

## 8. MUNICIPAL FINANCES

### Historical Valuations and Taxes

Both the Town of Raymond and the State of Maine compute valuations for the Town. The State compiles and adjusts its figures to reflect actual property transactions, and hence market values. Raymond's valuations will reflect market value only in those years in which the Town conducts a revaluation and adjusts values to reflect market conditions. State valuation figures for any given year are two years old, and thus do not reflect recent changes in overall property values. State law requires that when a municipality's valuation drops below 70% of the State valuation, a revaluation must be undertaken.

Table 1 provides a summary of Raymond's State valuation, municipal valuation, the tax assessment and tax rate for the years 1993 through 2001, as reflected in municipal valuations prepared by the State Bureau of taxation and in municipal valuation returns.

During the period 1993 through 2001, Raymond's State valuation rose from \$327.1 million to \$407.0 million, or 24%. During the same period, the Town's valuation rose from \$336.6 million to \$410.9 million, or 22%, and the Town's tax assessment rose from \$3.95 million to \$6.59 million, or 67%. A high valuation does not necessarily mean that taxes are high. A community with a high valuation can raise a given sum of money with a relatively low tax rate, whereas a community with a low valuation can raise the same amount of money only with a higher tax rate.

<b>Table 1</b>				
<b>Historical Valuation And Taxes</b>				
	<b>State Valuation</b>	<b>Municipal Valuation</b>	<b>Raymond Tax Assessment</b>	<b>Tax Rate</b>
1993	\$327,050,000	\$336,590,328	\$3,954,936	.01175
1994	326,900,000	340,143,082	4,200,767	.01235
1995	329,200,000	344,930,447	4,656,561	.01350
1996	330,000,000	347,138,333	4,755,795	.01370
1997	334,400,000	354,083,425	4,921,759	.01390
1998	342,700,000	373,556,976	5,349,336	.01432
1999	351,500,000	388,666,188	5,519,059	.01420
2000	371,150,000	\$398,148,762	5,952,324	.01495
2001	\$406,950,000	\$410,899,785	\$6,594,942	.01605

Source: Municipal Valuation Returns Statistical Summary, 1993-2001, State Bureau of Taxation, and Town tax records

### Valuation Comparisons

State valuation comparisons and per capita valuations are two measures of a community's wealth relative to other communities. Table 2 contains a summary of State valuations and per capita valuations for Raymond and a number of comparison communities. Raymond's 2000 State valuation (\$371 million) is higher than that of all comparison communities except Windham (\$766 million). In terms of State per capita figures, Raymond has the highest per capita State valuation (\$86,334) of any

community shown in the table. Raymond's per capita valuation is also higher than that for Cumberland County and the State of Maine.

<b>Table 2</b>			
<b>Comparative Valuation Figures</b>			
	<b>2000 Population</b>	<b>2000 State Valuation</b>	<b>Full Value Per Capita</b>
<b>Lake Region Towns</b>			
Raymond	4,299	\$371,150,000	\$86,334
Bridgton	4,897	\$349,700,000	\$71,411
Casco	3,469	\$224,700,000	\$64,774
Harrison	2,323	\$180,000,000	\$77,486
Naples	3,282	\$260,600,000	\$79,403
Windham	14,904	\$765,500,000	\$51,363
<b>Other Towns</b>			
Gray	6,820	\$352,800,000	\$51,730
New Gloucester	4,803	\$182,000,000	\$37,893
Poland	4,866	\$253,400,000	\$52,076
<b>Cumberland County</b>			
	265,612	\$17,267,300,000	\$65,009
<b>Maine</b>			
	1,274,923	\$72,302,650,000	\$56,711

Source: Municipal Valuation Returns Statistical Summary, 2000, State Bureau of Taxation and U.S. Census, 2000.

