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**CITY OF SACO, MAINE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For Fiscal Year Ended June 30, 2007**



**The above pictures the city's first installed windmill which resides at the  
Waste Water Treatment Plant**

Prepared By:  
Lisa R. Parker, CPA  
Finance Director, City of Saco, Maine

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City of Saco, Maine

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2007

TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	<b>7</b>
Letter of Transmittal	9
June 30, 2006 Certificate of Achievement for Excellence in Financial Reporting	17
Organizational Chart	18
Listing of Principal Officials	19
	<u>Statement</u>
<b>FINANCIAL SECTION</b>	<b>21</b>
Independent Auditor's Report	23
Management's Discussion and Analysis	25
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	1 39
Statement of Activities	2 40
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3 41
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4 42
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5 43
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget & Actual - General Fund	6 44
Statement of Net Assets - Proprietary Funds	7 45
Statement of Revenues, Expenses and Changes in Net Assets- Proprietary Funds	8 46
Statement of Cash Flows – Proprietary Funds	9 47
Statement of Fiduciary Net Assets – Fiduciary Funds	10 48
Notes to the Financial Statements	49

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		73
Supplementary Information Governmental Funds by Fund Type:		
General Fund:		76
Balance Sheet	A-1	77
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis	A-2	78
Statement of Changes in Fund Balance	A-3	81
All Other Governmental Funds:		
Combining Balance Sheet	B-1	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All other Governmental Funds	B-2	84
Special Revenue Funds:		85
Combining Balance Sheet – Non-Major Special Revenue Funds	C-1	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) – Non-Major Special Revenue Funds	C-2	90
Capital Project Funds:		93
Combining Balance Sheet – Non-Major Capital Project Funds	D-1	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Capital Project Funds	D-2	97
Permanent Funds:		99
Balance Sheet – Non-Major Permanent Funds	E-1	101
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Permanent Funds	E-2	102
Agency Funds:		103
Statement of Changes in Assets and Liabilities – Agency Funds	F-1	104

<b>STATISTICAL SECTION</b>	<u>Table</u>	<u>Page</u> <b>105</b>
Net Assets by Component – Last Ten Fiscal Years	1	107
Change in Net Assets- Last Ten Fiscal Years	2	108
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years	3	109
Fund Balances of Governmental Funds – Last Ten Fiscal Years	4	110
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	5	111
Assessed Value and State Equalized Value of Taxable Property – Last Ten Fiscal Years	6	112
Property Tax Rates – All Direct and Overlapping Governments – Last Ten Fiscal Years	7	113
Principal Property Taxpayers – Current Year and Nine Years Ago	8	114
Property Tax Levies and Collections – Last Ten Fiscal Years	9	115
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	10	116
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	11	117
Direct & Overlapping Governmental Activities Debt – General Obligation Bonds	12	118
Statutory Debt Margin Information – Last Ten Fiscal Years and Legal Debt Margin Calculation	13	119
Demographic and Economic Statistics – Last Ten Fiscal Years	14	120
Principal Employers – Current Year and Nine Years Ago	15	121
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	16	122
Operating Indicators by Function – Last Ten Fiscal Years	17	123
Capital Asset Statistics by Function – Last Ten Fiscal Years	18	124

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# INTRODUCTORY SECTION





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November 20, 2007

Honorable Mark D. Johnston, Mayor  
And Distinguished Members of the City Council  
Saco, Maine

The comprehensive annual financial report of the City of Saco, Maine for the fiscal year ended June 30, 2007, 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. This is the seventh year that the City's Department of Finance has prepared this report using the new reporting requirements as prescribed by GASB Statement No. 34. 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 City was successful in achieving the Government Finance Officer's Association Certificate of Achievement for Excellence in Financial Reporting for the sixth time with our June 30, 2006 comprehensive annual financial report submittal. A copy of this certificate can be found immediately following this letter of transmittal. This year's report will also be submitted for this highest distinction.

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 a population of 16,822. 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 on page 44 as part of the basic financial statements for the governmental funds.

### **Major Initiatives Fiscal Year 2006-2007**

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 tirelessly 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 primarily to growth in the industrial and commercial sector. Notable additions to the City's economic development base are due primarily to the City's continually expanding industrial park project, which now includes several new businesses. There are also numerous residential dwellings being constructed.

**Assessed Valuation.** For the 16th 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 \$1,929,962,500. This equates to a 164% increase over this 16-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 the public's funds. This includes development of a 5 year Financial Plan (2002-2007), which incorporates City Council goals and objectives, maintaining sufficient fund balances in major governmental funds, and adhering to the highest management standards. This financial plan was recently updated (fiscal year 2006) with the election of our new City Council and will be updated again in 2008 after our next election.

**Capital Improvements & Debt Service.** The City has prepared a 5 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 \$6,743,694 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 capital planning for the next decade and is updated frequently.

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

**Biddeford-Saco-Old Orchard Beach Transit Committee-** The City is a member of the Biddeford-Saco-Old Orchard Beach Transit Committee which is a jointly governed organization. The Committee has operated a public mass transit passenger bus service within and between the three municipalities under a voluntary interlocal agreement since 1977. The City of Saco's contribution to the committee for the year ended June 30, 2007 was \$48,000. 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: 2007-2008 Goals**

During the coming year, the City will build upon the successes we experienced this year. 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 strategic plan. This plan was then updated again in 2006. 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 2008, 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 2007 performance measurement report which will be completed in December of 2007.

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 Statement- 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.**

## Strategic Goals-

### Downtown Revitalization



The City recognizes the downtown's significance as the economic and community center. The City will continue to support 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 current infrastructure, facilities and equipment and planning for the future.

### Growth Management



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

### Meeting New Environmental Regulation Challenges



The City recognizes and supports the regulations that will improve the quality of our natural resources.

### Technological Innovation and Implementation



The City will commit considerable efforts for the development of a technological infrastructure that facilitates communication with the citizens and improves the effectiveness of City employees.

### Human Resource Investment



The City recognizes that the City's employees are a considerable resource that requires investment to ensure that we have the knowledge, skills and abilities needed to meet the needs of the City.

### Leisure Services Investment



The City understands the needs for active and passive recreational facilities and cultural for its citizen's leisure pursuits and will continue to upgrade and develop new outlets to meet these needs.

### Meeting the Financial Needs for City Services



The City will make every effort to financially support the needs of the City through traditional and nontraditional revenue sources such as grants, user fees, and impact fees.

### Public Safety



The City will endeavor to provide a safe and secure community

## Significant Accomplishments of Fiscal Year 2006-2007

- The City completed a contract zone approval for Park North of \$118 million for a mixed use development.
- The City purchased approximately 135 acres with the open space bond proceeds approved by the voters a few years ago.
- The City completed the Park North Tax Incremental Financing District (TIF) providing the funding mechanism to run approximately \$8 million of sewer up Route 1 towards Scarborough.
- The Parks & Recreation Department completed 2 ball fields at the old landfill site which was included within the city's landfill reuse plan.
- The City finally settled a long term lawsuit with the Maine Energy Recovery Company receiving revenues of just under \$1.1 million after paying attorney's fees.
- The City completed its third Performance Measurement Report and received its third National Award for Excellence from the Association of Governmental Accountants (AGA).
- The City installed its first windmill at the Waste Water Treatment Plant. A picture of which can be found on the cover of this report.

- The City's Waste Water Treatment Plant was recognized as the most energy efficient treatment plant in the country for our size.
- The City survived the massive damage from the Patriot's Day storm and launched a very successful city-wide effort to restore the infrastructure of the community and that of residents.
- The City received the Certificate of Achievement for Excellence in Financial Reporting for the sixth time, awarded by the Governmental Finance Officer's Association for their fiscal year 2006 Comprehensive Annual Financial Statement.
- The City received the Distinguished Budget Presentation Award for the fifth time, awarded by the Government Finance Officer's Association for their fiscal year 2007 budget.
- The City began offering citizens the ability to register ATV's, boats, and snowmobiles on-line as well as obtain their hunting and fishing licenses.

### **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 average yield on all investments was approximately 5%. The City's General Fund investment income during the year amounted to \$229,841.

The City's investment policy, updated on June 20, 2005, 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 2007, 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 Note 15 of 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 2007 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, 2007, 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, 2007, 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:** This is the seventh year in which the City of Saco will apply for the prestigious Certificate of Achievement for Excellence in Reporting to the City for its comprehensive annual financial report through the Government Finance Officers Association (GFOA). The City was successful in achieving this distinction for the first time in its fiscal year 2001 report. In order to be awarded a Certificate of Achievement, the City must publish an easily readable, efficiently organized, comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current year comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility.

In addition, the City of Saco also applied, for the seventh time, for the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 23, 2007. The City was successful in achieving this distinction for the first time in its fiscal year 2003 report. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document will be judged for proficiency in several categories, including as a policy document, a financial plan, an operations guide and a communications device.

**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,

Lisa R. Parker, CPA  
Finance Director



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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Saco  
Maine

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

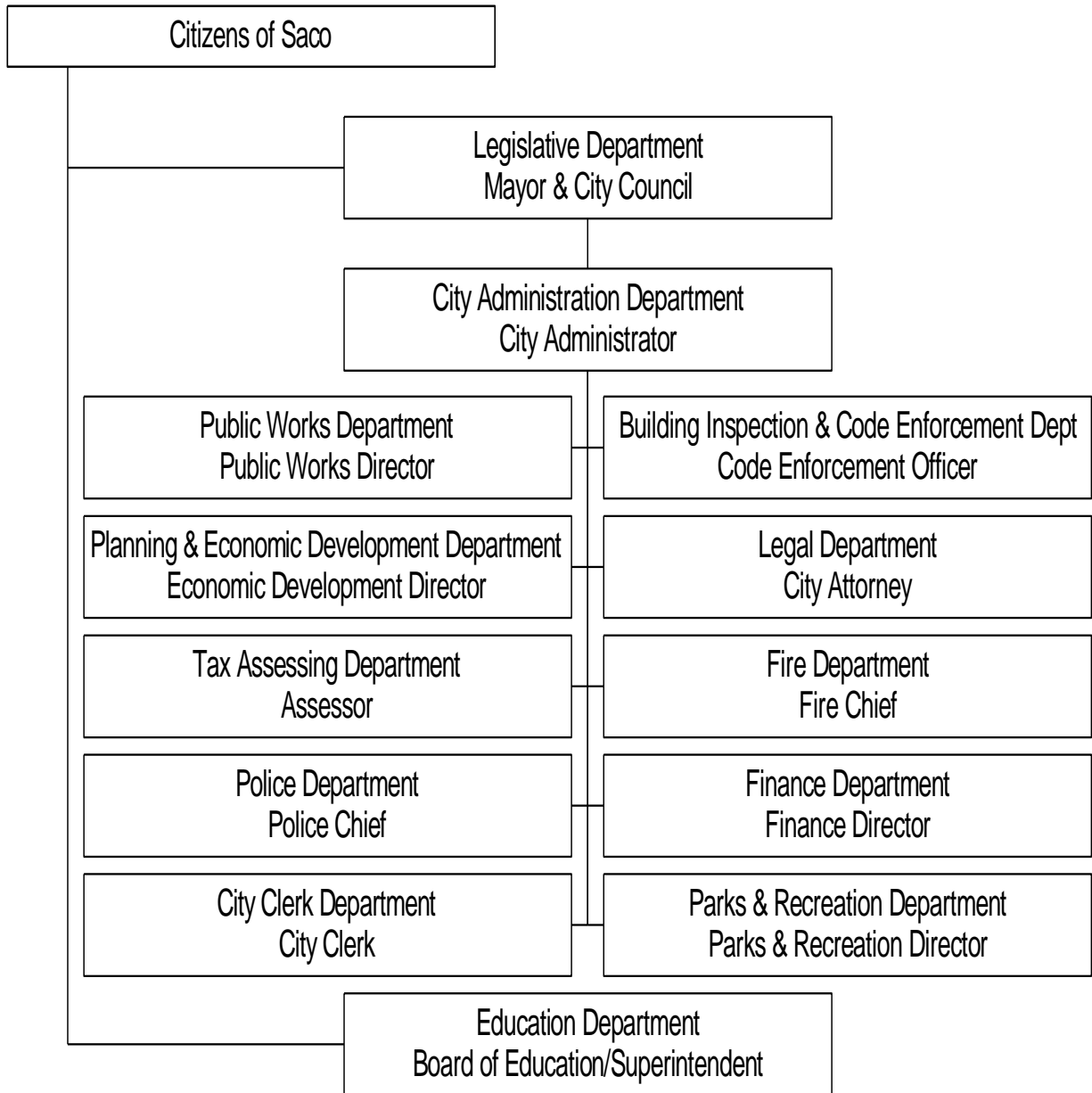
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of Saco Organizational Chart



City of Saco, Maine

**LIST OF PRINCIPAL OFFICIALS (ELECTED AND APPOINTED)**

June 30, 2007

Elected Officials

Mayor	Mark D. Johnston
Council Member – Ward 1	David Tripp
Council Member – Ward 2	Leslie Smith, Jr.
Council Member – Ward 3	Ronald Morton
Council Member – Ward 4	Roland L. Michaud
Council Member – Ward 5	Arthur J. Tardif
Council Member – Ward 6	Eric B. Cote
Council Member - Ward 7	Christopher Jacques

Appointed Officials

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

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**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, 2007, 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, 2007, 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, 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 section 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.



In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2007 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 "Remyon Kesteven Ouellette".

November 20, 2007  
South Portland, Maine

## **Management's Discussion and Analysis Fiscal Year Ended June 30, 2007**

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, 2007. 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, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities 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 are 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.

## 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 2007 with comparative information for fiscal year 2006. Our analysis below focuses on the net assets of the City's governmental and business type activities.

	2007 Governmental Activities	2007 Business-type Activities	2007 Total Primary Government	2006 Governmental Activities	2006 Business-type Activities	2006 Total Primary Government
Current and other assets	12,488,423	1,471,713	13,960,136	12,809,446	2,642,579	15,452,025
Capital assets	48,899,847	19,175,781	68,075,628	59,772,178	18,694,017	78,466,195
Total assets	<u>61,388,270</u>	<u>20,647,494</u>	<u>82,035,764</u>	<u>72,581,624</u>	<u>21,336,596</u>	<u>93,918,220</u>
Non-current liabilities	17,586,858	2,320,000	19,906,858	20,793,451	2,665,000	23,458,451
Other liabilities	2,639,533	173,222	2,812,755	3,292,625	308,089	3,600,714
Total liabilities	<u>20,226,391</u>	<u>2,493,222</u>	<u>22,719,613</u>	<u>24,086,076</u>	<u>2,973,089</u>	<u>27,059,165</u>
Net assets:						
Invested in capital assets	32,367,887	16,855,781	49,223,668	42,001,984	16,029,017	58,031,001
Restricted	490,121	-	490,121	432,008	-	432,008
Unrestricted	8,303,871	1,298,491	9,602,362	6,061,556	2,334,490	8,396,046
Total net assets	<u>41,161,879</u>	<u>18,154,272</u>	<u>59,316,151</u>	<u>48,495,548</u>	<u>18,363,507</u>	<u>66,859,055</u>

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

	2007 Governmental Activities	2007 Business-type Activities	2007 Total Primary Government	2006 Governmental Activities	2006 Business-type Activities	2006 Total Primary Government
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	3,423,910	2,052,749	5,476,659	3,662,821	2,405,869	6,068,690
Operating grants and contributions	14,082,391	-	14,082,391	13,249,627	-	13,249,627
Capital grants and contributions	961,626	-	961,626	334,586	-	334,586
<b>General Revenues:</b>						
Property taxes	24,632,416	-	24,632,416	23,280,894	-	23,280,894
Motor vehicle excise taxes	2,916,962	-	2,916,962	2,904,735	-	2,904,735
Franchise fees	234,343	-	234,343	215,806	-	215,806
Homestead exemption	320,151	-	320,151	325,496	-	325,496
Other state aid	56,253	-	56,253	40,444	-	40,444
City of Biddeford tax base sharing	92,506	-	92,506	169,527	-	169,527
State revenue sharing	1,356,308	-	1,356,308	1,454,903	-	1,454,903
Investment earnings	359,620	62,726	422,346	295,164	45,110	340,274
Miscellaneous revenues	153,223	4,302	157,525	20,705	4,179	24,884
<b>Total revenues</b>	<b>48,589,709</b>	<b>2,119,777</b>	<b>50,709,486</b>	<b>45,954,708</b>	<b>2,455,158</b>	<b>48,409,866</b>
<b>Program Expenses:</b>						
General government	2,470,601	-	2,470,601	2,939,837	-	2,939,837
Public safety	5,082,323	-	5,082,323	4,844,961	-	4,844,961
Public works	4,588,755	-	4,588,755	3,709,977	-	3,709,977
Housing programs	254,352	-	254,352	230,010	-	230,010
Culture and recreation	825,222	-	825,222	677,646	-	677,646
Education	28,072,031	-	28,072,031	26,993,528	-	26,993,528
Unclassified	4,124,321	-	4,124,321	3,102,707	-	3,102,707
Interest on debt	845,217	-	845,217	756,399	-	756,399
Capital improvements	1,192,173	-	1,192,173	2,040,616	-	2,040,616
Waste water treatment plant	-	2,329,012	2,329,012	-	1,766,445	1,766,445
<b>Total expenses</b>	<b>47,454,995</b>	<b>2,329,012</b>	<b>49,784,007</b>	<b>45,295,681</b>	<b>1,766,445</b>	<b>47,062,126</b>
<b>Change in net assets before transfers</b>	<b>1,134,714</b>	<b>(209,235)</b>	<b>925,479</b>	<b>659,027</b>	<b>688,713</b>	<b>1,347,740</b>
<b>Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>459,249</b>	<b>(459,249)</b>	<b>-</b>
<b>Change in net assets after transfers</b>	<b>1,134,714</b>	<b>(209,235)</b>	<b>925,479</b>	<b>1,118,276</b>	<b>229,464</b>	<b>1,347,740</b>
<b>Extraordinary item</b>						
Legal settlement	1,071,989	-	1,071,989	-	-	-
<b>Change in net assets after extraordinary item</b>	<b>2,206,703</b>	<b>(209,235)</b>	<b>1,997,468</b>	<b>1,118,276</b>	<b>229,464</b>	<b>1,347,740</b>

