

Town of Windham

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March 31, 2014

PREFACE.

Title 30-A, Section 5681 of the Maine Revised Statutes Annotated reads, in part:

1. Findings and purpose. The Legislature finds that:

- A. The principal problem of financing municipal services is the burden on the property tax; and
- B. To stabilize the municipal property tax burden and to aid in financing all municipal services, it is necessary to provide funds from the broad-based taxes of State Government.

Why open the annual manager's budget transmittal with a quote from state law about revenue sharing? Because the actions of Maine legislatures and governors of both major parties have had, and will continue to have, a direct effect on the budgets of Maine cities and towns, Windham included. Cuts to revenue sharing in recent years have reduced the state's commitment to property tax relief and shifted a disproportionate share of the state's budget problems on the property taxpayers of Maine's cities and towns.

As part of the budget process for the last few years the manager has provided the Council with a budget outlook in January and sought input and guidance on the preparation of the coming fiscal year's spending plan. This year was no different, with sentiment ranging from preparing a budget that meets what we understand the town's mission to be, to one that maintains current levels of programs and services, to one that does not increase in the property tax levy (and showing whether and to what extent an increase would be necessary). The budget package that follows addresses, at least in part, all of those.

ZERO TAX INCREASE MODEL.

A budget model reflecting no increase in the tax levy is included in the manager's budget submittal package. It is **not**, however, the manager's proposed or recommended budget. It is in response to one of the sentiments expressed during the Council budget guidance discussion, to prepare a budget with no increase in the property tax levy, showing why any increase would be necessary.

The zero tax increase model maintains current programs, services, staffing, and principles in the operating budget, but fails to adequately fund capital, and still ends with a deficit of nearly \$360,000. The deficit is the direct result of the reduction in municipal revenue sharing from the State of Maine, following multiple years of raids by legislatures and governors of both major parties.

How would a revenue shortfall of \$360,000 be addressed without a tax increase? There is no one answer to this question, but the choices would fall into the following categories, and generally in the following order of preference:

- Increase non-tax revenue
- Reduce operating spending
- Reduce capital spending

Increasing Non-Tax Revenue.

Maine's cities and towns have little leeway when it comes to generating non-tax revenue. Intergovernmental revenue, such as revenue sharing, at least as recent history shows us, is unpredictable and unreliable as well as being outside the town's control. What comes in comes in. Similarly, excise taxes, registration and other state agent fees are set by the state, limiting revenue potential to efforts to improve collection, such as follow up with owners of unlicensed dogs to pay registration fees and penalties.

Service fees, or user fees, for town services are limited by law only certain types of activities and can only be based on the reasonable cost of providing the program or service – anything more could be found to be an illegal tax. The town charges license and permit fees, and user fees for a number of things (building permits, parks and recreation programs, curbside trash collection, and rescue calls to name some of the most significant). Adjustment of those fees on a periodic basis is appropriate, but will not (and cannot) address how other services will be paid for.

Through case law, the courts have established some criteria upon which user fees should be based. They include:

- 1) The fee charged must provide a direct benefit to a party in exchange for payment in a way not shared by other members of society.*
- 2) The fee must be optional with the party having the option of not using the government service.*
- 3) The charge must compensate the specific government office for the provided service only: the fees received must not be collected with the purpose of raising revenues beyond the cost of the provided service.*

*“User Fees: When given the choice, most citizens prefer service charges and user fees over property taxes to fund municipal services.”
Maine Townsman, January 1994. Michael L. Starn, Editor.*

Gifts and grants are largely unpredictable, limited in amount and often narrow in scope, making them unsuitable for funding ongoing basic services, even while they still should be utilized for specific programs, projects, or improvements where the potential benefits outweigh the cost of securing them.

Reducing Operating Spending.

Reducing operating expenses can take on a few shapes, again, generally in the following order of preference:

- Identifying and implementing operating efficiencies without reducing the quantity or quality of a service
- Reducing the quantity of a given service
- Eliminating services
- Reducing the quality of a given service

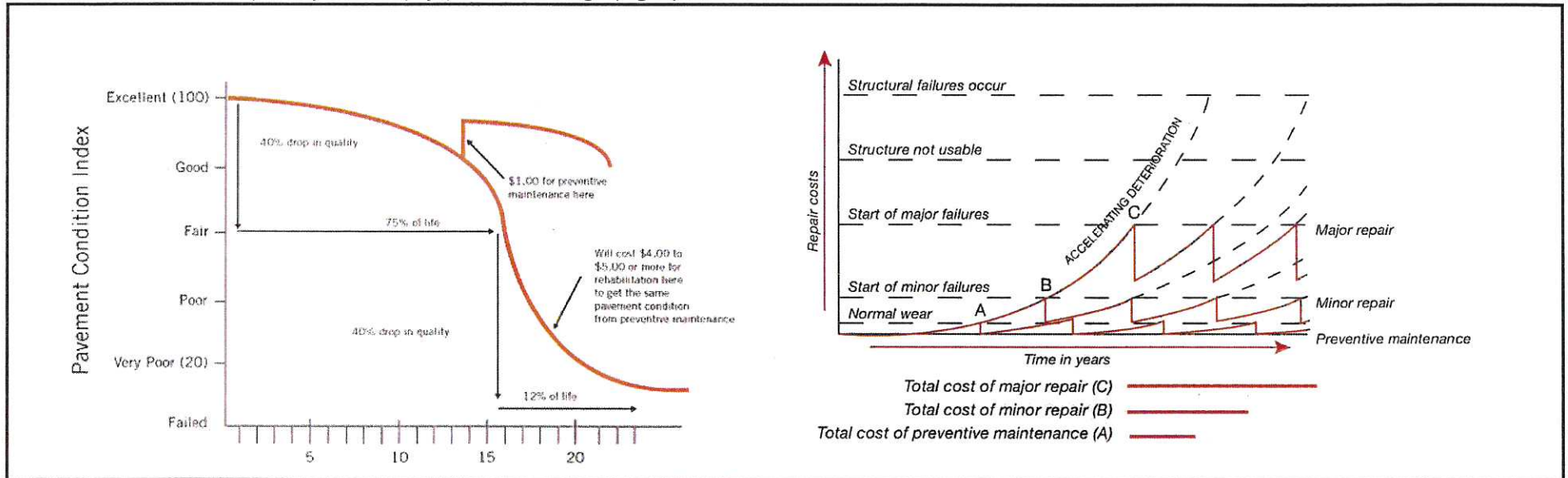
Taking any, or all, of these approaches would seem to require an understanding of the purpose for a given activity, program, agency, office, or department. While reducing spending is always something that sounds good, reducing it without an understanding of the impact could prove more costly later – in terms of unanticipated consequences, or the cost of reinstating a program or service, rebuilding the capacity to undertake that activity once it has been given up.

Identifying and implementing operating efficiencies requires actually identifying both the efficiency and the measurable cost savings that would result from implementation. Reducing funding without identifying specific efficiencies is relying on an assumption that may prove not to be true, likely resulting in an unexpected reduction in the quantity and/or quality of the affected service.

