

## TOWN OF GRAY

### TOWN MANAGER'S BUDGET MESSAGE

#### FY 2013 PROPOSED BUDGET (as of 4-3-12)

Dear Town Council and Citizens of Gray;

I am pleased to submit the proposed preliminary municipal budget for the Fiscal Year 2012 (July 1, 2012-June 30, 2013). A great deal of effort has been dedicated to provide a responsible budget and to maintain the long-term Capital Improvement Plan. The proposed Expense Budget is \$5,705,167, which is \$3,639 more than last year's budget and represents a .06% increase. The proposed Revenue Budget is \$2,893,826, which is \$3,784 more than last year's budget and represents a .13% increase. The resulting net decrease is \$145.

#### BUDGET FY 2013 IMPACT, CHANGES AND HIGHLIGHTS

REVENUE		
	Building Permit Fees	(5,000.00)
	Plumbing Permit Fees	4,600.00
	Rescue Fees	(10,000.00)
	DOT Local Roads	76,414.00
	State Revenue Sharing	61,163.00
	Recycling (all items)	(28,100.00)
	Miscellaneous Revenue	3,000.00
	Stimson Hall Rental Fee	1,800.00
	Interest Income	(5,000.00)
	Transfer from Penn Cable	57,057.00
EXPENSES		
	Municipal Operations*	79,835.00
	Debt Service	(7,001.00)
	General Insurance	(5,885.00)
	Recycling	(40,862.00)
	Law Enforcement	(52,898.00)

\*-Detailed below but generally categorized as Town departmental functions.

Numbers in () are decreases.

# BUDGET IMPACT, CHANGES AND HIGHLIGHTS ANALYSIS

## Revenue

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### ◆ **Building Permit Fees**

Decreased due to a slow-down of residential projects as well as a decrease in the size of projects being undertaken. Homeowners are contemplating improvements to their existing homes instead of building new homes due to the housing market downturn. Commercial vacancies already available in the Town make new commercial projects less fiscally attractive.

### ◆ **Plumbing Permit Fees**

Increased due to an estimated 40% increase in fees as mandated by the State.

### ◆ **Rescue Fees**

Decreased due to actual collection and billing revenues over the past three fiscal years.

### ◆ **DOT Local Roads**

Increased due to Gray's additional 10.49 miles of road in compliance with the Urban Compact Area effective July 1, 2012. The amount received in FY 2012 was \$82,308 and will increase to a total of \$158,722 for FY 2013.

### ◆ **State Revenue Sharing**

Increased due to revenue sharing projections as adjusted for FY 2013.

### ◆ **Recycling**

Decreased due to decreased rates for recyclable items. (Recyclable items are purchased from the Town by commercial vendors at various rates throughout the year.)

### ◆ **Miscellaneous Revenue**

Increased to reflect actual revenue over the past two fiscal years.

### ◆ **Stimson Rental Fee**

Increased due contractual agreement increase.

