



SEVENTH ANNUAL PERFORMANCE REPORT ON DELIVERY OF CITY SERVICES FOR FY 2010

City of Saco Finance Department

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Mission Statement: *The City of Saco Finance Department, in its capacity of fiduciary agents for the entire taxpayer base of the community, strives to provide the highest levels of customer service and professionalism through adequate training and prudent procedures in its cash collection, billing, licensing, investing, budgeting and financial planning analysis and processes, and the highest levels of financial reporting and disclosure.*

SCOPE OF OPERATIONS: Processed approximately 80,000 financial transactions and collected approximately \$27.2 million in property tax revenues, as well as over \$2.8 million in excise taxes and franchise fees. Overall, the department administered a budget of approximately \$36 million in total expenses and \$36 million in total revenues for the fiscal year.

USE OF RESOURCES: 7 full time employees since FY07(as compared to 8 in FY06).

Nearby similar towns, Biddeford and Scarborough, employ 11.25 and 10 in their Finance Departments, respectively.

YEAR	FY05	FY06	FY07	FY08	FY09	FY10
% OF CITY SERVICES BUDGET UTILIZED BY THE FINANCE DEPARTMENT ANNUALLY	.83%	1.11%*	4.10%*	1.05%*	.89%*	1.26%*

Two Examples of Impact on Citizens

YEAR	(A) PER CAPITA COST TO CITIZENS	(B) TAX BILL BASED ON AVERAGE HOME VALUE OF \$230,000	(B) PORTION OF TAX BILL TO FUND FINANCE DEPARTMENT
FY05	\$20.87	\$2,385	\$19.80
FY06	\$20.18	\$2,981	\$33.01*
FY07	\$27.15*	\$2,928	\$32.18*
FY08	\$26.94*	\$3,064	\$32.11*
FY09	\$25.69*	\$3,087	\$27.35*
FY10	\$25.46*	\$3,133	\$39.34*

** this figure now includes employee benefits*

The impact of the Finance Department’s mission and three service delivery goals heavily influence on the city’s Meeting Financial Needs strategic goal.



HOW ARE WE DOING?



DEPARTMENT SERVICE DELIVERY GOALS AND PERFORMANCE DATA:

GOAL 1) For customer service representatives to provide friendly, courteous and professional assistance to citizens coming to City Hall to pay city taxes and fees.



The Department processes a high volume of payments in person and focuses on maintaining high quality service while meeting the demands in financial activity.

PERFORMANCE DATA: At least 85% of the surveyed public note above average service received:

>>>>Data below from outside research firm survey; all data that follows thereafter is from audited Financial reports or industry professionals. Note: Unaudited financial data used for FY09, as audit was completed late.

Table with 7 columns: Metric, FY 09, FY 08, FY 07, FY 06, FY 05, FY 04. Rows include % somewhat or very satisfied and Mean rating (1-5 scale).

The Department continues to focus on improvements in Customer Service, which appears to have resulted in improvement in citizen satisfaction in FY09.

In the FY07 citizen survey, a question on reasonable wait times was added so that Finance could better understand citizen expectations. The Department is now working on ways to start tracking actual wait times in order to understand impacts on service levels..

GOAL 2) To assure that all city vendors are being paid timely through the city's accounts payable (AP) process.



The Finance Department keeps on good terms with vendors by ensuring timely payments.

PERFORMANCE DATA: Vendors are paid within 20 days of invoice date, unless not possible due to improper documentation or discrepancies in documentation.

Table with 11 columns: Metric, FY 2010, FY 2009, FY 2008, FY 2007, FY 2006. Rows include PAID WITHIN, 0-9 DAYS, 10-20 DAYS, TOTAL W/IN TARGET, ALL OTHERS, and TOTALS.



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Of the 31% of invoices paid after 20 days (that did not meet target), a significant percent was due to missing or delayed paperwork from other departments. Although purchase credit cards (P-cards) were implemented some time ago to streamline AP, there has been a significant increase in AP volume over time.

GOAL 3) To provide the highest levels of financial communication to our citizenry through timely and accurate financial and operational reporting and disclosure.

