

*Fiscal Capacity
and
Capital Improvements*



Fiscal Capacity-General Fund Introduction

The Town of Patten, as with many other northern Maine towns, has had a shrinking population, resulting in a smaller tax base, however we are pleased to report that we have had a few Amish families move into our community and we are very pleased to have them. Town officials continually look to bring in new revenue sources to strengthen the revenue stream.

In 2015, a logging company closed leading to a significant impact on the personal property tax base. However, with the recent expansion of the Haymart mill in 2017 and other commercial real estate acquisition and renovations, the tax base is projected to increase in 2018. An indication of economic activity is in our real estate sales. There have been over \$3.8 million in real estate transfers between January 1, 2016 and June 30, 2017. Several of these properties have been on the market for some time.

Town officials are exploring changing the fiscal year from January to December to July 1 to June 30, to better align with the revenue stream. Taxes are mailed in July or August for the year that began in January but are working off cash balances from the prior two tax years. The Town's audited financial statement fund balances in December 2016 look good after four month of tax collections, but cash on hand is low by June 30 due to cash flow and outstanding unpaid taxes.

In the spring and early summer of 2016, the town faced challenges with cash flow and fund balance. An analysis showed that the Town had used over \$400k of the fund balance over the previous four (4) years. This fact had not been fully appreciated, again because the focus of discussions around fund balances in the past had been on the status as of December 31 year end. These issues had existed in prior years but were more acute in 2016 because of the cash flow caused by unpaid taxes, the accumulated consequence of the use of fund balance, and because of increases to the homestead exemption in 2016 and the county and school costs.

To meet the pressing need at the end of June 2016, the town liquidated a Certificate of Deposit and savings account to help pay obligations on time. The town's general fund also borrowed \$40,000 from the ambulance fund to cover the July 2016, school obligation which was paid back as soon as the 2016 tax receipts started to come in.

Because of these issues as well as the estimated mil rate, a special town meeting was held in August 2016 to approve budget cuts of \$75,000 along with the decision to use less of the excise tax revenue to offset property taxes and to increase the fund balance.

This decision has put the town on a much better financial footing for 2017 and beyond. Town officials have worked to improve dunning activities on unpaid 2015 and 2016 taxes and increased the personal property tax program. The Town Manager was able to commit the 2017 taxes ten (10) calendar days earlier than in 2016. Town officials accelerated the lien process for the 2016 taxes to post them as soon as the law allows. All of these purposeful actions are designed to help the financial position of the town.

A direct result of these activities, the town paid three years of unpaid water hydrant rental fees and the current year rental, a total of \$116,000, to the water fund. Those funds will help the water fund cover the cost of the Webb Brook water main project in 2017 and 2018.

The Town Manager is actively working to provide better and timelier information to the Board of Selectmen as well as increase transparency on financial issues facing the town.

One factor which affected 2016 and will also affect 2017, is homestead exemptions which has increased for a second year in a row, \$10,000 to \$15,000 in 2016 and \$15,000 to \$20,000 in 2017. This had and will continue to have a large impact on mil rates statewide. In 2018, the reimbursement rate to towns is scheduled to increase from 50% to 62.5%, which will help offset the burden of this increase to the homestead exemptions.

Patten is looking to other sources of funding, such as grants, low interest loans, or tax anticipated notes, to help offset this shortfall. As stated above, town officials are also studying whether to go to a July/June fiscal year to allow for a stronger cash flow. This comprehensive plan is a critical part of that plan, to allow the Town of Patten to qualify for grants and other funding sources.

Valuation Ratio

The valuation ratio to state valuation was analyzed for the past five years, from 2012 thru 2016. The assessed valuations were taken from The Town of Patten's audited financial statements and represents the net assessed value after exempt property has been deducted. The following charts show the impact of conducting a complete revaluation of all real estate since 1985. The second chart shows that outstanding receivables were down in 2016 from 2015, giving an indication that the efforts of the Board of Selectmen and Town Manger are beginning to stabilize the town's finances.

There was an effort by Selectmen and the Town Manager to complete a revaluation of all town real estate. Funds were asked for in the 2017 and 2018 budgets but were not approved by voters at the 2017 Annual Town Meeting. In the near future, a complete revaluation needs to be completed to bring the ratio from its current level to 100 percent. This will ensure that valuations across the Town are equitable and that the town's valuation is equal to that of the State's. Maine Revenue Services (MRS) recommends that towns complete revaluations every ten years, and must revalue if the ratio falls below 70%. While land values were doubled in 2015 and Patten's ratio is above the 70 percent threshold, MRS recommended that we do a complete revaluation.

Property tax values increased in 2015 as Patten applied a factor to double the land valuation. That decision helped to increase the assessment for tax years 2015, however there was a slight decrease again in 2016. The taxable base is shrinking as some old properties have been demolished and not re-built as the population has been declining.

