

STATE GOAL

To plan for, finance, and develop an efficient system of public facilities and services to accommodate anticipated growth and economic development.

INTRODUCTION

The primary funding source for municipal government is through property tax revenues. In order for a municipality to maintain a consistent mil rate year to year, town government must operate in a manner that is fiscally responsible. Large fluctuations in the tax rate can cause public outcry and can also discourage economic development. Stable municipal finances are the fundamental responsibility of town government, although the priorities change from one election year to another. It is important for Brownville to diligently handle all yearly expenditures while concurrently planning for the Town's long-term objectives. As is the case with any business, the physical assets of Brownville must be properly maintained through capital reserve accounts to protect the Town's continued economic health.

The poor status of the State's economy has added a great deal of pressure on the municipal budget. The downturn in the economy pushes the Town from three distinct areas – decreasing revenues, increasing costs of providing services and increasing hardship on citizens' ability to pay their property taxes. During the last year, the Town has tried to provide services and develop a longer-range plan that acknowledges ever-increasing pressures while maintaining the core community identity.

ASSESSED VALUE

The basis of a municipality's fiscal health is its assessed property valuation: The greater the valuation, the lower the tax rate needed to raise a given sum of money. Municipalities and the State both track property valuation. The local, or municipal, valuation is determined by the local tax assessor and reflects actual market values only in the years in which a municipality conducts a revaluation and upgrades values to 100% of market value. The State of Maine recommends that a Town should be revalued at least once in every ten-year period. Furthermore, the State requires a Community to perform a revaluation if the assessment ratio falls below 70 percent of the market value. Brownville's current state certified assessment ratio is reported as 100% of market value. The Town of Brownville's last valuation was completed in 1989 by Hamlin Associates. Although it has been more than ten years since the last town-wide valuation, the Town assessment ratio is around 100% annually and there are no large-scale problems with the assessment. Hence, during these tough economic times, the Town has decided not to make plans for a town-wide revaluation.

In 2002, Brownville had 26,730 acres of taxable land as reported on the Municipal Valuation Return. The municipal valuation has not had dramatic fluctuations in the last five years. From 1998 to 2002, the total valuation for the Town increased by approximately 4.6 percent. Table J-1 shows the Town of Brownville's municipal valuation for the last five years.

Table J-1

TOWN OF BROWNVILLE MUNICIPAL VALUATION					
	2002	2001	2000	1999	1998
Certification Ratio	100%	100%	100%	100%	100%
Total Land	\$10,773,480	\$10,751,670	\$10,829,540	\$11,002,800	\$10,238,790
Total Building	21,317,790	\$21,003,770	\$20,700,930	\$20,407,120	\$20,452,590
Total Real Property	<u>\$32,091,270</u>	<u>\$31,755,440</u>	<u>\$31,530,470</u>	<u>\$31,409,920</u>	<u>\$30,691,380</u>
Production Machinery and Equipment	\$241,190	--	\$226,300	\$205,380	\$214,060
Business Equipment	1,670	--	\$1,140	\$1,140	\$1,140
Other Personal Property	--	\$232,190	--	--	--
Total Personal Property	<u>\$242,860</u>	<u>\$232,190</u>	<u>\$227,440</u>	<u>\$206,520</u>	<u>\$215,200</u>
Total Real and Personal Property	<u>\$32,334,130</u>	<u>\$31,987,630</u>	<u>\$31,757,910</u>	<u>\$31,616,440</u>	<u>\$30,906,580</u>

Source: *Maine Revenue Services Property Tax Division Municipal Valuation Return Statistical Summary
Town of Brownville Annual Reports*

STATE VALUATION

The State of Maine also places a total valuation on the town. This value is known as the State Valuation. Every year all arms-length sales that have occurred in each community are reviewed by the Maine Revenue Services Property Tax Division. An arms-length sale is a sale that occurs between a willing seller and a willing buyer without any extenuating circumstances (examples of non-arms length sales could be estate sales, interfamily transfers, foreclosure sales and auctions). These sales are compared to the Town's local assessed values to determine the assessment ratio or the percentage of market value that the town is assessing. The State's valuation is used to determine the amount of revenue sharing the town will receive and the portion of the county tax that the municipality will pay. In 2002, the Town paid \$48,773 for Piscataquis County tax as reported by the Assessor. Although, the Town of Brownville's State valuation fluctuates from year to year, sometimes increasing, sometimes decreasing, for the five-year period from 1998 to 2002, the Town's State valuation increased a total of .9375 percent. The table below shows the Town of Brownville's State Valuation for the last five years.

