

Town Council/School Committee

FY2016-2017

Initial Budget Hearing

December 7, 2015

Budget Development Goals to be Accomplished

- Provide general information relative to Jamestown's Budget Development and Adoption Process.
- Provide documentation relative to base budget development starting points.
 - ▶ Property tax projections
 - ▶ New projects and other cost factors
 - ▶ Contractual obligations
- Begin the process of soliciting comments from the public relating to the general goals and objectives of the budget for the ensuing year.

FY 2016-2017 BUDGET SCHEDULE and Related Meetings

Date	Time	Meeting
Monday, December 7, 2015	5:00PM	Joint Town/ School Committee Budget Discussion
	6:30PM	Water and Sewer Meeting
	7:00PM	Regular Town Council Meeting
Monday, December 21, 2015	7:00PM	Regular Town Council Meeting (tentative)
Monday, January 4, 2016	6:30PM	Water and Sewer Meeting
Monday, January 4, 2016	7:00PM	Regular Town Council Meeting
Monday, January 18, 2016	7:30PM	Regular Town Council Meeting
Tuesday, January 12, 2016	1:00 / 2:30PM	Staff Budget Meetings
Wednesday, January 13, 2016	1:00 / 2:30PM	Staff Budget Meetings
Thursday, January 14, 2016	1:00 / 2:30PM	Staff Budget Meetings
Friday, January 15, 2016	1:00 / 2:30PM	Staff Budget Meetings
Tuesday, January 19, 2016	1:00 / 2:30PM	Staff Budget Meetings
Wednesday, January 20, 2016	1:00 / 2:30PM	Staff Budget Meetings
Thursday, January 21, 2016	1:00 / 2:30PM	Staff Budget Meetings
Friday, January 22, 2016	1:00 / 2:30PM	Staff Budget Meetings
Monday, February 1, 2016	6:30PM	Water and Sewer Meeting
Monday, February 1, 2016	7:00PM	Regular Town Council Meeting
Monday, February 15, 2016	7:30PM	Regular Town Council Meeting
Monday, March 7, 2016	6:30pm	Water and Sewer Meeting
Monday, March 7, 2016	7:00pm	Regular Town Council Meeting
Monday, March 7, 2016	7:00pm	Submittal of FY2016-2017 Town Budget
Monday, March 14, 2016	6:00pm	Capital Budget Work session
Monday, March 21, 2016	7:30pm	Regular Town Council Meeting
Monday, March 28, 2016	6:00pm	Town Operating Budget Work session
March		Joint Town Council/School Committee Budget Work session
April	6:00pm	Town Operating, Capital, School Budget Review Session (tentative)
Monday, April 4, 2016	6:30pm	Water and Sewer Meeting
Monday, April 4, 2016	7:00pm	Regular Town Council Meeting
April	6:00pm	Town Operating, Capital, School Budget Review Session (tentative)
Monday, April 18, 2016	7:30pm	Regular Town Council Meeting
Monday, April 18, 2016	7:30pm	Town Council Budget Adoption FY2016-2017
Monday, May 2, 2016	6:30pm	Water and Sewer Meeting
Monday, May 2, 2016	7:00pm	Regular Town Council Meeting
Monday, May 16, 2016	7:30pm	Regular Town Council Meeting
Monday, June 6, 2016	7:00pm	Financial Town Meeting

RI Economic Landscape

November 2015 Revenue Estimating Conference Brief

- Based on collection trends through October and the revised RI economic forecast, the Conference increased the FY16 estimated by \$52.4 million;
- Consensus Economic Forecast: employment growth is expected to average 1.1% in FY 2016-2021 forecast period with a projection that the state will recover all jobs lost during the most recent recession;
- Personal Income Growth is projected to reflect an average increase of 4.1% in the FY 2016-2021 forecast period. The rate of wage and salary growth is expected to average an increase of 4.4% over the same forecast horizon;
- A notable feature of job growth in Rhode Island is that almost all growth has been in low and high wage jobs, with little expansion in mid-wage jobs. This stands in contrast to regional and national trends that have seen an expansion in mid-wage jobs;
- The RI unemployment rate has remained above the National average for more than 10 years and the state unemployment rate is 16th highest in the nation and highest in New England.

