



CITY OF SOUTH PORTLAND, MAINE

Comprehensive Annual Financial Report



Photo Courtesy of Russ Lunt

For Fiscal Year Ended June 30, 2020

CITY OF SOUTH PORTLAND, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2020



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, 2020**

**Prepared by:
City of South Portland
Finance Department**

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INTRODUCTORY SECTION



Photo Courtesy of Russ Lunt



FINANCE DEPARTMENT

GREGORY N. L'HEUREUX
Director of Finance

February 26, 2021

Honorable Misha Pride, 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, 2020.

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, 2020. 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, 2019 CAFR certificate of achievement, an organization chart, and a list of the City's principal elected and appointed officials. The financial section includes management's discussion and analysis of the City's financial activities, the basic financial statements 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, 2020, the amount of unassigned fund balance totaled \$12,909,528 or 13.60% of the fiscal year 2021 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's valuation has been somewhat unstable with values dropping during the economic crisis of 2008-2009; with values rebounding nicely in the past several years. Additionally, there has also been a continued shift to exempt personal property with the implementation of the State of Maine Business Equipment Tax Exemption (BETE) reimbursement program. Under this program, the State reimburses the municipality for a portion of the taxes that would have been collected from this exempt property. For fiscal year 2020, the exempt value under BETE was \$276,896,400 and the City received BETE reimbursement at a rate 49.71% (and certain TIF property at 87.00%), totaling \$3,025,931. The City's current-year property tax collection rate is a healthy rate of 98.28% a slight decrease from 98.77% the year before.

The City has a balanced and fairly diverse tax base with an approximately 54/46 split between residential (real) and commercial (real and personal) property value, its largest taxpayer comprising 6.33% of its total tax base, and its top ten taxpayers combined representing 19.52% of the total tax base.

Long-term Financial Planning

In preparing for the future, the City has identified several major programs necessary to meet citizens' needs for services, while continuing to meet the sharply rising fixed costs imposed on the City. Among these programs are the second phase of Front Street and West High sewer, the Cash Corner Fire Station, the Cottage Road safety and road improvements project, the Westbrook Street road and sidewalk project, as well as other road and sidewalk repair projects as identified through the City's new asset management software.

Looking forward the City has numerous capital needs that will need to be addressed including vehicle and equipment purchases, and renovating numerous older buildings. These initiatives are being address in accordance with the City's basic financial planning document, its seven-year Capital Improvement Program (CIP), which is reviewed and updated annually by the City Council.

Major Initiatives

The City Council approved several major projects in the CIP budget for during the fiscal year 2020. The Water Resources Department will be working on a facilities plan update, along with a major electrical plant upgrade to the treatment plant. The City is also conducting a long term facilities plan for Mahoney and other City buildings. The School Department is in full design services for construction of the new \$67 million Middle School which received state funding and voter approval in November of 2019. The Cash Corner Fire Station construction is proceeding nicely and on budget and is scheduled to open in the late spring of 2021.

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, 2019. This was the thirteenth 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

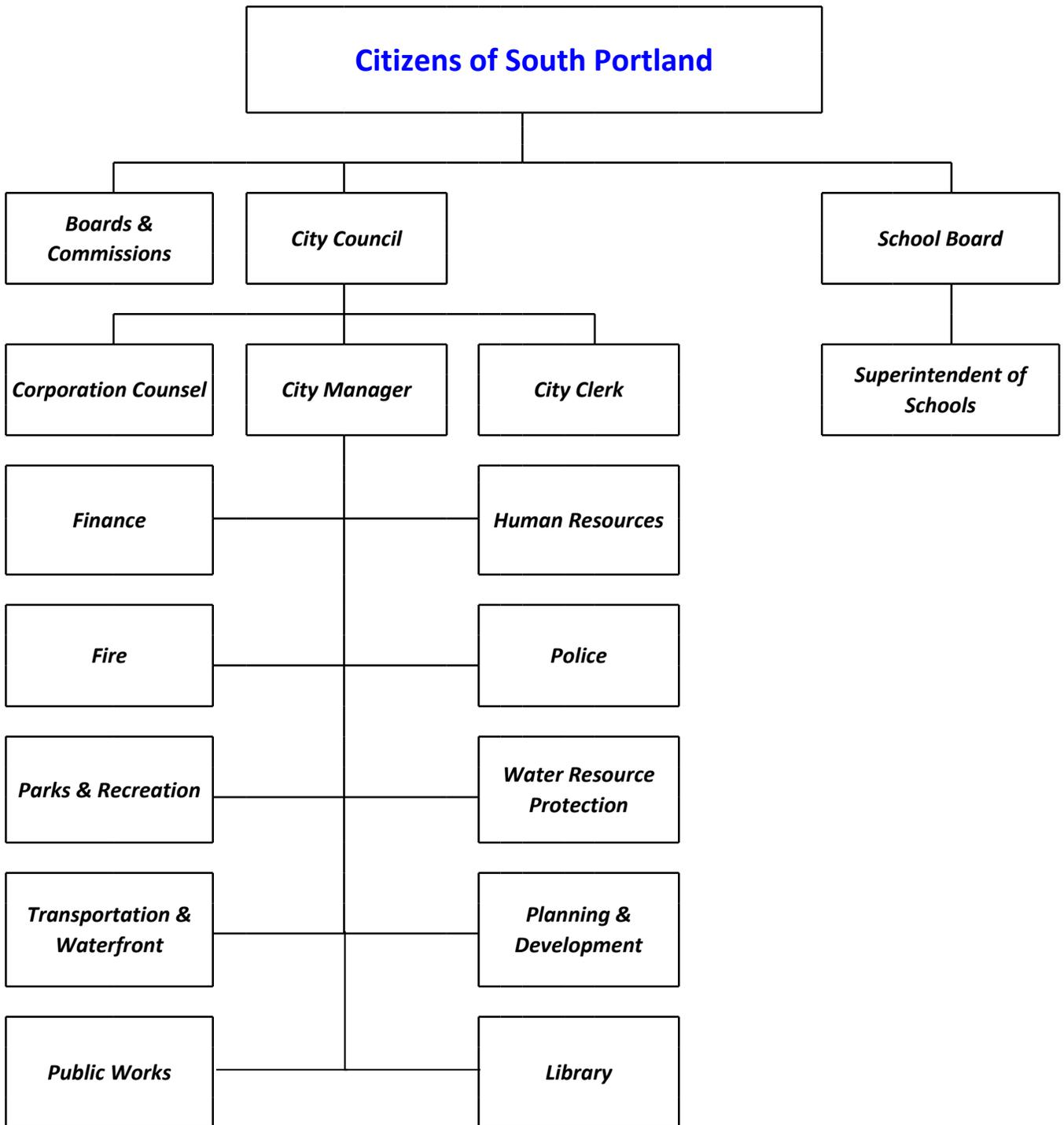
June 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF SOUTH PORTLAND, MAINE

Organizational Chart



CITY OF SOUTH PORTLAND, MAINE

LIST OF PRINCIPAL OFFICIALS (ELECTED AND APPOINTED)

June 30, 2020

Elected Officials

Council Member – District 1	Claude V.Z. Morgan
Council Member – At Large	Susan J. Henderson
Council Member – At Large	Katelyn Bruzgo
Council Member – District 2 - Mayor	Katherine W. Lewis
Council Member – District 3	Misha C. Pride
Council Member – District 4	April L. Caricchio
Council Member – District 5	Deqa A. Dhalac

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

Appointed Officials

City Manager	Scott T. Morelli
Assistant City Manager	Joshua J. Reny
City Clerk	Emily F. Scully
Code Enforcement Officer	Barbara Skelton
Economic Development Director	William J. Mann
Finance Director	Gregory N. L'Heureux
Fire Chief	James P. Wilson
Human Resource Director	Stephanie Weaver
Parks and Recreation Director	Kevin G. Adams
Public Works Director	Douglas R. Howard
Planning & Development Director	Milan Nevajda
Police Chief	Timothy Sheehan
Superintendent of Schools	Kenneth E. Kunin
Transportation & Waterfront Director	Vacant
Water Resource Protection Director	Patrick M. Cloutier

FINANCIAL SECTION



Photo Courtesy of Russ Lunt



Certified Public Accountants and Business Consultants

Independent Auditor's Report

City Council
City of South Portland, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Portland, Maine as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of South Portland, Maine'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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the TIF Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules pertaining to the net pension and OPEB liabilities, 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 February 26, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of South Portland, Maine's 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 "Ryan Kristen Ouellette". The signature is written in a cursive style with a large initial 'R'.

February 26, 2021
South Portland, Maine

CITY OF SOUTH PORTLAND, MAINE
Management's Discussion and Analysis
June 30, 2020

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, 2020. 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 \$175,121,888 (*net position*). Of this amount, \$15,987,980 (*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 \$110,375,522, an increase of \$4,956,209 in comparison with the prior year of \$105,419,313. Approximately 7.8% of this total amount, \$8,668,984, is *available for spending* at the City's discretion (unrestricted net position).
- For the fund financial statements, at the end of the current fiscal year, unassigned fund balance for the general fund was \$12,909,528, or 14.61% of total general fund expenditures (budgetary basis).
- The City's total bonded debt decreased by \$3,998,614 during the current fiscal year as a result of repayments on existing bonds.
- The School Department completed design services for construction of a new consolidated middle school. The project was given State Department of Education participating approval for \$59,269,073, with local participating of \$8,307,096 and additional local of \$1,692,904. Voters went to the polls and overwhelming approved the project at the November of 2019 election.
- The COVID pandemic impacted the City's operations with a significant drop in revenues for the period March through June of 2020. Like much of the nation, the City adjusted operations to prevent the spread of COVID19 including shutting down nonessential operations and furloughing certain part time and nonessential staff. The City also adjusted its budget going into the new fiscal year (starting July 1, 2020).

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).

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

Both of the government-wide financial statements distinguish functions of the City of South Portland that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of South Portland include general government, public safety, public works, culture and recreation, transportation and waterfront, health, welfare and social services, and education. The business-type activities of the City of South Portland include water resource protection (sewage treatment) activities. The government-wide financial statements can be found on pages 31-32 of this report.

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 113 of this report.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of South Portland's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 40-41 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-76 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 85-117 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 \$175,121,888 at the close of the most recent fiscal year.

City of South Portland's Net Position

	Governmental Activities		Business-type Activities		Total Activities	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 56,840,071	\$ 53,530,817	\$ 11,917,174	\$ 13,498,605	\$ 68,757,245	\$ 67,029,422
Capital assets	136,015,881	135,264,748	56,362,563	56,008,274	192,378,444	191,273,022
Total assets	<u>192,855,952</u>	<u>188,795,565</u>	<u>68,279,737</u>	<u>69,506,879</u>	<u>261,135,689</u>	<u>258,302,444</u>
Deferred outflows	6,759,674	5,710,653	-	-	6,759,674	5,710,653
Long-term liabilities	74,221,357	76,385,706	3,303,871	3,453,373	77,525,228	79,839,079
Other liabilities	11,389,601	9,988,011	229,500	1,245,353	11,619,101	11,233,364
Total liabilities	<u>85,610,958</u>	<u>86,373,717</u>	<u>3,533,371</u>	<u>4,698,726</u>	<u>89,144,329</u>	<u>91,072,443</u>
Deferred inflows	3,629,146	2,713,188	-	-	3,629,146	2,713,188
Net investment						
in capital assets	88,649,566	84,566,316	53,385,092	52,833,701	142,034,658	137,400,017
Restricted	13,056,972	11,326,214	4,042,278	5,418,253	17,099,250	16,744,467
Unrestricted	8,668,984	9,526,783	7,318,996	6,556,199	15,987,980	16,082,982
Total net position	<u>\$ 110,375,522</u>	<u>\$ 105,419,313</u>	<u>\$ 64,746,366</u>	<u>\$ 64,808,153</u>	<u>\$ 175,121,888</u>	<u>\$ 170,227,466</u>

By far, the largest portion of the City of South Portland's net position (81.11% or \$142,034,658) 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.

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

An additional portion of the City of South Portland's net position (9.76% or \$17,099,250) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (9.13% or \$15,987,980) 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.

The City's total net position increased by \$4,894,422 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.

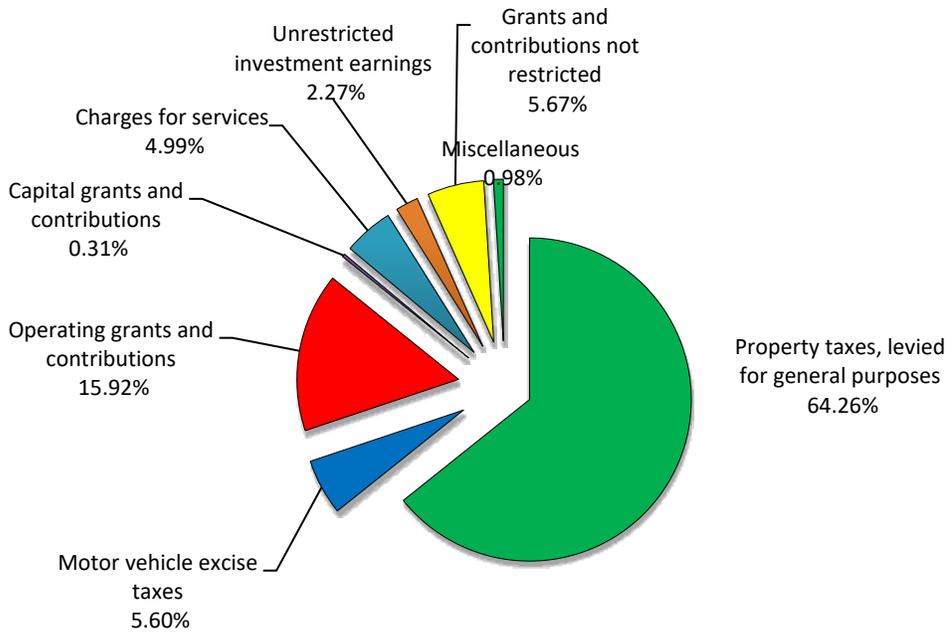
City of South Portland's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,472,211	\$ 5,136,782	\$ 5,865,711	\$ 6,080,533	\$ 11,337,922	\$ 11,217,315
Operating grants and contributions	17,615,005	14,806,576	-	-	17,615,005	14,806,576
Capital grants and contributions	334,302	375,205	113,954	-	448,256	375,205
General revenues:						
Property and other taxes	76,799,778	76,158,961	-	-	76,799,778	76,158,961
Grants and contributions not restricted to specific programs	6,218,797	5,165,596	-	-	6,218,797	5,165,596
Other	3,462,928	2,700,653	78,622	113,512	3,541,550	2,814,165
Total revenues	109,903,021	104,343,773	6,058,287	6,194,045	115,961,308	110,537,818
Expenses:						
General government	16,587,038	11,097,687	-	-	16,587,038	11,097,687
Public safety	14,715,423	14,378,122	-	-	14,715,423	14,378,122
Public works	8,840,505	7,990,357	-	-	8,840,505	7,990,357
Culture and recreation	4,762,474	4,911,749	-	-	4,762,474	4,911,749
Transportation and waterfront	2,075,168	2,060,680	-	-	2,075,168	2,060,680
Health, wealth and social services	684,709	566,904	-	-	684,709	566,904
Interest on debt service	1,273,613	1,100,838	-	-	1,273,613	1,100,838
Education	55,587,342	55,129,009	-	-	55,587,342	55,129,009
Sewer	-	-	6,540,614	6,455,769	6,540,614	6,455,769
Total expenses	104,526,272	97,235,346	6,540,614	6,455,769	111,066,886	103,691,115
Increase (decrease) in net position before transfers	5,376,749	7,108,427	(482,327)	(261,724)	4,894,422	6,846,703
Transfers	(420,540)	(620,941)	420,540	620,941	-	-
Increase (decrease) in net position	4,956,209	6,487,486	(61,787)	359,217	4,894,422	6,846,703
Net position - beginning of year	105,419,313	98,931,827	64,808,153	64,448,936	170,227,466	163,380,763
Net position - end of year	\$ 110,375,522	\$ 105,419,313	\$ 64,746,366	\$ 64,808,153	\$ 175,121,888	\$ 170,227,466

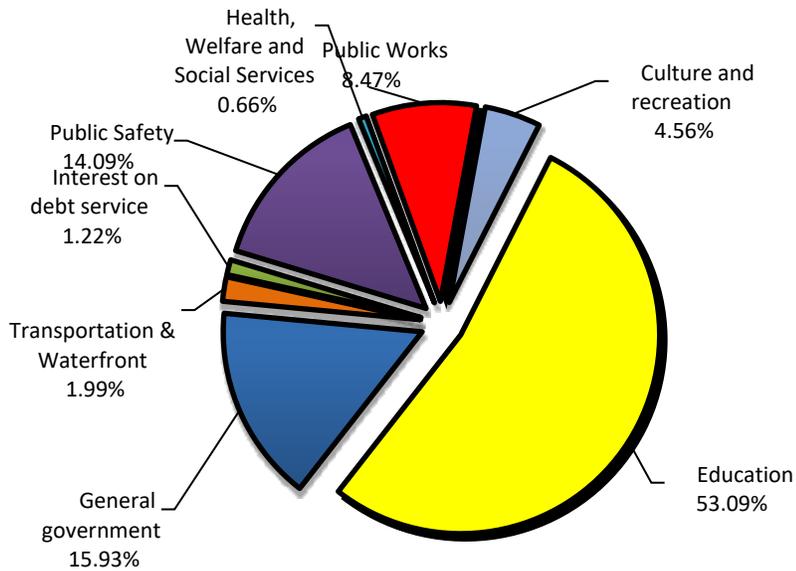
Governmental activities. During this past fiscal year, governmental activities saw an increase in the City of South Portland's net position of \$4.956 million. This amount represented an increase in the net position of 4.70%. Key elements of this increase are as follows:

- Property and other taxes increased by \$641 thousand (0.84%). This was primarily due to an increase in taxes to support the School and City budgets which was offset by a decrease in motor vehicle excise revenues.
- The City's net pension liability increased expenses by \$760 thousand.
- Additionally, investment income increase significantly as a result unrealized mark to market investment adjustments totaling \$1.3 million.

**Government-wide
 Revenues by Source - Governmental Activities
 Fiscal Year 2020**



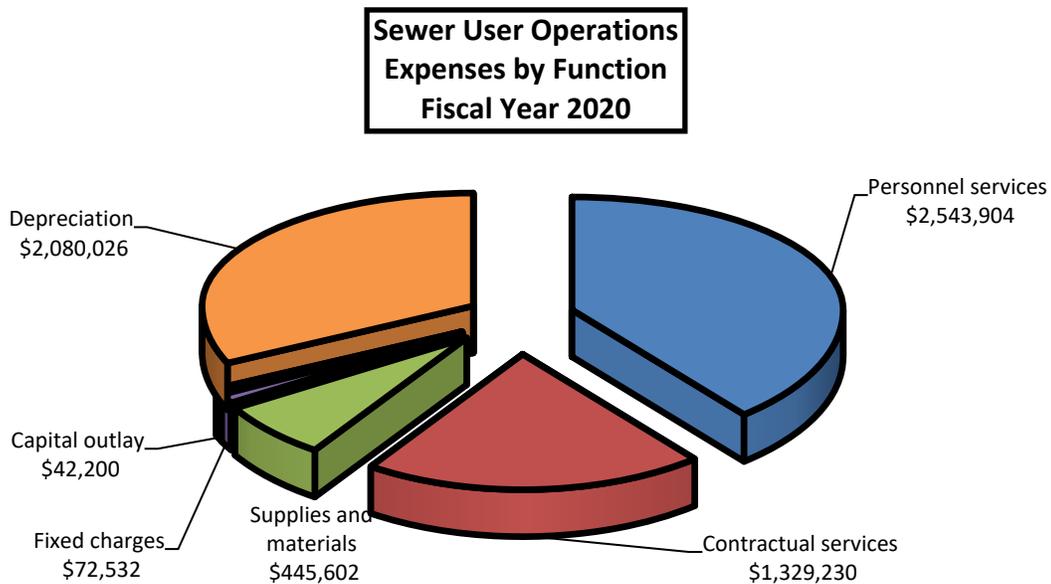
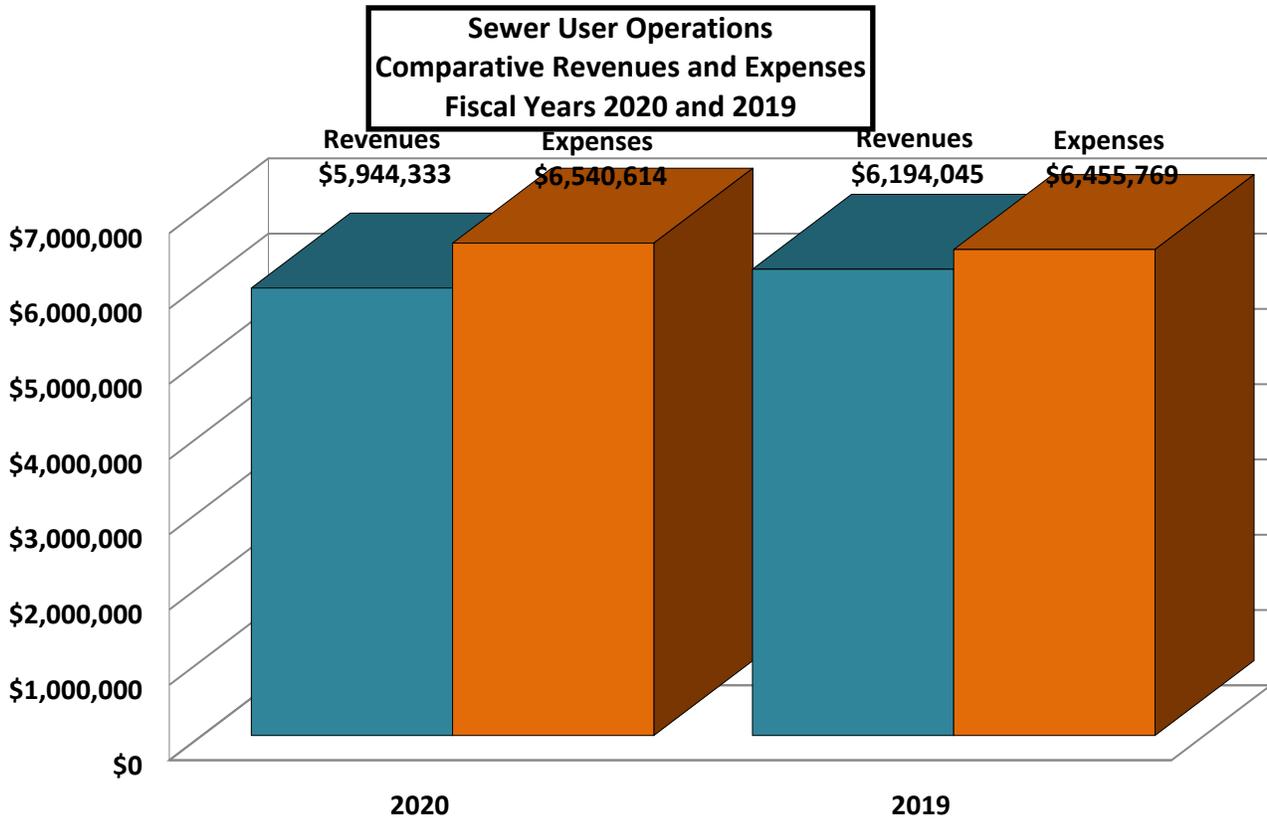
**Government-wide
 Expenses by Function - Governmental Activities
 Fiscal Year 2020**



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 decreased by \$62 thousand. The largest increase was the result of the transfer of TIF resources to the sewer user fund of \$420 thousand.

