u>1,711,404</u>	-	<u>43,118,178</u>
Total capital assets being depreciated	92,713,726	3,649,110	-	96,362,836
Less accumulated depreciation for:				
Buildings	18,792,767	718,714	-	19,511,481
Improvements other than buildings	80,331	-	-	80,331
Machinery and equipment	10,094,420	473,549	-	10,567,969
Vehicles	1,030,545	67,625	-	1,098,170
<u>Infrastructure</u>	<u>14,117,107</u>	<u>672,392</u>	-	<u>14,789,499</u>
Total accumulated depreciation	44,115,170	1,932,280	-	46,047,450
Total capital assets being depreciated, net	48,598,556	1,716,830	-	50,315,386
<u>Business-type activities capital assets, net</u>	<u>\$ 51,360,421</u>	<u>3,848,199</u>	<u>1,331,608</u>	<u>53,877,012</u>

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2016 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	\$ 48,478,603	-	4,176,511	44,302,092	4,001,512
Bond premiums	2,294,143	-	247,577	2,046,566	234,024
Capital leases	2,491,412	190,860	374,953	2,307,319	397,041
Landfill closure	96,240	50,760	-	147,000	14,700
Other post-employment benefits	1,555,554	334,466	108,262	1,781,758	-
Net pension liability	4,821,783	4,744,622	-	9,566,405	-
Compensated absences	3,423,300	1,135,782	1,036,582	3,522,500	1,036,582
<u>Governmental activity</u>					
<u>long-term liabilities</u>	<u>\$ 63,161,035</u>	<u>6,456,490</u>	<u>5,943,885</u>	<u>63,673,640</u>	<u>5,683,859</u>

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	\$ 392,983	3,500,000	127,102	3,765,881	197,102
Compensated absences	254,800	178,218	168,768	264,250	93,756
Business-type activities					
<u>long-term liabilities</u>	<u>\$ 647,783</u>	<u>3,678,218</u>	<u>295,870</u>	<u>4,030,131</u>	<u>290,858</u>

Long-term debt payable at June 30, 2016 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, 2016</u>
Governmental activities:					
2007 Paving and Refinancing	5/15/2007	\$ 2,075,000	9/1/2016	4.00-5.00%	50,000
2010 1999 Community Center – City	1/26/2010	1,890,000	11/1/2018	2.00-3.00%	630,000
2010 HS & MS Renovations - School	1/26/2010	4,613,000	11/1/2029	2.00-4.00%	3,220,000
2011 Refund 2002 & 2003 Elem-Sch.	10/26/2011	8,905,000	7/15/2023	2.00-4.375%	5,940,000
2012 HS Construction – School	5/30/2012	30,000,000	7/15/2032	2.00-4.00%	25,500,000
2013 HS SRRF – School	12/1/2013	664,450	12/1/2023	0.00%	372,092
2014 Pension Refunding	4/10/2014	1,890,000	3/1/2017	2.00%	630,000
2014 HS Construction – School	4/10/2014	8,850,000	4/15/2034	2.25-3.25%	7,960,000
Total governmental activities					44,302,092
Business-type activities:					
2009 SRF (Long creek)	10/7/2009	749,716	10/1/2029	N/A	365,881
2015 CWSRF	8/30/2015	3,500,000	8/1/2035	0.35%	3,400,000
Total business-type activities					3,765,881
<u>Total bonds payable</u>					<u>\$ 48,067,973</u>

In November of 2013, the voters approved a \$14,000,000 bond referendum for the construction of a new Municipal Services Facility providing a new garage and administrative offices for the Public Works, Parks and Recreation, and Transportation Departments of the City. At June 30, 2016, \$14,000,000 was authorized but unissued for this project. Subsequent to year end, in August of 2016, the City issued bonds totaling \$12,700,000 for the project at a net interest cost (NIC) of 2.13%.

In August 2015, the City issued the \$3,500,000 of bonds through the State of Maine’s Clean Water State Revolving Loan Fund at an interest rate of 0.35% with \$100,000 forgiven. The City has not drawn down any of the \$3,500,000 bond funds from the Maine Municipal Bond Bank as of June 30, 2016. The balance is shown as cash held in escrow.

All governmental activity debt service payments, including capital leases and compensated absences, were made within the General Fund with the exception of \$250,000 which was paid out of the High School premium reserve which was accounted for in the School Capital Projects funds. Other post-employment benefits and the net pension liability are not currently being funded on a budgetary level. If and when such funding would occur, it would be funded within the General Fund.

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

LONG-TERM DEBT, CONTINUED

The annual requirements to amortize long-term debt outstanding as of June 30, 2016 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>
2017	\$ 4,001,512	1,419,713	5,421,225	197,102	20,683	217,785
2018	3,321,511	1,290,388	4,611,899	197,102	20,058	217,160
2019	3,321,511	1,196,588	4,518,099	197,102	19,433	216,535
2020	3,111,511	1,111,212	4,222,723	197,102	18,808	215,910
2021	3,111,511	1,021,488	4,132,999	197,102	18,184	215,286
2022-2026	12,494,536	3,643,913	16,138,449	985,511	81,547	1,067,058
2027-2031	10,620,000	1,571,600	12,191,600	944,860	65,928	1,010,788
2032-2036	4,320,000	175,800	4,495,800	850,000	50,309	900,309
Total	\$ 44,302,092	11,430,702	55,732,794	3,765,881	294,950	4,060,831

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, 2016, the statutory limit for the City was \$554,452,500. The City's outstanding long-term debt of \$48,067,973 at June 30, 2016 was \$506,384,527 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, 2016:

<u>Governmental Unit</u>	<u>Net debt outstanding</u>	<u>Applicable to South Portland</u>	<u>City of South Portland's share of debt</u>
Cumberland County	\$ 35,735,000	9.06%	\$ 3,236,937
Portland Water District	87,638,389	7.40%	6,483,128

JOINTLY GOVERNED ORGANIZATION

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

Ecomaine is a solid waste management corporation serving 40 municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 21 member communities, Ecomaine creates electricity through its processing of waste and also operates an extensive recycling program. The City is a member community in Ecomaine. Interlocal (waste handling) agreements between Ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to Ecomaine for processing and to make service payments and pay tipping fees for such processing. The City has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in Ecomaine.

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

JOINTLY GOVERNED ORGANIZATION, CONTINUED

Selected balance sheet information for Ecomaine for the year ended June 30, 2016 includes total assets of \$62,510,802, and total liabilities of \$18,944,189 and unrestricted net position of \$14,477,555. The liabilities include an accrual for landfill closure and postclosure care amounting to \$16,746,944. Ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2016 and a projected closing date. The separate audited financial statements of Ecomaine may be obtained at their administrative office: Ecomaine, 64 Blueberry Road, Portland, Maine 04102.

CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of equipment and has also entered into an energy performance lease arrangement. These leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception. The value of assets capitalized under these leases as of June 30, 2016 was \$3,682,973.

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, 2016.

	Governmental activities
2017	\$ 463,001
2018	425,345
2019	377,621
2020	384,413
2021	391,481
2022-2023	511,057
Total minimum lease payments	2,552,918
Less: amount representing interest	245,599
Present value of future minimum lease payments	\$ 2,307,319

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, 2016, the City had recorded approximately \$147,000 of estimated cost remaining related to postclosure care of the landfill. The City has amounts available in the general fund to fund these estimated costs. The actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

INTERFUND BALANCES AND TRANSFERS

As of June 30, 2016, interfund loans receivable and payable were as follows:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General Fund	\$ -	14,014,266
Sewer Fund	10,443,041	-
Nonmajor Special Revenue Funds:		
City Special Revenues	3,494,092	-
School Grant Funds	59,393	-
School Adult Education	8,331	-
School Lunch Fund	68,794	-
Private-purpose Trust Funds	-	59,385
	<hr/>	<hr/>
Total interfund balances	\$ 14,073,651	14,073,651

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, 2016, interfund transfers were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 2,456,079	4,786,007
Sewer Fund	1,857,329	720
Tax Increment Financing	-	1,500,419
Capital Projects	2,010,191	-
Nonmajor Special Revenue Funds:		
City Special Revenues	123,249	595,261
School Grant Funds	20,828	269
School Lunch Fund	415,000	-
	<hr/>	<hr/>
Total interfund transfers	\$ 6,882,676	6,882,676

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

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

FUND BALANCES

Minimum fund balance policy. The City Council has adopted a financial policy to maintain a minimum level of unassigned fund balance in the general fund. The minimum target level is set at 9% of general fund budgeted expenditures. In the event that the unassigned fund balance drops below this minimum level, the City will develop a plan, implemented through the annual budgetary process, to bring the balance back to the target level over a period of no more than three (3) fiscal years. Amounts in excess of the targeted maximum of 12% of general fund, measured on a GAAP basis, shall be used for capital improvements or other one-time expenditures as identified by the City Council. The policy was adopted by the City to recognize the financial importance of a stable and sufficient level of unassigned fund balance. However, the City Council reserves the right to appropriate funds from the unassigned fund balance for emergencies and other requirements the City Council believes to be in the best interest of the City of South Portland. At June 30, 2016, the City maintained an unassigned general fund balance of \$13,320,584 which is 16.09% of the fiscal year 2017 budget of \$82,787,929.

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 \$1,517,713 tax rate stabilization reserve at June 30, 2016 with \$500,000 anticipated to be used in the funding of fiscal year ending June 30, 2017 budget.

As of June 30, 2016, fund balance components consisted of the following:

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Nonspendable:			
Education – prepaid expenditures	\$ 104,615	-	104,615
Inventory and prepaid expenditures	-	42,910	42,910
Principal for permanent funds	-	198,949	198,949
Total nonspendable	104,615	241,859	346,474
Restricted:			
Education	2,708,544	553,788	3,262,332
TIF funds	-	7,450,075	7,450,075
Grants – Housing and Business Development	-	226,526	226,526
Grants – Other planning and general government	-	169,253	169,253
Grants – Fire and Police	-	47,870	47,870
Grants – FEMA equipment	-	104,967	104,967
Grants – State Highway Block	-	417,653	417,653
Donations – Parks and recreation operations	-	179,358	179,358
Other grants and donations	-	50,036	50,036
Permanent funds	-	144,615	144,615
Total restricted	2,708,544	9,344,141	12,052,685

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

FUND BALANCES, CONTINUED

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Committed:			
General government:			
Tax stabilization reserve	\$ 1,517,713	-	1,517,713
Climate action plan	76,109	-	76,109
Equipment replacement reserve	146,990	-	146,990
Unemployment reserve	38,132	-	38,132
Self-Insurance reserve	41,282	-	41,282
Safety reserve	168,751	-	168,751
Computerization reserve	122,682	-	122,682
Litigation legal reserve	630,194	-	630,194
Municipal buildings and land acquisition	155,458	-	155,458
Other reserves	70,760	-	70,760
South Portland Community TV	-	666,948	666,948
Freshwater Wetland Fund	-	160,798	160,798
Land Bank Trust	-	943,108	943,108
Public safety:			
Fire equipment and vehicle reserve	308,658	-	308,658
Police equipment reserves	87,146	-	87,146
Call company retirement reserve	59,848	-	59,848
Hazardous materials fund	-	94,033	94,033
Other	-	63,537	63,537
Public works:			
Snow removal reserve	316,835	-	316,835
Cummings road sewer reserve	212,084	-	212,084
Solid waste reserve	118,053	-	118,053
Other reserves	81,258	4,874	86,132
Street openings and recycling funds	-	342,970	342,970
Sewer impact fund	-	383,635	383,635
Transit and waterfront:			
Bus reserve	192,518	-	192,518
Portland Street Pier and Thomas Knight	-	184,050	184,050
Culture and recreation:			
Golf Course	-	125,057	125,057
Other	-	38,666	38,666
Capital projects	-	5,577,468	5,577,468
Total committed	4,344,471	8,585,144	12,929,615

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

FUND BALANCES, CONTINUED

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Assigned:			
Compensated absences reserve	\$ 2,679,319	-	2,679,319
Phone system reserve	75,020	-	75,020
Public safety vehicle reserve	22,528	-	22,528
Public works fuel distribution	128,245	-	128,245
Encumbrances	368,312	-	368,312
Total assigned	3,273,424	-	3,273,424
Unassigned	13,320,584	(1,059,302)	12,261,282
Total fund balance	\$ 23,751,638	17,111,842	40,863,480

CONSTRUCTION COMMITMENTS

The City has entered into contracts in connection with the Public Services Facility construction project and the Thornton Heights Phase III construction project. The following is a summary of the commitments at June 30, 2016:

	<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Balance Remaining</u>
Public Services Facility:				
Construction contracts	\$ 13,926,790	17.81%	2,480,764	11,446,026
Thornton Heights Phase III:				
Construction contract	\$ 3,977,481	50.35%	2,002,665	1,974,816

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	7,711,100	100%	7,711,100	134,173
Texas Instruments TIF	20,509,000	153,557,700	50%	76,778,850	1,335,952
Cummings TIF	1,697,200	25,184,200	0%	-	-
One Wallace TIF	2,178,200	4,268,000	100%	4,268,000	74,263
Long Creek TIF	1,066,300	12,105,600	100%	12,105,600	210,637
Brick Hill TIF	-	24,675,300	100%	24,675,300	429,350
Jared TIF	957,500	1,151,100	100%	1,151,100	20,029
Hannaford TIF	343,000	8,800,300	100%	8,800,300	153,125
Downtown TIF	96,881,900	48,964,300	100%	6,163,630	107,247
Transit TIF	18,373,000	1,202,000	100%	1,202,000	20,915

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

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

PLD Plan - Employees are required to contribute 7.5% to 9.0% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2016, was 8.9% of annual payroll for the regular plan and 11.4% of annual payroll for the special plan. Contributions to the pension plan from the City were \$1,197,620 for the year ended June 30, 2016.