Table J-2

TOWN OF BROWNVILLE STATE VALUATION				
2002	2001	2000	1999	1998
\$32,300,000	\$32,950,000	\$31,750,000	\$32,500,000	\$32,000,000

Source: *Maine Revenue Services Property Tax Division Municipal Valuation Return Statistical Summary*

REVENUE SHARING

Through April 2003, the State Treasurer will take 5.1% of all sales, corporate, and individual income tax revenue and send it to the 493 municipalities in Maine. Beginning in May 2003, the percentage of these tax revenues shared will increase to 5.2%. The sharing of these broadbased tax revenues with towns and cities helps reduce the property tax burden and makes Maine's tax system more fair. Each municipality is given an account. The amount credited to the account is distributed on the basis of a formula, which multiplies each municipality's population by its total property tax assessment and then divides by its state valuation. The result is compared to results from other municipalities and a percentage is determined for each. These percentages represent each municipality's proportional share of the statewide distribution.¹

In June of each year annual estimates are prepared by the Treasurer's Office and provided to the Maine Municipal Association, who distributes them to the municipalities. In the year that ended on June 30, 2002 the State Treasurer distributed \$100,573,000 in Rev I dollars, of which .119 percent or \$30,529 was distributed to the Town of Brownville. It is expected that by June 30, 2003 approximately \$102 million dollars will be distributed statewide. It is projected by the Maine Municipal Association that the Town of Brownville will receive \$122,045 of that distribution.

Since the State of Maine provides one of Brownville's largest revenue sources, the Town has truly felt the impact of the State's cost cutting measures. In the 2002 annual report, the Town Manager states that Brownville was directly impacted through a loss of approximately \$23,000 of Municipal Revenue Sharing funds.

EXEMPTIONS

Maine State law provides for tax exemptions for certain properties. The table below lists exemptions reported by the Town of Brownville. Since exemptions are established by statute, the Town is required to grant all applicable exemptions. The State will reimburse the municipality for a portion of all exemptions or credits that were enacted after April 1, 1978. However, in many communities the number of exempt properties is increasing which decreases the municipal tax base. As the amount of these exemptions increases, it becomes very difficult for the community to maintain a constant tax rate.²

Table J-3 shows the Town of Brownville's reported exemptions for the five-year period from 1998 to 2002. The large quasi-municipal organization exemption in 1998 is a result of the Town of Brownville absorbing the Water District.

¹ Information comes from the *Maine State Treasurer* – www.maine.gov/treasurer/revenue.htm

² For more information on exemptions and reimbursement, see Title 36 of the *Maine Revised Statutes Annotated*.

Table J-3

TOWN OF BROWNVILLE REPORTED EXEMPTIONS					
	2002	2001	2000	1999	1998
Churches/Parsonages	\$521,180	\$521,180	\$521,180	\$521,180	\$484,690
Fraternal Organizations		\$121,010	\$121,010	\$121,010	\$121,000
Veteran Exemptions *	539,790	\$534,000	\$552,790	\$537,000	\$517,000
Blind Exemptions	8,000	\$8,000	\$8,000	\$8,000	\$8,000
Private Airports	12,000	\$12,000	\$12,000	\$12,000	\$12,000
Quasi Municipal Organizations					\$2,927,950
State of Maine	58,540	\$58,540	\$58,540	\$58,540	\$58,550
Municipal Corporations	1,413,850	\$1,413,850	\$1,211,510	\$1,431,290	\$1,500,100
Veteran Organizations	80,880	\$80,880	\$80,880	\$80,880	\$80,880
Total Exemptions	\$2,694,240*	\$2,749,460	\$2,565,910	\$2,769,900	\$5,710,170

TOWN OF BROWNVILLE * VETERANS RECEIVING EXEMPTIONS					
	2002	2001	2000	1999	1998
WWI	1	1	1	0	1
WWII/Korean/Vietnam/Persian Gulf	90	85	89	87	84
WWII- Non Resident	17	19	19	20	18
Total Veteran Exemptions	108	105	109	107	103

Source: *Municipal Valuation Return*

* *Town Tax Assessor, Hamlin Associates, indicates discrepancy in total due to value of \$60,000 for exempt parsonages.*

In addition to the exemptions listed in the table above, the State of Maine provides property owners exemption as incentive to provide affordable lifestyles and preserve the rural character and maintain the natural beauty and habitat of our state. The following outline those additional exemptions.

Farm and Open Space Tax Law

M.R.S.A Title 36 Chapter 105 Subchapter 10 defines the purpose of the Farm and Open Space Tax Law as “It is declared that it is in the public interest to encourage the preservation of farmland and open space land in order to maintain a readily available source of food and farm products close to the metropolitan areas of the State to conserve the State’s natural resources and to provide for the welfare and happiness of the inhabitants of the State, that it is in the public interest to prevent the forced conversion of farmland and open space land to more intensive uses as the result of economic pressures caused by the assessment thereof for purposes of property taxation at values incompatible with their preservation as such farmland and open space land, and that the necessity in the public interest of the enactment of this subchapter is a matter of legislative determination.”