Sewer rates increased slightly but consumption dropped resulting in an overall drop in sewer revenues of approximately \$210 thousand. Total operating expenses for business-type activities were up \$84 thousand (1.30%) with increases in personnel services (\$98K) and depreciation (\$52K) which were offset primarily by a decreases in contractual services (-\$39K) and supplies (-\$20K). 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 \$45 million, an increase of \$1.87 million. With increases in the general fund of \$2.5 million, and TIF funds of \$0.48 million and decreases in capital projects funds of \$1.3 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 \$26,100,243. 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 27.55% of total general fund expenditures (\$94,749,997). Under the breakdown of fund balance, unspent appropriations related to education are reported as restricted. At June 30, 2020, general fund restricted balance for education totaled \$3,212,321. Additionally, the City maintains various reserve and encumbrance balances for various future needs. These balances are reported as either committed or assigned and in total increased by \$1,847,923 during the year, primarily due an increase in the tax rate stabilization fund of \$1.676 million and an assignment of \$1.3 million of investment unrealized gains, with an offsetting decrease in the compensated absences reserve of \$1.15 million.

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, 2020, the unassigned fund balance was \$12,909,528 or 13.60% of the City's FY 2021, budget (\$94,933,923).

The total fund balance of the City of South Portland's general fund increased by \$2.526 million during the current fiscal year. Key factors in this change are as follows:

- Total actual revenues collected exceeded budgeted by approximately \$1.363 million. The largest budgetary swing as a result of COVID19 was the drop in vehicle excise taxes which decreased by \$1.747 million and resulted in a budgetary shortfall of \$641 thousand. 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 which helped lessen the impact of the drop. Property taxes exceeded budget by \$535K which was offset by a shortfall in state homestead reimbursement of \$471K which was overstated at the time of the commitment. Additionally, estimated budgets for various revenues were exceeded; State revenue sharing (\$170K), building permits (\$848K) and interest income (\$391K). Additionally, of note is an unbudgeted revenue from the Federal Transit Administration (FTA) which provided 100% grant financing (\$617K) for the operations of the City's bus system for the period of February 2020 through June 2020 which replaced partial FTA Section 5307 funding which resulted in a shortfall to that line of \$225K. 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 \$2.987 million. Much of this surplus was the result of expenditures freezes placed on operations and furloughs of nonessential employees as a result of COVID19. The major discrepancies included: unexpended education appropriations (\$1.84 million), overall general government costs (\$271K), public safety (\$280K), public works (\$189K) and the parks and

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

recreation department (\$151K) 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 2020-21 capital improvement budget, the City appropriated \$1.61 million from unassigned fund balance to fund certain City capital projects. Additionally, the Council set aside an additional \$1.155 million for tax rate stabilization to reduce future property taxes and help offset budget impacts for anticipated revenue shortfalls for the coming year's budget.

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 \$7,469,821, 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.

Capital Projects - The capital projects fund has a total fund balance of \$5,582,972. During the year, the fund balance decreased by \$1.297 million, which was primarily the result of the design cost for the new Middle School project which has a deficit \$1.28 million and will be financed with bond proceeds in future periods.

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

Unrestricted net position of the sewer user fund at the end of the year amounted to \$7,318,996, an increase of \$763K. 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 \$11K, of which revenues came in \$283K less than anticipated while expenditures came in approximately \$295K under budget.

Budgetary Highlights

General Fund:

Revenue for the general fund totaled \$92,338,024 (on the budgetary basis of accounting) in the fiscal year ended June 30, 2020. Actual revenues exceeded estimates by \$1,362,776.

General Fund Revenues Budget to Actual Summary

	Budget	Actual	Variance
Revenues:			
Taxes	\$ 73,841,303	73,744,916	(96,387)
Intergovernmental	13,481,225	13,712,762	231,537
Licenses, permits, fees and fines	990,100	1,900,262	910,162
Charges for services	1,980,350	1,933,598	(46,752)
Unclassified	182,270	155,459	(26,811)
Interest earned	500,000	891,027	391,027
Total revenues	\$ 90,975,248	92,338,024	1,362,776

The revenue sources responsible for this surplus include the following:

- A taxes shortfall was attributable to an excise tax shortfall as a result of COVID19 which resulted in a major drop in the number of fleet vehicles registered and a shortfall of \$641K. Offsetting the excise deficit, was property taxes which exceeded budget by \$535K.
- Intergovernmental revenues had a surplus as a result primarily from COVID19 related revenues from the Federal Transit Administration of approximately \$391K, Revenue Sharing surplus of \$170K, General assistance reimbursement from the State surplus of \$78K, which was offset by a deficit in homestead reimbursement of \$471K.
- Building permit licenses came in with a surplus of \$817K as a result of a few larger projects.

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

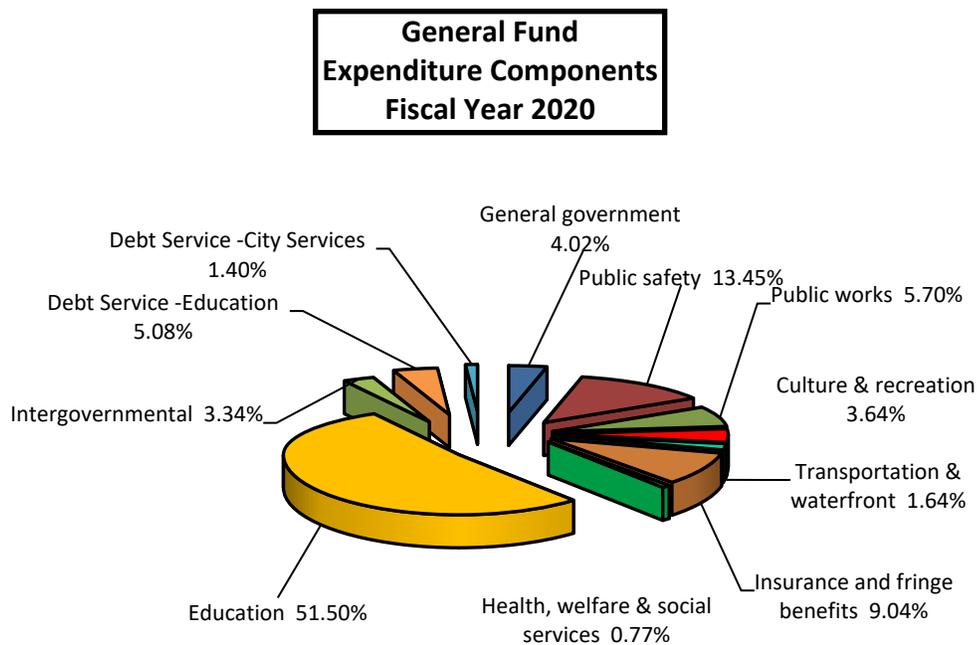
Expenditures for the general fund totaled \$88,372,804 (on the budgetary basis of accounting) in the fiscal year ended June 30, 2020.

General Fund Expenditures Budget to Actual Summary

	Budget	Actual	Variance
Expenditures:			
General government	\$ 12,144,672	\$ 11,873,206	\$ 271,466
Public safety	12,163,976	11,883,659	280,317
Public works	5,222,727	5,034,085	188,642
Culture and recreation	3,435,540	3,214,640	220,900
Transportation and waterfront	1,513,179	1,451,540	61,639
Health, welfare and social services	606,634	684,709	(78,075)
Education	51,836,520	49,995,856	1,840,664
Intergovernmental	2,952,578	2,952,578	-
Other	112,000	45,269	66,731
Debt Service	1,372,399	1,237,262	135,137
Total expenditures	\$ 91,360,225	\$ 88,372,804	\$ 2,987,421

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

- With the onset of COVID19, the City instituted a spending freeze and implemented furloughs to certain nonessential employees. The City attempted to reduce expenditures to offset the revenue shortfalls anticipated this past year and the following year. With the exception of Social Services which had higher general assistance, the City had unexpended varainace across the board.
- Education also reduced spending significant and had a surplus of \$1.84 Million.



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, 2020 amounts to \$192,378,447 (net of accumulated depreciation). This investment in capital assets includes land, buildings, sewer system, improvements, machinery and equipment, vehicles, park facilities, roads, highways and dams. The total increase in the City of South Portland's investment in capital assets for the current fiscal year was 0.58% (a 0.56% increase for governmental activities and a 0.63% 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			
	2020	2019	2020	2019	2020	2019
Land	\$ 9,416,245	9,416,245	1,221,558	1,221,558	10,637,803	10,637,803
Buildings	93,058,403	95,678,269	13,974,222	14,727,753	107,032,625	110,406,023
Improvements other than buildings	2,308,026	2,534,517	-	-	2,308,026	2,534,518
Machinery and equipment	4,873,308	4,370,211	5,783,775	6,169,327	10,657,083	10,539,537
Infrastructure	15,203,488	15,947,322	34,674,307	29,298,984	49,877,795	45,246,306
Construction in progress	4,778,468	2,038,634	650,728	4,559,611	5,429,196	6,598,245
Vehicles	6,377,943	5,279,550	57,976	31,041	6,435,919	5,310,590
Total	\$ 136,015,881	135,264,748	56,362,566	56,008,274	192,378,447	191,273,022

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

- Initial stages of construction of the Cash Corner Fire Station \$1.7 Million
- Westbrook St. street, sidewalk, lighting and drainage improvements for the Redbank area totaling \$796K.
- Initial design of the new Middle School construction project totaling \$775K
- Various vehicles purchased included various police vehicles totaling \$235K, a new fire truck \$1.07 million, a street sweeper \$282K, PW Loader \$190K, three school buses totaling \$290K, and various other City and school vehicles totaling \$311K.
- Various paving and sidewalk projects totaling \$615K.
- School smartboards and other technology improvements in the School \$657K.
- Various building improvements at various schools and other City building improvements totaling \$298K.
- Replacement Standby generator at City Hall \$62K, police mobile radios \$109K, bus radios and wifi system for buses \$57K, Various other equipment totaling \$446K,
- Various other projects throughout the City.

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

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

Long-term debt. The State allows municipalities to borrow up to 15% of their total valuation. With the City's State Valuation at \$4,622,350,000 for 2020, the debt limit would be over \$693.3 million. Our current debt is \$44,073,517 or about 0.953% of State Valuation or approximately 6.36% of the City's debt limit. Another measure of a municipality's debt load is debt per capita. As of June 30, 2020, the City of South Portland's debt per capita (including lease obligations and debt premium) was \$2,022 as compared to the prior year of \$2,169.

The following is a summary of bond transactions of the City for the year ended June 30, 2020:

	Governmental Activities	Business-type Activities	Total
General Obligation Bonds payable at June 30, 2019	\$ 44,897,558	3,174,573	48,072,131
Principal additions	-	-	-
Principal payments	(3,801,512)	(197,102)	(3,998,614)
General Obligation Bonds payable at June 30, 2020	\$ 41,096,046	2,977,471	44,073,517

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 2020 unemployment rate for the Portland/South Portland area is currently at 4.4% which is 2.1% more than the rate a year ago of 2.7%. This rate compares favorably to the state's average unemployment rate of 5.0% and the national average rate of 6.7%.

In adopting the budget for the ensuing fiscal year 2021, 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.

During the upcoming fiscal year (2021), 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:

- The Pandemic's impact on revenues was significant and required the city to reduce estimated revenues mid-stream in budget development. The City re-evaluated all revenue streams and lowered revenues projections by approximately \$2 million.
- Offsetting this the City's revenue reductions, the City set aside \$2.1 Million to be used within the tax stabilization reserve.
- 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.

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

Property Values and Business Development:

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

Health Insurance and Other Costs:

- The cost of health insurance continues to rise. The City is actively taking steps to improve the City's health insurance experience rating. This has allowed the City rate increases to be modest as compared to many other communities and businesses. The City feels that by having a healthier workforce its long-term cost for both health and worker's compensation insurance will be reduced. The City recently received notice that the increase for the coming year will be 2% increase, significantly below what was anticipated.
- The employer cost for funding the City's defined benefit retirement plan has increased steadily each of the past several years.
- The costs of maintaining our facilities, vehicles, and infrastructure including expanding paving streets.
- The increase in operating costs for utilities and operating costs for the new Municipal Services Facility.

The fiscal year 2021 budget was approved in June 2020 with a \$4,032,447 (3.73%) increase in the overall general fund expenditure budget. Due to changes in various revenues including increased taxable valuation, the impact to property taxes was an increase of \$2,559,478 (2.77%). Overall the tax rate increased (3.4%) to 19.75 per thousand from the prior year 19.10.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF SOUTH PORTLAND, MAINE
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 61,277,488	-	61,277,488
Investments	2,386,472	-	2,386,472
Receivables, net of allow. of \$1,234,600 and \$37,661	3,043,944	504,511	3,548,455
Taxes receivable	1,152,817	-	1,152,817
Tax liens and tax acquired property	186,537	-	186,537
Prepaid expenses	100,557	-	100,557
Inventory	54,919	-	54,919
Internal balances	(11,412,663)	11,412,663	-
Restricted assets, cash	50,000	-	50,000
Capital assets, not being depreciated	14,194,713	1,872,286	16,066,999
Capital assets, net of accumulated depreciation	121,821,168	54,490,277	176,311,445
Total assets	192,855,952	68,279,737	261,135,689
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	4,195,522	-	4,195,522
Deferred outflows of resources related to OPEB	1,348,672	-	1,348,672
Deferred charge on refunding	1,215,480	-	1,215,480
Total deferred outflows of resources	6,759,674	-	6,759,674
LIABILITIES			
Accounts payable	4,605,698	203,637	4,809,335
Accrued liabilities	1,256,230	14,738	1,270,968
Accrued interest	524,249	11,125	535,374
Accrued teachers' summer salaries	5,003,424	-	5,003,424
Non-current liabilities:			
Due within one year	6,551,090	323,697	6,874,787
Due in more than one year	67,670,267	2,980,174	70,650,441
Total liabilities	85,610,958	3,533,371	89,144,329
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,215,150	-	2,215,150
Deferred inflows of resources related to OPEB	1,413,996	-	1,413,996
Total deferred inflows of resources	3,629,146	-	3,629,146
NET POSITION			
Net investment in capital assets	88,649,566	53,385,092	142,034,658
Restricted for:			
Permanent Funds - Nonexpendable principal	193,519	-	193,519
Permanent Funds - Expendable	172,097	-	172,097
Education	3,312,878	-	3,312,878
Other grants	1,908,657	-	1,908,657
Tax Increment Financing	7,469,821	-	7,469,821
Capital	-	4,042,278	4,042,278
Unrestricted	8,668,984	7,318,996	15,987,980
Total net position	\$ 110,375,522	64,746,366	175,121,888

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Activities
For the year ended June 30, 2020

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	\$ 16,587,038	443,867	1,124,962	-	(15,018,209)	-	(15,018,209)
Public safety	14,715,423	2,815,926	504,648	43,382	(11,351,467)	-	(11,351,467)
Public works	8,840,505	449,198	-	272,820	(8,118,487)	-	(8,118,487)
Culture and recreation	4,762,474	915,697	-	-	(3,846,777)	-	(3,846,777)
Transportation and waterfront	2,075,168	291,494	1,127,383	18,100	(638,191)	-	(638,191)
Health, welfare and social services	684,709	-	377,708	-	(307,001)	-	(307,001)
Education	55,587,342	556,029	14,480,304	-	(40,551,009)	-	(40,551,009)
Interest on debt service	1,273,613	-	-	-	(1,273,613)	-	(1,273,613)
Total governmental activities	104,526,272	5,472,211	17,615,005	334,302	(81,104,754)	-	(81,104,754)
Business-type activities:							
Sewer	6,540,614	5,865,711	-	113,954	-	(560,949)	(560,949)
Total business-type activities	6,540,614	5,865,711	-	113,954	-	(560,949)	(560,949)
Total primary government	\$ 111,066,886	11,337,922	17,615,005	448,256	(81,104,754)	(560,949)	(81,665,703)
General revenues:							
Property taxes, levied for general purposes					70,532,733	-	70,532,733
Motor vehicle excise taxes					6,147,045	-	6,147,045
Cable television franchise					120,000	-	120,000
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					1,920,227	-	1,920,227
Homestead exemption					1,140,898	-	1,140,898
Other State aid					3,157,672	-	3,157,672
Unrestricted investment earnings					2,506,266	78,622	2,584,888
Miscellaneous					956,662	-	956,662
Transfers					(420,540)	420,540	-
Total general revenues and transfers					86,060,963	499,162	86,560,125
Change in net position					4,956,209	(61,787)	4,894,422
Net position - beginning					105,419,313	64,808,153	170,227,466
Net position - ending					\$ 110,375,522	64,746,366	175,121,888

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Balance Sheet
Governmental Funds
June 30, 2020

	General	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 46,354,940	7,604,043	7,318,505	-	61,277,488
Investments	1,014,141	-	-	1,372,331	2,386,472
Due from other governments	1,013,331	-	-	1,500,952	2,514,283
Accounts receivable, net of allowance of \$1,234,600	367,075	-	-	162,586	529,661
Taxes receivable	1,152,817	-	-	-	1,152,817
Tax liens and tax acquired property	186,537	-	-	-	186,537
Interfund loans receivable	-	-	-	4,470,205	4,470,205
Prepaid expenditures	100,557	-	-	-	100,557
Inventory	-	-	-	54,919	54,919
Restricted assets, cash	50,000	-	-	-	50,000
Total assets	\$ 50,239,398	7,604,043	7,318,505	7,560,993	72,722,939
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	3,288,550	134,222	593,312	561,746	4,577,830
Accrued liabilities	1,217,705	-	-	38,525	1,256,230
Interfund loans payable	14,189,030	-	1,142,221	579,485	15,910,736
Accrued teachers' summer salaries	4,765,370	-	-	238,054	5,003,424
Total liabilities	23,460,655	134,222	1,735,533	1,417,810	26,748,220
Deferred inflows of resources:					
Unavailable revenue - property taxes	678,500	-	-	-	678,500
Total deferred inflows of resources	678,500	-	-	-	678,500
Fund balances:					
Nonspendable	100,557	-	-	248,438	348,995
Restricted	3,212,321	7,469,821	220,207	2,025,835	12,928,184
Committed	5,928,768	-	6,841,365	3,931,737	16,701,870
Assigned	3,949,069	-	-	-	3,949,069
Unassigned	12,909,528	-	(1,478,600)	(62,827)	11,368,101
Total fund balances	26,100,243	7,469,821	5,582,972	6,143,183	45,296,219
Total liabilities, deferred inflows of resources, and fund balances	\$ 50,239,398	7,604,043	7,318,505	7,560,993	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	136,015,881
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	678,500
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:	
Bond premiums	(3,029,066)
Deferred charge from refunding	1,215,480
Accrued compensated absences	(3,692,640)
Other postemployment benefits liabilities with related deferred inflows and outflows of resources	(13,730,610)
Accrued interest	(524,249)
Landfill closure	(142,000)
Capital leases	(3,461,410)
Net pension liability with related deferred inflows and outflows of resources	(7,154,537)
Bonds payable	(41,096,046)

Net position of governmental activities

\$ 110,375,522

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, 2020

	General	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 73,744,916	2,910,762	-	25,000	76,680,678
Intergovernmental	18,584,797	924,930	30,502	4,627,875	24,168,104
Licenses, permits, fees and fines	1,900,262	-	-	-	1,900,262
Charges for services	1,933,598	-	-	1,436,248	3,369,846
Unclassified	923,085	-	519	481,551	1,405,155
Interest earned	2,297,820	98,015	12,828	97,603	2,506,266
Total revenues	99,384,478	3,933,707	43,849	6,668,277	110,030,311
Expenditures:					
Current:					
General government	12,341,961	309,452	-	1,402,413	14,053,826
Public safety	12,255,949	-	-	384,404	12,640,353
Public works	5,336,506	75,445	-	439,660	5,851,611
Culture and recreation	3,262,495	-	-	882,108	4,144,603
Transportation and waterfront	1,538,460	-	-	37,082	1,575,542
Health, welfare and social services	684,709	-	-	-	684,709
Education (excluding debt service)	50,509,571	-	-	2,044,746	52,554,317
School lunch program	-	-	-	1,797,884	1,797,884
Intergovernmental	2,952,578	-	-	-	2,952,578
Other	96,448	1,799,507	-	1,946	1,897,901
Debt service	5,725,417	-	-	-	5,725,417
Capital expenditures	45,903	-	5,670,305	-	5,716,208
Total expenditures	94,749,997	2,184,404	5,670,305	6,990,243	109,594,949
Excess (deficiency) of revenues over (under) expenditures	4,634,481	1,749,303	(5,626,456)	(321,966)	435,362
Other financing sources (uses):					
Transfers in	2,030,933	-	2,478,597	580,000	5,089,530
Transfers out	(4,139,149)	(1,271,719)	-	(99,202)	(5,510,070)
Issuance of debt	-	-	1,850,798	-	1,850,798
Total other financing sources (uses)	(2,108,216)	(1,271,719)	4,329,395	480,798	1,430,258
Net change in fund balances	2,526,265	477,584	(1,297,061)	158,832	1,865,620
Fund balances, beginning of year	23,573,978	6,992,237	6,880,033	5,984,351	43,430,599
Fund balances, end of year	\$ 26,100,243	7,469,821	5,582,972	6,143,183	45,296,219

