

**Town of Kennebunkport
Joint Board of Selectmen and Budget Board Meeting VIA Zoom
April 27, 2020
6:00 PM**

Minutes of the Selectmen's Meeting of April 27, 2020

Selectmen attending via Zoom: Patrick A. Briggs, Allen A. Daggett, Ed Hutchins, Sheila Mathews-Bull, and D. Michael Weston.

Others attending via Zoom: Grace Adams, Barbara Barwise, Dan Beard, David Betses, Jon Dykstra, Allan Evelyn, John Everett, David James, Allison Kenneway, Ki Leffler, Jen Lord, Arlene McMurray, Dimitri Michaud, Tracey O'Roak, Michelle Powell, Craig Sanford, Laurie Smith, Stedman Seavey, Steve Turner, and others

1. Call to Order.

Chair Daggett called the meeting to order at 6:00 PM. He took **roll call** of Selectmen present: Patrick A. Briggs, Allen Daggett, Edward Hutchins, Sheila Matthews-Bull, and D. Michael Weston.

Budget Board Chair Barbara Barwise called the Budget Board Meeting to order and took **roll call** of board members present: Barbara Barwise, Grace Adams, Jon Dykstra, Dan Beard, David Betses, Allan Evelyn, David James, Ki Leffler, Steve Turner, Michelle Powell, and Stedman Seavey.

2. Discuss annual town meeting and FY21 budget.

Town Manager Laurie Smith presented a budget review that she worked on with the department directors and Treasurer Jen Lord in reaction to the economy in these uncertain times. See Exhibit A.

Budget Board member Dimitri Michaud arrived late in the virtual meeting.

Discussion about phases 1 and 2 with the Board of Selectmen and Budget Board followed.

Motion by Selectman Weston, seconded by Selectman Matthews-Bull to go with phase 1 with a \$600,000 fund balance. **Roll Call Vote:** Briggs, Daggett, Matthews-Bull, Hutchins, and Weston. **Voted:** 5-0. **Motion passed.**

The Budget Board took a roll call vote next.

Motion by Adams, seconded by Powell, to go with Phase 1 of the budget with a \$600,000 fund balance. **Roll Call Vote for:** Adams, Dykstra, Daggett, James, Turner, Michaud, Powell, Seavey, Barwise. **Roll Call Vote opposed:** Beard, Leffler, Betses. **Voted:** 9-3. **Motion passed.**

Ms. Smith announced that if anyone had budget questions, they could call her. She said she will bring the town meeting articles to their next meeting.

Dan Beard thanked Ms. Smith and Jen Lord for their hard work on the budget.

Motion by Dan Beard, seconded by David James, to adjourn. **Roll Call Vote:** Adams, Dykstra, Daggett, James, Turner, Michaud, Powell, Seavey, Barwise, Beard, Leffler, Betses **Voted:** 12 -0. **Motion passed.**

The Budget Board adjourned at 7:26 PM.

3. Other Business.

Selectman Matthews-Bull said she met with the hospitality group once and will be meeting with them again on Wednesday. She will report their suggestions at a future meeting.

Ms. Smith said the Beach Advisory Committee is working on a reentry plan.

4. Adjournment.

Motion by Selectman Hutchins, seconded by Selectman Matthews-Bull, to adjourn. **Roll Call Vote:** Briggs, Daggett, Matthews-Bull, Hutchins, and Weston. **Voted:** 5-0. **Motion passed.**

The meeting adjourned at 7:28 PM.

Submitted by Arlene McMurray
Administrative Assistant

Memorandum

To: Board of Selectmen

Fr: Laurie Smith, Town Manager

Re: FY 21 Amended Budget

Dt: April 24, 2020

Based upon our discussion last Tuesday evening, Jen Lord and I have worked with Department Directors on an amended budget compiling a list of phase 1 and phase 2 reductions.

In your packet you should have five sheets.