### **Personal Property, Industrial Valuation**

Most of Raymond's valuation comes from residential property, as evidenced by relatively low personal property and industrial valuations. Table 3 shows that Raymond has the third highest personal property valuation (\$9.6 million) of the comparison Lake Region communities, and the highest industrial valuation (\$11.6 million). Table 3 also shows that when total industrial valuation and personal property valuation are combined, Raymond has the second highest per capita valuation rate (\$4,938) of the Lake Region towns. However, the Town's rate is considerably lower than comparable figures for the County (\$12,538) and State (\$10,800).

**Table 3  
Personal Property And Industrial Property - 1999**

	<b>Total Personal Property</b>	<b>Total Industrial Valuation</b>	<b>Total, PP/IND Valuation</b>	<b>Total PP/IND Per Capita</b>
<b>Lake Region Towns</b>				
Raymond	\$9,592,300	\$11,637,224	\$21,229,524	\$4,938
Bridgton	\$7,826,901	\$7,225,303	\$15,052,204	\$3,074
Casco	\$10,830,000	\$8,329,200	\$19,159,200	\$5,523
Harrison	\$7,314,100	\$106,000	\$7,420,100	\$3,194
Naples	\$4,716,368	\$2,300,000	\$7,420,100	\$2,138
Windham	\$21,394,700	\$4,937,100	\$26,331,800	\$1,767
<b>Other Towns</b>				
Gray	\$7,011,862	\$4,428,416	\$11,440,278	\$1,677
New Gloucester	-	\$1,596,100	\$1,596,100	\$332
Poland	\$78,835,600	-	\$78,835,600	\$16,201
<b>Cumberland County</b>	\$1,861,708,998	\$1,468,659,204	\$3,330,368,202	\$12,538
<b>Maine</b>	\$8,397,334,478	\$5,382,054,120	\$13,779,388,598	\$10,800

Source: Municipal Valuation Returns Statistical Summary, 2000, State Bureau of Taxation

### Property Tax Burden

The Maine Municipal Association has compiled comparative tax burdens for municipalities, based on the 2000 full value tax rate. Two measures are used to illustrate the tax burden at the taxpayer level; the tax paid on a median value home and taxes paid as a percent of median household income. In the Property Tax Burden column in Table 4, the numbers represent statewide rankings where 1 is the highest tax burden, and 487 is the lowest. The tax burden in Raymond (161) is lower than in all comparison communities. Several other statistics stand out in Table 4. First, the median household income in Raymond (\$52,179) is higher than in any other comparison community, as is the median home value (\$150,622). The property tax as a percentage of household income is lower than in any of the other communities.

**Table 4  
Property Tax Burden Indicators**

	<b>Full Value Mil Rate</b>	<b>Median Household Income</b>	<b>Median Home Value</b>	<b>Taxes Paid Median Home</b>	<b>Tax as % of Household Income</b>	<b>Property Tax Burden</b>
<b>Lake Region</b>						
Raymond	13.64	\$52,179	\$150,622	\$2,055	3.94%	161
Bridgton	16.76	\$27,923	\$96,403	\$1,615	5.79%	34
Casco	13.28	\$34,930	\$113,597	\$1,508	4.32%	121
Harrison	-	-	-	-	-	-
Naples	13.11	\$37,174	\$121,242	\$1,590	4.28%	125
Windham	14.89	\$50,817	\$135,606	\$2,019	3.97%	158
<b>Other Towns</b>						
Gray	15.76	\$49,042	\$140,828	\$2,220	4.53%	102
New Gloucester	16.24	\$50,230	\$137,729	\$2,237	4.45%	109
Poland	15.44	\$36,672	\$101,697	\$1,570	4.28%	124

Source: 2001 Property Tax Burden Indicators for Municipalities in Maine, Maine Municipal Association

### Educational Tax Burden

The Maine Municipal Association has also compiled comparative educational tax burdens for municipalities, based on the 1999 full value tax rate. In the Educational Tax Burden column in Table 5, the numbers represent statewide rankings where 1 is the highest tax burden, and 487 is the lowest.

