

The University of Maine

DigitalCommons@UMaine

Maine Town Documents

Maine Government Documents

2012

City of Saco, Maine Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2012

Cheryl Fournier

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

Repository Citation

Fournier, Cheryl, "City of Saco, Maine Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2012" (2012). *Maine Town Documents*. 8646.

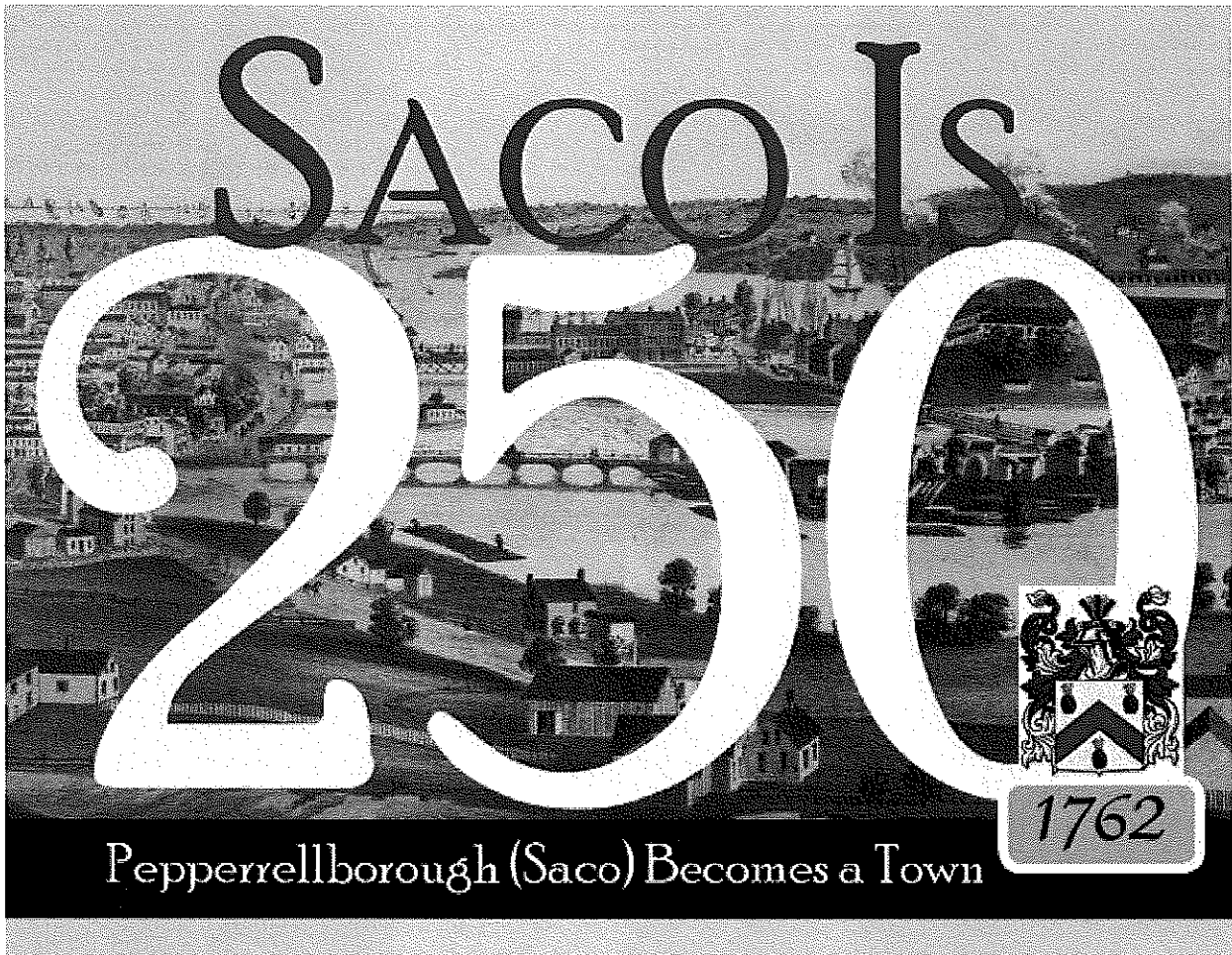
<https://digitalcommons.library.umaine.edu/towndocs/8646>

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

CITY OF SACO, MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2012



On June 9, 2012, the City of Saco celebrated its 250th anniversary of the incorporation of Pepperrellborough (later, Saco). Pepperrellborough was named after the generous benefactor Sir William Pepperrell of Kittery, who donated land for a meetinghouse, burying ground, and common land; and the district maintained the name Pepperrellborough until 1805, when the town decided the name should be changed to the older, more convenient designation of Saco.

Prepared by:
Cheryl Fournier
Finance Director, City of Saco, Maine



City of Saco, Maine

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1
GFOA Certificate of Achievement	9
Organizational Chart	11
Listing of Principal Officials	12

FINANCIAL SECTION

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		15
Management's Discussion and Analysis		17
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	33
Statement of Activities	2	34
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	35
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	37
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget & Actual - General Fund	6	38
Statement of Net Assets - Proprietary Fund	7	39
Statement of Revenues, Expenses and Changes in Net Assets- Proprietary Fund	8	40
Statement of Cash Flows - Proprietary Fund	9	41
Notes to Basic Financial Statements		42

City of Saco, Maine

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012

TABLE OF CONTENTS, CONTINUED

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		68
Supplementary Information		
Governmental Funds by Fund Type:		
General Fund:		
Comparative Balance Sheets	A-1	75
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual –Budgetary Basis	A-2	76
All Other Non-major Governmental Funds:		
Combining Balance Sheet	B-1	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	82
Non-major Special Revenue Funds:		
Combining Balance Sheet	C-1	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	C-2	92
Non-major Capital Project Funds:		
Combining Balance Sheet	D-1	99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	100
Non-major Permanent Fund:		
Balance Sheet	E-1	103
Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	104

City of Saco, Maine

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012

TABLE OF CONTENTS, CONTINUED

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
Net Assets by Component – Last Ten Fiscal Years	1	107
Change in Net Assets- Last Ten Fiscal Years	2	108
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years	3	109
Fund Balances of Governmental Funds – Last Ten Fiscal Years	4	110
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	5	111
Assessed Value and State Equalized Value of Taxable Property – Last Ten Fiscal Years	6	112
Property Tax Rates – All Direct and Overlapping Governments – Last Ten Fiscal Years	7	113
Principal Property Taxpayers – Current Year and Nine Years Ago	8	114
Property Tax Levies and Collections – Last Ten Fiscal Years	9	115
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	10	116
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	11	117
Direct & Overlapping Governmental Activities Debt – General Obligation Bonds	12	118
Statutory Debt Margin Information – Last Ten Fiscal Years and Legal Debt Margin Calculation	13	119
Demographic and Economic Statistics – Last Ten Fiscal Years	14	120
Principal Employers – Current Year and Nine Years Ago	15	121
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	16	122
Operating Indicators by Function – Last Ten Fiscal Years	17	123
Capital Asset Statistics by Function – Last Ten Fiscal Years	18	124

This page left blank intentionally.

INTRODUCTORY SECTION

This page left blank intentionally.



City of Saco

Finance Office

Cheryl Fournier, Finance Director
Saco City Hall
300 Main Street, Saco, ME 04072

Tel: (207) 282-1032

Fax: (207) 282-8209

Email: cheryl.fournier@sacomaine.org

December 10, 2012

Honorable Mark Johnston, Mayor
and Distinguished Members of the City Council
300 Main Street
Saco, Maine 04072

The comprehensive annual financial report of the City of Saco, Maine for the fiscal year ended June 30, 2012, is hereby submitted in accordance with the requirements of both our City Charter and state statutes. The Charter and statutes require that the City of Saco issue annually a report of its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with the City of Saco. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Saco on a government-wide and fund basis. All disclosures necessary to enable the reader to gain the maximum understanding of the City's activities have been included.

The comprehensive annual financial report is prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

Accounting Principles Generally Accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City of Saco, Maine's MD&A can be found immediately following the report of the independent auditors.

Governmental Structure, Local Economic Condition and Outlook

The City of Saco, Maine, incorporated in 1867, is located at the mouth of the Saco River on the southerly side of Saco Bay in the Gulf of Maine, in the southern coastal section of the State and is the eleventh largest city by population in the State of Maine. The City of Saco continues to be a key area within the state for residential growth, as well as a key area where industrial and commercial companies are investing. The City of Saco was ranked fifth within the State of Maine for this growth. Saco has a land area of 38.5 square miles and an estimated population of 18,482 based on the most recent census. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City operates under the Mayor-Council – City Administrator form of government. Policy making and legislative authority vested in a seven member City Council. The Council is elected on a non-partisan basis. The mayor and all council members are elected to two-year terms from seven districts (wards). The City Council is responsible, among other things, for passing ordinances, adopting the city budget, confirming mayoral nominations of committees, and the City Administrator. The City Administrator 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, some with City Council confirmation.

The City of Saco, Maine provides a full range of services, including police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; waste water treatment plant (Water Resource Recovery); solid waste collection; health and social welfare; recreation; general administration, and economic development.

The annual budget serves as the foundation for the City of Saco's financial planning and control. All departments of the City of Saco are required to submit requests for appropriation to the Finance Director in January of each year. The City's Finance Director uses these requests as the starting point for developing a proposed budget. The City Administrator then presents this proposed budget to the City Council for review in March of each year. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Both transfers of appropriations within a department and between various departments require the approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds.

Major Initiatives Fiscal Year 2011-2012

After much work, financial planning and commitment to our vision of making Saco a community with a high quality of life for all its citizens, the City again ends the year in a solid financial position. Central to this vision is a sustainable economy that offers an opportunity for everyone to have rewarding employment and for business to prosper, now and in the future. The people of Saco have brought this vision into reality by working together and building on our tradition of hard work, dedication and ingenuity.

Economic Development. The City has worked for decades to improve the economic development climate in Saco, and the proof of those efforts is the steady increase in the City's assessed valuation, which is due to growth in the industrial and commercial sector, as well as strong residential growth. Notable additions to the City's economic development base are due to the City's continually expanding business parks, expanding auto dealerships along Route 1, and the expanding recreation sector with large indoor hockey and soccer facilities and theme parks.

Assessed Valuation. For the 21st consecutive year, the City's valuation has steadily increased, with the exception of fiscal year June 30, 1999, where the valuation slightly decreased due to the State mandated homestead exemption of approximately \$25 million. This exemption reduced the taxable valuation for the taxpayers of the City but was substituted by a reimbursement from the State. Since fiscal year 1991, the assessed valuation has risen from \$729,675,000, to this year's \$2,116,404,600. This equates to a 190.0% increase over this 21-year period. However, this increase has not been reflected proportionately between residential and commercial growth. In 1990, residential property accounted for 68% of the City's valuation. This year, residential property taxes will also account for approximately 72.8% of the taxes paid, while business/industry will account for 27.2%.

Financial Management. The City created objectives during the budget process for 2012 that included: keep taxes stable, create a capital program, and keep operating appropriations stable. We did not meet these goals during the budgeting process. We had an increase to the tax rate of 4.4% due to the decrease in revenue. No capital program was created for the current fiscal year. We did meet the last item as our increase of operating expenses was only 2.8%.

Strategic Planning. The City is committed to ensuring sound financial management of public funds. This includes monitoring goals and objectives through the Strategic Plan, maintaining sufficient fund balances in major governmental funds, and adhering to the highest management standards. The Strategic Plan was last adopted by the City Council in fiscal year 2010. In January 2012, the Council created a listing of Objectives for the following two years, but did not create a priority listing of these Objectives.

Capital Improvements and Debt Service. The City has prepared a five-year Capital Improvement Plan Policy. This policy outlines all of the capital assets currently owned by the City, their historical costs, their estimated useful lives, and their estimated replacement years and costs. With this information, the City will be better able to plan for replacements which will aid in our budget preparation in future years as we will have a better idea of fiscal impacts due to replacement being projected. In the current fiscal year, approximately \$165,000 was budgeted to fund emergency capital improvement projects. The City continues to remain significantly below state mandated thresholds for allowable debt liability.

Comprehensive Plan. A comprehensive plan for the City's development was adopted in October of 1999. This plan sets out development policies and goals for the next decade and is updated frequently. A new Comprehensive Plan was completed in fiscal year 2011.

Interlocal service efforts with the City of Biddeford and the Town of Old Orchard Beach. Saco, Biddeford and Old Orchard Beach continue to build among the many services we provide jointly, including the harbor river patrol efforts, various training efforts for employees, combined purchasing to take advantage of economies of scale, and combined negotiations of cable franchise agreements, to name just a few. Interlocal agreements are also in place for fire, police and emergency management services. Joint employees with neighboring towns cover such areas as recycling and GIS mapping.

Biddeford-Saco-Old Orchard Beach Transit Committee. The City is a member of the Biddeford-Saco-Old Orchard Beach Transit Committee which is a jointly governed organization. The Committee has operated a public mass transit passenger bus service within and between the three municipalities under a voluntary interlocal agreement since 1977. The City of Saco's contribution to the committee for the year ended June 30, 2012 was \$115,000. The Transit Committee does not meet the definition of a component unit or a joint venture because there is no ongoing financial interest or responsibility by the participating governments.

Major Initiatives - 2012-2013 Goals

Between January and March of 2012, the Mayor, City Council, City Administrator, and Department Heads worked together to create a long listing of issues, goals, and priorities. After a lot of thought, the long list of hundreds of items was summarized down to a short list of eight categories.

The City's goals established during March 5, 2012 workshop were:

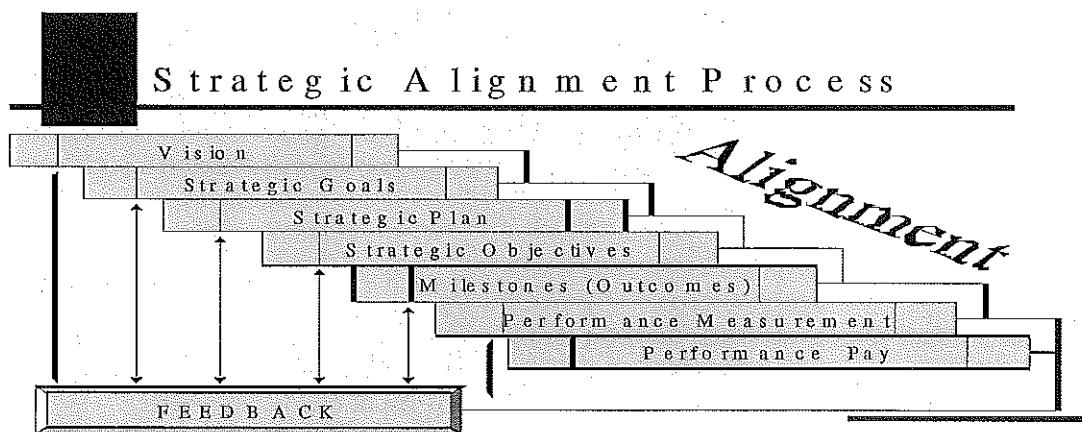
- A. Sustain and improve upon city services;
- B. Improve the city's financial infrastructure;
- C. Maintain taxes at present levels;
- D. Revitalize the city's Main Street;
- E. Improve and sustain Saco shoreline;
- F. Study and improve parking and traffic flow;
- G. Development and activate a sustainable Capital Improvement Plan to include improving the infrastructure of the road and sewer systems; and
- H. Work collaboratively with the City of Biddeford.

The above categories have multiple objectives created, and many of these objectives along with other items will be department head's goals (at least 240 hours of work) for the following years that will include milestones and descriptions of the goals. Each department head has three objectives, each taking 240 hours or more to complete. These objectives are part of the department head review process.

The City will continue to build upon our past successes. The City will also continue to focus its efforts on economic development, fiscal accountability, expanding Saco's tax base and reaffirming our commitment to the public to improve service delivery and enhance the quality of life in our community.

The City is working towards ensuring that services are provided in the most efficient and effective way. The City is currently formulating a mixture of performance measurements and comparable statistics between other Maine communities. This will be presented in the form of output measures, outcome measures and efficiency measures for each City department. These measures will be reported in the current year's report. In 2004, the City received a \$30,000 grant through the National Center for Innovative Technology to further this effort and to publish a performance information report on this data. The City was successful at completing its performance measurement reports and received a national Certificate of Excellence for Service Efforts and Accomplishments Reporting from the Association of Governmental Accountants (AGA) for all eight years of the published reports. This report substantially complied with the Governmental Accounting Standards Board's sixteen suggested criteria for these types of reports. In fiscal year 2009 and 2011, the City received smaller grant award of \$5,000 from the National Center for Civic Innovation to complete the City's citizen satisfaction survey. The results were included in the City's fiscal year 2009 performance measurement report. The City completed the citizen satisfaction survey in 2012, and progress was made in the majority of areas.

The City has linked the achievement of each department's milestones to the performance based pay system already in place, which rewards employees for the achievement of these objectives, thus creating a complete alignment and strategic focus for the entire City. The last integral piece of this process will be to solicit feedback from the citizen's within the City of Saco on our progress to assure that our strategic goals and objectives are aligned with the service needs of our community. Each year they will be revisited for this purpose and updated based on the feedback received. Both grant awards provided the City with the funding to pursue further outreach to the citizens of our community.



The following represents the City Council vision statement and the strategic goals within the City's Strategic Plan. Strategic goals are general statements of purpose that pertain to how the City achieves its mission and vision. The strategic goal generally addresses end results rather than specific actions. A goal provides a framework and direction for City departments to align their objectives and plans to achieve their goals.

Vision – Values – Philosophy - Ethics

The City has three perspective vision statements, which are referred to regularly as a basis for discerning and justifying appropriate decisions and actions. The first one represents the global perspective of the elected officials; the second one represents the vision of constituents residing within the City of Saco. This citizen vision was vetted through a series of citizen focus group meetings; the third one represents the perspective of the City management in the delivery of City services.

1. City Council Vision: *“Our vision is a high quality of life for Saco citizens. Central to this vision is a sustainable economy that offers an opportunity for everyone to have rewarding employment and for business to prosper, now and in the future. The people of Saco bring this vision into reality by working together and building on our tradition of hard work, dedication and ingenuity.”*
2. Citizens’ statement that symbolizes the City of Saco: *“Saco is a city that provides families of all kinds with a community that values its heritage, cherishes its environment, balances its growth, and offers a concerned and caring spirit”.*
3. Staff’s statement of vision for the City: *“To Enhance Our Community through Exceptional Service”.*

Strategic Goals Categories

Downtown Revitalization



The City recognizes the downtown’s significance as the economic and community center. The City will continue to promote the revitalization of the downtown and will support groups like Saco Spirit.

Infrastructure and Capital Development and Maintenance



The City is committed to maintaining and improving the City’s infrastructure, facilities, and equipment by maintaining the existing infrastructure and planning for future needs.

Growth Management



The City will encourage sustainable growth and development in appropriate areas while protecting natural resources and rural character, in order to maximize the efficient use of municipal services.

Environmental Protection and Sustainable Development



The City will protect the environment and natural resources, and will employ the concept of sustainability in order to enhance the well being of future generations.

Technological Innovation and Implementation



The City will develop and implement technologies to improve services.

Human Resource Investment



The City recognizes that employees are a valuable resource that requires investment to ensure that staff will attain the knowledge, skills, and abilities necessary to meet community needs.

Leisure Services Investment



The City understands the need for recreational and cultural opportunities for its citizens’ and will continue to explore, upgrade, and develop new outlets to meet these needs.

Meeting the Financial Needs for City Services



The City will support and adequately plan for the financial needs of the community.

Public Safety



The City will provide a safe environment for its citizens and visitors.

Traffic



The City will endeavor to provide safe, reliable and unfettered movement of people and freight through the City.

Significant Accomplishments of Fiscal Year 2012

Public Safety

- ❖ 2nd Citizen Police Academy Graduates – Very Successful, March 2012
- ❖ Study completed on merging Emergency Medical Services and Fire dispatch with the City of Biddeford.

Infrastructure and Capital

- ❖ Paving Bond \$2.2 million Expended;
- ❖ Trail Bond \$0.5 million Expended;
- ❖ CMP Completes the Installation of the New Twin 115 Line Upgrade in Saco – Will Meet Saco's Power Needs Well into the Future;
- ❖ Completed the Location of the Public Services Center;
- ❖ Finished \$4.2 million Wastewater Treatment Plant Upgrade;
- ❖ Replaced sanitary sewer lines: 800 feet Main Street and 400 feet on Locke Street;
- ❖ Installed new sidewalk 2,500 feet on Bayview and 3,200 feet on Route #1;
- ❖ City Hall HVAC study completed;
- ❖ Freedom Act Grant for access improvements at transit stops.

Technological Innovation & Implementation

- ❖ Emergency Medical Dispatch was upgraded to PRO-QA automated software.
- ❖ The Criminal Investigative Division received new technology and training to forensically examine computers in house.

Environmental Protection & Sustainable Development

- ❖ ISO Building Code Enforcement Evaluation Report Includes Upgrade for Saco- high marks for Saco;
- ❖ Silver LEED Certification awarded by the U.S. Green Building Council in April 2012 for the New Fire Department Facility;
- ❖ Pump stations upgraded at Factory Island and Marshwood Circle.

Leisure Services Investment

- ❖ Eastern Trail Bridge over Route One Completed November 2011;
- ❖ Eastern Trail Connects the Thornton Academy Trail with Old Orchard Beach May 2012;
- ❖ River Walk Trail extended thanks to FPL easement on Saco Island, October 2011;
- ❖ June 9, 2012 City Celebrates the Sesquicentennial– 250 years old, A parade, ice cream social and old fashioned street fair are among the many events celebrated through June and July;
- ❖ Playful City USA Recognition for 2nd Year May 2012;
- ❖ \$15,000 Let's Playground Grant Award, November 2011;
- ❖ Tree City USA Awarded for 2nd Year May 2012;
- ❖ Cascade Falls, "Trout Pond Loop" First Phase Complete September 2011.

Growth Management

- ❖ One Lot Sold in the Spring Hill Industrial Park;
- ❖ Saco Selected as a "Certified Business Friendly Community" – June 2012;
- ❖ Council approved changes to the City's floodplain management ordinance that requires a new or damaged building to be elevated not one but three feet above the 100 year base floodplain elevation. The City of Saco is the first municipality in Maine to do so. May 21, 2012 through efforts of Sea Level Adaptation Working Group (SLAWG);
- ❖ 5th Public Opinion Survey Conducted April 2012;
- ❖ 2 Citizen Focus Groups Held – Input on the Citizen Centric Report – October 2011;
- ❖ Council Adopted the Comprehensive Plan Implementation Initiated March 7, 2011;
- ❖ Economic Development Plan Amended; adopted by Council January 2012.

Human Resource Investment

- ❖ Introduction of iPads to the City Council and Senior Staff;
- ❖ Employee survey revised and updated, 5th survey of import due to increase in participation;
- ❖ City Administrator met with 100 employees two at a time and asked what are we doing well and what can we do better?
- ❖ Feedback Report on the City's Malcolm Baldrige Application November 2011;
- ❖ Howard Carter, WWTP Deputy Director, President of the New England Water Environment Association 2011;
- ❖ 8th Annual Performance Report Award February 2012;
- ❖ William D. Hatfield Award for 2012 awarded to Howard Carter, WWTP Deputy Director by the New England Water Environment Association;
- ❖ Adopted new health insurance program with anticipated savings of 11% annually, while keeping employees substantially whole in terms of coverage.

Traffic

- ❖ PACTS awards Saco and Biddeford \$30,000 grant for way finding and signage study, July 2011;
- ❖ MaineDOT awards Saco and Biddeford funding for design of new pedestrian bridge, July 2011;
- ❖ Upgraded traffic signal controller at Ocean Park Road and Main Street, all traffic signal now actuated with cameras.

Downtown Revitalization

- ❖ Brand process initiated with Saco Spirit, Chamber of Commerce and Heart of Biddeford in order to create a unified marketing campaign for both communities.
- ❖ Neighborhood Blight Program - demolished 5 substandard buildings - 3 residential and 2 commercial – and 3 residential units were rehabbed.

Meeting Financial Needs for City Services

- ❖ First year successful year of using our new Recreation software that enables online registration and payments;
- ❖ 3rd Annual GFOA Certificate of Achievement for Excellence in Financial Reporting for the CAFR;
- ❖ 2013 Budget Includes a \$1.5 million Capital Budget, up from \$165,000 in 2012, allowing the city to decrease reliance on Fund Balance;
- ❖ City Assessor is adjusting real estate values to market value – current 102% to 95%.

Financial Information

The City's Finance Department is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that the adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls being used are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of control procedures are weighed against the expected benefits to be derived, and that the evaluation of costs and benefits requires educated estimates and professional judgments by management. All of the City's internal accounting control evaluations occur within this framework.

As a recipient of federal, state and local financial assistance, the City is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluations by the management and finance department staff of the City.

The City adopts fiscal year budgets that are established in accordance with the various laws that govern the City's operations as authorized by the Council. Per City Charter, the legal level of budgetary control is at the department level. This means that management cannot overspend departmental budgets without the approval of the governing body. These allocations are reviewed quarterly against actual expenditures, and variances are addressed in the quarterly financial reports presented to the City Council. At mid-year, unless conditions dictate an earlier need, budgets are reviewed, yearend projections are made, and

adjustments to the financial plan considered and any necessary changes are legally adopted through the passage of an appropriation resolve.

Relevant Financial Policies: The City's policy prescribes uses of the unassigned fund balances. In general, unassigned fund balance is not to be used to fund any portion of the on-going and routine year to year operating expenditures of the City. It is to be used primarily to ensure adequate fund balances, to respond to unforeseen emergencies, and to provide overall financial stability.

