

City of Saco, Maine

Executive Summary of the Adopted Fiscal Year 2002 Budget

Introduction

The fiscal year 2002 City of Saco, Maine budget was adopted on June 4, 2001 and establishes the operational goals of the city for the upcoming year. The city budget strikes a balance between the needs, requirements, and resources available while maintaining required service levels and fulfilling the items within the financial plan.

The adopted fiscal year 2002 budget totals \$36,143,721 representing a conservative budgetary approach and including careful consideration of the recommendations offered by the various city department heads and the Board of Education. City officials recognize and appreciate the important involvement of departmental staff, department heads, members of the Board of Education, and interested citizens in bringing about this budget document. A total of 142 full and 176 part-time personnel have been approved as the total city workforce.

The executive summary consists of an introduction to the City of Saco, Maine departments and their fiscal year 2002 requests, a summary of projects to be undertaken in the year 2002, insight into the financial basis for the fiscal year 2002 budget, an overview of city fund balances, and a summary of the adopted budget culminating with the fiscal year 2002 tax rate.

City Departments – Functions and 2002 Requests

Thirteen departments operate within the City, with a mixture of appointed and elected officials as department heads.

Legislative- The Legislative Department is responsible for overall authorization of all City activities. The Mayor and City Councilors within this department are responsible for approving the fiscal year 2002 budget, which includes the various funds granted to public agencies within the City of Saco. **Key Budget Issues:** in fiscal year 2002 include the appropriating of funds for development of the city's web site to facilitate citizen access to city hall and to broaden the awareness of what is happening within the city as well as an increase of \$20,000 in the appropriation given to the Dyer Library.

City Administration- The Administration Department is responsible for the overall administration of all City activities. The City Administrator is responsible for preparing the budget document through its three stages of "Proposed," "Draft," and "Adopted." Its direct function includes Human Resources. **Key Budget Issues:** in fiscal year 2002 includes the funding for the development of an information technology plan. The appropriation of \$30,000 can be found within the capital construction section.

Finance- The Finance Department is responsible for financial planning, budget reporting and control and is divided into the following divisions: purchasing and accounting, treasury and tax collection. **Key Budget Issues:** in fiscal year 2002 includes the early implementation of GASB 34 using the modified approach. This will involve the establishment of an asset management software system to track the condition levels of the city's infrastructure assets, which will assist the city in the future budgeting of maintenance

for these assets. The appropriation of \$150,000 can be found within the capital construction section. Also includes additional funding necessary for health insurance cost increases as well as an over 67% increase in the York County tax assessment.

City Clerk- The City Clerk Department is responsible for performing all duties for the City Council as it may require, for authenticating documents with his/her signature and for administering the divisions of public welfare and voter registration. The department is also responsible for the filing, indexing and safekeeping of all proceedings of the City Council, which shall be open to public inspection. **Key Budget Issues:** in fiscal year 2002 includes the continued support of City operations.

Assessing- The Assessing Department is responsible for the valuation of all taxable property within the City of Saco in a fair and equitable way and in accordance with state statutes. **Key Budget Issues:** in fiscal year 2002 includes the preliminary funding for an appraisal conversion software package. The appropriation of \$25,000 can be found within the capital construction section.

Legal- The Legal Department is responsible for providing independent legal advice and for the drafting of all instruments, which may be required by any ordinance or by any city official. **Key Budget Issues:** in fiscal year 2002 includes the continued support of City operations.

Police Department- The Police Department is responsible for the enforcement of law and order within the City of Saco. **Key Budget Issues:** in fiscal year 2002 include the hiring of a new dispatch position/ data entry clerk to reduce the time being spent by patrol officers performing dispatch duties, replace vacancies and to perform daily data entry and quality control of computer data. Also include the hiring of two new patrol officers to implement the new 4 on 2 off schedule. Lastly include the purchase of in cruiser computers through a COPS technology grant. The city has also recorded grant revenue to offset this expenditure of \$149,700 that is included within the capital construction section.

Fire Department- The Fire Department is responsible for fire prevention and extinguishments, the protection of life and property against fire and the removal of fire hazards within the City of Saco. **Key Budget Issues:** in fiscal year 2002 includes the building of an addition to the North Saco sub station to house those fire fighters involved in fire extinguishments in that area as well as a few equipment upgrades. These appropriations can be found within the capital construction section.