### ◆ **Interest Income**

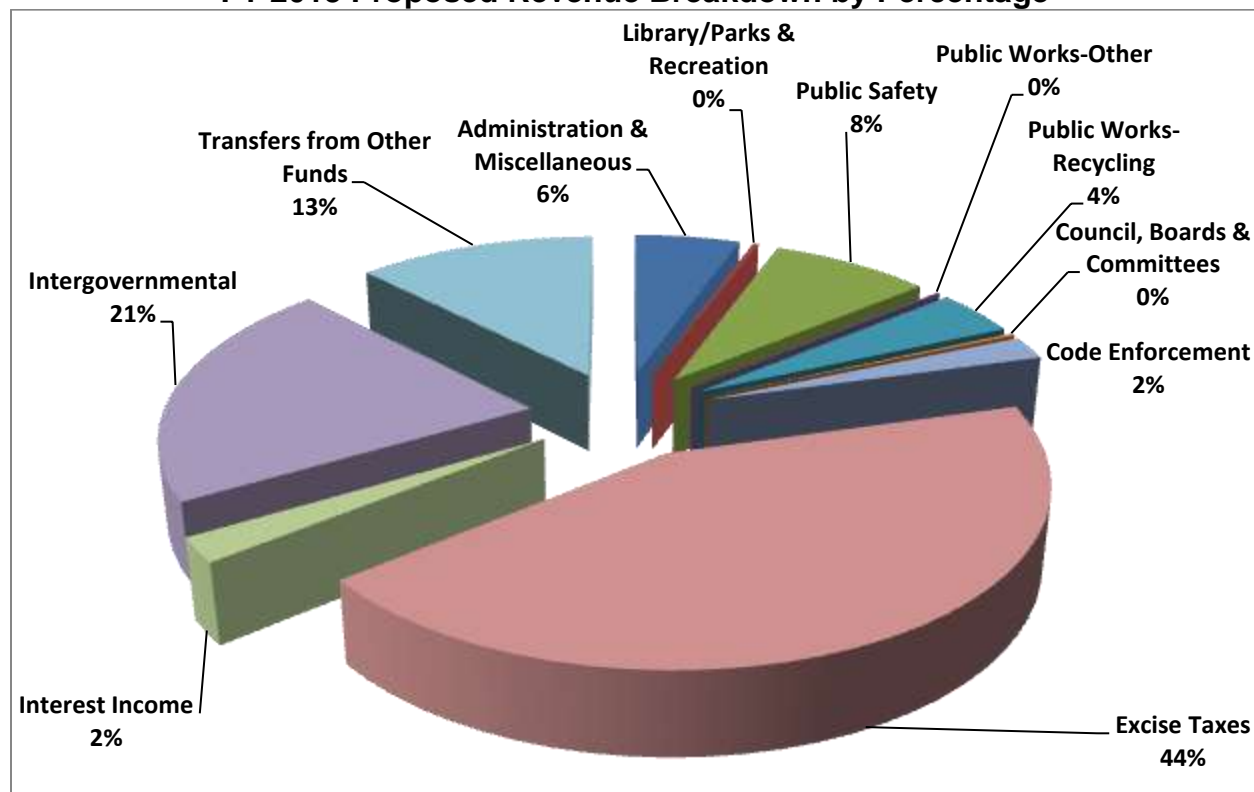
Decreased due to fluctuating economic market levels that dictate the interest rates available for insured investments as allowed by GASB regulations for municipalities. These rates have been at an all-time low and have given no indication that they will be showing an upturn in the near future according to our banking sources.

### ◆ **Transfer from Penn Cable**

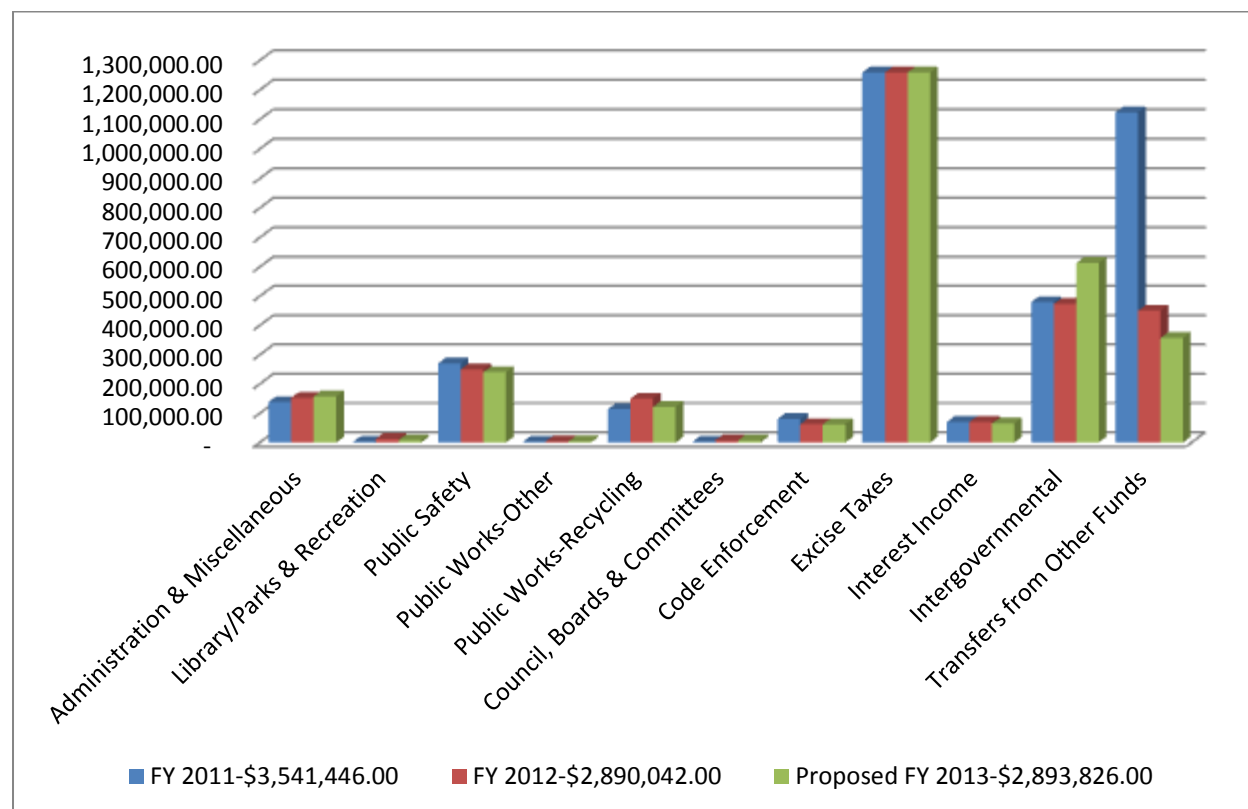
Increased to utilize designated funds as available.