Why is eliminating a service not last in the order of preference? Because if we're going to do something, it's worth doing right, and worth doing at a level that is meaningful and will deliver the benefit to the community. Doing less than that, or doing it at a lesser quality (mainly showing up in a degradation of response or turnaround time), only maintains the appearance of doing something while being a source of frustration for both those trying to access or expecting to benefit from the service and those tasked with providing the service. Put another way, if something is worth doing, it's worth doing right, or not at all.

Reducing Capital Spending.

Maintenance and Repair of Roads (left) and Buildings (right).



Reducing capital spending beyond what is deemed necessary to preserve the condition of physical assets and equipment used to provide services is short-sighted. As the graphs above illustrate, what appears to be a savings today is a greater cost postponed until tomorrow, what has been popularly called “kicking the can down the road.” Deferred maintenance is often easy to justify because its effects usually take time to appear, and we always want to think that funding will be available “next year.”

Balancing the Zero Tax Increase Model.

The zero tax increase model's operating appropriations maintain staffing levels already in the approved budget, provides the same services and operations, follows the same principles as the approved budget and meets the town's contractual obligations, but does not expand the mission of any office or department. With capital spending at fiscal 2014 levels, except for Land & Facilities Improvements, which was capitalized using recreation program fund balance, the zero tax increase model's deficit is nearly \$360,000. Adding funding to capital to meet existing plans adds as much as another \$700,000, bringing the total shortfall to as much as \$1,060,000.

Cutting as much as \$1 million from a \$12 million budget would not be achieved through small measures. It would require wholesale examination, or elimination, of one or more of the functions provided by the town, as can be seen by looking at the appropriation summary to see where numbers of that magnitude are. Again, addressing questions about the community's values and the town's mission would be vitally important. What is it we value? What are we here to do?

BUDGET TRANSMITTAL.

In accordance with Article III, Section 2(A)(5) and Article V, Section 2 of the Charter, I hereby submit the Town Manager's proposed budget for the fiscal year July 1, 2013 through June 30, 2014. As presented, the budget breaks down as follows:

<u>Component</u>	<u>Amount</u>	<u>Change%</u>
Revenues		
Property Taxes	\$ 8,023,165	4.7%
Other Revenues & Fees	6,490,678	(2.9%)
Total Revenues	\$ 14,513,843	1.2%
Expenditures		
Operating	\$ 11,971,962	3.2%
Capital	2,541,881	(7.5%)
Total Expenditures	\$ 14,513,843	1.2%

The proposed property tax levy is below the statutory limit of \$8,415,059 by \$391,894, or 4.7%.

Budget Approach.

The manager's proposed budget for 2014-2015 is \$14,513,843, a 1.2% increase from 2013-2014. The proposed operating budget has increased by 3.2%, while capital funding for equipment, road, and other improvements would decrease 7.5%. The decrease in capital comes mainly from Land & Facilities Improvement, capitalized with funds from a bequest and the recreation program fund in fiscal 2014, but is unfunded in the manager's proposal for fiscal 2015.

In January the Council was briefed on the challenges and various factors involved in putting together a budget that maintained the current levels of programs and services and maintained the town's capital assets. Since 2009 changes in the overall economy and the town's revenue picture have resulted in reductions to staffing, office hours, programs, and services. The state's persistent budget problems have, in turn, resulted in proposals that turned many cities' and towns' budget processes upside down. The situation is somewhat stable at this point, but only at a level that represents a significant reduction in revenue to the town.

The manager's proposed budget for 2015 is presented in two parts; the budget proposal which mainly continues current levels of programs and services with some adjustment here and there, continues to deliver on council goals and work on long-term planning, and maintains current levels of effort with respect to most areas of capital investment - equipment, roads, and buildings; and a "supplemental levy" for additional capital funding needed to meet – or get closer to – levels in existing, approved, and draft plans.





The central idea behind the supplemental levy is that the 2014 budget reflects the council's overall judgment of what, and to what level, the town should be providing services. There are, however, some long-standing capital investment needs and emerging operational needs, which are over and above the current level of effort and investment. Though there are many more of them, a few have been identified for consideration of additions to the property tax levy, some which can be done within the levy limit, and others that would require a separate vote to increase the levy limit at town meeting. Doing so would provide an opportunity for the council, and the voters, to express their priorities and willingness (or not) to raise the level of services and/or capital investment.

Mission, Success, and Measurement.

Over the last couple of years we have increased our focus on mission, success, and measurement. With the budget discussions of the last few years it has become increasingly apparent how difficult it is to have meaningful discussion without an understanding of what a department or office is supposed to do, at what level it is supposed to do it, and how to objectively determine whether it is accomplishing its mission. Though the effort is still a work in progress, throughout the 2014 proposed budget are discussions of mission, success, and measurement.

With respect to a particular office's or department's mission we seek to define our purpose, to express what is at the core of what we do. Success is about definition; we may know the full scope of what it is a department is expected to do, but at what level are we trying to do it and how will we know whether we are being successful? We are also working to find meaningful ways to measure things that demonstrate success at accomplishing the mission. Because this is a relatively new focus in municipal government we lack many of the systems for tracking performance that businesses use (the necessary lack of a "bottom line" in most areas, for example), we are starting with those areas where we already collect data that can be used to create high quality performance indicators.

In four key areas of the budget – public works, police, fire-rescue, and capital – we have highlighted measures of where the town currently stands, in terms of achievement or funding, relative to its mission:

Percent of annual public works maintenance completed (higher is better)
 :31% (Ditching = 33%; Catch basin repair = 30%; Roadside mowing = 30%)
Percent of national violent crime clearance rate (higher is better)
 :86% (Windham 2012 = 47.1%; Nationwide Group V = 54.5%)
Nighttime average fire-rescue response times compared to daytime (<=100% is better)
 :144% (2013 nighttime average = 10.877 minutes; daytime = 7.563 minutes)
Capital funding level based on known needs and/or approved plans (higher is better)
 :52% (Equipment replacement, roads, buildings, other facilities)

Municipal Operations & Capital Expenditures.

Department heads were directed to prepare preliminary budgets based on our shared understanding of the mission for their particular office or department. Where the scope and extent of the mission exceeds what we are doing now, or if there is a particular service or program need a department head has identified, they were asked to include what it would take to meet – or move in the direction of meeting – that need. Some of these proposals included additional positions. None of the proposals to add staff are included in the manager’s budget: Making up for the loss of revenue sharing by the State of Maine will already place a significant additional burden on taxpayers.

Capital equipment replacement spending is planned on a multi-year basis; the amount is managed over time while purchases and payments may vary considerably from one year to the next. The capital equipment replacement plan is funded at \$625,000 for 2014 and is currently planned to increase to \$675,000 in 2015 and gradually increase to \$775,000 per year by 2019.

Budget Transmittal
March 31, 2014

Road improvement funding remains at \$750,000 for 2015. Another pavement condition rating (PCR) survey was conducted in the fall of 2013; spending on local roads alone is recommended to be at least \$1,000,000 per year. The PCR survey helps guide decisions about the work to be done.

