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2013

## City of Saco, Maine Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2013

Cheryl Fournier

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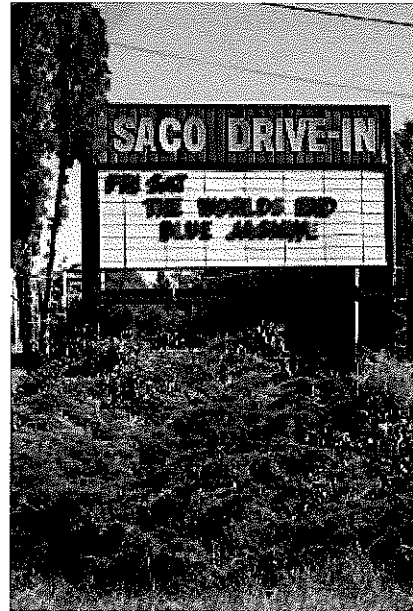
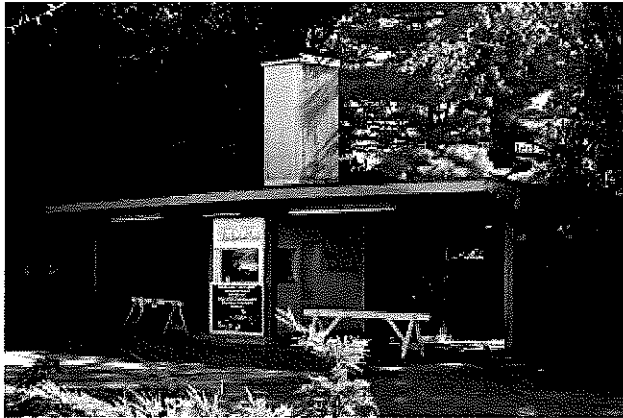
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**CITY OF SACO, MAINE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For Fiscal Year Ended June 30, 2013**



On September 11, 2013, the Saco Drive-in won a competition to receive a digital projector from Honda's Project Drive-In. All movies are being moved to digital next year, and without this new digital projector, the Saco Drive-In would have been outdated and unable to show newly released movies.

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, 2013**

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City of Saco, Maine

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

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**City of Saco, Maine**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2013**

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# ***INTRODUCTORY SECTION***







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## City of Saco

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### Finance Office

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December 13, 2013

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, 2013, 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 is 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 2012-2013**

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 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 22<sup>nd</sup> consecutive year, the City's valuation has steadily increased with the exception of a couple of years with minor decreases. Since fiscal year 1991, the assessed valuation has risen from \$729,675,000, to this year's \$1,968,257,265. This equates to a 169.7% increase over this 22-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 account for approximately 77.1% of the taxes paid, while business/industry will account for 22.9%.

**Financial Management.** The City created objectives for the two year duration during 2013 budget process. The objections for fiscal year 2013 and 2014 included: keep taxes stable, create a capital program, and keep operating appropriations stable. We did not meet these goals during the budgeting process. The City had an increase to the tax rate of 6.0% due to the decrease in revenue. The City's capital program was created in fiscal year 2013, which was a majority of the increase for the city portion of the taxes. We did meet the last item as our increase of operating expenses was only 1.9%.

**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 replacements being projected. In the current fiscal year, \$1,500,000 was budgeted to fund capital improvement projects.

**Ambulance Billing.** The City outsourced our Ambulance Billing on July 1, 2012 to Freeport. A new system would have been needed.

**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, 2013 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 (Two year 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:

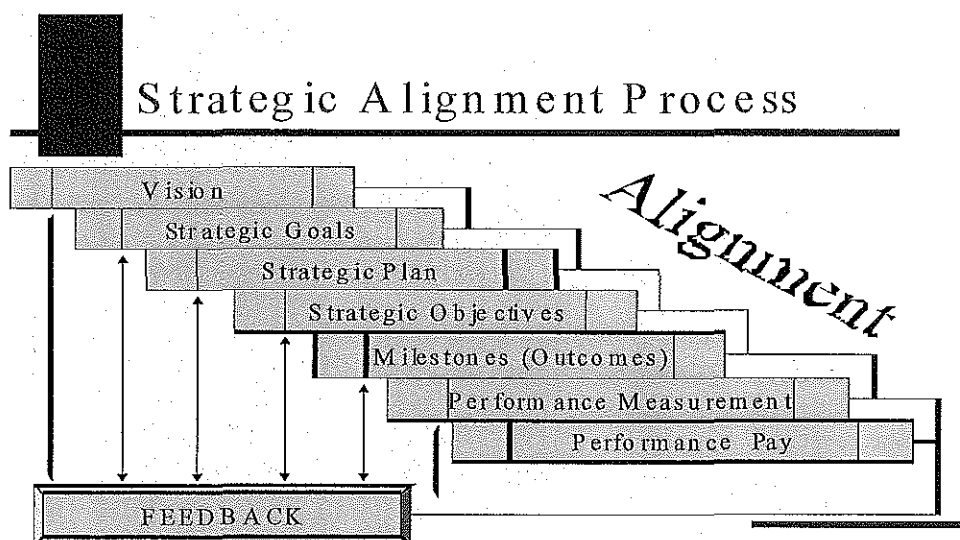
- A. Sustain and improve upon city services;
- B. Improve the city's financial infrastructure;
- C. Maintain taxes at present levels;
- D. Revitalize the city's Main Street;
- E. Improve and sustain Saco shoreline;
- F. Study and improve parking and traffic flow;
- G. Development and activate a sustainable 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 an 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 2013**

- Wastewater Resource Recovery Division Generators at Wildwood and Hillview
- Rebuild of the Marshwood Pump Station
- RSU 23 School Withdrawal Committee Formed
- (Camp Ellis) Section 111 Shore Damage Mitigation Project Decision Document – April 2013
- Maine Department of Transportation design study of the new Somes Bridge on Market Street
- Saco Energy Committee Reorganized
- Economic Development: Branding & Wayfinding
- Comprehensive Annual Financial Reporting (GFOA Award) for 8 consecutive years
- EZ Pay Tax Program extended to Businesses
- Maine Department of Transportation spent \$6 to \$8 million on Route 112
- Saco Steel Site Clean-up Completed
- Tax Increment Financing Amendment for Park North Project
- 2<sup>nd</sup> Year Baldrige Review
- Saco Citizens for Sensible Taxes Engagement in the Budget Process
- 2<sup>nd</sup> Police Department Academy
- Iworks replaced Cityworks at Public Works
- 1<sup>st</sup> Annual Public Works Open House
- ICMA 101 Performance Report Participation: Fire Department and Police Department
- 3<sup>rd</sup> Year – Saco is Playful City USA – includes a Grant Award
- 3<sup>rd</sup> Year – Saco is Named Tree City USA
- Completed 6 of 7 Union Contracts
- 3<sup>rd</sup> Annual Recognition Dinner for Volunteers
- Funded Capital Budget with increase to \$1.5 Million
- Old Central Fire Station Listed on the National Register
- Old Central Fire Station under Contract for Sale
- 32 Market Street – EPA Brownfields Site
- Maintained Class A Rating for Flood Insurance – results in a 10% savings for citizens on Flood Insurance
- Independent Evaluation of Water Services
- New Central Fire Station – Insurance Service Office

## **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 annually adopts fiscal year budgets for its general fund 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, 2013, was 11.23% 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 2013 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, 2013, 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 unmodified opinion that the City of Saco's financial statements for the fiscal year ending June 30, 2013, 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, 2011, and 2012. 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 ninth 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,

A handwritten signature in black ink, appearing to read 'Cheryl Fournier', with a stylized flourish at the end.

Cheryl Fournier  
Finance Director



Government Finance Officers Association

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Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Saco  
Maine**

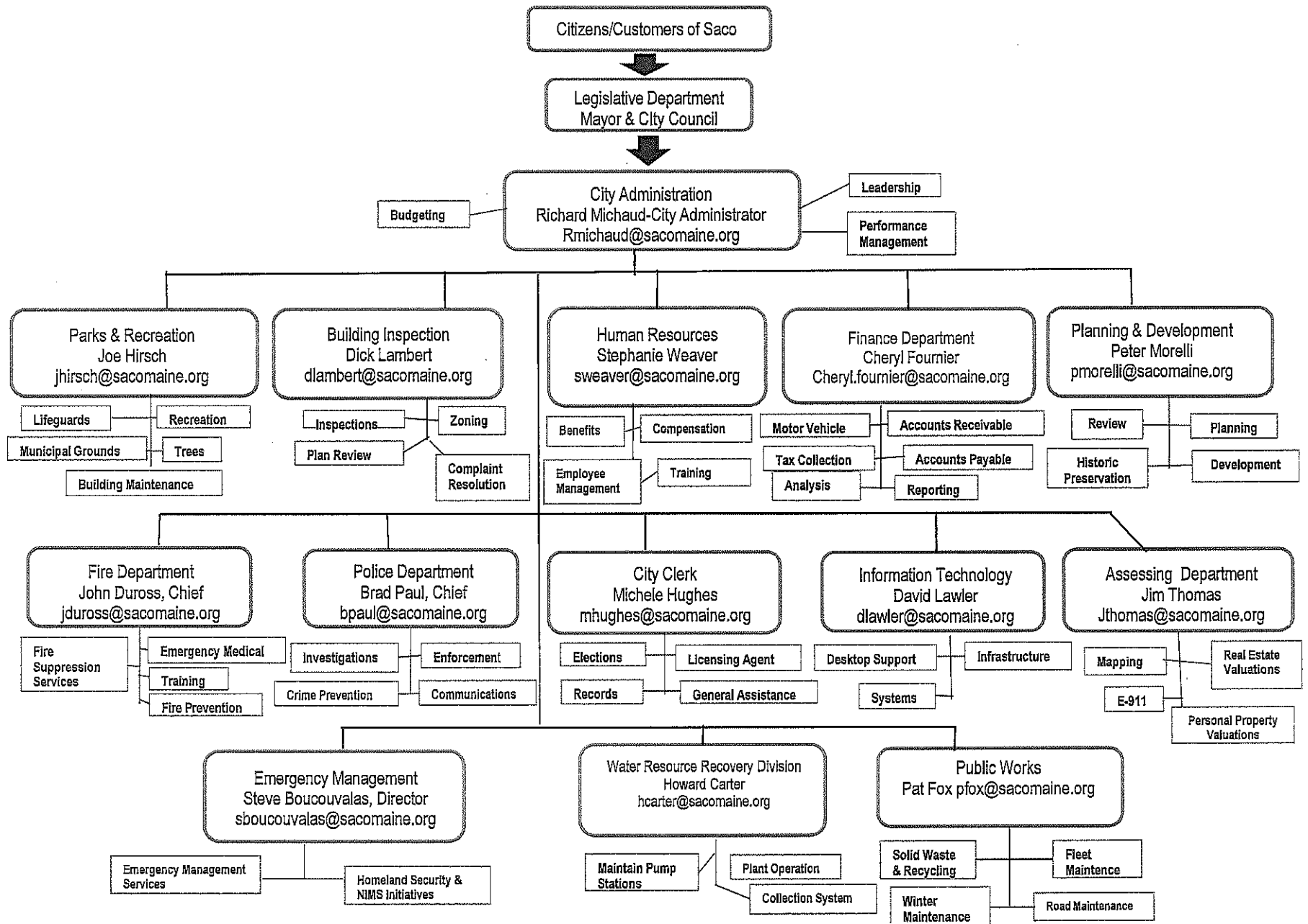
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



# CITY OF SACO - 2013 ORGANIZATION CHART



## CITY OF SACO, MAINE

### List of Principal Officials (Elected and Appointed)

June 30, 2013

---

#### 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	Jim Thomas
Fire Chief	John Duross
Police Chief	Brad Paul
Public Works Director	Pat Fox
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***



## Independent Auditor's Report

To the City Council  
City of Saco, Maine

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saco, Maine, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saco, Maine as of June 30, 2013, 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 accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America required that Management's Discussion and Analysis, modified approach for infrastructure assets, and schedule of funding progress for the retiree healthcare plan, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

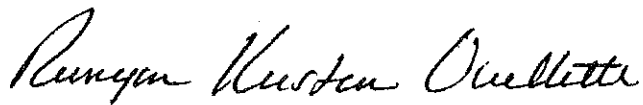
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Saco, Maine's basic financial statements. The introductory section, combining and individual fund financial statements, schedule, exhibits, and statistical section are presented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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013 on our consideration of the City of Saco, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Saco, Maine's internal control over financial reporting and compliance.

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

December 13, 2013  
South Portland, Maine

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**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2013**

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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, 2013. 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 each of the 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. A 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 Position and the Statement of Activities**

The Statement of Net Position 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 position* and changes in such. Net position is 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 position 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 Position 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, 2013**

**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. 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 Position and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities reported 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 2013 with comparative information for fiscal year 2012. Our analysis below focuses on the net position of the City's governmental and business-type activities.

	2013 Governmental Activities	2013 Business-type Activities	2013 Primary Government	2012 Governmental Activities	2012 Business-type Activities	2012 Primary Government
Current and other assets	\$ 7,846,513	\$ 560,708	8,407,221	\$ 6,116,572	\$ 564,956	6,681,528
Capital assets	54,908,571	21,358,672	76,267,243	55,269,771	21,678,115	76,947,886
Total assets	62,755,084	21,919,380	84,674,464	61,386,343	22,243,071	83,629,414
Non-current liabilities	17,479,003	797,106	18,276,109	18,623,371	952,500	19,575,871
Other liabilities	(1,786,129)	3,296,242	1,510,113	(1,075,031)	3,970,215	2,895,184
Total liabilities	15,692,874	4,093,348	19,786,222	17,548,340	4,922,715	22,471,055
Net position:						
Net investment in capital assets	39,359,000	20,628,672	59,987,672	38,950,978	20,725,615	59,676,593
Restricted	2,862,795	-	2,862,795	3,248,925	-	3,248,925
Unrestricted	4,840,415	(2,802,640)	2,037,775	1,638,400	(3,405,259)	(1,766,859)
Total net position	\$ 47,062,210	\$ 17,826,032	\$ 64,888,242	\$ 43,838,303	\$ 17,320,356	\$ 61,158,659

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2013**

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

	2013 Governmental Activities	2013 Business-type Activities	2013 Total Primary Government	2012 Governmental Activities	2012 Business-type Activities	2012 Total Primary Government
Revenues						
Program Revenues:						
Charges for services	\$ 2,686,882	2,483,795	5,170,677	\$ 2,468,161	2,621,156	5,089,317
Operating grants and contributions	694,940	-	694,940	729,168	-	729,168
Capital grants and contributions	255,532	-	255,532	263,206	-	263,206
General Revenues:						
Property taxes	36,229,823	-	36,229,823	30,931,696	-	30,931,696
Motor vehicle excise taxes	3,103,930	-	3,103,930	3,446,591	-	3,446,591
Franchise tax	278,071	-	278,071	286,882	-	286,882
Homestead exemption	363,713	-	363,713	286,309	-	286,309
Other state aid	304,538	-	304,538	199,285	-	199,285
State revenue sharing	1,302,721	-	1,302,721	1,256,887	-	1,256,887
Investment earnings	40,006	24,383	64,389	56,337	21,142	77,479
Miscellaneous revenues	214,765	94,197	308,962	160,436	-	160,436
Total revenues	45,474,921	2,602,375	48,077,296	40,084,958	2,642,298	42,727,256
Program Expenses:						
General government	7,822,497	-	7,822,497	7,681,100	-	7,681,100
Public safety	6,405,554	-	6,405,554	6,424,834	-	6,424,834
Public works	6,328,134	-	6,328,134	5,579,364	-	5,579,364
Housing programs	238,267	-	238,267	231,752	-	231,752
Culture and recreation	1,438,149	-	1,438,149	1,242,758	-	1,242,758
Education	19,410,765	-	19,410,765	16,030,811	-	16,030,811
Interest on debt	607,643	-	607,643	650,461	-	650,461
Waste water treatment plant	-	2,096,699	2,096,699	-	2,175,803	2,175,803
Total expenses	42,251,009	2,096,699	44,347,708	37,841,080	2,175,803	40,016,883
Transfers	-	-	-	169,000	(169,000)	-
Change in net position	3,223,912	505,676	3,729,588	2,412,877	297,495	2,710,373