The Department strives to meet and exceed national reporting standards for municipalities.



<u>COMPREHENSIVE ANNUAL FINANCIAL REPORT</u>		
FISCAL YEAR ENDING	DATE SUBMITTED	AWARD RECEIVED
JUNE 30, 2010	12/21/2010	PENDING
JUNE 30, 2009	05/19/2010	YES
JUNE 30, 2008	NOT COMPLETED	NO
JUNE 30, 2007	12/20/2007	YES
JUNE 30, 2006	12/11/2006	YES
JUNE 30, 2005	12/16/2005	YES
JUNE 30, 2004	11/30/2004	YES
JUNE 30, 2003	11/24/2003	YES
JUNE 30, 2002	12/27/2002	YES
JUNE 30, 2001	12/20/2001	YES
JUNE 30, 2000	11/20/2000	NO

PERFORMANCE DATA: (A)

The Comprehensive Annual Audited Financial Report is completed and posted to the City's website within 6 months following year end and receives the Government Finance Officer's Association (GFOA) Award distinction.

PERFORMANCE DATA: (B)

Distinguished Budget Presentation is completed and posted to the city's website within 90 days following the budget approval and receives the GFOA Award distinction. A change in Finance Director occurred in Spring 2010, and the budget was not submitted.

<u>DISTINGUISHED BUDGET PRESENTATION</u>			
FISCAL YEAR	DATE COUNCIL	DATE SUBMITTED	AWARD RECEIVED
2010	NOT SUBMITTED	N/A	NO
2009	05/05/08	08/25/08	YES
2008	04/30/07	07/23/07	YES
2007	05/01/06	07/21/06	YES
2006	05/02/05	07/25/05	YES
2005	06/14/04	08/27/04	YES
2004	05/27/03	08/25/03	YES

PERFORMANCE DATA: (C) Performance Measurement Report on operational efficiencies is completed in December of each year and posted to the city's website within that same month.

HOW ARE WE DOING?



PERFORMANCE MEASUREMENT REPORT		
FY	DATE SUBMITTED & POSTED TO WEB	AGA'S CERTIFICATE OF EXCELLENCE AWARD
2010	12/31/10	PENDING RESULTS
2009	12/31/09	YES
2008	12/31/08	YES
2007	12/28/07	YES
2006	12/28/06	YES
2005	01/15/06	YES
2004	01/15/05	YES

GOAL 4) To provide the highest level of financial management of all resources.



Various measures can be considered to assess the city's financial health and its management of its resources, and trends in performance can be monitored to alert the city administration of issues.

PERFORMANCE DATA: (A) To improve or maintain the City's bond rating.

A municipality's bond rating affects the rate at which it can borrow money, which means the better a bond rating the City of Saco has, the less it will pay in interest to borrow money. For example, the improved bond rating achieved in 2001 saved citizens approximately \$2.4 million in interest payments over the 20-year term of the 2002 general obligation bond.

EXPLANATION OF BOND RATINGS:

- *AAA* – Best quality; highest grade; extremely strong capacity to pay principal and interest; payment is secured by a stable revenue source.
- *AA* – High quality; very strong capacity to pay principal and interest; revenue sources are only slightly less secure than for highest grade bonds.
- *A* – Upper medium quality; strong capacity to pay principal and interest but revenue sources are considered to be susceptible to fluctuation in relevant economic conditions.
- *BBB* – Medium grade quality; adequate capacity to pay principal and interest, but may become unreliable if adverse economic conditions prevail.
- *BB* and lower – Speculative quality; low capacity to pay principal and interest; represent long-term risk whether relevant economic conditions are favorable or not.

