

JOINT PRE-BUDGET MEETING

Michael C. Wood, Town of Burrillville

January 31, 2022

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



State Revenue and State Aid

- The governor's FY2023 proposed budget was released January 2022. State aid projections and other budgetary impacts are not final and may change.
- If the state cannot support its revenue deficits in fiscal years 22 and 23, there will be significant impacts on cities and towns and their school districts.
- School maintenance of effort (MOE) is not clear at this point of time and could have significant impacts on local taxpayers if the state mishandles MOE.

Projected Tax Cap – FY2023 with MV State Reimbursement

Maximum Levy Including Motor Vehicles Including State Reimbursement

<u>Year</u>	<u>MV Levy</u> <u>Total</u>	<u>Property Tax</u> <u>Maximum</u>	<u>Tax Levy &</u> <u>Reimburse</u>	<u>Property Tax</u> <u>Increase</u>	<u>Maximum</u> <u>Tax Levy</u> <u>Increase</u>	<u>School</u> <u>66.63% for</u> <u>FYE 2022</u>	<u>Municipal</u> <u>33.37% for</u> <u>FYE 2022</u>
2023 Projected	\$4,846,868	\$31,484,170	\$36,331,038	\$1,210,930	\$1,210,929	\$806,842	\$404,087
2024 Projected	\$4,846,868	\$32,743,537	\$37,590,405	\$1,259,367	\$1,259,367	\$839,116	\$420,251
2025 Projected	\$4,846,868	\$34,053,279	\$38,900,147	\$1,309,741	\$1,309,741	\$872,681	\$437,061
2026 Projected	\$4,846,868	\$35,415,410	\$40,262,278	\$1,362,131	\$1,362,131	\$907,588	\$454,543
2027 Projected	\$4,846,868	\$36,832,026	\$41,678,894	\$1,416,616	\$1,416,616	\$943,891	\$472,725

Note: maximum levy allowances are offset (or lowered) annually to reflect the impact of the motor vehicle phase-out revenue.

Revenue Adjustments

FY 2023 Projections

	Increase / (Decrease)	FYE 2022 Enacted/Adopted	FYE 2023 Proposed
School Formula Aid	\$0	\$13,780,456	\$13,780,456
Group Home \$	(75,207.00)	\$75,207	\$0
High Cost Special Ed. \$	86,700.00	\$82,527	\$169,227
PSOC Density Aid \$	(23,500.00)	\$ 23,500.00	
\$	-		
Non Public School Transportation \$	5,803.00	\$31,981	\$37,784
School Housing Aid \$	(13,192.00)	\$253,367	\$240,175
School Medicaid \$	-	\$350,000	\$350,000
PILOT - Tax Exempt Properties	\$1,314	\$98,835	\$100,149
EX PHASE Out Base	\$0	\$207,065	\$207,065
EX PHASE Out 2018	\$988,971	\$2,674,014	\$3,662,985
Meals and Beverage>	\$12,258	\$232,257	\$244,515
Public Service Corp >	\$0	\$197,557	\$197,557
Hotel Tax >	\$0	\$100	\$100
Local Revenues	TBD		
Library Aid	(\$3,943)	\$137,840	\$133,897
Library Construction Aid	(\$7,504)	\$231,931	\$224,427

NOTE: FYE 2023 State data is from the Governor's Proposed State Budget (January 2022). Data not final.

NOTE: FYE 2023 State School Formula Aid estimates per the Governor's Recommended Education Aid (January 2022). Data is not final.

Local Revenue

LS Power (Ocean State Power)

- ❖ The settlement was for six (6) years, commencing FY2017.
- ❖ Assessed value for TransCanada had been fixed at \$160,000,000.
- ❖ Negotiations for a new tax agreement commenced in Calendar 2021. Currently still under negotiation.

2023 OSP (LS Power) Revenue (CIP) -8% with varying Valuations

2022 OSP CIP Allotment	\$2,627,200
2022 Real Estate Tax Rate	\$16.42

Ocean State Power Values	\$170,000,000	\$165,000,000	\$160,000,000	\$155,000,000	\$150,000,000	\$145,000,000	\$140,000,000	\$135,000,000	\$130,000,000
Estimated CIP Allotment	\$2,791,400	\$2,709,300	\$2,627,200	\$2,545,100	\$2,463,000	\$2,380,900	\$2,298,800	\$2,216,700	\$2,134,600
2022 OSP CIP Allotment Variance	\$164,200	\$82,100	\$0	(\$82,100)	(\$164,200)	(\$246,300)	(\$328,400)	(\$410,500)	(\$492,600)