SETP Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2016, was 13.38% of annual payroll of which 3.36% of payroll was required from the City and 10.02% was required from the State. Contributions to the pension plan from the City were \$683,535 for the year ended June 30, 2016.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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

The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2016, the City reported a liability of \$8,281,849 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion of the PLD Plan was 2.5958%.

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

City's proportionate share of the net pension liability	\$ 1,284,556
State's proportionate share of the net pension liability	
<u>associated with the City</u>	<u>25,808,454</u>
Total	\$ 27,093,010

At June 30, 2015, the City's proportion of the SETP was 0.09514%.

For the year ended June 30, 2016, the City recognized pension expense of \$2,870,039 for the PLD Plan and \$2,804,979 for the SET Plan with revenue of \$2,038,990 for support provided by the State. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	738,192
Changes of assumptions	767,288	-
Net difference between projected and actual earnings on pension plan investments	-	683,784
Changes in proportion and differences between City contributions and proportionate share of contributions	134,651	-
City contributions subsequent to the measurement date	<u>1,881,155</u>	<u>-</u>
Total	\$ 2,783,094	\$ 1,421,976

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

\$1,881,155 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (194,166)
2018	(415,984)
2019	(616,860)
2020	706,973

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

	<u>PLD Plan</u>	<u>SETP</u>
Inflation	3.5%	3.5%
Salary Increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compounded annually	7.125%	7.125%
Cost of living benefit increases, per annum	2.55%	2.55%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%
Total	100%	

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 7.125% for the PLD Plan and 7.125% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.125% for the PLD Plan and 7.125% for the SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125% for PLD Plan and 6.125% for SET Plan) or 1 percentage-point higher (8.125% for PLD Plan and 8.125% for SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
City's proportionate share of the net pension liability	\$ 16,499,897	\$ 8,281,849	\$ 490,632
<u>SET Plan</u>	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
City's proportionate share of the net pension liability	\$ 2,248,954	\$ 1,284,556	\$ 481,324

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

Payables to the Pension Plan - None as of June 30, 2016.

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

OTHER POST EMPLOYMENT BENEFITS

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 July 2015 based on an actuarial valuation date of January 1, 2015.

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Normal cost	\$ 119,164	119,164	104,974
UAL amortization	236,004	236,004	228,327
Interest	7,034	7,034	6,601
Annual required contribution (ARC)	362,202	362,202	339,902
Interest on net OPEB obligation	62,222	53,259	41,238
Adjustment to ARC	(89,958)	(76,999)	(59,620)
Annual OPEB costs (AOC)	\$ 334,466	338,462	321,520

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net OPEB obligation, July 1, 2015	\$ 1,555,554	1,331,472	1,030,952
Annual OPEB costs	334,466	338,462	321,520
Less: Actual contributions	(108,262)	(114,380)	(21,000)
Net OPEB obligation, June 30, 2016	\$ 1,781,758	1,555,554	1,331,472

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual OPEB cost (AOC)	\$ 334,466	338,462	321,520
Actual contribution	108,262	114,380	21,000
Percent contributed	32.37%	33.79%	6.53%
<hr/>			
Actuarial accrued liability	\$ 4,244,221	4,244,221	4,106,163
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 4,244,221	4,244,221	4,106,163
<hr/>			
Covered payroll	12,862,259	13,519,980	13,126,194
Unfunded actuarial accrued liability as a percentage of covered payroll	33.00%	31.39%	31.28%

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

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

Actuarial valuation date	1/1/15
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%

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

DEFERRED COMPENSATION PLAN

The City of South Portland offers on a voluntary basis to all permanent employees working at least fifteen hours per week and covered by the City's Section 215 Agreement (Social Security), and who do not participate in the Maine Public Employees Retirement System Plan, the following options, with a City contribution: Internal Revenue Code Section 457, Deferred Compensation Plan or Internal Revenue Code Section 401(a), Defined Contribution Plan. In addition, employees who participate in the 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 \$365,829 to the plans during the year ended June 30, 2016.

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 2016, 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, 2016. The City also maintains commercial insurance for other specific liabilities with deductibles from \$1,000 to \$25,000. There have been no changes in commercial coverage from the prior year and no settlements have exceeded insurance coverage in any of the past three years.

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

The following summarizes the claims activity with respect to the City's self-insurance programs during 2016:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u>
<u>Unpaid claims as of the beginning of year</u>	\$ 41,555	-
Provision for current year events	-	22,175
Increase in provision for prior year events	-	-
Total incurred claims	-	22,175
Payments:		
Claims attributable to current year	-	22,175
Claims attributable to prior year	13,972	-
Total payments	13,972	22,175
<u>Unpaid claims, end of year</u>	<u>\$ 27,583</u>	<u>-</u>

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

RISK MANAGEMENT, CONTINUED

The following summarizes the claims activity with respect to the City's self-insurance programs during 2015:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u>
<u>Unpaid claims as of the beginning of year</u>	<u>\$ 57,710</u>	<u>-</u>
Provision for current year events	-	26,310
<u>Increase in provision for prior year events</u>	<u>-</u>	<u>-</u>
Total incurred claims	-	26,310
Payments:		
Claims attributable to current year	-	26,310
<u>Claims attributable to prior year</u>	<u>16,155</u>	<u>-</u>
Total payments	16,155	26,310
 <u>Unpaid claims, end of year</u>	 <u>\$ 41,555</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%
2014	1/1/13	\$ -	\$4,106,163	\$4,106,163	0.00%	\$13,126,194	31.28%
2015	1/1/15	\$ -	\$4,244,221	\$4,244,221	0.00%	\$13,519,980	31.39%
2016	1/1/15	\$ -	\$4,244,221	\$4,244,221	0.00%	\$12,862,259	33.00%

CITY OF SOUTH PORTLAND, MAINE
Required Supplementary Information, Continued

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

Last 10 Fiscal Years

(Only two years of information available)

	<u>2016*</u>	<u>2015*</u>
<u>PLD</u>		
City's proportion of the net pension liability	2.5958%	2.6531%
City's proportionate share of the net pension liability	\$ 8,281,849	\$4,082,632
City's covered-employee payroll	11,567,444	10,562,181
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	71.60%	38.65%
Plan fiduciary net position as a percentage of of the total pension liability	88.27%	94.10%
<u>SETP</u>		
City's proportion of the net pension liability	0.0951%	0.0684%
City's proportionate share of the net pension liability	\$ 1,284,556	\$739,151
State's proportionate share of the net pension liability associated with the City	<u>25,808,454</u>	<u>20,178,883</u>
Total	<u>\$ 27,093,010</u>	<u>\$20,918,034</u>
City's covered-employee payroll	\$ 20,348,205	\$22,885,971
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	6.31%	3.23%
Plan fiduciary net position as a percentage of of the total pension liability	81.18%	83.91%

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

CITY OF SOUTH PORTLAND, MAINE
Required Supplementary Information, Continued

Schedule of City Contributions

Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SETP)

Last 10 Fiscal Years

(Only two years of information available)

	<u>2016</u>	<u>2015</u>
<u>PLD</u>		
Contractually required contribution	\$ 1,197,620	\$1,027,150
Contributions in relation to the contractually required contribution	<u>(1,197,620)</u>	<u>(1,027,150)</u>
Contribution deficiency (excess)	=====	=====
City's covered-employee payroll	11,567,444	10,562,181
Contributions as a percentage of covered-employee payroll	10.35%	9.72%
<u>SETP</u>		
Contractually required contribution	\$ 683,535	\$606,477
Contributions in relation to the contractually required contribution	<u>(683,535)</u>	<u>(606,477)</u>
Contribution deficiency (excess)	=====	=====
City's covered-employee payroll	20,348,205	22,885,971
Contributions as a percentage of covered-employee payroll	3.36%	2.65%

Notes to Required Supplementary Information

Changes of Benefit Terms - None

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

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, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 37,165,601	30,251,486
Investments	5,427,170	8,470,978
Due from other governments	609,538	306,638
Receivables, net of allowance of \$691,708 and \$538,697	352,778	400,594
Taxes receivable	824,599	1,302,531
Tax liens and tax acquired property	170,266	413,098
Prepaid expenditures	104,615	100,382
Restricted assets, cash	50,000	50,000
Total assets	\$ 44,704,567	41,295,707
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	1,401,611	1,988,968
Accrued liabilities	856,019	582,346
Interfund loans payable	14,014,266	11,579,999
Accrued teachers' summer salaries and benefits	3,985,033	3,912,858
Total liabilities	20,256,929	18,064,171
Deferred inflows of resources:		
Unavailable revenue - property taxes	696,000	895,000
Total deferred inflows of resources	696,000	895,000
Fund balances:		
Nonspendable	104,615	100,382
Restricted	2,708,544	2,715,462
Committed	4,344,471	3,458,710
Assigned	3,273,424	3,234,394
Unassigned	13,320,584	12,827,588
Total fund balances	23,751,638	22,336,536
Total liabilities, deferred inflows of resources and fund balances	\$ 44,704,567	41,295,707

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, 2016
(with comparative actual amounts for the year ended June 30, 2015)

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property	\$ 59,918,234	60,497,323	579,089	59,761,351
Excise	5,425,000	7,241,370	1,816,370	6,374,595
Interest and penalties	110,000	135,076	25,076	118,502
Payments in lieu of taxes	240,850	244,118	3,268	240,662
Total taxes	65,694,084	68,117,887	2,423,803	66,495,110
Intergovernmental:				
State revenue sharing	1,185,000	1,285,328	100,328	1,264,320
State BETE Revenue	1,521,000	1,522,086	1,086	1,259,322
Homestead reimbursement	485,000	484,938	(62)	477,176
State education subsidy	5,662,701	6,066,906	404,205	5,275,585
State agency client	25,000	77,314	52,314	33,459
MaineCare	100,000	53,602	(46,398)	47,791
Section 5307	490,352	510,445	20,093	430,425
General assistance	284,000	284,231	231	124,747
Other State revenue	103,000	88,060	(14,940)	114,636
Total intergovernmental	9,856,053	10,372,910	516,857	9,027,461
Licenses, permits, fees, and fines:				
Cable franchise fee	120,000	120,000	-	151,779
City clerk	154,600	162,091	7,491	158,497
Planning	9,250	24,202	14,952	19,675
Police	84,000	69,616	(14,384)	92,484
Code enforcement	415,000	770,279	355,279	453,938
Public library	17,800	16,037	(1,763)	16,813
Total licenses, permits, fees, and fines	800,650	1,162,225	361,575	893,186
Charges for services:				
Rent and leases	70,800	82,304	11,504	75,364
Finance and information technology	144,750	151,729	6,979	144,381
Fire	837,000	875,444	38,444	811,824
Public works - transfer facility	97,000	88,419	(8,581)	103,254
Parks and recreation	182,500	222,661	40,161	194,656
Bus service	325,000	283,920	(41,080)	313,611
Other	3,100	3,360	260	3,991
Education	117,713	117,713	-	78,666
Total charges for services	1,777,863	1,825,550	47,687	1,725,747
Unclassified:				
City clerk	19,000	18,199	(801)	21,362
Finance	15,000	16,389	1,389	14,428
Police and fire	12,000	12,680	680	15,282
Planning and code enforcement	3,200	5,972	2,772	11,245
Public works	30,500	17,602	(12,898)	31,678
Other	9,300	19,521	10,221	14,305
Education	54,800	80,940	26,140	89,850
Total unclassified	143,800	171,303	27,503	198,150
Interest earned	390,000	428,191	38,191	434,550
Total revenues	78,662,450	82,078,066	3,415,616	78,774,204

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, 2016
(with comparative actual amounts for the year ended June 30, 2015)