Building improvement funding is based, in part, on the findings of a 2013 property condition assessment. Facilities renovations or replacement plans are based on a space needs analysis and facilities master plan. That plan is still in draft form, and priorities have yet to be set formally through review and discussion with the Council and other stakeholders. Preliminary recommendations have been included in the capital plan to begin establishing a sense of how much investment is likely to be needed in the years ahead.

Use of Fund Balance.

Use of fund balance in the manager's proposed budget for 2015 is limited to \$200,000 and is broken down as follows:

Offset against General Contingency (account 9910)	\$ 100,000
<u>Offset against Energy & Weather Emergency fund (account 9920)</u>	<u>100,000</u>
Total	\$ 200,000

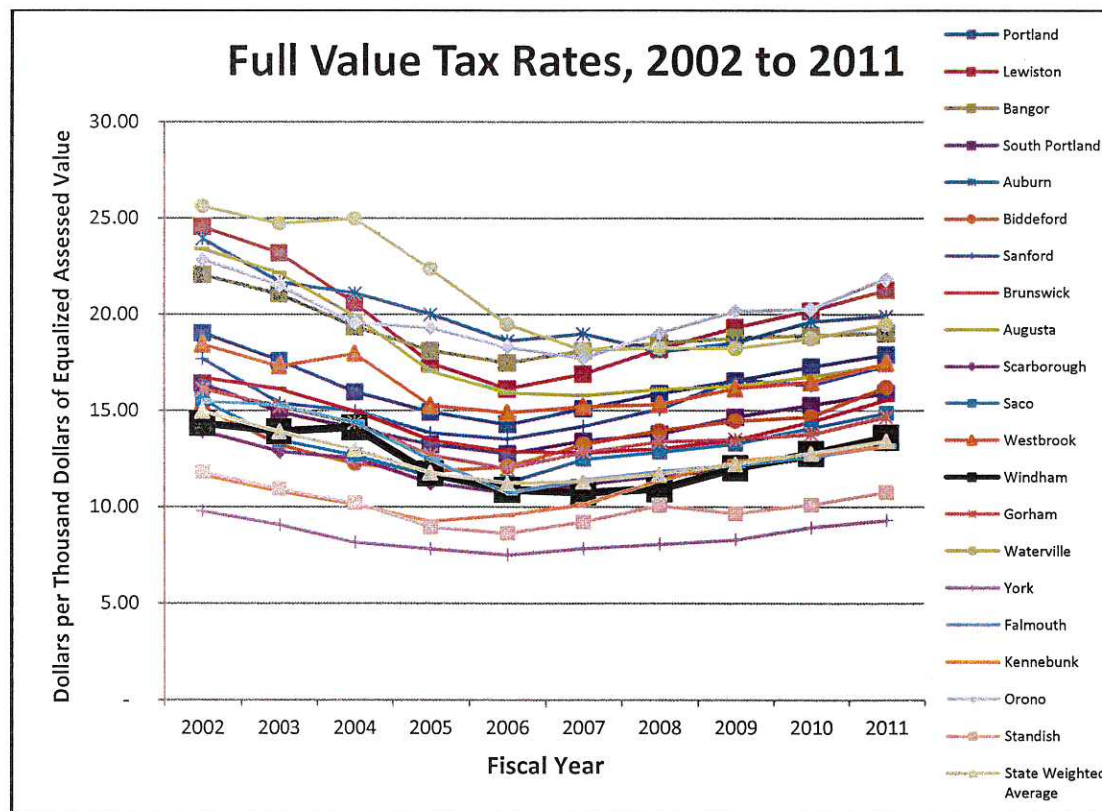
As of June 30, 2013 the town had exceeded its overall fund balance target of 16.67% but, pursuant to its policies, none of the amount in excess of the target was attributable to unassigned fund balance, leaving no fund balance to be used for capital investments or reductions in property taxes.

Revenue sharing, as outlined in the "zero tax increase model" discussion, above, has become increasingly unreliable in recent years. It is prone to being used to balance the state's budget at the expense of local property taxpayers. As a result, it no longer seems responsible for the town to plan on receiving it, and I propose to phase it out of the budget over the next two years (fiscal 2016 and 2017). For 2015, we will carry the current actual estimate, not using any fund balance to make up for the loss, and then reduce the estimate (regardless of what the actual turns out to be – unless it is less, of course) to \$325,000 in fiscal 2016, and to zero in fiscal 2017. Any revenue sharing actually received would lapse to fund balance at the end of the year and could be used, according to the town's fund balance policy, to reduce taxes or fund capital projects in subsequent years.

Tax Rate Impact.

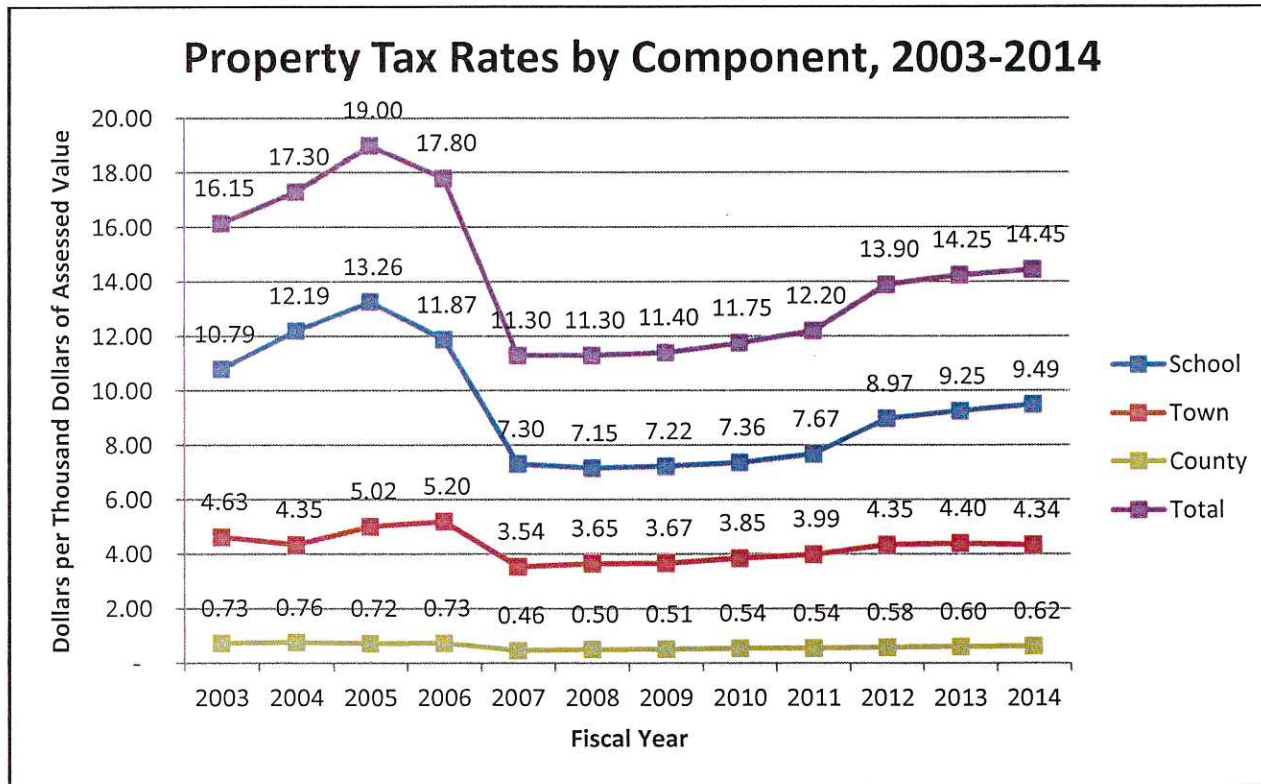
For the most recent ten years for which data are available, 2002 to 2011, Windham's property tax rate was consistently around the statewide average for the state's twenty most populous cities and towns, sometimes a little lower, rarely any higher.

