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City of Saco, Maine Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2009

Beth A. Cote

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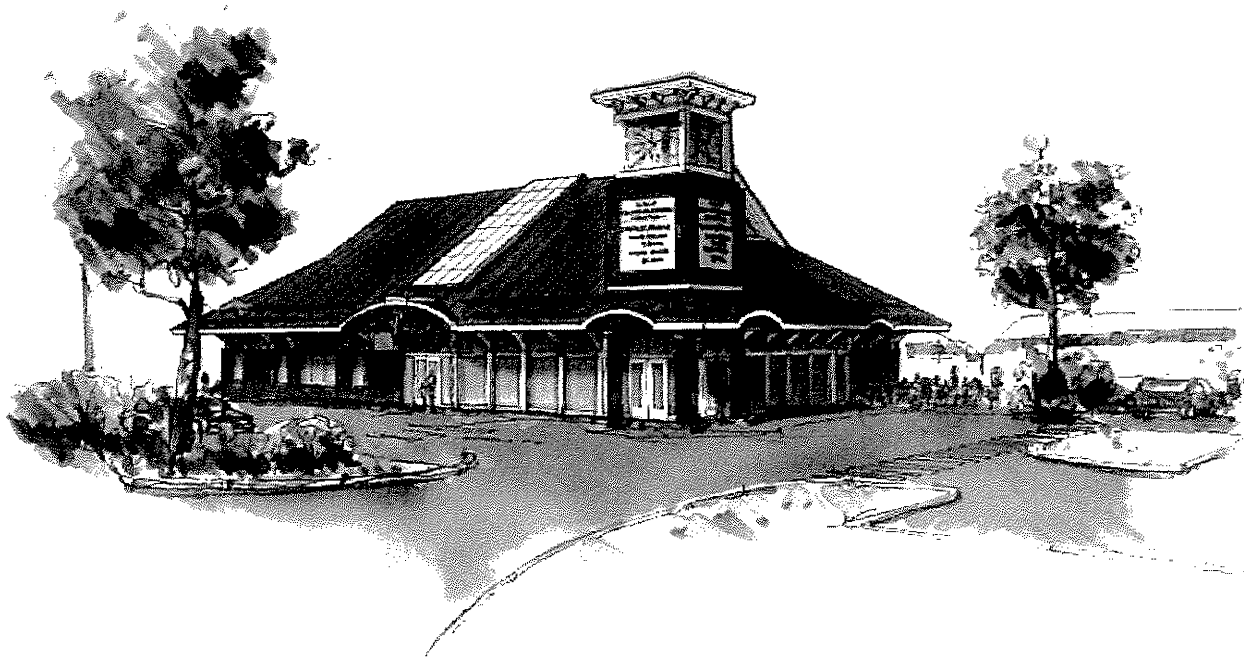
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CITY OF SACO, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2009



SACO TRANSPORTATION CENTER
ASSEL ARCHITECTS PA

**The City celebrated the Grand Opening of the
Saco Transportation Center on February 27, 2009.**

Prepared by:
Beth A. Cote, MBA
Finance Director, City of Saco, Maine

City of Saco, Maine

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009

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City of Saco, Maine

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009

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City of Saco, Maine

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

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City of Saco

Finance Office

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Saco City Hall
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March 1, 2010

Honorable Richard L. 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, 2009, 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).

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The "Single Audit" is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of federal financial assistance, findings, recommendations and the independent auditor's reports on the internal control and compliance with applicable laws and regulations, are included in a separately issued single audit report.

Accounting Principles Generally Accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to 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 approximately the tenth largest city 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 among the top five cities within the State of Maine for this growth. Saco has a land area of 38.5 square miles and an estimated population of 16,822 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 the 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 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; solid waste collection; public education; health and social welfare; recreation; general administration and economic development.

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

Major Initiatives Fiscal Year 2008-2009

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

Economic Development. The City has worked for decades to improve the economic development climate in Saco, and the proof of those efforts is the steady increase in the City's assessed valuation, which is due to growth in the industrial and commercial sector, as well as strong residential growth. Notable additions to the City's economic development base are due to the City's continually expanding business parks, which now includes several new businesses. Some recent projects are a new Amtrak Station and an IMAX 3-D digital movie theater.

Assessed Valuation. For the 18th consecutive year, the City's valuation has steadily increased, with the exception of fiscal year June 30, 1999, where the valuation slightly decreased due to the State mandated homestead exemption of approximately \$25 million. This exemption reduced the taxable valuation for the taxpayers of the City but was substituted by a reimbursement from the State. Since fiscal year 1991, the assessed valuation has risen from \$729,675,000, to this year's \$2,051,483,000. This equates to a 181% increase over this 18-year period. However, this increase has not been reflected proportionately between residential and commercial growth. In 1990, residential property accounted for 68% of the City's valuation. This year, residential property taxes will also account for approximately 80% of the taxes paid, while business/industry will account for 20%.

Financial Management. The City is committed to ensuring sound financial management of public funds. This includes monitoring goals and objectives through the Strategic Plan, maintaining sufficient fund balances in major governmental funds, and adhering to the highest management standards. The Strategic plan was last adopted by the City Council in fiscal year 2006 with the election of our current Council, and will be updated again in fiscal 2009 after our next election. Goals and objectives are updated annually as part of the budget process as well as through interpretation of the biennial citizen survey results.

Capital Improvements & Debt Service. The City has prepared a five-year Capital Improvement Plan Policy. This policy outlines all of the capital assets currently owned by the City, their historical costs, their estimated useful lives, and their estimated replacement years and costs. With this information, the City will be better able to plan for replacements which will aid in our budget preparation in future years as we will have a better idea of fiscal impacts due to replacement being projected. In the current fiscal year, approximately \$4,004,393 was budgeted to fund various capital improvement projects, including numerous capital asset additions and infrastructure maintenance projects. The City continues to remain significantly below state mandated thresholds for allowable debt liability.

Comprehensive Plan. A comprehensive plan for the City's development was adopted in October of 1999. This plan sets out development policies and goals for the next decade and is updated frequently. A new planning process is now underway and will lead to a new Comprehensive Plan in 2010.

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

Biddeford-Saco-Old Orchard Beach Transit Committee. The City is a member of the Biddeford-Saco-Old Orchard Beach Transit Committee which is a jointly governed organization. The Committee has operated a public mass transit passenger bus service within and between the three municipalities under a voluntary interlocal agreement since 1977. The City of Saco's contribution to the committee for the year ended June 30, 2009 was \$64,000. 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.

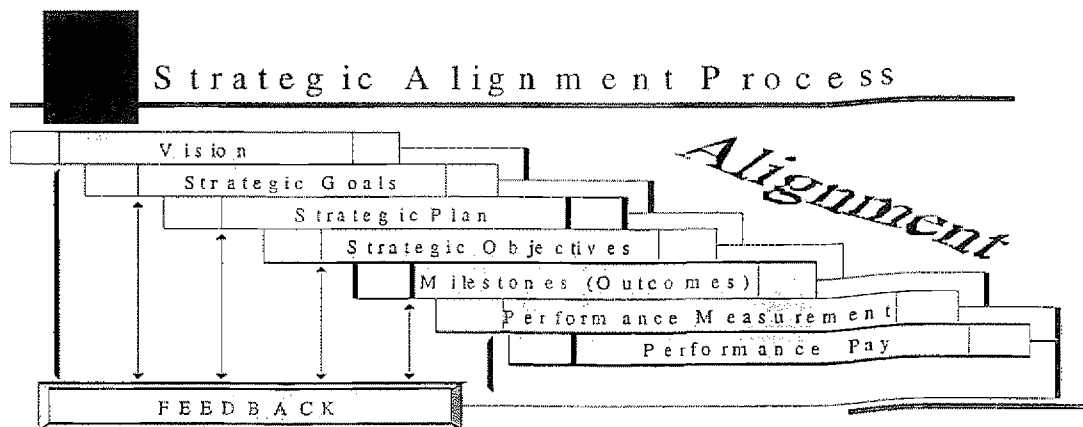
Major Initiatives - Looking Ahead: 2009-2010 Goals

During the coming year, the City will build upon our past successes. The City will 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 March of 2004 the City completed its first strategic plan. This plan was then updated again in 2006 and 2008. This task began with the review of each department's strengths, weaknesses, opportunities and threats (SWOT). This SWOT analysis was then distilled into the nine strategic goals noted below and presented within the City's strategic plan. In addition to the development of the strategic goals, each department was requested to develop strategic objectives to advance these goals. Each objective contained in this plan is aligned with one or more of the nine strategic goals. Each of the objectives contains milestones that identify major accomplishments that will need to be completed to finish the objective.

A critical piece of this plan is that the time horizon has been expanded to consider financial and resource capabilities. An objective may span a number of years depending on the goal's complexity and financing. This plan will allow the City to track progress on all goals and objectives over time. The intent of this plan is to provide strategic direction for the management of the City and to align departmental objectives with this direction. Each year the plan will be reviewed and updated with the Mayor, City Council and staff.

From the use of this strategic plan, performance measurements will be established to provide better operational accountability. The City is working towards ensuring that services are provided in the most efficient and effective way. The City is currently formulating a mixture of performance measurements and comparable statistics between other Maine communities. This will be presented in the form of output measures, outcome measures and efficiency measures for each City department. These measures will be reported in the current year's report. In 2004, the City received a \$30,000 grant through the National Center for Innovative Technology to further this effort and to publish a performance information report on this data. The City was successful at completing its first, second and third 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 three of the published reports. This report substantially complied with the Governmental Accounting Standards Board's sixteen suggested criteria for these types of reports. In the current fiscal year, the City was the first community in the country to publish and disseminate a citizen centric prototype report through the AGA. This report specifically aimed to communicate financial, budget and performance information to citizens in a concise user friendly format. At the beginning of fiscal year 2009, the City received another smaller grant award of \$5,000 from the National Center for Civic Innovation to complete the City's third citizen satisfaction survey. The results of this survey will be included within the City's fiscal year 2009 performance measurement report.

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



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

Vision – Values – Philosophy - Ethics

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

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

Strategic Goals

Downtown Revitalization



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

Infrastructure and Capital Development and Maintenance



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

Growth Management



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

Environmental Protection and Sustainable Development



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

Technological Innovation and Implementation



The City will develop and implement technologies to improve services.

Human Resource Investment



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

Leisure Services Investment



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

Meeting the Financial Needs for City Services



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

Strategic Goals, continued

Public Safety



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

Traffic



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

Significant Accomplishments of Fiscal Year 2008-2009

- The City completed construction of the Saco Transportation Center which opened in February 2009.
- The City developed a Senior Citizen Tax Work-off Program where seniors who meet income eligibility guidelines can earn a property tax abatement of up to \$750. This is the first program of its kind implemented in the State of Maine.
- The City expanded Parks & Recreation programming for children, adults and seniors in its newly renovated Community Center.
- The City completed its fifth Performance Measurement Report and received its fifth National Award for Excellence from the Association of Governmental Accountants (AGA). As this is the fifth consecutive year that the City of Saco has received an SEA award, the City became the second governmental entity nationwide to receive a Circle of Excellence award.
- Five acres of new athletic fields in the Saco Recreation Complex located on the Foss Road (Phase 2: Sandy Brook) came on line for the spring season of 2009.
- The City continues to utilize windmills at the Waste Water Treatment Plant and Transportation Center.
- The City awarded the contract for a new Waste Water Treatment Plant to be constructed in 2009-2010.
- Public Works and other emergency personnel continue the City-wide effort to restore the infrastructure of the community and that of residents after damage were incurred from the April 2008 Patriot's Day storm, the August 2008 storm, and the December 2008 ice storm.
- The City received the Distinguished Budget Presentation Award for the sixth time, awarded by the Government Finance Officer's Association for their fiscal year 2009 budget.
- The City completed a working draft of the Baldrige award report to be submitted in fiscal 2010.
- As a result of Public Law 2007, Chapter 240, known as the "School Consolidation laws" the Saco School Department began transition planning for the future consolidated Regional School Unit #23. RSU #23 consists of Saco, Dayton and Old Orchard Beach Schools as of July 1, 2009. Referendum budget votes were held in the Spring of 2009.
- The Saco Police Department introduced their first K9 unit in a decade, as well as a summer bicycle patrol function to increase their effectiveness.
- The Saco PD also initiated a Challenge Coin program to recognize citizens for extraordinary acts on behalf of their fellow citizens.
- The City completed due diligence on the new Central Fire Station site.
- The City completed a rewrite of the Saco Bay Marina Code.

Financial Information

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

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

The City adopts fiscal year budgets that are established in accordance with the various laws that govern the City's operations as authorized by the Council. Per City Charter the legal level of budgetary control is at the department level. This means that management cannot overspend departmental budgets without the approval of the governing body. The budget is divided into monthly budget allocations based on expenditure expectations and on historical trends, whenever possible. 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, year end projections are made, and adjustments to the financial plan considered and any necessary changes are legally adopted through the passage of an appropriation resolve.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash Management Policies and Practices: 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's investment policy was last updated on June 20, 2005, however it is reviewed annually. The City's policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, the majority of investments were held in the government's name by the counterparty financial institution's trust department. Remaining deposits were either insured by federal depository insurance or collateralized.

Risk Management: During fiscal year 2009, the City continued to aggressively manage all aspects of its risk management program. Included in the risk management program are property and casualty risks, as well as Worker's Compensation. The City's Finance Director is the person primarily responsible for most risk management functions. Insurance coverage, reporting and claims management functions have been centralized, providing better coordination, efficiency and cost effectiveness. The City recently conducted a review of its coverages and loss prevention programs. Additional information on the City of Saco's risk management activity can be found in the notes to the basic financial statements.

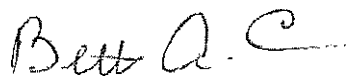
Other information:

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 2009 was performed for the City Council, by the firm of Runyon, Kersteen, Ouellette PA, a firm of licensed Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Saco, for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the City of Saco's financial statements for the fiscal year ending June 30, 2009, 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. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984 and the related U.S. Office of Management and Budget's Circular A-133, Auditing Standards Generally Accepted in the United States of America and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued report.

Awards: The City of Saco received the GFOA's Distinguished Budget Presentation Award for a total of seven years. The City's budget document is judged for proficiency in several categories, including as a policy document, a financial plan, an operations guide and a communications device. Lastly, the City was recognized for performance reporting excellence by receiving the Association of Governmental Accountants' (AGA) national Certificate of Excellence in Service Efforts and Accomplishments (SEA) award. As this was the fifth consecutive year that the City of Saco received an SEA award, the City became the second governmental entity nationwide to receive the Circle of Excellence Award from the AGA.

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

Respectfully submitted,

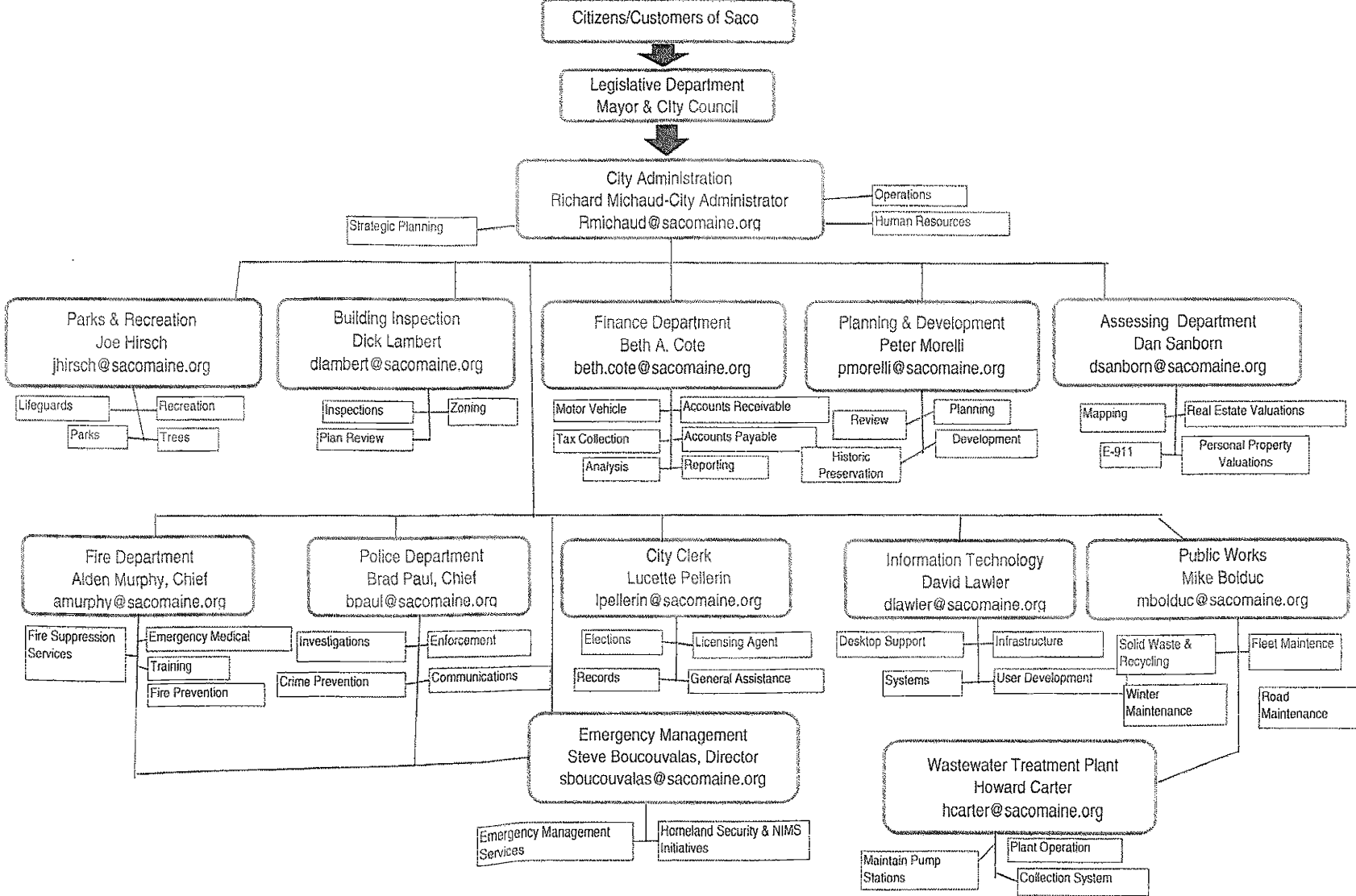
A handwritten signature in cursive script that reads "Beth A. Cote". The signature is written in black ink and includes a long, sweeping horizontal line at the end.

Beth A. Cote, MBA
Finance Director

ORGANIZATIONAL CHART

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CITY OF SACO - 2009 ORGANIZATION CHART



CITY OF SACO, MAINE

List of Principal Officials
(Elected and Appointed)

June 30, 2009

Elected Officials

Mayor	Roland L. Michaud
Council Member – Ward 1	Margaret E. Mills
Council Member – Ward 2	Leslie Smith Jr.
Council Member – Ward 3	Ronald E. Morton
Council Member – Ward 4	Sandra L. Bastille
Council Member – Ward 5	Arthur J. Tardif
Council Member – Ward 6	Eric B. Cote
Council Member – Ward 7	Marston Lovell

Appointed Officials

City Administrator	Richard Michaud
Executive Assistant	Kate Kern
Economic Development Director	Peter Morelli
Finance Director/Treasurer	Beth Cote
City Clerk	Lucette Pellerin
Personnel Officer	Tammy Lambert
Assessor	Daniel Sanborn
Fire Chief	Alden Murphy
Police Chief	Brad Paul
Public Works Director	Mike Bolduc
City Engineer	Angela Blanchette
Parks & Recreation Director	Joseph Hirsch
Building Inspector	Richard Lambert
City Planner	Robert Hamblen
Tax Collector	Stephanie Weaver
City Solicitor	Tim Murphy

FINANCIAL SECTION

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Independent Auditor's Report

City Council
City of Saco, Maine:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saco, Maine as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Saco, Maine's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saco, Maine, as of June 30, 2009, and respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, modified approach for City infrastructure capital assets, and the schedule of funding progress for Other Postemployment Benefits, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

City Council
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2010 on our consideration of the City of Saco, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Raymond Newton Ouellette".