Building Inspection/Code Enforcement- The Building Inspection/Code Enforcement Department is responsible for the issuing of permits to build, alter, move or erect all buildings, signs or structures, to install equipment or to occupy. The department is also responsible for the maintaining of the City Hall building that houses the city's administrative offices. **Key Budget Issues:** in fiscal year 2002 includes the increasing of hours worked for the electrical inspector to keep up with the number of inspections necessary and the hiring of an on-site full time custodian to take care of janitorial duties within the building as well as small maintenance type issues. This will alleviate time being spent on these issues by the code enforcement officer.

Planning and Economic Development- The Planning and Economic Development Department is responsible for all matters within the scope of urban revitalization, community development, facilities planning or open space preservation. **Key Budget Issues:** in fiscal year 2002 includes the funding necessary for future development within the city's Spring Hill Industrial Park. The appropriation of \$457,000 can be found within the capital construction section.

Public Works- The Public Works Department is responsible for the administration, professional work and directing of all phases of municipal public works, except the treatment plant, including landfills, sewers, streets, motor vehicle maintenance , garbage and refuse collection and disposal and snow plowing and removal. **Key Budget Issues:** in fiscal year 2002 include the funding of miscellaneous "Project Impact" costs incurred by the city in continuing its mitigation efforts even though the grant award funding has now been expended in its entirety. Also includes the funding for a citywide "Hazardous Waste Collection" day and the funding necessary for the city to begin operating its own transfer station facility instead of contracting this service to an independent contractor. The revenue to be received in providing this service internally has also been included within the budget as well as the capital equipment necessary, which has been included within the capital construction section. Lastly includes additional funding for street overlays, public works garage repairs and various other equipment upgrades, which can all be found within the capital construction section.

Parks and Recreation- The Parks and Recreation Department is responsible for the maintenance of the city's park system and recreation facilities and for the administering and directing of the city's recreation programs. **Key Budget Issues:** in fiscal year 2002 includes the increasing in the rates per hour paid to temporary, seasonal employees as well as the hiring of an additional part time secretary to cover those hours not being worked by the current part time secretary. Also includes the necessary replacement of equipment and repairs to the various community buildings and school play structures, which are included within the capital construction section. Lastly includes the beginning funding for preliminary engineering work necessary to implement the landfill reuse plan, which is also included within the capital construction section.

Education-The Education Department is responsible for the educating of children who reside within the City of Saco. The Board of Education is responsible for preparing the education budget and for presenting this budget to the City Council. **Key Budget Issues:** in fiscal year 2002 includes the funding of debt service for a \$6,800,000 school renovation bond issue approved by the voters earlier this year. Also includes the funding necessary for increased tuition rates at the private high school (Thornton Academy) located within the city.

Projects Funded in the Adopted Budget

The following projects represent the culmination of the most worthy projects throughout City departments. Highlighted projects change each year as priorities shift and departments stress various needs in support of departmental and city goals.

- Development of an Information Technology Plan: In August of 2000, the City of Saco went through a Best Practices Assessment of its information technology protection processes, as conducted by Evergreen Data Continuity, Inc. Although the city scored much higher than most businesses assessed by the independent company, one of the weakness discovered was the cities lack of a business continuity plan and an information technology plan detailing the city's direction in technology development and maintaining critical operating functions. This funding will allow the city to develop this necessary plan.
- Implementation of GASB 34: The Governmental Accounting Standards Board has issued a new pronouncement that municipalities must adhere to which will force municipalities to value infrastructure assets and either depreciate them or maintain them at acceptable levels. The pronouncement also brings in a new set of "government wide" financial statements that will force municipalities to present their financial picture in a more proprietary nature. This funding will allow the city to early implement this pronouncement using the modified approach of providing condition assessments of infrastructure and therefore maintaining them at acceptable levels as established by the City Council. This approach will provide for a useful management tool for the public works department in their creation of schedules for infrastructure upgrades and maintenance.
- Industrial Park expansion: The city has been extremely successful in marketing and attracting buyers for the land within its industrial park. This funding will allow the city to begin yet another phase of road construction to create more lots within this highly attractive commercial area.
- North Saco Fire Station addition: The city recognizes the residential growth in the Northern part of the city. The addition to this North Saco station will allow for firefighters to live on the premises in order to respond quicker to fires in this area of the city.
- Athletic fields at the old landfill site: The city has developed a landfill re-use plan for development of this old city landfill. In accordance with this plan, the area will be used for recreational facilities for the citizens of Saco. The funding within this years budget will allow for the beginning of the engineering phase to prepare a plan for the use of this site.
- In cruiser computers for the police department: The city, in an attempt to create efficiencies within the police department, has applied for a Bureau of Justice COPS Technology grant to fund the purchase of in cruiser computers. The purchase will be made only if the city is successful in obtaining the grant funding. There is an associated revenue reflecting the award within the budget.
- Transfer Station Operation: The city has made a commitment towards running its own transfer station instead of subcontracting out this duty. Consequently, there are initial capital expenditures included within this budget that reflect this commitment. There are also associated revenues included that the city will be able to collect by running this operation on its own.
- Street Overlay Program: In response to a recent Road Surface Management Study recently done for the city, the City Council has made the commitment towards budgeting more funding each year for the maintenance of roads. This is in attempt to get our roadways up to more acceptable standard levels.