Patten has subsidized the shortfall of property tax revenues with a portion of excise tax revenues to balance the general fund budget, for at least 15 years keeping the mil rate from being as high as it might have been otherwise. However, this also meant that these funds were not available for road maintenance or improvements projects. Excise tax revenues are listed on the revenue analysis table and in the table below this paragraph. Excise tax revenues represent approximately on average 15 percent of total revenue or funding sources. Property tax revenues represent 58 percent of total revenue or funding sources.

Patten Excise Tax Revenues

Year	Motor Vehicle	Boat	Total	Change	Amount Used to Offset Taxes	Article
2002			\$182,645		\$152,000	34
2003			\$188,301	\$5,656	\$155,000	30
2004			\$203,915	\$15,614	\$160,000	31
2005			\$200,214	-\$3,701	\$165,000	32
2006			\$183,045	-\$17,169	\$165,000	29
2007			\$195,607	\$12,562	\$165,000	33
2008			\$188,573	-\$7,034	\$175,000	31
2009			\$184,348	-\$4,225	\$165,000	30
2010			\$180,097	-\$4,251	\$170,000	32
2011			\$175,357	-\$4,740	\$170,000	37
2012	\$163,588	\$9,009	\$172,597	-\$2,760	\$170,000	34
2013	\$182,885	\$1,103	\$183,988	\$11,391	\$165,000	33
2014	\$185,812	\$1,139	\$186,951	\$2,963	\$170,000	31
2015	\$184,076	\$1,115	\$185,191	-\$1,760	\$180,000	33
2016	\$188,867	\$1,144	\$190,011	\$4,820	\$50,000	18
Total			\$2,800,840		\$2,377,000	
2017*	\$127,884	\$2,325	\$130,209		\$88,000	35

* through August 25, 2017
 Source: Town of Patten, 2017

Per Capita Taxes

Using the 2010 US Census population figure from the demographics section (page 4) for Patten of 1,017 and yearly property tax data, it is estimated that the property tax spending per capita on a five-year average totaled \$745.00.

Patten wants to encourage more industries to move to town to reduce our per capita tax rate. It should be noted that when reviewing this data, the 2016 assessment was higher expressly to add money back into the general fund balance.

Patten Per Capita Tax 2016-2012	PROPERTY TAX LEVY	PER CAPITA TAX
2016	\$907,172	\$892
2015	\$761,592	\$750
2014	\$706,604	\$695
2013	\$700,050	\$688
2012	\$712,627	\$701
Average	\$757,609	\$745

Source: Town of Patten, 2017

The Town's ongoing goal is to explore other revenue sources and increase our population by marketing the possibilities that are available to entrepreneurs that want to relocate to Patten for organic farming, recreational businesses that focus on our great outdoors and other opportunities related to the woods and forest industries.

Patten's Municipal Finances General Government

The following sections present the General Fund revenues, expenditures, and change in fund balance for the past ten years. The enterprise funds will not be presented below as those revenues are business-type funds and those enterprises will be in other sections of the comprehensive plan.

The earlier four years from 2007 through 2010 were presented in a different format, by another audit firm, however the totals are still reflective of actual revenues and expenditures for the Town of Patten for year 2007 through 2016.

The audit for 2011 thru 2016 was done by the same auditing firm and there may be a classification differences from the prior presentation, however the total revenues and expenditures are accurate.

Years	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	Total
Gen Fund Revenues											
Property Taxes	\$907,172	\$763,568	\$712,754	\$704,220	\$709,553	\$709,286	\$644,190	\$691,260	\$625,310	\$601,721	\$7,069,034
Excise Taxes	\$190,011	\$185,192	\$186,951	\$183,968	\$181,427	\$175,357	\$180,097	\$184,348	\$188,573	\$195,601	\$1,851,525
State Revenue	\$157,323	\$140,626	\$126,027	\$203,400	\$178,928	\$109,993	\$82,670	\$106,837	\$92,457	\$127,284	\$1,325,545
Other Revenues	\$90,274	\$129,254	\$188,482	\$126,203	\$138,945	\$121,768	\$251,020	\$215,770	\$258,554	\$187,614	\$1,707,884
Reserves						\$69,000				\$13,011	\$82,011
Carry-forwards						\$15,736					\$15,736
Fund Balance					\$101,133	\$26,000					\$127,133
Debt									\$23,133		\$23,133
GF Total Revenues	\$1,344,780	\$1,218,640	\$1,214,213	\$1,217,791	\$1,309,986	\$1,227,140	\$1,158,005	\$1,198,214	\$1,188,028	\$1,112,258	\$12,189,055

GENERAL FUND REVENUE ANALYSIS

Property tax revenues represent an average of 58 percent of total revenues from 2007 through 2016. The Town of Patten lost one large commercial property in 2010 from the tax base. This same property was sold and in 2014 a new business called Haymart started their start-up phase.