	Budget	Actual	Variance positive (negative)	2015 Actual
Expenditures:				
Current:				
General government:				
City council	\$ 153,734	133,802	19,932	132,384
Executive	210,763	208,125	2,638	202,723
City clerk	241,221	233,657	7,564	234,316
Corporation council	258,041	255,662	2,379	163,311
Finance	1,008,029	992,286	15,743	978,238
Information technology	368,534	364,208	4,326	357,885
Planning	229,884	228,154	1,730	223,583
Sustainability	62,471	60,788	1,683	-
Human resources	327,655	310,944	16,711	320,336
City building	190,801	188,438	2,363	175,210
Citywide insurance and benefit costs	6,735,370	6,552,162	183,208	6,222,055
Total general government	9,786,503	9,528,226	258,277	9,010,041
Public safety:				
Police department	4,257,033	4,210,090	46,943	4,101,705
Fire department	4,914,594	4,910,081	4,513	4,776,614
Communications	806,090	796,598	9,492	775,973
Code enforcement	710,689	679,709	30,980	670,293
Civil service	11,345	11,313	32	5,760
Total public safety	10,699,751	10,607,791	91,960	10,330,345
Public works:				
Administration	220,075	226,652	(6,577)	218,609
Streets and sidewalks	2,446,466	2,424,138	22,328	2,637,555
Rubbish disposal	1,369,065	1,225,119	143,946	1,286,579
Public works garage	281,620	235,811	45,809	281,460
Transfer facility	259,739	372,920	(113,181)	260,995
Total public works	4,576,965	4,484,640	92,325	4,685,198
Culture:				
Main library	595,398	576,159	19,239	561,160
Branch library	76,555	61,350	15,205	60,517
Total culture	671,953	637,509	34,444	621,677
Parks and recreation:				
Administration	161,811	131,114	30,697	155,944
Parks	1,259,317	1,203,494	55,823	1,147,281
Pool	342,901	322,611	20,290	350,413
Recreation	747,272	757,334	(10,062)	789,760
Total parks and recreation	2,511,301	2,414,553	96,748	2,443,398
Total culture, parks, and recreation	3,183,254	3,052,062	131,192	3,065,075
Transportation and waterfront:				
Bus service	1,145,256	1,144,109	1,147	1,101,551
Waterfront	39,257	38,500	757	38,500
Total transportation and waterfront	1,184,513	1,182,609	1,904	1,140,051

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, 2016
(with comparative actual amounts for the year ended June 30, 2015)

	Budget	Actual	Variance positive (negative)	2015 Actual
Expenditures, continued:				
Current, continued:				
Health, welfare and social services:				
Welfare:				
Administration	\$ 97,179	94,255	2,924	87,253
General assistance	407,300	407,829	(529)	265,113
Total	504,479	502,084	2,395	352,366
Health	17,700	19,750	(2,050)	17,250
Total health, welfare and social services	522,179	521,834	345	369,616
Intergovernmental - County tax	2,434,056	2,434,056	-	2,327,942
Other:				
Contingency and abatement reserve	84,900	67,832	17,068	79,143
Total other	84,900	67,832	17,068	79,143
Education	45,678,804	45,261,254	417,550	44,007,322
Debt service (excluding education):				
Administration	3,000	-	3,000	-
Principal	858,583	858,583	-	855,849
Interest	64,773	64,773	-	81,942
Total debt service	926,356	923,356	3,000	937,791
Total expenditures	79,077,281	78,063,660	1,013,621	75,952,524
Excess (deficiency) of revenues over (under) expenditures	(414,831)	4,014,406	4,429,237	2,821,680
Other financing sources (uses):				
Budgeted use of surplus - City	3,216,772	-	(3,216,772)	-
Budgeted use of surplus - School	500,000	-	(500,000)	-
Transfers in	844,399	844,399	-	929,499
Transfers out	(4,146,340)	(4,482,992)	(336,652)	(1,973,499)
Total other financing sources (uses)	414,831	(3,638,593)	(4,053,424)	(1,044,000)
Net change in fund balance - budgetary basis	-	375,813	375,813	1,777,680
Reconciliation to GAAP basis:				
Change in encumbrances - City		15,042		29,356
Change in encumbrances - School		(121,103)		61,014
Change in unbudgeted teacher summer benefits		111,817		(268,502)
Change in reserves		1,033,533		(1,395,384)
Net change in fund balance - GAAP basis		1,415,102		204,164
Fund balance, beginning of year		22,336,536		22,132,372
Fund balance, end of year	\$	23,751,638		22,336,536

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, 2016
(with comparative actual amounts for the year ended June 30, 2015)

	2016			2015 Actual
	Budget	Actual	Variance positive (negative)	
Revenues:				
Local assessment	\$ 39,238,191	39,238,191	-	38,375,017
State education subsidy	5,662,701	6,066,906	404,205	5,275,585
State agency client	25,000	77,314	52,314	33,459
MaineCare	100,000	53,602	(46,398)	47,791
Charges for services	117,713	117,713	-	78,666
Other	54,800	80,940	26,140	89,850
Total revenues	45,198,405	45,634,666	436,261	43,900,368
Expenditures:				
Current:				
Brown Elementary	1,820,047	1,803,927	16,120	1,764,192
Dyer Elementary	1,521,528	1,515,704	5,824	1,529,155
Kaler Elementary	1,456,038	1,453,012	3,026	1,401,921
Skillin Elementary	2,497,925	2,450,870	47,055	2,371,598
Small Elementary	1,935,587	1,949,283	(13,696)	1,887,171
Mahoney Middle School	2,432,237	2,383,972	48,265	2,239,896
Memorial Middle School	2,829,663	2,762,913	66,750	2,672,073
South Portland High School	6,478,258	6,445,311	32,947	6,323,152
K-12 instrumental music	117,700	116,461	1,239	113,289
6-12 athletics	724,480	712,891	11,589	694,918
Special education	8,443,413	8,340,716	102,697	7,878,724
Health	377,505	412,198	(34,693)	358,671
Board of education	152,791	139,671	13,120	130,304
Superintendent of schools	396,424	361,438	34,986	418,594
Assistant superintendent	1,633,422	1,688,495	(55,073)	1,630,342
Curriculum	338,627	320,576	18,051	396,676
Technology	691,687	715,772	(24,085)	491,277
Business office	857,968	830,750	27,218	1,105,941
Operations/maintenance	4,017,797	3,985,642	32,155	4,131,040
Transportation	2,036,727	1,952,672	84,055	1,684,693
Debt service:				
Principal	3,608,363	3,608,363	-	3,609,902
Interest	1,310,617	1,310,617	-	1,173,793
Total expenditures	45,678,804	45,261,254	417,550	44,007,322
Excess (deficiency) of revenues over (under) expenditures	(480,399)	373,412	853,811	(106,954)
Other financing sources (uses):				
Transfers in	395,399	395,399	-	258,611
Transfers out	(415,000)	(828,759)	(413,759)	(420,000)
Budgeted use of surplus	500,000	-	(500,000)	-
Total other financing sources (uses)	480,399	(433,360)	(913,759)	(161,389)
Net change in fund balances - budgetary basis	-	(59,948)	(59,948)	(268,343)
Reconciliation to GAAP basis:				
Change in encumbrances		(121,103)		61,014
Change in unbudgeted teacher summer benefits		111,817		(268,502)
Change in reserves		66,549		(402,313)
Net change in fund balance - GAAP basis		(2,685)		(878,144)
Fund balance, beginning of year		2,815,844		3,693,988
Fund balance, end of year	\$	2,813,159		2,815,844

CITY OF SOUTH PORTLAND, MAINE
Reserves - General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2016

	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	\$ 129,351	100	1,370	8,591	-	24,760	146,990
1803	Unemployment - City	30,084	-	223	22,175	-	30,000	38,132
1804	Self-Insurance - City	2,708	32,641	317	6,884	-	12,500	41,282
1805	Municipal facilities	19,964	-	220	-	-	20,000	40,184
1806	Safety reserve	157,159	18,561	1,331	8,300	-	-	168,751
1807	Computerization project	80,210	22,257	494	45,279	-	65,000	122,682
1809	Litigation - legal	178,080	10,713	1,959	238,503	-	677,945	630,194
1822	Communication equipment - police	68,638	-	728	-	-	2,600	71,966
1824	Body armor - police	10,180	-	-	-	-	5,000	15,180
1830	Fire	488,010	30,351	5,297	-	-	(215,000)	308,658
1834	Traffic improvements	23,235	-	246	-	-	10,000	33,481
1836	Public works equipment	22,080	25,463	234	-	-	-	47,777
1840	Snow removal	264,042	-	2,793	-	-	50,000	316,835
1842	Library	3,440	-	-	-	-	-	3,440
1845	Cummings Road sewer	209,864	-	2,220	-	-	-	212,084
1847	Bus	116,773	-	1,150	19,474	-	94,069	192,518
1850	Senior Property Tax Program	13,951	-	-	-	-	12,986	26,937
1858	Climate Action Plan	89,313	-	-	13,204	-	-	76,109
1861	Tax stabilization	1,229,585	-	13,128	-	-	275,000	1,517,713
1864	Call company retirement	64,698	-	-	4,850	-	-	59,848
1869	Energy efficient	1,961	-	-	1,762	-	-	199
1871	Solid waste	87,131	-	922	-	-	30,000	118,053
1872	Municipal buildings & land acq.	168,253	20,639	1,068	34,502	-	-	155,458
	Subtotal City committed reserves	3,458,710	160,725	33,700	403,524	-	1,094,860	4,344,471
<u>City assigned reserves:</u>								
1828	Vehicle replacement - police	(57,235)	26,148	-	149,874	190,860	-	9,899
1867	Phone system	98,329	-	-	35,129	-	11,820	75,020
1868	Compensated absences	2,679,319	-	-	-	-	-	2,679,319
2172	Outside OT - Police	14	150,095	-	149,507	-	-	602
2173	Outside OT - Fire	4,905	7,122	-	-	-	-	12,027
2176	Fuel distribution	98,557	29,688	-	-	-	-	128,245
	Subtotal City assigned reserves	2,823,889	213,053	-	334,510	190,860	11,820	2,905,112
	Total City reserves	6,282,599	373,778	33,700	738,034	190,860	1,106,680	7,249,583
<u>School reserves:</u>								
0202	Restricted school reserve funds:							
	School consolidation	323,618	-	2,843	33,028	-	-	293,433
	School tech upgrade	404,202	-	3,152	29,970	-	180,000	557,384
	Unemployment - School	69,718	-	757	8,863	-	-	61,612
	School bus	207,810	-	1,963	30,991	-	110,000	288,782
	School resource officer	22,252	-	-	-	-	(8,015)	14,237
	School elementary	19,511	-	-	-	-	-	19,511
	Self-insurance - School	10,008	-	-	-	-	-	10,008
	Musical program	139,128	-	-	-	-	-	139,128
	Maintenance	369,315	-	513	77,169	-	-	292,659
	Adult education	16,993	-	-	3,415	-	-	13,578
	Student educational support	(8,533)	39,888	-	20,791	-	-	10,564
	Laptop repair	86,214	36,136	-	17,252	-	(80,000)	25,098
	Special Education	200,000	-	-	-	-	-	200,000
0456	School facility	85,432	-	791	-	-	-	86,223
	Total School reserves	1,945,668	76,024	10,019	221,479	-	201,985	2,012,217
Total reserves		\$ 8,228,267	449,802	43,719	959,513	190,860	1,308,665	9,261,800

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, 2016

	2501	2502	2503	2504	2505	2507	2508	2509	2510	2511	Total
	Fairchild	Texas	One Wallace	Cummings	Long Creek	Brick Hill	Jared	Hannaford	Downtown	Transit	
	Semiconductor	Instruments	Avenue	Road	Long Creek	Brick Hill	Jared	Hannaford	Downtown	Transit	
Revenues:											
Taxes	\$ 134,173	1,335,952	74,263	-	210,637	429,350	20,029	153,125	107,247	20,915	2,485,691
State BETE revenue	1,087,867	-	-	-	-	-	-	-	-	-	1,087,867
Investment earnings	31,576	5,718	6,241	6,713	5,019	2,222	589	4,977	2,601	-	65,656
Total revenues	1,253,616	1,341,670	80,504	6,713	215,656	431,572	20,618	158,102	109,848	20,915	3,639,214
Expenditures:											
Current:											
General government	50,341	14,116	58	44,154	11,171	100	783	1,543	-	-	122,266
Public works	58,229	42,568	-	23,436	12,227	-	4,705	-	-	-	141,165
Other	67,087	534,381	-	-	113,072	227,501	-	-	-	-	942,041
Total expenditures	175,657	591,065	58	67,590	136,470	227,601	5,488	1,543	-	-	1,205,472
Excess (deficiency) of revenues over (under) expenditures	1,077,959	750,605	80,446	(60,877)	79,186	203,971	15,130	156,559	109,848	20,915	2,433,742
Other financing uses:											
Transfers out	(1,216,035)	(21,000)	-	-	(15,000)	(197,384)	-	(15,000)	(36,000)	-	(1,500,419)
Total other financing uses	(1,216,035)	(21,000)	-	-	(15,000)	(197,384)	-	(15,000)	(36,000)	-	(1,500,419)
Net change in fund balances	(138,076)	729,605	80,446	(60,877)	64,186	6,587	15,130	141,559	73,848	20,915	933,323
Fund balances, beginning of year	3,031,190	620,621	589,957	665,879	511,201	289,854	57,329	465,557	242,913	42,251	6,516,752
Fund balances, end of year	\$ 2,893,114	1,350,226	670,403	605,002	575,387	296,441	72,459	607,116	316,761	63,166	7,450,075