## Revenue Budget Summaries

### FY 2013 Proposed Revenue Breakdown by Percentage



### 3-year Revenue Budget Comparison



## Expense

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### ◆ **Municipal Operations**

The increase in this overall category can be highlighted by the following items:

- Personnel changes and expenses -- A cost of living adjustment of 3% has been identified for most personnel. The following personnel changes have been proposed:
  1. The increase of the Assessor's salary is due to the intent to hire an assessor qualified of performing revaluations for the Town;
  2. All salaries for the Parks and Recreation Department are proposed to be expensed from the Recreation Enterprise Account;
  3. The Public Safety Ambulance Billing Clerk duties are being reduced to a per diem position while the Firefighter/Paramedic duties of that position will remain a full-time position.
  4. A full-time Public Works position of 40 hours a week is proposed to assist with the additional maintenance required by Urban Compact revisions.
- Heating fuel for all buildings as well as gas/diesel prices for all vehicles has increased significantly over the past year.
- Contract services for the Pennell Building have increased as the building is more than one year old and no longer under warranty.
- General Assistance expenses are projected to decrease slightly from last year's budgeted numbers based on the trend of actual expenses incurred in the previous fiscal years. There has been efficient use of available funds and utilization of other available resources (i.e. community assistance programs).

### ◆ **Debt Service**

Decreased due to the third year of the amortization schedule and payments for the Building/Construction Bond (i.e. Public Works/Transfer Station, Henry Pennell Municipal Complex projects). NOTE-This includes the fourth of five lease purchase payments.

### ◆ **General Insurance**

Decreased due to estimated rate adjustments as quoted for Property/Liability & Unemployment insurances.

### ◆ **Recycling**

Decreased due to reduction of ecoMaine Assessment fees.

### ◆ **Law Enforcement**

Decrease due to proposed contract for the second year of service.

## Expense Budget Summaries

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### FY 2013 Warrant Breakdown

#### ADMINISTRATION SERVICES

Administration	\$442,127.00
Community Development	\$164,572.00
Assessing	\$90,614.00
Code Enforcement	\$87,076.00
GIS Mapping	\$7,950.00
General Assistance	\$61,790.00
Communications & Information	\$57,057.00
Elections	\$10,942.00

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<b>TOTAL WARRANT</b>	<b>\$922,128.00</b>
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#### MUNICIPAL FINANCES

Debt Service	\$695,736.00
Reserves	\$300,000.00
Capital Projects	\$5,000.00
General Insurance	\$515,911.00

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<b>TOTAL WARRANT</b>	<b>\$1,516,647.00</b>
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#### LIBRARY/PARKS & RECREATION

Library	\$251,924.00
Parks & Recreation	\$86,163.00

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<b>TOTAL WARRANT</b>	<b>\$338,087.00</b>
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#### PUBLIC SAFETY SERVICES