## GOVERNMENTAL ACTIVITIES

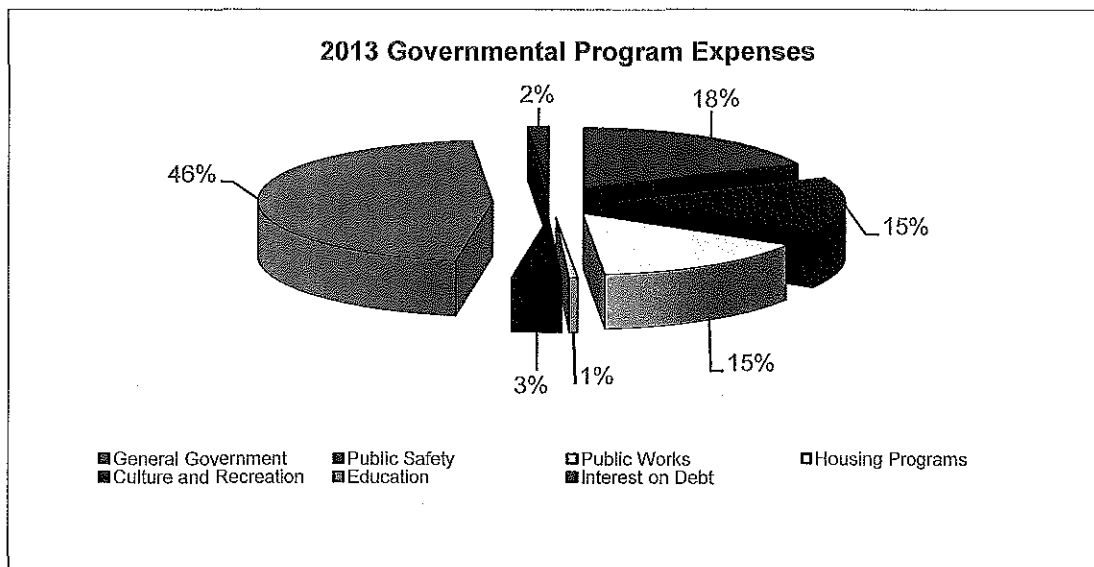
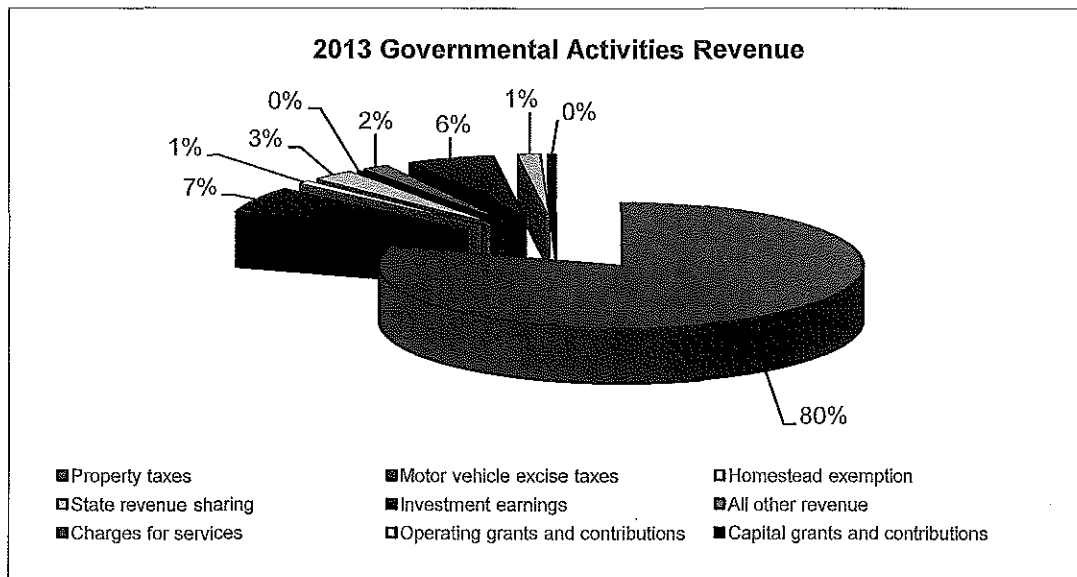
The cost of all Governmental activities this year was \$42,251,009. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City property taxes was only \$36,229,823 because some of the cost was paid by those who directly benefited from the programs (\$2,686,882), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$694,940) and capital grants and contributions (\$255,532). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, were \$3,637,354. The City paid for the remaining "public benefit" portion of governmental activities with \$41,837,567 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 (2013) and last year (2012) 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, 2013**

Governmental activities:	2013 Net (Expense)/Revenue	2012 Net (Expense)/Revenue
General Government	\$ (6,875,029)	\$ (6,744,801)
Public Safety	(5,486,117)	(5,636,346)
Public Works	(5,663,983)	(4,927,872)
Housing Programs	(1,898)	29,401
Culture and Recreation	(568,220)	(419,655)
Education	(19,410,765)	(16,030,811)
Interest on Debt	(607,643)	(650,461)
Total governmental activities	\$ (38,613,655)	\$ (34,380,545)

Total resources available during the year to finance governmental operations were \$89,313,219 consisting of net position at July 1, 2012 of \$43,838,298, program revenues of \$3,637,354 and General revenues of \$41,837,567. Total Governmental Activities during the year were \$42,251,009; thus Net Position was increased by \$3,223,912 to \$47,062,210.



**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2013**

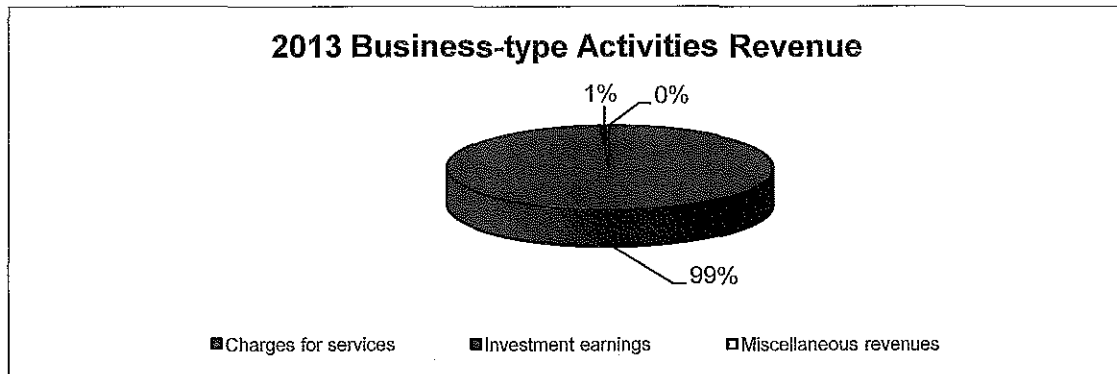
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**BUSINESS-TYPE ACTIVITIES**

The cost of all Proprietary (Business-type) activities this year was \$2,096,699. As shown in the Statement of Activities, the amounts paid by users of the system were \$2,483,795, investments earnings were \$24,383 and miscellaneous revenues were \$94,197.

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 \$505,676 as revenues were more than expenses.

Total resources available during the year to finance Proprietary Fund (Business-type) Activities were \$19,922,731 consisting of Net Position at July 1, 2012 of \$17,320,356, program revenues of \$2,483,795, and general revenues of \$118,580. Total Proprietary Fund (Business-type) expenses during the year were \$2,096,699; thus Net Position was increased by \$505,676 to \$17,826,032.



This increase in net position 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 2012.

**General Major Governmental Functions** - The information below compares revenues of the General Fund for 2013 and 2012, respectively.

	2013	2012
Revenues by source:		
Taxes	\$39,438,857	\$34,572,034
Licenses and permits	708,985	799,730
Intergovernmental	2,392,046	2,147,471
Charges for services	1,309,595	1,180,780
Other revenues	461,646	294,320
Total revenues	\$44,311,129	\$38,994,335

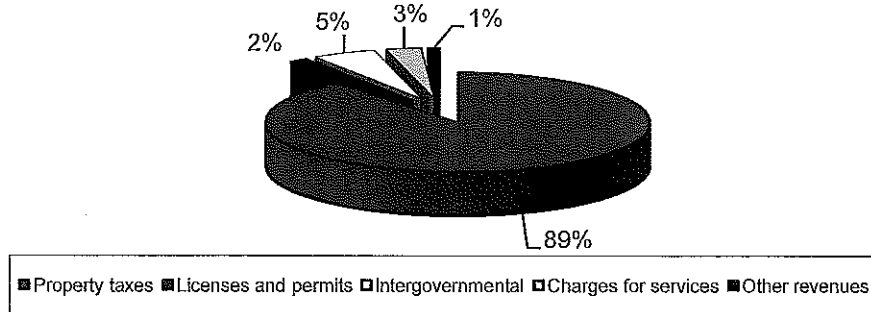
Taxes increased by \$4,866,823 or 18%. The City tax rate went from \$14.42 per \$1,000 to \$18.30 per \$1,000 to cover increased cost of services. Other revenues increased by \$167,326. This was made up of an additional \$84,000 in insurance claims and refunds as well as an additional \$31,000 of fees from planning and engineering projects.

In fiscal year 2013, 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, 2013**

**2013 General Fund Revenues by Source**



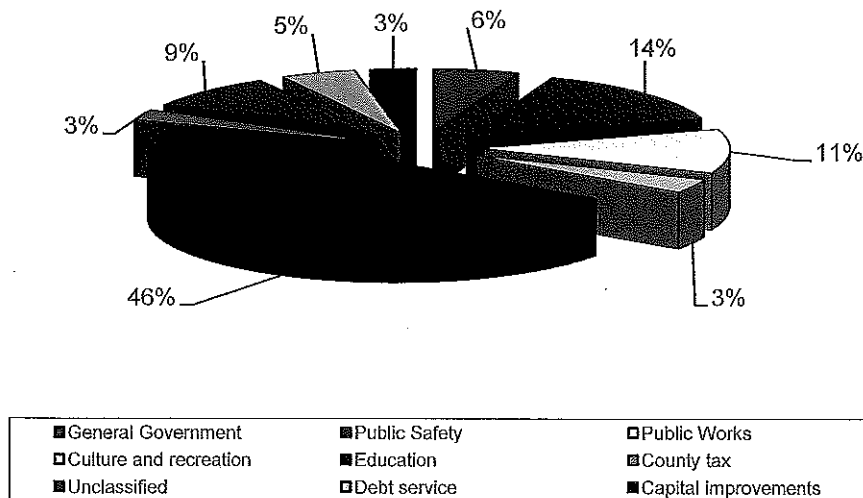
The information below compares expenditures of the General Fund for 2013 and 2012, respectively.

	2013	2012
Expenditures by function:		
General government	\$2,412,050	\$2,354,338
Public safety	6,102,425	6,132,726
Public works	4,718,475	4,425,191
Culture and recreation	1,464,173	1,269,848
Education	19,410,765	16,030,811
County tax	1,100,295	1,099,643
Unclassified	3,808,456	3,712,033
Debt service	2,100,480	2,419,597
Capital improvements	1,285,161	999,594
Total expenditures	\$42,402,280	\$38,443,781

Education costs increased by \$3,379,954, which was due to an increase in the school unit assessment to help offset their increased budget. Capital improvements increased due to the issuance of several new capital leases during the year.

In fiscal year 2013 and 2012, the Fire Barn North Street Bond had expenditures of \$283,974 and \$264,118, respectively. In fiscal year 2013 and 2012, the Saco Island TIF Fund had expenditures of \$303 and \$0, respectively.

**2013 General Fund Expenditures by Function**



**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2013**

**Proprietary Fund**

The City's only major Enterprise Fund consists of the Waste Water Treatment Plant. The basic financial statements for the major fund 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 position.

	2013	2012
Total Assets	\$21,919,380	\$22,243,071
Net Position	17,826,032	17,320,356
Change in Net Position	505,676	297,494
Return on Ending Total Assets	2.30%	1.34%
Return on Ending Net Position	2.84%	1.72%

**DEBT ADMINISTRATION**

Debt, considered a liability of governmental activities, decreased in fiscal year 2013 by \$1,827,024. Debt, considered a liability of business-type activities, decreased in fiscal year 2013 by \$222,500. Per capita bonded debt and capital leases outstanding increased from \$962 to \$881 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 2013 is presented below.

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Debt Payable at June 30, 2012	\$ 16,825,050	\$ 952,500
Add: New Debt and Capital Lease Purchases	554,331	-
	17,379,381	952,500
Less: Debt Retired	1,826,887	222,500
Debt Payable at June 30, 2013	\$ 15,552,494	\$ 730,000

This debt payable does not include the long-term portion of compensated absences of \$1,220,699 or OPEB \$705,810 for governmental activities and \$67,106 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, 2013, net capital assets of the governmental activities totaled \$54,908,571 and the net capital assets of the business-type activities totaled \$21,358,672. 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, 2013**

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 \$533,558 on street maintenance for the fiscal year ended June 30, 2013. 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 2013 is 77.5, which is up by half a point from last year.

The City expended less than the estimated amount during the fiscal year ended June 30, 2013 due to fully expending road bonds and therefore extended some projects into the next fiscal year.

The City is also continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. The City expended \$109,433 on other infrastructure maintenance for the fiscal year ended June 30, 2013. 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 2010 was a minimum of \$500,000.

**Infrastructure Assets - June 30, 2013 and 2012**

Description	Net Cost 2013	Net Cost 2012
<b>Governmental Activities:</b>		
<b>Modified Approach:</b>		
Catch basins and manholes	\$ 2,302,711	\$ 2,302,711
Storm drainage	17,998,406	17,998,406
Sidewalks	1,798,331	1,798,331
Street Pavement System	13,426,915	13,426,915
Traffic signals	851,455	851,455
Street signs	44,818	44,818
Land	5,328,042	5,328,042
<b>Total Governmental Activities</b>	<b>\$ 41,750,678</b>	<b>\$ 41,750,678</b>
<b>Business-type Activities:</b>		
Sewer pipe	14,918,272	14,918,272
<b>Total Business-type Activities</b>	<b>\$ 14,918,272</b>	<b>\$ 14,918,272</b>

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2013**

**Capital Assets**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Governmental Activities:</b>				
Buildings and Improvements	\$ 18,133,938	\$ -	\$ -	\$ 18,133,938
Vehicles	5,163,421	383,615	(177,470)	5,369,566
Machinery and Equipment	4,631,873	246,300	(481,611)	4,396,562
Total	27,929,232	629,915	(659,081)	27,900,066
Accumulated Depreciation	(14,410,139)	(987,484)	655,450	(14,742,173)
<b>Total Governmental Activities</b>	<b>\$ 13,519,093</b>	<b>\$ (357,569)</b>	<b>\$ (3,631)</b>	<b>\$ 13,157,893</b>
<b>Business-type Activities:</b>				
Buildings and Improvements	9,245,821	-	-	9,245,821
Vehicles	140,127	-	-	140,127
Machinery and Equipment	1,630,593	-	-	1,630,593
Total	11,016,541	-	-	11,016,541
Accumulated Depreciation	(4,256,698)	(319,443)	-	(4,576,141)
<b>Total Business-type Activities</b>	<b>\$ 6,759,843</b>	<b>\$ (319,443)</b>	<b>-</b>	<b>\$ 6,440,400</b>
<b>Total Capital and Infrastructure</b>	<b>\$ 76,947,886</b>			<b>\$ 76,267,243</b>

For more detail on capital assets, see footnote 4.

**BUDGETS AND BUDGETARY ACCOUNTING**

**General Fund Budget Variances**

Comparing the fiscal year 2012-2013 original budget (or adopted) General Fund amount of \$44,477,770, (expenditures of \$43,674,770, plus transfers of \$803,000), to the final budget amount of \$45,073,956 shows a change of \$596,186 from the original budget.

<u>Original Budget</u> 44,477,770	<u>+ Continuing Appropriations</u> 566,186	<u>= Beginning Balance</u> 45,043,956
<u>Beginning Balance</u> 45,043,956	<u>+/- Supplemental Changes</u> 30,000	<u>= Final Budget</u> 45,073,956

For budgetary financial statement purposes, the \$296,867 is prior fiscal year Capital Improvement Projects approved to carry forward into the 2012-2013 fiscal year. The \$269,319 reflects a budget adjustment to include prior year encumbrance amounts. In addition, a budget amendment vote passed by referendum for \$30,000. This resulted in an overall budgetary increase of \$596,186.

**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, 2013**

***Historical Trend***

As the City enters fiscal year 2014, we have gone below 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 steady 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.

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Total taxes	\$ 28,197,854	\$ 29,041,768	\$ 30,518,554	\$36,019,108	\$36,998,682
Percent change	2.4%	1.4%	5.2%	17.8%	2.7%
Total City valuation	\$2,070,327,000	\$2,101,430,400	\$2,116,404,600	\$1,968,257,265	\$1,991,317,668

***The Budget***

It is important to note that the City of Saco's Adopted Budget for fiscal year 2014 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 2014 adopted budget calls for total expenditures of \$46,117,993, representing \$24,903,454 in municipal expenditures, \$1,229,217 in county tax, and \$19,985,322 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:

<b>City Budget</b>	<b>City Administrator Recommendation</b>	<b>Net Change</b>	<b>Approved Budget</b>
Operating Budget	\$ 22,230,430	\$ (8,400)	\$ 22,222,030
Capital Outlay	1,154,536	-	1,154,536
Total	23,384,966	(8,400)	23,376,566
Overlay & TIF Transfers	1,250,000	-	1,250,000
Total Expenditure Budget	\$ 24,634,966	\$ (8,400)	\$ 24,626,566

<b>RSU (School) Budget</b>	<b>RSU Board Recommendation</b>	<b>Net Change</b>	<b>Approved Budget</b>
Education	\$ 19,588,219	\$ 397,103	\$ 19,985,322

<b>County Tax</b>	<b>Estimated County Tax</b>	<b>Net Change</b>	<b>Actual County Tax</b>
County Tax	\$ 1,100,295	\$ 128,922	\$ 1,229,217

<b>TOTAL BUDGET</b>	<b>\$ 45,323,480</b>	<b>\$ 517,625</b>	<b>\$ 45,841,105</b>
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The following chart compares the major categories in the original operational budget and their respective increases over the last five years.