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, 2020

Net change in fund balances - total governmental funds (from Statement 4)	\$	1,865,620
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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 of capital acquisitions (\$7,395,789), which exceeds the book value of disposed assets (\$-178,273) and depreciation (\$-6,466,383).		751,133
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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.		(901)
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Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayments reduces long-term liabilities in the statement of net position. Capital lease proceeds (\$-1,850,798) exceeded repayments (\$971,529).		(879,269)
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The amortization of the deferred charge between the principle of debt refunded and the payment to the refunding escrow over the life of the refunding bonds (\$-142,997).		(142,997)
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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 (\$-240,176), accrued interest (\$42,945), net pension liability with deferred outflows and inflows of resources (\$-74,104), and other postemployment benefits liabilities with related deferred outflows and inflows of resources (\$-713,782).		(985,117)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Governmental funds report the effects of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The City amortized bond premiums of \$546,228. 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 \$3,801,512.		4,347,740
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Change in net position of governmental activities (see Statement 2)	\$	4,956,209
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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, 2020

	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	\$ 73,841,303	73,841,303	73,744,916	(96,387)	2,788,415	2,788,415	2,910,762	122,347
Intergovernmental	13,481,225	13,481,225	13,712,762	231,537	625,000	625,000	924,930	299,930
Licenses, permits, fees and fines	990,100	990,100	1,900,262	910,162	-	-	-	-
Charges for services	1,980,350	1,980,350	1,933,598	(46,752)	-	-	-	-
Unclassified	182,270	182,270	155,459	(26,811)	-	-	-	-
Interest earned	500,000	500,000	891,027	391,027	-	-	98,015	98,015
Total revenues	90,975,248	90,975,248	92,338,024	1,362,776	3,413,415	3,413,415	3,933,707	520,292
Expenditures:								
Current:								
General government	12,144,672	12,144,672	11,873,206	271,466	331,103	331,103	309,452	21,651
Public safety	12,163,976	12,163,976	11,883,659	280,317	-	-	-	-
Public works	5,222,727	5,222,727	5,034,085	188,642	206,590	206,590	75,445	131,145
Culture, parks, and recreation	3,435,540	3,435,540	3,214,640	220,900	-	-	-	-
Transportation and waterfront	1,513,179	1,513,179	1,451,540	61,639	-	-	-	-
Health, welfare and social services	606,634	606,634	684,709	(78,075)	-	-	-	-
Education	51,836,520	51,836,520	49,995,856	1,840,664	-	-	-	-
Intergovernmental	2,952,578	2,952,578	2,952,578	-	-	-	-	-
Other	112,000	112,000	45,269	66,731	1,796,090	1,796,090	1,799,507	(3,417)
Debt service (excluding education)	1,524,899	1,372,399	1,237,262	135,137	-	-	-	-
Capital expenditures	-	-	-	-	888,496	205,970	-	205,970
Total expenditures	91,512,725	91,360,225	88,372,804	2,987,421	3,222,279	2,539,753	2,184,404	355,349
Excess (deficiency) of revenues over (under) expenditures	(537,477)	(384,977)	3,965,220	4,350,197	191,136	873,662	1,749,303	875,641
Other financing sources (uses):								
Budgeted use of surplus - City	-	3,065,001	-	(3,065,001)	273,057	398,057	-	(398,057)
Budgeted use of surplus - School	250,000	250,000	-	(250,000)	-	-	-	-
Transfer in	1,124,197	1,124,197	1,120,697	(3,500)	-	-	-	-
Transfers out	(836,720)	(4,054,221)	(4,139,149)	(84,928)	(464,193)	(1,271,719)	(1,271,719)	-
Total other financing sources (uses)	537,477	384,977	(3,018,452)	(3,403,429)	(191,136)	(873,662)	(1,271,719)	(398,057)
Net change in fund balance - budgetary basis	-	-	946,768	946,768	-	-	477,584	477,584
Reconciliation to GAAP basis:								
Change in encumbrances - City			(359,904)				-	
Change in encumbrances - School			23,874				-	
Change in unbudgeted teacher summer benefits			(52,385)				-	
Change in reserves			1,967,912				-	
Net change in fund balance - GAAP basis			2,526,265				477,584	
Fund balance, beginning of year			23,573,978				6,992,237	
Fund balance, end of year	\$		26,100,243				7,469,821	

CITY OF SOUTH PORTLAND, MAINE
Statements of Net Position
Proprietary Funds
June 30, 2020 and 2019

Business-type Activities - Enterprise Funds		
	Sewer	
	2020	2019
ASSETS		
Current assets:		
Receivables, net of allowance of \$37,661 and \$39,200, respectively	\$ 502,515	\$ 524,958
Sewer liens	1,996	4,681
Interfund loans receivable	11,412,663	12,968,966
Total current assets	11,917,174	13,498,605
Noncurrent assets:		
Capital assets, not being depreciated	1,872,286	5,781,169
Capital assets	108,418,784	102,095,386
Accumulated depreciation	(53,928,507)	(51,868,281)
Total noncurrent assets	56,362,563	56,008,274
Total assets	68,279,737	69,506,879
LIABILITIES		
Current liabilities:		
Accounts payable	203,637	1,239,523
Accrued wages	14,738	1,662
Accrued interest	11,125	4,168
Current portion of noncurrent liabilities:		
Compensated absences	126,595	101,073
Bonds payable	197,102	197,102
Total current liabilities	553,197	1,543,528
Noncurrent liabilities:		
Compensated absences	199,805	177,727
Bonds payable	2,780,369	2,977,471
Total noncurrent liabilities	2,980,174	3,155,198
Total liabilities	3,533,371	4,698,726
NET POSITION		
Net investment in capital assets	53,385,092	52,833,701
Restricted for capital projects	4,042,278	5,418,253
Unrestricted	7,318,996	6,556,199
Total net position	\$ 64,746,366	64,808,153

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, 2020 and 2019

Business-type Activities - Enterprise Funds		
	Sewer	
	2020	2019
Operating revenues:		
Charges for services	\$ 5,805,556	6,015,680
Interest and penalties	-	498
Licenses	60,155	64,355
Total operating revenues	5,865,711	6,080,533
Operating expenses:		
Personnel services	2,543,904	2,445,544
Contractual services	1,329,230	1,368,481
Supplies and materials	445,602	466,001
Fixed charges	72,532	66,094
Capital outlay	42,200	55,610
Depreciation	2,080,026	2,027,895
Total operating expenses	6,513,494	6,429,625
Operating income (loss)	(647,783)	(349,092)
Nonoperating revenues (expenses):		
Interest revenue	78,622	113,512
Gain (loss) on disposal of capital assets	-	(5,600)
Interest expense	(27,120)	(20,544)
Total nonoperating revenues (expenses)	51,502	87,368
Income (loss) before transfers	(596,281)	(261,724)
Capital contributions	113,954	-
Transfers in	421,404	621,805
Transfer out	(864)	(864)
Total transfers	534,494	620,941
Change in net position	(61,787)	359,217
Net position, beginning of year	64,808,153	64,448,936
Net position, end of year	\$ 64,746,366	64,808,153

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statements of Cash Flows
Proprietary Funds
For the years ended June 30, 2020 and 2019
Business-type Activities - Enterprise Funds

	Sewer	
	2020	2019
Cash flows from operating activities:		
Receipts from customers and users	\$ 5,890,839	6,181,648
Payments to suppliers	(2,925,450)	(1,413,598)
Payments to employees	(2,483,228)	(2,450,223)
Net cash provided by (used in) operating activities	482,161	2,317,827
Cash flows from noncapital financing activities:		
Transfer from other funds	421,404	621,805
Interfund loan	1,556,303	2,155,060
Transfers to other funds	(864)	(864)
Net cash provided by (used in) noncapital financing activities	1,976,843	2,776,001
Cash flows from capital and related financing activities:		
Purchase of capital assets	(2,320,361)	(4,989,448)
Interest paid on bonds	(20,163)	(20,789)
Principal payments on bonds	(197,102)	(197,103)
Net cash provided by (used in) capital and related financing activities	(2,537,626)	(5,207,340)
Cash flows from investing activities:		
Interest revenue	78,622	113,512
Net cash provided by (used in) investing activities	78,622	113,512
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	-
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (647,783)	(349,092)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	2,080,026	2,027,895
(Increase) decrease in receivables	22,443	103,568
(Increase) decrease in liens	2,685	(2,453)
Increase (decrease) in accounts payable	(1,035,886)	542,588
Increase (decrease) in accrued wages	13,076	(699)
Increase (decrease) in compensated absences	47,600	(3,980)
Net cash provided by (used in) operating activities	\$ 482,161	2,317,827

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

		Private- purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$	17,273	146,870
Investments		2,145,175	-
Due from others		27,868	-
Total assets		2,190,316	146,870
LIABILITIES			
Accounts payable		6,500	-
Due to others		-	146,870
Total liabilities		6,500	146,870
NET POSITION			
Held in trust	\$	2,183,816	-

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, 2020

		Private- purpose Trust Funds
Additions:		
Donations	\$	1,200
Investment earnings:		
Interest		59,039
Unrealized gain (loss)		90,687
Total additions		150,926
Deductions:		
Scholarships and other		133,021
Total deductions		133,021
Change in net position		17,905
Net position, beginning of year		2,165,911
Net position, end of year	\$	2,183,816

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

D. Cash, Cash Equivalents, and Investments

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

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

E. Interfund Loans

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "interfund loans receivable" or "interfund loans payable" on the balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

F. Inventories and Prepaid Items

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

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

G. Allowance for doubtful Accounts

The City develops its estimated allowance for doubtful accounts based on past experience of collectability with customers.

H. Restricted Assets

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

I. Capital Assets

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

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

J. 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.

K. 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.

L. Fund Equity

Governmental Fund fund balance is reported in five classifications 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

M. 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.

N. 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.

O. 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.

P. 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.

Q. Other Post-Employment Benefits (OPEB)

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

R. Deferred Inflows and Outflows of Resources

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

The governmental activities have two items that qualify for reporting in this category. One is the deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The governmental activities also have deferred outflows and inflows that relate to the net pension and OPEB liabilities, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension and OPEB liabilities in the subsequent year. They 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.

S. 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, 2020:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 251,590,284	110,291,070
Accumulated depreciation	(115,574,403)	(53,928,507)
Bonds payable and premiums	(44,125,111)	(2,977,471)
Add back bond proceeds unexpended	220,206	-
Capital leases	(3,461,410)	-
<u>Net investment in capital assets</u>	<u>\$ 88,649,566</u>	<u>53,385,092</u>

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted by the City Council for the General Fund, Sewer Use Fund, and the TIF Fund. The budgets are prepared substantially in accordance with accounting principles generally accepted in the United States of America, except that the general fund revenues and expenditures related to “on-behalf payments” made by the State of Maine to the Maine Public Employees Retirement System for teachers and other school employees are not budgeted. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$4,872,035.

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 is \$771,168 in the General Fund.

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

B. Excess of Expenditures over Appropriations

Per City Charter, the level of budgetary control is at the department level. For the year ended June 30, 2020, all departments were within their charter level budget limits (except general assistance which is exempt).

C. Deficit Fund Balances

At June 30, 2020, the following funds had deficit fund balances:

Special Revenue Funds:

CTCL Election Grant	\$ 14,986
Sustainability Grant	87
Drug Free Community	16
Wellness Committee	1,660
National Semiconductor - Brown	3,683
Sustainability Committee(Sch)	87
Texas Instruments	3
Learning Results	405
Memorial Tech Grant - Koelker	1,237
Future Builders/Summer School	20,920
Staff Computer Training	476
Robotics	12,626

E-Rate	5,593
United Way Brick/Bean	1,048

Private-purpose Trust Funds:

A Varanelli Scholarship	283
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Capital Project Funds:

Middle School Project	1,280,718
School FY02 Project	10,794
Facilities/Bus Garage	22,880
Cash Corner Fire Station	164,208

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

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

DEPOSITS AND INVESTMENTS

As of June 30, 2020, 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>
U.S. Treasury Notes	\$ 4,029,991	504,035	2,526,420	999,536
Federal National Mortgage Assoc.	125,393	-	-	125,393
Federal Home Loan Mortgage	279,002	-	279,002	-
Certificates of Deposit	41,839,720	14,053,058	27,535,303	251,359
Stock Mutual Fund	74,643	Not applicable		

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

Custodial credit risk- deposits – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. As of June 30, 2020, the City had bank balances of \$62,686,750. 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, 2020, the City had no deposits which were subject to custodial credit risk because they were not insured or collateralized.

Custodial credit risk- investments – For investments, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2020, the City had fair value investment balances of \$4,509,029 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, 2020, the City’s investments in Federal Home Loan Banks, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Associations were rated AA+ by Standard & Poor’s. In accordance with its investment policy, the City minimizes credit risk by limiting the types of investments to be purchased and diversifying the investment portfolio so that the impact of potential losses will be minimized.

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

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

PROPERTY TAX

Property taxes for the current period were committed on July 16, 2019 on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value. The City performed a revaluation to bring assessed values in line with market values prior to the commitment date.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$367,902 for the year ended June 30, 2020.

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>2020</u>	<u>2019</u>
Assessed value	\$ 3,686,331,560	3,685,265,060
Tax rate (per \$1,000)	\$19.10	18.50
Commitment	\$70,408,933	68,177,403
Supplemental	2,053	-
Less:		
Abatements	205,799	242,160
Collections	69,197,377	67,337,460
Current year taxes receivable at end of year	1,007,810	597,783
<u>Taxes and liens receivable - prior years</u>	<u>331,544</u>	<u>378,636</u>
Total taxes and liens receivable	\$ 1,339,354	976,419

Due dates:	1st quarter	August 15, 2019	August 16, 2018
	2nd quarter	November 21, 2019	November 15, 2018
	3rd quarter	February 20, 2020	February 14, 2019
	4th quarter	June 1, 2020	May 9, 2019

	<u>2020</u>	<u>2019</u>
Interest rate on delinquent taxes	8.00%	8.00%
Collection rate	98.28%	98.77%

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, 2020 was as follows:

	Balance June 30, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,416,245	-	-	9,416,245
Construction	2,038,634	3,830,366	1,090,532	4,778,468
Total capital assets not being depreciated	11,454,879	3,830,366	1,090,532	14,194,713
Capital assets, being depreciated:				
Buildings	143,770,295	298,019	231,593	143,836,721
Improvements other than buildings	6,570,214	-	-	6,570,214
Machinery and equipment	15,661,673	1,331,131	351,200	16,641,604
Vehicles	16,109,099	2,377,745	953,269	17,533,575
Infrastructure	52,164,397	649,060	-	52,813,457
Total capital assets being depreciated	234,275,678	4,655,955	1,536,062	237,395,571
Less accumulated depreciation for:				
Buildings	48,092,025	2,830,060	143,770	50,778,315
Improvements other than buildings	4,035,696	226,491	-	4,262,187
Machinery and equipment	11,291,463	825,277	348,444	11,768,296
Vehicles	10,829,550	1,191,660	865,576	11,155,634
Infrastructure	36,217,075	1,392,895	-	37,609,970
Total accumulated depreciation	110,465,809	6,466,383	1,357,790	115,574,402
Total capital assets being depreciated, net	123,809,869	(1,810,428)	178,272	121,821,169
Governmental activities capital assets, net	\$ 135,264,748	2,019,938	1,268,804	136,015,882

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

Governmental activities:	
General government	\$ 267,059
Public safety	679,476
Public works	1,690,650
Culture and recreation	662,272
Transportation and waterfront	499,626
Education	2,667,300
Total depreciation expense – governmental activities	\$ 6,466,383

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, 2020 was as follows:

	Balance June 30, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,221,558	-	-	1,221,558
<u>Construction in progress</u>	<u>4,559,611</u>	<u>544,337</u>	<u>4,453,220</u>	<u>650,728</u>
Total capital assets not being depreciated	5,781,169	544,337	4,453,220	1,872,286
Capital assets, being depreciated:				
Buildings	36,467,205	-	-	36,467,205
Improvements other than buildings	80,331	-	-	80,331
Machinery and equipment	18,226,788	190,658	-	18,417,446
Vehicles	1,082,507	39,707	19,800	1,102,414
<u>Infrastructure</u>	<u>46,238,555</u>	<u>6,112,833</u>	<u>-</u>	<u>52,351,388</u>
Total capital assets being depreciated	102,095,386	6,343,198	19,800	108,418,784
Less accumulated depreciation for:				
Buildings	21,739,452	753,531	-	22,492,983
Improvements other than buildings	80,331	-	-	80,331
Machinery and equipment	12,057,461	576,210	-	12,633,671
Vehicles	1,051,466	12,771	19,800	1,044,437
<u>Infrastructure</u>	<u>16,939,571</u>	<u>737,514</u>	<u>-</u>	<u>17,677,085</u>
Total accumulated depreciation	51,868,281	2,080,026	19,800	53,928,507
<u>Total capital assets being depreciated, net</u>	<u>50,227,105</u>	<u>4,263,172</u>	<u>-</u>	<u>54,490,277</u>
<u>Business-type activities capital assets, net</u>	<u>\$ 56,008,274</u>	<u>4,807,509</u>	<u>4,453,220</u>	<u>56,362,563</u>

Depreciation expense (\$2,080,026) for proprietary funds was charged entirely to the sewer fund.

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2020 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	\$ 44,897,558	-	3,801,512	41,096,046	3,776,512
Bond premiums	3,575,294	-	546,228	3,029,066	515,314
Capital leases	2,582,141	1,850,798	971,529	3,461,410	1,022,282
Landfill closure	142,000	-	-	142,000	14,200
Other post-employment benefits	13,664,516	770	-	13,665,286	-
Net pension liability	8,071,733	1,063,176	-	9,134,909	-
<u>Compensated absences</u>	<u>3,452,464</u>	<u>2,040,986</u>	<u>1,800,810</u>	<u>3,692,640</u>	<u>1,222,782</u>
<u>Governmental activities long-term liabilities</u>	<u>\$ 76,385,706</u>	<u>4,955,730</u>	<u>7,120,079</u>	<u>74,221,357</u>	<u>6,551,090</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	\$ 3,174,573	-	197,102	2,977,471	197,102
Compensated absences	278,800	231,278	183,678	326,400	126,595
Business-type activities long-term liabilities	\$ 3,453,373	231,278	380,780	3,303,871	323,697

Bonds payable at June 30, 2020 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, 2020</u>
Governmental activities:					
2011 Refund 2002 & 2003 Elem Sch.	10/26/2011	\$ 8,905,000	7/15/2023	2.00-4.38%	2,380,000
2012 HS Construction – School	5/30/2012	30,000,000	7/15/2032	2.00-4.00%	6,000,000
2013 HS SRRF – School	12/1/2013	664,450	12/1/2023	0.00%	186,046
2014 HS Construction – School	4/10/2014	8,850,000	4/15/2034	2.25-3.25%	6,180,000
2017 Municipal Service Facility – City	9/8/2017	12,700,000	3/1/2037	2.00-5.00%	10,795,000
2017 Advance Refund 2010 & 2012	9/13/2017	15,700,000	7/15/2029	2.375-4.00%	15,555,000
Total governmental activities					41,096,046
Business-type activities:					
2009 SRF (Long Creek)	10/7/2009	749,716	10/1/2029	0.00%	257,471
2015 CWSRF	8/30/2015	3,500,000	8/1/2035	0.35%	2,720,000
Total business-type activities					2,977,471
Total bonds payable					\$ 44,073,517

Advance Refunding -Prior year defeasance of debt. In September of 2017, the City defeased certain general obligation 2010 and 2012 school bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments and the related call premiums on the old bonds. The trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2020, \$15,800,000 of defeased bonds remain outstanding.

Authorized but Unissued Bonds. In June of 2019, voters approved a \$7,000,000 bond referendum. \$6,000,000 is for the purpose of renovations at the Cash Corner Fire Station including demolition and construction of a new building; \$700,000 for renovations to the Broadway and West End Fire Stations; and \$300,000 for renovations of the Police Station on Anthoine Street. Additionally, in November of 2019, voters approved bonding for \$69,269,073 for the construction of a new consolidated middle school. The School Department had previously received State of Maine approval for State "Participation" in the funding of \$59,269,073. City taxpayers will only be responsible for repayment of the \$10,000,000 portion. Voters also approved \$2,075,000 for pedestrian improvements and \$200,000 for dynamic traffic signalization engineering and installation. At June 30, 2020, these bonds were authorized but unissued.

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

LONG-TERM DEBT, CONTINUED

Subsequent to year-end. In August of 2020, the City issues bonds totaling \$7,950,000 in reference to the above related authorized projects (amounts financed included bond premium for a portion of the anticipated issue):

	<u>Bonds</u>	<u>Premium</u>	<u>Total</u>
Cash Corner Fire Station	\$ 5,184,700	815,300	6,000,000
Public Safety Improvements	868,836	131,164	1,000,000
Middle School Project	1,462,046	229,954	1,692,000
Pedestrian Improvements	434,418	65,582	500,000
Total	\$ 7,950,000	1,242,000	9,192,001

The annual requirements to amortize long-term debt outstanding as of June 30, 2020 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>
2021	\$3,776,512	1,288,400	5,064,912	197,102	18,184	215,286
2022	3,766,512	1,161,725	4,928,237	197,102	17,559	214,661
2023	3,161,511	1,047,662	4,209,173	197,102	16,934	214,036
2024	3,111,511	934,050	4,045,561	197,103	16,309	213,412
2025	2,760,000	818,163	3,578,163	197,102	15,685	212,787
2026-2030	13,815,000	2,587,234	16,402,234	971,960	69,052	1,041,012
2031-2035	9,435,000	680,463	10,115,463	850,000	53,433	903,433
2036-2037	1,270,000	31,353	1,301,353	170,000	8,812	178,812
Total	\$41,096,046	8,549,050	49,645,096	2,977,471	215,968	3,193,439

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, 2020, the statutory limit for the City was \$693,352,500. The City's outstanding long-term debt of \$44,073,517 at June 30, 2020 was \$649,278,983 less than the statutory limit.

