



Year End Financial Report

Fiscal Year 2014

James D Chaousis II, Town Manager

Town of Boothbay— PO Box 106 Boothbay, ME 04537

T: (207)633-2051 E: townmanager@townofboothbay.org

Executive Summary

June 30th, 2014 marked the last day of Fiscal Year 2014. The Town Office closed in order to finalize all financial information and prepare the financial records for another year. This Fiscal Year End Financial Report is prepared to inform the Selectmen and citizens of the financial standing of the Town of Boothbay at the conclusion of FY 2014.

Fiscal Year 2014 started off with the first tax rate increase in five years. Escalating costs of education, ambulance, and county expenses combined with historically poor valuation growth numbers were the major factors. These factors had been absorbed by the municipal share of the tax levy for many years and FY 2014 represented the breaking point. The tax rate ultimately increased from .00767 to .0084. This was an increase of 9.52%.

The adopted municipal operating budget decreased slightly. The budget was reduced by \$12,946, or 0.67%, through efficiencies and cost effective purchasing. An incredibly expensive winter and impending legal concerns regarding cell towers have stressed the municipal budget but it was ultimately a net positive year.

Revenues were received at 99.67% at the end of the year. Expenditures resulted in 99.06% of budget. This results in a very slight positive surplus at the end of the year. There are outstanding receipts, especially regarding the fuel depot (\$18,528), that are expected to be received before audit. The surplus estimate is slightly positive.

CONTENTS

Executive Summary	2
Total Commitment	3
Tax Commitment Distribution	3
Tax Distribution	3
Tax Commitment Increases	3
Revenue	4
Municipal Revenue	4
Expense	5
Municipal Expense	5
Towns Financial Position	6
UDF Projections	6

Total Commitment

The Town collects taxes for every entity that has the legal authority to allocate local taxes. This is often confusing to the average taxpayer as they see the Town of Boothbay seal on the bill represented by the Tax Collector. The town collects taxes for the School District, Lincoln County, Boothbay Region Refuse and Disposal District as well as the Town's operating and reserve budgets. Still, the town collects and distributes to several other tax subsidized organizations as approved by Town Meeting. These tax subsidized organizations are the Boothbay Harbor Memorial Library, Boothbay- Boothbay Harbor Cemetery District, Boothbay Region Ambulance Service, Independence Day Fireworks, Boothbay Region Community Television, Boothbay Region Historical Society, Boothbay Region District Nursing Association, American Legion Post #36, and New Hope for Women.

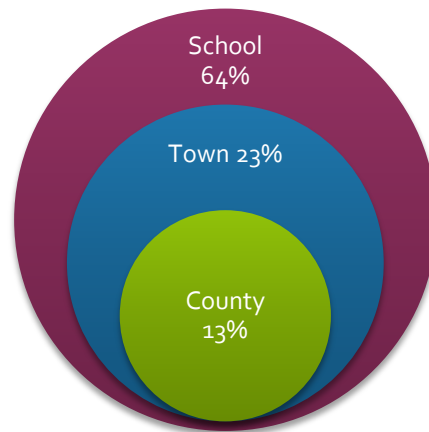
Tax Commitment Distribution

Tax Distribution

School, Town, and County are these three components of the tax commitment.

Any expense appropriated not classified as school or county is attributed to the town in the commitment according to law.

Consistently rising cost of the school budget has become a strain on the tax commitment.



Tax Commitment Increases

The School averages approximately \$120,000 to \$150,000 increases every year. The town saw an unusually high increase in their share of the tax distribution due to increase in ambulance subsidy. The ambulance subsidy increased \$132,808 in this fiscal year and accounted for the entirety of the municipal increase.

TAX COMMITMENT INCREASES

	FY 2013	FY 2014	Increase
SCHOOL	5,069,556	5,211,982	142,426
TOWN	2,421,309	2,547,793	126,484
COUNTY	1,070,285	1,096,057	25,772
TOTAL	8,561,150	8,855,832	294,682