Public Safety	\$636,204.00
Utilities	\$171,739.00

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<b>TOTAL WARRANT</b>	<b>\$807,943.00</b>
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#### PUBLIC WORKS SERVICES

Winter Roads	\$341,730.00
Summer Roads	\$251,262.00
Additional Roadwork	\$98,588.00
Garage	\$289,588.00
Recycling	\$784,414.00
Buildings & Grounds	\$184,712.00

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<b>TOTAL WARRANT</b>	<b>\$1,950,294.00</b>
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#### COUNCIL, BOARDS & COMMITTEES

Council, Boards, Committees	\$25,850.00
Zoning Board of Appeals	\$1,600.00
Planning Board	\$4,550.00
Economic Development	\$2,000.00

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<b>TOTAL WARRANT</b>	<b>\$34,000.00</b>
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#### LAW ENFORCEMENT

Law Enforcement	\$95,650.00
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<b>TOTAL WARRANT</b>	<b>\$95,650.00</b>
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#### COMMUNITY SERVICES

Community Services	\$40,418.00
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<b>TOTAL WARRANT</b>	<b>\$40,418.00</b>
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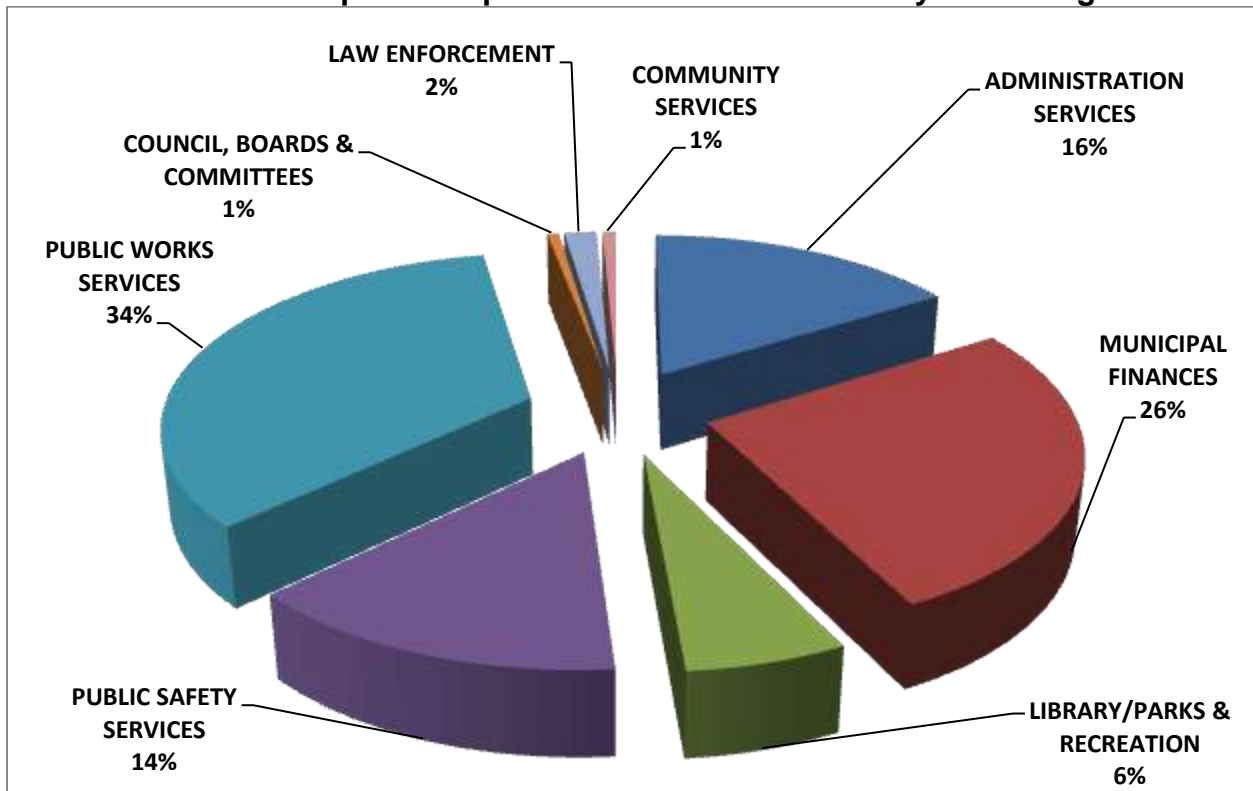
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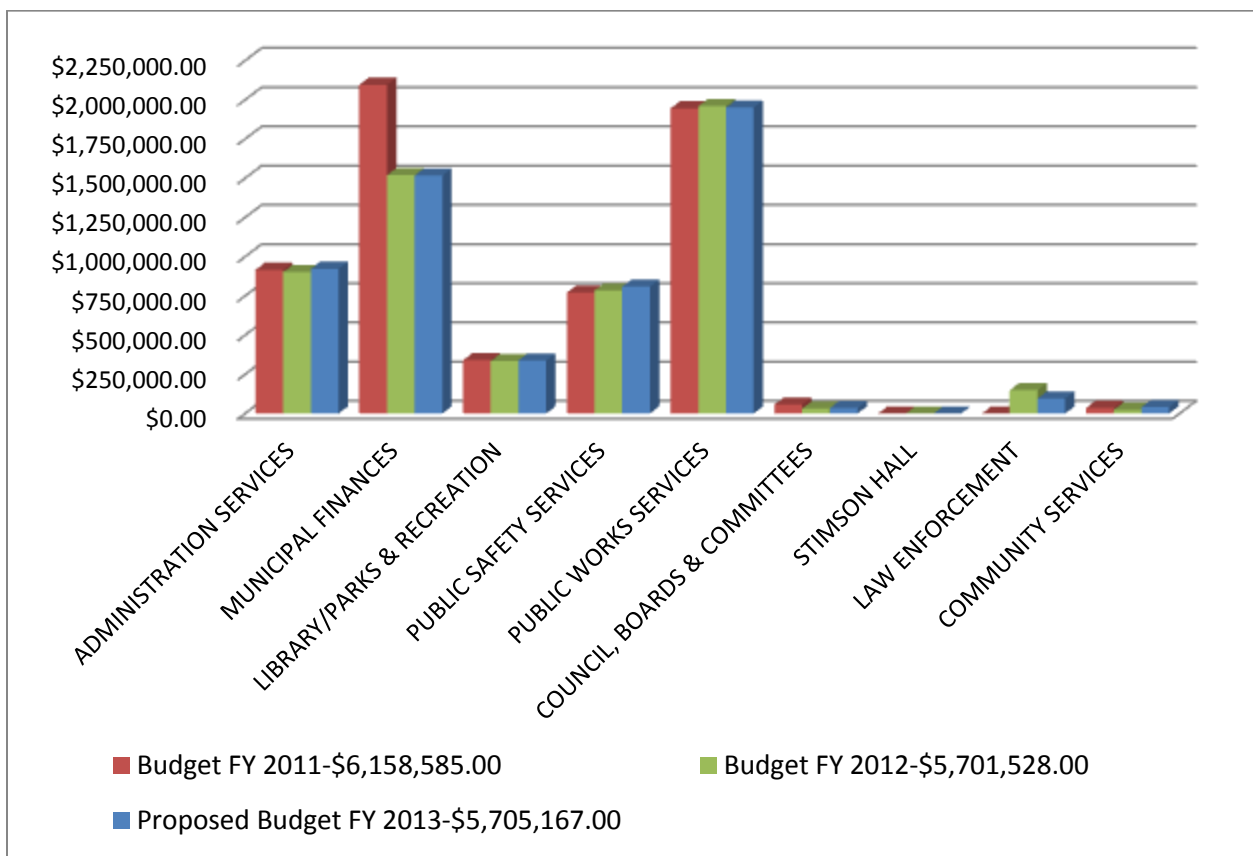
<b>TOTAL ALL WARRANTS</b>	<b>\$5,705,167.00</b>
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## FY 2013 Proposed Expense Warrant Breakdown by Percentage



## 3-year Expense Budget Comparison



## STATE REQUIREMENTS

### LD1 Compliance

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In 2004, the Maine legislature passed the municipal “expenditure cap” statute known as “LD1”. Under this statute, the annual percent increase in the municipal (non-school and non-county) property tax levy is subject to a maximum cap based on both a statistical income growth percentage established by the state, as well as a property growth limit calculated using the municipality’s valuation information provided by the Town’s Assessor. The estimated LD1 limit for FY 2013 is calculated as follows:

