

The University of Maine

DigitalCommons@UMaine

Maine Town Documents

Maine Government Documents

2016

City of Saco, Maine Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016

Cheryl Fournier

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

Repository Citation

Fournier, Cheryl, "City of Saco, Maine Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016" (2016). *Maine Town Documents*. 8650.

<https://digitalcommons.library.umaine.edu/towndocs/8650>

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

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



City of Saco purchased a new fire truck in 2016

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, 2016

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		15
Management's Discussion and Analysis		19
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	37
Statement of Activities	2	38
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	41
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Budgetary Basis	6	42
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - School Operations Fund - Budgetary Basis	6.1	43
Statement of Net Position - Proprietary Fund	7	44
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	8	45
Statement of Cash Flows - Proprietary Fund	9	46
Statement of Fiduciary Net Position - Fiduciary Funds	10	47
Notes to the Basic Financial Statements		48

City of Saco, Maine

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS, CONTINUED

	<u>Page</u>
Required Supplementary Information:	
Modified Approach for City Infrastructure Capital Assets	79
Schedule of Funding Progress Retiree Healthcare Plan	82
Schedule of City's Proportionate Share of the Net Pension Liability	83
Schedule of City Contributions	84
	<u>Exhibit</u>
Supplementary Information:	
Governmental Funds by Fund Type:	
General Fund:	
Comparative Balance Sheets	A-1 87
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Budgetary Basis	A-2 88
All Other Non-major Governmental Funds:	
Combining Balance Sheet	B-1 93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2 94
Non-major Special Revenue Funds:	
Combining Balance Sheet	C-1 100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)	C-2 101
Non-major Capital Project Funds:	
Combining Balance Sheet	D-1 103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)	D-2 104
Non-major Permanent Funds:	
Balance Sheet	E-1 107
Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2 108
Agency Funds:	
Statement of Changes in Assets and Liabilities	F 111

City of Saco, Maine

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS, CONTINUED

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
Net Position by Component - Last Ten Fiscal Years	1	115
Change in Net Position - Last Ten Fiscal Years	2	116
Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years	3	117
Fund Balances of Governmental Funds - Last Ten Fiscal Years	4	118
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	5	119
Assessed Value and State Equalized Value of Taxable Property - Last Ten Fiscal Years	6	120
Property Tax Rates - All Direct and Overlapping Governments - Last Ten Fiscal Years	7	121
Principal Property Taxpayers - Current Year and Nine Years Ago	8	122
Property Tax Levies and Collections - Last Ten Fiscal Years	9	123
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	10	124
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	11	125
Direct & Overlapping Governmental Activities Debt - General Obligation Bonds	12	126
Statutory Debt Margin Information - Last Ten Fiscal Years and Legal Debt Margin Calculation	13	127
Demographic and Economic Statistics - Last Ten Fiscal Years	14	128
Principal Employers - Current Year and Nine Years Ago	15	129
Full-Time Equivalent City Government Employees by Function - Last Ten Fiscal Years	16	130
Operating Indicators by Function - Last Ten Fiscal Years	17	131
Capital Asset Statistics by Function - Last Ten Fiscal Years	18	132

This page left blank intentionally.

INTRODUCTORY SECTION

This page left blank intentionally.



City of Saco

Finance Office

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

Tel: (207) 282-1032

Fax: (207) 282-8209

Email: cheryl.fournier@sacomaine.org

December 23, 2016

Honorable Roland Michaud, 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, 2016, 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).

GASB requires 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 complement 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 and education.

The annual budget serves as the foundation for the City of Saco's financial planning and control. The City Administrator and Finance Director create a list of increases and decreases known to effect the budget. The most common items are wages, benefits, debt, state funding, etc. The City Administrator brings the net change to the Council to create a directive (goal) for the budget. The directive consists of percentage of tax levy change and appropriation change. In January, the Finance Director gives all departments their directive budgeted amounts. All departments work on their directive budgets and create a listing of RADs (Requests Above Directive). Some RADs will be to get the department back to keeping programs and department at the current levels. Other RADs will be for new programs, new staff, additional needs, and other changes. The Assessor provides the estimated value which will change the tax revenue, the City Administrator will determine which RADs can be supported and included in the budget submitted to the Council. The City Administrator then presents this proposed budget to the City Council for review in March. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget in May (no later than 30 days prior to June school budget vote). 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 and School Operations Fund, this comparison is presented as part of the basic financial statements for the governmental funds.

Major Initiatives Fiscal Year 2015-2016

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 25th 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 \$2,042,312,592. This equates to a 179.9% increase over this 25 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 76.6% of the taxes paid, while business/industry will account for 23.4%.

Financial Management. The City created objectives for the two-year duration during 2015 budget process. The objectives for fiscal year 2015 and 2016 included: a zero budget increase, maintaining sustainable paving program, and reducing energy use. We did not meet these goals during the budgeting process. The City had an increase to the tax rate of 3.2% due to an increase in the school funding.

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. In January 2014, the Council created goals for a two year period including fiscal year 2015 and 2016.

Vision Process. Bridge 2025 was the process created to work toward a vision of what Saco would look like in the year 2025. Twelve community meetings (focus groups) were held during the process. The outcome of the meetings gave the Council hundreds of pages of data. There were some major themes that were determined when organizing the data. The Council created six major goals. A Strategic Plan is being created based from the six major goals.

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.

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, 2016 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 - 2015-2016 Goals (Two year Goals)

In January 2014, the Mayor, City Council, City Administrator, and Department Heads worked together to create a long list of issues, goals, and priorities. After a lot of thought, the list of hundreds of items was condensed to the following at the January 21, 2014 council meeting:

The City's goals were established during January 21, 2014 council meeting:

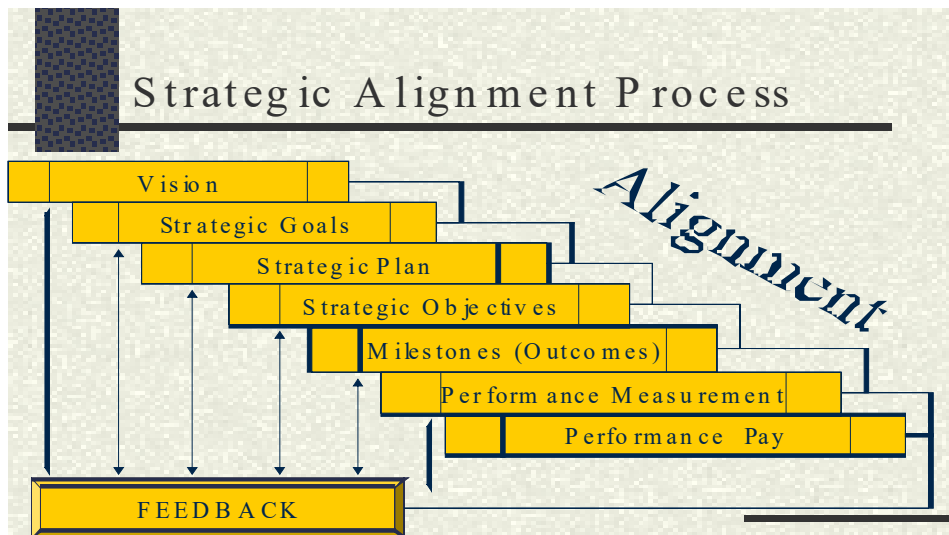
- A. Reduce energy use;
- B. Create an adopt-a-park program;
- C. Build larger salt shed;
- D. Review City owned properties for consolidation including adult education building (Common St), including buildings and land;
- E. Convert more street lights to LED;
- F. Fill Mill Brook Business Park;
- G. Work closely with school department for K-8 success;
- H. Maintain sustainable paving program;
- I. Broaden tax/industrial base;
- J. Zero budget increase for FY2015;
- K. Improve recreation opportunities for all ages;
- L. Simpson Road bridge construction, reconstruction without bond and non-historic;
- M. Minimize financial impact of flood zone changes;
- N. Continue to work to bringing Portland Pirates to Saco;
- O. Expand interlocal agreements with Scarborough and Biddeford;
- P. Review street lights for possible savings;
- Q. Develop one vision for Saco and keep it (printed) on the agenda; and
- R. Get piers in earlier at Diamond Riverside & Launch at Prentiss Park.

In the past, the above categories have created multiple objectives, and many of these objectives 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. However, at the end of 2014, the Council voted to have the City go through a new vision process and a new method of reviewing the department heads will come out of that 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.

In the past, the City received grants to complete a mixture of performance measurements and comparable statistics between other Maine communities. This was presented in the form of output measures, outcome measures and efficiency measures for each City department. 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 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 has continued to complete the citizen satisfaction survey every other year since. The department heads use this information to determine the needs for the City in the future.

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



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

Vision - Values - Philosophy - Ethics

The City went through a visioning process in FY2015 which the City has named “The Bridge 2025”.

1. Vision Statement: Saco is a safe and welcoming community with high levels of citizen participation. Residents and visitors enjoy the wide variety of recreational opportunities, events and entertainment for all ages and we take pride in being a recreation destination. The Mill District and Main Street are easy to navigate and diverse with shops, restaurants and services. We are well known for our mix of urban and natural assets which are inviting and enhance the historic significance of our small town character. Saco’s accessible location and commitment to quality educational opportunities encourages families and businesses to locate here and grow. City government is receptive to its citizens, mindful of their fiscal responsibility and collaborative with neighboring communities.
2. City Council Mission: To ensure the highest possible quality of life for Saco citizens, businesses and visitors through careful policy decisions and visionary leadership.
3. Community Values:
 - a. Excellence in learning
 - b. Affordable living
 - c. Sustainable, manageable growth
 - d. Innovation
 - e. Neighborly relations
 - f. Entrepreneurship
 - g. Volunteerism
 - h. Preservation
 - i. Intergenerational opportunities

Significant Accomplishments of Fiscal Year 2016

- Implemented new website
- Integrated and upgraded the Police Department phone system into the rest of the City
- Implemented new backup server/processes
- Expanded wireless access throughout the municipal buildings
- Upgraded City council chamber AV equipment
- Wiring project accompanying phone system upgrade at the Police Department
- Largest file server data migrated to a new machine, old machine decommissioned
- Criminal Investigation Division at PD given a forensics VLAN and video wiring upgrades, separate from general PD wiring upgrades
- Expanded security camera coverage, video access to employees (including live feed of the fire boat to FD garage), video quality, and video storage length
- RSA token security system implementation for secure remote logins by Police outside of the station
- Citywide VoIP system upgrade for better performance of our telephone system
- SharePoint functionality increases, including ability to search scanned documents, and access to archived map and lot documents for Assessing
- Print server implementation to limit color printing in the City (Saved \$4,000 in printing costs)
- Police cruiser printer installations
- Facilitating restructuring of City hall assets and employees, consolidation of copiers, moving data and phone lines as well as workstations
- Keyscan utilization increase with wireless point to point system for limiting access to Public Works’ 2 storage buildings
- Planning and implementation of a police dispatch computer upgrade project. Most important end user computers in the City in a 24 hour facility with the most software migration of any computer in the City.
- Purchase/delivery of Engine 5 February 2016 and Ambulance in December 2015

- Transportation
 1. Scammon St utility, sidewalk and road rehabilitation
 2. Completion of Rt. 1 sidewalk connection across Goosefare Brook
 3. Awarded Design/Build Contract for Stackpole Creek Bridge
 4. Awarded MDOT IRAP Grant for upgrades to Industrial Park Rail line
- Sanitation
 1. Design, Permitting, and Funding secured for the relocation of the existing Transfer Station.
- Facilities
 1. Completed MS4 Audit with Maine DEP and corrected all operational areas for full compliance.
- Engineering
 1. Completion and adoption of the Goosefare Brook Watershed Management Plan
 2. Additional erosion protective measures in Camp Ellis at Fairhaven Ave and Eagle Ave
- Fleet Management
 1. Construction of a 900 sf oil/lubricant storage addition at the Public Works Garage
- Utility
 1. Sewer Main Replacement along downtown brook to reduce Infiltration and Inflow
 2. Closure of one combined sewer overflow
 3. Coordinated the expansion of natural gas to downtown and industrial park
- Successful refunding of two bonds to create savings
- Successful bonding for Energy and Stackpole Bridge
- Successful SIB Loan from MDOT
- New Budgeting process created and used for FY2017 Budget
- The WRRD Strawberry Fields pump station was outfitted with a new stationary emergency standby generator that will significantly enhance the system operation and reliability during unexpected power outages.
- All pump stations are being updated to wireless technology for communication, which is replacing the old radio telemetry.
- The WRRD began using a new piece of software for maintenance scheduling in Mid-2015. The past year has seen a great improvement in keeping all assets on track for maintenance and keeping track of any necessary corrective maintenance.
- Departments Deputy Director resigned to take on a directorship position with Hanover N.H.; this position was not filled and the Department was restructured to bring it into compliance with the recent City of Saco salary survey
- Built and installed two load-bearing foot bridges at Foss road recreation complex to improve access and safety to Phoenix field from parking area
- Started the rebuilding and refurbishment the City's only 90' baseball diamond
- Increased tree work to include 80-100 tree pruning/ removal jobs in-house
- Recreation Staff has become actively involved with all School Department Parent Teacher organizations and assisted with their projects
- Expanded specialty summer camp offerings: sports, theater & arts
- Offered BOKS (before school fitness program) for free for the majority of school year thanks in part to a grant
- Began the Gaelic Games program
- Started Kids Kare (after hours) program
- 1st Kids Indoor Yard Sale event
- First Valentine's Day Dance

- Added varied SENIORity programs:
 - Art and craft classes
 - Simple cooking classes (Meal in a Mug)
 - Added more trips with max capacities on attendance
 - Mahjong, successful yoga program and chair fitness added

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 and school operations 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 use 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, 2016, was 12.5% 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 2016 was performed for the City Council, by the firm 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, 2016, 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, 2016, 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 and the Uniform Guidance can be found in a separately issued report.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Saco, Maine for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 7th year in a row that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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, Kevin Sutherland, 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 long horizontal flourish extending to the right.

Cheryl Fournier
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

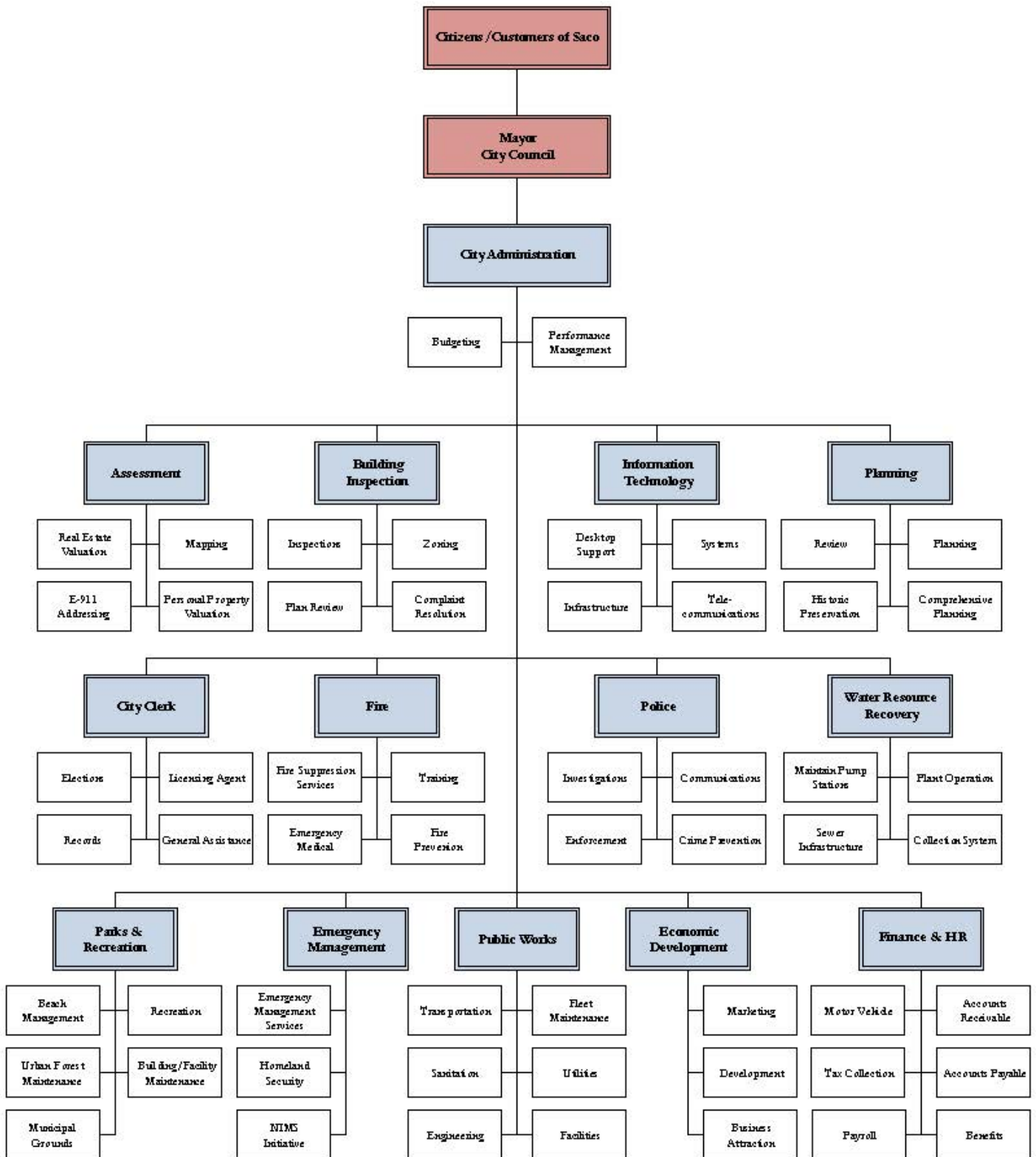
**City of Saco
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

City of Saco Organization Chart



CITY OF SACO, MAINE

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

June 30, 2016

Elected Officials

Mayor	Roland L. Michaud
Council Member – Ward 1	David A. Precourt
Council Member – Ward 2	Roger Gay
Council Member – Ward 3	William P. Doyle
Council Member – Ward 4	Kevin M. Roche
Council Member – Ward 5	Alan R. Minthorn
Council Member – Ward 6	Eric B. Cote
Council Member – Ward 7	Nathan D. Johnston

Appointed Officials

City Administrator	Kevin L. Sutherland
Executive Assistant	Emily Roy
Economic Development Director	William Mann
Finance & HR Director/Treasurer/Tax Collector	Cheryl Fournier
City Clerk	Michele Hughes
Assessor	Frank Yattaw
Fire Chief	John Duross
Police Chief	Brad Paul
Public Works Director	Pat Fox
City Engineer	Joseph Laverriere
Parks & Recreation Director	Joseph Hirsch
Building Inspector	Richard Lambert
City Planner	Robert Hamblen
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, 2016, and the related notes to the financial statements, which collectively comprise the City of Saco, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saco, Maine as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and School Operations 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 require that management's discussion and analysis, the information provided under the modified approach for infrastructure assets, schedule of funding progress for the retiree healthcare plan, the schedule of the City's proportionate share of the net pension liability and schedule of City contributions, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of 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, schedules 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, schedules, and exhibits are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

City Council
City of Saco, Maine

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016 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 Hudson Ouellette". The signature is written in a cursive style with a large initial 'R'.

December 23, 2016
South Portland, Maine

This page left blank intentionally.

CITY OF SACO, MAINE
Management's Discussion and Analysis
For the year ended June 30, 2016

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, 2016. 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 using the economic resources measurement focus and 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 between each presentation.

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 assets and deferred outflows of resources less liabilities and deferred inflows of resources, 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 and Education. 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
For the year ended June 30, 2016

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 2016 with comparative information for fiscal year 2015. Our analysis below focuses on the net position of the City's governmental and business-type activities.