May 3, 2010
South Portland, Maine

CITY OF SACO, MAINE
Management's Discussion and Analysis
June 30, 2009

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, 2009. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

THE FINANCIAL STATEMENTS

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

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

The Fund Financial Statements include statements for each of the three categories of activities – governmental, proprietary, and fiduciary. 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. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

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

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

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

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

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

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Fiduciary Funds - The City is the fiduciary for the school activity funds. The City excludes this activity from its other financial statements as the City can not use these assets to fund operations.

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

THE CITY AS A WHOLE

The City is providing condensed financial information for fiscal year 2009 with comparative information for fiscal year 2008. Our analysis below focuses on the net assets of the City's governmental and business-type activities.

	2009 Governmental Activities	2009 Business-type Activities	2009 Total Primary Government	2008 Governmental Activities	2008 Business-type Activities	2008 Total Primary Government
Current and other assets	\$ 10,826,801	\$ 982,816	\$ 11,809,617	\$ 10,297,098	\$ 4,578,058	\$ 14,875,156
Capital assets	55,612,378	18,613,079	74,225,457	53,574,871	18,664,267	72,239,138
Total assets	<u>66,439,179</u>	<u>19,595,895</u>	<u>86,035,074</u>	<u>63,871,969</u>	<u>23,242,325</u>	<u>87,114,294</u>
Non-current liabilities	18,480,719	1,718,133	20,198,852	20,089,475	2,058,957	22,148,432
Other liabilities	3,989,037	231,657	4,220,694	992,606	2,981,176	3,973,782
Total liabilities	<u>22,469,756</u>	<u>1,949,790</u>	<u>24,419,546</u>	<u>21,082,081</u>	<u>5,040,133</u>	<u>26,122,214</u>
Net assets:						
Invested in capital assets	38,579,789	16,983,079	55,562,868	34,636,209	16,689,267	51,325,476
Restricted	948,220	-	948,220	401,399	-	401,399
Unrestricted	4,441,414	663,026	5,104,440	7,752,280	1,512,925	9,265,205
Total net assets	<u>\$ 43,969,423</u>	<u>\$ 17,646,105</u>	<u>\$ 61,615,528</u>	<u>\$ 42,789,888</u>	<u>\$ 18,202,192</u>	<u>\$ 60,992,080</u>

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

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

CHANGES IN NET ASSETS

	2009 Governmental Activities	2009 Business-type Activities	2009 Total Primary Government	2008 Governmental Activities	2008 Business-type Activities	2008 Total Primary Government
Revenues						
Program Revenues:						
Charges for services	\$ 3,627,188	\$ 1,739,381	\$ 5,366,569	\$ 3,326,547	\$ 2,218,457	\$ 5,545,004
Operating grants and contributions	14,551,110	-	14,551,110	13,769,031	-	13,769,031
Capital grants and contributions	816,653	-	816,653	300,820	-	300,820
General Revenues:						
Property taxes	27,822,609	-	27,822,609	26,612,796	-	26,612,796
Motor vehicle excise taxes	2,684,427	-	2,684,427	2,854,280	-	2,854,280
Franchise fees	275,215	-	275,215	231,112	-	231,112
Homestead exemption	350,300	-	350,300	337,229	-	337,229
Other state aid	116,628	-	116,628	34,497	-	34,497
State revenue sharing	1,444,817	-	1,444,817	1,510,442	-	1,510,442
Investment earnings	170,515	38,054	208,569	271,998	89,842	361,840
Miscellaneous revenues	(106,471)	8,733	(97,738)	386,390	4,734	391,124
Total revenues	<u>51,752,991</u>	<u>1,786,168</u>	<u>53,539,159</u>	<u>49,635,142</u>	<u>2,313,033</u>	<u>51,948,175</u>
Program Expenses:						
General government	2,783,447	-	2,783,447	2,388,585	-	2,388,585
Public safety	5,667,340	-	5,667,340	5,401,015	-	5,401,015
Public works	4,399,733	-	4,399,733	4,369,642	-	4,369,642
Housing programs	232,512	-	232,512	256,359	-	256,359
Culture and recreation	1,008,761	-	1,008,761	915,311	-	915,311
Education	30,038,189	-	30,038,189	29,015,189	-	29,015,189
Unclassified	4,407,838	-	4,407,838	3,878,749	-	3,878,749
Interest on debt	1,078,510	-	1,078,510	993,992	-	993,992
Capital improvements	-	-	-	788,291	-	788,291
Waste water treatment plant	-	2,342,255	2,342,255	-	2,265,113	2,265,113
Total expenses	<u>49,616,330</u>	<u>2,342,255</u>	<u>51,958,585</u>	<u>48,007,133</u>	<u>2,265,113</u>	<u>50,272,246</u>
Change in net assets before transfers	2,136,661	(556,087)	1,580,574	1,628,009	47,920	1,675,929
Transfers						
Change in net assets after transfers	<u>\$ 2,136,661</u>	<u>\$ (556,087)</u>	<u>\$ 1,580,574</u>	<u>\$ 1,628,009</u>	<u>\$ 47,920</u>	<u>\$ 1,675,929</u>

GOVERNMENTAL ACTIVITIES

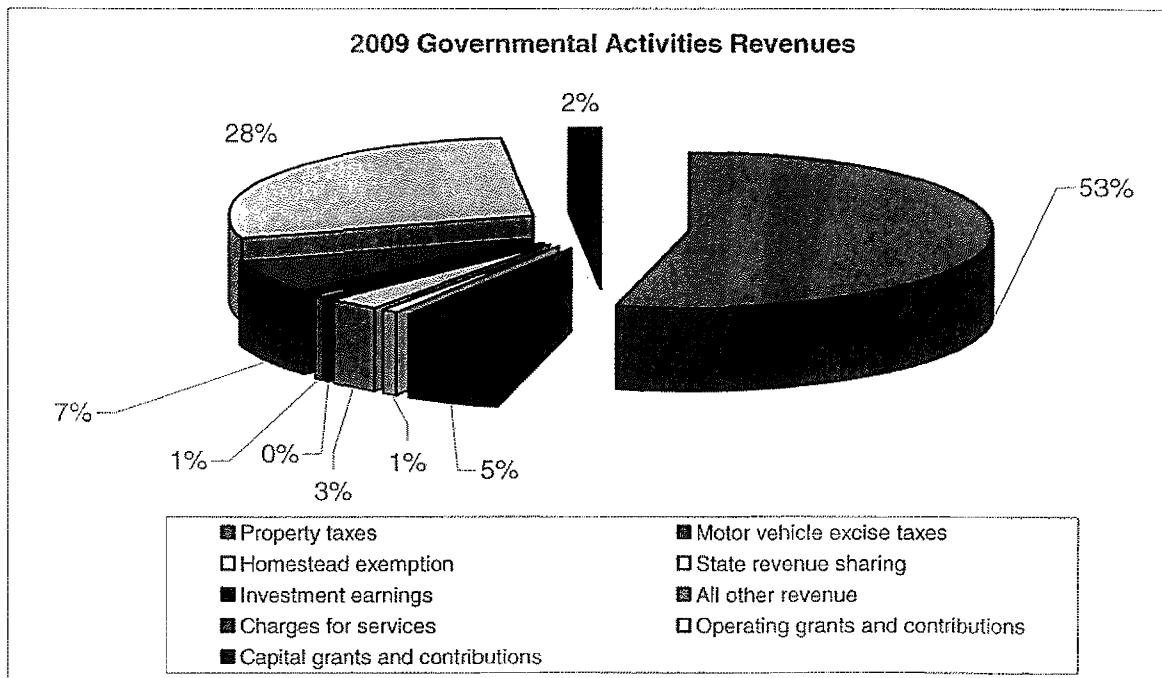
The cost of all Governmental activities this year was \$49,616,330. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City property taxes was only \$27,822,609 because some of the cost was paid by those who directly benefited from the programs (\$3,627,188), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$14,551,110) and capital grants and contributions (\$816,653). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, were \$18,994,951. The City paid for the remaining "public benefit" portion of governmental activities with \$32,758,040 in taxes and with other revenues, such as interest, State Revenue Sharing, general contributions and other miscellaneous revenues.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

The City's programs include General Government, Public Safety, Public Works, Housing Programs, Culture and Recreation, Education, Unclassified, Interest on debt, and Capital Improvements. Each program's net cost (total cost less revenues generated by the activities) is presented below for both the current year (2009) and last year (2008) for comparative purposes. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

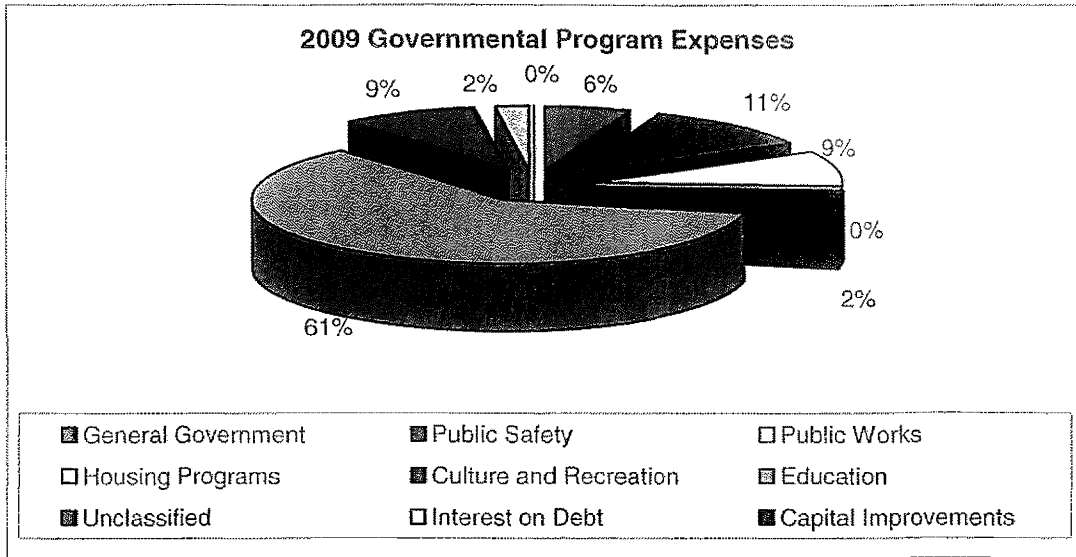
Governmental activities:	2009 Net (Expense)	2008 Net (Expense)
General Government	\$ (1,815,078)	\$ (1,535,074)
Public Safety	(4,537,485)	(4,816,034)
Public Works	(3,551,730)	(3,825,419)
Housing Programs	14,318	29,705
Culture and Recreation	(376,208)	(382,377)
Education	(14,873,035)	(14,432,647)
Unclassified	(4,407,838)	(3,878,749)
Interest on debt	(1,078,510)	(993,992)
Capital Improvements	4,187	(776,148)
Total governmental activities	<u>\$ (30,621,379)</u>	<u>\$ (30,610,735)</u>

Total resources available during the year to finance governmental operations were \$93,585,753 consisting of restated net assets at July 1, 2008 of \$41,832,762, program revenues of \$18,994,951 and General revenues of \$32,758,040. Total Governmental Activities during the year were \$49,616,330; thus Net Assets were increased by \$2,136,661 to \$43,969,423.



The largest factors in this increase were operating grants and contributions, as well as a property tax increase.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

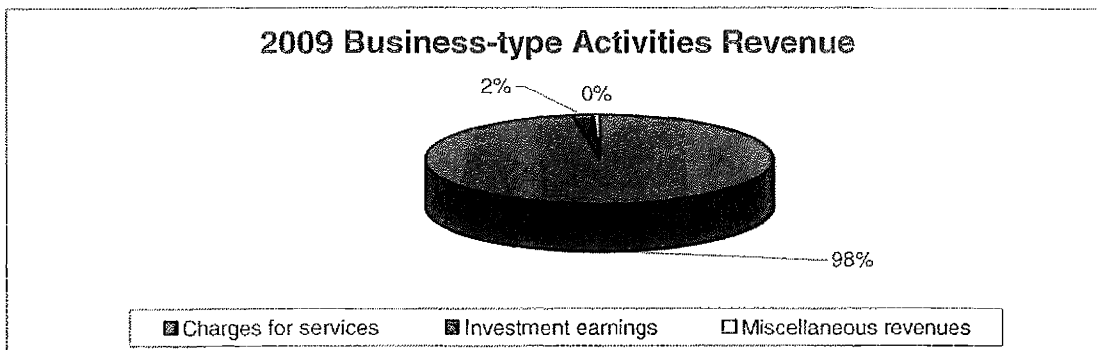


BUSINESS TYPE ACTIVITIES

The cost of all Proprietary (Business-type) activities this year was \$2,342,255. As shown in the Statement of Activities, the amounts paid by users of the system was \$1,739,381, Investments earnings were \$38,054, miscellaneous revenues were \$8,733.

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 (\$602,874) as revenues were less than expenditures.

Total resources available during the year to finance Proprietary Fund (Business-type) Activities were \$19,988,360 consisting of Net Assets at July 1, 2008 of \$18,202,192, program revenues of \$1,739,381, general revenues of \$46,787. Total Proprietary Fund (Business-type) expenses during the year were \$2,342,255; thus Net Assets were decreased by (\$556,087) to \$17,646,105.



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

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

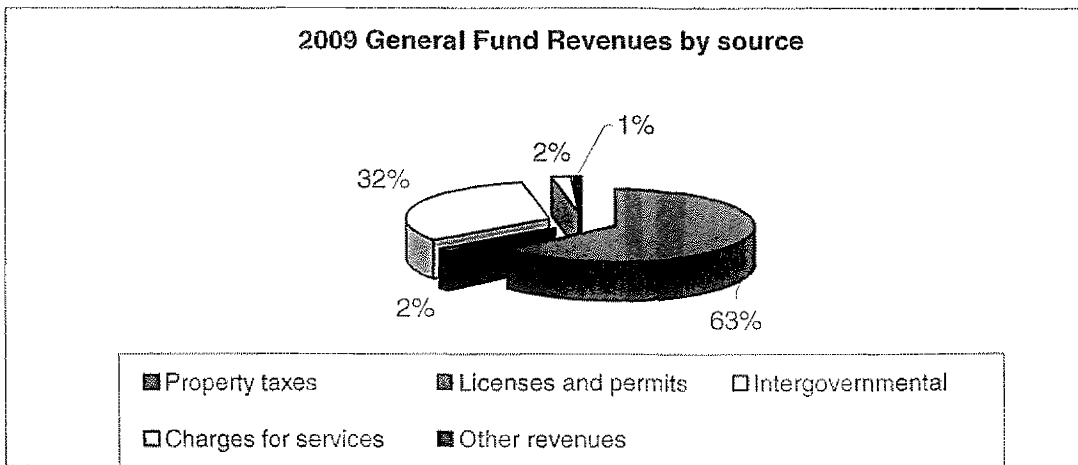
THE CITY'S FUNDS

The following is an analysis of balances in the City's major individual funds. Comparative information is being provided for fiscal year 2008.

General Major Governmental Functions - The information below compares revenues of the General Fund for 2009 and 2008, respectively.

	<u>2009</u>	<u>2008</u>
Revenues by source		
Taxes	\$30,278,683	\$ 29,258,042
Licenses and permits	770,778	697,994
Intergovernmental	15,235,297	14,886,952
Charges for services	968,773	775,330
Other revenues	422,129	334,345
Total revenues	<u>\$47,675,660</u>	<u>\$ 45,952,663</u>

In fiscal year 2009, the City also had two other major funds. The Mill Brook Industrial Park Fund, which had no revenues in fiscal year 2009 or 2008, and the Saco Island TIF District, which had no revenues in fiscal year 2009 and other revenues of \$500,001 in fiscal year 2008.

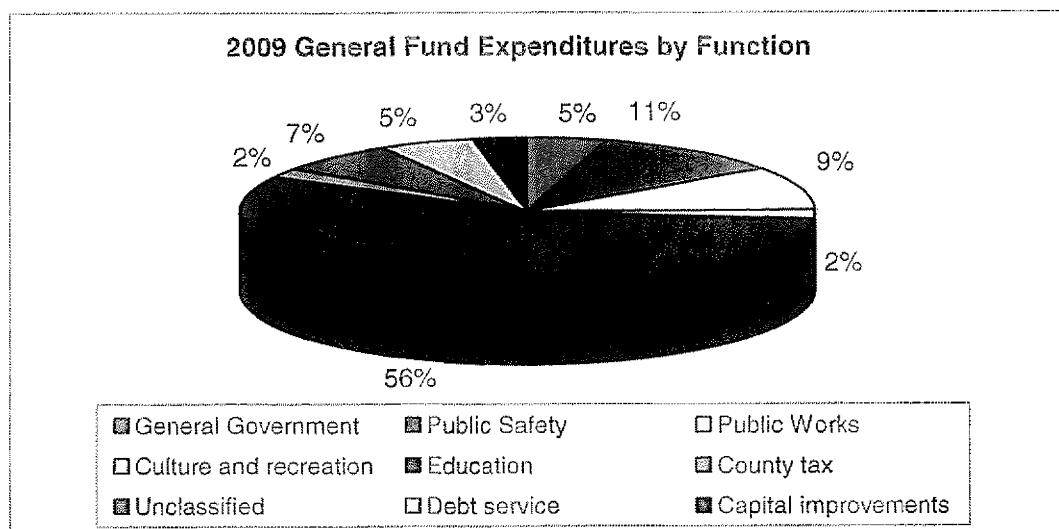


The information below compares expenditures of the General Fund for 2009 and 2008, respectively.

	<u>2009</u>	<u>2008</u>
Expenditures by function		
General government	\$2,270,911	\$ 2,167,619
Public safety	5,417,894	5,081,794
Public works	4,589,463	4,371,335
Culture and recreation	1,071,275	879,544
Education	28,045,287	26,928,154
County tax	1,020,912	958,270
Unclassified	3,284,077	2,853,683
Debt service	2,695,555	2,391,037
Capital improvements	1,480,882	4,117,439
Total expenditures	<u>\$49,876,256</u>	<u>\$ 49,748,875</u>

In fiscal year 2009 and 2008, the Mill Brook Industrial Park Fund had no expenditures. In fiscal year 2009 and 2008, the Saco Island TIF Fund had expenditures of \$979,132 and \$1,892,978, respectively.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009



Proprietary Fund

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

	2009	2008
Total Assets	\$19,595,895	\$ 23,242,325
Net Assets	17,646,105	18,202,192
Change in Net Assets	(556,087)	47,920
Return on Ending Total Assets	(2.84%)	0.21%
Return on Ending Net Assets	(3.15%)	0.26%

DEBT ADMINISTRATION

Debt, considered a liability of governmental activities, decreased in fiscal year 2009 by \$1,906,073. Debt, considered a liability of business-type activities, decreased in fiscal year 2009 by \$345,000. Per capita bonded debt outstanding decreased from \$1,243 to \$1,109 per capita compared to the prior fiscal year. For a more detailed disclosure on debt, see footnote 6.

The Governmental Activity and Business-type Activity debt summary for fiscal year 2009 is presented below.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Debt Payable at June 30, 2008	\$ 18,938,662	\$ 1,975,000
Add: New Capital Lease Purchases	705,775	-
	<u>19,644,437</u>	<u>1,975,000</u>
Less: Debt Retired	2,611,848	345,000
Debt Payable at June 30, 2009	<u>\$ 17,032,589</u>	<u>\$ 1,630,000</u>

This debt payable does not include the long-term portion of compensated absences of \$1,212,013 for governmental activities and \$88,133 for business-type activities (See Note 5).

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

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, 2009, net capital assets of the governmental activities totaled \$55,612,378 and the net capital assets of the business-type activities totaled \$18,613,079. 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 \$175,997 on street maintenance for the fiscal year ended June 30, 2009. These expenditures delayed deterioration; however, the overall condition of the streets was not improved 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 of 2 within City's Asset Management System, See Required Supplemental Information) through the year 2009 was a minimum of \$500,000.

