

JOINT PRE-BUDGET MEETING

Michael C. Wood, Town of Burrillville

January 29, 2019

Introduction

- **Town Council**
- **School Committee**
- **Budget Board**

Title 16 Education

Chapter 16-2-21 (excerpts)

(1) The highest elected official of the city or town shall submit to the School Committee an estimate, prepared in a manner approved by the department of administration, of projected revenues for the next fiscal year. In the case of the property tax, the projections shall include only changes in the property tax base, not property tax rates;

Title 16 Education

Chapter 16-2-21 (excerpts)

(2) The School Committee shall submit to the city or Town Council a statement for the next ensuing fiscal year of anticipated total expenditures, projected enrollments with resultant staff and facility requirements, estimated enrollment and payments to charter schools, and any necessary or mandated changes in school programs or operations.

REVENUE PROJECTIONS



Revenue Adjustments

Revenue Category	Increase/(Decrease)
School Formula Aid	\$374,219.32
School Housing Aid	\$505,833
School Medicaid	TBD
PILOT - Tax Exempt Properties	(\$9,406)
EX PHASE Out 2018	\$291,703
Meals and Beverage	\$7,576
Other	TBD
Other	TBD
Local Revenues	TBD
Library Aid	(\$3,648)
Library Construction Aid	(\$7,299)
Other	TBD

Projected Tax Cap – FY2020 with MV State Reimbursement

		<u>Motor Levy Total</u>	<u>Property Tax Maximum</u>	<u>Tax Levy & Reimburse e</u>	<u>Maximum Tax Levy Increase</u>	<u>School 64.62%</u>	<u>Municipal 35.38%</u>
FY2020	Projected	\$4,846,868	\$29,893,370	\$34,740,238	\$1,149,744	\$742,965	\$406,779

5 Year Projected Tax Levy with MV State Reimbursement

<u>FY</u>	<u>Actual/ Projected</u>	<u>Motor Levy Total</u>	<u>Property Tax Maximum</u>	<u>Tax Levy & Reimburse</u>	<u>Maximum Tax Levy Increase</u>	<u>School 64.62%</u>	<u>Municipal 35.38%</u>
2019	Actual	\$4,846,869	\$28,743,625	\$33,590,494	\$1,064,621	\$687,958	\$376,663
2020	Projected	\$4,846,868	\$29,893,370	\$34,740,238	\$1,149,744	\$742,965	\$406,779
2021	Projected	\$4,846,868	\$31,089,105	\$35,935,973	\$1,195,735	\$772,684	\$423,051
2022	Projected	\$4,846,868	\$32,332,669	\$37,179,537	\$1,243,564	\$803,591	\$439,973
2023	Projected	\$4,846,868	\$33,625,976	\$38,472,844	\$1,293,307	\$835,735	\$457,572
2024	Projected	\$4,846,868	\$34,971,015	\$39,817,883	\$1,345,039	\$869,164	\$475,875

If the Council does not levy the maximum tax levy allowed each year, all of these numbers will be lower, i.e. a tax levy increase less than 4%.

*Technically the Council cannot levy a tax equal to the maximum because it is not possible to have a tax rate that will generate exactly what the maximum levy allowed.

Revenue

- ❖ It's too early in the State Budget process to determine most state aid final projections.
- ❖ Adjustments will be made to the budget as the legislative process unfolds.
- ❖ Don't be surprised if State aid is not known until late May or June.

Motor Vehicle Values

- ❖ The Assessor will not receive the State Motor Vehicle value reports until February.
- ❖ We cannot predict the actual financial impact at this point.
- ❖ The total tax levy includes both real estate and motor vehicle revenue.

Local Revenue

LS Power (Ocean State Power)

- ❖ The settlement was for six (6) years, commencing FY2017.
- ❖ Assessed value for TransCanada has been fixed at \$160,000,000.
- ❖ Revenue from the existing Tax Agreement could be compromised if LS Power decides to upgrade its existing turbines.
- ❖ Negotiations for a new tax agreement should commence in Calendar 2020.

Local Revenue - Invenergy

- ❖ The fight to oppose the power plant is very expensive. Money from upfront fees from the Tax Agreement have been dedicated to pay for the expenses needed to fight the project.
- ❖ Town received its final \$500,000 impact fee payment in January 2019.
- ❖ Additional money may be needed to continue with this litigation.

School Surplus

- ❖ As of the close of FY 2018, the audit shows an unassigned balance of \$642,386 for potential use by the School Committee.

Note: It is my strong recommendation that this money not be used for fixed or reoccurring expenses of the school operating budget.