In addition to the bonds payable, the City is contingently responsible for the following overlapping debt as of June 30, 2020:

<u>Governmental Unit</u>	<u>Net debt</u> <u>outstanding</u>	<u>Applicable</u> <u>to South Portland</u>	<u>City's share</u> <u>of debt</u>
Cumberland County	\$ 35,245,000	3,247,806	9.21%
Portland Water District	55,760,544	7,572,282	13.58%

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 59 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, 2020 includes total assets of \$62,419,588, and total liabilities of \$18,431,792 and unrestricted net position of \$12,251,849. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,346,550. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2020 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, 2020 was \$7,169,604.

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, 2020.

	Governmental activities
2021	\$ 1,101,096
2022	754,066
2023	564,818
2024	360,431
2025	244,510
<u>2026-2030</u>	<u>683,937</u>
Total minimum lease payments	3,708,858
<u>Less: amount representing interest</u>	<u>247,448</u>
Present value of future minimum lease payments	<u>\$ 3,461,410</u>

LANDFILL

The City records a liability for the estimated costs of landfill closure and postclosure care, as required by government authorities. State and federal laws and regulations require the City to place a final cover on its Highland Avenue landfill site and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill ceased accepting waste, effective January 1, 1993, as required by State regulations. Since that time, the twenty-five acre landfill has remained inactive. Although it was not at capacity, its useful life was over. The City completed the landfill closure process in fiscal year 2000. At June 30, 2020, the City had recorded approximately \$142,000 of estimated cost remaining related to postclosure care of the landfill. The City has amounts available in the general fund to fund these estimated costs. The actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

INTERFUND BALANCES AND TRANSFERS

As of June 30, 2020, interfund loans receivable and payable were as follows:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General Fund	\$ -	14,189,030
School Capital Projects		1,142,221
Sewer Fund	11,412,663	-
Nonmajor Special Revenue Funds:		
City Special Revenues	4,224,412	-
School Grant Funds	218,682	577,485
School Adult Education	10,401	-
School Lunch Fund	16,687	-
Permanent Funds	23	2,000
Private-purpose Trust Funds	27,868	-
Total interfund balances	\$15,910,736	15,910,736

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, 2020, interfund transfers were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 2,030,933	4,139,149
Sewer Fund	421,404	864
Tax Increment Financing	-	1,271,719
Capital Projects	2,478,597	-
Nonmajor Special Revenue Funds:		
City Special Revenues	-	101,002
School Grant Fund	1,800	-
School Lunch Fund	580,000	-
Total interfund transfers	\$ 5,512,734	5,512,734

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, 2020, the City maintained an unassigned general fund balance of \$12,909,528, which is 13.60% of the fiscal year 2021 budget of \$94,933,923.

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 \$3,177,096 tax rate stabilization reserve at June 30, 2020 with \$2,075,000 anticipated to be used in the funding of fiscal year ending June 30, 2021 budget.

As of June 30, 2020, fund balance components consisted of the following:

	General Fund	Other Governmental Funds	Total
Nonspendable:			
Inventory	\$ -	54,919	54,919
Prepaid expenditures	100,557	-	100,557
Principal for permanent funds	-	193,519	193,519
Total nonspendable	100,557	248,438	348,995
Restricted:			
Education	3,212,321	334,450	3,546,771
TIF funds	-	7,469,821	7,469,821
Capital projects – unspent bond proceeds	-	220,207	220,207
Grants – Housing and business development	-	124,526	124,526
Grants – Other planning and general government	-	101,687	101,687
Grants – Fire and police	-	72,740	72,740
Grants – FEMA equipment	-	27,564	27,564
Grants – State highway block	-	756,356	756,356
Donations – Parks and recreation operations	-	425,938	425,938
Other grants and donations	-	10,477	10,477
Permanent funds	-	172,097	172,097
Total restricted	3,212,321	9,715,863	12,928,184

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	\$ 3,177,096	-	3,177,096
Climate action plan	29,779	-	29,779
Equipment replacement reserve	217,754	-	217,754
Unemployment reserve	81,173	-	81,173
Self-insurance reserve	144,418	-	144,418
Safety reserve	191,968	-	191,968
Computerization reserve	101,494	-	101,494
Litigation legal reserve	200,521	-	200,521
Municipal buildings and land acquisition	15,258	-	15,258
Other reserves	40,190	265,036	305,226
South Portland Community TV	-	726,714	726,714
Freshwater Wetland Fund	-	267,782	267,782
Land Bank Trust	-	1,065,045	1,065,045
Public safety:			
Fire equipment and vehicle reserve	437,964	-	437,964
Police equipment reserves	17,097	-	17,097
Call company retirement reserve	45,348	-	45,348
Hazardous materials fund	-	113,536	113,536
Other	-	58,478	58,478
Public works:			
Snow removal reserve	413,445	-	413,445
Cummings Road sewer reserve	224,339	-	224,339
Solid waste reserve	36,746	-	36,746
Other reserves	257,740	6,033	263,773
Street openings and recycling funds	-	389,628	389,628
Sewer impact fund	-	491,743	491,743
Transit and waterfront:			
Bus reserve	288,562	-	288,562
Portland Street Pier and Thomas Knight	-	224,469	224,469
Culture and recreation:			
Library donations	3,890	230,572	234,462
Other	3,986	92,701	96,687
Capital projects	-	6,841,365	6,841,365
Total committed	5,928,768	10,773,102	16,701,870

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

FUND BALANCES, CONTINUED

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assigned:			
Compensated absences reserve	\$ 1,529,319	-	1,529,319
Phone system reserve	103,700	-	103,700
Outside overtime - fire	19,840	-	19,840
Outside overtime - PD	65,211	-	65,211
Investment unrealized gain	1,338,010	-	1,338,010
Public works fuel distribution	121,821	-	121,821
Encumbrances	771,168	-	771,168
Total assigned	3,949,069	-	3,949,069
Unassigned	12,909,528	(1,541,427)	11,368,101
Total fund balance	\$ 26,100,243	19,195,976	45,296,219

CONSTRUCTION COMMITMENTS

The City has entered into a contract in connection with the Cash Corner Fire Station construction project. The following is a summary of the commitments at June 30, 2020:

	<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Balance Remaining</u>
Middle School Construction:				
Architectural Services	\$ 4,016,942	30.33%	1,218,270	2,798,672
Cash Corner Fire Station:				
Construction contracts	5,795,820	23.03%	1,334,561	4,461,259

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	2,637,300	100%	2,637,300	50,373
Texas Instruments TIF	20,509,000	152,278,600	50%	76,139,300	1,454,261
One Wallace TIF	2,178,200	4,280,600	100%	4,280,600	81,759
Cummings TIF	1,697,100	25,184,200	0%	-	-
Long Creek TIF	1,066,300	14,567,900	100%	14,567,900	278,247
Jared TIF	957,500	1,196,000	100%	1,196,000	22,884
Hannaford TIF	343,000	8,856,479	100%	8,856,479	169,159
Downtown TIF	139,691,570	8,046,830	100%	8,046,830	153,694
Transit TIF	18,373,000	2,189,200	25%	547,300	10,454
Affordable:					
Brick Hill TIF	-	36,087,660	100%	36,087,660	689,274
Thornton Hieghts TIF	558,100	-	100%	-	-
Avesta Westbrook TIF	334,800	-	100%	36,500	697

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

TAX INCREMENT FINANCING DISTRICTS, CONTINUED

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

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

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

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

The City had ten (10) approved Tax Increment Financing Districts as of June 30, 2020. For FY 2020, the City captured \$2,910,762 in TIF tax revenues and disbursed \$1,799,507 in C.E.A. payments to two (2) developers. The remaining \$1,111,255 was applied toward eligible local expenses. The following are the C.E.A. payments that each exceed ten (10) percent of the total amount of C.E.A. payments.

The City disbursed \$1,454,261 to Texas Instruments to reimburse for investments in plant equipment to make the facility more cost competitive in the highly competitive semiconductor industry. The current amended C.E.A. became effective for FY 2013 and the company must meet annually a minimum investment in the plant (three-year average) of at least \$6 million, with a sliding scale reimbursement percentage based on the investment. The FY2020 reimbursement was at a 100% reimbursement of taxes captured rate.

The City disbursed \$345,246 in C.E.A. payments to Long Creek Redevelopment LLC (Brick Hill TIF) to reimburse the eligible infrastructure investment for affordable housing relating to the Affordable Housing TIF based on a tax shift calculation formula that for FY2020 was at 50.08% of taxes captured.

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.

The City is defending a lawsuit brought against it by Portland Pipe Line Corp. and American Waterways Operators based on the local citizen-led enactment of the “Clear Skies Ordinance,” (the “Ordinance”) which prohibits the bulk loading of crude oil onto marine tank vessels in South Portland and affects the ability of Portland Pipe Line Corp. to reverse the flow of the South Portland-to-Montreal pipeline to instead bring Canadian tar sands oil into Maine. The plaintiffs seek declaratory and injunctive relief, but no money damages are alleged. The City has earmarked just over \$2,750,000 for its own legal fees to date, and may incur additional fees and costs. To the extent that the plaintiffs prevail on one of their constitutional claims, the City may be responsible under 42 U.S.C. §1988 to reimburse the plaintiffs for some or all of their attorney’s fees and costs. The City could use its unassigned fund balance and reserves to cover legal fees and does not expect the lawsuit to have a material adverse effect on its financial condition or budgetary performance. In June of 2018, the Courts ruled in favor of the City but subsequently the plaintiffs appealed the case to the United States Court of Appeals for the 1st Circuit in Boston, where the case is now pending.

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

NET PENSION LIABILITY

General Information about the Pension Plans

The City contributes to two defined benefit pension plans, (1) the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and (2) the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan). As of the year ended June 30, 2020, the City had the following balances reported in the government-wide financial statements:

		Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PLD Plan	\$	7,829,928	2,942,725	1,961,203	2,336,220
SET Plan		1,304,981	1,252,797	253,947	4,926,076
Total	\$	9,134,909	4,195,522	2,215,150	7,262,296

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 SET 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 (SET).

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 7.35% to 9.5% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2020, was 10.0% of annual payroll for the regular plan and 12.8% of annual payroll for the special plan. Contributions to the pension plan from the City were \$1,551,737 for the year ended June 30, 2020.

SET Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2020, was 18.49% of annual payroll of which 4.16% of payroll was required from the City and 14.33% was required from the State. Contributions to the pension plan from the City were \$1,113,504 for the year ended June 30, 2020.

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

NET PENSION LIABILITY, 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, 2019, 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, 2020, the City reported a liability of \$7,829,928 for its proportionate share of the net pension liability. At June 30, 2019, the City's proportion of the PLD Plan was 2.5616%.

SET Plan - At June 30, 2020, 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	\$ 1,304,981
State's proportionate share of the net pension liability	
associated with the City	28,353,847
Total	\$ 29,658,828

At June 30, 2019, the City's proportion of the SET Plan was 0.0890%.

For the year ended June 30, 2020, the City recognized pension expense of \$2,336,220 for the PLD Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 927,089	-
Changes of assumptions	396,534	-
Net difference between projected and actual earnings on pension plan investments	-	1,961,203
Changes in proportion and differences between City contributions and proportionate share of contributions	67,365	-
City contributions subsequent to the measurement date	1,551,737	-
Total	\$ 2,942,725	1,961,203

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

NET PENSION LIABILITY, CONTINUED

\$1,551,737 is reported as deferred outflows of resources related to the PLD Plan resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2021. 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:

2021	\$ 351,567
2022	(817,308)
2023	(103,230)
2024	(1,244)

For the year ended June 30, 2020 the City recognized pension expense of \$4,926,076 for the SET Plan with revenue of \$3,836,854 for support provided by the State. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the SET Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 101,510	-
Changes of assumptions	37,783	-
Net difference between projected and actual earnings on pension plan investments	-	184,205
Changes in proportion and differences between City contributions and proportionate share of contributions	-	69,742
City contributions subsequent to the measurement date	1,113,504	-
Total	\$ 1,252,797	253,947

\$1,113,504 is reported as deferred outflows of resources related to the SET plan resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2021. 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:

2021	\$ (19,872)
2022	(53,947)
2023	(41,395)
2024	560

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

NET PENSION LIABILITY, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.75%	6.75%
Cost of living benefit increases, per annum	1.91%	2.20%

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015 and the economic assumptions are based on this experience study along with advice of the MPERS investment consultants.

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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
U.S. Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.75% for the PLD Plan and SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.75% for the PLD Plan and SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

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

NET PENSION LIABILITY, CONTINUED

<u>PLD Plan</u>	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
City's proportionate share of the net pension liability	\$ 17,836,073	7,829,928	(1,529,862)
<u>SET Plan</u>	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
City's proportionate share of the net pension liability	\$ 2,359,374	1,304,981	426,337

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, 2020.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plans

The City contributes to four post-employment defined benefit plans, (1) the City's retiree health plan (City Plan), (2) the Maine Public Employees Retirement System State Employee and Teacher Group Term Life Plan (School Life Plan), (3) the Maine Public Employees Retirement System Participating Local District Life Plan (City Life Plan) and (4) the School Department's retiree health plan (School Plan). As of the year ended June 30, 2020, the City had the following balances reported in the government-wide financial statements:

	Total OPEB <u>Liability</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	OPEB (Gain) <u>Expense</u>
City Health Plan	\$ 3,565,424	725,754	1,351,114	117,865
School Life Insurance Plan	-	-	-	81,992
City Life Insurance Plan	682,504	76,079	62,882	18,609
School Health Plan	9,417,358	546,839	-	432,988
Total	\$ 13,665,286	1,348,672	1,413,996	651,454

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

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

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

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

PLD OPEB Plan - Premiums total \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the City were \$10,976 for the year ended June 30, 2020.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the City were \$81,992 for the year ended June 30, 2020. Employers and employees are not required to contribute to the SET OPEB plan.

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

The net OPEB liability for both the PLD and SET OPEB plans was measured as of June 30, 2019, and the net OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of June 30, 2018. The City's proportion of the net OPEB liabilities was based on a projection of the City's long-term share of contributions to the PLD and SET OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan - At June 30, 2020, the City reported a liability of \$682,504 for its proportionate share of the net OPEB liability. At June 30, 2019, the City's proportion was 3.1896%.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

SET OPEB Plan - At June 30, 2020, the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was \$890,785 as of June 30, 2020. At June 30, 2019, the City's proportion was 0.00%.

For the year ended June 30, 2020, the City recognized OPEB expense of \$18,609 for the PLD OPEB Plan. For the year ended June 30, 2020, the City recognized OPEB expense of \$81,992 and revenues of \$81,992 for support provided by the State related to the SET OPEB Plan. At June 30, 2020, the City reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB Plan.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 43,500	-
Changes of assumptions	-	32,366
Net difference between projected and actual earnings on OPEB plan investments	-	30,516
Changes in proportion and differences between City contributions and proportionate share of contributions	21,603	-
City contributions subsequent to the measurement date	10,976	-
Total	\$ 76,079	62,882

An amount of \$10,976 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$ (11,166)
2022	(11,166)
2023	(4,783)
2024	22,728
2025	6,608

Actuarial Assumptions - The net OPEB liability in the June 30, 2018 actuarial valuations was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>PLD OPEB Plan</u>	<u>SET OPEB Plan</u>
Inflation	2.75%	2.75%
Salary increases	2.75% - 9.00%	2.75% - 14.50%
Investment rate of return	6.75%	6.75%

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

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

The actuarial assumptions used in the June 30, 2018 valuations were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	15.0%	3.0%
U.S. government securities	10.0%	2.3%

Discount Rate - The rate used to measure the net OPEB liability for the PLD OPEB Plan was 4.98% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.5%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2019. Projections of the plan’s fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2050. Therefore, the portion of the future projected benefit payments after 2050 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The rate used to measure the net OPEB liability for the SET OPEB Plan was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following presents the City’s proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 4.98%, as well as what the City’s proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.98%) or 1 percentage-point higher (5.98%) than the current rate:

	1% Decrease (3.98%)	Discount Rate (4.98%)	1% Increase (5.98%)
Net OPEB liability	\$ 901,312	682,504	510,006

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – MMEHT

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

Benefits Provided - MMEHT provides healthcare benefits for retirees and their dependents. City employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium.

Employees Covered by Benefit Terms – At January 1, 2020, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employee entitled to but not yet receiving benefits	-
Active employees	253
Total	282

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

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

The City’s total Health Plan OPEB liability of \$3,565,424 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – MMEHT, CONTINUED

Changes in the Total Health Plan OPEB Liability

		Total OPEB Liability
Balance at June 30, 2019	\$	4,150,577
Changes for the year:		
Service cost		104,897
Interest		171,098
Changes of benefit terms		(74,909)
Differences between expected and actual experience		(1,188,949)
Changes in assumptions or other inputs		569,061
Benefit payments		(166,351)
Net changes		<u>(585,153)</u>
Balance at June 30, 2020	\$	<u>3,565,424</u>

Change in assumptions reflects a change in the discount rate from 4.10% to 2.74%.

For the year ended June 30, 2020, the City recognized OPEB expense of \$117,865 related to the Health Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	31,348	1,056,844
Changes of assumption or other inputs		647,987	294,270
City contributions subsequent to the measurement date		46,419	-
Total	\$	<u>725,754</u>	<u>1,351,114</u>

\$46,419 is reported as deferred outflows of resources related to the Health Plan OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2021	\$	(83,221)
2022		(83,221)
2023		(83,221)
2024		(83,221)
2025		(83,218)
Thereafter		(255,677)

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – MMEHT, CONTINUED

The total OPEB liability in the January 1, 2020 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per annum
Salary increases	2.75% per annum
Discount rate	2.74% per annum
Healthcare cost trend rates	8.55% for 2020, decreasing to 3.53% for 2040
Retirees' share of the benefit related costs	5%-100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2020 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate - The rate used to measure the total OPEB liability for the Health Plan was 2.74%. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the City's total OPEB liability related to the Health Plan calculated using the discount rate of 2.74%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.74%) or 1 percentage-point higher (3.74%) than the current rate:

	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$ 4,133,044	3,565,424	3,105,128

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 3,078,099	3,565,424	4,180,806

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – MEABT

General Information about the OPEB Plan

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

Benefits Provided - MEABT provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

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

Inactive employees or beneficiaries currently receiving benefits	224
Inactive employee entitled to but not yet receiving benefits	-
Active employees	485
Total	709

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

The City’s total OPEB liability of \$9,417,358 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 8,879,828
Changes for the year:	
Service cost	76,048
Interest	339,728
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	479,910
Benefit payments	(358,156)
Net changes	537,530
Balance at June 30, 2020	\$ 9,417,358

Change in assumptions reflects a change in the discount rate from 3.87% to 3.5%.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – MEABT, CONTINUED

For the year ended June 30, 2020, The City recognized OPEB expense of \$432,988. At June 30, 2020, The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumption or other inputs	\$ 148,831	-
City contributions subsequent to the measurement date	398,008	-
Total	\$ 546,839	-

\$398,008 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$ 17,212
2022	17,212
2023	17,212
2024	17,210
2025	79,985

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not reported
Salary increases	2.75% - 14.50% per year
Discount rate	3.50% per annum
Healthcare cost trend rates - Pre-Medicare	5.55% for 2018 grading over 15 years to 3.73%
Healthcare cost trend rates – Medicare	3.72% for 2018 grading over 15 years to 2.81%
Retirees’ share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

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

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

Discount Rate - The rate used to measure the total OPEB liability was 3.50% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – MEABT, CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the City’s total OPEB liability calculated using the discount rate of 3.50%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.50%) or 1 percentage-point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 10,930,223	9,417,358	8,203,131

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 8,058,167	9,417,358	11,119,733

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 \$395,887 to the plans during the year ended June 30, 2020.

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 2020, 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, 2020. 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.

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

RISK MANAGEMENT, CONTINUED

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 2020:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u>
<u>Unpaid claims as of the beginning of year</u>	<u>\$ 7,350</u>	<u>-</u>
Provision for current year events	-	31,771
Increase in provision for prior year events	64,102	
Total incurred claims		
Payments:		
Claims attributable to current year	-	31,771
Claims attributable to prior year	65,822	-
Total payments		
<u>Unpaid claims, end of year</u>	<u>\$ 5,630</u>	<u>-</u>

The following summarizes the claims activity with respect to the City's self-insurance programs during 2019:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u>
<u>Unpaid claims as of the beginning of year</u>	<u>\$ 9,813</u>	<u>-</u>
Provision for current year events	-	4,063
Increase in provision for prior year events	11,803	-
Total incurred claims	11,803	4,063
Payments:		
Claims attributable to current year	-	4,063
Claims attributable to prior year	14,266	-
Total payments	14,266	4,063
<u>Unpaid claims, end of year</u>	<u>\$ 7,350</u>	<u>-</u>

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

CITY OF SOUTH PORTLAND, MAINE
Required Supplementary Information

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 104,897	119,463	100,023
Interest	171,098	153,762	154,034
Changes of benefit terms	(74,909)	-	-
Differences between expected and actual experience	(1,188,949)	-	50,155
Changes of assumptions or other inputs	569,061	(392,360)	227,448
Benefit payments	(166,351)	(159,953)	(152,457)
Net change in total OPEB Liability	(585,153)	(279,088)	379,203
Total OPEB liability - beginning	4,150,577	4,429,665	4,050,462
Total OPEB liability - ending	\$ 3,565,424	4,150,577	4,429,665
Covered-employee payroll	\$ 14,486,458	12,670,169	12,670,169
Total OPEB liability as a percent of covered-employee payroll	24.6%	32.8%	35.0%

*Only three years of information available.

CITY OF SOUTH PORTLAND, MAINE
Required Supplementary Information, Continued

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

	<u>2020</u>	<u>2019</u>
Total OPEB Liability		
Service cost	\$ 76,048	81,043
Interest	339,728	325,956
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	479,910	(376,640)
Benefit payments	(358,156)	(345,777)
Net change in total OPEB Liability	537,530	(315,418)
Total OPEB liability - beginning	8,879,828	9,195,246
Total OPEB liability - ending	\$ 9,417,358	8,879,828
Covered-employee payroll	\$ 23,347,539	22,722,666
Total OPEB liability as a percent of covered-employee payroll	40.3%	39.1%

*Only two years of information available.