1. An amended FY 21 revenue sheet.
2. An amended FY 21 budget reduction sheet showing both Phase 1 and Phase 2 reductions/additions.
3. An amended FY 21 capital budget sheet showing both Phase 1 and Phase 2 reductions/additions.
4. An FY 21 tax commitment sheet showing no change in use of fund balance.
5. An FY 21 tax commitment sheet showing the amount of fund balance contribution required to reduce the municipal portion of the tax rate to a 0% increase.
6. An explanation of fund balance

There is a lot of information contained in these sheets. Jen and I have done our best to simplify the information as much as possible in order that we might converse together throughout the virtual meeting.

Some general notes for your consideration.

- \$20,000 in expenses or revenues will change the tax rate by \$0.01
- \$100,000 in expenses or revenues will change the tax rate by \$0.05
- \$200,000 in expenses or revenues will change the tax rate by \$0.10
- \$5,000,000 in value will change the tax rate by \$0.01

Amended Revenues:

For the proposed FY 21 budget, I originally estimated \$2,788,135. This included the estimated non-property tax revenue and the special revenue transfer from Recreation, both found on the tax commitment sheet. The amended FY 21 Revenue page includes *only* the particular revenue accounts that I believe will be impacted by a change in economic conditions. That is why the total at the bottom of the proposed FY 21 column does not match the total original revenue forecast in your original proposed budget.

Jen and I developed a conservative reforecast of the revenues at the beginning of the COVID emergency. Those numbers are reflected in the conservative column. As time went on and we thought more about what was likely to happen, I created the optimistic revenue forecast in the following column. Jen and I have been discussing budget issues and challenges with other communities throughout the state and analyzing different potential models. The revised request column (last one highlighted in yellow) is our best guess at this time as to our revenue forecast for FY 21. This revised request will result in a reduction of \$485,000 from our proposed FY 21 revenue forecast. The two line items following the totals show the percentage decreases. The first line shows the percentage reduction from *only* those revenues which will be impacted (shown in the amended revenue list). The second line shows the percentage reduction of all proposed revenues (shown in your original revenue budget).

Amended FY 21 Budget – Phase 1 and Phase 2

This document is two pages in length and is divided between phase 1 and phase 2 amendments. I have listed most changes under the department category where they are shown in the original budget. There are two new additions to the budget - these are both highlighted in yellow.

The first addition is online service fees. Previously, the town did not absorb any online service fees for credit card payments. Citizens were allowed to pay online; however, they were charged a convenience fee by a third party vendor. This fee was higher than a merchant would typically be charged, but the town did not receive any of the service fees, only the original revenue. When the civil emergency began and the town office was closed to the public, our staff did their best to recreate every possible transaction as an online experience. In accordance with our desire to keep business running, we changed our credit card processing account and absorbed a merchant fee for all online charges. In the past month this has totaled \$2,800.

As we consider how to reopen town hall and what business will be like for our staff and citizens until a vaccine is available, I am imagining that we will have limited customer interactions and be encouraging on-line processing. I am recommending that we add online service fees for most transactions to our budget. I would not be offering this same service for tax payments as that could cost the town \$250,000 or more.

The second addition is the expense for an additional ballot machine for the upcoming year. Tracey O'Roak is recommending the addition as we plan for an anticipated high turnout in November of 2020 and the potential for new physical distancing standards and a local ballot to address lessons learned in the pandemic.

Phase 1

These reductions will hit most every department or committee. They total \$720,000. I have discussed these decreases with all department directors, and everyone is in agreement that although we wouldn't recommend these changes. We understand the position the town, our state, and nation is in, and we believe we can continue to operate the town providing the same services with these changes.

Some line items of note include:

- The reduction of hours from 20/week to 12/week for our part-time Assistant Code Enforcement Officer.
- The transfer of Dock Square Community Safety Officers to the Dock Square Enterprise Fund.
- The transfer of duties from the Fire Warden and E911 officer to the Fire Chief eliminating the stipends for both positions.
- The postponement of the start of our recycling program until January 1, 2021.
- We have been able to contract for propane and heating fuel in the coming year and have been able to reduce those accounts by \$10,000.
- The capital budget would be reduced by \$550,000 (please see capital detail sheet)
- Wages would be decreased in three areas. The open sergeant position would not be filled for the coming year. Market adjustments planned for several positions would not be implemented. The intern planned to assist with the restart of the recycling program would not be hired.