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

	2016	2016	2016	2015	2015	2015
	Governmental	Business-type	Primary	Governmental	Business-type	Primary
	Activities	Activities	Government	Activities	Activities	Government
Current and other assets	\$ 16,040,425	\$ 2,270,810	\$ 18,311,235	\$ 11,603,701	\$ 507,391	\$ 12,111,092
Capital assets	62,141,671	20,501,473	82,643,144	62,104,150	20,771,112	82,875,262
Total assets	<u>78,182,096</u>	<u>22,772,283</u>	<u>100,954,379</u>	<u>73,707,851</u>	<u>21,278,503</u>	<u>94,986,354</u>
Deferred outflows of resources	1,535,072	-	1,535,072	455,619	-	455,619
Non-current liabilities	22,076,533	203,117	22,279,650	19,538,754	354,218	19,892,972
Other liabilities	1,206,453	3,443,602	4,650,055	1,426,745	2,690,304	4,117,049
Total liabilities	<u>23,282,986</u>	<u>3,646,719</u>	<u>26,929,705</u>	<u>20,965,499</u>	<u>3,044,522</u>	<u>24,010,021</u>
Deferred inflows of resources	471,341	-	471,341	1,046,570	-	1,046,570
Net investment in capital assets	47,580,462	20,356,473	67,936,935	46,392,550	20,481,115	66,873,665
Restricted	3,879,841	-	3,879,841	3,310,412	-	3,310,412
Unrestricted	4,502,538	(1,230,909)	3,271,629	2,448,439	(2,247,134)	201,305
Total net position	<u>\$ 55,962,841</u>	<u>\$ 19,125,564</u>	<u>\$ 75,088,405</u>	<u>\$ 52,151,401</u>	<u>\$ 18,233,981</u>	<u>\$ 70,385,382</u>

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
For the year ended June 30, 2016

	2016 Governmental Activities	2016 Business-type Activities	2016 Primary Government	2015 Governmental Activities	2015 Business-type Activities	2015 Primary Government
Revenues:						
Program Revenues:						
Charges for services	\$ 3,971,643	\$ 3,428,291	\$ 7,399,934	\$ 2,645,302	\$ 2,591,094	\$ 5,236,396
Operating grants and contributions	16,343,807	-	16,343,807	16,181,277	-	16,181,277
Capital grants and contributions	299,477	-	299,477	219,344	-	219,344
General Revenues:						
Property taxes	39,551,705	-	39,551,705	37,824,974	-	37,824,974
Motor vehicle excise taxes	3,805,133	-	3,805,133	3,561,343	-	3,561,343
Franchise tax	271,040	-	271,040	269,818	-	269,818
Homestead exemption	383,631	-	383,631	368,955	-	368,955
Other state aid	344,881	-	344,881	832,016	-	832,016
State revenue sharing	1,086,466	-	1,086,466	1,058,579	-	1,058,579
Investment earnings	88,688	-	88,688	46,815	-	46,815
Miscellaneous revenues	43,982	23,895	67,877	238,770	209,442	448,212
Total revenues	<u>66,190,453</u>	<u>3,452,186</u>	<u>69,642,639</u>	<u>63,247,193</u>	<u>2,800,536</u>	<u>66,047,729</u>
Expenses:						
General government	7,673,018	-	7,673,018	9,828,320	-	9,828,320
Public safety	6,762,816	-	6,762,816	6,945,027	-	6,945,027
Public works	7,473,386	-	7,473,386	8,314,846	-	8,314,846
Culture and recreation	1,611,285	-	1,611,285	1,565,775	-	1,565,775
Education	38,270,033	-	38,270,033	34,398,667	-	34,398,667
Interest on debt	588,475	-	588,475	590,962	-	590,962
Waste water treatment plant	-	2,560,603	2,560,603	-	2,643,474	2,643,474
Total expenses	<u>62,379,013</u>	<u>2,560,603</u>	<u>64,939,616</u>	<u>61,643,597</u>	<u>2,643,474</u>	<u>64,287,071</u>
Special item: RSU withdrawal	-	-	-	849,746	-	849,746
Change in net position	3,811,440	891,583	4,703,023	2,453,342	157,062	2,610,404
Net Position - beginning (restated)	52,151,401	18,233,981	70,385,382	49,698,059	18,076,919	67,774,978
Net Position - ending	<u>\$ 55,962,841</u>	<u>\$ 19,125,564</u>	<u>\$ 75,088,405</u>	<u>\$ 52,151,401</u>	<u>\$ 18,233,981</u>	<u>\$ 70,385,382</u>

GOVERNMENTAL ACTIVITIES

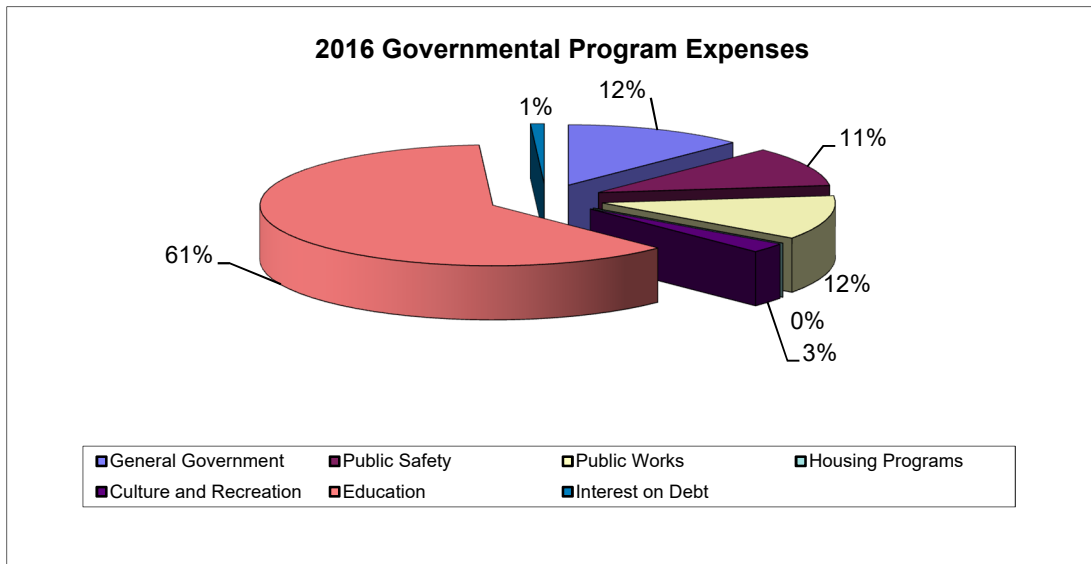
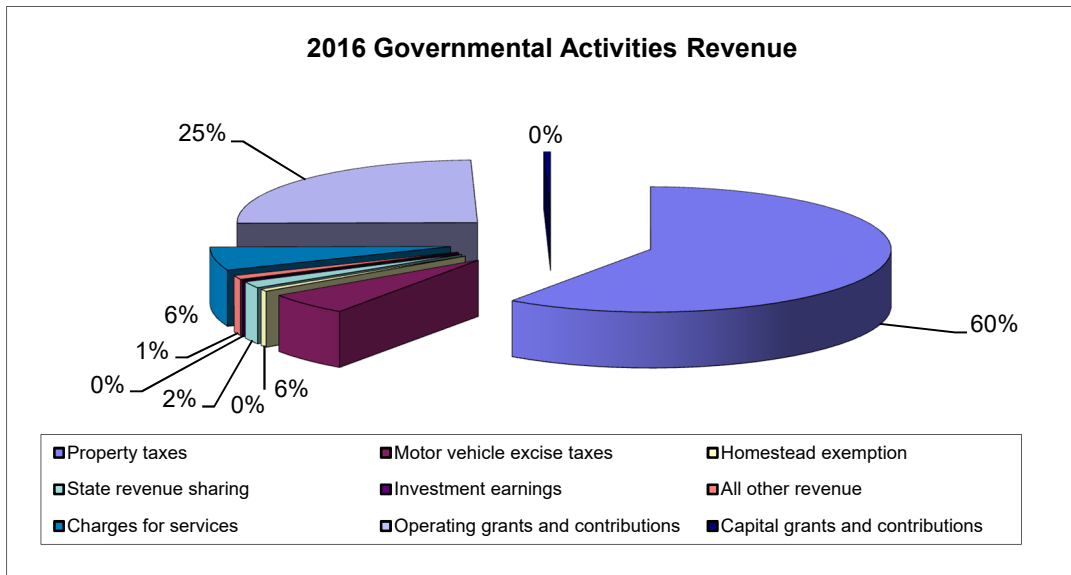
The cost of all Governmental activities this year was \$62,379,013. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City property taxes was only \$39,551,705 because some of the cost was paid by those who directly benefited from the programs (\$3,971,643), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$16,343,807) and capital grants and contributions (\$299,477). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, were \$20,614,927. The City paid for the remaining "public benefit" portion of governmental activities with \$45,575,526 in taxes and with other revenues, such as interest, State Revenue Sharing, general contributions and other miscellaneous revenues leaving an ending balance of \$55,962,841 in net position at year end.

The City's programs include General Government, Public Safety, Public Works, 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 (2016) and last year (2015) 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
For the year ended June 30, 2016

Governmental activities:	2016 Net (Expense)/Revenue	2015 Net (Expense)/Revenue
General Government	\$(3,810,262)	\$ (6,802,429)
Public Safety	(6,514,352)	(6,023,367)
Public Works	(7,167,940)	(8,005,012)
Culture and Recreation	(539,280)	(568,525)
Education	(23,143,777)	(20,607,379)
Interest on Debt	(588,475)	(590,962)
Total governmental activities	\$(41,764,086)	\$ (42,597,674)

Total resources available during the year to finance governmental operations were \$118,341,854 consisting of net position at July 1, 2015 of \$52,151,401, program revenues of \$20,614,927 and General Revenues of \$45,575,576. Total Governmental Activities during the year were \$62,379,013; thus, Net Position was increased by \$3,811,440 to \$55,962,841.



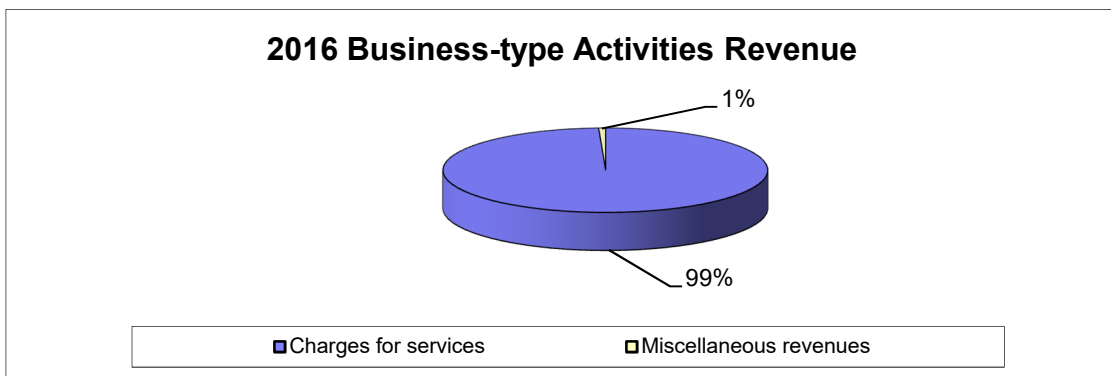
CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
For the year ended June 30, 2016

BUSINESS-TYPE ACTIVITIES

The cost of all Proprietary (Business-type) activities this year was \$2,560,603. As shown in the Statement of Activities, the amounts paid by users of the system were \$3,428,291, and miscellaneous revenues were \$23,895.

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 \$891,583 as revenues were more than expenses.

Total resources available during the year to finance Proprietary Fund (Business-type) Activities were \$21,686,167 consisting of Net Position at July 1, 2015 of \$18,233,981, program revenues of \$3,428,291, and general revenues of \$23,895. Total Proprietary Fund (Business-type) expenses during the year were \$2,560,603; thus, Net Position was increased by \$891,583 to \$19,125,564.



This increase in net position is due primarily to sewer user fees collected being higher than its projection for the year.

THE CITY'S FUNDS

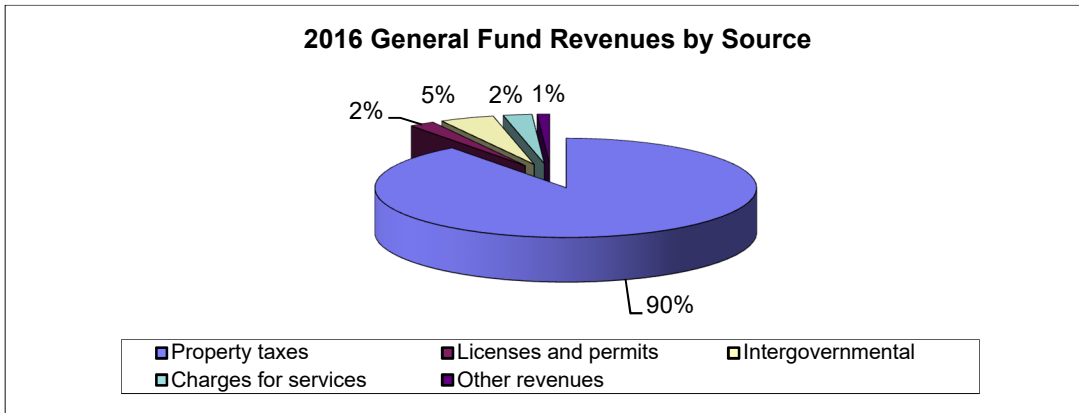
The following is an analysis of balances in the City's major individual funds. Comparative information is being provided for fiscal year 2015.

General Major Governmental Functions - The information below compares revenues of the General Fund for 2016 and 2015, respectively.

	<u>2016</u>	<u>2015</u>
Revenues by source:		
Taxes	\$ 43,325,170	\$ 41,505,716
Licenses and permits	1,034,945	724,518
Intergovernmental	2,206,787	2,062,683
Charges for services	1,165,276	1,156,353
Other revenues	501,533	548,119
Total revenues	<u>\$ 48,233,711</u>	<u>\$ 45,997,389</u>

Taxes increased by \$1,819,454 or 5%. The City tax rate went from \$18.62 per \$1,000 to \$19.22 per \$1,000 to cover increased cost of services. Licenses and permit revenues increased by \$310,427 due to building permits increased by \$276,222.

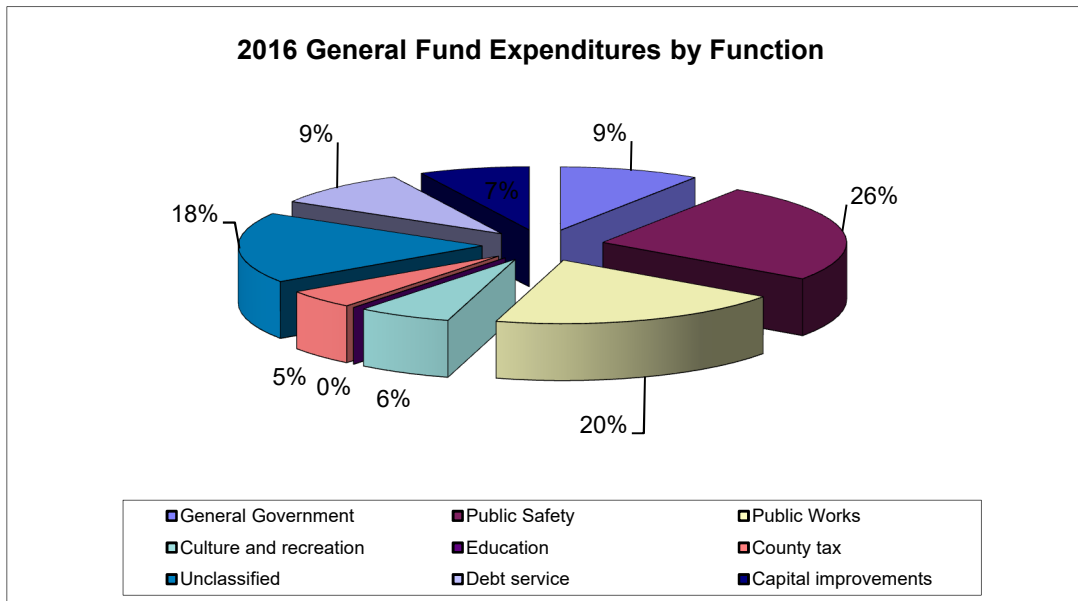
CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
For the year ended June 30, 2016



The information below compares expenditures of the General Fund for 2016 and 2015, respectively.

Expenditures by function:	<u>2016</u>	<u>2015</u>
General government	\$ 2,410,443	\$ 2,487,017
Public safety	6,588,569	6,632,398
Public works	5,096,513	5,053,368
Culture and recreation	1,611,285	1,555,900
County tax	1,243,927	1,231,018
Unclassified	4,674,278	4,511,932
Debt service	2,444,011	2,407,689
Capital improvements	1,889,392	1,986,298
Total expenditures	<u>\$ 25,958,418</u>	<u>\$ 25,865,620</u>

The general fund has a transfer for \$21,649,968 to the Saco School special revenue fund and \$114,803 for the Adult Education special revenue fund totaling \$21,764,771 which is similar to the prior year education expenditures. Capital improvements increased due to the issuance of several new capital leases during the year.



CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
For the year ended June 30, 2016

School Operations Fund

On July 1, 2014, the Saco Schools withdrew from Regional School Unit #23 (RSU #23) that included the City of Saco and the towns of Old Orchard Beach and Dayton. A Special Revenue Fund was created to account for the school general fund, which is maintained on a separate accounting system. The City transferred a total of \$21,761,774 from the tax levy to the Saco Schools. The additional school revenues were Intergovernmental (\$13,890,392), tuition fees (\$430,058) and other revenues (\$64,208). The expenditures totaled \$35,494,461 plus a transfer of \$2,970 to a special revenue fund for fiscal year 2016. For fiscal year 2016, a net increase in fund balance of \$712,779 occurred, which resulted in an ending deficit fund balance of \$199,722.

	2016 Budgetary Basis
Total Revenue	\$ 12,869,342
Total Expenditures	33,774,241
Deficiency of revenues under expenditures	(20,904,899)
Total Other Financing Sources	21,646,998
Net Increase in Fund Balance	742,099
Change in Accrued Summer Benefits	(29,320)
Beginning Fund Deficit – June 30, 2015	(912,501)
Fund Deficit – June 30, 2016	\$ (199,722)

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.

	2016	2015
Total Assets	\$ 22,772,283	\$ 21,278,503
Net Position	19,125,564	18,233,981
Change in Net Position	891,583	157,062
Return on Ending Total Assets	3.91%	0.74%
Return on Ending Net Position	4.66%	0.86%

DEBT ADMINISTRATION

Debt, considered a liability of governmental activities, decreased in fiscal year 2016 by \$206,066. During 2016, the two bonds that we approved in 2015 were funded for a total of \$895,000. The City also refunded some existing bonds for a total of \$3,280,000. The City also received a loan from the Maine Department of Transportation for \$495,000 to assist with a bridge construction project. Debt, considered a liability of business-type activities, decreased in fiscal year 2016 by \$145,000. Per capita bonded debt and capital leases outstanding decreased from \$884 to \$883 per capita compared to the prior fiscal year. For a more detailed disclosure on debt, see footnote 6.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
For the year ended June 30, 2016

The Governmental Activity and Business-type Activity debt summary for fiscal year 2016 is presented below.

	Governmental Activities	Business-type Activities
Debt Payable at June 30, 2015	\$ 16,047,785	\$ 290,000
Add: New Debt and Capital Lease Purchases	5,993,160	-
	22,040,945	290,000
Less: Debt Retired	5,865,612	145,000
Debt Payable at June 30, 2016	\$ 16,175,333	\$ 145,000

This debt payable does not include the long-term portion of compensated absences of \$1,310,215, OPEB of \$1,013,935 or net pension liability of \$3,194,374 for governmental activities and \$58,117 of compensated absences 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, 2016, net capital assets of the governmental activities totaled \$62,141,671 and the net capital assets of the business-type activities totaled \$20,501,473. 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.

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 \$776,899 on street maintenance for the fiscal year ended June 30, 2016. 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 2016. The current PCI rating for 2016 is 80.49, which is up by 0.43 points from last year.