CAPITAL PROJECTS FUND

CITY OF SOUTH PORTLAND, MAINE
Capital Projects
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2016

	Fund balance beginning of year	Revenues			Expenditures	Other financing sources (uses)	Fund balance end of year
		Other	Intergov- ernmental	Investment earnings		Transfers	
City capital projects:							
4009 Transfer facility	\$ 115,338	-	-	1,209	116,547	-	-
4011 Paving	1,017,777	-	-	11,251	74,730	(872)	953,426
4012 Bug Light Park	8,628	7,371	-	-	-	-	15,999
4018 Chlorination/Dechlorinate	17,227	-	-	-	-	-	17,227
4038 City FY 01 projects	18,501	-	-	-	18,501	-	-
4040 East Broadway improvement	74	-	-	-	-	-	74
4045 City FY 03 projects	1,859	-	-	-	-	-	1,859
4051 City FY 06 projects	14,512	-	1,210	-	1,514	-	14,208
4055 City FY 08 projects	33,392	-	-	-	-	(33,392)	-
4061 Library CIP	65,310	-	-	-	13,223	(18,305)	33,782
4063 Police CIP	86,813	-	-	-	35,586	122,292	173,519
4064 Fire CIP	237,657	-	-	-	121,540	589,950	706,067
4072 Public works CIP	1,813,384	-	1,170,447	-	1,660,075	(44,101)	1,279,655
4077 Parks and recreation CIP	361,129	-	-	-	159,985	318,127	519,271
4079 Municipal services facility	454,383	462,357	392,622	-	3,103,224	760,000	(1,033,862)
4080 Bus CIP	246,137	-	96,045	-	111,103	-	231,079
4081 Waterfront CIP	15,240	-	-	-	-	-	15,240
4151 Municipal buildings CIP	57,072	-	-	-	2,428	(10,825)	43,819
4155 Information technology CIP	134,351	-	-	-	174,810	162,804	122,345
4156 Planning CIP	60,750	-	-	-	34,591	164,513	190,672
Total City capital projects	4,759,534	469,728	1,660,324	12,460	5,627,857	2,010,191	3,284,380
School capital projects:							
0301 Major capital projects:							
ADA Buildings - School	31,468	-	-	-	-	-	31,468
High School Auditorium/Cafeteria	10,577	-	-	-	21,592	-	(11,015)
School FY 02 projects	269,223	-	-	1,982	56,521	-	214,684
0303 SPHS construction/renovation	426,639	70	-	415	355,385	-	71,739
0400 School FY 03 projects	196,346	-	-	2,077	-	-	198,423
0401 School FY 04 projects	204,237	-	-	2,161	-	-	206,398
0402 School FY 01 projects	130,300	-	-	1,304	34,650	-	96,954
0403 School FY 05 projects	62,306	-	-	577	-	-	62,883
0404 School FY 07 projects	2,334	-	-	-	-	-	2,334
0455 School FY 08 projects	26,409	-	-	-	-	-	26,409
0405 School FY 10 projects	614,060	-	-	941	267,067	-	347,934
Total School capital projects	1,973,899	70	-	9,457	735,215	-	1,248,211
Total capital projects	\$ 6,733,433	469,798	1,660,324	21,917	6,363,072	2,010,191	4,532,591

ALL OTHER GOVERNMENTAL FUNDS

CITY OF SOUTH PORTLAND, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2016

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Investments	\$ 671,407	343,564	1,014,971
Due from other governments	789,338	-	789,338
Accounts receivable, net of allowance of \$3,445	95,020	-	95,020
Interfund loans receivable	3,630,610	-	3,630,610
Prepaid expenditures	13,300	-	13,300
Inventory	29,610	-	29,610
Total assets	\$ 5,229,285	343,564	5,572,849
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	115,706	-	115,706
Accrued liabilities	73,702	-	73,702
Accrued teachers' summer salaries	254,265	-	254,265
Total liabilities	443,673	-	443,673
Fund balances:			
Nonspendable	42,910	198,949	241,859
Restricted	1,749,451	144,615	1,894,066
Committed	3,007,676	-	3,007,676
Unassigned	(14,425)	-	(14,425)
Total fund balances	4,785,612	343,564	5,129,176
Total liabilities and fund balances	\$ 5,229,285	343,564	5,572,849

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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Taxes	\$ 20,000	-	20,000
Intergovernmental	4,043,819	-	4,043,819
Charges for services	2,120,738	-	2,120,738
Investment income	56,442	14,187	70,629
Other	516,364	-	516,364
Total revenues	6,757,363	14,187	6,771,550
Expenditures:			
General government	843,908	-	843,908
Public safety	174,490	-	174,490
Public works	173,468	-	173,468
Culture and recreation	853,403	-	853,403
Transportation and waterfront	86,373	-	86,373
Education	2,459,953	-	2,459,953
School lunch program	1,721,538	-	1,721,538
Other	-	1,731	1,731
Total expenditures	6,313,133	1,731	6,314,864
Excess of revenues over expenditures	444,230	12,456	456,686
Other financing uses:			
Transfers out	(36,453)	-	(36,453)
Total other financing uses	(36,453)	-	(36,453)
Net change in fund balances	407,777	12,456	420,233
Fund balances, beginning of year	4,377,835	331,108	4,708,943
Fund balances, end of year	\$ 4,785,612	343,564	5,129,176

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, 2016

	City Special Revenues Fund	School Grant Funds	School Adult Education	School Lunch Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Investments	\$ 671,407	-	-	-	671,407
Due from other governments	107,367	634,047	-	47,924	789,338
Accounts receivable, net of allowance of \$3,445	54,491	40,529	-	-	95,020
Interfund loans receivable	3,494,092	59,393	8,331	68,794	3,630,610
Prepaid expenditures	-	-	-	13,300	13,300
Inventory	-	-	-	29,610	29,610
Total assets	\$ 4,327,357	733,969	8,331	159,628	5,229,285
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	50,453	19,457	26	45,770	115,706
Accrued liabilities	73,702	-	-	-	73,702
Accrued teachers' summer salaries	-	240,646	2,681	10,938	254,265
Total liabilities	124,155	260,103	2,707	56,708	443,673
Fund balances:					
Nonspendable	-	-	-	42,910	42,910
Restricted	1,195,663	488,154	5,624	60,010	1,749,451
Committed	3,007,676	-	-	-	3,007,676
Unassigned	(137)	(14,288)	-	-	(14,425)
Total fund balances	4,203,202	473,866	5,624	102,920	4,785,612
Total liabilities and fund balances	\$ 4,327,357	733,969	8,331	159,628	5,229,285

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, 2016

	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	1,033,653	2,193,081	10,209	806,876	4,043,819
Charges for services	1,573,490	-	-	547,248	2,120,738
Investment income	56,442	-	-	-	56,442
Other	344,638	171,726	-	-	516,364
Total revenues	3,008,223	2,364,807	30,209	1,354,124	6,757,363
Expenditures:					
Current:					
General government	843,908	-	-	-	843,908
Public safety	174,490	-	-	-	174,490
Public works	173,468	-	-	-	173,468
Culture and recreation	853,403	-	-	-	853,403
Transportation and waterfront	86,373	-	-	-	86,373
Education	-	2,429,744	30,209	-	2,459,953
School lunch program	-	-	-	1,721,538	1,721,538
Total expenditures	2,131,642	2,429,744	30,209	1,721,538	6,313,133
Excess (deficiency) of revenues over (under) expenditures	876,581	(64,937)	-	(367,414)	444,230
Other financing sources (uses):					
Transfers in (out)	(472,012)	20,559	-	415,000	(36,453)
Total other financing sources and (uses)	(472,012)	20,559	-	415,000	(36,453)
Net change in fund balances	404,569	(44,378)	-	47,586	407,777
Fund balances, beginning of year	3,798,633	518,244	5,624	55,334	4,377,835
Fund balances, end of year	\$ 4,203,202	473,866	5,624	102,920	4,785,612

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, 2016

	7001	7002	7003	7004	7006	7007	7008	7009	
	Lillian Anderson Bequest	Lois V. Whitten Bequest	Reta Nappi Bequest	Virginia Boyd Bequest	Sandra Coolbroth Trust	Callahan Trust	Virginia Lewis Bequest	W.P. Adams Maintenance Liberty Ship Memorial	Total
ASSETS									
Investments	\$ 28,143	9,900	2,821	3,835	95,304	128,624	44,986	29,951	343,564
Total assets	\$ 28,143	9,900	2,821	3,835	95,304	128,624	44,986	29,951	343,564
FUND BALANCES									
Fund balances:									
Nonspendable principal	16,406	5,430	1,566	3,150	52,238	70,502	24,657	25,000	198,949
Restricted	11,737	4,470	1,255	685	43,066	58,122	20,329	4,951	144,615
Total fund balances	28,143	9,900	2,821	3,835	95,304	128,624	44,986	29,951	343,564
Total liabilities and fund balances	\$ 28,143	9,900	2,821	3,835	95,304	128,624	44,986	29,951	343,564

CITY OF SOUTH PORTLAND, MAINE
 Nonmajor Permanent Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the year ended June 30, 2016

	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	1,178	413	118	156	3,974	5,363	1,876	1,109	14,187
Total revenues	1,178	413	118	156	3,974	5,363	1,876	1,109	14,187
Expenditures:									
Other	140	49	14	20	477	644	225	162	1,731
Total expenditures	140	49	14	20	477	644	225	162	1,731
Net change in fund balances	1,038	364	104	136	3,497	4,719	1,651	947	12,456
Fund balances, beginning of year	27,105	9,536	2,717	3,699	91,807	123,905	43,335	29,004	331,108
Fund balances, end of year	\$ 28,143	9,900	2,821	3,835	95,304	128,624	44,986	29,951	343,564

PROPRIETARY FUND

CITY OF SOUTH PORTLAND, MAINE
Proprietary Fund
Schedule of Revenues, Expenses, and Changes in Net Position -
Budget and Actual
For the year ended June 30, 2016

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 5,627,874	5,627,874	5,851,019	223,145
Interest and penalties	1,000	1,000	1,701	701
Licenses	62,960	62,960	69,623	6,663
Total operating revenues	5,691,834	5,691,834	5,922,343	230,509
Operating expenses:				
Administration	160,583	160,583	160,128	455
Treatment plant	921,332	921,332	949,864	(28,532)
Pump stations	558,056	558,056	522,077	35,979
Billing	182,384	182,384	186,125	(3,741)
Sewer maintenance	819,592	819,592	818,474	1,118
Engineering	226,194	226,194	222,156	4,038
Debt service	35,893	35,893	35,223	670
Compliance	98,218	98,218	90,563	7,655
Sludge disposal	364,080	364,080	270,259	93,821
Insurance	812,638	812,638	742,654	69,984
Total operating expenses	4,178,970	4,178,970	3,997,523	181,447
Operating income	1,512,864	1,512,864	1,924,820	411,956
Nonoperating expenses:				
Equipment reserve	(1,512,000)	(1,512,000)	(1,512,000)	-
Total nonoperating expenses	(1,512,000)	(1,512,000)	(1,512,000)	-
Income before transfers	864	864	412,820	411,956
Other financing sources (uses):				
Transfers out	(864)	(864)	(720)	144
Total other financing sources	(864)	(864)	(720)	144
Change in net position - budgetary basis	-	-	412,100	412,100
Reconciliation to GAAP basis:				
Revenues and expenditures in the reserve funds are included on the GAAP basis, but not the budgetary basis:				
Reserve revenues			76,744	
Reserve expenditures			(303,154)	
Transfers into reserves			1,512,000	
Capital outlays are recorded as expenditures on the budgetary basis, but are capitalized and expensed over their useful life on the GAAP basis:				
Purchase of capital assets			55,173	
Depreciation expense			(1,932,280)	
Capital contribution - debt forgiveness			100,000	
Transfers in from TIF Funds and other funds			1,853,916	
Bond proceeds provide current financial resources on a budgetary basis, but issuing debt increases long-term liabilities on the statement of net position.				
Repayment of bond principal is an expenditure on the budgetary basis, but reduces the long-term liability on the GAAP basis:				
Bond principal			27,102	
Change in net position - GAAP basis			1,801,601	
Net position, beginning of year			61,204,100	
Net position, end of year			\$ 63,005,701	

AGENCY FUNDS

CITY OF SOUTH PORTLAND, MAINE
 Agency Funds
 Statement of Changes in Assets and Liabilities
 Fiduciary Funds
 For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
ASSETS				
Cash and cash equivalents	\$ 137,151	207,612	211,654	133,109
Total assets	137,151	207,612	211,654	133,109
LIABILITIES				
Due to others	137,151	207,612	211,654	133,109
Total liabilities	\$ 137,151	207,612	211,654	133,109