<u>Year</u>	<u>Bond Rating</u>
1938	A
1979	BBB
1982	BBB
1989	BBB+
1993	A-
2001	A+
2004	AA-
2007	AA-
2010	AA-

PERFORMANCE DATA: (B) Financial Ratios, which compare the relationship between various financial factors with other influential factors (such as population size), provide indicators of the City's overall financial health:



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Revenues per Capita	Net Operating Revenues	\$ 36,141,416	6/30/10	\$ 2,148
	Population	16,822		
(This ratio divides net operating revenues: all the income to the City from taxes, licenses and permits, intergovernmental, charges for services and other miscellaneous revenues, but not including transfers from other City funds, by population, to give a quick view of how much money the City has to spend per person on all city services.)		\$ 45,831,639	6/30/09	\$ 2,725
		16,822		
		\$ 44,207,816	6/30/08	\$ 2,628
		16,822		

Trend is **negative** in FY09 as net operating revenues per capita have increased over this 3 year period. At the end of FY09, the Saco Schools broke off into an RSU and are no longer part of the City. A warning trend would be decreasing net operating revenues per capita.

Intergovernmental Revenues	Intergovernmental Operating Revenues	\$ 2,087,551	6/30/10	5.78%
	Gross Operating Revenues	\$ 36,141,416		
(This ratio divides the money the City receives from Federal, State and Local governments by all revenues the City receives, in order to track what portion of revenue is intergovernmental aid.)		\$ 13,391,276	6/30/09	29.22%
		\$ 45,831,639		
		\$ 13,142,105	6/30/08	29.73%
		\$ 44,207,816		

Trend is **negative** as intergovernmental revenues as a percentage of gross operating revenues decreased from 2009 to 2010. This is reflective of the fact that the school intergovernmental revenues are no longer included in the City's intergovernmental revenue. For the City the intergovernmental revenue has remained steady.

Property Tax Revenues	Property Tax Revenues	\$ 28,265,095	6/30/10	\$ 28,265,095
(This records the total amount the City collects in property taxes over time, which shows if the properties in the City are generating more or less in property tax revenues over time.)		\$ 27,537,071	6/30/09	\$ 27,537,071
		\$ 26,589,344	6/30/08	\$ 26,589,344

Trend is **positive** with an increase in property tax revenues from 2008 to 2009, there was no tax increase in 2010. A warning trend would be decreasing property tax revenues.

Uncollected Property Taxes	Uncollected Property Taxes	\$ 1,584,414	6/30/10	5.61%
	Net Property Tax Levy	\$ 28,265,095		
(This ratio divides the total amount of property tax payments that went uncollected for a year, by the total amount actually collected in property tax payments in a year, to track if the percentage uncollected is changing over time.)		\$ 1,302,921	6/30/09	4.73%
		\$ 27,537,071		
		\$ 1,109,266	6/30/08	4.17%
		\$ 26,589,344		

Trend is **negative** as the percentage of uncollected property taxes as a percentage of the net property tax levy has increased over this period.

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Expenditures per Capita	Net Operating Expenditures	\$ 35,557,868	6/30/10	\$ 2,114
	Population		16,822	

(This ratio divides net operating expenditures: only the expenses the City incurs relative to delivering City services, by population, to give a quick view of how much money the City has spent per person on delivering services over time.)

\$ 46,499,536	6/30/09	\$ 2,764
	16,822	

\$ 43,800,858	6/30/08	\$ 2,604
	16,822	

Trend is **negative** as this has been increasing consistently over the last 3 years. The large difference for 2010 has to do with the schools breaking off into the RSU. We no longer show their expenses as part of the City.

Employees per Capita	Total municipal employees	166	6/30/10	0.0099
	Population		16,822	

(This ratio divides the total number of City employees by the total City population in order to track if the percent of employees to people they are serving changes over time.)

166	6/30/09	0.0099
	16,822	

166	6/30/08	0.0099
	16,822	

Trend is **neutral** as the number has remained consistent over the last 3 years. City staffing remains below comparable communities.

Fringe Benefits	Fringe Benefit Expenditures	\$ 2,617,393	6/30/10	32.94%
	Salaries and Wages	\$ 7,945,873		

(This ratio divides all money spent on fringe benefits (such as health insurance) for City employees by the total salaries and wages of City employees in order to track if the fringe benefit percentage changes over time.)

