

## Town Meeting Summary Information: FY 08-09 Budget

### FY 2008 - 2009 Budget Town Meeting Summary Information

#### TOWN FISCAL POSITION

We are basing the proposed budget on a rock-solid audit with no reservations or “qualifications” made by the auditor. He believes all the numbers he gave us to be true and accurate. As a town, our fund balance (or put more in layman’s terms – our savings account or rainy day fund) is not very healthy; it is currently “in the red” by a little over \$260,000.

#### TAX IMPACTS

In summary, this municipal (only) budget calls for \$6.38 million in total spending, and \$4.47 million in total non property tax revenues, for a net tax need of \$1.92 million. This compares favorably with last year’s number of \$2.53 million, resulting in an overall savings of approximately \$615,000 in real tax dollars (about 1.43 mil decrease to the tax rate.)

#### SOURCES OF SAVINGS

- \* The first savings is a re-negotiation of this year’s repayment schedule to Poland Spring Bottling from what was \$500,000 last year down to about \$271,000. This alone equates to a .63 mil rate impact.
- \* The second savings is derived from additional non-property tax revenues equating to about \$111,000, or .26 mils.
- \* The third savings comes from cuts to operational budgets and reductions in debt payments and equates to about \$233,000, or .54 mils.

#### BUDGET FORMAT - GROSS BUDGETING

This presentation of this budget is very different than in past years. This budget has been prepared as a “gross budget.” This means that every dollar to be spent by the town is shown as is every revenue. For example, the Recreation Program total spending is \$202,630 and their program revenues are \$139,300 leaving a balance to be raised from taxation of \$63,300 (their payroll taxes and benefits are included in “Financial Services.”)

A gross budget generally appears larger – larger revenues and larger expenditures. The important thing is that the remaining balance of these two numbers results in a 1.43 mil tax decrease for the coming tax year.

Based on strong recommendations from our auditors, individual department budgets have been restructured and placed into Primary Departments, such as Administration, Community Services, Public Works & Solid Waste, Public Safety, and Financial Services.

#### WARRANT ARTICLES

This format will still provide the ability to discuss spending on a department-by-department basis, but in the end, you will be voting on the total amount of the services provided within that Primary Department. If during this assembly, it is clear to the Selectmen that the will of the people is to reduce a specific service or item with that Primary Department, they will to honor that discussion, although amending any individual service item amount would not be in order for town meeting purposes; only amending the total amount of the article is permitted.

Town Meeting articles are now “close-ended” articles, for the most part. This means the amount being requested is stated in the text of the article. This means that the amount to be voted on can only be the amount requested with the exception that an amendment is moved for a lower amount, but an amendment cannot be made for an amount higher than the amount stated in the article.

#### FINANCIAL SERVICES DEPARTMENT

The Financial Services Department includes all TIF-related expenses, clearly broken down by all payments due to all parties, as well as all TIF and non-TIF debt, and how and from where that is funded. It also covers all insurance and employee benefits to be paid, rather than including each of the 6 or 7 separate line items

within each individual departmental budget. Again, these changes were strongly recommended by the auditor. Simplifying our accounts will ensure better accuracy in future financial audits.

#### **CAPITAL IMPROVEMENT PLAN (CIP)**

The CIP is a 5-year plan for the replacement or improvement of our major capital assets, such as roads, buildings, vehicles and equipment. Our five-year CIP seeks to get Poland on a very reliable and level funding plan for each of our capital areas for many years to come. This will therefore allow us to avoid more debt and bonding, and to have level and predictable tax impacts on the capital side of the budget from year to year.

#### **ADMINISTRATION DEPARTMENT**

This budget is now more inclusive of many expenditures that were previously stand-alone items, such as supplies, phone, internet, photocopier and software maintenance, printing, postage, etc. It also includes all Legal, Audit, Assessing, Planning Board and other Committees and Commissions. Let me assure you, the increase you see in Administration is reflected in much lower costs elsewhere, again simplifying how we manage, encode and account for money.

#### **NEW INITIATIVE - RECYCLING**

This budget assumes the existence of some form of mandatory recycling to take us from approximately 9% recycling to 25% recycling rate – an annual savings of an estimated \$20,000 to \$25,000. We hope to one day hit a 50% recycling rate with even more savings.

#### **CONCLUSION**

It is our hope that these format changes will strengthen the Town Meeting process and provide the Townspeople with a sense of confidence about the Town's financial future. Thank you for your participation today.

Sincerely,

Dana K. Lee  
Town Manager, Poland