This law allows for municipal assessors to adjust the 100% valuations per acre for farmland by whatever ratio or percentage of current just value is then being applied to other property within the municipality to obtain the assessed values. For any tax year, the classified farmland value must reflect only the current use value for farm or open space purposes and may not include any increment of value reflecting development pressure. Commencing April 1, 1978, land in the

organized areas subject to taxation under this subchapter must be taxed at the property tax rate applicable to other property in the municipality, which rate must be applied to the assessed values so determined. There is no property in the Town of Brownville currently enrolled in the Farm and Open Space Tax program.

Tree Growth Tax Law

M.R.S.A Title 36 Chapter 105 Subchapter 2-A defines the purpose of the Tree Growth Tax Law “...to tax all forest lands according to their productivity and thereby to encourage their operation on a sustained yield basis...” The law is in response to the notion that the public interest of the State would be best served by encouraging forest landowners to retain and improve their holdings of forest lands upon the tax rolls of the State. The goal of this law is to promote better forest management and protect the economic and recreational viability of this land.

Participation is voluntarily and not mandated; however, participation requires “the unanimous consent of all owners of an interest in a parcel, except for the State, which is not subject to taxation ...” Furthermore, if land is withdrawn from the program, penalties will be assessed to the land owner. To participate in the program a property owner of a parcel containing forestland (no less than ten acres) enrolls by filing with the local assessor. For purposes of the program, a parcel is “deemed to include a unit of real estate, notwithstanding that it is divided by a road, way, railroad or pipeline, or by a municipal or county line.” A parcel of land used primarily for growth of trees to be harvested for commercial use shall be taxed according to the requirements of M.R.S.A. Title 36 Chapter 105 §574-B.

Table J-4 below shows the number of parcels, acres, type of wood, total valuation and any penalties assessed of all land in the Town enrolled in the tree growth tax program. In 1998, three parcels were withdrawn from the program consisting of 278 acres. Penalties assessed on these parcels equaled \$7,360. In 1999, two parcels equaling 34 acres were withdrawn from the program. Penalties assessed in 1999 equaled \$1,874. In 2000, another 29 acres were withdrawn at a penalty of \$5,125. In 2002, Brownville’s assessor reported 16,796 acres of land classified under the tree growth tax law, with a total value of \$2,106,850. The State reimbursed \$20,980 to the Town for this exemption. Town reports receiving a 42 percent reimbursement rate from the State of Maine. Maine Municipal Organization is working on behalf of communities to get reimbursement rates where they should be.

Table J-4

TOWN OF BROWNVILLE LAND IN TREE GROWTH					
	2002	2001	2000	1999	1998
Acres	16,796	16,707	16,662	16,579	16,822
Softwood	5,134	5,158	4,964	5,031	4,945
Mixed	7,202	7,172	7,247	8,958	8,901
Hardwood	4,460	4,377	4,451	2,590	2,976
Number of Parcels	124	124	124	124	126
Total Valuation	\$2,106,850	\$2,129,011	\$2,258,935	\$2,504,380	\$2,638,494
Penalties Assessed	--	--	\$5,125	\$1,874	\$7,360

Source: *Maine Revenue Services Property Tax Division Municipal Valuation Return Statistical Summary*

Homestead Exemption

The estate up to the just value of \$7,000 of the homestead of a permanent resident of the State of Maine who has owned a homestead in the State for the preceding 12 months is exempt from taxation except for assessments for special benefits. In determining the local assessed value of the exemption, the assessor multiplies the amount of the exemption by the ratio of current just value upon which the assessment is based.

The municipal assessor will annually evaluate the eligibility of property for which a homestead exemption has been approved. The evaluation is based on the status of the property on April 1 of the year in which the homestead exemption is based. If the assessor determines that the property is no longer entitled to an exemption under State law, the assessor will notify the owner that the property is no longer entitled to an exemption. In 2002, the Town of Brownville received \$72,075 in reimbursement from the State for homestead exemptions. The table below shows the Town's homestead exemptions from 1998 to 2002.

Table J-5

TOWN OF BROWNVILLE HOMESTEAD EXEMPTIONS					
	2002	2001	2000	1999	1998
Homestead Valuation	\$3,095,160	\$3,063,750	\$3,123,670	\$3,128,980	\$2,927,950
Number of Homestead Exemptions	443	439	449	450	421

Source: *Maine Revenue Services Property Tax Division Municipal Valuation Return Statistical Summary
Town of Brownville Annual Reports*

MIL RATE

After the Town's budget has been approved and all applicable state and local revenues are deducted from the approved expenditures, the Town arrives at the dollar amount that will be raised through tax revenues. This amount is called the net commitment or appropriation. The local assessor arrives at a valuation for each taxable property in the Town and the taxpayers are assessed their share of the tax burden through a mathematical calculation. The total

appropriation is then divided by the total taxable or assessed valuation of the Town to arrive at the minimum tax rate. This rate is usually expressed in dollars per thousand of valuation, or in decimal form, commonly referred to as the mil rate. As shown in the Table below, the Town of Brownville’s tax rate has increased from 20.4 mils to 23.28 mils or 14.1 percent from 1998 to 2002.