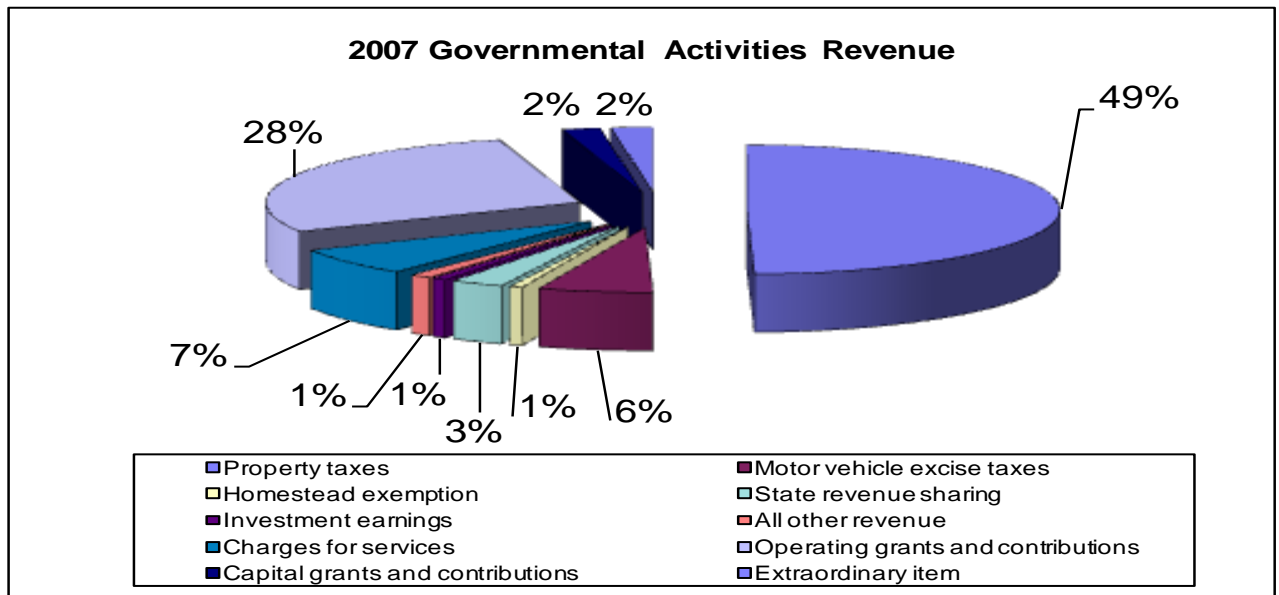
## GOVERNMENTAL ACTIVITIES

The cost of all Governmental activities this year was \$47,454,995. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$28,987,068 because some of the cost was paid by those who directly benefited from the programs (\$3,423,910), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$14,082,391) and capital grants and contributions (\$961,626). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, were \$18,467,927. The City paid for the remaining "public benefit" portion of governmental activities with \$30,121,782 in taxes and with other revenues, such as interest, State Revenue Sharing, general contributions and other miscellaneous revenues. In 2007 the city also recognized extraordinary revenue of \$1,071,989 with the settlement of an ongoing legal dispute with the Maine Energy Recovery Company.

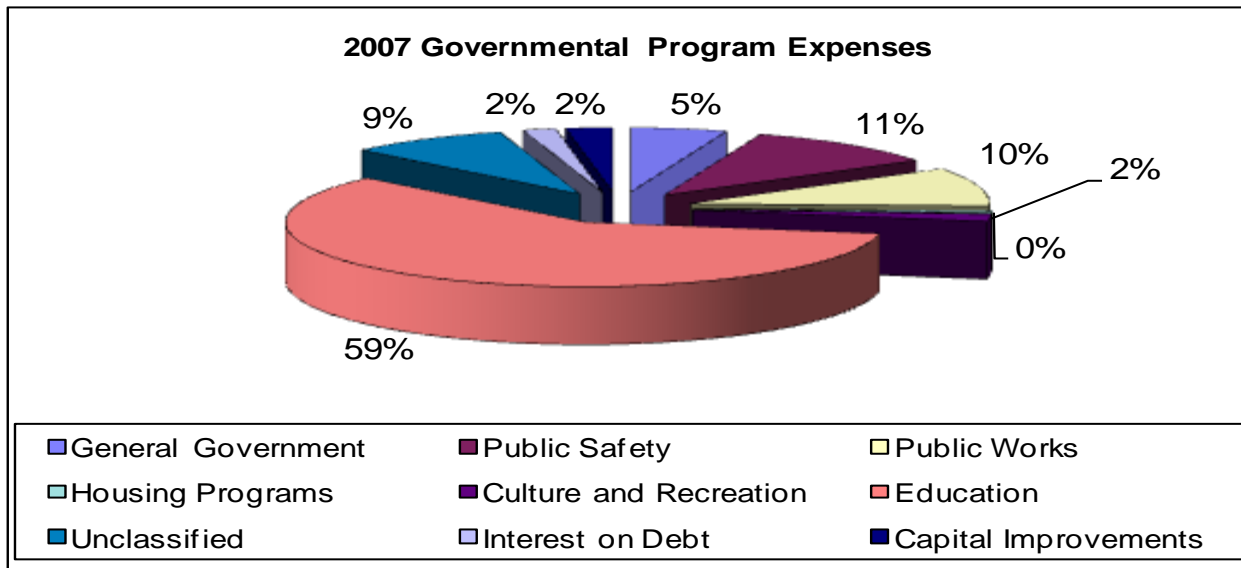
The City's programs include General Government, Public Safety, Public Works, Housing Programs, Culture and Recreation, Education, Unclassified, Interest on debt, and Capital Improvements. Each program's net cost (total cost less revenues generated by the activities) is presented below for both the current year (2007) and last year (2006) 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:	2007 Net (Expense)	2006 Net (Expense)
General Government	\$ (1,190,503)	\$ (1,930,866)
Public Safety	(4,566,333)	(4,151,130)
Public Works	(3,582,806)	(2,898,965)
Housing Programs	(5,534)	18,017
Culture and Recreation	(361,055)	(297,382)
Education	(13,183,708)	(12,910,425)
Unclassified	(4,124,321)	(3,102,707)
Interest on debt	(845,217)	(756,399)
Capital Improvements	(1,127,591)	(2,018,790)
<b>Total governmental activities</b>	<b>(28,987,068)</b>	<b>(28,048,647)</b>

Total resources available during the year to finance governmental operations were \$88,616,874 consisting of restated Net assets at July 1, 2006 of \$38,955,176, program revenues of \$18,467,927 and General revenues including extraordinary item, of \$31,193,771. Total Governmental Activities during the year were \$47,454,995; thus Net Assets were increased by \$2,206,703 to \$41,161,879.



The largest factor in this increase in net assets was the legal settlement with the Maine Energy Recovery Company which netted revenues to the governmental operations of \$1,071,989. These revenues were not budgeted. Also impacting this increase was the capital grant/donation for roads accepted by the city that were constructed and paid for by independent contractors of \$246,456 and the capitalization of assets during the year.

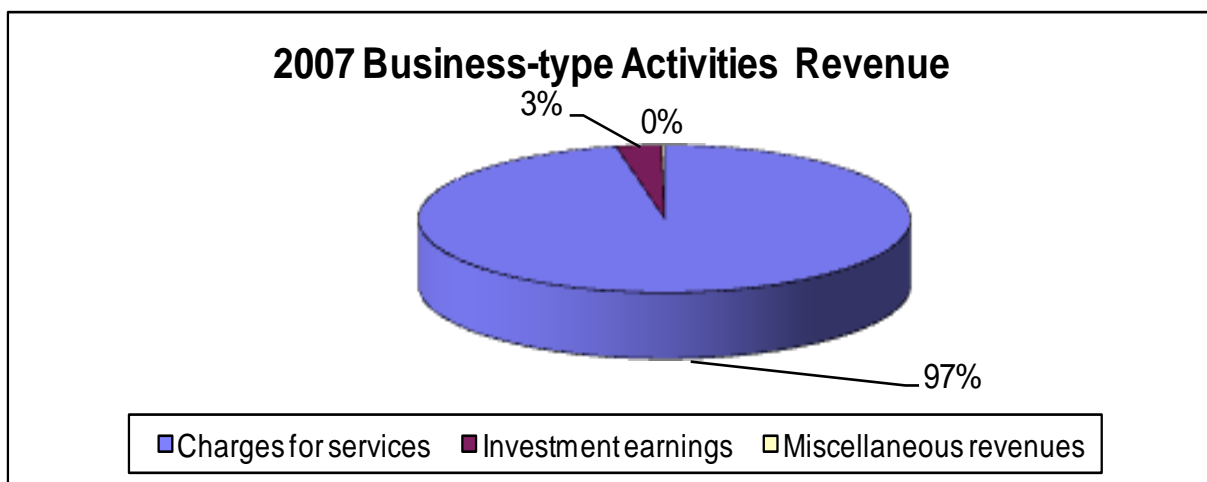


### BUSINESS TYPE ACTIVITIES

The cost of all Proprietary (Business Type) activities this year was \$2,329,012. As shown in the Statement of Activities, the amounts paid by users of the system was \$2,052,749, Investments earnings were \$62,726, Miscellaneous revenues were \$4,302.

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 (\$209,235) as expenditures were greater than revenues.

Total resources available during the year to finance Proprietary Fund (Business Type) Activities were \$20,483,284 consisting of restated net Assets at July 1, 2006 of \$18,363,507, program revenues of \$2,052,749, general revenues of \$67,028. Total Proprietary Fund (Business Type) expenses during the year were \$2,329,012; thus Net Assets were decreased by \$209,235 to \$18,154,272.



This slight decrease in net assets is due primarily to sewer user fees collected being slightly below its projection for the year.

## THE CITY'S FUNDS

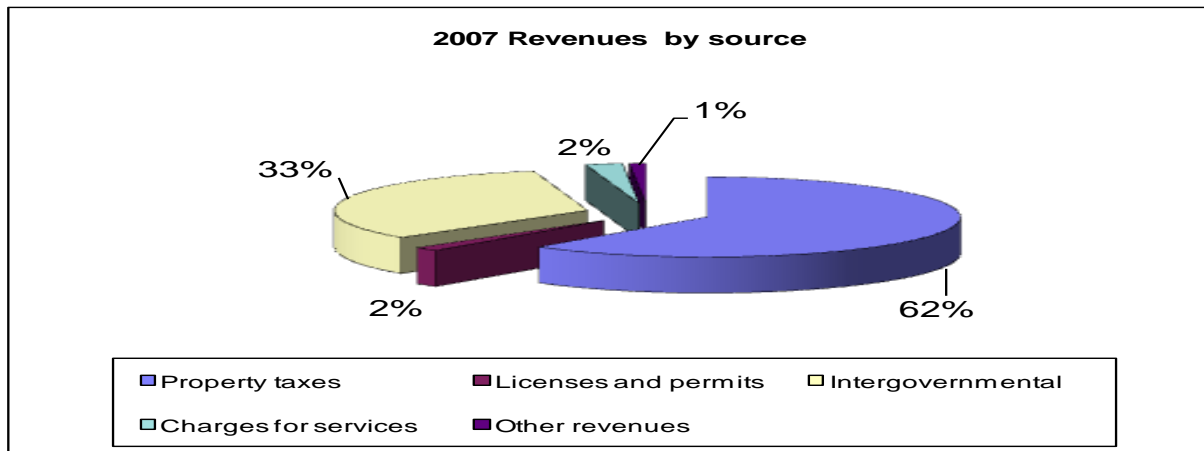
The following is an analysis of balances in the City's major individual funds. Comparative information is being provided for fiscal year 2006.

### General Major Governmental Functions

The information below compares revenues of the General Fund for 2007 and 2006 respectively.

	<u>2007</u>	<u>2006</u>
Revenues by source		
Property taxes	\$27,696,860	\$26,196,118
Licenses and permits	721,514	767,988
Intergovernmental	15,064,520	14,513,049
Charges for services	1,061,302	921,293
Other revenues	472,766	399,934
Total revenues	<u>45,016,962</u>	<u>42,798,382</u>

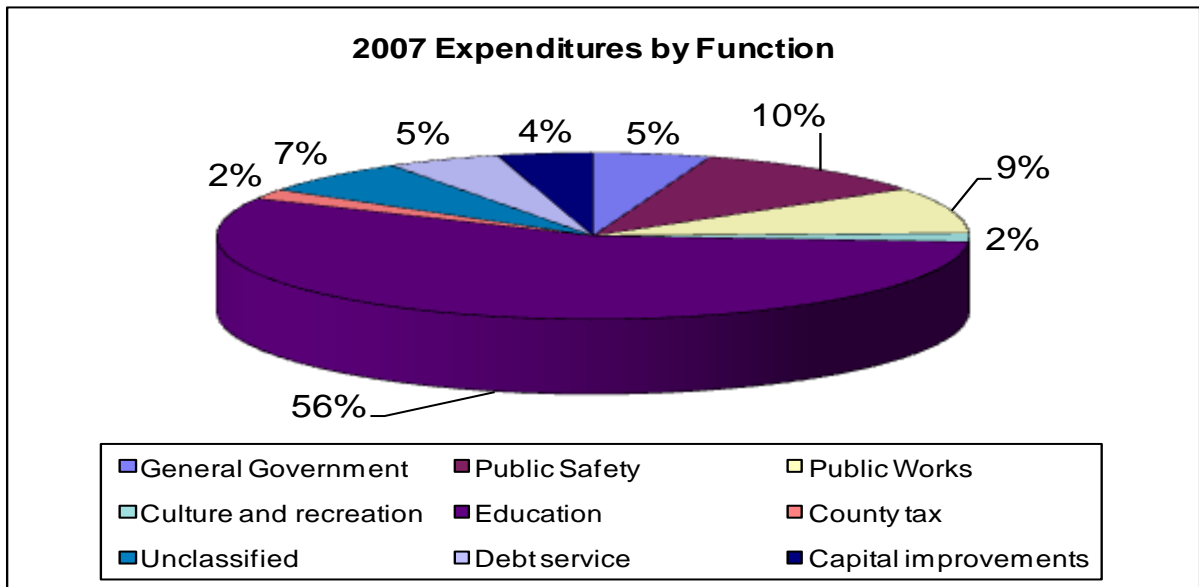
In fiscal year 2007, the City also had two other major funds. The Mill Brook Industrial Park Fund, which had no revenues in fiscal year 2007. In fiscal year 2006, this fund had also met the requirements of being a major fund. The Saco Island TIF District, which had other revenues of \$2 in fiscal year 2007 and other revenues of \$3,770 in fiscal year 2006.



The information below compares expenditures of the General Fund for 2007 and 2006 respectively.

	<u>2007</u>	<u>2006</u>
Expenditures by function		
General government	2,356,249	1,985,467
Public safety	4,891,530	4,491,147
Public works	4,208,601	3,757,464
Culture and recreation	786,248	638,353
Education	26,291,843	24,474,228
County tax	896,282	859,723
Unclassified	3,136,887	3,019,367
Debt service	2,284,899	2,319,715
Capital improvements	1,913,238	1,742,378
Total expenditures	<u>46,765,777</u>	<u>43,287,842</u>

In fiscal year 2007 the Mill Brook Industrial Park Fund had capital improvement expenditures of \$201,453. This fund also had capital improvement expenditures of \$1,143,041 in fiscal year 2006. In fiscal year 2007 and 2006, the Saco Island TIF Fund had expenditures of \$41,801 and \$561,644 respectively.



**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.

	<u>2007</u>	<u>2006</u>
Total Assets	\$ 20,647,494	\$ 9,131,224
Net Assets (restated)	\$ 18,154,272	\$ 18,363,507
Change in Net Assets	\$ (209,235)	\$ 229,464
Return on Ending Total Assets	(1.01%)	2.51%
Return on Ending Net Assets	(1.15%)	1.25%

**DEBT ADMINISTRATION**

Debt, considered a liability of governmental activities, decreased in fiscal year 2007 by \$1,240,734. Debt, considered a liability of business-type activities, decreased in fiscal year 2007 by \$345,000. Per capita bonded debt outstanding decreased from \$1,215 to \$1,121 per capita compared to the prior fiscal year. For a more detailed disclosure on debt, see footnote 6.

The Governmental Activity debt summary for fiscal year 2007 is presented below.

	Governmental Activities	Business-type Activities
Debt Payable at June 30, 2006	\$ 17,772,694	\$ 2,665,000
Add: New Capital Lease Purchases	945,796	-
Add: New General Obligation Bonds	-	-
	\$ 18,718,490	2,665,000
Less: Debt Retired	<u>2,186,530</u>	<u>345,000</u>
Debt Payable at June 30, 2007	\$ 16,531,960	2,320,000

This debt payable does not include the long term portion of compensated absences of \$1,054,898 for governmental activities and \$84,306 for business-type activities (See Note 5).



## CAPITAL ASSETS

The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. At June 30, 2007, net capital assets of the governmental activities totaled \$43,495,349 and the net capital assets of the business-type activities totaled \$19,175,781. 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 \$604,896 on street maintenance for the fiscal year ended June 30, 2007. These expenditures delayed deterioration, however, the overall condition of the streets was not improved through these maintenance expenditures. The City had 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 2007 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 \$404,468 on other infrastructure maintenance for the fiscal year ended June 30, 2007. 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 2007 was a minimum of \$500,000.