**Table 5  
Educational Tax Burden 2001**

	<b>1999 Education Mil Rate</b>	<b>1999 Median Household Income</b>	<b>1999 Median Home Value</b>	<b>Education Taxes Paid on Median Home</b>	<b>Education Tax as % of Household Income</b>	<b>Education Tax Burden Rank</b>
<b>Lake Region</b>						
Raymond	9.72	\$52,179	\$150,622	\$1,465	2.81%	190
Bridgton	10.0	\$27,923	\$96,403	\$964	3.45%	73
Casco	9.08	\$34,930	\$113,597	\$1,032	2.95%	164
Harrison	-	-	-	-	-	-
Naples	9.69	\$37,174	\$121,242	\$1,175	3.16%	115
Windham	10.66	\$50,817	\$135,606	\$1,446	2.85%	180
<b>Other Towns</b>						
Gray	11.07	\$49,042	\$140,828	\$1,559	3.18%	108
New Gloucester	10.82	\$50,230	\$137,729	\$1,490	2.97%	163
Poland	11.57	\$36,672	\$101,697	\$1,176	3.21%	101

Source: 2001 Educational Tax Burden, Maine Municipal Association

As shown in Table 5, the educational tax paid on the median value home in Raymond (\$1,465) is higher than in all comparison communities except Gray and New Gloucester. However, educational taxes as a percentage of household income (2.81%) is lower than in all comparison communities, and the Town's educational tax burden rank (190) is lower than in all the comparison communities.

### **Town Revenues and Expenditures**

Table 6 contains a summary of municipal revenues and expenditures for the period FY 1995 through FY 2001, as reflected in the Town's annual audits. In FY 2001, the Town's revenues amounted to \$9.5 million, or about 59% more than in FY 1995. Overall, revenues have kept pace with expenditures, primarily because of increases in local tax revenues, although intergovernmental revenues have more than doubled during this period, growing from \$1.1 million in 1995 to \$2.4 million in 2001. In 1995, property tax revenues provided about 78% of the Town's revenues. The comparable figure for 2001 is considerably less (68%).

Education is by far the largest expenditure category, accounting for 72% of all expenditures in 1995 and 75% in 2001.

For the 1995-2001 period, expenditures for general government and education grew at about the same rate (53% and 52%), whereas public expenditures increased by only 38% and public works and sanitation went up by only 23%.

Raymond has a Budget/Finance Committee which reviews and makes recommendations on the budgets submitted by the Town Select Board and the School Board. The Committee reviews proposed budgets with the dual goals of keeping the Town's current fiscal condition sound, and meeting the long-range needs of the community.

**Table 6  
Municipal Revenues and Expenditures**

	<b>FY 1995</b>	<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>Increase 1995-01</b>
<b>Revenues</b>								
Taxes	\$4,673,760	\$5,013,493	\$5,277,612	\$5,490,762	\$5,953,562	\$6,160,653	\$6,459,177	38%
Licenses, Permits and Fees	28,157	27,432	30,801	36,168	50,692	44,459	47,460	69%
Intergovernmental	1,101,097	1,272,524	1,349,053	1,348,864	1,556,378	2,030,853	2,425,865	120%
Charges for Services	109,085	92,575	137,988	135,731	170,986	179,218	179,474	65%
Miscellaneous	74,875	147,998	217,264	199,340	252,219	321,358	389,709	420%
<b>Total Revenues</b>	<b>\$5,986,974</b>	<b>\$6,554,022</b>	<b>\$7,012,718</b>	<b>\$7,210,865</b>	<b>\$7,983,837</b>	<b>\$8,736,541</b>	<b>\$9,501,685</b>	<b>59%</b>
<b>Expenditures</b>								
General Government	\$359,073	\$392,765	\$367,855	\$380,203	\$503,015	\$504,879	\$548,077	53%
Public safety	295,918	264,696	299,863	314,554	348,654	380,151	409,064	38%
Public works and Sanitation	727,215	847,238	805,949	854,739	881,374	859,435	896,750	23%
Health and Welfare	4,391	2,474	706	463	485	623	688	-
Culture and Recreation	24,711	28,845	34,529	33,098	34,679	38,784	52,964	114%
Education	4,300,895	4,370,046	4,524,652	4,654,395	4,872,934	5,583,194	6,541,490	52%
Fixed Charges	247,284	308,621	297,342	318,254	334,401	279,839	293,249	19%
Capital Outlay	54,337	72,272	0	0	89,676	161,344	0	0
<b>Total Expenditures</b>	<b>\$6,013,824</b>	<b>\$6,286,957</b>	<b>\$6,330,897</b>	<b>\$6,555,706</b>	<b>\$7,065,218</b>	<b>\$7,808,249</b>	<b>\$8,742,282</b>	<b>45%</b>
Excess Revenues/Expenditures	(\$26,850)	\$267,065	\$681,821	\$655,706	\$918,619	\$928,292	\$759,403	