Property tax revenue has remained fairly stable over the past five years, however the increase in the mil rate for 2016 increased property tax revenue by an additional \$143,604. In 2015, with the doubling of land valuation, the property tax revenue increased by \$50,814.

Again, the change in the homestead exemption had a major impact on the increase for both 2016 and 2017, removing more than \$1,500,000 from the denominator of the mil rate calculation and 2016 had the purposeful replenishing of the general fund.

Years	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	Total
General Fund Expenditures											
Education	459,171	440,892	429,291	439,599	452,969	422,676	391,824	424,479	419,839	377,142	4,257,882
General Govern.	213,161	198,731	206,043	198,118	186,453	152,994	156,507	148,007	157,716	126,284	1,730,249
Public Safety	97,240	126,581	120,040	115,912	114,563	99,554	123,869	110,542	125,662	109,187	1,243,150
Public Works	204,355	238,071	290,625	371,871	420,597	282,790	303,487	255,548	263,223	279,765	2,910,332
Sanitation	50,016	45,310	41,243	42,005	39,302	40,622	41,194	36,442	36,434	36,139	408,707
County Tax	49,118	48,157	46,674	46,933	44,276	44,913	45,126	44,714	43,431	43,263	456,605
Culture/ Recreation	82,978	117,256	87,485	54,251	57,264	71,055	126,747	123,742	100,441	94,401	911,980
Cemetery	13,531	32,745	16,408	12,772	14,818	12,980	10,859	10,017	8,176	2,278	134,584
Unclassified	10,329	11,100	9,854	31,510	39,204	41,963	6,541	33,614	24,484	32,643	241,242
Total G F Expenditures	1,179,899	1,258,843	1,247,663	1,312,971	1,369,446	1,169,547	1,206,154	1,187,105	1,165,641	1,097,462	12,194,731

Source: Town of Patten, 2017

GENERAL FUND EXPENDITURE ANALYSIS

- Expenditures totaled on a ten-year average \$1,219,473.
- Education averaged \$425,788 which represents 35 percent of total expenditures.
- Public safety on averaged \$114,315, representing 9 percent of the total expenditures. This includes the Fire Department and other safety expenses.
- Public works represents all highway costs, road maintenance and snow removal. The ten-year average of public works expenditures was \$291,033 or 24 percent of total expenditures.
- General government expended on average \$173,025 or 14 percent of total expenditures.
- These four categories of expenditures represent 82 percent of total expenditures. Due to economic conditions, there have been many increases in costs for wages, fringe benefits, education, fuel and all other categories shrinking our purchasing power.
- Revenues have remained constant while costs have been steadily increasing. This has required the need to explore other revenue options. Patten feels that with the comprehensive plan we will move forward into the future and will apply for various grants to help stimulate our local economy.

GENERAL FUND UNDESIGNATED FUND BALANCE

The following table shows undesignated fund balance for 2007 to 2016. In 2007, the undesignated fund balance was \$590,309 declining to \$433,385 in 2016. The Town of Patten previously had a capital account with approximately \$262,189 reserved for a new town office.

Due to the economic downturn, the Board of Selectmen decided to use the capital projects monies to fund Baker Brook (highway project) for \$101,133 rather than to apply for a loan in 2012.

For 2013 the balance of the Capital Projects money was transferred to the general fund and approximately \$140,000 was used to build the new Town Garage leaving approximately \$25,870 reserves for the municipal building.

The capital projects fund helped subsidize the town budget for 2012 and 2013, therefore keeping the mil rate stable. For future years if revenue remains constant it will be necessary to make budget cuts or find new ways to stimulate our economy.

YEARS	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Gen. Fund	\$164,881	-\$40,203	-33,450	-95,180	-59,460	57,593	-48,149	11,109	22,387	14,796
EXCESS Rev										
EXPEND.										
RESERVES			-650				20,000	400	16,463	52,674
TRANSFERS	-\$144,531			161,058			-39,734	-14,419	-15,318	-15,322
OTHER	-\$103,974								-15,747	-24,341
EXCESS	\$83,624	-40,203	-34,100	65,878	-59,460	57,593	-67,882	-2,910	7,785	27,806
BEG FUND	\$517,009	557,212	591,312	525,434	584,894	527,302	595,184	598,094	590,309	562,503
BALANCE										
END F. Bal.	\$433,385	517,009	557,212	591,312	525,434	584,894	527,302	595,184	598,094	590,309
BALANCE										

Ambulance Fund

The town's ambulance service is run as an enterprise fund rather than as a general fund department. The department learned well the benefits of providing transports between hospitals and the fund balance grew for that part of the operation. Revenues are down because of fewer runs, and other ambulance services are also providing transport services.

