



# Asset management is a breeze

In 1999, the Governmental Accounting Standards Board (GASB) adopted sweeping changes that sent many state and local governments scrambling. GASB sets accounting and financial reporting rules for all U.S. state and local governments. Its function is important because financial reporting gives the public a clear picture of a state or local government's fiscal standing and is the basis for investment, credit, and many regulatory decisions.

GASB's drastic changes showed up in Statement 34, which fundamentally departed from the current reporting model and required accounting of public domain infrastructure fixed assets. Compliance with GASB 34 guaranteed longer and more complex government financial statements that would be more difficult to prepare and audit, especially during conversion to the new model.

## **SECTOR** *Finance* **INDUSTRY** *Government*

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[www.sacomaine.org/departments/finance/gasb34.shtml](http://www.sacomaine.org/departments/finance/gasb34.shtml)

### **Meeting the challenge**

In eastern Maine, the city of Saco has distinguished itself as one of the first communities to meet GASB 34 requirements and ensure its strong bond rating. Saco uses its GASB 34 implementation as an opportunity to show how the benefits of GIS reach throughout the organization.

The city's finance department worked with public works to create a plan that included the development of a GIS-based asset management system to improve the city's financial position through GASB 34. The system



forged better relationships among departments and provided the foundation for a citywide GIS to increase operational efficiency and improve service delivery.

The team designed the plan to take advantage of the ability of GIS to enhance the city's asset inventory, improve fiscal planning, track and convey costs and benefits yielded from investments, facilitate conveyance of information to citizens and elected officials, support interdepartmental collaboration and resource sharing, and aid in the budgeting process.

Saco fully complied with GASB 34 requirements for the fiscal year ending June 30, 2001, finishing a year ahead of the first required deadline. Long-range planning, which emphasized long-term operations, accurate asset mapping, and maintenance has paid off. One of the most notable ancillary benefits of the system has been improved working relationships with elected officials. Before Saco could proceed with its GIS and GASB 34 plans, the city had to secure permission for the project. Finance and public works staffers met several times with city council members to explain the mandate, outline the plan's benefits, and gain approval for the technology investments.

### A broad-reaching plan

The city's asset management solution had four phases: data collection, system implementation, training, and documentation of results.

Fortunately, Saco had already conducted a combined sewer overflow inventory for approximately 70 percent of the total sewer system infrastructure. The city also surveyed pavement condition. Saco collected existing infrastructure asset information in the


field using GPS units for location information and inspection surveys for asset condition information. Workers input the data in handheld computers.

Rather than develop the asset management system, the city subcontracted with an outside vendor to complete this phase of the work. Staff training and compilation of results proved essential in documenting the city's return on investment.

Shortly after its GASB 34 implementation, two national agencies upgraded Saco's bond rating. The bond upgrades saved Saco 20 basis points when the city issued a school improvement bond, amounting to \$2 million in savings to citizens over 20 years and enabling greater flexibility in the budgeting process.

Saco's efforts laid the foundation for a citywide GIS, supported a new partnership between the finance and public works departments, and assisted in the preparation of a federal grant application.

Saco has earned national and state recognition for its management excellence, garnering accolades such as

- The National Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the city's GASB 34 compliant comprehensive annual financial report for the fiscal year ending June 30, 2001.
- The GFOA Distinguished Budget Presentation Award for the fiscal year ending June 30, 2002.
- The Margaret Chase Smith Maine State Quality Award in recognition of leadership, strategic planning, and quality improvement. 

## ADDITIONAL BENEFITS