\$ 2,653,214	6/30/09	33.66%
\$ 7,882,233		

\$ 2,694,350	6/30/08	34.53%
\$ 7,801,800		

Trend is **positive** as this percentage to total salaries and wages has been decreasing over the last 3 years. A warning trend would be an increase in fringe benefits expenditures as a percentage of salaries and wages.

Fund Balances	Unreserved Fund Balances	\$ 2,088,590	6/30/10	5.78%
	Net Operating Revenues	\$ 36,141,416		

(This ratio divides the money collected by the City that is unspent at the end of the fiscal year by the net operating revenues (all the income to the City with the exception of transfers from other funds), to track over time how well the City is meeting its goal for setting aside reserve funds every year for emergencies. The City has a policy to maintain these funds at 8.33% to 10% of prior year budgeted expenditures.)

\$ 2,113,393	6/30/09	4.61%
\$ 45,831,639		

\$ 3,042,644	6/30/08	6.88%
\$ 44,207,816		

Trend appears to be **positive** as percentage has increased from the prior year. However, the city's fund balance policy is to maintain between 8.33% and 10% net of bond proceeds, which is not reflected in this calculation. The City is still within their policy levels. A warning trend is a decline in this percentage over time.

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Liquidity	Cash and Short Term Investments	\$ 9,066,709	6/30/10	50.58%
	Current Liabilities	\$ 17,926,954		
 (This ratio divides all cash the City has on hand plus any investments the City has on hand that could be converted into cash within a short time period and at no loss, by all money the City owes for current liabilities (outstanding money owed by the City except for long term debt), as of year end, as a way to assess if the City could pay the bills it owes with the money it has on hand at year end.)				
		\$ 4,205,980	6/30/09	50.22%
		\$ 8,375,818		
		\$ 3,991,266	6/30/08	73.30%
		\$ 5,445,239		

Trend is **neutral** from 2009 to 2010.
 A warning trend is a decreasing amount of cash and short term investments as a percentage of current liabilities.

Current Liabilities	Current Liabilities	\$ 17,926,954	6/30/10	49.60%
	Net Operating Revenues	\$ 36,141,416		
 (This ratio divides all money the City owes for current liabilities (Outstanding money owed by the City except for long term debt), by net operating revenues (all the income to the City with the exception of transfers from other funds), as a way to assess what percentage of City revenues are earmarked to pay City bills as of year end.)				
		\$ 8,375,818	6/30/09	18.28%
		\$ 45,831,639		
		\$ 5,445,239	6/30/08	12.32%
		\$ 44,207,816		

Trend is **negative** from 2009 to 2010. The primary reason is due to break off of the schools to the RSU. The change in the schools has changed where we show the amount due to the school. A warning trend is an increase in current liabilities as a percentage of net operating revenues.

Long Term Debt	Net Direct Bonded Long-Term Debt	\$ 23,100,552	6/30/10	1.12%
	Assessed Valuation	\$ 2,070,327,000		
 (This ratio divides the amount the City currently owes on its General Obligation Bond debt with a life of over one year, by the value of all the property within the City as then recorded, in order to demonstrate the ability of property tax values to generate tax income to pay off debt over time.)				
		\$ 16,143,598	6/30/09	0.79%
		\$ 2,051,483,000		
		\$ 18,105,643	6/30/08	0.91%
		\$ 1,995,056,900		

Trend is **negative** as percentage increased in FY10 after the issuance of a \$8.9M bond in FY10. A warning trend is increasing net bonded debt as a percentage of the assessed valuation.

Debt Service	Net Direct Debt Service	\$ 2,844,054	6/30/10	7.87%
	Net Operating Revenues	\$ 36,141,416		
 (This ratio divides the annual amount of principal and interest paid on the City's General Obligation Bonds with a life of over one year, by net operating revenues (all the income to the City with the exception of transfers from other funds), as a way to assess what portion of the City's annual income is used to pay principal and interest on debt during the fiscal year.)				
		\$ 2,611,848	6/30/09	5.70%
		\$ 45,831,639		
		\$ 2,291,777	6/30/08	5.19%
		\$ 44,124,887		

Trend is **negative** as percentage due to not having the school revenue included due to the break off to the RSU. A warning trend is increasing direct debt service as a percentage of net operating revenues.