The City expended less than the estimated amount during the fiscal year ended June 30, 2016 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 \$601,797 on other infrastructure maintenance for the fiscal year ended June 30, 2016. 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.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
For the year ended June 30, 2016

Infrastructure Assets - June 30, 2016 and 2015

Description	Net Cost 2016	Net Cost 2015
Governmental Activities:		
Modified Approach:		
Catch basins and manholes	\$ 2,302,711	\$ 2,302,711
Storm drainage	17,998,406	17,998,406
Sidewalks	1,899,091	1,899,091
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
Construction in progress	101,384	123,003
Total Governmental Activities	\$ 41,952,822	\$ 41,974,441
Business-type Activities:		
Sewer pipe	14,918,272	14,918,272
Total Business-type Activities	\$ 14,918,272	\$ 14,918,272

Capital Assets

	Balance July 1, 2015 (Restated)	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Buildings and Improvements	\$ 43,562,186	\$ -	\$ -	\$ 43,562,186
Vehicles	7,383,390	1,234,058	(608,146)	8,009,302
Machinery and Equipment	5,375,651	592,990	(730,840)	5,237,801
Total	56,321,227	1,827,048	(1,338,986)	56,809,289
Accumulated Depreciation	(36,191,518)	(1,559,108)	1,130,186	(36,620,440)
Total Governmental Activities	\$ 20,129,709	\$ 267,940	\$ (208,800)	\$ 20,188,849
Business-type Activities:				
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	(5,163,701)	(269,639)	-	(5,433,340)
Total Business-type Activities	\$ 5,852,840	\$ (269,639)	\$ -	\$ 5,583,201
Total Capital and Infrastructure	\$ 82,875,262			\$ 82,643,144

For more detail on capital assets, see footnote 4.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
For the year ended June 30, 2016

BUDGETS AND BUDGETARY ACCOUNTING

General Fund Budget Variances

Comparing the fiscal year 2015-2016 original budget (or adopted) General Fund amount of \$48,087,466 (expenditures of \$25,222,695, plus transfers of \$22,864,771, to the final budget amount of \$48,515,795 shows a change of \$428,329 from the original budget.

<u>Original Budget</u>	<u>+ Continuing Appropriations</u>	<u>= Beginning Balance</u>
\$ 48,087,466	334,665	48,422,131
<u>Beginning Balance</u>	<u>+/- Supplemental Changes</u>	<u>= Final Budget</u>
\$ 48,422,131	93,664	48,515,795

The \$334,665 reflects prior year encumbrance amounts. The Council passed four budget amendments during 2016. The first budget amendment had no effect on the total appropriations, as it was a movement between capital projects. The second amendment increased intergovernmental revenue and appropriations by \$36,664 for a MDEA agent to be paid by the State of Maine. The third amendment had no effect on total appropriations, as it moved money from contingency into the capital account. The fourth amendment increased the utilization of surplus and increased the capital account by \$57,000 for replacement of the PD phone system.

Revenues – Actual vs. Final Budget

In total, actual tax revenues exceeded budget by \$836,868. This is the result of excise taxes exceeding budget by \$659,633. The increase in excise is due the difficulty of budgeting this type of revenue year over year, coupled with a rental agency registering cars in some years but not in others. The Council has decided to not budget any income from the rental agency due to inconsistent numbers.

In total, actual licenses and permits were above budget by \$286,191. The primary reason is that building permits is greater than budget by \$235,866.

In total, actual intergovernmental were above budget by \$132,611. The primary reason is that Federal Assistance is greater than budget by \$77,793.

In total, actual charges for services exceeded budget by \$59,276. The largest factor was the result of police revenue exceeding budget by \$17,528 due to higher enrollment in summer programs. The next largest factor was the public works revenue exceeding budget by \$16,682 due to school bus repairs and gas.

In total, actual other revenue was below budget by \$34,467. This largest factor was the insurance claims and refunds coming in below budget by \$49,649.

Expenses – Actual vs. Final Budget

In total, General Government was below budget by \$70,234. The primary reason is that Technology was below budget by \$59,532, and City Administration was below budget by \$28,145. Other departments were slightly above budget which offset some of the savings.

In total, Public Safety was below budget by \$122,552. One of the primary reasons is that Police/Central Dispatch is below budget by \$109,635 due to turnover.

In total, Public Works was below budget by \$567,021. This is a result of many factors. One of the primary reasons is that Waste Disposal is below budget by \$100,200 and Paving is below budget by \$282,400. The remaining factor were several other expenditure lines being below budget.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
For the year ended June 30, 2016

In total, actual Culture and Recreation is over budget by \$101,074.

In total, actual unclassified is over budget by \$138,665. The primary reason is the employee benefits being over budget by \$128,350.

In total, actual capital projects are below budget by \$377,184. Many of these projects are in process, but not 100% complete. It is part of the assigned fund balance amount. The City budgets only as four categories, see below:

	<u>Budget</u>	<u>Actual</u>
Facility	\$ 461,000	344,149
Parks and Recreation	-	29,500
Roads and Infrastructure	565,000	370,224
Drainage/Sewer	93,000	(2,057)

Weather and projects usually start in April/May and finish October/November, due to this going over the fiscal year the City assigned the remaining balances due to the projects not being complete.

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.

Historical Trend

As the City enters fiscal year 2017, 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 \$9 million annually. During this time span, the City has been able to stabilize the tax rate with consistent increases in property valuations.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total taxes	\$ 36,019,108	\$ 36,998,682	\$ 37,584,455	\$ 39,253,248	\$ 40,617,347
Percent change	17.8%	2.7%	1.5%	4.7%	3.6%
Total City valuation	\$1,968,257,265	\$1,991,317,665	\$2,018,499,204	\$2,042,312,592	\$2,180,975,472

The Budget

It is important to note that the City of Saco's Adopted Budget for fiscal year 2017 encompasses all municipal expenditures, as well as County and Saco School 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 Saco School financial statements. Thus, the fiscal 2017 adopted budget calls for total expenditures of \$49,826,014, representing \$26,345,119 in municipal expenditures, \$1,265,983 in county tax, and \$22,214,912 in taxes raised on behalf of the Saco School Department.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
For the year ended June 30, 2016

City Budget	City Administrator Recommendation	Net Change	Approved Budget
Operating Budget	\$ 23,005,722	\$ 926,178	\$ 23,931,900
Capital Outlay	880,000	433,500	1,313,500
Total	23,885,722	1,359,678	25,245,400
Overlay & TIF Transfers	1,099,719	-	1,099,719
Total Expenditure Budget	\$ 24,985,441	\$ 1,359,678	\$ 26,345,119

RSU (School) Budget	RSU Board Recommendation	Net Change	Approved Budget
Education	\$ 21,764,771	\$ 450,141	\$ 22,214,912

County Tax	Estimated County Tax	Net Change	Actual County Tax
County Tax	\$ 1,264,509	\$ 1,474	\$ 1,265,983

TOTAL BUDGET	\$ 48,014,721	\$ 1,811,293	\$ 49,826,014
---------------------	----------------------	---------------------	----------------------

The original budget requests from the twelve individual departments were based on the perceived needs of the department heads.

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
For the year ended June 30, 2016

Appropriation Summary

Departments	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Budget
Legislative	\$ 22,094	\$ 22,905	\$ 17,116	\$ 17,600	\$ 18,712
City Administration	307,096	335,644	363,666	200,002	351,541
Finance/Technology	812,545	771,002	748,310	1,092,472	1,196,560
City Clerk	307,034	284,778	315,753	307,356	378,648
Assessor	182,124	179,760	194,046	203,227	239,640
Building Maintenance	105,120	103,719	104,954	106,352	119,343
Legal	156,201	174,427	165,968	150,000	144,425
Police Department	3,312,690	3,510,788	3,628,177	3,667,482	5,022,481
Fire/Ambulance	2,789,737	2,858,001	3,004,221	3,012,020	4,081,763
Building Inspections/Zoning	215,773	221,300	222,583	223,608	334,147
Planning & Economic Dev.	304,063	307,958	354,621	363,516	437,700
Public Works	4,718,474	5,072,132	5,053,368	5,697,425	6,393,072
Public Agencies	687,479	701,528	709,248	731,459	826,663
Emergency Management	5,821	4,969	6,970	6,077	13,217
Parks & Recreation	1,464,172	1,523,888	1,555,900	1,508,951	1,797,359
Debt Service	2,100,480	2,356,604	2,407,689	2,386,941	2,435,101
Employee Benefits *	2,775,796	3,023,232	3,401,689	3,372,162	-
Insurances	159,534	164,530	182,547	175,000	184,000
Contingency	179,826	493,930	211,478	141,000	132,000
Education K-12	19,410,765	20,162,776	20,722,537	21,761,343	22,214,912
York County Tax	1,100,295	1,229,217	1,231,018	1,249,889	1,265,983
Capital Improvement Projects	730,830	871,125	1,098,948	1,053,000	1,139,028
Overlay	-	-	-	100,000	100,000
TIF Transfers	1,028,660	997,319	1,059,520	1,100,000	999,719
TOTAL	\$ 42,876,609	\$ 45,371,532	\$ 46,760,327	\$ 48,626,882	\$ 49,826,014

* *Employee Benefits have been moved into each individual department starting in FY2017*

Revenues/Surplus

It is worth noting that there has been a great deal of fluctuation in non-tax revenue over the past 5 years. One of the major factors of the fluctuation is that the State of Maine Revenue Sharing has been a moving target each year. City management and the City Council are diligent in ensuring that the budget and forecasts are cognizant of the impact on the budgeted utilization of prior year unassigned fund balance.

	2012	2013	2014	2015	2016
Non-tax revenues	\$ 8,966,433	\$ 9,322,259	\$8,453,720	\$8,193,582	\$8,848,817
Percent change	-6.48%	3.97%	-9.32%	-3.07%	8.0%

Major Increases

There were no significant increases in the municipal operational budget. 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
For the year ended June 30, 2016

Savings/Increased Demands

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

The fiscal year 2016 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

We are in good financial position at this time. However, we need to be alert to the public benefit versus the costs of the services we provide.

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 in the past, and the staff has worked hard to get funding for capital needs. 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.

To that end, it is especially important that the City Council maintain and update regularly its comprehensive plan (going through a new update in 2017), 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. In the past, the City received grants to help with doing the City Survey; however, we have not been able to obtain a grant for this work since 2010. We did complete the survey in 2012 and 2014; however, the Council did not approve the money in the 2016 budget.

An initiative in 2015 was the City of Saco vision process. At the end of all the focus group meetings and surveys, the City was given a report that shows where the citizens would like to see Saco in 2025. The catch phrase is Bridge2025. A new vision statement was created and approved by Council, and the City will use the new vision statement and report to move toward the vision the citizens envision.

In 2016, the major work was to get the new City Administrator hired and up to speed on the City of Saco. By June 30, 2016, he had been on staff for nine months. New ideas and new ways of doing business has been the focus, and working toward the Bridge2025 vision. Working alongside the Saco Main Street and Heart of Biddeford organizations, we are creating a buzz in the downtown district. Creating a new look and feel to the downtown, through working with business owners and creating activities to include the whole family: art show, harvest festival, river jam (concert series), and more. The momentum is going, and many new things to come for Saco.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
For the year ended June 30, 2016

We are seeing a great deal of interest in new construction, with a 43.6% increase in the number of permits in 2016. This is continuing into 2017. In 2016, one of the major vacant mills on Saco Island has started to transition, and looking forward to new businesses and housing to create a great downtown. The train station being right next door will create a great place for people to work, play or live. On the other side of the City we are seeing similar growth. It is an exciting time in Saco.

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 2017 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 2017 approved budget for the City of Saco has an increase of \$0.20, which is \$0.15 City, \$0.00 County, and \$0.05 School.

FY2016 Rate	\$ 19.22
City (1.9% increase)	.15
School (0.5% increase)	.05
County (0% increase)	<u>-</u>
FY2017 Rate	\$ 19.42

Summary

With the fiscal year 2017 adopted budget, there is a 1.04% increase to the existing tax rate. This means that property owners will be billed an estimated \$19.42 per thousand in fiscal year 2017. In other words, a property valued at \$200,000 will pay \$3,884 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.

This page left blank intentionally.

BASIC FINANCIAL STATEMENTS

CITY OF SACO, MAINE
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	2016 Total
ASSETS			
Cash and cash equivalents	\$ 9,186,631	\$ 1,851,972	\$ 11,038,603
Investments	2,320,857	-	2,320,857
Cash held in escrow	495,000	-	495,000
Receivables:			
Accounts (net of allowance of \$765,237)	2,358,983	391,278	2,750,261
Taxes - current	921,779	-	921,779
Taxes - prior years	119,539	-	119,539
Tax liens	329,492	-	329,492
Prepaid expenses	174,999	27,560	202,559
Other	40,056	-	40,056
Tax acquired property	93,089	-	93,089
Depreciable capital assets, net	20,188,849	5,583,201	25,772,050
Non-depreciable capital assets	41,952,822	14,918,272	56,871,094
Total assets	78,182,096	22,772,283	100,954,379
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	1,535,072	-	1,535,072
Total deferred outflows of resources	1,535,072	-	1,535,072
LIABILITIES			
Accounts payable and other current liabilities	1,833,814	135,775	1,969,589
Accrued liabilities	2,517,797	27,005	2,544,802
Taxes collected in advance	135,664	-	135,664
Internal balance	(3,280,822)	3,280,822	-
Noncurrent liabilities:			
Due within one year	2,622,347	148,934	2,771,281
Due in more than one year	19,454,186	54,183	19,508,369
Total liabilities	23,282,986	3,646,719	26,929,705
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	471,341	-	471,341
Total deferred inflows of resources	471,341	-	471,341
NET POSITION			
Net investment in capital assets	47,580,462	20,356,473	67,936,935
Restricted for:			
Finance and administration	1,833,489	-	1,833,489
Community services	957,756	-	957,756
Public safety	26,549	-	26,549
Other purposes	383,056	-	383,056
Nonexpendable	181,383	-	181,383
Expendable	497,608	-	497,608
Unrestricted	4,502,538	(1,230,909)	3,271,629
Total net position	\$ 55,962,841	\$ 19,125,564	\$ 75,088,405

See accompanying notes to basic financial statements.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	2016 Total
Primary government:							
Governmental activities:							
General government	\$ 7,673,018	\$ 1,863,889	\$ 1,998,867	\$ -	\$ (3,810,262)	\$ -	\$ (3,810,262)
Public safety	6,762,816	170,671	-	77,793	(6,514,352)	-	(6,514,352)
Public works	7,473,386	83,762	-	221,684	(7,167,940)	-	(7,167,940)
Culture and recreation	1,611,285	1,072,005	-	-	(539,280)	-	(539,280)
Education	38,270,033	781,316	14,344,940	-	(23,143,777)	-	(23,143,777)
Interest on debt	588,475	-	-	-	(588,475)	-	(588,475)
Total governmental activities	62,379,013	3,971,643	16,343,807	299,477	(41,764,086)	-	(41,764,086)
Business-type activities:							
Waste Water Treatment Plant	2,560,603	3,428,291	-	-	-	867,688	867,688
Total business-type activities	2,560,603	3,428,291	-	-	-	867,688	867,688
Total primary government	\$ 64,939,616	\$ 7,399,934	\$ 16,343,807	\$ 299,477	\$ (41,764,086)	\$ 867,688	\$ (40,896,398)
General revenues:							
Property taxes, levied for general purposes					\$ 39,551,705	\$ -	\$ 39,551,705
Motor vehicle excise taxes					3,805,133	-	3,805,133
Franchise tax					271,040	-	271,040
Grants and contributions not restricted to specific programs:							
Homestead exemption					383,631	-	383,631
Other State aid					344,881	-	344,881
State Revenue Sharing					1,086,466	-	1,086,466
Unrestricted investment earnings					88,688	-	88,688
Miscellaneous revenues					43,982	23,895	67,877
Total general revenues					45,575,526	23,895	45,599,421
Change in net position					3,811,440	891,583	4,703,023
Net position - beginning (restated)					52,151,401	18,233,981	70,385,382
Net position - ending					\$ 55,962,841	\$ 19,125,564	\$ 75,088,405

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	School Operations Fund	Other Governmental Funds	2016 Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,908,094	\$ -	\$ 278,537	\$ 9,186,631
Investments	126,563	-	2,194,294	2,320,857
Receivables, net of allowance of \$765,237	328,276	159,218	1,871,489	2,358,983
Interfund receivables	3,745,301	1,766,353	2,267,544	7,779,198
Taxes and liens receivable	1,370,810	-	-	1,370,810
Tax acquired property	93,089	-	-	93,089
Prepaid items	144,165	30,834	-	174,999
Inventory	-	-	1,745	1,745
Other	-	-	38,311	38,311
Total assets	\$ 14,716,298	\$ 1,956,405	\$ 6,651,920	\$ 23,324,623
LIABILITIES				
Accounts payable	1,513,489	235,542	84,783	1,833,814
Accrued liabilities	453,533	1,920,585	1,920	2,376,038
Taxes collected in advance	135,664	-	-	135,664
Interfund payables	3,370,856	-	1,127,520	4,498,376
Total liabilities	5,473,542	2,156,127	1,214,223	8,843,892
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,042,708	-	-	1,042,708
Unavailable revenue - rent	2,100	-	-	2,100
Total deferred inflows of resources	1,044,808	-	-	1,044,808
FUND BALANCES (DEFICIT)				
Nonspendable	144,165	-	1,062,047	1,206,212
Restricted	-	-	3,762,794	3,762,794
Committed	89,733	-	551,981	641,714
Assigned	2,208,198	-	444,192	2,652,390
Unassigned	5,755,852	(199,722)	(383,317)	5,172,813
Total fund balances (deficit)	8,197,948	(199,722)	5,437,697	13,435,923
Total liabilities, deferred inflows of resources and fund balances	\$ 14,716,298	\$ 1,956,405	\$ 6,651,920	
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				\$ 62,141,671
Cash held in escrow				495,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.				
Noncurrent liabilities as reported on Statement 1	(17,571,944)			(18,882,159)
Accrued liabilities (compensated absences) as reported on Statement 1	(1,310,215)			(18,882,159)
Accrued interest on Statement 1				(141,759)
Net pension liability, including related deferred inflows and outflows				(2,130,643)
Unavailable revenues- more specifically, property taxes not reported on Statement 1				1,044,808
Net position of governmental activities				\$ 55,962,841

CITY OF SACO, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2016

	General Fund	School Operations Fund	Other Governmental Funds	2016 Total Governmental Funds
REVENUES				
Taxes	\$ 43,325,170	\$ -	\$ -	\$ 43,325,170
Licenses and permits	1,034,945	-	-	1,034,945
Intergovernmental	2,206,787	13,890,392	1,978,182	18,075,361
Charges for services	1,165,276	430,058	927,450	2,522,784
Other revenues	501,533	64,208	634,784	1,200,525
Total revenues	48,233,711	14,384,658	3,540,416	66,158,785
EXPENDITURES				
Current:				
General government	2,410,443	-	-	2,410,443
Public safety	6,588,569	-	108,852	6,697,421
Public works	5,096,513	-	-	5,096,513
Culture and recreation	1,611,285	-	-	1,611,285
Education	-	34,979,627	2,147,155	37,126,782
Unclassified	4,674,278	-	214,298	4,888,576
County tax	1,243,927	-	-	1,243,927
Debt service:				
Principal	1,919,959	295,000	-	2,214,959
Interest and other charges	524,052	44,250	18,666	586,968
Capital improvements	1,889,392	175,584	436,432	2,501,408
Total expenditures	25,958,418	35,494,461	2,925,403	64,378,282
Excess (deficiency) of revenues over (under) expenditures	22,275,293	(21,109,803)	615,013	1,780,503
OTHER FINANCING SOURCES (USES)				
Capital lease issuance of debt	1,147,576	175,584	-	1,323,160
Refunding/bonds issued	3,280,000	-	895,000	4,175,000
Premium on refunding/bonds issued	319,673	-	68,666	388,339
Payment to refunded bond escrow agent	(3,535,300)	-	-	(3,535,300)
Transfers in	937,343	21,649,968	1,429,800	24,017,111
Transfers out	(22,993,305)	(2,970)	(1,020,836)	(24,017,111)
Total other financing sources (uses)	(20,844,013)	21,822,582	1,372,630	2,351,199
Net change in fund balances	1,431,280	712,779	1,987,643	4,131,702
Fund balances (deficit) - beginning	6,766,668	(912,501)	3,450,054	9,304,221
Fund balances (deficit) - ending	\$ 8,197,948	\$ (199,722)	\$ 5,437,697	\$ 13,435,923

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, 2016

Net change in fund balances- total governmental funds (from Statement 4) \$ 4,131,702

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 expense in the current period.

