Fiscal Capacity

Fiscal Management

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 are usually resolved by 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.

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, sprawling new patterns of development, new technology, mandates from state and federal government, and more sophisticated demands from residents for leisure services, protection, education, and more. Coupled with a heavy reliance on property taxes, fiscal management is key to delivery of all other services.

Local property values were last assessed in 2009; however, another revaluation is in progress and slated for completion in 2024. The housing market has changed dramatically since 2009, particularly after the COVID 19 pandemic struck in 2020. The pandemic resulted in out-of-staters flocking to Maine, seeking refuge from both the pandemic and urban lifestyles in 2021-2022. More recently, in 2024, the town has seen an influx of new residents from southern Maine. Both these influxes have driven up the cost of housing (detailed further in the Housing chapter) and are changing tax valuations.

The town has a clear accounting and budgeting system in place which has resulted in sound financial management. Because of this, Bingham has had the means to pay for capital improvements. And, because of sound financial management, Bingham has stayed in compliance with 30 MRSA, Section 5061, as amended, which requires that no municipality incur debt that exceeds 15 percent of the state valuation. Bingham's debt, in fact, was lower than 2 percent of that state valuation between 2019 and 2023 (Table 1).

TABLE 1: BINGHAM'S DEBT ANALYSIS

Year	Total Debt	Percent of Valuation
2019	$832,562	1.06%
2020	$752,423	0.92%
2021	$889,974	1.06%
2022	$865,350	0.99%
2023	$26,406.42	0.3%

Source: 2019, 2020, 2021, 2022, & 2023 Annual Reports

Bingham, despite being a service center, is primarily a residential town in terms of taxable property. Additionally, Bingham has many tax-exempt properties, detailed in Table 2.

TABLE 2: LIST OF TAX-EXEMPT PROPERTIES AND EXEMPTION AMOUNTS

Tax Exempt Properties	2022
Total Value Government and Municipal	$1,020,140
Literary and Scientific	$905,000
Total exempt churches and parsonages	$844,010
Fraternal Organizations	$51,930
Property leased by hospitals	$613,760
Pollution control facilities	$703,370
Quasi-governmental organizations	$42,890
Total Value Veteran exemptions	$234,000
TOTAL	**$4,489,600**
STATE VALUATION	**$87,350,000**
Percent Exempt	**5.14%**

Source: 2022 Municipal Valuation Return Statistical Summary

Table 2 displays the portion of the town's tax base that is exempt from taxation. These properties account for slightly more than five percent of the entire state valuation for 2022. To offset this, the town could explore fees in lieu of taxes to recover some support for especially relevant municipal services (e.g., roads and public safety), thereby expanding the town's income.

TABLE 3: SIX YEARS OF STATE VALUATIONS FOR BINGHAM

Year	State Valuation
2018	$68,750,000
2019	$78,700,000
2020	$81,450,000
2021	$83,950,000
2022	$87,350,000
2023	$96,950,000

Source: Municipal Valuation Statistical Summary

TABLE 4: SIX YEARS OF BINGHAM'S BUDGET INFORMATION

YEAR	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
STATE VALUATION	68,750,000.00	78,700,000.00	81,450,000.00	83,950,000.00	87,350,000.00	96,950,000.00
COUNTY TAX (Treasurer's Report)	167,670.54	188,709.01	192,116.00	187,156.13	196,022.55	216,218.65
EDUCATION APPROPRIATION (Special Assessment)	1,056,536.82	961,997.07	989,038.78	1,045,443.18	1,052,796.47	1,328,775.16
MILL RATE	0.0163	0.0163	0.0173	0.0174	0.0183	0.01675
REVENUES						
General Fund (taxes, fees, etc.)	2,337,246.00	2,183,604.00	2,226,611.00	2,305,674.00	2,172,777.00	
Intergovernmental	206,491.00	227,860.00	239,729.00	419,171.00	455,905.00	
Charges for Services	259,970.00	256,752.00	253,834.00	288,485.00	320,689.00	
Interest	4,907.00	8,712.00	6,429.00	5,837.00	6,801.00	
Miscellaneous	9,004.00	57,745.00	44,200.00	5,018.00	31,556.00	
TOTAL REVENUES	**2,817,618.00**	**2,734,673.00**	**2,770,803.00**	**3,274,185.00**	**3,213,729.00**	
EXPENDITURES						
General Government	153,566.00	164,010.00	196,084.00	175,491.00	208,786.00	
Public Safety	230,331.00	218,561.00	236,817.00	238,615.00	400,336.00	
Public Works	336,942.00	198,916.00	216,668.00	359,451.00	381,499.00	
Health and Sanitation	148,723.00	154,647.00	153,872.00	180,574.00	223,426.00	
Leisure Services	40,006.00	39,339.00	21,882.00	91,926.00	131,089.00*	
Social Services	3,195.00	3,195.00	3,247.00	6,145.00	3,695.00**	
Special Assessments (Education)	1,604,317.00	1,771,150.00	1,638,005.00	1,695,572.00	1,877,657.00	
Unclassified	42,755.00	46,832.00	78,493.00	56,579.00	190,864.00	
TOTAL EXPENDITURES	**2,559,835.00**	**2,596,650.00**	**2,545,068.00**	**2,804,353.00**	**3,417,352.00**	
TOTAL DIFFERENCE	**257,783.00**	**138,023.00**	**225,735.00**	**469,832.00**	**203,623.00**	