By Charter, the City is required to maintain a balance of 5% to 10%, and the Council has determined that a target of 8.33% is reasonable. Unassigned fund balance in the general fund as of June 30, 2012, was 9.6% of expenditures, net of debt service.

Other information:

Independent Audit: State Statute and the City Charter require an annual audit of all financial records by independent certified public accountants. The audit of fiscal year 2012 was performed for the City Council, by the firm of Runyon Kersteen Ouellette PA, a firm of licensed Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Saco, for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the City of Saco's financial statements for the fiscal year ending June 30, 2012, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued report.

Awards: The City of Saco received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for many years including fiscal years 2009, 2010, and 2011. The City was recognized for performance reporting excellence by receiving the Association of Governmental Accountants' (AGA) national Certificate of Excellence in Service Efforts and Accomplishments (SEA) award. As this was the eighth consecutive year that the City of Saco received an SEA award.

Acknowledgements: The preparation of this report would not have been possible without the cooperation of all City department heads, as well as the members of the Finance Department. Appreciation is also extended to the City Administrator, Richard Michaud, for his consistent support of these efforts. Credit must also be extended to the Mayor and the governing City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Saco, Maine's finances. I wish to acknowledge the efforts of our independent auditors, Runyon Kersteen Ouellette PA, for the professional audit work they provided and for all their assistance.

Respectfully submitted,



Cheryl Fournier
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Saco
Maine

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

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

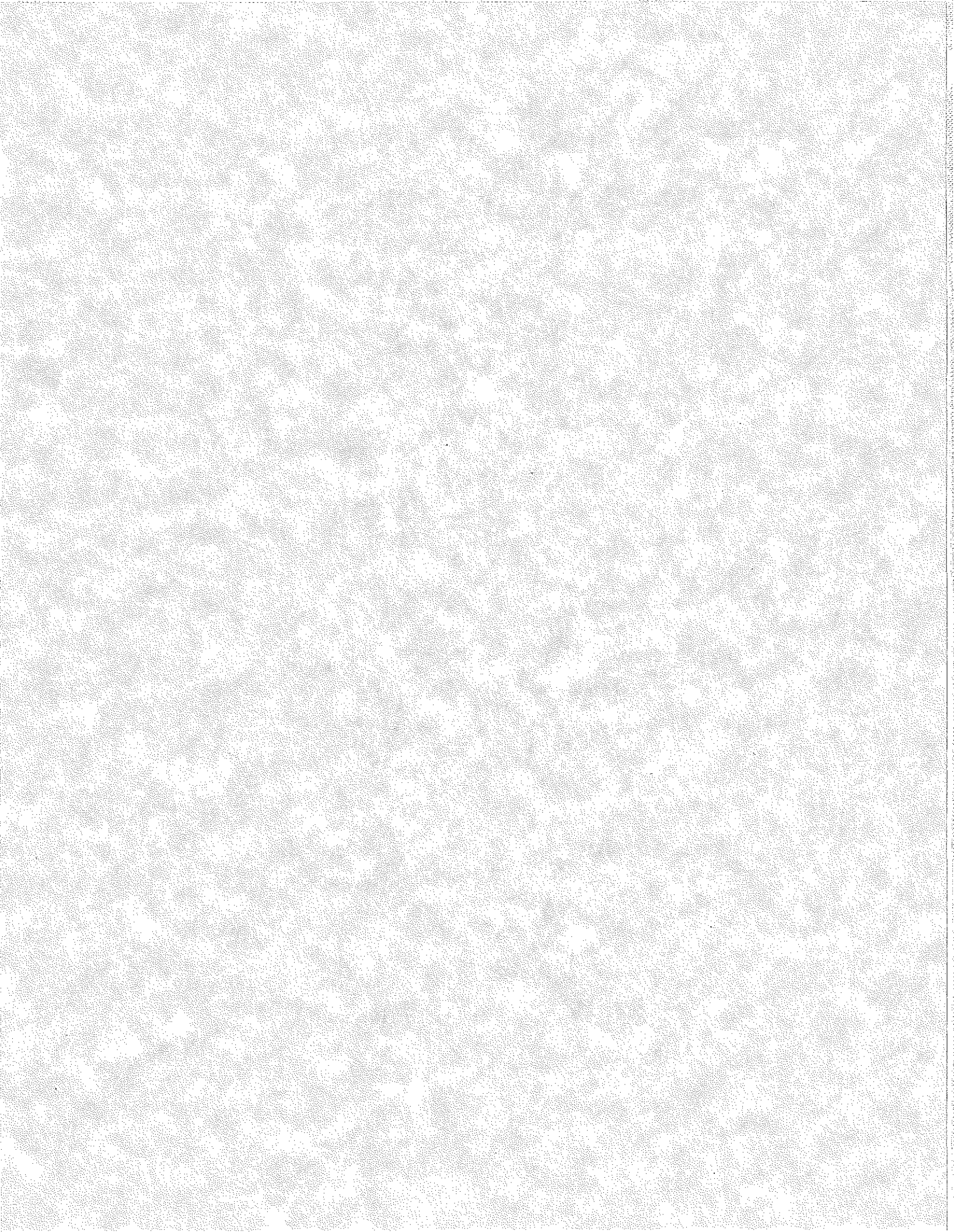


Linda C. Danson

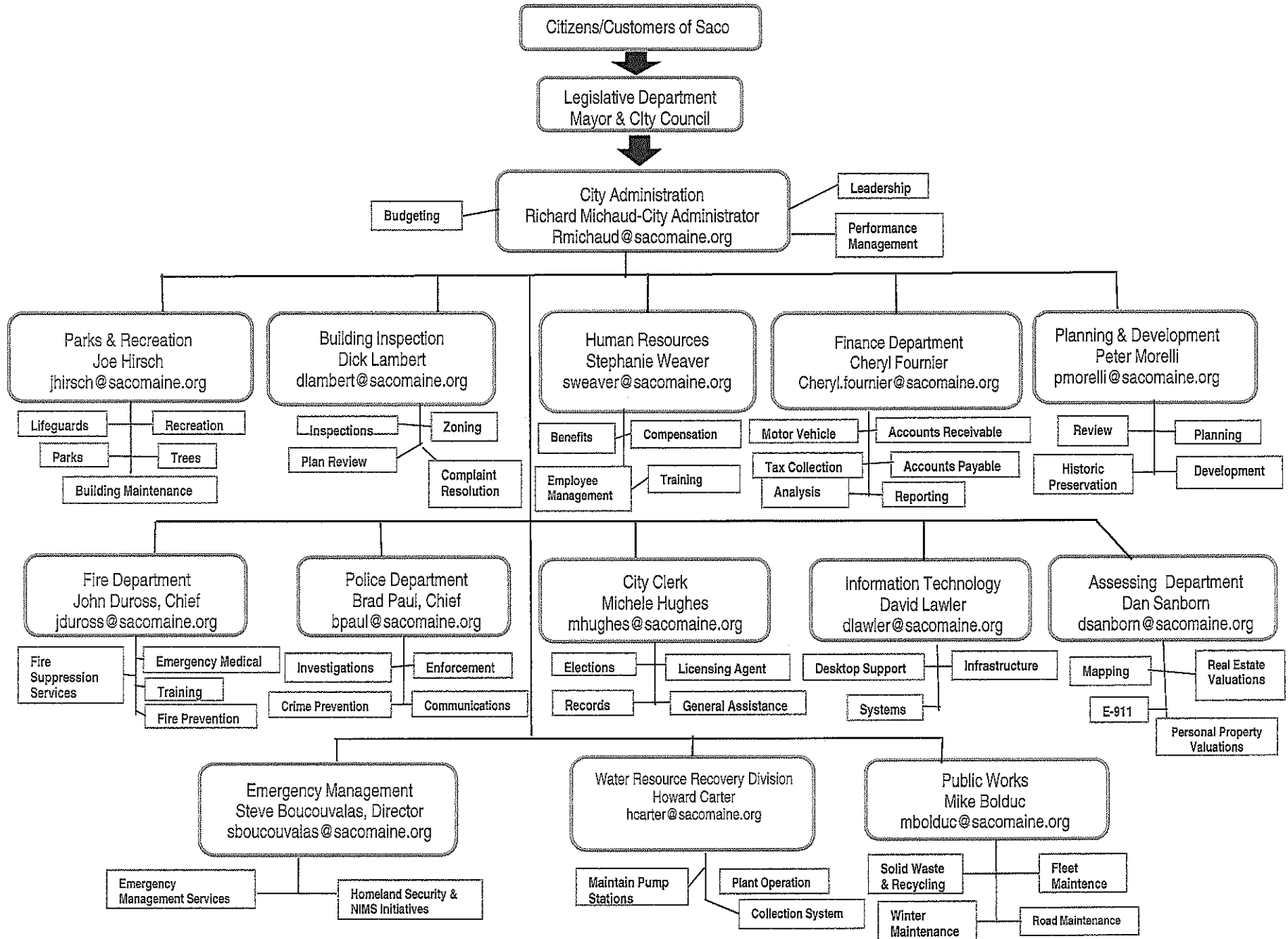
President

Jeffrey R. Egan

Executive Director



CITY OF SACO - 2012 ORGANIZATION CHART



CITY OF SACO, MAINE

List of Principal Officials (Elected and Appointed)

June 30, 2012

Elected Officials

Mayor	Mark Johnston
Council Member – Ward 1	David Tripp
Council Member – Ward 2	Leslie Smith, Jr.
Council Member – Ward 3	Marie Doucette
Council Member – Ward 4	Phil Blood
Council Member – Ward 5	Arthur J. Tardif
Council Member – Ward 6	Eric B. Cote
Council Member – Ward 7	Marston Lovell

Appointed Officials

City Administrator	Richard Michaud
Executive Assistant	Kate Kern
Economic Development Director	Peter Morelli
Finance Director/Treasurer	Cheryl Fournier
City Clerk	Michele Hughes
Personnel Officer	Stephanie Weaver
Assessor	Daniel Sanborn
Fire Chief	John Duross
Police Chief	Brad Paul
Public Works Director	Mike Bolduc
City Engineer	Angela Blanchette
Parks & Recreation Director	Joseph Hirsch
Building Inspector	Richard Lambert
City Planner	Robert Hamblen
Tax Collector	Katie Johnston
City Solicitor	Tim Murphy

FINANCIAL SECTION

This page left blank intentionally.

Independent Auditor's Report

City Council
City of Saco, Maine:

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 Saco, Maine as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Saco, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

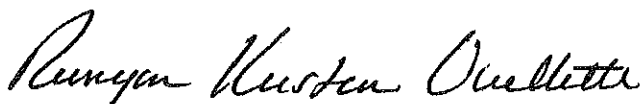
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2012 on our consideration of the City of Saco, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Saco, Maine's financial statements as a whole. The introductory section, combining and individual fund financial statements, exhibits, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



December 10, 2012
South Portland, Maine

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

As management of the City of Saco, Maine, we offer readers of the City of Saco, Maine's financial statements this narrative overview and analysis of the financial activities of the City of Saco for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Saco, Maine (the City) using the integrated approach as prescribed by GASB Statement No. 34.

The Government-wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The Fund Financial Statements include statements for two categories of activities – governmental and proprietary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary funds are prepared using the economic resources measurement focus and the accrual basis of accounting. Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities. These statements include *all* assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health or *financial position*. Over time, increases and decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's infrastructure.

In the Statement of Net Assets and the Statement of Activities, we separate the City Activities as follows:

Governmental Activities - Most of the City's basic services are reported in this category, including the General Government, Fire, Police, Public Works, Planning and Economic Development, Parks and Recreation, Community Services and Library. Property taxes, user fees, interest income, franchise fees and state and federal grants finance these activities.

Business-type Activities - The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's Waste Water Treatment Plant activities are reported in this category.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

Governmental Funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed shorter-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary Funds - When the City charges customers for services it provides- whether to outside customers or to other units of the City- these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activity we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

The City is providing condensed financial information for fiscal year 2012 with comparative information for fiscal year 2011. Our analysis below focuses on the net assets of the City's governmental and business-type activities.

	2012 Governmental Activities	2012 Business-type Activities	2012 Primary Government	2011 Governmental Activities	2011 Business-type Activities	2011 Primary Government
Current and other assets	\$ 6,116,572	\$ 564,956	6,681,528	\$ 9,831,080	\$ 493,359	\$ 10,324,439
Capital assets	55,269,771	21,678,115	76,947,886	54,744,648	21,755,232	76,499,880
Total assets	61,386,343	22,243,071	83,629,414	64,575,728	22,248,591	86,824,319
Non-current liabilities	18,623,371	952,500	19,575,871	23,199,085	1,177,500	24,376,585
Other liabilities	(1,075,331)	3,970,215	2,894,884	(48,781)	4,048,230	3,999,449
Total liabilities	17,548,040	4,922,715	22,470,755	23,150,304	5,225,730	28,376,034
Net assets:						
Invested in capital assets	38,950,978	20,725,615	59,676,593	37,693,246	20,577,732	58,270,978
Restricted	3,248,925	-	3,248,925	4,555,294	-	4,555,294
Unrestricted	1,638,400	(3,405,259)	(1,766,859)	(823,116)	(3,554,871)	(4,377,987)
Total net assets	\$ 43,838,303	\$ 17,320,356	\$ 61,158,659	\$ 41,425,424	\$ 17,022,861	\$ 58,448,285

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012

Our next analysis focuses on changes in net assets of the City's governmental and business-type activities.

	2012 Governmental Activities	2012 Business-type Activities	2012 Total Primary Government	2011 Governmental Activities	2011 Business-type Activities	2011 Total Primary Government
Revenues:						
Program Revenues:						
Charges for services	\$ 2,468,161	2,621,156	5,089,317	2,357,220	2,386,591	4,743,811
Operating grants and contributions	729,168	-	729,168	618,630	-	618,630
Capital grants and contributions	263,206	-	263,206	2,396,793	-	2,396,793
General Revenues:						
Property taxes	30,931,696	-	30,931,696	29,181,715	-	29,181,715
Motor vehicle excise taxes	3,446,591	-	3,446,591	3,102,575	-	3,102,575
Franchise tax	286,882	-	286,882	296,908	-	296,908
Homestead exemption	286,309	-	286,309	271,563	-	271,563
Other state aid	199,285	-	199,285	143,064	-	143,064
State revenue sharing	1,256,887	-	1,256,887	1,226,004	-	1,226,004
Investment earnings	56,337	-	56,337	56,603	-	56,603
Loss on disposal of assets	-	-	-	-	(260,280)	(260,280)
Miscellaneous revenues	160,436	21,142	181,578	265,241	11,362	276,603
Total revenues	40,084,958	2,642,298	42,727,256	39,916,316	2,137,673	42,053,989
Expenses:						
General government	7,681,100	-	7,681,100	7,504,789	-	7,504,789
Public safety	6,424,834	-	6,424,834	6,731,354	-	6,731,354
Public works	5,579,364	-	5,579,364	5,286,138	-	5,286,138
Housing programs	231,752	-	231,752	269,668	-	269,668
Culture and recreation	1,242,758	-	1,242,758	1,560,056	-	1,560,056
Education	16,030,811	-	16,030,811	16,245,159	-	16,245,159
Interest on debt	650,461	-	650,461	619,990	-	619,990
Waste water treatment plant	-	2,175,804	2,175,804	-	2,085,365	2,085,365
Total expenses	37,841,080	2,175,804	40,016,884	38,217,154	2,085,365	40,302,519
Transfers	169,000	(169,000)	-	-	-	-
Change in net assets	2,412,878	297,494	2,710,372	1,699,162	52,308	1,751,470

GOVERNMENTAL ACTIVITIES

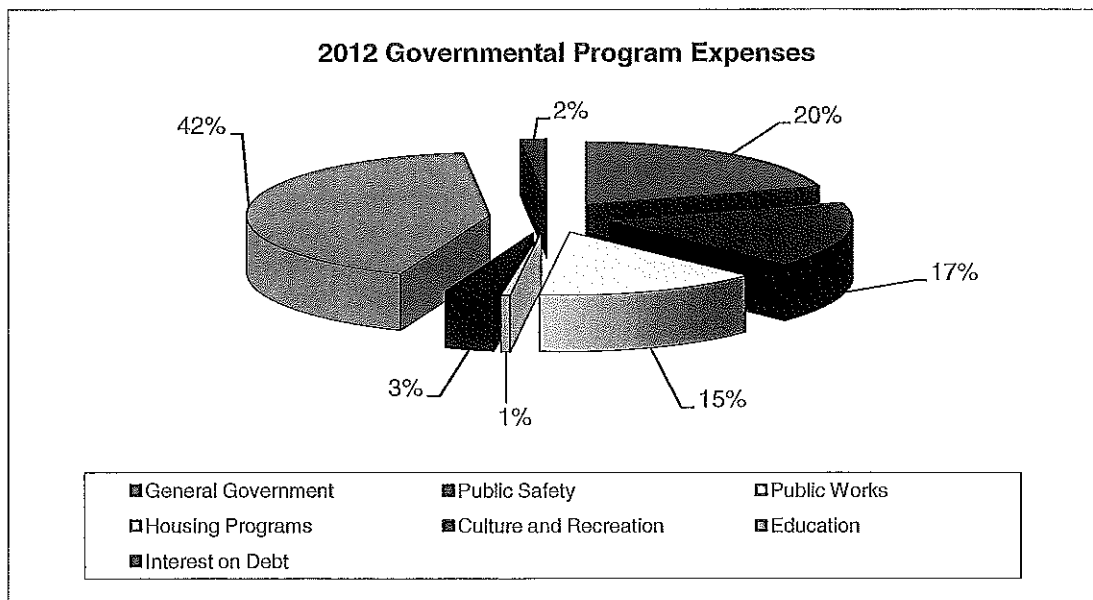
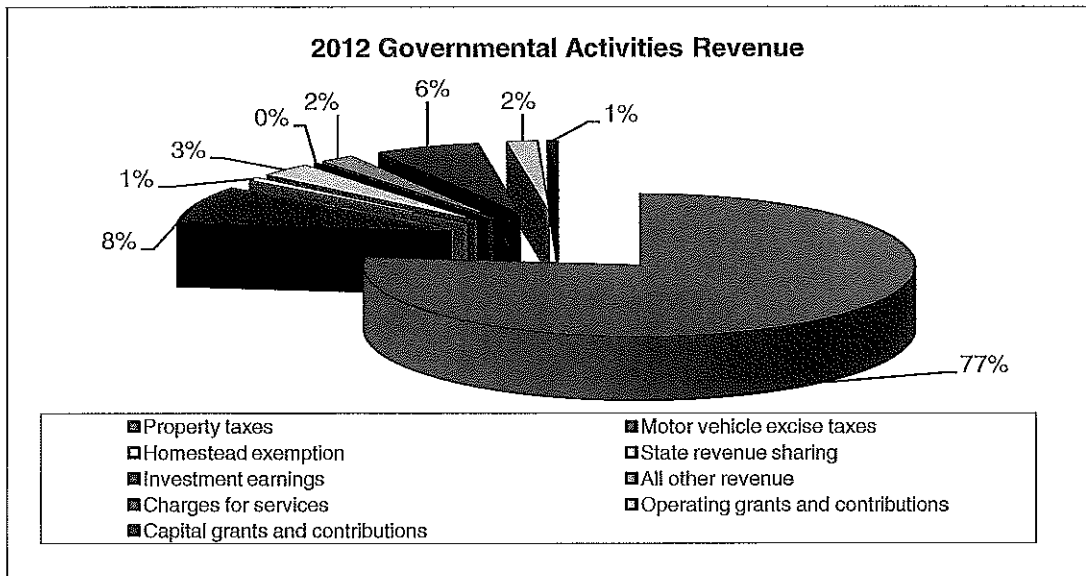
The cost of all governmental activities this year was \$37,841,080. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City property taxes was only \$30,931,696 because some of the cost was paid by those who directly benefited from the programs (\$2,468,161), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$729,168) and capital grants and contributions (\$263,206). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, were \$3,460,535. The City paid for the remaining "public benefit" portion of governmental activities with \$36,793,423 in taxes and with other revenues, such as interest, State Revenue Sharing, general contributions and other miscellaneous revenues.

The City's programs include General Government, Public Safety, Public Works, Housing Programs, Culture and Recreation, Education, and Interest on Debt. Each program's net cost (total cost less revenues generated by the activities) is presented below for both the current year (2012) and last year (2011) for comparative purposes. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012

Governmental activities:	2012 Net (Expense)	2011 Net (Expense)
General Government	\$ (6,744,801)	\$ (6,645,885)
Public Safety	(5,636,346)	(5,998,515)
Public Works	(4,927,872)	(2,462,798)
Housing Programs	29,401	(21,286)
Culture and Recreation	(419,655)	(850,878)
Education	(16,030,811)	(16,245,159)
Interest on Debt	(650,461)	(619,990)
Total governmental activities	<u>\$ (34,380,545)</u>	<u>\$ (32,844,511)</u>

Total resources available during the year to finance governmental operations were \$81,679,382 consisting of net assets at July 1, 2011 of \$41,425,424, program revenues of \$3,460,532 and general revenues of \$36,793,423. Total Governmental Activities during the year were \$37,841,080; thus, Net Assets increased by \$2,412,878 to \$43,838,303.



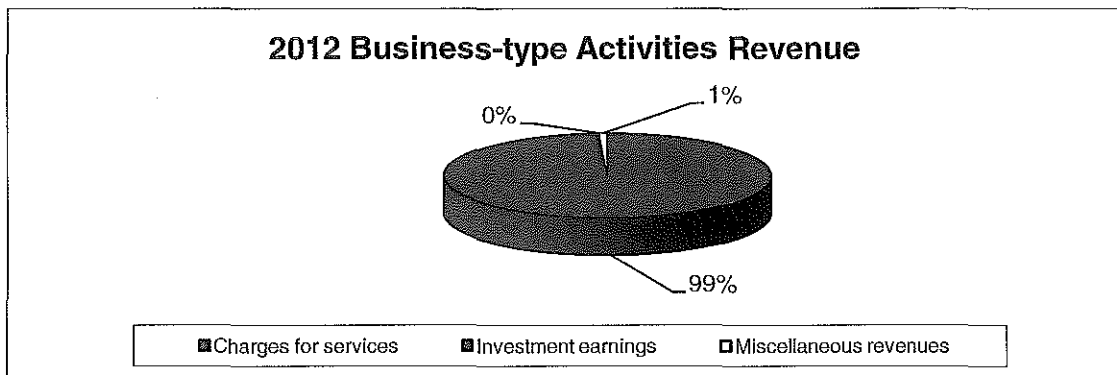
CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012

BUSINESS-TYPE ACTIVITIES

The cost of all Proprietary (Business-type) activities this year was \$2,175,804. As shown in the Statement of Activities, the amounts paid by users of the system were \$2,621,156, and investments earnings were \$21,142.

The Proprietary Fund (Business-type) Activities include only the operation of the City's Waste Water Treatment Plant. The activities net revenues (total cost less revenues generated by the activities) is \$445,352 as revenues were more than expenses.

Total resources available during the year to finance Proprietary Fund (Business-type) Activities were \$19,665,160 consisting of Net Assets at July 1, 2011 of \$17,022,862, program revenues of \$2,621,156, and general revenues of \$21,142. Total Proprietary Fund (Business-type) expenses during the year were \$2,344,804 (including transfer); thus, Net Assets increased by \$297,494 to \$17,320,356.



This increase in net assets is due primarily to sewer user fees collected being higher than its projection for the year, as well as unrestricted investment earnings coming in lower than projections.

THE CITY'S FUNDS

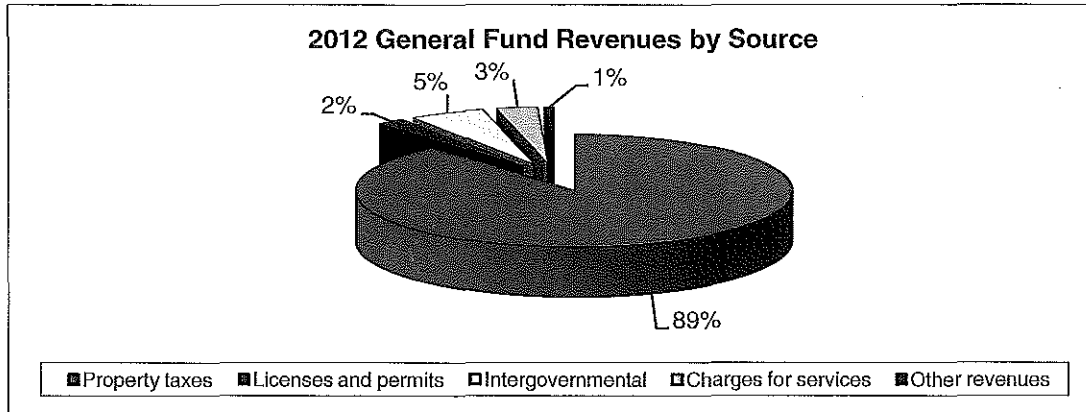
The following is an analysis of balances in the City's major individual funds. Comparative information is being provided for fiscal year 2011.

General Major Governmental Functions - The information below compares revenues of the General Fund for 2012 and 2011, respectively.