The Patten Ambulance Service subsidized the education of an individual to go to Paramedic school who was then, in turn, hired as a paramedic. With the addition of this second paramedic, there is a probability that the ambulance service should be able to respond to calls they have been unable to take in the past.

Ambulance Fund

Operating Revenues	Charges for Services	Miscellaneous
2016	\$333,088	
2015	\$424,750	
2014	\$505,256	
2013	\$494,495	
2012	\$487,950	\$4,262
2011	\$664,378	
2010	\$617,850	\$1,080
2009	\$501,916	
2008	\$620,326	\$100
2007	\$313,494	\$1,131

Source: Town of Patten, 2017

Operating expenses are primarily salaries, benefits, and vehicle costs.

Ambulance Operating Expenses

Operating Expenses	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Wages	234,645	251,317	263,728	253,414	249,263	232,654	224,025	240,386	246,137	191,657
Insurance	25,437	32,720	33,607	24,889	23,579	21,849	21,754	20,155	18,169	16,678
Train/Ed	12,000	14,416	566	925	1,637	491		2,373	6,145	706
Supplies	8,321	18,147	8,323	9,510	15,307	10,308	37,597	26,520	16,250	1,886
Maint. Repairs Services	12,978	1,507	26,444	31,710	26,477	30,671	29,906	23,524	31,755	37,231 24,183
Office	1,170	1,695	241	2,029	680	1,004	1,154	3,968	6,509	7,625
Utilities	5,333	9,875	4,104	9,763	4,741	8,820	6,983	7,118	8,974	5,132
Fuel	10,878	22,339	32,294	30,297	30,553	32,881	25,356	21,845	38,161	21,235
Payroll Taxes	18,147	5,367	20,607	20,288	20,045	19,491	19,122	17,384	20,531	14,752
Depreciation	41,481	41,422	41,481	40,162	39,675	39,022	39,879	39,762	31,776	31,049
Contract Services	16,579	14,678	27,988	21,708	24,886	27,048	8,052	7,010	6,833	5,298
Misc.	986		923	1,373	960	91	4,662	3,478	6,691	5,390
Interest Revenue Sale of Fixed Assets	1,266	1,165	1,054	856	3,164	5,334	2,620	2,971	10,526	18,559
Grant Rev										1,500
Bad Debt Expense	109,000								32,169	23,520

Income/ Loss	(162,601)	12,432	46,004	49,283	57,573	245,382	203,060	91,364	160,852	(51,660)
Transfers In/Out	3,410									
Change in Net Assets	(159,191)	12,432	46,004	49,283	57,573	245,382	203,060	91,364	160,852	(51,660)
Total Net Assets Jan 1	1,519,605	1,507,173	1,461,169	1,411,886	1,354,313	1,108,931	905,871	814,507	653,655	705,315
Total Net Assets Dec 31	1,360,414	1,519,605	1,507,173	1,461,169	1,411,886	1,354,313	1,108,931	905,871	814,507	653,655

Sewer Fund

The sewer fund represents a real challenge for the town as it is being run as an enterprise fund but it has lost money each year since it began operation in 1991. These shortfalls have forced the Town to address a number of issues (located in the Public Facilities and Services section) such as rates, adding customers, capitalization options, bonding the replacement of aging lagoon liners, and looking at revenue streams from harvesting wood on the sewer fields off Lovejoy Road.

Operating Revenues	Charges for Services	Miscellaneous
2016	\$25,074	
2015	\$25,355	
2014	\$26,298	
2013	\$27,131	
2012	\$28,882	\$15,791
2011	\$27,448	\$760
2010	\$26,985	
2009	\$29,248	\$63
2008	\$33,528	\$2,687
2007	\$31,676	\$88

Source: Town of Patten, 2017

Sewer Operating Expenses

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Wages	\$11,995	\$7,168	\$11,046	\$12,299	\$9,713	\$11,487	\$7,287	\$5,957	\$4,177	\$5,531
Insurance	\$1,752	\$878	\$1,652	\$1,324	\$4,164	\$4,015	\$3,772	\$3,811	\$3,744	\$1,181
Train/Ed	\$319	\$793	\$85	\$147	\$317	\$137	\$23	\$45	\$45	\$105
Supplies	\$828	\$617	\$617	\$501	\$736	\$1,150	\$484	\$736	\$1,538	\$934
Repair Services	\$10,953	\$7,419	\$7,419	\$7,506	\$9,753	\$12,234	\$2,232	\$12,459	\$2,836	\$2,972
Maintenance										\$1,987
Office	\$33	\$402	\$847	\$545	\$383	\$423	\$251	\$736	\$787	\$1,275
Utilities	\$5,148	\$5,377	\$5,810	\$5,666	\$4,829	\$8,088	\$6,187	\$6,831	\$8,229	\$6,427
Fuel	\$596	\$505	\$1,037	\$517	\$854	\$463	\$758	\$287	\$85	\$209
Payroll Taxes	\$637	\$3,593	\$698	\$722	\$683	\$740	\$554	\$487	\$387	
Depreciation	\$68,737	\$68,308	\$68,308	\$68,308	\$68,308	\$68,454	\$68,332	\$68,532	\$68,532	\$68,532
Contracted Services	\$5,460	\$6,757	\$5,850	\$5,450	\$5,878	\$3,800	\$9,949	\$10,353	\$8,200	\$7,386
Miscellaneous	\$2,093	\$360	\$1,824	\$55	\$583	\$2,352	\$1,505	\$691	\$659	\$741
Interest Exp							\$1,483	\$1,249	\$2,814	\$3,467
Interest Rev	\$6	\$10	\$21	\$21	\$31	\$43	\$58	\$73	\$243	\$422
Grant Rev	\$12,000									
Income/Loss	-\$71,477	-\$76,812	-\$78,874	-\$75,888	-\$61,497	-\$86,092	-\$75,774	-\$83,790	-\$65,575	-\$68,561