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Overlapping Debt	Long-Term Overlapping Bonded Debt	\$ 1,009,749	6/30/10 0.049%
	Assessed Valuation	\$ 2,070,327,000	

(This ratio divides the City's proportionate share of York County debt (determined by the percentage of the City's state valuation to the County's state valuation), by the value of all the property within the city as then recorded, in order to demonstrate the ability of property tax values to generate tax income to pay off this proportionate debt over time.)

		\$ 928,231	6/30/09 0.045%
		\$ 2,051,483,000	
		\$ 1,024,391	6/30/08 0.051%
		\$ 1,995,056,900	

Trend is **neutral** as percentage has decreased consistently over the last 3 years. A warning trend is increasing overlapping bonded debt as a percentage of assessed valuation.

Maintenance Effort	Expenditures for repairs and maintenance of fixed assets	\$ 421,334	6/30/10 0.61%
	Quantity of Assets	\$ 68,532,441	

(This ratio divides the money spent on maintaining the City's assets (such as buildings and equipment), by the value of those assets to track what percentage of their value is being spent on maintenance over time.)

		\$ 1,124,352	6/30/09 1.51%
		\$ 74,225,457	
		\$ 1,246,743	6/30/08 1.73%
		\$ 72,239,138	

Trend is **positive** from 2009 to 2010 as expenditures have increased a percentage of the value of assets, over the last year. The City is currently working on an asset management plan.

Capital Outlay	Capital Outlay	\$ 527,760	6/30/10 1.48%
	Net Operating Expenditures	\$ 35,557,868	

(This ratio divides the annual amount of money spent on capital improvement projects (such as a new roof on City Hall) by net operating expenditures: only the expenses the City incurs relative to delivering City services, to track the percent of what the City has spent that is dedicated to acquiring long term assets or extending their useful lives.)

		\$ 775,107	6/30/09 1.67%
		\$ 46,499,536	
		\$ 3,773,960	6/30/08 8.62%
		\$ 43,800,858	

Trend appears **negative** as capital outlays have decreased as a percentage of operating expenditures due to waiting for the issuance of a \$2.3M roads bond at the end of FY10.

Depreciation Expense	Depreciation Expense	\$ 910,007	6/30/10 3.93%
	Cost of Depreciable fixed assets	\$ 23,140,454	

(This ratio divides the loss in value over time of City owned items that depreciate (like vehicles, which lose value over time), by what the City spends to acquire such items, to track by what percentage their fixed assets are deteriorating in comparison to the original cost of these assets.)

		\$ 1,594,661	6/30/09 3.10%
		\$ 51,391,146	
		\$ 1,505,501	6/30/08 3.18%
		\$ 47,311,287	

Trend appears **neutral** as depreciation expense has remained basically consistent as a percentage of total depreciable fixed assets.

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Population	Population	16,822	<u>6/30/10</u>	16,822
(Population figures are from the census numbers which are done every 10 years.)				
		16,822	<u>6/30/09</u>	16,822
		16,822	<u>6/30/08</u>	16,822
A warning trend is a rapid change in population size.				
Median Age	Median Age	37.2	<u>6/30/10</u>	37.2
(Median age figures are from the census numbers which are done every ten years, and reflect that half the population within Saco is older than 37.2 years of age and half the population is younger than 37.2 years of age.)				
		37.2	<u>6/30/09</u>	37.2
		37.2	<u>6/30/08</u>	37.2
A warning trend is an increasing median age of the population.				
Personal Income per Capita	Personal income in constant dollars	<u>\$ 441,863,474</u>	<u>6/30/10</u>	\$ 26,267
	Population	16,822		
(This ratio divides the personal income for City residents by the City's population, which indicates the financial health of citizens over time.)				
		\$ 441,863,474	<u>6/30/09</u>	\$ 26,267
		16,822		
		\$ 441,863,474	<u>6/30/08</u>	\$ 26,267
		16,822		
A warning trend is a decline in the level of personal income per capita.				
Property Value	<u>Change in Property Value</u>	\$ 18,844,000	<u>6/30/10</u>	0.92%
	Property Value prior year	\$ 2,051,483,000		
(This ratio divides the change in property value (the recorded value of all properties within the City), from one year to the next, by the prior year's property value, in order to track if properties are gaining or losing value over time.)				
		\$ 65,094,400	<u>6/30/09</u>	3.26%
		\$ 1,995,056,900		
		\$ 140,196,700	<u>6/30/08</u>	7.26%
		\$ 1,929,962,500		
Negative trend as property values changes have steadily decreased. This is due to a slowing economy for new housing development within the area.				