Projected Power Plant CIP Revenue

- Projected Power Plant CIP Revenue FY 2020
\$2,6000,000

FACTORS POTENTIALLY IMPACTING FY2020 & BEYOND



General Obligation Bonds & Debt Schedule (as of June 30, 2018)

Governmental Activities

Y/Ending	Principal		Interest		Total
2019	\$	1,401,229	\$	274,752	\$ 1,675,981
2020	\$	1,173,000	\$	252,916	\$ 1,425,916
2021	\$	1,207,800	\$	217,785	\$ 1,425,585
2022	\$	1,209,800	\$	182,145	\$ 1,391,945
2023	\$	1,206,800	\$	146,066	\$ 1,352,866
2024	\$	1,204,800	\$	109,872	\$ 1,314,672
2025	\$	1,202,800	\$	73,427	\$ 1,276,227
2026	\$	835,800	\$	40,740	\$ 876,540
2027	\$	288,800	\$	15,097	\$ 303,897
2028	\$	38,800	\$	11,660	\$ 50,460
2029	\$	38,800	\$	10,694	\$ 49,494
2030	\$	38,800	\$	9,662	\$ 48,462
2031	\$	38,800	\$	8,593	\$ 47,393
2032	\$	38,800	\$	7,493	\$ 46,293
2033	\$	38,800	\$	6,359	\$ 45,159
2034	\$	38,800	\$	5,202	\$ 44,002
2035	\$	38,800	\$	4,036	\$ 42,836
2036	\$	38,800	\$	2,882	\$ 41,682
2037	\$	38,800	\$	1,733	\$ 40,533
2038	\$	38,400	\$	578	\$ 38,978
Totals	\$	10,157,229	\$	1,381,695	\$ 11,538,924

General Obligation Bonds & Debt Schedule (as of June 30, 2018)

Business-Type Activities (Sewer)

Y/Ending	Principal	Interest	Total
2019	\$ 479,000	\$ 162,727	\$ 641,727
2020	\$ 481,000	\$ 155,860	\$ 636,860
2021	\$ 483,000	\$ 148,537	\$ 631,537
2022	\$ 486,000	\$ 140,699	\$ 626,699
2023	\$ 489,000	\$ 132,295	\$ 621,295
2024	\$ 493,000	\$ 123,392	\$ 616,392
2025	\$ 497,000	\$ 114,073	\$ 611,073
2026	\$ 501,000	\$ 104,206	\$ 605,206
2027	\$ 506,000	\$ 93,540	\$ 599,540
2028	\$ 511,000	\$ 82,085	\$ 593,085
2029	\$ 341,000	\$ 71,609	\$ 412,609
2030	\$ 347,000	\$ 62,210	\$ 409,210
2031	\$ 354,000	\$ 52,338	\$ 406,338
2032	\$ 360,000	\$ 42,044	\$ 402,044
2033	\$ 367,000	\$ 31,367	\$ 398,367
2034	\$ 374,000	\$ 20,462	\$ 394,462
2035	\$ 382,000	\$ 9,331	\$ 391,331
2036	\$ 134,000	\$ 1,836	\$ 135,836
Totals	\$ 7,585,000	\$ 1,548,611	\$ 9,133,611

Statistical Revaluation

- ❖ Scheduled for December 31, 2018, impacting the FY2020 budget.
- ❖ Total valuation estimated to increase 16% (averaged). Tax rate lowered to compensate.
- ❖ LS Power revenue for FY2020 is impacted.

Pension Reform

- ❖ Burrillville's projected budget impact(s) attributable to pension reform could be significant.
- ❖ We are waiting for pension related budget numbers from the state.

Unfunded Liabilities

Burrillville is in relatively good shape compared to most RI communities, but we do have exposure, particularly in the school system. Unfunded liabilities and OPEB for the town and schools project to be:

	<u>School</u>	<u>Town</u>	<u>Wastewater</u>	<u>Library</u>
Unfunded	\$823,278	\$209,153	Included with Town	Included with Town
OPEB	\$2,839,175	\$1,291,836	\$25,589	\$24,462

State Finances

- ❖ The state's financial problems still exist.
- ❖ The state's revenue problems traditionally have become a local problem!

**End of Presentation. Thank
you for your time and
attention.**

Supporting Information

Preliminary Values for Burrillville 2018 Statistical Update

Total Overall (exempts excluded)				
Old	\$1,444,983,800	New	\$1,681,847,000	16% Increase
Residential Overall				
Old	\$1,122,404,700	New	\$1,339,223,700	19% Increase
Residential 1F				
Old	\$1,009,000,700	New	\$1,195,288,300	18% Increase
Residential 2-3F				
Old	\$73,471,500	New	\$99,346,500	35% Increase
Residential Condos				
Old	\$38,621,800	New	\$46,654,200	21% Increase
Commercial/Industrial				
Old	\$278,129,200	New	\$291,446,600	5% Increase

STATE Schedule Funding Formula

Increase - \$374,219

State Share

Ratio

Projected FY2020

Total			
Foundation	25.27%	State Funding	
\$25,232,250	50.27%	\$12,684,969	Total Foundation x State Share Ratio = State Funding
		12,310,750	FY 2019 State Aid without group home included
		374,219	FY20 State Aid increase over FY19
		12,684,969	FY2020 State Aid
		81,848	Group Home Aid
		34,735	High Cost Special Education
		39,665	Transportation
		\$12,841,217	FY20 State Aid-Projected

