


Office of Town Manager

Town of Burrillville, Rhode Island

Memorandum

To: Town Council

Cc: Vicki Martin, Town Clerk
Michael Larocque, Finance Director
Dr. Michael Sollitto, Superintendent of Schools
William C. Dimitri, Esq., Town Solicitor
Budget Board

From: Michael C. Wood, Town Manager 

Date: May 1, 2020, Revision: May 18, 2020

Re: FY2021 Budget

Total Budget Summary

The recommended budget for next year [FY2021] as presented totals \$52,544,083. This is \$2,047,463 higher (gross) than the current fiscal year.

4.00% Levy Cap

This budget does not exceed the State's 4.00% levy cap, as adjusted.

General Summary

Stand-alone, self-supporting budgets such as Spring Lake Beach, Burrillville Extended Care, Levy Rink and restricted appropriations are not factored into the tax levy, but will be incorporated into the final budget resolution(s).

The Sewer Commission Budget will be distributed but is not part of your deliberations.

Please do not equate a percentage increase in the Operating Budgets with an increase in local property taxes. Revenue (including State Aid), spending, new and changing valuations influence the net tax levy and actual property taxes to be assessed and paid.

Municipal Budget

The Municipal Operating Budget recommended is \$12,221,275 a \$642,039 increase over the current year.

The only major change from the Budget Board's recommendation is the addition of the BPAC, Substance Program in the Police section. BAAP is recommended to be funded as a restricted account.

Debt Service

The annual debt service obligation which is presented in the Municipal Budget has decreased by \$3,131 to \$1,424,786. Good long-term debt management practices contribute to our affordable debt service and removal of Sewer Commission debt from the Town's Budget. Removal of the Sewer Commission Debt by \$633,081 and Burrillville Redevelopment Agency by \$13,810 were recommended by the Town auditors.

School Budget

The School Budget recommendation is \$35,152,838 a \$1,151,882 increase from FY2020. This is mostly formula driven.

Major Capital Expenditures (CIP)

The Capital Budget portion from the TransCanada/OSP tax levy of \$2,575,000 as proposed to the Council has been amended to \$2,560,000 and is included in the various budget calculations.

Revenue Summary

Projected State Aid Revenue is based on School Aid and other categories of State Aid as proposed in the Governor's Budget. These revenue sources are subject to change by the General Assembly.

The State has not yet finalized its State Aid Appropriations so future adjustments are probable.

Motor Vehicle Revenue

Motor vehicle tax revenue is projected to be lower by \$462,921. This is due to the phase-out of motor vehicle taxes enacted by the State last year. The values and related revenue impact are now set/controlled by the State, not the town. State aid should reimburse the Town for a portion of this tax revenue loss.

Phase-out Motor Vehicle Tax

The general impact of the motor vehicle phase-out law increases our motor vehicle exemptions from \$3,000 to \$4,000 in FY2021. The total value of each eligible vehicle is reduced to 80% of NADA value. NADA value is set and controlled by the State. The motor vehicle tax rate of \$35 per thousand is also fixed by the State law.

This phase-out will continue through FY2023, at which time, according to the State, the excise tax (MV tax) will be eliminated. This assumes that the State raises enough revenue to offset the lost motor vehicle revenue lost/eliminated by the new law for all RI cities and towns.

Intergovernmental Receipts

Increased net \$1,811,291.

Key components are:

• Net School Aid increase	-	\$1,196,671
• School Housing/Construction Aid increase	-	\$125,668
• Motor Vehicle Phase Out increase	-	\$464,752
• Library Construction Aid decrease	-	\$7,300

Changes by the General Assembly may require an adjustment (budget reduction, increase tax levy or offsetting transfer) to be made, depending on when the General Assembly finishes their session. We should have final numbers before the June deadline to pass the FY2021 budget, but that has not always been the case.

Details

Non-Property Tax Receipts

We are still reviewing local receipts. If modifications are warranted, we will provide a revised Revenue Budget.

State Education Funding Formula (School Operating Aid)

School Formula Aid is projected to increase by \$1,275,243 based upon enrollment projections from the School Administration and preliminary revenue numbers published by the State. Categorical State Aid is down by \$28,572 and Medicaid estimates have been reduced \$50,000.

Projected School/Library Construction Aid

School and Library Construction Aid has increased \$118,368 over last year, but we will need to transfer \$685,184, based on prior votes of the Town Council.

Looking to future budgets, the reimbursement rate (percentage) from the State for the matching School Construction Grant (subsidy) Program could impact revenues for future budgets. The School Construction Subsidy Program reimburses a portion (percentage) of the total dollars (including debt) spent for eligible School Construction Projects. Completed projects that qualified were the Senior High School, Callahan School and Levy Rink Renovation Projects. Multiple Roof and School CIP Projects are incorporated. If Burrillville's reimbursement rate drops when these reimbursements become payable in future years, the actual State construction reimbursement (dollars) will drop proportionally. This reimbursement rate can (and does) change year to year.

Currently, the reimbursement rate is 56.1424% for regular projects.

Each reimbursement is project specific and can be tied to its debt schedule, if applicable. So, if the various School and Library related debt issues decrease, year to year, the reimbursement changes as well. This applies to refunding bond issues as well.

Sewer Commission Revenue

The Sewer Commission reimburses the Town for general obligation bonds issued on their behalf. The Town receives revenue from the Sewer Department for betterment assessments and, accordingly, we have budgeted \$16,000 as betterment revenue, the same as FY2020.

FY2021 Tax and Levy Impacts

As previously stated, projected State Aid total(s) will be impacted by legislative decisions that usually occur at the end of the State's Budget process. We believe that the legislature will continue to modify the State Aid categories. It is strongly recommended that we wait until this information becomes available before making final budget adjustments.

Motor Vehicle Tax Rate and Exemption

The motor vehicle tax rate, according to law, is fixed at \$35. Motor vehicle exemptions by current law have increased from \$3,000 to \$4,000. There is no flexibility to modify these numbers as was the case in the past.

Tax Cap (Levy)

The law requires a maximum annual cap of four (4) percent. However, the motor vehicle phase-out law does impact the levy calculation. This budget projects a net levy increase of \$270,172 (0.84%). There is \$432,676 remaining under the total cap as this budget is presented.

Residential Taxpayer Impact

The average single family residential property value as of 12/31/2019 is \$273,940. Using this budget as proposed, this potentially **increases** the real estate taxes for a residential property of average value by \$106.

Motor Vehicle Impact

The average passenger vehicle in Burrillville is valued at \$9,860, or 80.00% of its NADA value.

The impact of the current State law **lowers** motor vehicle taxes (in Burrillville) for a vehicle of average value by \$57.

Note: This analysis does not factor in commercial vehicles, motor homes and other non-passenger vehicles, such as motorcycles. Most of these vehicle categories will receive higher motor vehicle tax savings.

Budget Review Process

The Town Council will now turn their attention to the budget. Currently there are two (2) public hearings scheduled by the Town Council. Those dates are as follows:

- 1) **Municipal Budget** – 5/21/2020 - 7:00 p.m. Town Council Chambers
ZOOM
- 2) **School Budget** – 5/28/2020 - 7:00 p.m. Town Council Chambers ZOOM

The budget is scheduled to be voted on by the Town Council on or before June 10, 2021.

Note: Charter deadline date is June 15th.

Please check with the Town Clerk's office prior to any of these dates in the event of a change in any of the meeting or public hearing details.