	<u>2012</u>	<u>2011</u>
Revenues by source:		
Taxes	\$34,572,034	\$32,219,898
Licenses and permits	799,730	691,819
Intergovernmental	2,147,471	2,016,722
Charges for services	1,180,780	1,131,697
Other revenues	294,321	484,332
Total revenues	<u>\$38,994,336</u>	<u>\$36,544,468</u>

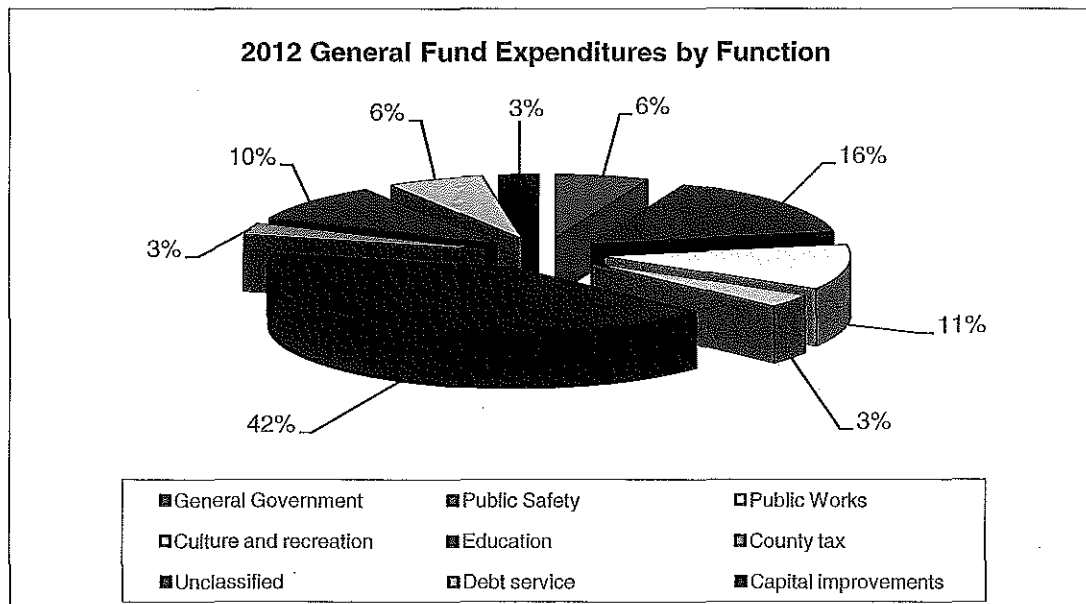
In fiscal year 2012, the City also had two other major funds. The Fire Barn North Street Bond and the Saco Island TIF District.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012



The information below compares expenditures of the General Fund for 2012 and 2011, respectively.

Expenditures by function:	2012	2011
General government	\$2,354,338	\$ 2,413,584
Public safety	6,132,726	5,836,380
Public works	4,425,191	4,411,669
Culture and recreation	1,269,848	1,227,045
Education	16,030,811	16,245,159
County tax	1,099,643	1,079,365
Unclassified	3,712,033	3,528,732
Debt service	2,419,597	2,319,954
Capital improvements	999,594	1,233,861
Total expenditures	\$38,443,781	\$38,295,749



In fiscal year 2012 and 2011, the Fire Barn North Street Bond had expenditures of \$264,118 and \$5,001,841, respectively. In fiscal year 2012 and 2011, the Saco Island TIF Fund had expenditures of \$0 and \$5,383, respectively.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012

Proprietary Fund

The City's only major Enterprise Fund consists of the Waste Water Treatment Plant. The basic financial statements for the major funds are included in this report. Because the focus on proprietary funds is a cost of service measurement or capital maintenance, we have included this fund in the table below, which demonstrates return on ending assets and return on ending net assets.

	2012	2011
Total Assets	\$22,243,071	\$22,248,591
Net Assets	17,320,356	17,022,862
Change in Net Assets	297,494	52,308
Return on Ending Total Assets	1.34%	0.24%
Return on Ending Net Assets	1.72%	0.31%

DEBT ADMINISTRATION

Debt, considered a liability of governmental activities, decreased in fiscal year 2012 by \$5,130,116. Debt, considered a liability of business-type activities, decreased in fiscal year 2012 by \$225,000. Per capita bonded debt and capital leases outstanding decreased from \$1,228 to \$962 per capita compared to the prior fiscal year. For a more detailed disclosure on debt, see footnote 7.

The Governmental Activity and Business-type Activity debt summary for fiscal year 2012 is presented below.

	Governmental Activities	Business-type Activities
Debt Payable at June 30, 2011	\$ 21,510,023	\$ 1,177,500
Add: New Debt and Capital Lease Purchases	445,143	-
	21,955,166	1,177,500
Less: Debt Retired	5,130,116	225,000
Debt Payable at June 30, 2012	\$ 16,825,050	\$ 952,500

This debt payable does not include the long-term portion of compensated absences of \$1,224,016 for governmental activities and \$70,582 for business-type activities (See Note 5).

CAPITAL ASSETS

The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. At June 30, 2012, net capital assets of the governmental activities totaled \$55,269,771 and the net capital assets of the business-type activities totaled \$21,678,115. Depreciation on capital assets is recognized in the Government-wide financial statements.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair.

The City expended \$515,164 on street maintenance for the fiscal year ended June 30, 2012. These expenditures defer pavement deterioration; however, the overall condition of the streets was not substantially changed through these maintenance expenditures. The City has estimated that the amount of annual expenditures required to maintain the City's streets at the minimum PCI rating of 70 rating (2 within City's Asset Management System, See Required Supplemental Information) is \$950,000 through 2013. The current PCI rating for 2012 is 77, which is down one point from last year.

The City is also continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. The City expended \$99,048 on other infrastructure maintenance for the fiscal year ended June 30, 2012. These expenditures delayed deterioration and improved the overall condition through these maintenance expenditures. The City had estimated that the amount of annual expenditures required to maintain the City's infrastructure at the minimum rating of 2 through the year 2013 was a minimum of \$500,000.

Infrastructure Assets - June 30, 2012 and 2011

Description	Net Cost 2012	Net Cost 2011
Governmental Activities:		
Modified Approach:		
Catch basins and manholes	\$ 2,302,711	\$ 2,302,711
Storm drainage	17,998,406	17,998,406
Sidewalks	1,798,331	1,676,434
Street Pavement System	13,426,915	13,033,779
Traffic signals	851,455	851,455
Street signs	44,818	44,818
Land	5,328,042	5,328,042
Total Governmental Activities	\$ 41,750,678	\$ 41,235,645
Business-type Activities:		
Sewer pipe	14,918,272	14,918,272
Total Business-type Activities	\$ 14,918,272	\$ 14,918,272

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012

Capital Assets

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:				
Buildings and Improvements	\$ 17,804,590	\$ 264,117	\$ -	\$ 18,068,707
Vehicles	5,010,596	245,788	(110,553)	5,145,831
Machinery and Equipment	4,391,304	442,075	(118,685)	4,714,694
Total	27,206,490	951,980	(229,238)	27,929,232
Accumulated Depreciation	(13,697,487)	(941,890)	229,238	(14,410,139)
Total Governmental Activities	\$ 13,509,003	\$ 10,090	\$ -	\$ 13,519,093
Business-type Activities:				
Buildings and Improvements	9,083,468	162,353	-	9,245,821
Vehicles	95,094	45,033	-	140,127
Machinery and Equipment	1,626,590	4,003	-	1,630,593
Total	10,805,152	211,389	-	11,016,541
Accumulated Depreciation	(3,968,193)	(288,505)	-	(4,256,698)
Total Business-type Activities	\$ 6,836,959	\$ (77,116)	-	\$ 6,759,843
Total Capital and Infrastructure	\$ 76,499,879			\$ 76,947,886

For more detail on capital assets, see footnote 4.

BUDGETS AND BUDGETARY ACCOUNTING

General Fund Budget Variances

Comparing the fiscal year 2011-2012 original budget (or adopted) General Fund amount of \$39,518,688, (expenditures of \$38,733,547, plus transfers of \$785,141), to the final budget amount of 40,434,249 shows a change of \$915,561 from the original budget.

<u>Original Budget</u>	<u>+ Continuing Appropriations</u>	<u>= Beginning Balance</u>
39,518,688	586,525	40,105,213
<u>Beginning Balance</u>	<u>+/- Supplemental Changes</u>	<u>= Final Budget</u>
40,105,213	329,036	40,434,249

For budgetary financial statement purposes, the \$586,525 is prior fiscal year Capital Improvement Projects approved to carry forward into the 2011-2012 fiscal year. The \$329,036 reflects a budget adjustment to include prior year encumbrance amounts. This resulted in an overall budgetary increase of \$915,561.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Annual Budget assures the efficient, effective and economic uses of City's resources, as well as, establishing that the highest priority objectives are accomplished. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012

Historical Trend

As the City enters fiscal year 2013, we have gone above our unassigned fund balance policy. The City's philosophy is during hard times like this recession that we use our savings to help reduce the tax basis for our citizens.

In reflecting back on the history of the City's past five budgets, non-tax revenues have remained steadily at approximately \$10 million annually. During this time span, the City has been able to stabilize the tax rate with consistent increases in property valuations. Fiscal year 2012 is the first tax increase in four years.

	2009	2010	2011	2012	2013
Total taxes	\$ 27,530,902	\$ 28,197,854	\$ 29,041,768	\$ 30,518,554	\$36,032,877
Percent change	3.6%	2.4%	1.4%	5.2%	17.9%
Total City valuation	\$2,051,483,000	\$2,070,327,000	\$2,101,430,400	\$2,116,404,600	\$1,968,257,265

The Budget

It is important to note that the City of Saco's Adopted Budget for fiscal year 2013 encompasses all municipal expenditures, as well as County and Regional School Unit #23 tax assessments. The City budget only reflects the tax assessment in budgeted expenditures. All other school-related revenues and expenditures were approved via referendum vote and are reflected in the separately issued RSU #23 financial statements. Thus, the fiscal 2013 adopted budget calls for total expenditures of \$44,390,608, representing \$23,702,094 in municipal expenditures, \$1,100,295 in county tax, and \$19,588,219 in taxes raised on behalf of the RSU.

The original budget requests from the twelve individual departments were based on the department head's perceived needs. The following adjustments were made after a careful review by the City Administrator and then the City Council:

City Budget	City Administrator Recommendation	Net Change	Approved Budget
Operating Budget	\$ 21,282,094	\$ (638,000)	\$ 20,644,094
Capital Outlay	2,119,000	(619,000)	1,500,000
Total	23,401,094	(1,257,000)	22,144,094
Overlay & TIF Transfers	1,558,000	-	1,558,000
Total Expenditure Budget	\$ 24,959,094	\$ (1,257,000)	\$ 23,702,094

RSU (School) Budget	RSU Board Recommendation	Net Change	Approved Budget
Education	\$ 19,588,219	-	\$ 19,588,219

County Tax	Estimated County Tax	Net Change	Actual County Tax
County Tax	\$ 1,100,295	-	\$ 1,100,295

TOTAL BUDGET	\$ 45,647,608	\$ (1,257,000)	\$ 44,390,608
---------------------	----------------------	-----------------------	----------------------

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012

The following chart compares the major categories in the operational budget and their respective increases over the last five years, without the overlay and TIF transfer.

Appropriation Summary

Departments	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2013 Budget
Legislative	\$ 17,041	\$ 20,325	\$ 20,600	\$ 20,600	\$ 20,325
City Administration	268,785	271,789	275,686	284,158	292,273
Finance/Technology	707,864	687,765	753,337	818,193	821,523
City Clerk	245,116	243,802	256,934	264,690	284,584
Assessor	164,131	165,377	183,521	194,782	187,503
Building Maintenance	114,638	96,577	112,190	112,033	117,174
Legal	203,838	176,417	115,000	185,000	182,500
Police Department	3,108,630	3,122,770	3,304,724	3,440,717	3,332,730
Fire/Ambulance	2,309,264	2,593,432	2,635,584	2,726,545	2,777,318
Building Inspections/Zoning	246,835	227,437	254,702	207,581	212,671
Planning & Economic Dev.	302,663	264,515	310,168	309,995	314,637
Public Works	4,589,463	4,188,175	4,503,559	4,616,892	4,672,673
Public Agencies	521,868	556,237	572,800	630,421	698,300
Emergency Management	6,527	5,833	5,900	5,900	5,820
Parks & Recreation	1,071,275	1,105,116	1,014,083	1,144,804	1,244,217
Debt Service	2,695,555	1,815,443	2,479,481	2,390,941	2,232,515
Employee Benefits	2,463,817	2,435,885	2,746,416	2,829,212	2,947,169
Insurances	180,352	165,879	179,425	159,012	166,963
Contingency	111,513	102,096	145,547	137,971	133,200
Education K-12	26,149,449	16,228,121	16,228,121	16,030,811	19,588,219
York County Tax	1,020,912	1,020,912	1,079,365	1,079,365	1,100,294
Capital Improvement Projects	775,107	24,516	165,000	859,485	1,500,000
Overlay	-	-	500,000	1,200,000	755,000
TIF Transfers	681,373	731,968	743,115	785,141	803,000
TOTAL	\$ 47,956,016	\$ 36,250,387	\$ 38,585,258	\$ 40,434,249	\$ 44,390,608

Revenues/Surplus

The amount budgeted for revenues shows a sharp decrease in fiscal 2010 due to the Saco School Department non-tax revenues being excluded from this calculation. Educational non-tax revenues are recognized by Regional School Unit #23, and are audited separately as part of RSU #23's financial statements. RSU #23 merged the following school departments: Dayton, Saco, and Old Orchard Beach. It is worth noting that there has been a great deal of fluctuation in non-tax revenue over the past 5 years. A high of 10.85% was noted in 2007, and a decrease is reflected in the fiscal 2010 on the municipal budget as a result of the current economic recession. City management and the City Council are diligent in ensuring that the budget and forecasts are cognizant of the impact on the budgeted utilization of prior year unassigned fund balance. In the current year, we have estimated revenue with slight decrease due to valuations.

	2009	2010	2011	2012	2013
Non-tax revenues	\$ 21,132,025	\$ 9,265,125	\$ 9,588,286	\$ 8,966,433	\$9,322,259
Percent change	6.70%	-56.16%	3.49%	-6.48%	3.97%

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012

Major Increases

There were no significant increases in the municipal operational budget. The RSU started issuing separate financial statements for the fiscal year ending June 30, 2010 as they began operations on July 1, 2009. It is important to note that starting fiscal 2010 reflected reduced revenue estimates based on forecasts on decreasing State revenue sharing, declining excise revenues and a decrease in other intergovernmental revenue. The City remains diligent about tracking fund balance to ensure we remain in compliance with the Council's adopted fiscal policies; however, as noted prior, the City has gone below the policy due to reducing the tax burden on citizens during hard times.

Savings/Increased Demands

The City's department head's are always looking for ways to save the City money, whether through increased efficiencies or through the attainment of federal and state grants. The City is participating in a number of activities related to increased efficiencies between various City departments as well as with other communities in our southern Maine area. Many departments are meeting regularly with their counter parts in other communities to explore the possibilities of combining resources to deliver services.

The fiscal year 2012 budget also includes revenue amounts for specific state and federal grants that have been applied for. There are also several other grant awards that will surface during the course of the fiscal year that were not known at the time of the budget process. These awards will be brought to the City Council for consideration upon being awarded and additional funding will be requested at that time, to fund any local match requirements above that originally budgeted.

The Future

In terms of the future, we are in good financial shape at this time. However, we need to be alert to the public benefit versus the costs of the services we provide. In short, as the budget better reflects actual revenues, and as we move into the future, we need to be careful of our spending so that we do not find ourselves in the position of expenditures outpacing revenues.

What is at stake for the City of Saco officials can be summed up in one word: effectiveness. Major challenges are facing us as we enter this new year with infrastructure and capital maintenance needs being reduced to enable the funding of operational needs of the City. Officials need to be cognizant of the need to preserve the City's most valuable assets as large deterioration can very often increase the amount ultimately spent in order to bring them back to acceptable and safe condition levels. A small portion of these road maintenance needs were addressed with the November 2006 roads bond. A similar bond package was put forth to the voters in November 2009 and passed. During fiscal year 2011, we have been busy working on roads with the Road Bond that passed.

To that end, it is especially important that the City Council maintain and update regularly its comprehensive plan, goals and strategic plan, based upon guidance from appointed and elected officials as well as significant citizen involvement. These processes are already in place and underway with the mailing of citizen customer service questionnaires and web site request and recommendation forms accessible 24 hours a day, 7 days a week and the random independent phone "Citizen Satisfaction Survey." By putting citizens and local government officials into the decision-making loop, the City will be shifting to a more open and inclusive process of governance.

The City is pursuing performance measurement type initiatives and continues to review policies and procedures to assure their compliance and alignment with the City's completed Strategic Plan (March 2004) and updated (February 2006, December 2008, September 2010).

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012

The City was successful at attaining a grant through the Center for Civic Innovation in order to further this effort and completed its first Citizen Satisfaction Survey in November of 2004 and a second Survey in October of 2005, as well as publish the first ever City Performance Measurement Report in January of 2005, a second Performance Measurement Report in January of 2006, and a third in December of 2006 as a result of this grant award. It will be eminent for the City to review and update its strategic plan in the coming years. The Citizen Centric reporting costs were incorporated into the fiscal 2011 budget. These initiatives are important for the City's continued efficient growth into the future. At the end of fiscal year 2011, we received another grant from the City for Civic Innovation to complete the citizen survey. The citizen survey is in the process of being completed in early fiscal year 2012.

The City was the first community in the country to issue a citizen centric prototype report in order to more efficiently communicate City finances and performance in a concise 4-page report which is aimed to stimulate them to want to learn more. The City was also successful at obtaining a second grant through the National Center for Civic Innovation in order to conduct the independent citizen satisfaction survey again in fiscal 2010.

The recently completed seventh annual report of performance information displays the operational efficiencies and effectiveness of our operations here at the City of Saco. The City's first seven submittals were successful at achieving the Association of Governmental Accountants Certificate of Excellence in Service Efforts and Accomplishments Reporting. These processes all involve reviewing processes and measuring results achieved by the municipality in the area of customer service delivery and presentation. It also involves a close look at all procedures to assure that efficiencies are being maximized. Whether it means changing a specific procedure to lessen expenditures realized or examining new sources of non-tax revenues, the City needs to be pro-active in its response. Certainly, whatever we can do to keep up with changing trends and emerging issues will help to improve the future fortunes of our citizens. Successful activities involving a collaborative effort between municipalities need to be reviewed as a potential solution to some of the budget challenges facing us and other municipalities.

This executive summary would not be complete without the mention of the 2006 enacted "Public Law 1 Tax Reform." This legislation was enacted within the State of Maine and the City was in compliance with this legislation for the passing of the 2013 budget. This levy limitation is calculated based on two factors; one is certified by the State and is a state-wide personal income growth factor and the second is a local factor of the last known new growth percentage within each community. These two percentages are added together to arrive at the levy limitation percentage for each community across the State of Maine. The property tax levy in total cannot increase by more than this amount without special disclosures made by the City Council and special motions made in order to approve the budget noting why the budget is exceeding the levy limitation. The fiscal year 2013 approved budget for the City of Saco has an increase of \$2.60, which is \$0.90 City and \$1.70 School. Fiscal year 2013, the City had to pass a disclosure noting that we had exceeded the "Public Law 1 Tax Reform". In fiscal year 2013, the City also had a valuation change. The value change reduced the values by approximately 7%, that adjusted the City's rate by \$1.28.

FY2012 Rate	\$14.42
City (6.2% increase)	.90
School (11.8% increase)	1.70
Valuation change	<u>1.28</u>
FY2013 Rate	\$18.30

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2012

Summary

With the fiscal year 2013 adopted budget, there is a 17.9% increase to the existing tax rate. This means that property owners will be billed an estimated \$18.30 per thousand in fiscal year 2013. In other words, a property valued at \$200,000 will pay \$3,660 in property taxes annually.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need any additional financial information, please contact the Finance Director: by mail at 300 Main Street, Saco, Maine, 04072; by phone at 207-282-1032; or via e-mail at cheryl.fournier@sacomaine.org.

BASIC FINANCIAL STATEMENTS

This page left blank intentionally.

CITY OF SACO, MAINE
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	2012 Total
ASSETS			
Cash and cash equivalents	\$ 1,279,695	\$ -	\$ 1,279,695
Investments	1,848,122	-	1,848,122
Receivables:			
Accounts (net of allowance of \$35,414)	1,390,200	564,956	1,955,156
Taxes - current	832,626	-	832,626
Taxes - prior years	113,770	-	113,770
Tax liens	424,321	-	424,321
Notes (net of allowance of \$7,142)	7,144	-	7,144
Prepaid expenses	124,024	-	124,024
Other	38,311	-	38,311
Tax acquired property	58,359	-	58,359
Depreciable capital assets, net	13,519,093	6,759,843	20,278,936
Non-depreciable capital assets	41,750,678	14,918,272	56,668,950
Total assets	61,386,343	22,243,071	83,629,414
LIABILITIES			
Accounts payable and other current liabilities	918,541	109,494	1,028,035
Accrued liabilities	209,491	78,867	288,358
Taxes collected in advance	78,491	-	78,491
Tax Anticipation Note Payable	1,500,000	-	1,500,000
Internal balance	(3,781,854)	3,781,854	-
Noncurrent liabilities:			
Due within one year	1,728,103	222,500	1,950,603
Due in more than one year	16,895,268	730,000	17,625,268
Total liabilities	17,548,040	4,922,715	22,470,755
NET ASSETS			
Invested in capital assets, net of related debt	38,950,978	20,725,615	59,676,593
Restricted for:			
Special revenue programs and grants	2,120,219	-	2,120,219
Capital projects	573,120	-	573,120
Permanent funds:			
Nonexpendable	181,383	-	181,383
Expendable	374,203	-	374,203
Unrestricted	1,638,400	(3,405,259)	(1,766,859)
Total net assets	\$ 43,838,303	\$ 17,320,356	\$ 61,158,659

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		2012 Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 7,681,100	\$ 578,170	\$ 358,129	\$ -	\$ (6,744,801)	\$ -	\$ (6,744,801)
Public safety	6,424,834	787,138	1,350	-	(5,636,346)	-	(5,636,346)
Public works	5,579,364	289,297	98,989	263,206	(4,927,872)	-	(4,927,872)
Housing programs	231,752	-	261,153	-	29,401	-	29,401
Culture and recreation	1,242,758	813,556	9,547	-	(419,655)	-	(419,655)
Education	16,030,811	-	-	-	(16,030,811)	-	(16,030,811)
Interest on debt	650,461	-	-	-	(650,461)	-	(650,461)
Total governmental activities	37,841,080	2,468,161	729,168	263,206	(34,380,545)	-	(34,380,545)
Business-type activities:							
Waste Water Treatment Plant	2,175,804	2,621,156	-	-	-	445,352	445,352
Total business-type activities	2,175,804	2,621,156	-	-	-	445,352	445,352
Total primary government	\$ 40,016,884	\$ 5,089,317	\$ 729,168	\$ 263,206	\$ (34,380,545)	\$ 445,352	\$ (33,935,193)
General revenues:							
Property taxes, levied for general purposes					\$ 30,931,696	\$ -	\$ 30,931,696
Motor vehicle excise taxes					3,446,591	-	3,446,591
Franchise tax					286,882	-	286,882
Grants and contributions not restricted to specific programs:							
Homestead exemption					286,309	-	286,309
Other State aid					199,285	-	199,285
State Revenue Sharing					1,256,887	-	1,256,887
Unrestricted investment earnings					56,337	-	56,337
Miscellaneous revenues					160,436	21,142	181,578
Transfer					169,000	(169,000)	-
Total general revenues and transfer					36,793,423	(147,858)	36,645,565
						2,412,878	297,494
						2,412,878	2,710,372
Net assets - beginning					41,425,424	17,022,862	58,448,286
Net assets - ending					\$ 43,838,303	\$ 17,320,356	\$ 61,158,659

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Fire Barn North Street Bond	Saco Island TIF District	Other Governmental Funds	2012 Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 842,103	\$ -	\$ -	\$ 437,592	\$ 1,279,695
Investments	436,281	-	-	1,411,841	1,848,122
Receivables, net of allowance of \$35,414	410,320	-	-	979,880	1,390,200
Interfund receivables	6,508,222	286,897	-	1,214,143	8,009,262
Notes receivable, net of allowance \$7,142	-	-	-	7,144	7,144
Taxes and liens receivable	1,370,717	-	-	-	1,370,717
Tax acquired property	58,359	-	-	-	58,359
Prepaid items	124,024	-	-	-	124,024
Other	-	-	-	38,311	38,311
Total assets	\$ 9,750,026	\$ 286,897	\$ -	\$ 4,088,911	\$ 14,125,834
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	868,648	-	-	49,893	918,541
Accrued liabilities	208,791	-	-	700	209,491
Taxes collected in advance	78,491	-	-	-	78,491
Interfund payables	1,501,041	-	1,370,039	1,356,328	4,227,408
Tax anticipation note	1,500,000	-	-	-	1,500,000
Deferred revenue	1,065,676	-	-	-	1,065,676
Total liabilities	5,222,647	-	1,370,039	1,406,921	7,999,607
Fund balances (deficits):					
Nonspendable	124,024	-	-	188,527	312,551
Restricted	-	286,897	-	2,773,501	3,060,398
Committed	69,206	-	-	133,847	203,053
Assigned	662,668	-	-	849,382	1,512,050
Unassigned	3,671,481	-	(1,370,039)	(1,263,267)	1,038,175
Total fund balances (deficits)	4,527,379	286,897	(1,370,039)	2,681,990	6,126,227
Total liabilities and fund balances (deficits)	\$ 9,750,026	\$ 286,897	-	\$ 4,088,911	
Amounts reported for governmental activities in the statement of net assets (Statement 1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.					
More specifically, non-depreciable & depreciable capital assets as reported on Statement 1					\$ 55,269,771
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.					
Noncurrent liabilities as reported on Statement 1					(18,623,371)
Accrued liabilities (compensated absences) as reported on Statement 1					(17,399,355)
					(1,224,016)
					(18,623,371)
Deferred revenues- more specifically, deferred property taxes not reported on Statement 1					1,065,676
Net assets of governmental activities					\$ 43,838,303

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Fire Barn North Street Bond	Saco Island TIF District	Other Governmental Funds	2012 Total Governmental Funds
REVENUES					
Taxes	\$ 34,572,034	\$ -	\$ -	\$ -	\$ 34,572,034
Licenses and permits	799,730	-	-	-	799,730
Intergovernmental	2,147,471	-	-	322,661	2,470,132
Charges for services	1,180,780	-	-	706,320	1,887,100
Other revenues	294,321	-	-	255,388	549,709
Total revenues	38,994,336	-	-	1,284,369	40,278,705
EXPENDITURES					
Current:					
General government	2,354,338	-	-	-	2,354,338
Public safety	6,132,726	264,118	-	-	6,396,844
Public works	4,425,191	-	-	-	4,425,191
Housing programs	-	-	-	231,752	231,752
Culture and recreation	1,269,848	-	-	-	1,269,848
Education	16,030,811	-	-	-	16,030,811
Unclassified	3,712,033	-	-	302,223	4,014,256
Intergovernmental:					
County tax	1,099,643	-	-	-	1,099,643
Debt service:					
Principal	1,769,136	-	-	-	1,769,136
Interest and other charges	650,461	-	-	-	650,461
Capital improvements	999,594	-	-	784,206	1,783,800
Total expenditures	38,443,781	264,118	-	1,318,181	40,026,080
Excess (deficiency) of revenues over (under) expenditures	550,555	(264,118)	-	(33,812)	252,625
OTHER FINANCING SOURCES (USES)					
Capital lease issuance of debt	445,142	-	-	-	445,142
Transfers in	956,000	-	428,764	1,225,934	2,610,698
Transfers out	(889,280)	-	(25,000)	(1,527,418)	(2,441,698)
Total other financing sources (uses)	511,862	-	403,764	(301,484)	614,142
Net change in fund balances	1,062,417	(264,118)	403,764	(335,296)	866,767
Fund balances (deficits)-beginning	3,464,962	551,015	(1,773,803)	3,017,286	5,259,460
Fund balances (deficits)-ending	\$ 4,527,379	\$ 286,897	\$ (1,370,039)	\$ 2,681,990	\$ 6,126,227

See accompanying notes to basic financial statements.