<b>City of Saco, Maine</b>				
<b>Infrastructure Assets - June 30, 2007 and 2006</b>				
<b>Description</b>	<b>Historical Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Cost 2007</b>	<b>Net Cost 2006</b>
	(reclassified)			(reclassified)
<b>Governmental Activities:</b>				
<b>Modified Approach:</b>				
Catch basins and manholes	2,136,971	-	\$ 2,136,971	2,136,971
Storm drainage	17,775,855	-	\$ 17,775,855	17,767,717
Sidewalks	1,570,178	-	\$ 1,570,178	1,558,331
Street Pavement System	5,240,263	-	\$ 5,240,263	4,387,911
Traffic signals	775,820	-	\$ 775,820	775,820
Street signs	44,818	-	\$ 44,818	44,818
Land	5,158,042	-	\$ 5,158,042	4,408,042
<b>Total Governmental Activities</b>	<b>\$ 32,701,947</b>	<b>\$ -</b>	<b>\$ 32,701,947</b>	<b>\$ 31,079,610</b>
<b>Business-type Activities:</b>				
Sewer pipe	\$ 14,918,272	\$ -	\$ 14,918,272	\$ 13,923,664
<b>Total Business-type Activities</b>	<b>\$ 14,918,272</b>	<b>\$ -</b>	<b>\$ 14,918,272</b>	<b>\$ 13,923,664</b>

<b>Capital Assets</b>				
	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2007</u>
<b>Governmental Activities:</b>				
Buildings and Improvements	\$ 34,322,451	\$ 126,038	\$ -	\$ 34,448,489
Vehicles	6,033,473	933,454	(314,858)	6,652,069
Machinery and Equipment	5,389,902	232,762	( 2,200)	5,620,464
Total	45,745,826	1,292,254	(317,058)	46,721,022
Accumulated Depreciation	(29,258,630)	(1,541,741)	277,249	(30,523,122)
<b>Total Governmental Activities</b>	<b>\$ 16,487,196</b>	<b>\$ ( 249,487)</b>	<b>\$ (39,809)</b>	<b>\$ 16,197,900</b>
<b>Business-Type Activities:</b>				
Buildings and Improvements	\$ 14,775,600	\$ -	\$ -	\$ 14,775,600
Vehicles	120,687	-	-	120,687
Machinery and Equipment	2,748,281	-	-	2,748,281
Total	17,644,568	-	-	17,644,568
Accumulated Depreciation	(12,874,215)	(512,844)	-	(13,387,059)
<b>Total Business-Type Activities</b>	<b>\$ 4,770,353</b>	<b>\$ (512,844)</b>	<b>\$ -</b>	<b>\$ 4,257,509</b>
<b>Total Capital and Infrastructure</b>	<b>\$ 66,260,823</b>	<b>\$ 1,854,614</b>	<b>\$ (39,809)</b>	<b>\$ 68,075,628</b>

For more detail on capital assets, see footnote 4.

## **BUDGETS AND BUDGETARY ACCOUNTING**

### **General Fund Budget Variances**

Comparing the fiscal year 2006-2007 original budget (or adopted) General Fund amount of \$44,758,771 (expenditures of \$44,185,930 plus transfers of \$572,841), to the final budget amount of \$50,642,558 (expenditures of \$50,069,717 and transfers of \$572,841) shows an increase in the original budget of \$5,883,787.

Included in this figure is \$1,070,060 of prior fiscal year 2005-2006 Capital Improvement Projects (CIPs) approved to carry forward into FY 2006-2007. Thereby, bringing the beginning balance of \$44,758,771 to \$45,828,831.

Original Budget + Continuing Appropriations = Beg. Balance
\$44,758,771                      \$1,070,060                      \$45,828,831

Beg. Balance +/- Supplemental Changes = Final Budget
\$45,828,831                      \$4,813,727                      \$50,642,558

Comparing the beginning budget of \$45,828,831 to the final budget of \$50,642,558, shows that the General Fund had supplemental budgetary appropriations during the fiscal year. The first was to include capital projects of \$4,358,848 that were approved by the voters of Saco in a bond issue. The second was to include \$454,879 of capital projects (Simpson Road bridge for \$250,000 and the road overlay for \$204,879) from utilization of undesignated fund balance.

## 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 2008, we are in solid financial shape with many years of higher than anticipated revenues. This has laid the foundation for a strong surplus, which is primarily earmarked for the City's long term Capital Improvements Plan. This needs 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.

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total taxes	\$ 20,812,974	\$ 23,354,279	\$ 23,157,235	\$ 24,318,424	\$ 26,213,759
Percent change	1.87%	12.21%	(.84%)	5.01%	7.79%

Total City valuation \$1,136,489,900 \$1,468,822,600 \$1,792,587,120 \$1,929,962,500 \$1,968,561,750

### *The Budget*

The Adopted Budget for fiscal year 2008 calls for total expenditures of \$45,992,777 representing an increase of \$664,311 or 1.47% over the original current year budget. By comparison, since the fiscal year 2003 budget was approved the increase in expenditures has totaled \$7,065,077 for an average annual increase of 3.03% over the past six years.

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

	<b>City Administrator Recommendation</b>	<b>Net Additions/ (Reductions)</b>	<b>Approved Budget</b>
Operating Budget	\$ 18,139,056	\$ (150,000)	\$ 17,989,056
Overlay & TIF Transfer	\$ 961,606	\$ -	\$ 961,606
Capital Outlay	\$ 423,256	\$ -	\$ 423,256
	<b>School Board Recommendation</b>	<b>Net Additions/ (Reductions)</b>	<b>Approved Budget</b>
Education	\$ 26,809,323	\$ (190,464)	\$ 26,618,859
Total	\$ 46,333,241	\$ (340,464)	\$ 45,992,777

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

	2004	2005	2006	2007	2008
Departments	Actual	Actual	Actual	Budget	Budget
Legislative:	\$20,094	\$16,304	\$20,260	\$20,100	\$20,600
City Administration:	\$190,350	\$194,725	\$197,604	\$207,699	\$222,918
Finance/ Technology:	\$508,939	\$541,573	\$641,455	\$886,853	\$732,360
City Clerk:	\$154,900	\$149,580	\$183,840	\$197,039	\$206,473
Assessor:	\$150,696	\$160,500	\$163,684	\$181,975	\$178,478
City Building Maintenance:	\$86,851	\$90,175	\$102,932	\$102,027	\$99,895
Legal:	\$144,757	\$135,366	\$209,581	\$235,000	\$235,000
Police Department:	\$2,354,294	\$2,505,583	\$2,587,170	\$2,730,675	\$3,078,312
Fire Department:	\$1,908,777	\$2,039,207	\$2,107,710	\$2,200,910	\$2,399,783
Building Inspections:	\$177,522	\$193,173	\$217,803	\$226,987	\$241,833
Planning & Econ Development:	\$268,829	\$293,001	\$248,309	\$337,837	\$277,303
Public Works Department:	\$3,112,165	\$3,710,174	\$3,553,730	\$4,080,635	\$3,980,201
Public Agencies:	\$482,309	\$488,943	\$502,298	\$543,010	\$548,900
Parks and Recreation Department:	\$485,750	\$585,146	\$638,351	\$715,130	\$894,989
Debt Service:	\$1,561,785	\$1,757,463	\$1,343,834	\$1,338,276	\$1,367,533
Employee Benefits:	\$2,144,648	\$2,113,209	\$2,192,445	\$2,198,601	\$2,265,315
Insurances:	\$204,013	\$213,348	\$225,558	\$241,969	\$231,067
Contingency:	\$80,625	\$48,523	\$99,065	\$66,000	\$67,000
Education K-12:	\$21,655,673	\$22,996,354	\$23,704,584	\$25,504,018	\$26,618,859
York County Tax:	\$747,821	\$772,182	\$859,723	\$896,282	\$941,096
Capital Improvement Projects:	\$1,208,365	\$615,627	\$1,269,379	\$6,743,694	\$423,256
<b>TOTAL OPERATING &amp; CAPITAL PROJECTS:</b>	<b>\$37,649,163</b>	<b>\$39,620,156</b>	<b>\$41,651,116</b>	<b>\$49,669,717</b>	<b>\$45,031,171</b>
Plus: Overlay				400,000	400,000
Plus: TIF Transfer				572,841	561,606
<b>TOTAL BUDGET</b>				<b>\$50,642,558</b>	<b>\$45,992,777</b>

### ***Revenues/Surplus***

The amount budgeted for revenues shows an average increase of 1.60% since 2004, with a high increase of 10.85% between 2006 and 2007, due to higher state aid to education being received as part of the new “Essential Programs and Services” funding model as well as a higher than normal budgeted utilization of prior year undesignated fund balance as the balance was in excess of the city’s 10% policy. The increase of 9.68% between 2005 and 2006 was also due to additional state aid to education. During this time actual revenues have been surpassing the estimated revenues resulting in a minimal surplus at the end of each year. This trend appears to be continuing within the City of Saco. However, as we move forward revenue estimates are starting to inch closer to the actual revenues. This means that growth in expenditures will need to be leveled off in relationship to the city’s more modest growth in revenues. This is reflected in the current year budget with capital improvement projects funded at modest levels through utilization of additional undesignated fund balance in order to minimize the raising of property taxes as much as possible.

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Non-tax revenues	\$ 18,003,878	\$ 17,280,686	\$ 18,953,559	\$ 21,010,042	\$ 19,779,018
Percent change	-2.66%	-4.02%	9.68%	10.85%	-5.86%

Obviously the amount of surplus funds being generated will reduce as actual revenues more closely reflect estimated revenues. At this time, the city has a healthy fund balance due to surplus funds. The city’s fund balance policy dictates that fund balance needs to be maintained at a level between 8.33% and 10% of budgeted appropriations. In the current year, \$911,676 has been budgeted as a utilization of this undesignated fund balance, which has accumulated as the level well exceeded the policy level. The \$482,042 of utilization on the city side is to fund minimal capital projects that might not otherwise have been able to be completed and to subsidize city operating expenditures due to reductions in non property tax revenues. The \$429,634 of utilization on the school side is to cover the school lunch accumulated deficit, to fund the beginning of a limited enrollment all day kindergarten program and to stabilize the property tax increase in the current year. 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***

The major increases in the operational budget are negotiated salary/wage increases for the bargaining units representing all the various departments of the City, as well as non-union employees. Most City departments also have slight operational increases due to inflation and the increase in fuel and electricity costs being experienced in the last year. The Education Department increases are due to increases in tuition to the private high school, special education costs, health insurance increases, teacher contractual obligations and the addition of a limited enrollment all day kindergarten program.

### ***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 2008 budget also includes revenue amounts for specific state and federal grants that have been applied for. There are also several other grant awards that will surface during the course of the fiscal year that were not known at the time of the budget process. These awards will be brought to the City Council for consideration upon being awarded and additional funding will be requested at that time, to fund any local match requirements above that originally budgeted.

## *The Future*

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

What is at stake for the City of Saco officials can be summed up in one word: effectiveness. Major challenges are facing us as we enter this new year with infrastructure and capital maintenance needs being reduced to enable the funding of operational needs of the city. Officials need to be cognizant of the need to preserve the city's most valuable assets as large deterioration can very often increase the amount ultimately spent in order to bring them back to acceptable and safe condition levels. A small portion of this is being addressed with the projects to be completed in fiscal year 2008 as a result of the citizens passing the \$4,358,848 infrastructure bond in November of 2006.

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 greatly 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). 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 year. Although these initiatives are not specifically addressed within the current year budget, they will be 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 2007. The recently completed third annual report of performance information displays the operational efficiencies and effectiveness of our operations here at the City of Saco. The City's first and second submittals were successful at achieving the Association of Governmental Accountants Certificate of Excellence in Service Efforts and Accomplishments Reporting. These processes all involve reviewing processes and measuring results achieved by the municipality in the area of customer service delivery and presentation. It also involves a close look at all procedures to assure that efficiencies are being maximized. Whether it means changing a specific procedure to lessen expenditures realized or examining new sources of non-tax revenues, the city needs to be pro-active in its response. Certainly, whatever we can do to keep up with changing trends and emerging issues will help to improve the future fortunes of our citizens. Successful activities involving a collaborative effort between municipalities need to be reviewed as a potential solution to some of the budget challenges facing us and other municipalities.

This executive summary would not be complete without the mention of the 2006 enacted “Public Law 1 Tax Reform.” This legislation was enacted within the State of Maine and the City was in noncompliance with this legislation for the first time with the passing of the 2008 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 know 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 2008 approved budget for the City of Saco is not in compliance with Public Law 1 due to the appropriating of the necessary funds for the loss of non-property tax revenues and the increase in expenditures related to the ratification of the police union contracts..

### ***Summary***

With the fiscal year 2008 adopted budget there is an increase in the existing tax rate. There is also a valuation adjustment on average of 2% in order to bring values back up to 95% of the state’s equalized valuation. This equates to an estimated increase of .59 cents in the city’s mil rate. This means that property owners will be billed an estimated \$13.32 per thousand in fiscal year 2008 versus the \$12.73 per thousand they were billed in fiscal year 2007. In other words, a property valued at \$175,000 previously and paying \$2,228 in property taxes annually may now be valued at \$178,500 and paying \$2,377 in property taxes annually. Basically an increase of \$149 in property taxes for that \$175,000 homeowner and an actual increase of \$1,895,335 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, contact the Office of the Director of Finance at 300 Main Street, Saco, Maine, 04072, phone 207-283-3303, or e-mail [lparker@sacomaine.org](mailto:lparker@sacomaine.org).

**City of Saco, Maine**  
**Statement of Net Assets**  
**June 30, 2007**

**Statement 1**

	Governmental Activities	Business-type Activities	2007 Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,181,437	\$ 868,957	\$ 5,050,394
Investments	4,431,005	-	4,431,005
Receivables:			
Accounts (net of allowance of \$100,000)	2,834,390	205,554	3,039,944
Taxes - current	530,559	-	530,559
Taxes - prior years	63,676	-	63,676
Tax liens	154,537	-	154,537
Notes (net of allowance of \$7,172)	14,287	-	14,287
Inventories and other	40,224	-	40,224
Internal balance	(397,202)	397,202	-
Prepaid items	577,151	-	577,151
Tax acquired property	58,359	-	58,359
Depreciable capital assets, net	16,197,900	4,257,509	20,455,409
Non-depreciable capital assets	32,701,947	14,918,272	47,620,219
Total assets	\$ 61,388,270	\$ 20,647,494	\$ 82,035,764
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	1,137,472	68,204	1,205,676
Accrued liabilities	1,479,566	105,018	1,584,584
Taxes collected in advance	22,495	-	22,495
Noncurrent liabilities			
Due within one year	2,547,299	345,000	2,892,299
Due in more than one year	15,039,559	1,975,000	17,014,559
Total liabilities	\$ 20,226,391	\$ 2,493,222	\$ 22,719,613
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 32,367,887	\$ 16,855,781	\$ 49,223,668
Restricted for:			
Permanent fund principal	181,383	-	181,383
Other purposes	308,738	-	308,738
Unrestricted	8,303,871	1,298,491	9,602,362
Total net assets	\$ 41,161,879	\$ 18,154,272	\$ 59,316,151

See accompanying Notes to Basic Financial Statements.





**City of Saco, Maine  
Balance Sheet  
Governmental Funds  
June 30, 2007**

**Statement 3**

	General Fund	Mill Brook Industrial Park	Saco Island TIF District	Other Governmental Funds	2007 Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,587,227	\$ -	\$ -	\$ 594,210	\$ 4,181,437
Investments	2,245,818	-	74	2,185,113	4,431,005
Receivables, net of allowance of \$100,000	874,623	800,000	1,602	1,158,165	2,834,390
Interfund receivables	3,662,575	-	-	1,757,715	5,420,290
Loans receivable, net of allowance \$7,142	-	-	-	14,287	14,287
Taxes and liens receivable	748,772	-	-	-	748,772
Tax acquired property	58,359	-	-	-	58,359
Prepaid items	574,292	-	-	2,859	577,151
Inventories and other	-	-	-	40,224	40,224
<b>Total assets</b>	<b>\$ 11,751,666</b>	<b>\$ 800,000</b>	<b>\$ 1,676</b>	<b>\$ 5,752,573</b>	<b>\$ 18,305,915</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1,028,848	\$ 41,572	\$ 20,310	\$ 46,742	\$ 1,137,472
Accrued liabilities	1,435,221	-	-	44,345	1,479,566
Taxes collected in advance	22,495	-	-	-	22,495
Interfund payables	2,153,769	2,102,922	734,414	826,387	5,817,492
Deferred revenue	489,804	-	-	-	489,804
<b>Total liabilities</b>	<b>\$ 5,130,137</b>	<b>\$ 2,144,494</b>	<b>\$ 754,724</b>	<b>\$ 917,474</b>	<b>\$ 8,946,829</b>
Fund balances (deficit):					
Reserved for:					
Encumbrances	\$ 94,700	\$ -	\$ -	\$ -	\$ 94,700
Prepaid items	574,292	-	-	-	574,292
Nonexpendable trust principal	-	-	-	181,383	181,383
Capital improvements	1,657,932	-	-	-	1,657,932
Inventory	-	-	-	1,913	1,913
Other purposes	-	-	-	308,738	308,738
Unreserved, reported in:					
General Fund- designated	429,634	-	-	-	429,634
General Fund- undesignated	3,864,971	-	-	-	3,864,971
Special revenue funds	-	-	-	2,043,550	2,043,550
Capital project funds	-	(1,344,494)	(753,048)	1,782,703	(314,839)
Permanent funds	-	-	-	516,812	516,812
<b>Total fund balances (deficit)</b>	<b>\$ 6,621,529</b>	<b>\$ (1,344,494)</b>	<b>\$ (753,048)</b>	<b>\$ 4,835,099</b>	<b>\$ 9,359,086</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 11,751,666</b>	<b>\$ 800,000</b>	<b>\$ 1,676</b>	<b>\$ 5,752,573</b>	
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.					\$ 48,899,847
More specifically, non-depreciable & depreciable capital assets as reported on Statement 1					
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).					(17,586,858)
Noncurrent liabilities as reported on Statement 1	(16,531,960)				
Accrued liabilities (compensated absences) as reported on Statement 1	(1,054,898)				
	(17,586,858)				
Deferred revenues- more specifically, deferred property taxes not reported on Statement 1					489,804
<b>Net assets of governmental activities</b>					<b>\$ 41,161,879</b>

See accompanying Notes to Basic Financial statements.