Table J-6

**TOWN OF BROWNVILLE
MUNICIPAL COMMITMENT, TAX RATE AND VALUATION**

	2002	2001	2000	1999	1998
Commitment	\$752,738	\$690,932	\$654,213	\$651,299	\$649,040
Tax Rate	0.02328	0.0216	0.02245	0.0206	0.0204
Municipal Valuation	\$35,429,290	\$31,987,630	\$31,757,910	\$31,616,440	\$31,815,700

Source: *Maine Revenue Services Property Tax Division Municipal Valuation Return Statistical Summary
Town of Brownville Annual Reports*

OVERLAY

The difference between the amount that is actually committed to the collector and the total appropriation is called overlay. Overlay is commonly used to pay any tax abatements that are granted during the tax year. Any overlay that remains at the end of the year is usually placed into the general fund. The overlay cannot exceed 5% of the total appropriations. Since the mil rate is a direct result of mathematical calculation, fluctuations in this rate will occur from year to year if there is a change in the total valuation or tax commitment. In 2002, Brownville’s tax assessor reported an overlay of \$14,659 or approximately 1.24 percent of the Town’s total appropriations.

TAX BURDEN

The tax rate indicates the rate, measured in mils (one mil equals one-thousandth) at which the base is taxed in order to raise required revenues. The higher the rate, the greater the effort or burden that is being placed on the community-wide tax base. Two measures are used to illustrate the tax burden on the taxpayer level: tax paid on a median valued home and tax paid on a median valued home as a percent of the median household income. Table J-7 indicates the local taxpayer burden in the Town of Brownville for 2002. Table J-8 compares Brownville tax burdens to surrounding communities of Milo and Lake View Plantation using 2001 mil rates.

Table J-7

TOWN OF BROWNVILLE 2002 TAXPAYER BURDEN		
Tax Rate		0.02328
Median Home Value	\$47,100	
Property Tax on Median Home Value		\$1,097
Median Household Income	\$28,167	
Property Tax as Percent of Median Household Income		3.895%

Source: *U.S. Census Bureau
Town of Brownville Local Annual Reports*

Table J-8

2001 TAXPAYER BURDEN COMPARISONS						
	Brownville		Milo		Lake View Plt	
Tax Rate		0.0216		0.0239		0.00227
Median Home Value	\$47,100		\$46,900		\$102,800	
Property Tax on Median Home Value		\$1,017		\$1,120.91		\$233.36
Median Household Income	\$28,167		\$24,432		\$18,125	
Property Tax as Percent of Median Household Income		3.612%		4.588%		1.287%

Source: U.S. Census Bureau - 2000 Census

It is important to recognize that the indicators provided here are not the only means of analyzing property tax burdens or municipal fiscal conditions. Other financial indicators are excluded from this presentation, including data regarding types and amounts of various municipal expenditures and data regarding the compositions of the property tax base. As is the case with any statistical analysis that uses median values for comparative purposes, special circumstances may make the data less reliable for certain municipalities.

Examples of such special circumstances include municipalities with tax bases that are disproportionately composed of one or several highly valued properties; disproportionate levels of rental housing, the value of which is not included in the median household value data; or disproportionate numbers of out-of-state residents, whose income is not included in the median household income data. If these limitations can be kept in mind, the indicators presented here provide a significant step towards analyzing the property tax burden in Maine and its impact on taxpayers and municipalities.

MUNICIPAL REVENUES

Table J-9 shows the Town of Brownville's sources of municipal revenues for 1998 to 2002 as reported in the Town audit. Brownville's total municipal revenues increased approximately 7.91 percent from 1998 to 2002. In 2002, as usual, the majority of the Town's revenues, 78.1 percent, came from taxes. This percentage is slightly higher than that of the year before (74.0 percent). In 2002, the remaining municipal revenues came from intergovernmental revenues (10.6 percent), municipal revenue sharing (10.1 percent), and just about 1.1 percent came from local revenues and the Medical Center fund combined. The 2002 increase in tax revenues can be attributed to the decrease in municipal revenue sharing and local revenues from 2001. Interestingly, local revenues have decreased by 80.2 percent from 1998 to 2002. This decrease is highly affected by the loss of sanitation income, administration income, and the decrease in interest income the Town is receiving.

