



Town of Kennebunk

Municipal Accounting 101

It's a cold, accrual world out there..

The Business of Kennebunk

A \$36,000,000 property management organization:

- ” ~ 36 square miles area,
- ” ~ 112 miles of public roads,
- ” ~ 6,700 taxable real estate parcels,
- ” ~ 11,000 year-round residents,
- ” With its own security company, fire and ambulance service, maintenance crew, and a member of a 3-town school system.

Some of the things I think about....

Budget Process

Real Estate Property Ownership & Valuation . April 1st

Commitment (no, not that kind of commitment)

Mil Rate (or is it Mill Rateõ ?)

- School Assessment Allocation
- County Assessment Allocation

Fund Accounting

- General Fund
- Special Revenue Funds (TIFs)
- Capital Funds
- Enterprise Funds (PAYT)
- Permanent Funds (trust funds)

15-Year Capital Plan . Clear or cloudy crystal ballõ ?

Bonds . Ours and theirs

Annual Budget Process .

Spending the public's money for public services

~~Town is on a fiscal year – July 1 to the following June 30~~

> December/January - Town Manager creates a budget for the next fiscal year.

> February . Board of Selectmen and Budget Board review the TM's proposed budget. The Boards may or may not propose changes, and ultimately approve a budget to be sent to the voters.

> June . Through a referendum ballot (aka the Annual Town Meeting) the voters decide whether to adopt the budget.

If the vote fails, the existing budget may continue.

> July 1st Happy New Year!

FY15-16 Budget .

Approved June 9, 2015

FY2016 BUDGET TOTALS

<u>Classification</u>	<u>Expense</u>	<u>Estimated Revenue</u>	Surplus (S) Excise Tax (E) Reserve (R)	<u>Approved Net Tax Assessment</u>
General Government Services	\$3,909,526	\$439,750		\$3,469,776
Public Safety	3,651,528	880,000	\$1,900,000 (E)	871,528
Public Services	2,918,849	747,000		2,171,849
Debt Service (principal & int)	719,610		100,000 (S)	619,610
Library	542,960		4,000 (R)	538,960
Sub-Total - Article #3; Ref Q #1	\$11,742,473	\$2,066,750	\$2,004,000	\$7,671,723
	(A)	(B)	(C)	= (A) - (B) - (C)

FY15-16 Uses of Unassigned General Fund Balance

> Capital Projects, Vehicles, Equipment & Reserves for Projects and Equipment	\$869,500
> Reserve for Future Debt Service Payments	\$312,000
> Budget Board Capital Reserve Account	\$50,000
> Transfer to Enterprise Fund - Pay-As-You-Throw	
- Deficit for FY2014 (6/30/2014)	\$8,613
- Estimated Deficits for FY2015 & FY2016	<u>\$50,000</u>
Subtotal . separate warrant article/referendum question	\$1,290,113
> Reduce Budgeted FY15-16 Debt Service Payments . budget warrant article/ref question	<u>\$100,000</u>
 Total Gen Fund Balance to be Committed	 \$1,390,113
<i>(Estimated total GF Balance available \$1,393,030)</i>	

FY15-16 New Debt (Bonds)

Infrastructure & Parking Lot	\$376,000
Vehicles & Equipment	\$340,000
(10 year term, estimated using 3.25%)	
Fire Dept Brush Truck & Public Services Truck	<u>\$112,000</u>
(5 year term, estimated using 3.25%)	
<i>(Debt service to be paid by Alfred Road TIF – Utility Corridor)</i>	
Total New Debt (Bonds) Proposed	\$828,000

Commitment Day .

The tax collector comes knocking

- > The day the taxes are committed to the tax collector for collection generally during the end of August.
- > Tax bills are sent the first week of September.

Net Commitment = Sum of Net Assessments

- + RSU 21 assessment from the School Board
 - + York County assessment from the County Commissioners
 - + Town's net budget to operate Kennebunk
 - . State Revenue Sharing = 5 % of State revenues (maybe)
 - . Homestead & BETE funds from the State
 - = Net Commitment
- aka: The amount be collected by annual property taxation.

April 1st: Valuation Day .

Assessing your place in the world . No April Fools

Date of Ownership . If you own property on that date, then you are liable for taxes on that property.

Date of ~~best~~ value+ . The courts have interpreted ~~best~~ value+ to mean fair market value or in other words ~~what~~ what the property is worth.+

Maine Legislature set assessing standards .

One standard - total local valuation of taxable property should not fall below 70% of fair market value;

Second standard - quality ratings of assessments not to exceed 20 (basically, difference in valuation between similar properties should never be greater than 20%).

Assessed Property Values .