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

Net change in fund balances- total governmental funds (from Statement 4)	\$	866,767
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>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, with the exception of infrastructure which is recorded at historical cost and not depreciated as the Modified Approach is being used. More specifically, this is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlays	\$	1,467,013
Less: net depreciation		941,890
To reconciliation	\$	525,123
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes.</p>		
		(193,747)
<p>The City has bonds that were originally issued for School purposes. These amounts will be funded by Regional School Unit #23 when the debt service payments are due. The City has recorded a long-term receivable for the amount that will be paid by the School Unit for these bonds. The amount of the receivable at year end was \$0 with principal amounts paid off during the year totaling \$3,360,979.</p>		
		(3,360,979)
<p>Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. More specifically, this represents the net amount of principal increases (decreases) in debt service made during the year.</p>		
Capital lease proceeds	\$	(445,143)
Capital lease repayments		448,071
Bond principal repayments		4,682,045
Net debt service	\$	4,684,973
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents:</p>		
Change in long term accrued compensated absences	\$	28,884
Change in long term other post employment benefits		(138,143)
		(109,259)
Change in net assets of governmental activities (see Statement 2)	\$	2,412,878

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 33,559,755	\$ 33,630,540	\$ 34,572,034	\$ 941,494
Licenses and permits	704,800	704,800	799,730	94,930
Intergovernmental	1,955,131	1,955,131	2,147,471	192,340
Charges for services	1,092,300	1,092,300	1,180,780	88,480
Interest earnings	30,000	30,000	7,111	(22,889)
Other revenues	566,983	566,983	287,210	(279,773)
Total revenues	37,908,969	37,979,754	38,994,336	1,014,582
EXPENDITURES				
Current:				
General government	2,312,900	2,397,032	2,354,338	42,694
Public safety	6,049,636	6,167,262	6,132,726	34,536
Public works	4,605,122	4,616,892	4,425,191	191,701
Culture and recreation	1,142,905	1,144,804	1,269,848	(125,044)
Education	16,030,811	16,030,811	16,030,811	-
County tax	1,079,365	1,079,365	1,099,643	(20,278)
Unclassified	4,956,867	4,962,516	3,712,033	1,250,483
Debt service	2,390,941	2,390,941	2,419,597	(28,656)
Capital projects	165,000	859,485	554,452	305,033
Total expenditures	38,733,547	39,649,108	37,998,639	1,650,469
Excess (deficiency) of revenues over (under) expenditures	(824,578)	(1,669,354)	995,697	2,665,051
OTHER FINANCING SOURCES (USES)				
Budgeted utilization of surplus	822,719	822,719	-	(822,719)
Carryover of Assigned Fund Balance	-	675,776	-	(675,776)
Transfers in	787,000	956,000	956,000	-
Transfers out	(785,141)	(785,141)	(889,280)	(104,139)
Total other financing sources and uses	824,578	1,669,354	66,720	(1,602,634)
Net change in fund balance	-	-	1,062,417	1,062,417
Fund balance - beginning			3,464,962	
Fund balance - ending			\$ 4,527,379	

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Net Assets
Proprietary Fund
June 30, 2012

	Business-type activities Enterprise Funds Waste Water Treatment Plant
ASSETS	
Current assets:	
Receivables	\$ 564,956
Total current assets	564,956
Noncurrent assets:	
Depreciable capital assets	
Vehicles	140,127
Buildings and improvements	9,245,821
Equipment	1,630,593
Less accumulated depreciation	(4,256,698)
Non-depreciable capital assets	14,918,272
Total noncurrent assets	21,678,115
Total assets	22,243,071
LIABILITIES	
Current liabilities:	
Accounts payable	109,494
Accrued liabilities	78,867
Interfund payables	3,781,854
Bonds payable due within one year	222,500
Total current liabilities	4,192,715
Noncurrent liabilities:	
Bonds payable due in more than one year	730,000
Total noncurrent liabilities	730,000
Total liabilities	4,922,715
NET ASSETS	
Invested in capital assets, net of related debt	20,725,615
Unrestricted	(3,405,259)
Total net assets	\$ 17,320,356

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the year ended June 30, 2012

	Business-type activities
	Enterprise Funds
	Waste Water Treatment Plant
Operating revenues:	
Charges for services	\$ 2,621,156
Miscellaneous revenues	21,142
Total operating revenues	2,642,298
Operating expenses:	
Personnel services	817,154
Contractual services	266,283
Utilities	161,450
Repairs and maintenance	46,516
Other supplies and expenses	559,686
Depreciation	288,505
Total operating expenses	2,139,594
Operating income	502,704
Nonoperating revenues (expenses):	
Transfer out	(169,000)
Interest expense	(36,210)
Total nonoperating revenues (expenses)	(205,210)
Change in net assets	297,494
Total net assets - beginning	17,022,862
Total net assets - ending	\$ 17,320,356

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Cash Flows
Proprietary Fund
For the year ended June 30, 2012

	Business-type activities
	Enterprise Funds
	Waste Water Treatment Plant
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,549,559
Other receipts (payments)	21,142
Payments to suppliers	(1,343,149)
Payments to employees	(835,351)
Net cash provided by operating activities	392,201
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfer to General Fund	(169,000)
Increase (decrease) in interfund loans	249,396
Net cash provided by non-capital financing activities	80,396
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital asset purchases	(211,388)
Principal paid on debt	(225,000)
Interest paid on debt	(36,210)
Net cash used in capital and related financing activities	(472,598)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	-
Net cash provided by investing activities	-
Net increase (decrease) in cash and cash equivalents	-
Balances- beginning of the year	-
Balances- end of the year	\$ -
Reconciliation of operating income to net cash provided	
(used) by operating activities:	
Operating income	502,704
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	288,505
Change in assets and liabilities:	
Receivables	(71,597)
Accounts payables	(309,214)
Accrued liabilities	(18,197)
Net cash provided by operating activities	\$ 392,201

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The City of Saco, Maine was incorporated in 1867 under the laws of the State of Maine. The City operates under a Mayor-Council and City Administrator form of government and provides the following services: general governmental services, public safety, public works (highways, streets and sewers), health, sanitation and welfare, culture and recreation, planning and zoning and public improvements. The Council is made up of seven members elected by registered voters.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the City's operations include how the budget is adopted, whether debt is secured by general obligation of the City, the City's duty to cover any deficits that may occur, and supervision over the accounting functions. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the City reporting entity.

The accounting policies of the City of Saco conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies.

B. Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

C. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the City, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide 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, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The major funds of the City are the General Fund, the Fire Barn North Street Bond Fund and the Saco Island TIF 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. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid through other funds. The Fire Barn North Street Bond Fund accounts for bond proceeds and expenditures related to the City's construction of a fire station. The Saco Island TIF Fund accounts for property taxes received from this tax increment financing district and the capital improvements made within the same.

The City reports the following major proprietary fund:

The Waste Water Treatment Plant accounts for the costs of construction and operation of the treatment plant, and is self-supported through sewer user fees.

GOVERNMENTAL FUNDS

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within 60 days of year-end and available to pay obligations of the current period). This includes investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state motor vehicle excise taxes. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Property taxes, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax receivables are recorded and deferred until they become available. Other revenues, including licenses and permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt as well as expenditures related to certain compensated absences and claims and judgments are only recorded when payment is due. Allocation of costs, such as depreciation, is not recognized in the governmental funds.

PROPRIETARY FUNDS

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Proprietary fund types have selected to consistently not follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989 as permitted under Governmental Accounting Standards Board Statement No. 20. 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 are 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. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as assigned fund balances within the fund financial statements, since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

E. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. City policy is that deposits can only be made in financial institutions insured by the FDIC. The City's investment policy authorizes investments in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, certain corporate bonds, certain certificates of deposit and certain money market funds. The City invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return, while remaining within the guidelines as provided by the City's Investment Policy.

Investments are reported at fair value except for money market investments that have a remaining maturity at time of purchase of one year or less are stated at amortized cost. Income earned from the investments of pooled cash is allocated to the various funds on the basis of the average cash balance allocated to each fund.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012 are recorded as prepaid items.

I. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$8,000. The City has chosen the Modified Approach for reporting the infrastructure assets of the City. Gifts or contributions of capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

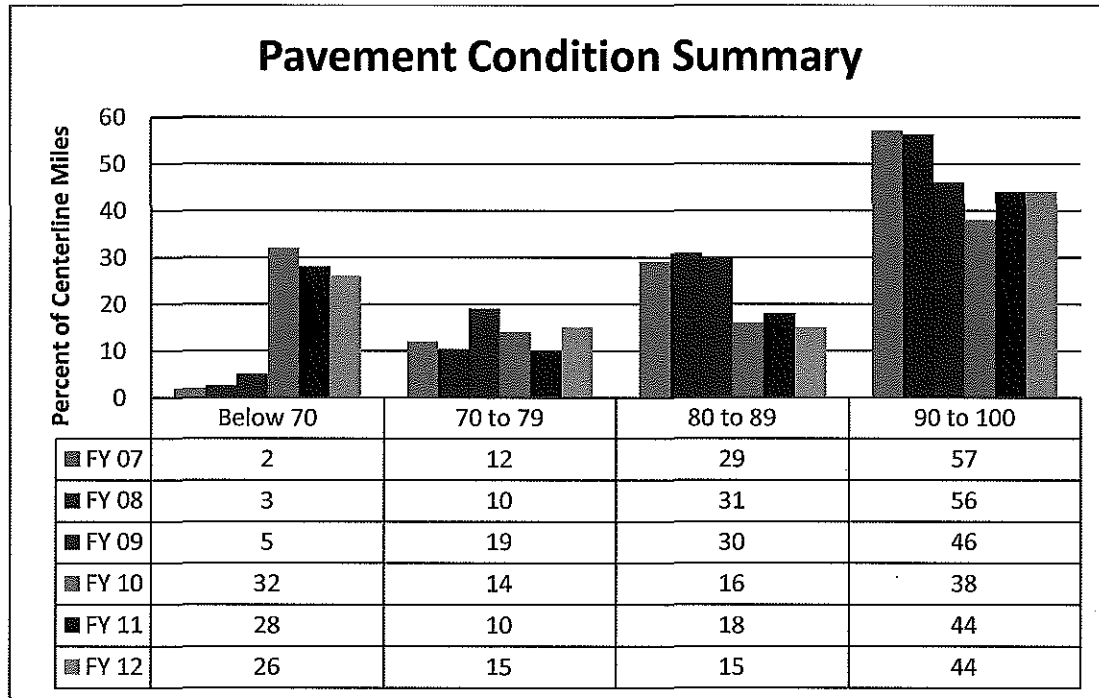
Buildings	40 years
Building improvements	40 years
Vehicles	5 years
Office furniture and fixtures	7 years
Equipment	10-20 years
Computer equipment	3 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street system; water purification and distribution system; sewer collection and treatment system; park and recreation lands and improvement system; storm water conveyance system; and buildings site amenities such as parking used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curbing, sidewalks, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City elected to use the Modified Approach as defined by Statement No. 34 for infrastructure reporting. Originally the City commissioned a physical assessment of all infrastructure conditions in 2000 (fiscal year 2001). Subsequent to the initial assessment, City staff has performed condition assessments based on a combination of physical inspections and statistical modeling. The roads have been rated by using a program developed by the Maine Department of Transportation (RSMS) from 2001 through 2009. The City has changed the condition assessment software in FY2010 to the Micropaver program developed by the Army Corp of Engineers. The advantage of this program is that it does statistical deterioration modeling that allows us to inspect a third of the roads each year.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued



The Micropaver program assesses the inspection criteria and develops a condition rating or Pavement Condition Index (PCI). The PCI index rates the roads between 0 and 100 with 100 being a new road.

For the underground utilities, the City has jointly purchased a camera and truck with two neighboring municipalities to inspect the storm and sanitary collection systems. In fiscal year 2010, the Public Works Department inspected approximately 50,000 feet of sewer line.

In 2001, 2004 and again in 2007, the City subcontracted with an independent engineering firm to inventory and perform a condition assessment on all other City infrastructure assets. These other infrastructure assets, sewer pipe, catch basins and manholes, storm drainage, sidewalks, traffic lights and signage, were then combined with the streets on the City's Asset Management System. Per the rating system noted above, each infrastructure asset was assigned a condition assessment based on a visual inspection conducted on each asset.

The City's policy relative to maintaining other infrastructure assets is to achieve a minimum rating of 2 for all other infrastructure assets. (See Required Supplementary Information on page 68 for a description of the ratings.)

For all other capital assets; buildings, vehicles, equipment reporting, the City elects to use the Basic Approach, as defined by Statement No. 34. The City conducted an inventory of all other capital assets for fiscal year 2000 and performs updates annually.

This original and updated process determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction or acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each capital asset. The book value was then computed by deducting the accumulated depreciation from the original cost.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Compensated Absences

Under terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. Employees are paid for allowable accruals upon termination of employment.

In the fund financial statements, no amount is recorded unless the amount is to be paid out shortly after year-end. The full liability is recorded in the government-wide statements.

K. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. In the fund financial statements, for other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

L. Fund Equity

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

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

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Landfill Closure and Postclosure Care Cost

Statement No. 18 of the Government Accounting Standards Board entitled: "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs" requires the City to record a liability for the estimated costs of landfill closure and postclosure care, as required by government authorities.

State and federal regulations require that the City place a final cover on its current operating landfills when waste is no longer accepted and to perform certain maintenance and monitoring functions at these sites for a period of thirty years after closure. In addition to operating expenditures related to current activities of the landfills, a related liability is required to be recognized based on the future closure and postclosure care costs that will be paid near or after the date that the landfills stop accepting waste. The City of Saco has one landfill, closure of which is complete. Some monitoring costs will be required in the future, however these costs are not deemed to be material and were therefore not recorded as a liability.

Note 2 - DEPOSITS AND INVESTMENTS

The City's policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk.

Deposits

Custodial Credit Risk- City Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does have a deposit policy for custodial credit risk. This policy details eligibility for authorization to include banks or savings and loans that are a member of the FDIC and meet the following minimum credit criteria: (1) qualify as a depository of public funds in the State of Maine as defined in Title 30-A, Section 5706 of the Maine Revised Statutes, (2) have a Highline Data Peer Group rating of a 30 or better and (3) have a Financial Publishing rating of a 125 or better. As of June 30, 2012, the City reported deposits of \$1,279,695 with a bank balance of \$1,582,777. Of the City's bank balances of \$1,582,777, \$34,068 was exposed to custodial credit risk. The balance of \$1,548,709 was covered by the F.D.I.C. or by additional insurance purchased on behalf of the City by the respective banking institutions.

Deposits have been reported as follows:

<u>Reported in governmental funds</u>	<u>\$ 1,279,695</u>
<u>Total deposits</u>	<u>\$ 1,295,695</u>

Investments

Custodial Credit Risk- City 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 the possession of an outside party. The City does have a deposit policy for custodial credit risk as is outlined above. Of the City's \$1,848,122 in investments, 100% was collateralized by underlying securities held by the related bank in the City's name.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 2 - DEPOSITS AND INVESTMENTS, Continued

At June 30, 2012, the City had the following investments and maturities:

	Fair Value	Not Applicable	Less than 1 year	1-5 years	More than 5 years
Money market funds	\$ 156,225	\$ 156,225	\$ -	\$ -	\$ -
Mutual funds	854,448	854,448	-	-	-
Stock	312,951	312,951	-	-	-
Savings bonds	182,014	30,724	-	82,426	68,864
Repurchase agreements	342,484	342,484	-	-	-
Total investments	\$ 1,848,122	\$ 1,696,832	\$ -	\$ 82,426	\$ 68,864

Investments have been reported as follows:

<u>Reported in governmental funds</u>	<u>\$ 1,848,122</u>
<u>Total investments</u>	<u>\$ 1,848,122</u>

Interest Rate Risk: The City does have a policy related to investment rate risk. This policy details that the investment and cash management portfolio be designed to attain a market value rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities and cash flow requirements.

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. The City does have a formal policy related to credit risk as is detailed above. At June 30, 2012, the City's investments were rated as follows by Standard & Poor's.

Credit Risk Rating:

<u>Money Market Funds with AAA Ratings</u>	<u>\$ 156,225</u>
<u>Total</u>	<u>\$ 156,225</u>

The remainder of the City's investments are not rated.

Note 3 - PROPERTY TAXES

The City's property tax is levied on the assessed value listed as of the prior April 1 for all taxable real and personal property located in the City. Assessed values are periodically established by the assessor at 100% of assumed market value. Each property must be reviewed no less than once every four years. The assessed value for the list on April 1, 2011, upon which the levy for the year ended June 30, 2012 was based, was \$2,116,404,600. This assessed value was 100% of the estimated market value and 104% of the 2012 state valuation of \$2,031,850,000.

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 \$1,151,961 for the year ended June 30, 2012.

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 3 – PROPERTY TAXES, Continued

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

The following summarizes the 2011-2012 and 2010-2011 levies respectively:

	<u>2011-2012</u>	<u>2010-2011</u>
Assessed Value	\$2,116,404,600	\$2,101,430,400
Tax Rate (per \$1,000)	<u>14.42</u>	<u>13.82</u>
Commitment	\$30,518,554	\$29,041,768
Supplemental Taxes Assessed	<u>16,428</u>	<u>108,736</u>
	30,534,982	\$29,150,504
Less: Collections and Abatements	<u>29,702,356</u>	<u>28,124,197</u>
Receivable at June 30, 2012 and 2011	<u>\$832,626</u>	<u>\$1,026,307</u>
Due Dates	8/12/11 2/10/12	9/10/10 3/11/11
Interest Rates on Delinquent Taxes	7.0%	8.0%
Collection Rate	97.27%	96.48%

Of the total taxes committed for the year ended June 30, 2012, \$484,764, was allocated to the Saco Island TIF District, \$32,979 was allocated to First Light Technology, Inc., \$222,941 was allocated to the Spring Hill TIF, \$58,082 was allocated to Industrial Park (People's Choice FCU), \$18,616 was allocated to Incon/Franklin Fuels, \$1,101 was allocated to Saco Island Renaissance, and \$76,654 was allocated to Park North under the approved incremental tax levied on the Tax Increment Financing Districts' "captured assessed value" (see Note 10).

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 4 - CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-wide Statement of Net Assets. The City elected to use the "modified approach" as defined by GASB Statement No. 34 for infrastructure reporting. As a result, no accumulated depreciation or depreciation expense has been recorded for these assets. A more detailed discussion of the "modified approach" is presented in the Required Supplementary Information section of this report. All other capital assets were reported using the basic approach whereby accumulated depreciation and depreciation expense has been recorded. The table below presents summary information on non-depreciable assets for the years ending June 30, 2011 and 2012.

Capital assets of the City for the years ended June 30, 2011 and 2012 consisted of the following:

	Historical Cost	Accumulated Depreciation	Net Cost 2012	Net Cost 2011
Governmental Activities:				
Modified Approach:				
Catch basins and manholes	\$ 2,302,711	-	2,302,711	2,302,711
Storm drainage	17,998,406	-	17,998,406	17,998,406
Sidewalks	1,798,331	-	1,798,331	1,676,434
Street Pavement System	13,426,915	-	13,426,915	13,033,779
Traffic signals	851,455	-	851,455	851,455
Street signs	44,818	-	44,818	44,818
Land	5,328,042	-	5,328,042	5,328,042
Total Governmental Activities	41,750,678	-	41,750,678	41,235,645
Business-type Activities:				
Sewer pipe	14,918,272	-	14,918,272	14,918,272
Total Business-type Activities	\$ 14,918,272	-	14,918,272	14,918,272

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Governmental Activities:				
Buildings and Improvements	\$ 17,804,590	\$ 264,117	\$ -	\$ 18,068,707
Vehicles	5,010,596	245,788	(110,553)	5,145,831
Machinery and Equipment	4,391,304	442,075	(118,685)	4,714,694
Total	27,206,490	951,980	(229,238)	27,929,232
Accumulated Depreciation:				
Buildings and Improvements	(6,821,045)	(335,632)	-	(7,156,677)
Vehicles	(3,132,080)	(396,854)	110,553	(3,418,381)
Machinery and Equipment	(3,744,362)	(209,404)	118,685	(3,835,081)
Total	(13,697,487)	(941,890)	229,238	(14,410,139)
Total Governmental Activities	\$ 13,509,003	\$ 10,090	\$ -	\$ 13,519,093

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 4 - CAPITAL ASSETS, Continued

The change in accumulated depreciation can be further detailed by major class of assets as follows:

Buildings	\$ (335,632)
Vehicles	(286,301)
Equipment	<u>(90,719)</u>
TOTAL	\$ (712,652)

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Business-type Activities:				
Buildings and Improvements	\$ 9,083,468	\$ 162,353	\$ -	\$9,245,821
Vehicles	95,094	45,033	-	140,127
Machinery and Equipment	1,626,590	4,003	-	1,630,593
Total	10,805,152	211,389	-	11,016,541
Accumulated Depreciation:				
Buildings and Improvements	(2,835,562)	(192,127)	-	(3,027,689)
Vehicles	(53,152)	(16,983)	-	(70,135)
Machinery and Equipment	(1,079,479)	(79,395)	-	(1,158,874)
Total	(3,968,193)	(288,505)	-	(4,256,698)
Total Business-type Activities	\$6,836,959	\$ (77,116)	\$ -	\$6,759,843

The change in accumulated depreciation can be further detailed by major class of assets as follows:

Buildings	\$ (192,127)
Vehicles	(16,983)
Equipment	<u>(79,395)</u>
TOTAL	\$ (288,505)

For the year ended June 30, 2012 and 2011, depreciation expense on capital assets was charged to the government functions as follows:

	<u>2012</u>	<u>2011</u>
General Government	\$ 130,242	132,970
Public Safety – Police	164,447	145,845
Public Works	267,782	307,433
Culture and Recreation	44,679	60,179
Public Safety – Fire	334,740	321,699
Total Depreciation Expense	\$ 941,890	968,126

For the year ended June 30, 2012 and 2011, repairs and maintenance expenses on capital and infrastructure assets were charged to the government functions as follows:

	<u>2012</u>	<u>2011</u>
Public Safety – Police	\$ 11,631	14,611
Public Safety – Fire/Ambulance	15,144	21,000
Public Works	21,447	78,028
Culture and Recreation	20,611	28,082
Capital Improvement Projects	30,426	581,786
Total Repairs & Maintenance Expense	\$ 99,259	723,507

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 5 - COMPENSATED ABSENCES

The City's policy relating to compensated absences is described in Note 1. The long-term portion of this debt, amounting to \$1,224,016 for governmental activities and \$70,582 for business-type activities at June 30, 2012, is expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the general fund and the enterprise fund, with a minor amount being paid from certain special revenue funds.

Note 6 - SHORT-TERM DEBT

The City issued a tax anticipation note to cover the cash shortfall during the fiscal year. The amount of the tax anticipation notes issued were \$2,400,000 and \$1,500,000. The City paid off one of the tax anticipation notes in this fiscal year. Tax anticipation note activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Tax anticipation notes	\$ -	\$3,900,000	\$2,400,000	\$1,500,000

Note 7 - LONG-TERM DEBT

The following is a summary of long-term debt transactions within the governmental activities and the business-type activities for the City for the year ended June 30, 2012:

	Bonds & Notes Payable	Capital Leases Payable	Compensated Absences (1)	Other Post- Employment Benefits	Total
Governmental Activities:					
Debt Payable at June 30, 2011	\$ 19,727,007	\$ 1,783,016	\$ 1,252,900	\$ 436,162	23,199,085
Add: New debt payables	-	445,143	89,004	176,130	710,277
	19,727,007	2,228,159	1,341,904	612,292	23,909,362
Less: Debt retired	4,682,045	448,071	117,888	37,987	5,285,991
Debt Payable at June 30, 2012	\$ 15,044,962	\$ 1,780,088	\$ 1,224,016	\$ 574,305	\$ 18,623,371
Due within one year	1,318,566	409,537	-	-	1,728,103
Business-type Activities:					
Debt Payable at June 30, 2011	1,177,500	-	88,207	-	1,265,707
Add: New debt payables	-	-	3,322	-	3,322
	1,177,500	-	91,529	-	1,269,029
Less: Debt retired	225,000	-	20,947	-	245,947
Debt Payable at June 30, 2012	\$ 952,500	\$ -	\$ 70,582	\$ -	\$ 1,023,082
Due within one year	222,500	-	-	-	222,500

(1) Compensated absences are shown as long-term since the amount due within one year cannot be reasonably estimated.