In 2002, Brownville's top five taxpayers in order from highest to lowest were as follows:

1. Bangor Hydro-Electric Company
2. Brownville Housing Corporation
3. S.P. Forests, LLC
4. W.T. Gardiner
5. Canadian American Railroad

Table J-9

**TOWN OF BROWNVILLE
STATEMENT OF REVENUES**

	2002	2001	2000	1999	1998
Taxes					
Property	\$714,739	\$643,933	\$650,137	\$653,249	\$639,771
Supplemental Taxes	14,193	29,094	--	--	--
Excise	163,065	162,507	150,489	139,145	136,239
Tax Acquired Property	--	--	--	--	5,699
Interest on Taxes	10,762	10,011	10,252	11,283	12,301
	<u>\$902,759</u>	<u>\$845,545</u>	<u>\$810,878</u>	<u>\$803,677</u>	<u>\$794,010</u>
Intergovernmental Revenues					
Tree Growth Exemption Reimbursement	\$20,980	\$17,000	\$61,427	\$17,000	\$15,000
Road Assistance	27,580	28,012	28,195	26,382	25,592
Veterans Exemption Reimbursement	1,955	1,905	1,915	1,786	1,758
Homestead Exemption Reimbursement	72,075	66,377	37,368	61,515	59,730
	<u>122,590</u>	<u>\$113,294</u>	<u>\$158,905</u>	<u>\$106,683</u>	<u>\$102,080</u>
Local Revenues					
Administration Income	--	--	\$14,327	\$13,644	\$15,353
Fuel Tax Refund	--	\$5,251	--	--	--
Interest Income	\$6,829	18,381	23,406	\$18,066	16,143
Sanitation Income	--	--	--	7,436	17,472
Insurance Reimbursement	211	1,766	--	1,210	2,597
Cable TV	3,861	3,442	3,592	3,586	3,449
	<u>\$10,901</u>	<u>\$28,840</u>	<u>\$41,325</u>	<u>\$43,942</u>	<u>\$55,014</u>
Transfers and Other Revenue Sources					
Note Proceeds	--	--	\$38,872	\$30,000	--
Transfers from Other Funds					
Fire Department Reserve	--	6,902	6,902	88,950	--
Medical Center Fund	\$2,568	8,675	--	--	--
Ludin Trust	--	--	--	908	--
Municipal Revenue Sharing	\$117,000	140,000	133,000	135,000	\$120,000
	<u>\$119,568</u>	<u>\$155,577</u>	<u>\$178,774</u>	<u>\$254,858</u>	<u>\$120,000</u>
Total Revenues	<u>\$1,155,818</u>	<u>\$1,143,256</u>	<u>\$1,189,882</u>	<u>\$1,209,160</u>	<u>\$1,071,104</u>

Source: Town of Brownville Annual Reports 1998-2002 (Audit)

MUNICIPAL EXPENDITURES

Table J-10 shows the Town's expenditures as reported in the Annual Reports from 1998 to 2002. Although Brownville's revenues have increased, the expenditures have also increased, and at a higher percentage. The Town's expenditures have increased by 38.87 percent from 1998 to 2002. It is difficult to predict municipal expenditures for the next ten years. Demands for services, county assessments, valuation, population, and many other factors all enter the very political process of determining expenditures every year.

With expenditures increasing at much higher rate than revenues, the Town has had to eliminate expenditures that were not critical to the Town's operations. Unfortunately, in 2002 the Town was not able to donate or even pay dues to health and social service organizations that the Town had contributed to in the past. The only health and social service expenditure in 2002 went to the Town's general assistance. The Town's total expenditures for health and social services decreased by 70 percent from 1998 to 2002.