CITY OF SOUTH PORTLAND, MAINE
Required Supplementary Information, Continued

Schedule of City's Proportionate Share of the Net OPEB Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
PLD Plan			
City's proportion of the net pension liability	3.1896%	3.1390%	3.1749%
City's proportionate share of the net pension liability	\$ 682,504	\$634,111	530,896
City's covered payroll	13,675,811	12,667,956	12,293,702
City's proportionate share of the net pension liability as a percentage of its covered payroll	4.99%	5.01%	4.32%
Plan fiduciary net position as a percentage of the total pension liability	43.18%	43.92%	47.42%
SET Plan			
City's proportion of the net pension liability	0.0000%	0.0000%	0.0000%
City's proportionate share of the net pension liability	-	-	-
State's proportionate share of the net pension liability associated with the Town	890,785	893,199	852,965
Total	\$ 890,785	893,199	852,965
Plan fiduciary net position as a percentage of the total pension liability	44.22%	48.04%	47.42%

* Only three years of information available.
The amounts presented for each fiscal year were determined as of the prior fiscal year.

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

Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
PLD OPEB Plan			
Contractually required contribution	\$ 10,976	11,681	11,850
Contributions in relation to the contractually required contribution	(10,976)	(11,681)	(11,850)
Contribution deficiency (excess)	\$ -	-	-
City's covered payroll	\$ 13,408,609	13,675,811	12,667,956
Contributions as a percentage of covered payroll	0.08%	0.09%	0.09%

* Only three years of information available.

CITY OF SOUTH PORTLAND, MAINE
Required Supplementary Information, Continued

Schedule of City's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
 Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PLD OPEB Plan						
City's proportion of the net OPEB liability	2.5616%	2.5212%	2.5383%	2.5640%	2.5958%	2.6531%
City's proportionate share of the net OPEB liability	\$ 7,829,928	6,899,904	10,392,557	13,623,357	8,281,849	4,082,632
City's covered-employee payroll	13,675,811	12,667,956	12,293,702	11,567,444	10,562,181	9,928,201
City's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	57.25%	54.47%	84.54%	117.77%	78.41%	41.12%
Plan fiduciary net position as a percentage of the total OPEB liability	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%
SET OPEB Plan						
City's proportion of the net OPEB liability	0.089%	0.0868%	0.1057%	0.0960%	0.0951%	0.0684%
City's proportionate share of the net OPEB liability	\$ 1,304,981	1,171,829	1,534,939	1,695,765	1,284,556	739,151
State's proportionate share of the net OPEB liability associated with the City	28,353,847	26,564,893	28,198,719	33,940,464	25,808,454	20,178,883
Total	\$ 29,658,828	27,736,722	29,733,658	35,636,229	27,093,010	20,918,034
City's covered payroll	\$ 25,636,843	25,252,193	24,703,124	23,686,664	22,885,971	21,703,551
City's proportion share of the net pension liability as a percentage of its covered payroll	5.09%	4.64%	6.21%	7.16%	5.61%	3.41%
Plan fiduciary net position as a percentage of the total OPEB liability	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

* Only six years of information available.

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 Pension Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD)
 Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PLD Plan						
Contractually required contribution	\$ 1,551,737	1,565,840	1,398,549	1,300,791	1,197,620	1,027,150
Contributions in relation to the contractually required contribution	(1,551,737)	(1,565,840)	(1,398,549)	(1,300,791)	(1,197,620)	(1,027,150)
Contribution deficiency (excess)	\$ -	-	-	-	-	-
City's covered payroll	\$ 13,408,609	13,675,811	12,667,956	12,293,702	11,567,444	10,562,181
Contributions as a percentage of covered payroll	11.57%	11.45%	11.04%	10.58%	10.35%	9.72%
SET Plan						
Contractually required contribution	\$ 1,113,504	1,017,746	1,002,500	829,843	795,989	606,477
Contributions in relation to the contractually required contribution	(1,113,504)	(1,017,746)	(1,002,500)	(829,843)	(795,989)	(606,477)
Contribution deficiency (excess)	\$ -	-	-	-	-	-
City's covered payroll	\$ 26,774,977	25,636,843	25,252,193	24,703,124	23,686,664	22,885,971
Contributions as a percentage of covered payroll	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%

* Only six years of information available.

CITY OF SOUTH PORTLAND, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2019</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate - PLD	6.75%	6.75%	6.875%	7.125%	7.250%	7.25%
Discount rate - SET	6.75%	6.75%	6.875%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases - PLD	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases - SET	2.75-14.50%	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases - PLD	1.91%	1.91%	2.20%	2.55%	3.12%	3.12%
Cost of living increases - SET	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

Net OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate - SET	6.75%	6.75%	6.875%
Discount rate - PLD	4.98%	5.13%	5.41%

Total OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - Changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate - MMEHT Health Plan	2.74%	4.10%	3.44%	3.78%
Discount rate - MEABT Health Plan	3.50%	3.87%	3.58%	N/A

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

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

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, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 46,354,940	39,532,817
Investments	1,014,141	8,497,405
Due from other governments	1,013,331	754,967
Receivables, net of allowance of \$1,231,155 and \$993,735	367,075	230,276
Taxes receivable	1,152,817	763,023
Tax liens and tax acquired property	186,537	213,396
Prepaid expenditures	100,557	-
Restricted assets, cash	50,000	50,000
Total assets	\$ 50,239,398	50,041,884
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	3,288,550	3,585,276
Accrued liabilities	1,217,705	580,629
Interfund loans payable	14,189,030	17,118,707
Accrued teachers' summer salaries and benefits	4,765,370	4,503,894
Total liabilities	23,460,655	25,788,506
Deferred inflows of resources:		
Unavailable revenue - property taxes	678,500	679,400
Total deferred inflows of resources	678,500	679,400
Fund balances:		
Nonspendable	100,557	-
Restricted	3,212,321	2,022,736
Committed	5,928,768	3,984,988
Assigned	3,949,069	4,044,926
Unassigned	12,909,528	13,521,328
Total fund balances	26,100,243	23,573,978
Total liabilities, deferred inflows of resources and fund balances	\$ 50,239,398	50,041,884

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, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	2020		Variance positive (negative)	2019 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property	\$ 66,688,699	67,223,267	534,568	65,151,305
Excise	6,788,000	6,147,045	(640,955)	7,893,886
Interest and penalties	85,000	87,388	2,388	84,380
Payments in lieu of taxes	279,604	287,216	7,612	279,655
Total taxes	73,841,303	73,744,916	(96,387)	73,409,226
Intergovernmental:				
State revenue sharing	1,750,000	1,920,227	170,227	1,335,998
State BETE Revenue	2,100,000	2,101,001	1,001	1,960,942
Homestead reimbursement	1,612,000	1,140,898	(471,102)	1,185,346
State education subsidy	6,811,260	6,811,260	-	6,123,432
State agency client	15,000	30,573	15,573	25,115
MaineCare	25,000	51,020	26,020	50,288
FTA Section 5307	730,125	504,736	(225,389)	709,894
FTA Cares Act	-	616,743	616,743	-
HHS Stimulus Provider Relief	-	23,681	23,681	-
General assistance	300,000	377,708	77,708	254,717
Other State revenue	137,840	134,915	(2,925)	129,033
Total intergovernmental	13,481,225	13,712,762	231,537	11,774,765
Licenses, permits, fees, and fines:				
Cable franchise fee	120,000	120,000	-	120,000
City clerk	170,400	152,375	(18,025)	189,556
Planning	21,000	86,330	65,330	41,469
Police	62,000	79,067	17,067	72,475
Code enforcement	595,000	1,443,281	848,281	668,499
Other	21,700	19,209	(2,491)	14,920
Total licenses, permits, fees, and fines	990,100	1,900,262	910,162	1,106,919
Charges for services:				
Rent and leases	95,800	117,654	21,854	95,591
Finance and information technology	152,400	182,715	30,315	160,729
Fire	935,000	971,841	36,841	994,628
Public works - transfer facility	100,000	122,844	22,844	83,817
Parks and recreation	293,500	217,881	(75,619)	285,314
Bus service	275,000	190,624	(84,376)	250,882
Other	3,650	5,039	1,389	5,484
Education	125,000	125,000	-	124,996
Total charges for services	1,980,350	1,933,598	(46,752)	2,001,441
Unclassified:				
City clerk	20,000	19,764	(236)	20,528
Finance	12,000	11,757	(243)	11,408
Police and fire	13,500	16,913	3,413	13,637
Planning and code enforcement	7,000	6,273	(727)	14,580
Public works	24,500	16,614	(7,886)	23,716
Other	4,350	3,719	(631)	4,797
Education	100,920	80,419	(20,501)	94,046
Total unclassified	182,270	155,459	(26,811)	182,712
Interest earned	500,000	891,027	391,027	1,239,156
Total revenues	90,975,248	92,338,024	1,362,776	89,714,219

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, 2020
(with comparative actual amounts for the year ended June 30, 2019)

	2020		Variance positive (negative)	2019 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
City council	\$ 210,539	172,867	37,672	161,549
Executive	288,265	270,970	17,295	263,776
City clerk	273,915	259,977	13,938	252,363
Corporation council	198,857	192,254	6,603	232,782
Finance	1,083,075	1,060,154	22,921	1,031,131
Information technology	441,931	425,378	16,553	384,035
Planning	324,978	333,505	(8,527)	301,580
Sustainability	148,133	142,451	5,682	118,994
Human resources	431,267	368,695	62,572	394,719
City building	690,252	658,322	31,930	627,971
Citywide insurance and benefit costs	8,053,460	7,988,633	64,827	7,483,496
Total general government	12,144,672	11,873,206	271,466	11,252,396
Public safety:				
Police department	4,896,314	4,876,254	20,060	4,625,831
Fire department	5,578,786	5,548,553	30,233	5,328,044
Communications	1,095,911	1,005,170	90,741	1,019,705
Code enforcement	574,945	443,340	131,605	577,589
Civil service	18,020	10,342	7,678	17,750
Total public safety	12,163,976	11,883,659	280,317	11,568,919
Public works:				
Administration	224,437	235,984	(11,547)	211,240
Streets and sidewalks	2,863,634	2,765,254	98,380	2,721,522
Rubbish disposal	1,513,545	1,465,256	48,289	1,347,563
Public works garage	302,876	284,282	18,594	276,564
Transfer facility	318,235	283,309	34,926	317,518
Total public works	5,222,727	5,034,085	188,642	4,874,407
Culture:				
Main library	718,184	657,081	61,103	637,051
Branch library	61,872	52,635	9,237	51,187
Total culture	780,056	709,716	70,340	688,238
Parks and recreation:				
Administration	161,968	153,167	8,801	157,570
Parks	1,330,302	1,342,629	(12,327)	1,266,990
Pool	387,349	319,569	67,780	345,647
Recreation	775,865	689,559	86,306	730,919
Total parks and recreation	2,655,484	2,504,924	150,560	2,501,126
Total culture, parks, and recreation	3,435,540	3,214,640	220,900	3,189,364
Transportation and waterfront:				
Bus service	1,462,622	1,411,540	51,082	1,401,896
Waterfront	50,557	40,000	10,557	40,000
Total transportation and waterfront	1,513,179	1,451,540	61,639	1,441,896

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, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	2020		Variance positive (negative)	2019 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Health, welfare, and social services:				
Welfare:				
Administration	\$ 135,634	131,109	4,525	110,767
General assistance	452,000	545,100	(93,100)	397,137
Total welfare	587,634	676,209	(88,575)	507,904
Health	19,000	8,500	10,500	59,000
Total health, welfare, and social services	606,634	684,709	(78,075)	566,904
Intergovernmental - County tax	2,952,578	2,952,578	-	2,785,695
Other:				
Contingency and abatement reserve	112,000	45,269	66,731	9,915
Total other	112,000	45,269	66,731	9,915
Education	51,836,520	49,995,856	1,840,664	49,230,170
Debt service (excluding education):				
Administration (Includes bond issuance costs)	-	-	-	39
Principal	839,614	839,117	497	1,072,313
Interest	532,785	398,145	134,640	402,544
Total debt service	1,372,399	1,237,262	135,137	1,474,896
Total expenditures	91,360,225	88,372,804	2,987,421	86,394,562
Excess (deficiency) of revenues over (under) expenditures	(384,977)	3,965,220	4,350,197	3,319,657
Other financing sources (uses):				
Budgeted use of surplus - City	3,065,001	-	(3,065,001)	-
Budgeted use of surplus - School	250,000	-	(250,000)	-
Transfers in	1,124,197	1,120,697	(3,500)	939,036
Transfers out	(4,054,221)	(4,139,149)	(84,928)	(3,064,339)
Total other financing sources (uses)	384,977	(3,018,452)	(3,403,429)	(2,125,303)
Net change in fund balance - budgetary basis	-	946,768	946,768	1,194,354
Reconciliation to GAAP basis:				
Change in encumbrances - City		(359,904)		(178,031)
Change in encumbrances - School		23,874		48
Change in unbudgeted teacher summer benefits		(52,385)		(37,692)
Change in reserves		1,967,912		(245,659)
Net change in fund balance - GAAP basis		2,526,265		733,020
Fund balance, beginning of year		23,573,978		22,840,958
Fund balance, end of year	\$	26,100,243		23,573,978

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, 2020
(with comparative actual amounts for the year ended June 30, 2019)

	2020			2019 Actual
	Budget	Actual	Variance positive (negative)	
Revenues:				
Local assessment	\$ 44,557,643	44,557,643	-	42,937,426
State education subsidy	6,811,260	6,811,260	-	6,123,432
State agency client	15,000	30,573	15,573	25,115
MaineCare	25,000	51,020	26,020	50,288
Charges for services	125,000	125,000	-	124,996
Other	100,920	80,419	(20,501)	94,046
Total revenues	51,634,823	51,655,915	21,092	49,355,303
Expenditures:				
Current:				
Brown Elementary	2,123,983	2,000,244	123,739	1,996,888
Dyer Elementary	1,720,602	1,651,924	68,678	1,582,092
Kaler Elementary	1,866,493	1,805,824	60,669	1,627,992
Skillin Elementary	2,965,118	2,957,852	7,266	2,802,407
Small Elementary	2,128,667	2,044,726	83,941	1,864,813
Mahoney Middle School	2,752,139	2,734,138	18,001	2,607,768
Memorial Middle School	3,203,039	3,185,260	17,779	3,108,864
South Portland High School	6,964,940	6,816,610	148,330	6,611,160
K-12 instrumental music	93,572	95,994	(2,422)	95,764
6-12 athletics	943,572	804,236	139,336	890,513
Special education	9,894,872	9,564,360	330,512	9,421,300
Health	510,989	504,671	6,318	475,542
Board of Education	348,911	144,687	204,224	216,179
Superintendent of Schools	541,985	505,091	36,894	472,333
Assistant Superintendent	1,968,890	1,902,793	66,097	2,139,808
Curriculum	679,050	532,818	146,232	505,032
Technology	893,883	975,722	(81,839)	796,213
Business office	896,616	915,390	(18,774)	911,006
Operations/maintenance	4,538,281	4,312,447	225,834	4,324,999
Transportation	2,312,763	2,052,914	259,849	2,270,085
Debt service:				
Principal	3,420,658	3,420,658	-	3,351,662
Interest	1,067,497	1,067,497	-	1,157,750
Total expenditures	51,836,520	49,995,856	1,840,664	49,230,170
Excess (deficiency) of revenues over (under) expenditures	(201,697)	1,660,059	1,861,756	125,133
Other financing sources (uses):				
Transfers in	446,697	446,697	-	415,036
Transfers out	(495,000)	(580,000)	(85,000)	(540,000)
Budgeted use of surplus	250,000	-	(250,000)	-
Total other financing sources (uses)	201,697	(133,303)	(335,000)	(124,964)
Net change in fund balances - budgetary basis	-	1,526,756	1,526,756	169
Reconciliation to GAAP basis:				
Change in encumbrances		23,874		48
Change in unbudgeted teacher summer benefits		(52,385)		(37,692)
Change in reserves		(208,103)		(278,537)
Net change in fund balance - GAAP basis		1,290,142		(316,012)
Fund balance, beginning of year		2,022,736		2,338,748
Fund balance, end of year	\$	3,312,878		2,022,736

CITY OF SOUTH PORTLAND, MAINE
Reserves - General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020

		Fund balance beginning of year	Revenues		Expenditures	Other financing sources (uses) Transfers	Fund balance end of year
			Other	Investment earnings			
City committed reserves:							
1801	Equipment replacement	\$ 200,384	-	2,885	11,875	26,360	217,754
1803	Unemployment - City	103,971	-	1,473	31,771	7,500	81,173
1804	Self-Insurance - City	103,816	125,292	1,997	99,187	12,500	144,418
1805	Municipal facilities	96,727	4,223	1,417	-	20,000	122,367
1806	Safety reserve	231,617	12,139	2,948	54,736	-	191,968
1807	Computerization project	140,814	23,774	1,952	10,046	(55,000)	101,494
1809	Litigation - legal	254,928	367	1,993	356,767	300,000	200,521
1822	Communication equipment - police	3,755	-	57	-	2,600	6,412
1824	Body armor - police	5,845	-	-	160	5,000	10,685
1830	Fire	207,413	81,278	4,273	-	145,000	437,964
1834	Traffic improvements	105,288	-	1,502	-	-	106,790
1836	Public works equipment	13,535	14,775	273	-	-	28,583
1840	Snow removal	407,629	-	5,816	-	-	413,445
1842	Library	3,890	-	-	-	-	3,890
1844	Parks and Recreation equipment	3,966	20	-	-	-	3,986
1845	Cummings Road sewer	221,183	-	3,156	-	-	224,339
1847	Bus	186,108	139,465	2,368	89,379	50,000	288,562
1850	Senior Property Tax Program	39,983	-	-	-	-	39,983
1858	Climate Action Plan	30,320	-	-	541	-	29,779
1861	Tax stabilization	1,500,681	-	21,415	-	1,655,000	3,177,096
1864	Call company retirement	54,448	-	-	9,100	-	45,348
1869	Energy efficient	207	-	-	-	-	207
1871	Solid waste	36,220	-	526	-	-	36,746
1872	Municipal buildings & land acq.	32,260	-	367	17,369	-	15,258
Subtotal City committed reserves		3,984,988	401,333	54,418	680,931	2,168,960	5,928,768
City assigned reserves:							
1828	Vehicle replacement - police	(73,664)	73,810	-	105,622	-	(105,476)
1867	Phone system	94,741	-	-	5,297	14,256	103,700
1868	Compensated absences	2,679,319	-	-	-	(1,150,000)	1,529,319
1899	Investment unrealized gain	-	-	1,338,010	-	-	1,338,010
2172	Outside OT - Police	-	240,459	-	175,248	-	65,211
2173	Outside OT - Fire	22,258	-	-	2,418	-	19,840
2176	Fuel distribution	117,536	4,285	-	-	-	121,821
Subtotal City assigned reserves		2,840,190	318,554	1,338,010	288,585	(1,135,744)	3,072,425
Total City reserves		6,825,178	719,887	1,392,428	969,516	1,033,216	9,001,193
School reserves:							
0202	Restricted school reserve funds:						
	School consolidation	301,501	-	4,296	-	-	305,797
	School tech upgrade	254,714	-	3,629	-	(127,980)	130,363
	Unemployment - School	55,287	-	784	1,478	5,000	59,593
	School bus	95,300	17,095	1,187	28,594	-	84,988
	School elementary	15,373	-	-	12,792	-	2,581
	Self-insurance - School	9,353	-	-	310	-	9,043
	Musical program	78,910	-	-	-	-	78,910
	Maintenance	310,315	-	4,186	46,925	-	267,576
	Adult education	4,147	-	-	-	-	4,147
	Student educational support	32,307	15,115	-	22,583	-	24,839
	Laptop repair	21,688	15,529	-	26,745	-	10,472
	Special education	150,000	-	-	-	-	150,000
0456	School facility	25,380	-	283	7,800	-	17,863
Total School reserves		1,354,275	47,739	14,365	147,227	(122,980)	1,146,172
Total reserves		\$ 8,179,453	767,626	1,406,793	1,116,743	910,236	10,147,365

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, 2020

	2501	2502	2503	2504	2505	2507	2508	2509	2510	2511	Total
	Fairchild	Texas	One Wallace	Cummings		Affordable					
	Semiconductor	Instruments	Avenue	Road	Long Creek	Housing	Jared	Hannaford	Downtown	Transit	
Revenues:											
Taxes	\$ 50,373	1,454,261	81,759	-	278,247	689,971	22,844	169,159	153,694	10,454	2,910,762
State BETE revenue	924,930	-	-	-	-	-	-	-	-	-	924,930
Investment earnings	36,666	14,547	12,047	4,802	6,886	4,830	1,611	7,304	8,061	1,261	98,015
Total revenues	1,011,969	1,468,808	93,806	4,802	285,133	694,801	24,455	176,463	161,755	11,715	3,933,707
Expenditures:											
Current:											
General government	70,155	73,852	45,061	61,452	52,682	-	-	3,125	3,125	-	309,452
Public works	30,521	25,363	-	5,348	8,198	-	6,015	-	-	-	75,445
Other	-	1,454,261	-	-	-	345,246	-	-	-	-	1,799,507
Total expenditures	100,676	1,553,476	45,061	66,800	60,880	345,246	6,015	3,125	3,125	-	2,184,404
Excess (deficiency) of revenues over (under) expenditures	911,293	(84,668)	48,745	(61,998)	224,253	349,555	18,440	173,338	158,630	11,715	1,749,303
Other financing sources (uses):											
Transfers out	(684,476)	(11,000)	(5,000)	-	(5,000)	(318,717)	(50,000)	(112,950)	(84,576)	-	(1,271,719)
Total other financing sources (uses)	(684,476)	(11,000)	(5,000)	-	(5,000)	(318,717)	(50,000)	(112,950)	(84,576)	-	(1,271,719)
Net change in fund balances	226,817	(95,668)	43,745	(61,998)	219,253	30,838	(31,560)	60,388	74,054	11,715	477,584
Fund balances, beginning of year	2,212,752	1,416,538	839,070	348,265	492,858	424,947	114,734	500,983	554,609	87,481	6,992,237
Fund balances, end of year	\$ 2,439,569	1,320,870	882,815	286,267	712,111	455,785	83,174	561,371	628,663	99,196	7,469,821

CAPITAL PROJECTS FUNDS

CITY OF SOUTH PORTLAND, MAINE
Capital Project Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020