Transfers In/Out	\$163,878								\$15,310	\$14,419	\$15,318	\$15,322
Change in Net Assets	\$92,401	-\$76,812	-\$78,874	-\$75,888	-\$61,497	-\$86,092	-\$60,464	-\$69,371	-\$50,257	-\$53,238	-\$53,238	-\$53,238
Total Net Assets Jan 1	\$1,162,595	\$1,239,406	\$1,318,280	\$1,394,168	\$1,455,665	\$1,541,757	\$1,602,221	\$1,671,592	\$1,721,849	\$1,775,087	\$1,721,849	\$1,775,087
Total Net Asset Dec 31	\$1,254,996	\$1,162,594	\$1,239,406	\$1,318,280	\$1,394,168	\$1,455,665	\$1,541,757	\$1,602,221	\$1,671,592	\$1,721,849	\$1,671,592	\$1,721,849

FISCAL CAPACITY-WATER FUND

The water fund has more customers than the sewer fund and it has the water hydrant rental revenue stream from the general fund. As such, it is doing well financially. The town is overdue to review its rate structure. And the town office has not increased the administrative fees for water, sewer, ambulance in more than ten years. This too should be reviewed during this comprehensive plan's life.

Operating Revenues	Charges for Services	Miscellaneous
2016	\$85,031	
2015	\$84,845	
2014	\$86,772	\$4,000
2013	\$87,718	\$108
2012	\$100,004	\$2,418
2011	\$90,783	\$124
2010	\$88,751	\$10,654
2009	\$91,471	\$43
2008	\$95,364	\$77
2007	\$92,359	\$138

Source: Town of Patten, 2017

Water Operating Expenses

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Wages	\$11,377	\$12,100	\$13,962	\$12,944	\$10,420	\$12,574	\$15,326	\$13,881	\$13,582	\$14,744
Insurance	\$2,475	\$2,125	\$3,439	\$2,811	\$5,565	\$5,390	\$5,001	\$5,212	\$3,933	\$1,147
Train/Ed	\$121	\$2,061	\$161	\$148	\$112	\$644	\$468	\$15	\$80	\$405
Supplies		\$969	\$9,850	\$8,670	\$940	\$3,198	\$4,347	\$11,309	\$3,210	\$3,728
Maintenance and Repair and Services	\$6,728	\$3,452	\$3,452	\$5,404	\$55,658	\$573	\$527	\$448	\$645	\$1,997
Office	\$385	\$1,103	\$979	\$1,830	\$684	\$714	\$1,026	\$2,527	\$2,448	\$2,183
Utilities	\$5,286	\$5,653	\$7,265	\$4,700	\$6,448	\$11,072	\$7,518	\$8,256	\$9,642	\$8,383
Fuel	\$595	\$474	\$828	\$618	\$997	\$378	\$440	\$400	\$549	\$738
Payroll Taxes	\$4,618	\$1,330	\$899	\$814	\$900	\$908	\$1,024	\$1,001	\$937	
Depreciation	\$49,311	\$49,382	\$49,593	\$49,593	\$49,593	\$49,739	\$50,110	\$50,347	\$50,347	\$50,347
Contracted Services	\$5,325	\$8,000	\$4,700	\$5,050	\$10,059	\$2,200	\$6,235	\$3,795	\$7,104	\$6,400
Miscellaneous	\$3,319	\$17	\$74	\$1,222	\$2,693	\$3,172	\$3,019	\$208	\$780	\$994
Interest Rev	\$85	\$105	\$114	\$94	\$199	\$327	\$397	\$460	\$2,433	\$6,567
Interest Exp	-\$5,059	-\$6,367	-\$5,428	-\$6,277	-\$7,838	-\$12,029	-\$12,863	-\$13,544	-\$15,498	-\$14,807

