



# CITY OF SACO

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## Re: Budget for Fiscal-Year 2011

Honorable Mayor Michaud and members of the City Council:

I submit to you the fiscal year 2011 (FY11) budget proposal pursuant to Article VI, Financial Procedures of the City Charter, § 6.02 Submission of the Budget, *"at the second City Council meeting in March of each year, the City Administrator... shall submit to the City Council their respective sections of the budget for the ensuing fiscal year and the accompanying messages."*

Transmitted herewith is the proposed FY11 budget for the City of Saco. This budget recommendation constitutes the essential services level of operating performance required for the City of Saco. Essential services are those services determined to be necessary for the health, safety and desired quality of life of the community and for the effective functioning of city government.

It is said that with every challenge there is an opportunity. After many years of being involved in budget processes, I have come to view budgets as an opportunity for an organization to set goals and to achieve them - this budget is certainly no different. The FY11 budget has been prepared with the objective of holding the mil rate at \$13.62.

Please note the Regional School Union 23 (RSU) budget is not included within this budget. The FY11 budget represents a total municipal appropriation level of \$19,979,656, which is a 5.91% or \$1,180,951 increase from last year's appropriation of \$18,798,705. There are three major categories of increases: debt service, employee and fuel costs.

The budget is explained in fiscal terms and in terms of work programs and it notes major changes in expenditures and revenues from the current year, together with reasons for the changes, and, finally, it summarizes the city's debt position. Also considered within the budget document is the goal of maintaining current service levels. Four citizen satisfaction surveys, conducted by the independent research firm Strategic Marketing Services, consistently indicate high citizen satisfaction with service delivery and that property taxes are "about right". Results from the citizen survey as well as departmental reports on service delivery are documented annually in the Performance Measurement Report. For the sixth year, the city has received recognition for excellence in performance reporting from the Association of Governmental Accountants: Certificate of Excellence in Service Efforts and Accomplishments Reporting.

In summary, the FY11 Budget:

- Reflects an increase in non property tax revenues by 11.24%;
- Proposes drawing down the undesignated fund balance to 8.33%;
- Proposes no lapsing of designated fund balance;
- Proposes no change in the current mil rate (\$13.62) assuming no change in the RSU's portion of the property tax; and
- Reflects no new general fund users fees or permit fees.

Debt service has been increased to cover the principal and interest payment due on the voter approved bonds. All departmental budgets reflect increases in heating and fuel costs. The current budget reflects a 2.7% COLA adjustment. Employee benefits have been increased to cover rising health insurance costs.


The City's property valuation in calendar year 2010 is estimated at \$2,077,669,144 compared to the 2009 valuation of \$2,070,327,000, an estimated increase of approximately \$7 million. The FY11 budget is funded in part by transfers from other funds, primarily \$834,398 from the Ambulance Fund and utilization of undesignated fund balance of \$1,448,773.

The Council is being asked this evening to accept the FY11 budget document. A Public Hearing for the FY11 budget and the Capital Program is scheduled for May 3, 2010, and the City Council is scheduled to act on the budget May 17, 2010. There are also a series of Workshops set for discussion on the budget and capital improvement program with department staff.

A summary of this budget can be found on the city's website [www.sacomaine.org](http://www.sacomaine.org) under the link to Finance, and a summary will be published in the local media indicating the Public Hearing date.

I look forward to meeting with the City Council and presenting this budget for your consideration.

Sincerely,



Richard R. Michaud  
City Administrator