	Fund balance (deficit) beginning of year	Revenues			Expenditures	Other financing sources (uses)		Fund balance (deficit) end of year
		Other	Intergov- ernmental	Investment earnings		Issuance of debt	Transfers	
City capital projects:								
4011 Paving	\$ 367,302	-	-	3,791	153,406	-	-	217,687
4012 Bug Light Park	18,068	519	-	-	-	-	-	18,587
4018 Chlorination/dechlorinate	17,227	-	-	-	-	-	-	17,227
4045 City FY 03 projects	132	-	-	-	-	-	-	132
4059 City Facilities	22,000	-	-	-	5,635	-	148,200	164,565
4061 Library CIP	119,000	-	-	-	30,000	-	-	89,000
4063 Police CIP	229,457	-	1,298	-	135,116	-	212,485	308,124
4064 Fire CIP	664,900	-	-	-	183,559	-	55,000	536,341
4072 Public works CIP	3,242,509	-	1,884	-	1,156,148	-	1,061,168	3,149,413
4077 Parks and recreation CIP	362,635	-	-	-	157,097	-	411,944	617,482
4079 Municipal services facility	263,971	-	-	5,132	14,866	-	-	254,237
4080 Bus CIP	148,591	-	16,000	-	60,825	-	20,000	123,766
4081 Waterfront CIP	12,990	-	-	-	-	-	-	12,990
4151 Municipal projects CIP	125,144	-	-	-	17,053	-	65,000	173,091
4155 Information technology CIP	79,474	-	-	-	1,870	-	195,000	272,604
4156 Planning CIP	(318,560)	-	-	-	212,808	1,000,000	284,500	753,132
4157 Sustainability CIP	91,557	-	11,320	-	62,112	-	25,300	66,065
4164 Cash Corner Fire Station	1,500,000	-	-	-	1,664,208	-	-	(164,208)
Total City capital projects	6,946,397	519	30,502	8,923	3,854,703	1,000,000	2,478,597	6,610,235
School capital projects:								
0300 Middle School Project	(494,169)	-	-	-	786,549	-	-	(1,280,718)
0301 School FY 02 projects	42,334	-	-	278	53,406	-	-	(10,794)
0303 SPS construction/renovation	7,793	-	-	77	-	-	-	7,870
0304 Facilities/Bus Garage	-	-	-	-	22,880	-	-	(22,880)
0400 School FY 03 projects	16,866	-	-	241	-	-	-	17,107
0401 School FY 04 projects	120,184	-	-	1,371	40,203	-	-	81,352
0402 School FY 01 projects	16,561	-	-	139	9,620	-	-	7,080
0403 School FY 05 projects	65,582	-	-	936	23,969	-	-	42,549
0404 School FY 07 projects	2,334	-	-	-	-	-	-	2,334
0455 School FY 08 projects	26,409	-	-	-	19,073	-	-	7,336
0405 School FY 10 projects	129,742	-	-	863	9,104	-	-	121,501
0406 School FY 20 projects	-	-	-	-	850,798	850,798	-	-
Total School capital projects	(66,364)	-	-	3,905	1,815,602	850,798	-	(1,027,263)
Total capital projects	\$ 6,880,033	519	30,502	12,828	5,670,305	1,850,798	2,478,597	5,582,972

ALL OTHER GOVERNMENTAL FUNDS

CITY OF SOUTH PORTLAND, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Investments	\$ 1,004,738	367,593	1,372,331
Due from other governments	1,500,952	-	1,500,952
Accounts receivable, net of allowance of \$3,445	162,586	-	162,586
Interfund loans receivable	4,470,182	23	4,470,205
Inventory	54,919	-	54,919
Total assets	\$ 7,193,377	367,616	7,560,993
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	561,746	-	561,746
Accrued liabilities	38,525	-	38,525
Interfund loans payable	577,485	2,000	579,485
Accrued teachers' summer salaries	238,054	-	238,054
Total liabilities	1,415,810	2,000	1,417,810
Fund balances:			
Nonspendable	54,919	193,519	248,438
Restricted	1,853,738	172,097	2,025,835
Committed	3,931,737	-	3,931,737
Unassigned	(62,827)	-	(62,827)
Total fund balances	5,777,567	365,616	6,143,183
Total liabilities and fund balances	\$ 7,193,377	367,616	7,560,993

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, 2020

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Taxes	\$ 25,000	-	25,000
Intergovernmental	4,627,875	-	4,627,875
Charges for services	1,436,248	-	1,436,248
Investment income (loss)	72,795	24,808	97,603
Other	481,551	-	481,551
Total revenues	6,643,469	24,808	6,668,277
Expenditures:			
General government	1,402,413	-	1,402,413
Public safety	384,404	-	384,404
Public works	439,660	-	439,660
Culture and recreation	882,108	-	882,108
Transportation and waterfront	37,082	-	37,082
Education	2,044,746	-	2,044,746
School lunch program	1,797,884	-	1,797,884
Other	-	1,946	1,946
Total expenditures	6,988,297	1,946	6,990,243
Excess (deficiency) of revenues over (under) expenditures	(344,828)	22,862	(321,966)
Other financing sources (uses):			
Transfers in	580,000	-	580,000
Transfers out	(99,202)	-	(99,202)
Total other financing sources (uses)	480,798	-	480,798
Net change in fund balances	135,970	22,862	158,832
Fund balances, beginning of year	5,641,597	342,754	5,984,351
Fund balances, end of year	\$ 5,777,567	365,616	6,143,183

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, 2020

	City Special Revenues Fund	School Grant Funds	School Adult Education	School Lunch Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Investments	\$ 1,004,738	-	-	-	1,004,738
Due from other governments	598,104	857,894	-	44,954	1,500,952
Accounts receivable, net of allowance of \$3,445	149,122	4,437	-	9,027	162,586
Interfund loans receivable	4,224,412	218,682	10,401	16,687	4,470,182
Inventory	-	-	-	54,919	54,919
Total assets	\$ 5,976,376	1,081,013	10,401	125,587	7,193,377
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	503,575	55,049	26	3,096	561,746
Accrued liabilities	38,525	-	-	-	38,525
Interfund loans payable	-	577,485	-	-	577,485
Accrued teachers' summer salaries	-	217,040	3,250	17,764	238,054
Total liabilities	542,100	849,574	3,276	20,860	1,415,810
Fund balances:					
Nonspendable	-	-	-	54,919	54,919
Restricted	1,519,288	277,517	7,125	49,808	1,853,738
Committed	3,931,737	-	-	-	3,931,737
Unassigned	(16,749)	(46,078)	-	-	(62,827)
Total fund balances	5,434,276	231,439	7,125	104,727	5,777,567
Total liabilities and fund balances	\$ 5,976,376	1,081,013	10,401	125,587	7,193,377

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, 2020

	City Special Revenues Funds	School Grant Funds	School Adult Education	School Lunch Fund	Total Nonmajor Special Revenue Funds
Revenues:					
Taxes	\$ -	-	25,000	-	25,000
Intergovernmental	1,900,529	1,908,771	11,930	806,645	4,627,875
Charges for services	1,005,219	-	-	431,029	1,436,248
Investment income	72,795	-	-	-	72,795
Other	381,085	100,466	-	-	481,551
Total revenues	3,359,628	2,009,237	36,930	1,237,674	6,643,469
Expenditures:					
Current:					
General government	1,402,413	-	-	-	1,402,413
Public safety	384,404	-	-	-	384,404
Public works	439,660	-	-	-	439,660
Culture and recreation	882,108	-	-	-	882,108
Transportation and waterfront	37,082	-	-	-	37,082
Education	-	2,009,073	35,673	-	2,044,746
School lunch program	-	-	-	1,797,884	1,797,884
Total expenditures	3,145,667	2,009,073	35,673	1,797,884	6,988,297
Excess (deficiency) of revenues over (under) expenditures	213,961	164	1,257	(560,210)	(344,828)
Other financing sources (uses):					
Transfers in (out)	(101,002)	1,800	-	580,000	480,798
Total other financing sources and (uses)	(101,002)	1,800	-	580,000	480,798
Net change in fund balances	112,959	1,964	1,257	19,790	135,970
Fund balances, beginning of year	5,321,317	229,475	5,868	84,937	5,641,597
Fund balances, end of year	\$ 5,434,276	231,439	7,125	104,727	5,777,567

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, 2020

	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	\$ 31,044	-	3,111	4,218	105,086	141,825	49,603	32,706	367,593
Interfund loans receivable	-	23	-	-	-	-	-	-	23
Total assets	\$ 31,044	23	3,111	4,218	105,086	141,825	49,603	32,706	367,616
LIABILITIES AND FUND BALANCES									
Liabilities:									
Interfund loans payable	-	-	-	-	2,000	-	-	-	2,000
Total liabilities	-	-	-	-	2,000	-	-	-	2,000
Fund balances:									
Nonspendable principal	16,406	-	1,566	3,150	52,238	70,502	24,657	25,000	193,519
Restricted	14,638	23	1,545	1,068	50,848	71,323	24,946	7,706	172,097
Total fund balances	31,044	23	3,111	4,218	103,086	141,825	49,603	32,706	365,616
Total liabilities and fund balances	\$ 31,044	23	3,111	4,218	105,086	141,825	49,603	32,706	367,616

CITY OF SOUTH PORTLAND, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020

	7001	7002	7003	7004	7006	7007	7008	7009	Total
	Lillian Anderson Bequest	Lois V. Whitten Bequest	Reta Nappi Bequest	Virginia Boyd Bequest	Sandra Coolbroth Trust	Callahan Trust	Virginia Lewis Bequest	W.P. Adams Maintenance Liberty Ship Memorial	
Revenues:									
Investment income									
Interest income	\$ 726	1	73	100	2,459	3,319	1,161	796	8,635
Unrealized gain/(loss)	1,364	23	137	185	4,617	6,231	2,179	1,437	16,173
Total revenues	2,090	24	210	285	7,076	9,550	3,340	2,233	24,808
Expenditures:									
Other	164	1	17	23	552	745	261	183	1,946
Total expenditures	164	1	17	23	552	745	261	183	1,946
Net change in fund balances	1,926	23	193	262	6,524	8,805	3,079	2,050	22,862
Fund balances, beginning of year	29,118	-	2,918	3,956	96,562	133,020	46,524	30,656	342,754
Fund balances, end of year	\$ 31,044	23	3,111	4,218	103,086	141,825	49,603	32,706	365,616

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, 2020

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 6,081,889	6,081,889	5,805,556	(276,333)
Licenses	67,334	67,334	60,155	(7,179)
Total operating revenues	6,149,223	6,149,223	5,865,711	(283,512)
Operating expenses:				
Administration	174,148	174,148	185,879	(11,731)
Treatment plant	1,045,599	1,045,599	970,110	75,489
Pump stations	565,282	565,282	526,816	38,466
Billing	212,209	212,209	200,486	11,723
Sewer maintenance	861,893	861,893	803,387	58,506
Engineering	260,698	260,698	248,563	12,135
Debt service	95,863	95,863	95,862	1
Compliance	105,723	105,723	87,743	17,980
Sludge disposal	382,577	382,577	344,780	37,797
Insurance	933,231	933,231	877,969	55,262
Total operating expenses	4,637,223	4,637,223	4,341,595	295,628
Operating income	1,512,000	1,512,000	1,524,116	12,116
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	-	-	12,116	12,116
Other financing uses:				
Transfers out	-	-	(864)	(864)
Total other financing uses	-	-	(864)	(864)
Change in net position - budgetary basis	-	-	11,252	11,252
Reconciliation to GAAP basis:				
Revenues and expenditures in the reserve funds are included on the GAAP basis, but not the budgetary basis:				
Reserve revenues			78,622	
Reserve expenditures			(289,239)	
Transfers into reserves			1,512,000	
Transfers in from other funds			300,000	
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			215,458	
Depreciation expense			(2,080,026)	
Change in accruals are recorded on the GAAP basis, but not on the budgetary basis:				
Interest expense			(6,956)	
Bond proceeds provide current financial resources on a budgetary basis, but issuing debt increases long-term liabilities on the statement of net position.				
Repayment of bond principal is an expenditure on the budgetary basis, but reduces the long-term liability on the GAAP basis:				
Bond principal			197,102	
Change in net position - GAAP basis			(61,787)	
Net position, beginning of year			64,808,153	
Net position, end of year			\$ 64,746,366	

AGENCY FUNDS

CITY OF SOUTH PORTLAND, MAINE
Agency Funds
Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the year ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
ASSETS				
Cash and cash equivalents	\$ 128,741	127,239	109,110	146,870
Total assets	128,741	127,239	109,110	146,870
LIABILITIES				
Due to others	128,741	127,239	109,110	146,870
Total liabilities	\$ 128,741	127,239	109,110	146,870

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, 2020

		Fund balance (deficit) beginning of year	Revenues		Expenditures	Transfers	Fund balance (deficit) end of year
			Inter- governmental	Other			
General Government:							
Federal grants:							
2115	CDBG - Entitlement Community	\$ 9,840	802,465	-	802,210	-	10,095
2155	Housing Revolving Loan	112,652	-	1,779	-	-	114,431
2251	Brownfields Grant	-	81,698	-	81,698	-	-
State grants:							
2031	Watershed Plan	26,494	-	378	31	-	26,841
2138	Greater Portland Public Development	56,970	-	-	-	-	56,970
2154	Land Use Regulation Grant	233	-	-	-	-	233
Other:							
2008	Restoration of Records	1,254	-	-	-	-	1,254
2042	Business Development Revolving Loan	59,172	-	-	-	-	59,172
2044	Employee Appreciation Fund	30,460	-	19,466	14,996	-	34,930
2053	Wallace Avenue Directional	2,320	-	33	-	-	2,353
2057	Downeast Energy Traffic Improvement	4,982	-	71	-	-	5,053
2058	NE Audio/Tweeter Sidewalks	10,570	-	151	-	-	10,721
2067	Toys "R" Us Sidewalks	11,061	-	158	-	-	11,219
2088	SPCTV	754,492	-	212,145	232,979	(6,944)	726,714
2094	Gannett Traffic Signal Escrow	27,204	-	388	-	-	27,592
2097	Wellness Committee	(3,801)	-	9,500	7,359	-	(1,660)
2108	Longhorn Steakhouse Escrow	19,624	-	280	-	-	19,904
2114	Millcreek Traffic Impact	10,910	-	1,629	-	-	12,539
2120	Evan/Highland Toddle Inn Escrow	24,031	-	343	-	-	24,374
2129	Westbrook/Western Escrow	51,984	-	2,104	857	-	53,231
2136	Knightville/Mill Creek Plan	7,981	-	-	-	-	7,981
2139	Brick Hill Traffic Escrow	1,255	-	18	-	-	1,273
2146	Heating Assistance	(199)	-	2,731	-	-	2,532
2149	Westbrook/South Portland Assessing	3,811	214,531	-	214,435	(144)	3,763
2161	War Memorial	2,001	-	-	-	-	2,001
2165	Freshwater Wetland Fund	253,008	-	16,315	1,541	-	267,782
2169	John Roberts Road Escrow	2,550	-	-	-	-	2,550
2179	Land Bank Trust	1,001,798	-	68,540	5,293	-	1,065,045
2188	Long Creek Tragedy Memorial	237	-	-	-	-	237
2257	Sustainability Grants	40	25,901	-	26,028	-	(87)
2045	Center for Tech and Civic Life Election Grant	-	-	-	14,986	-	(14,986)
Total General Government		2,482,934	1,124,595	336,029	1,402,413	(7,088)	2,534,057

CITY OF SOUTH PORTLAND, MAINE
City Special Revenues
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020

		Fund balance beginning of year	Revenues		Expenditures	Transfers	Fund balance end of year
			Inter- governmental	Other			
Public Safety:							
Federal grants:							
2023	Impaired & Distracted Driver Grants	\$ 918	4,831	-	-	-	5,749
2050	Asset Forfeiture - Federal	8,779	18,929	173	-	-	27,881
2064	Seat Belt Enforcement Grant	2,228	177	-	-	(1,684)	721
2102	Body Armor	680	-	-	-	(680)	-
2121	Supplemental Homeland Security	-	145,740	-	145,372	-	368
2125	County Hazmat Grant	11,836	17,500	-	12,775	-	16,561
2126	State Hazmat Grant	5,226	-	-	-	-	5,226
2151	Justice Assistance Grant	7,398	42,084	-	42,084	-	7,398
2160	Speed Enforcement	2,165	-	-	-	-	2,165
2167	Underage Drinking Enforcement	568	-	-	-	(568)	-
2181	Language Access New America	1,711	-	-	-	(1,711)	-
2195	Drug Free Community	-	158,825	-	158,841	-	(16)
State grants:							
2049	Asset Forfeiture - State	10,641	785	137	4,892	-	6,671
Other:							
2018	Hazardous Materials	113,536	-	-	-	-	113,536
2086	Police Donations	7,482	-	6,683	2,324	-	11,841
2107	Tobacco Cessation	8,775	-	-	-	(2,000)	6,775
2142	SP Police Youth Program	4,764	-	1,350	2,293	2,000	5,821
2174	Fire Donation	10,401	-	5,900	1,069	-	15,232
2178	Outside OT - Code Enforcement	5,041	-	-	-	-	5,041
2182	Compliance Check	970	-	-	-	-	970
2186	County Underage Drinking Enforcement	8,927	-	-	-	(8,927)	-
2194	Fire Training	20,757	-	6,795	14,754	-	12,798
Total Public Safety		232,803	388,871	21,038	384,404	(13,570)	244,738

CITY OF SOUTH PORTLAND, MAINE
City Special Revenues
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020

		Fund balance beginning of year	Revenues		Expenditures	Transfers	Fund balance end of year
			Inter- governmental	Other			
Public Works:							
Federal grants:							
2096	FEMA Disaster Relief	\$ 134,714	110,223	-	217,373	-	27,564
State grants:							
2046	State Aid Highway Block Grant	575,250	270,936	10,170	-	(100,000)	756,356
Other:							
2024	Recycling	5,763	-	94	-	-	5,857
2025	Donations	-	-	176	-	-	176
2082	Street Openings	386,788	-	74,415	71,503	(72)	389,628
2084	Sewer Impact	379,580	-	262,947	150,784	-	491,743
Total Public Works		1,482,095	381,159	347,802	439,660	(100,072)	1,671,324
Culture and Recreation:							
Other:							
2035	Tree Fund	6,882	-	8,333	-	-	15,215
2037	Debevoise Tennis Court	2,127	-	-	-	-	2,127
2056	Library Donations	53,166	-	2,529	59	-	55,636
2071	Golf Course	163,599	-	164,974	141,880	13,328	200,021
2072	Recreation	525,668	-	516,133	700,112	-	341,689
2073	Donations to Parks and Recreation	36,491	-	4,571	12,449	-	28,613
2076	Art in the Park	45,561	-	6,833	21,843	-	30,551
2116	GE Erskine Park	1,987	-	-	-	-	1,987
2152	Friends of South Portland Libraries	-	-	5,765	5,765	-	-
2189	Communities Promoting Health	575	-	-	-	-	575
2317	Brown Hill Cemetery	71,878	-	919	-	-	72,797
Total Culture and Recreation		907,934	-	710,057	882,108	13,328	749,211
Transportation and Waterfront:							
Federal grants:							
2041	Planning/Capital Grants	8,194	2,100	-	2,100	-	8,194
2093	Rural Transit Assistance Grant	2,283	-	-	-	-	2,283
2166	Shore and Harbor Management Grant	-	3,804	-	3,804	-	-
Other:							
2074	Boat Ramp	3,917	-	18,863	17,609	6,400	11,571
2075	Portland Street Pier	196,395	-	25,052	12,991	-	208,456
2117	Thomas Knight Boat Landing	4,762	-	258	578	-	4,442
Total Transportation and Waterfront		215,551	5,904	44,173	37,082	6,400	234,946
Total		\$ 5,321,317	1,900,529	1,459,099	3,145,667	(101,002)	5,434,276

CITY OF SOUTH PORTLAND, MAINE
School Grant Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020

		Fund balance (deficit) beginning of year	Revenues	Expenditures	Transfers	Fund balance (deficit) end of year
Federal Grants:						
0230	Title IA - Disadvantaged	\$ -	626,569	626,569	-	-
0240	Title IV -Every Student Succeeds Act	-	55,741	55,741	-	-
0247	Local Entitlement	-	832,675	832,675	-	-
0251	Preschool Grant	-	15,878	15,878	-	-
0260	Title IV D	-	181,419	181,419	-	-
0264	Title V	348	-	-	-	348
0268	Title III - Language Acquisition	-	27,013	27,013	-	-
0270	Title II A - Supporting Effective Instruction	14,087	130,597	130,598	-	14,086
0275	Elementary School Program	500	-	-	-	500
0295	Adult Basic Education	-	17,659	17,659	-	-
Total federal grants		14,935	1,887,551	1,887,552	-	14,934
State Grants:						
0216	MMSA Cooperating School	2,704	-	-	-	2,704
0221	Health & Wellness Grants:					
	Health & Wellness	420	-	-	-	420
	Dental Study	3,427	-	-	-	3,427
	Action for Healthy Kids	10	-	-	-	10
	Integrated Youth Health Survey	300	-	-	-	300
	AE College Transitions	-	5,220	5,220	-	-
0223	State Proficiency Grants	3,762	16,000	16,000	-	3,762
0224	Partners in Arts & Learning	735	-	-	-	735
0225	Reading Recovery	1,248	-	-	-	1,248
0226	Learning Results	(405)	-	-	-	(405)
0228	Art Department Grant	2,000	-	-	-	2,000
0229	State Agency Clients	17,082	-	-	-	17,082
0284	E-Rate	(5,593)	-	-	-	(5,593)
Total state grants		25,690	21,220	21,220	-	25,690
Local Grants and Other Special Funds:						
0200	SPHS Auditorium:					
	SPHS Auditorium	30,760	7,776	9,569	-	28,967
	Elaine Wolfson Memorial	1,158	-	-	-	1,158
0201	Local SPHS:					
	High School Musical	5,793	-	1,280	-	4,513
	High School Aspirations	12,961	-	1,611	-	11,350
	SPHS Friends	6,816	1,650	-	-	8,466
	SPHS Class of 1940	100	-	-	-	100
	Readiness Partnership	178	-	-	-	178
	Sustainability Committee	(87)	-	-	-	(87)
	Vicious Cycle	1,783	-	-	-	1,783
	Substance Abuse Prevention	1,235	-	-	-	1,235
0203	Primary Books	4,810	-	-	-	4,810

CITY OF SOUTH PORTLAND, MAINE
School Grant Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020