Financial Plan

The City's financial plan for 2002 is based on (1) a modest increase in taxes, (2) maintaining fund balance levels, and (3) maintaining a balanced budget. The City Administrator has established policies to assist departments in constructing their budgets to accomplish these financial goals. Each aspect of the City's financial plan is detailed below.

- Modest Tax Increase – The City Councilors entered the fiscal year 2002 budget process committed to presenting a budget to the citizens of Saco, Maine that will increase service demands in several areas with a modest tax increase. The total adopted budget increased by 2.39% with an overall tax increase of 95 cents or 4.52%. However, it is important to note that two items approved by the citizens and voters in Saco were responsible for most of this increase: the approval of a bond issue to renovate the Saco schools and a 67% increase in the York county tax assessment due to the building of a new jail facility.
- Build fund balance - The City's Finance Director, City Administrator and City Council continues to monitor issues pertinent to the financial health of the City. Their approved "Fund Balance Policy" calls for the maintaining of fund balance at a level between 8.33% and 10% of the prior years total appropriation level, to give the City a buffer against economic downturns. The City has been successful in maintaining this 10% level of fund balance for several years. The exact amount of undesignated fund balance will be determined after the year-end audit to allow all City commitments to be met before funds are allocated to fund balance. However, at June 30, 2000, the undesignated fund balance was at \$3,595,821.
- Balanced budget - The City of Saco, Maine is committed to managing its budget in ways that ensure it is always within its budget authorization. Many factors contribute to maintaining a balanced budget. Department heads consider it a point of pride to return appropriations to the general fund each year. They also work very diligently to avoid any overspending in the operation of their departments. Elected officials feel an added responsibility to report to voters their conservative spending records. Financial reports are frequently issued and reviewed to give department heads tools to track their budgets. A system of encumbrances is in place to inform departments of current account balances throughout the year. Each week, through the warrant process, all expenditures are reviewed to ensure appropriate use of city funds. The result is a financially well-managed organization that operates within budget authority.
- Policy and Guidance - The City Council has established financial policies for departments to help them conform to budgetary requirements including the following:
 - ✓ Budget messages, which shall explain the budget in fiscal terms and in terms of work programs.
 - ✓ Budget submission and approval scheduling.
 - ✓ 5-year Capital Improvements Program and councils action on such.
 - ✓ Amendment process to the budget after adoption.
 - ✓ Lapsing of appropriations, except those for capital expenditures.

- ✓ Departmental submissions of work programs and those payments and obligations, which will be prohibited.

Estimated Fund Changes for 2001

The City's General Fund balance is estimated to increase in fiscal year 2001. The Special Revenue Funds, Capital Project Funds and Fiduciary Funds are estimated to end fiscal year 2001 with balances that reflect an increase. These numbers will not be finalized until after the year-end audit, conducted by an independent Certified Public Accounting firm, is finalized. The net result will reflect a conservative growth in fund balances, reflecting responsible and appropriate fund management in keeping with City financial goals. The following table presents a summary of the City's estimated changes in general fund balances for fiscal year 2001, and a more detailed summary follows in the body of the budget document: (table contains preliminary un-audited figures)

City of Saco, Maine
Estimated Beginning and Ending General Fund Balance
Summary for fiscal year ending 2001

Beginning fund balance 6/30/00:		
Reserved for Encumbrances	\$ 90,298	
Reserved for Prepaid Expenses	\$ 201,073	
Unreserved- Designated	\$ 1,849,126	
Unreserved- Undesignated	<u>\$ 3,595,821</u>	\$ 5,736,318
Estimated Fiscal Year 2001:		
Non-property tax revenues	\$14,748,000	
Property tax revenues	\$17,612,529	
Inter-fund transfers	<u>\$ 3,297,737</u>	\$ 35,658,266
Expenditures	\$32,200,858	
Inter-fund transfers	<u>\$ 286,102</u>	\$(32,486,960)
Net increase to total fund balance		\$ 3,171,306

The Beginning and Ending Balance Summary reflects the relatively strong financial position at the beginning and end of 2001. Although the estimated increase in fund balance appears to be very large, there are approximately \$2.6 million of capital projects that were not started or completed during the fiscal year that will be designated and carried over into the next fiscal year. The reserve funds are building and the overall financial position provides a strong basis for 2002.