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, 2016

		Fund balance beginning of year	Revenues		Expenditures	Transfers	Fund balance end of year
			Inter- governmental	Other			
General Government:							
Federal grants:							
2115	CDBG - Entitlement Community	\$ 14,546	209,603	2,072	215,343	-	10,878
2155	Housing Revolving Loan	104,976	-	-	-	-	104,976
State grants:							
2031	Watershed Plan	1,551	9,866	4	7,176	11,465	15,710
2138	Greater Portland Public Development	52,005	-	-	-	-	52,005
2154	Land Use Regulation Grant	233	-	-	-	-	233
Other:							
2008	Restoration of Records	1,254	-	-	-	-	1,254
2042	Business Development Revolving Loan	58,290	-	377	-	-	58,667
2044	City Hall Water & Soda	-	-	960	-	-	960
2053	Wallace Avenue Directional	2,201	-	23	-	-	2,224
2057	Downeast Energy Traffic Improvement	4,727	-	50	-	-	4,777
2058	NE Audio/Tweeter Sidewalks	10,030	-	106	-	-	10,136
2067	Toys "R" Us Sidewalks	10,495	-	111	-	-	10,606
2088	SPCTV	408,573	-	478,374	213,079	(6,920)	666,948
2094	Gannett Traffic Signal Escrow	25,812	-	273	-	-	26,085
2097	Wellness Committee	-	-	8,513	8,650	-	(137)
2108	Longhorn Steakhouse Escrow	18,619	-	197	-	-	18,816
2114	Millcreek Traffic Impact	5,685	-	771	-	-	6,456
2120	Evan/Highland Toddle Inn Escrow	22,802	-	241	-	-	23,043
2129	Westbrook/Western Escrow	13,995	-	1,209	-	-	15,204
2136	Knightville/Mill Creek Plan	7,981	-	-	-	-	7,981
2139	Brick Hill Traffic Escrow	1,191	-	12	-	-	1,203
2146	Heating Assistance	1,683	-	-	1,185	-	498
2149	Westbrook/South Portland Assessing	2,506	191,748	-	193,261	(120)	873
2161	War Memorial	2,001	-	-	-	-	2,001
2165	Freshwater Wetland Fund	172,513	1,500	1,785	3,535	(11,465)	160,798
2169	John Roberts Road Escrow	2,100	-	-	-	-	2,100
2179	Land Bank Trust	683,199	-	228,150	3,241	35,000	943,108
2188	Long Creek Tragedy Memorial	237	-	-	-	-	237
2199	Armory Environmental and Abatement	-	160,000	38,438	198,438	-	-
Total General Government		1,629,205	572,717	761,666	843,908	27,960	2,147,640

CITY OF SOUTH PORTLAND, MAINE
City Special Revenues
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2016

		Fund balance beginning of year	Revenues Inter- governmental Other		Expenditures	Transfers	Fund balance end of year
Public Safety:							
Federal grants:							
2023	OUI Grant	\$ 918	5,743	-	5,743	-	918
2050	Asset Forfeiture - Federal	12,406	-	131	-	-	12,537
2064	Seat Belt Enforcement Grant	2,228	2,846	-	2,846	-	2,228
2102	Body Armor	-	680	-	-	-	680
2121	Supplemental Homeland Security	-	123,266	-	123,266	-	-
2125	County Hazmat Grant	17,366	13,125	-	17,331	-	13,160
2126	State Hazmat Grant	3,172	-	-	-	-	3,172
2151	Justice Assistance Grant	7,398	-	-	-	-	7,398
2160	Speed Enforcement	2,165	13,481	-	13,481	-	2,165
2167	Underage Drinking Enforcement	568	-	-	-	-	568
2181	Language Access New America	1,711	-	-	-	-	1,711
State grants:							
2049	Asset Forfeiture - State	2,402	900	31	-	-	3,333
Other:							
2018	Hazardous Materials	81,166	-	12,867	-	-	94,033
2086	Police Donations	10,861	-	5,860	9,632	-	7,089
2107	Tobacco Cessation	9,592	-	-	240	-	9,352
2142	SP Police Youth Program	7,684	-	1,376	845	-	8,215
2174	Fire Donation	10,921	-	660	-	-	11,581
2178	Outside OT - Code Enforcement	5,041	-	-	-	-	5,041
2182	Compliance Check	970	-	-	-	-	970
2186	County Underage Drinking Enforcement	5,519	2,093	-	508	-	7,104
2194	Fire Training	14,783	-	-	598	-	14,185
Total Public Safety		196,871	162,134	20,925	174,490	-	205,440

CITY OF SOUTH PORTLAND, MAINE
City Special Revenues
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2016

		Fund balance beginning of year	Revenues		Expenditures	Transfers	Fund balance end of year
			Inter- governmental	Other			
Public Works:							
Federal grants:							
2096	FEMA Disaster Relief	\$ 198,967	-	-	-	(94,000)	104,967
2191	Safer Routes to Schools	4,018	-	-	-	(4,018)	-
State grants:							
2046	State Aid Highway Block Grant	468,792	258,600	6,296	-	(316,035)	417,653
Other:							
2024	Recycling	4,440	-	434	-	-	4,874
2082	Street Openings	338,382	-	89,723	85,075	(60)	342,970
2084	Sewer Impact	447,544	-	139,484	88,393	(115,000)	383,635
Total Public Works		1,462,143	258,600	235,937	173,468	(529,113)	1,254,099
Culture and Recreation:							
Other:							
2035	Tree Fund	300	-	-	-	-	300
2037	Debevoise Tennis Court	2,127	-	-	-	-	2,127
2056	Library Donations	43,720	-	1,506	53	-	45,173
2071	Golf Course	113,792	-	160,374	149,049	(60)	125,057
2072	Recreation	1,399	-	699,903	659,379	67,934	109,857
2073	Donations to Parks and Recreation	106,246	-	15,292	12,363	(39,674)	69,501
2076	Art in the Park	26,118	-	28,725	21,166	-	33,677
2109	Bug Light Beautification	(941)	-	-	-	941	-
2116	Ge Erskine Park	1,987	-	-	-	-	1,987
2152	Friends of South Portland Libraries	744	-	10,649	11,393	-	-
2189	Communities Promoting Health	575	-	-	-	-	575
Total Culture and Recreation		296,067	-	916,449	853,403	29,141	388,254
Transportation and Waterfront:							
Federal grants:							
2041	Planning/Capital Grants	21,436	40,202	-	40,202	-	21,436
2093	Rural Transit Assistance Grant	2,283	-	-	-	-	2,283
Other:							
2074	Boat Ramp	-	-	15,213	23,122	7,909	-
2075	Portland Street Pier	190,628	-	22,560	22,582	(7,909)	182,697
2117	Thomas Knight Boat Landing	-	-	1,820	467	-	1,353
Total Transportation and Waterfront		214,347	40,202	39,593	86,373	-	207,769
Total		\$ 3,798,633	1,033,653	1,974,570	2,131,642	(472,012)	4,203,202

CITY OF SOUTH PORTLAND, MAINE
School Grant Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2016

		Fund balance beginning of year	Revenues	Expenditures	Transfers	Fund balance end of year
Federal Grants:						
0230	Title IA - Disadvantaged	\$ -	610,314	610,314	-	-
0242	Smaller Learning Community	-	582,559	582,559	-	-
0247	Local Entitlement	-	676,424	676,424	-	-
0251	Preschool Grant	-	8,530	8,530	-	-
0264	Title V	(2)	-	-	-	(2)
0268	Title III - Language Acquisition	-	24,664	24,664	-	-
0270	Title II A - Improving Teacher Quality	14,087	169,618	169,618	-	14,087
0275	Elementary School Program	500	-	-	-	500
0295	Adult Basic Education	-	22,955	22,955	-	-
Total federal grants		14,585	2,095,064	2,095,064	-	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
0221	AE College Transitions	-	7,040	7,040	-	-
0223	State Proficiency Grant	35,581	43,292	53,903	-	24,970
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	41,724	47,685	96,995	-	(7,586)
Total state grants		172,827	98,017	157,938	-	112,906
Local Grants and Other Special Funds:						
0200	SPHS Auditorium:					
	SPHS Auditorium	12,239	9,751	5,122	-	16,868
	Elaine Wolfson Memorial	1,158	-	-	-	1,158
0201	Local SPHS:					
	High School Musical	15,033	25,926	30,179	-	10,780
	High School Aspirations	23,913	16,500	22,117	-	18,296
	SPHS Friends	6,796	1,200	1,180	-	6,816
	SPHS Class of 1940	100	-	-	-	100
	Readiness Partnership	178	-	-	-	178
	Sustainability Committee	1,225	-	1,312	-	(87)
	Vicious Cycle	3,000	-	1,217	-	1,783
	Substance Abuse Prevention	1,235	-	-	-	1,235
0203	Primary Books	4,810	-	-	-	4,810

CITY OF SOUTH PORTLAND, MAINE
School Grant Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2016

	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)	32,791	5,000	9,290	-	28,501
Texas Instruments (Stem Grant)	-	45,600	22,057	-	23,543
Innovative Idea (Thurlow)	1,558	-	-	-	1,558
Summer Music (Memorial)	2,748	-	1,055	-	1,693
Kids Consortium Memorial	477	-	-	-	477
Memorial Friends	3,637	4,425	2,590	-	5,472
Great Bay Foundation - Kaler	1,231	-	-	-	1,231
Target Kaler Prof. Development Grant	4,000	-	-	-	4,000
Girls Leadership Initiative	31	-	-	-	31
Donations	5,213	-	-	-	5,213
Transition Books	1,414	-	-	-	1,414
Opportunity Alliance	10,000	-	-	-	10,000
School Nutrition Donations	224	500	604	-	120
Project Based Learning	900	-	-	-	900
Garbage to Garden Composting	269	-	-	(269)	-
0205 Local Boosters:					
Baseball Boosters	500	-	-	-	500
Lacrosse Club Boys	1,891	-	-	-	1,891
Lacrosse Club Girls	1,886	-	-	-	1,886
MSSPA Playoffs	2,551	5,288	1,261	-	6,578
SPHS Athletic Shed	-	5,000	-	-	5,000
Johnson Athletic	16,685	-	1,640	13,759	28,804
0206 Southern Maine (LCA) Project	137	-	-	-	137
0207 Dyer Friends	(894)	1,600	1,237	-	(531)
0208 Staff Computer Training	(476)	-	-	-	(476)
0209 Future Builders/Summer School	18,110	8,986	20,805	-	6,291
0211 Robotics	3,552	20,837	9,596	-	14,793
0212 21st Century Donations	118,735	-	22,325	-	96,410
0213 Quest	7,551	-	-	-	7,551
0214 Skillin Local:					
Skillin Playground	655	-	-	-	655
Friends Skillin Library	959	5,884	6,608	-	235
Skillin Natural Science	678	2,000	1,671	-	1,007
Skillin Friends	228	400	-	-	628
0215 Gates Teacher Leader Grant	1,500	-	-	-	1,500
0217 Art Donations	857	-	-	-	857
0218 Small Friends	(625)	1,037	962	269	(281)
0219 Local Friends Grants:					
Brown Friends	3,551	500	1,457	-	2,594
Mary F Marsh Book	5,651	-	-	-	5,651
Mahoney Friends	1,776	1,500	855	-	2,421
Kaler Friends	1,440	1,400	795	-	2,045
0222 Special Education Access Channel	11,305	-	6,027	6,800	12,078
0227 Teamwork for Kids - Fallon	1,000	-	-	-	1,000
0615 Adult Ed Enrichment	2,195	8,392	4,780	-	5,807
Total local grants and other special funds	330,832	171,726	176,742	20,559	346,375
Total	\$ 518,244	2,364,807	2,429,744	20,559	473,866

CITY OF SOUTH PORTLAND, MAINE
Private-purpose Trust Funds
Combining Schedule of Changes in Fiduciary Net Position
For the year ended June 30, 2016