Income/Loss Before Trans & Contributions	-\$9,482	-\$8,083	-\$9,744	-\$12,133	-\$49,313	-\$11,357	-\$17,692	-\$18,967	-\$10,890	-\$6,809
Transfers In/Out	-\$22,757						-\$2,909			
Change in Net Assets	-\$32,239	-\$8,083	-\$9,744	-\$12,133	-\$49,313	-\$11,357	-\$20,601	-\$18,967	-\$10,890	-\$6,809
Total Net Assets Jan 1	\$898,457	\$906,544	\$916,287	\$928,392	\$977,705	\$989,062	\$1,009,663	\$1,028,630	\$1,039,520	\$1,046,329
Total Net Assets Dec 31	\$866,218	\$898,461	\$906,543	\$916,287	\$928,392	\$977,705	\$989,062	\$1,009,663	\$1,028,630	\$1,039,520

Analyses

Patten has fiscal strength in its net valuation growth but may not be capturing that growth by keeping up with its real estate valuation. While oftentimes perceived as painful, keeping up with valuations will enable the town to fund future capital investments through a combination of grants and reserve funds from tax revenues. One measure of how aggressively the town is taxing property owners is based on what percentage that the town's valuation is to the State calculated full valuation of the town. Eighty percent of full valuation is the minimum that Maine Revenue Services likes to see for municipal valuations. The town's average net valuation from 2012-16 was 83.6% of the State's full valuation.

Municipal department operating expenditures have increased but not substantially over the last five years. In many respects, this is a huge accomplishment considering that real operating cost increases since 2005 have been in the order of 20-30%. However, this fiscal conservatism can also come with a price in terms of maintenance and services reductions. Maintenance reductions will always catch up with the operator and usually become a greater expense than if completed on an ongoing basis. Any proposed reduction in services may find Patten at a crossroads between saving funds in the near term but putting at risk the community's quality of life and desirability as a place to live. These are attributes which took the community decades to build. Town officials, and residents, need to be vigilant of the risks and be aggressive in pursuing opportunities to create jobs, build population and generate new revenues.

FISCAL CAPACITY
Goals, Policies, and Strategies

State Goal

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

Local Goal

Maintain and improve our fiscal capacity in a manner that allows us to make cost effective and efficient investments in the facilities and services required to support job creation and population growth.

Policy	Strategy	Responsibility	Timeframe
Maintain a reasonable property tax obligation.	Complete a full revaluation of all properties in Patten.	Town Officials	2017
	Study the option of changing the Town's Fiscal Year to a July/June Fiscal year.	Town Officials	2017
	Continue to assess new construction according to the revaluation base year	Town Officials,	On-going
	Research opportunities to discontinue ownership or maintenance of existing rural roads with limited use based on traffic counts. Propose modest property tax reductions for owners affected by road abandonment.	Town Officials	On-going
	Over the long term, manage for a local net assessed valuation of 90% or above compared to the State's full valuation.	Town Officials	On-going
	Advocate for required fiscal impact analysis of all State incentive programs that result in revenue losses to municipalities.	Town Officials	On-going
	Continue to make annual contributions to a reserve fund for a town wide revaluation.	Town Officials	On-going

Policy	Strategy	Responsibility	Timeframe
	Initiate public communication on efforts and methods used by municipal departments to control operating expenditures	Town Officials	2017
	Complete a comprehensive review of existing fee structures for all departments, review periodically and adjust fees as necessary	Town Officials	2017 and on-going
	Review fee formulas for service agreements with neighboring communities and adjust as necessary to cover administrative and capital costs.	Town Officials	On-going
	Participate in regional initiatives in solid waste, transportation, and cooperative purchasing and tax assessment/revaluation services that improve efficiency and control operating costs.	Town Officials	On-going
	Direct a minimum of 75% of new municipal growth-related capital investments into designated growth areas in the Future Land Use Plan	Town officials	On-going
	Work with surrounding communities to review school expenditures	Town Officials	Annually
	Identify and apply for grants to fund planned capital investments	Town Officials and Department Heads	On-going
	Create or Maintain reserve fund balances for all Departments by developing a reasonable minimum base level for each.	Town Officials	On-going
	Evaluate opportunities to establish new fee for services.	Town Officials	On-going

Policy	Strategy	Responsibility	Timeframe
	Evaluate the need to place the Ambulance Service Enterprise account into the Town's General Fund.	Town Officials	2018

Capital Investment Plan

Typically, a capital investment plan identifies the public facilities/services necessary to accommodate projected growth. Since population growth is projected for Easton, the investment plan focuses on facilities and services needed to 1. direct new development to specific areas of the community, 2. attract businesses or create jobs, 3. support changing needs and 4. maintain existing facilities/infrastructure.