The City is also continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. The City expended \$182,000 on other infrastructure maintenance for the fiscal year ended June 30, 2009. 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 2009 was a minimum of \$500,000.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

Infrastructure Assets - June 30, 2009 and 2008

Description	Net Cost 2009	Net Cost 2008
Governmental Activities:		
Modified Approach:		
Catch basins and manholes	\$ 2,308,565	\$ 2,294,508
Storm drainage	17,839,300	17,839,038
Sidewalks	1,630,130	1,578,296
Street Pavement System	9,612,331	8,578,587
Traffic signals	795,155	795,155
Street signs	44,818	44,818
Land	5,178,042	5,178,042
Construction in Progress	263,287	1,983,763
Total Governmental Activities	\$ 37,671,628	\$ 38,292,207
Business-type Activities:		
Sewer pipe	14,918,272	14,918,272
Construction in Progress	266,474	-
Total Business-type Activities	\$ 15,184,746	\$ 14,918,272

Capital Assets

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Governmental Activities:				
Buildings and Improvements	\$ 34,583,190	\$ 3,470,544	\$ -	\$ 38,053,734
Vehicles	7,079,204	505,573	(172,888)	7,411,889
Machinery and Equipment	5,648,893	276,630	-	5,925,523
Total	47,311,287	4,252,747	(172,888)	51,391,146
Accumulated Depreciation	(32,028,623)	(1,594,661)	172,888	(33,450,396)
Total Governmental Activities	\$ 15,282,664	\$ 2,658,086	\$ -	\$ 17,940,750
Business-type Activities:				
Buildings and Improvements	14,775,600	-	-	14,775,600
Vehicles	120,687	-	-	120,687
Machinery and Equipment	2,748,281	187,446	-	2,935,727
Total	17,644,568	187,446	-	17,832,014
Accumulated Depreciation	(13,898,573)	(505,108)	-	(14,403,681)
Total Business-type Activities	\$ 3,745,995	\$ (317,662)	-	\$ 3,428,333
Total Capital and Infrastructure	\$ 72,239,137	\$ 1,986,320	-	\$ 74,225,457

For more detail on capital assets, see footnote 4.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

BUDGETS AND BUDGETARY ACCOUNTING

General Fund Budget Variances

Comparing the fiscal year 2008-2009 original budget (or adopted) General Fund amount of \$48,662,929, (expenditures of \$47,999,700, plus transfers of \$663,229), to the final budget amount of \$48,809,440 (expenditures of \$48,146,211 plus transfers of \$663,229) shows a change of \$146,511 from the original budget.

Included in this figure is \$146,511 of prior fiscal year 2007-2008 Capital Improvement Projects (CIPs) approved to carry forward into FY 2008-2009, thereby, bringing the beginning balance of \$48,662,929 to \$48,809,440.

<u>Original Budget</u>	<u>+ Continuing Appropriations</u>	<u>= Beginning Balance</u>
\$48,662,929	\$146,511	\$48,809,440
 <u>Beginning Balance</u>	 <u>+/- Supplemental Changes</u>	 <u>= Final Budget</u>
\$48,809,440	-	\$48,809,440

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

Historical Trend

As the City enters fiscal year 2010, we are in solid financial shape with a keen eye on the undesignated fund balance. This has laid the foundation for past budgets and will continue to be prudently maintained as we move forward into the future.

In reflecting back on the history of the City's past five budgets, non-tax revenues have remained steadily at approximately \$20 million annually. During this time span, the City has been able to stabilize the tax rate with consistent increases in property valuations.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total taxes	\$ 23,157,235	\$ 24,318,424	\$ 26,574,151	\$ 27,530,902	\$ 28,197,854
Percent change	(.84%)	5.01%	9.28%	3.60%	2.42%
Total City valuation	\$1,792,587,120	\$1,929,962,500	\$1,995,056,400	\$2,051,483,000	\$2,070,327,000

The Budget

It is important to note that the City of Saco's Adopted Budget for fiscal year 2010 encompasses all municipal expenditures, as well as County and Regional School Unit #23 tax assessments. In prior years the School expenditures and revenues were reflected in the City's budget, however, with the formation of the RSU, the City budget only reflects the tax assessment in budgeted expenditures. All other school-related revenues and expenditures were approved via referendum vote and are reflected in the separately issued RSU #23 financial statements. Thus, the fiscal 2010 adopted budget calls for total expenditures of \$37,462,978, representing \$20,213,945 in municipal expenditures, \$1,020,912 in county tax, and \$16,228,121 in taxes raised on behalf of the RSU.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

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

City Budget	City Administrator Recommendation	Net Change	Approved Budget
Operating Budget	\$ 18,682,029	\$ (29,324)	\$ 18,652,705
Capital Outlay	1,089,787	(943,787)	146,000
Total	19,771,816	(973,111)	18,798,705
Overlay & TIF Transfers	1,415,240	-	1,415,240
Total Expenditure Budget	\$ 21,187,056	\$ (973,111)	\$ 20,213,945

RSU (School) Budget	RSU Board Recommendation	Net Change	Approved Budget
Education	\$ 15,781,953	\$ 446,168	\$ 16,228,121

County Tax	Estimated County Tax	Net Change	Actual County Tax
County Tax	\$ 1,020,912	\$ -	\$ 1,020,912

TOTAL BUDGET	\$ 37,989,921	\$ (526,943)	\$ 37,462,978
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The following chart compares the major categories in the operational budget and their respective increases over the last five years, without the overlay and TIF transfer or any affects of encumbrances.

Appropriation Summary

Departments	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Budget
Legislative	\$ 20,260	\$ 19,533	\$ 17,086	\$ 17,041	\$ 20,600
City Administration	197,604	210,383	237,494	268,785	265,426
Finance/Technology	641,454	791,568	706,351	707,864	745,122
City Clerk	183,840	195,956	194,091	245,116	252,445
Assessor	163,684	176,657	165,581	164,131	182,697
Building Maintenance	102,933	102,021	109,624	114,638	105,524
Legal	209,581	359,632	179,119	203,838	115,000
Police Department	2,587,170	2,832,247	2,978,010	3,108,630	3,214,803
Fire/Ambulance	1,903,977	2,059,283	2,103,784	2,309,264	2,608,879
Building Inspections/Zoning	217,803	234,563	233,969	246,835	250,947
Planning & Economic Dev.	248,308	265,936	324,304	302,663	298,389
Public Works	3,757,464	4,208,601	4,371,335	4,589,463	4,431,581
Public Agencies	502,298	492,381	517,504	521,868	563,696
Emergency Management	-	-	-	6,527	5,900
Parks & Recreation	638,353	786,248	879,544	1,071,275	982,452
Debt Service	2,319,715	2,284,899	2,391,037	2,695,555	1,812,892
Employee Benefits	2,192,445	2,254,631	2,024,197	2,463,817	2,527,688
Insurances	225,558	239,081	229,968	180,352	179,425
Contingency	99,066	150,794	82,014	111,513	89,239
Education K-12	22,838,383	24,292,685	25,097,576	26,149,449	16,228,121
York County Tax	859,723	896,282	958,270	1,020,912	1,020,912
Capital Improvement Projects	1,269,378	1,200,204	3,773,960	775,107	146,000
Overlay	-	-	-	-	752,011
TIF Transfers	597,801	591,530	591,265	681,373	663,229
TOTAL	\$ 41,776,798	\$ 44,645,115	\$ 48,166,083	\$ 47,956,016	\$ 37,462,978

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

Revenues/Surplus

The amount budgeted for revenues shows a sharp decrease in fiscal 2010 due to the Saco School Department non-tax revenues being excluded from this calculation. Educational non-tax revenues are recognized by Regional School Unit #23 and are audited separately as part of the RSU #23 financial statements. It is worth noting that there has been a great deal of fluctuation in non-tax revenue over the past 5 years. A high of 10.85% was noted in 2007, and a decrease is reflected in the fiscal 2010 on the municipal budget as a result of the current economic recession. City management and the City Council are diligent in ensuring that the budget and forecasts are cognizant of the impact on the budgeted utilization of prior year undesignated fund balance. In the current and prior year, we have experienced revenue estimates nearing and, at times, not meeting expectations. Budgeted expenditures have been appropriately reduced to reflect anticipated losses in fiscal 2010. Further, the City Council determined that there would not be a property tax increase in fiscal 2010 in order to fund the capital improvements program. Rather, the Council approved a \$2.3 million proposed bond which is on the ballot for November 2009. This bond would cover deficiencies in the prior and current budget, as well as the absence of a capital program in fiscal 2010.

	2006	2007	2008	2009	2010
Non-tax revenues	\$ 18,953,559	\$ 21,010,042	\$ 19,796,620	\$ 21,132,025	\$ 9,265,125
Percent change	9.68%	10.85%	-5.86%	6.70%	-56.16%

However, the City is very aware of the need to guard against a downturn in the economy, resulting in diminishing revenues and will continue to retain a fund balance level within the policy guidelines.

Major Increases

Although there were no significant increases in the municipal operational budget, one significant deficiency identified in the most recent citizen survey was addressed. In the fiscal 2010 budget there was an additional sidewalk plow lease-purchased in order to address citizen concerns regarding the safety of school children. The only major increase in the City-wide budgeted expenditures was an increase of \$446,168 in educational expenditures voted through in the Regional School Unit #23 referendum this Spring. The RSU will issue separate financial statements for the fiscal year ending June 30, 2009 as they began operations on July 1, 2009. It is important to note that the 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.

Savings/Increased Demands

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

The fiscal year 2010 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.

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

The Future

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

What is at stake for the City of Saco officials can be summed up in one word: effectiveness. Major challenges are facing us as we enter this new year with infrastructure and capital maintenance needs being reduced to enable the funding of operational needs of the City. Officials need to be cognizant of the need to preserve the City's most valuable assets as large deterioration can very often increase the amount ultimately spent in order to bring them back to acceptable and safe condition levels. A small portion of these road maintenance needs were addressed with the November 2006 roads bond. A similar bond package will be put forth to the voters in November 2009, as there was no capital program included in the fiscal 2010 municipal budget.

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

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

The City was successful at attaining a grant through the Center for Civic Innovation in order to further this effort and completed its first Citizen Satisfaction Survey in November of 2004 and a second Survey in October of 2005, as well as publish the first ever City Performance Measurement Report in January of 2005, a second Performance Measurement Report in January of 2006, and a third in December of 2006 as a result of this grant award. It will be eminent for the City to review and update its strategic plan in the coming years. The Citizen Centric reporting costs were incorporated into the fiscal 2010 budget and the results will be analyzed prior to drafting the fiscal 2011 budget. These initiatives are important for the City's continued efficient growth into the future.

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

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

CITY OF SACO, MAINE
Management's Discussion and Analysis, Continued
June 30, 2009

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 2009 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 can not 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 2010 approved budget for the City of Saco is in compliance with Public Law 1 as there was no increase in municipal expenditures. The \$0.20 increase noted below was exclusively the result of the RSU's increase in operating costs.

Summary

With the fiscal year 2010 adopted budget there is an increase in the existing tax rate. This equates to an estimated increase of .20 cents in the City's mil rate. This means that property owners will be billed an estimated \$13.62 per thousand in fiscal year 2010 versus the \$13.42 per thousand they were billed in fiscal year 2009. In other words, a property valued at \$200,000 previously and paying \$2,664 in property taxes annually would pay \$2,724 in property taxes annually, an increase of \$40 for that \$200,000 homeowner and an increase of \$666,952 on the total City property tax levy. Not a bad investment considering the benefits being received and the service levels being provided across the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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CITY OF SACO, MAINE
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	2009 Total
ASSETS			
Cash and cash equivalents	\$ 4,753,958	\$ 207	\$ 4,754,165
Investments	2,165,731	-	2,165,731
Receivables:			
Accounts (net of allowance of \$25,000)	2,278,205	366,087	2,644,292
Taxes - current	924,812	-	924,812
Taxes - prior years	87,843	-	87,843
Tax liens	290,266	-	290,266
Notes (net of allowance of \$7,172)	14,287	-	14,287
Inventories and other	43,224	-	43,224
Prepaid expenses	210,116	-	210,116
Tax acquired property	58,359	-	58,359
Depreciable capital assets, net	17,940,750	3,428,333	21,369,083
Non-depreciable capital assets	37,671,628	15,184,746	52,856,374
Total assets	66,439,179	18,979,373	85,418,552
LIABILITIES			
Accounts payable and other current liabilities	1,645,258	201,496	1,846,754
Accrued liabilities	1,704,413	30,161	1,734,574
Taxes collected in advance	22,844	-	22,844
Internal balance	616,522	(616,522)	-
Noncurrent liabilities:			
Due within one year	2,555,069	227,500	2,782,569
Due in more than one year	15,925,650	1,490,633	17,416,283
Total liabilities	22,469,756	1,333,268	23,803,024
NET ASSETS			
Invested in capital assets, net of related debt	38,579,789	16,983,079	55,562,868
Restricted for:			
Permanent fund principal	181,383	-	181,383
Other purposes	766,837	-	766,837
Unrestricted	4,441,414	663,026	5,104,440
Total net assets	\$ 43,969,423	\$ 17,646,105	\$ 61,615,528

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		2009 Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General Government	\$ 2,783,447	\$ 702,886	\$ 265,483	\$ -	\$ (1,815,078)	\$ -	(1,815,078)
Public Safety	5,667,340	759,619	71,145	299,091	(4,537,485)	-	(4,537,485)
Public Works	4,399,733	314,135	20,493	513,375	(3,551,730)	-	(3,551,730)
Housing Programs	232,512	-	246,830	-	14,318	-	14,318
Culture and Recreation	1,008,761	628,794	3,759	-	(376,208)	-	(376,208)
Education	30,038,189	1,221,754	13,943,400	-	(14,873,035)	-	(14,873,035)
Unclassified	4,407,838	-	-	-	(4,407,838)	-	(4,407,838)
Interest on Debt	1,078,510	-	-	-	(1,078,510)	-	(1,078,510)
Capital Maintenance Programs	-	-	-	4,187	4,187	-	4,187
Total governmental activities	49,616,330	3,627,188	14,551,110	816,653	(30,621,379)	-	(30,621,379)
Business-type activities:							
Waste Water Treatment Plant	2,342,255	1,739,381	-	-	-	(602,874)	(602,874)
Total business-type activities	2,342,255	1,739,381	-	-	-	(602,874)	(602,874)
Total primary government	\$ 51,958,585	\$ 5,366,569	\$ 14,551,110	\$ 816,653	\$ (30,621,379)	\$ (602,874)	(31,224,253)
General revenues:							
Property taxes, levied for general purposes					\$ 27,822,609	\$ -	27,822,609
Motor vehicle excise taxes					2,684,427	-	2,684,427
Franchise tax					275,215	-	275,215
Grants and contributions not restricted to specific programs:							
Homestead Exemption					350,300	-	350,300
Other State aid					116,628	-	116,628
State Revenue Sharing					1,444,817	-	1,444,817
Unrestricted investment earnings					170,515	38,054	208,569
Miscellaneous revenues					(106,471)	8,733	(97,738)
Total general revenues					32,758,040	46,787	32,804,827
Change in net assets					2,136,661	(556,087)	1,580,574
Net assets - beginning, as restated					41,832,762	18,202,192	60,034,954
Net assets - ending					\$ 43,969,423	\$ 17,646,105	\$ 61,615,528

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Mill Brook Industrial Park	Saco Island TIF District	Other Governmental Funds	2009 Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,005,807	\$ -	\$ -	\$ 748,151	\$ 4,753,958
Investments	200,173	-	76	1,965,482	2,165,731
Receivables, net of allowance of \$25,000	1,138,115	-	1,602	1,138,488	2,278,205
Interfund receivables	6,513,997	-	-	2,027,064	8,541,061
Loans receivable, net of allowance \$7,142	-	-	-	14,287	14,287
Taxes and liens receivable	1,302,921	-	-	-	1,302,921
Tax acquired property	58,359	-	-	-	58,359
Prepaid items	210,116	-	-	-	210,116
Inventories and other	-	-	-	43,224	43,224
Total assets	\$ 13,429,488	\$ -	\$ 1,678	\$ 5,936,696	\$ 19,367,862
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,419,086	-	8,439	217,733	1,645,258
Accrued liabilities	1,604,824	-	47,223	52,366	1,704,413
Taxes collected in advance	22,844	-	-	-	22,844
Interfund payables	4,312,016	1,344,494	2,362,116	1,138,957	9,157,583
Deferred revenue	1,017,048	-	-	-	1,017,048
Total liabilities	8,375,818	1,344,494	2,417,778	1,409,056	13,547,146
Fund balances (deficits):					
Reserved for:					
Encumbrances	203,705	-	-	-	203,705
Prepaid items	210,116	-	-	-	210,116
Nonexpendable trust principal	-	-	-	-	-
Capital improvements	2,253,647	-	-	181,383	2,253,647
Inventory	-	-	-	4,913	4,913
Other purposes	-	-	-	766,837	766,837
Unreserved, reported in:					
General Fund- designated	272,809	-	-	-	272,809
General Fund- undesignated	2,113,393	-	-	-	2,113,393
Special revenue funds	-	-	-	1,484,925	1,484,925
Capital project funds	-	(1,344,494)	(2,416,100)	1,862,297	(1,898,297)
Permanent funds	-	-	-	227,285	227,285
Total fund balances (deficits)	5,053,670	(1,344,494)	(2,416,100)	4,527,640	5,820,716
Total liabilities and fund balances (deficits)	\$ 13,429,488	\$ -	\$ 1,678	\$ 5,936,696	
Amounts reported for governmental activities in the statement of net assets (Statement 1) are different because (See Note 4, also):					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.					
More specifically, non-depreciable & depreciable capital assets as reported on Statement 1					55,612,378
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (See Note 1).					
Noncurrent liabilities as reported on Statement 1					(17,268,706)
Accrued liabilities (compensated absences) as reported on Statement 1					(1,212,013)
					(18,480,719)
Deferred revenues- more specifically, deferred property taxes not reported on Statement 1					1,017,048
Net assets of governmental activities					\$ 43,969,423

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	General Fund	Mill Brook Industrial Park	Saco Island TIF District	Other Governmental Funds	2009 Total Governmental Funds
REVENUES					
Taxes	\$ 30,278,683	\$ -	\$ -	\$ -	\$ 30,278,683
Licenses and permits	770,778	-	-	-	770,778
Intergovernmental	13,391,276	-	-	2,378,772	15,770,048
Intergovernmental on-behalf payments	1,844,021	-	-	-	1,844,021
Charges for services	968,773	-	-	867,721	1,836,494
Other revenues	422,129	-	1	349,453	771,583
Total revenues	47,675,660	-	1	3,595,946	51,271,607
EXPENDITURES					
Current:					
General government	2,270,911	-	-	-	2,270,911
Public safety	5,417,894	-	-	-	5,417,894
Public works	4,589,463	-	-	-	4,589,463
Housing programs	-	-	-	232,512	232,512
Culture and recreation	1,071,275	-	-	-	1,071,275
Education	26,201,266	-	-	2,044,340	28,245,606
Maine PERS on-behalf payments	1,844,021	-	-	-	1,844,021
Unclassified	3,284,077	-	-	102,849	3,386,926
Intergovernmental:					
County tax	1,020,912	-	-	-	1,020,912
Debt service:					
Principal	1,617,045	-	-	-	1,617,045
Interest and other charges	1,078,510	-	-	-	1,078,510
Capital improvements	1,480,882	-	979,132	480,248	2,940,262
Total expenditures	49,876,256	-	979,132	2,859,949	53,715,337
Excess (deficiency) of revenues over (under) expenditures	(2,200,596)	-	(979,131)	735,997	(2,443,730)
OTHER FINANCING SOURCES (USES)					
Capital lease issuance of debt	705,775	-	-	-	705,775
Transfers in	366,000	-	390,984	143,164	900,148
Transfers out	(830,148)	-	(70,000)	-	(900,148)
Total other financing sources (uses)	241,627	-	320,984	143,164	705,775
Net change in fund balances	(1,958,969)	-	(658,147)	879,161	(1,737,955)
Fund balances (deficits)-beginning, as restated	7,012,639	(1,344,494)	(1,757,953)	3,648,479	7,558,671
Fund balances (deficits)-ending	\$ 5,053,670	\$ (1,344,494)	\$ (2,416,100)	\$ 4,527,640	\$ 5,820,716