Table J-10

TOWN OF BROWNVILLE EXPENDITURES

	2002	2001	2000	1999	1998
General Government					
Administration	\$110,689	\$109,022	\$106,257	\$107,467	\$100,095
Insurance	14,846	13,967	15,347	17,422	15,662
Retirement Plan	3,222	--	--	--	--
Employee Benefits	90,185	85,033	78,640	72,027	67,561
	<u>\$218,942</u>	<u>\$208,022</u>	<u>\$200,244</u>	<u>\$196,916</u>	<u>\$183,318</u>
Protection					
Police	\$61,900	\$65,982	\$65,097	\$66,130	\$69,594
Police Cruiser	--	--	--	--	20,217
Public Safety	3194	3,750	--	--	--
Cruiser Video Equipment	--	900	--	--	--
Fire Department	15,746	19,774	14,162	15,384	12,449
Fire Dept. Training	682	735	2,518	408	472
Fire Truck	6,902	6,902	6,902	118,950	--
Hydrant Rental	60,940	60,940	60,940	60,940	25,900
Street Lights	20,000	20,378	18,830	17,487	16,240
Ambulance	3,000	3,000	3,000	3,000	3,000
	<u>\$172,364</u>	<u>\$182,361</u>	<u>\$171,449</u>	<u>\$282,299</u>	<u>\$147,872</u>
Health and Social Services					
General Assistance	\$3,289	\$2,767	\$7,581	\$5,789	\$9,962
Penquis CAP	--	100	175	200	200
Charlotte White Center	--	100	50	50	50
Eastern Area on Aging	--	100	100	100	1,000
Community Health and Counseling	--	100	175	200	200
American Red Cross	--	100	200	200	200
Womancare	--	100	100	100	100
Soil and Water	--	100	100	100	100
Piscataquis Chamber of Commerce	--	--	132	132	--
Maine Publicity Bureau	--	235	--	35	35
	<u>\$3,289</u>	<u>\$3,702</u>	<u>\$8,613</u>	<u>\$6,906</u>	<u>\$10,947</u>
Public Works					
Public Works Department	\$113,371	\$110,097	\$105,689	\$102,440	\$10,973
Paving	168,150	--	--	--	--
Loader Purchase	--	--	38,872	--	--
Sanitation	71,549	72,292	86,135	77,352	88,438
	<u>\$353,070</u>	<u>\$182,389</u>	<u>\$230,696</u>	<u>\$179,792</u>	<u>\$193,411</u>
Cultural and Recreation					
Recreation	\$23,153	\$16,639	\$19,362	\$19,649	\$20,414
Snowmobile Clubs	1,368	1,712	1,652	1,546	14,106
Brownville Free Library	3,700	3,700	3,700	3,700	3,400
	<u>\$38,221</u>	<u>\$22,051</u>	<u>\$24,714</u>	<u>\$24,895</u>	<u>\$37,920</u>
Cemetery					
Cemetery Maintenance	\$8,491	\$11,303	\$9,652	\$8,753	\$8,462
Debt Service					
Truck Note	\$14,001	\$14,841	\$15,515	\$16,186	--
Loader Note	8,675	8,675	8,815	--	--
Medical Center Note	--	5,408	5,851	6,285	\$6,739
	<u>\$22,676</u>	<u>\$29,924</u>	<u>\$30,181</u>	<u>\$22,471</u>	<u>\$6,739</u>

TOWN OF BROWNVILLE EXPENDITURES (cont.)					
	2002	2001	2000	1999	1998
Unclassified					
Animal Control	\$229	\$808	\$1,901	\$131	\$110
Town Owned Property	77,749	16,358	8,235	5,642	965
Memorial Day	448	480	499	484	452
Christmas Decorations	100	93	67	75	71
175 th Celebration	--	--	--	5,000	--
Cemetery Project	--	868	--	--	--
CDBG Planning Grant	--	--	2,000	--	--
Comprehensive Plan	8,070	86	--	2,000	--
Main Street Project	812	2,688	--	--	--
911 Road Signs	40	924	189	--	--
Tree and Ledge Removal	--	--	2,500	--	--
Culvert Replacement	--	720	840	--	--
Emergency Surplus	1,250	5,020	--	5,274	--
Knights Landing Project	--	--	7,000	--	--
Knights Landing ROW	13	--	25	--	--
	\$88,751	\$28,045	\$25,290	\$18,607	\$1,598
Assessments					
MSAD #41	\$477,845	\$459,364	\$434,815	\$412,505	\$388,836
Penquis Solid Waste	28,360	26,787	23,290	24,318	--
County Tax	48,773	50,743	43,498	43,030	42,880
Overlay	1,335	31,623	2,359	2,948	1,166
	\$556,313	\$568,517	\$503,962	\$482,801	\$432,882
Transfers to Reserves					
Paving Reserve	\$15,000	\$15,000	\$26,301	\$13,382	\$12,728
Highway Capital Reserve	--	--	--	--	16,764
Fire Department Equipment	12,380	9,973	19,059	12,178	15,601
Fire Department Small Equipment	1,000	800	800	800	800
Administration	1,000	1,000	500	3,000	500
Highway Equipment	--	--	11,107	--	--
Sanitation Truck Reserve	8,370	9,920	11,107	829	4,298
Police	7,000	7,000	7,000	7,000	4,000
	\$44,750	\$43,693	\$75,874	\$37,189	\$54,691
Total Expenditures	\$1,496,867	\$1,279,007	\$1,280,675	\$1,260,629	\$1,077,840

Source: Town of Brownville Annual Reports

LONG-TERM DEBT

The State of Maine imposes a total debt limit of 15 percent, including debt from schools, sewer/drain purposes or energy facilities of a Town's last full state valuation. The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. Bonds and notes currently outstanding are as follows:

Table J-11

TOWN OF BROWNVILLE GENERAL LONG-TERM DEBT DECEMBER 31, 2002			
Year of Note	Purpose of Note	Interest Rate	Amount
1999	Fire Truck	4.85%	\$12,859
2000	Loader	5.50%	15,804
Total Long-Term Debt			\$26,663