Phase 2

These reductions dig further into our budget and total \$162,914. They include items that are less popular including fourth of July fireworks, to KEMS, Graves Library, Cape Porpoise Library, and further decreases in capital. The largest reduction is the postponement of wage increases for all personnel until January 1, 2021. Currently, the Town has a union contract in place which includes a wage increase beginning July 1, 2020. I have been in discussions with the union in regards to the changes in our economic future and our desire to partner with them to address these budgetary concerns. This reduction would still need to be fully negotiated with our union representatives. The only other item I considered for Phase 2 which I did not include is the postponement of the start of recycling until July 1, 2021. This would equate to another \$75,000 reduction.

Amended Capital Budget FY 21

This sheet lists all capital proposed in the FY 21 budget and is broken into phase 1 and phase 2 reductions. FY 21 Proposed Phase 1 column lists all the original proposed dollar amounts. The second column lists amended requests in both phase 1 and phase 2. The third column shows the reduction amount between the proposed amount and the amended budget. I have also included a notes column to describe the impact of the reduction. Phase 1 reductions total \$550,000. Phase 2 include some additional reductions and total \$61,000.

There is one addition to the capital which appears in Phase 1. This is an increase in the capital funding for the Cape Porpoise pier account. The original budget had proposed a \$250,000 contribution to the account for the needed rebuilding of the Cape Porpoise Pier. Our current plan includes a three-year construction plan to take advantage of any available state and federal funds. Mike Claus and I are working with state officials and have been hearing that federal infrastructure funding may be on the horizon. The additional funds would position the Town to perhaps make lemonade out of lemons.

Tax Commitment Sheets

Both tax commitment sheets are similar to the ones you have seen in previous years and in your original proposed budget. These new sheets include the FY 20 budget, the originally proposed FY 21 budget (shown in your budget books), the changes to the operations and capital budget effected by the phase 1 and phase 2 reductions, and the changes to the municipal portion of the mil rate (boxed near the bottom of the page). Please note that \$ and % differences are measured against FY 20, not against the FY 21 proposed budget.

The sheet labeled FY 21 Amended Budget – No change in fund balance, shows the impacts to the tax rate if we make no changes to the fund balance contribution. The phase 1 reductions would bring the tax rate increase to \$0.20 or 6.3%. The phase 2 reductions would bring the municipal portion of the tax rate increase to \$0.12 or 3.7%.

The sheet labeled FY 21 Amended Budget – Increase in fund balance contribution to reflect 0% increase, shows the phase 1 and 2 reductions, similar to the first tax rate sheet. It also displays how much additional fund balance contribution would be required to bring the municipal portion of the tax rate to a 0% increase. Phase 1 would require a \$600,000 fund balance contribution (\$400,000 increase from the proposed budget). Phase 2 would require a \$440,000 fund balance contribution (\$220,000 increase from the FY 21 proposed budget).

I look forward to our further discussions on Monday evening.