Local Valuation v. State Valuation

	FY13-14 4/1/13	FY14-15 4/1/14	FY15-16 4/1/15
Real Estate	1,945,949,618	1,987,367,600	\$2,002,700,900
Personal Property	45,807,600	41,901,600	40,918,500
Local Assessor Valuation	\$1,991,757,218	\$2,029,269,200	\$2,043,619,400
Change	2.4%	1.9%	0.7%
Certified Ratio	95%	95%	95%
Taxable Real Estate Parcels	6,647	6,673	6,713
Taxable Personal Prop	921	928	960
Total Bills	7,568	7,601	7,673

	2015 State Val Yr 4/1/13: (Sales Sample from 7/1/12-6/30/13)	2016 State Val Yr 4/1/14: (Sales Sample from 7/1/13-6/30/14)	2017 State Val Yr 4/1/15: (Sales Sample from 7/1/14-6/30/15)
State Valuation	\$2,159,200,000	\$2,245,800,000	\$2,316,900,000
Change	3.5%	4.0%	3.2%
Total TIF Val (per State Val Analysis)	\$58,082,149	\$65,723,137	\$69,960,952

FY15-16 Mil Rate .

\$15.30 per \$1,000 of Property Value

	FY 13-14	FY 14-15	FY 15-16
School	\$20,660,409	\$20,829,596	\$21,698,081
County	1,156,781	1,157,929	1,190,620
County (short yr: year-#3)	116,036	124,066	122,059
TIF	824,912	930,311	1,016,882
Municipal Appropriations	7,092,520	7,314,358	7,671,723
Overlay	705,160	575,751	364,998
Total Appropriations	30,555,818	30,932,011	32,064,363
Less:			
State Rev. Sharing	400,000	350,000	395,972
Homestead & BETE	379,048	380,297	401,300
Total Revenues	779,048	730,297	797,272
Net Commitment	\$29,776,770	\$30,201,714	\$31,267,091
Taxable Valuation	\$1,991,757,218	\$2,026,960,800	\$2,043,619,400
Municipal Gross Budget			
Proposed	\$10,931,743	\$11,329,674	\$11,754,514
Approved	\$10,931,743	\$11,329,674	\$11,742,473
Property Tax Rate	\$14.95	\$14.90	\$15.30

Numerator

Denominator

PROPERTY TAX DISTRIBUTION

	FY 13-14		FY 14-15		FY 15-16	
	%	\$	%	\$	%	\$
School	73.14	10.94	72.62	10.82	72.60	11.11
Municipal	22.35	3.34	22.88	3.41	23.00	3.52
County	4.51	0.67	4.50	0.67	4.40	0.67
Total	100%	\$14.95	100%	\$14.90	100%	\$15.30

School & County Assessments .

13 big checksõ .

York County Budget . Gross budget \$19,053,554;
\$16,055,668 assessed to 29 towns; allocated on each town's
State valuation; Kennebunk's portion \$1,190,620 (7.4%)

RSU 21 Budget . Gross budget \$40,068,299;
\$34,021,242 assessed to 3 towns; \$4,544,827 in State aid
projected Apr 2015 (Kbk \$1,550,794 and Arundel \$2,994,032)
Kennebunk's portion \$21,698,081 (63.8%) over 12 monthly payments)

Multi-step allocation based on EPS (DOE's Essential
Programs & Services model - *not earnings per share*), pupil counts,
State valuations, State aid levels

*State required formula (EPS) and locally negotiated formulas (over-EPS) -
Do ya' have an extra couple hours and a hefty cup of coffee...?*

Accounting Structure .

Fund Accounting and its fun accounting, too .

General Fund . The primary operating fund

Capital Fund . Asset acquisitions and debt service

Enterprise Funds (aka Proprietary Funds)

- Pay-As-You-Throw (PAYT) Fund; Electrical Inspection Fund

Special Revenue Funds

- TIF Districts (3); Conservation Land; Harbormaster; Building Revenues

Permanent Funds

- Trust Funds (4)

Each fund is a stand-alone entity for specific purposes in accordance with laws and regulations or special restrictions and limitations.

The Big Funds

Tax Revenues

- Property Taxes
- Excise Taxes

Other Revenues

- Ambulance Revenues
- Recreation Programs
- Building Permits
- Beach Parking Permits
- Etcõ

Each fund is a stand-alone entity for specific purposes in accordance with laws and regulations or special restrictions and limitations.

General Fund

Expenditures to run the day-to-day operations.

Transfers to other funds.

Unspent revenues retained as "fund balance" aka "**surplus**"