	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	\$ 9,412	-	292	115	49	9,770
0803 Lewis Trust (School)	1,452,178	-	45,215	11,346	36,065	1,472,674
0804 Alley Scholarship	10,523	-	336	72	561	10,370
0805 Davidson Scholarship	4,605	-	146	29	227	4,553
0806 Elliot Scholarship	6,933	-	222	50	340	6,865
0807 Friese Scholarship	5,618	-	179	35	533	5,299
0808 Harvie Scholarship	4,598	-	149	75	424	4,398
0809 Naylor Scholarship	5	-	-	-	-	5
0810 Norwood Scholarship	59,249	-	3,927	(4,259)	1,500	57,417
0811 Reynolds Scholarship	76	-	2	1	-	79
0812 Robinson Scholarship	31	-	1	-	-	32
0813 Schwartz Scholarship	832	-	26	7	5	860
0814 Smart Scholarship	14,043	-	464	123	84	14,546
0815 Super Runion Scholarship	7,633	-	240	51	244	7,680
0816 Wiggin Scholarship	8,258	-	263	60	447	8,134
0817 Paul Fiore Scholarship	6,387	-	198	66	34	6,617
0818 John Millington Scholarship	14,082	-	452	148	1,078	13,604
0819 Stu Brown Scholarship	78	-	1	-	-	79
0820 William Linskey Memorial	9,655	-	313	62	557	9,473
0821 SPSHS Recycle Club Scholarship	1	-	-	-	-	1
0822 Governor's Restaurant Scholarship	3	-	-	-	-	3
0823 Book Trust	2,083	-	65	12	212	1,948
0824 Eagles Association Scholarship	1	-	-	-	-	1
0825 Sherrie Libby Scholarship	9,770	-	300	78	453	9,695
0826 Gustaf W Johnson Scholarship	575,730	-	18,105	4,255	24,752	573,338
0827 A Varanelli Scholarship	(87)	-	-	(55)	7	(149)
0828 Downing Trust	198	-	-	-	-	198
0829 Robert Graff Scholarship	3,572	-	127	123	516	3,306
0830 Rosella Loveitt Trust	1,933	-	64	59	208	1,848
0831 Deveboise Scholarship	18,814	-	224	-	224	18,814
0832 TJ Michaud	326	-	3	-	-	329
0833 Walker Scholarship	2,500	840	26	-	1,000	2,366
0835 Ralph Baxter Scholarship	1,695	150	-	-	-	1,845
7506 Eleanor Hatch Trust	15,091	-	468	185	78	15,666
Total private-purpose trusts	\$ 2,245,826	990	71,808	12,638	69,598	2,261,664

STATISTICAL SECTION



Photo Courtesy of Russ Lunt

STATISTICAL SECTION

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

<u>Contents</u>	<u>Tables</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	1-5
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	6-11
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	12-14
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	15-16
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	17-19

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 60,871,026	\$ 61,842,283	\$ 62,710,640	\$ 58,877,233	\$ 65,465,039	\$ 68,914,663	\$ 72,207,636	\$ 73,600,630	\$ 75,413,372	\$ 79,523,948
Restricted	6,789,992	5,617,965	5,231,382	20,519,257	16,473,151	11,783,906	11,601,604	12,642,454	11,581,748	12,399,159
Unrestricted	<u>21,778,559</u>	<u>27,506,644</u>	<u>28,222,514</u>	<u>14,161,211</u>	<u>14,713,818</u>	<u>17,843,882</u>	<u>18,392,216</u>	<u>11,423,557</u> (a)	<u>15,159,920</u>	<u>13,880,761</u>
Total governmental activities net position	<u>\$ 89,439,577</u>	<u>\$ 94,966,892</u>	<u>\$ 96,164,536</u>	<u>\$ 93,557,701</u>	<u>\$ 96,652,008</u>	<u>\$ 98,542,451</u>	<u>\$ 102,201,456</u>	<u>\$ 97,666,641</u>	<u>\$ 102,155,040</u>	<u>\$ 105,803,868</u>
Business-type activities:										
Net investment in capital assets	\$ 47,074,503	\$ 46,308,755	\$ 46,316,298	\$ 45,994,633	\$ 47,843,440	\$ 49,501,248	\$ 49,690,446	\$ 49,898,598	\$ 50,967,438	\$ 50,111,131
Restricted	16,387	59,260	3,695,284	9,527,765	6,884,009	5,877,132	4,543,966	4,060,384	2,152,583	4,617,231
Unrestricted	<u>7,459,989</u>	<u>7,982,872</u>	<u>5,484,960</u>	<u>4,297,811</u>	<u>4,452,700</u>	<u>5,562,693</u>	<u>6,922,600</u>	<u>7,328,083</u>	<u>8,084,079</u>	<u>8,277,339</u>
Total business-type activities net position	<u>\$ 54,550,879</u>	<u>\$ 54,350,887</u>	<u>\$ 55,496,542</u>	<u>\$ 59,820,209</u>	<u>\$ 59,180,149</u>	<u>\$ 60,941,073</u>	<u>\$ 61,157,012</u>	<u>\$ 61,287,065</u>	<u>\$ 61,204,100</u>	<u>\$ 63,005,701</u>
Primary government:										
Net investment in capital assets	\$ 107,945,529	\$ 108,151,038	\$ 109,026,938	\$ 104,871,866	\$ 113,308,479	\$ 118,415,911	\$ 121,898,082	\$ 123,499,228	\$ 126,380,810	\$ 129,635,079
Restricted	6,806,379	5,677,225	8,926,666	30,047,022	23,357,160	17,661,038	16,145,570	16,702,838	13,734,331	17,016,390
Unrestricted	<u>29,238,548</u>	<u>35,489,516</u>	<u>33,707,474</u>	<u>18,459,022</u>	<u>19,166,518</u>	<u>23,406,575</u>	<u>25,314,816</u>	<u>18,751,640</u> (a)	<u>23,243,999</u>	<u>22,158,100</u>
Total primary government net position	<u>\$ 143,990,456</u>	<u>\$ 149,317,779</u>	<u>\$ 151,661,078</u>	<u>\$ 153,377,910</u>	<u>\$ 155,832,157</u>	<u>\$ 159,483,524</u>	<u>\$ 163,358,468</u>	<u>\$ 158,953,706</u>	<u>\$ 163,359,140</u>	<u>\$ 168,809,569</u>

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

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

Expenses	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$ 7,858,530	\$ 8,751,896 (a)	\$ 9,495,321 (d)	\$ 9,688,052	\$ 9,760,459 (e)	\$ 10,384,706 (e)	\$ 10,512,718	\$ 11,234,446	\$ 10,584,081	\$ 13,747,918
Public safety	9,752,130	10,932,053 (a)	10,957,606	11,199,775	11,475,123	11,883,029	12,030,128	12,553,773	12,766,963	13,000,756
Public works	8,098,520	8,471,162	10,588,187 (c)	8,857,599	7,919,091	7,333,922	7,282,274	7,519,818	7,510,853	6,873,549
Culture and recreation	4,164,619	4,385,614	4,508,966	4,118,351	4,271,160	4,349,852	4,333,705	4,431,468	4,440,715	4,587,976
Transportation and waterfront	1,138,742	1,206,499	1,240,071	1,114,584	1,100,308	1,220,037	1,218,546	1,381,048	1,519,381	1,596,383
Health, welfare and social services	364,539	365,874	411,092	422,295	346,737	321,795	329,143	335,866	369,616	521,834
Education	39,942,483	40,304,149	42,048,840	43,115,348	43,299,040	43,451,415	42,854,439	45,825,021	47,485,069	47,943,450
School lunch	1,083,170	1,508,487	1,537,754	1,471,687	1,471,687	1,591,951	1,547,688	1,681,737	1,693,739	1,721,538
Intergovernmental	1,916,991	- (a)	-	-	-	-	-	-	-	-
Other	45,863	95,030	-	-	-	-	-	-	-	-
Interest on debt service	1,362,500	1,299,549	1,131,499	1,018,182	1,020,873	853,840	1,761,281	1,464,950	1,436,958	1,328,266
Capital maintenance expenses	895,800	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	76,623,887	77,320,313	81,919,336	81,005,873	80,664,478	81,390,547	81,869,922	86,428,127	87,807,375	91,321,670
Business-type activities:										
Sewer	5,039,723	5,269,243	5,385,925	5,588,572	5,721,362	5,632,254	5,885,557	6,133,807	6,147,313	6,154,095
Total business-type activities expenses	5,039,723	5,269,243	5,385,925	5,588,572	5,721,362	5,632,254	5,885,557	6,133,807	6,147,313	6,154,095
Total primary government expenses	\$ 81,663,610	\$ 82,589,556	\$ 87,305,261	\$ 86,594,445	\$ 86,385,840	\$ 87,022,801	\$ 87,755,479	\$ 92,561,934	\$ 93,954,688	\$ 97,475,765
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 267,501	\$ 394,785	\$ 451,215	\$ 460,562	\$ 291,417	\$ 305,479	\$ 514,857	\$ 417,451	\$ 510,092	\$ 831,509
Public safety	1,626,374	1,663,068	1,297,109	1,281,955	1,222,605	1,188,407	1,506,952	1,448,532	1,358,246	1,715,339
Public works	124,318	288,339	251,918	227,948	76,690	200,634	331,600	283,953	300,711	308,979
Culture and recreation	888,205	967,556	961,885	1,026,341	945,933	923,531	922,237	922,321	974,204	1,078,408
Transportation and waterfront	182,179	239,178	254,240	249,769	285,060	393,663	418,198	439,386	417,158	389,317
Education	-	-	104,088	94,400	114,136	119,035	57,030	37,159	55,695	105,425
School lunch program	618,742	677,501	666,218	617,646	559,536	559,536	559,536	559,536	559,536	559,536
Operating grants and contributions	12,844,817	12,534,281	13,129,038	13,495,633	11,296,237	12,254,487	10,382,263	12,995,004	13,459,862	13,373,025
Capital grants and contributions	524,503	427,728	666,143	438,734	1,888,618	479,280	518,319	1,574,695	382,528	1,917,714
Total governmental activities program revenues	17,076,639	17,192,436	17,781,854	17,892,988	16,680,232	16,424,052	15,210,992	18,678,037	18,018,032	20,279,252
Business-type activities:										
Charges for services:										
Sewer	4,712,656	4,830,444	4,828,439	4,934,609	5,397,938	5,436,377	5,637,193	5,927,684	5,927,684	5,922,343
Capital grants and contributions	-	175,000	-	207,671	63,392	110,000	138,232	-	-	100,000
Total business-type activities program revenues	4,712,656	5,005,444	4,828,439	5,142,280	5,461,330	5,546,377	5,775,425	5,927,684	5,927,684	6,022,343
Total primary government program revenues	\$ 21,789,295	\$ 22,197,880	\$ 22,610,293	\$ 23,035,268	\$ 22,141,562	\$ 21,970,429	\$ 20,986,417	\$ 24,605,721	\$ 23,945,716	\$ 26,301,595

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expense)/revenue										
Governmental activities	\$ (59,547,248)	\$ (60,127,877)	\$ (64,137,482)	\$ (63,112,885)	\$ (63,984,246)	\$ (64,966,495)	\$ (66,658,930)	\$ (67,750,090)	\$ (69,789,343)	\$ (71,042,418)
Business-type activities	(327,067)	(263,799)	(557,486)	(446,292)	(260,032)	(85,877)	(110,132)	(206,123)	(326,984)	(131,752)
Total primary government net (expense)/revenue	<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>	<u>\$ (67,956,213)</u>	<u>\$ (70,116,327)</u>	<u>\$ (71,174,170)</u>
General Revenues and other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 51,914,401	\$ 54,792,790	\$ 55,427,763	\$ 54,915,627	\$ 55,589,394	\$ 57,176,484	\$ 58,939,831	\$ 59,778,935	\$ 61,874,477	\$ 63,183,208
Motor vehicle excise tax	4,161,209	4,778,818	4,989,942	4,076,731	4,942,156	5,037,900	5,453,056	5,829,497	6,374,595	7,241,370
Cable television franchise	148,000	167,000	167,000	175,000	180,000	185,000	176,253	166,543	151,779	120,000
Unrestricted grants and contributions	2,492,697	2,799,221	3,656,803	4,140,782	4,234,142	4,244,228	4,391,399	4,259,604	4,321,318	4,427,881
Miscellaneous	2,037,648 (b)	971,453	1,503,264	976,023	1,224,520	1,400,096	1,224,458	1,088,123	1,169,599	945,284
Gain (Loss) on sale of assets/property	(97,456)	2,000	-	-	289,956	(121,631)	-	-	-	-
Interest and investment earnings	1,920,809	2,077,877	1,247,382	948,180	829,187	751,519	431,930	592,776	581,216	630,112
Transfers	(440,027)	66,033	(1,657,028)	(4,726,293)	(210,802)	(1,816,658)	(298,992)	(306,075)	(195,242)	(1,856,609)
Total governmental activities	<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>	<u>\$ 71,409,403</u>	<u>\$ 74,277,742</u>	<u>\$ 74,691,246</u>
Business-type activities:										
Interest and investment earnings	149,093	110,957	46,113	43,666	30,537	30,143	27,079	30,101	48,777	76,744
Gain (Loss) on sale of assets/property	-	-	-	-	(621,367)	-	-	-	-	-
Transfers	440,027	(47,150)	1,657,028	4,726,293	210,802	1,816,658	298,992	306,075	195,242	1,856,609
Total business-type activities	<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>	<u>\$ 336,176</u>	<u>\$ 244,019</u>	<u>\$ 1,933,353</u>
Total primary government	<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>	<u>\$ 71,745,579</u>	<u>\$ 74,521,761</u>	<u>\$ 76,624,599</u>
Change in Net Position										
Governmental activities	\$ 2,590,033	\$ 5,527,315	\$ 1,197,644	\$ (2,606,835)	\$ 3,094,307	\$ 1,890,443	\$ 3,659,005	\$ 3,659,313	\$ 4,488,399	\$ 3,648,828
Business-type activities	262,053	(199,992)	1,145,655	4,323,667	(640,060)	1,760,924	215,939	130,053	(82,965)	1,801,601
Total primary government	<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>	<u>\$ 3,789,366</u>	<u>\$ 4,405,434</u>	<u>\$ 5,450,429</u>

