

# JOINT PRE-BUDGET MEETING

**Michael C. Wood, Town of Burrillville**

January 30, 2023

# 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 FY2024 proposed budget was released January 2023. State aid projections and other budgetary impacts are not final and may change.
- 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.
- Changes to the School formula Aide are expected to be proposed.

# Maximum Tax Levy Projections – 5 Years

## Maximum Levy But Without State Reimbursement

<u>Year</u>		<u>Property Tax</u> <u>Maximum</u>	<u>Tax Levy</u> <u>Cap</u>	<u>Property Tax</u> <u>Increase</u>	<u>Total Tax</u> <u>Levy</u> <u>Increase</u>
2024	Projected	\$31,966,762	\$31,966,762	\$1,229,491	\$1,229,491
2025	Projected	\$33,245,433	\$33,245,433	\$1,278,670	\$1,278,670
2026	Projected	\$34,575,250	\$34,575,250	\$1,329,817	\$1,329,817
2027	Projected	\$35,958,260	\$35,958,260	\$1,383,010	\$1,383,010
2028	Projected	\$37,396,590	\$37,396,590	\$1,438,330	\$1,438,330

# Projected Tax Cap – FY2024 with MV State Reimbursement

## Maximum Levy Including State Reimbursement

<u>Year</u>		<u>State Reimburse</u>	<u>Property Tax Maximum</u>	<u>Tax Levy &amp; Reimburse</u>	<u>Property Tax Increase</u>	<u>Maximum Tax Levy Increase</u>	<u>School 71.66% for FYE 2023</u>	<u>Municipal 28.34% for FYE 2023</u>
2024	Projected	\$4,846,868	\$31,966,762	\$36,813,630	\$1,229,491	\$1,229,491	\$881,053	\$348,438
2025	Projected	\$4,846,868	\$33,245,433	\$38,092,301	\$1,278,670	\$1,278,670	\$916,295	\$362,375
2026	Projected	\$4,846,868	\$34,575,250	\$39,422,118	\$1,329,817	\$1,329,817	\$952,947	\$376,870
2027	Projected	\$4,846,868	\$35,958,260	\$40,805,128	\$1,383,010	\$1,383,010	\$991,065	\$391,945
2028	Projected	\$4,846,868	\$37,396,590	\$42,243,458	\$1,438,330	\$1,438,330	\$1,030,708	\$407,623



# Revenue Adjustments

## FY 2024 Projections

	Increase / (Decrease)	FYE 2023 Revised	FYE 2024 Proposed
School Formula Aid	(\$399,136)	\$14,202,416	\$13,803,280
Group Home \$	-	\$0	\$0
High Cost Special Ed. \$	(77,982.00)	\$169,227	\$91,245
Non Public School Transportation \$	(37,784.00)	\$37,784	\$0
School Housing Aid \$	158,596.00	\$317,702	\$476,298
School Medicaid \$	-	\$350,000	\$350,000
PILOT - Tax Exempt Properties	TBD	\$105,242	TBD
EX PHASE Out Base	\$0	\$207,065	\$207,065
EX PHASE Out 2018	\$0	\$4,846,868	\$4,846,868
Meals and Beverage>	\$14,094	\$256,063	\$270,157
Public Service Corp >	\$0	\$206,687	\$206,687
Hotel Tax >	\$21	\$257	\$278
Local Revenues	TBD		
Library Aid	\$16,402	\$149,555	\$165,957
Library Construction Aid	(\$7,528)	\$224,427	\$216,899

NOTE: FYE 2024 State data is from the Governor's Proposed State Budget (January 2023). Data not final.

NOTE: FYE 2024 State School Formula Aid estimates per the Governor's Recommended Education Aid (January 2023). Data is not final.

# Local Revenue

## LS Power (Ocean State Power)

- ❖ The new agreement is for six (6) years, commencing FY2023.
- ❖ Assessed value for TransCanada is fixed at \$150,000,000 for FY 2024, or \$2,463,000 (a decrease of \$164,200).
- ❖ Subsequent years reflected in the next slide.

# 2023 OSP (LS Power)

## March 2022 New Contract

Tax Rate \$16.42

Assessment Date	Tax Year	Fiscal Year	Agreed Assessment	Tax Amount
12/31/2021	2022	2023	\$160,000,000	\$2,627,200
12/31/2022	2023	2024	\$150,000,000	\$2,463,000
12/31/2023	2024	2025	\$140,000,000	\$2,298,800
12/31/2024	2025	2026	\$130,000,000	\$2,134,600
12/31/2025	2026	2027	\$130,000,000	\$2,134,600
12/31/2026	2027	2028	\$130,000,000	\$2,134,600

# Financial Factors to Consider



# School Surplus

- ❖ As of the close of FY 2022, the unaudited unassigned balance is \$598,312 for potential use by the School Committee.

# School Undesignated Fund Balance

- ❖ The School Committee's FY2022 approved budget authorized use of undesignated funds to support funding of the school budget for a total of three years not to exceed \$540,000. Tax rate could be impacted for FY2024 and / or FY2025.
- ❖ FY2023 \$250,000
- ❖ FY2024 TBD by Town Council
  - ❖ \$0.11 tax impact to be reconciled
- ❖ FY2025 TBD by Town Council

Note: \$290,000 to potentially be allocated over FY's 2024 & 2025.