	Fund balance (deficit) beginning of year	Revenues	Expenditures	Transfers	Fund balance (deficit) end of year	
Local Grants and Other Special Funds, Continued:						
0204	Local Grants:					
	\$ (1,237)	-	-	-	(1,237)	
	174	-	-	-	174	
	(3,683)	-	-	-	(3,683)	
	76	-	-	-	76	
	22,830	-	22,833	-	(3)	
	1,558	-	-	-	1,558	
	1,503	400	324	-	1,579	
	477	-	-	-	477	
	4,396	-	193	-	4,203	
	444	-	-	-	444	
	750	-	-	-	750	
	31	-	-	-	31	
	10,213	-	-	-	10,213	
	1,414	-	-	-	1,414	
	6,775	6,601	2,052	(5,000)	6,324	
	900	-	-	-	900	
	627	-	-	-	627	
	1,238	-	255	-	983	
	-	-	1,048	-	(1,048)	
	-	50,000	10,966	1,672	40,706	
	-	1,000	651	-	349	
	-	500	-	-	500	
0205	Local Boosters:					
	500	-	-	-	500	
	1,891	-	-	-	1,891	
	1,886	-	-	-	1,886	
	11,344	2,063	-	-	13,407	
	5,000	-	-	-	5,000	
	2,176	-	-	-	2,176	
	4,800	14,400	9,567	-	9,633	
	4,328	-	-	-	4,328	
0206	137	-	-	-	137	
0207	762	-	342	-	420	
0208	(476)	-	-	-	(476)	
0209	(22,920)	2,000	-	-	(20,920)	
0211	(8,625)	2,500	6,501	-	(12,626)	
0212	29,584	-	22,325	-	7,259	
0213	7,551	-	-	-	7,551	
0214	Skillin Local:					
	655	-	-	-	655	
	180	4,365	2,356	-	2,189	
	953	-	-	-	953	
	45	5	-	-	50	
	788	-	-	-	788	
	275	200	-	-	475	
0215	1,500	-	-	-	1,500	
0217	857	-	-	-	857	
0218	1,881	-	-	(1,672)	209	
0219	Local Friends Grants:					
	670	4,074	3,332	-	1,412	
	5,651	-	-	-	5,651	
	2,325	-	-	-	2,325	
	2,243	975	-	-	3,218	
	365	-	-	-	365	
0222	8,888	-	2,858	6,800	12,830	
0227	1,000	-	-	-	1,000	
0615	8,643	1,957	2,238	-	8,362	
	188,850	100,466	100,301	1,800	190,815	
	Total	\$ 229,475	2,009,237	2,009,073	1,800	231,439

CITY OF SOUTH PORTLAND, MAINE
Private-purpose Trust Funds
Combining Schedule of Changes in Fiduciary Net Position
For the year ended June 30, 2020

	Net position beginning of year	Additions			Realized and unrealized gain (loss)	Deductions	Net position end of year
		Donations/ other	Interest income				
Private-purpose trusts:							
0801	Dora Small Trust	\$ 10,104	-	252	474	56	10,774
0803	Lewis Trust (School)	1,335,612	-	35,552	60,914	82,131	1,349,947
0804	Alley Scholarship	9,045	-	246	414	557	9,148
0805	Davidson Scholarship	4,027	-	109	186	525	3,797
0806	Elliot Scholarship	5,781	-	158	262	536	5,665
0807	Friese Scholarship	3,866	-	110	171	525	3,622
0808	Harvie Scholarship	2,134	-	65	75	813	1,461
0809	Naylon Scholarship	5	-	-	-	-	5
0810	Norwood Scholarship	67,440	-	4,611	1,099	1,500	71,650
0811	Reynolds Scholarship	81	-	2	4	-	87
0812	Robinson Scholarship	34	-	1	1	1	35
0813	Schwartz Scholarship	883	-	24	41	6	942
0814	Smart Scholarship	10,250	-	292	450	1,067	9,925
0815	Super Runion Scholarship	6,916	-	187	318	543	6,878
0816	Wiggin Scholarship	7,075	-	192	323	544	7,046
0817	Paul Fiore Scholarship	6,779	-	179	318	41	7,235
0818	John Millington Scholarship	10,946	-	288	492	1,063	10,663
0819	Stu Brown Scholarship	83	-	-	-	-	83
0820	William Linskey Memorial	7,116	-	200	313	1,045	6,584
0821	SPHS Recycle Club Scholarship	1	-	-	-	-	1
0822	Governor's Restaurant Scholarship	3	-	-	-	-	3
0823	Book Trust	1,063	-	34	43	307	833
0824	Eagles Association Scholarship	1	-	-	-	-	1
0825	Sherrie Libby Scholarship	8,603	500	229	395	452	9,275
0826	Gustaf W Johnson Scholarship	511,433	-	13,782	23,243	32,670	515,788
0827	A Varanelli Scholarship	(273)	-	9	(16)	3	(283)
0828	Downing Trust	198	-	-	-	-	198
0829	Robert Graff Scholarship	2,548	-	55	108	509	2,202
0830	Rosella Loveitt Trust	1,363	-	30	60	5	1,448
0831	Deveboise Scholarship	14,301	-	204	-	2,000	12,505
0832	TJ Michaud	-	-	-	-	-	-
0833	Walker Scholarship	2,405	700	99	176	1,023	2,357
0835	Ralph Baxter Scholarship	1,372	-	36	64	8	1,464
0836	Scholars	118,514	-	1,689	-	5,000	115,203
7506	Eleanor Hatch Trust	16,202	-	404	759	91	17,274
Total private-purpose trusts		\$ 2,165,911	1,200	59,039	90,687	133,021	2,183,816

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 65,465,039	\$ 68,914,663	\$ 72,207,636	\$ 73,600,630	\$ 75,413,372	\$ 79,523,948	\$ 82,323,833	\$ 82,508,257	84,566,316	\$ 88,649,566
Restricted	16,473,151	11,783,906	11,601,604	12,642,454	11,581,748	12,399,159	14,425,257	11,510,846	11,326,214	13,056,972
Unrestricted	14,713,818	17,843,882	18,392,216	11,423,557 (a)	15,159,920	13,880,761	15,435,585	13,762,193	9,526,783	8,668,984
Total governmental activities net position	\$ 96,652,008	\$ 98,542,451	\$ 102,201,456	\$ 97,666,641	\$ 102,155,040	\$ 105,803,868	\$ 112,184,675	\$ 107,781,296	105,419,313	\$ 110,375,522
Business-type activities:										
Net investment in capital assets	\$ 47,843,440	\$ 49,501,248	\$ 49,690,446	\$ 49,898,598	\$ 50,967,438	\$ 50,111,131	\$ 49,737,946	\$ 49,680,645	52,833,701	\$ 53,385,092
Restricted	6,884,009	5,877,132	4,543,966	4,060,384	2,152,583	4,617,231	3,434,257	6,901,280	5,418,253	4,042,278
Unrestricted	4,452,700	5,562,693	6,922,600	7,328,083	8,084,079	8,277,339	8,164,927	7,867,011	6,556,199	7,318,996
Total business-type activities net position	\$ 59,180,149	\$ 60,941,073	\$ 61,157,012	\$ 61,287,065	\$ 61,204,100	\$ 63,005,701	\$ 61,337,130	\$ 64,448,936	64,808,153	\$ 64,746,366
Primary government:										
Net investment in capital assets	\$ 113,308,479	\$ 118,415,911	\$ 121,898,082	\$ 123,499,228	\$ 126,380,810	\$ 129,635,079	\$ 132,061,779	\$ 132,188,902	137,400,017	\$ 142,034,658
Restricted	23,357,160	17,661,038	16,145,570	16,702,838	13,734,331	17,016,390	17,859,514	18,412,126	16,744,467	17,099,250
Unrestricted	19,166,518	23,406,575	25,314,816	18,751,640 (a)	23,243,999	22,158,100	23,600,512	21,629,204	16,082,982	15,987,980
Total primary government net position	\$ 155,832,157	\$ 159,483,524	\$ 163,358,468	\$ 158,953,706	\$ 163,359,140	\$ 168,809,569	\$ 173,521,805	\$ 172,230,232	170,227,466	\$ 175,121,888

(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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	\$ 9,760,459	\$ 10,384,706	\$ 10,512,718	\$ 11,234,446	\$ 10,584,081	\$ 13,747,918	\$ 13,548,355	\$ 13,958,497	11,097,687	\$ 16,587,038
Public safety	11,475,123	11,883,029	12,030,128	12,553,773	12,766,963	13,000,756	13,344,042	13,857,160	14,378,122	14,715,423
Public works	7,919,091	7,333,922	7,282,274	7,519,818	7,510,853	6,873,549	7,641,727	8,159,709	7,990,357	8,840,505
Culture and recreation	4,271,160	4,349,852	4,333,705	4,431,468	4,440,715	4,587,976	4,372,866	4,938,167	4,911,749	4,762,474
Transportation and waterfront	1,100,308	1,220,037	1,218,546	1,381,048	1,519,381	1,596,383	1,814,621	1,982,271	2,060,680	2,075,168
Health, welfare and social services	346,737	321,795	329,143	335,866	369,616	521,834	506,108	559,095	566,904	684,709
Education	43,299,040	43,451,415	42,854,439	45,825,021	47,485,069	47,943,450	50,058,768	51,900,039	53,243,047	53,789,458
School lunch	1,471,687	1,591,951	1,547,688	1,681,737	1,693,739	1,721,538	1,803,337	1,820,284	1,885,962	1,797,884
Interest on debt service	1,020,873	853,840	1,761,281	1,464,950	1,436,958	1,328,266	1,695,611	1,272,571	1,100,838	1,273,613
Total governmental activities expenses	80,664,478	81,390,547	81,869,922	86,428,127	87,807,375	91,321,670	94,785,435	98,447,793	97,235,346	104,526,272
Business-type activities:										
Sewer	5,721,362	5,632,254	5,885,557	6,133,807	6,147,313	6,154,095	6,203,347	6,345,116	6,455,769	6,540,614
Total business-type activities expenses	5,721,362	5,632,254	5,885,557	6,133,807	6,147,313	6,154,095	6,203,347	6,345,116	6,455,769	6,540,614
Total primary government expenses	\$ 86,385,840	\$ 87,022,801	\$ 87,755,479	\$ 92,561,934	\$ 93,954,688	\$ 97,475,765	\$ 100,988,782	\$ 104,792,909	103,691,115	\$ 111,066,886
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 291,417	\$ 305,479	\$ 514,857	\$ 417,451	\$ 510,092	\$ 831,509	\$ 442,734	\$ 414,864	414,772	\$ 443,867
Public safety	1,222,605	1,188,407	1,506,952	1,448,532	1,358,246	1,715,339	2,090,407	1,919,169	1,898,476	2,815,926
Public works	76,690	200,634	331,600	283,953	300,711	308,979	386,056	242,771	253,305	449,198
Culture and recreation	945,933	923,531	922,237	922,321	974,204	1,078,408	1,119,989	1,316,027	1,410,321	915,697
Transportation and waterfront	285,060	393,663	418,198	439,386	417,158	389,317	376,949	374,004	375,738	291,494
Education	114,136	119,035	57,030	37,159	55,695	105,425	126,000	126,463	124,996	125,000
School lunch program	559,536	559,536	559,536	559,536	559,536	559,536	556,652	639,552	659,174	431,029
Operating grants and contributions	11,296,237	12,254,487	10,382,263	12,995,004	13,459,862	13,373,025	14,780,259	15,318,974	14,806,576	17,615,005
Capital grants and contributions	1,888,618	479,280	518,319	1,574,695	382,528	1,917,714	1,783,472	468,032	375,205	334,302
Total governmental activities program revenues	16,680,232	16,424,052	15,210,992	18,678,037	18,018,032	20,279,252	21,662,518	20,819,856	20,318,563	23,421,518
Business-type activities:										
Charges for services:										
Sewer	5,397,938	5,436,377	5,637,193	5,927,684	5,927,684	5,922,343	6,008,622	6,015,315	6,080,533	5,865,711
Capital grants and contributions	63,392	110,000	138,232	-	-	100,000	254,765	-	-	113,954
Total business-type activities program revenues	5,461,330	5,546,377	5,775,425	5,927,684	5,927,684	6,022,343	6,263,387	6,015,315	6,080,533	5,979,665
Total primary government program revenues	\$ 22,141,562	\$ 21,970,429	\$ 20,986,417	\$ 24,605,721	\$ 23,945,716	\$ 26,301,595	\$ 27,925,905	\$ 26,835,171	26,399,096	\$ 29,401,183

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (expense)/revenue										
Governmental activities	\$ (63,984,246)	\$ (64,966,495)	\$ (66,658,930)	\$ (67,750,090)	\$ (69,789,343)	\$ (71,042,418)	\$ (73,122,927)	\$ (77,627,937)	\$ (76,916,783)	\$ (81,104,754)
Business-type activities	(260,032)	(85,877)	(110,132)	(206,123)	(326,984)	(131,752)	60,040	(329,801)	(375,236)	(560,949)
Total primary government net (expense)/revenue	<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>	<u>\$ (73,062,887)</u>	<u>\$ (77,957,738)</u>	<u>\$ (77,292,019)</u>	<u>\$ (81,665,703)</u>
General Revenues and other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 55,589,394	\$ 57,176,484	\$ 58,939,831	\$ 59,778,935	\$ 61,874,477	\$ 63,183,208	\$ 64,164,888	\$ 65,519,757	\$ 68,265,075	\$ 70,532,733
Motor vehicle excise tax	4,942,156	5,037,900	5,453,056	5,829,497	6,374,595	7,241,370	7,100,567	7,595,421	7,893,886	6,147,045
Cable television franchise	180,000	185,000	176,253	166,543	151,779	120,000	120,000	120,000	120,000	120,000
Unrestricted grants and contributions	4,234,142	4,244,228	4,391,399	4,259,604	4,321,318	4,427,881	4,911,784	4,883,857	5,165,596	6,218,797
Miscellaneous	1,224,520	1,400,096	1,224,458	1,088,123	1,169,599	945,284	986,617	824,864	1,002,266	956,662
Gain (Loss) on sale of assets/property	289,956	(121,631)	-	-	-	-	-	-	-	-
Interest and investment earnings	829,187	751,519	431,930	592,776	581,216	630,112	411,583	407,993	1,578,387	2,506,266
Transfers	(210,802)	(1,816,658)	(298,992)	(306,075)	(195,242)	(1,856,609) (a)	1,808,295	(3,363,343)	(620,941)	(420,540)
Total governmental activities	<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>	<u>\$ 79,503,734</u>	<u>\$ 75,988,549</u>	<u>\$ 83,404,269</u>	<u>\$ 86,060,963</u>
Business-type activities:										
Interest and investment earnings	30,537	30,143	27,079	30,101	48,777	76,744	79,684	78,264	113,512	78,622
Gain (Loss) on sale of assets/property	(621,367)	-	-	-	-	-	-	-	-	-
Transfers	210,802	1,816,658	298,992	306,075	195,242	1,856,609 (a)	(1,808,295)	3,363,343	620,941	420,540
Total business-type activities	<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>	<u>(1,728,611)</u>	<u>3,441,607</u>	<u>734,453</u>	<u>499,162</u>
Total primary government	<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>	<u>\$ 77,775,123</u>	<u>\$ 79,430,156</u>	<u>\$ 84,138,722</u>	<u>\$ 86,560,125</u>
Change in Net Position										
Governmental activities	\$ 3,094,307	\$ 1,890,443	\$ 3,659,005	\$ 3,659,313	\$ 4,488,399	\$ 3,648,828	\$ 6,380,807	\$ (1,639,388)	\$ 6,487,486	\$ 4,956,209
Business-type activities	(640,060)	1,760,924	215,939	130,053	(82,965)	1,801,601	(1,668,571)	3,111,806	359,217	(61,787)
Total primary government	<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>	<u>\$ 4,712,236</u>	<u>\$ 1,472,418</u>	<u>\$ 6,846,703</u>	<u>\$ 4,894,422</u>

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

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

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	\$ 1,023,181	\$ 1,203,520	\$ 1,385,648	\$ 1,061,168	\$ 1,186,539	\$ 1,404,226	\$ 1,109,773	\$ 1,069,957	\$ 962,243	\$ 1,568,829
Public safety	2,370,744	1,987,659	2,240,012	2,015,605	1,765,083	1,919,288	2,472,100	2,289,257	2,284,069	3,363,956
Public works	420,743	551,896	828,918	887,641	683,239	1,738,026	1,187,743	517,024	582,644	722,018
Culture and recreation	947,023	923,531	922,237	922,321	974,204	1,078,408	1,119,989	1,316,027	1,410,321	915,697
Transportation and waterfront	1,581,186	690,767	677,047	1,560,803	883,678	1,438,633	2,084,690	1,294,208	1,189,062	1,436,977
Health, welfare and social services	131,513	99,697	113,648	125,937	124,747	284,231	250,007	296,491	254,717	377,708
Education	10,205,842	10,966,982	9,043,482	12,104,562	12,400,542	12,416,440	13,438,216	14,036,892	13,635,507	15,036,333
Total governmental activities	16,680,232	16,424,052	15,210,992	18,678,037	18,018,032	20,279,252	21,662,518	20,819,856	20,318,563	23,421,518
Business-type activities:										
Sewer	5,461,330	5,546,377	5,775,425	5,927,684	5,820,239	6,022,343	6,263,387	6,015,315	6,080,533	5,979,665
Total business-type activities	5,461,330	5,546,377	5,775,425	5,927,684	5,820,239	6,022,343	6,263,387	6,015,315	6,080,533	5,979,665
Total primary government	\$ 22,141,562	\$ 21,970,429	\$ 20,986,417	\$ 24,605,721	\$ 23,838,271	\$ 26,301,595	\$ 27,925,905	\$ 26,835,171	\$ 26,399,096	\$ 29,401,183

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund:										
Nonspendable	\$ 28,138	\$ -	\$ -	\$ -	\$ 100,382	\$ 104,615	\$ -	\$ -	\$ -	\$ 100,557
Restricted	5,918,192	5,284,024	4,072,226	3,693,988	2,715,462	2,708,544	2,662,892	2,338,747	2,022,736	3,212,321
Committed	3,679,767	3,340,240	4,419,099	4,482,037	3,458,710	4,344,471	4,012,592	3,972,242	3,984,988	5,928,768
Assigned	2,658,767	2,820,042	3,035,817	3,117,547	3,234,394	3,273,424	4,028,667	4,129,161	4,044,926	3,949,069
Unassigned	9,686,895	10,591,915	10,144,040	10,838,800	12,827,588	13,320,584	13,189,251	12,400,808	13,521,328	12,909,528
Total general fund	<u>\$ 21,971,759</u>	<u>\$ 22,036,221</u>	<u>\$ 21,671,182</u>	<u>\$ 22,132,372</u>	<u>\$ 22,336,536</u>	<u>\$ 23,751,638</u>	<u>\$ 23,893,402</u>	<u>\$ 22,840,958</u>	<u>\$ 23,573,978</u>	<u>\$ 26,100,243</u>
All other governmental funds:										
Nonspendable	\$ 218,310	\$ 218,310	\$ 218,310	\$ 228,559	\$ 228,559	\$ 241,859	\$ 246,523	\$ 241,093	\$ 229,141	\$ 248,438
Restricted	10,356,010	39,370,502	18,401,015	16,551,026	9,578,044	9,344,141	15,821,856	9,398,675	9,430,898	9,715,863
Committed	8,528,436	7,688,035	7,003,092	6,715,850	8,160,788	8,585,144	9,154,640	9,643,676	11,056,337	10,773,102
Unassigned	(137,479)	(263,166)	(116,930)	(69,544)	(8,263)	(1,059,302)	(92,080)	(193,496)	(859,755)	(1,541,427)
Total all other governmental funds	<u>\$ 18,965,277</u>	<u>\$ 47,013,681</u>	<u>\$ 25,505,487</u>	<u>\$ 23,425,891</u>	<u>\$ 17,959,128</u>	<u>\$ 17,111,842</u>	<u>\$ 25,130,939</u>	<u>\$ 19,089,948</u>	<u>\$ 19,856,621</u>	<u>\$ 19,195,976</u>

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 60,530,950	\$ 62,378,384	\$ 64,110,887	\$ 65,352,432	\$ 68,968,072	\$ 70,623,578	\$ 71,188,455	\$ 73,137,978	\$ 76,229,761	\$ 76,680,678
Intergovernmental	17,418,997	16,977,995	15,291,981	18,629,968	18,163,708	19,718,620	21,350,777	20,670,863	20,347,377	24,168,104
Licenses and permits	843,138	785,020	1,025,315	966,203	893,186	1,162,225	1,224,384	1,081,073	1,106,919	1,900,262
Charges for services	2,953,646	3,090,265	3,461,348	3,308,678	3,434,235	3,946,288	3,731,786	3,787,149	3,984,213	3,369,846
Unclassified	1,697,113	1,332,902	1,358,674	1,127,061	1,377,045	1,607,267	1,541,682	1,251,377	2,254,358	1,405,155
Interest	829,187	751,519	431,930	592,776	581,216	630,112	411,583	407,993	1,578,387	2,506,266
Total revenues	84,273,031	85,316,085	85,680,135	89,977,118	93,417,462	97,688,090	99,448,667	100,336,433	105,501,015	110,030,311
Expenditures										
General government	8,734,685	9,341,619	9,552,893	9,951,423	10,446,432	10,826,767	11,397,541	12,397,376	12,788,538	14,053,826
Public safety	9,889,615	10,178,386	10,816,601	10,731,258	10,860,700	11,055,139	11,456,415	11,826,761	12,017,983	12,640,353
Public works	4,963,506	4,763,557	4,673,417	4,593,184	5,170,020	4,856,565	4,521,156	5,085,171	5,547,431	5,851,611
Culture and recreation	3,765,412	3,817,090	3,853,346	3,819,006	3,848,406	3,886,368	3,893,759	4,313,069	4,215,218	4,144,603
Transportation and waterfront	1,065,623	1,012,745	1,084,511	1,147,881	1,214,276	1,288,456	1,465,393	1,503,217	1,561,608	1,575,542
Health, welfare and social services	346,737	321,795	329,143	335,866	369,616	521,834	506,108	559,095	566,904	684,709
Education	41,929,483	42,467,517	41,791,370	43,572,441	45,667,455	45,586,692	47,698,940	49,543,256	51,055,944	52,554,317
School lunch program	1,487,170	1,591,951	1,547,688	1,681,737	1,693,739	1,721,538	1,803,337	1,820,284	1,885,962	1,797,884
County tax	2,058,577	2,072,476	2,075,037	2,215,084	2,327,942	2,434,056	2,504,088	2,598,030	2,785,695	2,952,578
Other	1,741,346	1,526,050	1,508,810	1,474,662	1,297,458	1,036,573	991,155	1,326,066	1,869,725	1,897,901
Capital projects	7,543,276	6,948,842	28,017,777	15,811,139	9,356,651	6,148,201	14,578,120	7,633,531	4,513,844	5,716,208
Debt Service:										
Principal	2,663,000	2,686,396	2,478,832	4,077,856	4,465,751	4,466,946	4,303,499	4,363,969	4,423,975	4,259,775
Interest expense	1,066,355	767,911	1,277,701	1,708,713	1,766,373	1,625,390	1,683,605	1,743,118	1,560,333	1,465,642
Total expenditures	87,254,785	87,496,335	109,007,126	101,120,250	98,484,819	95,454,525	106,803,116	104,712,943	104,793,160	109,594,949
Excess (deficiency) of revenues over (under) expenditures	(2,981,754)	(2,180,250)	(23,326,991)	(11,143,132)	(5,067,357)	2,233,565	(7,354,449)	(4,376,510)	707,855	435,362