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

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

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

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$ 675,933	\$ 551,765	\$ 1,223,949	\$ 1,088,768	\$ 1,023,181	\$ 1,203,520	\$ 1,385,648	\$ 1,061,168	\$ 1,186,539	\$ 1,404,226
Public safety	2,391,416	1,984,122	1,790,751	1,825,941	2,370,744	1,987,659	2,240,012	2,015,605	1,765,083	1,919,288
Public works	1,071,128	737,532	928,021	676,642	420,743	551,896	828,918	887,641	683,239	1,738,026
Culture and recreation	107,035	166,204	984,385	1,026,341	947,023	923,531	922,237	922,321	974,204	1,078,408
Transportation and waterfront	400,075	492,824	452,590	438,416	1,581,186	690,767	677,047	1,560,803	883,678	1,438,633
Health, welfare and social services	100,824	114,320	138,875	169,058	131,513	99,697	113,648	125,937	124,747	284,231
Education	11,549,058	11,819,435	12,263,283	12,667,822	10,205,842	10,966,982	9,043,482	12,104,562	12,400,542	12,416,440
Total governmental activities	16,295,469	15,866,202	17,781,854	17,892,988	16,680,232	16,424,052	15,210,992	18,678,037	18,018,032	20,279,252
Business-type activities:										
Sewer	4,712,656	5,005,444	4,828,439	5,142,280	5,461,330	5,546,377	5,775,425	5,927,684	5,820,239	6,022,343
Total business-type activities	4,712,656	5,005,444	4,828,439	5,142,280	5,461,330	5,546,377	5,775,425	5,927,684	5,820,239	6,022,343
Total primary government	\$ 21,008,125	\$ 20,871,646	\$ 22,610,293	\$ 23,035,268	\$ 22,141,562	\$ 21,970,429	\$ 20,986,417	\$ 24,605,721	\$ 23,838,271	\$ 26,301,595

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ - (a)	\$ 28,138	\$ -	\$ -	\$ -	\$ 100,382	\$ 104,615
Restricted	-	-	-	6,759,738	5,918,192	5,284,024	4,072,226	3,693,988	2,715,462	2,708,544
Committed	-	-	-	3,469,215	3,679,767	3,340,240	4,419,099	4,482,037	3,458,710	4,344,471
Assigned	-	-	-	2,492,458	2,658,767	2,820,042	3,035,817	3,117,547	3,234,394	3,273,424
Unassigned	-	-	-	8,866,245	9,686,895	10,591,915	10,144,040	10,838,800	12,827,588	13,320,584
General fund:										
Reserved	47,904	75,761	86,254	-	-	-	-	-	-	-
Unreserved	16,668,116	20,933,104	22,182,284	-	-	-	-	-	-	-
Total general fund	\$ 16,716,020	\$ 21,008,865	\$ 22,268,538	\$ 21,587,656	\$ 21,971,759	\$ 22,036,221	\$ 21,671,182	\$ 22,132,372	\$ 22,336,536	\$ 23,751,638
All other governmental funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ 198,949 (a)	\$ 218,310	\$ 218,310	\$ 218,310	\$ 228,559	\$ 228,559	\$ 241,859
Restricted	-	-	-	13,560,570	10,356,010	39,370,502	18,401,015	16,551,026	9,578,044	9,344,141
Committed	-	-	-	7,971,945	8,528,436	7,688,035	7,003,092	6,715,850	8,160,788	8,585,144
Unassigned	-	-	-	(147,328)	(137,479)	(263,166)	(116,930)	(69,544)	(8,263)	(1,059,302)
All other governmental funds:										
Reserved	1,349,394	1,682,034	511,768	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	8,897,621	7,578,863	9,707,555	-	-	-	-	-	-	-
Capital project funds	10,181,451	11,052,928	8,408,461	-	-	-	-	-	-	-
Permanent funds	61,070	80,652	96,812	-	-	-	-	-	-	-
Total all other governmental funds	\$ 20,489,536	\$ 20,394,477	\$ 18,724,596	\$ 21,584,136	\$ 18,965,277	\$ 47,013,681	\$ 25,505,487	\$ 23,425,891	\$ 17,959,128	\$ 17,111,842

(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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 56,115,227	\$ 59,703,389	\$ 60,190,887	\$ 58,841,558	\$ 60,530,950	\$ 62,378,384	\$ 64,110,887	\$ 65,352,432	\$ 68,968,072	\$ 70,623,578
Intergovernmental	15,862,017	15,761,230	17,451,984	18,075,149	17,418,997	16,977,995	15,291,981	18,629,968	18,163,708	19,718,620
Licenses and permits	1,200,997	1,034,769	753,670	768,097	843,138	785,020	1,025,315	966,203	893,186	1,162,225
Charges for services	2,118,758	2,288,552	3,647,254	3,497,817	2,953,646	3,090,265	3,461,348	3,308,678	3,434,235	3,946,288
Unclassified	2,573,212	2,047,559	1,418,758	830,707	1,697,113	1,332,902	1,358,674	1,127,061	1,377,045	1,607,267
Interest	1,920,809	2,077,877	1,247,382	948,180	829,187	751,519	431,930	592,776	581,216	630,112
Total revenues	79,791,020	82,913,376	84,709,935	82,961,508	84,273,031	85,316,085	85,680,135	89,977,118	93,417,462	97,688,090
Expenditures										
General government	7,543,139	7,597,359	8,379,854	8,551,477	8,734,685	9,341,619	9,552,893	9,951,423	10,446,432	10,826,767
Public safety	9,311,250	9,310,380	9,622,443	9,725,959	9,889,615	10,178,386	10,816,601	10,731,258	10,860,700	11,055,139
Public works	7,000,672	7,158,444	7,197,276	4,489,408	4,963,506	4,763,557	4,673,417	4,593,184	5,170,020	4,856,565
Culture and recreation	3,688,126	3,886,781	4,035,270	3,823,890	3,765,412	3,817,090	3,853,346	3,819,006	3,848,406	3,886,368
Transportation and waterfront	1,010,334	1,082,421	1,096,823	968,877	1,065,623	1,012,745	1,084,511	1,147,881	1,214,276	1,288,456
Health, welfare and social services	364,539	365,874	411,092	422,295	346,737	321,795	329,143	335,866	369,616	521,834
Education	40,776,756	41,344,800	43,126,774	44,463,544	44,508,869	44,780,581	44,499,054	48,054,880	50,451,150	50,505,672
School lunch program	1,083,170	1,508,487	1,537,754	1,471,687	1,487,170	1,591,951	1,547,688	1,681,737	1,693,739	1,721,538
County tax	1,916,991	1,941,542	1,999,427	2,034,422	2,058,577	2,072,476	2,075,037	2,215,084	2,327,942	2,434,056
Other	45,863	40,846	59,571	1,822,481	1,741,346	1,526,050	1,508,810	1,474,662	1,297,458	1,036,573
Capital projects	5,455,657	3,200,346	5,850,981	3,445,901	7,543,276	6,948,842	28,017,777	15,811,139	9,356,651	6,148,201
Debt Service: (a)										
Principal	1,403,765	1,308,765	1,148,765	898,765	898,765	925,161	850,644	853,204	855,849	858,583
Interest expense	447,893	412,661	370,714	314,348	251,204	216,082	198,205	450,926	592,580	314,773
Total expenditures	80,048,155	79,158,706	84,836,744	82,433,054	87,254,785	87,496,335	109,007,126	101,120,250	98,484,819	95,454,525
Excess (deficiency) of revenues over (under) expenditures	(257,135)	3,754,670	(126,809)	528,454	(2,981,754)	(2,180,250)	(23,326,991)	(11,143,132)	(5,067,357)	2,233,565

(a) Does not include debt service relating to Education

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other financing sources (uses)										
Proceeds - Bonds	\$ 500,000	\$ -	\$ 6,182,810	\$ 4,712,173	\$ -	\$ 32,642,580	\$ -	\$ 9,747,306	\$ -	\$ -
Proceeds capital leases	-	-	-	1,470,637	957,800	-	1,152,750	83,000	-	190,860
Refunding bonds issued	1,575,000	-	-	1,934,957	-	9,584,150	-	1,928,405	-	-
Payment to refunded bond escrow agent	(1,575,000)	-	-	(1,921,934)	-	(9,516,956)	-	(1,927,910)	-	-
Transfers in	4,056,229	4,315,184	2,464,669	809,829	4,448,190	6,043,689	2,943,319	2,786,789	5,002,623	4,675,598
Transfers out	(2,953,453)	(3,872,068)	(2,748,068)	(5,355,458)	(4,658,992)	(7,860,347)	(3,242,311)	(3,092,864)	(5,197,865)	(6,532,207)
Total other financing sources (uses)	<u>1,602,776</u>	<u>443,116</u>	<u>5,899,411</u>	<u>1,650,204</u>	<u>746,998</u>	<u>30,893,116</u>	<u>853,758</u>	<u>9,524,726</u>	<u>(195,242)</u>	<u>(1,665,749)</u>
Net change in fund balances	<u><u>\$ 1,345,641</u></u>	<u><u>\$ 4,197,786</u></u>	<u><u>\$ 5,772,602</u></u>	<u><u>\$ 2,178,658</u></u>	<u><u>\$ (2,234,756)</u></u>	<u><u>\$ 28,712,866</u></u>	<u><u>\$ (22,473,233)</u></u>	<u><u>\$ (1,618,406)</u></u>	<u><u>\$ (5,262,599)</u></u>	<u><u>\$ 567,816</u></u>
Total Debt Service including education	4,291,922	4,098,209	3,811,482	3,442,285	3,729,355	3,454,307	3,756,533	5,786,569	6,232,124	6,092,336
Debt service as a percentage of noncapital expenditures	5.57%	5.36%	4.66%	4.39%	4.71%	4.33%	4.72%	6.78%	7.03%	6.90%

Table 6

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

Fiscal Year	Property Taxes (b)	Vehicle Taxes	Other (a)	Subtotal	TIF Property Taxes	Capital Project Property Taxes	Total
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	5,453,056	341,440	60,453,578	2,303,339	1,353,970	64,110,887
2014	56,837,797	5,829,497	350,795	63,018,089	2,334,343	-	65,352,432
2015	59,781,351	6,374,595	359,164	66,515,110	2,452,962	-	68,968,072
2016	60,517,323	7,241,370	379,194	68,137,887	2,485,691	-	70,623,578

(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 (b)	Other State Aid (a)	Total State Aid
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
2014	1,315,198	5,584,653	125,937	478,706	1,135,762	440,909	9,081,165
2015	1,264,320	5,356,835	124,747	477,176	1,259,322	545,061	9,027,461
2016	1,285,328	6,197,822	284,231	484,938	1,522,086	598,505	10,372,910

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

(b) 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							
2007	(b) \$ 1,971,394,300	\$ 1,482,218,700	\$ 487,023,500	\$ 3,940,636,500	\$ 241,765,900	\$ 3,698,870,600	12.59	\$ 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	13.17	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	13.46	3,843,700,000	96.9%
2010	1,902,934,000	1,430,791,200	400,422,500	3,734,147,700	167,951,200	3,566,196,500	14.13	3,875,800,000	92.0%
2011	1,847,604,000	1,334,587,200	341,033,200	3,523,224,400	152,811,000	3,370,413,400	15.09	3,738,950,000	90.1%
2012	1,855,163,100	1,339,392,500	337,351,900	3,531,907,500	149,095,240	3,382,812,260	14.13	3,556,500,000	95.1%
2013	1,863,390,300	1,361,640,500	328,347,700	3,553,378,500	139,596,280	3,413,782,220	15.89	3,516,250,000	97.1%
2014	1,871,920,200	1,364,111,100	326,665,500	3,562,696,800	139,781,030	3,422,915,770	16.05	3,537,700,000	96.8%
2015	1,892,251,700	1,379,303,000	329,605,300	3,601,160,000	143,448,080	3,457,711,920	16.42	3,580,100,000	96.6%
2016	1,907,528,200	1,389,683,400	323,423,000	3,620,634,600	142,855,880	3,477,778,720	16.70	3,696,350,000	94.1%

(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
2007	(c) \$ 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	5,630,000	141,235,000	141,235,000
2012	57,960,000	57,960,000	140,425,200	140,425,200
2013	57,600,000	57,600,000	164,089,100	164,089,100
2014	57,330,000	57,330,000	196,012,700	196,012,700
2015	55,810,000	55,810,000	200,539,700	200,539,700
2016	55,740,000	55,740,000	215,867,700	215,867,700

