

SECTION 9. MUNICIPAL FINANCES

INTRODUCTION

In this section of the comprehensive plan, Poland's fiscal capacity will be analyzed. The basis for this analysis lays in the Town's valuation, tax burden, major employers and existing and projected growth and development.

VALUE OF MUNICIPAL TAX BASE

The total 2019 taxable valuation for the Town of Poland was \$735,054,240. This valuation represents a modest increase of \$14,693,100 or 2.04% from the 2010 taxable valuation of \$720,361,140. The valuation of Poland in 2019 consisted of \$343,518,600 in taxable buildings, \$309,079,700 in taxable land and \$82,455,940 in taxable personal property. In 2019, the certified municipal tax ratio was 100%. The last property revaluation was conducted in 2009.

The following table represents the annual, net property value growth from 2010 to 2019.

Assessed Value and Tax Rate

	Local Assessed Value	State Assessed Value	% Change (State)	Tax Rate *
2019	\$ 735,054,240	\$ 701,700,000	3.33%	\$ 14.98
2018	731,998,640	679,100,000	0.65%	14.98
2017	725,813,080	674,700,000	2.49%	14.74
2016	732,089,635	658,300,000	0.21%	14.39
2015	735,506,803	656,900,000	0.83%	14.20
2014	733,340,137	651,500,000	-0.08%	14.00
2013	732,417,160	652,000,000	-1.42%	13.65
2012	727,935,428	661,400,000	-0.80%	13.65
2011	724,163,483	666,750,000	-7.24%	13.40
2010	720,361,140	718,800,000	--	13.40

* Tax rate per \$1,000 in valuation.

The State's valuation of Poland for 2019 was \$701,700,000 and in 2010, \$718,800,000, recognizing relative market decline over the first half of the ten-year period, with values approaching 2010 levels by the end of the period. When comparing the 2019 State valuation to Poland's local valuation, the State's valuation lags Poland's by \$33,354,240, largely due to inclusion of exempt value of homestead exemptions and Business Equipment Tax Exemption (BETE) property, less the captured property value in tax increment financing districts (TIFs). The State's valuation is also "equalized" annually to reflect fair market values, which may be a better indicator of growth over time. The State then uses Poland's "equalized" valuation to calculate county taxes, to determine state funding for education and revenue sharing, to establish bond debt limits, and to determine contributions to public school systems.

TAX RATES

The tax rate in Poland increased from \$13.40 per \$1,000 in valuation in 2010 to \$14.98 per \$1,000 in valuation in 2019. After property revaluation was completed in 2009, the tax rate remained relatively consistent for the four-year period from 2010 to 2013. Annual incremental increases were incurred between 2014 and 2018 of not more than \$0.35 mills per year before leveling off at \$14.98 in 2019. The annual increases in the tax rate can primarily be attributed to increased assessments over the period, i.e. rising education and municipal appropriations, along with county tax and to a lesser degree the TIF financing plan amount. These far out-paced growth in municipal revenues and state municipal revenue sharing overall, despite an approximate \$27 million increase in real estate valuation over the ten-year period.

REVENUES AND EXPENDITURES

The primary revenue sources for fiscal years 2010 - 2019 were property taxes and excise taxes. Other significant revenue sources included intergovernmental and charges for services. The total revenues in fiscal year 2019 were \$14,004,875. This compares to \$12,133,490 in 2010, a 15.42% increase.

Expenditures increased from \$11,694,732 in 2010 to \$13,673,692 in 2019, or by 16.92%. This overall increase in expenditures out-paced the rate of inflation (Northeast CPI-U), 15.19%, over the same period. Between 2010 and 2019, the increased valuation of real property allowed, in part, for a mill rate increase that lagged the rate of increase in expenditures by 5.13%.

The largest annual expenditure for the Town was education, which in 2019, comprised 52.14% of total expenditures. Education costs increased by 23.48% over the ten-year period. Other significant expenditures were general government (which includes employee benefits), public safety, county tax, and funding of future capital improvement projects.