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2013**

**Appropriation Summary**

<b>Departments</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Budget</b>	<b>2014 Budget</b>
Legislative	\$ 20,325	\$ 19,871	\$ 20,392	\$ 20,325	\$ 20,600
City Administration	271,789	284,389	286,840	292,273	325,120
Finance/Technology	687,765	834,122	769,218	821,523	823,504
City Clerk	243,802	243,622	285,383	284,584	323,709
Assessor	165,377	163,366	177,011	187,503	205,442
Building Maintenance	96,577	105,267	116,785	117,174	113,749
Legal	176,417	240,173	177,967	182,500	185,000
Police Department	3,122,770	3,204,847	3,419,779	3,332,730	3,598,791
Fire/Ambulance	2,593,432	2,631,533	2,712,948	2,777,318	2,844,252
Building Inspections/Zoning	227,437	206,495	211,768	212,671	218,416
Planning & Economic Dev.	264,515	316,264	308,975	314,637	319,075
Public Works	4,188,175	4,397,739	4,423,478	4,672,673	5,325,096
Public Agencies	556,237	569,923	623,053	698,300	708,300
Emergency Management	5,833	4,998	5,732	5,820	5,900
Parks & Recreation	1,105,116	1,227,045	1,269,847	1,244,217	1,419,804
Debt Service	1,815,443	2,319,954	2,419,597	2,232,515	2,344,930
Employee Benefits	2,435,885	2,683,200	2,668,742	2,947,169	3,137,379
Insurances	165,879	166,048	154,433	166,963	169,963
Contingency	102,096	104,567	260,074	163,200	133,000
Education K-12	16,228,121	16,245,159	16,030,811	19,645,381	19,985,322
York County Tax	1,020,912	1,079,365	1,099,643	1,100,294	1,229,217
Capital Improvement Projects	24,516	55,864	165,000	1,500,000	1,154,536
Overlay	-	-	-	755,000	500,000
TIF Transfers	731,968	785,141	785,141	803,000	750,000
<b>TOTAL</b>	<b>\$ 36,250,387</b>	<b>\$ 37,888,952</b>	<b>\$ 38,392,617</b>	<b>\$ 44,477,770</b>	<b>\$ 45,841,105</b>

**Revenues/Surplus**

The amount budgeted for revenues shows a sharp decrease in fiscal 2011 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 the RSU #23 financial statements. The RSU #23 merged of 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 undesignated fund balance. In the current year, we have estimated revenue with slight decrease due to valuations.

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
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%

**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.

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2013**

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***Savings/Increased Demands***

The City's department heads 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 counterparts in other communities to explore the possibilities of combining resources to deliver services.

The fiscal year 2013 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.

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).

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.

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2013**

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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 2014 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 2014 approved budget for the City of Saco has an increase of \$0.28, which is \$0 City, \$0.05 County, and \$0.23 School.

FY2013 Rate	\$18.30
City (0% increase)	0.00
School (2.3% increase)	0.23
County (8.9% increase)	0.05
FY2014 Rate	\$18.58

### *Summary*

With the fiscal year 2014 adopted budget there is a 1.5% increase to the existing tax rate. This means that property owners will be billed an estimated \$18.58 per thousand in fiscal year 2014. In other words, a property valued at \$200,000 will pay \$3,716 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](mailto:cheryl.fournier@sacomaine.org).



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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF SACO, MAINE**  
**Statement of Net Position**  
**June 30, 2013**

	Governmental Activities	Business-type Activities	2013 Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,406,796	\$ -	\$ 1,406,796
Investments	3,122,555	-	3,122,555
Receivables:			
Accounts (net of allowance of \$131,038)	1,804,385	560,708	2,365,093
Taxes - current	801,616	-	801,616
Taxes - prior years	107,733	-	107,733
Tax liens	330,945	-	330,945
Notes (net of allowance of \$7,143)	7,144	-	7,144
Prepaid expenses	130,152	-	130,152
Other	41,234	-	41,234
Tax acquired property	93,953	-	93,953
Depreciable capital assets, net	13,157,893	6,440,400	19,598,293
Non-depreciable capital assets	41,750,678	14,918,272	56,668,950
<b>Total assets</b>	<b>62,755,084</b>	<b>21,919,380</b>	<b>84,674,464</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	1,080,486	72,101	1,152,587
Accrued liabilities	257,447	13,276	270,723
Taxes collected in advance	86,803	-	86,803
Internal balance	(3,210,865)	3,210,865	-
Noncurrent liabilities:			
Due within one year	1,753,231	220,000	1,973,231
Due in more than one year	15,725,772	577,106	16,302,878
<b>Total liabilities</b>	<b>15,692,874</b>	<b>4,093,348</b>	<b>19,786,222</b>
<b>NET POSITION</b>			
Net investment in capital assets	39,359,000	20,628,672	59,987,672
Restricted for:			
Finance and administration	874,734	-	874,734
Community services	1,366,541	-	1,366,541
Public safety	16,789	-	16,789
Other purposes	7,144	-	7,144
Community Services:			
Nonexpendable	181,383	-	181,383
Expendable	416,204	-	416,204
Unrestricted	4,840,415	(2,802,640)	2,037,775
<b>Total net position</b>	<b>\$ 47,062,210</b>	<b>\$ 17,826,032</b>	<b>\$ 64,888,242</b>

*See accompanying notes to basic financial statements.*

CITY OF SACO, MAINE  
Statement of Activities  
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		2013 Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 7,822,497	\$ 529,630	\$ 417,838	\$ -	\$ (6,875,029)	\$ -	\$ (6,875,029)	
Public safety	6,405,554	888,808	30,629	-	(5,486,117)	-	(5,486,117)	
Public works	6,328,134	398,802	9,884	255,465	(5,663,983)	-	(5,663,983)	
Housing programs	238,267	-	236,369	-	(1,898)	-	(1,898)	
Culture and recreation	1,438,149	869,642	220	67	(568,220)	-	(568,220)	
Education	19,410,765	-	-	-	(19,410,765)	-	(19,410,765)	
Interest on debt	607,643	-	-	-	(607,643)	-	(607,643)	
Total governmental activities	42,251,009	2,686,882	694,940	255,532	(38,613,655)	-	(38,613,655)	
Business-type activities:								
Waste Water Treatment Plant	2,096,699	2,483,795	-	-	-	387,096	387,096	
Total business-type activities	2,096,699	2,483,795	-	-	-	387,096	387,096	
Total primary government	\$ 44,347,708	\$ 5,170,677	\$ 694,940	\$ 255,532	\$ (38,613,655)	\$ 387,096	\$ (38,226,559)	
General revenues:								
Property taxes, levied for general purposes					\$ 36,229,823	\$ -	\$ 36,229,823	
Motor vehicle excise taxes					3,103,930	-	3,103,930	
Franchise tax					278,071	-	278,071	
Grants and contributions not restricted to specific programs:								
Homestead exemption					363,713	-	363,713	
Other State aid					304,538	-	304,538	
State Revenue Sharing					1,302,721	-	1,302,721	
Unrestricted investment earnings					40,006	24,383	64,389	
Miscellaneous revenues					214,765	94,197	308,962	
Total general revenues and transfer					41,837,567	118,580	41,956,147	
Change in net position					3,223,912	505,676	3,729,588	
Net position - beginning					43,838,298	17,320,356	61,158,654	
Net position - ending					\$ 47,062,210	\$ 17,826,032	\$ 64,888,242	

See accompanying notes to basic financial statements.

**CITY OF SACO, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	General Fund	Fire Barn North Street Bond	Saco Island TIF District	Other Governmental Funds	2013 Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,006,012	\$ -	\$ -	\$ 400,784	\$ 1,406,796
Investments	1,364,078	-	-	1,758,477	3,122,555
Receivables, net of allowance of \$131,038	656,341	-	-	1,148,044	1,804,385
Interfund receivables	5,427,883	-	-	846,245	6,274,128
Notes receivable, net of allowance \$7,143	-	-	-	7,144	7,144
Taxes and liens receivable	1,240,294	-	-	-	1,240,294
Tax acquired property	93,953	-	-	-	93,953
Prepaid items	130,152	-	-	-	130,152
Other	-	2,923	-	38,311	41,234
<b>Total assets</b>	<b>\$ 9,918,713</b>	<b>\$ 2,923</b>	<b>\$ -</b>	<b>\$ 4,199,005</b>	<b>\$ 14,120,641</b>
<b>LIABILITIES</b>					
Accounts payable	987,027	-	-	93,459	1,080,486
Accrued liabilities	256,436	-	-	1,011	257,447
Taxes collected in advance	86,803	-	-	-	86,803
Interfund payables	1,239,976	-	892,762	930,525	3,063,263
<b>Total liabilities</b>	<b>2,570,242</b>	<b>-</b>	<b>892,762</b>	<b>1,024,995</b>	<b>4,487,999</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	960,572	-	-	-	960,572
<b>Total deferred inflows of resources</b>	<b>960,572</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>960,572</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	130,152	-	-	188,527	318,679
Restricted	-	2,923	-	2,671,345	2,674,268
Committed	83,569	-	-	429,669	513,238
Assigned	1,622,102	-	-	744,807	2,366,909
Unassigned	4,552,076	-	(892,762)	(860,338)	2,798,976
<b>Total fund balances (deficits)</b>	<b>6,387,899</b>	<b>2,923</b>	<b>(892,762)</b>	<b>3,174,010</b>	<b>8,672,070</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 9,918,713</b>	<b>\$ 2,923</b>	<b>\$ -</b>	<b>\$ 4,199,005</b>	
Amounts reported for governmental activities in the statement of net position (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					\$ 54,908,571
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.					(17,479,003)
Noncurrent liabilities as reported on Statement 1	(16,258,304)				
Accrued liabilities (compensated absences) as reported on State	(1,220,699)				
	(17,479,003)				
Unavailable revenues- more specifically, property taxes not reported on Statement 1					960,572
<b>Net position of governmental activities</b>					<b>\$ 47,062,210</b>

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, 2013**

	General Fund	Fire Barn North Street Bond	Saco Island TIF District	Other Governmental Funds	2013 Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 39,438,857	\$ -	\$ -	\$ -	\$ 39,438,857
Licenses and permits	708,985	-	-	-	708,985
Intergovernmental	2,392,046	-	-	276,879	2,668,925
Charges for services	1,309,595	-	-	851,951	2,161,546
Other revenues	461,646	-	-	140,066	601,712
Total revenues	44,311,129	-	-	1,268,896	45,580,025
<b>EXPENDITURES</b>					
Current:					
General government	2,412,050	-	-	-	2,412,050
Public safety	6,102,425	-	-	-	6,102,425
Public works	4,718,475	-	-	-	4,718,475
Housing programs	-	-	-	238,267	238,267
Culture and recreation	1,464,173	-	-	-	1,464,173
Education	19,410,765	-	-	-	19,410,765
Unclassified	3,808,456	5,561	-	336,798	4,150,815
Intergovernmental:					
County tax	1,100,295	-	-	-	1,100,295
Debt service:					
Principal	1,771,250	-	-	-	1,771,250
Interest and other charges	329,230	278,413	-	-	607,643
Capital improvements	1,285,161	-	303	326,891	1,612,355
Total expenditures	42,402,280	283,974	303	901,956	43,588,513
Excess (deficiency) of revenues over (under) expenditures	1,908,849	(283,974)	(303)	366,940	1,991,512
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease issuance of debt	554,331	-	-	-	554,331
Transfers in	426,000	-	502,580	1,058,571	1,987,151
Transfers out	(1,028,660)	-	(25,000)	(933,491)	(1,987,151)
Total other financing sources (uses)	(48,329)	-	477,580	125,080	554,331
Net change in fund balances	1,860,520	(283,974)	477,277	492,020	2,545,843
Fund balances (deficits)-beginning	4,527,379	286,897	(1,370,039)	2,681,990	6,126,227
Fund balances (deficits)-ending	\$ 6,387,899	\$ 2,923	\$ (892,762)	\$ 3,174,010	\$ 8,672,070

*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, 2013**

Net change in fund balances- total governmental funds (from Statement 4)		\$ 2,545,843
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense, 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 and loss on disposals in the current period.		
Capital outlays	\$ 629,915	(361,200)
Less: loss on disposal	3,631	
Less: net depreciation	987,484	
To reconciliation	\$ (361,200)	
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 unavailable revenues.		
		(105,099)
Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. More specifically, this represents the net amount of principal increases (decreases) in debt service made during the year.		
Capital lease proceeds	\$ (554,331)	1,272,556
Capital lease repayments	507,220	
Bond principal repayments	1,319,667	
Net debt service	\$ 1,272,556	
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents:		
Change in long term accrued compensated absences	\$ 3,317	
Change in long term other post employment benefits	(131,505)	
		(128,188)
<b>Change in net position of governmental activities (see Statement 2)</b>		<b>\$ 3,223,912</b>

*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 - Budgetary Basis**  
**For the year ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 39,097,539	\$ 39,097,539	\$ 39,438,857	\$ 341,318
Licenses and permits	664,800	664,800	708,985	44,185
Intergovernmental	2,037,131	2,037,131	2,392,046	354,915
Charges for services	1,058,300	1,058,300	1,309,595	251,295
Interest earnings	8,000	8,000	9,708	1,708
Other revenues	401,000	401,000	451,938	50,938
Total revenues	43,266,770	43,266,770	44,311,129	1,044,359
EXPENDITURES				
Current:				
General government	2,427,988	2,484,362	2,412,050	72,312
Public safety	6,110,046	6,134,124	6,102,425	31,699
Public works	4,672,673	4,889,976	4,718,475	171,501
Culture and recreation	1,244,218	1,245,782	1,464,173	(218,391)
Education	19,645,381	19,645,381	19,410,765	234,616
County tax	1,100,295	1,100,295	1,100,295	-
Unclassified	4,741,654	4,741,654	3,808,456	933,198
Debt service	2,232,515	2,232,515	2,100,480	132,035
Capital projects	1,500,000	1,796,867	730,830	1,066,037
Total expenditures	43,674,770	44,270,956	41,847,949	2,423,007
Excess (deficiency) of revenues over (under) expenditures				
	(408,000)	(1,004,186)	2,463,180	3,467,366
OTHER FINANCING SOURCES (USES)				
Budgeted utilization of surplus	785,000	785,000	-	(785,000)
Carryover of Assigned Fund Balance	-	596,186	-	(596,186)
Transfers in	426,000	426,000	426,000	-
Transfers out	(803,000)	(803,000)	(1,028,660)	(225,660)
Total other financing sources and uses	408,000	1,004,186	(602,660)	(1,606,846)
Net change in fund balance				
	-	-	1,860,520	1,860,520
Fund balance - beginning			4,527,379	
Fund balance - ending			\$ 6,387,899	

*See accompanying notes to basic financial statements.*

**CITY OF SACO, MAINE**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2013**

	Business-type activities Enterprise Funds Waste Water Treatment Plant
<b>ASSETS</b>	
Current assets:	
Receivables	\$ 560,708
Total current assets	560,708
Noncurrent assets:	
Depreciable capital assets	
Vehicles	140,127
Buildings and improvements	9,245,821
Equipment	1,630,593
Less accumulated depreciation	(4,576,141)
Non-depreciable capital assets	14,918,272
Total noncurrent assets	21,358,672
Total assets	21,919,380
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	72,101
Accrued liabilities	13,276
Interfund payables	3,210,865
Bonds payable due within one year	220,000
Total current liabilities	3,516,242
Noncurrent liabilities:	
Accrued compensated absences	67,106
Bonds payable due in more than one year	510,000
Total noncurrent liabilities	577,106
Total liabilities	4,093,348
<b>NET POSITION</b>	
Net investment in capital assets	20,628,672
Unrestricted	(2,802,640)
Total net position	\$ 17,826,032

*See accompanying notes to basic financial statements.*

**CITY OF SACO, MAINE**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**For the year ended June 30, 2013**

	Business-type activities Enterprise Funds Waste Water Treatment Plant
Operating revenues:	
Charges for services	\$ 2,483,795
Miscellaneous revenues	94,197
Total operating revenues	2,577,992
Operating expenses:	
Personnel services	896,562
Contractual services	163,766
Utilities	158,219
Repairs and maintenance	10,177
Other supplies and expenses	519,629
Depreciation	319,443
Total operating expenses	2,067,796
Operating income	510,196
Nonoperating revenues (expenses):	
Interest revenues	24,383
Interest expense	(28,903)
Total nonoperating revenues (expenses)	(4,520)
Change in net position	505,676
Total net position - beginning	17,320,356
Total net position - ending	\$ 17,826,032