Ocean State Power Value	\$125,000,000	\$120,000,000	\$115,000,000	\$110,000,000	\$105,000,000	\$100,000,000	\$95,000,000	\$90,000,000
Estimated CIP Allotment	\$2,052,500	\$1,970,400	\$1,888,300	\$1,806,200	\$1,724,100	\$1,642,000	\$1,559,900	\$1,477,800
2022 OSP CIP Allotment Variance	(\$574,700)	(\$656,800)	(\$738,900)	(\$821,000)	(\$903,100)	(\$985,200)	(\$1,067,300)	(\$1,149,400)

2022 Real Estate Tax Rate -8% Plus 2% Tax Rate Increase Net estimated 10% Valuation increase	\$15.11
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Ocean State Power Value	\$170,000,000	\$165,000,000	\$160,000,000	\$155,000,000	\$150,000,000	\$145,000,000	\$140,000,000	\$135,000,000	\$130,000,000
Estimated CIP Allotment	\$2,568,088	\$2,492,556	\$2,417,024	\$2,341,492	\$2,265,960	\$2,190,428	\$2,114,896	\$2,039,364	\$1,963,832
2022 OSP CIP Allotment Variance	(\$59,112)	(\$134,644)	(\$210,176)	(\$285,708)	(\$361,240)	(\$436,772)	(\$512,304)	(\$587,836)	(\$663,368)

Ocean State Power Value	\$125,000,000	\$120,000,000	\$115,000,000	\$110,000,000	\$105,000,000	\$100,000,000	\$95,000,000	\$90,000,000
Estimated CIP Allotment	\$1,888,300	\$1,812,768	\$1,737,236	\$1,661,704	\$1,586,172	\$1,510,640	\$1,435,108	\$1,359,576
2022 OSP CIP Allotment Variance	(\$738,900)	(\$814,432)	(\$889,964)	(\$965,496)	(\$1,041,028)	(\$1,116,560)	(\$1,192,092)	(\$1,267,624)

NOTE: OSP (LS Power) Tax Agreement expires at the end of FY2022. Currently under negotiation. 2% Tax Rate Increase net estimated 10% Valuation increase.

2023 OSP (LS Power) Revenue (CIP) -8%

Tax Rate at 7/1/21	\$16.42/\$1,000
Tax Rate Decrease of -8%*	\$15.11/\$1,000
OSP Valuation	\$160,000,000
CIP at \$16.42/\$1,000	\$2,627,200
CIP at \$15.11/\$1,000	\$2,417,024
CIP Decrease	\$210,176

NOTE: OSP (LS Power) Tax Agreement expires at the end of FY2022. Currently under negotiations.

* -8%: 2% Tax Rate Increase net estimated 10% Valuation increase.

Financial Factors to Consider



School Surplus

- ❖ As of the close of FY 2021, the unaudited unassigned balance is \$1,894,711 for potential use by the School Committee.

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	\$914,445	\$244,322	Included with Town	Included with Town
OPEB	\$1,914,469	\$1,543,297	\$25,412	\$56,980

Current Debt Service Schedule

Fiscal 2022 forward		Note: Sewer debt service excluded	
Year	Existing	Total	Tax Rate Effect
	<u>Debt Service</u>	Debt Service	\$0.01 = \$18,436
2022	\$ 1,394,121	\$ 1,394,121	\$ 75.62
2023	\$ 1,485,886	\$ 1,485,886	\$ 80.60
2024	\$ 1,454,628	\$ 1,454,628	\$ 78.90
2025	\$ 1,415,589	\$ 1,415,589	\$ 76.79
2026	\$ 1,015,176	\$ 1,015,176	\$ 55.07
2027	\$ 441,675	\$ 441,675	\$ 23.96
2028	\$ 187,224	\$ 187,224	\$ 10.16
2029	\$ 185,076	\$ 185,076	\$ 10.04
2030	\$ 182,700	\$ 182,700	\$ 9.91
2031	\$ 180,179	\$ 180,179	\$ 9.77
2032	\$ 177,579	\$ 177,579	\$ 9.63
2033	\$ 174,801	\$ 174,801	\$ 9.48
2034	\$ 171,784	\$ 171,784	\$ 9.32
2035	\$ 168,578	\$ 168,578	\$ 9.14
2036	\$ 165,222	\$ 165,222	\$ 8.96
2037	\$ 161,733	\$ 161,733	\$ 8.77
2038	\$ 38,978	\$ 38,978	\$ 2.11
	<u>\$ 9,000,931</u>	<u>\$ 9,000,931</u>	
	<u>Total</u>		
Notes Payable*			
2022	\$ 3,228,764	\$ 3,228,764	\$ 175.14
	<u>\$ 3,228,764</u>	<u>\$ 3,228,764</u>	

