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November 3, 2017

**Fact sheet regarding transitioning to a fiscal year and
two payment property tax bill**

Earlier this summer the Newport Selectboard made the decision to switch from our calendar year to a fiscal year and implement a two payment per year tax billing process.

A public informational meeting was held on Wednesday, November 1st at the Town Office where this process was explained to those in attendance. In the following paragraphs I will explain this transitional process and offer some rationale as to why this new budget year and split tax year is being implemented.

Like many Maine communities the Town of Newport has operated on a calendar year budget cycle for well over 100 years. The challenges in this budget process has always been budgets being approved in March with monies being expended from that budget cycle for 3 months. A second challenge is the unknowns associated with tax commitment. April 1st is the date for calculating all property assessments as well as the date the Legislature must certify school costs. In our old budget cycle, it was nearly impossible to determine the effect on mil rates from municipal appropriations passed in March.

In 1975 the Maine Legislature enacted a law that required municipalities to conform to a uniform fiscal year for school budgets that became effective June 30, 1977. Since this time Maine school budgets have been on the same fiscal year, beginning July 1 and ending on June 30th.

In regards to a split tax billing system we will be preparing our tax bills with two payments per year once our new fiscal year is in effect. Taxes will be due in March and September. This will allow for smaller payments for the tax payer and a more solvent fund balance in which to operate town government. We are hopeful that tax anticipation borrowing will be greatly reduced or eliminated.

To fully implement these new procedures, we will be structuring a 6-month budget effective for January through June, 2018. This will be followed by our new 12 month budget July 2018 through June, 2019.

We will be having a Special town meeting on December 9, 2017 to approve the 6-month budget, ending June 30, 2018. This budget will be limited to budgetary items only, as it is not our annual town meeting.

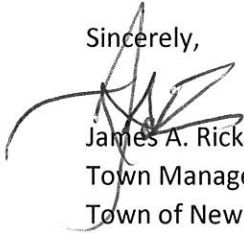
Bills for taxes for the first 6 months of 2018 will be mailed in Jan, due in April based on assessed valuation of 2017 and identified @ 50% of your total annual bill. Bills for fiscal year 18/19 will be based on April 2018 value, committed on July 31, 2018 mailed with two pay dates as identified above.

A proud past and a promising future.

No annual report will be presented for the 6-month transitional budget, as this meeting is not our Annual Town Meeting. A financial statement will be provided but will not be considered an audit. Our 2017 year ending audit will be provided in June, 2018 in our Annual Report. We will also conduct an audit for the 6-month budget which will occur in July, 2018. Audits after that will occur on an annual basis every July.

I know this presents a lot of challenges for many and we are trying to make this entire process as fluid as possible for all of our tax payers. If you have any questions please feel free to reach out to my office.

Sincerely,



James A. Ricker Sr.
Town Manager
Town of Newport