

## *Town of Damariscotta*

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June 13, 2018

### Town Manager's Budget Message

Dear Damariscotta Taxpayers:

Included in the Annual Town Meeting Warrant is the Board of Selectmen's and Budget Committee's recommended Town Budget for Fiscal Year 2019 (July 1, 2018 to June 30, 2019). If approved at the June 13 Town Meeting, in minimal change in the 4.58 mil rate for Town Government. The other budgets that determine the FY 2019 property tax rate are the budgets for education (11.33 mils or 65.6 percent of the total property tax in FY18) and the County Assessment (1.31 mils or 7.9 percent of the total property tax in FY 18). The total property tax mil rate for FY 18 is 16.825.

You will see that the overall recommended budget increase is 3.3 percent over the FY 2018 approved budget. Due to increase in revenue from other sources, the revenue that will be needed from property tax is projected to increase by 2.25 percent. Note that the only portion of the education budget included in the Town Manager's proposed budget is the amount that is requested for adult education. School District administration, secondary and primary school budgets are submitted to the Town Meeting legislative body separately. The recommended budget does not include the overlay that the Board of Assessors will determine as part of the Tax Commitment in July.

Under the revenue section of the budget, revenue sharing has been budgeted at \$117,000 based on a projection of revenues in the State's Biennial Budget. It is important to point out that for the sixth year in a row, it is anticipated that the Governor and the State Legislature will divert funds from municipal revenue sharing to meet other State budget obligations. If the State had continued to provide revenue sharing contributions at the statutory level, the estimated revenue to the Town would be \$292,500 in FY 2019.

Also, under the revenue section, it is recommended that the Town continue to utilize funds from the undesignated reserves to reduce the amount of a property tax increase for the coming year. The amount carried over from the undesignated fund balance this year is \$150,000. For FY 2019, it is recommended that \$150,000 again be carried over from this fund. At this point, based on the recently

completed FY 2017 audit, I am projecting that there will be approximately \$1,011,500 in the undesignated fund balance in June, 2018.

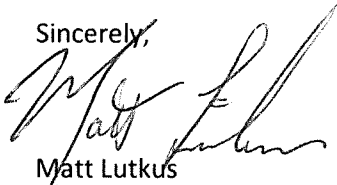
The major changes in the recommended budget are an increase for capital reserves, an increase in hours for the seasonal worker in Public Works, an increase in hours for the part-time Code Enforcement Officer, an increase in hours in clerical support to cover evening meetings and increases in expenditures for snow removal built into the current three-year contracts. The majority of the proposed allocation for capital reserves is comprised of the second and final payment for the new fire truck to be delivered later in 2018 and supplemental costs for improvements to Bristol Road.

The Town Charter requires that the Manager provide a report of the Town's current indebtedness in this transmittal message. The current debt stands at \$454,999.25 which is roughly \$118,000 lower than it was last year at this time. The current debt is comprised of the fire truck loan that the Town obtained in 2014 and the two bond issues that were approved at a Special Town Meeting in November, 2016.

Although the increase from current budget and this recommended budget is modest, the service levels that are funded by property tax dollars, fees and grants will continue to provide an aggressive capital improvement program and compensation for a productive and highly committed staff, as well as provide for fixed expenses of which the Town has little control.

I look forward to reviewing the budget recommendations with you at the upcoming Town Meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Lutkus", written over a horizontal line.

Matt Lutkus

Town Manager