Projected Debt Service Schedules

Fiscal 2022 forward. Note: Sewer debt service excluded								
Year	Existing Debt Service	School Project \$7M	Total Debt Service	Tax Rate Effect \$0.01 = \$18,436	School Estimated Reimbursement	Debt Service including Est. Reimbursement	Tax Rate Effect \$0.01 = \$18,436	
2022	\$ 1,394,121	\$ 12,764	\$ 1,406,885	\$ 76.31		\$ 1,406,885	\$ 76.31	
2023	\$ 1,485,886	\$ 212,355	\$ 1,698,241	\$ 92.12		\$ 1,698,241	\$ 92.12	
2024	\$ 1,454,628	\$ 797,800	\$ 2,252,428	\$ 122.18	\$ (587,567)	\$ 1,664,861	\$ 90.31	
2025	\$ 1,415,589	\$ 485,400	\$ 1,900,989	\$ 103.12	\$ (282,338)	\$ 1,618,651	\$ 87.80	
2026	\$ 1,015,176	\$ 476,850	\$ 1,492,026	\$ 80.93	\$ (277,365)	\$ 1,214,661	\$ 65.89	
2027	\$ 441,675	\$ 468,300	\$ 909,975	\$ 49.36	\$ (272,391)	\$ 637,584	\$ 34.58	
2028	\$ 187,224	\$ 456,900	\$ 644,124	\$ 34.94	\$ (265,760)	\$ 378,364	\$ 20.52	
2029	\$ 185,076	\$ 445,500	\$ 630,576	\$ 34.20	\$ (259,130)	\$ 371,446	\$ 20.15	
2030	\$ 182,700	\$ 434,100	\$ 616,800	\$ 33.46	\$ (252,499)	\$ 364,301	\$ 19.76	
2031	\$ 180,179	\$ 422,700	\$ 602,879	\$ 32.70	\$ (245,868)	\$ 357,011	\$ 19.37	
2032	\$ 177,579	\$ 408,450	\$ 586,029	\$ 31.79	\$ (237,579)	\$ 348,450	\$ 18.90	
2033	\$ 174,801	\$ 389,200	\$ 564,001	\$ 30.59	\$ (226,382)	\$ 337,619	\$ 18.31	
2034	\$ 171,784	\$ 378,000	\$ 549,784	\$ 29.82	\$ (219,867)	\$ 329,917	\$ 17.90	
2035	\$ 168,578	\$ 366,800	\$ 535,378	\$ 29.04	\$ (213,353)	\$ 322,025	\$ 17.47	
2036	\$ 165,222	\$ 355,600	\$ 520,822	\$ 28.25	\$ (206,838)	\$ 313,984	\$ 17.03	
2037	\$ 161,733	\$ 344,400	\$ 506,133	\$ 27.45	\$ (200,324)	\$ 305,809	\$ 16.59	
2038	\$ 38,978	\$ 333,200	\$ 372,178	\$ 20.19	\$ (193,809)	\$ 178,369	\$ 9.68	
2039		\$ 322,000	\$ 322,000	\$ 17.47	\$ (187,295)	\$ 134,705	\$ 7.31	
2040		\$ 313,600	\$ 313,600	\$ 17.01	\$ (182,409)	\$ 131,191	\$ 7.12	
2041		\$ 305,200	\$ 305,200	\$ 16.55	\$ (177,523)	\$ 127,677	\$ 6.93	
2042		\$ 296,800	\$ 296,800	\$ 16.10	\$ (172,637)	\$ 124,163	\$ 6.73	
2043		\$ 288,400	\$ 288,400	\$ 15.64	\$ (167,751)	\$ 120,649	\$ 6.54	
	\$ 9,000,931	\$ 8,314,319	\$ 17,315,250		\$ (4,828,685)	\$ 12,486,565		

\$7M School Project: Schedule assumes Bond issuance in May 2022.

2/1/2022

Exploring use of ARPA Funding for portion of the \$7M School Project.

FACTORS POTENTIALLY IMPACTING FY2022 & BEYOND



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, June or possibility even later due to COVID. 2022 State aid was not known until July 2021 and 2021 State aid was not known until December 2020 as a result of COVID.
- ❖ COVID impacts:
 - ❖ Lower enrollment in Schools
 - ❖ Free lunches for all – no applications for free or reduced lunches were submitted and this is part of the State shared calculation.

State Finances

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

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.

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

Supporting Information

Pandemic Transition Fund

- ❖ STATE Funding Formula not used for FY 2023.
- ❖ Governor's Recommended Budget includes the use of a Pandemic Transition Fund to bring all LEA's back to level funding.