MUNICIPAL DISTRIBUTION

▲ AMBULANCE SERVICE

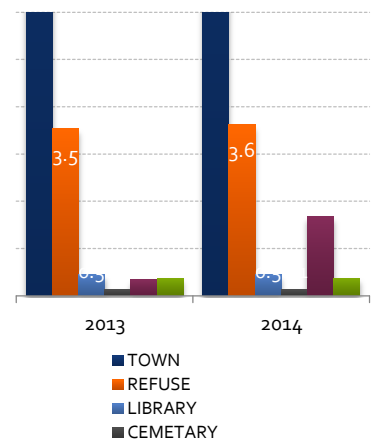
\$132,808 increase in budget

▲ REFUSE DISTRICT

2.2 % increase

▼ TOWN OF BOOTHBAY

Operating budget down 0.67%



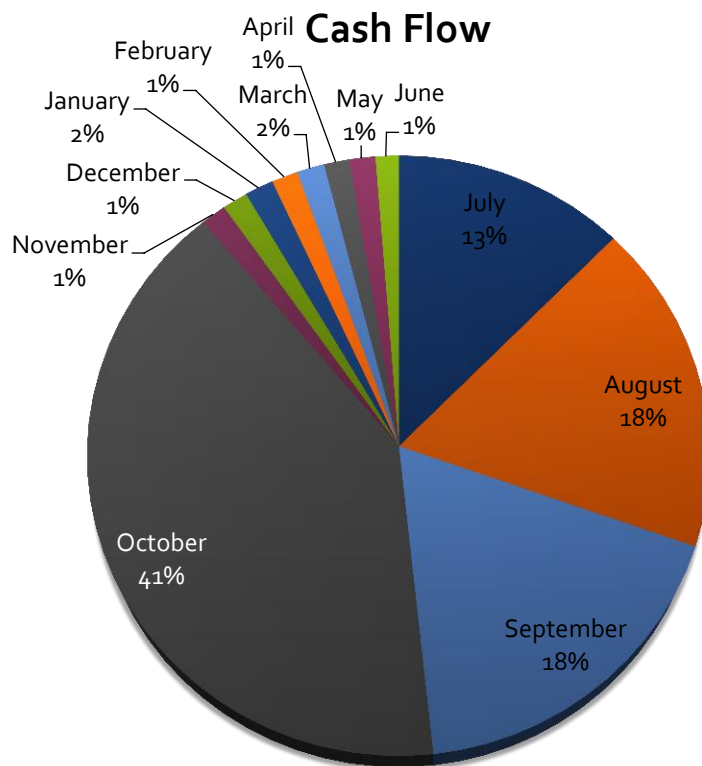
Revenue

Municipal Revenue

Municipal revenue is derived mostly by property and real estate taxes through the commitment. The two tax collection periods in late August and early February produce spikes in revenue collection twice annually. 90% of tax collection happens in three months of the fiscal year.

Municipal Revenue Sharing, which has been discussed a lot this year, takes 5% of sales tax and redistributes to towns and cities to reduce the regressivity of property tax. Currently revenue sharing is \$55,000 but fully funded the town would receive \$150,000.

Other revenue streams that are suffering are interest for reserves and fund balance. Traditionally the town could generate \$40,000 on interest but it was \$1,900 this year.



MUNICIPAL REVENUE CATEGORIES	COLLECTED	% COLLECTED
PROPERTY TAXES	8,174,968	97.67%
EXCISE TAX	657,484	125.23%
FEES, PERMITS, CHARGES	82,728	111.94%
STATE PROGRAMS	208,084	6.21%
OTHER	286,285	
UNDESIGNATED FUND USE	102,000	100.00%
TOTAL	9,095,382	99.67%

Expense

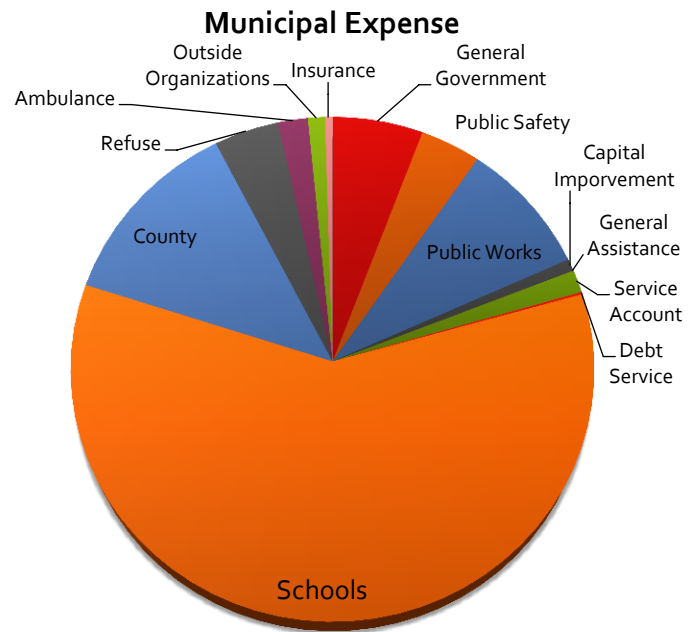
Municipal Expense

Projections for municipal expense were very optimistic this year. After using predictable and more accurate financial data to generate the budget, expense was anticipated to be more foreseeable. Yet, the town was faced with a couple of unexpected expenditures.