The projects identified are given priority ratings as follows: High being within 1-3 years; Necessary being within 3-5 years; Desirable being within the 10 year plan; Deferrable being potentially beyond 10 years. The capital investment plan forms the basis for developing a capital improvements plan (CIP). The CIP is more detailed plan that provides current cost estimates, a project timeline and grants/loans that are being applied for as funding. The CIP is updated annually and is used in the annual budget committee process. The Board of Selectmen should start prioritizing planned investments in 2017 or early 2018.

Project	Potential Funding	Priority	Estimated Cost
Highway Department			
Wheeler/Plow Truck	Reserve Accounts	Necessary	\$180,000
Backhoe	Reserve Accounts	Necessary	\$100,000
Road Paving (2 miles per year)	Reserve, URIP	Annual for 20 years	\$3,500,000
Windbreaks along roads	Project Canopy grants	Necessary	\$15,000
Addition to Sand/Salt Storage	Reserve Accounts/grants	Necessary	\$30,000
Fire Department			
Four- wheel Drive mini-pumper	Grants	Necessary	\$140,000
Life saving equipment	Grants	Necessary	\$50,000
Administration			
Town Office Storage/meeting space	Reserve	Desirable	\$35,000
Generator	Reserve	Desirable	\$5,000
Water Department			
Galvanized Pipe replacement (Valley Street)	Grants, Loans	Necessary	\$100,000
Katahdin Street water main extension	Grants, Loans	Necessary	\$250,000
Pump Replacements	Grants, Loans	High	\$50,000

Reservoir Cleaning and Repair	Grants, Loans	High	\$75,000
Sewer District			
Replace Lagoon Liners	Grants, Loans	High	\$100,000
Pump Replacement (Gardner and Lovejoy Street)	Grants, Loans	High	\$50,000
Pump Station Pipe replacement	Grants, Loans	Necessary	\$50,000
Reconstruct manholes	Grants, Loans	Necessary	\$25,000
Recreation			
Hot Water Heater	Grants, reserve	Necessary	\$5,000
Update and modernize bathrooms	Grants, reserve	Necessary	\$10,000
Installation of fans	Grants, reserve	Desirable	\$3,500

REGIONAL COORDINATION PROGRAM

Summary

Patten partners with neighboring communities in several ways that help reduce costs and improve services. The primary areas of cooperation include education, transportation, recreational trails, solid waste disposal/recycling, fire protection, ambulance service, and participation in regional cooperative purchasing programs.

Patten's downtown is a regional economic hub and contains a variety of retail and service establishments. Patten has seen a resurgence of interest in their downtown area and new businesses have opened, previously vacant buildings have been purchased, and there is a general level of "excitement" in the downtown. Total consumer retail sales have grown by nearly 10 percent since 2007.

The reality is that the community is still part of a regional, state, and national economy. Patten is part of the Houlton Labor Market Area (LMA). A LMA consists of an economic center (in this case Houlton) and 29 other communities stretching from Weston to Mount Chase. Labor Market Areas are defined by the United States Department of Labor every 10 years and are based on commuting patterns.

Public Facilities and Services are shared with several surrounding communities and unorganized townships. For example,

- Patten's Town Office provides services to residents of Moro Plantation and Hersey.
- Since 2004, the Highway Department completes winter maintenance in Mount Chase.
- Patten also provides ambulance service for a number of communities including Stacyville, Hersey, Sherman, Crystal, Mt. Chase, County of Aroostook (Benedicta, Moro Plantation, Silver Ridge, T2R4, T3R4, T1R5, and T1R4), and Penobscot County (T1R6, T2R7, T2R8, T3R7, T3R8, T4R7, T4R8, T5R7, T5R8, T6R6, T6R7, T6R8, T7R6, T7R7, T8R6, T8R7, and T8R8). The Service will be providing service to the Katahdin Woods and Waters National Monument as part of the contract with Penobscot County.
- Patten provides fire protection for Moro Plantation, Hersey, and Crystal. Contracts are being negotiated to provide service to the Katahdin Woods and Waters National Monument.

Currently (2017), Patten is part of Regional School Unit (RSU) #50 which is comprised of Katahdin Elementary School (PK-6), Katahdin Middle/ High School (7-12), and Southern Aroostook Community Schools (PK-12). The RSU currently serve approximately 700 students and offer adult education programming as well. The RSU was formed in July 2011 and encompasses the former SAD 25 and CSD 9 school districts. The district lies in Northern Penobscot and Southern Aroostook Counties and is approximately 460 square miles, making it one of the largest geographic school regions in Maine. The RSU serves the twelve communities of Crystal, Dyer Brook, Hersey, Island Falls, Merrill, Moro Plantation, Mt. Chase, Oakfield, Patten, Sherman, Smyrna, and Stacyville.