** Forecasts provided by Aaron Smith from Moody's Analytics
and Donna Murray from the RI Dept. of Labor*

RI Economic Landscape

RI Public Expenditure Council

- Economy continuing to expand at a slow and steady rate;
- While overall economic growth in Rhode Island remains subpar, the state's labor market continues to perform reasonably well;
- Wage and salary disbursements increased at an annualized rate of 1.1% and sales and gross receipts taxes reflecting aggregate demand in the state, increased at a rate of 7.2% during the second quarter;
- John Simmons, the Executive Director of RIPEC stated, “that the most concerning aspect of the state's continued mediocre growth is that RI is consistently growing at a slower rate than the national and regional economies.” He went on to state that, “the state is benefiting from positive trends elsewhere, but is experiencing little growth of its own.”

Municipal Landscape

- The Property Tax Cap of 4% annual levy increase is a limit, not a goal to obtain within the budget process;
- Jamestown should continue to maintain an Unassigned General Fund Balance of generally between 15% and 20% of the current Operating General Fund;
- As of June 30, 2014 the Towns unreserved fund balance is 16.93% of the Town and School budget and 20.74% of the Town and School Unreserved total to the Town and School budget;
- Jamestown has one Private Pension Plan (IBPO) funded at a level of 104% and our Combined MERS Plans in 2013 were funded at 85% and in 2014 at 88.7% as of (June 30, 2014).
- Jamestown is well below the recommended 3% Bonded Indebtedness limit of the Towns overall assessed roll value. Total assessed value \$2,165 billion with a 3% debt limit of \$65 million. Total bonded debt is \$9,049,517 leaving debt margin of \$56 Million.

Senate Bill S-3050

Adopted by the General Assembly during the
2006 Legislative Session

- This 2006 Legislative Act reduced the percentage increase a city or town could increase property taxes over the previous year.
- As indicated in the table, this increase was capped in FY2013 at 4% and remains at that level today.

Tax Levy Cap	
Year	Cap
FY 2007	5.50%
FY 2008	5.25%
FY 2009	5.00%
FY 2010	4.75%
FY 2011	4.50%
FY 2012	4.25%
FY 2013	4.00%
FY 2014	4.00%
FY 2015	4.00%
FY 2016	4.00%
FY 2017	4.00%

Property Tax Roll Projection

<i>Taxable Property List</i>	2012-2013	2013-2014	2014-2015	2015-2016	2015-2016
	Taxable	Taxable	Taxable	Taxable	Increase Over
	Property	Property	Property	Property	Prior Year
Taxable Land/Buildings	\$1,981,929,900	\$2,127,607,800	\$2,139,192,600	\$2,152,433,300	\$13,240,700
Tangible Property	\$11,541,713	\$11,231,871	\$11,331,538	\$14,572,872	\$3,241,334
Total Taxable Property	\$1,993,471,613	\$2,138,839,671	\$2,150,524,138	\$2,167,006,172	\$16,482,034
Less Exemptions	\$10,613,588	\$11,252,530	\$10,989,150	\$10,584,768	-\$404,382
Net Taxable Property	\$1,982,858,025	\$2,127,587,141	\$2,139,534,988	\$2,156,421,404	\$16,886,416
Taxable Property Growth - %		7.29%	0.55%	0.77%	
Taxable Property Growth - \$		\$145,368,058	\$11,684,467	\$16,482,034	
Net Motor Vehicles - Roll	\$38,118,974	\$37,753,697	\$39,582,039	\$40,391,997	\$809,958
Fixed Portion of Tax Role	\$38,118,974	\$37,753,697	\$39,582,039	\$40,391,997	\$809,958
Total Taxable Property	\$2,020,976,999	\$2,165,340,838	\$2,179,117,027	\$2,196,813,401	\$17,696,374
Fixed Portion of Tax Roll					
Motor Vehicle				\$40,391,997	\$809,958
Motor Vehicle Rate					\$14.42
Total Fixed Roll				\$40,391,997	\$809,958
Total Tax Need					\$19,515,833
Taxes to be Raised - Non-Fixed					\$18,933,380
FY 2015-2016 Property Tax Rate					\$8.78
Non-Fixed Portion of Roll					\$2,156,421,404
FY 2014-2015 Property Tax Rate					\$8.75