As of July 1, 2009, the Saco School Department joined Regional School Unit #23. All School Department liabilities were transferred to the new School Unit with the exception of the bonds that are in the name of the City. In 2012, RSU #23 refunded the one remaining Saco Bond.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 7 - LONG-TERM DEBT, Continued

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

General Obligation Bonds	Interest Rate	Original Issue Amount	Final Maturity Date	Balance End of Year	Due Within One Year
<i>Governmental Activities:</i>					
2007 Infrastructure Bond	4.15% - 4.20%	\$4,355,000	10/1/2027	\$3,475,000	\$220,000
2006 Open Space Bond	4.00% - 4.50%	1,500,000	1/1/2026	1,050,000	75,000
2003 Refunding Bond	3.85%	2,977,057	10/1/2018	1,302,462	186,066
2002 Refunding Bond (50%)	2.00% - 4.50%	1,092,500	10/1/2014	227,500	77,500
1996 Police Station	5.60%	2,000,000	10/1/2016	500,000	100,000
1996 Route One Sewer (50%)	5.55%	2,900,000	10/1/2016	725,000	145,000
2010 Fire Station Bond	2.00% - 4.38%	5,999,000	5/1/2040	5,595,000	200,000
2010 Roads Bond	2.00% - 4.00%	2,300,000	5/1/2018	1,720,000	290,000
2010 Trails Bond	2.00% - 4.00%	500,000	5/1/2030	450,000	25,000
Total - Governmental Activities				\$15,044,962	\$1,318,566
(1) The original amount of this note was \$2,456,690 of which \$1,296,901 has been forgiven by the State. The City's outstanding share at June 30, 2012 was \$0.					
<i>Business-type Activities:</i>					
2002 Refunding Bond (50%)	2.00% - 4.50%	\$1,092,500	10/1/2014	\$ 227,500	\$ 77,500
1996 Route One Sewer (50%)	5.55%	2,900,000	10/1/2016	725,000	145,000
Total Enterprise Fund				\$ 952,500	\$ 222,500
Grand Total All Funds				\$ 15,997,462	\$ 1,541,066

As of July 1, 2009, the Saco School Department joined Regional School Unit #23. RSU #23 will reimburse the City of Saco for all Saco School Department bonds payable when the debt service payments are due. RSU #23 refunded the last remaining City bond in May 2012. The balance refunded was \$2,950,000, the City will not have a receivable from the school regarding this bond in 2012.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 7 - LONG-TERM DEBT, Continued

The annual requirements to amortize General Obligation Bonds outstanding as of June 30, 2012 for both governmental activities and business-type activities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
<u>Governmental Activities:</u>			
2013	\$ 1,318,566	\$ 526,203	\$ 1,844,769
2014	1,316,066	489,255	1,805,321
2015	1,311,066	452,120	1,763,186
2016	1,236,066	414,032	1,650,098
2017	1,236,066	375,056	1,611,122
2018-2022	3,242,132	1,437,941	4,680,073
2023-2027	2,500,000	892,035	3,392,035
2028-2032	1,290,000	480,015	1,770,015
2033-2037	1,000,000	259,904	1,259,904
2038-2040	595,000	51,842	646,842
Total	\$ 15,044,962	\$ 5,378,403	\$ 20,423,365
<u>Business-type Activities:</u>			
2013	\$ 222,500	\$ 26,451	\$ 248,951
2014	220,000	19,258	239,258
2015	220,000	11,928	231,928
2016	145,000	6,144	151,144
2017	145,000	2,048	147,048
Total	\$ 952,500	\$ 65,829	\$ 1,018,329

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 7 - LONG-TERM DEBT, Continued

Leases that qualify as capital leases for accounting purposes have been recorded at the present value of future minimum lease payments as of the date of the inception. The various leases are reported as a liability in the government wide financial statements. The following presents a summary of the capital lease commitments as of June 30, 2012:

	Original Purchase Price	Annual Depreciation Expense	Total Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
<u>Governmental Activities:</u>					
Parks mower 2009	\$ 42,100	\$ 8,420	\$ 20,568	\$ 1,762	\$ 18,806
PW Vactor & PR Backhoe 2009	338,322	33,832	247,434	36,091	211,343
Public Works - pick up truck 2009	60,750	31,248	14,969	648	14,321
Public Works - dump truck 2009	109,243	21,849	23,855	1,029	22,826
Public Works - equipment 2008	180,000	18,000	37,831	1,525	36,306
Copiers - 2011	101,745	20,349	91,229	8,304	82,925
Fire pumper truck	358,853	23,924	215,326	22,689	192,637
Public Works - equipment 2007	312,481	31,248	138,839	12,519	126,320
Public Works - equipment 2005	626,532	125,306	152,814	10,160	142,654
Parks & Rec - Tractor - 2010	57,892	5,789	50,393	9,113	41,280
Public Works - Trackless Sidewalk Plow - 2010	135,285	27,057	117,942	21,326	96,616
Parks & Rec - Wheel Loader - 2010	137,500	13,795	119,105	20,655	98,450
Public Works - Skid Steer - 2010	27,449	2,745	23,916	4,324	19,592
Fire/Ford Expedition - 2011	35,585	7,117	28,405	3,049	25,356
PW 2 Plow Trucks - 2011	264,634	52,927	248,121	21,504	226,617
PW Chevy Colorado - 2011	21,833	4,367	13,862	769	13,093
PW F550 - 2011	44,790	8,958	35,971	4,078	31,893
PW Roller - 2012	23,900	4,780	20,349	1,387	18,962
PW Loader w/Plow - 2012	209,962	20,996	190,452	32,751	157,701
P&R Mower - 2012	25,024	5,005	23,309	1,555	21,754
PW Dump Body/Sander - 2012	42,250	8,450	39,758	4,134	35,624
P&R Cargo Van - 2012	21,882	4,376	18,524	1,273	17,251
P&R Minivan - 2012	24,863	4,973	20,740	1,425	19,315
FD Fire Equipment - 2012	68,381	6,838	64,633	7,025	57,608
PW F450 - 2012	60,344	12,069	57,037	6,199	50,838
			<u>\$ 2,015,382</u>	<u>\$ 235,294</u>	<u>\$ 1,780,088</u>

The annual requirements to amortize Capital Lease Obligations outstanding as of June 30, 2012 for the Governmental activities are as follows:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Obligation</u>
2013	409,537	72,450	481,987
2014	349,935	55,597	405,532
2015	287,766	41,359	329,125
2016	287,533	30,111	317,645
2017	220,475	18,870	239,346
2018-2021	224,842	16,907	241,747
Total	<u>\$ 1,780,088</u>	<u>\$ 235,294</u>	<u>\$ 2,015,382</u>

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 7 - LONG-TERM DEBT, Continued

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of the state valuation of such municipality. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its stated assessed valuation. The City's outstanding debt at June 30, 2012, of \$17,777,550, was \$286,999,950 below the City's statutory debt limit. Total interest expended for all funds of the City was \$686,671, for the year ended June 30, 2012.

Note 8 - OVERLAPPING DEBT

The City's proportionate share of York County's debt (determined by the percentage of the City's state valuation to the County's state valuation) is not reported in the City's financial statements. Debt service is included in the annual county assessment to the City. At June 30, 2012, the City's equalized State valuation of \$2,031,850,000 was 6.88% of the County's equalized State Valuation of \$29,638,800,000. The City's share is 6.88%, or \$803,184 of York County's \$11,674,180 long-term debt outstanding as of June 30, 2012.

The Biddeford-Saco-Old Orchard Beach Transit Committee had long-term debt of \$429,506 outstanding on June 30, 2012. Under the Interlocal Agreement that governs this entity, the communities of Biddeford, Saco, and Old Orchard Beach would become jointly responsible for this debt should the Transit Committee be dissolved. The City's share is 33.33%, or \$143,169.

Note 9 - 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 disallowance 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.

Litigation

The City is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the City has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the City.

Note 10 - TAX INCREMENT FINANCING DISTRICT

Under Title 30, Subchapter II-B of Maine State statutes, the City formed a Tax Increment Finance (TIF) District to finance certain public improvements to Saco Island, formerly known as Factory Island. The expenditures from this development project will be recouped in future years via an incremental tax levied upon the Districts' "captured assessed value" over a fifteen year period to expire December 30, 2016. The tax increment will be held in the form of a sinking fund. The short-term financing mechanism for the public improvement projects is a reimbursement agreement between the City and the project developer.

The City originally established the Saco Island Tax Increment Financing (TIF) District in 1985 and amended it in 1986. The agreement required certain improvements and required the City to collect monies in a sinking fund. The developer and its successors were reimbursed for these improvements. The length of this agreement was 15 years from the date of approval of the second TIF.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 10 - TAX INCREMENT FINANCING DISTRICT, Continued

In March of 1999, the Maine Department of Economic and Community Development accepted the City's application to amend the Saco Island Tax Increment Financing District. It authorized the City to capture increased assessed value for a period of fifteen years, add approximately 7.5 acres to the District, and revise the program of public improvements, as part of the City's continuing revitalization effort of the Downtown and Saco Island, and in response to the State of Maine's need for a train station on Saco Island. In addition to improvements within the District, TIF proceeds will be used to organize, construct and improve parking areas within 500 feet of the District.

The City will continue to capture one hundred percent of the first \$14,400,000 in increased assessed value to fund the completion of the improvements within the amended development program. The City will pay for all public improvements in the District, utilizing municipal tax increment revenues on retained captured assessed value generated by the District and deposited into the Development Program Fund. The City will utilize available Federal funds, to finance a share of the construction costs of the rail station, and other grant funds as they become available. The City will not incur any general obligation bond indebtedness in connection with this program.

Also, in February 1997, the City formed a Tax Increment Finance (TIF) District to assist First Light Technology, Inc. (the Company) in acquiring real estate, constructing a manufacturing and research building, and to assist the City in financing the costs of the Public Improvements or to pay the costs of constructing such improvements directly. Under the Development Program, the City will make a portion of the newly-generated tax revenues within the District available to the Company for a period of (5) years pursuant to a credit enhancement agreement, which is a contract between the City and the Company. This portion will be equal to 40 percent of the increased value of the real estate (including buildings).

The remaining portion of the new real estate tax revenues (60 percent) and a portion of the new personal property tax revenues (50 percent, exclusive of existing equipment moved to the new location) will be captured for a period of twenty (20) years and used or held for use in connection with the Public Improvements. All remaining tax revenues will become part of the City's general tax revenues. After expiration of the five year period, the portion paid into the City's general fund will include the tax revenues previously returned to the Company.

In July 1998, the City formed a TIF District to assist Transparent Audio, Inc. (the Company) in constructing a building, real property improvements, and additional personal property acquisitions. During the first ten (10) years of the Development Program, the City will capture one hundred percent (100%) of the increase in assessed value due to the Real Property Improvements, allocating during years one through five, forty (40%) percent of the incremental municipal tax increment revenues from the Real Property Improvements (the "Real Property Captured Tax Increment Revenues") to the Company pursuant to a credit enhancement agreement ("the Company Increment Portion"). The agreement also provides that twenty percent (20%) of such revenues will be allocated to the Company during years six through ten. No part of the incremental revenues from the additional personal property will be returned to the Company pursuant to the Development Program.

The Real Property Captured Tax Increment Revenues shall be calculated based on real property values in excess of the City's valuation of the District as of April 1, 1998 (\$53,600). The Company Increment Portion will be used by the Company either to pay costs of the Project directly or to pay debt service used to finance costs of the Project. The Project costs financed with Real Property Captured Tax Increment Revenues will represent only a portion of the total costs of the Project. All additional costs of the Company in respect of the Project will be the responsibility of the Company. After ten years, the Company will have no further right to the Company Increment Portion, and it will form part of the City's general revenues.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 10 - TAX INCREMENT FINANCING DISTRICT, Continued

Saco Plaza, Inc. (the Company) has developed the real estate constituting the District and constructed an 80-100 room hotel and allied facilities (conference facilities and restaurant) along with related physical improvements thereon (the Project). The purpose of the District is to assist the Company in financing the costs of the Project, and to assist the City in economic development in the North Street – Maine Turnpike area, and to assist in furtherance of the Industrial Park Road expansion. During the first five (5) years of the Development Program, the City will capture 100% of the increase in assessed value due to real and personal property improvements, allocating this captured incremental municipal tax revenue between the Company (the “Company Incremental Portion”) and the City (“City Increment Portion”) pursuant to a credit enhancement agreement between Company and City. The credit enhancement agreement provides that forty (40) percent of the Captured Incremental Revenues during this initial five (5) year period will be made available to the Company while sixty (60) percent of the Captured Incremental Revenues will flow to the City for economic development purposes both in the North Street – Maine Turnpike area, and with expanding the Industrial Park Road. During the final five (5) years of the Development Program, the City will capture only forty (40) percent of the incremental increase in assessed values due to real and personal property improvements, allocating this revenue to the Company pursuant to the credit enhancement agreement. The remaining sixty (60) percent of increased assessed value will not be captured in the final five (5) years of the Project but will flow to the City’s General Fund.

In March 2002, the City formed a TIF District (Spring Hill Municipal Development and Tax Incremental Financing District) for the creation of a municipal development and tax increment-financing district within the Spring Hill section of the Saco Industrial Park and adjacent areas. The adjacent areas include a portion of the railroad right of way for the Saco Industrial Park, a portion of the proposed Saco 67 Business Park across Route 1 from the Spring Hill section, and a portion of the Route 1 right of way where the installation of a traffic light and a sewer are contemplated. The goal of this TIF district is to provide for the creation of serviced business park lots and to permit the purchase of land therefore, to provide for additional rail service to an existing industrial park, to provide for traffic improvements such as a traffic light required by these industrial developments, and to provide for the installation of a public sewer system in an area of industrial, business, and commercial zoning to enhance the facilities for business and industrial development. During the first ten (10) years of the Development Program, the City will capture one hundred percent (100%) of the increase in assessed value due to the Real Property Improvements, allocating all 100% to the Development Program. After the tenth year, the tax revenues will flow into the City’s General Fund.

The Spring Hill TIF was amended on October 7, 2008. Boundary changes removed a 12 foot strip to the Scarborough line and added one lot to the district. This lot is the site of a new IMAX theater. The TIF revisions also create a mitigation fund for the fifth lane in Route 1, which MDOT plans to require for an IMAX theater (\$118,000), and extends the end date of the TIF 10 years beyond the original 2012 expiration to 2022.

The Park North TIF, approved September 12, 2007, is for 100% of the tax increment for 20 years, with 70% reimbursing the developer for a sewer extension. The developer has paid for the costs and financing for the sewer extension and for a pump station serving the project. This includes only large sewer mains, not local service mains within the development. The sewer cost is estimated at \$3.5 million, although financing may double the cost. Reimbursement to the developer continues until the company is reimbursed. It is estimated that it may take 11 years to reimburse. The remainder of the TIF --30% in the early years, 100% later -- would be used by the City for a program of improvements in the district and in the area of the project and some qualifying economic development projects.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 10 - TAX INCREMENT FINANCING DISTRICT, Continued

The Industrial Park Road TIF was approved March 16, 2007 and is for 100% of the tax increment through 2027. The entire increment will be treated in a special fund by the City and used for construction of roads and sewers and sidewalks including improvements to a portion of North Street and a portion of Industrial Park Road. A credit enhancement agreement was reached with People's Choice Credit Union on March 20, 2009 to reimburse the company \$100,000 for intersection improvements, by reimbursing it 50% of its taxes each year until it receives the full \$100,000 payout.

The Franklin Fuels TIF (Incon, Intelligent Controls), was approved on March 24, 2008. The TIF captures 100% of captured assessed value. The agreement returns 45% of taxes to Franklin Fuels which erected a new industrial building in which it manufactures fuel tank monitoring equipment and other electronic detection devices. The TIF retains 55% for City public improvements and Economic Development programs through fiscal 2019.

The Saco Island Renaissance TIF was approved in September 2007. The Mattson Development entity, (formerly Harpers), plans to complete approximately \$80 million of mixed-use mill rehabilitation projects over several years. This TIF is for 95% of the new value for 15 years, and for 90% of the value for the following 15 years. Five percent and 10 percent of the project respectively remains unTIFed. The funds will be returned to the developer under a credit enhancement agreement.

Note 11 - RELATED PARTY TRANSACTIONS

The Lucia Kimball Deering Trust is related to the Kimball Health Center through common directorships. Beginning in May 1986, the amount due to the Trust from the Kimball Health Center was being reimbursed at the rate of \$500 per month. However, the reimbursement amount is left to the discretion of the Board of Directors. No interest is charged on this loan, which had an outstanding balance of \$854,200 at June 30, 2012.

Note 12 - CLASSIFICATION OF NET ASSETS

In the Government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt- This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Assets- This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. This category presents restrictions placed on the categories of Capital Projects, and Specific Projects and Programs as established by City Council.

Unrestricted Net Assets- Represent the net assets of the City, not restricted for any project or other purpose.

Note 13 - DEFICIT FUND BALANCES

The City's Special Revenue Fund for the Recreation Impact Fees, Ambulance, CDBG Country Village, Park North TIF Project, as well as the City's Major Special Revenue fund for the Saco Island TIF and non-major Capital Project funds for the Mill Brook Industrial Park and Efficiency Maine fund are carrying forward fund deficits as of June 30, 2012. These deficits will be funded by future operations through anticipated revenues to be received.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 14 - RETIREMENT SYSTEM

Maine Public Employees Retirement System (Maine PERS) – Consolidated Plan

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

Funding Policy – Plan members are required to contribute 6.5% of their annual covered salary and the City of Saco is required to contribute an actuarially determined rate. The current rate is 0% of annual covered payroll. The contribution rates of plan members and the City of Saco are established and may be amended by the Maine PERS Board of Trustees. The City's contributions to the Maine PERS Consolidated Plan for the years ended June 30, 2012, 2011 and 2010 were \$0, \$0 and \$0 respectively, equal to the required contributions for each year. This is due to the fact that necessary contributions to the plan are being offset by existing credits.

Deferred Compensation Plan

In lieu of coverage under the Maine Public Employees Retirement System, City employees may elect to participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The plan vests at the end of two years of service and 100% at the end of three years. The City expended \$96,091 for the year ended June 30, 2012, \$77,525 (5%) for the year ended June 30, 2011 and \$112,554 (5%) for the year ended June 30, 2010. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the City's financial statements.

Other

Additionally, the City participates in the Social Security Retirement Program. The City's contribution to Social Security was approximately \$645,671 for the year ended June 30, 2012, \$660,027 for the year ended June 30, 2011, and \$673,831 for the year ended June 30, 2010.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 15 - OTHER DISCLOSURES

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; and natural disasters for which the City either carries commercial insurance, or participates in a public entity risk pool. Currently, the City participates in a public entity risk pool for its workers compensation insurance sponsored by the Maine Municipal Association. Based on the coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2012. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past three fiscal years. The amount of unpaid claims was \$0 at June 30, 2012 and 2011.

Note 16 - BUDGETARY INFORMATION

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished. The City legally adopts annual budgets for the Governmental General Fund and the Business-Type Waste Water Treatment Plant Fund.

The Annual Budget serves from July 1 to June 30, and it is a vehicle to accurately and openly communicate these priorities to the community, businesses, vendors, employees and other public agencies. In addition, it establishes the foundation of effective financial planning. The budget provides resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City of Saco, Maine's budget is prepared and based on four expenditure categories; personnel, operations & maintenance, other expenditures and capital improvement programs. The first three listed are considered operational in nature or known as *recurring costs*. Capital Improvement Projects are asset acquisitions, facilities, systems, and infrastructure improvements, etc. typically over \$8,000, and/or those items "outside" of the normal operational budget, these are known as *one-time costs*.

The accounts of the City are organized on the basis of funds.

The City collects and records revenue and expenditures within the following categories:

- Governmental Activities
- Business-type Activities

The Governmental Funds include the General Fund, Special Revenue Funds, Capital Project Funds and the Permanent Funds. All funding sources are kept separate, for both reporting and for uses of the money. The General Fund is where most City services are funded that are not required to be segregated.

The budget process begins as a team effort in January of each year, starting with an annual strategic planning meeting, then from this, the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year's objectives. The City Administrator and the Finance Director review each budget proposal, revenue assumptions and all current financial obligations, before preparing the proposed document to the City Council. The City Council reviews the Proposed Budget, through a series of workshop meetings, with the final adoption scheduled during the first council meeting in June.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 16 - BUDGETARY INFORMATION, Continued

Per City Charter, the level of budgetary control is at the department level. The following departments overspent their fiscal year 2012 budgets: Administration \$2,682, City Clerk \$20,694, City Building Maintenance \$4,752, Building Inspection \$4,186, Parks & Recreation \$125,044, County Tax \$20,278, Debt Service \$28,656, and Contingency \$122,103. These overages were anticipated and in some cases had additional revenue to cover them. These overages lapsed to unassigned fund balance at year end.

According to the City Charter, the departments are allowed to carry over unspent portions of their individual capital budgets which then can be used in future years. For the Governmental Activities fiscal year ended June 30, 2012 and 2011 the amounts carried over by the departments totaled \$363,349 and \$627,819, respectively, with a like amount assigned in the General Fund balance.

See Statement 6 Within the Government-wide financial statements for a Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for an analysis of the original approved budget versus the final budget and actual amounts.

Note 17 - INTERFUND ACCOUNTS

Due from/to other funds at June 30, 2012 consist of the following:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$6,508,222	1,501,041
Special Revenue Funds	901,915	745,314
Capital Project Funds	312,228	611,014
Fire Barn North Street Bond	286,897	-
Saco Island TIF Fund	-	1,370,039
Proprietary Funds	-	3,781,854
TOTAL	\$8,009,262	\$8,009,262

Interfund transfers during the year ended June 30, 2012 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 956,000	\$889,280
Special Revenue Funds	475,934	1,527,418
Saco Island TIF Fund	428,764	25,000
Capital Funds	750,000	-
Proprietary Funds	-	169,000
TOTAL	\$2,610,698	\$2,610,698

The purposes of the due to/due from other funds are to charge revenue and expenditure activity to the appropriate funds. With centralized cash, everything is received and disbursed through the general fund. With due to/due from accounts, it allows the activity to be recorded within the proper fund, even though the activity occurs within the general fund cash account.

The primary purposes of the transfers are to match budgeted amounts within the general fund from the funds financing the various projects. Due to the fact that one budget is adopted; many projects from other funds are included in the capital improvement section of the budget. These transfers allow for the revenue to be reflected within the general fund where the expenditures have been budgeted and paid.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 18 - FUND BALANCE

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

	General Fund	Other Governmental Funds	Total
Nonspendable:			
Prepaid	\$ 124,024	-	124,024
Notes Receivable	-	7,144	7,144
Principal of permanent funds	-	181,383	181,383
Total Nonspendable	124,024	188,527	312,551
Restricted			
Finance and Administration	-	773,180	773,180
Community Services	-	1,379,766	1,379,766
Public Safety	-	313,889	313,889
Public Works	-	219,360	219,360
Permanent Funds	-	374,203	374,203
Total Restricted	-	3,060,398	3,060,398
Committed			
City Service	-	2,734	2,734
Public Safety	69,206	419	69,625
Public Works	-	130,694	130,694
Total Committed	69,206	133,847	203,053
Assigned			
Finance and Administration	-	5,948	5,948
City Service	-	159	159
Community Services	-	2,615	2,615
Public Safety	-	2,432	2,432
Public Works	-	838,228	838,229
Encumbrances	299,319	-	299,319
Reserves	363,349	-	363,349
Total Assigned	662,668	849,382	1,512,050
Unassigned	3,671,481	(2,633,306)	1,038,175
Total Fund Balance	\$ 4,527,379	1,598,848	6,126,227

Note 19 - NET ASSETS

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 19 - NET ASSETS, Continued

The City's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2012:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 69,679,910	\$ 25,934,813
Accumulated depreciation	(14,410,139)	(4,256,698)
Bonds payable	(15,044,962)	(952,500)
Capital leases	(1,780,088)	-
Add back unspent bond proceeds	506,257	-
	<u>\$ 38,950,978</u>	<u>\$ 20,725,615</u>

Note 20 - OTHER POST EMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the City of Saco for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The City is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The City is an individually rated member within the Association. The Trust issues a publicly available financial report that may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in October 2011.

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

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 20 - OTHER POST EMPLOYMENT BENEFITS, Continued

The following table represents the OPEB costs for the years ended June 30, 2012, 2011 and 2010 and the annual required contribution:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Normal cost	\$ 78,543	78,543	70,866
Amortization of unfunded	101,793	101,793	79,219
Interest	21,217	14,870	9,053
Annual required contribution	201,353	195,206	159,138
Interest on net OPEB obligation	-	-	-
Amortizing adjustment to ARC	(25,223)	(16,336)	(8,859)
Annual OPEB cost	176,130	178,870	150,279
Contributions made	(37,987)	(25,183)	(20,821)
Increase in net OPEB obligation	138,143	153,687	129,458
<u>Net OPEB obligation beginning of year</u>	<u>436,162</u>	<u>282,475</u>	<u>153,017</u>
Net OPEB obligation end of year	\$ 574,305	\$ 436,162	282,475

The "actual contributions" represent an implicit rate subsidy offset based on a calculation provided by the actuary which calculates the percentage of premiums which subsidizes retirees.