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other financing sources (uses)										
Proceeds - Bonds	\$ -	\$ 32,642,580	\$ -	\$ 9,747,306	\$ -	\$ -	\$ 13,707,015	\$ -	\$ -	\$ -
Proceeds capital leases	957,800	-	1,152,750	83,000	-	190,860	-	456,948	1,412,779	1,850,798
Refunding bonds issued	-	9,584,150	-	1,928,405	-	-	-	17,562,444	-	-
Payment to refunded bond escrow agent	-	(9,516,956)	-	(1,927,910)	-	-	-	(17,372,974)	-	-
Transfers in	4,448,190	6,043,689	2,943,319	2,786,789	5,002,623	4,675,598	6,456,501	5,128,822	4,005,186	5,089,530
Transfers out	(4,658,992)	(7,860,347)	(3,242,311)	(3,092,864)	(5,197,865)	(6,532,207)	(4,648,206)	(8,492,165)	(4,626,127)	(5,510,070)
Total other financing sources (uses)	<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>	<u>15,515,310</u>	<u>(2,716,925)</u>	<u>791,838</u>	<u>1,430,258</u>
Net change in fund balances	<u>\$ (2,234,756)</u>	<u>\$ 28,712,866</u>	<u>\$ (22,473,233)</u>	<u>\$ (1,618,406)</u>	<u>\$ (5,262,599)</u>	<u>\$ 567,816</u>	<u>\$ 8,160,861</u>	<u>\$ (7,093,435)</u>	<u>\$ 1,499,693</u>	<u>\$ 1,865,620</u>
Total Debt Service including education	3,729,355	3,454,307	3,756,533	5,786,569	6,232,124	6,092,336	5,987,104	6,107,087	5,984,308	5,725,417
Capital Expenditures (per Statement 5)	8,034,449	7,783,805	29,499,214	15,815,164	9,828,671	7,120,178	14,608,302	7,702,848	5,622,353	7,395,789
Debt service as a percentage of noncapital expenditures	4.71%	4.33%	4.72%	6.78%	7.03%	6.90%	6.49%	6.30%	6.03%	5.60%

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
2011	52,436,750	4,942,156	376,974	57,755,880	2,399,132	375,938	60,530,950
2012	53,525,182	5,037,900	364,869	58,927,951	2,400,433	1,050,000	62,378,384
2013	54,659,082	5,453,056	341,440	60,453,578	2,303,339	1,353,970	64,110,887
2014	56,837,797	5,829,497	350,795	63,018,089	2,334,343	-	65,352,432
2015	59,781,351	6,374,595	359,164	66,515,110	2,452,962	-	68,968,072
2016	60,517,323	7,241,370	379,194	68,137,887	2,485,691	-	70,623,578
2017	61,266,181	7,100,567	351,968	68,718,716	2,469,739	-	71,188,455
2018	62,618,719	7,595,421	344,268	70,558,408	2,579,570	-	73,137,978
2019	65,176,305	7,893,886	364,035	73,434,226	2,795,535	-	76,229,761
2020	67,248,267	6,147,045	374,604	73,769,916	2,910,762	-	76,680,678

(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 (a)	Other State Aid (b)	Total State Aid
2011	1,751,872	2,308,208	131,513	442,112	897,637	257,048	5,788,390
2012	1,888,773	2,350,219	99,697	466,578	921,472	244,323	5,971,062
2013	1,901,233	2,802,491	113,648	475,200	1,071,126	261,755	6,625,453
2014	1,315,198	5,584,653	125,937	478,706	1,135,762	440,909	9,081,165
2015	1,264,320	5,356,835	124,747	477,176	1,259,322	545,061	9,027,461
2016	1,285,328	6,197,822	284,231	484,938	1,522,086	598,505	10,372,910
2017	1,243,362	6,419,831	250,007	729,461	1,648,477	801,921	11,093,059
2018	1,243,362	6,419,831	250,007	729,461	1,648,477	801,921	11,093,059
2019	1,335,998	6,198,835	254,717	1,185,346	1,960,942	838,927	11,774,765
2020	1,920,227	6,892,853	377,708	1,140,898	2,101,001	1,280,075	13,712,762

(a) Excludes BETE revenue recognized in the TIF fund

(b) MDEA Revenue, MDOT Revenue, Section 5307, and Veterans exemption reimbursement

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							
2011	1,847,604,000	1,334,587,200	341,033,200	3,523,224,400	152,811,000	3,370,413,400	15.09	3,738,950,000	90.1%
2012	1,855,163,100	1,339,392,500	337,351,900	3,531,907,500	149,095,240	3,382,812,260	14.13	3,556,500,000	95.1%
2013	1,863,390,300	1,361,640,500	328,347,700	3,553,378,500	139,596,280	3,413,782,220	15.89	3,516,250,000	97.1%
2014	1,871,920,200	1,364,111,100	326,665,500	3,562,696,800	139,781,030	3,422,915,770	16.05	3,537,700,000	96.8%
2015	1,892,251,700	1,379,303,000	329,605,300	3,601,160,000	143,448,080	3,457,711,920	15.48	3,580,100,000	96.6%
2016	1,907,528,200	1,389,683,400	323,423,000	3,620,634,600	142,855,880	3,477,778,720	16.42	3,696,350,000	94.1%
2017	1,894,613,500	1,392,736,100	323,280,800	3,610,630,400	139,533,280	3,471,097,120	16.97	3,738,700,000	92.8%
2018	1,938,556,760	1,374,023,400	328,933,000	3,641,513,160	143,309,419	3,498,203,741	17.25	4,008,050,000	87.3%
2019	1,974,887,460	1,385,473,700	324,903,900	3,685,265,060	151,109,994	3,534,155,066	17.70	4,308,100,000	82.0%
2020	1,991,184,360	1,375,637,400	319,509,800	3,686,331,560	208,057,569	3,478,273,991	18.26	4,622,350,000	75.2%

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

	Homestead Assessed Values	Homestead Estimated Actual Values	BETE Assessed Values	BETE Estimated Actual Values
2011	56,320,000	56,320,000	141,235,000	141,235,000
2012	57,960,000	57,960,000	140,425,200	140,425,200
2013	57,600,000	57,600,000	164,089,100	164,089,100
2014	57,330,000	57,330,000	196,012,700	196,012,700
2015	55,810,000	55,810,000	200,539,700	200,539,700
2016	55,740,000	55,740,000	215,867,700	215,867,700
2017	82,425,000	82,425,000	218,824,290	218,824,290
2018	109,660,000	109,660,000	216,832,800	216,832,800
2019	109,660,000	109,660,000	235,917,900	251,486,686
2020	109,980,000	109,980,000	276,896,400	276,896,400

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
2011	4.92	10.17	15.09	0.61	15.70
2012	4.61	9.52	14.13	0.57	14.70
2013	5.10	10.79	15.89	0.61	16.50
2014	5.14	10.91	16.05	0.65	16.70
2010	5.02	10.46	15.48	0.62	16.10
2016	5.30	11.40	16.70	0.71	17.41
2017	5.31	11.66	16.97	0.73	17.70
2018	5.36	11.89	17.25	0.75	18.00
2019	5.39	12.31	17.70	0.80	18.50
2020	5.54	12.72	18.26	0.84	19.10

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

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

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

Taxpayer	2020			2011		
	Assessed Valuation	Rank	Percentage of Total Assessed Value	Assessed Valuation	Rank	Percentage of Total Assessed Value
GGP- MAINE MALL, LLC	\$ 233,315,200	1	6.33%	\$ 220,510,500	1	6.26%
TEXAS INSTRUMENTS INCORPORATED	(a) 178,799,100	2	4.85%	192,433,600	2	5.46%
PORTLAND PORTFOLIO I LLC	(c) 60,123,800	3	1.63%	55,263,900	5	1.57%
HANNAFORD/DELHAIZE AMERICA	53,807,400	4	1.46%	57,884,600	4	1.64%
CENTRAL MAINE POWER COMPANY	42,659,400	5	1.16%	32,056,600	8	0.91%
ON SEMICONDUCTOR CORP.	(b) 38,577,100	6	1.05%	62,919,300	3	1.79%
PORTLAND PIPE LINE CORP.	31,464,800	7	0.85%	45,969,800	6	1.30%
NORTHERN UTILITIES, INC	30,054,800	8	0.82%			
MACY'S/ASGREC TWO, INC.	25,567,000	9	0.69%			
WIM CORE PORTFOLIO OWNER LLC	25,313,300	10	0.69%			
DEAD RIVER COMPANY				31,458,600	9	0.89%
OPROCK PORTLAND				43,539,800	7	1.24%
ANTHEM				27,858,300	10	0.79%
	<u>719,681,900</u>		<u>19.52%</u>	<u>769,895,000</u>		<u>21.85%</u>
Total Assessed Valuation	\$ 3,686,331,560			\$ 3,523,224,400		
Includes:						
Municipal valuation	3,478,273,991			3,370,413,400		
TIF valuation	208,057,569			152,811,000		
	\$ <u>3,686,331,560</u>			\$ <u>3,523,224,400</u>		

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

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

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

Table 11

CITY OF SOUTH PORTLAND, MAINE
Total Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 55,253,882	54,175,209	98.05%	1,020,919	55,196,128	99.90%
2012	56,829,326	55,608,726	97.85%	1,180,770	56,789,496	99.93%
2013	58,630,745	57,515,651	98.10%	1,086,972	58,602,623	99.95%
2014	59,449,469	58,468,581	98.35%	950,049	59,418,630	99.95%
2015	61,546,876	60,720,014	98.66%	804,661	61,524,675	99.96%
2016	62,846,082	62,226,796	99.01%	591,838	62,818,634	99.96%
2017	63,908,158	63,257,315	98.98%	601,584	63,858,899	99.92%
2018	65,547,237	64,890,327	99.00%	609,068	65,499,395	99.93%
2019	68,177,403	67,337,460	98.77%	661,757	67,999,217	99.74%
2020	70,408,933	69,197,377	98.28%	-	69,197,377	98.28%

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 (g)	Capital Lease	General Obligation Bonds							
2011	22,280,000	2,458,226	806,392		25,544,618	569,570,562	4.48%	25,002	1,022	0.60%
2012	49,590,000 (d)	2,198,587	474,289		52,262,876	569,570,562	9.18%	25,002	2,090	1.39%
2013	49,850,862	3,133,341	447,187		53,431,390	569,570,562	9.38%	25,002	2,137	1.42%
2014	55,335,688 (e)	2,870,232	420,085		58,626,005	569,570,562	10.29%	25,002	2,345	1.56%
2015	50,772,746	2,491,412	392,983		53,657,141	569,570,562	9.42%	25,002	2,146	1.42%
2016	46,348,658	2,307,319	3,765,881		52,421,858	569,570,562	9.20%	25,002	2,097	1.25%
2017	55,767,421 (f)	1,910,278	3,568,778		61,246,477	569,570,562	10.75%	25,002	2,450	1.49%
2018	52,992,634	1,943,835	3,371,676		58,308,145	569,570,562	10.24%	25,002	2,332	1.32%
2019	48,472,852	2,582,141	3,174,573		54,229,566	569,570,562	9.52%	25,002	2,169	1.13%
2020	44,125,111	3,461,410	2,977,471		50,563,992	569,570,562	8.88%	25,002	2,022	1.02%

- (a) See Table 16. Amount shown is per capita income multiplied by population.
- (b) 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) \$12.7 Million in GOB's issued for new Municipal Services Facility.
- (g) Includes unamortized bond premiums.

CITY OF SOUTH PORTLAND, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2020

Jurisdiction	Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
City of South Portland General Obligation	\$ 44,125,111	100.00%	\$ 44,125,111
City of South Portland Capital Leases	3,461,410	100.00%	3,461,410
Total direct debt	<u>47,586,521</u>		<u>47,586,521</u>
Overlapping:			
Portland Water District	55,760,544	13.58%	7,572,282
Cumberland County	35,245,000	9.21%	3,247,806
Total overlapping debt	<u>91,005,544</u>		<u>10,820,088</u>
Total direct and overlapping debt	<u>\$ 138,592,065</u>		<u>\$ 58,406,609</u>

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

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

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

**CITY OF SOUTH PORTLAND, MAINE
Legal Debt Margin Information
June 30, 2020**

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 2020 State Valuation of \$4,622,350,000, the City is in compliance with the total and categorical debt limits:

Legal Debt Margin Calculation for Fiscal Year 2020

State Valuation	\$ 4,622,350,000
Debt Limit - 15% of State Valuation	693,352,500
Less outstanding debt applicable to debt limit	<u>(44,073,517)</u>
Legal Debt Margin	<u>\$ 649,278,983</u>

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%	\$ 462,235,000	\$ 30,301,046	\$ 431,933,954
Storm or Sanitary Sewer	7.50%	346,676,250	2,977,471	343,698,779
Municipal	7.50%	346,676,250	10,795,000	335,881,250
Total Maximum Debt	15.00%	\$ 693,352,500	\$ 44,073,517	\$ 649,278,983

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 560,842,500	\$ 533,475,000	\$ 527,437,500	\$ 530,655,000	\$ 537,015,000	\$ 554,452,500	\$ 560,805,000	\$ 601,207,500	\$ 646,215,000	\$ 693,352,500
Total debt applicable to limit	<u>23,806,392</u>	<u>50,064,289</u>	<u>47,722,187</u>	<u>53,200,200</u>	<u>51,165,729</u>	<u>48,067,972</u>	<u>56,569,358</u>	<u>52,225,745</u>	<u>48,072,131</u>	<u>44,073,517</u>
Legal debt margin	\$ 537,036,108	\$ 483,410,711	\$ 479,715,313	\$ 477,454,800	\$ 485,849,271	\$ 506,384,528	\$ 504,235,642	\$ 548,981,755	\$ 598,142,869	\$ 649,278,983
Total debt applicable to the limit as a percentage of debt limit	4.24%	9.38%	9.05%	10.03%	9.53%	8.67%	10.09%	8.69%	7.44%	6.36%

(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	2020			2011		
	(a) Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
UnumProvident Life Insurance Co.	2,582	1	10.33%	3,500	1	14.00%
City of South Portland	921	2	3.68%	858	3	3.63%
WEX Inc. (formerly Wright Express)	750	3	3.00%	744	5	2.98%
Hannaford	720	4	2.88%			
Southern Maine Community College	615	5	2.46%	739	6	2.96%
Anthem/Blue Cross & Blue Shield of Maine	492	6	1.97%	1,000	2	4.00%
Texas Instruments (formerly National Semi)	475	7	1.90%	540	7	2.16%
ON Semiconductor (formerly Fairchild Semi)	409	8	1.64%	775	4	3.10%
United Parcel Service	290	9	1.16%	200	8	0.80%
Macy's	125	10	0.50%	150	9	0.60%
Marriott Corporation				148	10	0.59%
	7,379		29.52%	8,654		34.82%

Source for Data: State of Maine, Department of Labor, Labor Market Information Services; U.S. Department of Commerce, Bureau of Census - 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	Personal Income (a)	Per Capita		School Enrollment (c)	Unemployment Rate (b)
			Personal Income	Median Age		
2011	25,002	569,570,562	22,781	39.40	3,075	6.10%
2012	25,002	569,570,562	22,781	39.40	3,116	5.70%
2013	25,002	569,570,562	22,781	39.40	3,135	5.20%
2014	25,002	569,570,562	22,781	39.40	3,093	4.80%
2015	25,002	569,570,562	22,781	39.40	3,064	4.00%
2016	25,002	569,570,562	22,781	39.40	3,080	3.10%
2017	25,002	569,570,562	22,781	39.40	3,068	2.90%
2018	25,002	569,570,562	22,781	39.40	3,045	2.80%
2019	25,002	569,570,562	22,781	39.40	2,979	2.60%
2020	25,002	569,570,562	22,781	39.40	2,968	6.20%

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

(b) 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.

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

Table 17

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

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
City Council	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Executive department	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.5	5.0	5.0
City clerk	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Corporation council	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance department	16.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Information technology	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.5	6.5
Planning department	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Human resources	3.0	3.0	3.0	3.0	3.0	3.0	3.5	4.0	4.0	4.0
City building	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	9.0	9.0
Sustainability	-	-	-	-	-	1.0	1.0	1.5	1.5	2.0
Public Safety										
Police	56.0	55.0	56.0	58.0	59.0	59.0	60.0	61.0	62.0	63.0
Fire	65.0	67.0	68.0	69.0	69.5	69.5	69.5	69.5	73.5	73.5
Dispatch	10.0	9.0	8.0	6.0	5.0	3.0	3.0	3.0	3.0	3.0
Code	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0
Public Works										
Public Works	20.0	20.0	20.0	21.0	22.0	22.0	22.5	23.0	23.0	23.0
Parks and Recreation										
Parks	11.5	11.5	11.5	11.5	13.5	13.5	13.5	13.5	14.0	14.0
Recreation	22.0	22.0	22.0	22.0	21.0	21.0	21.0	21.0	14.0	14.0
Public Library										
Main Library	11.0	11.0	11.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0
Branch Library	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Transportation and Waterfront										
Transportation and Waterfront	12.0	13.0	12.0	13.0	15.0	16.0	17.0	18.0	18.0	18.0
Health and Welfare										
Health and Welfare	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.5
School										
School	571.0	571.0	561.0	568.0	570.0	565.0	570.0	605.0	605.0	595.0
Water Resource										
Water Resource	28.0	29.0	29.0	29.0	29.5	29.0	29.0	29.0	29.0	29.0
Total	859.0	862.0	852.0	862.0	870.5	864.0	872.0	912.0	920.5	912.5

Source: Payroll Department.

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

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

<u>Function</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police (b)										
Physical arrests	833	693	745	636	676	599	551	440	497	424
Calls for Service	33,009	30,740	34,071	37,391	36,361	36,337	33,738	33,577	34,825	33,442
UCR - Crime Index	946	923	1,013	923	1,012	804	620	592	565	529
Fire										
Fire calls	1,192	1,173	1,137	1,327	1,366	1,222	1,166	1,297	1,191	1,346
Medical calls	3,026	3,240	3,142	2,915	3,089	3,279	3,295	3,328	3,522	3,611
Inspections	1,698	1,749	1,670	1,808	1,923	1,915	2,186	2,040	2,085	1,202
Refuse Collection										
Refuse collected (tons)	6,253	6,244	5,878	5,705	5,643	5,519	6,147	5,834	5,635	6,199
Recyclables collected (tons)	2,461	2,323	2,278	2,292	2,333	2,243	2,289	2,277	2,307	2,210
Other public works										
Street resurfacing (miles)	5.01	4.50	4.00	3.50	2.90	2.90	2.90	2.25	2.30	2.38
Potholes repaired	250	225	235	255	220	125	220	162	260	134
Parks and Recreation										
Community center admissions	155,153	177,390	185,868	190,549	189,242	190,143	190,143	186,890	190,138	135,093
Library										
Items in collection (a)	104,062	99,316	102,906	103,838	103,104	107,109	107,109	107,489	109,535	103,013
Total items circulated (a)	288,602	262,125	267,654	213,668	200,337	260,865	260,865	192,021	188,391	135,624
Total items borrowed (a)	21,242	21,088	21,183	19,184	19,353	25,836	25,836	25,869	28,190	21,038
Water Resource										
Average daily sewage treatment (thousands of gallons)	6,610	6,740	6,273	6,139	6,078	5,496	6,078	5,850	6,107	5,386
Transit										
Total route miles	193,242	196,295	189,007	203,469	203,469	200,557	209,286	218,885	226,251	222,162
Passengers	211,634	247,370	263,124	258,617	259,824	246,931	270,930	273,167	259,640	208,947

Sources: Various city departments.

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

(b) Operating indicators are based on the calendar year from 2010-2019.

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Buildings	7	7	7	7	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	38	35	39	38	34	34	35	35	38	39
Fire Department										
Buildings	7	7	7	7	7	7	7	7	7	7
Vehicles	27	27	28	28	28	28	25	25	27	24
Code Enforcement										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	5	5	6	6	6	6	6	5
Public Works										
Buildings	7	7	7	7	7	7	7	8	8	8
Streets (miles)	115	115	115	115	115	115	115	115	115	115
Vehicles/Trucks	10	11	12	12	12	12	12	12	11	7
Heavy Vehicles	38	39	39	39	39	39	34	34	35	39
Culture and recreation										
Buildings	14	14	14	15	15	15	15	15	15	10
Vehicles	18	18	17	18	19	19	24	24	24	17
Transportation & Waterfront										
Buildings	2	2	2	3	3	3	3	2	2	2
Buses	12	12	8	10	10	10	8	8	7	8
Vehicles	2	2	2	2	2	2	2	2	2	2
Water Resources										
Buildings	38	38	38	38	38	38	38	38	38	38
Vehicles	24	23	23	23	23	23	23	23	22	22
School Department										
Schools	8	8	8	8	8	8	8	8	8	8
Buildings	4	4	4	4	4	4	4	4	4	4
Portable Classrooms	2	3	3	3	3	3	3	3	5	5
School Buses	22	22	23	23	23	23	29	29	31	31
Vehicles	7	8	7	7	7	7	7	7	9	9

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