		37,521
Capital outlays	\$ 1,805,429	
Less: loss on disposal	208,800	
Less: depreciation expense	1,559,108	
	\$ 37,521	

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.

31,668

Bond, note, 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.

		(16,578)
Capital lease proceeds	\$ (1,323,160)	
Capital lease repayments	877,485	
Capital lease interest accrual	(4,173)	
Note payable repayments	112,061	
Premium on bonds issued	(388,339)	
Amortization of premium on refunding bonds	5,663	
Bond proceeds	(4,175,000)	
Bond principal repayments	4,876,066	
Bond interest accrual	2,819	
	\$ (16,578)	

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents:

(372,873)

Change in long term accrued compensated absences	\$ 64,584	
Change in net pension liability, with related deferred inflows and outflows	(342,389)	
Change in long-term other post employment benefits	(95,068)	
	\$ (372,873)	

Change in net position of governmental activities (see Statement 2) \$ 3,811,440

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 42,488,302	\$ 42,488,302	\$ 43,325,170	\$ 836,868
Licenses and permits	748,754	748,754	1,034,945	286,191
Intergovernmental	2,037,512	2,074,176	2,206,787	132,611
Charges for services	1,106,000	1,106,000	1,165,276	59,276
Interest earnings	15,000	15,000	39,982	24,982
Other revenues	521,000	521,000	461,551	(59,449)
Total revenues	46,916,568	46,953,232	48,233,711	1,280,479
EXPENDITURES				
Current:				
General government	2,440,448	2,480,677	2,410,443	70,234
Public safety	6,679,502	6,711,121	6,588,569	122,552
Public works	5,384,227	5,663,534	5,096,513	567,021
Culture and recreation	1,508,951	1,510,211	1,611,285	(101,074)
County tax	1,243,927	1,243,927	1,243,927	-
Unclassified	4,525,699	4,535,613	4,674,278	(138,665)
Debt service	2,386,941	2,386,941	2,379,638	7,303
Capital projects	1,053,000	1,119,000	741,816	377,184
Total expenditures	25,222,695	25,651,024	24,746,469	904,555
Excess (deficiency) of revenues over (under) expenditures	21,693,873	21,302,208	23,487,242	2,185,034
OTHER FINANCING SOURCES (USES)				
Budgeted utilization of surplus	300,000	357,000	-	(357,000)
Carryover of assigned fund balance	-	334,665	-	(334,665)
Transfers in	870,898	870,898	937,343	66,445
Transfers out	(22,864,771)	(22,864,771)	(22,993,305)	(128,534)
Total other financing sources (uses)	(21,693,873)	(21,302,208)	(22,055,962)	(753,754)
Net change in fund balance	-	-	1,431,280	1,431,280
Fund balance - beginning			6,766,668	
Fund balance - ending			\$ 8,197,948	

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
School Operations Fund
Statement of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual - Budgetary Basis
For the year ended June 30, 2016

	Budget amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State subsidy - operating costs	\$ 11,698,301	11,698,301	12,153,193	454,892
State agency clients	125,000	125,000	150,698	25,698
Medical reimbursements	40,000	40,000	71,185	31,185
Charges for services:				
Tuition fees	336,844	336,844	341,203	4,359
Rentals	-	-	1,570	1,570
Transportation	75,000	75,000	87,285	12,285
Other revenues:				
Miscellaneous	10,000	10,000	64,208	54,208
Total revenues	12,285,145	12,285,145	12,869,342	584,197
Expenditures:				
Current:				
Regular instruction	20,270,202	20,270,202	20,536,607	(266,405)
Special education instruction	5,951,782	5,951,782	5,752,975	198,807
Other instruction	189,811	189,811	163,239	26,572
Student and staff support	1,908,735	1,908,735	1,869,424	39,311
System administration	654,500	654,500	669,695	(15,195)
School administration	1,013,078	1,013,078	993,322	19,756
Transportation	1,374,087	1,374,087	1,348,980	25,107
Facilities maintenance	2,233,668	2,233,668	2,100,749	132,919
Debt service	339,250	339,250	339,250	-
Total expenditures	33,935,113	33,935,113	33,774,241	160,872
Other financing sources (uses):				
Transfer from the City General Fund	21,649,968	21,649,968	21,649,968	-
Transfer to the Special Revenue Fund	-	-	(2,970)	(2,970)
Total other financing sources	21,649,968	21,649,968	21,646,998	(2,970)
Net change in fund balance budgetary basis	-	-	742,099	742,099
Reconciliation to GAAP basis:				
Change in accrued summer benefits			(29,320)	
Net change in fund balances GAAP basis			712,779	
Fund deficit, beginning			(912,501)	
Fund deficit, ending	\$		(199,722)	

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Net Position
Proprietary Fund
June 30, 2016

	Business-type activities
	Enterprise Funds
	Waste Water
	Treatment Plant
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,851,972
Receivables	391,278
Prepaid	27,560
Total current assets	2,270,810
Noncurrent assets:	
Depreciable capital assets	
Vehicles	140,127
Buildings and improvements	9,245,821
Equipment	1,630,593
Less accumulated depreciation	(5,433,340)
Non-depreciable capital assets	14,918,272
Total noncurrent assets	20,501,473
Total assets	22,772,283
LIABILITIES	
Current liabilities:	
Accounts payable	135,775
Accrued liabilities	27,005
Interfund payables	3,280,822
Accrued compensated absences due within one year	3,934
Bonds payable due within one year	145,000
Total current liabilities	3,592,536
Noncurrent liabilities:	
Accrued compensated absences	54,183
Total noncurrent liabilities	54,183
Total liabilities	3,646,719
NET POSITION	
Net investment in capital assets	20,356,473
Unrestricted	(1,230,909)
Total net position	\$ 19,125,564

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, 2016

	Business-type activities
	Enterprise Funds
	Waste Water
	Treatment Plant
Operating revenues:	
Charges for services	\$ 3,428,291
Miscellaneous revenues	23,895
Total operating revenues	3,452,186
Operating expenses:	
Personnel services	990,005
Contractual services	236,763
Utilities	191,127
Repairs and maintenance	434,206
Other supplies and expenses	430,452
Depreciation	269,639
Total operating expenses	2,552,192
Operating income	899,994
Nonoperating expenses:	
Interest expense	(8,411)
Total nonoperating expenses	(8,411)
Change in net position	891,583
Total net position - beginning	18,233,981
Total net position - ending	\$ 19,125,564

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Cash Flows
Proprietary Fund
For the year ended June 30, 2016

	Business-type activities	
	Enterprise Funds	
	Waste Water Treatment Plant	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$	3,544,404
Other receipts		23,895
Payments to suppliers		(1,239,519)
Payments to employees		(996,106)
Net cash provided by operating activities		1,332,674
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Increase (decrease) in interfund loans		672,709
Net provided by non-capital financing activities		672,709
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on debt		(145,000)
Interest paid on debt		(8,411)
Net cash used in capital and related financing activities		(153,411)
Net increase (decrease) in cash and cash equivalents		1,851,972
Balances- beginning of the year		-
Balances- end of the year	\$	1,851,972
Reconciliation of operating income to net cash provided		
(used) by operating activities:		
Operating income	\$	899,994
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		269,639
Change in assets and liabilities:		
Receivables		116,113
Prepays		(27,560)
Accounts payables		90,717
Accrued liabilities		(16,229)
Net cash provided by operating activities	\$	1,332,674

See accompanying notes to basic financial statements.

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

	Agency Funds
	Student
	Activity Funds
ASSETS	
Cash and cash equivalents	\$ 179,572
Total assets	179,572
LIABILITIES	
Due to student groups	179,572
Total liabilities	\$ 179,572

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

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, education, 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 deferred inflows of resources, 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
For the year ended June 30, 2016

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 General Fund and School Operations Fund are the only major funds and are the general operating funds of the City and School Department, respectively. 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 these funds are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid through other funds.

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
For the year ended June 30, 2016

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, to 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.

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.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Inventories

Food service inventories are valued at the lower of cost (first-in, first-out basis) or market, and are offset with a nonspendable portion of fund balance. Inventories include the value of the U.S. Department of Agriculture commodities donated to the Food Services Program

H. 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.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

J. 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:

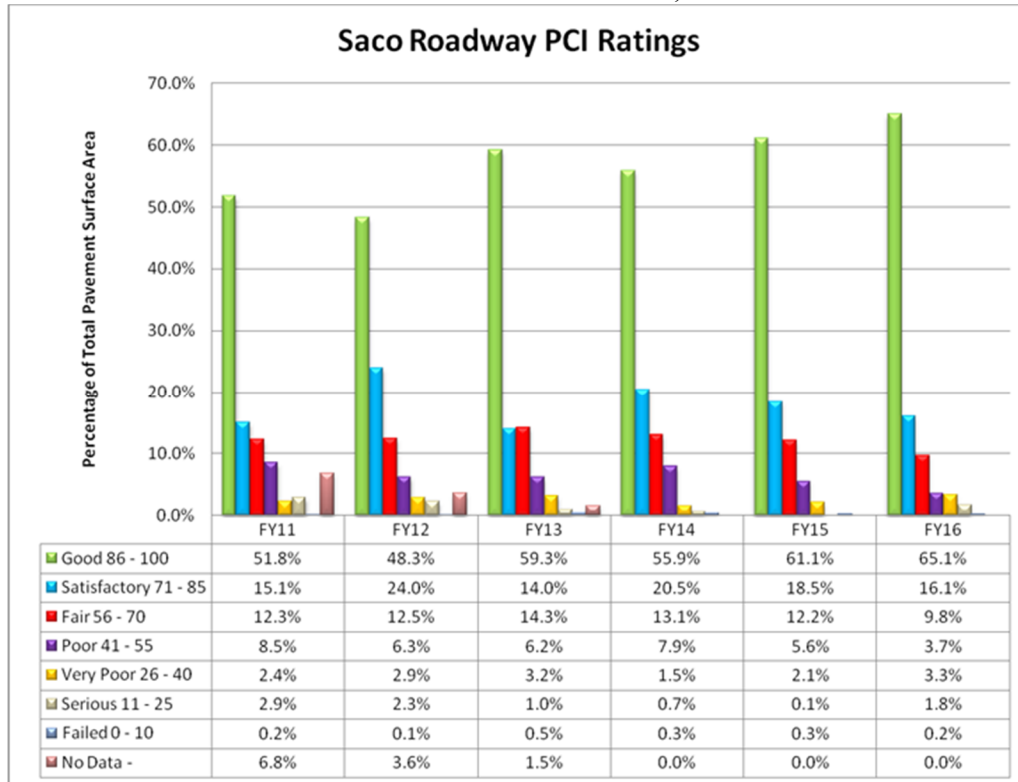
Buildings	40 years
Building Improvements	40 years
Vehicles	5 years
Office furniture and fixtures	7 years
Equipment	10-20 years
Computer equipment	3 years

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
For the year ended June 30, 2016

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. Since fiscal year 2014, the Public Works Department inspected approximately 60,000 feet of sewer line.

In 2001, 2004, 2007 and 2010 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.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

K. 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.

L. Pensions

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

M. 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.

N. Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represents a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds have one type of deferred inflow of resources: unavailable revenue from property taxes and rent. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. 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. Governed by the start up of the trust.
- 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. Governed by grantors, contributions, or laws and regulations.
- 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. Governed by the City Council.
- 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. Governed by intended use established by official designation.
- Unassigned – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

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

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

P. 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.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

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, 2016, the City reported deposits of \$11,218,175 with a bank balance of \$12,830,311. Of the City's bank balances of \$12,830,311, \$2,920,251 was exposed to custodial credit risk. The balance of \$9,910,060 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:

Reported in governmental funds	\$ 9,186,631
Reported in business-type funds	1,851,972
Reported in fiduciary funds	<u>179,572</u>
Total deposits	<u>\$ 11,218,175</u>

Investments

Custodial Credit Risk- City Investments: For investments, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does have a deposit policy for custodial credit risk as is outlined above. Of the City's \$2,320,857 in investments, 100% of the money market funds (\$1,215,580) were collateralized by underlying securities held by the related bank in the City's name.

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

At June 30, 2016, 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	\$ 1,215,580	1,215,580	-	-	-
Mutual funds	466,219	466,219	-	-	-
Stock	423,090	423,090	-	-	-
Corporate bonds	215,968	-	-	73,996	141,972
Total investments	<u>\$ 2,320,857</u>	<u>2,104,889</u>	-	<u>73,996</u>	<u>141,972</u>

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 2 - DEPOSITS AND INVESTMENTS, Continued

Investments have been reported as follows:

<u>Reported in governmental funds</u>	<u>\$2,320,857</u>
<u>Total investments</u>	<u>\$2,320,857</u>

Interest Rate Risk: The City does have a policy related to investment rate risk. This policy details that the investment and cash management portfolio be designed to attain a market value rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities and cash flow requirements. 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, 2016, the City's investments were rated as follows by Standard & Poor's.

Credit Risk Rating:

Money Market Funds with AAA Ratings	\$1,215,580
Corporate Bonds with AA- Ratings	37,135
Corporate Bonds with BBB+ Ratings	21,972
Corporate Bonds with BBB Ratings	62,304
Corporate Bonds with BBB- Ratings	63,057
Corporate Bonds with B Ratings	16,600
<u>Corporate Bonds with CCC- Ratings</u>	<u>14,900</u>
<u>Total</u>	<u>\$1,431,548</u>

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

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, 2015, upon which the levy for the year ended June 30, 2016 was based, was \$2,042,312,592. This assessed value was 100% of the estimated market value and 96.2% of the 2016 state valuation of \$2,122,650,000.

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 \$100,000 for the year ended June 30, 2016.

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

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 2015-2016 and 2014-2015 levies, respectively:

	<u>2015-2016</u>	<u>2014-2015</u>
Assessed Value	\$ 2,042,312,592	2,018,499,204
Tax Rate (per \$1,000)	19.22	18.62
Commitment	39,253,248	37,584,455
Supplemental Taxes Assessed	85,666	77,416
	<u>39,338,914</u>	<u>37,661,871</u>
Less: Collections and Abatements	38,417,135	36,879,630
Receivable at June 30, 2016 and 2015	<u>\$ 921,779</u>	<u>782,241</u>
Due Dates	8/14/15	8/8/14
	2/12/16	2/13/15
Interest Rates on Delinquent Taxes	7.0%	7.0%
Collection Rate	97.66%	97.92%

Of the total taxes committed for the year ended June 30, 2016, \$475,300 was allocated to the Saco Island TIF District, \$28,398 was allocated to First Light Technology, Inc., \$280,616 was allocated to the Spring Hill TIF, \$172,701 was allocated to Industrial Park (People's Choice FCU), \$23,471 was allocated to Incon/Franklin Fuels, \$13,706 was allocated to General Dynamics, \$2,656 was allocated to Mill District Building 4-Chinburg, and \$170,345 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
For the year ended June 30, 2016

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 Position. 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, 2016 and 2015.

Capital assets of the City for the years ended June 30, 2016 and 2015 consisted of the following:

	Historical Cost	Accumulated Depreciation	Net Cost 2016	Net Cost 2015
Governmental Activities:				
Modified Approach:				
Catch basins and manholes	\$ 2,302,711	\$ -	\$ 2,302,711	\$ 2,302,711
Storm drainage	17,998,406	-	17,998,406	17,998,406
Sidewalks	1,899,091	-	1,899,091	1,899,091
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
Construction in progress	101,384	-	101,384	123,003
Total Governmental Activities	\$ 41,952,822	\$ -	\$ 41,952,822	\$ 41,974,441
Business-type Activities:				
Sewer pipe	14,918,272	-	14,918,272	14,918,272
Total Business-type Activities	\$ 14,918,272	\$ -	\$ 14,918,272	\$ 14,918,272

	Balance July 1, 2015 (Restated)	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Buildings and Improvements	\$ 43,562,186	\$ -	\$ -	\$ 43,562,186
Vehicles	7,383,390	1,234,058	(608,146)	8,009,302
Machinery and Equipment	5,375,651	592,990	(730,840)	5,237,801
Total	56,321,227	1,827,048	(1,338,986)	56,809,289
Accumulated Depreciation:				
Buildings and Improvements	(26,632,454)	(657,523)	-	(27,289,977)
Vehicles	(5,598,093)	(586,522)	542,751	(5,641,864)
Machinery and Equipment	(3,960,971)	(315,063)	587,435	(3,688,599)
Total	(36,191,518)	(1,559,108)	1,130,186	(36,620,440)
Total Governmental Activities	\$ 20,129,709	\$ 267,940	\$ (208,800)	\$ 20,188,849

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 4 - CAPITAL ASSETS, Continued

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Business-type Activities:				
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:				
Buildings and Improvements	(3,677,823)	(216,011)	-	(3,893,834)
Vehicles	(125,117)	(9,006)	-	(134,123)
Machinery and Equipment	(1,360,761)	(44,622)	-	(1,405,383)
Total	(5,163,701)	(269,639)	-	(5,433,340)
Total Business-type Activities	\$ 5,852,840	\$ (269,639)	\$ -	\$ 5,583,201

For the year ended June 30, 2016 and 2015, depreciation expense on capital assets was charged to the government functions as follows:

	<u>2016</u>	<u>2015</u>
General Government	\$ 141,089	\$ 132,513
Public Safety - Police	142,333	157,118
Public Works	332,663	362,635
Culture and Recreation	90,590	58,092
Education	458,560	433,477
Public Safety - Fire	393,873	365,231
Total Depreciation Expense	\$ 1,559,108	\$ 1,509,066

For the year ended June 30, 2016 and 2015, repairs and maintenance expenses on capital and infrastructure assets were charged to the government functions as follows:

	<u>2016</u>	<u>2015</u>
Public Safety - Police	\$ 29,361	\$ 20,945
Public Safety - Fire/Ambulance	15,840	11,927
Public Works	1,299,714	85,540
Culture and Recreation	22,991	28,158
General Government	10,790	8,132
Total Repairs & Maintenance Expense	\$ 1,378,696	\$ 154,702

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 \$1,310,215 for governmental activities and \$58,117 for business-type activities at June 30, 2016, 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.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 6 - 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, 2016:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation and building obligations payable (1)	\$ 13,163,163	4,670,000	(4,876,066)	12,957,097	1,590,566
Notes payable	336,185	-	(112,061)	224,124	112,062
Capital leases payable	2,548,437	1,323,160	(877,485)	2,994,112	811,025
Premium on bonds (3)	-	388,339	(5,663)	382,676	19,417
Accrued compensated absences	1,374,799	135,031	(199,615)	1,310,215	89,277
Other post-employment benefits (2)	918,867	95,068	-	1,013,935	-
Net pension liability	1,197,303	1,997,071	-	3,194,374	-
Governmental activities long-term liabilities	\$ 19,538,754	8,608,669	(6,070,890)	22,076,533	2,622,347
Business-type activities:					
General obligation bonds	\$ 290,000	-	(145,000)	145,000	145,000
Accrued compensated absences	64,218	2,959	(9,060)	58,117	3,934
Business-type activities long-term liabilities	\$ 354,218	2,959	(154,060)	203,117	148,934

(1) The addition of \$4,670,000 consists of \$895,000 of new bonding and \$3,280,000 refunding of older bonds. \$495,000 of building obligation payable is due to Maine Department of Transportation and is on a drawdown basis. As of June 30, 2016, \$0 has been drawn down.

(2) Other postemployment benefits obligations are paid by the General Fund.