Property Tax Rates, Top 20 Maine Communities by Population.



Based on the manager's proposed budget with the tax levy \$391,894 below the statutory limit and an expected slight increase in taxable value, the municipal portion of the tax rate would increase by about 4%.

Municipal services and capital spending account for roughly one third of every property tax dollar. The balance of the taxes property owners pay is made up by the county tax assessment and Windham’s share of the Windham-Raymond School District (RSU 14) budget, which has yet to be determined. Property tax rates (not equalized) by component (school, town, and county) from 2003 to 2014 are shown in the graph below.



Budget Transmittal
March 31, 2014

Conclusion.

The manager's proposed budget for 2014-2015 continues to put more focus on understanding and delivering on the mission of the town's various departments, offices, and agencies. We will need that better understanding to make the decisions ahead. What does this community value? What are its priorities? What are its goals? How will we achieve those goals? These are the questions we need to answer.

We look forward to working with the Council and the community for the year ahead, and for the future.

Respectfully,

A handwritten signature in black ink, appearing to read 'ATP', followed by a long horizontal line extending to the right.

Anthony T. Plante
Town Manager

ZERO TAX INCREASE MODEL

TOWN of WINDHAM

ZERO TAX INCREASE MODEL 2014-2015

SUMMARY STATEMENT OF ESTIMATED REVENUES AND PROPOSED APPROPRIATIONS

	FY 2014 Approved Budget	FY 2015 Preliminary Budget	FY 2015 Zero Tax Increase	FY 2015 Council Approved
Budget Proposal				
Estimated Revenues	\$ 14,346,348	\$ 14,114,027 -1.6%	\$ 14,154,995 -1.3%	\$ -
Proposed Operating Appropriations	\$ 11,599,217	\$ 12,375,224 6.7%	\$ 11,971,962 3.2%	\$ -
Proposed Non-Operating Appropriations	\$ 2,747,131	\$ 3,241,881 18.0%	\$ 2,541,881 -7.5%	\$ -
Proposed Total Appropriations	\$ 14,346,348	\$ 15,617,105 8.9%	\$ 14,513,843 1.2%	\$ -
Net Surplus/(Deficit)	\$ -	\$ (1,503,078)	\$ (358,848)	\$ -
Proposed Amount Below/(Above) Levy Limit	\$ 607,178	\$ 750,742	\$ 750,742	\$ 8,415,059
Supplemental Levy Requests				
9110 Capital Equipment Replacement			\$ 75,000	
9120 Road Improvements			\$ 250,000	
9130 Building Improvements			\$ 50,000	
9140 Land & Facilities Capital Improvements			\$ 325,000	
Total Supplemental Levy Requests			\$ 700,000	
Proposed and Supplemental Amount Below/(Above) Levy Limit		\$ 750,742	\$ 50,742	\$ 8,415,059

TOWN of WINDHAM

ZERO TAX INCREASE MODEL 2014-2015

STATEMENT OF ESTIMATED REVENUES

acct	description	FY 2013 actual	FY 2014 estimate	FY 2014 ytd (1/8)	FY 2015 preliminary	FY 2015 zero tax increase	%	FY 2015 council
0400	Property Taxes	\$ 24,992,220	\$ 7,664,317	\$ 25,645,153	\$ 7,664,317	7,664,317	54%	
0401	Supplemental Taxes	7,906		6,356			0%	
0402	Payments in Lieu of Taxes	10,478	3,250	-	3,250	3,250	0%	
0405	Tax Reports	171	-	75	-	-	0%	
0407	Interest on Taxes	113,940	100,000	44,066	100,000	100,000	1%	
0408	Tax Lien Fees	14,775	12,000	9,956	12,000	12,000	0%	
0409	Excise Taxes	2,634,770	2,600,000	1,417,613	2,650,000	2,665,000	19%	
0410	Town Clerk Fees	43,259	45,000	24,119	45,000	45,000	0%	
0411	Building Fees	97,578	85,000	36,734	100,000	100,000	1%	
0412	Plumbing Fees - Town	33,870	30,000	19,835	30,000	30,000	0%	
0413	Boat Excise Tax	28,639	25,000	4,403	25,000	25,000	0%	
0414	Proof of Insurance Fax	214		96			0%	
0415	Dundee Park	31,991	37,000	24,686	37,000	37,000	0%	
0416	Recreation Fees	172,551	194,500	17,370	194,500	194,500	1%	
0417	Snowmobile Reg - Town	4,953	4,900	553	6,000	6,000	0%	
0418	Boat Registration - Town	1,416	1,000	306	1,000	1,000	0%	
0419	ATV Registration - Town	476	400	298	400	400	0%	
0421	CATV Fees	124,487	120,000	-	120,000	120,000	1%	
0422	Police Fines & Fees	5,839	2,000	2,630	2,000	2,000	0%	
0424	Court/Witness Fees	494	-	639	-	-	0%	
0425	Animal Control Fines & Fees	-	-	-	-	-	0%	
0427	Passports	14,650	12,500	7,150	12,500	12,500	0%	
0430	State Revenue Sharing	1,027,862	406,659	359,512	669,014	669,014	5%	
0431	State of Maine	27,274	20,000	24,811	20,000	25,000	0%	
0434	Library Fines and Fees	8,483	7,500	6,280	7,500	7,500	0%	
0435	Urban-Rural Initiative Program	258,720	266,612	265,944	266,612	266,612	2%	
0438	Co-Locations Cell Tower	30		-			0%	
0440	Assessor's Fees	634	500	395	500	500	0%	
0441	Dog Licenses - Town	10,431	8,000	3,772	9,000	9,000	0%	
0442	Hunting & Fishing - Town	2,538	3,000	1,297	3,000	3,000	0%	
0443	Registration Fees - Town	51,168	50,000	23,882	50,000	50,000	0%	
0444	Board of Appeals	2,100	1,500	400	1,500	1,500	0%	
0445	Subdivision/Review Fees	6,900	5,000	2,700	5,000	5,000	0%	
0448	Site Plan Fees	7,125	2,500	3,000	2,500	2,500	0%	
0449	Sewer Application Fees	-	-	-	-	-	0%	