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, 2009

Net change in fund balances- total governmental funds (from Statement 4)		\$ (1,737,955)
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because (see Note 1, also):</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense, with the exception of infrastructure which is recorded at historical cost and not depreciated as the Modified Approach is being used. More specifically, this is the amount by which capital outlays and loss on disposal exceeded depreciation in the current period.</p>		
Capital Outlays	\$ 3,632,168	2,037,507
Less: Net Depreciation	1,594,661	
To reconciliation	\$ 2,037,507	
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes.</p>		
		228,353
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. More specifically, this represents the net amount of principal increases (decreases) in debt service made during the year.</p>		
New debt incurred	\$ (705,775)	1,906,073
Retired debt	2,611,848	
Net debt service	\$ 1,906,073	
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long term accrued compensated absences and the change in long term other post employment benefits.</p>		
	(61,200)	
	(236,117)	
		(297,317)
Change in net assets of governmental activities (see Statement 2)		\$ 2,136,661

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 30,716,903	\$ 30,716,903	\$ 30,278,683	\$ (438,220)
Licenses and permits	975,011	975,011	770,778	(204,233)
Intergovernmental	13,343,855	13,343,855	13,391,276	47,421
Charges for services	998,500	998,500	968,773	(29,727)
Interest earnings	250,000	250,000	120,201	(129,799)
Other revenues	457,962	457,962	301,928	(156,034)
Total revenues	46,742,231	46,742,231	45,831,639	(910,592)
EXPENDITURES				
Current:				
General government	2,224,349	2,318,903	2,270,911	47,992
Public safety	5,511,011	5,542,383	5,417,894	124,489
Public works	4,579,659	4,584,298	4,589,463	(5,165)
Culture and recreation	920,250	923,682	1,071,275	(147,593)
Education	26,690,683	26,690,683	26,149,449	541,234
County tax	1,020,912	1,020,912	1,020,912	-
Unclassified	4,046,163	4,049,991	3,284,077	765,914
Debt service	2,642,797	2,642,797	2,695,555	(52,758)
Capital improvements	363,876	372,562	775,107	(402,545)
Total expenditures	47,999,700	48,146,211	47,274,643	871,568
Excess (deficiency) of revenues over (under) expenditures	(1,257,469)	(1,403,980)	(1,443,004)	(39,024)
OTHER FINANCING SOURCES (USES)				
Transfers in	366,000	366,000	366,000	-
Transfers out	(663,229)	(663,229)	(830,148)	(166,919)
Total other financing sources and uses	(297,229)	(297,229)	(464,148)	(166,919)
Net change in fund balances	(1,554,698)	(1,701,209)	(1,907,152)	(205,943)
Fund balance - beginning, as restated	7,012,639	7,012,639	7,012,639	-
Fund balance - ending	\$ 5,457,941	\$ 5,311,430	\$ 5,105,487	\$ (205,943)

Net change in fund balance for the general fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances

(Statement 4) is different because:

Statement 4 is reported under the Modified Accrual basis of accounting and therefore includes the change in accrual for the Teachers summer salaries amount of

(51,817)

Ending Fund Balance (Statement 4)

\$ 5,053,670

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Net Assets
Proprietary Fund
June 30, 2009

	Business-type activities
	Enterprise Funds
	Waste Water Treatment Plant
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 207
Receivables	366,087
Interfund receivables	616,522
Total current assets	982,816
Noncurrent assets:	
Depreciable capital assets	
Vehicles	120,687
Buildings	14,775,600
Equipment	2,935,727
Less accumulated depreciation	(14,403,681)
Non-depreciable capital assets	15,184,746
Total noncurrent assets	18,613,079
Total assets	19,595,895
LIABILITIES	
Current liabilities:	
Accounts payable	201,496
Accrued liabilities	118,294
Total current liabilities	319,790
Noncurrent liabilities:	
Bonds payable due within one year	227,500
Bonds payable due in more than one year	1,402,500
Total noncurrent liabilities	1,630,000
Total liabilities	1,949,790
NET ASSETS	
Invested in capital assets, net of related debt	16,983,079
Unrestricted	663,026
Total net assets	\$ 17,646,105

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the year ended June 30, 2009

	Business-type activities
	Enterprise Funds
	Waste Water Treatment Plant
Operating revenues:	
Charges for services	\$ 1,739,381
Miscellaneous revenues	8,733
Total operating revenues	1,748,114
Operating expenses:	
Personnel services	885,825
Contractual services	213,270
Utilities	206,384
Repairs and maintenance	13,094
Other supplies and expenses	451,901
Depreciation	505,108
Total operating expenses	2,275,582
Operating loss	(527,468)
Nonoperating revenues (expenses):	
Interest revenues	38,054
Interest expense	(66,673)
Total nonoperating revenues (expenses)	(28,619)
Change in net assets	(556,087)
Total net assets - beginning	18,202,192
Total net assets - ending	\$ 17,646,105

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Cash Flows
Proprietary Fund
For the year ended June 30, 2009

	Business-type activities
	Enterprise Funds
	Waste Water Treatment Plant
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,636,106
Other receipts (payments)	8,733
Payments to suppliers	(723,819)
Payments to employees	(875,084)
Internal activity- payments to/from other funds	(3,533,436)
Net cash (used) in operating activities	(3,487,500)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital asset purchases	(453,920)
Principal paid on debt	(345,000)
Interest paid on debt	(66,673)
Net cash (used) in capital and related financing activities	(865,593)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	38,054
Net cash provided by investing activities	38,054
Net decrease in cash and cash equivalents	(4,315,039)
Balances- beginning of the year	4,315,246
Balances- end of the year	\$ 207
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating loss	(527,468)
Adjustments to reconcile operating loss to net cash provided (used) in operating activities:	
Depreciation expense	505,108
Change in net assets and liabilities:	
Receivables	(103,275)
Interfund receivables	(616,522)
Interfund payables	(2,916,914)
Accounts payables	160,830
Accrued liabilities	10,741
Net cash provided by operating activities	\$ (3,487,500)

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

		Agency Fund
		School Activity Funds
ASSETS		
Cash and cash equivalents	\$	126,828
Total assets		126,828
LIABILITIES		
Due to student groups		126,828
Total liabilities	\$	126,828

See accompanying notes to basic financial statements.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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

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

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

B. Basis of Presentation

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

C. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

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

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The major funds of the City are the General Fund, the Mill Brook Industrial Park fund and the Saco Island TIF Fund. The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid through other funds. The Mill Brook Industrial Park fund accounts for expenditures related to the City's construction of a business industrial park with revenues being derived from the sale of lots within the same. The Saco Island TIF Fund accounts for property taxes received from this tax increment financing district and the capital improvements made within the same.

Additionally, the City reports the following fund type:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's only fiduciary funds include: agency funds (school activity funds).

GOVERNMENTAL FUNDS

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

Revenue Recognition

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

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Expenditure Recognition

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

PROPRIETARY FUNDS

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Proprietary fund types have selected to consistently not follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989 as permitted under Governmental Accounting Standards Board Statement No. 20. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Encumbrances

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

E. Cash and Investments

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

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

F. Cash and Cash Equivalents

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Use of Estimates

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

H. Inventories

Inventory is valued at cost using the first in, first out method. Inventory within the governmental activities consists of those within the School Nutrition Program (Special Revenue Fund).

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items.

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

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

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, which requires the inclusion of infrastructure capital assets in local government's basic financial statements. In accordance with Statement No. 34, the City has included the value of all infrastructure into the 2008-2009 Basic Financial Statements. The City developed an implementation plan to determine the value of and include infrastructure costs.

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.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The City elected to use the Modified Approach as defined by Statement No. 34 for infrastructure reporting. The City commissioned a physical assessment of all infrastructure conditions in 2000 (fiscal year 2001), as well as three years later in 2003 (fiscal year 2004), and again in 2006 (fiscal year 2007). This condition assessment will continue to be performed every 3 years and will be performed next in 2009 (fiscal year 2010). In 2000, the City commissioned a physical condition assessment of the streets which was completed and dated February, 2001. The City commissioned a second physical condition assessment of its streets in 2003 and has done so on an annual basis since then. These streets, primarily concrete, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. This condition assessment will be performed annually through the City's road pavement condition index survey. Each street was assigned a physical condition based on 17 potential defects. 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. The following conditions were defined: Good condition was assigned to those segments with a rating between 80-100 and given a 1 rating within the asset management system, Fair condition was assigned to those segments with a rating between 65-79 and given a 2 rating within the asset management system, Poor condition was assigned to those segments with a rating between 50-64 and given a 3 rating within the asset management system, and a Substandard condition was assigned to those segments with a rating between 0-49 and given a 4 rating within the asset management system. The City's policy relative to maintaining the street assets is to achieve a minimum rating of 70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

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

The City's policy relative to maintaining other infrastructure assets is to achieve a minimum rating of 2 for all other infrastructure assets.

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

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

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.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. 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.

M. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure, or are legally segregated for a specific future use.

Encumbered amounts are also reflected as a reserve for encumbrances in the fund financial statements.

N. Landfill Closure and Postclosure Care Cost

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

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

Note 2 - DEPOSITS AND INVESTMENTS

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

Deposits

Custodial Credit Risk- City Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does have a deposit policy for custodial credit risk. This policy details eligibility for authorization to include banks or savings and loans that are a member of the FDIC and meet the following minimum credit criteria: (1) qualify as a depository of public funds in the State of Maine as defined in Title 30-A, Section 5706 of the Maine Revised Statutes, (2) have a Highline Data Peer Group rating of a 30 or better and (3) have a Financial Publishing rating of a 125 or better. As of June 30, 2009, the City reported deposits of \$4,880,993 with a bank balance of \$4,055,901. Of the City's bank balances of \$4,055,901, \$0 was exposed to custodial credit risk. The entire balance of \$4,055,901 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	\$ 4,753,958
Reported in proprietary funds	207
Reported in agency funds	126,828
Total deposits	\$ 4,880,993

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 2 - DEPOSITS AND INVESTMENTS, Continued

Investments

Custodial Credit Risk- City Investments: For investments, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does have a deposit policy for custodial credit risk as is outlined above. Of the City's \$1,757,878 in investments, 100% was collateralized by underlying securities held by the related bank in the City's name.

At June 30, 2009, the City had the following investments and maturities:

	Fair Value	Less than 1 year	1-5 years	More than 5 years
Money market funds	\$ 1,557,878	\$ 1,557,878	\$ -	\$ -
Mutual funds	75,962	75,962	-	-
Stock	316,891	316,891	-	-
Savings bonds	15,000	15,000	-	-
Repurchase agreements	200,000	200,000	-	-
Total investments	\$ 2,165,731	\$ 2,165,731	\$ -	\$ -

Investments have been reported as follows:

<u>Reported in governmental funds</u>	<u>\$ 2,165,731</u>
Total investments	\$ 2,165,731

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

Credit Risk: Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The City does have a formal policy related to credit risk as is detailed above. At June 30, 2009, the City's investments were rated either AAA or AA by Standard & Poor's.

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, 2008, upon which the levy for the year ended June 30, 2009 was based, was \$2,051,483,000. This assessed value was 100% of the estimated market value and 96.72% of the 2009 state valuation of \$2,121,100,000.

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 \$752,011 for the year ended June 30, 2009.

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 3 – PROPERTY TAXES, Continued

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

The following summarizes the 2008-2009 and 2007-2008 levies respectively:

	<u>2008-2009</u>	<u>2007-2008</u>
Assessed Value	\$2,051,483,000	\$1,995,056,900
Tax Rate (per \$1,000)	<u>13.42</u>	<u>13.32</u>
Commitment	\$ 27,530,902	\$ 26,574,151
Supplemental Taxes Assessed	<u>6,169</u>	<u>15,193</u>
	\$ 27,537,071	\$ 26,589,344
Less: Collections and Abatements	<u>26,612,259</u>	<u>25,737,256</u>
Receivable at June 30, 2009 and 2008	<u>\$ 924,812</u>	<u>\$ 852,088</u>
Due Dates	9/12/08 3/13/09	9/14/07 3/14/08
Interest Rates on Delinquent Taxes	11.0%	12.0%
Collection Rate	96.64%	96.80%

Of the total taxes committed for the year ended June 30, 2009, \$390,984 was allocated to the Saco Island TIF District, \$20,767 was allocated to First Light Technology, Inc., \$2,413 was allocated to Transparent Audio, \$157,812 was allocated to the Spring Hill TIF, \$31,763 was allocated to Saco Plaza LLC, \$69,371 was allocated to Industrial Park (People's Choice FCU), \$3,032 was allocated to Incon/Franklin Fuels and \$5,231 was allocated to Park North under the approved incremental tax levied on the Tax Increment Financing Districts' "captured assessed value" (see Note 9).

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 4 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-wide Statement of Net Assets. The City elected to use the “modified approach” as defined by GASB Statement No. 34 for infrastructure reporting. As a result, no accumulated depreciation or depreciation expense has been recorded for these assets. A more detailed discussion of the “modified approach” is presented in the Required Supplementary Information section of this report. All other capital assets were reported using the basic approach whereby accumulated depreciation and depreciation expense has been recorded. The table below presents summary information on non-depreciable assets for the years ending June 30, 2008 and 2009.

	Historical Cost	Accumulated Depreciation	Net Cost 2009	Net Cost 2008
Governmental Activities:				
Modified Approach:				
Catch basins and manholes	\$ 2,308,565	-	2,308,565	2,294,508
Storm drainage	17,839,300	-	17,839,300	17,839,038
Sidewalks	1,630,130	-	1,630,130	1,578,296
Street Pavement System	9,612,331	-	9,612,331	8,578,587
Traffic signals	795,155	-	795,155	795,155
Street signs	44,818	-	44,818	44,818
Land	5,178,042	-	5,178,042	5,178,042
Construction in progress	263,287	-	263,287	1,983,763
Total Governmental Activities	37,671,628	-	37,671,628	38,292,207
Business-type Activities:				
Sewer pipe	14,918,272	-	14,918,272	14,918,272
Construction in progress	266,474	-	266,474	-
Total Business-type Activities	\$ 15,184,746	-	15,184,746	14,918,272

Capital assets of the City for the years ended June 30, 2008 and 2009, consisted of the following:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Governmental Activities:				
Buildings and Improvements	\$ 34,583,190	\$ 3,470,544	\$ -	\$ 38,053,734
Vehicles	7,079,204	505,573	(172,888)	7,411,889
Machinery and Equipment	5,648,893	276,630	-	5,925,523
Total	47,311,287	4,252,747	(172,888)	51,391,146
Accumulated Depreciation:				
Buildings and Improvements	(22,197,204)	(793,937)	-	(22,991,141)
Vehicles	(4,880,102)	(503,219)	172,888	(5,210,433)
Machinery and Equipment	(4,951,317)	(297,505)	-	(5,248,822)
Total	(32,028,623)	(1,594,661)	172,888	(33,450,396)
Total Governmental Activities	\$ 15,282,664	\$ 2,658,086	\$ -	\$ 17,940,750

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 4 – CAPITAL ASSETS, Continued

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

Vehicles	\$ 503,219
Buildings	793,937
Equipment	<u>297,505</u>
TOTAL	<u>\$1,594,661</u>

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Business-type Activities:				
Buildings and Improvements	\$ 14,775,600	\$ -	\$ -	\$ 14,775,600
Vehicles	120,687	-	-	120,687
Machinery and Equipment	2,748,281	187,446	-	2,935,727
Total	17,644,568	187,446	-	17,832,014
Accumulated Depreciation:				
Buildings and Improvements	(11,813,807)	(368,582)	-	(12,182,389)
Vehicles	(115,651)	(5,038)	-	(120,689)
Machinery and Equipment	(1,969,115)	(131,488)	-	(2,100,603)
Total	(13,898,573)	(505,108)	-	(14,403,681)
Total Business-type Activities	\$ 3,745,995	\$ (317,662)	\$ -	\$ 3,428,333

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

Vehicles	\$ 5,038
Buildings	368,582
Equipment	<u>131,488</u>
TOTAL	<u>\$ 505,108</u>

For the year ended June 30, 2009 and 2008, depreciation expense on capital assets was charged to the government functions as follows:

	<u>2009</u>	<u>2008</u>
General Government	\$ 215,219	\$ 125,052
Public Safety – Police	141,149	143,629
Public Works	349,534	302,212
Parks and Recreation	40,336	35,767
Public Safety – Fire	229,245	224,837
Education	<u>619,178</u>	<u>674,005</u>
Total Depreciation Expense	<u>\$ 1,594,661</u>	<u>\$1,505,502</u>

For the year ended June 30, 2009 and 2008, repairs and maintenance expenses on capital and infrastructure assets were charged to the government functions as follows:

	<u>2009</u>	<u>2008</u>
Public Safety – Police	\$ 98,458	\$ 101,234
Public Safety – Fire/Ambulance	47,191	48,115
Public Works	356,941	283,506
Parks and Recreation	114,363	25,597
Capital Improvement Projects	<u>507,399</u>	<u>788,291</u>
Total Repairs & Maintenance Expense	<u>\$ 1,124,352</u>	<u>\$ 1,246,743</u>

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

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 \$1,212,013 for governmental activities and \$88,133 for business-type activities at June 30, 2009, is expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the general fund and the enterprise fund, with a minor amount being paid from certain special revenue funds.

Note 6 - 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, 2009:

	Bonds & Notes Payable	Capital Leases Payable	Compensated Absences	Total
Governmental Activities:				
Debt Payable at June 30, 2008	\$ 16,130,643	\$ 2,808,019	\$ 1,150,813	\$ 20,089,475
Add: New debt payables	-	705,775	61,200	766,975
	16,130,643	3,513,794	1,212,013	20,856,450
Less: Debt retired	1,617,045	994,803	-	2,611,848
Debt Payable at June 30, 2009	\$ 14,513,598	\$ 2,518,991	\$ 1,212,013	\$ 18,244,602
Due within one year	1,614,545	940,524	-	2,555,069
Business-type Activities:				
Debt Payable at June 30, 2008	1,975,000	-	83,957	2,058,957
Add: New debt payables	-	-	4,176	4,176
	1,975,000	-	88,133	2,063,133
Less: Debt retired	345,000	-	-	345,000
Debt Payable at June 30, 2009	\$ 1,630,000	\$ -	\$ 88,133	\$ 1,718,133
Due within one year	227,500	-	-	227,500

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 6 - LONG-TERM DEBT, Continued

Long-term debt payable at June 30, 2009 is comprised of the following:

General Obligation Bonds	Interest Rate	Original Issue Amount	Final Maturity Date	Balance End of Year	Due Within One Year
Governmental Activities:					
2007 Infrastructure Bond	4.15% - 4.20%	\$4,355,000	10/1/2027	\$4,135,000	\$220,000
2006 Open Space Bond	4.00% - 4.50%	1,500,000	1/1/2026	1,275,000	75,000
2003 Refunding Bond	3.85%	2,977,057	10/1/2018	1,860,661	186,066
2002 Refunding Bond (50%)	2.00% - 4.50%	1,092,500	10/1/2014	470,000	82,500
2002 School Renovation (1)	None	1,159,789	10/1/2011	347,937	115,979
2002 School Renovation	3.25% - 5.00%	5,940,000	1/1/2022	3,840,000	300,000
1996 Police Station	5.60%	2,000,000	10/1/2016	800,000	100,000
1996 Route One Sewer (50%)	5.55%	2,900,000	10/1/2016	1,160,000	145,000
1991 School Construction	7.40% - 7.50%	4,700,000	9/1/2010	470,000	235,000
1989 Capital Improvement	7.25% - 7.30%	3,100,000	10/25/2009	155,000	155,000
Total - Governmental Activities				\$14,513,598	\$1,614,545
<p>(1) The original amount of this note was \$2,456,690 of which \$1,296,901 has been forgiven by the State. The City's outstanding share at June 30, 2009 was \$347,937.</p>					
Business-type Activities:					
2002 Refunding Bond (50%)	2.00% - 4.50%	\$1,092,500	10/1/2014	\$470,000	\$82,500
1996 Route One Sewer (50%)	5.55%	2,900,000	10/1/2016	1,160,000	145,000
Total Enterprise Fund				\$1,630,000	\$227,500
Grand Total All Funds				\$16,143,598	\$1,842,045

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 6 - LONG-TERM DEBT, Continued

