

FISCAL CAPACITY & CAPITAL INVESTMENT PLAN

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

A significant element of the public services picture is the ability of the town to finance and maintain its services. Town governments are faced with multiple challenges: ordinary population growth; maintaining quality education; providing for public safety through the services and maintenance provided; new technology and mandates from state government. Coupled with a heavy reliance on property taxes from a very slow-growing valuation base, fiscal management is key.

Comprehensive Plans are not intended to dictate day-to-day financial decisions of local government. They are intended to identify long-term trends and needs resulting from growth and development. These needs usually resolve into new or expanded capital facilities or an increased range of public services. These needs must be balanced with the capacity of a town to fund them.

The following expenditures and revenues respectively in Tables 12.1 and 12.2 are taken from Exhibit F in the Annual Report of the Town of Dresden. Dresden's most recent annual audit, completed in January, was from July 1, 2013 through June 30, 2014. Completing audits for subsequent years of the Town budget is a primary priority and is ongoing. Audited figures are used for all the figures in Tables 12.1 and 12.2.

As illustrated in Tables 12.1 and 12.2, municipal expenditures track fairly closely with revenues. The largest single item is education, consisting of more than 69% percent of expenditures in 2008. School expenditures decreased to 54% in 2012, but are on the rise since then. County tax, which accounts for 8.6% of expenditures, has increased by almost 7.4% over that period. County and Regional School Unit obligations make it more difficult to finance proposed capital investments.

**Table 12.1
Expenditures**

Expenditures	2008	2009	2010	2011	2012
Education	2,634,583.06	2,683,741.78	1,186,219.96	1,271,766.60	1,304,131.10
Town Administration	216,909.12	268,404.94	207,326.22	222,184.08	202,795.49
Highways & Roads	334,757.90	315,519.57	435,245.09	344,945.44	400,260.79
Protection	80,073.57	82,568.67	48,451.73	59,693.80	60,736.15
Health & Sanitation	43,567.39	44,116.98	42,771.98	43,806.21	43,275.93
Unclassified	214,001.02	212,210.82	213,110.93	209,394.58	196,252.37
Special Assessments	146,256.61	148,122.05	152,161.64	161,963.50	166,143.04
Debt Service	30,823.00	30,580.64	78,286.54	60,208.94	60,209.48
Capital Expenditures	0.00	0.00	1,000,000.00	0.00	0.00
Maine State Retirement on Behalf Benefits	115,248.21	0.00	0.00	0.00	0.00
Total	3,816,219.88	3,785,265.45	3,363,574.09	2,373,963.15	2,433,804.35

The control of expenditures has allowed Dresden to stay well within its LD1 limits since enactment of the law. The town has not required a vote to exceed LD1 limits and does not expect to in the near future. Currently, service demands are not outpacing revenue growth.

In addition to tax revenues, Dresden receives intergovernmental transfers, including Maine DOT funds for capital improvements of roadways, FEMA funds for emergency recovery, and municipal revenue sharing.

**Table 12.2
Revenues**

Revenues	2008	2009	2010	2011	2012
Intergovernmental Revenue	105,000.00	100,890.53	76,588.90	68,090.00	83,109.89
Homestead Reimbursement	36,167.00	35,572.00	36,757.00	31,320.87	31,752.13
Property Taxes	1,360,519.90	1,466,793.77	1,617,029.59	1,689,485.62	1,740,580.25
Excise Tax (Auto & Boat)	241,606.31	231,144.10	232,325.82	224,176.49	241,409.20
Education	1,644,829.44	1,676,931.99	9,300.00	17,716.60	150.00
Town Administration	9,967.86	33,045.21	26,459.72	16,255.70	12,580.83
Protection	236.46	6,547.29	14,837.45	6,283.14	9,965.05
Transfer Station Tokens	21,856.00	19,750.76	22,963.55	22,904.65	19,339.87
Interest	60,221.82	40,835.83	36,883.72	33,494.25	25,493.93
Highways & Roads	46,172.00	45,613.50	54,501.58	70,765.26	41,198.78
Unclassified	175,486.31	178,605.85	186,314.33	186,154.70	176,981.00
Intergovernmental on Behalf Payments	115,248.21	0.00	0.00	0.00	0.00
Total	3,817,311.31	3,835,730.83	2,313,961.66	2,366,647.28	2,382,641.93

Overall valuation (local assessed value) increased almost \$6 million, or 5% in the period of 2008 - 2012 while the mill rate rose only 1.17% (See Table 12.3).