TOWN of WINDHAM

ZERO TAX INCREASE MODEL 2014-2015

STATEMENT OF ESTIMATED REVENUES								
acct	description	FY 2013 actual	FY 2014 estimate	FY 2014 ytd (1/8)	FY 2015 preliminary	FY 2015 zero tax increase	%	FY 2015 council
0450	Sewer Fees	333,403	351,756	46	351,756	351,756	2%	
0451	Cemetery Trust Fund	2,800	2,800	2,800	2,800	2,800	0%	
0453	Shoreland Review Fees	-	-	-	-	-	0%	
0454	Subdivision Amendment	1,350	-	1,400	-	-	0%	
0455	Auto Junkyard Fee	502	500	391	500	500	0%	
0456	Gravel Pit Fees	-	-	-	-	-	0%	
0457	Shoreland CEO Permit	2,010	1,000	2,390	1,000	1,000	0%	
0458	Sub-Surface Review Fees	2,490	1,000	1,630	1,000	1,000	0%	
0470	Solid Waste Fees	504,168	515,000	168,956	515,000	515,000	4%	
0471	Chaffin Pond Preserve	-	-	-	-	-	0%	
0474	Rescue Miscellaneous Fees	212	-	120	-	-	0%	
0475	Rescue Services Reimbursements	545,320	550,000	338,164	550,000	575,000	4%	
0476	Fire/Rescue Fines & Fees	65	-	30	-	-	0%	
0480	Interest on Investments	31,794	10,000	3,993	10,000	10,000	0%	
0481	Town Garage Lease Payment	9,416	9,416	9,416	9,416	9,416	0%	
0482	General Assistance Revenue	15,137	25,000	355	25,000	25,000	0%	
0483	Zone Change Fees	-	-	350	-	-	0%	
0484	Miscellaneous Revenue	45,412	116,618	4,079	61,618	62,000	0%	
0485	Sale of Town Property	-	4,000	-	4,000	1,600	0%	
0486	Building/Space Rental	-	6,000	-	6,000	3,986	0%	
0498	TIF Revenues Transferred In	264,395	295,120	-	338,344	338,344	2%	
0495	Appropriated Fund Balance	-	750,000	-	200,000	200,000	1%	
							0%	
	Total Non-Property Tax Revenues	6,496,289	6,682,031	2,836,642	6,449,710	6,490,678	46%	-
	Total Revenues, All Sources	\$ 31,496,415	\$ 14,346,348	\$ 28,488,151	14,114,027	14,154,995	100%	-

NOTE: The '%' column indicates how much of total revenue is derived from that source.

TOWN of WINDHAM

ZERO TAX INCREASE MODEL 2014-2015

SUMMARY OF PROPOSED APPROPRIATIONS

acct	description	FY 2013 actual	FY 2014 approved	FY 2014 ytd (1/8)	FY 2015 preliminary	FY 2015 zero tax increase	FY 2015 council
ADMINISTRATIVE SERVICES							
1110	Town Council	120,591	119,355	40,238	110,409	110,409	-
1120	Town Manager's Office	392,990	400,429	189,596	419,829	432,329	-
1130	Collection & Registration Services	192,046	199,594	100,996	232,591	215,543	-
1140	Information Services	135,983	157,708	70,920	157,857	157,857	-
1150	Community Participation	31,114	36,400	11,809	36,400	36,400	-
1160	Community TV & E-Government	52,942	44,728	34,394	55,412	55,412	-
1180	Economic Development	102,104	133,968	47,758	250,583	250,583	-
1210	Insurance	106,300	114,800	110,341	121,440	121,440	-
1220	Employee Benefits	1,688,381	1,737,391	769,434	1,776,540	1,741,050	-
1230	Banking & Investment Services	299	375	126	375	375	-
	Total	2,822,752	2,944,748	1,375,612	3,161,436	3,121,398	-
PUBLIC WORKS SERVICES							
2110	Administration	146,094	147,306	77,021	158,735	158,735	-
2120	Highway Maintenance	547,353	606,210	310,042	660,236	626,396	-
2130	Traffic Safety	113,572	113,250	54,999	125,750	125,750	-
2150	Snow Removal	276,178	338,818	102,161	357,315	357,315	-
2210	Building Maintenance	454,118	505,313	208,853	546,756	513,986	-
2220	Grounds Maintenance	7,050	12,100	3,788	19,100	19,100	-
2510	Vehicle Maintenance	332,111	391,149	145,172	425,543	392,664	-
2910	Solid Waste	955,760	893,648	368,423	793,856	793,856	-
	Total	2,832,236	3,007,794	1,270,459	3,087,291	2,987,802	-
POLICE SERVICES							
3110	Police Services	1,755,918	1,744,667	823,006	1,899,559	1,839,794	-
3120	Communications	322,150	339,370	159,629	367,684	367,684	-
3140	Animal Control	56,188	60,385	22,199	60,892	60,892	-
3210	Vehicle Maintenance	122,264	118,944	45,043	122,807	119,555	-
	Total	2,256,520	2,263,366	1,049,877	2,450,942	2,387,925	-

TOWN of WINDHAM

ZERO TAX INCREASE MODEL 2014-2015

SUMMARY OF PROPOSED APPROPRIATIONS

acct	description	FY 2013 actual	FY 2014 approved	FY 2014 ytd (1/8)	FY 2015 preliminary	FY 2015 zero tax increase	FY 2015 council
FIRE/RESCUE SERVICES							
4110	Fire-Rescue Services	1,258,021	1,384,079	600,580	1,558,690	1,452,139	-
4130	Rescue	-	-	-	-	-	-
4140	Emergency Management	272	1,000	1,052	1,480	1,480	-
4150	Water Main Charges	91,164	92,075	38,665	92,976	92,976	-
4210	Vehicle Maintenance	116,381	141,000	85,100	152,500	152,500	-
	Total	1,465,839	1,618,154	725,397	1,805,646	1,699,095	-
RECREATION & LIBRARY SERVICES							
5110	Parks and Recreation Administration	162,158	168,206	76,071	174,682	176,122	-
5111	Recreation Programming	230,447	166,500	153,249	166,800	166,800	-
5120	Parks - Dundee Park & Trails	61,608	78,150	46,382	83,844	83,844	-
5130	Parks - Skate Park	10,664	6,000	845	5,600	5,600	-
5510	Public Library	333,324	357,497	132,639	408,250	356,070	-
	Total	798,200	776,353	409,186	839,176	788,436	-
PROPERTY & INSPECTION SERVICES							
6110	Code Enforcement & Zoning Administration	153,169	174,656	78,384	240,226	189,389	-
6120	Planning	187,055	201,860	78,828	197,145	197,145	-
6121	Comprehensive Master Plan	7,000	25,000	2,342	-	-	-
6510	Assessing	229,885	251,590	118,359	256,375	259,551	-
6520	Geographic Information Systems	10,817	11,313	3,156	11,347	11,347	-
	Total	587,926	664,419	281,069	705,093	657,432	-
TOWN CLERK SERVICES							
7510	Town Clerk	154,678	146,170	68,523	154,606	158,840	-
	Total	154,678	146,170	68,523	154,606	158,840	-