**City of Saco, Maine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2007**

**Statement 4**

	General Fund	Mill Brook Industrial Park	Saco Island TIF District	Other Governmental Funds	2007 Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 27,696,860	\$ -	\$ -	\$ -	\$ 27,696,860
Licenses and permits	721,514	-	-	-	721,514
Intergovernmental	13,357,822	-	-	2,205,974	15,563,796
Intergovernmental on behalf payments	1,706,698	-	-	-	1,706,698
Charges for services	1,061,302	-	-	551,456	1,612,758
Other revenues	472,766	-	2	606,915	1,079,683
Total revenues	\$ 45,016,962	\$ -	\$ 2	\$ 3,364,345	\$ 48,381,309
<b>EXPENDITURES</b>					
Current:					
General government	\$ 2,356,249	\$ -	\$ -	\$ -	\$ 2,356,249
Public safety	4,891,530	-	-	-	4,891,530
Public works	4,208,601	-	-	-	4,208,601
Housing programs	-	-	-	254,352	254,352
Culture and recreation	786,248	-	-	-	786,248
Education	24,585,145	-	-	1,867,041	26,452,186
Maine State Retirement on behalf payments	1,706,698	-	-	-	1,706,698
Unclassified	3,136,887	-	-	91,152	3,228,039
Intergovernmental:					
County tax	896,282	-	-	-	896,282
Debt service:					
Principal	1,399,545	-	-	-	1,399,545
Interest and other charges	885,354	-	-	-	885,354
Capital improvements	1,913,238	201,453	41,801	1,386,758	3,543,250
Total expenditures	\$ 46,765,777	\$ 201,453	\$ 41,801	\$ 3,599,303	\$ 50,608,334
Excess (deficiency) of revenues over (under) expenditures	\$ (1,748,815)	\$ (201,453)	\$ (41,799)	\$ (234,958)	\$ (2,227,025)
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease issuance of debt	945,796	-	-	-	945,796
Transfers in	526,000	-	398,076	185,454	1,109,530
Transfers out	(591,530)	-	(25,000)	(493,000)	(1,109,530)
Total other financing sources (uses)	\$ 880,266	\$ -	\$ 373,076	\$ (307,546)	\$ 945,796
Net change in fund balances before extraordinary item	\$ (868,549)	\$ (201,453)	\$ 331,277	\$ (542,504)	\$ (1,281,229)
<b>EXTRAORDINARY ITEM</b>					
Legal settlement	\$ 1,071,989	\$ -	\$ -	\$ -	\$ 1,071,989
Total extraordinary items	\$ 1,071,989	\$ -	\$ -	\$ -	\$ 1,071,989
Net change in fund balances	\$ 203,440	\$ (201,453)	\$ 331,277	\$ (542,504)	\$ (209,240)
Fund balances (deficits)-beginning	6,418,089	(1,143,041)	(1,084,325)	5,377,603	9,568,326
<b>Fund balances (deficits)-ending</b>	<b>\$ 6,621,529</b>	<b>\$ (1,344,494)</b>	<b>\$ (753,048)</b>	<b>\$ 4,835,099</b>	<b>\$ 9,359,086</b>

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, 2007**

**Statement 5**

Net change in fund balances- total governmental funds (from Statement 4) \$ (209,240)

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because (see Note 1, also):

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. 1,086,585

Statement 4 Capital Outlays -	\$ 3,543,250	
Statement 2 Capital Outlays -	\$ 1,192,173	
Variance -		\$ 2,351,077
Less: Net Depreciation/Loss on disposal -		\$ 1,264,492
To reconciliation -		\$ 1,086,585

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 and the streets accepted by the city as roads that were constructed by outside contractors. 208,399

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. 1,240,734

New debt incurred - (\$945,796)		
Retired debt -	\$2,186,530	
Net debt service -		1,240,734

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. (119,775)

**Change in net assets of governmental activities (see Statement 2) \$ 2,206,703**

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, 2007

Statement 6

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 27,365,821	\$ 27,365,821	\$ 27,696,860	\$ 331,039
Licenses and permits	702,628	702,628	721,514	18,886
Intergovernmental	13,643,371	13,643,371	13,357,822	(285,549)
Charges for services	905,308	905,308	1,061,302	155,994
Interest earnings	100,000	100,000	229,841	129,841
Other revenues	267,450	267,450	242,925	(24,525)
<b>Total revenues</b>	<b>\$ 42,984,578</b>	<b>\$ 42,984,578</b>	<b>\$ 43,310,264</b>	<b>\$ 325,686</b>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 2,410,517	\$ 2,410,517	\$ 2,356,249	\$ 54,268
Public safety	4,931,585	4,931,585	4,891,530	40,055
Public works	4,080,635	4,080,635	4,208,601	(127,966)
Culture and recreation	715,130	715,130	786,248	(71,118)
Education	24,556,027	24,556,027	24,292,685	263,342
County tax	896,282	896,282	896,282	-
Unclassified	3,449,580	3,449,580	3,136,887	312,693
Debt service:	2,286,267	2,286,267	2,284,899	1,368
Capital improvements:	1,929,967	6,743,694	1,200,204	5,543,490
<b>Total expenditures</b>	<b>\$ 45,255,990</b>	<b>\$ 50,069,717</b>	<b>\$ 44,053,585</b>	<b>\$ 6,016,132</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (2,271,412)	\$ (7,085,139)	\$ (743,321)	\$ 6,341,818
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	526,000	526,000	526,000	-
Transfers out	(572,841)	(572,841)	(591,530)	(18,689)
<b>Total other financing sources and uses</b>	<b>\$ (46,841)</b>	<b>\$ (46,841)</b>	<b>\$ (65,530)</b>	<b>\$ (18,689)</b>
Net change in fund balances before extraordinary item	\$ (2,318,253)	\$ (7,131,980)	\$ (808,851)	\$ 6,323,129
<b>EXTRAORDINARY ITEM</b>				
Legal settlement	\$ -	\$ -	\$ 1,071,989	1,071,989
<b>Total extraordinary item</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,071,989</b>	<b>\$ 1,071,989</b>
Net change in fund balance	\$ (2,318,253)	\$ (7,131,980)	\$ 263,138	\$ 7,395,118
<b>Fund balance - beginning</b>	<b>6,418,089</b>	<b>6,418,089</b>	<b>6,418,089</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 4,099,836</b>	<b>\$ (713,891)</b>	<b>\$ 6,681,227</b>	<b>\$ 7,395,118</b>

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	(59,698)
Ending Fund Balance (Statement 4)	\$ 6,621,529

See accompanying Notes to Basic Financial Statements.

City of Saco, Maine  
Statement of Net Assets  
Proprietary Fund  
June 30, 2007

Statement 7

		Business-type activities Enterprise Funds Waste Water Treatment Plant
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	868,957
Receivables		205,554
Interfund receivables		397,202
Total current assets	\$	1,471,713
Noncurrent assets:		
Depreciable capital assets		
Vehicles	\$	120,687
Buildings		14,775,600
Equipment		2,748,281
Less accumulated depreciation		(13,387,059)
Non-depreciable capital assets		14,918,272
Total noncurrent assets	\$	19,175,781
Total assets	\$	20,647,494
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$	68,204
Accrued liabilities		105,018
Total current liabilities	\$	173,222
Noncurrent liabilities:		
Bonds payable due within one year	\$	345,000
Bonds payable due in more than one year		1,975,000
Total noncurrent liabilities	\$	2,320,000
Total liabilities	\$	2,493,222
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$	16,855,781
Unrestricted		1,298,491
Total net assets	\$	18,154,272

See accompanying Notes to Basic Financial Statements.

City of Saco, Maine  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
For the year ended June 30, 2007

Statement 8

		Business-type activities Enterprise Funds
		Waste Water Treatment Plant
Operating revenues:		
Charges for services	\$	2,052,749
Miscellaneous revenues		4,302
Total operating revenues	\$	2,057,051
Operating expenses:		
Personnel services	\$	707,643
Contractual services		172,207
Utilities		187,865
Repairs and maintenance		385,374
Other supplies and expenses		267,248
Depreciation		512,844
Total operating expenses	\$	2,233,181
Operating income (loss)	\$	(176,130)
Nonoperating revenues (expenses):		
Interest revenues	\$	62,726
Interest expense	\$	(95,831)
Total nonoperating revenues (expenses)	\$	(33,105)
Change in net assets	\$	(209,235)
Total net assets - beginning, as restated	\$	18,363,507
<b>Total net assets - ending</b>	<b>\$</b>	<b>18,154,272</b>

See accompanying Notes to Basic Financial Statements.

City of Saco, Maine  
Statement of Cash Flows  
Proprietary Funds  
For the year ended June 30, 2007

Statement 9

		Business-type activities Enterprise Funds Waste Water Treatment Plant
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$	2,508,693
Other receipts (payments)		4,302
Payments to suppliers		(1,166,442)
Payments to employees		(688,772)
Internal activity- payments to other funds		(55,001)
Net cash provided by operating activities	\$	602,780
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital asset purchases	\$	(994,608)
Principal paid on debt	\$	(345,000)
Interest paid on debt	\$	(95,831)
Net cash (used) in capital and related financing activities	\$	(1,435,439)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	\$	62,726
Net cash provided by investing activities	\$	62,726
Net decrease in cash and cash equivalents	\$	(769,933)
Balances- beginning of the year		1,638,890
<b>Balances- end of the year</b>	<b>\$</b>	<b>868,957</b>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$	(176,130)
Adjustments to reconcile operating loss to net cash provided (used) in operating activities:		
Depreciation expense		512,844
Change in net assets and liabilities:		
Receivables		455,934
Interfund receivables		(55,001)
Accounts payables		(153,738)
Accrued liabilities		18,871
<b>Net cash provided by operating activities</b>	<b>\$</b>	<b>602,780</b>

See accompanying Notes to Basic Financial Statements.



City of Saco, Maine  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2007

Statement 10

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		<u>Agency Fund</u> <u>School Activity Funds</u>
<hr/>		
<b>ASSETS</b>		
Cash and cash equivalents	\$	125,194
Total assets	\$	125,194
<hr/>		
<b>LIABILITIES</b>		
Due to student groups	\$	125,194
Total liabilities	\$	125,194
<hr/>		

See accompanying Notes to Basic Financial Statements.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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

**A. The Reporting Entity**

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

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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

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.

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.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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

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.

**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, are 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.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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

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.

**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 (Governmental Special Revenue Fund).

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2007, 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 2006-2007 Basic Financial Statements. The City developed an implementation plan to determine the value of and include infrastructure costs.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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

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

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

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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

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/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. But the full liability is recorded in the government-wide statements.

**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.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**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, 2007, the City reported deposits of \$5,175,588 with a bank balance of \$5,300,946. Of the City's bank balances of \$5,300,946, \$0 was exposed to custodial credit risk. The entire balance of \$5,300,946 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	\$ 4,181,437
Reported in proprietary funds	\$ 868,957
<u>Reported in agency funds</u>	<u>\$ 125,194</u>
<b><u>Total deposits</u></b>	<b><u>\$ 5,175,588</u></b>

**Investments**

*Custodial Credit Risk- City Investments:* For investments, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does have a deposit policy for custodial credit risk as is outlined above. Of the City's \$4,431,005 invested in money market funds, savings bonds and repurchase agreements, 100% was collateralized by underlying securities held by the related bank in the City's name.

At June 30, 2007, the City had the following investments and maturities:

	Fair Value	Less than 1 year	1-5 years	More than 5 years
Money market funds	\$3,539,342	\$3,539,342	\$ -	\$ -
Savings bonds	\$ 15,000	\$ 15,000	\$ -	\$ -
<u>Repurchase agreements</u>	<u>\$ 876,663</u>	<u>\$ 876,663</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Total investments</u></b>	<b><u>\$4,431,005</u></b>	<b><u>\$4,431,005</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

Investments have been reported as follows:

<u>Reported in governmental funds</u>	<u>\$4,431,005</u>
<b><u>Total investments</u></b>	<b><u>\$4,431,005</u></b>

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

*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 rate risk as is detailed above. At June 30, 2007, the City's investments were rated either AAA or AA by Standard & Poor's.



**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**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, 2006, upon which the levy for the year ended June 30, 2007 was based, was \$1,929,962,500. This assessed value was 100% of the estimated market value and 97.10% of the 2007 state valuation of \$1,987,550,000.

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 \$776,050 for the year ended June 30, 2007.

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

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

The following summarizes the 2006-2007 and 2005-2006 levies respectively:

	<u>2006-2007</u>	<u>2005-2006</u>
Assessed Value	\$1,929,962,500	\$1,789,765,800
Tax Rate (per \$1,000)	<u>12.73</u>	<u>12.96</u>
Commitment	\$ 24,568,423	\$ 23,195,365
Supplemental Taxes Assessed	<u>39,339</u>	<u>71,025</u>
	\$ 24,607,762	\$ 23,266,390
Less: Collections and Abatements	<u>24,077,203</u>	<u>22,675,078</u>
Receivable at June 30, 2007 and 2006	<u>\$ 530,559</u>	<u>\$ 591,312</u>
Due Dates	1/2 9/15/06 1/2 3/16/07	1/2 9/16/05 1/2 3/20/06
Interest Rates on Delinquent Taxes	11.0%	7.75%
Collection Rate	97.84%	97.46%

Of the total taxes committed for the year ended June 30, 2007, \$398,076 was allocated to the Saco Island TIF District, \$34,241 was allocated to First Light Technology, Inc., \$2,287 was allocated to Transparent Audio, \$119,106 was allocated to the Spring Hill TIF and \$29,821 was allocated to Saco Plaza LLC, 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, 2007**

**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 infrastructure assets for the years ending June 30, 2006 and 2007.

<b>Description</b>	<b>Historical Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Cost 2007</b>	<b>Net Cost 2006 (reclassified)</b>
<b>Governmental Activities:</b>				
<b>Modified Approach:</b>				
Catch basins and manholes	2,136,971	-	\$ 2,136,971	2,136,971
Storm drainage	17,775,855	-	\$ 17,775,855	17,767,717
Sidewalks	1,570,178	-	\$ 1,570,178	1,558,331
Street Pavement System	5,240,263	-	\$ 5,240,263	4,387,911
Traffic signals	775,820	-	\$ 775,820	775,820
Street signs	44,818	-	\$ 44,818	44,818
Land	5,158,042	-	\$ 5,158,042	4,408,042
<b>Total Governmental Activities</b>	<b>\$ 32,701,947</b>	<b>\$ -</b>	<b>\$ 32,701,947</b>	<b>\$ 31,079,610</b>
<b>Business-type Activities:</b>				
Sewer pipe	\$ 14,918,272	\$ -	\$ 14,918,272	\$ 13,923,664
<b>Total Business-type Activities</b>	<b>\$ 14,918,272</b>	<b>\$ -</b>	<b>\$ 14,918,272</b>	<b>\$ 13,923,664</b>

Capital assets of the City for the years ended June 30, 2006 and 2007, consisted of the following:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
<b>Governmental Activities:</b>				
Buildings and Improvements	\$ 34,322,451	\$ 126,038	\$ -	\$ 34,448,489
Vehicles	6,033,473	933,454	(314,858)	6,652,069
Machinery and Equipment	5,389,902	232,762	(2,200)	5,620,464
<b>Total</b>	<b>45,745,826</b>	<b>1,292,254</b>	<b>(317,058)</b>	<b>46,721,022</b>
<b>Accumulated Depreciation:</b>				-
Buildings and Improvements	(20,788,982)	(701,058)	-	(21,490,040)
Vehicles	(4,126,913)	(499,175)	275,049	(4,351,039)
Machinery and Equipment	(4,342,735)	(341,508)	2,200	(4,682,043)
<b>Total</b>	<b>(29,258,630)</b>	<b>(1,541,741)</b>	<b>277,249</b>	<b>(30,523,122)</b>
<b>Total Governmental Activities</b>	<b>\$ 16,487,196</b>	<b>\$ (249,487)</b>	<b>\$ (39,809)</b>	<b>\$ 16,197,900</b>

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

Vehicles	\$ 224,126
Buildings	\$ 701,058
Equipment	\$ 339,308
<b>TOTAL</b>	<b>\$ 1,264,492</b>

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

**Note 4 – CAPITAL ASSETS, Continued**

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
<b>Business-Type Activities:</b>				
Buildings and Improvements	\$ 14,775,600	\$ -	\$ -	\$ 14,775,600
Vehicles	120,687	-	-	120,687
Machinery and Equipment	2,748,281	-	-	2,748,281
<b>Total</b>	<b>17,644,568</b>	<b>-</b>	<b>-</b>	<b>17,644,568</b>
<b>Accumulated Depreciation:</b>				
Buildings and Improvements	(11,073,545)	(370,132)	-	(11,443,677)
Vehicles	(105,575)	(5,038)	-	(110,613)
Machinery and Equipment	(1,695,095)	(137,674)	-	(1,832,769)
<b>Total</b>	<b>(12,874,215)</b>	<b>(512,844)</b>	<b>-</b>	<b>(13,387,059)</b>
<b>Total Business-Type Activities</b>	<b>\$ 4,770,353</b>	<b>\$ (512,844)</b>	<b>\$ -</b>	<b>\$ 4,257,509</b>
<b>Total Capital/Infrastructure</b>	<b>\$ 66,260,823</b>	<b>\$ 1,854,614</b>	<b>\$ (39,809)</b>	<b>\$ 68,075,628</b>

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

Vehicles	\$ 5,038
Buildings	\$ 370,132
Equipment	\$ 137,674
<b>TOTAL</b>	<b>\$ 512,844</b>

For the year ended June 30, 2007 and 2006, depreciation expense on capital assets was charged to the government functions as follows:

	<u>2007</u>	<u>2006</u>
General Government	\$ 92,468	\$ 94,647
Public Safety – Police	157,487	144,399
Public Works	359,369	378,212
Parks and Recreation	59,405	39,293
Public Safety – Fire	213,018	209,415
Education	659,994	639,135
<b>Total Depreciation Expense</b>	<b><u>\$1,541,741</u></b>	<b><u>\$1,505,101</u></b>

For the year ended June 30, 2007 and 2006, repairs and maintenance expenses on capital and infrastructure assets were charged to the government functions as follows:

	<u>2007</u>	<u>2006</u>
Public Safety – Police	\$ 99,830	\$ 97,470
Public Safety – Fire/Ambulance	44,061	36,809
Public Works	324,901	340,208
Capital Improvement Projects	1,076,612	1,153,501
<b>Total repairs &amp; maintenance expense</b>	<b><u>\$1,545,404</u></b>	<b><u>\$ 1,627,988</u></b>

**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 \$1,054,898 for governmental activities and \$84,306 for business-type activities at June 30, 2007, is expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the general fund and the enterprise fund, with a minor amount being paid from certain special revenue funds.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

**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, 2007:

	<u>Bonds &amp; Notes</u>	<u>Capital Leases</u>	<u>Compensated</u>	
	<u>Payable</u>	<u>Payable</u>	<u>Absences</u>	<u>Total</u>
<b>Governmental Activities:</b>				
Debt Payable at June 30, 2006	14,574,733	3,197,961	935,122	18,707,816
Add: New debt payables	<u>-</u>	<u>945,796</u>	<u>804,355</u>	<u>1,750,151</u>
	14,574,733	4,143,757	1,739,477	20,457,967
Less: Debt retired	<u>1,402,045</u>	<u>784,485</u>	<u>684,579</u>	<u>2,871,109</u>
Debt Payable at June 30, 2007	<u>13,172,688</u>	<u>3,359,272</u>	<u>1,054,898</u>	<u>17,586,858</u>
Due within one year	1,397,045	805,254	-	2,202,299
<b>Business-Type Activities:</b>				
Debt Payable at June 30, 2006	2,665,000	-	69,903	2,734,903
Add: New debt payables	<u>-</u>	<u>-</u>	<u>48,391</u>	<u>48,391</u>
	2,665,000	-	118,294	2,783,294
Less: Debt retired	<u>345,000</u>	<u>-</u>	<u>33,988</u>	<u>378,988</u>
Debt Payable at June 30, 2007	<u>2,320,000</u>	<u>-</u>	<u>84,306</u>	<u>2,404,306</u>
Due within one year	345,000	-	-	345,000