(3) The new bonding was purchased with a premium.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 6 - LONG-TERM DEBT, Continued

Long-term debt payable at June 30, 2016 is comprised of the following:

General Obligation Bonds	Interest Rate	Original Issue Amount	Final Maturity Date	Balance End of Year	Due Within One Year
<i>Governmental Activities:</i>					
2003 Refunding Bond	3.85%	2,977,057	10/1/2018	\$ 557,097	186,066
1996 Police Station	5.60%	2,000,000	10/1/2016	100,000	100,000
1996 Route One Sewer (50%)	5.55%	2,900,000	10/1/2016	145,000	145,000
2010 Fire Station Bond	2.00% - 4.38%	5,999,000	5/1/2040	4,795,000	200,000
2010 Roads Bond	2.00% - 4.00%	2,300,000	5/1/2018	570,000	285,000
2010 Trails Bond	2.00% - 4.00%	500,000	5/1/2030	350,000	25,000
2012 Refunding*	2.00% - 2.50%	2,950,000	1/15/2022	1,770,000	295,000
2016	2.00% - 4.0%	4,175,000	10/1/2036	4,175,000	305,000
MDOT Bridge Loan	1.63%	495,000	1/1/2026	495,000	49,500
Total - Governmental Activities				\$ 12,957,097	\$ 1,590,566
<i>Business-type Activities:</i>					
1996 Route One Sewer (50%)	5.55%	2,900,000	10/1/2016	145,000	145,000
Total Enterprise Fund				\$ 145,000	\$ 145,000
Grand Total All Funds				\$ 13,102,097	\$ 1,735,566

* This was an original bond in the name of Regional School Unit #23. It has not been refinanced or transferred to the City of Saco, Maine so they are still bond obligations of Regional School Unit #23, but the City has agreed to pay as part of the withdrawal agreement.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 6 - LONG-TERM DEBT, Continued

The annual requirements to amortize General Obligation and Building Obligations outstanding as of June 30, 2016 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>			
2017	\$ 1,590,566	412,383	2,002,949
2018	1,412,800	369,784	1,782,584
2019	1,127,459	333,374	1,460,833
2020	933,266	309,378	1,242,644
2021	919,050	285,805	1,204,855
2022-2026	3,378,956	1,057,726	4,436,682
2027-2031	1,670,000	566,305	2,236,305
2032-2036	1,110,000	313,456	1,423,456
2037-2040	815,000	86,924	901,924
Total	\$ 12,957,097	3,735,135	16,692,232

Business-type Activities:

2017	\$ 145,000	2,048	147,048
Total	\$ 145,000	2,048	147,048

Note Payable: During the fiscal year ended June 30, 2013, York County changed its fiscal year end and assessed county tax over a six-month interim period. The amount of tax assessed to the City of Saco, Maine totaled \$560,308. The City has an agreement with the County to pay the \$560,308 in five equal annual payments of \$112,062 plus interest of 1.73% starting on December 31, 2013 and ending December 31, 2017. As of June 30, 2016, the City's outstanding amount of the note payable to York County was \$224,124.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 112,062	3,877	115,939
2018	112,062	1,939	114,001
Total	\$ 224,124	5,816	229,940

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 6 - 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, 2016:

	Original Purchase Price	Annual Depreciation Expense	Total Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
<u>Governmental Activities:</u>					
PW Vactor & PR Backhoe 2009	\$ 338,322	\$ 33,832	\$ 80,428	\$ 3,424	\$ 77,004
Copiers - 2015	105,693	21,139	91,790	6,062	85,728
Fire pumper truck	358,853	23,924	43,065	1,589	41,476
Parks & Rec - Tractor - 2010	57,892	5,789	21,597	2,085	19,512
Public Works - Trackless Sidewalk Plow - 2010	135,285	22,057	50,546	4,877	45,669
Parks & Rec - Wheel Loader - 2010	137,500	13,795	51,046	4,716	46,330
Public Works - Skid Steer - 2010	27,449	2,745	10,248	988	9,260
Fire/Ford Expedition - 2011	35,585	7,117	5,681	217	5,464
PW 2 Plow Trucks - 2011	264,634	52,927	49,621	1,492	48,129
PW F550 - 2011	44,790	8,958	7,195	287	6,908
PW Loader w/Plow - 2012	209,962	20,996	105,807	11,468	94,339
PW Dump Body/Sander - 2012	42,250	8,450	13,253	616	12,637
FD Fire Equipment - 2012	68,381	6,838	21,544	1,048	20,496
PW F450 - 2012	60,344	12,069	19,013	925	18,088
PW Excavator - 2013	185,300	11,230	96,231	5,253	90,978
Admin Prius - 2013	22,825	3,444	4,566	-	4,566
FD Emergency Utility Vehicle - 2013	25,180	4,197	5,282	126	5,156
PW One Ton F550 - 2013	59,860	4,945	12,587	317	12,270
PR F350 - 2013	36,155	6,157	7,585	181	7,404
PR F550 - 2013	47,148	5,768	9,888	235	9,653
FD Rescue - 2013	178,846	23,846	37,507	890	36,617
PW Two Plow Trucks - 2014	303,348	30,335	195,140	9,290	185,850
FD Thermal Imaging - 2014	11,795	393	7,471	571	6,900
FD Boat - 2014	93,000	9,300	58,326	4,409	53,917
FD Jaws of Life - 2014	8,507	142	3,589	142	3,447
FD Tahoe - 2014	43,549	6,766	22,080	1,211	20,869
PD Video Detection System - 2014	41,845	8,369	17,165	673	16,492
FD Stair Chair - 2015	22,611	3,230	14,550	646	13,904
PW Pod Truck - 2015	181,586	18,159	143,309	10,381	132,928
PW Equinox - 2015	16,748	4,550	10,589	545	10,044
PW Dump Truck - 2015	153,674	15,367	115,090	8,674	106,416
PW Mini Paver - 2015	35,900	3,590	26,779	2,074	24,705
PW Sidewalk Attachment - 2015	24,499	2,450	15,484	791	14,693
PW Silverado - 2015	19,989	4,910	12,634	646	11,988
PW Prius - 2015	23,839	4,768	15,665	-	15,665
PW Bobcat - 2015	65,424	6,542	50,733	4,038	46,695
PW Transit/F440/F550	240,793	24,079	176,182	10,731	165,451
School Phone System - 2015	16,000	3,388	3,388	97	3,291
School Bus - 2015	25,474	12,126	13,390	440	12,950
School Bus - 2015	50,385	16,383	35,625	1,541	34,084
School Bus - 2015	68,015	17,229	54,894	3,136	51,758
School Copiers - 2015	239,914	47,983	208,354	13,760	194,594
School Modular Classroom - 2015	58,410	19,470	41,142	1,666	39,476
PW Plow Package - 2016	24,400	1,627	25,595	4,039	21,556
FD Fire Truck - 2016	484,037	24,202	475,855	47,001	428,854
FD Ambulance - 2016	185,610	15,592	168,174	12,587	155,587
PW F550 - 2016	84,200	4,334	77,649	6,880	70,769
PW Truck & Trailer - 2016	121,911	14,888	113,647	9,907	103,740
Two Sidewalk Tractors - 2016	149,900	13,290	139,998	13,431	126,567
Groundmaster 4500 - 2016	97,518	13,027	94,686	9,901	84,785
School Bus 1937-2 - 2016	87,775	17,555	74,098	4,744	69,354
School Bus 1937-1 - 2016	87,809	17,562	75,128	6,028	69,100
			\$ 3,230,889	\$ 236,776	\$ 2,994,113

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 6 - LONG-TERM DEBT, Continued

The annual requirements to amortize Capital Lease Obligations outstanding as of June 30, 2016 for the Governmental activities are as follows:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Obligation</u>
2017	\$ 811,025	\$ 82,308	\$ 893,333
2018	634,721	58,855	693,576
2019	536,948	40,747	577,695
2020	431,500	25,549	457,049
2021	261,750	14,318	276,068
2022-2026	318,169	14,999	333,168
Total	\$ 2,994,113	\$ 236,776	\$ 3,230,889

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, 2016, of \$16,096,209 (excluding notes payable), was \$302,301,291 below the City's statutory debt limit. Total interest expended for all funds of the City was \$478,461 for the year ended June 30, 2016.

Note 7 - 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, 2016, the City's equalized State valuation of \$2,122,650,000 was 7.06% of the County's equalized State Valuation of \$29,878,050,000. The City's share is 7.06%, or \$452,162 of York County's \$6,405,567 long-term debt outstanding as of June 30, 2016.

The Biddeford-Saco-Old Orchard Beach Transit Committee had long-term debt of \$120,883 outstanding on June 30, 2016. 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 \$40,294.

Note 8 - 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
For the year ended June 30, 2016

Note 9 - 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 revised 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
For the year ended June 30, 2016

Note 9 - 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
For the year ended June 30, 2016

Note 9 - TAX INCREMENT FINANCING DISTRICT, Continued

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 an 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 General Dynamics TIF was approved in February 2014. The General Dynamics entity plans to complete approximately \$750,000 project cost. This TIF is for 100% of the new value for a maximum of \$100,000 for job creation.

The Maine Molecular TIF was approved August 2015. The Maine Molecular entity plans to complete approximately \$2.8 million project cost. This TIF is for 80% of the new value for a maximum of \$800,000 for reimbursement of development costs.

The Mill District Building #4 – Chinburg TIF was approved March 2015. Chinburg entity plans to complete approximately \$3.1 million project cost. This TIF is for 80% first the first 8 years and 60% for the remaining years for a maximum of \$5 million for reimbursement of development costs.

Note 10 - 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 \$877,600 at June 30, 2016.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 11 - 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 12 - DEFICIT FUND BALANCES

The City's Special Revenue Funds for the School Operations Fund, Recreation Impact Fees, Recreation Donations, Park North TIF Project, Goosefare WMP Grant, FD Grant, and non-major Capital Project funds for the Millbrook Industrial Park are carrying forward fund deficits as of June 30, 2016. These deficits will be funded by future operations through anticipated revenues to be received.

Note 13 - RETIREMENT SYSTEM

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

Description of the Plan - Employees of the City are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) and teaching-certified employees of the School Department are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at www.mainebers.org.

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 13 - RETIREMENT SYSTEM - Continued

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

PLD Plan - Employees are required to contribute 7.50% of their annual pay. The City’s contractually required contribution rate for the year ended June 30, 2016 was 5.60% of annual payroll for the AN plan, 5.20% of annual payroll for the 2N plan, and 7.00% of annual payroll for the 3N plan. Contributions to the pension plan from the City were \$374,320 for the year ended June 30, 2016.

SET Plan - Maine statute requires the State to contribute a portion of the City’s contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City’s contractually required contribution rate for the year ended June 30, 2016, was 13.38% of annual payroll of which 3.36% of payroll was required from the City and 10.02% was required from the State. Contributions to the pension plan from the City were \$422,572 for the year ended June 30, 2016.

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

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

PLD Plan - At June 30, 2016, the City reported a liability of \$2,734,227 for its proportionate share of the net pension liability. At June 30, 2015, the City’s proportion of the PLD Plan was 0.8570%.

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

City’s proportionate share of the net pension liability	\$ 460,147
State’s proportionate share of the net pension liability associated with the City	12,454,874
Total	\$ 12,915,021

At June 30, 2015, the City’s proportion of the SET Plan was 0.0341%.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 13 - RETIREMENT SYSTEM - Continued

For the year ended June 30, 2016, the City recognized pension expense (revenue) of \$1,001,305 for the PLD Plan and \$1,398,148 for the SET Plan and revenue of \$1,260,172 for support provided by the State for the SET Plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	243,962
Changes of assumptions	254,311	-
Net difference between projected and actual earnings on pension plan investments	-	227,379
Changes in proportion and differences between City contributions and proportionate share of contributions	483,869	-
City contributions subsequent to the measurement date	796,892	-
Total	\$ 1,535,072	471,341

An amount of \$796,892 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

2017	\$ 87,613
2018	75,855
2019	(131,942)
2020	235,313

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

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

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

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 13 - RETIREMENT SYSTEM - Continued

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

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

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

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate

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

<u>PLD Plan</u>	1% Decrease (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
City's proportionate share of the net pension liability	\$ 5,447,390	\$ 2,734,227	\$ 161,981
SET Plan	1% Decrease (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
City's proportionate share of the net pension liability	\$ 805,609	\$ 460,147	\$ 172,418

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 13 - RETIREMENT SYSTEM - Continued

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

Payables to the pension plan - None as of June 30, 2016.

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 \$121,209 (5%) for the year ended June 30, 2016, \$131,947 (5%) for the year ended June 30, 2015 and \$126,650 (5%) for the year ended June 30, 2014. 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 \$720,910 for the year ended June 30, 2016, \$752,578 for the year ended June 30, 2015, and \$707,914 for the year ended June 30, 2014.

Note 14 - 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, 2016. 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, 2016 and 2015.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 15 - 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, School Operations Fund and the Business-type Waste Water Treatment Plant Fund.

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

The City of Saco, Maine's budget is prepared and based on four expenditure categories; personnel, operations and 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 2016 budgets: Legal \$66,620, Building Inspector \$2,535, Planning \$44,712, Municipal Grounds & Recreation \$101,074, Employee Benefits \$128,350, Insurance \$12,993, and Contingency \$130,718.

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, 2016 and 2015, the amounts carried over by the departments totaled \$1,710,869 and \$1,417,982, respectively, with a like amount assigned in the General Fund balance.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 15 - BUDGETARY INFORMATION, Continued

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.

Per City Charter, Saco Schools has a budget that is passed by the School Board, passed by the City Council, and then passed by the citizens of Saco.

The total actual revenues were \$48,233,711 and total expenditures were \$24,746,469. Other financing sources of \$22,055,962 include the transfer between the general fund and the school operations fund.

As required by U.S. generally accepted accounting principles (GAAP), the City has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the Saco School Department. These amounts have not been budgeted and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$1,515,317. These amounts have been included as an intergovernmental revenue and an education expenditure/expense in the General Fund on Statement 4 (GAAP basis) and on the Statement of Activities (Statement 2). There is no effect on the fund balance/net position at the end of the year.

Note 16 - INTERFUND ACCOUNTS

Due from/to other funds at June 30, 2016 consisted of the following:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$3,745,301	\$3,370,856
School Operations Fund	1,766,353	-
Special Revenue Funds	1,160,407	911,864
Capital Project Funds	1,106,437	215,656
Permanent Fund	700	-
Proprietary Funds	-	3,280,822
Total	\$7,779,198	7,779,198

Interfund transfers during the year ended June 30, 2016 consisted of the following:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ 937,343	\$22,993,305
School Operations Fund	21,649,968	2,970
Special Revenue Funds	1,369,208	959,738
Capital Project Funds	60,592	61,098
Total	\$ 24,017,111	\$24,017,111

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
For the year ended June 30, 2016

Note 17 - FUND BALANCE

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

	General Fund	School Operations Fund	Other Governmental Funds	Total
Nonspendable:				
Prepaid/Inventory	\$ 144,165	-	1,745	145,910
Accounts/Notes Receivable	-	-	878,919	878,919
Principal of permanent funds	-	-	181,383	181,383
Total Nonspendable	\$ 144,165	-	1,062,047	1,206,212
Restricted				
Finance and Administration	-	-	2,283,489	2,283,489
Community Services	-	-	314,167	314,167
School Grants	-	-	92,603	92,603
School Nutrition	-	-	45,378	45,378
Public Safety	-	-	26,549	26,549
Public Works	-	-	503,000	503,000
Permanent Funds	-	-	497,608	497,608
Total Restricted	-	-	3,762,794	3,762,794
Committed				
City Service	-	-	1,532	1,532
Community Services	-	-	353,548	353,548
Public Safety	89,733	-	908	90,641
Public Works	-	-	195,993	195,993
Total Committed	\$ 89,733	-	551,981	641,714
Assigned				
City Service	-	-	159	159
Community Services	-	-	3,496	3,496
Public Safety	-	-	5,224	5,224
Public Works	-	-	435,313	435,313
Subsequent year's Expenditures	497,329	-	-	497,329
Reserves	1,710,869	-	-	1,710,869
Total Assigned	\$ 2,208,198	-	444,192	2,652,390
Unassigned	\$ 5,755,852	(199,722)	(383,317)	5,172,813
Total Fund Balance (deficit)	\$ 8,197,948	(199,722)	5,437,697	13,435,923

CITY OF SACO, MAINE
Notes to Basic Financial Statements
For the year ended June 30, 2016

Note 18 - NET POSITION

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

The City's net investment in capital assets was calculated as follows at June 30, 2016:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 98,762,111	25,934,813
Accumulated depreciation	(36,620,440)	(5,433,340)
Bonds Payable	(12,957,097)	(145,000)
Capital Leases	(2,994,112)	-
Unspent bond proceeds	1,390,000	-
	<u>\$ 47,580,462</u>	<u>\$20,356,473</u>

Note 19 - OTHER POST EMPLOYMENT BENEFITS

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 August 2014.

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
For the year ended June 30, 2016

Note 19 - OTHER POST EMPLOYMENT BENEFITS, continued

The following table represents the OPEB costs for the years ended June 30, 2016, 2015 and 2014 and the annual required contribution:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Normal cost	\$ 70,409	70,409	70,409
Amortization of Unfunded	89,213	89,213	89,213
<u>Interest</u>	<u>3,161</u>	<u>3,162</u>	<u>3,162</u>
Annual required contribution	162,783	162,784	162,784
Interest on net OPEB obligations	36,755	32,686	28,232
<u>Amortizing adjustment to ARC</u>	<u>(53,139)</u>	<u>(47,256)</u>	<u>(40,818)</u>
Annual OPEB cost	146,399	148,214	150,198
<u>Less: Actual contributions</u>	<u>(51,331)</u>	<u>(46,490)</u>	<u>(38,865)</u>
Annual required contribution	95,068	101,724	111,333
<u>Net OPEB obligation beginning of year</u>	<u>918,867</u>	<u>817,143</u>	<u>705,810</u>
Net OPEB obligation end of year	\$ 1,013,935	918,867	817,143

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, 2016, 2015 and 2014 was as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual required contribution	\$ 146,399	148,214	150,198
<u>Percent contributed</u>	<u>35.1%</u>	<u>31.4%</u>	<u>25.9%</u>
<u>Net OPEB obligation</u>	<u>1,013,935</u>	<u>918,867</u>	<u>817,143</u>
Actuarial accrued liability	1,604,388	1,604,388	1,604,388
<u>Plan assets</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability	1,604,388	1,604,388	1,604,388
<u>Covered payroll</u>	<u>9,158,688</u>	<u>9,198,014</u>	<u>8,677,586</u>
Unfunded actuarial accrued liability as a percentage of covered payroll	17.5%	17.4%	18.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only seven years 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
For the year ended June 30, 2016

Note 19 - 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	01/01/2014
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 20 - RESTATEMENT OF NET POSITION

Net position at June 30, 2015 has been restated as follows:

	<u>Government-wide</u>
Net position June 30, 2015, as previously reported	\$ 49,151,401
<u>Correction for assets transferred from RSU 23</u>	<u>3,000,000</u>
<u>Net position June 30, 2015, restated</u>	<u>\$ 52,151,401</u>

CITY OF SACO, MAINE
Required Supplementary Information
For the year ended June 30, 2016

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 completes a condition assessment of 1/3 of the roads each year 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	100-71	1
Fair	70-56	2
Poor	55-41	3
Substandard	40-0	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, the City has determined that on average a road needs to be overlaid, every 12 years. The frequency and extent of the maintenance will depend on factors such as traffic volume, the amount of truck traffic, road base materials, and drainage conditions.

CITY OF SACO, MAINE
Required Supplementary Information
For the year ended June 30, 2016

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.

The City's Policy is to achieve a minimum rating of 2 for all roads. From June 30, 2010 through June 30, 2016, the City's roads had established condition assessment levels as follows:

	FY 2010-2012	FY 2013-2015	FY 2016	Management
	% of	% of	% of	System
<u>Condition Average</u>	<u>Roads</u>	<u>Roads</u>	<u>Roads</u>	<u>Rating</u>
Good to Satisfactory	68.1%	76.4%	81.2%	1
Fair	14.2%	13.3%	9.8%	2
Poor to Failed	17.7%	10.3%	9.0%	3 and 4

From June 30, 2013 through June 30, 2015, the City had 10.3% of its roads rated below the established 2 rating. Since then the percentage of items below a category of 2 has decreased from 10.3% to 9.0%. Also in that time, the percentage in the category of 1 has increased from 76.4% to 81.2%.