TOWN of WINDHAM

ZERO TAX INCREASE MODEL 2014-2015

SUMMARY OF PROPOSED APPROPRIATIONS

acct	description	FY 2013 actual	FY 2014 approved	FY 2014 ytd (1/8)	FY 2015 preliminary	FY 2015 zero tax increase	FY 2015 council
SOCIAL SERVICES							
8110	Social Services	123,483	149,463	41,010	149,634	149,634	-
8120	Social Service Agency Funding	44,125	28,750	12,250	21,400	21,400	-
	Total	167,608	178,213	53,260	171,034	171,034	-
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TOTAL OPERATING		11,085,758	11,599,217	5,233,383	12,375,224	11,971,962	-
CAPITAL OUTLAY & FIXED CHARGES							
9110	Equipment Replacement	1,542,373	625,000	609,364	700,000	625,000	-
9120	Road Improvements	761,288	750,000	920,046	1,000,000	750,000	-
9130	Buildings & Facilities Improvement	306,699	460,000	182,707	460,000	410,000	-
9140	Land & Facilities Improvement	-	150,000	50,000	325,000	-	-
9170	Sewer	351,756	351,756	146,565	351,756	351,756	-
9510	Debt Service	216,375	210,375	181,688	205,125	205,125	-
	Total	3,178,492	2,547,131	2,090,370	3,041,881	2,341,881	-
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CONTINGENCY							
9910	General Contingency Fund	23,135	100,000	4,000	100,000	100,000	-
9920	Energy & Weather Emergency Fund	-	100,000	-	100,000	100,000	-
	Total	23,135	200,000	4,000	200,000	200,000	-
<hr/>							
TOTAL NONOPERATING		3,201,626	2,747,131	2,094,370	3,241,881	2,541,881	-
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TOTAL APPROPRIATIONS		14,287,385	14,346,348	7,327,753	15,617,105	14,513,843	-

PROPOSED MUNICIPAL BUDGET

TOWN of WINDHAM

PROPOSED MUNICIPAL BUDGET 2014-2015

SUMMARY STATEMENT OF ESTIMATED REVENUES AND PROPOSED APPROPRIATIONS

	FY 2014 Approved Budget	FY 2015 Preliminary Budget	FY 2015 Manager's Proposal	FY 2015 Council Approved
<u>Budget Proposal</u>				
Estimated Revenues	\$ 14,346,348	\$ 14,114,027 -1.6%	\$ 14,513,843 1.2%	\$ -
Proposed Operating Appropriations	\$ 11,599,217	\$ 12,375,224 6.7%	\$ 11,971,962 3.2%	\$ -
Proposed Non-Operating Appropriations	\$ 2,747,131	\$ 3,241,881 18.0%	\$ 2,541,881 -7.5%	\$ -
Proposed Total Appropriations	<u>\$ 14,346,348</u>	<u>\$ 15,617,105 8.9%</u>	<u>\$ 14,513,843 1.2%</u>	<u>\$ -</u>
Net Surplus/(Deficit)	\$ -	\$ (1,503,078)	\$ -	\$ -
Proposed Amount Below/(Above) Levy Limit	\$ 607,178	\$ 750,742	\$ 391,894	\$ 8,415,059
<u>Supplemental Levy Requests</u>				
9110 Capital Equipment Replacement			\$ 75,000	
9120 Road Improvements			\$ 250,000	
9130 Building Improvements			\$ 50,000	
9140 Land & Facilities Capital Improvements			\$ 325,000	
Total Supplemental Levy Requests			<u>\$ 700,000</u>	
Proposed and Supplemental Amount Below/(Above) Levy Limit		\$ 750,742	\$ (308,106)	\$ 8,415,059

TOWN of WINDHAM

PROPOSED MUNICIPAL BUDGET 2014-2015

STATEMENT OF ESTIMATED REVENUES

acct	description	FY 2013 actual	FY 2014 estimate	FY 2014 ytd (1/8)	FY 2015 preliminary	FY 2015 manager	%	FY 2015 council
0400	Property Taxes	\$ 24,992,220	\$ 7,664,317	\$ 25,645,153	\$ 7,664,317	8,023,165	55%	
0401	Supplemental Taxes	7,906		6,356			0%	
0402	Payments in Lieu of Taxes	10,478	3,250	-	3,250	3,250	0%	
0405	Tax Reports	171	-	75	-	-	0%	
0407	Interest on Taxes	113,940	100,000	44,066	100,000	100,000	1%	
0408	Tax Lien Fees	14,775	12,000	9,956	12,000	12,000	0%	
0409	Excise Taxes	2,634,770	2,600,000	1,417,613	2,650,000	2,665,000	18%	
0410	Town Clerk Fees	43,259	45,000	24,119	45,000	45,000	0%	
0411	Building Fees	97,578	85,000	36,734	100,000	100,000	1%	
0412	Plumbing Fees - Town	33,870	30,000	19,835	30,000	30,000	0%	
0413	Boat Excise Tax	28,639	25,000	4,403	25,000	25,000	0%	
0414	Proof of Insurance Fax	214		96			0%	
0415	Dundee Park	31,991	37,000	24,686	37,000	37,000	0%	
0416	Recreation Fees	172,551	194,500	17,370	194,500	194,500	1%	
0417	Snowmobile Reg - Town	4,953	4,900	553	6,000	6,000	0%	
0418	Boat Registration - Town	1,416	1,000	306	1,000	1,000	0%	
0419	ATV Registration - Town	476	400	298	400	400	0%	
0421	CATV Fees	124,487	120,000	-	120,000	120,000	1%	
0422	Police Fines & Fees	5,839	2,000	2,630	2,000	2,000	0%	
0424	Court/Witness Fees	494	-	639	-	-	0%	
0425	Animal Control Fines & Fees	-		-			0%	
0427	Passports	14,650	12,500	7,150	12,500	12,500	0%	
0430	State Revenue Sharing	1,027,862	406,659	359,512	669,014	669,014	5%	
0431	State of Maine	27,274	20,000	24,811	20,000	25,000	0%	
0434	Library Fines and Fees	8,483	7,500	6,280	7,500	7,500	0%	
0435	Urban-Rural Initiative Program	258,720	266,612	265,944	266,612	266,612	2%	
0438	Co-Locations Cell Tower	30		-			0%	
0440	Assessor's Fees	634	500	395	500	500	0%	
0441	Dog Licenses - Town	10,431	8,000	3,772	9,000	9,000	0%	
0442	Hunting & Fishing - Town	2,538	3,000	1,297	3,000	3,000	0%	
0443	Registration Fees - Town	51,168	50,000	23,882	50,000	50,000	0%	
0444	Board of Appeals	2,100	1,500	400	1,500	1,500	0%	
0445	Subdivision/Review Fees	6,900	5,000	2,700	5,000	5,000	0%	
0448	Site Plan Fees	7,125	2,500	3,000	2,500	2,500	0%	
0449	Sewer Application Fees	-	-	-	-	-	0%	