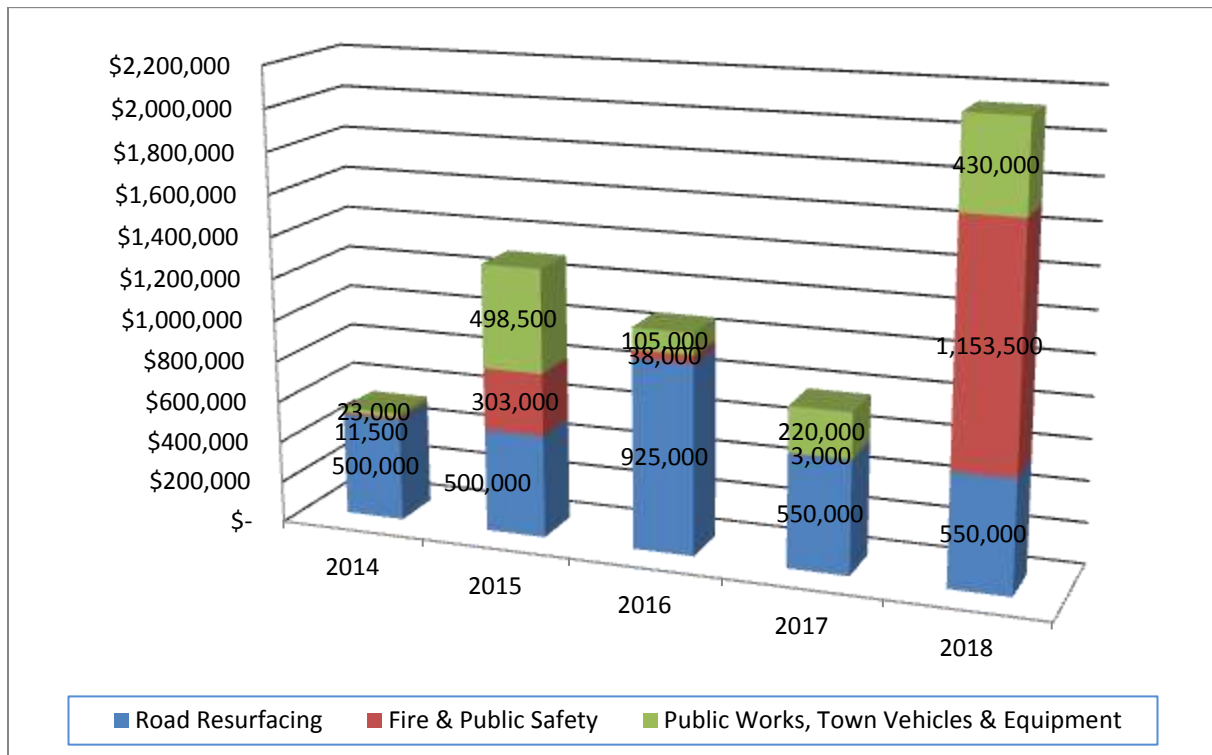
Actual FY 2012 limit	\$ 2,692,978
State Planning Office Growth Factor-1.43%	\$ 38,510
Estimated Gray Property Growth Factor-.55%	\$ 14,830
State Revenue Sharing Adjustment	\$ (54,388)
Projected FY 2013 limit	\$ 2,691,930
Proposed FY 2013 Expenses	\$ 5,705,167
Proposed FY 2013 Revenue	\$ (2,893,826)
Estimated Homestead Reimbursement	\$ (120,000)
Proposed FY 2013 Net Budget	\$ 2,691,341
<b>Estimated LD1 Limit Over/(Under)</b>	<b>\$ (589)</b>