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 has increased the paving budget, and the percentage in category 1 and 2 has gone up by 8.7%. All the categories are moving in the right direction.

Parking lots have been assessed for the last four years.

	FY 2013-2015	FY 2016	Management
	% of	% of	System
<u>Condition Average</u>	<u>Parking lots</u>	<u>Parking lots</u>	<u>Rating</u>
Good to Satisfactory	61.0%	74.7%	1
Fair	21.3%	7.5%	2
Poor to Failed	17.7%	17.8%	3 and 4

From June 30, 2013 through June 30, 2015, the City had 17.7% of its parking lots rated below the established 2 rating. Since then the percentage of items below a category of 1 has decreased from 39% to 25.3%. Also in those four years, the percentage in the category of 1 has increased from 61.0% to 74.7%.

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).

Sewer pipe has started to be assessed similar to roads. We are working toward getting all the data; however, we only have one camera truck that works for three towns. Each year the unavailable will decrease. We have been assessing the sewers for years; however, it was not formally maintained.

CITY OF SACO, MAINE
Required Supplementary Information
For the year ended June 30, 2016

MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS, Continued

<u>Condition Average</u>	FY 2016 % of <u>Sewer</u>	Management System <u>Rating</u>
Good to Satisfactory	40.0%	1
Fair	1.5%	2
Poor to Failed	0%	3 and 4
Unavailable	58.5%	

The City is continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. The City is working toward having assessments on all infrastructure similar to paving. The City has:

- 21 Catch basins
- 11 Manholes
- 1,100 feet storm
- 1,250 feet sewer
- No new sidewalk
- 25 street signs

As of June 30, 2016, the City had approximately 380,160 feet of sewer pipe with a carrying amount of \$14,918,272 and an estimated replacement cost of \$39,987,570; A closed drainage system (pipe, catch basins, manholes) totaling approximately 300,960 feet with a carrying amount of \$20,301,117 and an estimated replacement cost of \$30,225,300; 1,320,000 square feet of sidewalks with a carrying amount of \$1,899,091 and a replacement cost of \$6,600,000; 16 traffic signalized intersections with a carrying amount of \$851,455 and a replacement cost of \$4,000,000; and 991 street signs with a carrying amount of \$44,818 and a replacement cost of \$70,000.

For the years ended June 30, 2016, 2015, 2014, 2013, and 2012, the City estimated the following amounts for maintenance and preservation of assets of each network or subsystem at the minimum required condition level:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Sewer	\$ -	\$ -	\$ -	\$ -	\$ 169,000
Storm drainage	50,000	50,000	-	50,000	-
Sidewalks	25,000	25,000	100,760	50,000	-
Street Pavement System	785,000	785,864	-	710,955	-
Traffic signals	20,000	25,600	-	20,000	20,000

For the years ended June 30, 2016, 2015, 2014, 2013, and 2012, the City expended the following amounts for maintenance and preservation of assets of each network or subsystem:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Sewer	\$ -	\$ -	\$ -	\$ -	\$ 170,915
Storm drainage	57,611	13,369	44,919	36,889	19,387
Sidewalks	34,671	14,530	16,621	47,285	99,048
Street Pavement System	776,900	642,812	672,037	533,558	515,164
Traffic signals	31,229	11,928	4,974	25,259	9,141

CITY OF SACO, MAINE
Required Supplementary Information
For the year ended June 30, 2016

Schedule of Funding Progress
Retiree Healthcare Plan

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL)-Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage Of Covered Payroll [(b-a)/c]</u>
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%
2014	1/1/14	\$ -	\$ 1,604,388	\$ 1,604,388	0.00%	\$ 8,677,586	18.5%
2015	1/1/14	\$ -	\$ 1,604,388	\$ 1,604,388	0.00%	\$ 9,198,014	17.4%
2016	1/1/14	\$ -	\$ 1,604,388	\$ 1,604,388	0.00%	\$ 9,158,688	17.5%

CITY OF SACO, MAINE
Required Supplementary Information
For the year ended June 30, 2016

SUPPLEMENTAL INFORMATION FOR PENSIONS

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

	<u>2016**</u>	<u>2015**</u>
<u>PLD Plan</u>		
City's proportion of the net pension liability	0.8570%	0.7781%
City's proportionate share of the net pension liability	\$ 2,734,227	1,197,303
City's covered-employee payroll	6,173,213	7,985,222
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	44.29%	14.99%
Plan fiduciary net position as a percentage of of the total pension liability	88.27%	94.10%
<hr/>		
<u>SET Plan***</u>		
City's proportion of the net pension liability	0.0341%	-
City's proportionate share of the net pension liability	\$ 460,147	-
State's proportionate share of the net pension liability associated with the City	12,454,874	-
<hr/>		
Total	\$ 12,915,021	-
<hr/>		
City's covered-employee payroll	12,576,562	-
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	3.36%	-
Plan fiduciary net position as a percentage of of the total pension liability	81.18%	-

* Only two years of information available

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

*** The school department joined the City of Saco as of July 1, 2014. As a result, only one year of information is available.

CITY OF SACO, MAINE
Required Supplementary Information
For the year ended June 30, 2016

SUPPLEMENTAL INFORMATION FOR PENSIONS, continued

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

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan</u>			
Contractually required contribution	\$ 374,320	342,859	286,747
Contributions in relation to the contractually required contribution	(374,320)	(342,859)	(286,747)
<u>Contribution deficiency (excess)</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$ 6,173,213	7,985,222	7,498,831
Contributions as a percentage of covered-employee payroll	6.06%	4.29%	3.82%
<u>SET Plan</u>			
Contractually required contribution	\$ 422,572	-	-
Contributions in relation to the contractually required contribution	(422,572)	-	-
<u>Contribution deficiency (excess)</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$12,576,562	-	-
Contributions as a percentage of covered-employee payroll	3.36%	-	-

* Only three years of information available for the PLD Plan and one year for the SET plan.

Notes to Required Supplemental Information for Pensions

Changes of Benefit Terms - None

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

GENERAL FUND

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

This page left blank intentionally.

CITY OF SACO, MAINE
Comparative Balance Sheets - General Fund
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 8,908,094	\$ 4,399,343
Investments	126,563	126,052
Accounts receivable	328,276	326,954
Taxes receivable:		
Current year	921,779	782,241
Prior year	119,539	111,035
Tax liens	329,492	362,746
Prepaid items	144,165	144,234
Interfund receivable	3,745,301	4,146,519
Tax acquired property	93,089	119,452
Total assets	\$ 14,716,298	\$ 10,518,576
LIABILITIES		
Accounts payable	\$ 1,513,489	\$ 1,017,496
Accrued liabilities	453,533	353,938
Taxes collected in advance	135,664	122,564
Interfund payable	3,370,856	1,244,770
Total liabilities	5,473,542	2,738,768
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,042,708	1,010,632
Unavailable revenue - rent	2,100	2,508
Total deferred inflows of resources	1,044,808	1,013,140
FUND BALANCE		
Nonspendable	144,165	144,234
Committed	89,733	90,300
Assigned	2,208,198	1,752,647
Unassigned	5,755,852	4,779,487
Total fund balance	8,197,948	6,766,668
Total liabilities, deferred inflows of resources and fund balance	\$ 14,716,298	\$ 10,518,576

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, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Taxes:			
Real and Personal Property	\$ 39,228,802	\$ 39,232,618	\$ 3,816
Change in Deferred Property Revenues	-	152,276	152,276
Excise Taxes	3,145,500	3,805,133	659,633
Interest and Lien Costs on Taxes	114,000	135,143	21,143
Total taxes	42,488,302	43,325,170	836,868
Licenses and Permits:			
City Clerk Fees	86,350	91,178	4,828
Building Permits	321,450	557,316	235,866
Cable Television Franchise	270,000	271,040	1,040
Plumbing Permits	16,500	24,687	8,187
Electrical Inspection Fees	30,000	59,240	29,240
Snowmobile Registrations	2,654	2,860	206
Canine Licenses and Late Fees	15,800	21,094	5,294
Victualers' License	6,000	7,530	1,530
Total licenses and permits	748,754	1,034,945	286,191
Intergovernmental:			
State Assistance:			
Revenue Sharing	1,049,280	1,086,466	37,186
Local Road Assistance	219,344	221,684	2,340
Welfare Reimbursement	71,820	92,332	20,512
Homestead Exemptions	370,000	383,631	13,631
Federal Assistance	-	77,793	77,793
Other State Aid	363,732	344,881	(18,851)
Total intergovernmental	2,074,176	2,206,787	132,611
Charges for Services:			
Police	40,000	57,528	17,528
Community Policing-Thornton Academy/Saco Middle	109,500	104,743	(4,757)
Public Works	6,700	23,382	16,682
Transfer Station Fees	34,000	42,651	8,651
Sewer Inspection Fees	1,800	2,000	200
Recreation Department	900,000	907,810	7,810
False Alarm Fines	11,000	8,400	(2,600)
Miscellaneous Fees	3,000	18,762	15,762
Total charges for services	1,106,000	1,165,276	59,276
Other Revenues:			
Interest Earnings	15,000	39,982	24,982
Sale of City Assets	100,000	68,192	(31,808)
Building Rentals	55,000	83,902	28,902
Insurance Claims and Refunds	250,000	200,351	(49,649)
Planning/Zoning Board and Engineering Studies	60,500	49,395	(11,105)
Recycled Waste and Fees	15,500	15,729	229
Unclassified	40,000	43,982	3,982
Total other revenues	536,000	501,533	(34,467)
TOTAL REVENUES	46,953,232	48,233,711	1,280,479

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, 2016

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES:			
General Government:			
Legislative	\$ 17,600	\$ 14,593	\$ 3,007
City Administration	200,402	172,257	28,145
Finance	485,603	471,462	14,141
Technology	412,682	353,150	59,532
City Clerk/Voter Registration/Welfare Assistance	307,513	295,030	12,483
Assessor	207,627	192,427	15,200
City Building Maintenance	106,352	96,300	10,052
Legal Services	150,000	216,620	(66,620)
Building Inspector	229,383	231,918	(2,535)
Economic Development	177,748	136,207	41,541
Planning	185,767	230,479	(44,712)
Total general government	2,480,677	2,410,443	70,234
Public Safety:			
Police/Central Dispatch	3,697,967	3,588,332	109,635
Fire/Ambulance/Public Water	3,013,154	3,000,237	12,917
Total public safety	6,711,121	6,588,569	122,552
Public Works:			
Administration/Maintenance	5,663,534	5,096,513	567,021
Total public works	5,663,534	5,096,513	567,021
Culture and Recreation:			
Municipal Grounds & Recreation	1,510,211	1,611,285	(101,074)
Total culture and recreation	1,510,211	1,611,285	(101,074)
County Tax	1,243,927	1,243,927	-
Unclassified:			
Employee Benefits	3,380,827	3,509,177	(128,350)
Insurance	175,000	187,993	(12,993)
Public Agencies/City Agencies	731,459	698,684	32,775
Emergency Management	6,077	5,456	621
Overlay	100,000	-	100,000
Contingency	142,250	272,968	(130,718)
Total unclassified	4,535,613	4,674,278	(138,665)
Debt Service:			
Principal	1,909,991	1,919,959	(9,968)
Interest	476,950	459,679	17,271
Total debt service	2,386,941	2,379,638	7,303

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, 2016

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued):			
Capital Projects:	\$ 1,119,000	\$ 741,816	\$ 377,184
Total capital projects	1,119,000	741,816	377,184
TOTAL EXPENDITURES	25,651,024	24,746,469	904,555
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)			
EXPENDITURES	21,302,208	23,487,242	2,185,034
OTHER FINANCING SOURCES (USES):			
Budgeted Utilization of Surplus-City	357,000	-	(357,000)
Carryover of Assigned Fund Balance	334,665	-	(334,665)
Transfers In:			
Capital Projects Fund	-	61,098	61,098
Special Revenue Fund	870,898	876,245	5,347
Transfers Out:			
Capital Projects Fund	-	(60,592)	(60,592)
Special Revenue Fund	(22,864,771)	(22,932,713)	(67,942)
Total other financing sources (uses)	(21,302,208)	(22,055,962)	(753,754)
NET CHANGE IN FUND BALANCE	-	1,431,280	1,431,280
Fund balance beginning of year		6,766,668	
Fund balance end of year		\$ 8,197,948	

ALL OTHER GOVERNMENTAL FUNDS

This page left blank intentionally.

CITY OF SACO, MAINE
Combining Balance Sheet
All Other Non-major Governmental Funds
June 30, 2016

	Special Revenue Funds	Capital Project Funds	Permanent Fund	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 239,234	\$ -	\$ 39,303	\$ 278,537
Investments	1,110,381	444,925	638,988	2,194,294
Accounts receivable (net)	1,871,489	-	-	1,871,489
Interfund receivables	1,160,407	1,106,437	700	2,267,544
Inventory	1,745	-	-	1,745
Other	38,311	-	-	38,311
Total assets	4,421,567	1,551,362	678,991	6,651,920
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	56,117	28,666	-	84,783
Accrued wages	1,920	-	-	1,920
Interfund payables	911,864	215,656	-	1,127,520
Total liabilities	969,901	244,322	-	1,214,223
Fund balances:				
Nonspendable	880,664	-	181,383	1,062,047
Restricted	2,252,891	1,012,295	497,608	3,762,794
Committed	486,731	65,250	-	551,981
Assigned	8,879	435,313	-	444,192
Unassigned	(177,499)	(205,818)	-	(383,317)
Total fund balances	3,451,666	1,307,040	678,991	5,437,697
Total liabilities and fund balances	\$ 4,421,567	\$ 1,551,362	\$ 678,991	\$ 6,651,920

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, 2016

	Special Revenue Funds	Capital Project Funds	Permanent Fund	Total Other Governmental Funds
REVENUES				
Intergovernmental	\$ 1,978,182	\$ -	\$ -	\$ 1,978,182
Charges for services	927,450	-	-	927,450
Interest income	22,666	506	25,534	48,706
Other revenues	372,156	182,550	31,372	586,078
Total revenues	3,300,454	183,056	56,906	3,540,416
EXPENDITURES				
Current:				
Special projects	186,380	-	27,918	214,298
Public safety	108,852	-	-	108,852
Education	2,147,155	-	-	2,147,155
Debt service	-	18,666	-	18,666
Capital expenditures	332,243	104,189	-	436,432
Total expenditures	2,774,630	122,855	27,918	2,925,403
Excess (deficiency) of revenues over (under) expenditures	525,824	60,201	28,988	615,013
OTHER FINANCING SOURCES (USES)				
Transfers in	1,369,208	60,592	-	1,429,800
Transfers out	(959,738)	(61,098)	-	(1,020,836)
Premium on bonds	-	68,666	-	68,666
Bonds issued	-	895,000	-	895,000
Total other financing sources (uses)	409,470	963,160	-	1,372,630
Net change in fund balances	935,294	1,023,361	28,988	1,987,643
Fund balances - beginning of year	2,516,372	283,679	650,003	3,450,054
Fund balances - end of year	\$ 3,451,666	\$ 1,307,040	\$ 678,991	\$ 5,437,697

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:

Ambulance

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

Birchlane

To account for funds received from Birchlane LLC used for the MeDEP regulations.

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.

Carma Historic Surveys

To account for fund received from by State for historic preservation.

Dog Park

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

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.

Emergency Management

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

FD Grant

To account for funds received from York County for fire protection.

Fire Impact Fees

To account for impact fees collected for fire safety from new construction within the City.

Fire Reserves

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

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.

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.

General Assistance

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

General Dynamics TIF

To account for public improvements to the General Dynamics area.

SPECIAL REVENUE FUNDS, CONTINUED

Goosefare WMP

To account for funds received from the state for Goosefare Watershed.

Historic Preservation

To account for grant funds received for historic preservation.

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.

Industrial Park Road TIF

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

Joe Riley Memorial Park

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

Jump Start Grant

To account for grant funds received.

Lucia Kimball Deering Trust

To account for expendable trust fund monies.

Mill District Pedestrian Bridge

To account for funds received from the state for installing the pedestrian bridge over the Saco River between Saco and Biddeford.

Mill District Building 4 TIF - Chinburg

To account for property taxes received from this tax increment financing district and the capital improvements made with the same.

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.

PD Grant

To account for a grant received to purchase radio equipment.

Planning Board Improvements

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

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.

Recreation Donations

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

Recreation Impact Fees

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

SPECIAL REVENUE FUNDS, CONTINUED

Riverwalk

To account for money collected to improve the riverwalk area.

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.

Saco Island Renaissance TIF

To account for public improvements to the Saco Island Renaissance.

Saco Island TIF

To account for property taxes received from this tax increment financing district and the capital improvements made with the same.

School Local Share Adult Ed

To account for money collected and expended for the Adult Education Program.

School Lunch Fund

To account for money collected and expended for the School Nutrition Program.

School Other Grants & Special Revenues

To account for monies collected by the school department for miscellaneous grants.

SEP Grant

To account for funds received from the state for SEP grant.

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.

Wellness Grant

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

This page left blank intentionally.

CITY OF SACO, MAINE
Combining Balance Sheet - Non-major Special Revenues Funds
June 30, 2016

	Assets						Total Assets	Liabilities			Fund Balance (deficit)					Total Fund Balances (deficits)	Total Liabilities and Fund Balance	
	Cash and cash equivalents	Investments	Accounts receivable (net allowance of \$765,237)	Interfund receivables	Inventory	Other		Accounts payable	Accrued wages	Interfund payables	Total Liabilities	Nonspendable	Restricted	Committed	Assigned			Unassigned
Ambulance	\$ -	169,487	164,162	22,305	-	-	355,954	2,406	-	-	2,406	-	-	353,548	-	-	353,548	355,954
Birchlane	-	-	-	8,000	-	-	8,000	-	-	-	-	-	8,000	-	-	-	8,000	8,000
Camp Ellis	100	-	-	143,958	-	-	144,058	11,466	1,849	-	13,315	-	130,743	-	-	-	130,743	144,058
Carma Historic Surveys	-	-	-	7,200	-	-	7,200	-	-	-	-	-	7,200	-	-	-	7,200	7,200
Dog Park	-	-	-	70	-	-	70	-	-	-	-	-	70	-	-	-	70	70
Economic Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Management Grants	-	-	-	5,224	-	-	5,224	-	-	-	-	-	5,224	-	-	-	5,224	5,224
FD Grant	-	-	-	-	-	-	-	-	-	1,091	1,091	-	-	-	(1,091)	-	(1,091)	-
Fire Impact Fees	-	-	-	10,188	-	-	10,188	-	-	-	-	-	10,188	-	-	-	10,188	10,188
Fire Reserves	-	-	-	908	-	-	908	-	-	-	-	-	908	-	-	-	908	908
First Light TIF	-	37,758	-	18,723	-	-	56,481	-	-	-	-	-	56,481	-	-	-	56,481	56,481
Front Street Park	-	-	-	159	-	-	159	-	-	-	-	-	-	159	-	-	159	159
General Assistance	-	-	-	1,220	-	-	1,220	-	-	-	-	-	1,220	-	-	-	1,220	1,220
General Dynamics TIF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goosefare WMP	-	-	-	-	-	-	-	-	-	13,243	13,243	-	-	-	(13,243)	-	(13,243)	-
Historic Preservation	-	-	-	4,922	-	-	4,922	-	-	-	-	-	4,922	-	-	-	4,922	4,922
Incon/Franklin Fuels TIF	-	25,051	-	9,112	-	-	34,163	-	-	-	-	-	34,163	-	-	-	34,163	34,163
Industrial Park TIF	-	333,740	-	271,180	-	-	604,920	-	-	-	-	-	604,920	-	-	-	604,920	604,920
Joe Riley Memorial Park	1,810	-	-	-	-	-	1,810	-	-	1,598	1,598	-	-	212	-	-	212	1,810
Jump Start Grant	-	-	-	100	-	-	100	-	-	-	-	-	100	-	-	-	100	100
Lucia Kimball Deering Trust	210,242	-	877,600	-	-	38,311	1,126,153	-	-	-	-	878,919	247,234	-	-	-	1,126,153	1,126,153
Mill District Bridge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mill District Building 4 TIF - Chinburg	-	-	-	531	-	-	531	-	-	-	-	-	531	-	-	-	531	531
Park North TIF	-	-	-	-	-	-	-	-	-	766	766	-	-	-	(766)	-	(766)	-
PD Grant	-	-	-	51	-	-	51	-	-	-	-	-	51	-	-	-	51	51
Planning Board Improvements	-	-	-	12,015	-	-	12,015	-	-	-	-	-	12,015	-	-	-	12,015	12,015
Police Arrest Forfeiture Fund	-	-	-	21,478	-	-	21,478	5,600	-	-	5,600	-	15,878	-	-	-	15,878	21,478
Recreation Donations	-	-	-	-	-	-	-	-	-	5,285	5,285	-	-	-	(5,285)	-	(5,285)	-
Recreation Impact Fees	-	-	-	-	-	-	-	-	-	154,100	154,100	-	-	-	(154,100)	-	(154,100)	-
Riverwalk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Saco Community Garden	-	-	-	3,695	-	-	3,695	199	-	-	199	-	-	3,496	-	-	3,496	3,695
Saco Island Renaissance TIF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Saco Island TIF	-	-	-	312,886	-	-	312,886	2,370	-	-	2,370	-	310,516	-	-	-	310,516	312,886
School Adult Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
School Lunch Fund	100	-	28,416	17,248	1,745	-	47,509	386	-	-	386	1,745	45,378	-	-	-	47,123	47,509
School Other Grants & Special Revenues	26,982	-	801,311	-	-	-	828,293	2,923	-	735,781	738,704	-	92,603	-	(3,014)	-	89,589	828,293
SEP Grant	-	-	-	4,606	-	-	4,606	-	-	-	-	-	4,606	-	-	-	4,606	4,606
Spring Hill TIF	-	544,345	-	251,788	-	-	796,133	29,242	-	-	29,242	-	766,891	-	-	-	766,891	796,133
Wellness Grant	-	-	-	32,840	-	-	32,840	1,525	71	-	1,596	-	31,244	-	-	-	31,244	32,840
Totals	\$ 239,234	1,110,381	1,871,489	1,160,407	1,745	38,311	4,421,567	56,117	1,920	911,864	969,901	880,664	2,252,891	486,731	8,879	(177,499)	3,451,666	4,421,567