Winter 2013-2014 wasn't the worst winter the town has suffered in the last few years but it was expensive. Most storms were on weekends and evening using overtime resources. The town used an unusually large amount of sand and salt because of the nature of most storms. Although the nation suffered a salt shortage the town was prepared with supply. Although expensive, local roads were maintained at a high level. Snow removal was expended at 147% of budget but Public Works was over spent 108%.

The Board of Appeals cell tower case and preparing the tax increment program drained legal resources. Legal funds were spent at 102% and the Service Account was spent at 118%.

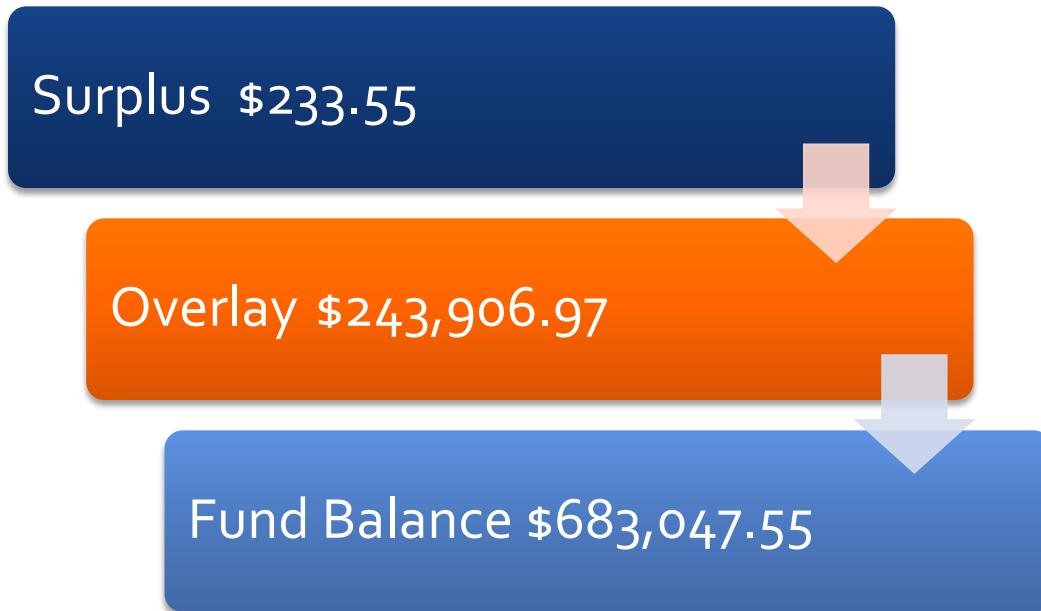
Yet other funds were expended under projections and total expense for the town was 99% of budget.



MUNICIPAL EXPENSE CATEGORIES	BUDGET	EOY EXPENDED	% EXPENDED
GENERAL GOVERNMENT	510,287	507,051	94.55%
PUBLIC SAFETY	556,030	507,100	91.20
PUBLIC WORKS	701,004	762,449	108.77%
CAPITAL IMPROVEMENT	140,000	67,699	48.36%
GENERAL ASSISTANCE	10,000	621	6.21%
SERVICE ACCOUNT	107,950	128,218	118.78
DEBT SERVICE	11,577	11,577	100.00%
OUTSIDE ORGANIZATIONS	6,765,478	6,765,747	100.00%
INSURANCE	48,000	41,776	87.03

Towns Financial Position

The Town of Boothbay started FY 2014 with an Undesignated Fund Balance of \$438,908 according to the auditor.



The Town has improved the undesignated fund balance \$244,139.55 or 55.6% this fiscal year despite a rough year for expenditures. This brings the town to 44.56% of the policy based standard on fund balance and improved that figure 64.25% this year alone.

The Town of Boothbay has a very aggressive plan to replenish the undesignated fund balance and this year was the perfect leap into that plan future predicted undesignated fund balance replenishment for future years is represented below.

UDF Projections

	FY 2015	FY 2016	FY 2017
	\$150,000	\$150,000	\$150,000
UDF BALANCE	\$833,047.55	\$983,047.55	\$1,133,047.55
% OF POLICY	54.34%	64.13%	73.91%

The projections are based on future budgets, expenditures, revenues and conditions that are not measured. These prediction are demonstrated for the purpose of maintaining the policy of having a three year of UDF balance replenishment.