Amended Revenues from Proposed Budget for FY 21					
Account	Acct #	Proposed FY 21	Conservative	Optimistic	Revised Request
Excise Taxes	02-01-01	\$ 1,020,000	\$ 830,000	\$ 948,000	\$ 948,000
Revenue Sharing	04-01-01	\$ 120,000	\$ 65,000	\$ 75,000	\$ 75,000
Clerk Fees	06-01-03	\$ 10,000	\$ 8,000	\$ 9,000	\$ 9,000
Building Permits	06-01-06	\$ 340,000	\$ 200,000	\$ 260,000	\$ 250,000
Plumbing Permits	06-01-07	\$ 20,000	\$ 12,000	\$ 15,000	\$ 15,000
Planning Board	06-01-11	\$ 12,000	\$ 8,000	\$ 10,000	\$ 10,000
Liquor Licenses	06-01-12	\$ 5,400	\$ 4,000	\$ 4,500	\$ 4,450
Victualer's Licenses	06-01-13	\$ 6,050	\$ 5,000	\$ 5,500	\$ 5,000
Parking Violations	06-01-17	\$ 55,000	\$ 25,000	\$ 35,000	\$ 25,000
Police Details	06-01-18	\$ 7,500	\$ 4,000	\$ 5,000	\$ 4,000
Beach Stickers	06-01-20	\$ 190,000	\$ 100,000	\$ 140,000	\$ 112,500
Investment Income	08-01-19	\$ 152,000	\$ 24,000	\$ 35,000	\$ 30,000
Recreation Transfer	08-01-66	\$ 95,000	\$ 50,000	\$ 70,000	\$ 60,000
Total		\$ 2,032,950	\$ 1,335,000	\$ 1,612,000	\$ 1,547,950
Reduction in amended revenues			\$ 697,950	\$ 420,950	\$ 485,000
Percentage Reduction of amended revenues only			34%	21%	24%
Percentage Reduction of total proposed revenues			25%	15%	17%

Amended FY 21 Budget

4/24/2020

Phase 1 Reductions

			Original Budget Request	Revised Request	(Reduction) Addition
Admin					
	Overtime		\$ 2,000	\$ 1,000	\$ (1,000)
	Dues & Fees		\$ 13,000	\$ 12,000	\$ (1,000)
	Travel		\$ 9,000	\$ 8,000	\$ (1,000)
	Training		\$ 6,000	\$ 4,200	\$ (1,800)
	Printing		\$ 4,500	\$ 3,500	\$ (1,000)
	Online Service Fees		\$ -	\$ 30,000	\$ 30,000
	Data Processing		\$ 17,500	\$ 15,885	\$ (1,615)
	Clerk	Office supplies	\$ 4,000	\$ 2,300	\$ (600)
		Reference Materials			\$ (200)
		Training			\$ (700)
		Record Books			\$ (200)
		Ballot Machine addition	\$ -	\$ 1,400	\$ 1,400
Growth Planning			\$ 5,000	\$ 2,500	\$ (2,500)
Community Development					
	Salaries		\$ 7,088	\$ 6,088	\$ (1,000)
Planning & Development					
	PT Asst Code Officer - reduction of 8 hours per wk		\$ 31,807	\$ 19,084	\$ (12,723)
	Travel/Meetings		\$ 3,600	\$ 1,500	\$ (2,100)
	Expert/Professional		\$ 25,000	\$ 22,000	\$ (3,000)
	GIS Maps		\$ 15,350	\$ 14,400	\$ (950)
	Office Supplies		\$ 1,700	\$ 1,500	\$ (200)
Police					
	Dock Square Officers moved to DSPL Budget		\$ 20,816	\$ -	\$ (20,816)
	Training		\$ 9,500	\$ 8,500	\$ (1,000)
	Uniforms		\$ 11,850	\$ 11,350	\$ (500)
	Ammunition		\$ 3,800	\$ 3,300	\$ (500)
Communications					
	Radio Replacement		\$ 4,500	\$ 1,500	\$ (3,000)
Fire					
	Fire Warden		\$ 805	\$ -	\$ (805)
	E911 Officer Stipend		\$ 5,516	\$ -	\$ (5,516)
	Training		\$ 8,000	\$ 7,000	\$ (1,000)
	Office Supplies		\$ 1,500	\$ 1,200	\$ (300)
	Computers		\$ 3,000	\$ 2,300	\$ (700)
Animal Control					
	Travel & Meetings		\$ 850	\$ 700	\$ (150)
	Operating Supplies		\$ 1,300	\$ 600	\$ (700)
Solid Waste					
	Recycling Processing wait until January		\$ 42,000	\$ 17,000	\$ (25,000)
	Pickup wait until January		\$ 106,000	\$ 56,000	\$ (50,000)
Shellfish					
	Travel		\$ 500	\$ 250	\$ (250)
	Seedlings		\$ 500	\$ -	\$ (500)