## Revenue and Expenditure Comparisons

Maine Municipal Association's 2001 Fiscal Survey Report compares municipal expenditures by population group for cities and towns across the State. Table 7 contains a summary of Raymond's 2001 expenditures by various categories and shows how Raymond compares with other communities in the population range of 3,500 to 4,999 people (Raymond's 2000 population is 4,299). The survey doesn't take into consideration unique characteristics and circumstances of individual communities, but it does provide a rough comparison for discussion purposes.

According to the survey, Raymond's expenditures for administration and cemeteries are roughly equal to State averages, while expenditures for fire protection, solid waste, and education exceed State averages. Raymond spends less than the State average for public safety, public works, road maintenance, and parks, recreation and libraries.

**Table 7**  
**Raymond 2001 Expenditures vs. State Averages**  
**Population Group 3,500 – 4,999**  
**Selected Population Categories**

<b>Category</b>	<b>Raymond 2001 Expenditure</b>	<b>State Average</b>
Administration	\$548,077	\$547,101
Public Safety	409,064	449,551
Fire Protection	287,280	162,260
Emergency Medical	159,190	45,289
Public Works	896,750	910,113
Road Maintenance	454,328	624,541
Solid Waste	530,339	235,527
Cemeteries	12,483	12,000
Parks, Recreation, Libraries	52,964	112,793
Parks and Recreation	20,526	75,552
Education	6,541,490	2,774,466
County Tax	\$276,372	\$201,854

Source: Financial Audit Report, 2001, and 2001 Fiscal Survey Report, Maine Municipal Association, 2002.

## Long-Term Debt

Table 8 contains a summary of long-term debt. As of June 30, 2001, Raymond's long-term debt amounted to \$9,945,652. By law, Raymond's bonded indebtedness cannot exceed 15% of its State valuation. The Maine Bond Bank recommends as a general rule of thumb that total indebtedness should not exceed 5% of State valuation. Using the Bond Bank's rule of thumb, Raymond's debt limit is \$20.3 million. Raymond's debt balance (\$9.9 million) is about 2.4% of the 2001 State valuation. The \$9.9 million figure does not include bonds authorized in 2002 for the Town's share of a \$2.2 million road improvement project along Route 302 that is being jointly financed by the Town and the Maine Department of Transportation nor does it include the taxpayer's share of a \$1.3 million bond for a public water line extension to EmbedTech and from EmbedTech to Route 121 all the way to the new Public Safety Building (this project is being paid for in part by a \$400,000 Community Development

Block Grant). As shown in Table 8, most of the Town's long-term debt (\$7.9 million, or 79%) consists of school bonds.

<b>Table 8 Raymond Long-Term Debt</b>				
<b>Bond Purpose</b>	<b>When Issued</b>	<b>Annual Principal</b>	<b>Maturity</b>	<b>7/1/2002 Balance</b>
School Bond	1987	\$235,000	2003	\$470,000
Solid Waste Bond	1994	\$41,536	2014	\$1,839,312
School Bond	1999	\$389,757	2019	\$7,405,388
Photocopier Lease	2000	\$2,200 - \$2,427	2002	\$4,456
Fire Truck Lease	1998	\$21,006-\$61,771	2003	\$120,000
Apple Computer	2001	\$20,293	2004	\$55,950
Vacation, Comp Time Town	-	-	-	\$39,045
Vacation, Comp Time School	-	-	-	\$11,501
<b>Total</b>				<b>\$9,945,652</b>