## ADDITIONAL WARRANT

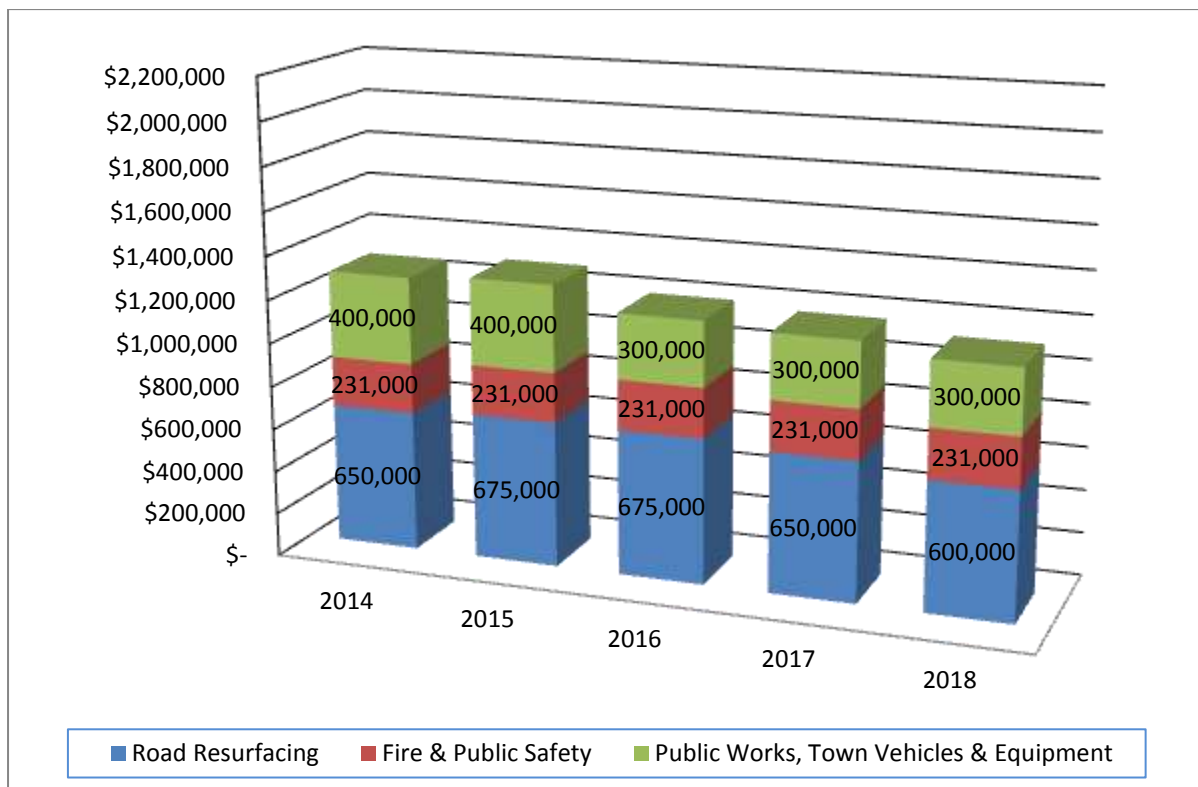
### **Additional funds to be deposited to the Capital Reserve Fund (including LD1 override)**

The current Capital Improvement Plan (CIP) projects expenses for 15 years for Town assets. The maintenance and improvements to be undertaken on schedules include assets ranging in scope from \$500,000 for annual Road Resurfacing to \$9,500 for Public Safety building repairs. The current CIP is funded through the Capital Reserve Fund which has appropriations to it through the General Fund budget during the annual approval process. Because of previous years of underfunding, the Capital Reserve Fund will not have the balances available to sustain the CIP at its current schedules. To help rectify this situation, \$400,000 of additional funds are being requested to increase the Capital Reserve Fund balance, as well as the necessary corresponding LD1 override. An approval of this warrant will increase the mil rate by an estimated .55.

The following highlights three categories with multiple purchases scheduled in the CIP to be expended from the Capital Reserve Fund for the five years after FY 2013:



The following details the amounts needed to be appropriated to the Capital Reserve Fund to maintain the current CIP schedules for the same three highlighted categories only:





## **OUTSTANDING ISSUES & FINAL COMMENTS**

MSAD 15 intends to make a formal budget presentation at the April 17, 2012 Town Council meeting.

In closing, I wish to thank the taxpayers of Gray for their input into this budget, the Town Council for their direction and understanding of the challenges, the Department Heads and all the staff who helped to prepare the budget. Lastly, I would be negligent if I did not recognize how much I appreciate the dedicated employees who provide exceptional customer service to the people of our community.