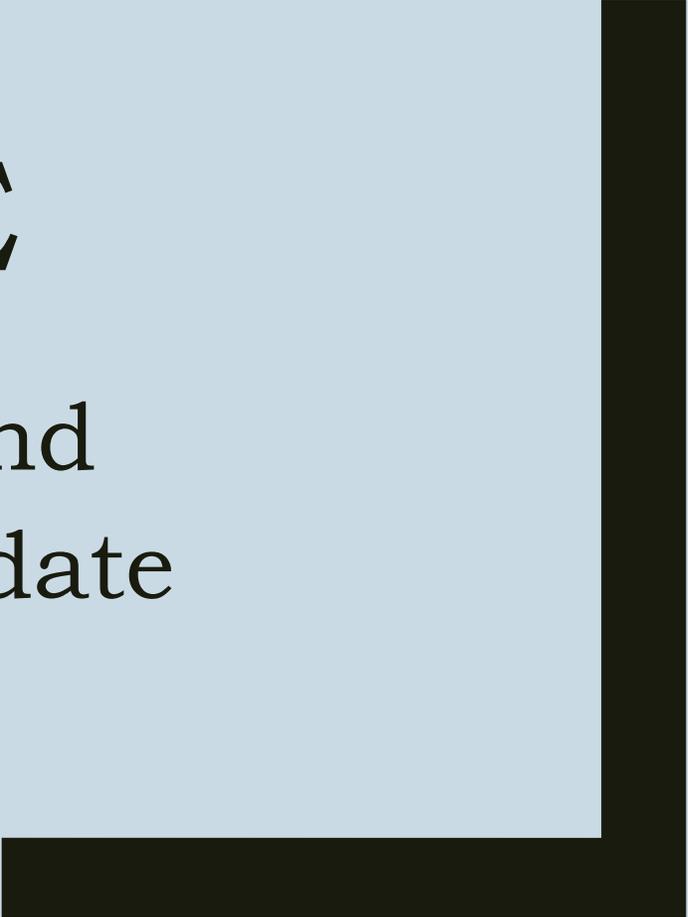




TOWN OF PLAINVILLE

FY2021 General Fund
Operating Budget Update
May 18, 2020



Budget Calculations

Revenue – Expenses = \$0 = Balanced Budget

The Town is required to vote a balanced budget by June 30th

Major Revenue Categories

- Real Estate and Property Taxes*
- State Aid*
- Local Fees (Excise Tax, Building Permits, Hotel & Meals Tax, Ambulance Bills, etc.)*

Revenue

Real Estate and Property Taxes

- 2.5% Tax Increase Per Year: Maximum increase allowed by the state
- New Growth
- Debt Exclusions *(For Large Capital Projects)*

What is New Growth?