Table 12.3

Local and Assessed Value and Mill Rate

Year	2008	2009	2010	2011	2012
Local Assessed Value	\$117,181,916	\$119,086,846	\$121,536,437	\$122,498,715	\$123,163,110
State Assessed Value	\$141,600,000	\$150,750,000	\$157,250,000	\$155,800,000	147,500,000
Mill Rate	12.8	13.6	13.0	14.0	15.0

Table 12.4 indicates Town owned property and capital equipment including its location, use condition and anticipated replacement date if less than 10 years.

Table 12.4
Town Owned Property & Capital Equipment

	Built or Acquired	Location	Use	Condition	Anticipated Replacement Date if < 10 years
Old Town Hall	Built 1859	391 Middle Rd.	Meeting Hall	Poor	N/A
Fire Station #1	Built 1954	8 Middle Rd.	Fire Station	Fair	N/A
Fire Station #2	Built 2009	314 Patterson Rd.	Fire Station	Excellent	N/A
Town Office	Renovated 1990	534 Gardiner Rd.	Office	Good	N/A
Pownalborough Hall	Renovated 2010	314 Patterson Rd.	Meeting Hall	Very Good	N/A
Sand and Salt Shed	Built 1989	Recycle Court	Sand and Salt Storage	Good	N/A
Recycling Center	Built 1990	Recycle Court	Recycling	Good	N/A
Transfer Station	Built 1992	Recycle Court	Trash	Fair	5-10 years
Water Pump Station	Built 1996	499 Gardiner Rd.	Provide water to village	Good	N/A

Rather than borrow heavily, the Town has preferred “a pay as we go” system, setting aside money in capital reserve or dedicated accounts for items the Town anticipates needing in the future. Currently, Dresden sets aside money annually for fire-fighting needs, road and bridge work, heavy equipment purchase/repair, recreation, and expenses related to Historic Committee projects. Dresden does have an impact fee ordinance.

In Dresden, capital investments are funded through a combination of appropriations, reserve funds, and grants. The construction of Fire Station #2 was funded through a bond from the Maine Bond Bank. An annual appropriation pays for this loan. Table 12.6 is a recommended Capital Investment Plan.

**Table 12.5
Capital Funds Expenditure Account**

	2008	2009	2010	2011	2012
Fire Dept.	\$6000 Antenna	\$1,000,000 Fire Station #2 Building		\$6000 Roof Replacement Fire Station #1	
Town Office			\$20,070 Renovation of Town Office	\$6000 Roof work on Fire Station 1	\$8200 Improvements to Recycling Center (concrete pads and paving) \$5160 Painting of Town Office
Recreation (ball field)					
Historic Old Town Hall	\$56,200 Placement of Old Town Hall onto foundation				

**Table 12.6
Recommended Capital Investment Plan**

	Priority	Estimated Cost	Potential Funding Sources	Responsible Party
Fire Dept. Tanker Truck	High (within 2 years)	\$150,000 to \$200,0000	Reserves, Grants, Taxes, including Interlocal Arrangements	Select Board, Fire Dept., Voters

Action Plan:

Policies

- To finance existing and future facilities and services in a cost effective manner.
- To explore grants available to assist in the funding of capital investments within the community.

Note following each strategy is the responsible party and year for beginning that strategy.

Strategies

- Implement the capital investment plan by developing a capital improvement program annually or biennially.

Selectmen
Budget Review Committee
Year 1
- Review and/or update the capital improvement program annually or biennially.

Selectmen
Budget Review Committee
Year 1
- Explore opportunities to work with neighboring communities to plan for and finance shared or adjacent capital investments to increase cost savings and efficiencies.

Selectmen
Year 1