*See accompanying notes to basic financial statements.*

**CITY OF SACO, MAINE**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the year ended June 30, 2013**

	<b>Business-type activities</b>
	<b>Enterprise Funds</b>
	<b>Waste Water Treatment Plant</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 2,488,043
Other receipts (payments)	94,197
Payments to suppliers	(889,184)
Payments to employees	(895,047)
Net cash provided by operating activities	798,009
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Increase (decrease) in interfund loans	(570,989)
Net cash used in non-capital financing activities	(570,989)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on debt	(222,500)
Interest paid on debt	(28,903)
Net cash used in capital and related financing activities	(251,403)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	24,383
Net cash provided by investing activities	24,383
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	510,196
Adjustments to reconcile operating income to net cash provided by	
operating activities:	
Depreciation expense	319,443
Change in assets and liabilities:	
Receivables	4,248
Accounts payables	(37,393)
Accrued liabilities	1,515
Net cash provided by operating activities	\$ 798,009

*See accompanying notes to basic financial statements.*

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**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 position 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, 2013**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Net position should be reported as restricted when constraints placed on net position 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 position restricted for other purposes result from special revenue funds and the restrictions on their net position 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 as unavailable revenue 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, 2013**

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**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 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, 2013**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**F. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the City considers 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, 2013, 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 \$10,000. 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

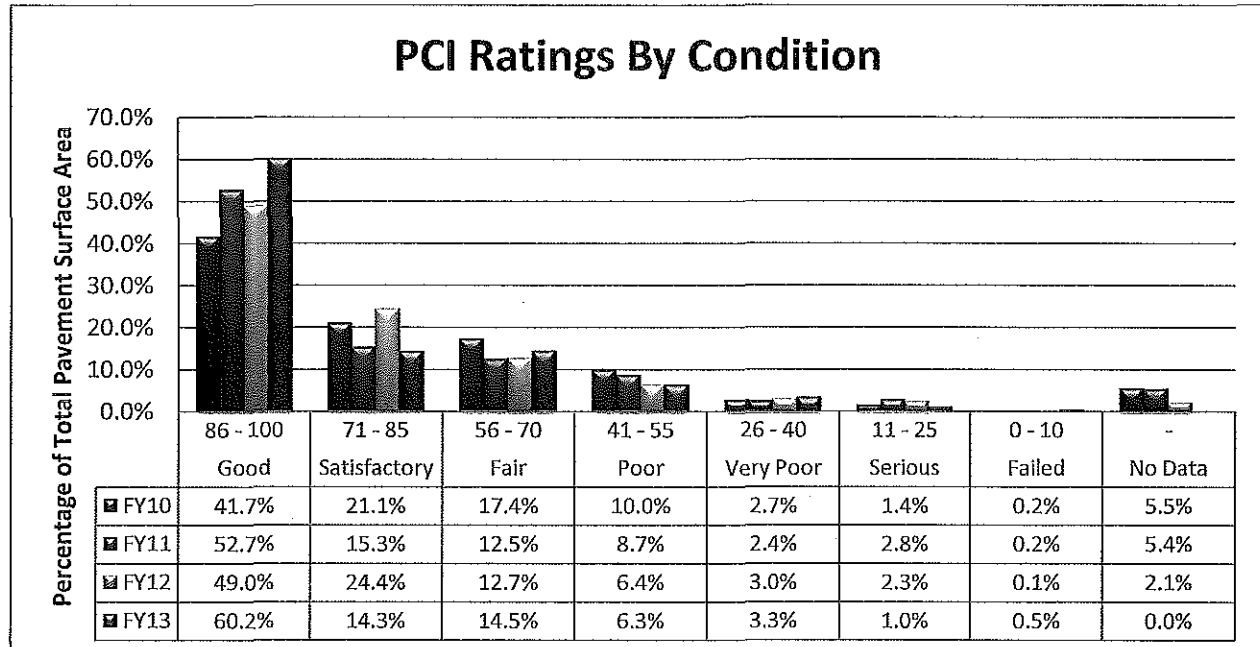
The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street system; water purification and distribution system; sewer collection and treatment system; park and recreation lands and improvement system; storm water conveyance system; and buildings 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, 2013**

**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 16,289 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.

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, 2013**

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**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. Deferred Inflows of Resources**

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

**M. 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. The City Council is the highest level of decision making authority, and can commit fund balance by ordinance.
- Assigned – resources that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council authorized itself, the Finance Director and the City Manager within defined limits with this authority.
- 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.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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.

**N. 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, 2013, the City reported deposits of \$1,406,796 with a bank balance of \$429,797. Of the City's bank balances of \$1,406,796, none was exposed to custodial credit risk. The balance of \$1,406,796 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>\$ 1,406,796</u>
<b><u>Total deposits</u></b>	<b><u>\$ 1,406,796</u></b>

**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 \$3,122,555 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, 2013**

**Note 2 - DEPOSITS AND INVESTMENTS, Continued**

At June 30, 2013, 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	\$769,179	\$769,179	-	-	-
Mutual funds	769,162	769,162	-	-	-
Stock	347,007	347,007	-	-	-
Savings bonds	237,207	-	64,400	81,214	91,593
Repurchase agreements	1,000,000	1,000,000	-	-	-
<b>Total investments</b>	<b>\$3,122,555</b>	<b>\$2,885,348</b>	<b>\$64,400</b>	<b>\$81,214</b>	<b>\$91,593</b>

Investments have been reported as follows:

<u>Reported in governmental funds</u>	<u>\$3,122,555</u>
<b><u>Total investments</u></b>	<b><u>\$3,122,555</u></b>

*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. Unless matched to a specific cash flow, the City is not allowed to directly invest in securities maturing more than three years from the date of purchase.

*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, 2013, the City's investments were rated as follows by Standard & Poor's.

*Credit Risk Rating:*

<u>Money Market Funds with AAA Ratings</u>	<u>\$ 769,179</u>
<b><u>Total</u></b>	<b><u>\$ 769,179</u></b>

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 of April 1, 2012, upon which the levy for the year ended June 30, 2013 was based, was \$1,968,257,265. This assessed value was 100% of the estimated market value and 97.2% of the 2013 state valuation of \$2,025,700,000.

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 \$689,762 for the year ended June 30, 2013.

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

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**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 2012-2013 and 2011-2012 levies respectively:

	<u>2012-2013</u>	<u>2011-2012</u>
Assessed Value	\$1,968,257,265	\$2,116,404,600
Tax Rate (per \$1,000)	18.30	14.42
Commitment	\$36,019,108	\$30,518,554
Supplemental Taxes Assessed	64,887	16,428
	<u>36,083,995</u>	<u>30,534,982</u>
Less: Collections and Abatements	35,282,379	29,702,356
<b>Receivable at June 30, 2013 and 2012</b>	<b><u>\$801,616</u></b>	<b><u>\$832,626</u></b>
Due Dates	8/17/12 2/08/13	8/12/11 2/10/12
Interest Rates on Delinquent Taxes	7.0%	7.0%
Collection Rate	97.78%	97.27%

Of the total taxes committed for the year ended June 30, 2013, \$502,580 was allocated to the Saco Island TIF District, \$40,572 was allocated to First Light Technology, Inc., \$282,927 was allocated to the Spring Hill TIF, \$66,707 was allocated to Industrial Park (People's Choice FCU), \$22,348 was allocated to Incon/Franklin Fuels, \$0 was allocated to Saco Island Renaissance, and \$113,526 was allocated to Park North under the approved incremental tax levied on the Tax Increment Financing Districts' "captured assessed value" (see Note 9).

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

**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, 2012 and 2013.

Capital assets of the City for the years ended June 30, 2012 and 2013, consisted of the following:

	Historical Cost	Accumulated Depreciation	Net Cost 2013	Net Cost 2012
<b>Governmental Activities:</b>				
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	1,798,331
Street Pavement System	13,426,915	-	13,426,915	13,426,915
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
<b>Total Governmental Activities</b>	<b>41,750,678</b>	<b>-</b>	<b>41,750,678</b>	<b>41,750,678</b>
<b>Business-type Activities:</b>				
Sewer pipe	14,918,272	-	14,918,272	14,918,272
<b>Total Business-type Activities</b>	<b>\$ 14,918,272</b>	<b>-</b>	<b>14,918,272</b>	<b>14,918,272</b>

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
<b>Governmental Activities:</b>				
Buildings and Improvements	\$ 18,133,938	\$ -	\$ -	\$ 18,133,938
Vehicles	5,163,421	383,615	(177,470)	5,369,566
Machinery and Equipment	4,631,873	246,300	(481,611)	4,396,562
Total	27,929,232	629,915	(659,081)	27,900,066
Accumulated Depreciation:				
Buildings and Improvements	(7,160,022)	(337,056)	-	(7,497,078)
Vehicles	(3,465,784)	(460,665)	173,839	(3,752,610)
Machinery and Equipment	(3,784,333)	(189,763)	481,611	(3,492,485)
Total	(14,410,139)	(987,484)	655,450	(14,742,173)
<b>Total Governmental Activities</b>	<b>\$ 13,519,093</b>	<b>\$ (357,569)</b>	<b>\$ (3,631)</b>	<b>\$ 13,157,893</b>

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

**Note 4 – CAPITAL ASSETS, Continued**

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

Vehicles	\$ (286,826)
Buildings	(337,056)
Equipment	291,848
<b><u>TOTAL</u></b>	<b><u>\$ (322,034)</u></b>

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
<b>Business-type Activities:</b>				
Buildings and Improvements	\$ 9,245,821	\$ -	\$ -	\$9,245,821
Vehicles	140,127	-	-	140,127
Machinery and Equipment	1,630,593	-	-	1,630,593
Total	11,016,541	-	-	11,016,541
<b>Accumulated Depreciation:</b>				
Buildings and Improvements	(3,027,689)	(217,061)	-	(3,244,750)
Vehicles	(70,135)	(22,987)	-	(93,122)
Machinery and Equipment	(1,158,874)	(79,395)	-	(1,238,269)
Total	(4,256,698)	(319,443)	-	(4,576,141)
<b>Total Business-type Activities</b>	<b>\$6,759,843</b>	<b>\$ (319,443)</b>	<b>\$ -</b>	<b>\$6,440,400</b>

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

Buildings	\$ (217,061)
Vehicles	(22,987)
Equipment	(79,395)
<b><u>TOTAL</u></b>	<b><u>\$ (319,443)</u></b>

For the year ended June 30, 2013 and 2012, depreciation expense on capital assets was charged to the government functions as follows:

	<b><u>2013</u></b>	<b><u>2012</u></b>
General Government	\$108,988	130,242
Public Safety – Police	143,802	164,447
Public Works	310,984	267,782
Parks and Recreation	60,357	44,679
Public Safety – Fire	363,353	334,740
<b><u>Total Depreciation Expense</u></b>	<b><u>\$ 987,484</u></b>	<b><u>941,890</u></b>

For the year ended June 30, 2013 and 2012, repairs and maintenance expenses on capital and infrastructure assets were charged to the government functions as follows:

	<b><u>2013</u></b>	<b><u>2012</u></b>
Public Safety – Police	\$46,918	11,631
Public Safety – Fire/Ambulance	3,703	15,144
Public Works	20,561	21,447
Parks and Recreation	18,691	20,611
Capital Improvement Projects	76,125	30,426
<b><u>Total Repairs &amp; Maintenance Expense</u></b>	<b><u>\$ 165,998</u></b>	<b><u>99,259</u></b>

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

**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 \$1,220,699 for governmental activities and \$67,106 for business-type activities at June 30, 2013, 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 tax anticipation notes to cover the cash shortfall during the fiscal year. The amount of the tax anticipation note issued were \$3,400,000 and \$3,000,000. The City paid off the tax anticipation notes in this fiscal year. Tax anticipation note activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Tax anticipation note	\$1,500,000	\$6,400,000	\$7,900,000	\$ -

**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, 2013:

	Bonds & Notes Payable	Capital Leases Payable	Compensated Absences (1)	Other Post- Employment Benefits	Total
<b>Governmental Activities:</b>					
Debt Payable at June 30, 2012	\$ 15,044,962	\$ 1,780,088	\$ 1,224,016	\$ 574,305	18,623,371
Add: New debt payables	-	554,331	127,055	131,505	812,891
	15,044,962	2,334,419	1,351,071	705,810	19,436,262
Less: Debt retired	1,319,667	507,220	130,372	-	1,957,259
Debt Payable at June 30, 2013	\$ 13,725,295	\$ 1,827,199	\$ 1,220,699	\$ 705,810	\$ 17,479,003
Due within one year	1,316,066	437,165	-	-	1,753,231
<b>Business-type Activities:</b>					
Debt Payable at June 30, 2012	952,500	-	70,582	-	1,023,082
Add: New debt payables	-	-	15,079	-	15,079
	952,500	-	85,661	-	1,038,161
Less: Debt retired	222,500	-	18,555	-	241,055
Debt Payable at June 30, 2013	\$ 730,000	\$ -	\$ 67,106	\$ -	\$ 797,106
Due within one year	220,000	-	-	-	220,000

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



**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

**Note 7 - LONG-TERM DEBT, Continued**

Long-term debt payable at June 30, 2013 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><u>Governmental Activities:</u></i>					
2007 Infrastructure Bond	4.15% - 4.20%	\$4,355,000	10/1/2027	\$3,255,000	\$220,000
2006 Open Space Bond	4.00% - 4.50%	1,500,000	1/1/2026	975,000	75,000
2003 Refunding Bond	3.85%	2,977,057	10/1/2018	1,115,295	186,066
2002 Refunding Bond (50%)	2.00% - 4.50%	1,092,500	10/1/2014	150,000	75,000
1996 Police Station	5.60%	2,000,000	10/1/2016	400,000	100,000
1996 Route One Sewer (50%)	5.55%	2,900,000	10/1/2016	580,000	145,000
2010 Fire Station Bond	2.00% - 4.38%	5,999,000	5/1/2040	5,395,000	200,000
2010 Roads Bond	2.00% - 4.00%	2,300,000	5/1/2018	1,430,000	290,000
2010 Trails Bond	2.00% - 4.00%	500,000	5/1/2030	425,000	25,000
<b>Total - Governmental Activities</b>				<b>\$13,725,295</b>	<b>\$1,316,066</b>
<i><u>Business-type Activities:</u></i>					
2002 Refunding Bond (50%)	2.00% - 4.50%	\$1,092,500	10/1/2014	\$ 150,000	\$ 75,000
1996 Route One Sewer (50%)	5.55%	2,900,000	10/1/2016	580,000	145,000
<b>Total Enterprise Fund</b>				<b>\$ 730,000</b>	<b>\$ 220,000</b>
<b>Grand Total All Funds</b>				<b>\$ 14,455,295</b>	<b>\$ 1,536,066</b>

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**Note 7 - LONG-TERM DEBT, Continued**

The annual requirements to amortize General Obligation Bonds outstanding as of June 30, 2013 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>			
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	991,066	340,928	1,331,994
2019-2023	2,764,965	1,318,185	4,083,150
2024-2028	2,425,000	788,438	3,213,438
2029-2033	1,050,000	431,469	1,481,469
2034-2038	1,000,000	216,906	1,216,906
2039-2040	395,000	25,813	420,813
Total	13,725,295	4,852,202	18,577,497
<u>Business-type Activities:</u>			
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	730,000	39,378	769,378

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

**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, 2013:

	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	\$ 13,705	\$ 891	\$ 12,814
PW Vactor & PR Backhoe 2009	338,322	33,832	206,194	26,158	180,036
Copiers - 2011	101,745	20,349	68,422	5,045	63,377
Fire pumper truck	358,853	23,924	172,260	15,310	156,950
Public Works - equipment 2007	312,481	31,248	104,129	7,605	96,524
Public Works - equipment 2005	626,532	125,306	76,407	3,438	72,969
Parks & Rec - Tractor - 2010	57,892	5,789	43,194	6,946	36,248
Public Works - Trackless Sidewalk Plow - 2010	135,285	27,057	101,093	16,253	84,840
Parks & Rec - Wheel Loader - 2010	137,500	13,795	102,090	15,732	86,358
Public Works - Skid Steer - 2010	27,449	2,745	20,500	3,296	17,204
Fire/Ford Expedition - 2011	35,585	7,117	22,724	2,059	20,665
PW 2 Plow Trucks - 2011	264,634	52,927	198,496	14,479	184,017
PW Chevy Colorado - 2011	21,833	4,367	9,241	388	8,853
PW F550 - 2011	44,790	8,958	28,778	2,755	26,023
PW Roller - 2012	23,900	4,780	15,411	852	14,559
PW Loader w/Plow - 2012	209,962	20,996	169,291	26,522	142,769
P&R Mower - 2012	25,024	5,005	17,480	941	16,539
PW Dump Body/Sander - 2012	42,250	8,450	33,131	2,983	30,148
P&R Cargo Van - 2012	21,882	4,376	13,893	771	13,122
P&R Minivan - 2012	24,863	4,973	15,555	863	14,692
FD Fire Equipment - 2012	68,381	6,838	53,861	5,072	48,789
PW F450 - 2012	60,344	12,069	47,531	4,476	43,055
PW Excavator - 2013	185,300	11,230	181,634	17,584	164,050
Admin Prius - 2013	22,825	3,444	18,260	-	18,260
FD Emergency Utility Vehicle - 2013	25,180	4,197	21,130	1,233	19,897
PW One Ton F550 - 2013	59,860	4,945	50,348	3,075	47,273
PR F350 - 2013	36,155	6,157	30,342	1,773	28,569
PR F550 - 2013	47,148	5,768	39,551	2,291	37,260
FD Rescue - 2013	178,846	23,846	150,028	8,689	141,339
			<u>\$ 2,024,679</u>	<u>\$ 197,480</u>	<u>\$ 1,827,199</u>

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**Note 7 - LONG-TERM DEBT, Continued**

The annual requirements to amortize Capital Lease Obligations outstanding as of June 30, 2013 for the Governmental activities are as follows:

Year	Principal	Interest	Total Lease Obligation
2014	\$ 437,165	\$ 67,032	\$ 504,197
2015	387,923	50,694	438,617
2016	390,151	36,985	427,136
2017	325,616	23,221	348,837
2018	154,088	11,773	165,861
2019-2021	<u>132,256</u>	<u>7,785</u>	<u>140,041</u>
Total	<u>\$ 1,827,199</u>	<u>\$ 197,490</u>	<u>\$ 2,024,689</u>

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, 2013, of \$16,282,496, was \$287,572,504 or below the City's statutory debt limit. Total interest expended for all funds of the City was \$607,643, for the year ended June 30, 2013.