Phase 1 Reductions Continued				
			Original Budget	Revised (Reduction)
			Request	Request Addition
Public Works				
	Gravel		\$ 3,000	\$ 2,000 \$ (1,000)
	Culvert		\$ 3,000	\$ 2,000 \$ (1,000)
	Sand		\$ 2,184	\$ 1,184 \$ (1,000)
Shade Tree				
	Fertilizing		\$ 4,000	\$ 3,000 \$ (1,000)
	Planting		\$ 2,500	\$ 1,500 \$ (1,000)
Cemetery				
	Cutting		\$ 2,500	\$ 2,250 \$ (250)
Recreation				
	OT		\$ 1,500	\$ - \$ (1,500)
	Water		\$ 545	\$ 445 \$ (100)
	Electricity		\$ 3,600	\$ 3,000 \$ (600)
Parsons Way			\$ 4,000	\$ 3,500 \$ (500)
GRB Reserve			\$ 10,000	\$ 9,000 \$ (1,000)
Contingency Salary			\$ 10,000	\$ - \$ (10,000)
Heating Fuel Contract			\$ 28,010	\$ 18,010 \$ (10,000)
Capital			\$ 1,746,914	\$ 1,196,914 \$ (550,000)
Wages				
	Sergeant		\$ 10,000	\$ - \$ (10,000)
	Market Adjustments		\$ 15,785	\$ - \$ (15,785)
	Intern		\$ 4,340	\$ - \$ (4,340)
Phase 1 Reductions :			\$ 2,217,860	\$ 1,497,860 \$ (720,000)
Phase 2 Reductions				
			Original Budget	Revised (Reduction)
			Request	Request Addition
River Harbormaster			\$ 19,986	\$ 18,986 \$ (1,000)
Fourth of July - Fireworks			\$ 4,313	\$ - \$ (4,313)
Freeze COLA Adjustment until January 1			\$ 70,000	\$ - \$ (70,000)
Partners				
	KEMS, and Two Libraries - 5% reduction		\$ 334,550	\$ 317,850 \$ (16,700)
Social Services			\$ 5,000	\$ 4,400 \$ (600)
Public Works				
	Part-time grounds person		\$ 9,301	\$ - \$ (9,301)
Capital				
	Police Cruiser, SCBA Bottles, Highway Equipment		\$ 61,000	\$ - \$ (61,000)
Phase 2 Reductions:			\$ 504,150	\$ 341,236 \$ (162,914)
Total Reductions:				\$ (882,914)

Amended Capital Budget FY 21					
Phase 1					
Capital Accounts		FY 21 Proposed Phase 1	FY 21 Amended Phase 1	Reduction Phase 1	Notes
Admin					
	Historical Preservation	\$ 5,000	\$ -	\$ 5,000	no record preservation
	Town Hall	\$ 200,000	\$ -	\$ 200,000	No Reserve for Town Hall
Police					
	Cameras	\$ 13,314	\$ 13,314	\$ -	
	Vehicles	\$ 31,000	\$ 31,000	\$ -	
Communications					
	Radio	\$ 250,000	\$ 250,000	\$ -	
Fire					
	Equipment	\$ 35,000	\$ 20,000	\$ 15,000	reduced reserve for SCBA bottles
	Building Improvements	\$ 200,000	\$ -	\$ 200,000	No reserve for Fire Station
	Radio Reserve	\$ -	\$ -	\$ -	
	Apparatus Reserve	\$ 130,000	\$ 100,000	\$ 30,000	Reduce reserve for Fire Truck
	PPE	\$ -	\$ -	\$ -	
Highway					
	Fuel System	\$ 15,000	\$ 15,000	\$ -	
	Vehicles	\$ 140,000	\$ 109,000	\$ 31,000	Reduce reserve for truck
Road Improvement		\$ 344,100	\$ 230,100	\$ 114,000	No School Street drainage, no River Road or Walker's Lane, and no Fairfield Hill gravel
Sidewalk Construction		\$ 70,000	\$ 70,000	\$ -	
Recreation		\$ 5,000	\$ -	\$ 5,000	No reserve for Tennis Courts
Street Lights		\$ 58,500	\$ 58,500	\$ -	
Piers		\$ 250,000	\$ 300,000	\$ (50,000)	Add to Piers to attract federal \$
Total Phase 1		\$ 1,746,914	\$ 1,196,914	\$ 550,000	
Phase 2					
		FY 21 Phase 1 Adjusted	FY 21 Amended Phase 2	Reduction Phase 2	
Police	vehicle	\$ 31,000	\$ -	\$ 31,000	no vehicle replacement
Fire	SCBA Reserve	\$ 20,000	\$ -	\$ 20,000	no SCBA reserve
Public Works					
	Vehicle Reserve	\$ 109,000	\$ 99,000	\$ 10,000	reduced vehicle reserve
Total Phase 2		\$ 160,000	\$ 99,000	\$ 61,000	