Source: Town Audit December 31, 2002

Table J-12

TOWN OF BROWNVILLE PROPRIETARY FUNDS DECEMBER 31, 2002			
Year of Note	Purpose of Note	Interest Rate	Amount
1988	Village Water Bond	5.00 – 7.85%	\$26,064
1990	Sewer Bond	5.0%	284,015
1999	Water Bond	4.5%	1,035,490
2000	Water SRF Bond	0%	23,000
2000	Water RUS Bond	4.50%	\$62,422
Total General Obligation Debt			\$1,430,981

Source: Town Audit December 31, 2002

Annual debt requirements to maturity for general obligation bonds and notes, including interest of \$894,620 are as follows:

Table J-13

TOWN OF BROWNVILLE ANNUAL DEBT SERVICE REQUIREMENTS			
Year Ended June 30,	Proprietary Funds	General Long- Term Debt Account Group	Total
2003	\$110,647	\$15,577	\$126,224
2004	106,910	15,360	122,270
2005	106,860		106,860
2006	106,810		106,810
2007	106,330		106,330
Thereafter	1,785,770		1,889,454
Total	\$2,431,377	\$30,937	\$2,354,264

Source: Town Audit December 31, 2002

OVERLAPPING DEBT

Table J-14 shows the Town of Brownville's proportionate share of debt of all local government units that provide services within the Town boundaries, and which must be borne by properties in the Town. These services are provided by the school administrative district (MSAD#4), the County and Penquis Solid Waste District. The Town's share of County debt and Penquis Solid Waste District debt is paid through annual assessments of each.

Table J-14

TOWN OF BROWNVILLE OVERLAPPING DEBT DECEMBER 31, 2002			
	Debt Outstanding	Applicable Percentage	Proportionate Share
MSAD#4	\$260,000	26.1%	\$67,860
Piscataquis County	1,343,315	2.5%	33,583
Penquis Solid Waste District	101,900	32.0%	32,608
Total	\$1,705,215		\$134,051

Source: Town Audit December 31, 2002

CAPITAL IMPROVEMENT PLAN

Most communities need more capital improvements than they can afford at one time. The cost of constructing new facilities, and rebuilding old ones, usually has to be spread out over a period of years. In part, capital improvements construction is spread out over time so that the future population, who benefit from the facilities, will help pay for them.

The comprehensive plan recognizes planned growth and a diverse mix of land uses within the town as an important aspect of fiscal planning. The primary implementation strategy for the fiscal capacity section is the development of a capital improvement plan (CIP). The purpose of a CIP is to establish a framework for financing needed capital improvements. A CIP guides budgeting and expenditures of tax revenues and identifies needs for which alternative sources of funding such as loans, grants or gifts will be sought. Capital improvements are investments in the repair, renewal, replacement or purchase of capital items. Capital improvements differ from operating expenses or consumables. The expense of consumables is ordinarily budgeted as operations. Capital improvements generally have the following characteristics: they are relatively expensive (usually having an acquisition cost of \$5,000 or more); they usually do not recur annually; they last a long time (usually having a useful life of three or more years); and they result in fixed assets. Capital items can include equipment and machinery, buildings, real property, utilities and long-term contracts and are funded through the establishment of financial reserves.

Capital improvements are prioritized each year during the budget process based on the availability of funds and the political will of the community. A complete CIP describes expected yearly investment and allows for both changes in priorities and reduction of available funds. The CIP is intended to prevent an unavoidable capital improvement from occurring in a single fiscal year. The unexpected purchase of a sizeable improvement can overburden the tax rate and cause large fluctuations in tax bills from year to year.

A CIP attempts to illustrate all expected capital improvements over a number of years. The longer the useful life of a capital item, the lower the annual provision for its eventual improvement. It is important that capital improvements be financially provided for each fiscal year, minimizing later expense.

For the purpose of this plan, the total costs have been recognized with an indication of the expected time frame for each item that is desired. It is safe to assume that requests for improvements will exceed the available dollars. Therefore, setting priorities is a necessity. To be effective, the CIP must be based on well-thought out priorities. A way to determine priorities is to have criteria for evaluating each project and to determine the funds available to pay for these projects as well as their operating and maintenance costs for the later years. The Town has assigned estimated years of purchase to each item.

Projects previously mentioned and identified throughout this comprehensive plan and existing reserve accounts are the basis for this capital improvement plan and have been incorporated into

the following tables. All projects are based on information as of 2002. These figures are rough estimates of anticipated costs and subject to review by the Town's voters.