The annual requirements to amortize General Obligation Bonds outstanding as of June 30, 2009 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>			
2010	\$ 1,614,545	\$ 540,918	\$ 2,155,463
2011	1,452,045	478,704	1,930,749
2012	1,217,045	430,643	1,647,688
2013	1,098,566	391,013	1,489,579
2014	1,096,066	351,090	1,447,156
2015-2019	4,690,330	1,187,662	5,877,992
2020-2024	2,335,000	464,646	2,799,646
2025-2028	1,010,001	82,365	1,092,366
Total	\$ 14,513,598	\$ 3,927,041	\$ 18,440,639
<u>Business-type Activities:</u>			
2010	\$ 227,500	\$ 47,933	\$ 275,433
2011	225,000	40,894	265,894
2012	225,000	33,697	258,697
2013	222,500	26,451	248,951
2014	220,000	19,258	239,258
2015-2017	510,000	20,120	530,120
Total	\$ 1,630,000	\$ 188,353	\$ 1,818,353

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

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 School, Fire and Public Works Department 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, 2009:

	Original Purchase Price	Annual Depreciation Expense	Total Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
<u>Governmental Activities:</u>					
Parks mower 2009	\$ 42,100	\$ 8,420	\$ 41,136	\$ 5,892	\$ 35,244
PW Vactor & PR Backhoe 2009	338,322	33,832	366,901	74,068	292,833
Public Works - pick up truck 2009	60,750	31,248	59,876	6,177	53,699
Public Works - dump truck 2009	109,243	21,849	95,420	9,841	85,579
Public Works - equipment 2008	180,000	18,000	151,324	9,155	142,169
Copiers - 2008	78,371	15,674	70,654	6,718	63,936
Fire pumper truck	358,853	23,924	344,520	52,528	291,992
Public Works - equipment 2007	312,481	31,248	242,968	33,789	209,179
Public Works - equipment 2006	473,000	61,640	77,525	3,238	74,287
Public Works - equipment 2005	626,532	125,306	382,035	48,581	333,454
Fire Department - Brush truck	96,650	9,465	31,800	2,228	29,572
Cide-wide recycling bins	589,872	39,325	213,578	17,683	195,895
Public Schools - Modular Class	58,356	5,835	12,820	455	12,365
Public Schools - copiers 2009	147,562	29,512	163,076	15,514	147,562
Public Schools - computer equip.	232,762	46,552	62,156	2,722	59,434
Public Schools - modular school	2,054,054	102,703	440,781	-	440,781
Public Schools - school bus	92,081	189,416	55,248	4,238	51,010
			<u>\$ 2,811,818</u>	<u>\$ 292,827</u>	<u>\$ 2,518,991</u>

The annual requirements to amortize Capital Lease Obligations outstanding as of June 30, 2009 for the Governmental activities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Obligation</u>
2010	\$ 940,524	\$ 83,226	\$ 1,023,750
2011	367,194	67,526	434,720
2012	367,161	51,657	418,818
2013	293,313	35,897	329,210
2014	211,526	23,366	234,892
2015-2018	<u>339,273</u>	<u>31,155</u>	<u>370,428</u>
Total	<u>\$ 2,518,991</u>	<u>\$ 292,827</u>	<u>\$ 2,811,818</u>

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of the state valuation of such municipality. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its stated assessed valuation. The City's outstanding debt at June 30, 2009, of \$18,662,589, was \$299,502,411 below the City's statutory debt limit. Total interest expended for all funds of the City was \$757,238, for the year ended June 30, 2009.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

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, 2009, the City's equalized State valuation of \$2,121,100,000 was 6.75% of the County's equalized State Valuation of \$31,407,300,000. The City's share is 6.88%, or \$928,231 of York County's \$13,485,955 long-term debt outstanding as of June 30, 2009.

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.

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 revise the program of public improvements, as part of the City's continuing revitalization effort of the Downtown and Saco Island, and in response to the state of Maine's need for a train station on Saco Island. In addition to improvements within the District, TIF proceeds will be used to organize, construct and improve parking areas within 500 feet of the District.

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 9 - TAX INCREMENT FINANCING DISTRICT, Continued

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

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

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

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

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 9 - TAX INCREMENT FINANCING DISTRICT, Continued

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

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

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

The Industrial Park Road TIF was approved March 16, 2007, is for 100% of the tax increment through 2027. The entire increment will be treated in a special fund by the City and used for construction of roads and sewers and sidewalks including improvements to a portion of North Street and a portion of Industrial Park Road. A credit enhancement agreement was reached with People's Choice Credit Union on 3/20/09 to reimburse the company \$100,000 for intersection improvements, by reimbursing it 50% of its taxes each year until it receives the full \$100,000 payout.

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

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

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 10 – TAX BASE SHARING WITH THE CITY OF BIDDEFORD

Tax base sharing is established under Title 30-A of the Maine Revised Statutes, as amended, to increase the likelihood of orderly development and to provide an incentive for coordinated multi-community economic development by permitting two or more communities to share their tax base. Any two or more municipalities may, by vote of their legislative bodies, enter into an agreement to share all or a specific part of the commercial, industrial or residential assessed valuation located within their respective communities. The shared valuation is assessed in the municipality in which the property is located, taxed at the rate applicable in that municipality and collected by the respective municipality. The share of the tax, as specified in the agreement, must be remitted within fifteen days to the other municipalities on the basis of the terms of the agreement. For the fiscal year end June 30, 2007, the City of Saco's share of the tax base sharing revenue was \$92,506. The balance remains outstanding at June 30, 2009.

Note 11 - RELATED PARTY TRANSACTIONS

The Lucia Kimball Deering Trust is related to the Kimball Health Center through common directorships. Beginning in May 1986, the amount due to the Trust from the Kimball Health Center was being reimbursed at the rate of \$500 per month. However, the reimbursement amount is left to the discretion of the Board of Directors. No interest is charged on this loan, which had an outstanding balance of \$859,900 at June 30, 2009.

Note 12 -CLASSIFICATION OF NET ASSETS AND FUND BALANCE

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

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

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

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

In the Fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions. As of June 30, 2009, reservations of fund balance are described below:

Reserved for Encumbrances- These reserves represent the portion of purchase orders and contracts awarded for which goods and services have not yet been received.

Reserved for Prepaid items- These reserves represent the portion of insurance expenditures paid for policies good through a future date.

Reserved for Capital Improvement Projects- These reserves represent specific projects and programs for which the City has made a commitment towards completion through adoption of the City Budget and 5-Year Capital Improvement Plan.

Reserved for Inventory- These reserves represent that portion reserved for the value of inventory at year end.

Reserved for Nonexpendable trust principal- These reserves represent that portion of originally contributed trust fund assets restricted from disbursement.

Reserved for other purposes- These reserves represent that portion of Special Revenue Fund grants restricted for grant intended purposes.

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 13 – DEFICIT FUND BALANCES

The City's Special Revenue Fund for the Recreation Impact Fees, as well as the City's Major Capital Project fund for the Saco Island TIF and the Mill Brook Industrial Park and the non-major Greater Downtown TIF and Park North TIF capital project fund are carrying forward fund deficits as of June 30, 2009. These deficits will be funded by future operations through anticipated revenues to be received.

Note 14 - RETIREMENT SYSTEM

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

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

Funding Policy – Plan members are required to contribute 6.5% of their annual covered salary and the City of Saco is required to contribute an actuarially determined rate. The current rate is 0% of annual covered payroll. The contribution rates of plan members and the City of Saco are established and may be amended by the Maine PERS Board of Trustees. The City's contributions to the Maine PERS Consolidated Plan for the years ended June 30, 2009, 2008 and 2007 were \$0, \$0 and \$0 respectively, equal to the required contributions for each year. This is due to the fact that necessary contributions to the plan are being offset by existing credits.

Maine Public Employees Retirement System (Maine PERS) – Teacher's Group

Description of the Plan – All school teachers, plus other qualified educators, participate in the Maine PERS's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine PERS issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy – Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$1,844,021 (18.76%) for the fiscal year 2009. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis fund financial statements (Statement 4) as well as the entity wide financial statements (Statement 2). There is no contribution required by the School except for federally funded teachers, for which the School contributed 18.76% of their compensation. This cost is charged to the applicable grant and amounted to \$49,991 (18.76%) for the year ended June 30, 2009, \$55,495 (18.71%) for the year ended June 30, 2008, and \$60,404 (19.14%) for the year ending June 30, 2007.

Deferred Compensation Plan

In lieu of coverage under the Maine State 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).

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 14 - RETIREMENT SYSTEM, Continued

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 \$109,468 (5%) for the year ended June 30, 2009, \$108,054 (5%) for the year ended June 30, 2008, and \$193,772 (5%) for the year ended June 30, 2007. 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 \$642,536 for the year ended June 30, 2009, \$605,410 for the year ended June 30, 2008, and \$569,328 for the year ended June 30, 2007.

Note 15 - OTHER DISCLOSURES

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; and natural disasters for which the City either carries commercial insurance, or participates in a public entity risk pool. Currently, the City participates in a public entity risk pool for its workers compensation insurance sponsored by the Maine Municipal Association. Based on the coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2009. 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, 2009 and 2008.

Note 16 – BUDGETARY INFORMATION

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

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

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

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

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

- Governmental Activities
- Business-type Activities

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 16 – BUDGETARY INFORMATION, Continued

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 2009 budgets: City Administration by \$2,976, City Clerk/Voter Registration/Welfare Assistance by \$23,933, Legal Services by \$88,838, Public Works by \$5,165, Parks & Recreation by \$147,593, Adult Education by \$2,715, Employee Benefits by \$3,781, Insurance by \$927, Contingency by \$22,265, and City Debt Service by \$52,758. These over expenditures were anticipated and in most cases had additional revenue to cover them. The overages lapsed to undesignated 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 and the Business-type Activities of fiscal year ended June 30, 2009 and 2008 the amounts carried over by the departments totaled \$2,253,647 and \$3,481,440, respectively, with a like amount designated in the General Fund balance under the title of Restricted for Capital Projects. The department totals were as follows:

<u>Department</u>	<u>Carryover</u>
<i>Governmental Activities:</i>	
Capital Improvement Projects	\$ <u>2,253,647</u>
Total Governmental Activities	\$ <u>2,253,647</u>
<i>Business-type Activities:</i>	
Waste Water Treatment Plant	\$ <u>2,435,448</u>
Total Business-type Activities	\$ <u>2,435,448</u>

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

Note 17 – INTERFUND ACCOUNTS

Due from/to other funds at June 30, 2009 consist of the following:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ 6,513,997	\$ 4,312,016
Special Revenue Funds	1,330,701	795,978
Capital Project Funds	696,363	342,979
Mill Brook Industrial Park Fund	-	1,344,494
Saco Island TIF Fund	-	2,362,116
Proprietary Funds	616,522	-
TOTAL	\$ 9,157,583	\$ 9,157,583

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 17 – INTERFUND ACCOUNTS, Continued

Interfund transfers during the year ended June 30, 2009 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 366,000	\$ 830,148
Special Revenue Funds	-	172,225
Capital Project Funds	315,389	-
Saco Island TIF Fund	390,984	70,000
TOTAL	\$ 1,072,373	\$ 1,072,373

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.

Note 18 – DESIGNATED FUND BALANCE

At June 30, 2009 and 2008, portions of the General Fund unreserved fund balance were designated by the School Department as follows:

	<u>2009</u>	<u>2008</u>
Reappropriated to subsequent years budget	\$ 272,809	\$763,528
Total designated	\$ 272,809	\$763,528

Note 19 – NET ASSETS

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2009:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 89,062,774	33,016,760
Accumulated depreciation	(33,450,396)	(14,403,681)
Bonds payable	(14,513,598)	(1,630,000)
Capital leases	(2,518,991)	-
Total invested in capital assets net of related debt	\$ 38,579,789	16,983,079

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 20 – SCHOOL ADMINISTRATIVE REORGANIZATION

On June 6, 2008, and as amended in April of 2009, the Maine House and Senate enacted the two-year state budget including the school administrative reorganization legislation “School Administrative Reorganization” (“SAR”) as Public Law 2008, Chapter 240. The law set forth state policy to ensure that schools are organized as units in order to provide equitable educational opportunities, rigorous academic programs, uniformity in delivering programs, a greater uniformity in tax rates, more efficient and effective use of limited resources, preservation of school choice and maximum opportunity to deliver services in an efficient manner.

On November 4, 2009, the State Department of Education approved the formation of Regional School Unit 23 (“RSU 23”), effective July 1, 2009. The voters approved an RSU board to replace the separate school boards for the fiscal year ending June 30, 2009. The consolidated school district consists of the Saco School Department, which currently provides K-12 education; the Old Orchard Beach School Department, which currently provides K-12 education; and the Dayton School Department, which currently provides K8 education.

Note 21 – OTHER POST EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) recently promulgated its Statement 45 which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the City of Saco for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The City is a member of the Maine Municipal Employees Health Trust. The 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 May 2009.

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.

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

Normal cost	\$ 119,649
Amortization of unfunded	111,838
<u>Interest</u>	<u>4,630</u>
Annual required contribution	\$ 236,117

CITY OF SACO, MAINE
Notes to Basic Financial Statements
June 30, 2009

Note 21 – OTHER POST EMPLOYMENT BENEFITS, Continued

Funding Status and Funding Progress – The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2009 was as follows:

Annual required contribution	\$ 236,117
Actual contribution	-
Percent contributed	0.00%
Actuarial accrued liability	\$ 2,011,264
<u>Plan assets</u>	<u>-</u>
Unfunded actuarial accrued liability	\$ 2,011,264
Covered payroll	\$ 8,386,002
Unfunded actuarial accrued liability as a percentage of covered payroll	23.98%

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

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

Actuarial valuation date	1/1/09
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	30 years

Actuarial assumptions:

Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 9.6%

Note 22 – RESTATEMENT OF FUND BALANCE/NET ASSETS

Fund Balance in the General Fund and Net Assets in the Government-wide Financial Statements have been restated as of July 1, 2008 as a result of a correction of a prior year error. Fund Balance and Net Assets as of July 1, 2008 have been restated as follows:

	General Fund	Government-wide Financial Statements
Fund balance/net assets, as previously reported	\$ 7,969,765	42,789,888
<u>Restatement – correction of a prior year error</u>	<u>(957,126)</u>	<u>(957,126)</u>
<u>Fund balance/net assets, as restated</u>	<u>\$ 7,012,639</u>	<u>41,832,762</u>

CITY OF SACO, MAINE
Required Supplementary Information
June 30, 2009

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 including 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 building site amenities such as parking and landscaped areas 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 has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its infrastructure assets. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

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

In 2000 (fiscal year 2001), the City commissioned a physical condition assessment of the streets which was completed and dated February 2001. The City has completed a full condition assessment each year since 2001. Each street was assigned a physical condition based on a set of criteria identified in a program developed by the State of Maine Department of Transportation (MEDOT) 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. The following conditions were defined and associated to a rating within our asset management system:

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

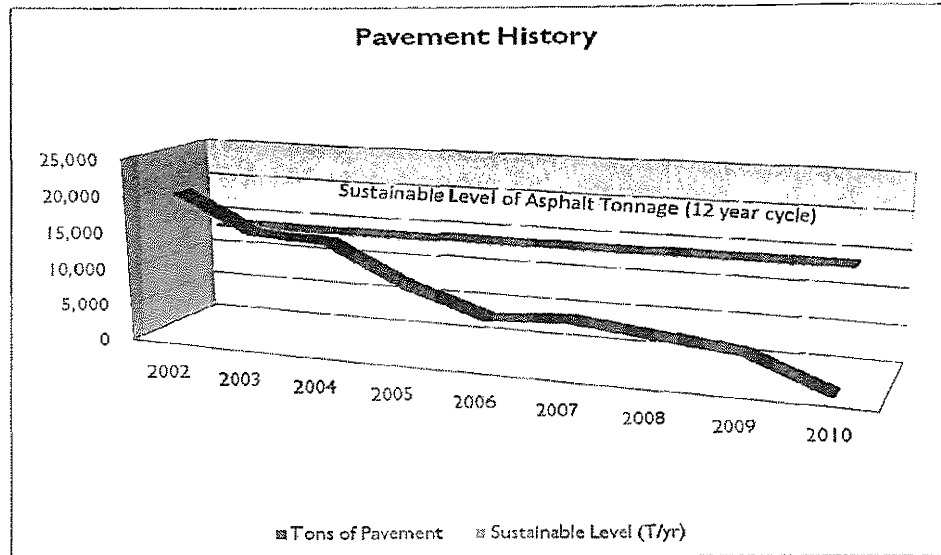
The City's Public works Department has been conducting condition assessments of each road in the fall of each year since 2001. Based on their research and an analysis of the data compiled over the last 8 years, the City has determined that on average a road needs to be overlaid, on average, every 12 years. The frequency and extent of the maintenance will depend on factors such as traffic volume, the amount of truck traffic, road base materials, and drainage conditions.

CITY OF SACO, MAINE
Required Supplementary Information
June 30, 2009

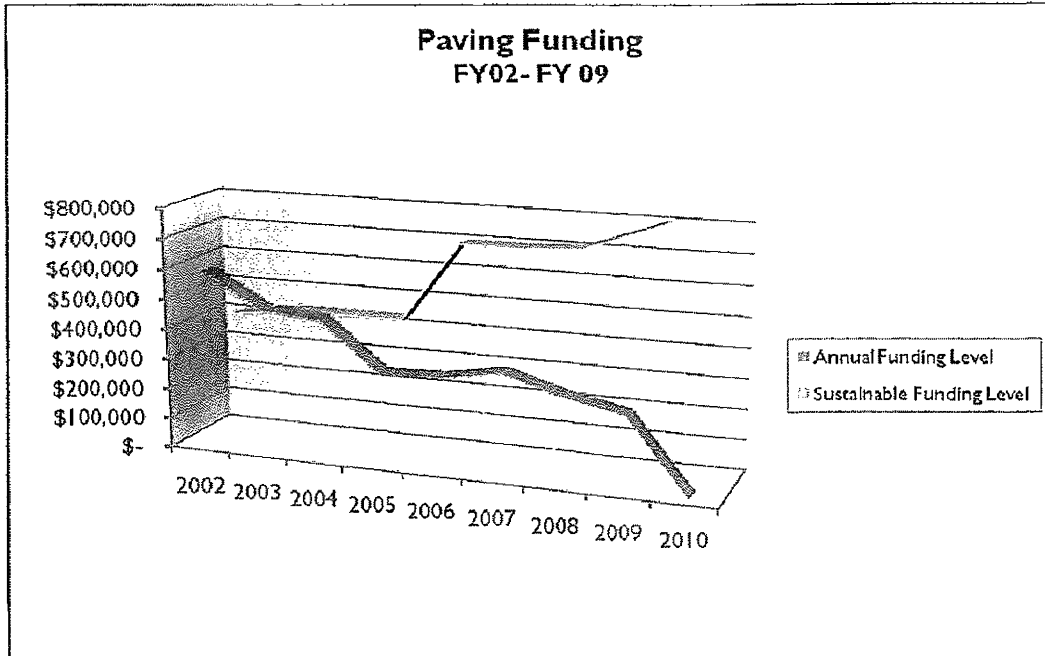
MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS, Continued

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 \$861,800 per year.

Due to a weak economy, financial constraints, and a doubling of the cost of asphalt, the City has been dropping below the sustainable level for maintaining the City's road system. While the road system is still in relatively good shape the average PCI values of the roads has been decreasing.



In 2001 the City subcontracted with an independent engineering firm to inventory and performs a condition assessment



on all other City infrastructure assets. These condition assessments were then reviewed and updated again in fiscal year 2004 and 2008. These other infrastructure assets, sewer pipe, catch basins and manholes, storm drainage, sidewalks, traffic lights and signage, were then combined with the streets on the City's Asset Management System. Per the rating system noted above, each infrastructure asset was assigned a

condition assessment based on a visual inspection conducted on each asset.

CITY OF SACO, MAINE
Required Supplementary Information
June 30, 2009

MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS, Continued

The City Policy is to achieve a minimum rating of 2 for all other infrastructure assets, which is consistent with that for the streets. From June 30, 2001 through June 30, 2009, the City's other infrastructure assets had established condition assessment levels as follows:

<u>Condition Average</u>	FY 2001-2003 <u>% of Other Infrastructure</u>	FY 2004-2006 <u>% of Other Infrastructure</u>	FY 2007-2009 <u>% of Other Infrastructure</u>	Management System Rating
Excellent to Good	68.0%	69.3%	80.0%	1
Fair	25.0%	25.0%	12.0%	2
Poor to Substandard	7.0%	5.7%	8.0%	3 and 4

As of June 30, 2001 through June 30, 2003, the City had only 7% of its other infrastructure assets rated below the established 2 rating. The City required several years to rehabilitate these segments of infrastructure. As is reflected with the June 30, 2006, 2005 and 2004 condition assessment performed, an even lower immaterial percentage of other infrastructure assets are now below the established policy level rating of a 2. As of June 30, 2007, 2008 and 2009 a slightly larger percentage has fallen to poor to substandard even though a larger percentage are rated as excellent to good. Those segments that have fallen are mostly sidewalks and traffic signals.