**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, 2013, the City's equalized State valuation of \$2,025,700,000 was 6.98% of the County's equalized State Valuation of \$29,012,250,000. The City's share is 6.98%, or \$723,048 of York County's \$10,355,554 long-term debt outstanding as of June 30, 2013.

The Biddeford-Saco-Old Orchard Beach Transit Committee had long-term debt of \$489,065 outstanding on June 30, 2013. 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 \$163,022.

**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.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**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.

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.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**Note 10 - TAX INCREMENT FINANCING DISTRICT, Continued**

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.

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.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**Note 10 - TAX INCREMENT FINANCING DISTRICT, Continued**

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.

The Industrial Park Road TIF was approved March 16, 2007, 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 3/20/09 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.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**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 \$852,328 at June 30, 2013.

**Note 12 - CLASSIFICATION OF NET POSITION**

In the Government-wide financial statements net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. 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 Position - 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 Position - Represents the net position 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, 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 Millbrook Industrial Park and Efficiency Maine fund are carrying forward fund deficits as of June 30, 2013. These deficits will be funded by future operations through anticipated revenues to be received.

**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, 2013, 2012 and 2011 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.



**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**Note 14 - RETIREMENT SYSTEM, Continued**

**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 \$126,529 for the year ended June 30, 2013, \$96,091 (5%) for the year ended June 30, 2012 and \$77,525 (5%) for the year ended June 30, 2011. 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 \$696,879 for the year ended June 30, 2013, \$645,671 for the year ended June 30, 2012, and \$660,027 for the year ended June 30, 2011.

**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, 2013. 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, 2013 and 2012.

**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.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**Note 16 – BUDGETARY INFORMATION, Continued**

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.

Per City Charter, the level of budgetary control is at the department level. The following departments overspent their fiscal year 2013 budgets: Legislative \$1,769, Administration \$14,700, City Clerk \$20,151, Building Inspection \$3,102, Parks & Recreation \$218,391, and Contingency \$16,626. 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, 2013 and 2012 the amounts carried over by the departments totaled \$1,157,121 and \$363,349, 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.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**Note 17 – INTERFUND ACCOUNTS**

Due from/to other funds at June 30, 2013 consist of the following:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ 5,427,883	\$ 1,239,976
Special Revenue Funds	751,026	479,790
Capital Project Funds	95,219	450,735
Saco Island TIF Fund	-	892,762
Proprietary Funds	-	3,210,865
<b><u>TOTAL</u></b>	<b><u>\$ 6,274,128</u></b>	<b><u>\$ 6,274,128</u></b>

Interfund transfers during the year ended June 30, 2013 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 426,000	\$ 1,028,660
Special Revenue Funds	843,571	933,491
Saco Island TIF Fund	502,580	25,000
Capital Funds	215,000	-
<b><u>TOTAL</u></b>	<b><u>\$ 1,987,151</u></b>	<b><u>\$ 1,987,151</u></b>

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, 2013**

**Note 18 – FUND BALANCE**

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

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Nonspendable:</b>			
Prepaid	\$ 130,152	\$ -	\$ 130,152
Notes Receivable	-	7,144	7,144
Principal of permanent funds	-	181,383	181,383
<b>Total Nonspendable</b>	<b>130,152</b>	<b>188,527</b>	<b>318,679</b>
<b>Restricted</b>			
Finance and Administration	-	874,734	874,734
Community Services	-	1,366,541	1,366,541
Public Safety	-	16,789	16,789
Permanent Funds	-	416,204	416,204
<b>Total Restricted</b>	<b>-</b>	<b>2,674,268</b>	<b>2,674,268</b>
<b>Committed</b>			
City Service	-	3,021	3,021
Public Safety	83,569	277,743	361,312
Public Works	-	148,905	148,905
<b>Total Committed</b>	<b>83,569</b>	<b>429,669</b>	<b>513,238</b>
<b>Assigned</b>			
Finance and Administration	-	5,948	5,948
City Service	-	159	159
Community Services	-	2,491	2,491
Public Safety	-	1,501	1,501
Public Works	-	734,708	734,708
Encumbrances	464,981	-	464,981
Reserves	1,157,121	-	1,157,121
<b>Total Assigned</b>	<b>1,622,102</b>	<b>744,807</b>	<b>2,366,909</b>
<b>Unassigned</b>	<b>4,552,076</b>	<b>(1,753,100)</b>	<b>2,798,976</b>
<b>Total Fund Balance</b>	<b>\$ 6,387,899</b>	<b>\$ 2,284,171</b>	<b>\$ 8,672,070</b>

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2013**

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**Note 19 – NET POSITION**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds.

The City's net investment in capital assets was calculated as follows at June 30, 2013:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 69,650,744	\$ 25,934,813
Accumulated depreciation	(14,742,173)	(4,576,141)
Bonds payable	(13,725,295)	(730,000)
Capital leases	(1,827,201)	-
Add back unspent bond proceeds	2,925	-
<u>Net investment in capital assets</u>	<u>\$ 39,359,000</u>	<u>\$ 20,628,672</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, 2013**

**Note 20 – OTHER POST EMPLOYMENT BENEFITS, continued**

The following table represents the OPEB costs for the years ended June 30, 2013, 2012 and 2011 and the annual required contribution:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Normal cost	\$ 78,543	78,543	78,543
Amortization of Unfunded	101,793	101,793	101,793
Interest	3,571	3,571	3,571
Annual required contribution	183,907	183,907	183,907
Interest on net OPEB obligations	22,972	17,446	11,299
Amortizing adjustment to ARC	(33,212)	(25,223)	(16,336)
Annual OPEB cost	173,667	176,130	178,870
Less: Actual contributions	(42,162)	(37,987)	(25,183)
Annual required contribution	131,505	138,143	153,687
Net OPEB obligation beginning of year	574,305	436,162	282,475
Net OPEB obligation end of year	\$ 705,810	574,305	436,162

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, 2013, 2012 and 2011 was as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual required contribution	\$ 173,667	\$ 176,130	\$ 178,870
Percent contributed	24.3%	21.6%	14.1%
Net OPEB obligation	705,810	574,305	436,162
Actuarial accrued liability	1,830,622	1,830,622	1,830,622
Plan assets	-	-	-
Unfunded actuarial accrued liability	1,830,622	1,830,622	1,830,622
Covered payroll	8,564,636	8,863,551	7,918,078
Unfunded actuarial accrued liability as a percentage of covered payroll	21.4%	20.6%	23.1%

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, 2013**

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**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
Amortization period	30 years-open

Actuarial assumptions:

Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare cost trend rate	4.0% - 8.7%
Inflation rate (implicit)	3.0%

**Note 21 – SUBSEQUENT EVENT**

**School Administrative Reorganization** – On November 5, 2013, the voters approved the withdrawal of the City of Saco from the Regional School Unit 23 (“RSU 23”), effective July 1, 2014 and subject to the terms and conditions of the withdrawal agreement dated August 1, 2013. The voters still need to approve a new seven member school board. The Saco School Department will continue to provide K-12 education.

**CITY OF SACO, MAINE**  
**Required Supplementary Information**  
**June 30, 2013**

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**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 year. 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, on average, 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.



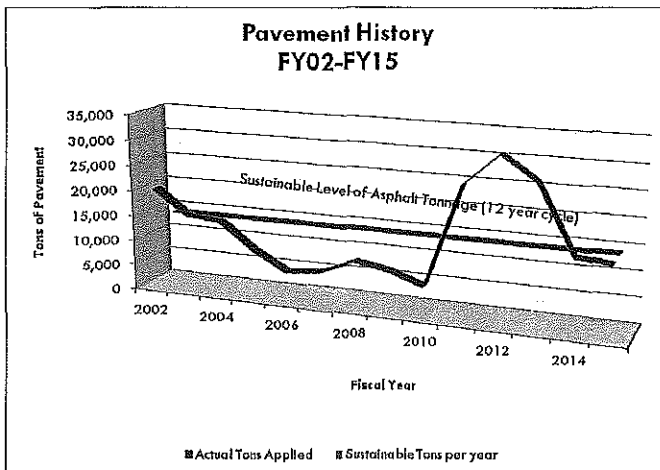
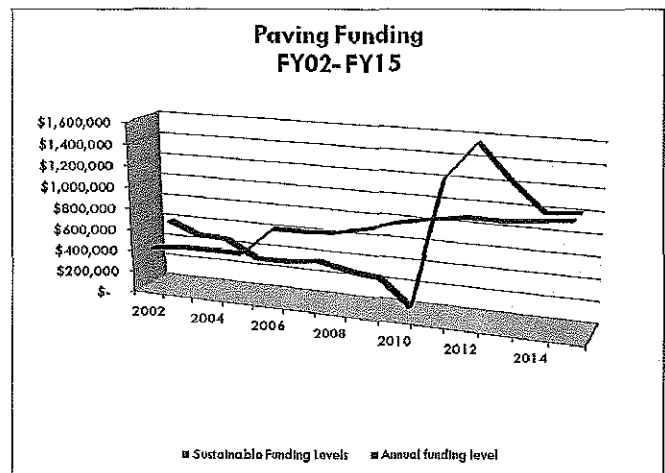
**CITY OF SACO, MAINE**  
**Required Supplementary Information**  
**June 30, 2013**

**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, 2013**

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**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, 2007 through June 30, 2013, the City's other infrastructure assets had established condition assessment levels as follows:

<u>Condition Average</u>	FY 2007-2009 % of Other <u>Infrastructure</u>	FY 2010-2012 % of Other <u>Infrastructure</u>	FY2013-2013 % of Other <u>Infrastructure</u>	Management System <u>Rating</u>
Excellent to Good	83.0%	68.1%	74.5%	1
Fair	13.8%	14.2%	14.5%	2
Poor to Substandard	3.2%	17.7%	11.0%	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, 2013 the poor to substandard has decreased and moving in the right direction.

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:

- Replaced Beach St. sidewalk wall at Washington Ave
- Paved 8660 center line feet of roadway
- Rehabilitated over 2000 feet of existing sidewalks
- Inspected all cross country sewer lines
- Inspected 16,000 feet of sewer lines with camera van
- Replaced 80 feet of sewer main on Hall Ave.
- Replaced jersey barrier at North and Main Ave in Camp Ellis
- Began "point repair" program to repair small sewer line issues
- Upgraded traffic signal controls on Industrial Park Rd and North St
- Performed cleaning and repair maintenance to City owned stormwater detention ponds

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, 2013, 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.

**CITY OF SACO, MAINE**  
**Required Supplementary Information**  
**June 30, 2013**

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**MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS, Continued**

For the years ended June 30, 2013, 2012, 2011, 2010, and 2009, the City estimated the following amounts for maintenance and preservation of assets of each network or subsystem at the minimum required condition level:

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Sewer	\$ -	\$ 169,000	\$ -	\$ -	\$ -
Storm drainage	50,000	-	-	-	41,000
Sidewalks	50,000	-	-	25,000	154,000
Street Pavement System	710,955	-	-	-	-
Traffic signals	20,000	20,000	15,000	12,000	7,500

For the years ended June 30, 2013, 2012, 2011, 2010, and 2009, the City expended the following amounts for maintenance and preservation of assets of each network or subsystem:

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Sewer	\$ -	\$ 170,915	\$ -	\$ -	\$ 14,057
Storm drainage	36,889	19,387	106,045	53,061	262
Sidewalks	47,285	99,048	25,629	20,675	51,834
Street Pavement System	533,558	515,164	2,967,403	1,328,699	1,033,744
Traffic signals	25,259	9,141	56,300	-	-

**CITY OF SACO, MAINE**  
**Required Supplementary Information**  
**June 30, 2013**

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**Schedule of Funding Progress**  
**Retiree Healthcare Plan**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a) /c]
2009	1/1/09	\$ -	\$ 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	20.6%
2013	1/1/11	\$ -	\$ 1,830,622	\$ 1,830,622	0.00%	\$ 8,564,636	21.4%

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## **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.

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**CITY OF SACO, MAINE**  
**Comparative Balance Sheets - General Fund**  
**June 30, 2013**

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,006,012	\$ 842,103
Investments	1,364,078	436,281
Accounts receivable	656,341	410,320
Taxes receivable:		
Current year	801,616	832,626
Prior year	107,733	113,770
Tax liens	330,945	424,321
Prepaid items	130,152	124,024
Interfund receivable	5,427,883	6,508,222
Tax acquired property	93,953	58,359
<b>Total assets</b>	<b>\$ 9,918,713</b>	<b>\$ 9,750,026</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 987,027	\$ 868,648
Accrued liabilities	256,436	208,791
Taxes collected in advance	86,803	78,491
Interfund payable	1,239,976	1,501,041
Tax anticipation note payable	-	1,500,000
<b>Total liabilities</b>	<b>2,570,242</b>	<b>4,156,971</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	960,572	1,065,676
<b>Total deferred inflows of resources</b>	<b>960,572</b>	<b>1,065,676</b>
<b>FUND BALANCE</b>		
Nonspendable	130,152	124,024
Committed	83,569	69,206
Assigned	1,622,102	662,668
Unassigned	4,552,076	3,671,481
<b>Total fund balance</b>	<b>6,387,899</b>	<b>4,527,379</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 9,918,713</b>	<b>\$ 9,750,026</b>



**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, 2013**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Real and Personal Property	\$ 36,097,539	\$ 36,077,360	\$ (20,179)
Change in Deferred Property Revenues	-	105,103	105,103
Excise Taxes	2,868,000	3,103,930	235,930
Interest and Lien Costs on Taxes	132,000	152,464	20,464
Total taxes	39,097,539	39,438,857	341,318
Licenses and Permits:			
City Clerk Fees	85,000	86,039	1,039
Building Permits	250,000	276,844	26,844
Cable Television Franchise	275,000	278,071	3,071
Plumbing Permits	13,000	18,270	5,270
Electrical Inspection Fees	20,000	24,133	4,133
Snowmobile Registrations	2,800	1,946	(854)
Canine Licenses and Late Fees	12,000	15,497	3,497
Victualers' License	7,000	8,185	1,185
Total licenses and permits	664,800	708,985	44,185
Intergovernmental:			
State Assistance:			
Revenue Sharing	1,223,000	1,302,721	79,721
Local Road Assistance	245,568	255,465	9,897
Welfare Reimbursement	58,000	81,888	23,888
Homestead Exemptions	271,563	363,713	92,150
Other State Aid	239,000	304,538	65,538
Other Federal	-	83,721	83,721
Total intergovernmental	2,037,131	2,392,046	354,915
Charges for Services:			
Police	35,000	41,479	6,479
Community Policing-Thornton Academy/Saco Middle	47,000	50,890	3,890
Public Works	287,000	331,324	44,324
Transfer Station Fees	36,000	45,400	9,400
Sewer Inspection Fees	1,300	6,457	5,157
Recreation Department	625,000	804,130	179,130
False Alarm Fines	15,000	10,000	(5,000)
Miscellaneous Fees	12,000	19,915	7,915
Total charges for services	1,058,300	1,309,595	251,295
Other Revenues:			
Interest Earnings	8,000	9,708	1,708
Sale of City Assets	-	60,160	60,160
Building Rentals	40,000	46,871	6,871
Insurance Claims and Refunds	238,000	252,229	14,229
Planning/Zoning Board and Engineering Studies	65,000	31,930	(33,070)
Recycled Waste and Fees	18,000	15,621	(2,379)
Unclassified	40,000	45,127	5,127
Total other revenues	409,000	461,646	52,646
<b>TOTAL REVENUES</b>	<b>43,266,770</b>	<b>44,311,129</b>	<b>1,044,359</b>