Long-term debt payable at June 30, 2007 is comprised of the following:

<u>General Obligation Bonds</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Final</u>	<u>Balance</u>	<u>Due Within</u>
		<u>Amount</u>	<u>Maturity Date</u>	<u>End of Year</u>	<u>One Year</u>
<b>Governmental Activities:</b>					
2006 Open Space Bond	4 – 4.5%	\$1,500,000	2026	1,425,000	75,000
1989 Capital Improvement	7.25 - 7.30%	\$3,100,000	2009	465,000	155,000
1991 School Construction	7.40 - 7.50%	\$4,700,000	2010	940,000	235,000
1996 Route 1 Sewer (50%)	5.551%	\$2,900,000	2016	1,450,000	145,000
1996 Police Station	5.60%	\$2,000,000	2016	1,000,000	100,000
2002 School Renovation	None	\$1,159,789	2012 (1)	579,895	115,979
2002 School Renovation	3.25% - 5.00%	\$5,940,000	2022	4,440,000	300,000
2003 Refunding Bond	3.85%	\$2,977,057	2018	2,232,793	186,066
2002 Refunding Bond (50%)	2% - 4.5%	\$1,092,500	2014	<u>640,000</u>	<u>85,000</u>
				<u>\$13,172,688</u>	<u>\$ 1,397,045</u>
<b>Business-Type Activities:</b>					
1996 Route 1 Sewer (50%)	5.551%	\$2,900,000	2016	1,450,000	145,000
2002 Refunding Bond (50%)	2% - 4.5%	\$1,092,500	2014	640,000	85,000
1988 Sewer Project	5.70 - 7.70%	\$2,300,000	2008	<u>230,000</u>	<u>115,000</u>
				<u>\$2,320,000</u>	<u>\$ 345,000</u>

(1) The original amount of this note was for \$2,456,690, of which \$1,296,901 has been forgiven by the state. The City's outstanding portion at June 30, 2007 was \$579,895.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**Note 6 - LONG-TERM DEBT, Continued**

The annual requirements to amortize General Obligation Bonds outstanding as of June 30, 2007 for both governmental activities and business-type activities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
<u>Governmental Activities:</u>			
2008	1,397,045	488,930	1,885,975
2009	1,397,045	431,512	1,828,557
2010	1,394,545	373,344	1,767,889
2011	1,232,045	320,259	1,552,304
2012	997,045	281,329	1,278,374
2013-2017	4,232,830	948,437	5,181,267
2018-2022	2,222,133	340,168	2,562,301
2023-2027	<u>300,000</u>	<u>33,750</u>	<u>333,750</u>
	<u>\$13,172,688</u>	<u>\$3,217,729</u>	<u>\$16,390,417</u>
<u>Business-Type Activities:</u>			
2008	345,000	74,832	419,832
2009	345,000	59,332	404,332
2010	227,500	47,933	275,433
2011	225,000	40,893	265,893
2012	225,000	33,697	258,697
2013-2017	<u>952,500</u>	<u>65,830</u>	<u>1,018,330</u>
	<u>\$ 2,320,000</u>	<u>\$ 322,517</u>	<u>\$ 2,642,517</u>

At year end, the city had an authorized and unissued bond issue of \$4,355,000 of which \$0 has been received or drawn at June 30, 2007. Subsequent to year end, the full amount was received.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

**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, 2007:

	<u>Original Purchase Price</u>	<u>Annual Depreciation Expense</u>	<u>Total Minimum Lease Payments</u>	<u>Interest</u>	<u>Present Value of Minimum Lease Payments</u>
<u>Governmental Activities:</u>					
Public Works –equipment 2007	312,481	31,248	375,300	62,819	312,481
Fire pumper truck	358,853	23,924	430,650	71,797	358,853
Public Works – equipment 2006	473,000	61,640	308,520	25,064	283,456
Public Works – equipment 2005	626,532	125,306	534,850	88,076	446,774
Fire Department – Brush truck	96,650	9,465	63,600	7,196	56,404
City-wide recycling bins	589,872	39,325	355,964	42,983	312,981
Public Schools – Modular Class	58,356	5,835	38,461	2,666	35,795
Public Schools – copiers	139,856	27,971	92,414	6,028	86,386
Public Schools – Software	55,464	11,093	20,289	1,076	19,213
Public Schools – Computer equip.	232,762	46,552	186,467	15,861	170,606
Public Schools – Modular school	2,054,054	102,703	<u>1,326,022</u>	<u>49,699</u>	<u>1,276,323</u>
			<u>\$3,732,537</u>	<u>\$373,265</u>	<u>\$3,359,272</u>

The annual requirements to amortize Capital Lease Obligations outstanding as of June 30, 2007 for the Governmental activities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Obligation</u>
2008	805,254	113,814	919,068
2009	810,331	89,904	900,235
2010	842,437	55,228	897,665
2011	210,343	37,922	248,265
2012	203,638	28,726	232,364
2013-2017	<u>487,269</u>	<u>47,671</u>	<u>534,940</u>
	<u>\$3,359,272</u>	<u>\$373,265</u>	<u>\$3,732,537</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, 2007, of \$18,851,960, was \$279,280,540 below the City's statutory debt limit.

Total interest expended for all funds of the city was \$845,217, for the year ended June 30, 2007.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**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, 2007, the City's equalized State valuation of \$1,987,550,000 was 6.89% of the County's equalized State Valuation of \$28,845,750,000. The City's share is 7.01%, or \$1,122,239 of York County's \$16,000,000 long-term debt outstanding as of June 30, 2007.

**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 his 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 recapture 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

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**Note 9 – TAX INCREMENT FINANCING DISTRICT, Continued**

generated by the District and deposited into the Development Program Fund. The City will utilize available Federal funds, to finance a share of the construction costs of the rail station, and other grant funds as they become available. The City will not incur any general obligation bond indebtedness in connection with this program.

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

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

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

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

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



**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**Note 9 – TAX INCREMENT FINANCING DISTRICT, Continued**

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.

JVW Hotels, LLC (Hampton Inn) has developed the real estate within the City’s industrial park constituting the District and constructed a 100 room hotel with meeting facilities, indoor pool, health club, coin laundry, complimentary breakfast and a convenience shop in the District (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 within the industrial park. 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 the 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 within the industrial park. After this five-year period expires, 100% of the tax revenue will flow to the City’s General Fund.

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

**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.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**Note 11 - RELATED PARTY TRANSACTIONS**

The Lucia Kimball Deering Trust is related to the Kimball Health Center through common directorships. Beginning in May 1986, the amount due to the Trust from the Kimball Health Center was being reimbursed at the rate of \$500 per month. However, the reimbursement amount is left to the discretion of the Board of Directors. No interest is charged on this loan, which had an outstanding balance of \$863,696 at June 30, 2007.

**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, 2007, 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.

**Note 13 – DEFICIT FUND BALANCES**

The City's Special Revenue Funds for the Ambulance Fund and School Lunch Program, 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 Park North TIF capital project fund are carrying forward fund deficits as of June 30, 2007. These deficits will be funded by future operations through anticipated revenues to be received.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**Note 14 - RETIREMENT SYSTEM**

**Maine State Retirement – Consolidated Plan**

**Description of the Plan** – The City contributes to Maine State Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine State 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 State 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 State 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 State Retirement System Board of Trustees. The City's contributions to the Maine State Retirement System Consolidated Plan for the years ended June 30, 2007, 2006 and 2005 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 State Retirement – Teacher's Group**

**Description of the Plan** – All school teachers, plus other qualified educators, participate in the Maine State Retirement System'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 State Retirement System 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 State Retirement System 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 State 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 \$1,706,698 (19.14%) for the fiscal year 2007. 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 19.14% of their compensation. This cost is charged to the applicable grant and amounted to \$60,404 (19.14%) for the year ending June 30, 2007, \$53,257 (19.15%) for the year ending June 30, 2006, and \$52,616 (17.77%) for the year ending June 30, 2005.

**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).

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 \$193,772 (5%) for the year ended June 30, 2007, \$118,481 (5%) for the year ended

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**Note 14 - RETIREMENT SYSTEM, Continued**

June 30, 2006 and \$145,631 (5%) for the year ended June 30, 2005. 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 \$569,328 for the year ended June 30, 2007, \$542,534 for the year ended June 30, 2006, and \$448,496 for the year ended June 30, 2005.

**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, 2007. 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, 2007 and 2006.

**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.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**Note 16 – BUDGETARY INFORMATION, Continued**

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

- Governmental Activities
- Business-Type Activities

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

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

Per City Charter, the level of budgetary control is at the department level. The following departments overspent their fiscal year 2007 budgets: City Administration by \$2,684, Legal by \$109,632, Building Inspection by \$7,576, Police Department by \$101,572, Public Works by \$127,966 and the Parks and Recreation Department by \$71,118. These over expenditures were anticipated and in most cases had additional revenue to cover them. They 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 2006-2007 the amounts carried over by the departments totaled \$1,657,932 and \$2,796,229 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>1,657,932</u>
Total Governmental Activities	<u>1,657,932</u>
<i>Business-Type Activities:</i>	
Waste Water Treatment Plant	<u>2,796,229</u>
Total Business-Type Activities	<u>2,796,229</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.

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**Note 17 – INTERFUND ACCOUNTS**

Due from/to other funds at June 30, 2007 consist of the following:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$3,662,575	\$ 2,153,769
Special Revenue Funds	1,232,685	640,638
Capital Project Funds	525,030	185,749
Mill Brook Industrial Park Fund	-	2,102,922
Saco Island TIF Fund	-	734,414
Proprietary Funds	397,202	-
<b>TOTAL</b>	<b>\$5,817,492</b>	<b>\$5,817,492</b>

Interfund transfers during the year ended June 30, 2007 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 526,000	\$ 591,530
Special Revenue Funds	8,000	501,000
Capital Project Funds	185,454	-
Saco Island TIF Fund	398,076	25,000
<b>TOTAL</b>	<b>\$1,117,530</b>	<b>\$1,117,530</b>

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

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

**Note 18 – DESIGNATED FUND BALANCE**

At June 30, 2007 and 2006, portions of the General Fund unreserved fund balance were designated by the School Department as follows:

	<u>2007</u>	<u>2006</u>
Reappropriated to subsequent year budget	\$429,634	\$294,645
<b>Total designated</b>	<b>\$429,634</b>	<b>\$294,645</b>

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**Note 19 – EXTRAORDINARY ITEM**

During fiscal year 2007, the Maine Energy Recovery Company settled an on-going legal dispute with the City of Saco netting revenues, after legal expenses of \$1,071,989. This revenue is reported separately as an extraordinary item on statements 2, 4 and 6.

**Note 20 – RESTATEMENT OF NET ASSETS**

As of July 1, 2006 net assets for the business-type activities have been restated to reclass sewer pipe infrastructure (\$12,205,372), net of debt (\$2,665,000) to its proper fund, as well as to bring the value of accrued compensated absences into the fund at July 1, 2006.

Net assets as previously reported	\$8,893,038
Infrastructure, net of related debt	9,540,372
<u>Accrued compensated absences</u>	<u>(69,903)</u>
<u>Net assets, as restated (Statement 2 and 8)</u>	<u>\$18,363,507</u>

As of July 1, 2006 net assets for the governmental activities have been restated to reclass sewer pipe infrastructure (\$12,205,372), net of debt (\$2,665,000) from the governmental activities to the business-type activities fund. A restatement has also been made to record the city owned land at July 1, 2006 of \$4,408,042.

Net assets as previously reported	\$44,087,506
Infrastructure, net of related debt	(\$9,540,372)
<u>Land value</u>	<u>4,408,042</u>
<u>Net assets, as restated (Statement 2)</u>	<u>\$38,955,176</u>

**Note 21 – 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, 2007:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 79,422,969	32,562,840
Accumulated depreciation	(30,523,122)	(13,387,059)
Bonds payable	(13,172,688)	(2,320,000)
<u>Capital leases</u>	<u>(3,359,272)</u>	<u>-</u>
<b><u>Total invested in capital assets net of related debt</u></b>	<b><u>\$ 32,367,887</u></b>	<b><u>16,855,781</u></b>

**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**Note 22 – SCHOOL ADMINISTRATIVE REORGANIZATION**

On June 6, 2007 the Maine House and Senate enacted the two-year state budget including the school administrative reorganization legislation “School Administrative Reorganization” (“SAR”) as Public Law 2007, Chapter 240. The law sets 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. All school units and municipal school units (collectively School Administrative Units or “SAU”) are directed to work with other units to reorganize into larger, more efficient units; or where expansion of the unit would be impractical or inconsistent with state policy, reorganize their own administrative structures to reduce costs. The legislative intent of the law is to create a maximum of 80 school units or the number of units appropriate to achieve administrative efficiencies.

The law required existing SAUs to file a “Notice of Intent” with the Commissioner by August 31, 2007. The Notice of Intent must elect either to engage in planning and negotiating with other SAUs for the purpose of developing a reorganization plan to form a regional school unit (“RSU”), or the intent to submit an alternative plan to achieve efficiencies. The Notice of Intent is subject to approval by the Commissioner of Education (the “Commissioner”), including approval of the election to file an alternative plan. SAUs are then required to submit a reorganization plan, or, if a SAU is exempted by the members of the general public, develop the reorganization plans. Reorganization plans approved by the Department of Education (“DOE”) are submitted to the voters in the proposed RSU.

If the reorganization plan is approved by the voters, elections will then be held for seats on the RSU school board.

All reorganization plans are subject to voter approval. A SAU whose plan is approved by the Commissioner in December, 2007 must hold a referendum on the plan on or before January 15, 2008. A SAU whose plan is received or revised after December 15, 2007 and approved by the Commissioner in December, 2007 but has exercised due diligence and acted in good faith in developing a reorganization plan, must hold a referendum of the plan on June 10, 2008. The DOE will fund the cost of a referendum held on or before January 15, 2008.

SAU’s, not otherwise exempt, that fail to approve a reorganization plan by November 4, 2008 and to implement that plan by July 1, 2009 will face financial penalties, starting on July 1, 2009. Penalties for SAUs that do not form appropriate RSUs by the beginning of FY 2010 include:

- A 50% reduction in minimum subsidy (the special education minimum);
- A 50% reduction in system administration costs includable for purposes of the funding model;
- Less favorable consideration in approval and funding for school construction;
- Loss of eligibility for transition adjustments; and
- The percentage of state subsidy will not increase to the highest level as called for in the four-year “ramp-up” of state funding for education (i.e., GPA will be consistent with a statewide average contribution of 53.86% instead of the 55% overall state share).



**City of Saco, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

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**Note 22 – SCHOOL ADMINISTRATIVE REORGANIZATION, CONTINUED**

The School Department has submitted a plan to the State which includes consolidating with the Old Orchard Beach School Department which currently provides K-12 education and the Dayton School Department which currently provides K-8 education. Because the Department's plan will be subject to review by the State Department of Education and voter approval the outcome of any reorganization affecting the Department is unknown.

**City of Saco, Maine**  
**Required Supplementary Information**  
**June 30, 2007**

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**MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets 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 completed its second condition assessment in 2003 (fiscal year 2004) and its third in 2006 (fiscal year 2007). 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 every three years. 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 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 Policy is to achieve a minimum rating of 70 for all streets, which is a 2 rating. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of June 30, 2003, June 30, 2002 and June 30, 2001, the City’s street system was rated at a PCI index of 72 on the average. As of June 30, 2006, June 30, 2005 and June 30, 2004, the City’s street system was rated at a PCI index of 89 on the average. As of June 30, 2007, the city’s street system was rated at a PCI index of 90 on the average. The detail of the condition assessments are as follows:

**City of Saco, Maine**  
**Required Supplementary Information**  
**June 30, 2007**

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

<u>Condition</u>	<u>FY 2001-2003</u> <u>% of Streets</u>	<u>FY 2004-2006</u> <u>% of Streets</u>	<u>FY 2007</u> <u>% of Streets</u>	<u>Asset Management</u> <u>System Rating</u>
Excellent to Good	35%	85%	89%	1
Fair	26%	13%	10%	2
Poor to Substandard	39%	2%	1%	3 and 4

As of June 30, 2003, June 30, 2002 and June 30, 2001, the City had some of its streets rated below the established 2 rating. Based on the original condition assessment performed, the City required several years to rehabilitate these segments of the streets and has done so within the 4 years through June 30, 2007. As is reflected with the June 30, 2006, 2005 and 2004 condition assessment performed and again with the 2007 condition assessment performed, a very immaterial percentage of streets now fall below the established policy level rating of a 2.

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 \$604,896 and \$697,847 respectively on street maintenance for the fiscal years ended June 30, 2007 and 2006. These expenditures delayed deterioration, and the overall condition of the streets was definitely improved through these maintenance expenditures. The City had estimated at the beginning of the condition assessment period that the amount of annual expenditures required to maintain the City's streets at the minimum PCI rating of 70 through the year 2007 was a minimum of \$1,547,000. This would have meant approximately \$500,000 per year. For the year ending June 30, 2007, the City expended just above this level.

The City also has an on-going street rehabilitation program, funded in the Capital Improvement Program that is intended to improve the condition rating of City streets. The rehabilitation program is formulated based on deficiencies identified as a part of its Asset Management System. As of June 30, 2001, 39 percent of the City's streets were rated below the acceptable standard of 70. Total deficiencies identified in the Pavement Management System (PMS) amounted to approximately \$1,961,000 on street segments rated below the PCI of 70. In the fiscal year 2002 and 2003 budget, the city allocated another \$500,000 for these capital improvement type projects. The city was therefore in alignment to meet this necessary PCI rating and in fact did with a fiscal year 2004 assessment concluding that only a mere 2 percent of the City's streets were rated below the acceptable standard of 70. The next condition assessment performed in fiscal year 2007 lowered this percentage even more to a mere 1%. The next condition assessment will not be performed until fiscal year 2010.

As of June 30, 2007, the City had 13,070,970 square feet of streets with a carrying amount of approximately \$4,387,911 and an estimated replacement cost of approximately \$34,384,587.