In November 2017, Patten, Stacyville, Sherman, and Mount Chase will vote whether or not to withdraw from RSU 50 and form their own RSU. Residents of Moro Plantation will also vote on withdrawal on that day.

The Rockabema Snow Rangers maintains more than 100 miles of trails through 10 townships and two counties. This social club is open to membership from everyone, not only those who snowmobile. They meet on the second Saturday of each month from September through May.

The Patten ATV club consists of those members who operate ATVs. There are 100 miles of ATV trails in the Patten area maintained by the club. ATV trails run through private properties and property owners provide permission to the club to maintain these trails. Maintained trails include cutting trees and clearing the trails for safe operation of ATVs.

Patten is a long-standing member community of the Northern Maine Development Commission (NMDC) but currently does not have representation on NMDC's Executive Board. Representation can give the Town a voice in the types of economic development programs NMDC offers.

The Town also participates in county and state directed regional coordination efforts in such areas as transportation, housing, tourism and hazard mitigation. There is also considerable opportunity to cooperate in the protection of shared natural resources by working toward consistency with zoning standards. The strategies describe under regional coordination efforts detail the actions needed for Patten to continue and to improve upon its coordination with surrounding towns.

Conflicts with other Town's Policies/Strategies

The planning process identified inconsistencies among neighboring towns related to shoreland zoning but not specifically to policies and strategies found in existing comprehensive plans. Only Island Falls, Sherman, and Stacyville have comprehensive plans which should be updated in the next few years (2018-19). The current adoption dates and update schedule, where available, is listed below. Patten proposes to provide these towns with a copy of its updated Comprehensive Plan. Specific policies and strategies in Patten's plan include areas of cooperation with neighboring towns. They may use this information to consider ways to improve consistency with their policies and strategies.

- Island Falls- Comprehensive Plan- adopted in 2008; needs updating
- Sherman- Comprehensive Plan- adopted in 2005; needs updating
- Stacyville – Comprehensive Plan – adopted 2006; currently needs updating
- Crystal- no plan
- Mount Chase- no plan
- Unorganized townships- LUPC- Comprehensive Land Use Plan (CLUP) adopted in 1976 and updated in 2010

A review of the two most current Comprehensive Plans including their goals, policies and strategies did not identify any conflicts.

Summary of Regional Coordination Efforts

Patten identified several areas where coordination with other communities could leverage and improve services and programs. The following are strategies listed in the plan that identify regional opportunities.

Regional Historic and Cultural Strategies:

- a) Continue to support local, regional and international festivals and events that include culturally based activities and international cooperation.

Regional Natural Resource Strategies:

- a) Work with the Mount Chase, Stacyville, and Crystal Planning Boards to ensure consistent standards for the protection of shared watersheds.
- b) Cooperate with other local, regional and State entities in the conservation of natural resources of shared interest such as the Swift Book, Fish Stream, and Weeks Brook.
- c) Encourage local or regional economic development activities that support productive agriculture and forestry operations.

Regional Transportation Strategies:

- a) Support work with surrounding communities and MaineDOT to upgrade the rail line and work with the rail provider to improve service to Patten's businesses and industry.
- b) Participate in all regional transportation planning initiatives including MaineDOT's Capital Work Plan, Penobscot County Emergency Management Planning efforts, and NMDC's regional transportation efforts.
- c) Support and encourage the use of rail facilities by local companies. Work with those industries to apply for additional state and federal funding as rail projects, such as additional sidings are identified.
- d) Participate in a continuing dialogue between communities along Routes 11 and 159 to advocate further improvements to and address maintenance, planning priorities, and the impact of adjoining development along arterials.

Regional Public Facility/Services Strategies:

- a) Explore options for regional coordination of needed local services such as but not limited to highway department, town office services, police protection, recreation, emergency management, fire and ambulance services, and code enforcement.
- b) Continue to participate in existing cooperative purchasing programs.
- c) Participate in a regional firefighter training and recruitment program with automatic/mutual aid departments and seek funding under FEMA-Staffing for Adequate Fire and Emergency Response (SAFER) and other sources.
- d) Partner with surrounding communities to increase police protection.
- e) Work with the Katahdin Area Chamber of Commerce to promote the need for new services.

Regional Local Economy Strategies

- a) Participate and support regional business development/attraction initiatives.
- b) Support on-going efforts and investment in telecommunication system redundancy to facilitate internet based businesses.
- c) Form relationships with the Greater Houlton and Katahdin Area Chambers of Commerce and provide input on their efforts to promote tourism, organize festivals and events and support the needs and interests of retail businesses.

Patten currently cooperates with adjoining towns and multiple towns in the region, and should continue to do so whenever possible. Patten has and will continue to develop compatible regional coordination policies with nearby communities; such as they have done with the fire, code enforcement, and ambulance in the past, to the greatest extent possible. Patten should investigate additional opportunities to develop and expand regional planning, coordination, and funding partnerships.