**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, 2013**

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES:</b>			
General Government:			
Legislative	\$ 20,325	\$ 22,094	\$ (1,769)
City Administration	292,396	307,096	(14,700)
Finance	380,671	364,055	16,616
Technology	485,431	448,490	36,941
City Clerk/Voter Registration/Welfare Assistance	286,883	307,034	(20,151)
Assessor	187,503	182,124	5,379
City Building Maintenance	118,145	105,120	13,025
Legal Services	182,500	156,201	26,299
Building Inspector	212,671	215,773	(3,102)
Planning	317,837	304,063	13,774
Total general government	2,484,362	2,412,050	72,312
Public Safety:			
Police/Central Dispatch	3,341,888	3,312,691	29,197
Fire/Ambulance/Public Water	2,792,236	2,789,734	2,502
Total public safety	6,134,124	6,102,425	31,699
Public Works:			
Administration/Maintenance	4,889,976	4,718,475	171,501
Total public works	4,889,976	4,718,475	171,501
Culture and Recreation:			
Parks & Recreation	1,245,782	1,464,173	(218,391)
Total culture and recreation	1,245,782	1,464,173	(218,391)
Education	19,645,381	19,410,765	234,616
County Tax	1,100,295	1,100,295	-
Unclassified:			
Employee Benefits	2,947,171	2,775,796	171,375
Insurance	166,963	159,534	7,429
Public Agencies/City Agencies	703,500	687,479	16,021
Emergency Management	5,820	5,821	(1)
Overlay	755,000	-	755,000
Contingency	163,200	179,826	(16,626)
Total unclassified	4,741,654	3,808,456	933,198
Debt Service:			
Principal	1,826,268	1,771,250	55,018
Interest	406,247	329,230	77,017
Total debt service	2,232,515	2,100,480	132,035

**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, 2013**

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES (Continued):</b>			
Capital Projects:			
Sidewalk improvement	\$ 86,481	\$ (52,714)	\$ 139,195
Street overlay/Road reconstruction	708,721	533,558	175,163
Storm drainage projects	50,000	36,889	13,111
Industrial Park Railroad	10,000	-	10,000
North Saco Fire Station	16,000	8,885	7,115
Public Works North Street	150,000	756	149,244
Mill District Pedestrian Bridge	(7,684)	9,191	(16,875)
PACTS Projects	168,045	20,746	147,299
Laserfiche 2&3	3,710	3,710	-
Appraisal conversion	35,224	-	35,224
Saco Steal	37,374	-	37,374
City Hall roof repairs	102,502	-	102,502
Conservation Projects	39,569	(15,000)	54,569
Route One Project	33,939	-	33,939
Stackpole Creek Bridge	43,928	11,624	32,304
Brownfield Remediation Site	25,000	3,218	21,782
Tri-Community Camera	62,558	32,188	30,370
PACTS/Interlocal Studies	65,500	11,383	54,117
Camp Ellis Capital	(5,070)	(5,070)	-
Beach Street Retaining Wall	65,000	54,860	10,140
Young Playground	48,500	48,500	-
Renovations Community Center	30,294	19,695	10,599
Call Fire Retirement	-	(7,180)	7,180
Capital Reserves (Emergency)	20,528	3,769	16,759
Ocean Greens	6,441	-	6,441
Egret Cove	(29,693)	(29,693)	-
EPA Audit Findings	-	41,515	(41,515)
Pepperell Pk Water Tower re-roof	15,000	-	15,000
Pepperell Pk Water Tower repointing	15,000	-	15,000
Total Capital Projects	1,796,867	730,830	1,066,037
<b>TOTAL EXPENDITURES</b>	<b>44,270,956</b>	<b>41,847,949</b>	<b>2,423,007</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<b>(1,004,186)</b>	<b>2,463,180</b>	<b>3,467,366</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Budgeted Utilization of Surplus-City	785,000	-	(785,000)
Carryover of Assigned Fund Balance	596,186	-	(596,186)
Transfers In:			
Capital Projects Fund	25,000	25,000	-
Special Revenue Fund	401,000	401,000	-
Transfers Out:			
Special Revenue Fund	(803,000)	(1,028,660)	(225,660)
Total other financing sources	1,004,186	(602,660)	(1,606,846)
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>1,860,520</b>	<b>1,860,520</b>
<b>Fund balance beginning of year</b>		<b>4,527,379</b>	
<b>Fund balance end of year</b>		<b>\$ 6,387,899</b>	

## **ALL OTHER GOVERNMENTAL FUNDS**

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**CITY OF SACO, MAINE**  
**Combining Balance Sheet - All Other Non-major Governmental Funds**  
**June 30, 2013**

	Special Revenue Funds	Capital Project Funds	Permanent Fund	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 388,112	\$ -	\$ 12,672	\$ 400,784
Investments	336,362	837,900	584,215	1,758,477
Accounts Receivable (net)	1,147,344	-	700	1,148,044
Other	38,311	-	-	38,311
Notes Receivable (net)	7,144	-	-	7,144
Interfund Receivables	751,026	95,219	-	846,245
<b>Total assets</b>	<b>2,668,299</b>	<b>933,119</b>	<b>597,587</b>	<b>4,199,005</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	44,248	49,211	-	93,459
Accrued Wages	1,011	-	-	1,011
Interfund Payables	479,790	450,735	-	930,525
<b>Total liabilities</b>	<b>525,049</b>	<b>499,946</b>	<b>-</b>	<b>1,024,995</b>
Fund Balances:				
Nonspendable	7,144	-	181,383	188,527
Restricted	2,188,278	66,863	416,204	2,671,345
Committed	421,869	7,800	-	429,669
Assigned	4,151	740,656	-	744,807
Unassigned	(478,192)	(382,146)	-	(860,338)
<b>Total fund balances</b>	<b>2,143,250</b>	<b>433,173</b>	<b>597,587</b>	<b>3,174,010</b>
<b>Total liabilities and fund balances</b>	<b>2,668,299</b>	<b>933,119</b>	<b>597,587</b>	<b>4,199,005</b>

**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, 2013**

	Special Revenue Funds	Capital Project Funds	Permanent Fund	Total Other Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ 276,879	\$ -	\$ -	\$ 276,879
Charges for Services	851,951	-	-	851,951
Interest Income	5,088	112	25,098	30,298
Other Revenues	79,765	2,350	27,653	109,768
Total revenues	1,213,683	2,462	52,751	1,268,896
<b>EXPENDITURES</b>				
Current:				
Special Projects	326,048	-	10,750	336,798
Housing Programs	238,267	-	-	238,267
Capital Expenditures	3,899	322,992	-	326,891
Total expenditures	568,214	322,992	10,750	901,956
Excess (deficiency) of revenues over (under) expenditures	645,469	(320,530)	42,001	366,940
<b>OTHER FINANCING SOURCES (USES) OF FUNDS</b>				
Transfers In	843,571	215,000	-	1,058,571
Transfers Out	(933,491)	-	-	(933,491)
Total other financing sources (uses)	(89,920)	215,000	-	125,080
Net change in fund balances	555,549	(105,530)	42,001	492,020
Fund balances - beginning of year	1,587,701	538,703	555,586	2,681,990
Fund balances - end of year	\$ 2,143,250	\$ 433,173	\$ 597,587	\$ 3,174,010

## **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:

### ***Riverwalk***

To account for money collected to improve the riverwalk area.

### ***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.

### ***Dog Park***

To account for money collected to build and maintain a dog park.

### ***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.

### ***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

### ***Young School Playground***

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

### ***Emergency Management***

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

### ***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.

## **SPECIAL REVENUE FUNDS, CONTINUED**

### ***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.

### ***General Assistance***

To account for money collected to assist in areas that are not covered by the current State General Assistance Program.

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**CITY OF SACO, MAINE**  
**Combining Balance Sheet - Non-major Special Revenues Funds**  
**June 30, 2013**

	Riverwalk	Recreation Impact Fees	Ambulance	Economic Development Fund	Saco Housing Agency	Historic Preservation	National Center for Civic Innovation
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 100,098	\$ -	\$ -
Investments	-	-	-	61,337	-	-	-
Accounts Receivable (net allowance of \$131,038)	-	-	251,460	-	-	-	-
Other	-	-	-	-	-	-	-
Notes Receivable (net allowance of \$7,143)	-	-	-	-	-	-	-
Interfund Receivables	1,555	-	28,404	281,365	-	11,400	-
<b>Total assets</b>	<b>1,555</b>	<b>-</b>	<b>279,864</b>	<b>342,702</b>	<b>100,098</b>	<b>11,400</b>	<b>-</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts Payable	-	-	2,543	-	28,210	-	-
Accrued Wages	-	-	-	-	-	-	-
Interfund Payables	-	477,426	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>477,426</b>	<b>2,543</b>	<b>-</b>	<b>28,210</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	1,555	-	-	342,702	71,888	11,400	-
Committed	-	-	277,321	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	(477,426)	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>1,555</b>	<b>(477,426)</b>	<b>277,321</b>	<b>342,702</b>	<b>71,888</b>	<b>11,400</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,555</b>	<b>\$ -</b>	<b>\$ 279,864</b>	<b>\$ 342,702</b>	<b>\$ 100,098</b>	<b>\$ 11,400</b>	<b>\$ -</b>

Continued on following page.

**CITY OF SACO, MAINE**  
**Combining Balance Sheet - Non-major Special Revenues Funds**  
**June 30, 2013**

	Recreation Donations	Wellness Grant	Planning Board Improvements	Fire Reserves	Jump Start Grant	Police Arrest Forfeiture Fund	Joe Riley Memorial Park
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,799
Investments	-	-	-	-	-	-	-
Accounts Receivable (net allowance of \$131,038)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Notes Receivable (net allowance of \$7,143)	-	-	7,144	-	-	-	-
Interfund Receivables	2,500	31,348	4,871	422	100	9,481	-
<b>Total assets</b>	<b>2,500</b>	<b>31,348</b>	<b>12,015</b>	<b>422</b>	<b>100</b>	<b>9,481</b>	<b>1,799</b>
<b>LIABILITIES AND FUND BALANCES:</b>							
Liabilities:							
Accounts Payable	-	-	-	-	-	-	-
Accrued Wages	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-	1,598
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,598</b>
Fund Balances (Deficits):							
Nonspendable	-	-	7,144	-	-	-	-
Restricted	-	31,348	4,871	-	-	9,481	-
Committed	2,500	-	-	422	100	-	201
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>2,500</b>	<b>31,348</b>	<b>12,015</b>	<b>422</b>	<b>100</b>	<b>9,481</b>	<b>201</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,500</b>	<b>\$ 31,348</b>	<b>\$ 12,015</b>	<b>\$ 422</b>	<b>\$ 100</b>	<b>\$ 9,481</b>	<b>\$ 1,799</b>

Continued on following page.

**CITY OF SACO, MAINE**  
**Combining Balance Sheet - Non-major Special Revenues Funds**  
**June 30, 2013**

	PD York County Tech	Spring Hill TIF Project	First Light TIF Project	Dog Park	Employee Assistance	CDBG Country Village
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	113,181	-	-	-	-
Accounts Receivable (net allowance of \$131,038)	-	-	-	-	-	-
Other	-	-	-	-	-	-
Notes Receivable (net allowance of \$7,143)	-	-	-	-	-	-
Interfund Receivables	507	113,870	-	5,825	-	-
<b>Total assets</b>	<b>507</b>	<b>227,051</b>	<b>-</b>	<b>5,825</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts Payable	-	-	-	-	-	-
Accrued Wages	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>						
Nonspendable	-	-	-	-	-	-
Restricted	507	227,051	-	5,825	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>507</b>	<b>227,051</b>	<b>-</b>	<b>5,825</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 507</b>	<b>\$ 227,051</b>	<b>\$ -</b>	<b>\$ 5,825</b>	<b>\$ -</b>	<b>\$ -</b>

Continued on following page.

CITY OF SACO, MAINE  
Combining Balance Sheet - Non-major Special Revenues Funds  
June 30, 2013

	PD Grant	Saco Island Renaissance TIF Project	Industrial Park TIF Project	Park North TIF Project	Incon/ Franklin Fuels TIF Project	Young School Playground
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	15,671	110,278	-	35,895	-
Accounts Receivable (net allowance of \$131,038)	-	-	-	-	-	-
Other	-	-	-	-	-	-
Notes Receivable (net allowance of \$7,143)	-	-	-	-	-	-
Interfund Receivables	3,878	6,362	89,076	-	1,810	-
<b>Total assets</b>	<b>3,878</b>	<b>22,033</b>	<b>199,354</b>	<b>-</b>	<b>37,705</b>	<b>-</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities:						
Accounts Payable	-	-	1,730	-	-	-
Accrued Wages	-	-	-	-	-	-
Interfund Payables	-	-	-	766	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,730</b>	<b>766</b>	<b>-</b>	<b>-</b>
Fund Balances (Deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	3,878	22,033	197,624	-	37,705	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(766)	-	-
<b>Total fund balances (deficits)</b>	<b>3,878</b>	<b>22,033</b>	<b>197,624</b>	<b>(766)</b>	<b>37,705</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,878</b>	<b>\$ 22,033</b>	<b>\$ 199,354</b>	<b>\$ -</b>	<b>\$ 37,705</b>	<b>\$ -</b>

Continued on following page.

CITY OF SACO, MAINE  
Combining Balance Sheet - Non-major Special Revenues Funds  
June 30, 2013

	Emergency Management Grants	Saco Community Garden	Camp Ellis	Front Street Park	Lucia Kimball Deering Trust	General Assistance	Totals 2013
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 286,215	\$ -	\$ 388,112
Investments	-	-	-	-	-	-	336,362
Accounts Receivable (net allowance of \$131,038)	-	-	-	-	895,884	-	1,147,344
Other	-	-	-	-	38,311	-	38,311
Notes Receivable (net allowance of \$7,143)	-	-	-	-	-	-	7,144
Interfund Receivables	1,501	2,491	153,881	159	-	220	751,026
<b>Total assets</b>	<b>1,501</b>	<b>2,491</b>	<b>153,881</b>	<b>159</b>	<b>1,220,410</b>	<b>220</b>	<b>2,668,299</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	-	-	11,765	-	-	-	44,248
Accrued Wages	-	-	1,011	-	-	-	1,011
Interfund Payables	-	-	-	-	-	-	479,790
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>12,776</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>525,049</b>
Fund Balances (Deficits):							
Nonspendable	-	-	-	-	-	-	7,144
Restricted	-	-	-	-	1,220,410	-	2,188,278
Committed	-	-	141,105	-	-	220	421,869
Assigned	1,501	2,491	-	159	-	-	4,151
Unassigned	-	-	-	-	-	-	(478,192)
<b>Total fund balances (deficits)</b>	<b>1,501</b>	<b>2,491</b>	<b>141,105</b>	<b>159</b>	<b>1,220,410</b>	<b>220</b>	<b>2,143,250</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,501</b>	<b>\$ 2,491</b>	<b>\$ 153,881</b>	<b>\$ 159</b>	<b>\$ 1,220,410</b>	<b>\$ 220</b>	<b>\$ 2,668,299</b>



**CITY OF SACO, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-major Special Revenue Funds**  
**For The Year Ended June 30, 2013**

	Riverwalk	Recreation Impact Fees	Ambulance	Economic Development Fund	Saco Housing Agency	Historic Preservation	National Center for Civic Innovation
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 236,369	\$ -	\$ -
Charges for Services	-	-	786,439	-	-	-	-
Interest Income	-	-	-	32	-	-	-
Other Revenue	1,555	63,435	-	-	-	4,200	-
Total revenues	1,555	63,435	786,439	32	236,369	4,200	-
<b>EXPENDITURES</b>							
Current:							
Special Projects	-	-	18,681	35,000	-	-	-
Housing Programs	-	-	-	-	238,267	-	-
Capital Expenditures	-	-	-	-	-	-	49
Total expenditures	-	-	18,681	35,000	238,267	-	49
Excess (deficiency) of revenues over (under) expenditures	1,555	63,435	767,758	(34,968)	(1,898)	4,200	(49)
<b>OTHER FINANCING SOURCES (USES) OF FUNDS</b>							
Transfers In	-	-	-	293,686	-	-	-
Transfers Out	-	-	(400,000)	-	-	-	-
Total other financing sources (uses)	-	-	(400,000)	293,686	-	-	-
Net change in fund balances	1,555	63,435	367,758	258,718	(1,898)	4,200	(49)
Fund balances (deficits) - beginning of year	-	(540,861)	(90,437)	83,984	73,786	7,200	49
Fund balances (deficits) - end of year	\$ 1,555	\$ (477,426)	\$ 277,321	\$ 342,702	\$ 71,888	\$ 11,400	-

Continued on following page.