Funding Status and Funding Progress – The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2012, 2011 and 2010 was as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual OPEB Cost	\$ 176,130	178,870	150,279
Percent of annual OPEB cost contributed	21.6%	14.1%	13.9%
<u>Net OPEB obligation</u>	<u>574,305</u>	<u>436,162</u>	<u>282,475</u>
Actuarial accrued liability	1,830,622	1,830,622	1,423,034
Plan assets	-	-	-
Unfunded actuarial accrued liability	1,830,622	1,830,622	1,423,034
<u>Covered payroll</u>	<u>8,863,551</u>	<u>7,918,078</u>	<u>6,614,983</u>
Unfunded actuarial accrued liability as a percentage of covered payroll	20.7%	23.1%	21.5%

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2012

Note 20 - OTHER POST EMPLOYMENT BENEFITS, Continued

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

Actuarial valuation date	01/01/2011
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Open amortization period	30 years

Actuarial assumptions:

Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 8.7%

CITY OF SACO, MAINE
Required Supplementary Information
June 30, 2012

MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets as:

- street system including pavement, sidewalks, street lighting, traffic signals and curbing;
- storm water and sanitary collection system;
- wastewater treatment facility;
- park and recreation lands and;
- building site amenities such as parking and landscaped areas

The City has elected to use the “Modified Approach” as defined by GASB Statement No. 34 for infrastructure reporting for its infrastructure assets. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed assessment level.

In 2000 (fiscal year 2001), the City commissioned a physical condition assessment of the streets which was completed and dated February 2001. The City has completed a full condition assessment each year from 2001 through 2010 using a program developed by the State of Maine Department of Transportation (MDOT) known as the Road Survey and Maintenance System (RSMS). A pavement condition index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street. In fiscal year 2010, the City migrated the road condition assessments to a new program developed by the Army Corp of Engineers called Micropaver. The Micropaver program is a more inclusive assessment tool and the program rates the roads more severely than the previous assessment software (RSMS). Using Micropaver allowed the City to conduct actual condition assessments on one third of the road system each year and use the modeling function to predict condition assessments based on known deterioration rates.

The following conditions were defined and associated to a rating within our asset management system:

<u>Condition</u>	<u>Rating</u>	<u>Asset Management System Rating</u>
Good	100-80	1
Fair	79-65	2
Poor	64-50	3
Substandard	49-0	4

The City’s Public works Department has been conducting condition assessments in the fall of each. Based on their research and an analysis of the data compiled over the last 8 years, the City has determined that on average a road needs to be overlaid every 12 years. The frequency and extent of the maintenance will depend on factors such as traffic volume, the amount of truck traffic, road base materials, and drainage conditions.

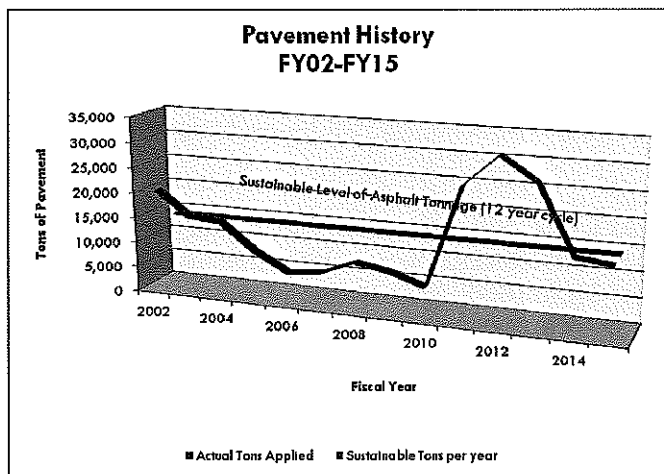
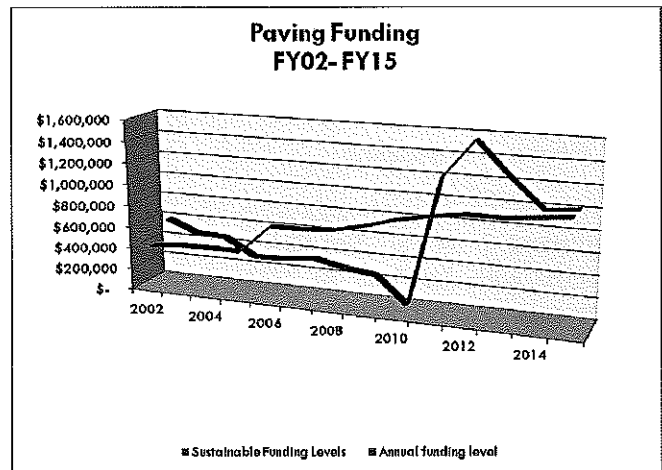
CITY OF SACO, MAINE
Required Supplementary Information
June 30, 2012

MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS, Continued

Based on a 12 year maintenance schedule, the Public Works has determined that the paving needs will be approximately 13,900 tons per year. At today's asphalt prices, this would translate to a sustainable funding allocation of \$903,500 per year at the current price of \$65.00 per ton.

Due to a weak economy, financial constraints, and a doubling of the cost of asphalt, the City had dropped below the sustainable level for maintaining the City's road system from 2005 through 2010. In the fall of 2009, the City bonded 2.3 million dollars to fund the road paving program. This has helped to raise the condition of the backlogged roads that had been deferred due to lack of funding.

In 2001, the City subcontracted with an independent engineering firm to inventory and performs a condition assessment on all other City infrastructure assets. These condition assessments were then reviewed and updated again in fiscal year 2004 and 2008. These other infrastructure assets, sewer pipe, catch basins and manholes, storm drainage, sidewalks, traffic lights and signage, were then combined with the streets on the City's Asset Management System (AMP). Per the rating system noted above, each infrastructure asset was assigned a condition assessment based on a visual inspection conducted on each asset. City staff will be responsible for assessing and maintaining the data associated with the Saco AMP.



CITY OF SACO, MAINE
Required Supplementary Information
June 30, 2012

MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS, Continued

The City's Policy is to achieve a minimum rating of 2 for all other infrastructure assets, which is consistent with that for the streets. From June 30, 2004 through June 30, 2012, the City's other infrastructure assets had established condition assessment levels as follows:

<u>Condition Average</u>	FY 2004-2006	2007-2009	FY 2010-2012	Management System Rating
	<u>% of Other Infrastructure</u>	<u>% of Other Infrastructure</u>	<u>% of Other Infrastructure</u>	
Excellent to Good	69.3%	83.0%	65.5%	1
Fair	25.0%	13.8%	23.0%	2
Poor to Substandard	5.7%	3.2%	11.5%	3 and 4

As of June 30, 2001 through June 30, 2003, the City had only 7% of its other infrastructure assets rated below the established 2 rating. The City required several years to rehabilitate these segments of infrastructure. As is reflected with the June 30, 2006, 2005 and 2004 condition assessment performed, an even lower immaterial percentage of other infrastructure assets are now below the established policy level rating of a 2. As of June 30, 2012, a larger percentage has fallen to poor to substandard. The primary reason for the fall is that capital funds have not been allocated over the last few years in the budget.

The City is continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. The City has over the last year:

- Finished a 4.2 million dollar upgrade to the Wastewater Facility
- Replaced 800 feet of sewer on Main Street and 400 feet of sewer on Locke street
- Installed 3,200 feet of new sidewalk on Route 1
- Eastern Trail
- Replaced and upgraded Traffic Signal controllers
- All City traffic signals are now camera actuated

At the end of fiscal year 2010, the City received the paving bond for \$2.3 million. The City has been working to get the roads back up to our standard. The City estimates that we need to have sustainable funding of just under \$1 million to maintain our roads each year. The City is working toward adding that to our budgeting process in fiscal year 2013.

As of June 30, 2012, the City had approximately 351,523 feet of sewer pipe with a carrying amount of \$14,918,272 and an estimated replacement cost of \$32,080,875; 3,088 catch basins and manholes with a carrying amount of \$2,302,711 and an estimated replacement cost of \$6,500,000; 266,639 feet of storm drainage with a carrying amount of \$17,998,406 and a replacement cost of \$27,300,000; 711,650 square feet of sidewalks with a carrying amount of \$1,798,331 and a replacement cost of \$2,500,000; 148 traffic signals with a carrying amount of \$851,455 and a replacement cost of \$1,300,000; and 991 street signs with a carrying amount of \$44,818 and a replacement cost of \$70,000.

For the years ended June 30, 2012, 2011, 2010, 2009, and 2008, the City expended the following amounts for maintenance and preservation of assets of each network or subsystem:

	2012	2011	2010	2009	2008
Sewer	\$ 170,915	\$ -	\$ -	\$ 14,057	\$ 157,537
Storm drainage	19,387	106,045	53,061	262	63,183
Sidewalks	99,048	25,629	20,675	51,834	8,118
Street Pavement System	515,164	2,967,403	1,328,699	1,033,744	3,338,324
Traffic signals	9,141	56,300	-	-	19,335

CITY OF SACO, MAINE
Required Supplementary Information
June 30, 2012

Schedule of Funding Progress
Retiree Healthcare Plan

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a) /c]
2009	1/1/09	\$ -	\$ 1,423,034	\$ 1,423,034	0.00%	\$ 8,386,002	16.9%
2010	1/1/09	\$ -	\$ 1,423,034	\$ 1,423,034	0.00%	\$ 6,614,983	21.5%
2011	1/1/11	\$ -	\$ 1,830,622	\$ 1,830,622	0.00%	\$ 7,918,078	23.1%
2012	1/1/11	\$ -	\$ 1,830,622	\$ 1,830,622	0.00%	\$ 8,863,551	20.7%

This page left blank intentionally.

GENERAL FUND

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

This page left blank intentionally.

CITY OF SACO, MAINE
Comparative Balance Sheets - General Fund
June 30, 2012

	2012	2011
ASSETS		
Cash and Cash Equivalents	\$ 842,103	\$ 392,101
Investments	436,281	623,755
Accounts Receivable	410,320	505,607
Taxes Receivable:		
Current Year	832,626	1,026,307
Prior Year	113,770	120,913
Tax Liens	424,321	522,378
Prepaid Items	124,024	140,681
Receivable from RSU #23 for debt service payments	-	3,360,979
Interfund Receivable	6,508,222	7,661,485
Tax Acquired Property	58,359	58,359
Total assets	\$ 9,750,026	\$ 14,412,565
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 868,648	\$ 916,873
Accrued Liabilities	208,791	540,178
Taxes Collected in Advance	78,491	18,908
Interfund Payable	1,501,041	3,332,661
Due to RSU #23	-	1,518,582
Tax Anticipation Note Payable	1,500,000	-
Deferred debt service payments due from RSU #23	-	3,360,979
Deferred Tax Revenue	1,065,676	1,259,422
Total liabilities	5,222,647	10,947,603
Fund Balance:		
Nonspendable	124,024	140,681
Committed	69,206	61,040
Assigned	662,668	772,662
Unassigned	3,671,481	2,490,579
Total fund balance	4,527,379	3,464,962
Total liabilities and fund balance	\$ 9,750,026	\$ 14,412,565

CITY OF SACO, MAINE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For The Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Taxes:			
Real and Personal Property	\$ 30,559,755	\$ 30,743,094	\$ 183,339
Change in Deferred Property Revenues	-	193,747	193,747
Excise Taxes	2,938,785	3,446,591	507,806
Interest and Lien Costs on Taxes	132,000	188,602	56,602
Total taxes	33,630,540	34,572,034	941,494
Licenses and Permits:			
City Clerk Fees	85,000	90,184	5,184
Building Permits	290,000	339,446	49,446
Cable Television Franchise	275,000	286,882	11,882
Plumbing Permits	13,000	18,114	5,114
Electrical Inspection Fees	20,000	39,801	19,801
Snowmobile Registrations	2,800	2,966	166
Canine Licenses and Late Fees	12,000	15,352	3,352
Victualers' License	7,000	6,985	(15)
Total licenses and permits	704,800	799,730	94,930
Intergovernmental:			
State Assistance:			
Revenue Sharing	1,223,000	1,256,887	33,887
Local Road Assistance	245,568	263,206	17,638
Welfare Reimbursement	25,000	80,608	55,608
Homestead Exemptions	271,563	286,309	14,746
Other State Aid	148,000	199,285	51,285
Other Federal	-	23,695	23,695
MERC Host Community Benefits	42,000	37,481	(4,519)
Total intergovernmental	1,955,131	2,147,471	192,340
Charges for Services:			
Police	35,000	32,954	(2,046)
Community Policing-Thornton Academy/Saco Middle	96,000	100,689	4,689
Public Works	287,000	225,550	(61,450)
Transfer Station Fees	36,000	44,048	8,048
Sewer Inspection Fees	1,300	1,750	450
Recreation Department	615,000	745,181	130,181
False Alarm Fines	17,000	15,550	(1,450)
Miscellaneous Fees	5,000	15,058	10,058
Total charges for services	1,092,300	1,180,780	88,480
Other Revenues:			
Interest Earnings	30,000	7,111	(22,889)
Sale of City Assets	105,000	6,520	(98,480)
Building Rentals	69,045	50,749	(18,296)
Insurance Claims and Refunds	287,938	168,619	(119,319)
Planning/Zoning Board and Engineering Studies	-	(485)	(485)
Recycled Waste and Fees	65,000	17,949	(47,051)
Unclassified	40,000	43,858	3,858
Total other revenues	596,983	294,321	(302,662)
TOTAL REVENUES	37,979,754	38,994,336	1,014,582

CITY OF SACO, MAINE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For The Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES:			
General Government:			
Legislative	\$ 20,600	\$ 20,391	\$ 209
City Administration	284,158	286,840	(2,682)
Finance	379,667	365,681	13,986
Technology	438,526	403,536	34,990
City Clerk/Voter Registration/Welfare Assistance	264,690	285,384	(20,694)
Assessor	194,782	177,011	17,771
City Building Maintenance	112,033	116,785	(4,752)
Legal Services	185,000	177,967	7,033
Building Inspector	207,581	211,767	(4,186)
Planning	309,995	308,976	1,019
Total general government	2,397,032	2,354,338	42,694
Public Safety:			
Police/Central Dispatch	3,440,717	3,419,779	20,938
Fire/Ambulance/Public Water	2,726,545	2,712,947	13,598
Total public safety	6,167,262	6,132,726	34,536
Public Works:			
Administration/Maintenance	4,616,892	4,425,191	191,701
Total public works	4,616,892	4,425,191	191,701
Culture and Recreation:			
Parks & Recreation	1,144,804	1,269,848	(125,044)
Total culture and recreation	1,144,804	1,269,848	(125,044)
Education	16,030,811	16,030,811	-
County Tax	1,079,365	1,099,643	(20,278)
Unclassified:			
Employee Benefits	2,829,212	2,668,742	160,470
Insurance	159,012	154,433	4,579
Public Agencies/City Agencies	630,421	623,052	7,369
Emergency Management	5,900	5,732	168
Overlay	1,200,000	-	1,200,000
Contingency	137,971	260,074	(122,103)
Total unclassified	4,962,516	3,712,033	1,250,483
Debt Service:			
Principal	1,785,092	1,769,136	15,956
Interest	605,849	650,461	(44,612)
Total debt service	2,390,941	2,419,597	(28,656)

CITY OF SACO, MAINE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For The Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued):			
Capital Projects:			
Sidewalk improvement	\$ 135,530	\$ 99,048	\$ 36,482
Street overlay/Road reconstruction	(53,192)	(50,958)	(2,234)
Storm drainage projects	(19,387)	(19,387)	-
Industrial Park Railroad	11,944	11,944	-
Athletic fields at landfill	294	-	294
Public Works North Street Addition	5,800	5,800	-
Mill District Pedestrian Bridge	-	7,684	(7,684)
PACTS Projects	132,000	132,000	-
Laserfiche 2&3	23,871	20,161	3,710
Main & Beach No Signal	340	340	-
City Hall roof repairs	62,462	4,960	57,502
Conservation Projects	46,524	6,954	39,570
Route One Sewer Project	174,854	170,915	3,939
Stackpole Creek Bridge	50,666	6,739	43,927
Shadagee Rd Reconstruction	(2,200)	(2,200)	-
Tri-Community Camera	47,153	(9,404)	56,557
MDOT Grant Match	3,973	3,973	-
Camp Ellis Capital	23,556	28,626	(5,070)
Appraisal Conversion	35,224	-	35,224
EPA Audit	38,294	920	37,374
Main Street Improvements	83,351	83,351	-
Edgewater Outfall	21,428	21,428	-
Call Fire Retirement	-	(8,166)	8,166
Egret Cove	-	29,693	(29,693)
Ocean Greens	-	(6,441)	6,441
Emergency Projects	37,000	16,472	20,528
Total Capital Projects	859,485	554,452	305,033
TOTAL EXPENDITURES	39,649,108	37,998,639	1,650,469
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)			
EXPENDITURES	(1,669,354)	995,697	2,665,051
OTHER FINANCING SOURCES (USES):			
Budgeted Utilization of Surplus-City	822,719	-	(822,719)
Carryover of Assigned Fund Balance	675,776	-	(675,776)
Transfers In:			
Capital Projects Fund	25,000	25,000	-
Enterprise Fund	169,000	169,000	-
Special Revenue Fund	762,000	762,000	-
Total other financing sources	2,454,495	956,000	(1,498,495)
Transfers Out:			
Special Revenue Fund	(785,141)	(889,280)	(104,139)
Total other financing (uses)	(785,141)	(889,280)	(104,139)
NET CHANGE IN FUND BALANCE	-	1,062,417	1,062,417
Fund Balance beginning of Year		3,464,962	
Fund Balance end of Year		\$ 4,527,379	

ALL OTHER NON-MAJOR GOVERNMENTAL FUNDS

This page left blank intentionally.

CITY OF SACO, MAINE
Combining Balance Sheet - All Other Non-major Governmental Funds
June 30, 2012

	Special Revenue Funds	Capital Project Funds	Permanent Fund	Total Other Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 377,671	\$ -	\$ 59,921	\$ 437,592
Investments	62,428	854,448	494,965	1,411,841
Accounts Receivable (net)	979,180	-	700	979,880
Other	38,311	-	-	38,311
Notes Receivable (net)	7,144	-	-	7,144
Interfund Receivables	901,915	312,228	-	1,214,143
Total assets	2,366,649	1,166,676	555,586	4,088,911
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	32,934	16,959	-	49,893
Accrued Wages	700	-	-	700
Interfund Payables	745,314	611,014	-	1,356,328
Total liabilities	778,948	627,973	-	1,406,921
Fund Balances:				
Nonspendable	7,144	-	181,383	188,527
Restricted	2,113,075	286,223	374,203	2,773,501
Committed	128,397	5,450	-	133,847
Assigned	5,206	844,176	-	849,382
Unassigned	(666,121)	(597,146)	-	(1,263,267)
Total fund balances	1,587,701	538,703	555,586	2,681,990
Total liabilities and fund balances	2,366,649	1,166,676	555,586	4,088,911

CITY OF SACO, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Non-major Governmental Funds
For The Year Ended June 30, 2012

	Special Revenue Funds	Capital Project Funds	Permanent Fund	Total Other Governmental Funds
REVENUES				
Intergovernmental	\$ 322,661	\$ -	\$ -	\$ 322,661
Charges for Services	706,320	-	-	706,320
Interest Income	25,508	92	23,626	49,226
Other Revenues	208,284	2,100	(4,222)	206,162
Total revenues	1,262,773	2,192	19,404	1,284,369
EXPENDITURES				
Current:				
Special Projects	283,632	-	18,591	302,223
Housing Programs	231,752	-	-	231,752
Capital Expenditures	8,281	775,925	-	784,206
Total expenditures	523,665	775,925	18,591	1,318,181
Excess (deficiency) of revenues over (under) expenditures	739,108	(773,733)	813	(33,812)
OTHER FINANCING SOURCES (USES) OF FUNDS				
Transfers In	475,934	750,000	-	1,225,934
Transfers Out	(1,527,418)	-	-	(1,527,418)
Total other financing sources (uses)	(1,051,484)	750,000	-	(301,484)
Net change in fund balances	(312,376)	(23,733)	813	(335,296)
Fund balances - beginning of year	1,900,077	562,436	554,773	3,017,286
Fund balances - end of year	\$ 1,587,701	\$ 538,703	\$ 555,586	\$ 2,681,990

SPECIAL REVENUE FUNDS

Special revenue funds are established to account for resources obtained and expended for specified purposes that are restricted by law or administrative action. Special revenue funds are established for the following purposes:

Recreation Impact Fees

To account for the impact fees collected for open space and other purposes from new residential construction within the City.

Ambulance

To account for funds received from ambulance billing used for the maintenance, replacement, and other ambulance related items.

Economic Development Fund

The monies in this fund are generated by repayments to the City from Urban Development Action Grant and Development Fund loans to local businesses, and the sale of Saco Industrial Park lots. These monies are used to support, improve, and expand the City's Industrial Park and to make revolving loans to businesses within the applicable guidelines.

Saco Housing Agency

To account for funds provided by the Department of Housing and Urban Development under the Section 8 housing assistance payments for low-income families.

Historic Preservation

To account for grant funds received for historic preservation.

National Center for Civic Innovation

To account for grant funds received for citizen initiative.

Recreation Donations

To account for donations received to be used toward recreation programs.

Wellness Grant

To account for funds received under a Maine Municipal Association Grant.

Planning Board Improvements

To account for contributions by developers for improvement to City infrastructure.

Fire Reserves

To account for donations received by the Fire Department for specific restricted purposes.

Jump Start Grant

To account for grant funds received.

Police Arrest Forfeiture Fund

To account for funds derived from direct arrests and/or joint investigation activities, some of which lead to the forfeiture of cash or property to the City.

Joe Riley Memorial Park

To account for local contributions received for the purpose of creating a memorial park for Joe Riley.

SPECIAL REVENUE FUNDS, CONTINUED

PD York County Tech

To account for money collected from the County of York for the purpose of PD technology.

Spring Hill TIF Project

To account for public improvements to the Spring Hill Industrial Park, in conjunction with a private development project. A tax increment finance district has been established to finance the public improvements.

First Light TIF District

To account for public improvements to the First Light Company, in conjunction with a private development project. A tax increment finance district has been established to finance the public improvements.

Transparent Audio TIF District

To account for public improvements to the Transparent Audio Co. in conjunction with a private development project. A tax increment finance district has been established to finance the public improvements.

Employee Assistance

To account for money collected for an employee assistance program.

CDBG Country Village

To account for a grant to help extend sewer to cooperative mobile home park.

Young School Playground

To account for a grant and citizen contributions received to purchase a new playground.

PD Grant

To account for a grant received to purchase radio equipment.

Saco Island Renaissance TIF

To account for public improvements to the Saco Island Renaissance.

Industrial Park Road TIF

To account for public improvements to a portion of North Street and a portion of Industrial Park Road.

Park North TIF Project

To account for public improvements to the Park North Development, LLC in conjunction with a private development project. A tax increment finance district has been established to finance the public improvements.

Incon/Franklin Fuels TIF

To account for public improvements to Franklin Fuels in conjunction with a private development project. A tax increment finance district has been established to finance the public improvements and economic development programs.

Saco Plaza TIF District

To account for public improvements to the Saco Plaza LLC in conjunction with a private development project. A tax increment finance district has been established to finance the public improvements.

Emergency Management

To account for donations received for specific purposes for the City's emergency management initiatives.

SPECIAL REVENUE FUNDS, CONTINUED

Saco Community Garden

To account for funds to be used for the creation of a garden following organic practices, provide affordable garden plots for growing healthy food and flowers, support a community of gardeners and promote a green and sustainable Saco.

Camp Ellis

To account for funds derived from parking, boat landing fees and boat mooring/pier use permits at Camp Ellis Pier. These funds are expended for parking lot attendants and repairs and improvements to the Pier.

Front Street Park

To account for local and federal (Waterfront Action Grant) funds received for the construction of a riverside park on Front Street. Local funds are provided by a combination of general fund revenues and donations.

Lucia Kimball Deering Trust

To account for expendable trust fund monies.

Cascade Trails

To account for funds dedicated to creating and providing active and passive recreational opportunities.

This page left blank intentionally.

CITY OF SACO, MAINE
Combining Balance Sheet - Non-major Special Revenues Funds
June 30, 2012

	Recreation Impact Fees	Ambulance	Economic Development Fund	Saco Housing Agency	Historic Preservation	National Center for Civic Innovation
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 76,618	\$ -	\$ -
Investments	-	-	12,469	-	-	-
Accounts Receivable (net allowance of \$35,414)	-	77,528	-	-	-	-
Other	-	-	-	-	-	-
Notes Receivable (net allowance of \$7,142)	-	-	-	-	-	-
Interfund Receivables	-	-	82,851	-	7,200	49
Total assets	-	77,528	95,320	76,618	7,200	49
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	-	-	11,336	2,832	-	-
Accrued Wages	-	-	-	-	-	-
Interfund Payables	540,861	167,965	-	-	-	-
Total liabilities	540,861	167,965	11,336	2,832	-	-
Fund Balances (Deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	83,984	73,786	7,200	49
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	(540,861)	(90,437)	-	-	-	-
Total fund balances (deficits)	(540,861)	(90,437)	83,984	73,786	7,200	49
Total liabilities and fund balances	\$ -	\$ 77,528	\$ 95,320	\$ 76,618	\$ 7,200	\$ 49

Continued on following page.