FY 21 Amended Budget - No change in fund balance

FY 21 Tax Commitment

		Originally Proposed			Phase 1			Phase 2		
	FY 20	FY 21	Difference	20 vs 21 % Diff	FY 21	Difference	20 vs 21 % Diff	FY 21	Difference	20 vs 21 % Diff
Municipal										
Operations	7,334,404	7,549,584	215,180	2.93%	7,379,584	45,180	0.62%	7,277,670	(56,734)	-0.77%
Capital	1,301,100	1,746,914	445,814	34.26%	1,196,914	(104,186)	-8.01%	1,135,914	(165,186)	-12.70%
Debt	627,662	977,466	349,804	55.73%	977,466	349,804	55.73%	977,466	349,804	55.73%
*Education Assessment	11,249,250	11,699,220	449,970	4.00%	11,699,220	449,970	4.00%	11,699,220	449,970	4.00%
*County Assessment	1,143,776	1,172,370	28,594	2.50%	1,172,370	28,594	2.50%	1,172,370	28,594	2.50%
Overlay	77,014	77,014	-	0.00%	77,014	-	0.00%	77,014	-	0.00%
Total Expenditures	21,733,206	23,222,568	1,489,362	6.85%	22,502,568	769,362	3.54%	22,339,654	606,448	2.79%
Non Property Tax Revenue	2,607,386	2,693,135	85,749	3.29%	2,243,135	(364,251)	-13.97%	2,243,135	(364,251)	-13.97%
General Use of Fund Balance	200,000	200,000	-	0.00%	200,000	-	0.00%	200,000	-	0.00%
Capital Projects Use of Fund Balance	100,000	325,000	225,000	225.00%	325,000	225,000	225.00%	325,000	225,000	225.00%
Transfer In Special Revenue-Recreation	80,000	95,000	15,000	18.75%	60,000	(20,000)	-25.00%	60,000	(20,000)	-25.00%
Transfer In Trust-Picavet & Macomber	800	-	(800)	-100.00%	-	(800)	-100.00%	-	(800)	-100.00%
Total Non-Property Tax Rev & Trans	2,988,186	3,313,135	324,949	10.87%	2,828,135	(160,051)	-5.36%	2,828,135	(160,051)	-5.36%
Net Municipal Commitment	6,351,994	7,037,843	685,849	10.80%	6,802,843	450,849	7.10%	6,639,929	287,935	4.53%
Net Total Commitment	18,745,020	19,909,433	1,164,413	6.21%	19,674,433	929,413	4.96%	19,511,519	766,499	4.09%
Valuation	1,983,600,020	1,998,600,020	15,000,000	0.76%	1,998,600,020	15,000,000	0.76%	1,998,600,020	15,000,000	0.76%
Mil Rate	9.45	9.96	0.51	5.41%	9.84	0.39	4.17%	9.76	0.31	3.31%
Municipal portion of mill rate	3.20	3.52	0.32	10.0%	3.40	0.20	6.3%	3.32	0.12	3.7%
Education portion of mill rate	5.67	5.85	0.18	3.2%	5.85	0.18	3.2%	5.85	0.18	3.2%
County portion of mill rate	0.58	0.59	0.01	1.7%	0.59	0.01	1.7%	0.59	0.01	1.7%
* Education and County are estimates at this time										