**CITY OF SACO, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-major Special Revenue Funds**  
**For The Year Ended June 30, 2013**

	Recreation Donations	Wellness Grant	Planning Board Improvements	Fire Reserves	Jump Start Grant	Police Arrest Forfeiture Fund	Joe Riley Memorial Park
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Other Revenue	-	-	-	3	-	4,460	67
Total revenues	-	-	-	3	-	4,460	67
<b>EXPENDITURES</b>							
Current:							
Special Projects	-	2,297	-	-	-	20,881	-
Housing Programs	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	-	-
Total expenditures	-	2,297	-	-	-	20,881	-
Excess (deficiency) of revenues over (under) expenditures	-	(2,297)	-	3	-	(16,421)	67
<b>OTHER FINANCING SOURCES (USES) OF FUNDS</b>							
Transfers In	-	569	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	569	-	-	-	-	-
Net change in fund balances	-	(1,728)	-	3	-	(16,421)	67
Fund balances (deficits) - beginning of year	2,500	33,076	12,015	419	100	25,902	134
Fund balances (deficits) - end of year	\$ 2,500	\$ 31,348	\$ 12,015	\$ 422	\$ 100	\$ 9,481	\$ 201

Continued on following page.

**CITY OF SACO, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-major Special Revenue Funds**  
**For The Year Ended June 30, 2013**

	PD York County Tech	Spring Hill TIF Project	First Light TIF Project	Dog Park	Employee Assistance	CDBG Country Village
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-
Interest Income	-	37	109	-	-	-
Other Revenue	-	-	-	5,825	-	-
Total revenues	-	37	109	5,825	-	-
<b>EXPENDITURES</b>						
Current:						
Special Projects	-	-	-	-	-	-
Housing Programs	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	37	109	5,825	-	-
<b>OTHER FINANCING SOURCES (USES) OF FUNDS</b>						
Transfers In	-	282,927	40,572	-	-	23,236
Transfers Out	-	(215,000)	(293,686)	-	(569)	-
Total other financing sources (uses)	-	67,927	(253,114)	-	(569)	23,236
Net change in fund balances	-	67,964	(253,005)	5,825	(569)	23,236
Fund balances (deficits) - beginning of year	507	159,087	253,005	-	569	(23,236)
Fund balances (deficits) - end of year	\$ 507	\$ 227,051	\$ -	\$ 5,825	\$ -	\$ -

Continued on following page.

**CITY OF SACO, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-major Special Revenue Funds**  
**For The Year Ended June 30, 2013**

	PD Grant	Saco Island Renaissance TIF Project	Industrial Park TIF Project	Park North TIF Project	Incon/ Franklin Fuels TIF Project	Young School Playground
<b>REVENUES</b>						
Intergovernmental	\$ 30,626	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-
Interest Income	-	4	37	-	12	-
Other Revenue	-	-	-	-	-	-
Total revenues	30,626	4	37	-	12	-
<b>EXPENDITURES</b>						
Current:						
Special Projects	27,331	-	24,126	79,469	35,109	-
Housing Programs	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	3,850
Total expenditures	27,331	-	24,126	79,469	35,109	3,850
Excess (deficiency) of revenues over (under) expenditures	3,295	4	(24,089)	(79,469)	(35,097)	(3,850)
<b>OTHER FINANCING SOURCES (USES) OF FUNDS</b>						
Transfers In	-	-	66,707	113,526	22,348	-
Transfers Out	-	-	-	(23,236)	-	-
Total other financing sources (uses)	-	-	66,707	90,290	22,348	-
Net change in fund balances	3,295	4	42,618	10,821	(12,749)	(3,850)
Fund balances (deficits) - beginning of year	583	22,029	155,006	(11,587)	50,454	3,850
Fund balances (deficits) - end of year	\$ 3,878	\$ 22,033	\$ 197,624	\$ (766)	\$ 37,705	\$ -

Continued on following page.

**CITY OF SACO, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-major Special Revenue Funds**  
**For The Year Ended June 30, 2013**

	Emergency Management Grants	Saco Community Garden	Camp Ellis	Front Street Park	Lucia Kimball Deering Trust	General Assistance	Totals 2013
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ 9,884	\$ -	\$ -	\$ -	\$ 276,879
Charges for Services	-	1,175	64,337	-	-	-	851,951
Interest Income	-	-	-	-	4,857	-	5,088
Other Revenue	-	-	-	-	-	220	79,765
Total revenues	-	1,175	74,221	-	4,857	220	1,213,683
<b>EXPENDITURES</b>							
Current:							
Special Projects	931	1,299	57,360	-	23,564	-	326,048
Housing Programs	-	-	-	-	-	-	238,267
Capital Expenditures	-	-	-	-	-	-	3,899
Total expenditures	931	1,299	57,360	-	23,564	-	568,214
Excess (deficiency) of revenues over (under) expenditures	(931)	(124)	16,861	-	(18,707)	220	645,469
<b>OTHER FINANCING SOURCES (USES) OF FUNDS:</b>							
Transfers In	-	-	-	-	-	-	843,571
Transfers Out	-	-	(1,000)	-	-	-	(933,491)
Total other financing sources (uses)	-	-	(1,000)	-	-	-	(89,920)
Net change in fund balances	(931)	(124)	15,861	-	(18,707)	220	555,549
Fund balances (deficits) - beginning of year	2,432	2,615	125,244	159	1,239,117	-	1,587,701
Fund balances (deficits) - end of year	\$ 1,501	\$ 2,491	\$ 141,105	\$ 159	\$ 1,220,410	\$ 220	\$ 2,143,250

## **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.

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CITY OF SACO, MAINE  
Combining Balance Sheet - Non-major Capital Projects Funds  
June 30, 2013

	Moody & Main	Jenkins Road	Greater Downtown Improvements	Parking Lots	Millbrook Industrial Park	Roads Bond
<b>ASSETS</b>						
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Receivables	4,800	3,000	5,948	450	-	-
<b>Total assets</b>	<b>\$ 4,800</b>	<b>\$ 3,000</b>	<b>\$ 5,948</b>	<b>\$ 450</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	-	-	-	-	-	-
Interfund Payables	-	-	-	-	379,494	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>379,494</b>	<b>-</b>
Fund Balances (Deficit)						
Restricted	-	-	-	-	-	-
Committed	4,800	3,000	-	-	-	-
Assigned	-	-	5,948	450	-	-
Unassigned	-	-	-	-	(379,494)	-
<b>Total fund balances (deficits)</b>	<b>4,800</b>	<b>3,000</b>	<b>5,948</b>	<b>450</b>	<b>(379,494)</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,800</b>	<b>\$ 3,000</b>	<b>\$ 5,948</b>	<b>\$ 450</b>	<b>\$ -</b>	<b>\$ -</b>
		Trails Bond	Open Space Bond Issue	Landfill Fund	Efficiency Maine	Totals 2013
<b>ASSETS</b>						
Investments	\$ -	\$ -	\$ -	\$ 837,900	\$ -	\$ 837,900
Interfund Receivables		14,158	66,863	-	-	95,219
<b>Total assets</b>	<b>\$ 14,158</b>	<b>\$ 66,863</b>	<b>\$ 837,900</b>	<b>\$ -</b>	<b>\$ -</b>	<b>933,119</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable		14,158	-	35,053	-	49,211
Interfund Payables		-	-	68,589	2,652	450,735
<b>Total liabilities</b>		<b>14,158</b>	<b>-</b>	<b>103,642</b>	<b>2,652</b>	<b>499,946</b>
Fund Balances (Deficit)						
Restricted		-	66,863	-	-	66,863
Committed		-	-	-	-	7,800
Assigned		-	-	734,258	-	740,656
Unassigned		-	-	-	(2,652)	(382,146)
<b>Total fund balances (deficits)</b>		<b>-</b>	<b>66,863</b>	<b>734,258</b>	<b>(2,652)</b>	<b>433,173</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,158</b>	<b>\$ 66,863</b>	<b>\$ 837,900</b>	<b>\$ -</b>	<b>\$ -</b>	<b>933,119</b>



**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, 2013**

	Moody & Main	Jenkins Road	Greater Downtown Improvements	Parking Lots	Millbrook Industrial Park	Roads Bond
<b>REVENUES</b>						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	1,600	750	-	-	-	-
Total revenues	1,600	750	-	-	-	-
<b>EXPENDITURES</b>						
Project costs	-	-	-	-	-	219,360
Total expenditures	-	-	-	-	-	219,360
Excess (deficiency) of revenues over (under) expenditures	1,600	750	-	-	-	(219,360)
<b>OTHER FINANCING SOURCES (USES) OF FUNDS</b>						
Transfers in	-	-	-	-	215,000	-
Total other financing sources (uses)	-	-	-	-	215,000	-
Net change in fund balances	1,600	750	-	-	215,000	(219,360)
Fund balances (deficits) - beginning of year	3,200	2,250	5,948	450	(594,494)	219,360
Fund balances (deficits) - end of year	\$ 4,800	\$ 3,000	\$ 5,948	\$ 450	\$ (379,494)	\$ -
		Trails Bond	Open Space Bond Issue	Landfill Fund	Efficiency Maine	Totals 2013
<b>REVENUES</b>						
Interest Income		\$ -	\$ -	\$ 112	\$ -	\$ 112
Other Revenue		-	-	-	-	2,350
Total revenues		-	-	112	-	2,462
<b>EXPENDITURES</b>						
Project Costs		-	-	103,632	-	322,992
Total expenditures		-	-	103,632	-	322,992
Excess (deficiency) of revenues over (under) expenditures		-	-	(103,520)	-	(320,530)
<b>OTHER FINANCING SOURCES (USES) OF FUNDS</b>						
Transfer In		-	-	-	-	215,000
Total other financing sources (uses)		-	-	-	-	215,000
Net change in fund balances		-	-	(103,520)	-	(105,530)
Fund balances (deficits) - beginning of year		-	66,863	837,778	(2,652)	538,703
Fund balances (deficits) - end of year		\$ -	\$ 66,863	\$ 734,258	\$ (2,652)	\$ 433,173

## **PERMANENT FUNDS**

### ***City of Saco Permanent Fund***

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

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**CITY OF SACO, MAINE**  
**Balance Sheet - Non-major Permanent Fund**  
**June 30, 2013**

	<b>City of Saco Permanent Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 12,672
Investments	584,215
Accounts Receivable	700
<b>Total assets</b>	<b>597,587</b>
<b>LIABILITIES AND FUND BALANCES</b>	
Fund Balance:	
Nonspendable	181,383
Restricted	416,204
<b>Total fund balances</b>	<b>597,587</b>
<b>Total liabilities and fund balances</b>	<b>\$ 597,587</b>

**CITY OF SACO, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Permanent Fund**  
**For The Year Ended June 30, 2013**

	<b>City of Saco Permanent Fund</b>
<b>REVENUES</b>	
Interest and dividends	\$ 25,098
Net increase (decrease) in fair value of investments	27,653
Total revenues	52,751
<b>EXPENDITURES</b>	
Administrative expenditures	10,750
Total expenditures	10,750
Net change in fund balances	42,001
Fund balances - beginning of year	555,586
Fund balances - end of year	\$ 597,587

# ***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.

## **Contents**

## **Pages**

### Financial Trends

105-109

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

110-113

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

### Debt Capacity

114-117

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.

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### Demographic and Economic Information

118-122

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.



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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 39,359,000
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	275,270	229,138	250,625	308,738	220,016	766,837	-	4,373,911	3,067,542	2,681,412
Unrestricted	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	4,840,415
Total governmental activities net position	\$ 40,395,596	\$ 41,037,980	\$ 44,087,506	\$ 41,161,879	\$ 42,789,888	\$ 43,969,423	\$ 39,726,262	\$ 41,425,424	\$ 43,838,303	\$ 47,062,210
Business-type Activities										
Net investment in capital assets	\$ 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	\$ 20,628,672
Unrestricted	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)	(2,802,640)
Total business-type activities net position	\$ 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	\$ 17,826,032
Total Primary Government										
Net investment in capital assets	\$ 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	\$ 59,987,672
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	275,270	229,138	250,625	308,738	220,016	766,837	-	4,373,911	3,067,542	2,681,412
Unrestricted	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)	2,037,775
Total primary government net position	\$ 49,351,867	\$ 49,701,554	\$ 52,980,544	\$ 59,316,151	\$ 60,992,080	\$ 61,615,528	\$ 56,696,815	\$ 58,448,285	\$ 61,158,659	\$ 64,888,242



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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
<b>Expenses</b>										
General Government	\$ 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	\$ 7,822,497
Public Safety	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	6,405,554
Public Works	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	6,328,134
Housing Programs	205,501	272,246	230,010	254,352	256,359	232,512	256,921	269,668	231,752	238,267
Culture and Recreation	526,806	626,204	677,646	825,222	915,311	1,008,761	974,158	1,560,056	1,242,758	1,438,149
Education	23,982,205	23,195,306	26,993,528	28,072,031	29,015,189	30,038,189	16,228,121	16,245,159	16,030,811	19,410,765
Unclassified (1)	2,794,827	3,363,144	3,102,707	4,124,321	3,878,749	4,407,838	-	-	-	-
Interest on Debt	587,724	680,893	756,399	845,217	993,992	1,078,510	851,877	619,990	650,461	607,643
Capital Maintenance Programs (1)	1,452,387	1,894,297	2,040,616	1,192,173	788,291	-	-	-	-	-
Total governmental activities expenses	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	42,251,009
<b>Program Revenues</b>										
Charges for Services										
General Government	804,271	969,798	875,832	800,981	751,767	702,886	579,734	529,027	578,170	529,630
Public Safety	319,482	418,686	588,360	510,056	554,750	759,619	728,711	732,839	787,138	888,808
Public Works	563,154	489,365	555,752	510,405	281,546	314,135	278,031	391,176	289,297	398,802
Culture and Recreation	251,904	323,471	380,264	464,167	532,934	628,794	705,036	704,178	813,556	869,642
Education	791,341	909,182	1,262,613	1,138,301	1,205,550	1,221,754	-	-	-	-
Operating Grants and Contributions	10,716,936	10,920,455	13,249,627	14,082,391	13,769,031	14,551,110	575,520	618,630	729,168	694,940
Capital Grants and Contributions	1,027,926	1,437,216	334,586	961,626	300,820	816,653	317,930	2,396,793	263,206	255,532
Total governmental activities program revenues	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	3,637,354
Net (expense)/revenue, governmental activities	(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)	(38,613,655)
<b>General Revenues and Other Changes in Net Position</b>										
Taxes										
Property taxes, levied for general purposes	21,340,211	23,444,228	23,280,894	24,632,416	26,612,796	27,822,609	28,546,137	29,181,715	30,931,696	36,229,823
Motor vehicle excise taxes	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	3,103,930
Franchise tax	167,212	185,477	215,806	234,343	231,112	275,215	288,743	296,908	286,882	278,071
Grants and contributions not restricted										
Homestead exemption	288,286	242,190	325,496	320,151	337,229	350,300	332,290	271,563	286,309	363,713
Other State aid	127,416	55,792	40,444	56,253	34,497	116,628	88,111	143,064	199,285	304,538
City of Biddeford tax base sharing	101,601	140,091	169,527	92,506	870,163	-	-	-	-	-
State revenue sharing	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	1,302,721
Unrestricted investment earnings	161,479	216,963	295,164	359,620	271,998	170,515	60,475	56,603	56,337	40,006
Miscellaneous revenues	42,563	47,179	20,705	153,223	386,390	(106,471)	161,875	265,241	160,436	214,765
Transfers	417,952	660,033	459,249	-	-	-	-	-	169,000	-
Total governmental activities general revenues/other changes	26,879,600	29,323,440	29,166,923	30,121,782	33,108,907	32,758,040	34,292,587	34,543,673	36,793,423	41,837,567
<b>Extraordinary Item/Special Item</b>										
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)	-	-	-
<b>Change in Net Position - Governmental activities</b>	\$ 1,228,908	\$ 642,384	\$ 1,118,276	\$ 2,206,703	\$ 2,498,172	\$ 2,136,661	\$ (4,243,160)	\$ 1,699,162	\$ 2,412,878	\$ 3,223,912
<b>Business-type Activities:</b>										
<b>Expenses</b>										
Waste Water Treatment Plant	\$ 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	\$ 2,096,699
Total business-type activities expenses	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	2,096,699
<b>Program Revenues</b>										
Charges for services	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	2,483,795
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	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	2,483,795
Net (expense)/revenue, business-type activities	363,486	319,520	639,424	(276,263)	(46,656)	(602,874)	(533,610)	301,226	445,352	387,096
<b>General Revenues and Other Changes in Net Position</b>										
Unrestricted investment earnings	37,983	38,159	45,110	62,726	89,842	38,054	11,989	11,362	-	24,383
Miscellaneous revenues	27,086	9,657	4,179	4,302	4,734	8,733	6,062	-	21,142	94,197
Loss on disposal of assets	-	-	-	-	-	-	(159,993)	(260,280)	-	-
Transfers	(417,952)	(660,033)	(459,249)	-	-	-	-	-	(169,000)	-
Total business-type activities general revenues/other changes	(352,883)	(612,217)	(409,960)	67,028	94,576	46,787	(141,942)	(248,918)	(147,858)	118,580
<b>Change in Net Position - Business-type activities</b>	\$ 10,603	\$ (292,697)	\$ 229,464	\$ (209,235)	\$ 47,920	\$ (556,087)	\$ (675,552)	\$ 52,308	\$ 297,494	\$ 505,676