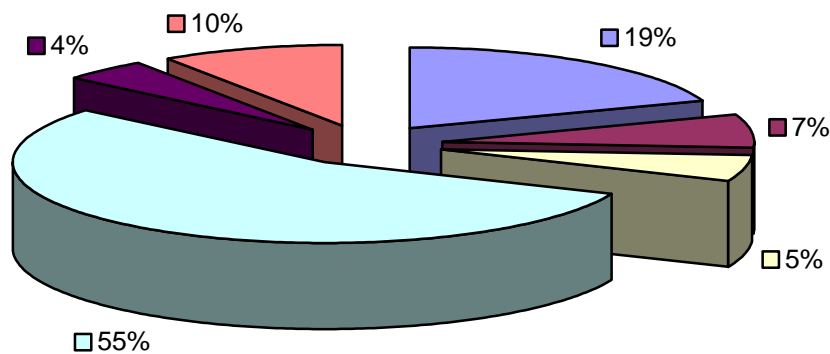
Budget Expenditures By Object

General Fund Budget expenditures total \$36,143,721 for 2002, which represents a 2.39% increase over 2001 levels. Dividing the General Fund Expenditures by object allocates 19% to Personnel, 55% to Education, 10% to Operations and Maintenance, 5% to Debt Service, 7% to Capital Projects, and 4% to Other.

The increase in personnel costs are attributable to a combination of additional employees, increased benefit costs, and including figures for collective bargaining agreements with eight city bargaining units. The increase in Education costs are attributable to increases in personnel costs due to the negotiated teachers and support group contracts, higher tuition costs for the city's private high school and the new debt service payment associated with the recently approved bond issue for school renovations. Operations and Maintenance decreased slightly and Capital Project expenditures decreased significantly in an attempt to reflect a very conservative use of city resources and to maintain a reasonable tax increase with increases in the county tax assessment and education obligations. Debt Service decreased based on bond rate structures. This trend will continue as the City of Saco retires debt each year. Appropriations in "Other" accounts increased slightly due to the 67% increase in the York County tax assessment.

The chart below graphically depicts budget expenditures by object:

Expenditures by Category



■ Personnel ■ Capital Projects ■ Debt Service ■ Education ■ Other ■ Operations & Maintenance

<u>Expenditures by object:</u>	FY 2001	Percent of Total	FY 2002	Percent of Total
Personnel	\$ 6,429,554	18.21%	\$ 7,027,674	19.44%
Capital Projects	\$ 3,554,275	10.07%	\$ 2,424,143	6.71%
Debt Service	\$ 2,044,721	5.79%	\$ 1,934,941	5.35%
Education	\$ 18,243,289	51.68%	\$ 19,717,522	54.55%
Other	\$ 1,345,562	3.81%	\$ 1,579,882	4.37%
Operations & Maintenance	\$ 3,682,578	10.43%	\$ 3,459,559	9.57%
Total	\$ 35,299,979	100.00%	\$ 36,143,721	100.00%