FY 21 Amended Budget - Increase in fund balance contribution to reflect 0% increase										
FY 21 Tax Commitment										
	FY 20	Originally Proposed		Phase 1		Phase 2				
		FY 21	Difference	20 vs 21 % Diff	FY 21	Difference	20 vs 21 % Diff	FY 21	Difference	20 vs 21 % Diff
Municipal										
Operations	7,334,404	7,549,584	215,180	2.93%	7,379,584	45,180	0.62%	7,277,670	(56,734)	-0.77%
Capital	1,301,100	1,746,914	445,814	34.26%	1,196,914	(104,186)	-8.01%	1,135,914	(165,186)	-12.70%
Debt	627,662	977,466	349,804	55.73%	977,466	349,804	55.73%	977,466	349,804	55.73%
*Education Assessment	11,249,250	11,699,220	449,970	4.00%	11,699,220	449,970	4.00%	11,699,220	449,970	4.00%
*County Assessment	1,143,776	1,172,370	28,594	2.50%	1,172,370	28,594	2.50%	1,172,370	28,594	2.50%
Overlay	77,014	77,014	-	0.00%	77,014	-	0.00%	77,014	-	0.00%
Total Expenditures	21,733,206	23,222,568	1,489,362	6.85%	22,502,568	769,362	3.54%	22,339,654	606,448	2.79%
Non Property Tax Revenue	2,607,386	2,693,135	85,749	3.29%	2,243,135	(364,251)	-13.97%	2,243,135	(364,251)	-13.97%
General Use of Fund Balance	200,000	200,000	-	0.00%	600,000	400,000	200.00%	440,000	240,000	120.00%
Capital Projects Use of Fund Balance	100,000	325,000	225,000	225.00%	325,000	225,000	225.00%	325,000	225,000	225.00%
Transfer In Special Revenue-Recreation	80,000	95,000	15,000	18.75%	60,000	(20,000)	-25.00%	60,000	(20,000)	-25.00%
Transfer In Trust-Picavet & Macomber	800	-	(800)	-100.00%	-	(800)	-100.00%	-	(800)	-100.00%
Total Non-Property Tax Rev & Trans	2,988,186	3,313,135	324,949	10.87%	3,228,135	239,949	8.03%	3,068,135	79,949	2.68%
Net Municipal Commitment	6,351,994	7,037,843	685,849	10.80%	6,402,843	50,849	0.80%	6,399,929	47,935	0.75%
Net Total Commitment	18,745,020	19,909,433	1,164,413	6.21%	19,274,433	529,413	2.82%	19,271,519	526,499	2.81%
Valuation	1,983,600,020	1,998,600,020	15,000,000	0.76%	1,998,600,020	15,000,000	0.76%	1,998,600,020	15,000,000	0.76%
Mil Rate	9.45	9.96	0.51	5.41%	9.64	0.19	2.05%	9.64	0.19	2.04%
Municipal portion of mil rate	3.20	3.52	0.32	10.0%	3.20	0.00	0.0%	3.20	0.00	0.0%
Education portion of mil rate	5.67	5.85	0.18	3.2%	5.85	0.18	3.2%	5.85	0.18	3.2%
County portion of mil rate	0.58	0.59	0.01	1.7%	0.59	0.01	1.7%	0.59	0.01	1.7%
* Education and County are estimates at this time										

Town of Kennebunkport

What is Fund Balance?