# 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:

	FY2022 Unaudited Data			
	<u>School</u>	<u>Town</u>	<u>Wastewater</u>	<u>Library</u>
Unfunded	\$854,290	\$212,531	Included with Town	Included with Town
OPEB	\$1,910,557	\$1,563,487	\$27,396	\$66,264

# Current Debt Service Schedule

Fiscal 2023 forward

Note: Sewer debt service excluded

Year	Existing Debt Service	Total Debt Service	Tax Rate Effect \$0.01 = \$22,097
2023	\$ 1,725,824	\$ 1,725,824	\$ 78.10
2024	\$ 2,216,888	\$ 2,216,888 *	\$ 100.32
2025	\$ 2,049,839	\$ 2,049,839	\$ 92.76
2026	\$ 1,642,876	\$ 1,642,876	\$ 74.35
2027	\$ 1,049,875	\$ 1,049,875	\$ 47.51
2028	\$ 775,924	\$ 775,924	\$ 35.11
2029	\$ 754,276	\$ 754,276	\$ 34.13
2030	\$ 732,400	\$ 732,400	\$ 33.14
2031	\$ 714,279	\$ 714,279	\$ 32.32
2032	\$ 692,179	\$ 692,179	\$ 31.32
2033	\$ 669,901	\$ 669,901	\$ 30.32
2034	\$ 647,384	\$ 647,384	\$ 29.30
2035	\$ 624,678	\$ 624,678	\$ 28.27
2036	\$ 601,822	\$ 601,822	\$ 27.24
2037	\$ 582,733	\$ 582,733	\$ 26.37
2038	\$ 439,378	\$ 439,378	\$ 19.88
	<u>\$ 15,920,258</u>	<u>\$ 15,920,258</u>	

\* FY2024 +\$491,064



# Projected Debt Service Schedules

Fiscal 2023 forward. Note: Sewer debt service excluded				
Year	<u>Existing</u> <u>Debt Service</u>	<u>Artificial Turf Field</u> <u>\$5M 15 Year 3.75%</u>	<u>Total</u> <u>Debt Service</u>	<u>Tax Rate Effect</u> <u>\$0.01 = \$22,097</u>
2023	\$ 1,725,824		\$ 1,725,824	\$ 78.10
2024	\$ 2,216,888		\$ 2,216,888	\$ 100.32
2025	\$ 2,049,839	\$ 566,250	\$ 2,616,089 *	\$ 118.39
2026	\$ 1,642,876	\$ 509,938	\$ 2,152,814	\$ 97.42
2027	\$ 1,049,875	\$ 497,375	\$ 1,547,250	\$ 70.02
2028	\$ 775,924	\$ 484,813	\$ 1,260,737	\$ 57.05
2029	\$ 754,276	\$ 472,250	\$ 1,226,526	\$ 55.51
2030	\$ 732,400	\$ 459,688	\$ 1,192,088	\$ 53.95
2031	\$ 714,279	\$ 447,125	\$ 1,161,404	\$ 52.56
2032	\$ 692,179	\$ 434,563	\$ 1,126,742	\$ 50.99
2033	\$ 669,901	\$ 422,000	\$ 1,091,901	\$ 49.41
2034	\$ 647,384	\$ 409,438	\$ 1,056,822	\$ 47.83
2035	\$ 624,678	\$ 391,875	\$ 1,016,553	\$ 46.00
2036	\$ 601,822	\$ 379,500	\$ 981,322	\$ 44.41
2037	\$ 582,733	\$ 367,125	\$ 949,858	\$ 42.99
2038	\$ 439,378	\$ 354,750	\$ 794,128	\$ 35.94
2039	\$ -	\$ 342,375	\$ 342,375	\$ 15.49
	\$ 15,920,258	\$ 6,539,063	\$ 22,459,320	

Still researching other funding opportunities ie grants etc.

\* FY2025 +\$399,201

# FACTORS POTENTIALLY IMPACTING FY2024 & 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.
- ❖ COVID impacts:
  - ❖ Lower enrollment in Schools
  - ❖ Free and Reduce Lunch Program – no longer a good measure.
  - ❖ FY2024 School Aid new poverty measure: (\$798,272) reduction.
    - ❖ (\$911,110) reduction based on 42% Student Success Factor.
    - ❖ \$ 57,081 increase: Homeless Categorical
    - ❖ \$ 55,757 increase: PSOC New Seats Transition Fund
  - ❖ FY2024 Impact (\$399,136) reduction
    - ❖ 50% of reduction offset with Temporary Enrollment Assistance of \$399,136 in 2024 only.
  - ❖ FY2025 Accumulative Impact (\$798,272) reduction
    - ❖ (\$399,136) reduction FY2025 vs FY2024 (50% reduction in FY2024).

# State Finances

- ❖ The state's financial problems still exist, especially as it relates to structural deficits.
- ❖ The state's revenue problems traditionally have become a local problem!

# Motor Vehicle Values

- ❖ Motor Vehicle Tax has been phased out as of FY2023.

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