REVENUES AND EXPENDITURES

Fiscal Years Ended June 30,	2010	2016	2017	2018	2019	% Change 2019 - 2010
REVENUES						
Property taxes	\$ 9,648,123	\$ 10,562,294	\$ 10,505,783	\$ 10,679,251	\$ 10,943,431	13.43%
Excise taxes	901,186	1,168,483	1,234,627	1,273,676	1,368,889	51.90%
Intergovernmental revenue	828,543	779,431	844,948	975,228	1,039,464	25.46%
Charges for services	259,350	354,893	325,148	336,459	448,894	73.08%
Other revenue	457,311	140,686	258,638	171,043	126,823	-72.27%
Transfers from other funds	38,977	54,178	381,820	291,445	77,374	98.51%
Total Revenues	<u>12,133,490</u>	<u>13,059,965</u>	<u>13,550,964</u>	<u>13,727,102</u>	<u>14,004,875</u>	15.42%
EXPENDITURES						
General government	1,026,882	1,033,619	1,055,060	1,093,675	1,180,025	14.91%
Public safety	879,282	998,869	1,039,893	1,070,750	1,113,937	26.69%
Public works	477,806	506,424	558,337	563,547	561,201	17.45%
Recreation and culture	137,769	197,032	183,195	184,457	196,387	42.55%
Health and sanitation	184,561	187,271	179,104	225,857	227,182	23.09%
Library	109,437	146,241	146,518	153,643	155,767	42.33%
Education	5,773,612	6,525,104	6,673,248	6,941,359	7,129,458	23.48%
County tax	637,143	716,690	728,065	780,898	825,107	29.50%
Overlay	49,646	18,501	10,040	13,203	12,753	-74.31%
Miscellaneous	-	-	36,612	4,407	-	n/a
Debt service	438,166	275,517	252,934	215,630	214,492	-51.05%
Capital outlay	-	-	-	242,130	4,251	n/a
Transfers to other funds:						
Special Revenues (TIFs, etc.)	1,192,928	1,795,728	1,470,650	1,500,422	1,295,604	8.61%
Capital Projects Funds	787,500	883,710	871,300	809,584	757,500	-3.81%
Trust Funds	-	-	-	540,990	28	n/a
Total Expenditures	<u>11,694,732</u>	<u>13,284,706</u>	<u>13,204,956</u>	<u>14,340,552</u>	<u>13,673,692</u>	16.92%
Mill Rate	\$ 13.40	\$ 13.40	\$ 14.39	\$ 14.74	\$ 14.98	11.79%
Certified Ratio	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%

LONG TERM DEBT

As of June 30, 2019, Poland, had a total of \$6,914,306 in long-term debt outstanding, which totaled approximately 0.99% of the State's valuation of \$701,700,000.

The State limits the amount of total debt outstanding the Town may incur at any one time, not to exceed 15.00% of its last full state valuation or any lower percentage or amount that the Town may set. The Town of Poland follows state guidelines, which means that Poland could legally incur significantly more long-term debt.

A community's ability to pay the debt service, or yearly programs, as part of the property tax must be considered when incurring long-term debt. In fiscal year 2019, Poland's annual debt service payment was \$871,126. School debt service of \$1,006,878, for which the Town is fiscally responsible, was paid by Regional School Unit #16 and/or in State aid over the same fiscal period.

CONCLUSION

The Town has had an exemplary record of using long-term financing as a tool to encourage growth and development. The Town's long-term borrowing indicates a strong commitment to improving its public infrastructure. This strategy has helped to maintain a relatively stable tax rate.

The Town has approximately 1.0% of its State valuation in long-term debt. The Town is able to incur more indebtedness, but the taxpayers' ability to pay the increased taxes must be considered. It is usually easier for taxpayers to adjust to a gradual increase in the tax rate, which has been the Town's philosophy as evidenced by tax rate changes over the past decade.

Beyond long-term indebtedness, the Town has a choice of either finding other sources of revenue or increasing property taxes, to fill the revenue gaps that may occur in order to provide the same services that are being offered today or accommodate added services resulting from projected growth in this Comprehensive Plan.