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

- Eliminated 1 Combined Sewer Overflow Structure on Hobson Lane
- Replaced 700 feet of sewer on Beach Street
- Finished replacing all street name signs in the City
- Improved radius geometry on James & Beach and Main & Beach streets
- Upgraded the traffic signals at Water Street for video actuation
- Replaced brick east and west sidewalk on Main Street between Beach and Cutts
- Replaced overhead utilities and installed new underground services and street lights of on Main Street
- Began construction of a new 5M control building at the Wastewater plant to replace a failed building
- Installed a 400,000 in erosion control measures on surf Street to protect City infrastructure from coastal erosion
- Slip lined 1,100 feet of failing storm drainage on Main Street on Factory Island

As of June 30, 2009, the City had approximately 351,523 feet of sewer pipe with a carrying amount of \$14,918,272 and an estimated replacement cost of \$32,080,875; 3,088 catch basins and manholes with a carrying amount of \$2,308,565 and an estimated replacement cost of \$6,450,689; 266,639 feet of storm drainage with a carrying amount of \$17,839,300 and a replacement cost of \$27,127,105; 711,650 square feet of sidewalks with a carrying amount of \$1,630,130 and a replacement cost of \$2,445,932; 148 traffic signals with a carrying amount of \$795,155 and a replacement cost of \$1,260,000; and 991 street signs with a carrying amount of \$44,818 and a replacement cost of \$69,370.

CITY OF SACO, MAINE
Required Supplementary Information
June 30, 2009

Schedule of Funding Progress
Retiree Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/09	\$ -	\$2,011,264	\$2,011,264	0.00%	\$8,386,002	23.98%

GENERAL FUND

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

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CITY OF SACO, MAINE
Balance Sheet - General Fund
June 30, 2009

		2009
ASSETS		
Cash and Cash Equivalents	\$	4,005,807
Investments		200,173
Accounts Receivable		1,138,115
Taxes Receivable:		
Current Year		924,812
Prior Year		87,843
Tax Liens		290,266
Prepaid Items		210,116
Interfund Receivable		6,513,997
Tax Acquired Property		58,359
Total assets	\$	13,429,488
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$	1,419,086
Accrued Liabilities		1,604,824
Taxes Collected in Advance		22,844
Interfund Payable		4,312,016
Deferred Tax Revenue		1,017,048
Total liabilities		8,375,818
Fund Balance:		
Reserved for Encumbrances		203,705
Reserved for Prepaid Items		210,116
Reserved for Capital Improvement Projects		2,253,647
Unreserved:		
Designated - Subsequent years budget		272,809
Undesignated		2,113,393
Total fund balance		5,053,670
Total liabilities and fund balance	\$	13,429,488

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, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Taxes:			
Real and Personal Property	\$ 27,550,903	\$ 27,722,016	\$ 171,113
Change in Deferred Property Revenues	-	(228,353)	(228,353)
Excise Taxes	3,054,000	2,684,427	(369,573)
Interest and Lien Costs on Taxes	112,000	100,593	(11,407)
Total taxes	30,716,903	30,278,683	(438,220)
Licenses and Permits:			
City Clerk Fees	85,000	82,530	(2,470)
Building Permits	525,399	353,837	(171,562)
Cable Television Franchise	255,000	275,215	20,215
Plumbing Permits	49,159	13,624	(35,535)
Electrical Inspection Fees	42,753	27,727	(15,026)
Snowmobile Registrations	2,500	2,992	492
Canine Licenses and Late Fees	7,200	8,158	958
Victualers' License	8,000	6,695	(1,305)
Total licenses and permits	975,011	770,778	(204,233)
Intergovernmental:			
State Assistance:			
Education	9,494,668	9,013,261	(481,407)
Adult Education	37,500	39,611	2,111
Medicaid Income (Net)	360,000	814,681	454,681
State Agency Clients	227,079	170,408	(56,671)
Revenue Sharing	1,550,000	1,444,817	(105,183)
Local Road Assistance	262,700	260,344	(2,356)
Welfare Reimbursement	26,000	43,550	17,550
Homestead Exemptions	349,880	350,300	420
Other State Aid	96,862	116,628	19,766
FEMA grant reimbursement	-	299,091	299,091
Town of Scarborough - Recycling reimbursement	20,000	22,769	2,769
Goodwins Mills - Rescue reimbursement	15,000	16,125	1,125
MERC Host Community Benefits	-	20,493	20,493
Tuition and Other Charges for Services - Education	904,166	779,198	(124,968)
Total intergovernmental	13,343,855	13,391,276	47,421
Charges for Services:			
Police	35,000	27,284	(7,716)
Community Policing-Thornton Academy/Saco Middle	95,000	96,107	1,107
Public Works	433,500	238,169	(195,331)
Tipping Fees	-	8,770	8,770
Transfer Station Fees	50,000	42,233	(7,767)
Sewer Inspection Fees	4,000	1,300	(2,700)
Recreation Department	355,000	527,326	172,326
False Alarm Fines	20,000	19,975	(25)
Miscellaneous Fees	5,000	7,609	2,609
Total charges for services	998,500	968,773	(29,727)
Other Revenues:			
Interest Earnings	250,000	120,201	(129,799)
Sale of City Assets	25,000	4,187	(20,813)
Building Rentals	103,436	49,920	(53,516)
Insurance Claims and Refund	208,526	172,597	(35,929)
Planning/Zoning Board and Engineering Studies	70,000	(206)	(70,206)
Recycled Waste and Fees	25,000	23,663	(1,337)
Unclassified	26,000	51,767	25,767
Total other revenues	707,962	422,129	(285,833)
TOTAL REVENUES	46,742,231	45,831,639	(910,592)

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, 2009

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES:			
General Government:			
Legislative	\$ 21,600	\$ 17,041	\$ 4,559
City Administration	265,809	268,785	(2,976)
Finance/Technology	838,062	707,864	130,198
City Clerk/Voter Registration/Welfare Assistance	221,183	245,116	(23,933)
Assessor	182,725	164,131	18,594
City Building Maintenance	116,214	114,638	1,576
Legal Services	115,000	203,838	(88,838)
Building Inspector	248,000	246,835	1,165
Planning	310,310	302,663	7,647
Total general government	2,318,903	2,270,911	47,992
Public Safety:			
Police/Central Dispatch	3,179,748	3,108,630	71,118
Fire/Ambulance/Public Water	2,362,635	2,309,264	53,371
Total public safety	5,542,383	5,417,894	124,489
Public Works:			
Administration/Maintenance	4,584,298	4,589,463	(5,165)
Total public works	4,584,298	4,589,463	(5,165)
Culture and Recreation:			
Parks & Recreation	923,682	1,071,275	(147,593)
Total culture and recreation	923,682	1,071,275	(147,593)
Education (Excluding Debt Service and Nutrition):			
Regular Education - K-12	26,544,092	26,000,143	543,949
Adult Education	146,591	149,306	(2,715)
Total education	26,690,683	26,149,449	541,234
County Tax	1,020,912	1,020,912	-
Unclassified:			
Employee Benefits	2,460,036	2,463,817	(3,781)
Insurance	179,425	180,352	(927)
Public Agencies	562,528	521,868	40,660
Emergency Management	6,743	6,527	216
Overlay	752,011	-	752,011
Contingency	89,248	111,513	(22,265)
Total unclassified	4,049,991	3,284,077	765,914
Debt Service:			
School Department:			
Principal	650,979	650,979	-
Interest	238,233	237,732	501
City:			
Principal	966,066	966,066	-
Interest	370,484	366,175	4,309
Capital Leases and Agent Fees	417,035	474,603	(57,568)
Total debt service	2,642,797	2,695,555	(52,758)

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, 2009

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued):			
Capital Projects:			
Sidewalk improvement	\$ 154,060	\$ 41,212	\$ 112,788
Street overlay/Road reconstruction	-	175,997	(175,997)
Storm drainage projects	41,000	262	40,738
Simpson Road bridge	8,686	6,506	2,180
Assessing appraisal conversion	-	2,550	(2,550)
City signage	-	7,632	(7,632)
Industrial Park Railroad	-	34,722	(34,722)
Camp Ellis capital	-	1,400	(1,400)
MDOT Grant Match	50,000	5,327	44,673
Athletic fields at landfill	-	11,168	(11,168)
Laserfiche 2&3	35,146	10,201	24,945
Main & Beach No Signal	-	20,742	(20,742)
City Hall roof repairs	-	5,070	(5,070)
Conservation Projects	50,730	48,990	1,740
Route One Sewer Project	-	14,057	(14,057)
Parks & Recreation radios	9,000	7,698	1,302
Tri-Community Camera	4,000	(2,556)	6,556
Downtown Light Pole Banners	20,000	19,772	228
Infrastructure bond projects	-	364,357	(364,357)
Total Capital Projects	372,562	775,107	(402,545)
TOTAL EXPENDITURES	48,146,211	47,274,643	871,568
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)			
EXPENDITURES	(1,403,980)	(1,443,004)	(39,024)
OTHER FINANCING SOURCES (USES):			
Budgeted Utilization of Surplus-City	791,170	-	(791,170)
Budgeted Utilization of Surplus-School	763,528	-	(763,528)
Carryover of Designated Fund Balance	146,511	-	(146,511)
Transfers From:			
Capital Projects Fund	45,000	45,000	-
Special Revenue Fund	321,000	321,000	-
Total other financing sources	2,067,209	366,000	(1,701,209)
Transfers to:			
Special Revenue Fund	-	(148,775)	(148,775)
Capital Projects Fund	(663,229)	(681,373)	(18,144)
Total other financing (uses)	(663,229)	(830,148)	(166,919)
NET CHANGE IN FUND BALANCE			
Budgetary Basis	\$ -	\$ (1,907,152)	\$ (1,907,152)
To adjust to Modified Accrual Basis-			
Less- teachers summer salary accrual		\$ (51,817)	
NET CHANGE IN FUND BALANCE-			
Modified Accrual Basis		<u>\$ (1,958,969)</u>	

CITY OF SACO, MAINE
Statement of Changes In Fund Balance - General Fund
For The Year Ended June 30, 2009

	Reserved			Unreserved		Total
	Encumbrances	Prepaid Items	Reserved for Subsequent Years' Expenditures	Designated to Subsequent Years' Budget	Undesignated	
Fund balance - beginning of year	\$ 109,361	\$ 572,792	\$ 3,481,440	\$ 763,528	\$ 3,042,644	\$ 7,969,765
Prior period adjustment	-	-	-	-	(957,126)	(957,126)
Fund balance - beginning of year, as restated	109,361	572,792	3,481,440	763,528	2,085,518	7,012,639
Net change in fund balance	94,344	(362,676)	(1,227,793)	(490,719)	27,875	(1,958,969)
Fund balance - end of year	\$ 203,705	\$ 210,116	\$ 2,253,647	\$ 272,809	\$ 2,113,393	\$ 5,053,670

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ALL OTHER GOVERNMENTAL FUNDS

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CITY OF SACO, MAINE
Combining Balance Sheet - All Other Non-Major Governmental Funds
June 30, 2009

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 733,037	\$ -	\$ 15,114	\$ 748,151
Investments	58,484	1,514,144	392,854	1,965,482
Accounts Receivable (net)	1,137,788	-	700	1,138,488
Inventories and Other	43,224	-	-	43,224
Notes Receivable (net)	14,287	-	-	14,287
Interfund Receivables	1,330,701	696,363	-	2,027,064
Total assets	3,317,521	2,210,507	408,668	5,936,696
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	212,502	5,231	-	217,733
Accrued Wages	52,366	-	-	52,366
Interfund Payables	795,978	342,979	-	1,138,957
Total liabilities	1,060,846	348,210	-	1,409,056
Fund Balances:				
Reserved for:				
Nonexpendable trust fund	-	-	181,383	181,383
Inventory	4,913	-	-	4,913
Other purposes	766,837	-	-	766,837
Unreserved:				
Undesignated	1,484,925	1,862,297	227,285	3,574,507
Total fund balances	2,256,675	1,862,297	408,668	4,527,640
Total liabilities and fund balances	\$ 3,317,521	\$ 2,210,507	\$ 408,668	\$ 5,936,696

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, 2009

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
REVENUES				
Intergovernmental	\$ 2,378,772	\$ -	\$ -	\$ 2,378,772
Charges for services	867,721	-	-	867,721
Interest Income	14,661	11,470	24,183	50,314
Other Revenues	457,378	-	(158,239)	299,139
Total revenues	3,718,532	11,470	(134,056)	3,595,946
EXPENDITURES				
Current:				
Special Projects	80,451	-	22,398	102,849
Education	2,044,340	-	-	2,044,340
Housing Programs	232,512	-	-	232,512
Capital Expenditures	411,158	69,090	-	480,248
Total expenditures	2,768,461	69,090	22,398	2,859,949
Excess (deficiency) of revenues over (under) expenditures	950,071	(57,620)	(156,454)	735,997
OTHER FINANCING SOURCES (USES) OF FUNDS				
Transfer (to) from General Fund	(172,225)	290,389	-	118,164
Transfer (to) from Capital Project Funds	-	25,000	-	25,000
Total other financing sources (uses)	(172,225)	315,389	-	143,164
Net change in fund balances	777,846	257,769	(156,454)	879,161
Fund balances - beginning of year	1,478,829	1,604,528	565,122	3,648,479
Fund balances - end of year	\$ 2,256,675	\$ 1,862,297	\$ 408,668	\$ 4,527,640

SPECIAL REVENUE FUNDS

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

Recreation Impact Fees

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

Call Firemen Retirement

To account for funds budgeted and accumulated for the retirement program for the call firemen of the City of Saco.

Ambulance

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

Economic Development Fund

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

Saco Housing Agency

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

School Categorical Grants

To account for various federal and state grants for special programs administered by the School Department.

School Lunch Program

This fund accounts for the operation of the school nutrition program at the various schools.

Saco Skate Park

To account for local contributions received for constructing a skate park in Saco.

Wellness Grant

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

Planning Board Improvements

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

SPECIAL REVENUE FUNDS, CONTINUED

Fire Reserves

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

Jump Start Grant

To account for grant funds received.

Police Arrest Forfeiture Fund

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

Joe Riley Memorial Park

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

Emergency Management

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

Saco Community Garden

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

Camp Ellis

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

Front Street Park

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

Lucia Kimball Deering Trust

To account for expendable trust fund monies.

Cascade Trails

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

CITY OF SACO, MAINE
Combining Balance Sheet - Non-Major Special Revenues Funds
June 30, 2009

	Recreation Impact Fees	Call Firemen Retirement	Ambulance	Economic Development Fund	Saco Housing Agency	School Categorical Grants	School Lunch Program
ASSETS							
Cash and Cash Equivalents	\$ -	\$ -	\$ 54,935	\$ -	\$ 58,704	\$ 129,240	\$ 105,584
Investments	-	-	43,361	123	-	-	-
Accounts Receivable (net allowance of \$25,000)	-	-	121,427	-	222	137,587	18,652
Inventories and Other	-	-	-	-	-	-	4,913
Notes Receivable (net allowance of \$7,142)	-	-	-	14,287	-	-	-
Interfund Receivables	-	44,550	-	225,974	-	680,692	13,460
Total assets	-	44,550	219,723	240,384	58,926	947,519	142,609
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	45,212	-	54,378	-	173	85,553	12,760
Accrued Wages	-	-	-	-	-	49,227	900
Interfund Payables	649,372	-	48,182	-	-	45,902	25,081
Total liabilities	694,584	-	102,560	-	173	180,682	38,741
Fund Balances (Deficits):							
Reserved for:							
Inventory	-	-	-	-	-	-	4,913
Other purposes	-	-	-	-	-	766,837	-
Unreserved:							
Undesignated	(694,584)	44,550	117,163	240,384	58,753	-	98,955
Total fund balances (deficits)	(694,584)	44,550	117,163	240,384	58,753	766,837	103,868
Total liabilities and fund balances	\$ -	\$ 44,550	\$ 219,723	\$ 240,384	\$ 58,926	\$ 947,519	\$ 142,609

Continued on following page.

CITY OF SACO, MAINE
Combining Balance Sheet - Non-Major Special Revenues Funds
June 30, 2009

	Saco Skate Park	Wellness Grant	Planning Board Improvements	Fire Reserves	Jump Start Grant	Police Arrest Forfeiture Fund	Joe Riley Memorial Park
ASSETS							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 541	\$ 1,789
Investments	-	-	-	-	-	-	-
Accounts Receivable (net allowance of \$25,000)	-	-	-	-	-	-	-
Inventories and Other	-	-	-	-	-	-	-
Notes Receivable (net allowance of \$7,142)	-	-	-	-	-	-	-
Interfund Receivables	1,422	15,433	65,680	2,398	1,535	69,966	-
Total assets	1,422	15,433	65,680	2,398	1,535	70,507	1,789
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts Payable	-	2,047	-	-	-	2,964	-
Accrued Wages	-	-	-	-	-	-	-
Interfund Payables	-	-	26,590	-	-	-	851
Total liabilities	-	2,047	26,590	-	-	2,964	851
Fund Balances (Deficits):							
Reserved for:							
Inventory	-	-	-	-	-	-	-
Other puposes	-	-	-	-	-	-	-
Unreserved:							
Undesignated	1,422	13,386	39,090	2,398	1,535	67,543	938
Total fund balances (deficits)	1,422	13,386	39,090	2,398	1,535	67,543	938
Total liabilities and fund balances	\$ 1,422	\$ 15,433	\$ 65,680	\$ 2,398	\$ 1,535	\$ 70,507	\$ 1,789

Continued on following page.

CITY OF SACO, MAINE
Combining Balance Sheet - Non-Major Special Revenues Funds
June 30, 2009

	Emergency Management Grants	Saco Community Garden	Camp Ellis	Front Street Park	Lucia Kimball Deering Trust	Cascade Trails	Totals 2009
ASSETS							
Cash and Cash Equivalents	\$ -	\$ -	\$ 400	\$ -	\$ 381,844	\$ -	\$ 733,037
Investments	-	-	-	-	15,000	-	58,484
Accounts Receivable (net allowance of \$25,000)	-	-	-	-	859,900	-	1,137,788
Inventories and Other	-	-	-	-	38,311	-	43,224
Notes Receivable (net allowance of \$7,142)	-	-	-	-	-	-	14,287
Interfund Receivables	3,832	200	175,400	159	-	30,000	1,330,701
Total assets	3,832	200	175,800	159	1,295,055	30,000	3,317,521
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	298	65	2,676	-	-	6,376	212,502
Accrued Wages	-	-	2,239	-	-	-	52,366
Interfund Payables	-	-	-	-	-	-	795,978
Total liabilities	298	65	4,915	-	-	6,376	1,060,846
Fund Balances (Deficits):							
Reserved for:							
Inventory	-	-	-	-	-	-	4,915
Other purposes	-	-	-	-	-	-	766,837
Unreserved:							
Undesignated	3,534	135	170,885	159	1,295,055	23,624	1,484,925
Total fund balances (deficits)	3,534	135	170,885	159	1,295,055	23,624	2,256,675
Total liabilities and fund balances	\$ 3,832	\$ 200	\$ 175,800	\$ 159	\$ 1,295,055	\$ 30,000	\$ 3,317,521

CITY OF SACO, MAINE
Combining Statements of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-Major Special Revenue Funds
For The Year Ended June 30, 2009

	Recreation Impact Fees	Call Firemen Retirement	Ambulance	Economic Development Fund	Saco Housing Agency	School Categorical Grants	School Lunch Program
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 246,830	\$ 1,734,408	\$ 327,010
Charges for Services	36,758	-	616,253	150,000	-	-	-
Interest Income	-	772	771	1	-	-	-
Other Revenue	-	-	-	5,819	-	68,113	374,443
Total revenues	36,758	772	617,024	155,820	246,830	1,802,521	701,453
EXPENDITURES							
Current:							
Special Projects	-	-	-	-	-	-	-
Education	-	-	-	-	-	1,396,475	647,865
Housing Programs	-	-	-	-	232,512	-	-
Capital Expenditures	236,662	-	79,496	52,500	-	-	-
Total expenditures	236,662	-	79,496	52,500	232,512	1,396,475	647,865
Excess (deficiency) of revenues over (under) expenditures	(199,904)	772	537,528	103,320	14,318	406,046	53,588
OTHER FINANCING SOURCES (USES) OF FUNDS							
Transfer (to) from General Fund	-	8,000	(300,000)	(20,000)	-	140,775	-
Transfer (to) from Special Revenue Fund	-	-	-	-	-	-	-
Total other financing sources (uses)	-	8,000	(300,000)	(20,000)	-	140,775	-
Net change in fund balances	(199,904)	8,772	237,528	83,320	14,318	546,821	53,588
Fund balances (deficits) - beginning of year	(494,680)	35,778	(120,365)	157,064	44,435	220,016	50,280
Fund balances (deficits) - end of year	\$ (694,584)	\$ 44,550	\$ 117,163	\$ 240,384	\$ 58,753	\$ 766,837	\$ 103,868

Continued on following page.