District: Burrillville (03)**Funded By: Bonds**

Project Number:	Status:	Reg Bonus:	Incent Bonus:	Ratio Used:	Net Cost:	Total Aid:	Term:	Construction Entitlement:	Interest Entitlement:	Total Entitlement:
10658	A	.00	.04	.606503	\$3,755,000	\$2,277,419	20	\$200,146	\$40,029	\$240,175
12346	P	.00	.10	.608038	\$3,976,208	\$2,417,686	19	\$120,884	\$91,872	\$212,756
Total for Bonds					\$7,731,208	\$4,695,105		\$321,030	\$131,901	\$452,931
Total for Burrillville					\$7,731,208	\$4,695,105		\$321,030	\$131,901	\$452,931

School Housing Aid

Reimbursements FYE 2023

<u>Project #</u>	<u>Project</u>	<u>Actual Cost</u>	<u>Rate</u>	<u>Reimb Schedule</u>	<u>Projected Reimbursement</u>
10658	Bonded > FYE 2027		0.607	20 yrs	\$ 240,175.00
	Total				\$ 240,175.00
School does not anticipate project completion with reimbursement for 2022.					

General Obligation Bonds & Debt Schedule (as of June 30, 2021) Governmental Activities

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,326,800	\$ 159,086	\$ 1,485,886
2024	\$ 1,324,800	\$ 129,828	\$ 1,454,628
2025	\$ 1,322,800	\$ 92,789	\$ 1,415,589
2026	\$ 955,800	\$ 59,376	\$ 1,015,176
2027	\$ 408,800	\$ 32,875	\$ 441,675
2028	\$ 158,800	\$ 28,424	\$ 187,224
2029	\$ 158,800	\$ 26,276	\$ 185,076
2030	\$ 158,800	\$ 23,900	\$ 182,700
2031	\$ 158,800	\$ 21,379	\$ 180,179
2032	\$ 158,800	\$ 18,779	\$ 177,579
2033	\$ 158,800	\$ 16,001	\$ 174,801
2034	\$ 158,800	\$ 12,984	\$ 171,784
2035	\$ 158,800	\$ 9,778	\$ 168,578
2036	\$ 158,800	\$ 6,422	\$ 165,222
2037	\$ 158,800	\$ 2,933	\$ 161,733
2038	\$ 38,400	\$ 578	\$ 38,978
	<u>\$ 6,965,400</u>	<u>\$ 641,410</u>	<u>\$ 7,606,810</u>

General Obligation Bonds & Debt Schedule (as of June 30, 2021)

Business-Type Activities (Sewer)

<u>Year Ending June 30.</u>	<u>Business- Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 739,000	\$ 137,468	\$ 876,468
2024	\$ 743,000	\$ 168,146	\$ 911,146
2025	\$ 747,000	\$ 174,259	\$ 921,259
2026	\$ 751,000	\$ 163,203	\$ 914,203
2027	\$ 756,000	\$ 151,088	\$ 907,088
2028	\$ 761,000	\$ 137,861	\$ 898,861
2029	\$ 591,000	\$ 125,305	\$ 716,305
2030	\$ 597,000	\$ 113,564	\$ 710,564
2031	\$ 604,000	\$ 101,196	\$ 705,196
2032	\$ 610,000	\$ 88,346	\$ 698,346
2033	\$ 617,000	\$ 74,804	\$ 691,804
2034	\$ 624,000	\$ 60,535	\$ 684,535
2035	\$ 632,000	\$ 45,635	\$ 677,635
2036	\$ 384,000	\$ 34,039	\$ 418,039
2037	\$ 250,000	\$ 27,805	\$ 277,805
2038	\$ 250,000	\$ 23,157	\$ 273,157
2039	\$ 250,000	\$ 18,295	\$ 268,295
2040	\$ 250,000	\$ 13,243	\$ 263,243
2041	\$ 250,000	\$ 8,024	\$ 258,024
2042	\$ 250,000	\$ 2,687	\$ 252,687
	<u>\$ 10,656,000</u>	<u>\$ 1,668,659</u>	<u>\$ 12,324,659</u>

Note: Proposed sewer bonds for FY2023 and beyond, not incorporated in this projection.

Maximum Tax Levy Projections – 5 Years

<u>Year</u>		<u>MV Levy per Current Law</u>	<u>Property Tax Maximum</u>	<u>Combined Tax Levy Cap</u>	<u>Property Tax Increase</u>	<u>Total Tax Levy Increase</u>
2023	Projected	\$897,290	\$31,484,170	\$32,381,460	\$1,210,930	(\$64,635)
2024	Projected	\$0	\$32,743,537	\$32,743,537	\$1,259,367	\$362,077
2025	Projected	\$0	\$34,053,279	\$34,053,279	\$1,309,741	\$1,309,741
2026	Projected	\$0	\$35,415,410	\$35,415,410	\$1,362,131	\$1,362,131
2027	Projected	\$0	\$36,832,026	\$36,832,026	\$1,416,616	\$1,416,616