CITY OF SACO, MAINE
Combining Statement of Revenues, Expenditures and Changes In Fund Balances (Deficits) - Non-major Special Revenue Funds
For the Year Ended June 30, 2016

	Fund Balance (Deficits) 07/01/15	Revenue				Expenditures						Fund Balance (Deficits) 06/30/16
		Intergovernmental	Charges for services	Interest income	Other revenue	Special projects	Public Safety	Education	Capital expenditures	Transfers in	Transfers (out)	
Ambulance	\$ 551,171	-	585,243	580	-	-	(25,618)	-	(55,183)	-	(702,645)	353,548
Birchlane	8,000	-	-	-	-	-	-	-	-	-	-	8,000
Camp Ellis	50,228	44,597	118,771	-	-	(81,853)	-	-	-	-	(1,000)	130,743
Carma Historic Surveys	7,200	-	-	-	-	-	-	-	-	-	-	7,200
Dog Park	20	-	-	-	50	-	-	-	-	-	-	70
Economic Development Fund	104,172	-	-	103	-	(7,461)	-	-	-	37,186	(134,000)	-
Emergency Management Grants	516	6,108	-	-	-	(1,400)	-	-	-	-	-	5,224
FD Grant	(1,091)	-	-	-	-	-	-	-	-	-	-	(1,091)
Fire Impact Fees	-	-	-	-	10,188	-	-	-	-	-	-	10,188
Fire Reserves	478	-	-	-	430	-	-	-	-	-	-	908
First Light TIF	65,155	-	-	114	-	-	-	-	-	28,398	(37,186)	56,481
Front Street Park	159	-	-	-	-	-	-	-	-	-	-	159
General Assistance	470	-	-	-	750	-	-	-	-	-	-	1,220
General Dynamics TIF	-	-	-	-	-	-	-	-	(13,706)	13,706	-	-
Goosefare WMP	(776)	8,645	-	-	-	(21,112)	-	-	-	-	-	(13,243)
Historic Preservation	4,369	6,783	-	-	-	(6,230)	-	-	-	-	-	4,922
Incon/Franklin Fuels TIF	12,506	-	-	51	-	-	-	-	(10,562)	32,168	-	34,163
Industrial Park TIF	431,286	-	-	933	-	-	-	-	-	172,701	-	604,920
Joe Riley Memorial Park	207	-	-	5	-	-	-	-	-	-	-	212
Jump Start Grant	100	-	-	-	-	-	-	-	-	-	-	100
Lucia Kimball Deering Trust	1,169,012	-	-	2,862	-	(45,721)	-	-	-	-	-	1,126,153
Mill District Bridge	(204,536)	35,367	-	-	131,559	-	-	-	-	37,610	-	-
Mill District Building 4 TIF - Chinburg	-	-	-	-	-	-	-	-	(2,125)	2,656	-	531
Park North TIF	(766)	-	-	-	-	-	-	-	(170,345)	170,345	-	(766)
PD Grant	(11,239)	81,512	-	-	-	-	(70,222)	-	-	-	-	51
Planning Board Improvements	12,015	-	-	-	-	-	-	-	-	-	-	12,015
Police Arrest Forfeiture Fund	14,303	14,587	-	-	-	-	(13,012)	-	-	-	-	15,878
Recreation Donations	(1,177)	-	-	-	1,890	(5,998)	-	-	-	-	-	(5,285)
Recreation Impact Fees	(316,405)	-	-	-	162,305	-	-	-	-	-	-	(154,100)
Riverwalk	739	-	-	-	-	(1,488)	-	-	-	749	-	-
Saco Community Garden	3,620	-	1,370	-	-	(1,494)	-	-	-	-	-	3,496
Saco Island Renaissance TIF	5,557	-	-	2	-	-	-	-	(5,559)	-	-	-
Saco Island TIF	(66,275)	-	-	-	-	-	-	-	(13,602)	475,300	(84,907)	310,516
School Adult Education	-	-	-	-	-	-	-	(114,803)	-	114,803	-	-
School Lunch Fund	42,765	454,548	222,066	-	-	-	-	(672,256)	-	-	-	47,123
School Other Grants & Special Revenues	63,696	1,318,035	-	-	64,984	-	-	(1,360,096)	-	2,970	-	89,589
SEP Grant	(3,109)	8,000	-	-	-	(285)	-	-	-	-	-	4,606
Spring Hill TIF	545,868	-	-	1,568	-	-	-	-	(61,161)	280,616	-	766,891
Wellness Grant	28,134	-	-	16,448	-	(13,338)	-	-	-	-	-	31,244
Totals	\$ 2,516,372	1,978,182	927,450	22,666	372,156	(186,380)	(108,852)	(2,147,155)	(332,243)	1,369,208	(959,738)	3,451,666

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:

Bridge Bond

To account for bond proceeds and expenditures related to the City's construction of stackpole bridge.

Efficiency Maine

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

Energy Bond

To account for bond proceeds and expenditures related to the City's energy conservation projects.

Fire Barn Bond

To account for bond proceeds and expenditures related to the City's construction of a fire station.

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.

Jenkins Road

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

Landfill Fund

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

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.

Moody and Main

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

Open Space Bond Issue

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

Parking Lots

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

Richard's Way

To account for money collected for fees that is to be used to pave Richard's Way.

This page left blank intentionally.

CITY OF SACO, MAINE
Combining Balance Sheet - Non-major Capital Projects Funds
June 30, 2016

	Assets		Total Assets	Liabilities		Total Liabilities	Fund Balance (deficit)				Total Fund Balances (deficits)	Total Liabilities and Fund Balance
	Investments	Interfund receivables		Accounts payable	Interfund payables		Restricted	Committed	Assigned	Unassigned		
Bridge Bond	\$ -	495,000	495,000	-	-	-	495,000	-	-	-	495,000	495,000
Efficiency Maine	-	-	-	-	-	-	-	-	-	-	-	-
Energy Bond	-	450,000	450,000	-	-	-	450,000	-	-	-	450,000	450,000
Fire Barn Bond	-	14,590	14,590	14,158	-	14,158	432	-	-	-	432	14,590
Greater Downtown Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Jenkins Road	-	58,150	58,150	-	-	-	-	58,150	-	-	58,150	58,150
Landfill Fund	444,925	-	444,925	14,508	9,838	24,346	-	-	420,579	-	420,579	444,925
Millbrook Industrial Park	-	-	-	-	205,818	205,818	-	-	-	(205,818)	(205,818)	-
Moody & Main	-	7,100	7,100	-	-	-	-	7,100	-	-	7,100	7,100
Open Space Bond	-	66,863	66,863	-	-	-	66,863	-	-	-	66,863	66,863
Parking Lots	-	450	450	-	-	-	-	-	450	-	450	450
Richard's Way	-	14,284	14,284	-	-	-	-	-	14,284	-	14,284	14,284
Totals	\$ 444,925	1,106,437	1,551,362	28,666	215,656	244,322	1,012,295	65,250	435,313	(205,818)	1,307,040	1,551,362

CITY OF SACO, MAINE
Combining Statement of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-major Capital Projects Fund
For the Year Ended June 30, 2016

	Fund Balance (Deficits) 07/01/15	Revenue		Expenditures				Premium on bonds	Bonds issued	Fund Balance (Deficits) 06/30/16
		Interest income	Other revenue	Debt service	Capital expenditures	Transfers in	Transfers (out)			
Bridge Bond	\$ -	-	-	(10,766)	-	-	-	25,766	480,000	495,000
Efficiency Maine	61,098	-	-	-	-	-	(61,098)	-	-	-
Energy Bond	-	-	-	(7,900)	-	-	-	42,900	415,000	450,000
Fire Barn Bond	-	-	432	-	-	-	-	-	-	432
Greater Downtown Improvements	-	-	-	-	-	-	-	-	-	-
Jenkins Road	4,500	-	750	-	-	52,900	-	-	-	58,150
Landfill Fund	524,262	506	-	-	(104,189)	-	-	-	-	420,579
Millbrook Industrial Park	(379,494)	-	173,676	-	-	-	-	-	-	(205,818)
Moody & Main	6,000	-	1,100	-	-	-	-	-	-	7,100
Open Space Bond	66,863	-	-	-	-	-	-	-	-	66,863
Parking Lots	450	-	-	-	-	-	-	-	-	450
Richard's Way	-	-	6,592	-	-	7,692	-	-	-	14,284
Totals	\$ 283,679	506	182,550	(18,666)	(104,189)	60,592	(61,098)	68,666	895,000	1,307,040

PERMANENT FUNDS

City of Saco Permanent Fund

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

CITY OF SACO, MAINE
Balance Sheet - Non-major Permanent Fund
June 30, 2016

	City of Saco Permanent Fund
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 39,303
Investments	638,988
Interfund receivable	700
Total assets	678,991
<hr/>	
FUND BALANCE	
Fund balance:	
Nonspendable	181,383
Restricted	497,608
Total fund balance	678,991
Total fund balance	\$ 678,991

CITY OF SACO, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Permanent Fund
For the Year Ended June 30, 2016

	City of Saco Permanent Fund
REVENUES	
Interest and dividends	\$ 25,534
Net increase (decrease) in fair value of investments	31,372
Total revenues	56,906
EXPENDITURES	
Administrative expenditures	27,918
Total expenditures	27,918
Net change in fund balance	28,988
Fund balance - beginning of year	650,003
Fund balance - end of year	\$ 678,991

AGENCY FUNDS

CITY OF SACO, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2016

	Balance			Balance
	July 1, 2015	Additions	Deletions	June 30, 2016
ASSETS				
Cash and cash equivalents:				
Student activities:				
Saco Middle School	\$ 105,015	109,559	107,742	106,832
Young School	39,859	5,568	7,515	37,912
Burns School	21,427	19,205	20,078	20,554
Fairfield School	11,965	17,087	14,778	14,274
Total assets	178,266	151,419	150,113	179,572
LIABILITIES				
Held for student groups:				
Student activities:				
Saco Middle School	105,015	109,559	107,742	106,832
Young School	39,859	5,568	7,515	37,912
Burns School	21,427	19,205	20,078	20,554
Fairfield School	11,965	17,087	14,778	14,274
Total liabilities	\$ 178,266	151,419	150,113	179,572

STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
Financial Trends	125-129
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	130-133
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	134-137
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	138-142
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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	\$ 32,367,887	\$ 34,636,209	\$ 38,579,789	\$ 35,468,881	\$ 37,693,246	\$ 38,950,978	\$ 39,359,000	\$ 40,491,690	\$ 43,392,550	\$ 47,580,462
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	308,738	220,016	766,837	-	4,373,911	3,067,542	2,681,412	2,933,214	3,129,029	3,698,458
Unrestricted	8,303,871	7,752,280	4,441,414	4,075,998	(823,116)	1,638,400	4,840,415	5,255,550	2,448,439	4,502,538
Total governmental activities net position	\$ 41,161,879	\$ 42,789,888	\$ 43,969,423	\$ 39,726,262	\$ 41,425,424	\$ 43,838,303	\$ 47,062,210	\$ 48,861,837	\$ 49,151,401	\$ 55,962,841
Business-type Activities										
Net investment in capital assets	\$ 16,855,781	\$ 16,689,267	\$ 16,983,079	\$ 19,727,995	\$ 20,577,732	\$ 20,725,615	\$ 20,628,672	\$ 20,547,265	\$ 20,481,112	\$ 20,356,473
Unrestricted	1,298,491	1,512,925	663,026	(2,757,442)	(3,554,871)	(3,405,259)	(2,802,640)	(2,470,346)	(2,447,131)	(1,230,909)
Total business-type activities net position	\$ 18,154,272	\$ 18,202,192	\$ 17,646,105	\$ 16,970,553	\$ 17,022,861	\$ 17,320,356	\$ 17,826,032	\$ 18,076,919	\$ 18,033,981	\$ 19,125,564
Total Primary Government										
Net investment in capital assets	\$ 49,223,668	\$ 51,325,476	\$ 55,562,868	\$ 55,196,876	\$ 58,270,978	\$ 59,676,593	\$ 59,987,672	\$ 61,038,955	\$ 63,873,662	\$ 67,936,935
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	308,738	220,016	766,837	-	4,373,911	3,067,542	2,681,412	2,933,214	3,129,029	3,698,458
Unrestricted	9,602,362	9,265,205	5,104,440	1,318,556	(4,377,987)	(1,766,859)	2,037,775	2,785,204	201,308	3,271,629
Total primary government net position	\$ 59,316,151	\$ 60,992,080	\$ 61,615,528	\$ 56,696,815	\$ 58,448,285	\$ 61,158,659	\$ 64,888,242	\$ 66,938,756	\$ 67,385,382	\$ 75,088,405

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Expenses										
General government	\$ 2,470,601	\$ 2,388,585	\$ 2,783,447	\$ 7,070,311	\$ 7,504,789	\$ 7,681,100	\$ 7,822,497	\$ 8,509,397	\$ 9,828,320	\$ 7,673,018
Public safety	5,082,323	5,401,015	5,667,340	6,032,986	6,731,354	6,424,834	6,405,554	6,754,950	6,945,027	6,762,816
Public works	4,588,755	4,369,642	4,399,733	5,333,756	5,286,138	5,579,364	6,328,134	6,446,253	8,314,846	7,473,386
Housing programs	254,352	256,359	232,512	256,921	269,668	231,752	238,267	260,670	-	-
Culture and recreation	825,222	915,311	1,008,761	974,158	1,560,056	1,242,758	1,438,149	1,581,178	1,565,775	1,611,285
Education (2)	28,072,031	29,015,189	30,038,189	16,228,121	16,245,159	16,030,811	19,410,765	20,162,776	34,398,667	38,270,033
Unclassified (1)	4,124,321	3,878,749	4,407,838	-	-	-	-	-	-	-
Interest on debt	845,217	993,992	1,078,510	851,877	619,990	650,461	607,643	565,791	590,962	588,475
Capital maintenance programs (1)	1,192,173	788,291	-	-	-	-	-	-	-	-
Total governmental activities expenses	\$ 47,454,995	\$ 48,007,133	\$ 49,616,330	\$ 36,748,130	\$ 38,217,154	\$ 37,841,080	\$ 42,251,009	\$ 44,281,015	\$ 61,643,597	\$ 62,379,013
Program Revenues										
Charges for Services										
General government	\$ 800,981	\$ 751,767	\$ 702,886	\$ 579,734	\$ 529,027	\$ 578,170	\$ 529,630	\$ 587,322	\$ 643,217	\$ 1,863,889
Public safety	510,056	554,750	759,619	728,711	732,839	787,138	888,808	868,466	914,345	170,671
Public works	510,405	281,546	314,135	278,031	391,176	289,297	398,802	429,867	90,490	83,762
Culture and recreation	464,167	532,934	628,794	705,036	704,178	813,556	869,642	956,139	997,250	1,072,005
Education	1,138,301	1,205,550	1,221,754	-	-	-	-	-	-	781,316
Operating grants and contributions	14,082,391	13,769,031	14,551,110	575,520	618,630	729,168	694,940	689,414	16,181,277	16,343,807
Capital grants and contributions	961,626	300,820	816,653	317,930	2,396,793	263,206	255,532	254,731	219,344	299,477
Total governmental activities program revenues	18,467,927	17,396,398	18,994,951	3,184,962	5,372,643	3,460,535	3,637,354	3,785,939	19,045,923	20,614,927
Net (expense)/revenue, governmental activities	\$ (28,987,068)	\$ (30,610,735)	\$ (30,621,379)	\$ (33,563,168)	\$ (32,844,511)	\$ (34,380,545)	\$ (38,613,655)	\$ (40,495,076)	\$ (42,597,674)	\$ (41,764,086)
General Revenues and Other Changes in Net Position										
Taxes										
Property taxes, levied for general purposes	\$ 24,632,416	\$ 26,612,796	\$ 27,822,609	\$ 28,546,137	\$ 29,181,715	\$ 30,931,696	\$ 36,229,823	\$ 37,260,170	\$ 37,824,974	\$ 39,551,705
Motor vehicle excise taxes	2,916,962	2,854,280	2,684,427	3,531,760	3,102,575	3,446,591	3,103,930	3,437,361	3,561,343	3,805,133
Franchise tax	234,343	231,112	275,215	288,743	296,908	286,882	278,071	270,220	269,818	271,040
Grants and contributions not restricted										
Homestead exemption	320,151	337,229	350,300	332,290	271,563	286,309	363,713	370,764	368,955	383,631
Other State aid	56,253	34,497	116,628	88,111	143,064	199,285	304,538	260,796	832,016	344,881
City of Biddeford tax base sharing	92,506	870,163	-	-	-	-	-	-	-	-
State revenue sharing	1,356,308	1,510,442	1,444,817	1,283,196	1,226,004	1,256,887	1,302,721	917,449	1,058,579	1,086,466
Unrestricted investment earnings	359,620	271,998	170,515	60,475	56,603	56,337	40,006	46,819	46,815	88,688
Miscellaneous revenues	153,223	386,390	(106,471)	161,875	265,241	160,436	214,765	402,720	238,770	43,982
Transfers	-	-	-	-	-	169,000	-	-	-	-
Total governmental activities general revenues/other changes	\$ 30,121,782	\$ 33,108,907	\$ 32,758,040	\$ 34,292,587	\$ 34,543,673	\$ 36,793,423	\$ 41,837,567	\$ 42,966,299	\$ 44,201,270	\$ 45,575,526
Extraordinary Item/Special Item										
Transfer of funds (to) from Regional School Unit #23 (2)	\$ -	\$ -	\$ -	\$ (4,972,579)	\$ -	\$ -	\$ -	\$ -	\$ 849,746	\$ -
Legal settlement	1,071,989	-	-	-	-	-	-	-	-	-
Total extraordinary item	\$ 1,071,989	\$ -	\$ -	\$ (4,972,579)	\$ -	\$ -	\$ -	\$ -	\$ 849,746	\$ -
Change in Net Position - Governmental activities	\$ 2,206,703	\$ 2,498,172	\$ 2,136,661	\$ (4,243,160)	\$ 1,699,162	\$ 2,412,878	\$ 3,223,912	\$ 2,471,223	\$ 2,453,342	\$ 3,811,440
Business-type Activities:										
Expenses										
Waste Water Treatment Plant	\$ 2,329,012	\$ 2,265,113	\$ 2,342,255	\$ 2,672,053	\$ 2,085,365	\$ 2,175,804	\$ 2,096,699	\$ 2,348,682	\$ 2,643,474	\$ 2,560,603
Total business-type activities expenses	2,329,012	2,265,113	2,342,255	2,672,053	2,085,365	2,175,804	2,096,699	2,348,682	2,643,474	2,560,603
Program Revenues										
Charges for services	\$ 2,052,749	\$ 2,218,457	\$ 1,739,381	\$ 2,138,443	\$ 2,386,591	\$ 2,621,156	\$ 2,483,795	\$ 2,242,454	\$ 2,591,094	\$ 3,428,291
Total business-type activities program revenues	2,052,749	2,218,457	1,739,381	2,138,443	2,386,591	2,621,156	2,483,795	2,242,454	2,591,094	3,428,291
Net (expense)/revenue, business-type activities	\$ (276,263)	\$ (46,656)	\$ (602,874)	\$ (533,610)	\$ 301,226	\$ 445,352	\$ 387,096	\$ (106,228)	\$ (52,380)	\$ 867,688
General Revenues and Other Changes in Net Position										
Unrestricted investment earnings	\$ 62,726	\$ 89,842	\$ 38,054	\$ 11,989	\$ 11,362	\$ -	\$ 24,383	\$ 18,637	\$ -	\$ -
Miscellaneous revenues	4,302	4,734	8,733	6,062	-	21,142	94,197	338,478	209,442	23,895
Loss on disposal of assets	-	-	-	(159,993)	(260,280)	-	-	-	-	-
Transfers	-	-	-	-	-	(169,000)	-	-	-	-
Total business-type activities general revenues/other changes	\$ 67,028	\$ 94,576	\$ 46,787	\$ (141,942)	\$ (248,918)	\$ (147,858)	\$ 118,580	\$ 357,115	\$ 209,442	\$ 23,895
Change in Net Position - Business-type activities	\$ (209,235)	\$ 47,920	\$ (556,087)	\$ (675,552)	\$ 52,308	\$ 297,494	\$ 505,676	\$ 250,887	\$ 157,062	\$ 891,583
Change in Net Position - Primary Government	\$ 1,997,468	\$ 2,546,092	\$ 1,580,574	\$ (4,918,712)	\$ 1,751,470	\$ 2,710,372	\$ 3,729,588	\$ 2,722,110	\$ 2,610,404	\$ 4,703,023

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

(2) - The City of Saco School Department joined RSU #23 in 2010, and withdrew and returned to the City of Saco in 2015.

