

**BOARD OF SELECTMEN GOALS
2014- 2015**

1. Minimize the impact on property taxes.
2. Develop a working relationship with the School Board to collaborate and discuss School and Town Budgets and their impacts on the tax rate.
3. Continue to work to resolve the Mason Station/Ferry Road/IPark TIF issues.
4. Work with the owners of Chewonki Campground to find a solution to the Airport obstruction issues that is a win/win for Chewonki and the Town.
5. Support the Waterfront Development, Boardwalk, and Railway Projects.

8/11/14

Wiscasset FY 14-15 Budget

Estimated Tax Rate Calculation

Net School Appropriation	\$6,918,859
Net Town Appropriation	1,710,204
County Appropriation	510,122
Estimated TIF	74,615
Estimated Overlay	57,336

Est. Amount From Taxes	\$9,271,136
Investment funds to Reduce Taxes	\$1,250,000
	\$8,021,136

			Tax Rate
Use Of Fund Balance	\$125,000	\$7,896,136	17.72(9.38%)
	\$200,000	\$7,821,136	17.55(8.33%)
	\$250,000	\$7,771,136	17.44(7.65%)
	\$300,000	\$7,721,136	17.33(6.98%)
	\$350,000	\$7,671,136	17.22(6.30%)
	\$400,000	\$7,621,136	17.10(5.56%)

Est. Valuation Same as Last Year \$445,591,700

8/11/14

Wiscasset Unassigned Fund Balance Estimate

Fund Balance 6/30/13	\$1,007,508
Amount Used 13/14	\$125,000
	\$882,508
Est. Amount Added 13/14	\$100,000

Est. Amount Available 14/15	\$982,508

Amount Recommended in the Town's Unassigned Fund Balance Policy is to have \$1,800,000 in the fund which is approximately 2months of expenditures.

The Fund Balance Policy is attached and also an excerpt from the 2013/14 Audit concerning the unassigned fund balance.

Town of Wiscasset General Fund - Fund Balance Policy

Purpose of this Policy

The purpose of this policy is to establish a target level of fund balance for the general fund and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. This policy shall also establish a process for reaching and or maintaining the targeted level of fund balance, and the priority for the use of resources in excess of the target. Finally, this policy shall provide a mechanism for monitoring and reporting the Town's general fund balance. This policy applies only to the general fund.

Definitions and Classifications

- *Fund Balance* is a term used to describe the net assets of governmental funds. It is calculated as the difference between the assets and liabilities reported in a governmental fund.
- Governmental fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five classifications of fund balance for the General fund are defined as follows.
 - *Non-spendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
 - *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
 - *Committed* – resources which are subject to limitations the government imposes upon itself at its highest level of decision making (Town Selectmen), and that remain binding unless removed in the same manner.
 - *Assigned* – resources neither restricted nor committed for which a government has a stated intended use as established by the Town Selectmen, or a body or official (management) to which the Town Selectmen has delegated the authority to assign amounts for specific purposes.
 - *Unassigned* – resources which cannot be properly classified in one of the other four categories. The General Fund should be the only fund that reports a positive unassigned fund balance amount. The committed, assigned, and unassigned classifications are often referred to, in the aggregate, as the *unrestricted fund balance*.

Background and Considerations

Fund balance is intended to serve as a measure of financial resources in a governmental fund. The Town's management, credit rating agencies, and others monitor the levels of fund balance in the general fund as an important indicator of the Town's economic condition. While credit agencies have always analyzed fund balance as part of their evaluation of credit-worthiness, increased attention has been focused on determining sufficient levels because of recent events in the credit markets. In establishing an appropriate level of fund balance the Town has considered the following factors:

- Property Tax Base
- Non-property Tax Revenues
- Debt Profile
- Liquidity

Adopted 12.03.13

- Budget Management
- Future Uses
- Economy

Policy

It is the policy of the Town of Wiscasset to maintain unassigned fund balance in the general fund at two months of general fund expenditures (or 16%) 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. (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 assigned. Selectmen action must be taken to assign amounts before the end of the fiscal year (types of assignments and estimated amounts are required). The Treasurer will provide the estimated fund balances in order to make such assignments.

Policy Administration

Annually, 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.

12/13 Audit Report

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance increased in the current year but is still below the level sufficient to sustain government operations for a period of approximately two months (\$1,800,000). As evidence of this, unassigned general fund balance increased to \$1,007,508 for the year ended June 30, 2013 from \$603,170 for the same period in 2012. The Town does maintain significant reserves for future capital and program needs. The Town is working to rebuild the unassigned balance to a sufficient level.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at 51 Bath Road, Wiscasset, Maine 04578.