CITY OF SACO, MAINE
Combining Balance Sheet - Non-major Special Revenues Funds
June 30, 2012

	Recreation Donations	Wellness Grant	Planning Board Improvements	Fire Reserves	Jump Start Grant	Police Arrest Forfeiture Fund	Joe Riley Memorial Park
ASSETS							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,799
Investments	-	-	-	-	-	-	-
Accounts Receivable (net allowance of \$35,414)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Notes Receivable (net allowance of \$7,142)	-	-	7,144	-	-	-	-
Interfund Receivables	2,500	33,651	4,871	419	100	25,902	-
Total assets	2,500	33,651	12,015	419	100	25,902	1,799
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts Payable	-	575	-	-	-	-	-
Accrued Wages	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-	1,665
Total liabilities	-	575	-	-	-	-	1,665
Fund Balances (Deficits):							
Nonspendable	-	-	7,144	-	-	-	-
Restricted	-	33,076	4,871	-	-	25,902	-
Committed	2,500	-	-	419	100	-	134
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	2,500	33,076	12,015	419	100	25,902	134
Total liabilities and fund balances	\$ 2,500	\$ 33,651	\$ 12,015	\$ 419	\$ 100	\$ 25,902	\$ 1,799

Continued on following page.

CITY OF SACO, MAINE
Combining Balance Sheet - Non-major Special Revenues Funds
June 30, 2012

	PD York County Tech	Spring Hill TIF Project	First Light TIF Project	Transparent Audio TIF Project	Employee Assistance	CDBG Country Village
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	49,959	-	-	-
Accounts Receivable (net allowance of \$35,414)	-	-	-	-	-	-
Other	-	-	-	-	-	-
Notes Receivable (net allowance of \$7,142)	-	-	-	-	-	-
Interfund Receivables	507	159,087	203,046	-	569	-
Total assets	507	159,087	253,005	-	569	-
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	-	-	-	-	-	-
Accrued Wages	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	23,236
Total liabilities	-	-	-	-	-	23,236
Fund Balances (Deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	507	159,087	253,005	-	569	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(23,236)
Total fund balances (deficits)	507	159,087	253,005	-	569	(23,236)
Total liabilities and fund balances	\$ 507	\$ 159,087	\$ 253,005	\$ -	\$ 569	\$ -

Continued on following page.

CITY OF SACO, MAINE
 Combining Balance Sheet - Non-major Special Revenues Funds
 June 30, 2012

	Young School Playground	PD Grant	Saco Island Renaissance TIF Project	Industrial Park TIF Project	Park North TIF Project	Incon/ Franklin Fuels TIF Project	Saco Plaza TIF Project
ASSETS							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts Receivable (net allowance of \$35,414)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Notes Receivable (net allowance of \$7,142)	-	-	-	-	-	-	-
Interfund Receivables	3,850	2,036	22,029	155,006	-	50,454	-
Total assets	3,850	2,036	22,029	155,006	-	50,454	-
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts Payable	-	1,453	-	-	-	-	-
Accrued Wages	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	11,587	-	-
Total liabilities	-	1,453	-	-	11,587	-	-
Fund Balances (Deficits):							
Nonspendable	-	-	-	-	-	-	-
Restricted	3,850	583	22,029	155,006	-	50,454	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(11,587)	-	-
Total fund balances (deficits)	3,850	583	22,029	155,006	(11,587)	50,454	-
Total liabilities and fund balances	\$ 3,850	\$ 2,036	\$ 22,029	\$ 155,006	\$ -	\$ 50,454	\$ -

Continued on following page.

CITY OF SACO, MAINE
Combining Balance Sheet - Non-major Special Revenues Funds
June 30, 2012

	Emergency Management Grants	Saco Community Garden	Camp Ellis	Front Street Park	Lucia Kimball Deering Trust	Cascade Trails	Totals 2012
ASSETS							
Cash and Cash Equivalents	\$ -	\$ -	\$ 100	\$ -	\$ 299,154	\$ -	\$ 377,671
Investments	-	-	-	-	-	-	62,428
Accounts Receivable (net allowance of \$35,414)	-	-	-	-	901,652	-	979,180
Other	-	-	-	-	38,311	-	38,311
Notes Receivable (net allowance of \$7,142)	-	-	-	-	-	-	7,144
Interfund Receivables	2,432	2,615	142,582	159	-	-	901,915
Total assets	2,432	2,615	142,682	159	1,239,117	-	2,366,649
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	-	-	16,738	-	-	-	32,934
Accrued Wages	-	-	700	-	-	-	700
Interfund Payables	-	-	-	-	-	-	745,314
Total liabilities	-	-	17,438	-	-	-	778,948
Fund Balances (Deficits):							
Nonspendable	-	-	-	-	-	-	7,144
Restricted	-	-	-	-	1,239,117	-	2,113,075
Committed	-	-	125,244	-	-	-	128,397
Assigned	2,432	2,615	-	159	-	-	5,206
Unassigned	-	-	-	-	-	-	(666,121)
Total fund balances (deficits)	2,432	2,615	125,244	159	1,239,117	-	1,587,701
Total liabilities and fund balances	\$ 2,432	\$ 2,615	\$ 142,682	\$ 159	\$ 1,239,117	\$ -	\$ 2,366,649

CITY OF SACO, MAINE
Combining Statements of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-major Special Revenue Funds
For The Year Ended June 30, 2012

	Recreation Impact Fees	Ambulance	Economic Development Fund	Saco Housing Agency	Historic Preservation	National Center for Civic Innovation
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 261,153	\$ -	\$ -
Charges for Services	-	637,945	-	-	-	-
Interest Income	-	75	7	-	-	-
Other Revenue	65,469	-	85,207	-	5,290	-
Total revenues	65,469	638,020	85,214	261,153	5,290	-
EXPENDITURES						
Current:						
Special Projects	-	2,568	23,713	-	3,090	5,000
Housing Programs	-	-	-	231,752	-	-
Capital Expenditures	-	-	-	-	-	-
Total expenditures	-	2,568	23,713	231,752	3,090	5,000
Excess (deficiency) of revenues over (under) expenditures	65,469	635,452	61,501	29,401	2,200	(5,000)
OTHER FINANCING SOURCES (USES) OF FUNDS						
Transfers In	-	-	15,418	-	-	-
Transfers Out	-	(580,000)	(181,000)	-	-	-
Total other financing sources (uses)	-	(580,000)	(165,582)	-	-	-
Net change in fund balances	65,469	55,452	(104,081)	29,401	2,200	(5,000)
Fund balances (deficits) - beginning of year	(606,330)	(145,889)	188,065	44,385	5,000	5,049
Fund balances (deficits) - end of year	\$ (540,861)	\$ (90,437)	\$ 83,984	\$ 73,786	\$ 7,200	49

Continued on following page.

CITY OF SACO, MAINE
Combining Statements of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-major Special Revenue Funds
For The Year Ended June 30, 2012

	Recreation Donations	Wellness Grant	Planning Board Improvements	Fire Reserves	Jump Start Grant	Police Arrest Forfeiture Fund	Joe Riley Memorial Park
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	-
Interest Income	-	19,232	-	-	-	-	3
Other Revenue	-	-	-	1,350	-	8,194	-
Total revenues	-	19,232	-	1,350	-	8,194	3
EXPENDITURES							
Current:							
Special Projects	-	-	-	1,495	-	-	6,069
Housing Programs	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	8,281	-
Total expenditures	-	-	-	1,495	-	8,281	6,069
Excess (deficiency) of revenues over (under) expenditures	-	19,232	-	(145)	-	(87)	(6,066)
OTHER FINANCING SOURCES (USES) OF FUNDS							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	-	19,232	-	(145)	-	(87)	(6,066)
Fund balances (deficits) - beginning of year	2,500	13,844	12,015	564	100	25,989	6,200
Fund balances (deficits) - end of year	\$ 2,500	\$ 33,076	\$ 12,015	\$ 419	\$ 100	\$ 25,902	\$ 134

Continued on following page.

CITY OF SACO, MAINE
Combining Statements of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-major Special Revenue Funds
For The Year Ended June 30, 2012

	PD York County Tech	Spring Hill TIF Project	First Light TIF Project	Transparent Audio TIF Project	Employee Assistance	CDBG Country Village
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-
Interest Income	-	-	300	63	-	-
Other Revenue	-	-	-	-	-	-
Total revenues	-	-	300	63	-	-
EXPENDITURES						
Current:						
Special Projects	-	-	-	-	840	-
Housing Programs	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	-
Total expenditures	-	-	-	-	840	-
Excess (deficiency) of revenues over (under) expenditures	-	-	300	63	(840)	-
OTHER FINANCING SOURCES (USES) OF FUNDS						
Transfers In	-	222,941	32,979	-	-	-
Transfers Out	-	(750,000)	-	(14,588)	-	-
Total other financing sources (uses)	-	(527,059)	32,979	(14,588)	-	-
Net change in fund balances	-	(527,059)	33,279	(14,525)	(840)	-
Fund balances (deficits) - beginning of year	507	686,146	219,726	14,525	1,409	(23,236)
Fund balances (deficits) - end of year	\$ 507	\$ 159,087	\$ 253,005	\$ -	\$ 569	\$ (23,236)

Continued on following page.

CITY OF SACO, MAINE
Combining Statements of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-major Special Revenue Funds
For The Year Ended June 30, 2012

	Young School Playground	PD Grant	Saco Island Renaissance TIF Project	Industrial Park TIF Project	Park North TIF Project	Incon/ Franklin Fuels TIF Project	Saco Plaza TIF Project
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	5
Other Revenue	3,850	29,377	-	-	-	-	-
Total revenues	3,850	29,377	-	-	-	-	5
EXPENDITURES							
Current:							
Special Projects	-	37,838	-	31,185	53,657	8,377	-
Housing Programs	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	-	-
Total expenditures	-	37,838	-	31,185	53,657	8,377	-
Excess (deficiency) of revenues over (under) expenditures	3,850	(8,461)	-	(31,185)	(53,657)	(8,377)	5
OTHER FINANCING SOURCES (USES) OF FUNDS							
Transfers In	-	-	1,101	58,082	107,314	38,099	-
Transfers Out	-	-	-	-	-	-	(830)
Total other financing sources (uses)	-	-	1,101	58,082	107,314	38,099	(830)
Net change in fund balances	3,850	(8,461)	1,101	26,897	53,657	29,722	(825)
Fund balances (deficits) - beginning of year	-	9,044	20,928	128,109	(65,244)	20,732	825
Fund balances (deficits) - end of year	\$ 3,850	\$ 583	\$ 22,029	\$ 155,006	\$ (11,587)	\$ 50,454	\$ -

Continued on following page.

CITY OF SACO, MAINE
Combining Statements of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-major Special Revenue Funds
For The Year Ended June 30, 2012

	Emergency Management Grants	Saco Community Garden	Camp Ellis	Front Street Park	Lucia Kimball Deering Trust	Cascade Trails	Totals 2012
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 61,508	\$ -	\$ -	\$ -	\$ 322,661
Charges for Services	-	1,453	66,922	-	-	-	706,320
Interest Income	-	-	-	-	5,823	-	25,508
Other Revenue	-	-	-	-	-	9,547	208,284
Total revenues	-	1,453	128,430	-	5,823	9,547	1,262,773
EXPENDITURES							
Current:							
Special Projects	560	861	85,519	-	22,860	-	283,632
Housing Programs	-	-	-	-	-	-	231,752
Capital Expenditures	-	-	-	-	-	-	8,281
Total expenditures	560	861	85,519	-	22,860	-	523,665
Excess (deficiency) of revenues over (under) expenditures	(560)	592	42,911	-	(17,037)	9,547	739,108
OTHER FINANCING SOURCES (USES) OF FUNDS:							
Transfers In	-	-	-	-	-	-	475,934
Transfers Out	-	-	(1,000)	-	-	-	(1,527,418)
Total other financing sources (uses)	-	-	(1,000)	-	-	-	(1,051,484)
Net change in fund balances	(560)	592	41,911	-	(17,037)	9,547	(312,376)
Fund balances (deficits) - beginning of year	2,992	2,023	83,333	159	1,256,154	(9,547)	1,900,077
Fund balances (deficits) - end of year	\$ 2,432	\$ 2,615	\$ 125,244	\$ 159	\$ 1,239,117	\$ -	\$ 1,587,701

CAPITAL PROJECTS FUND

Capital projects fund are established to account for resources obtained and expended for the acquisition of major capital facilities. The City's individual capital project funds were established for the following purposes:

Moody and Main

To account for money collected for intersection improvement at Moody and Main Street.

Jenkins Road

To account for money collected for the purpose of the Jenkins Road improvement.

Greater Downtown Improvements

To account for public improvements in the greater downtown area as identified in the Revitalization Plan for Saco Island and Downtown Saco.

Parking Lots

To account for money collected for parking permits that is to be used for up keep on the parking lots.

Millbrook Industrial Park

To account for expenditures related to the City's construction of a business industrial park with revenues being derived from the sale of lots.

Roads Bond

To account for expenditures related to the City's Bond Issue that passed to repair and update roads.

Trails Bond

To account for expenditures related to the City's Bond Issue for creation of the trail.

Open Space Bond Issue

To account for the bond proceeds received and the expenditures of the authorized open space parcels of land.

Landfill Fund

To account for the post closure costs of the City's completed landfill.

Efficiency Maine

To account for money received from Efficiency Maine to be used toward reducing power solutions.

This page left blank intentionally.

CITY OF SACO, MAINE
Combining Balance Sheet - Non-major Capital Projects Funds
June 30, 2012

	Moody & Main	Jenkins Road	Greater Downtown Improvements	Parking Lots	Millbrook Industrial Park	Roads Bond
ASSETS						
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Receivables	3,200	2,250	5,948	450	-	219,360
Total assets	\$ 3,200	\$ 2,250	\$ 5,948	\$ 450	\$ -	\$ 219,360
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	-	-	-	-	-	-
Interfund Payables	-	-	-	-	594,494	-
Total liabilities	-	-	-	-	594,494	-
Fund Balances (Deficit)						
Restricted	-	-	-	-	-	219,360
Committed	3,200	2,250	-	-	-	-
Assigned	-	-	5,948	450	-	-
Unassigned	-	-	-	-	(594,494)	-
Total fund balances (deficits)	3,200	2,250	5,948	450	(594,494)	219,360
Total liabilities and fund balances	\$ 3,200	\$ 2,250	\$ 5,948	\$ 450	\$ -	\$ 219,360

		Trails Bond	Open Space Bond Issue	Landfill Fund	Efficiency Maine	Totals 2012
ASSETS						
Investments	\$ -	\$ -	\$ -	\$ 854,448	\$ -	\$ 854,448
Interfund Receivables	-	14,157	66,863	-	-	312,228
Total assets	\$ -	\$ 14,157	\$ 66,863	\$ 854,448	\$ -	\$ 1,166,676
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	-	14,157	-	2,802	-	16,959
Interfund Payables	-	-	-	13,868	2,652	611,014
Total liabilities	-	14,157	-	16,670	2,652	627,973
Fund Balances (Deficit)						
Restricted	-	-	66,863	-	-	286,223
Committed	-	-	-	-	-	5,450
Assigned	-	-	-	837,778	-	844,176
Unassigned	-	-	-	-	(2,652)	(597,146)
Total fund balances (deficits)	-	-	66,863	837,778	(2,652)	538,703
Total liabilities and fund balances	\$ -	\$ 14,157	\$ 66,863	\$ 854,448	\$ -	\$ 1,166,676

CITY OF SACO, MAINE
Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Non-major Capital Projects Fund
For The Year Ended June 30, 2012

	Moody & Main	Jenkins Road	Greater Downtown Improvements	Parking Lots	Millbrook Industrial Park	Roads Bond
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	600	1,500	-	-	-	-
Total revenues	600	1,500	-	-	-	-
EXPENDITURES						
Project costs	-	-	-	-	-	327,267
Total expenditures	-	-	-	-	-	327,267
Excess (deficiency) of revenues over (under) expenditures	600	1,500	-	-	-	(327,267)
OTHER FINANCING SOURCES (USES) OF FUNDS						
Transfers in	-	-	-	-	750,000	-
Total other financing sources (uses)	-	-	-	-	750,000	-
Net change in fund balances	600	1,500	-	-	750,000	(327,267)
Fund balances (deficits) - beginning of year	2,600	750	5,948	450	(1,344,494)	546,627
Fund balances (deficits) - end of year	\$ 3,200	\$ 2,250	\$ 5,948	\$ 450	\$ (594,494)	\$ 219,360

	Trails Bond	Open Space Bond Issue	Landfill Fund	Efficiency Maine	Totals 2012
REVENUES					
Interest Income	\$ -	\$ -	\$ 92	\$ -	\$ 92
Other Revenue	-	-	-	-	2,100
Total revenues	-	-	92	-	2,192
EXPENDITURES					
Project Costs	376,962	-	71,696	-	775,925
Total expenditures	376,962	-	71,696	-	775,925
Excess (deficiency) of revenues over (under) expenditures	(376,962)	-	(71,604)	-	(773,733)
OTHER FINANCING SOURCES (USES) OF FUNDS					
Transfer In	-	-	-	-	750,000
Total other financing sources (uses)	-	-	-	-	750,000
Net change in fund balances	(376,962)	-	(71,604)	-	(23,733)
Fund balances (deficits) - beginning of year	376,962	66,863	909,382	(2,652)	562,436
Fund balances (deficits) - end of year	\$ -	\$ 66,863	\$ 837,778	\$ (2,652)	\$ 538,703

PERMANENT FUND

City of Saco Permanent Fund

To account for assets received by the City and held in trust.

This page left blank intentionally.

CITY OF SACO, MAINE
Balance Sheet - Non-major Permanent Fund
June 30, 2012

	City of Saco Permanent Fund
ASSETS	
Cash and Cash Equivalents	\$ 59,921
Investments	494,965
Accounts Receivable	700
Total assets	555,586
LIABILITIES AND FUND BALANCES	
Fund Balance:	
Nonspendable	181,383
Restricted	374,203
Total fund balances	555,586
Total liabilities and fund balances	\$ 555,586

CITY OF SACO, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Permanent Fund
For The Year Ended June 30, 2012

	City of Saco Permanent Fund
REVENUES	
Interest and dividends	\$ 23,626
Net increase (decrease) in fair value of investments	(4,222)
Total revenues	19,404
EXPENDITURES	
Administrative expenditures	18,591
Total expenditures	18,591
Net change in fund balances	813
Fund balances - beginning of year	554,773
Fund balances - end of year	\$ 555,586

STATISTICAL SECTION

This part of the City of Saco's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosure says about the City's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends	107-111
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	112-115
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	116-119
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	120-124
These schedules offer demographic and economic indicators.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

This page left blank intentionally.

Table 1

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in capital assets, net of related debt	\$ 29,040,076	\$ 31,067,773	\$ 35,969,003	\$ 37,593,942	\$ 32,367,887	\$ 34,636,209	\$ 38,579,789	\$ 35,468,881	\$ 37,693,246	\$ 38,950,978
Restricted:										
Nonexpendable trust principal	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383
Other purposes	301,677	275,270	229,138	250,625	308,738	220,016	766,837	-	4,373,911	(181,383)
Unrestricted	9,879,061	8,871,170	4,658,456	6,061,556	8,303,871	7,752,280	4,441,414	4,075,998	(823,116)	1,638,400
Total governmental activities net assets	\$ 39,402,197	\$ 40,395,596	\$ 41,037,980	\$ 44,087,506	\$ 41,161,879	\$ 42,789,888	\$ 43,969,423	\$ 39,726,262	\$ 41,425,424	\$ 40,589,378
Business-type Activities										
Invested in capital assets, net of related debt	\$ 5,664,800	\$ 5,341,002	\$ 1,034,911	\$ 3,821,145	\$ 16,855,781	\$ 16,689,267	\$ 16,983,079	\$ 19,727,995	\$ 20,577,732	\$ 20,725,615
Unrestricted	3,280,868	3,615,269	7,628,663	5,071,893	1,298,491	1,512,925	663,026	(2,757,442)	(3,554,871)	(3,405,259)
Total business-type activities net assets	\$ 8,945,668	\$ 8,956,271	\$ 8,663,574	\$ 8,893,038	\$ 18,154,272	\$ 18,202,192	\$ 17,646,105	\$ 16,970,553	\$ 17,022,861	\$ 17,320,356
Total Primary Government										
Invested in capital assets, net of related debt	\$ 34,704,876	\$ 36,408,775	\$ 37,003,914	\$ 41,415,087	\$ 49,223,668	\$ 51,325,476	\$ 55,562,868	\$ 55,196,876	\$ 58,270,978	\$ 59,676,593
Restricted:										
Nonexpendable trust principal	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383
Other purposes	301,677	275,270	229,138	250,625	308,738	220,016	766,837	-	4,373,911	(181,383)
Unrestricted	13,159,929	12,486,439	12,287,119	11,133,449	9,602,362	9,265,205	5,104,440	1,318,556	(4,377,987)	(1,766,859)
Total primary government net assets	\$ 48,347,865	\$ 49,351,867	\$ 49,701,554	\$ 52,980,544	\$ 59,316,151	\$ 60,992,080	\$ 61,615,528	\$ 56,696,815	\$ 58,448,285	\$ 57,909,734

CITY OF SACO, MAINE
Change in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Expenses										
General Government	\$ 2,558,143	\$ 2,545,843	\$ 2,647,140	\$ 2,939,837	\$ 2,470,601	\$ 2,388,585	\$ 2,783,447	\$ 7,070,311	\$ 7,504,789	\$ 7,681,100
Public Safety	4,541,135	4,438,847	4,883,614	4,844,961	5,082,323	5,401,015	5,667,340	6,032,986	6,731,354	6,424,834
Public Works	3,393,351	3,591,566	4,586,385	3,709,977	4,588,755	4,369,642	4,399,733	5,333,756	5,286,138	5,579,364
Housing Programs	200,651	205,501	272,246	230,010	254,352	256,359	232,512	256,921	269,668	231,752
Culture and Recreation	465,507	526,806	626,204	677,646	825,222	915,311	1,008,761	974,158	1,560,056	1,242,758
Education	21,685,656	23,982,205	25,195,306	26,993,528	28,072,031	29,015,189	30,038,189	16,228,121	16,245,159	16,030,811
Unclassified (1)	3,155,801	2,794,827	3,363,144	3,102,707	4,124,321	3,878,749	4,407,838	-	-	-
Interest on Debt	1,610,299	587,724	680,893	756,399	845,217	993,992	1,078,510	851,877	619,990	650,461
Capital Maintenance Programs (1)	2,219,090	1,452,387	1,894,297	2,040,616	1,192,173	788,291	-	-	-	-
Total governmental activities expenses	39,829,633	40,125,706	44,149,229	45,295,681	47,454,995	48,007,133	49,616,330	36,748,130	38,217,154	37,841,080
Program Revenues										
Charges for Services										
General Government	517,909	804,271	969,798	875,832	800,981	751,767	702,886	579,734	529,027	578,170
Public Safety	403,188	319,482	418,686	588,360	510,056	554,750	759,619	728,711	732,839	787,138
Public Works	572,310	563,154	489,365	555,752	510,405	281,546	314,135	278,031	391,176	289,297
Culture and Recreation	158,631	251,904	323,471	380,264	464,167	532,934	628,794	705,036	704,178	813,556
Education	639,776	791,341	909,182	1,262,613	1,138,301	1,205,550	1,221,754	-	-	-
Operating Grants and Contributions	9,811,267	10,716,936	10,920,455	13,249,627	14,082,391	13,769,031	14,551,110	575,520	618,630	729,168
Capital Grants and Contributions	1,271,272	1,027,926	1,437,216	334,586	961,626	300,820	816,653	317,930	2,396,793	263,205
Total governmental activities program revenues	13,374,353	14,475,014	15,468,173	17,247,034	18,467,927	17,396,398	18,994,951	3,184,962	5,372,643	3,460,535
Net (expense)/revenue, governmental activities	(26,455,280)	(25,650,692)	(28,681,056)	(28,048,647)	(28,987,068)	(30,610,735)	(30,621,379)	(33,563,168)	(32,844,511)	(34,380,545)
General Revenues and Other Changes in Net Assets										
Taxes										
Property taxes, levied for general purposes	20,483,851	-	23,444,228	23,280,894	24,632,416	26,612,796	27,822,609	28,546,137	29,181,715	30,931,696
Motor vehicle excise taxes	2,532,092	2,763,999	2,883,127	2,904,735	2,916,962	2,854,280	2,684,427	3,531,760	3,102,575	3,446,591
Franchise tax	151,339	167,212	185,477	215,806	234,343	231,112	275,215	288,743	296,908	286,882
Grants and contributions not restricted										
Homestead exemption	525,682	288,286	242,190	325,496	320,151	337,229	350,300	332,290	271,563	286,309
Other State aid	56,126	127,416	55,792	40,444	56,253	34,497	116,628	88,111	143,064	199,285
City of Biddeford tax base sharing	122,215	101,601	140,091	169,527	92,506	870,163	-	-	-	-
State revenue sharing	1,398,876	1,468,881	1,448,360	1,454,903	1,356,308	1,510,442	1,444,817	1,283,196	1,226,004	1,256,887
Unrestricted investment earnings	224,397	161,479	216,963	295,164	359,620	271,998	170,515	60,475	56,603	56,337
Miscellaneous revenues	532,913	42,563	47,179	20,705	153,223	386,390	(106,471)	161,875	265,241	160,436
Transfers	205,344	417,952	660,033	459,249	-	-	-	-	-	169,000
Total governmental activities general revenues/other changes	26,232,835	5,539,389	29,323,440	29,166,923	30,121,782	33,108,907	32,758,040	34,292,587	34,543,673	36,793,423
Extraordinary Item/Special Item										
Transfer of funds to Regional School Unit #23	-	-	-	-	-	-	-	(4,972,579)	-	-
Legal settlement	-	-	-	-	1,071,989	-	-	-	-	-
Total extraordinary item	-	-	-	-	1,071,989	-	-	(4,972,579)	-	-
Change in Net Assets - Governmental activities	\$ (222,445)	\$ (20,111,303)	\$ 642,384	\$ 1,118,276	\$ 2,206,703	\$ 2,498,172	\$ 2,136,661	\$ (4,243,161)	\$ 1,699,162	\$ 2,412,878
Business-type Activities:										
Expenses										
Waste Water Treatment Plant	\$ 1,886,353	\$ 1,617,000	\$ 2,091,519	\$ 1,766,445	\$ 2,329,012	\$ 2,265,113	\$ 2,342,255	\$ 2,672,053	\$ 2,085,365	\$ 2,175,804
Total business-type activities expenses	1,886,353	1,617,000	2,091,519	1,766,445	2,329,012	2,265,113	2,342,255	2,672,053	2,085,365	2,175,804
Program Revenues										
Charges for services	1,720,765	1,980,486	2,411,039	2,405,869	2,052,749	2,218,457	1,739,381	2,138,443	2,386,591	2,621,156
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	1,720,765	1,980,486	2,411,039	2,405,869	2,052,749	2,218,457	1,739,381	2,138,443	2,386,591	2,621,156
Net (expense)/revenue, business-type activities	(165,588)	363,486	319,520	639,424	(276,263)	(46,656)	(602,874)	(533,610)	301,226	445,352
General Revenues and Other Changes in Net Assets										
Unrestricted investment earnings	42,471	37,983	38,159	45,110	62,726	89,842	38,054	11,989	11,362	-
Miscellaneous revenues	6,682	27,086	9,657	4,179	4,302	4,734	8,733	6,062	-	21,142
Loss on disposal of assets	-	-	-	-	-	-	-	(159,993)	(260,280)	-
Transfers	(205,344)	(417,952)	(660,033)	(459,249)	-	-	-	-	-	(169,000)
Total business-type activities general revenues/other changes	(156,191)	(352,883)	(612,217)	(409,960)	67,028	94,576	46,787	(141,942)	(248,918)	(147,858)
Change in Net Assets - Business-type activities	\$ (321,779)	\$ 10,603	\$ (292,697)	\$ 229,464	\$ (209,235)	\$ 47,920	\$ (556,087)	\$ (675,552)	\$ 52,308	\$ 297,494