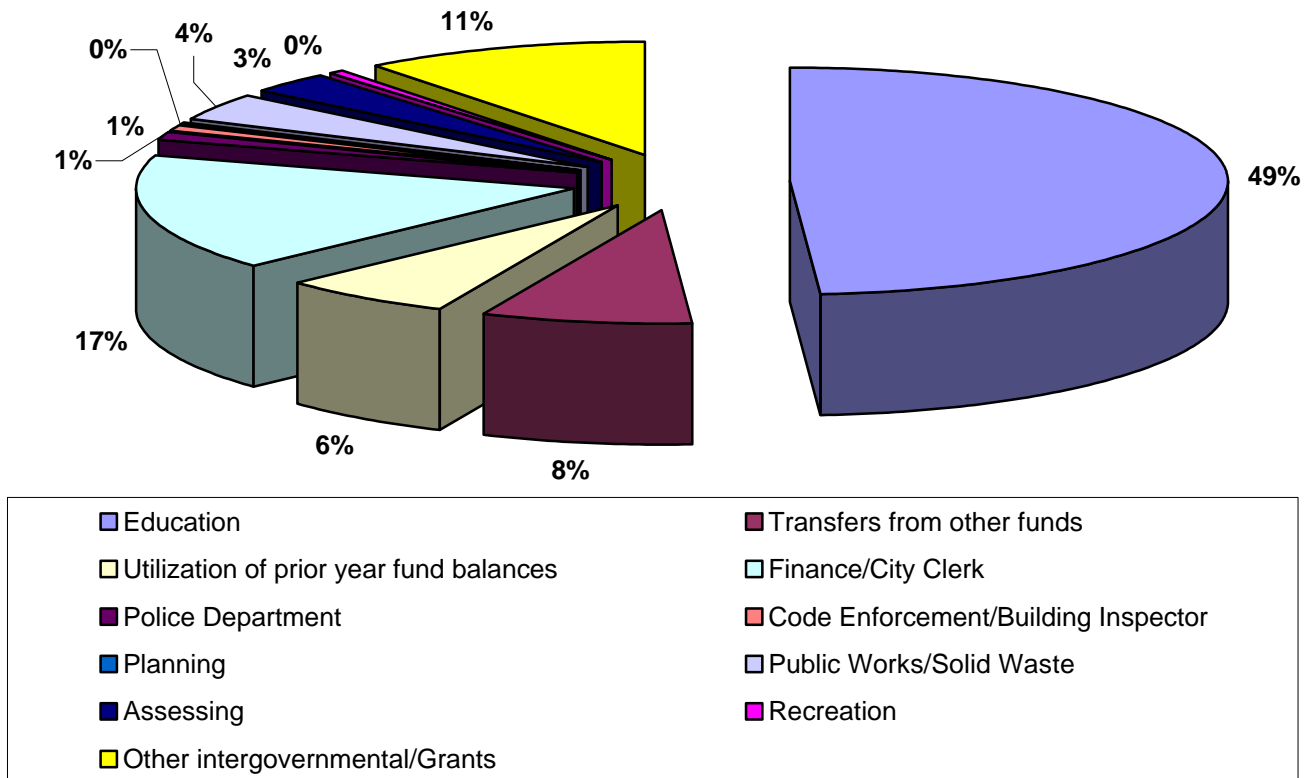
Carry Forward Accounts

Carry forward accounts provide departments an opportunity to use committed 2001 funds for items ordered but undelivered or for projects still in process in 2002. Each carry forward request must be approved by the City Administrator and ratified by the City Council. Requests are granted to finish well-defined ongoing projects. In fiscal year 1999, \$1,553,448 was designated and carried over for items ranging from equipment purchases to completing various construction projects. In fiscal year 2000, \$1,849,126 was carried over for the same types of expenditures. The designated carried forward amount for fiscal year 2001 has not yet been finalized as the year-end and independent audit process has not yet been completed. However, it is estimated that \$2.6 million of fiscal year 2001 budgeted capital projects had not yet been started or completed at June 30, 2001.

Projected Revenue for 2002

The budget adopted by the City Council for 2002 contains \$17,087,379 in non-tax revenues. All revenues are accurately but conservatively estimated based on performance over the past 12 months and valuable departmental input. The following chart below graphically depicts non-property tax revenues by department:

Revenues by Department



The following table lists non-property tax revenues by major department, percent and total for the current year and for last year:

<u>Projected Revenue by Department:</u>	FY 2001	Percentage of Total	Fy 2002	Percentage of Total
Education	\$ 8,012,255	45.30%	\$ 8,348,998	48.86%
Transfers from other funds	\$ 2,028,396	11.47%	\$ 1,323,853	7.75%
Utilization of prior year fund balances	\$ 904,341	5.11%	\$ 1,085,004	6.35%
Finance/City Clerk	\$ 2,732,169	15.45%	\$ 2,868,310	16.79%
Police Department	\$ 70,600	0.40%	\$ 186,875	1.09%
Code Enforcement/Building Inspector	\$ 144,000	0.81%	\$ 137,400	0.80%
Planning	\$ 36,600	0.21%	\$ 37,600	0.22%
Public Works/Solid Waste	\$ 526,727	2.98%	\$ 658,057	3.85%
Assessing	\$ 535,000	3.02%	\$ 540,000	3.16%
Recreation	\$ 68,000	0.38%	\$ 75,000	0.44%
Other intergovernmental/Grants	\$ 2,629,362	14.87%	\$ 1,826,282	10.69%
Total	\$ 17,687,450	100.00%	\$ 17,087,379	100.00%

Tax rate

The city assesses taxes to its citizens directly, based on the valuation of each property owned. The tax rate for 2001 was \$21.00 per one thousand dollars of property valuation and the fiscal year 2002 tax rate increased by 4.52% to \$21.95 per one thousand dollars of property valuation. Therefore, a property owner in Saco, Maine with a property valued at \$100,000 would have to pay \$2,195 in property taxes in the year 2002 to the city compared to the \$2,100 they paid in 2001, an increase of \$95.

Tax rate per thousand dollars of valuation

