

JOINT PRE-BUDGET MEETING

Michael C. Wood, Town of Burrillville

January 07, 2021

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 FY2022 budget release has been postponed until March 2021, so state aid projections and other budgetary impacts will not be known until at least that time.
- If the state cannot support its revenue deficits in fiscal years 21 and 22, 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.

State Revenue and State Aid

- Using the last state revenue estimating conference in November 2020, state revenues are projected to be lower by \$400,000,000 to \$500,000,000 in FY2021, impacting FY2022.
- The state is using federal monies to cover its revenue losses in FY2021 and, in turn, state aid to most cities and towns.

Projected Tax Cap – FY2022 with MV State Reimbursement

Maximum Levy Including Motor Vehicles Including State Reimbursement

<u>Year</u>	<u>MV Levy Total</u>	<u>Property Tax Maximum</u>	<u>Tax Levy & Reimburse</u>	<u>Maximum Tax Levy Increase</u>	<u>School 66.54%</u>	<u>Municipal 33.46%</u>
2022 Projected	\$4,846,868	\$30,485,666	\$35,332,534	\$1,172,526	\$780,199	\$392,327
2023 Projected	\$4,846,868	\$31,705,093	\$36,551,961	\$1,219,427	\$811,406	\$408,020
2024 Projected	\$4,846,868	\$32,973,296	\$37,820,164	\$1,268,204	\$843,863	\$424,341
2025 Projected	\$4,846,868	\$34,292,228	\$39,139,096	\$1,318,932	\$877,617	\$441,315
2026 Projected	\$4,846,868	\$35,663,917	\$40,510,785	\$1,371,689	\$912,722	\$458,967

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

Revenue Adjustments FY 2022 Projections

	Increase / (Decrease)	FYE 2021 Enacted/Adopted	FYE 2022 Proposed
School Formula Aid \$	(1,149,613.92)	\$14,142,025	\$12,992,411
Group Home \$	-	\$73,935	\$73,935
High Cost Special Ed. \$	-	\$77,879	\$77,879
Non Public School Transportation \$	-	\$57,674	\$57,674
School Housing Aid		\$948,710	\$253,367
School Medicaid	TBD		
PILOT - Tax Exempt Properties	N/A	\$109,259	TBD
EX PHASE Out Base	N/A		TBD
EX PHASE Out 2018	N/A	\$2,707,298	TBD
Meals and Beverage >	\$39,096	\$177,036	\$216,132
Public Service Corp >	N/A	\$204,918	TBD
Hotel Tax >	\$90	\$82	\$172
Per Capita		\$120,679	
Local Revenues	TBD		
Library Aid	\$1,106	\$136,781	\$137,887
Library Construction Aid	N/A	\$239,321	TBD

NOTE: FYE 2022 State estimate for Meals/Beverages and Hotel is per the governor's proposal as of May 2020. Data not final.

NOTE: FYE 2022 State School Formula Aid estimate is adjusted down to reflect current enrollment.

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 must commence in Calendar 2021.

2022 OSP (LS Power) Revenue (CIP) 2%

Tax Rate at 7/1/20	\$16.01/\$1,000
Tax Rate Increased by 2%	\$16.33/\$1,000
OSP Valuation	\$160,000,000
CIP at \$16.01/\$1,000	\$2,561,600
CIP at \$16.33/\$1,000	\$2,612,800
CIP Increase	\$51,200

NOTE: OSP (LS Power) Tax Agreement expires at the end of FY2022 (one year remaining).

OSP Revenue

- The OSP tax agreement expires after FY2022. By way of example and not based on any factual data on hand, please consider the following impact on CIP revenues using different valuation scenarios:

2023 OSP (LS Power) Revenue (CIP) Valuation at \$125,000,000 (Illustration)

Tax Rate at 7/1/20	\$16.01/\$1,000		
Tax Rate Increased by 2%	\$16.33/\$1,000		\$160M vs \$125M OSP Valuation
OSP Valuation	\$160,000,000	\$125,000,000	\$35,000,000
CIP at \$16.01/\$1,000	\$2,561,600	\$2,001,250	\$560,350
CIP at \$16.33/\$1,000	\$2,612,800	\$2,041,250	\$571,550



2023 OSP (LS Power) Revenue (CIP) Valuation at \$90,000,000 (Illustration)

Tax Rate at 7/1/20	\$16.01/\$1,000		
Tax Rate Increased by 2%	\$16.33/\$1,000		\$160M vs \$90M OSP Valuation
OSP Valuation	\$160,000,000	\$90,000,000	\$70,000,000
CIP at \$16.01/\$1,000	\$2,561,600	\$1,440,900	\$1,120,700
CIP at \$16.33/\$1,000	\$2,612,800	\$1,469,700	\$1,143,100



Financial Factors to Consider



School Surplus

- ❖ As of the close of FY 2020, the audit shows an unassigned balance of \$669,852 for potential use by the School Committee.

Note: Because of COVID and federal reimbursements, this number will change! The school administration's number is closer to reality for FY2022

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	\$794,339	\$262,154	Included with Town	Included with Town
OPEB	\$1,865,104	\$1,399,215	\$25,931	\$47,747

Current Debt Service Schedule

Fiscal 2021 forward

Note: Sewer debt service excluded.