Fund Balance is a key measurement of the accumulation of all expenses and revenues since the municipal government's creation. It is not excess cash, although it is partially comprised of cash and investments. We might compare Fund Balance of a municipality to that of owner's equity in a private company. In the banking industry, oversight regulators focus in on "equity" as a key to the fiscal health of an institution. Minimum standards are established and monitored. It is not much different with the Town's Fund Balance.

A portion of Fund Balance is called "*Designated*", which represents funds which have been designated for some future spending purpose. "*Unassigned Fund Balance*" is the contingent fund maintained for many purposes. Some call this "surplus", but that term can be mis-construed by taxpayers as "*spendable without significant consequences*". Reviewing the unassigned portion of Fund Balance is, in essence, a focus on assuring long-term solvency—certainly an essential component of the entire Town's budgeting process.

What Role Does Fund Balance Play in a Town's Finances?

An important goal of a local government is to maintain a stable tax and revenue structure while providing the orderly delivery of desired and necessary services to residents. Fund Balance plays a key role in that stability. Achieving and maintaining a healthy Fund Balance gives the Town a strong fiscal foundation that allows it to respond to differing needs of the community. Depending on the size of the Fund Balance, this account can be drawn upon to respond to needs such as the following:

- Provide working capital (cash) to avoid constant short-term borrowing
- Maintain the stability of its tax rate through occasional draw downs and, alternately, absorbing temporary excess revenues in good years
- Maintain or improve the Town's credit standing
- Provide a fallback for any temporary economic uncertainty in tax growth
- Provide for unforeseen major capital or mandatory expenditures
- Allow absorption of large hits, such as abatements or lawsuits, without negatively impacting the tax rate in a particular year
- Fund initial expenditures of planned capital projects that have yet to be bonded
- Provide working capital for unexpected increases in uncollected taxes

Maintaining a proper minimum Fund Balance also provides evidence to the Town's bondholders and bond rating agencies of the Town's continuing financial stability and credit worthiness. In the financial marketplace, a sound Fund Balance and Fund Balance policy are credit strengths that result in lower borrowing costs for the Town.

What Represents a “Healthy” Fund Balance?

Fund Balance needs vary from community to community and depend on a number of factors, including the type and stability of revenues, the size and structure of the debt load, and the nature of expenditures. Before GASB Statement No. 34 changed fund balance to calculate it net of all liabilities, Unassigned Fund Balance for a municipality is typically at least 16% or two months of total operating expenses. The Town needs a healthy Fund Balance to be able to maintain its ability to respond to other unforeseen circumstances that may arise. Another way to analyze the health of the Fund Balance looks at total Fund Balance as a percent of gross revenues. Moody's, one of the large credit agencies, uses this measure in determining the risk level of municipal bonds.

Policy:

It is the policy of the Town of Kennebunkport to maintain unassigned fund balance in the general fund at a minimum of two months of general fund expenditures (or 18%) measured on a GAAP basis (*GAAP* - generally accepted accounting principles in the United States). In the event that the unassigned fund balance drops below this level, the Town will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period five (5) years or less. The Treasurer shall report fund balance in the appropriate classifications and make the appropriate disclosures in the Town's financial statements. Unless already classified as restricted or committed, the following balances shall be classified as assigned, as per GAAP or a matter of policy. Encumbrances – Amounts encumbered at year-end by contract, including purchase order, or encumbered by some other means shall be classified as assigned. (GAAP) Budget Appropriation – Amounts appropriated in the annual budget resolve, or in any supplemental budget resolves, for expenditures in ensuing fiscal year shall be classified as assigned, unless otherwise already restricted or committed. (GAAP) Capital Budget – Amounts designated for use in the first year of the capital improvement program, whether by appropriation or advance to another fund, shall be classified as committed.

Any unassigned funds in excess of the of 18% target balance will be transferred to capital reserve accounts for projects identified in the Capital Improvement Plan.

Policy Administration

After the annual audit, the Treasurer shall report the Town's fund balance and the classification of the various components in accordance with GAAP and this policy. Should the Town fall below the target level, the Treasurer shall prepare a plan to restore the unassigned fund balance to the target level.