Table 3

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

Fiscal Year ended	Property Taxes	Interest and Costs on Taxes	Excise Taxes	Total
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
June 30, 2014	37,139,538	120,632	3,437,361	40,697,531
June 30, 2015	37,672,943	152,031	3,561,343	41,386,317
June 30, 2016	39,416,562	135,143	3,805,133	43,356,838

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable										
Prepaid items	\$ 574,292	\$ 572,792	\$ 210,116	\$ 383,559	\$ 140,681	\$ 124,024	\$ 130,152	\$ 165,829	\$ 144,234	\$ 144,165
Committed										
Public Safety	-	-	-	-	61,040	69,206	83,569	86,903	90,300	89,733
Assigned										
Subsequent budget	94,700	109,361	203,705	314,159	144,843	299,319	464,981	344,007	334,665	497,329
Capital improvements	1,657,932	3,481,440	2,253,647	1,796,397	627,819	363,349	1,157,121	1,506,774	1,417,982	1,710,869
Unassigned	4,294,605	3,806,172	2,386,202	2,088,590	2,490,579	3,671,481	4,552,076	4,595,094	4,779,487	5,755,852
Total General Fund	\$ 6,621,529	\$ 7,969,765	\$ 5,053,670	\$ 4,582,705	\$ 3,464,962	\$ 4,527,379	\$ 6,387,899	\$ 6,698,607	\$ 6,766,668	\$ 8,197,948
All other governmental funds										
Nonspendable										
Special Revenue Funds	\$ 14,287	\$ 14,287	\$ 14,287	\$ 14,287	\$ 14,287	\$ 7,144	\$ 7,144	\$ 7,144	\$ 919,982	\$ 880,664
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	2,081,727	1,867,008	2,570,629	1,621,069	2,640,437	2,113,075	2,188,278	2,310,903	1,643,279	2,252,891
Capital Project Funds	576,502	749,323	757,471	8,397,455	1,541,467	573,120	69,786	127,961	127,961	1,012,295
Permanent Funds	516,812	383,739	227,285	275,379	373,390	374,203	416,204	494,350	468,620	497,608
Committed										
Special Revenue Funds	183,698	208,588	362,515	344,838	92,697	128,397	421,869	576,114	603,393	486,731
Capital Project Funds	-	-	-	-	3,350	5,450	7,800	9,250	10,500	65,250
Assigned										
Special Revenue Funds	232,788	3,991	3,828	6,175	5,174	5,206	4,151	5,392	4,295	8,879
Capital Project Funds	1,206,501	1,191,624	1,170,122	1,015,307	915,780	844,176	740,656	666,677	524,712	435,313
Unassigned										
Special Revenue Funds	(144,012)	(615,045)	(694,584)	(698,369)	(2,626,321)	(2,036,160)	(1,370,954)	(843,454)	(1,567,078)	(377,221)
Capital Project Funds	(2,097,842)	-	(3,825,890)	(3,559,658)	(1,347,146)	(597,146)	(382,146)	(379,494)	(379,494)	(205,818)
Total all other governmental funds	\$ 2,751,844	\$ 3,984,898	\$ 767,046	\$ 7,597,866	\$ 1,794,498	\$ 1,598,848	\$ 2,284,171	\$ 3,156,226	\$ 2,537,553	\$ 5,237,975

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
All Governmental Funds										
Revenues										
Property taxes	\$ 27,696,860	\$ 29,258,042	\$ 30,278,683	\$ 31,899,915	\$ 32,219,898	\$ 34,572,034	\$ 39,438,857	\$ 40,528,072	\$ 41,505,716	\$ 43,325,170
Licenses and permits	721,514	697,994	770,778	718,991	691,819	799,730	708,985	695,230	724,518	1,034,945
Intergovernmental	15,563,796	14,944,449	15,770,048	2,351,390	2,265,104	2,470,132	2,668,925	2,230,717	15,965,921	16,560,045
Intergovernmental on-behalf payments	1,706,698	1,744,847	1,844,021	- (1)	-	-	-	- (2)	1,562,535	1,515,316
Charges for services	1,612,758	1,475,024	1,836,494	1,705,310	1,825,724	1,887,100	2,161,546	2,271,920	2,795,050	2,522,784
Other revenues	1,079,683	1,215,895	771,583	623,961	703,153	549,709	601,712	856,840	810,344	1,200,525
Total Governmental Fund revenues	48,381,309	49,336,251	51,271,607	37,299,567	37,705,698	40,278,705	45,580,025	46,582,779	63,364,084	66,158,785
Expenditures										
General government	2,356,249	2,167,619	2,270,911	2,173,455	2,413,584	2,354,338	2,412,050	2,401,493	2,487,017	2,410,443
Public safety	4,891,530	5,081,794	5,417,894	5,728,015	5,836,380	6,396,844	6,102,425	6,368,789	6,632,398	6,697,421
Public works	4,208,601	4,371,335	4,589,463	4,227,214	4,411,669	4,425,191	4,718,475	5,072,132	5,053,368	5,096,513
Housing programs	254,352	256,359	232,512	256,921	269,668	231,752	238,267	260,670	-	-
Culture and recreation	786,248	879,544	1,071,275	1,105,116	1,227,045	1,269,848	1,464,173	1,523,888	1,555,900	1,611,285
Education	26,452,186	27,137,919	28,245,606	16,228,121	16,245,159	16,030,811	19,410,765	20,162,776	32,714,069	35,611,466
Intergovernmental on-behalf payments	1,706,698	1,744,847	1,844,021	- (1)	-	-	-	-	1,562,535	1,515,316
Unclassified	3,228,039	2,920,479	3,386,926	3,512,921	3,864,068	4,014,256	4,150,815	4,919,607	7,086,749	4,888,576
County tax	896,282	958,270	1,020,912	1,014,574	1,079,365	1,099,643	1,100,295	1,229,217	1,231,018	1,243,927
Debt Service										
Principal	1,399,545	1,397,045	1,617,045	963,566	1,699,964	1,769,136	1,771,250	1,810,132	2,196,750	2,214,959
Interest and other charges	885,354	993,992	1,078,510	851,877	619,990	650,461	607,643	546,472	556,089	586,968
Capital improvements	3,543,250	6,968,816	2,940,262	2,847,513	7,428,554	1,783,800	1,612,355	1,532,459	3,555,248	2,501,408
Total Governmental Fund expenditures	50,608,334	54,878,019	53,715,337	38,909,293	45,095,446	40,026,080	43,588,513	45,827,635	64,631,141	64,378,282
Other financing sources (uses)										
Proceeds from capital lease financing	945,796	343,479	705,775	314,096	468,637	445,142	554,331	427,619	1,213,408	1,323,160
Bond proceeds	-	4,355,000	-	8,799,000	-	-	-	-	-	4,175,000
Premium on refunding bonds issued	-	-	-	-	-	-	-	-	-	388,339
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(3,535,300)
Transfers in	1,109,530	1,392,265	900,148	1,225,994	1,721,755	2,610,698	1,987,151	1,523,319	22,613,058	24,017,111
Transfers out	(1,109,530)	(1,392,265)	(900,148)	(1,225,994)	(1,721,755)	(2,441,698)	(1,987,151)	(1,523,319)	(22,613,058)	(24,017,111)
Total Governmental Fund other financing sources (uses)	945,796	4,698,479	705,775	9,113,096	468,637	614,142	554,331	427,619	1,213,408	2,351,199
Extraordinary item/special item										
Transfer of funds to/from Regional School Unit #23	-	-	-	(1,143,514)	-	-	-	-	(496,963)	-
Legal settlement	1,071,989	-	-	-	-	-	-	-	-	-
Total extraordinary item/special item	1,071,989	-	-	(1,143,514)	-	-	-	-	(496,963)	-
Net change in fund balance	\$ (209,240)	\$ (843,289)	\$ (1,737,955)	\$ 6,359,856	\$ (6,921,111)	\$ 866,767	\$ 2,545,843	\$ 1,182,763	\$ (550,612)	\$ 4,131,702
Debt service as a percentage of noncapital expenditures	4.85%	4.99%	5.38%	4.91%	6.31%	6.28%	5.54%	5.25%	4.51%	4.48%

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

(2) Effective July 1, 2014, the Saco School Department withdrew from Regional School Unit #23, and therefore on-behalf payments will be recorded going forward.

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, 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%
June 30, 2014	1,639,785,700	428,548,465	59,787,000	136,803,500	1,991,317,665	17.95	2,001,150,000	99.5%
June 30, 2015	1,655,395,000	441,158,304	59,068,000	137,122,100	2,018,499,204	18.01	2,042,100,000	98.8%
June 30, 2016	1,653,882,940	440,603,104	87,293,549	139,467,000	2,042,312,592	18.61	2,122,650,000	96.2%

(1) Saco Assessing Office

(2) State of Maine, Bureau of Taxation

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	Total Tax Rate
	Municipal Tax Rate	School Tax Rate		County Tax Rate	
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
June 30, 2014	7.78	10.17	17.95	0.63	18.58
June 30, 2015	7.84	10.17	18.01	0.61	18.62
June 30, 2016	7.94	10.67	18.61	0.61	19.22

Source: Saco Assessing Office

Table 8

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

Taxpayer	2016			2007		
	Current year Assessed Value	Rank	Percentage of Total Assessed Value	Current year Assessed Value	Rank	Percentage of Total Assessed Value
Central Maine Power Co.	\$ 39,718,713	1	1.94%	\$ 13,922,900	2	0.72%
Ferry Road Associates	26,435,300	2	1.29%	8,988,600	5	0.47%
General Dynamics Armament Systems	19,568,600	3	0.96%	19,173,300	1	0.99%
Saco Real Estate Holdings	15,637,500	4	0.77%			
FPL Energy Maine Hydro LLC	11,788,900	5	0.58%	11,731,600	4	0.61%
Biddeford & Saco Water Co.	10,945,200	6	0.54%	12,131,100	3	0.63%
Saco & Biddeford Savings Institution	9,307,500	7	0.46%			
Saco Valley LLC	8,251,300	8	0.40%	8,668,800	6	0.45%
Shaw's Supermarket	7,999,600	9	0.39%	8,487,700	8	0.44%
Hannaford Brothers Co.	7,218,900	10	0.35%	7,470,500	10	0.39%
Seaside Family LP				8,514,700	7	0.44%
Caleb Affordable Housing				7,837,500	9	0.41%
Total Principal Taxpayers			7.68%			5.54%
All Other Taxpayers			92.32%			94.46%

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, 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%	846,845	26,576,427	99.95%
June 30, 2009	27,537,071	26,583,594	96.54%	944,619	27,528,213	99.97%
June 30, 2010	28,265,095	27,171,529	96.13%	1,080,975	28,252,504	99.96%
June 30, 2011	29,150,504	28,124,197	96.48%	1,020,962	29,145,159	99.98%
June 30, 2012	30,534,982	29,702,356	97.27%	824,024	30,526,380	99.97%
June 30, 2013	36,083,995	35,282,379	97.78%	764,771	36,047,150	99.90%
June 30, 2014	37,103,007	36,169,752	97.48%	895,802	37,065,554	99.90%
June 30, 2015	37,661,871	36,879,630	97.92%	470,649	37,350,279	99.17%
June 30, 2016	39,338,914	38,417,135	97.66%	-	38,417,135	97.66%

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

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

Fiscal Year ended	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Debt	Capital Leases	Notes Payable	General Obligation Debt	Capital Leases			
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	560,308	730,000	-	16,842,802	3.47%	911
June 30, 2014	12,410,330	1,817,653	448,247	510,000	-	15,186,230	3.13%	822
June 30, 2015	13,163,163	2,548,437	336,185	290,000	-	16,337,785	3.37%	884
June 30, 2016	12,957,097	2,994,112	224,124	145,000	-	16,320,333	3.36%	883

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

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

Table 11

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

Fiscal Year	General Obligation Debt	State Assessed Value of Property (1)	Per Capita (2)
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
2014	12,920,330	0.65%	699
2015	13,453,163	0.66%	728
2016	13,102,097	0.62%	709

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, 2016

Jurisdiction	Total debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
City of Saco general obligation	\$ 12,957,097	100.00%	\$ 12,957,097
City of Saco notes payable	224,124	100.00%	224,124
City of Saco capital leases	2,994,112	100.00%	2,994,112
Subtotal Direct	<u>\$ 16,175,333</u>		<u>\$ 16,175,333</u>
Overlapping debt:			
Biddeford-Saco-Old Orchard Beach Transit Committee (1)	\$ 120,883	33.33%	\$ 40,294
York County (2)	6,405,567	7.06%	452,162
Subtotal Overlapping	<u>\$ 6,526,450</u>		<u>492,456</u>
Grand Total	<u>\$ 22,701,783</u>		<u>\$ 16,667,789</u>

(1) The City's share is 33.33% (Biddeford, Saco, Old Orchard Beach get equal share) of \$120,883, or \$40,294.

(2) The City's share is 7.06% (percentage of property value for York County) of \$6,405,567, or \$452,162.

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

Fiscal Year	Debt Limit	Total net debt applicable to limit	Legal Debt Margin	Total net debt applicable to limit as a percentage of debt limit
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%
2014	300,172,500	14,737,983	285,434,517	4.91%
2015	306,315,000	16,001,600	290,313,400	5.22%
2016	318,397,500	16,096,209	302,301,291	5.06%

Legal Debt Margin Calculation for Fiscal Year 2016

	Outstanding bonds and leases	Percent of state assessed value \$2,122,650,000	Allowable Amount	Margin
For school purposes	\$ 2,244,609	10.00%	\$ 212,265,000	\$ 210,020,391
For waste water treatment plant	145,000	7.50%	159,198,750	159,053,750
For municipal	13,706,600	7.50%	159,198,750	145,492,150
Total	\$ 16,096,209	15.00%	\$ 318,397,500	\$ 302,301,291

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

Fiscal Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
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%
2014	18,482	485,300,356	26,258	41.9	2,991	5.5%
2015	18,482	485,300,356	26,258	41.9	2,797	4.7%
2016	18,482	485,300,356	26,258	41.9	2,753	3.7%

(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	2016			2007		
	Employees	Rank	Percentage of Saco's Labor Force	Employees	Rank	Percentage of Saco's Labor Force
Saco School Department	349	1	3.40%			
Sweetser Children's Services	329	2	3.21%	479	1	5.19%
Prime Dealerships	306	3	2.99%			
General Dynamics	243	4	2.37%	183	5	1.98%
Thornton Academy	218	5	2.13%	132	9	1.43%
City of Saco	164	6	1.60%			
Hannaford Brothers	160	7	1.56%	250	3	2.71%
Atlantic Heights	160	7	1.56%			
Shaw's Supermarkets	140	9	1.37%	142	8	1.54%
Saco & Biddeford Savings	125	10	1.22%	99	10	1.07%
Saco School Department				290	2	3.14%
Visiting Nurses Association				178	6	1.93%
City of Saco				170	7	1.84%
Wood Structures, Inc.				208	4	2.25%

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function:										
General government	26	26	26.5	26.5	26.5	26.5	27.5	27.5	29.5	29.5
Public safety										
Police	47	46	46	47	47	47	47	47	47	47
Fire	36	36	36	36	36	36	36	36	36	36
Public works	34.25	34.25	31.6	31.6	31.6	31.6	31.6	31.6	31.6	31.6
Parks and recreation	8.25	8.25	9	9	9	9	9	11	11	11
Total General Fund	151.5	150.5	149.1	150.1	150.1	150.1	151.1	153.1	155.1	155.1
Waste Water Treatment Plant	14	13	12.3	14	14	14	14	14	14	14
Total Enterprise Fund	14	13	12.3	14	14	14	14	14	14	14

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Building permits										
Single family	53	42	33	56	58	45	60	59	45	64
Condos/multi	39	10	7	1	32	35	3	9	7	191
Commercial	30	46	31	29	30	57	45	50	67	57
Total number permits issued	504	440	368	395	381	358	361	435	450	505
Public safety										
Police										
Number of calls for service	25,248	25,470	26,635	26,681	29,967	30,422	27,959	29,557	30,211	29,297
Number of traffic stops	5,727	6,105	5,962	6,612	9,675	9,145	6,689	6,417	6,611	6,664
Number of traffic summons issued	1,124	1,161	1,381	1,485	1,643	1,826	1,315	910	907	985
Number of warnings issued	4,001	4,395	4,106	4,524	7,419	6,872	4,785	4,995	5,244	5,247
Number of traffic related arrests	184	160	176	134	159	151	128	110	121	116
Number of non-traffic related arrests & summons	843	861	818	923	798	769	775	786	745	724
Number of parking tickets issued	512	478	418	202	214	396	268	242	275	355
Fire										
Number of calls for service	685	544	657	595	535	698	677	658	726	687
Ambulance										
Number of calls for service	2,152	2,315	2,151	2,288	2,289	2,380	2,535	2,621	2,801	2,611
Public works										
Number of roads maintained	384	386	386	387	387	340	340	340	340	341
Lane miles of roads maintained	260	262	262	263	263	290	290	290	290	290
Acres of public area maintained	384	404	404	404	404	414	414	414	414	414

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function										
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	6	6	6	6
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Public works										
Street lights	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842
Traffic signals	148	148	148	148	148	148	148	148	148	148
Recreation										
Parks	10	10	19	24	25	25	25	25	25	25
Park acreage maintained	100	100	135	140	143	143	143	143	143	143
Tennis and basketball courts	6	6	7	7	7	7	7	7	7	7

Sources: Various City departments.

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