Year	Existing Debt Service	Total Debt Service	Tax Rate Effect \$0.01 = \$18,309
2021	\$ 1,425,585.00	\$ 1,425,585.00	\$ 77.86
2022	\$ 1,391,945.00	\$ 1,391,945.00	\$ 76.03
2023	\$ 1,352,866.00	\$ 1,352,866.00	\$ 73.89
2024	\$ 1,314,672.00	\$ 1,314,672.00	\$ 71.80
2025	\$ 1,276,227.00	\$ 1,276,227.00	\$ 69.70
2026	\$ 876,540.00	\$ 876,540.00	\$ 47.87
2027	\$ 303,897.00	\$ 303,897.00	\$ 16.60
2028	\$ 50,460.00	\$ 50,460.00	\$ 2.76
2029	\$ 49,494.00	\$ 49,494.00	\$ 2.70
2030	\$ 48,462.00	\$ 48,462.00	\$ 2.65
2031	\$ 47,393.00	\$ 47,393.00	\$ 2.59
2032	\$ 46,293.00	\$ 46,293.00	\$ 2.53
2033	\$ 45,159.00	\$ 45,159.00	\$ 2.47
2034	\$ 44,002.00	\$ 44,002.00	\$ 2.40
2035	\$ 42,836.00	\$ 42,836.00	\$ 2.34
2036	\$ 41,682.00	\$ 41,682.00	\$ 2.28
2037	\$ 40,533.00	\$ 40,533.00	\$ 2.21
2038	\$ 38,978.00	\$ 38,978.00	\$ 2.13
2039		\$ -	\$ -
2040		\$ -	\$ -
2041		\$ -	\$ -
2042		\$ -	\$ -
2043		\$ -	\$ -
	\$ 8,437,024.00	\$ 8,437,024.00	

Projected Debt Service Schedules

Fiscal 2021 forward

Note: Current and future sewer debt excluded

Year	Existing	Harrisville	School	Total	Tax Rate Effect	School Estimated	61%
	Debt Service	Dam	Project \$7M	Debt Service	\$0.01 = \$18,309	Reimbursement	
2021	\$ 1,425,585.00			\$ 1,425,585.00	\$ 77.86		
2022	\$ 1,391,945.00	\$ 154,667.00	\$ 104,320.00	\$ 1,650,932.00	\$ 90.17		
2023	\$ 1,352,866.00	\$ 151,467.00	\$ 164,800.00	\$ 1,669,133.00	\$ 91.16		
2024	\$ 1,314,672.00	\$ 148,267.00	\$ 620,760.00	\$ 2,083,699.00	\$ 113.81	\$ (359,420.04)	
2025	\$ 1,276,227.00	\$ 145,067.00	\$ 552,000.00	\$ 1,973,294.00	\$ 107.78	\$ (319,608.00)	
2026	\$ 876,540.00	\$ 141,867.00	\$ 539,400.00	\$ 1,557,807.00	\$ 85.08	\$ (312,312.60)	
2027	\$ 303,897.00	\$ 138,667.00	\$ 526,800.00	\$ 969,364.00	\$ 52.94	\$ (305,017.20)	
2028	\$ 50,460.00	\$ 135,467.00	\$ 514,200.00	\$ 700,127.00	\$ 38.24	\$ (297,721.80)	
2029	\$ 49,494.00	\$ 132,267.00	\$ 501,600.00	\$ 683,361.00	\$ 37.32	\$ (290,426.40)	
2030	\$ 48,462.00	\$ 129,067.00	\$ 489,000.00	\$ 666,529.00	\$ 36.40	\$ (283,131.00)	
2031	\$ 47,393.00	\$ 125,867.00	\$ 476,400.00	\$ 649,660.00	\$ 35.48	\$ (275,835.60)	
2032	\$ 46,293.00	\$ 122,667.00	\$ 458,800.00	\$ 627,760.00	\$ 34.29	\$ (265,186.40)	
2033	\$ 45,159.00	\$ 119,467.00	\$ 446,400.00	\$ 611,026.00	\$ 33.37	\$ (258,019.20)	
2034	\$ 44,002.00	\$ 116,267.00	\$ 434,000.00	\$ 594,269.00	\$ 32.46	\$ (250,852.00)	
2035	\$ 42,836.00	\$ 113,067.00	\$ 421,600.00	\$ 577,503.00	\$ 31.54	\$ (243,684.80)	
2036	\$ 41,682.00	\$ 109,862.00	\$ 409,200.00	\$ 560,744.00	\$ 30.63	\$ (236,517.60)	
2037	\$ 40,533.00	\$ -	\$ 396,800.00	\$ 437,333.00	\$ 23.89	\$ (229,350.40)	
2038	\$ 38,978.00		\$ 384,400.00	\$ 423,378.00	\$ 23.12	\$ (222,183.20)	
2039			\$ 372,000.00	\$ 372,000.00	\$ 20.32	\$ (215,016.00)	
2040			\$ 359,600.00	\$ 359,600.00	\$ 19.64	\$ (207,848.80)	
2041			\$ 347,200.00	\$ 347,200.00	\$ 18.96	\$ (200,681.60)	
2042			\$ 334,800.00	\$ 334,800.00	\$ 18.29	\$ (193,514.40)	
2043			\$ 322,400.00	\$ 322,400.00	\$ 17.61	\$ (186,347.20)	
	\$ 8,437,024.00	\$ 1,984,000.00	\$ 9,176,480.00	\$ 19,597,504.00		\$ (5,152,674.24)	

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. 2021 State aid was not known until December 2020 as a result of COVID.

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.**