Property Tax Roll Classification

FY 2015-2016 -Tax Roll							\$8.78	
	December 2012 Taxable Value	December 2013 Taxable Value	December 2014 Taxable Value	Increase Over Prior Year - \$	2015-16 Tax Levied	2015-16 % of Total		
Residential	\$2,067,723,400	\$2,077,771,900	\$2,091,931,600	\$14,159,700	\$18,274,225.18	93.64%		
Commercial	59,884,400	61,420,700	60,501,700	-\$919,000	531,204.93	2.72%		
Industrial	0	0	0	\$0				
Utilities/Tangible Property	11,231,871	11,331,538	14,572,872	\$3,241,334	127,949.82	0.66%		
Total Value	\$2,138,839,671	\$2,150,524,138	\$2,167,006,172	\$16,482,034	\$18,933,379.93	97.02%		
Less Exemptions	11,252,530	10,989,150	10,584,768	-\$404,382				
Flexible Tax Base	\$2,127,587,141	\$2,139,534,988	\$2,156,421,404	\$16,886,416	\$18,933,379.93	97.02%		
Motor Vehicles - \$14.42	69,583,187	72,089,127	73,205,929	\$1,116,802	582,452.60	2.98%		
Less Exemptions	31,829,490	32,507,088	32,813,932	\$306,844				
Total Tax Roll/Levy	\$2,165,340,838	\$2,179,117,027	\$2,196,813,401	\$17,696,374	\$19,515,832.53	100%		

Preliminary Budget Development Guidance

Preliminary Expenditure Considerations:

1. No increase in FY 2016-2017 services levels, not already approved in prior fiscal year, (ALS, CIP Enhancements, Contractual Obligations)
2. An operating increase in the cost of holding 2016 elections.
3. Salary adjustments for all non-union municipal employees, initially held at 0%. NAGE 68 & 69 yet to be negotiated and Police at 2.0%.
4. A preliminary estimate of a 10% increase in the cost of health care has is being used as a placeholder at this time. (Net of an average 15% - 20% Employee Co-Share)
5. No indication yet as to an increase n municipal retirement costs.
6. Municipal and School Net Debt Service increase of
7. Operating budget development for municipal and school operations recommended to not exceed 1%.
8. Personnel consolidations expected to reflect cost savings in FY2017.

Preliminary Budget Development Guidance

Preliminary Revenue Considerations:

1. The Town will maintain an exemption value of \$3,000 - \$6,000 per vehicle. Further discuss as to the corresponding impact of a change in the exemption amount will be required.
2. The State will maintain the Motor Vehicle Reimbursement Program at \$500 per vehicle.
3. Investment Income is expected to remain stable.
4. Unassigned Fund Balance forwarded to FY 2016-2017 will be maintained at \$150,000.
5. Statistical revaluation is underway with an initial assessment expected in spring 2016. At this stage, the overall role value is expected to remain fairly stable, with values being readjusted in various parts of Town.
6. An increase is anticipated in revenues generated with a full year's impact recognized by the new sales tax change on rental property.