CITY OF SACO, MAINE
Combining Statements of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-Major Special Revenue Funds
For The Year Ended June 30, 2009

	Saco Skate Park	Wellness Grant	Planning Board Improvements	Fire Reserves	Jump Start Grant	Police Arrest Forfeiture Fund	Joe Riley Memorial Park
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,524	\$ -
Charges for Services	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	5
Other Revenue	-	4,623	-	621	-	-	-
Total revenues	-	4,623	-	621	-	70,524	5
EXPENDITURES							
Current:							
Special Projects	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Housing Programs	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	42,500	-
Total expenditures	-	-	-	-	-	42,500	-
Excess (deficiency) of revenues over (under) expenditures	-	4,623	-	621	-	28,024	5
OTHER FINANCING SOURCES (USES) OF FUNDS							
Transfer (to) from General Fund	-	-	-	-	-	-	-
Transfer (to) from Special Revenue Fund	-	-	(20,000)	-	-	-	-
Total other financing sources (uses)	-	-	(20,000)	-	-	-	-
Net change in fund balances	-	4,623	(20,000)	621	-	28,024	5
Fund balances (deficits) - beginning of year	1,422	8,763	59,090	1,777	1,535	39,519	933
Fund balances (deficits) - end of year	\$ 1,422	\$ 13,386	\$ 39,090	\$ 2,398	\$ 1,535	\$ 67,543	\$ 938

Continued on following page.

CITY OF SACO, MAINE
Combining Statements of Revenues, Expenditures and Changes In Fund Balances (Deficit) - Non-Major Special Revenue Funds
For The Year Ended June 30, 2009

	Emergency Management Grants	Saco Community Garden	Camp Ellis	Front Street Park	Lucia Kimball Deering Trust	Cascade Trails	Totals 2009
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,378,772
Charges for Services	-	-	64,710	-	-	-	867,721
Interest Income	-	-	-	-	13,112	-	14,661
Other Revenue	-	135	-	-	-	3,624	457,378
Total revenues	-	135	64,710	-	13,112	3,624	3,718,532
EXPENDITURES							
Current:							
Special Projects	298	-	59,968	-	20,185	-	80,451
Education	-	-	-	-	-	-	2,044,340
Housing Programs	-	-	-	-	-	-	232,512
Capital Expenditures	-	-	-	-	-	-	411,158
Total expenditures	298	-	59,968	-	20,185	-	2,768,461
Excess (deficiency) of revenues over (under) expenditures	(298)	135	4,742	-	(7,073)	3,624	950,071
OTHER FINANCING SOURCES (USES) OF FUNDS:							
Transfer (to) from General Fund	-	-	(1,000)	-	-	-	(172,225)
Transfer (to) from Special Revenue Fund	-	-	-	-	-	20,000	-
Total other financing sources (uses)	-	-	(1,000)	-	-	20,000	(172,225)
Net change in fund balances	(298)	135	3,742	-	(7,073)	23,624	777,846
Fund balances (deficits) - beginning of year	3,832	-	167,143	159	1,302,128	-	1,478,829
Fund balances (deficits) - end of year	\$ 3,534	\$ 135	\$ 170,885	\$ 159	\$ 1,295,055	\$ 23,624	\$ 2,256,675

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:

Spring Hill TIF Project

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

First Light TIF District

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

Transparent Audio TIF District

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

Saco Plaza TIF District

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

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.

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.

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.

Industrial Park Road TIF

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

Open Space Bond Issue

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

Landfill Fund

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

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CITY OF SACO, MAINE
Combining Balance Sheet - Non-Major Capital Projects Funds
June 30, 2009

	Spring Hill TIF Project	First Light TIF Project	Transparent Audio TIF Project	Saco Plaza TIF Project	Greater Downtown Improvements	Incon/ Franklin Fuels TIF
ASSETS						
Investments	\$ -	\$ 49,000	\$ 11,294	\$ 814	\$ -	\$ -
Interfund Receivables	266,353	111,829	3,079	-	-	3,032
Total assets	266,353	160,829	14,373	814	-	3,032
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	-	-	-	-	-	-
Interfund Payables	-	-	-	-	52	-
Total liabilities	-	-	-	-	52	-
Fund Balances (Deficit)						
Unreserved:						
Undesignated	266,353	160,829	14,373	814	(52)	3,032
Total fund balances (deficits)	266,353	160,829	14,373	814	(52)	3,032
Total liabilities and fund balances	\$ 266,353	\$ 160,829	\$ 14,373	\$ 814	\$ -	\$ 3,032

Continued on following page.

CITY OF SACO, MAINE
Combining Balance Sheet - Non-Major Capital Projects Funds
June 30, 2009

	Park North TIF Project	Industrial Park TIF Project	Open Space Bond Issue	Landfill Fund	Totals 2009
ASSETS					
Investments	\$ -	\$ -	\$ -	\$ 1,453,036	\$ 1,514,144
Interfund Receivables	-	94,284	217,786	-	696,363
Total assets	-	94,284	217,786	1,453,036	2,210,507
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	5,231	-	-	-	5,231
Interfund Payables	60,013	-	-	282,914	342,979
Total liabilities	65,244	-	-	282,914	348,210
Fund Balances (Deficit)					
Unreserved:					
Undesignated	(65,244)	94,284	217,786	1,170,122	1,862,297
Total fund balances (deficits)	(65,244)	94,284	217,786	1,170,122	1,862,297
Total liabilities and fund balances	\$ -	\$ 94,284	\$ 217,786	\$ 1,453,036	\$ 2,210,507

CITY OF SACO, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Capital Projects Fund
For The Year Ended June 30, 2009

	Spring Hill TIF Project	First Light TIF Project	Transparent Audio TIF Project	Saco Plaza TIF Project	Greater Downtown Improvements	Incon/ Franklin Fuels TIF
REVENUES						
Interest Income	\$ -	\$ 723	\$ 167	\$ 12	\$ -	\$ -
Other revenue	-	-	-	-	-	-
Total revenues	-	723	167	12	-	-
EXPENDITURES						
Project Costs	-	-	-	31,764	-	-
Total expenditures	-	-	-	31,764	-	-
Excess (deficiency) of revenues over (under) expenditures	-	723	167	(31,752)	-	-
OTHER FINANCING SOURCES (USES) OF FUNDS						
Transfer from (to) General Fund	157,812	20,767	2,413	31,763	-	3,032
Transfer from (to) Capital Project Fund	(271,061)	-	-	-	-	-
Total other financing sources (uses)	(113,249)	20,767	2,413	31,763	-	3,032
Net change in fund balances	(113,249)	21,490	2,580	11	-	3,032
Fund balances (deficits) - beginning of year	379,602	139,339	11,793	803	(52)	-
Fund balances (deficits) - end of year	\$ 266,353	\$ 160,829	\$ 14,373	\$ 814	\$ (52)	\$ 3,032

Continued on following page.

CITY OF SACO, MAINE
Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Non-Major Capital Projects Fund
For The Year Ended June 30, 2009

	Park North TIF Project	Industrial Park TIF Project	Open Space Bond Issue	Landfill Fund	Totals 2009
REVENUES					
Interest Income	\$ -	\$ -	\$ -	\$ 10,568	\$ 11,470
Other revenue	-	-	-	-	-
Total revenues	-	-	-	10,568	11,470
EXPENDITURES					
Project Costs	5,231	25	-	32,070	69,090
Total expenditures	5,231	25	-	32,070	69,090
Excess (deficiency) of revenues over (under) expenditures	(5,231)	(25)	-	(21,502)	(57,620)
OTHER FINANCING SOURCES (USES) OF FUNDS					
Transfer from (to) General Fund	5,231	69,371	-	-	290,389
Transfer from (to) Capital Project Fund	-	296,061	-	-	25,000
Total other financing sources (uses)	5,231	365,432	-	-	315,389
Net change in fund balances	-	365,407	-	(21,502)	257,769
Fund balances (deficits) - beginning of year	(65,244)	(271,123)	217,786	1,191,624	1,604,528
Fund balances (deficits) - end of year	\$ (65,244)	\$ 94,284	\$ 217,786	\$ 1,170,122	\$ 1,862,297

PERMANENT FUNDS

City of Saco Permanent Fund

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

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CITY OF SACO, MAINE
Balance Sheet - Non-Major Permanent Funds
June 30, 2009

	City of Saco Permanent Funds
ASSETS	
Cash and Cash Equivalents	\$ 15,114
Investments	392,854
Accounts Receivable	700
Total assets	408,668
LIABILITIES AND FUND BALANCES	
Fund Balance:	
Principal	181,383
Unexpended Income	227,285
Total fund balances	408,668
Total liabilities and fund balances	\$ 408,668

CITY OF SACO, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Permanent Funds
For The Year Ended June 30, 2009

	City of Saco Permanent Funds
REVENUES	
Interest and dividends	\$ 24,183
Net increase (decrease) in fair value of investments	(158,239)
Total revenues	(134,056)
EXPENDITURES	
Administrative expenditures	22,398
Total expenditures	22,398
Net change in fund balances	(156,454)
Fund balances - beginning of year	565,122
Fund balances - end of year	\$ 408,668

AGENCY FUNDS

Agency Funds

To account for the activity in the Middle School Student Activity Funds.

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CITY OF SACO, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
ASSETS				
Cash and cash equivalents	\$ 131,154	132,274	136,600	126,828
Total assets	\$ 131,154	132,274	136,600	126,828
LIABILITIES				
Due to student groups	131,154	132,274	136,600	126,828
Total liabilities	\$ 131,154	132,274	136,600	126,828

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STATISTICAL SECTION

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

Contents

Pages

Financial Trends

107-111

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

112-115

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

Debt Capacity

116-119

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

120-124

These schedules offer demographic and economic indicators.

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

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CITY OF SACO, MAINE
Net Assets by Component
Last Ten Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities									
Invested in capital assets, net of related debt	\$ 26,411,922	\$ 27,123,726	\$ 29,040,076	\$ 31,067,773	\$ 35,969,003	\$ 37,593,942	\$ 32,367,887	\$ 34,636,209	\$ 38,579,789
Restricted:									
Permanent fund principal	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383
Other purposes	301,264	345,844	301,677	275,270	229,138	250,625	308,738	220,016	766,837
Unrestricted	10,961,645	11,973,689	9,879,061	8,871,170	4,658,456	6,061,556	8,303,871	7,752,280	4,441,414
Total governmental activities net assets	\$ 37,856,214	\$ 39,624,642	\$ 39,402,197	\$ 40,395,596	\$ 41,037,980	\$ 44,087,506	\$ 41,161,879	\$ 42,789,888	\$ 43,969,423
Business-type Activities									
Invested in capital assets, net of related debt	\$ 6,276,757	\$ 5,805,014	\$ 5,664,800	\$ 5,341,002	\$ 1,034,911	\$ 3,821,145	\$ 16,855,781	\$ 16,689,267	\$ 16,983,079
Unrestricted	3,277,674	3,462,433	3,280,868	3,615,269	7,628,663	5,071,893	1,298,491	1,512,925	663,026
Total business-type activities net assets	\$ 9,554,431	\$ 9,267,447	\$ 8,945,668	\$ 8,956,271	\$ 8,663,574	\$ 8,893,038	\$ 18,154,272	\$ 18,202,192	\$ 17,646,105
Total Primary Government									
Invested in capital assets, net of related debt	\$ 32,688,679	\$ 32,928,740	\$ 34,704,876	\$ 36,408,775	\$ 37,003,914	\$ 41,415,087	\$ 49,223,668	\$ 51,325,476	\$ 55,562,868
Restricted:									
Permanent fund principal	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383
Other purposes	301,264	345,844	301,677	275,270	229,138	250,625	308,738	220,016	766,837
Unrestricted	14,239,319	15,436,122	13,159,929	12,486,439	12,287,119	11,133,449	9,602,362	9,265,265	5,104,440
Total primary government net assets	\$ 47,410,645	\$ 48,892,089	\$ 48,347,865	\$ 49,351,867	\$ 49,701,554	\$ 52,980,544	\$ 59,316,151	\$ 60,992,080	\$ 61,615,528

(1) Fiscal year 2001 is the initial year of implementation of GASB Statement No. 34.

CITY OF SACO, MAINE
Change in Net Assets
Last Ten Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Governmental activities:										
Expenses										
General Government	\$ 1,703,318	\$ 2,082,612	\$ 2,558,143	\$ 2,545,843	\$ 2,647,140	\$ 2,939,837	\$ 2,470,601	\$ 2,388,585	\$ 2,783,447	
Public Safety	3,876,117	4,288,353	4,541,135	4,438,847	4,883,614	4,844,961	5,082,323	5,401,015	5,667,340	
Public Works	3,068,339	3,097,678	3,393,351	3,591,566	4,586,385	3,709,977	4,588,755	4,369,642	4,399,733	
Housing Programs	175,994	170,247	200,651	205,501	272,246	230,010	254,352	256,359	232,512	
Culture and Recreation	360,045	388,018	465,507	526,806	626,204	677,646	825,222	915,311	1,008,761	
Education	20,202,081	20,317,080	21,685,656	23,982,205	25,195,366	26,993,528	28,072,031	29,015,189	30,038,189	
Unclassified	3,097,765	3,569,709	3,155,801	2,794,827	3,363,144	3,102,707	4,124,321	3,878,749	4,407,838	
Interest on Debt	660,783	1,153,235	1,610,299	587,724	680,893	756,399	845,217	993,992	1,078,510	
Capital Maintenance Programs	3,554,453	1,847,476	2,219,090	1,452,387	1,894,297	2,040,616	1,192,173	788,291	-	
Total governmental activities expenses	36,498,895	36,914,408	39,829,633	40,125,706	44,149,229	45,295,681	47,454,955	48,007,133	49,616,330	
Program Revenues										
Charges for Services										
General Government	305,800	430,794	517,909	804,271	969,798	875,832	800,981	751,767	702,886	
Public Safety	310,608	393,788	403,188	319,482	418,686	588,360	510,056	554,750	759,619	
Public Works	469,526	521,732	572,310	563,154	489,365	555,752	510,405	281,546	314,135	
Culture and Recreation	75,930	86,641	158,631	251,904	323,471	380,264	464,167	532,934	628,794	
Education	743,257	783,005	639,776	791,341	909,182	1,262,613	1,138,301	1,205,550	1,221,754	
Operating Grants and Contributions	9,417,682	9,479,506	9,811,267	10,716,936	10,920,455	13,249,627	14,082,391	13,769,031	14,551,110	
Capital Grants and Contributions	2,629,081	2,584,728	1,271,272	1,027,926	1,437,216	334,586	961,626	300,820	816,653	
Total governmental activities program revenues	13,951,884	14,280,194	13,374,353	14,475,014	15,468,173	17,247,034	18,467,927	17,396,398	18,994,951	
Net (expense)/revenue, governmental activities	(22,547,011)	(22,634,214)	(26,455,280)	(25,650,692)	(28,681,056)	(28,048,647)	(28,987,068)	(30,610,735)	(30,621,379)	
General Revenues and Other Changes in Net Assets										
Taxes										
Property taxes, levied for general purposes	17,674,814	19,225,731	20,483,851	21,340,211	23,444,228	23,280,894	24,632,416	26,612,796	27,822,609	
Motor vehicle excise taxes	2,358,622	2,388,878	2,532,092	2,763,999	2,883,127	2,904,735	2,916,962	2,854,280	2,684,427	
Franchise fees	69,006	85,434	151,339	167,212	185,477	215,806	234,343	231,112	275,215	
Grants and contributions not restricted										
Homestead exemption	540,692	506,400	525,682	288,286	242,190	325,496	320,151	337,229	350,360	
Other State aid	141,363	15,447	56,126	127,416	55,792	40,444	56,253	34,497	116,628	
City of Biddeford tax base sharing	149,785	142,032	122,215	101,601	140,091	169,527	92,506	-	-	
State revenue sharing	1,623,415	1,448,607	1,398,876	1,468,881	1,448,360	1,454,903	1,356,308	1,510,442	1,444,817	
Unrestricted investment earnings	765,680	324,044	224,397	161,479	216,963	295,164	359,620	271,998	170,515	
Miscellaneous revenues	14,798	61,069	532,913	42,563	47,179	20,705	153,223	386,390	(106,471)	
Transfers	211,396	205,060	205,344	417,952	660,033	459,249	-	-	-	
Total governmental activities general revenues/other changes	23,549,571	24,402,642	26,232,835	26,879,600	29,323,440	29,166,923	30,121,782	32,238,744	32,758,040	
Extraordinary Item										
Legal settlement	-	-	-	-	-	-	1,071,989	-	-	
Total extraordinary item	-	-	-	-	-	-	1,071,989	-	-	
Change in Net Assets - Governmental activities	\$ 1,002,560	\$ 1,768,428	\$ (222,445)	\$ 1,228,908	\$ 642,384	\$ 1,118,276	\$ 2,206,703	\$ 1,628,009	\$ 2,136,661	
Business-type Activities:										
Expenses										
Waste Water Treatment Plant	\$ 2,495,676	\$ 1,859,879	\$ 1,886,353	\$ 1,617,000	\$ 2,091,519	\$ 1,766,445	\$ 2,329,012	\$ 2,265,113	\$ 2,342,255	
Total business-type activities expenses	2,495,676	1,859,879	1,886,353	1,617,000	2,091,519	1,766,445	2,329,012	2,265,113	2,342,255	
Program Revenues										
Charges for services	1,684,581	1,726,984	1,720,765	1,980,486	2,411,039	2,405,869	2,052,749	2,218,457	1,739,381	
Capital grants and contributions	81,597	-	-	-	-	-	-	-	-	
Total business-type activities program revenues	1,766,178	1,726,984	1,720,765	1,980,486	2,411,039	2,405,869	2,052,749	2,218,457	1,739,381	
Net (expense)/revenue, business-type activities	(729,498)	(132,895)	(165,588)	363,486	319,520	639,424	(276,263)	(46,656)	(602,874)	
General Revenues and Other Changes in Net Assets										
Unrestricted investment earnings	64,276	48,456	42,471	37,983	38,159	45,110	62,726	89,842	38,054	
Miscellaneous revenues	9,420	2,455	6,682	27,086	9,657	4,179	4,302	4,734	8,733	
Transfers	(211,396)	(205,000)	(205,344)	(417,952)	(660,033)	(459,249)	-	-	-	
Total business-type activities general revenues/other changes	(137,700)	(154,089)	(156,191)	(352,883)	(612,217)	(409,960)	67,028	94,576	46,787	
Change in Net Assets - Business-type activities	\$ (867,198)	\$ (286,984)	\$ (321,779)	\$ 10,603	\$ (292,697)	\$ 229,464	\$ (209,235)	\$ 47,920	\$ (556,087)	

(1) Fiscal year 2001 is the initial year of implementation of GASB Statement No. 34.