In 2001 the City subcontracted with an independent engineering firm to inventory and perform a condition assessment on all other city infrastructure assets. These condition assessments were then reviewed and updated again in fiscal year 2004 and 2007. 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, 2007**

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

<u>ConditionAverage</u>	FY 2001-2003 % of Other <u>Infrastructure</u>	FY 2004-2006 % of Other <u>Infrastructure</u>	FY 2007 % of Other <u>Infrastructure</u>	Management System <u>Rating</u>
Excellent to Good	68%	69.3%	80%	1
Fair	25%	25%	12%	2
Poor to Substandard	7%	5.7%	8%	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 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 expended \$404,468 and \$573,027 respectively on other infrastructure maintenance for the fiscal years ended June 30, 2007 and 2006. 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 2007 was at a minimum of \$1,576,444, or approximately \$500,000 per year. The fiscal year 2007 actual expenditures were just below this required level. The next condition assessment will not be performed until fiscal year 2010.

As of June 30, 2007, the City had approximately 318,523 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 \$2,136,971 and an estimated replacement cost of \$6,293,152; 266,639 feet of storm drainage with a carrying amount of \$17,775,855 and a replacement cost of \$27,063,922; 711,650 square feet of sidewalks with a carrying amount of \$1,570,178 and a replacement cost of \$2,445,932; 14 traffic signals with a carrying amount of \$775,820 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.

## **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.

CITY OF SACO, MAINE  
BALANCE SHEET - GENERAL FUND  
June 30, 2007

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	<u>2007</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 3,587,227
Investments	2,245,818
Accounts Receivable	874,623
Taxes Receivable:	
Current Year	530,559
Prior Year	63,676
Tax Liens	154,537
Prepaid Items	574,292
Interfund Receivable	3,662,575
Tax Acquired Property	<u>58,359</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 11,751,666</u></b>
 <b>LIABILITIES AND FUND BALANCE:</b>	
Liabilities:	
Accounts Payable	\$ 1,028,848
Accrued Liabilities	1,435,221
Taxes Collected in Advance	22,495
Interfund Payable	2,153,769
Deferred Tax Revenue	<u>489,804</u>
Total Liabilities	<u>5,130,137</u>
Fund Balance:	
Reserved for Encumbrances	94,700
Reserved for Prepaid Items	574,292
Reserved for Capital Improvement Projects	1,657,932
Unreserved:	
Designated - Subsequent years budgets	429,634
Undesignated	<u>3,864,971</u>
Total Fund Balance	<u>6,621,529</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 11,751,666</u></b>



CITY OF SACO, MAINE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>			
Taxes:			
Real and Personal Property	\$ 24,211,821	\$ 24,632,416	\$ 420,595
Change in Deferred Property Revenues	-	38,057	38,057
Excise Taxes	3,019,000	2,916,962	(102,038)
Interest and Lien Costs on Taxes	135,000	109,425	(25,575)
Total taxes	<u>27,365,821</u>	<u>27,696,860</u>	<u>331,039</u>
Licenses and Permits:			
City Clerk Fees	68,990	85,816	16,826
Building Permits	323,800	335,121	11,321
Cable Television Franchise	208,000	234,343	26,343
Plumbing Permits	24,336	22,885	(1,451)
Electrical Inspection Fees	61,502	24,292	(37,210)
Snowmobile Registrations	2,500	2,469	(31)
Canine Licenses and Late Fees	5,500	10,473	4,973
Victualers' License	8,000	6,115	(1,885)
Total licenses and permits	<u>702,628</u>	<u>721,514</u>	<u>18,886</u>
Intergovernmental:			
State Assistance:			
Education	9,809,192	9,810,413	1,221
Adult Education	35,200	37,230	2,030
Medicaid Income (Net)	450,000	527,261	77,261
State Agency Clients	90,000	112,945	22,945
Revenue Sharing	1,467,666	1,356,308	(111,358)
Local Road Assistance	261,172	249,088	(12,084)
Welfare Reimbursement	26,000	25,395	(605)
Homestead Exemptions	326,514	320,151	(6,363)
Fire App Grant	144,000	-	(144,000)
Other State Aid	78,000	56,253	(21,747)
City of Biddeford - Tax Base Sharing	170,000	92,506	(77,494)
Town of Scarborough - Recycling reimbursement	20,000	-	(20,000)
Goodwins Mills - Rescue reimbursement	7,500	15,000	7,500
Tuition and Other Charges for Services - Education	758,127	755,272	(2,855)
Total intergovernmental	<u>13,643,371</u>	<u>13,357,822</u>	<u>(285,549)</u>
Charges for Services:			
Police	42,000	36,918	(5,082)
Community Policing-Thornton Academy/Saco Middle	83,813	89,936	6,123
Public Works	161,000	233,785	72,785
Tipping Fees	289,395	213,647	(75,748)
Transfer Station Fees	60,000	37,188	(22,812)
Sewer Inspection Fees	4,000	4,300	300
Flow Control Ordinance	4,500	3,050	(1,450)
Recreation Department	225,000	278,313	53,313
False Alarm Fines	20,000	17,600	(2,400)
Miscellaneous Fees	15,600	146,565	130,965
Total charges for services	<u>905,308</u>	<u>1,061,302</u>	<u>155,994</u>
Other Revenues:			
Interest Earnings	100,000	229,841	129,841
Sale of City Assets	20,000	64,582	44,582
Building Rentals	20,000	54,618	34,618
Insurance Claims and Refund	115,000	27,085	(87,915)
Planning/Zoning Board and Engineering Studies	52,300	152	(52,148)
Recycled Waste and Fees	35,000	21,485	(13,515)
Unclassified	25,150	75,003	49,853
Total other revenues	<u>367,450</u>	<u>472,766</u>	<u>105,316</u>
<b>TOTAL REVENUES</b>	<u>42,984,578</u>	<u>43,310,264</u>	<u>325,686</u>



GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES:</b>			
General Government:			
Legislative	20,100	19,533	567
City Administration	207,699	210,383	(2,684)
Finance/Technology	886,853	791,568	95,285
City Clerk/Voter Registration/Welfare Assistance	197,039	195,956	1,083
Assessor	181,975	176,657	5,318
City Building Maintenance	102,027	102,021	6
Legal Services	250,000	359,632	(109,632)
Building Inspector	226,987	234,563	(7,576)
Planning	337,837	265,936	71,901
Total general government	<u>2,410,517</u>	<u>2,356,249</u>	<u>54,268</u>
Public Safety:			
Police/Central Dispatch	2,730,675	2,832,247	(101,572)
Fire/Ambulance/Public Water	2,200,910	2,059,283	141,627
Total public safety	<u>4,931,585</u>	<u>4,891,530</u>	<u>40,055</u>
Public Works:			
Administration/Maintenance	4,080,635	4,208,601	(127,966)
Total public works	<u>4,080,635</u>	<u>4,208,601</u>	<u>(127,966)</u>
Culture and Recreation:			
Parks & Recreation	715,130	786,248	(71,118)
Total culture and recreation	<u>715,130</u>	<u>786,248</u>	<u>(71,118)</u>
Education (Excluding Debt Service and Nutrition):			
Regular Education - K-12	24,434,147	24,168,775	265,372
Adult Education	121,880	123,910	(2,030)
Total education	<u>24,556,027</u>	<u>24,292,685</u>	<u>263,342</u>
County Tax	896,282	896,282	-
Unclassified:			
Employee Benefits	2,198,601	2,254,631	(56,030)
Insurance	241,969	239,081	2,888
Public Agencies	543,010	492,381	50,629
Overlay	400,000	-	400,000
Contingency	66,000	150,794	(84,794)
Total unclassified	<u>3,449,580</u>	<u>3,136,887</u>	<u>312,693</u>
Debt Service:			
School Department:			
Principal	650,979	650,979	-
Interest	297,012	297,012	-
City:			
Principal	748,566	748,566	-
Interest	249,669	249,362	307
Capital Leases and Agent Fees	340,041	338,980	1,061
Total debt service	<u>2,286,267</u>	<u>2,284,899</u>	<u>1,368</u>

**EXPENDITURES (Continued):**

Capital Projects:			
Sidewalk improvement	11,367	11,847	(480)
Street overlay/Road reconstruction	633,499	400,779	232,720
Traffic light preemption	20,000	30,432	(10,432)
Storm drainage projects	108,857	8,138	100,719
Simpson Road bridge	652,746	42,303	610,443
Microfilming	14,000	24,015	(10,015)
Assessing appraisal conversion	57,801	21,522	36,279
City signage	7,632	-	7,632
Industrial park rail road	36,666	-	36,666
Camp Ellis capital	26,356	-	26,356
Open door repairs	8,555	-	8,555
Athletic fields at landfill	78,195	55,092	23,103
City Hall wide area network	68,621	66,250	2,371
Ford Ambulance	130,000	-	130,000
Public works loader	35,000	-	35,000
Parks & recreation 1 ton truck	44,515	39,981	4,534
GIS lot line plotting	20,000	19,400	600
Fire pick up truck	27,000	26,407	593
City Hall roof repairs	10,000	-	10,000
Public works pick up truck	45,000	54,387	(9,387)
Conservation Projects	300,000	142,921	157,079
City-wide scanning project	22,440	37,779	(15,339)
EPA audit	26,596	-	26,596
Infrastructure bond projects	4,358,848	218,951	4,139,897
Total Capital Projects	<u>6,743,694</u>	<u>1,200,204</u>	<u>5,543,490</u>

<b>TOTAL EXPENDITURES</b>	<u>50,069,717</u>	<u>44,053,585</u>	<u>6,016,132</u>
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**EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)**

<b>EXPENDITURES</b>	<u>(7,085,139)</u>	<u>(743,321)</u>	<u>6,341,818</u>
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**OTHER FINANCING SOURCES (USES):**

Budgeted Utilization of Surplus-City	1,408,427	-	(1,408,427)
Budgeted Utilization of Surplus-School	294,645	-	(294,645)
Carryover of Designated Fund Balance	1,070,060	-	(1,070,060)
Bond proceeds	4,358,848	-	(4,358,848)
Operating Transfers From:			
Capital Projects Fund	25,000	25,000	-
Special Revenue Fund	501,000	501,000	-
Total other financing sources	<u>7,657,980</u>	<u>526,000</u>	<u>(7,131,980)</u>

## Operating Transfers To:

Special Revenue Fund	-	(8,000)	(8,000)
Capital Projects Fund	(572,841)	(583,530)	(10,689)
Total other financing (uses)	<u>(572,841)</u>	<u>(591,530)</u>	<u>(18,689)</u>

**NET CHANGE IN FUND BALANCE**

<b>BEFORE EXTRAORDINARY ITEM -</b>	<u>\$ -</u>	<u>\$ (808,851)</u>	<u>\$ (808,851)</u>
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**EXTRAORDINARY ITEM:**

Legal Settlement	-	1,071,989	1,071,989
Total extraordinary item	<u>-</u>	<u>1,071,989</u>	<u>1,071,989</u>

**NET CHANGE IN FUND BALANCE-**

<b>Budgetary Basis</b>	\$ -	\$ 263,138	\$ 263,138
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To adjust to Modified Accrual Basis-

Less- teachers summer salary accrual		<u>\$ (59,698)</u>	
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**NET CHANGE IN FUND BALANCE-**

<b>Modified Accrual Basis</b>		<u>\$ 203,440</u>	
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CITY OF SACO, MAINE  
STATEMENT OF CHANGES IN FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	Reserved			Unreserved		Total
	Encumbrances	Prepaid Items	Reserved for Subsequent Years' Expenditures	Designated to Subsequent Years' Budget	Undesignated	
<b>FUND BALANCE - Beginning of year</b>	\$ 272,118	\$ 159,719	\$ 912,072	\$ 294,645	\$ 4,779,535	\$ 6,418,089
<b>NET CHANGE IN FUND BALANCE</b>	<u>(177,418)</u>	<u>414,573</u>	<u>745,860</u>	<u>134,989</u>	<u>(914,564)</u>	<u>203,440</u>
<b>FUND BALANCE - End of year</b>	<u>\$ 94,700</u>	<u>\$ 574,292</u>	<u>\$ 1,657,932</u>	<u>\$ 429,634</u>	<u>\$ 3,864,971</u>	<u>\$ 6,621,529</u>

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CITY OF SACO, MAINE  
 COMBINING BALANCE SHEET - ALL OTHER NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2007

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 573,378	\$ -	\$ 20,832	\$ 594,210
Investments	57,170	1,451,280	676,663	2,185,113
Accounts Receivable (net)	1,157,465	-	700	1,158,165
Prepaid Items	2,859	-	-	2,859
Inventories and Other	40,224	-	-	40,224
Notes Receivable	14,287	-	-	14,287
Interfund Receivables	1,232,685	525,030	-	1,757,715
<b>TOTAL ASSETS</b>	<b>\$ 3,078,068</b>	<b>\$ 1,976,310</b>	<b>\$ 698,195</b>	<b>\$ 5,752,573</b>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	38,884	7,858	-	46,742
Accrued Wages	44,345	-	-	44,345
Interfund Payables	640,638	185,749	-	826,387
Total liabilities	<b>\$ 723,867</b>	<b>\$ 193,607</b>	<b>\$ -</b>	<b>\$ 917,474</b>
Fund Balances:				
Reserved for:				
Nonexpendable trust fund	-	-	181,383	181,383
Inventory	1,913	-	-	1,913
Other purposes	308,738	-	-	308,738
Unreserved:				
Undesignated	2,043,550	1,782,703	516,812	4,343,065
Total fund balances	<b>\$ 2,354,201</b>	<b>\$ 1,782,703</b>	<b>\$ 698,195</b>	<b>\$ 4,835,099</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,078,068</b>	<b>\$ 1,976,310</b>	<b>\$ 698,195</b>	<b>\$ 5,752,573</b>

CITY OF SACO, MAINE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL OTHER NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
<b>REVENUES:</b>				
Intergovernmental	\$ 1,804,474	\$ -	\$ -	\$ 1,804,474
Grant proceeds	-	401,500	-	401,500
Charges for services	551,456	-	-	551,456
Interest Income	32,425	71,720	25,632	129,777
Other Revenues	398,982	-	78,156	477,138
Total revenues	<u>\$ 2,787,337</u>	<u>\$ 473,220</u>	<u>\$ 103,788</u>	<u>\$ 3,364,345</u>
<b>EXPENDITURES:</b>				
Current:				
Special Projects	90,752	-	400	91,152
Education	1,867,041	-	-	1,867,041
Housing Programs	254,352	-	-	254,352
Capital Expenditures	113,053	1,273,705	-	1,386,758
Total expenditures	<u>\$ 2,325,198</u>	<u>\$ 1,273,705</u>	<u>\$ 400</u>	<u>\$ 3,599,303</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ 462,139</u>	<u>\$ (800,485)</u>	<u>\$ 103,388</u>	<u>\$ (234,958)</u>
<b>OTHER FINANCING SOURCES (USES) OF FUNDS:</b>				
Transfer (to) from General Fund	(493,000)	185,454	-	(307,546)
Total other financing sources (uses)	<u>\$ (493,000)</u>	<u>\$ 185,454</u>	<u>\$ -</u>	<u>\$ (307,546)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (30,861)</u>	<u>\$ (615,031)</u>	<u>\$ 103,388</u>	<u>\$ (542,504)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>2,385,062</u>	<u>2,397,734</u>	<u>594,807</u>	<u>5,377,603</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,354,201</u>	<u>\$ 1,782,703</u>	<u>\$ 698,195</u>	<u>\$ 4,835,099</u>

## **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.

*Aspire Grant*

To account for aspire grant funds received and expended.

*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.



CITY OF SACO, MAINE  
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2007

	<b>Recreation Impact Fees</b>	<b>Call Firemen Retirement</b>	<b>Ambulance</b>	<b>Economic Development Fund</b>	<b>Saco Housing Agency</b>	<b>School Categorical Grants</b>	<b>School Lunch Program</b>
<b>ASSETS:</b>							
Cash and Cash Equivalents	-	-	51,627	-	10,398	119,532	5,220
Investments	-	-	42,050	120	-	-	-
Accounts Receivable (net allowance of \$100,000)	-	-	192,953	-	4,442	84,260	10,799
Prepaid Items	-	-	-	-	-	2,859	-
Inventories and Other	-	-	-	-	-	-	1,913
Notes Receivable (net allowance of \$7,142)	-	-	-	14,287	-	-	-
Interfund Receivables	232,605	26,081	-	398,524	-	173,785	185,078
<b>TOTAL ASSETS</b>	<b>232,605</b>	<b>26,081</b>	<b>286,630</b>	<b>412,931</b>	<b>14,840</b>	<b>380,436</b>	<b>203,010</b>
<b>LIABILITIES AND FUND BALANCES:</b>							
Liabilities:							
Accounts Payable	637	-	336	-	110	28,375	8,518
Accrued Wages	-	-	-	-	-	41,739	72
Interfund Payables	-	-	430,306	-	-	1,584	207,897
<b>TOTAL LIABILITIES</b>	<b>637</b>	<b>-</b>	<b>430,642</b>	<b>-</b>	<b>110</b>	<b>71,698</b>	<b>216,487</b>
Fund Balances (Deficit):							
Reserved for:							
Inventory	-	-	-	-	-	-	1,913
Other purposes	-	-	-	-	-	308,738	-
Unreserved:							
Undesignated	231,968	26,081	(144,012)	412,931	14,730	-	(15,390)
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>231,968</b>	<b>26,081</b>	<b>(144,012)</b>	<b>412,931</b>	<b>14,730</b>	<b>308,738</b>	<b>(13,477)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>232,605</b>	<b>26,081</b>	<b>286,630</b>	<b>412,931</b>	<b>14,840</b>	<b>380,436</b>	<b>203,010</b>

Continued on following page.

CITY OF SACO, MAINE  
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS (Continued)  
 JUNE 30, 2007

	<b>Saco Skate Park</b>	<b>Wellness Grant</b>	<b>Planning Board Improvements</b>	<b>Fire Reserves</b>	<b>Jump Start Grant</b>	<b>Police Arrest Forfeiture Fund</b>	<b>Joe Riley Memorial Park</b>
<b>ASSETS:</b>							
Cash and Cash Equivalents	-	-	-	-	-	756	1,780
Investments	-	-	-	-	-	-	-
Accounts Receivable (net allowance of \$100,000)	-	315	-	-	-	1,000	-
Prepaid Items	-	-	-	-	-	-	-
Inventories and Other	-	-	-	-	-	-	-
Notes Receivable (net allowance of \$7,142)	-	-	-	-	-	-	-
Interfund Receivables	1,422	9,801	33,090	1,557	1,535	12,184	-
<b>TOTAL ASSETS</b>	<b>1,422</b>	<b>10,116</b>	<b>33,090</b>	<b>1,557</b>	<b>1,535</b>	<b>13,940</b>	<b>1,780</b>
<b>LIABILITIES AND FUND BALANCES:</b>							
Liabilities:							
Accounts Payable	-	-	-	-	-	-	-
Accrued Wages	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-	851
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>851</b>
Fund Balances (Deficit):							
Reserved for:							
Inventory	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unreserved:							
Undesignated	1,422	10,116	33,090	1,557	1,535	13,940	929
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>1,422</b>	<b>10,116</b>	<b>33,090</b>	<b>1,557</b>	<b>1,535</b>	<b>13,940</b>	<b>929</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>1,422</b>	<b>10,116</b>	<b>33,090</b>	<b>1,557</b>	<b>1,535</b>	<b>13,940</b>	<b>1,780</b>

Continued on following page.