Capital Budget FY 2017

Capital Budget Program	2013-2014 Actual	2014-2015 Actual	2015-2016 Adopted	2016-2017 Proposed
General Fund	\$1,252,216	\$1,407,000	\$1,240,000	
Total General Fund	\$1,252,216	\$1,407,000	\$1,240,000	\$0.00
School Fund				
Buildings	\$26,000	\$72,000	\$131,200	
Technology	\$33,000	\$28,000	\$27,160	
Total School Fund	\$59,000	\$100,000	\$158,360	\$0.00
Total Capital Budget Program	\$1,311,216	\$1,507,000	\$1,398,360	\$0.00

General Fund

Unassigned Fund Balance

	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2014</u>
Town			
Reserved	\$650,979	\$902,273	\$712,566
Unreserved	\$3,929,992	\$3,585,628	\$3,767,245
Subtotal Town	<u>\$4,580,971</u>	<u>\$4,487,901</u>	<u>\$4,479,811</u>
Change in Fund Balance	-\$147,216	-\$93,070	-\$8,090
School			
Reserved	\$399,611	\$1,822,729	\$2,331,702
Unreserved	<u>\$1,964,205</u>	<u>\$1,130,399</u>	<u>\$847,318</u>
Subtotal Schools	\$2,363,816	\$2,953,128	\$3,179,020
Change in Fund Balance	\$351,998	\$589,312	\$225,892
Total Town & School	\$6,944,787	\$7,441,029	\$7,658,831

<u>FY15 Budget % to Fund Balance</u>			
FY15 Town Budget	\$10,283,286	16.93%	Town unreserved % to Town & School budget
FY15 School Budget	<u>\$11,962,094</u>	20.14%	Town total % to Town & School budget
Total Budget	\$22,245,380	20.74%	Town & School Unreserved % to Town & School budget
		34.43%	Town & School total % to Town & School budget

Municipal Retirement System

Retirement Liability					
Employee Group					30-Jun-15
	Assets	Liability	Net Value	Funding Ratio	
Municipal					
2014	\$11,776,631	\$13,284,231	\$1,507,600		88.7%
2013	\$10,849,299	\$12,714,422	\$1,865,123		85.3%
2012	\$10,250,062	\$12,310,741	\$2,060,679		83.3%
Police					
2015	\$9,773,450	\$9,350,494	-\$422,956		104.5%
2014	\$9,826,616	\$8,723,051	-\$1,103,565		112.7%
2013	\$9,074,082	\$8,737,518	-\$336,564		103.9%
2012	\$8,678,157	\$8,037,077	-\$641,080		108.0%

OPEB Liability

(Other Post Employment Benefits)

	OPEB Employee Group	Annual OPEB Cost	Employer Contribution	Annual Required Contribution	NOO End Fiscal Year	Actuarial Accrued Liability	Unfunded AAL
Municipal Police							
2015		\$323,090	\$114,861	\$337,683	\$963,634	NA	NA
2014		\$325,090	\$105,262	\$337,683	\$818,489		
2013		\$324,826	\$97,803	\$333,454	\$658,715	\$2,672,493	\$2,672,493
2012		\$327,648	\$112,885	\$216,225	\$483,906		
School Department							
2015		\$441,045	\$269,409	\$463,684	\$1,368,573	NA	NA
2014		\$442,021	\$304,142	\$463,684	\$1,269,719		
2013		\$468,123	\$283,620	\$487,820	\$1,214,997	\$5,933,378	\$5,933,378
2012		\$466,368	\$384,080	\$487,820	\$1,104,726		

** School Department presently has \$1,650,000 Million in reserve for Post Employment Healthcare

Municipal Labor Contract Requirements

Municipal Program					
Salary Increases		NAGE 68	NAGE 69	POLICE	Non - ORGANIZED
2013-2014		2.50%	2.50%	2.50%	2.50%
2014-2015		2.50%	2.50%	3.00%	2.50%
2015-2016		2.75%	2.50%	2.50%	2.50%
2016-2017		NA	NA	2.00%	NA
Municipal Program					
Health Care - Co-Share Summary		NAGE 68	NAGE 69	POLICE	Non - ORGANIZED
2013-2014		20.00%	20.00%	15/20%	20.00%
	H/S/A	14.92%	14.92%		14.92%
2014-2015		20.00%	20.00%	15/20%	20.00%
	H/S/A	14.92%	14.92%		14.92%
2015-2016		20.00%	20.00%	15/20%	20.00%
	H/S/A	14.92%	14.92%		14.92%
2016-2017		NA	NA	15/20%	NA