<u>Enrollment</u>	<u>Core Funding</u>	<u>Core Instruction Funding</u>	
2,275	9,871.00	22,456,525.00	Enrollment x Core Funding Amount
			Enrollment plus Woonsocket Voc, Ponagansett & RI School for the deaf - potential additional charter school students
			Dec 14th enrollment (2270) Vocational Students (19) - potential additional charter school students (14)
<u>Student Success Factor Funding Rate (Determined by RIDE)</u>	<u>Per Student Success Funding Rate</u>		
0.4	\$ 3,948.40		Core Funding x student Success Factor
<u>FRPL RADM</u>	<u>Success Funding</u>		
703	\$ 2,775,725.20		Free & Reduced Price Lunch enrollment x Student Success Rate
<u>Core Instruction Funding</u>	<u>Success Funding</u>	<u>Total Foundation</u>	
\$ 22,456,525.00	\$ 2,775,725.20	\$ 25,232,250.20	Core Instruction Funding + Success Funding = Total Foundation
<u>District EWAV/District RADM</u>	<u>State EWAV/State RADM</u>	<u>State Share Ratio Community</u>	
\$ 683,166.49	\$ 848,736.25	0.6177	1-0.475*(District EWAV/District RADM)/(State EWAV/State RADM)
<u>PK-6 FRPL ADM</u>	<u>PK-6 Total ADM</u>	<u>PK6 FRPL %</u>	
388	1102	35.2%	
<u>SSRC Squared</u>	<u>PK6 FRPL% Squared</u>		
38.151%	12.397%		
	<u>State Share Ratio</u>		
<u>Total Foundation</u>	25.27%	<u>State Funding</u>	
\$ 25,232,250.20	0.502728421759296	\$ 12,684,969.32	Total Foundation x State Share Ratio = State Funding
	<u>FY2019 State Operations Aid</u>	\$ 12,310,750.00	
		\$ 374,219.32	
		\$ 12,684,969.32	FY20 State Aid
		\$ 81,848.00	Group Home
		\$ 34,735.00	High Cost Special Education
		\$ 39,665.00	Transportation
		\$ 12,841,217.32	FY20 State Aid

Projected Housing Aid Reimbursements FY2020

	<u>Cost of Project</u>	<u>Rate</u>	<u>Reim. Schedule</u>	<u>Reimbursement</u>
Project #10658 (Bonded)	\$ -	0.607	20	\$ 288,271.00
ATL - Ceiling Tile Replacement	\$ 40,000.00	0.569	1	\$ 22,760.00
ATL - Flooring & Asbestos Removal	\$ 88,180.00	0.569	1	\$ 50,174.42
ATL-HVAC Upgrades	\$ 140,467.00	0.569	1	\$ 79,925.72
ATL-Roof Replacement	\$ 844,550.00	0.569	5	\$ 96,109.79
BHS - Check Values	\$ 19,080.00	0.569	1	\$ 10,856.52
BHS Boiler Replacement	\$ 711,665.34	0.569	4	\$ 101,234.39
BHS- Domestic Hot Water	\$ 100,000.00	0.569	1	\$ 56,900.00
BHS HVAC (Operating System)	\$ 24,611.00	0.569	1	\$ 14,003.66
BHS-HVAC Pumps	\$ 20,000.00	0.569	1	\$ 11,380.00
SFE - Domestic Water	\$ 28,500.00	0.569	1	\$ 16,216.50
SFE-Emergency Generator	\$ 121,500.00	0.569	1	\$ 69,133.50
SFE-HVAC Upgrades	\$ 28,600.00	0.569	1	\$ 16,273.40
WLC - HVAC Upgrades	\$ 59,400.00	0.569	1	\$ 33,798.60
Safety Projects - Security Access Control System	\$ 51,600.00	0.569	1	\$ 29,360.40
Safety Projects - Upgrade Security Door Locks	\$ 20,610.00	0.569	1	\$ 11,727.09
Safety Projects - Upgrade Security Camera Infrastr	\$ 28,338.00	0.569	1	\$ 16,124.32
				\$ 924,249.32

Town of Burrillville
All State Aid Comparison
FYE 2019 v FYE 2020
At 1/29/29

	Increase / (Decrease)	FYE 2019 Enacted	FYE 2020 Proposed
School Formula Aid	\$ 374,219.32	\$ 12,310,750.00	\$ 12,684,969.32
School Housing Aid	\$505,833	\$418,416	\$924,249
School Medicaid	TBD		
PILOT - Tax Exempt Properties	(\$9,406)	\$98,273	\$88,867
Public Service Corp. Tax	\$0	\$204,641	\$204,641
EX PHASE O	\$0	\$207,065	\$207,065
EX PHASE Out 2018	\$291,703	\$919,758	\$1,211,461
Meals and Beverage	\$7,576	\$213,853	\$221,429
Local Revenues	TBD		
Library Aid	(\$3,648)	\$173,440	\$169,792
Library Construction Aid	(\$7,299)	\$253,920	\$246,621

NOTE: FYE 2020 State estimate is adjusted up to reflect current student census.