(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)**

<b>Fiscal Year ended</b>	<b>Property Taxes</b>	<b>Interest &amp; Costs on Taxes</b>	<b>Excise Taxes</b>	<b>Total</b>
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
June 30, 2013	\$ 36,077,359	\$ 152,464	\$ 3,103,930	\$ 39,333,753

Table 4

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable										
Prepaid items	\$ 549,278	\$ 176,006	\$ 159,719	\$ 574,292	\$ 572,792	\$ 210,116	\$ 383,559	\$ 140,681	\$ 124,024	\$ 130,152
Committed										
Public Safety	-	-	-	-	-	-	-	61,040	69,206	83,569
Assigned										
Encumbrances	152,407	144,980	272,118	94,700	109,361	203,705	314,159	144,843	299,319	464,981
Capital improvements	1,120,488	1,007,286	912,072	1,657,932	3,481,440	2,253,647	1,796,397	627,819	363,349	1,157,121
Unassigned	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	4,552,076
Total General Fund	\$ 5,745,896	\$ 6,177,101	\$ 6,418,089	\$ 6,621,529	\$ 7,969,765	\$ 5,053,670	\$ 4,582,705	\$ 3,464,962	\$ 4,527,379	\$ 6,387,899
All other governmental funds										
Nonspendable										
Special Revenue Funds	21,430	14,287	14,287	14,287	14,287	14,287	14,287	14,287	7,144	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	1,848,256	1,943,324	2,027,523	2,081,727	1,867,008	2,570,629	1,621,069	2,640,437	2,113,075	2,188,278
Capital Project Funds	149,960	74,932	1,180,693	576,502	749,323	757,471	8,397,455	1,541,467	573,120	69,786
Permanent Funds	344,609	380,013	413,424	516,812	383,739	227,285	275,379	373,390	374,203	416,204
Committed										
Special Revenue Funds	79,603	129,575	163,992	183,698	208,588	362,515	344,838	92,697	128,397	421,869
Capital Project Funds	-	-	-	-	-	-	-	3,350	5,450	7,800
Assigned										
Special Revenue Funds	-	158,941	204,579	232,788	3,991	3,828	6,175	5,174	5,206	4,151
Capital Project Funds	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	740,656
Unassigned										
Special Revenue Funds	(371,765)	(92,617)	(11,032)	(144,012)	(615,045)	(694,584)	(698,369)	(2,626,321)	(2,036,160)	(1,370,954)
Capital Project Funds	(457,783)	(917,475)	(2,227,366)	(2,097,842)	-	(3,825,890)	(3,559,658)	(1,347,146)	(597,146)	(382,146)
Total all other governmental funds	3,214,426	3,210,874	3,164,524	2,751,844	3,984,898	767,046	7,597,866	1,794,498	1,598,848	2,284,171

(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.

Table 5

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>All Governmental Funds</b>										
<b>Revenues</b>										
Property taxes	\$ 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	\$ 39,438,857
Licenses and permits	666,654	828,806	767,988	721,514	697,994	770,778	718,991	691,819	799,730	708,985
Intergovernmental	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	2,668,925
Intergovernmental on-behalf payments	1,400,456	1,414,249	1,575,420	1,706,698	1,744,847	1,844,021	- (1)	-	-	-
Charges for services	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	2,161,546
Other revenue	969,529	1,178,383	1,084,282	1,079,683	1,215,895	771,583	623,961	703,153	549,709	601,712
<b>Total Governmental Fund revenues</b>	<b>40,976,760</b>	<b>44,373,790</b>	<b>45,872,407</b>	<b>48,381,309</b>	<b>49,336,251</b>	<b>51,271,607</b>	<b>37,299,567</b>	<b>37,705,698</b>	<b>40,278,705</b>	<b>45,580,025</b>
<b>Expenditures</b>										
General government	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	2,412,050
Public safety	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	6,102,425
Public works	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	4,718,475
Housing programs	205,501	272,246	230,010	254,352	256,359	232,512	256,921	269,668	231,752	238,267
Culture and recreation	485,750	585,146	638,353	786,248	879,544	1,071,275	1,105,116	1,227,045	1,269,848	1,464,173
Education	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	19,410,765
Maine PERS on-behalf payments	1,400,456	1,414,249	1,575,420	1,706,698	1,744,847	1,844,021	- (1)	-	-	-
Unclassified	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	4,150,815
County Tax	747,821	772,182	859,723	896,282	958,270	1,020,912	1,014,574	1,079,365	1,099,643	1,100,295
Debt Service										
Principal	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	1,771,250
Interest and other charges	850,151	1,024,189	932,670	885,354	993,992	1,078,510	851,877	619,990	650,461	607,643
Capital Improvements	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	1,612,355
<b>Total Governmental Fund expenditures</b>	<b>41,612,931</b>	<b>47,831,632</b>	<b>48,110,017</b>	<b>50,608,334</b>	<b>54,878,019</b>	<b>53,715,337</b>	<b>38,909,293</b>	<b>45,095,446</b>	<b>40,026,080</b>	<b>43,588,513</b>
<b>Other financing sources (uses)</b>										
Transfers in	2,174,043	1,693,259	1,428,089	1,109,530	1,392,265	900,148	1,225,994	1,721,755	2,610,698	1,987,151
Proceeds from capital lease financing	-	2,680,585	473,000	945,796	343,479	705,775	314,096	468,637	445,142	554,331
Proceeds from advance refunding of debt	-	-	-	-	-	-	-	-	-	-
Payment from advance refunding of debt	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	1,500,000	-	4,355,000	-	8,799,000	-	-	-
Transfers out	(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)	(1,987,151)
<b>Total Governmental Fund other financing sources (uses)</b>	<b>417,952</b>	<b>3,340,618</b>	<b>2,432,248</b>	<b>945,796</b>	<b>4,698,479</b>	<b>705,775</b>	<b>9,113,096</b>	<b>468,637</b>	<b>614,142</b>	<b>554,331</b>
<b>Extraordinary item/special item</b>										
Transfer of funds to Regional School Unit #23	-	-	-	-	-	-	(1,143,514)	-	-	-
Legal settlement	-	-	-	1,071,989	-	-	-	-	-	-
<b>Total extraordinary item/special item</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,071,989</b>	<b>-</b>	<b>-</b>	<b>(1,143,514)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (218,219)</b>	<b>\$ (117,224)</b>	<b>\$ 194,638</b>	<b>\$ (209,240)</b>	<b>\$ (843,289)</b>	<b>\$ (1,737,955)</b>	<b>\$ 6,359,856</b>	<b>\$ (6,921,111)</b>	<b>\$ 866,767</b>	<b>\$ 2,545,843</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.53%</b>	<b>6.50%</b>	<b>5.58%</b>	<b>4.85%</b>	<b>4.99%</b>	<b>5.38%</b>	<b>4.91%</b>	<b>6.31%</b>	<b>6.28%</b>	<b>5.65%</b>

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

Table 6

**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, 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%
June 30, 2013	1,625,370,200	414,275,465	64,077,000	135,465,400	1,968,257,265	17.74	2,025,700,000	97.2%

(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		Total Direct Tax Rate	Overlapping County Tax Rate	Total Tax Rate
	Municipal Tax Rate	School Tax Rate			
June 30, 2004 (1)	7.01	11.02	18.03	0.67	18.70
June 30, 2005	5.61	9.76	15.37	0.53	15.90
June 30, 2006	4.53	7.91	12.44	0.52	12.96
June 30, 2007	4.98	7.29	12.27	0.46	12.73
June 30, 2008	5.10	7.74	12.84	0.48	13.32
June 30, 2009	5.42	7.71	13.13	0.29	13.42
June 30, 2010	5.29	7.84	13.13	0.49	13.62
June 30, 2011	5.58	7.73	13.31	0.51	13.82
June 30, 2012	6.34	7.56	13.90	0.52	14.42
June 30, 2013	7.78	9.96	17.74	0.56	18.30

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	2013			2004		
	Current year Assessed Value	Rank	Percentage of Total Assessed Value	Current year Assessed Value	Rank	Percentage of Total Assessed Value
General Dynamics Armament Systems	\$ 36,226,200	1	1.84%	\$ 12,412,400	2	1.09%
Central Maine Power Co.	32,876,800	2	1.67%	11,387,700	3	1.00%
Ferry Road Associates	26,435,300	3	1.34%			
Saco Real Estate Holdings	13,756,600	4	0.70%			
Biddeford & Saco Water Co.	12,385,500	5	0.63%	9,762,000	4	0.86%
FPL Energy Maine Hydro LLC	11,695,900	6	0.59%	12,636,100	1	1.11%
Saco & Biddeford Savings Institution	9,827,500	7	0.50%	3,770,900	9	0.33%
Hannaford Brothers Co.	8,704,000	8	0.44%	5,421,200	6	0.48%
Saco Valley LLC	8,251,300	9	0.42%	4,326,300	7	0.38%
Shaw's Supermarket	7,999,600	10	0.41%	8,468,900	5	0.75%
JVW Hotels LLC				4,326,300	7	0.38%
Saco Plaza LLC				4,023,200	8	0.35%
Elegant Homes Inc.				3,428,900	10	0.30%
Total Principal Taxpayers			8.54%			7.04%
All Other Taxpayers			91.46%			92.96%

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, 2004	\$ 21,329,954	\$ 20,518,814	96.20%	\$ 808,364	\$ 21,327,178	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%	616,787	23,264,739	99.99%
June 30, 2007	24,607,762	24,054,072	97.75%	551,585	24,605,657	99.99%
June 30, 2008	26,589,343	25,729,582	96.77%	846,606	26,576,188	99.95%
June 30, 2009	27,537,071	26,583,594	96.54%	944,050	27,527,644	99.97%
June 30, 2010	28,265,095	27,171,529	96.13%	1,077,544	28,249,073	99.94%
June 30, 2011	29,150,504	28,124,197	96.48%	994,125	29,118,322	99.89%
June 30, 2012	30,534,982	29,702,356	97.27%	522,453	30,224,809	98.98%
June 30, 2013	36,083,995	35,282,379	97.78%	-	35,282,379	97.78%

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



Table 10

**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, 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
June 30, 2013	13,725,295	1,827,199	730,000	-	16,282,494	3.36%	881

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**

<b>Fiscal Year</b>	<b>General Obligation Debt</b>	<b>State Assessed Value of Property (1)</b>	<b>Per Capita (2)</b>
2004	\$ 19,213,823	1.47%	1,142
2005	17,476,778	1.13%	1,039
2006	17,239,733	0.95%	1,025
2007	15,492,688	0.78%	921
2008	18,105,643	0.83%	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
2013	14,455,295	0.71%	782

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, 2013**

<b>Jurisdiction</b>	<b>Total debt outstanding</b>	<b>Percentage applicable to government</b>	<b>Amount applicable to government</b>
Direct:			
City of Saco General Obligation	\$ 13,725,295	100.00%	\$ 13,725,295
City of Saco Capital Leases	1,827,199	100.00%	\$ 1,827,199
Subtotal Direct	\$ 15,552,494		\$ 15,552,494
Overlapping debt:			
Biddeford-Saco-Old Orchard Beach Transit Committee (1)	489,065	33.33%	163,020
York County (2)	10,355,554	6.98%	722,818
Subtotal Overlapping	\$ 10,844,619		885,838
<b>Grand Total</b>	<b>\$ 26,397,113</b>		<b>\$ 16,438,332</b>

(1) The City's share is 33.33% (Biddeford, Saco, Old Orchard Beach get equal share) of \$489,065, or \$163,020.

(2) The City's share is 6.98% (percentage of property value for York County) of \$10,355,554, or \$722,818.

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

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total net debt applicable to limit</b>	<b>Legal Debt Margin</b>	<b>Total net debt applicable to limit as a percentage of debt limit</b>
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%
2013	303,855,000	16,282,494	287,572,506	5.36%

**Legal Debt Margin Calculation for Fiscal Year 2013**

	<b>Outstanding bonds and leases</b>	<b>Percent of state assessed value \$2,025,700,000</b>	<b>Allowable Amount</b>	<b>Margin</b>
For school purposes	\$ -	10.00%	\$ 202,570,000	\$ 202,570,000
For waste water treatment plant	730,000	7.50%	151,927,500	151,197,500
For municipal	15,559,285	7.50%	151,927,500	136,368,215
<b>Total</b>	<b>\$ 16,289,285</b>	<b>15.00%</b>	<b>\$ 303,855,000</b>	<b>\$ 287,565,715</b>

Table 14

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (1)</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
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	6.1%
2013	18,482	485,300,356	26,258	41.9	2,901	5.9%

(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

Table 15

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

Employer	2013			2004		
	Employees	Rank	Percentage of Saco's Labor Force	Employees	Rank	Percentage of Saco's Labor Force
Prime Toyota	375	1	3.66%			
Sweetser Children's Services	347	2	3.39%	187	4	2.02%
General Dynamics	230	3	2.24%	425	1	4.60%
Atlantic Heights	230	4	2.24%			
Thornton Academy	179	5	1.75%	110	8	1.19%
Hannaford Brothers	170	6	1.66%	160	6	1.73%
City of Saco	163	7	1.59%	138	7	1.49%
Shaw's Supermarkets	135	8	1.32%	170	5	1.84%
Visiting Nurses Association	116	9	1.13%	232	2	2.51%
Saco & Biddeford Savings	116	10	1.13%			
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**

<b>Function:</b>	<b>Fiscal Year</b>									
	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
General Government	25.5	26	26.5	26	26	26.5	26.5	26.5	26.5	27.5
Public Safety										
Police	46	46	47	47	46	46	47	47	47	47
Fire	36	36	36	36	36	36	36	36	36	36
Public Works	33.75	34.75	34.25	34.25	34.25	31.6	31.6	31.6	31.6	31.6
Parks & Recreation	6.75	6.75	6.25	8.25	8.25	9	9	9	9	9
<b>Total General Fund</b>	<b>148</b>	<b>149.5</b>	<b>150</b>	<b>151.5</b>	<b>150.5</b>	<b>149.1</b>	<b>150.1</b>	<b>150.1</b>	<b>150.1</b>	<b>151.1</b>
Waste Water Treatment Plant	13	13	14	14	13	12.3	14	14	14	14
<b>Total Enterprise Fund</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>12.3</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>

Table 17

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

Function	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government										
Building permits										
Single family	67	69	67	53	42	33	56	58	45	60
Condos/Multi	33	66	53	39	10	7	1	32	35	3
Commercial	78	83	71	30	46	31	29	30	57	45
Total number permits issued	585	565	598	504	440	368	395	381	358	361
Public Safety										
Police										
Number of calls for service	26,054	25,644	25,703	25,248	25,470	26,635	26,681	29,967	30,422	27,959
Number of traffic stops	8,497	6,681	6,731	5,727	6,105	5,962	6,612	9,675	9,145	6,689
Number of traffic summons issued	2,213	1,942	1,654	1,124	1,161	1,381	1,485	1,643	1,826	1,315
Number of warnings issued	5,908	4,548	4,558	4,001	4,395	4,106	4,524	7,419	6,872	4,785
Number of traffic related arrests	218	273	246	184	160	176	134	159	151	128
Number of non-traffic related arrests & summons	465	952	920	843	861	818	923	798	769	775
Number of parking tickets issued	567	913	911	512	478	418	202	214	396	268
Fire										
Number of calls for service	1,152	668	527	685	544	657	595	535	698	677
Ambulance										
Number of calls for service	1,915	1,960	1,846	2,152	2,315	2,151	2,288	2,289	2,380	2535
Public Works										
Number of roads maintained	378	382	384	384	386	386	387	387	340	340
Lane miles of roads maintained	253	255	257	260	262	262	263	263	290	290
Acres of public area maintained	364	369	379	384	404	404	404	404	414	414



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

Function	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
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	1791	1804	1825	1842	1842	1842	1842	1842	1842	1842
Traffic signals	148	148	148	148	148	148	148	148	148	148
Recreation										
Parks	10	10	10	10	10	19	24	25	25	25
Park acreage maintained	100	100	100	100	100	135	140	143	143	143
Tennis and basketball courts	6	6	6	6	6	7	7	7	7	7

Sources: Various City departments.

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