TOWN of WINDHAM

PROPOSED MUNICIPAL BUDGET 2014-2015

STATEMENT OF ESTIMATED REVENUES								
acct	description	FY 2013 actual	FY 2014 estimate	FY 2014 ytd (1/8)	FY 2015 preliminary	FY 2015 manager	%	FY 2015 council
0450	Sewer Fees	333,403	351,756	46	351,756	351,756	2%	
0451	Cemetery Trust Fund	2,800	2,800	2,800	2,800	2,800	0%	
0453	Shoreland Review Fees	-	-	-	-	-	0%	
0454	Subdivision Amendment	1,350	-	1,400	-	-	0%	
0455	Auto Junkyard Fee	502	500	391	500	500	0%	
0456	Gravel Pit Fees	-	-	-	-	-	0%	
0457	Shoreland CEO Permit	2,010	1,000	2,390	1,000	1,000	0%	
0458	Sub-Surface Review Fees	2,490	1,000	1,630	1,000	1,000	0%	
0470	Solid Waste Fees	504,168	515,000	168,956	515,000	515,000	4%	
0471	Chaffin Pond Preserve	-	-	-	-	-	0%	
0474	Rescue Miscellaneous Fees	212	-	120	-	-	0%	
0475	Rescue Services Reimbursements	545,320	550,000	338,164	550,000	575,000	4%	
0476	Fire/Rescue Fines & Fees	65	-	30	-	-	0%	
0480	Interest on Investments	31,794	10,000	3,993	10,000	10,000	0%	
0481	Town Garage Lease Payment	9,416	9,416	9,416	9,416	9,416	0%	
0482	General Assistance Revenue	15,137	25,000	355	25,000	25,000	0%	
0483	Zone Change Fees	-	-	350	-	-	0%	
0484	Miscellaneous Revenue	45,412	116,618	4,079	61,618	62,000	0%	
0485	Sale of Town Property	-	4,000	-	4,000	1,600	0%	
0486	Building/Space Rental	-	6,000	-	6,000	3,986	0%	
0498	TIF Revenues Transferred In	264,395	295,120	-	338,344	338,344	2%	
0495	Appropriated Fund Balance	-	750,000	-	200,000	200,000	1%	
							0%	
	Total Non-Property Tax Revenues	6,496,289	6,682,031	2,836,642	6,449,710	6,490,678	45%	-
	Total Revenues, All Sources	\$ 31,496,415	\$ 14,346,348	\$ 28,488,151	14,114,027	14,513,843	100%	-

NOTE: The '%' column indicates how much of total revenue is derived from that source.

TOWN of WINDHAM

PROPOSED MUNICIPAL BUDGET FY2014-2015

REVENUES

Any discussion of a budget has to involve not only the purposes for which funds are being spent, but the sources of those funds. Many of the revenues on which the Town relies are outside its ability to control, other than to collect them accurately and completely, and to estimate them conservatively. These notes address certain critical revenue sources.

R0401 The town property tax levy for the manager's proposed 2015 budget would increase by \$358,848. This is exactly the difference between what the town actually received in municipal revenue sharing in fiscal 2013 and what it expects to receive in fiscal 2015. Despite the actions taken by the Legislature to preserve revenue sharing, it preserved revenue sharing at a lower level, shifting a disproportionate share of the state's budget problems on local taxpayers. The base levy plus the town's two current municipal development (i.e. TIF) districts is \$391,894 below the statutory limit.

Aside from the statutory property tax levy limit enacted by the Legislature in 2005 the amount of property tax revenue is a function of the budget approved, ultimately, by the voters at town meeting. That appropriation (the legal authorization to expend public funds) less the amount of revenue estimated from all revenues other than property taxes results in the amount of taxes to be raised. The amount raised for overlay, which pays for tax refunds or allows for reductions in property taxes due to abatements or other changes in value after the budget has been set, is not counted as a revenue for budgetary purposes. Any amount of overlay not used in the year in which it is raised contributes to fund balance at the end of the fiscal year.

R0409 Excise taxes, those paid at the time a motor vehicle is registered, represent the single largest source of revenue other than property taxes. It is also a revenue source over which the Town has no control, since excise tax rates are set by the State of Maine. From just before what has come to be known as the "Great Recession" excise tax revenues fell from a high of nearly \$2.7 million annually to about \$2.4 million. Excise tax revenue have recovered somewhat as the economy has recovered, though still not to pre-recession levels.

R0416 Offset of Parks and Recreation Programming Fund, plus an estimated amount to account for administrative overhead required to offer programming.

R0430 Maine cities and towns receive a share of state sales and income tax revenue. For fiscal 2012 and 2013 revenue sharing was decreased overall by transferring funds to the state's general fund and has been reflected in the proposed budget.

TOWN of WINDHAM

PROPOSED MUNICIPAL BUDGET FY2014-2015

REVENUES

The manager's budget carries revenue sharing at the current estimate for fiscal 2015. For 2016 and 2017, the manager has proposed to reduce estimated revenue sharing in the budget first to about \$325,000, then to \$0. Any revenue sharing actually received would become part of fund balance at the end of the fiscal year and could be used to offset taxes or capital in future years.

R0435 Urban-Rural Initiative Program payments are those from the Maine Department of Transportation for road improvements. This program used to be known as "local road assistance" and is considered to be an offset for the Town's road improvement program (account 9120). Funds are estimated at the same level as 2014.

R0470 Revenues from the sale of *Windham RECYCLES!* trash bags pays for most of the cost of the Town's curbside trash collection, transportation, and disposal program (account 2910). This account also reflects the sale of recycling bins. It is important to note that Windham has chosen to pay for most of its program through user fees, while other communities charge less for their bags, but also subsidize their programs to a far greater degree than Windham does.

R0475 Rescue fees are only partially within the Town's control, since they are dependent on the number of calls, the reimbursement rates under Medicare and Medicaid, payments from insurance companies, and collections from individual patients. The Town does provide a self-declared hardship waiver, but has also built up a substantial balance on uncollectible accounts since it has not used a collection service. In order to more appropriately account for revenue, this account shows the gross amount of estimated billings with an offset for "bad debt" in 4130-46030.

R0480 Investment income is a function of the Town's cash flow, cash balances, and interest rates. The Town follows investment policies which make protection of principal a top priority. As a result the Town invests in highly secure instruments that are either insured or (since the Town's available cash for investment exceeds insurance limits) collateralized (meaning that US government or agency securities are pledged as collateral). Interest income has dropped sharply in the last two years both because of low interest rates and the consolidation of Windham and Raymond schools as RSU 14.

R0482 The Town receives reimbursement for 50% of its direct general assistance expenses from the State of Maine.