Source: Town of Bingham Annual Reports, Municipal Valuation Statistical Summary, Bingham's Selectmen
**In 2023, this line item changed to Recreation*
***In 2023, this line item changed to Health and Welfare*

The town's mil rate is a calculated value which means taxpayers pay the mill rate for each thousand dollars of their property's assessed value. For example, for the 2022 tax year, property assessed for $150,000.00, the assessed taxes were calculated by multiplying $150,000.00 by the mil rate: 150,000.00 X 0.0183= $2,745.

Education appropriation is Bingham's biggest expense, accounting for between 40 – 50 percent of the budget between 2019 and 2023.

Property taxes are the largest contributor to the town's budget. Those are broken down by category in Table 5.

TABLE 5: REAL AND PERSONAL PROPERTY BY TYPE

Year	Land	Buildings	Total Land and Buildings	Mil Rate	State Valuation	Total Taxable Personal Property	Motor Vehicle Excise Tax	Distribution and Transmission
2018	$27,952,010	$101,076,036	$129,028,046	0.0163	$68,750,000	N/A	$169,968	$9,551,185
2019	$27,680,620	$94,824,734	$122,505,354	0.0163	$78,700,000	$1,731,330	$153,571	$10,484,970
2020	$27,725,060	$88,863,424	$116,588,484	0.0173	$81,450,000	$1,763,860	$137,345	$10,484,970
2021	$28,056,680	$86,588,938	$114,645,618	0.0174	$83,950,000	$1,547,220	$184,806	$11,009,700
2022*	28,494,700	85,508,540	$114,003,240	0.0183	$87,350,000	$1,747,290	$186,036	$11,359,140

Source: Municipal Valuation Statistical Summary (2018-2022)
**Most recent, complete data available*

Between 2018 and 2022, the mil rate has increased by 12 percent, which is not a dramatic increase. Motor vehicle excise tax increased by 9 percent and the state valuation increased by 27 percent.

Excise taxes are generally tied to economic conditions also but in general this revenue source will likely continue to increase slightly each year.

Accounting Practices:

The town has its financial records audited annually. The 2018 - 2021 audits were all performed by Keel J. Hood, Certified Public Accountant. Bingham's annual reports include a detailed audit report and description of all town funds accounting practices. Reports for 2018- 2022 were all favorable in their characterization of the town's approach to financial management, as evidenced in the *Total Difference* row of Table 4 above.

Grant Income:

Grant income is kept out of the regular budget, so it does not appear in the tables displayed in this section. Bingham recently received a grant through the Norther Borders Regional Commission totaling $897,000 for upgrades to a wastewater pump station.

The town currently maintains separate capital project funds or Special Revenue Funds which often receive transfers and intergovernmental revenue. The town maintains a capital equipment replacement plan and funds that plan each year. More of this is detailed in the Capital Investment Plan chapter of this plan.

Tax Increment Finance District:

Another modification to valuation is one tax increment financing (TIF) district for infrastructure improvements, which was $599,300 in 2023. The TIF money can only be used for preapproved expenses, such as snowplowing and road maintenance.

Tax Collection Rate:

Due to the town's efforts to manage funds as frugally as possible, the property tax burden is reasonable and affordable to many of Bingham's taxpayers. The collection rate for current year taxes has been running in a similar range. Town officials, both elected and appointed, remain vigilant at trying to minimize the tax burden.

Summary and Findings:

The Town of Bingham has put obvious consideration into proper budgeting and financial management. This is apparent when analyzing the town's debt to income ration and the overall debt (Tables 1 and 4). Bingham's minimal overall debt has remained in compliance with the Maine Bond Bank recommended limits and state statute over the last five-year period. Further, the mil rate has not increased significantly between 2019 – 2023. The most obvious indication of a healthy municipal budget and sound financial management is that for the analysis period of 2018 to 2022, Bingham has consistently operated in the black.