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CITIZEN SURVEY/INPUT: As part of the overall city administration, Finance rated fairly positively overall in FY09, FY07, FY05 and FY04 by citizens surveyed with mean ratings of 4.02, 3.9, 3.86 and 3.73 on the scale of 1 to 5 where 1 means “very dissatisfied” and 5 means “very satisfied.”

		1 – Very dissatisfied	2 – Somewhat dissatisfied	3 – Neutral	4 – Somewhat satisfied	5 – Very satisfied	Don't know or N/A	Mean Response
The City's administration, including the Administrator's Office, Finance Department, and City Clerk's Office	2004	2.8%	5.8%	24.5%	39.3%	19.3%	8.5%	3.73
	2005	2.3%	4.8%	18.5%	43.3%	22.0%	9.3%	3.86
	2007	2.0%	3.0%	16.5%	39.5%	20.5%	18.5%	3.90
	2009	2.0%	3.8%	16.5%	36.8%	32.0%	9.0%	4.02
The ease of doing business in person at City Hall	2004	2.8%	6.5%	13.0%	39.3%	36.3%	2.3%	4.02
	2005	1.8%	4.3%	15.8%	33.3%	40.0%	5.0%	4.11
	2007	1.3%	4.3%	11.0%	34.0%	43.5%	6.0%	4.22
	2009	1.3%	1.8%	14.5%	32.8%	46.3%	3.5%	4.25
The quality of the information you receive regarding the City budget and the use of taxpayer dollars	2004	6.0%	14.0%	27.8%	28.8%	14.0%	9.5%	3.34
	2005	4.5%	10.0%	24.8%	32.0%	18.0%	10.8%	3.55
	2007	3.5%	9.8%	18.3%	32.5%	18.5%	17.5%	3.64
	2009	2.8%	11.8%	23.3%	29.5%	19.3%	13.5%	3.59

Regardless of the indicators that show the City's financial health is generally quite positive (as reported in GOAL 4 above), citizens either do not hear this good news or do not equate sound financial management with good news for citizens regarding the budget and use of taxpayer dollars; for example, when asked to rate “the quality of the information you receive regarding the City budget and the use of taxpayer dollars,” the mean rating of 3.59 is similar to those of prior years and not a strongly positive rating.



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Citizen lack of awareness of the city's positive financial situation may continue to reflect the larger communications issue discussed in prior years' reports: citizens continue to rate city communication efforts (see chart immediately below) between "neutral" and "somewhat satisfied." This level of response indicated there is room for improvement in the matter of communications with the public, and efforts such as a newsletter or this report, and the citizen friendly version of prior years, do not seem to have addressed this concern.

	2004	2005	2007	2009
City programs and services	3.48	3.49	3.65	3.54
Local issues and public involvement opportunities	3.45	3.46	3.56	3.41

Citizens surveyed rated their "feelings about Saco property taxes relative to the city services you receive," at a mean response of just 2.93 in FY09, which was similar to ratings of 2.92 in FY07, 3.02 in FY05 and 2.9 in FY04, and remains one of the lowest ratings for the City overall. So, it also may be that citizens cannot separate concerns over property valuations and their property tax payments from how well city revenues are used and/or how well its resources are being financially managed.

Thus a continuing theme in this report process is to encourage the City overall to both improve its communications efforts, including about the Finance Department's successes, and also to work on educating citizens about the value they are getting for their money.