TOWN of WINDHAM

PROPOSED MUNICIPAL BUDGET FY2014-2015

REVENUES

- R0484 Miscellaneous revenue accounts for \$17,000 in revenue from an anticipated update to the agreement with the Town of Gorham to provide general assistance administration services (see account 8110), and \$45,000 from the Windham-Raymond School District (RSU 14) as roughly half the cost of the school resource officer program.
- R0486 Includes anticipated reimbursements for the use of Lincoln Field.
- R0495 No funds from fund balance are included to offset the town's operating budget; the only remaining amount, \$200,000, offsets the town's two contingency funds (9910 and 9920).
- R0498 Funds from the Town's two municipal development, or "TIF," districts, used to offset expenses in the operating budget (see the fiscal note in account 1180). They are called "TIF" districts because they operate by tax increment financing – using the incremental value to generate tax revenue and capture it for certain purposes, and realizing financial benefits by sheltering value from the action of state formulas governing the distribution of municipal revenue sharing, state school aid, and the town's share of county tax.

TOWN of WINDHAM

PROPOSED MUNICIPAL BUDGET 2014-2015

SUMMARY OF PROPOSED APPROPRIATIONS

acct	description	FY 2013 actual	FY 2014 approved	FY 2014 ytd (1/8)	FY 2015 preliminary	FY 2015 manager	FY 2015 council
ADMINISTRATIVE SERVICES							
1110	Town Council	120,591	119,355	40,238	110,409	110,409	-
1120	Town Manager's Office	392,990	400,429	189,596	419,829	432,329	-
1130	Collection & Registration Services	192,046	199,594	100,996	232,591	215,543	-
1140	Information Services	135,983	157,708	70,920	157,857	157,857	-
1150	Community Participation	31,114	36,400	11,809	36,400	36,400	-
1160	Community TV & E-Government	52,942	44,728	34,394	55,412	55,412	-
1180	Economic Development	102,104	133,968	47,758	250,583	250,583	-
1210	Insurance	106,300	114,800	110,341	121,440	121,440	-
1220	Employee Benefits	1,688,381	1,737,391	769,434	1,776,540	1,741,050	-
1230	Banking & Investment Services	299	375	126	375	375	-
	Total	2,822,752	2,944,748	1,375,612	3,161,436	3,121,398	-
PUBLIC WORKS SERVICES							
2110	Administration	146,094	147,306	77,021	158,735	158,735	-
2120	Highway Maintenance	547,353	606,210	310,042	660,236	626,396	-
2130	Traffic Safety	113,572	113,250	54,999	125,750	125,750	-
2150	Snow Removal	276,178	338,818	102,161	357,315	357,315	-
2210	Building Maintenance	454,118	505,313	208,853	546,756	513,986	-
2220	Grounds Maintenance	7,050	12,100	3,788	19,100	19,100	-
2510	Vehicle Maintenance	332,111	391,149	145,172	425,543	392,664	-
2910	Solid Waste	955,760	893,648	368,423	793,856	793,856	-
	Total	2,832,236	3,007,794	1,270,459	3,087,291	2,987,802	-
POLICE SERVICES							
3110	Police Services	1,755,918	1,744,667	823,006	1,899,559	1,839,794	-
3120	Communications	322,150	339,370	159,629	367,684	367,684	-
3140	Animal Control	56,188	60,385	22,199	60,892	60,892	-
3210	Vehicle Maintenance	122,264	118,944	45,043	122,807	119,555	-
	Total	2,256,520	2,263,366	1,049,877	2,450,942	2,387,925	-

TOWN of WINDHAM

PROPOSED MUNICIPAL BUDGET 2014-2015

SUMMARY OF PROPOSED APPROPRIATIONS

acct	description	FY 2013 actual	FY 2014 approved	FY 2014 ytd (1/8)	FY 2015 preliminary	FY 2015 manager	FY 2015 council
FIRE/RESCUE SERVICES							
4110	Fire-Rescue Services	1,258,021	1,384,079	600,580	1,558,690	1,452,139	-
4130	Rescue	-	-	-	-	-	-
4140	Emergency Management	272	1,000	1,052	1,480	1,480	-
4150	Water Main Charges	91,164	92,075	38,665	92,976	92,976	-
4210	Vehicle Maintenance	116,381	141,000	85,100	152,500	152,500	-
	Total	1,465,839	1,618,154	725,397	1,805,646	1,699,095	-
RECREATION & LIBRARY SERVICES							
5110	Parks and Recreation Administration	162,158	168,206	76,071	174,682	176,122	-
5111	Recreation Programming	230,447	166,500	153,249	166,800	166,800	-
5120	Parks - Dundee Park & Trails	61,608	78,150	46,382	83,844	83,844	-
5130	Parks - Skate Park	10,664	6,000	845	5,600	5,600	-
5510	Public Library	333,324	357,497	132,639	408,250	356,070	-
	Total	798,200	776,353	409,186	839,176	788,436	-
PROPERTY & INSPECTION SERVICES							
6110	Code Enforcement & Zoning Administration	153,169	174,656	78,384	240,226	189,389	-
6120	Planning	187,055	201,860	78,828	197,145	197,145	-
6121	Comprehensive Master Plan	7,000	25,000	2,342	-	-	-
6510	Assessing	229,885	251,590	118,359	256,375	259,551	-
6520	Geographic Information Systems	10,817	11,313	3,156	11,347	11,347	-
	Total	587,926	664,419	281,069	705,093	657,432	-
TOWN CLERK SERVICES							
7510	Town Clerk	154,678	146,170	68,523	154,606	158,840	-
	Total	154,678	146,170	68,523	154,606	158,840	-

TOWN of WINDHAM

PROPOSED MUNICIPAL BUDGET 2014-2015

SUMMARY OF PROPOSED APPROPRIATIONS

acct	description	FY 2013 actual	FY 2014 approved	FY 2014 ytd (1/8)	FY 2015 preliminary	FY 2015 manager	FY 2015 council
SOCIAL SERVICES							
8110	Social Services	123,483	149,463	41,010	149,634	149,634	-
8120	Social Service Agency Funding	44,125	28,750	12,250	21,400	21,400	-
	Total	167,608	178,213	53,260	171,034	171,034	-
TOTAL OPERATING							
		11,085,758	11,599,217	5,233,383	12,375,224	11,971,962	-
CAPITAL OUTLAY & FIXED CHARGES							
9110	Equipment Replacement	1,542,373	625,000	609,364	700,000	625,000	-
9120	Road Improvements	761,288	750,000	920,046	1,000,000	750,000	-
9130	Buildings & Facilities Improvement	306,699	460,000	182,707	460,000	410,000	-
9140	Land & Facilities Improvement	-	150,000	50,000	325,000	-	-
9170	Sewer	351,756	351,756	146,565	351,756	351,756	-
9510	Debt Service	216,375	210,375	181,688	205,125	205,125	-
	Total	3,178,492	2,547,131	2,090,370	3,041,881	2,341,881	-
CONTINGENCY							
9910	General Contingency Fund	23,135	100,000	4,000	100,000	100,000	-
9920	Energy & Weather Emergency Fund	-	100,000	-	100,000	100,000	-
	Total	23,135	200,000	4,000	200,000	200,000	-
TOTAL NONOPERATING							
		3,201,626	2,747,131	2,094,370	3,241,881	2,541,881	-
TOTAL APPROPRIATIONS							
		14,287,385	14,346,348	7,327,753	15,617,105	14,513,843	-