Capital Funds

Asset acquisitions, projects & debt service

Special Revenue Funds

TIF Districts - projects, expenditures & debt serv

Trash Bag Revenues

Enterprise Fund

PAYT Expenses

- Curbside Pick-up
- Waste disposal
- Cost of bags
- Misc

TOWN OF KENNEBUNK 15-YEAR CAPITAL PLAN

	1	2	3	4	5	6	7	8
	2017	2018	2019	2020	2021	2022	2023	2024
<u>15-YEAR CAPITAL PLAN</u>								
Police Vehicles	\$63,000	\$72,000	\$72,000	\$48,500	\$64,000	\$76,500	\$72,000	\$64,000
Police Equipment	\$49,080	\$18,200	\$16,200	\$14,600	\$15,300	\$13,900	\$59,337	\$36,100
Fire Vehicles & Equipment	\$19,800	\$628,500	\$117,800	\$589,600	\$977,400	\$310,500	\$590,500	\$94,000
EMS Vehicles & Equipment	\$248,000	\$30,800	\$283,000	\$0	\$299,000	\$37,800	\$283,000	\$0
EMA Equipment (generators)		\$0	\$0	\$0	\$0	\$85,000	\$0	\$0
Public Services Vehicles & Equipment	\$253,000	\$171,000	\$170,000	\$289,500	\$40,000	\$236,000	\$180,000	\$472,000
Recreation Vehicles	\$136,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Recreation Facilities	\$0	\$125,000	\$125,000	\$25,000	\$35,000	\$60,000	\$25,000	\$40,000
Gen Govt Facilities	\$93,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Other Miscellaneous	\$11,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
	\$872,880	\$1,120,500	\$859,000	\$1,042,200	\$1,505,700	\$894,700	\$1,284,837	\$781,100
Roads & Sidewalks	\$1,600,000	\$1,600,000	\$1,600,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Total	\$2,472,880	\$2,720,500	\$2,459,000	\$1,842,200	\$2,305,700	\$1,694,700	\$2,084,837	\$1,581,100

	9	10	11	12	13	14	15	15 - YR
	2025	2026	2027	2028	2029	2030	2031	AVERAGE
<u>15-YEAR CAPITAL PLAN</u>								
Police Vehicles	\$64,000	\$72,000	\$72,000	\$36,000	\$56,000	\$36,000	\$72,000	\$66,500
Police Equipment	\$44,100	\$20,000	\$5,000	\$22,600	\$23,800	\$30,000	\$17,500	\$27,840
Fire Vehicles & Equipment	\$37,600	\$98,400	\$61,000	\$711,200	\$17,800	\$126,100	\$27,800	\$416,013
EMS Vehicles & Equipment	\$248,000	\$56,600	\$0	\$285,800	\$70,000	\$248,000	\$16,000	\$147,700
EMA Equipment (generators)	\$0	\$0	\$0	\$40,000	\$10,000	\$0	\$0	\$12,143
Public Services Vehicles & Equipment	\$218,800	\$180,000	\$0	\$330,000	\$170,000	\$270,000	\$0	\$226,438
Recreation Vehicles	\$0	\$95,000	\$95,000	\$0	\$128,000	\$0	\$0	\$17,000
Recreation Facilities	\$25,000	\$70,000	\$140,000	\$45,000	\$0	\$40,000	\$0	\$54,375
Gen Govt Facilities	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$55,375
Other Miscellaneous	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$23,250
	\$712,500	\$667,000	\$448,000	\$1,545,600	\$550,600	\$825,100	\$208,300	\$1,046,632
Roads & Sidewalks	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$1,100,000
Total	\$1,512,500	\$1,467,000	\$1,248,000	\$2,345,600	\$1,350,600	\$1,625,100	\$1,008,300	\$2,146,632

General Obligation Debt .

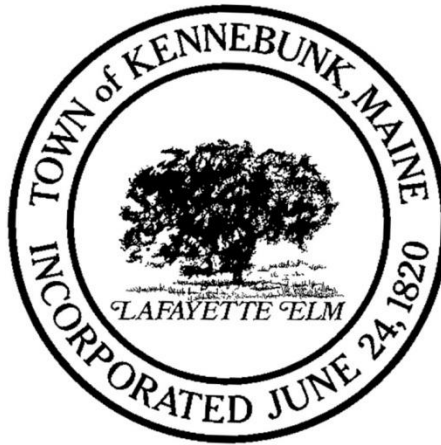
GO Bonds goõ .

Bond Rating Agencies:	S&P: AAA, Moody's: Aa1
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<u>Currently Outstanding</u>	<u>Issued</u>	<u>Balance at</u> <u>4/2/2016</u>
2007 GO Bond West Kennebunk Fire Station & Refinancing 94 GO Bond	\$1,360,000 @ 4.25%: 2007-10/1/2026	\$550,000
2010 GO Bond Various Projects and Assets	\$6,252,000 @ 3.10%: 2010-10/1/2029	\$3,970,000
2013 GO Bond Various Projects and Assets & Refinancing 03 GO Bond	\$5,244,000 @ 2.70%: 2014-10/1/2028	\$4,040,000
2016 GO Bond Various Projects and Assets	\$3,049,000 @ 1.78%: 2016-10/1/2030	\$3,049,000
		<u>\$11,609,000</u>

Overlapping Debt

		<u>Allocated</u>
York County	\$7,730,259 (at June 30, 2015) x 7.27%	<u>\$561,603</u>
RSU 21 School Distrct		
- Middle & Elementary Schools, Capital Leases, SRRF & Comp Bal		
At 6/30/2015	\$17,022,892 x 61.07%	\$10,395,773
- KHS, Consolidated, ML Day Renovation Bonds - Phase 1		
At 11/1/2015	\$45,000,000 x 49.15%	<u>\$22,117,500</u>
		<u>\$32,513,273</u>



Town of Kennebunk

Municipal Accounting 101

It's over. you can wake up now.