CITY OF SACO, MAINE  
 COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS (Continued)  
 JUNE 30, 2007

	<u>Emergency Management</u>	<u>Aspire Grant</u>	<u>Camp Ellis</u>	<u>Front Street Park</u>	<u>Lucia Kimball Deering Trust</u>	<u>Totals 2007</u>
<b>ASSETS:</b>						
Cash and Cash Equivalents	-	-	500	-	383,565	573,378
Investments	-	-	-	-	15,000	57,170
Accounts Receivable (net allowance of \$100,000)	-	-	-	-	863,696	1,157,465
Prepaid Items	-	-	-	-	-	2,859
Inventories and Other	-	-	-	-	38,311	40,224
Notes Receivable (net allowance of \$7,142)	-	-	-	-	-	14,287
Interfund Receivables	661	1,087	155,116	159	-	1,232,685
<b>TOTAL ASSETS</b>	<u>661</u>	<u>1,087</u>	<u>155,616</u>	<u>159</u>	<u>1,300,572</u>	<u>3,078,068</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities:						
Accounts Payable	-	-	908	-	-	38,884
Accrued Wages	-	-	2,534	-	-	44,345
Interfund Payables	-	-	-	-	-	640,638
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>3,442</u>	<u>-</u>	<u>-</u>	<u>723,867</u>
Fund Balances (Deficit):						
Reserved for:						
Inventory	-	-	-	-	-	1,913
Other purposes	-	-	-	-	-	308,738
Unreserved:						
Undesignated	661	1,087	152,174	159	1,300,572	2,043,550
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>661</u>	<u>1,087</u>	<u>152,174</u>	<u>159</u>	<u>1,300,572</u>	<u>2,354,201</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>661</u>	<u>1,087</u>	<u>155,616</u>	<u>159</u>	<u>1,300,572</u>	<u>3,078,068</u>

88

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, 2007

	<b>Recreation Impact Fees</b>	<b>Call Firemen Retirement</b>	<b>Ambulance</b>	<b>Economic Development Fund</b>	<b>Saco Housing Agency</b>	<b>School Categorical Grants</b>	<b>School Lunch Program</b>
<b>REVENUES:</b>							
Intergovernmental	-	-	-	-	248,818	1,286,036	269,439
Charges for Services	109,075	-	365,602	-	-	-	-
Interest Income	-	1,293	6,473	8,898	-	-	-
Other Revenue	63	-	-	-	-	61,008	322,021
Total revenues	<u>109,138</u>	<u>1,293</u>	<u>372,075</u>	<u>8,898</u>	<u>248,818</u>	<u>1,347,044</u>	<u>591,460</u>
<b>EXPENDITURES:</b>							
Current:							
Special Projects	-	-	-	-	-	-	-
Education	-	-	-	-	-	1,288,931	578,110
Housing Programs	-	-	-	-	254,352	-	-
Capital Expenditures	81,110	-	25,055	4,000	-	-	-
Total expenditures	<u>81,110</u>	<u>-</u>	<u>25,055</u>	<u>4,000</u>	<u>254,352</u>	<u>1,288,931</u>	<u>578,110</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>28,028</u>	<u>1,293</u>	<u>347,020</u>	<u>4,898</u>	<u>(5,534)</u>	<u>58,113</u>	<u>13,350</u>
<b>OTHER FINANCING SOURCES (USES) OF FUNDS:</b>							
Transfer (to) from General Fund	-	8,000	(480,000)	(20,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>8,000</u>	<u>(480,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	28,028	9,293	(132,980)	(15,102)	(5,534)	58,113	13,350
<b>FUND BALANCES (DEFICIT) - BEGINNING OF YEAR</b>	<u>203,940</u>	<u>16,788</u>	<u>(11,032)</u>	<u>428,033</u>	<u>20,264</u>	<u>250,625</u>	<u>(26,827)</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u><u>231,968</u></u>	<u><u>26,081</u></u>	<u><u>(144,012)</u></u>	<u><u>412,931</u></u>	<u><u>14,730</u></u>	<u><u>308,738</u></u>	<u><u>(13,477)</u></u>

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, 2007

	<u>Saco Skate Park</u>	<u>Wellness Grant</u>	<u>Planning Board Improvements</u>	<u>Fire Reserves</u>	<u>Jump Start Grant</u>	<u>Police Arrest Forfeiture Fund</u>	<u>Joe Riley Memorial Park</u>
<b>REVENUES:</b>							
Intergovernmental	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	2
Other Revenue	-	10,137	-	810	-	4,943	-
Total revenues	<u>-</u>	<u>10,137</u>	<u>-</u>	<u>810</u>	<u>-</u>	<u>4,943</u>	<u>2</u>
<b>EXPENDITURES:</b>							
Current:							
Special Projects	-	8,356	-	-	-	-	-
Education	-	-	-	-	-	-	-
Housing Programs	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	2,888	-
Total expenditures	<u>-</u>	<u>8,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,888</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>1,781</u>	<u>-</u>	<u>810</u>	<u>-</u>	<u>2,055</u>	<u>2</u>
<b>OTHER FINANCING SOURCES (USES) OF FUNDS:</b>							
Transfer (to) from General Fund	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	1,781	-	810	-	2,055	2
<b>FUND BALANCES (DEFICIT) - BEGINNING OF YEAR</b>	<u>1,422</u>	<u>8,335</u>	<u>33,090</u>	<u>747</u>	<u>1,535</u>	<u>11,885</u>	<u>927</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u><u>1,422</u></u>	<u><u>10,116</u></u>	<u><u>33,090</u></u>	<u><u>1,557</u></u>	<u><u>1,535</u></u>	<u><u>13,940</u></u>	<u><u>929</u></u>

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, 2007

	<u>Emergency Management</u>	<u>Aspire Grant</u>	<u>Camp Ellis</u>	<u>Front Street Park</u>	<u>Lucia Kimball Deering Trust</u>	<u>Totals 2007</u>
<b>REVENUES:</b>						
Intergovernmental	181	-	-	-	-	1,804,474
Charges for Services	-	-	76,779	-	-	551,456
Interest Income	-	-	-	-	15,759	32,425
Other Revenue	-	-	-	-	-	398,982
Total revenues	<u>181</u>	<u>-</u>	<u>76,779</u>	<u>-</u>	<u>15,759</u>	<u>2,787,337</u>
<b>EXPENDITURES:</b>						
Current:						
Special Projects	-	-	66,178	-	16,218	90,752
Education	-	-	-	-	-	1,867,041
Housing Programs	-	-	-	-	-	254,352
Capital Expenditures	-	-	-	-	-	113,053
Total expenditures	<u>-</u>	<u>-</u>	<u>66,178</u>	<u>-</u>	<u>16,218</u>	<u>2,325,198</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>181</u>	<u>-</u>	<u>10,601</u>	<u>-</u>	<u>(459)</u>	<u>462,139</u>
<b>OTHER FINANCING SOURCES (USES) OF FUNDS:</b>						
Transfer (to) from General Fund	-	-	(1,000)	-	-	(493,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>(493,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	181	-	9,601	-	(459)	(30,861)
<b>FUND BALANCES (DEFICIT) - BEGINNING OF YEAR</b>	<u>480</u>	<u>1,087</u>	<u>142,573</u>	<u>159</u>	<u>1,301,031</u>	<u>2,385,062</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u><u>661</u></u>	<u><u>1,087</u></u>	<u><u>152,174</u></u>	<u><u>159</u></u>	<u><u>1,300,572</u></u>	<u><u>2,354,201</u></u>

## 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.

### *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.

### *Saunders CDBG Grant*

To account for the CDBG grant funds received by the City on behalf of Saunders Electronics.

### *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 PROJECT FUNDS  
 JUNE 30, 2007

	<u>Spring Hill TIF Project</u>	<u>First Light TIF Project</u>	<u>Transparent Audio TIF Project</u>	<u>Saco Plaza TIF Project</u>	<u>Greater Downtown Improvements</u>
<b>ASSETS:</b>					
Investments	-	47,423	10,930	790	-
Interfund Receivables	246,061	55,235	-	-	5,948
<b>TOTAL ASSETS</b>	<u>246,061</u>	<u>102,658</u>	<u>10,930</u>	<u>790</u>	<u>5,948</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable	-	-	-	-	-
Interfund Payables	-	-	1,723	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>1,723</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficit):</b>					
Unreserved:					
Undesignated	246,061	102,658	9,207	790	5,948
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>246,061</u>	<u>102,658</u>	<u>9,207</u>	<u>790</u>	<u>5,948</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>246,061</u>	<u>102,658</u>	<u>10,930</u>	<u>790</u>	<u>5,948</u>

Continued on following page.

CITY OF SACO, MAINE  
 COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2007

	<u>Park North TIF Project</u>	<u>Saunders CDBG Grant</u>	<u>Open Space Bond Issue</u>	<u>Landfill Fund</u>	<u>Totals 2007</u>
<b>ASSETS:</b>					
Investments	-	-	-	1,392,137	1,451,280
Interfund Receivables	-	-	217,786	-	525,030
<b>TOTAL ASSETS</b>	<u>-</u>	<u>-</u>	<u>217,786</u>	<u>1,392,137</u>	<u>1,976,310</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable	300	-	-	7,558	7,858
Interfund Payables	-	-	-	184,026	185,749
<b>TOTAL LIABILITIES</b>	<u>300</u>	<u>-</u>	<u>-</u>	<u>191,584</u>	<u>193,607</u>
<b>Fund Balances (Deficit):</b>					
Unreserved:					
Undesignated	(300)	-	217,786	1,200,553	1,782,703
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>(300)</u>	<u>-</u>	<u>217,786</u>	<u>1,200,553</u>	<u>1,782,703</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>-</u>	<u>-</u>	<u>217,786</u>	<u>1,392,137</u>	<u>1,976,310</u>

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, 2007

	<u>Spring Hill TIF Project</u>	<u>First Light TIF Project</u>	<u>Transparent Audio TIF Project</u>	<u>Saco Plaza TIF Project</u>	<u>Greater Downtown Improvements</u>
<b>REVENUES:</b>					
Interest Income	-	1,110	256	18	-
Grant proceeds	-	-	-	-	-
Total revenues	<u>-</u>	<u>1,110</u>	<u>256</u>	<u>18</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Project Costs	-	-	-	29,821	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,821</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>1,110</u>	<u>256</u>	<u>(29,803)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES) OF FUNDS:</b>					
Transfer from (to) General Fund	119,106	34,241	2,286	29,821	-
Total other financing sources (uses)	<u>119,106</u>	<u>34,241</u>	<u>2,286</u>	<u>29,821</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>119,106</u>	<u>35,351</u>	<u>2,542</u>	<u>18</u>	<u>-</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>126,955</u>	<u>67,307</u>	<u>6,665</u>	<u>772</u>	<u>5,948</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>246,061</u></u>	<u><u>102,658</u></u>	<u><u>9,207</u></u>	<u><u>790</u></u>	<u><u>5,948</u></u>

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, 2007

	<u>Park North TIF Project</u>	<u>Saunders CDBG Grant</u>	<u>Open Space Bond Issue</u>	<u>Landfill Fund</u>	<u>Totals 2007</u>
<b>REVENUES:</b>					
Interest Income	-	-	-	70,336	71,720
Grant proceeds	-	401,500	-	-	401,500
Total revenues	<u>-</u>	<u>401,500</u>	<u>-</u>	<u>70,336</u>	<u>473,220</u>
<b>EXPENDITURES:</b>					
Project Costs	300	401,500	761,208	80,876	1,273,705
Total expenditures	<u>300</u>	<u>401,500</u>	<u>761,208</u>	<u>80,876</u>	<u>1,273,705</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(300)</u>	<u>-</u>	<u>(761,208)</u>	<u>(10,540)</u>	<u>(800,485)</u>
<b>OTHER FINANCING SOURCES (USES) OF FUNDS:</b>					
Transfer from (to) General Fund	-	-	-	-	185,454
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,454</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(300)</u>	<u>-</u>	<u>(761,208)</u>	<u>(10,540)</u>	<u>(615,031)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>978,994</u>	<u>1,211,093</u>	<u>2,397,734</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>(300)</u>	<u>-</u>	<u>217,786</u>	<u>1,200,553</u>	<u>1,782,703</u>

**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, 2007

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	City of Saco Permanent Funds
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 20,832
Investments	676,663
Accounts Receivable	700
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 698,195</b>
	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES:</b>	
Fund Balance:	
Principal	\$ 181,383
Unexpended Income	516,812
Total fund balances	698,195
	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 698,195</b>
	<hr/> <hr/>

CITY OF SACO, MAINE  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2007

	City of Saco Permanent Funds
<b>REVENUES:</b>	
Interest and dividends	\$ 25,632
Net increase in fair value of investments	78,156
Total revenues	103,788
<b>EXPENDITURES:</b>	
Administrative expenditures	400
Total expenditures	400
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	103,388
<b>FUND BALANCE - BEGINNING OF YEAR</b>	594,807
<b>FUND BALANCE - END OF YEAR</b>	\$ 698,195



## **AGENCY FUNDS**

### *Agency Funds*

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

CITY OF SACO, MAINE  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<b>ASSETS</b>				
Cash and cash equivalents	\$ 118,739	106,309	99,854	125,194
<b>Total assets</b>	<b>\$ 118,739</b>	<b>106,309</b>	<b>99,854</b>	<b>125,194</b>
<b>LIABILITIES</b>				
Due to student groups	\$ 118,739	106,309	99,854	125,194
<b>Total liabilities</b>	<b>\$ 118,739</b>	<b>106,309</b>	<b>99,854</b>	<b>125,194</b>

**STATISTICAL SECTION**



## 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.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
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.

**City of Saco, Maine**  
**Net Assets by Component**  
**Last Ten Fiscal Years (1)**  
**(accrual basis of accounting)**

Table 1

	2001	2002	2003	2004	2005	2006	2007
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
Restricted:							
Permanent fund principal	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
Unrestricted	10,961,645	11,973,689	9,879,061	8,871,170	4,658,456	6,061,556	8,303,871
Total governmental activities net assets	<u>\$ 37,856,214</u>	<u>\$ 39,624,642</u>	<u>\$ 39,402,197</u>	<u>\$ 40,395,596</u>	<u>\$ 41,037,980</u>	<u>\$ 44,087,506</u>	<u>\$ 41,161,879</u>
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
Unrestricted	3,277,674	3,462,433	3,280,868	3,615,269	7,628,663	5,071,893	1,298,491
Total business-type activities net assets	<u>\$ 9,554,431</u>	<u>\$ 9,267,447</u>	<u>\$ 8,945,668</u>	<u>\$ 8,956,271</u>	<u>\$ 8,663,574</u>	<u>\$ 8,893,038</u>	<u>\$ 18,154,272</u>
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
Restricted:							
Permanent fund principal	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
Unrestricted	14,239,319	15,436,122	13,159,929	12,486,439	12,287,119	11,133,449	9,602,362
Total primary government net assets	<u>\$ 47,410,645</u>	<u>\$ 48,892,089</u>	<u>\$ 48,347,865</u>	<u>\$ 49,351,867</u>	<u>\$ 49,701,554</u>	<u>\$ 52,980,544</u>	<u>\$ 59,316,151</u>