Table 3

CITY OF SACO, MAINE
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years (1)
(accrual basis of accounting)

Fiscal Year ended	Property Taxes	Interest & Costs on Taxes	Excise Taxes	Total
June 30, 2001	\$ 17,674,815	\$ 125,858	\$ 2,232,764	\$ 20,033,437
June 30, 2002	\$ 19,225,731	\$ 126,487	\$ 2,388,878	\$ 21,741,096
June 30, 2003	\$ 20,483,851	\$ 101,285	\$ 2,532,092	\$ 23,117,228
June 30, 2004	\$ 21,340,211	\$ 134,534	\$ 2,763,999	\$ 24,238,744
June 30, 2005	\$ 23,444,228	\$ 133,830	\$ 2,883,127	\$ 26,461,185
June 30, 2006	\$ 23,198,593	\$ 92,790	\$ 2,904,735	\$ 26,196,118
June 30, 2007	\$ 24,632,416	\$ 109,425	\$ 2,916,962	\$ 27,658,803
June 30, 2008	\$ 26,612,796	\$ 89,857	\$ 2,854,280	\$ 29,556,933
June 30, 2009	\$ 27,722,016	\$ 100,593	\$ 2,684,427	\$ 30,507,036

(1) Fiscal year 2001 is the initial year of implementation of GASB Statement No. 34.

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009
General Fund										
Reserved for:										
Encumbrances	\$ 226,954	\$ 83,332	\$ 78,483	\$ 152,407	\$ 144,980	\$ 272,118	\$ 94,700	\$ 169,361	\$ 203,705	\$ 203,705
Prepaid items	110,635	120,961	204,389	549,278	176,006	159,719	574,292	572,792	210,116	210,116
Capital improvements	2,093,385	2,746,641	1,998,861	1,120,488	1,007,286	912,072	1,657,932	3,481,440	2,253,647	2,253,647
Unreserved	5,992,620	6,040,111	4,057,992	3,923,723	4,848,829	5,074,180	4,294,605	3,806,172	2,386,202	2,386,202
Total General Fund	\$ 8,423,594	\$ 8,991,045	\$ 6,339,725	\$ 5,745,896	\$ 6,177,101	\$ 6,418,089	\$ 6,621,529	\$ 7,969,765	\$ 5,053,670	\$ 5,053,670
All other governmental funds										
Reserved for:										
Encumbrances	76,703	9,900	62,560	-	-	-	-	-	-	-
Noncurrent notes receivable	168,881	98,112	21,430	21,430	-	-	-	-	-	-
Nonexpendable trust principal	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383
Inventory	-	11,278	9,983	16,765	8,779	1,381	1,913	1,570	4,913	4,913
Other purposes	301,264	345,844	301,677	237,075	220,359	250,625	308,738	220,616	766,837	766,837
Unreserved, reported in:										
Special revenue funds	1,609,555	521,494	1,233,916	1,522,457	1,910,085	2,133,056	2,043,550	1,257,243	1,484,925	1,484,925
Capital project funds	380,742	1,105,150	944,366	1,110,910	495,968	170,368	(314,839)	(1,497,919)	(1,898,297)	(1,898,297)
Permanent funds	376,052	296,718	283,704	344,609	380,013	413,424	516,812	383,739	227,285	227,285
Total all other governmental funds	\$ 3,094,580	\$ 2,569,879	\$ 3,039,019	\$ 3,434,629	\$ 3,196,587	\$ 3,150,237	\$ 2,737,557	\$ 546,032	\$ 767,046	\$ 767,046

(1) Fiscal year 2001 is the initial year of implementation of GASB Statement No. 34.

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	
All Governmental Funds										
Revenues										
Property taxes	\$ 20,144,345	\$ 21,633,468	\$ 22,993,956	\$ 24,278,842	\$ 26,703,395	\$ 26,196,118	\$ 27,696,860	\$ 29,258,042	\$ 30,278,683	
Licenses and permits	292,555	321,797	460,663	666,654	828,806	767,988	721,514	697,994	770,778	
Intergovernmental	13,705,962	14,349,885	13,139,320	12,531,595	13,011,645	14,696,750	15,563,796	14,944,449	15,770,048	
Intergovernmental on-behalf payments	1,233,881	1,380,823	1,472,616	1,400,456	1,414,249	1,575,420	1,706,698	1,744,847	1,844,021	
Charges for services	1,274,967	1,250,668	1,465,386	1,129,684	1,237,312	1,551,849	1,612,758	1,475,024	1,836,494	
Other revenue	1,983,139	814,390	1,219,247	969,529	1,178,383	1,084,282	1,079,683	1,215,895	771,583	
Total Governmental Fund revenues	38,634,849	39,751,031	40,751,188	40,976,760	44,373,790	45,872,407	48,381,309	49,336,251	51,271,607	
Expenditures										
General government	1,276,785	1,367,308	1,665,735	1,702,939	1,779,876	1,985,467	2,356,249	2,167,619	2,270,911	
Public safety	3,614,790	4,002,925	4,198,832	4,074,543	4,527,592	4,491,147	4,891,530	5,081,794	5,417,894	
Public works	2,815,080	2,959,648	3,115,397	3,300,696	3,664,176	3,757,464	4,208,601	4,371,335	4,589,463	
Housing programs	175,994	170,247	200,651	205,501	272,246	230,010	254,352	256,359	232,512	
Culture and recreation	327,358	378,551	430,672	485,750	585,146	638,353	786,248	879,544	1,071,275	
Education	19,541,066	19,716,349	21,187,285	22,210,411	23,781,057	24,778,973	26,452,186	27,137,919	28,245,606	
Maine PERS on-behalf payments	1,233,881	1,380,823	1,472,616	1,400,456	1,414,249	1,575,420	1,706,698	1,744,847	1,844,021	
Unclassified	3,089,201	3,569,709	3,135,612	2,978,695	2,936,151	3,082,856	3,228,039	2,920,479	3,386,926	
County Tax	356,525	604,281	795,896	747,821	772,182	859,723	896,282	958,270	1,020,912	
Debt Service										
Principal	1,247,000	1,500,000	1,733,499	1,742,045	1,737,045	1,387,045	1,399,545	1,397,045	1,617,045	
Interest and other charges	843,891	1,082,681	1,134,492	850,151	1,024,189	932,670	885,354	993,992	1,078,510	
Capital Improvements	4,427,164	10,460,100	4,811,703	1,913,923	5,337,723	4,390,889	3,543,250	6,968,816	2,940,262	
Total Governmental Fund expenditures	38,948,735	47,192,622	43,882,390	41,612,931	47,831,632	48,110,017	50,608,334	54,878,019	53,715,337	
Other financing sources (uses)										
Transfers in	2,363,766	1,341,785	956,606	2,174,043	1,693,259	1,428,089	1,109,530	1,392,265	900,148	
Proceeds from capital lease financing	361,960	261,663	743,678	-	2,680,585	473,080	945,796	343,479	705,775	
Proceeds from advance refunding of debt	-	-	5,162,057	-	-	-	-	-	-	
Payment from advance refunding of debt	-	-	(5,162,057)	-	-	-	-	-	-	
Bond proceeds	-	7,099,789	-	-	-	1,500,000	-	4,355,000	-	
Transfers out	(2,152,370)	(1,136,785)	(751,262)	(1,756,091)	(1,033,226)	(968,841)	(1,109,530)	(1,392,265)	(900,148)	
Total Governmental Fund other financing sources (uses)	573,356	7,566,452	949,022	417,952	3,340,618	2,432,248	945,796	4,698,479	705,775	
Extraordinary item										
Legal settlement	-	-	-	-	-	-	1,071,989	-	-	
Total extraordinary item	-	-	-	-	-	-	1,071,989	-	-	
Net change in fund balance	\$ 259,470	\$ 124,861	\$ (2,182,180)	\$ (218,219)	\$ (117,224)	\$ 194,638	\$ (209,240)	\$ (843,289)	\$ (1,737,955)	
Debt service as a percentage of noncapital expenditures	6.06%	7.03%	7.34%	6.53%	6.50%	5.58%	4.85%	4.99%	5.31%	

(1) Fiscal year 2001 is the initial year of implementation of GASB Statement No. 34.

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, 2000	\$ 565,271,300	\$ 248,883,400	\$ 54,962,840	\$ 60,459,600	\$ 808,657,940	\$ 20.40	\$ 818,850,000	98.8%
June 30, 2001	583,769,600	254,235,800	60,332,350	59,645,900	838,691,850	21.00	892,000,000	94.0%
June 30, 2002	611,135,700	263,357,800	59,380,400	59,645,900	874,228,000	21.95	1,011,250,000	86.5%
June 30, 2003	626,598,500	271,213,900	61,900,300	62,347,800	897,364,900	22.70	1,155,650,000	77.7%
June 30, 2004	861,989,300	285,046,008	62,688,800	73,234,208	1,136,489,900	18.70	1,310,350,000	86.7%
June 30, 2005	1,146,258,600	350,740,200	64,187,600	92,363,800	1,468,822,600	15.90	1,553,400,000	94.6%
June 30, 2006	1,395,948,300	470,733,500	66,373,500	143,289,500	1,789,765,800	12.96	1,805,400,000	99.1%
June 30, 2007	1,528,803,300	456,650,500	74,136,900	129,638,200	1,929,952,500	12.73	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	13.32	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	13.42	2,121,100,000	96.7%

(1) Saco Assessing Office

(2) State of Maine, Bureau of Taxation

Table 7

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

Fiscal Year Ended	Direct		Overlapping	Total Tax Rate
	Municipal Tax Rate	School Tax Rate	County Tax Rate	
June 30, 2000	\$ 8.26	\$ 11.69	\$ 0.45	\$ 20.40
June 30, 2001	8.89	11.67	0.44	21.00
June 30, 2002	9.62	11.97	0.36	21.95
June 30, 2003	8.97	12.85	0.88	22.70
June 30, 2004 (1)	7.01	11.02	0.67	18.70
June 30, 2005	5.61	9.76	0.53	15.90
June 30, 2006	4.53	7.91	0.52	12.96
June 30, 2007	4.98	7.29	0.46	12.73
June 30, 2008	5.10	7.74	0.48	13.32
June 30, 2009	5.42	7.71	0.29	13.42

Source: Saco Assessing Office

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

Table 8

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

Taxpayer	2009			2000		
	Current year Assessed Value	Rank	Percentage of Total Assessed Value	Current year Assessed Value	Rank	Percentage of Total Assessed Value
General Dynamics Armament Systems	\$ 31,008,100	1	1.51%	\$ 28,099,400	1	3.69%
Ferry Road Association	17,801,000	2	0.87%			
Central Maine Power Co.	16,338,700	3	0.80%	10,300,000	2	1.35%
Cornier Land Company/ DALCOR (Funtown)	13,709,500	4	0.67%	9,005,500	3	1.18%
Biddeford & Saco Water Co.	12,569,348	5	0.61%	7,555,200	4	0.99%
FPL Energy Maine Hydro LLC	11,935,800	6	0.58%			
Saco & Biddeford Savings Institution	10,859,400	7	0.53%	1,816,300	10	0.24%
Shaw's Supermarket	10,710,200	8	0.52%			
Hannaford Brothers Co.	9,420,300	9	0.46%	3,958,600	6	0.52%
Saco Valley LLC	8,807,100	10	0.43%			
Grey M & Joseph D Emmons Trustees				6,360,500	5	0.84%
James E. Clair Sr.				3,690,700	7	0.48%
Ledgewood Terrace				2,292,300	8	0.30%
Academy Place				2,262,500	9	0.30%
Total Principal Taxpayers			6.98%			9.89%
All Other Taxpayers			93.02%			90.11%

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, 2000	\$ 16,532,228	\$ 15,689,497	94.90%	\$ 836,091	\$ 16,525,588	99.96%
June 30, 2001	17,674,815	17,087,815	96.68%	577,677	17,665,492	99.95%
June 30, 2002	19,189,305	18,601,105	96.93%	567,997	19,169,102	99.89%
June 30, 2003	20,370,183	19,742,902	96.92%	619,093	20,361,995	99.96%
June 30, 2004	21,329,954	20,518,814	96.20%	784,808	21,303,622	99.88%
June 30, 2005	23,434,356	22,682,803	96.79%	542,682	23,225,485	99.11%
June 30, 2006	23,266,389	22,647,952	97.34%	580,890	23,228,842	99.84%
June 30, 2007	24,607,762	24,054,072	97.75%	366,508	24,420,580	99.24%
June 30, 2008	26,589,343	25,729,582	96.77%	499,330	26,228,912	98.64%
June 30, 2009	27,537,071	26,583,594	96.54%	-	26,583,594	96.54%

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

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

Fiscal Year ended	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Debt	Capital Leases	General Obligation Debt	Capital Leases			
June 30, 2000	\$ 14,087,000	\$ 406,597	\$ 4,500,000	\$ -	\$ 18,993,597	5.24%	\$ 1,216
June 30, 2001	12,735,000	588,489	4,240,000	-	17,563,489	4.16%	1,009
June 30, 2002	18,594,789	651,260	3,980,000	-	23,226,049	5.51%	1,342
June 30, 2003	17,235,867	1,012,490	3,720,000	-	21,968,357	4.97%	1,246
June 30, 2004	15,846,323	750,062	3,367,500	-	19,963,885	4.52%	1,142
June 30, 2005	14,461,778	3,449,932	3,015,000	-	20,926,710	4.74%	1,244
June 30, 2006	14,574,733	3,197,961	2,665,000	-	20,437,694	4.63%	1,215
June 30, 2007	13,172,688	3,359,272	2,320,000	-	18,851,960	4.27%	1,121
June 30, 2008	16,130,643	2,808,019	1,975,000	-	20,913,662	4.73%	1,243
June 30, 2009	14,513,598	2,518,991	1,630,000	-	18,662,589	4.22%	1,109

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 page 118 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)
2000	\$ 18,587,000	2.27%	\$ 1,216
2001	16,975,000	1.90%	1,009
2002	22,574,789	2.23%	1,342
2003	20,955,867	1.81%	1,246
2004	19,213,823	1.47%	1,142
2005	17,476,778	1.47%	1,039
2006	17,239,733	0.95%	1,025
2007	15,492,688	0.78%	921
2008	18,105,643	0.91%	1,076
2009	16,143,598	0.76%	960

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 page 110 for property value data.

(2) - Population data can be found in the Schedule of Demographics and Economic Statistics on page 118.

CITY OF SACO, MAINE
Direct and Overlapping Governmental Activities Debt
General Obligation Bonds
As of June 30, 2009

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
City of Saco	\$ 14,513,598	100.00%	\$ 14,513,598
Overlapping debt:			
York County	13,485,955	6.88%	928,232
	\$ 27,999,553		\$ 15,441,830

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
2000	\$ 122,827,500.00	\$ 18,993,597.00	\$ 103,833,903.00	15.46%
2001	133,800,000	17,563,489	116,236,511	13.13%
2002	151,687,500	23,226,049	128,461,451	15.31%
2003	173,347,500	21,968,357	151,379,143	12.67%
2004	196,552,500	19,963,885	176,588,615	10.16%
2005	233,010,000	20,926,710	212,083,290	8.98%
2006	270,810,000	20,437,694	250,372,306	7.55%
2007	298,132,500	18,851,960	279,280,540	6.32%
2008	325,552,500	20,913,662	304,638,838	6.42%
2009	318,165,000	18,662,589	299,502,411	5.87%

Legal Debt Margin Calculation for Fiscal year 2009

	Outstanding bonds and leases	Percent of state assessed value \$2,121,100,000	Allowable Amount	Margin
For school purposes	\$ 5,369,088	10.00%	\$ 212,110,000	\$ 206,740,912
For waste water treatment plant	1,630,000	7.50%	159,082,500	157,452,500
For municipal	11,663,501	7.50%	159,082,500	147,418,999
Total	\$ 18,662,589	15.00%	\$ 318,165,000	\$ 299,502,411

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)
2000	15,280	\$ 362,258,240	\$ 23,708	33.5	2,808	1.3%
2001	16,822	421,862,116	25,078	37.2	2,813	2.0%
2002	16,822	421,862,116	25,078	37.2	2,816	2.6%
2003	16,822	441,863,474	26,267	37.2	2,866	2.5%
2004	16,822	441,863,474	26,267	37.2	2,851	3.6%
2005	16,822	441,863,474	26,267	37.2	2,776	4.0%
2006	16,822	441,863,474	26,267	37.2	2,823	3.1%
2007	16,822	441,863,474	26,267	37.2	2,795	3.2%
2008	16,822	441,863,474	26,267	37.2	2,801	4.3%
2009	16,822	441,863,474	26,267	37.2	2,878	8.1%

(1) - U.S. Department of Commerce, Bureau of Census (1990 and 2000)

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

(3) - Maine Department of Labor

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

Employer	2008			1999		
	Employees	Rank	Percentage of Saco's Labor Force	Employees	Rank	Percentage of Saco's Labor Force
Sweetser Children's Services	479	1	5.19%	187	4	2.02%
Saco School Department	290	2	3.14%	220	3	2.38%
Hannaford Brothers	250	3	2.71%	160	6	1.73%
Wood Structures, Inc.	208	4	2.25%			
General Dynamics	183	5	1.98%	425	1	4.60%
Visiting Nurses Association	178	6	1.93%	232	2	2.51%
City of Saco	169.5	7	1.84%	138	7	1.49%
Shaw's Supermarkets	142	8	1.54%	170	5	1.84%
Thornton Academy	132	9	1.43%	110	8	1.19%
Saco & Biddeford Savings	99	10	1.07%			
Holman Cooking Equipment				75	9	0.81%
Lynn-Flex				75	10	0.81%

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

June 30, 2008 is the most recent data available.

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

Function:	Full-time Equivalent Employees as of June 30									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	22	22.5	23.5	25	25.5	26	26.5	26	26	26.5
Public Safety										
Police	39	41	46	46	46	46	47	47	46	46
Fire	28	28	28	32	36	36	36	36	36	36
Public Works	29	31.5	32.5	33.25	33.75	34.75	34.25	34.25	34.25	31.6
Parks & Recreation	5	5	6	6.75	6.75	6.75	6.25	8.25	8.25	9
Total General Fund	123	128	136	143	148	149.5	150	151.5	150.5	149.1
Waste Water Treatment Plant	9.5	9.5	12.5	12.5	13	13	14	14	13	12.3
Total Enterprise Fund	9.5	9.5	12.5	12.5	13	13	14	14	13	12.3

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function										
General Government										
Building permits										
Single family	94	103	100	105	67	69	67	53	42	33
Condos	0	0	3	28	33	66	53	39	10	7
Commercial	70	82	76	87	78	83	71	30	46	31
Total number permits issued	540	505	543	631	585	565	598	504	440	368
Public Safety										
Police										
Number of calls for service	not avail	24,896	25,280	25,571	21,974	26,054	25,644	25,221	25,470	26,636
Number of traffic stops	not avail	8,126	7,896	8,922	7,876	8,497	6,681	5,636	6,105	5,962
Number of traffic summons issued	not avail	1,461	1,926	2,469	1,766	2,213	1,942	1,258	1,733	1,644
Number of warnings issued	not avail	5,102	5,301	5,618	5,927	5,908	4,548	3,998	4,541	4,138
Number of traffic related arrests	not avail	191	170	245	183	218	273	176	150	160
Number of non-traffic related arrests & summons	not avail	780	1,020	817	333	465	952	559	475	484
Number of parking tickets issued	not avail	406	420	1,218	551	567	913	509	275	418
Fire										
Number of calls for service	not avail	2,181	1,868	1,928	1,152	668	527	685	683	661
Number of inspections conducted	not avail	225	280	250	350	320	311	348	242	270
Ambulance										
Number of calls for service	not avail	1,735	2,214	2,215	1,915	1,960	1,846	2,152	2,176	2,807
Public Works										
Number of roads maintained	368	370	372	375	378	382	384	384	386	386
Lane miles of roads maintained	247	248	250	251	253	255	257	260	262	262
Acres of public area maintained	346	350	354	358	364	369	379	384	404	404

The information not available is within the years before the City began to prepare a Comprehensive Annual Financial Report. The data was therefore not accumulated in this manner prior to that time.

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

Function	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	6	6	6	6	6	6	6	6	6	6
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Public Works										
Street lights	1645	1683	1726	1766	1791	1804	1825	1842	1842	1842
Traffic signals	146	146	147	147	148	148	148	148	148	148
Recreation										
Parks	10	10	10	10	10	10	10	10	10	19
Park acreage	100	100	100	100	100	100	100	100	100	135
Tennis and basketball courts	6	6	6	6	6	6	6	6	6	7

Sources: Various City departments.

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