Source: Financial Audit Report, June 30, 2001

Audit notes include the following:

- The Town's proportionate share of Cumberland County's debt is not included in the financial statements of the Town. As of June 30, 2001, the Town's share was 2.2% (\$448,140) of the County's outstanding debt of \$20,370,000.
- The Town's proportionate share of Regional Waste Systems Inc.'s debt is not included in the financial statements of the Town. As of June 30, 2001, the Town's share was .21% (\$157,215) of the System's outstanding debt of \$76,400,000. The Town entered into an agreement with Regional Waste Systems, Inc. (RWS) to fund a material recycling facility. The Town's share of the debt will be paid through service charges and tipping fees over the life of the project. The agreement with RWS provides that if certain minimum usage requirements are not met, the Town is required to provide payments to cover the deficiency.

### **Tax Increment Financing (TIF) District**

As stated in the 2001 Financial Audit Report, in March of 1999, Raymond voters designated certain property along the Portland Natural Gas Transmission System as a municipal development and tax increment financing (TIF) district pursuant to the Maine Revised Statutes. The TIF District will be utilized to facilitate economic and community development within the Town of Raymond's business district. The Town will retain the net new property tax generated by new investment in the TIF district for activities that will provide new employment and community development opportunities and/or improve and broaden the tax base. Over the 30-year life of the TIF District, approximately \$2.5 million will be generated. As of June 30, 2001, there was \$124,154 in this fund.



## Capital Improvement Program

A key element of any plan for the future of Raymond is the balancing of the Town's needs and wishes with the ability to pay for them. A capital investment plan develops projected capital expenditures for improvements to roads, buildings, equipment and other Town infrastructure that will be needed to support Town services in the next few years, and indicates the timing and funding sources which can be used for them. It also provides a basis for residents and town officials to discuss major issues and the options available for dealing with them, including prioritization of needs, timing of projects, and ability and willingness to pay for them.

Obviously Raymond can simply borrow for needed improvements, but there are alternatives. The principal possibilities are:

1. Level funding, which is spending only that amount available from the annual appropriation;
2. Reserve funds, which is the use of funds previously set aside for specific purposes; and
3. Grant monies, if the Town is fortunate enough to qualify.

Major capital expenditures anticipated over the next 10 years include:

Year 1	Pumper/elevated waterway truck (replace engine 1): \$400,000
Year 2	Ambulance: \$150,000
Year 3	Vehicle exhaust system for District 2: \$45,000
Year 7	Ambulance: \$200,000
Year 9	Replace Engine 2: \$400,000

Raymond's capital improvement program as it appeared in the 2001 Annual Report is included in Table 9.

**Table 9**  
**Capital Improvement Program**  
**2002/2003 to 2006/2007**

	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>
<b>Administration</b>					
E Commerce Upgrade		\$30,000			

Town Hall Reserve		\$50,000	\$50,000	\$50,000	\$50,000
<b>Cable TV Equipment</b>	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
<b>Fire and Rescue</b>					
Capital Equipment Reserve	\$180,367	\$180,367	\$180,367	\$180,367	\$180,367
<b>Public Works</b>					
Road Reconstruction	\$150,000	\$150,000	\$175,000	\$200,000	\$200,000
Heavy Duty Dump Truck used		\$26,500	\$26,500	\$26,500	
New One Ton Truck	\$20,000	\$20,000	\$20,000		
<b>Town Buildings</b>					
Dist. #2 Roof, Gutters, Insulation	\$34,700				
Fire Station Bond Debt	\$41,000	\$183,519	\$178,467	\$173,415	\$168,363
<b>Town-Wide Revaluation</b>	\$68,250	\$68,250	\$68,250	\$68,250	
<b>Total</b>	<b>\$514,317</b>	<b>\$728,636</b>	<b>\$718,584</b>	<b>\$692,032</b>	<b>\$618,730</b>

Source: 2001 Annual Town Report