Table 9

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

Tax Year	Direct Rates			Overlapping Rate		
	General Municipal	Education	Total	Cumberland County (a)	Total	
2007	(b)	4.18	8.41	12.59	0.51	13.10
2008		4.46	8.71	13.17	0.52	13.69
2009		4.30	9.16	13.46	0.54	14.00
2010		4.61	9.52	14.13	0.57	14.70
2011		4.92	10.17	15.09	0.61	15.70
2012		4.61	9.52	14.13	0.57	14.70
2013		5.10	10.79	15.89	0.61	16.50
2014		5.14	10.91	16.05	0.65	16.70
2015		5.24	11.18	16.42	0.68	17.10
2016		5.30	11.40	16.70	0.71	17.40

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 Nine Years Ago

Taxpayer	2016			2007		
	Assessed Valuation	Rank	Percentage of Total Assessed Value	Assessed Valuation	Rank	Percentage of Total Assessed Value
GGP - Maine Mall	\$ 250,956,100	1	6.93%	\$ 262,898,700	1	6.67%
Texas Instruments (National Semiconductor) (a)	180,078,200	2	4.97%	255,056,700	2	6.47%
Hannaford	58,320,400	3	1.61%	56,093,000	5	1.42%
Home Properties	55,243,700	4	1.53%	65,910,800	4	1.67%
Portland Pipe Line	44,706,800	5	1.23%	48,687,400	6	1.24%
Fairchild Semiconductor	42,168,200	6	1.16%	105,709,100	3	2.68%
Central Maine Power	41,996,200	7	1.16%	44,990,500	8	1.14%
Oprock Portland	28,485,300	8	0.79%			0.00%
Anthem	25,799,500	9	0.71%	34,074,100	9	0.86%
Asgrec Two, Inc/Macy's	25,709,400	10	0.71%	26,358,300	10	0.67%
Portland Newspapers				46,685,400	7	1.18%
	753,463,800		20.81%	946,464,000		24.02%
Total Assessed Valuation	\$ 3,620,634,600			\$ 3,940,636,500		
Includes:						
Municipal valuation	3,477,778,720			3,698,870,600		
TIF valuation	142,855,880			241,765,900		
	\$ 3,620,634,600			\$ 3,940,636,500		

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

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
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%	903,555	55,191,170	100.00%
2010	54,605,827	53,622,159	98.20%	983,495	54,605,654	100.00%
2011	55,253,882	54,175,209	98.05%	1,020,919	55,196,128	99.90%
2012	56,829,326	55,608,726	97.85%	1,179,511	56,788,237	99.93%
2013	58,630,745	57,515,651	98.10%	1,076,956	58,592,607	99.93%
2014	59,449,469	58,468,581	98.35%	942,521	59,411,102	99.94%
2015	61,546,876	60,720,014	98.66%	629,222	61,349,236	99.68%
2016	62,846,082	62,226,796	99.01%	-	62,226,796	99.01%

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

Fiscal Year	Governmental Activities		Business-type Activities	Total	Personal Income (a)	Percentage of Personal Income	Population (b)	Per Capita	Percentage of Estimated Actual Taxable Value of Property (c)
	General Obligation Bonds (f)	Capital Leases	General Obligation Bonds						
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	49,850,862	3,133,341	447,187	53,431,390	569,570,562	9.38%	25,002	2,137	1.42%
2014	55,335,688 (e)	2,870,232	420,085	58,626,005	569,570,562	10.29%	25,002	2,345	1.56%
2015	50,772,746	2,491,412	392,983	53,657,141	569,570,562	9.42%	25,002	2,146	1.42%
2016	46,348,658	2,307,319	3,765,881	52,421,858	569,570,562	9.20%	25,002	2,097	1.25%

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

(b) For years 2007 through 2010, 2000 Census, U.S. Department of Commerce, Bureau of the Census.

For years 2011 through 2016, 2010 Census, U.S. Department of Commerce, Bureau of the Census.

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

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

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

(f) Includes unamortized bond premiums

CITY OF SOUTH PORTLAND, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2016

Jurisdiction	Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
City of South Portland General Obligation	\$ 46,348,658	100.00%	\$ 46,348,658
City of South Portland Capital Leases	2,307,319	100.00%	2,307,319
Total direct debt	48,655,977		48,655,977
Overlapping:			
Portland Water District	87,638,389	7.40%	6,483,128
Cumberland County	35,735,000	9.06%	3,236,937
Total overlapping debt	123,373,389		9,720,065
Total direct and overlapping debt	\$ 172,029,366		\$ 58,376,042

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, 2016

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 2016 State Valuation of \$3,696,350,000, the City is in compliance with the total and categorical debt limits:

Debt Limit by Category

<u>Type of Debt</u>	<u>Maximum Percent Allowable</u>	<u>Maximum Amount Allowable</u>	<u>Principal Amount Outstanding</u>	<u>Legal Debt Margin</u>
School	10.00%	\$ 369,635,000	\$ 43,108,327	\$ 326,526,673
Storm or Sanitary Sewer	7.50%	277,226,250	3,765,880	273,460,370
Municipal	7.50%	277,226,250	1,193,765	276,032,485
Total Maximum Debt	15.00%	\$ 554,452,500	\$ 48,067,972	\$ 506,384,528

Legal Debt Margin Calculation for Fiscal Year 2016

State Valuation	\$ 3,696,350,000
Debt Limit - 15% of State Valuation	554,452,500
Less outstanding debt applicable to debt limit	<u>(48,067,972)</u>
Legal Debt Margin	<u>\$ 506,384,528</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 546,412,500	\$ 576,660,000	\$ 576,555,000	\$ 581,370,000	\$ 560,842,500	\$ 533,475,000	\$ 527,437,500	\$ 530,655,000	\$ 537,015,000	\$ 554,452,500
Total debt applicable to limit	<u>29,790,000</u>	<u>26,650,000</u>	<u>23,670,000</u>	<u>26,081,494</u>	<u>23,806,392</u>	<u>50,064,289</u>	<u>47,722,187</u>	<u>53,200,200</u>	<u>51,165,729</u>	<u>48,067,972</u>
Legal debt margin	\$ 516,622,500	\$ 550,010,000	\$ 552,885,000	\$ 555,288,506	\$ 537,036,108	\$ 483,410,711	\$ 479,715,313	\$ 477,454,800	\$ 485,849,271	\$ 506,384,528
Total debt applicable to the limit as a percentage of debt limit	5.45%	4.62%	4.11%	4.49%	4.24%	9.38%	9.05%	10.03%	9.53%	8.67%

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

Table 15

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

Employer	2016			2007		
	(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	13.53%
Anthem/Blue Cross & Blue Shield of Maine	1,000	2	4.00%	1,000	3	4.26%
City of South Portland	861	3	3.44%	928	4	3.95%
Fairchild Semiconductor	775	4	3.10%	1,100	2	4.68%
WEX Inc. (formerly Wright Express)	744	5	2.98%	670	5	2.85%
Southern Maine Community College	739	6	2.96%	180	7	0.77%
Texas Instruments (formerly National Semi)	540	7	2.16%	545	6	2.32%
United Parcel Service	200	8	0.80%			
Macy's	150	9	0.60%	150	9	0.64%
Marriott Corporation	148	10	0.59%	160	8	0.68%
Portland News Co.				150	10	0.64%
	8,657		34.63%	8,063		34.31%

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

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

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

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (a)	Median Age (a)	School Enrollment (d)	Unemployment Rate (c)
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%
2014	25,002	569,570,562	22,781	39.40	3,093	4.80%
2015	25,002	569,570,562	22,781	39.40	3,064	4.00%
2016	25,002	569,570,562	22,781	39.40	3,080	3.10%

(a) For years 2007 through 2010, 2000 Census, U.S. Department of Commerce, Bureau of the Census.

For years 2011 through 2016, 2010 Census, U.S. Department of Commerce, Bureau of the Census.

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

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

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

Table 17

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
City clerk	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Corporation council	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance department	17.0	18.0	17.0	17.0	16.0	17.0	17.0	17.0	17.0	17.0
Information technology	3.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Planning department	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Human resources	3.0	3.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0
City building	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Safety										
Police	56.0	57.0	56.0	55.0	56.0	55.0	56.0	58.0	59.0	59.0
Fire	69.0	65.5	65.0	64.0	65.0	67.0	68.0	69.0	69.5	69.5
Dispatch	12.0	12.0	12.0	11.0	10.0	9.0	8.0	6.0	5.0	3.0
Code	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Public Works										
Public Works	23.5	21.0	21.0	21.0	20.0	20.0	20.0	21.0	22.0	22.0
Parks and Recreation										
Parks	11.5	12.0	11.5	11.5	11.5	11.5	11.5	11.5	13.5	13.5
Recreation	27.0	26.5	22.0	22.0	22.0	22.0	22.0	22.0	21.0	21.0
Public Library										
Main Library	11.0	12.0	12.0	11.0	11.0	11.0	11.0	11.0	11.0	10.0
Branch Library	4.5	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Transportation and Waterfront										
Transportation and Waterfront	14.0	14.0	14.0	13.0	12.0	13.0	12.0	13.0	15.0	15.0
Health and Welfare										
Health and Welfare	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0
School										
School	512.5	527.5	559.8	579.0	571.0	571.0	561.0	568.0	570.0	565.0
Water Resource										
Water Resource	25.0	25.0	25.0	26.0	28.0	29.0	29.0	29.0	29.5	29.0
Total	819.0	828.0	849.8	865.0	858.0	861.0	851.0	861.0	869.5	861.0

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.

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police (b)										
Physical arrests	767	814	814	750	833	693	745	636	676	599
Calls for Service	32,522	34,692	30,648	32,028	33,009	30,740	34,071	37,391	36,361	36,337
UCR - Crime Index	981	1,058	1,253	1,085	946	923	1,013	923	1,012	804
Fire										
Fire calls	1,321	1,129	1,071	1,283	1,192	1,173	1,137	1,327	1,366	1,222
Medical calls	3,046	3,056	3,173	2,768	3,026	3,240	3,142	2,915	3,089	3,279
Inspections	1,818	2,268	2,310	1,600	1,698	1,749	1,670	1,808	1,923	1,915
Refuse Collection										
Refuse collected (tons)	7,838	7,525	6,947	6,633	6,253	6,244	5,878	5,705	5,643	5,519
Recyclables collected (tons)	1,905	2,093	2,036	2,457	2,461	2,323	2,278	2,292	2,333	2,243
Other public works										
Street resurfacing (miles)	5.23	5.87	4.59	5.21	5.01	4.50	4.00	3.50	2.90	2.90
Potholes repaired	187	217	200	241	250	225	235	255	220	125
Parks and Recreation										
Community center admissions	106,408	116,840	111,582	158,224	155,153	177,390	185,868	190,549	189,242	190,143
Library										
Items in collection (a)	115,930	101,828	106,817	106,527	104,062	99,316	102,906	103,838	103,104	107,109
Total items circulated (a)	212,959	256,623	224,929	277,641	288,602	262,125	267,654	213,668	200,337	260,865
Total items borrowed (a)	13,367	17,307	20,624	24,826	21,242	21,088	21,183	19,184	19,353	25,836
Water Resource										
Average daily sewage treatment (thousands of gallons)	7,350	7,140	8,100	7,613	6,610	6,740	6,273	6,139	6,078	5,496
Transit										
Total route miles	215,310	214,326	224,847	210,169	193,242	196,295	189,007	203,469	203,469	200,557
Passengers	184,273	202,299	223,575	219,749	211,634	247,370	263,124	258,617	259,824	246,931

Sources: Various city departments.

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

(b) Operating indicators are based on calendar from 2006-2015

Table 19

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Buildings	6	6	6	6	7	7	7	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	30	35	36	39	38	35	39	38	34	34
Fire Department										
Buildings	7	7	7	7	7	7	7	7	7	7
Vehicles	23	23	24	26	27	27	28	28	28	28
Code Enforcement										
Buildings	-	-	-	-	1	1	1	1	1	1
Vehicles	4	4	4	4	4	4	5	5	6	6
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	10	10	10	11	10	11	12	12	12	12
Heavy Vehicles	32	37	36	37	38	39	39	39	39	39
Culture and recreation										
Buildings	14	13	14	14	14	14	14	15	15	15
Vehicles	18	18	18	18	18	18	17	18	19	19
Transportation & Waterfront										
Buildings	2	2	2	2	2	2	2	3	3	3
Buses	7	7	7	7	12	12	8	10	10	10
Vehicles	2	2	2	2	2	2	2	2	2	2
Water Resources										
Buildings	37	38	38	38	38	38	38	38	38	38
Vehicles	24	22	23	23	24	23	23	23	23	23
School Department										
Schools	9	9	9	9	8	8	8	8	8	8
Buildings	4	4	4	4	4	4	4	4	4	4
Portable Classrooms	2	2	2	2	2	3	3	3	3	3
School Buses	21	23	23	23	22	22	23	23	23	23
Vehicles	8	8	8	8	7	8	7	7	7	7

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