Table J-15

TOWN OF BROWNVILLE CAPITAL IMPROVEMENT PLAN 2003 – 2013				
ITEM	ESTIMATED COST	YEAR	RESPONSIBLE PARTY	POTENTIAL FUNDING SOURCES
Roadway Resurfacing	\$200,000	2012	Board of Selectman	DOT, Local Funds
Sidewalk Construction	\$35,000	2005	Board of Selectman	DOT, Local Funds
Recreation Building	\$110,000	2006	Board of Selectman	CDBG, Local Funds
Sand and Salt Storage Shed	\$112,000	2008	Board of Selectman	DOT, CDBG, Local Funds
Photocopier	\$6,000	2005	Board of Selectman	Local Funds
Photocopier	\$6,000	2010	Board of Selectman	Local Funds
Computer Workstations (4) Network Server and Software	\$15,000	2007	Board of Selectman	Local Funds
Police Cruiser	\$25,000	2006	Board of Selectman	Local Funds, Loan
Police Cruiser	\$25,000	2009	Board of Selectman	Local Funds, Loan
Police Cruiser	\$25,000	2012	Board of Selectman	Local Funds, Loan
Fireproof Safe	\$4,000	2010	Board of Selectman	Local Funds, Loan
Pumper Truck (used)	\$130,000	2008	Board of Selectman	FEMA Grants, Local Funds, Loan
Tanker Truck (used)	\$30,000	2008	Board of Selectman	FEMA Grants, Local Funds, Loan
Tanker Truck (used)	\$30,000	2015**	Board of Selectman	FEMA Grants, Local Funds, Loan
SCBA Equipment	\$16,000	2013	Board of Selectman	FEMA Grants, Local Funds, Loan
4X6 Plow Truck	\$90,000	2003	Board of Selectman	Local Funds, Loan
4X6 Plow Truck	\$90,000	2013	Board of Selectman	Local Funds, Loan
2X4 Plow Truck	\$65,000	2008	Board of Selectman	Local Funds, Loan
Backhoe (used)	\$30,000	2007	Board of Selectman	Local Funds, Loan
Front-end Loader (used)	\$40,000	2017 **	Board of Selectman	Local Funds, Loan
4X4 Pickup Truck	\$50,000	2006	Board of Selectman	Local Funds, Loan
4X4 Pickup Truck	\$50,000	2007	Board of Selectman	Local Funds, Loan
Sanitation Truck	\$23,000 *	2004	Board of Selectman	Local Funds, Loan
Total	\$1,184,000.00			

Source: Town of Brownville Comprehensive Plan Committee and Budget Committee

* The \$23,000 is because it is estimated there will be approximately \$107,000.00 in reserve by 2004.

** Equipment is due replacement beyond year 2013 but are included because reserve accounts will be required prior to 2013.

Table J-16

TOWN OF BROWNVILLE WATER AND SEWER DEPARTMENT CAPITAL IMPROVEMENT PLAN 2003 - 2013				
ITEM	ESTIMATED COST	YEAR	RESPONSIBLE PARTY	POTENTIAL FUNDING SOURCES
Leach Bed Replacement	\$1,000,000	2013	Board of Selectman	CDBG, User Fees, Loan

Source: Town of Brownville Comprehensive Plan Committee

POLICIES AND IMPLEMENTATION STRATEGIES

In order to plan for, finance, and develop an efficient system of public facilities and services to accommodate anticipated growth and economic development the Town has developed the following policies:

1. Policy: The Town shall prepare a formal Capital Improvement Plan.

Implementation Strategies

The Board of Selectmen, in conjunction with the Town Manager and Budget Committee, shall update and review the CIP on an annual basis and make recommendations to the voters on budget items.

The Board of Selectmen, or their appointee(s), shall outline and define projects to be included in the CIP.

Responsibility: Board of Selectmen, Town Manager, Budget Committee

Time Frame: two to five years

2. Policy: The Town shall pursue all available grants to assist in funding all capital improvements.

Implementation Strategies

The Planning Board and Town Manager shall continue to pursue available funding from the Community Development Block Grant Program to assist in the acquisition of a Recreation Building, a Sand and Salt Shed and Leach Bed installation.

The Fire Department shall continue to apply for all available FEMA grants in order to assist in purchasing new fire equipment as needed.

The Public Works Department and Town Manager shall continue to seek all available grants in order to assist the Town in purchasing new highway equipment as needed.

The Board of Selectmen shall pursue any and all available funds from a variety of sources to fund projects.

Responsibility: Board of Selectmen, Town Manager, and Fire Department

Time Frame: on-going

3. Policy: The Town shall work to decrease the amount of money needed to be raised through tax revenues, in turn decreasing the Town's mil rate.

Implementation Strategies:

The Board of Selectmen and Town Manager shall continue working toward collaborating with neighboring communities for public services that could easily be shared within the communities. These services may include, but are not limited to, police protection, fire protection, sanitation, and highway services.

Responsibility: Board of Selectmen, Town Manager, Fire Department, Police Department, Public Works Department

Time Frame: on-going