(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)**

Table 2

	2001	2002	2003	2004	2005	2006	2007
<b>Governmental activities:</b>							
<b>Expenses</b>							
General Government	\$ 1,703,318	\$ 2,082,612	\$ 2,558,143	\$ 2,545,843	\$ 2,647,140	\$ 2,939,837	\$ 2,470,601
Public Safety	3,876,117	4,288,353	4,541,135	4,438,847	4,883,614	4,844,961	5,082,323
Public Works	3,068,339	3,097,678	3,393,351	3,591,566	4,586,385	3,709,977	4,588,755
Housing Programs	175,994	170,247	200,651	205,501	272,246	230,010	254,352
Culture and Recreation	360,045	388,018	465,507	526,806	626,204	677,646	825,222
Education	20,202,081	20,317,080	21,685,656	23,982,205	25,195,306	26,993,528	28,072,031
Unclassified	3,097,765	3,569,709	3,155,801	2,794,827	3,363,144	3,102,707	4,124,321
Interest on Debt	660,783	1,153,235	1,610,299	587,724	680,893	756,399	845,217
Capital Maintenance Programs	3,354,453	1,847,476	2,219,090	1,452,387	1,894,297	2,040,616	1,192,173
Total governmental activities expenses	<u>36,498,895</u>	<u>36,914,408</u>	<u>39,829,633</u>	<u>40,125,706</u>	<u>44,149,229</u>	<u>45,295,681</u>	<u>47,454,995</u>
<b>Program Revenues</b>							
Charges for Services							
General Government	305,800	430,794	517,909	804,271	969,798	875,832	800,981
Public Safety	310,608	393,788	403,188	319,482	418,686	588,360	510,056
Public Works	469,526	521,732	572,310	563,154	489,365	555,752	510,405
Culture and Recreation	75,930	86,641	158,631	251,904	323,471	380,264	464,167
Education	743,257	783,005	639,776	791,341	909,182	1,262,613	1,138,301
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
Capital Grants and Contributions	2,629,081	2,584,728	1,271,272	1,027,926	1,437,216	334,586	961,626
Total governmental activities program revenues	<u>13,951,884</u>	<u>14,280,194</u>	<u>13,374,353</u>	<u>14,475,014</u>	<u>15,468,173</u>	<u>17,247,034</u>	<u>18,467,927</u>
Net (expense)/revenue, governmental activities	<u>(22,547,011)</u>	<u>(22,634,214)</u>	<u>(26,455,280)</u>	<u>(25,650,692)</u>	<u>(28,681,056)</u>	<u>(28,048,647)</u>	<u>(28,987,068)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
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
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
Franchise fees	69,006	85,434	151,339	167,212	185,477	215,806	234,343
Grants and contributions not restricted							
Homestead exemption	540,692	506,400	525,682	288,286	242,190	325,496	320,151
Other State aid	141,363	15,447	56,126	127,416	55,792	40,444	56,253
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
Unrestricted investment earnings	765,680	324,044	224,397	161,479	216,963	295,164	359,620
Miscellaneous revenues	14,798	61,069	532,913	42,563	47,179	20,705	153,223
Transfers	211,396	205,000	205,344	417,952	660,033	459,249	-
Total governmental activities general revenues/other changes	<u>23,549,571</u>	<u>24,402,642</u>	<u>26,232,835</u>	<u>26,879,600</u>	<u>29,323,440</u>	<u>29,166,923</u>	<u>30,121,782</u>
<b>Extraordinary Item</b>							
Legal settlement	-	-	-	-	-	-	1,071,989
Total extraordinary item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,071,989</u>
<b>Change in Net Assets - Governmental activities</b>	<u>\$ 1,002,560</u>	<u>\$ 1,768,428</u>	<u>\$ (222,445)</u>	<u>\$ 1,228,908</u>	<u>\$ 642,384</u>	<u>\$ 1,118,276</u>	<u>\$ 2,206,703</u>
<b>Business-Type Activities</b>							
<b>Expenses</b>							
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
Total business-type activities expenses	<u>2,495,676</u>	<u>1,859,879</u>	<u>1,886,353</u>	<u>1,617,000</u>	<u>2,091,519</u>	<u>1,766,445</u>	<u>2,329,012</u>
<b>Program Revenues</b>							
Charges for services	1,684,581	1,726,984	1,720,765	1,980,486	2,411,039	2,405,869	2,052,749
Capital grants and contributions	81,597	-	-	-	-	-	-
Total business-type activities program revenues	<u>1,766,178</u>	<u>1,726,984</u>	<u>1,720,765</u>	<u>1,980,486</u>	<u>2,411,039</u>	<u>2,405,869</u>	<u>2,052,749</u>
Net (expense)/revenue, business-type activities	<u>(729,498)</u>	<u>(132,895)</u>	<u>(165,588)</u>	<u>363,486</u>	<u>319,520</u>	<u>639,424</u>	<u>(276,263)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Unrestricted investment earnings	64,276	48,456	42,471	37,983	38,159	45,110	62,726
Miscellaneous revenues	9,420	2,455	6,682	27,086	9,657	4,179	4,302
Transfers	(211,396)	(205,000)	(205,344)	(417,952)	(660,033)	(459,249)	-
Total business-type activities general revenues/other changes	<u>(137,700)</u>	<u>(154,089)</u>	<u>(156,191)</u>	<u>(352,883)</u>	<u>(612,217)</u>	<u>(409,960)</u>	<u>67,028</u>
<b>Change in Net Assets - Business-Type activities</b>	<u>\$ (867,198)</u>	<u>\$ (286,984)</u>	<u>\$ (321,779)</u>	<u>\$ 10,603</u>	<u>\$ (292,697)</u>	<u>\$ 229,464</u>	<u>\$ (209,235)</u>

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

**City of Saco, Maine**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years (1)**  
**(accrual basis of accounting)**

**Table 3**

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

(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)**

**Table 4**

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
General Fund							
Reserved for:							
Encumbrances	\$ 226,954	\$ 83,332	\$ 78,483	\$ 152,407	\$ 144,980	\$ 272,118	\$ 94,700
Prepaid items	110,635	120,961	204,389	549,278	176,006	159,719	574,292
Capital improvements	2,093,385	2,746,641	1,998,861	1,120,488	1,007,286	912,072	1,657,932
Unreserved	5,992,620	6,040,111	4,057,992	3,923,723	4,848,829	5,074,180	4,294,605
<b>Total General Fund</b>	<b>\$ 8,423,594</b>	<b>\$ 8,991,045</b>	<b>\$ 6,339,725</b>	<b>\$ 5,745,896</b>	<b>\$ 6,177,101</b>	<b>\$ 6,418,089</b>	<b>\$ 6,621,529</b>
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
Inventory	-	11,278	9,983	16,765	8,779	1,381	1,913
Other purposes	301,264	345,844	301,677	237,075	220,359	250,625	308,738
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
Capital project funds	380,742	1,105,150	944,366	1,110,910	495,968	170,368	(314,839)
Permanent funds	376,052	296,718	283,704	344,609	380,013	413,424	516,812
<b>Total all other governmental funds</b>	<b>\$ 3,094,580</b>	<b>\$ 2,569,879</b>	<b>\$ 3,039,019</b>	<b>\$ 3,434,629</b>	<b>\$ 3,196,587</b>	<b>\$ 3,150,237</b>	<b>\$ 2,737,557</b>

(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)**

Table 5

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
<b>All Governmental Funds</b>							
Revenues							
Property taxes	\$ 20,144,345	\$ 21,633,468	\$ 22,993,956	\$ 24,278,842	\$ 26,703,395	\$ 26,196,118	\$ 27,696,860
Licenses and permits	292,555	321,797	460,663	666,654	828,806	767,988	721,514
Intergovernmental	13,705,962	14,349,885	13,139,320	12,531,595	13,011,645	14,696,750	15,563,796
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
Charges for services	1,274,967	1,250,668	1,465,386	1,129,684	1,237,312	1,551,849	1,612,758
Other revenue	1,983,139	814,390	1,219,247	969,529	1,178,383	1,084,282	1,079,683
Total General Fund revenues	<u>\$ 38,634,849</u>	<u>\$ 39,751,031</u>	<u>\$ 40,751,188</u>	<u>\$ 40,976,760</u>	<u>\$ 44,373,790</u>	<u>\$ 45,872,407</u>	<u>\$ 48,381,309</u>
Expenditures							
General government	\$ 1,276,785	\$ 1,367,308	\$ 1,665,735	\$ 1,702,939	\$ 1,779,876	\$ 1,985,467	\$ 2,356,249
Public safety	3,614,790	4,002,925	4,198,832	4,074,543	4,527,592	4,491,147	4,891,530
Public works	2,815,080	2,959,648	3,115,397	3,300,696	3,664,176	3,757,464	4,208,601
Housing programs	175,994	170,247	200,651	205,501	272,246	230,010	254,352
Culture and recreation	327,358	378,551	430,672	485,750	585,146	638,353	786,248
Education	19,541,066	19,716,349	21,187,285	22,210,411	23,781,057	24,778,973	26,452,186
Maine State Retirement on behalf payments	1,233,881	1,380,823	1,472,616	1,400,456	1,414,249	1,575,420	1,706,698
Unclassified	3,089,201	3,569,709	3,135,612	2,978,695	2,936,151	3,082,856	3,228,039
County Tax	356,525	604,281	795,896	747,821	772,182	859,723	896,282
Debt Service							
Principal	1,247,000	1,500,000	1,733,499	1,742,045	1,737,045	1,387,045	1,399,545
Interest and other charges	843,891	1,082,681	1,134,492	850,151	1,024,189	932,670	885,354
Capital Improvements	4,427,164	10,460,100	4,811,703	1,913,923	5,337,723	4,390,889	3,543,250
Total General Fund expenditures	<u>\$ 38,948,735</u>	<u>\$ 47,192,622</u>	<u>\$ 43,882,390</u>	<u>\$ 41,612,931</u>	<u>\$ 47,831,632</u>	<u>\$ 48,110,017</u>	<u>\$ 50,608,334</u>
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
Proceeds from capital lease financing	361,960	261,663	743,678	-	2,680,585	473,000	945,796
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	-
Transfers out	(2,152,370)	(1,136,785)	(751,262)	(1,756,091)	(1,033,226)	(968,841)	(1,109,530)
Total General Fund other financing sources (uses)	<u>573,356</u>	<u>7,566,452</u>	<u>949,022</u>	<u>417,952</u>	<u>3,340,618</u>	<u>2,432,248</u>	<u>945,796</u>
Extraordinary item							
Legal settlement	-	-	-	-	-	-	1,071,989
Total extraordinary item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,071,989</u>
Net change in fund balance	<u>\$ 259,470</u>	<u>\$ 124,861</u>	<u>\$ (2,182,180)</u>	<u>\$ (218,219)</u>	<u>\$ (117,224)</u>	<u>\$ 194,638</u>	<u>\$ (209,240)</u>
Debt service as a percentage of noncapital expenditures	6.06%	7.03%	7.34%	6.53%	6.50%	5.58%	4.85%

(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**

**Table 6**

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, 1998	\$ 557,678,800	\$ 240,252,100	\$ 43,320,800	\$ 54,359,200	\$ 786,892,500	\$ 19.50	\$ 741,700,000	106.1%
June 30, 1999	\$ 550,087,200	\$ 235,812,500	\$ 44,742,900	\$ 52,450,200	\$ 778,192,400	\$ 20.20	\$ 792,650,000	98.2%
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%

1 - Saco Assessing Office

2 - State of Maine, Bureau of Taxation

**City of Saco, Maine**  
**Property Tax Rates - All Direct and Overlapping**  
**Governments (Per \$1,000 of Assessed Value)**  
**Last Ten Fiscal Years**

**Table 7**

Fiscal Year ended	Direct		Overlapping	Total Tax Rate
	Municipal Tax Rate	School Tax Rate	County Tax Rate	
June 30, 1998	\$ 7.87	\$ 11.20	\$ 0.43	\$ 19.50
June 30, 1999	\$ 8.14	\$ 11.61	\$ 0.45	\$ 20.20
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

Source: Saco Assessing Office

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

**City of Saco, Maine  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

**Table 8**

Taxpayer	2007			1998		
	Current year Assessed Value	Rank	Percentage of Total Assessed Value	Current year Assessed Value	Rank	Percentage of Total Assessed Value
General Dynamics Armament Systems	\$ 31,530,600	1	1.63%	\$28,099,400	1	3.69%
Central Maine Power Co.	\$ 14,519,000	2	0.75%	\$10,300,000	2	1.35%
Ferry Road Association	\$ 13,205,050	3	0.68%			
Biddeford & Saco Water Co.	\$ 12,251,300	4	0.63%	\$ 7,555,200	4	0.99%
Shaw's Supermarket	\$ 11,484,600	5	0.60%			
FPL Energy Maine Hydro LLC	\$ 11,462,000	6	0.59%			
James E. Clair Sr.				\$ 3,690,700	7	0.48%
Saco & Biddeford Savings Institution	\$ 10,706,100	7	0.55%	\$ 1,816,300	10	0.24%
Hannaford Brothers Co.	\$ 10,124,100	8	0.52%	\$ 3,958,600	6	0.52%
Cormier Land Company/ DALCOR (Funtown)	\$ 9,171,400	9	0.48%	\$ 9,005,500	3	1.18%
Grey M & Joseph D Emmons Trustees				\$ 6,360,500	5	0.84%
Ledgewood Terrace				\$ 2,292,300	8	0.30%
Academy Place				\$ 2,262,500	9	0.30%
Saco Valley LLC	\$ 8,840,000	10	0.46%			
Total Principal Taxpayers			6.89%			9.89%
All Other Taxpayers			93.11%			90.11%

Source: Saco Assessing Office

**City of Saco, Maine  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

**Table 9**

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, 1998	\$ 15,403,291	\$ 14,667,433	95.22%	\$ 735,587	\$ 15,403,020	100.00%
June 30, 1999	\$ 15,766,907	\$ 14,955,872	94.86%	\$ 803,819	\$ 15,759,691	99.95%
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%	\$ 577,594	\$ 17,665,409	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%	\$ 618,390	\$ 20,361,292	99.96%
June 30, 2004	\$ 21,329,954	\$ 20,518,814	96.20%	\$ 806,777	\$ 21,325,591	99.98%
June 30, 2005	\$ 23,434,356	\$ 22,682,803	96.79%	\$ 538,063	\$ 23,220,866	99.09%
June 30, 2006	\$ 23,266,389	\$ 22,647,952	97.34%	\$ 436,759	\$ 23,084,711	99.22%
June 30, 2007	\$ 24,607,762	\$ 24,054,072	97.75%	\$ -	\$ 24,054,072	97.75%

(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**

**Table 10**

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, 1998	\$ 16,646,000	\$ 602,294	\$ 5,020,000	\$ -	\$ 22,268,294	6.43%	\$ 1,418
June 30, 1999	\$ 15,459,000	\$ 541,306	\$ 4,760,000	\$ -	\$ 20,760,306	5.73%	\$ 1,323
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

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 120 for personal income and population data.

**City of Saco, Maine**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Table 11**

Fiscal Year	General Obligation Debt	State Assessed Value of Property (1)	Per Capita (2)
1998	\$ 21,666,000	2.92%	\$ 1,418
1999	\$ 20,219,000	2.55%	\$ 1,323
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	1.13%	\$ 1,039
2006	\$ 17,239,733	0.95%	\$ 1,025
2007	\$ 15,492,688	0.78%	\$ 921

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 112 for property value data.

(2) - Population data can be found in the Schedule of Demographics and Economic Statistics on page 120.

**City of Saco, Maine**  
**Direct and Overlapping Governmental Activities Debt**  
**General Obligation Bonds**  
**As of June 30, 2007**

**Table 12**

<b>Jurisdiction</b>	<b>Net general obligation bonded debt outstanding</b>	<b>Percentage applicable to government</b>	<b>Amount applicable to government</b>
Direct:			
City of Saco	\$ 13,172,688	100.00%	\$ 13,172,688
Overlapping debt:			
York County	\$ 16,000,000	7.01%	\$ 1,122,239
	<b>\$ 29,172,688</b>		<b>\$ 14,294,927</b>



**City of Saco, Maine**  
**Statutory Debt Margin Information**  
**Last Ten Fiscal Years**  
**In Accordance with 30 MRSA, Section 5061 as Amended**

**Table 13**

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
1998	\$ 111,255,000	\$ 22,268,294	\$ 88,986,706	20.02%
1999	\$ 118,897,500	\$ 20,760,305	\$ 98,137,195	17.46%
2000	\$ 122,827,500	\$ 18,993,597	\$ 103,833,903	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%

**Legal Debt Margin Calculation for Fiscal year 2007**

	Outstanding bonds and leases	Percent of state assessed value \$1,987,550,000	Allowable Amount	Margin
For school purposes	\$ 7,548,218	10.00%	\$ 198,755,000	\$ 191,206,782
For waste water treatment plant	\$ 2,320,000	7.50%	\$ 149,066,250	\$ 146,746,250
For municipal	\$ 8,983,742	7.50%	\$ 149,066,250	\$ 140,082,508
<b>Total</b>	<b>\$ 18,851,960</b>	<b>15.00%</b>	<b>\$ 298,132,500</b>	<b>\$ 279,280,540</b>

**City of Saco, Maine  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Table 14**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (1)</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
1998	15,280	\$ 346,244,800	\$ 22,660	33.5	2,772	1.9%
1999	15,280	\$ 362,258,240	\$ 23,708	33.5	2,803	1.7%
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%

(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**

**Table 15**

<b>Employer</b>	<b>2007</b>			<b>1998</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Saco's Labor Force</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Saco's Labor Force</b>
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

**City of Saco, Maine**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years (1)**

**Table 16**

<b>Function:</b>	<b>Full-time Equivalent Employees as of June 30</b>							
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
General Government	22	22.5	23.5	25	25.5	26	26.5	26
Public Safety								
Police	39	41	46	46	46	46	47	47
Fire	28	28	28	32	36	36	36	40
Public Works	29	31.5	32.5	33.25	33.75	34.75	34.25	34.25
Parks & Recreation	5	5	6	6.75	6.75	6.75	6.25	8.25
<b>Total General Fund</b>	<b>123</b>	<b>128</b>	<b>136</b>	<b>143</b>	<b>148</b>	<b>149.5</b>	<b>150</b>	<b>155.5</b>
Waste Water Treatment Plant	9.5	9.5	12.5	12.5	13	13	14	14
<b>Total Enterprise Fund</b>	<b>9.5</b>	<b>9.5</b>	<b>12.5</b>	<b>12.5</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>14</b>

(1) Data unavailable for fiscal years 1996-1999, so only 8 years of data has been presented.

**City of Saco, Maine**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years (1)**

**Table 17**

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Government</b>										
<b>Building permits</b>										
Single family	78	130	94	103	100	105	67	69	67	53
Condos	0	0	0	0	3	28	33	66	53	39
Commercial	69	79	70	82	76	87	78	83	71	30
<b>Total number permits issued</b>	<b>451</b>	<b>575</b>	<b>540</b>	<b>505</b>	<b>543</b>	<b>631</b>	<b>585</b>	<b>565</b>	<b>598</b>	<b>504</b>
<b>Public Safety</b>										
<b>Police</b>										
Number of calls for service	not avail	not avail	not avail	24,896	25,280	25,571	21,974	26,054	25,644	25,221
Number of traffic stops	not avail	not avail	not avail	8,126	7,896	8,922	7,876	8,497	6,681	5,636
Number of traffic summons issued	not avail	not avail	not avail	1,461	1,926	2,469	1,766	2,213	1,942	1,258
Number of warnings issued	not avail	not avail	not avail	5,102	5,301	5,618	5,927	5,908	4,548	3,998
Number of traffic related arrests	not avail	not avail	not avail	191	170	245	183	218	273	176
Number of non-traffic related arrests & summons	not avail	not avail	not avail	780	1,020	817	333	465	952	559
Number of parking tickets issued	not avail	not avail	not avail	406	420	1,218	551	567	913	509
<b>Fire</b>										
Number of calls for service	not avail	not avail	not avail	2,181	1,868	1,928	1,152	668	527	685
Number of inspections conducted	not avail	not avail	not avail	225	280	250	350	320	311	348
<b>Ambulance</b>										
Number of calls for service	not avail	not avail	not avail	1,735	2,214	2,215	1,915	1,960	1,846	2,152
<b>Public Works</b>										
Number of roads maintained	364	366	368	370	372	375	378	382	384	384
Lane miles of roads maintained	243	245	247	248	250	251	253	255	257	260
Acres of public area maintained	338	342	346	350	354	358	364	369	379	384

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 (1)**

**Table 18**

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
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	1592	1620	1645	1683	1726	1766	1791	1804	1825	1842
Traffic signals	146	146	146	146	147	147	148	148	148	148
Recreation										
Parks	10	10	10	10	10	10	10	10	10	10
Park acreage	100	100	100	100	100	100	100	100	100	100
Tennis courts	6	6	6	6	6	6	6	6	6	6

Sources: Various City departments.

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