(1) - Starting in 2010, unclassified and capital maintenance have been reclassified into proper functions

Table 3

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

Fiscal Year ended	Property Taxes	Interest & Costs on Taxes	Excise Taxes	Total
June 30, 2003	\$ 20,483,851	\$ 101,285	\$ 2,532,092	\$ 23,117,228
June 30, 2004	\$ 21,340,211	\$ 134,534	\$ 2,763,999	\$ 24,238,744
June 30, 2005	\$ 23,444,228	\$ 133,830	\$ 2,883,127	\$ 26,461,185
June 30, 2006	\$ 23,198,593	\$ 92,790	\$ 2,904,735	\$ 26,196,118
June 30, 2007	\$ 24,632,416	\$ 109,425	\$ 2,916,962	\$ 27,658,803
June 30, 2008	\$ 26,612,796	\$ 89,857	\$ 2,854,280	\$ 29,556,933
June 30, 2009	\$ 27,722,016	\$ 100,593	\$ 2,684,427	\$ 30,507,036
June 30, 2010	\$ 28,404,553	\$ 141,584	\$ 3,531,760	\$ 32,077,897
June 30, 2011	\$ 29,026,079	\$ 155,636	\$ 3,102,575	\$ 32,284,290
June 30, 2012	\$ 30,743,094	\$ 188,602	\$ 3,446,591	\$ 34,378,287

CITY OF SACO, MAINE
Fund Balances of Governmental Funds
Last Ten Fiscal Years (1)
(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund										
Nonspendable										
Prepaid items	\$ 204,389	\$ 549,278	\$ 176,006	\$ 159,719	\$ 574,292	\$ 572,792	\$ 210,116	\$ 383,559	\$ 140,681	\$ 124,024
Committed										
Public Safety	-	-	-	-	-	-	-	-	61,040	69,206
Assigned										
Encumbrances	78,483	152,407	144,980	272,118	94,700	109,361	203,705	314,159	144,843	299,319
Capital improvements	1,998,861	1,120,488	1,007,286	912,072	1,657,932	3,481,440	2,253,647	1,796,397	627,819	363,349
Unassigned	4,057,992	3,923,723	4,848,829	5,074,180	4,294,605	3,806,172	2,386,202	2,088,590	2,490,579	3,671,481
Total General Fund	<u>\$ 6,339,725</u>	<u>\$ 5,745,896</u>	<u>\$ 6,177,101</u>	<u>\$ 6,418,089</u>	<u>\$ 6,621,529</u>	<u>\$ 7,969,765</u>	<u>\$ 5,053,670</u>	<u>\$ 4,582,705</u>	<u>\$ 3,464,962</u>	<u>\$ 4,527,379</u>
All other governmental funds										
Nonspendable										
Special Revenue Funds	21,430	21,430	14,287	14,287	14,287	14,287	14,287	14,287	14,287	7,144
Permanent Funds	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383
Restricted										
Special Revenue Funds	1,805,035	1,848,256	1,943,324	2,027,523	2,081,727	1,867,008	2,570,629	1,621,069	2,640,437	2,113,075
Capital Project Funds	1,420,777	149,960	74,932	1,180,693	576,502	749,323	757,471	8,397,455	1,541,467	573,120
Permanent Funds	283,704	344,609	380,013	413,424	516,812	383,739	227,285	275,379	373,390	374,203
Committed										
Special Revenue Funds	302,966	79,603	129,575	163,992	183,698	208,588	362,515	344,838	92,697	128,397
Capital Project Funds	-	-	-	-	-	-	-	-	3,350	5,450
Assigned										
Special Revenue Funds	3,159	-	158,941	204,579	232,788	3,991	3,828	6,175	5,174	5,206
Capital Project Funds	450,851	1,418,733	1,338,511	1,217,041	1,206,501	1,191,624	1,170,122	1,015,307	915,780	844,176
Unassigned										
Special Revenue Funds	(503,024)	(371,765)	(92,617)	(11,032)	(144,012)	(615,045)	(694,584)	(698,369)	(2,626,321)	(2,036,160)
Capital Project Funds	(927,262)	(457,783)	(917,475)	(2,227,366)	(2,097,842)	-	(3,825,890)	(3,559,658)	(1,347,146)	(597,146)
Total all other governmental funds	<u>3,039,019</u>	<u>3,214,426</u>	<u>3,210,874</u>	<u>3,164,524</u>	<u>2,751,844</u>	<u>3,984,898</u>	<u>767,046</u>	<u>7,597,866</u>	<u>1,794,498</u>	<u>1,598,848</u>

(1) Beginning with the year ended June 30, 2011, the City reported governmental fund balances in accordance with the categories defined in GASB Statement No. 54. Prior years have been restated to reflect the GASB 54 categorization.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
All Governmental Funds										
Revenues										
Property taxes	\$ 22,993,956	\$ 24,278,842	\$ 26,703,395	\$ 26,196,118	\$ 27,696,860	\$ 29,258,042	\$ 30,278,683	\$ 31,899,915	32,219,898	\$ 34,572,034
Licenses and permits	460,663	666,654	828,806	767,988	721,514	697,994	770,778	718,991	691,819	799,730
Intergovernmental	13,139,320	12,531,595	13,011,645	14,696,750	15,563,796	14,944,449	15,770,048	2,351,390	2,265,104	2,470,132
Intergovernmental on-behalf payments	1,472,616	1,400,456	1,414,249	1,575,420	1,706,698	1,744,847	1,844,021	- (1)	-	-
Charges for services	1,465,386	1,129,684	1,237,312	1,551,849	1,612,758	1,475,024	1,836,494	1,705,310	1,825,724	1,887,100
Other revenue	1,219,247	969,529	1,178,383	1,084,282	1,079,683	1,215,895	771,583	623,961	703,153	549,709
Total Governmental Fund revenues	40,751,188	40,976,760	44,373,790	45,872,407	48,381,309	49,336,251	51,271,607	37,299,567	37,705,698	40,278,705
Expenditures										
General government	1,665,735	1,702,939	1,779,876	1,985,467	2,356,249	2,167,619	2,270,911	2,173,455	2,413,584	2,354,338
Public safety	4,198,832	4,074,543	4,527,592	4,491,147	4,891,530	5,081,794	5,417,894	5,728,015	5,836,380	6,396,844
Public works	3,115,397	3,300,696	3,664,176	3,757,464	4,208,601	4,371,335	4,589,463	4,227,214	4,411,669	4,425,191
Housing programs	200,651	205,501	272,246	230,010	254,352	256,359	232,512	256,921	269,668	231,752
Culture and recreation	430,672	485,750	585,146	638,353	786,248	879,544	1,071,275	1,105,116	1,227,045	1,269,848
Education	21,187,285	22,210,411	23,781,057	24,778,973	26,452,186	27,137,919	28,245,606	16,228,121	16,245,159	16,030,811
Maine PERS on-behalf payments	1,472,616	1,400,456	1,414,249	1,575,420	1,706,698	1,744,847	1,844,021	- (1)	-	-
Unclassified	3,135,612	2,978,695	2,936,151	3,082,856	3,228,039	2,920,479	3,386,926	3,512,921	3,864,068	4,014,256
County Tax	795,896	747,821	772,182	859,723	896,282	958,270	1,020,912	1,014,574	1,079,365	1,099,643
Debt Service										
Principal	1,733,499	1,742,045	1,737,045	1,387,045	1,399,545	1,397,045	1,617,045	963,566	1,699,964	1,769,136
Interest and other charges	1,134,492	850,151	1,024,189	932,670	885,354	993,992	1,078,510	851,877	619,990	650,461
Capital Improvements	4,811,703	1,913,923	5,337,723	4,390,889	3,543,250	6,968,816	2,940,262	2,847,513	7,428,554	1,783,800
Total Governmental Fund expenditures	43,882,390	41,612,931	47,831,632	48,110,017	50,608,334	54,878,019	53,715,337	38,909,293	45,095,446	40,026,080
Other financing sources (uses)										
Transfers in	956,606	-	1,693,259	1,428,089	1,109,530	1,392,265	900,148	1,225,994	1,721,755	2,610,698
Proceeds from capital lease financing	743,678	-	2,680,585	473,000	945,796	343,479	705,775	314,096	468,637	445,142
Proceeds from advance refunding of debt	5,162,057	-	-	-	-	-	-	-	-	-
Payment from advance refunding of debt	(5,162,057)	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	1,500,000	-	4,355,000	-	8,799,000	-	-
Transfers out	(751,262)	(1,756,091)	(1,033,226)	(968,841)	(1,109,530)	(1,392,265)	(900,148)	(1,225,994)	(1,721,755)	(2,441,698)
Total Governmental Fund other financing sources (uses)	949,022	(1,756,091)	3,340,618	2,432,248	945,796	7,275,479	705,775	9,113,096	468,637	614,142
Extraordinary item/special item										
Transfer of funds to Regional School Unit #23	-	-	-	-	-	-	-	(1,143,514)	-	-
Legal settlement	-	-	-	-	1,071,989	-	-	-	-	-
Total extraordinary item/special item	-	-	-	-	1,071,989	-	-	(1,143,514)	-	-
Net change in fund balance	\$ (2,182,180)	\$ (2,392,262)	\$ (117,224)	\$ 194,638	\$ (209,240)	\$ 1,733,711	\$ (1,737,955)	\$ 6,359,855	\$ (6,921,111)	\$ 866,767
Debt service as a percentage of noncapital expenditures	7.34%	6.53%	6.50%	5.58%	4.85%	4.99%	5.38%	4.91%	6.31%	6.28%

(1) Effective July 1, 2009, the Saco School Department joined Regional School Unit #23 and no longer records on-behalf payments.

CITY OF SACO, MAINE
Assessed Value and State Equalized Value of Taxable Property
Last Ten Fiscal Years

Years ended	Real Property		Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate	State Equalized Value (2)	Assessed Value as a Percentage of Equalized Value
	Residential Property	Commercial Property						
June 30, 2003	\$ 626,598,500	\$ 271,213,900	\$ 61,900,300	\$ 62,347,800	\$ 897,364,900	21.82	\$ 1,155,650,000	77.7%
June 30, 2004	861,989,300	285,046,008	62,688,800	73,234,208	1,136,489,900	18.03	1,310,350,000	86.7%
June 30, 2005	1,146,258,600	350,740,200	64,187,600	92,363,800	1,468,822,600	15.37	1,553,400,000	94.6%
June 30, 2006	1,395,948,300	470,733,500	66,373,500	143,289,500	1,789,765,800	12.44	1,805,400,000	99.1%
June 30, 2007	1,528,803,300	456,650,500	74,136,900	129,638,200	1,929,952,500	12.27	1,987,550,000	97.1%
June 30, 2008	1,559,973,158	492,623,102	76,748,500	134,287,860	1,995,056,900	12.84	2,170,350,000	91.9%
June 30, 2009	1,615,303,700	486,006,300	78,671,900	128,498,900	2,051,483,000	13.13	2,121,100,000	96.7%
June 30, 2010	1,697,751,700	430,422,500	71,558,100	129,405,300	2,070,327,000	13.13	2,128,450,000	97.3%
June 30, 2011	1,727,706,700	437,609,000	77,517,300	141,402,600	2,101,430,400	13.31	2,099,800,000	100.1%
June 30, 2012	1,749,744,400	440,556,600	67,397,900	141,294,300	2,116,404,600	13.90	2,031,850,000	104.2%

(1) Saco Assessing Office

(2) State of Maine, Bureau of Taxation

Table 7

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

Fiscal Year Ended	Direct		Overlapping	Total Tax Rate
	Municipal Tax Rate	School Tax Rate	County Tax Rate	
June 30, 2003	8.97	12.85	0.88	22.70
June 30, 2004 (1)	7.01	11.02	0.67	18.70
June 30, 2005	5.61	9.76	0.53	15.90
June 30, 2006	4.53	7.91	0.52	12.96
June 30, 2007	4.98	7.29	0.46	12.73
June 30, 2008	5.10	7.74	0.48	13.32
June 30, 2009	5.42	7.71	0.29	13.42
June 30, 2010	5.29	7.84	0.49	13.62
June 30, 2011	5.58	7.73	0.51	13.82
June 30, 2012	6.34	7.56	0.52	14.42

Source: Saco Assessing Office

(1) City began valuation adjustments to bring values to 95% of state equalized value by 2006.

Table 8

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

Taxpayer	2012			2003		
	Current year Assessed Value	Rank	Percentage of Total Assessed Value	Current year Assessed Value	Rank	Percentage of Total Assessed Value
General Dynamics Armament Systems	\$ 36,906,000	1	1.74%	\$ 21,401,500	1	2.38%
Central Maine Power Co.	20,700,200	2	0.98%	10,653,500	3	1.19%
Ferry Road Associates	18,780,100	3	0.89%			
Thornton Academy	16,774,500	4	0.79%	5,467,100	7	0.61%
Saco Real Estate Holdings	13,821,200	5	0.65%			
Biddeford & Saco Water Co.	12,975,000	6	0.61%	8,364,400	4	0.93%
FPL Energy Maine Hydro LLC	11,855,800	7	0.56%	10,940,000	2	1.22%
Saco & Biddeford Savings Institution	11,267,800	8	0.53%	4,917,300	8	0.55%
Shaw's Supermarket	9,971,600	9	0.47%	6,797,700	5	0.76%
Sweetser	9,059,800	10	0.43%	4,419,900	9	0.49%
Hannaford Brothers Co.				5,996,400	6	0.67%
Caleb Affordable Housing				4,218,100	10	0.47%
Total Principal Taxpayers			7.66%			3.57%
All Other Taxpayers			92.34%			96.43%

Source: Saco Assessing Office

Table 9

CITY OF SACO, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
June 30, 2003	\$ 20,370,183	\$ 19,742,902	96.92%	\$ 619,297	\$ 20,362,199	99.96%
June 30, 2004	21,329,954	20,518,814	96.20%	808,844	21,327,658	99.99%
June 30, 2005	23,434,356	22,682,803	96.79%	749,990	23,432,793	99.99%
June 30, 2006	23,266,389	22,647,952	97.34%	616,987	23,264,939	99.99%
June 30, 2007	24,607,762	24,054,072	97.75%	551,584	24,605,656	99.99%
June 30, 2008	26,589,343	25,729,582	96.77%	846,154	26,575,736	99.95%
June 30, 2009	27,537,071	26,583,594	96.54%	937,223	27,520,817	99.94%
June 30, 2010	28,265,095	27,171,529	96.13%	1,046,115	28,217,644	99.83%
June 30, 2011	29,150,504	28,124,197	96.48%	623,070	28,747,267	98.62%
June 30, 2012	30,534,982	29,702,356	97.27%	-	29,702,356	97.27%

(1) Tax commitment plus supplemental taxes assessed during the fiscal year.

CITY OF SACO, MAINE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year ended	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Debt	Capital Leases	General Obligation Debt	Capital Leases			
June 30, 2003	\$ 17,235,867	\$ 1,012,490	\$ 3,720,000	\$ -	\$ 21,968,357	4.97%	\$ 1,246
June 30, 2004	15,846,323	750,062	3,367,500	-	19,963,885	4.52%	1,142
June 30, 2005	14,461,778	3,449,932	3,015,000	-	20,926,710	4.74%	1,244
June 30, 2006	14,574,733	3,197,961	2,665,000	-	20,437,694	4.63%	1,215
June 30, 2007	13,172,688	3,359,272	2,320,000	-	18,851,960	4.27%	1,121
June 30, 2008	16,130,643	2,808,019	1,975,000	-	20,913,662	4.73%	1,243
June 30, 2009	14,513,598	2,518,991	1,630,000	-	18,662,589	4.22%	1,109
June 30, 2010	21,698,052	1,738,164	1,402,500	-	24,838,716	5.62%	1,477
June 30, 2011	19,727,007	1,783,016	1,177,500	-	22,687,523	4.67%	1,228
June 30, 2012	15,044,962	1,780,088	952,500	-	17,777,550	3.66%	962

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) - See the Schedule of Demographic and Economic Statistics on table 14 for personal income and population data.

Table 11

CITY OF SACO, MAINE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Debt	State Assessed Value of Property (1)	Per Capita (2)
2003	\$ 20,955,867	1.81%	\$ 1,246
2004	19,213,823	1.47%	1,142
2005	17,476,778	1.47%	1,039
2006	17,239,733	0.95%	1,025
2007	15,492,688	0.78%	921
2008	18,105,643	0.91%	1,076
2009	16,143,598	0.76%	960
2010	23,100,552	1.09%	1,373
2011	20,904,507	1.00%	1,131
2012	15,997,462	0.79%	866

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) - See the schedule of Assessed Value and State Equalized Value of Taxable Property on table 6 for property value data.

(2) - Population data can be found in the Schedule of Demographics and Economic Statistics on table 14.

CITY OF SACO, MAINE
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
As of June 30, 2012

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
City of Saco	\$ 15,044,962	100.00%	\$ 15,044,962
Subtotal Direct	\$ 15,044,962	100.00%	\$ 15,044,962
Overlapping debt:			
Biddeford-Saco-Old Orchard Beach Transit Committee (1)	429,506	33.33%	143,169
York County (2)	11,674,180	6.88%	803,184
Subtotal Overlapping	\$ 12,103,686	7.82%	946,352
Grand Total	\$ 27,148,648		\$ 15,991,315

(1) The City's share is 33.33% (Biddeford, Saco, Old Orchard Beach get equal share) of \$429,506, or \$143,169.

(2) The City's share is 6.88% (percentage of property value for York County) of \$11,674,180, or \$803,184.

CITY OF SACO, MAINE
Statutory Debt Margin Information
Last Ten Fiscal Years
In Accordance with 30 MRSA, Section 5061 as Amended

Fiscal Year	Debt Limit	Total net debt applicable to limit	Legal Debt Margin	Total net debt applicable to limit as a percentage of debt limit
2003	\$ 173,347,500	\$ 21,968,357	\$ 151,379,143	12.67%
2004	196,552,500	19,963,885	176,588,615	10.16%
2005	233,010,000	20,926,710	212,083,290	8.98%
2006	270,810,000	20,437,694	250,372,306	7.55%
2007	298,132,500	18,851,960	279,280,540	6.32%
2008	325,552,500	20,913,662	304,638,838	6.42%
2009	318,165,000	18,662,589	299,502,411	5.87%
2010	319,267,500	24,838,716	294,428,784	7.78%
2011	314,970,000	22,687,523	292,282,477	7.20%
2012	304,777,500	17,777,550	286,999,950	5.83%

Legal Debt Margin Calculation for Fiscal Year 2012

	Outstanding bonds and leases	Percent of state assessed value \$2,031,850,000	Allowable Amount	Margin
For school purposes	\$ -	10.00%	\$ 203,185,000	\$ 203,185,000
For waste water treatment plant	952,500	7.50%	152,388,750	151,436,250
For municipal	16,825,050	7.50%	152,388,750	135,563,700
Total	\$ 17,777,550	15.00%	\$ 304,777,500	\$ 286,999,950

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

Fiscal Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
2003	16,822	\$ 441,863,474	26,267	37.2	2,866	2.5%
2004	16,822	441,863,474	26,267	37.2	2,851	3.6%
2005	16,822	441,863,474	26,267	37.2	2,776	4.0%
2006	16,822	441,863,474	26,267	37.2	2,823	3.1%
2007	16,822	441,863,474	26,267	37.2	2,795	3.2%
2008	16,822	441,863,474	26,267	37.2	2,801	4.3%
2009	16,822	441,863,474	26,267	37.2	2,878	8.1%
2010	16,822	441,863,474	26,267	37.2	3,135	5.6%
2011	18,482	485,300,356	26,258	41.9	3,117	6.8%
2012	18,482	485,300,356	26,258	41.9	3,103	6.8%

(1) - U.S. Department of Commerce, Bureau of Census (2000 and 2010)

(2) - Maine Department of Education. Figures are based on April 1 enrollment

(3) - Maine Department of Labor

**CITY OF SACO, MAINE
Principal Employers
Current Year and Nine Years Ago**

Employer	2012			2003		
	Employees	Rank	Percentage of Saco's Labor Force	Employees	Rank	Percentage of Saco's Labor Force
General Dynamics	415	1	4.05%	425	1	4.60%
Sweetser Children's Services	329	2	3.21%	187	4	2.02%
Atlantic Heights	205	3	2.00%			
Thornton Academy	179	4	1.75%	110	8	1.19%
Hannaford Brothers	170	5	1.66%	160	6	1.73%
City of Saco	163	6	1.59%	138	7	1.49%
Shaw's Supermarkets	135	7	1.32%	170	5	1.84%
Visiting Nurses Association	116	8	1.13%	232	2	2.51%
Saco & Biddeford Savings	116	9	1.13%			
Prime Toyota	93	10	0.91%			
Saco School Department				220	3	2.38%
Holman Cooking Equipment				75	9	0.81%
Lynn-Flex				75	10	0.81%

Source: Maine Department of Labor and U.S. Department of Labor

CITY OF SACO, MAINE
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government	25	25.5	26	26.5	26	26	26.5	26.5	26.5	26.5
Public Safety										
Police	46	46	46	47	47	46	46	47	47	47
Fire	32	36	36	36	36	36	36	36	36	36
Public Works	33.25	33.75	34.75	34.25	34.25	34.25	31.6	31.6	31.6	31.6
Parks & Recreation	6.75	6.75	6.75	6.25	8.25	8.25	9	9	9	9
Total General Fund	143	148	149.5	150	151.5	150.5	149.1	150.1	150.1	150.1
Waste Water Treatment Plant	12.5	13	13	14	14	13	12.3	14	14	14
Total Enterprise Fund	12.5	13	13	14	14	13	12.3	14	14	14

CITY OF SACO, MAINE
Operating Indicators by Function
Last Ten Fiscal Years

Function	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government										
Building permits										
Single family	105	67	69	67	53	42	33	56	58	45
Condos/Multi	28	33	66	53	39	10	7	1	32	35
Commercial	87	78	83	71	30	46	31	29	30	57
Total number permits issued	631	585	565	598	504	440	368	395	381	358
Public Safety										
Police										
Number of calls for service	21,974	26,054	25,644	25,703	25,248	25,470	26,635	26,681	29,967	30,422
Number of traffic stops	7,876	8,497	6,681	6,731	5,727	6,105	5,962	6,612	9,675	9,145
Number of traffic summons issued	1,766	2,213	1,942	1,654	1,124	1,161	1,381	1,485	1,643	1,826
Number of warnings issued	5,927	5,908	4,548	4,558	4,001	4,395	4,106	4,524	7,419	6,872
Number of traffic related arrests	183	218	273	246	184	160	176	134	159	151
Number of non-traffic related arrests & summons	333	465	952	920	843	861	818	923	798	769
Number of parking tickets issued	551	567	913	911	512	478	418	202	214	396
Fire										
Number of calls for service	1,928	1,152	668	527	685	544	657	595	535	698
Ambulance										
Number of calls for service	2,215	1,915	1,960	1,846	2,152	2,315	2,151	2,288	2,289	2,380
Public Works										
Number of roads maintained	375	378	382	384	384	386	386	387	387	340
Lane miles of roads maintained	251	253	255	257	260	262	262	263	263	290
Acres of public area maintained	358	364	369	379	384	404	404	404	404	414

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

Function	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Function										
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	6	6	6	6	6	6	6	6	6	6
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Public Works										
Street lights	1766	1791	1804	1825	1842	1842	1842	1842	1842	1842
Traffic signals	147	148	148	148	148	148	148	148	148	148
Recreation										
Parks	10	10	10	10	10	10	19	24	25	25
Park acreage maintained	100	100	100	100	100	100	135	140	143	143
Tennis and basketball courts	6	6	6	6	6	6	7	7	7	7

Sources: Various City departments.

Note: No capital asset indicators are available for the general government function.