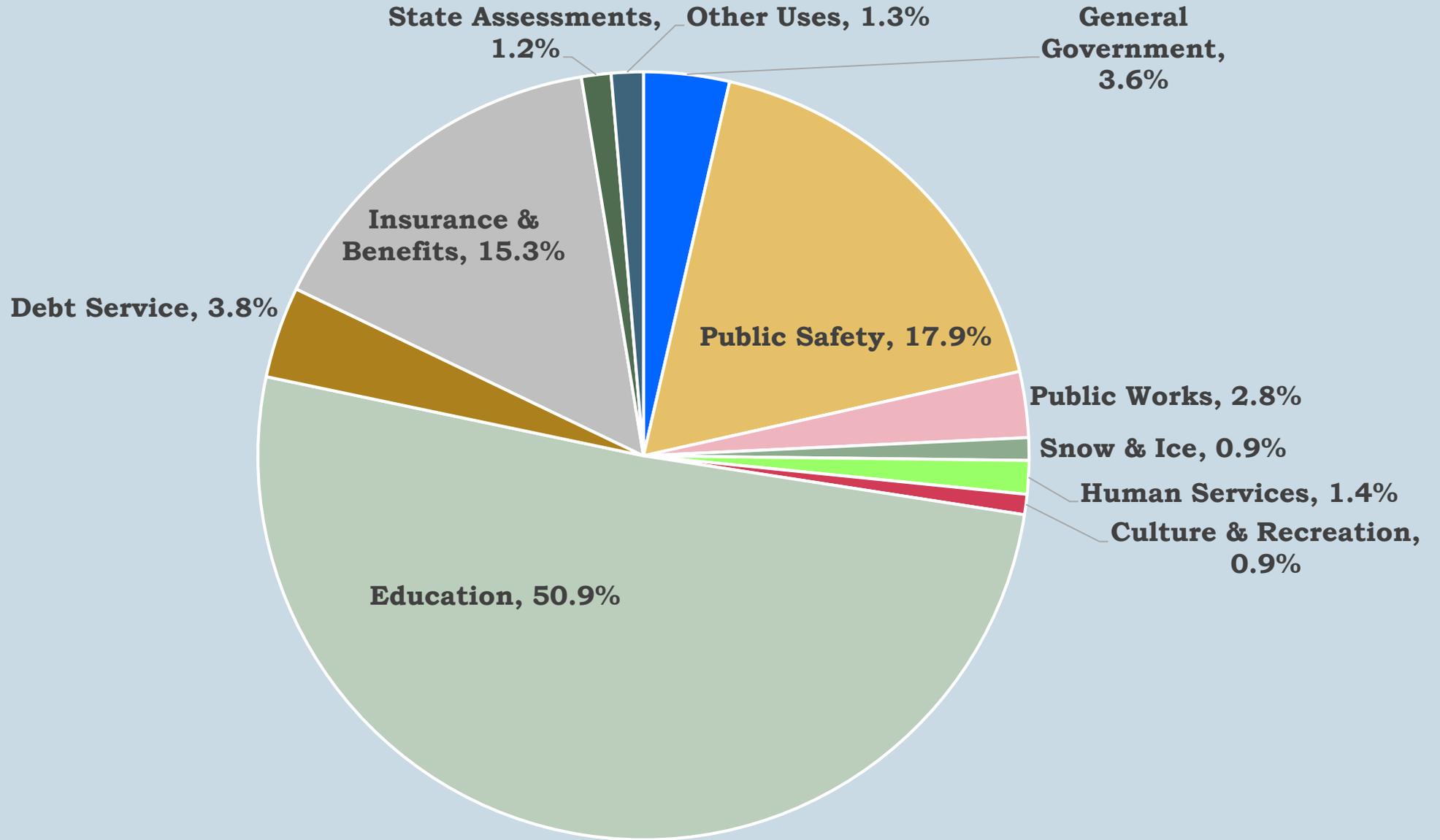
- Increase in tax limit annually based on increased value of new development and other growth in the tax base that is not the result of revaluation.
- Purpose of this provision is to recognize that new development results in additional municipal costs; for instance, the construction of a new housing development may result in increased school enrollment, public safety costs, etc.

Expenses

Major Expense Categories

- **General Government** *(Admin & Finance, IT, Legal, Land Use, Town Clerk)*
- **Public Safety** *(Police, Fire, Communications, Inspectional Services)*
- **Public Works** *(Highway, Trees, Snow and Ice, Street Lights, Building Maint)*
- **Human Services** *(Board of Health, Council on Aging, Veterans)*
- **Culture & Recreation** *(Parks, Library, Historical Commission)*
- **Education** *(Plainville, King Philip, Tri-County, Norfolk Agricultural, Charter)*
- **Debt Service** *(Principal and Interest Payments on Capital Projects)*
- **Insurance/Benefits** *(Health, Life, Retirement, Liability, Workers Comp)*
- **State Assessments** *(Retired Teachers Health Insurance, GATRA, Mosquito, etc.)*
- **Other Uses** *(Emergency Reserve, Trash & Recycling, Prior Year Deficits, etc)*

Major Expense Categories



Budget Calculations

Revenue – Expenses = \$0 = Balanced Budget

Revenues \$ 32,001,679

Expenses - \$ 35,119,695

***Balance* - \$ 3,118,016**

How did we get here?

- The Town has grown significantly the last few years resulting in the need for additional staff and/or hours, but those type of additions and increases have been limited
- Salaries have been adjusted modestly to stay competitive with other cities and towns

Over the last several years, these two items (often viewed as the cost of doing business) have increased and kept pace with the 2.5% tax growth, new growth and additional revenue. But.....

How did we get here?

- The costs and complexities to educate children has increased significantly
- Both the town and schools are subject to federal and state unfunded mandates
- Double digit increases in major expense categories like: health insurance, retirement, charter school costs and some assessments
- Not properly funding snow and ice costs, pushing the deficit to the following year

How did we get here?

- State aid, especially Chapter 70 which is meant to support our schools, has not kept pace with the rising costs of educating children
- Much needed replacement of aging capital equipment, buildings and infrastructure
- The town has used short term fixes (free cash, gaming, reserves, etc) that are no longer available to balance the budget each year

What has the town done in terms of addressing these financial issues?

- For multiple years public budget presentations have indicated that these issues would need to be addressed
- Last year, when budgets had to be level funded at the same amount as previous years, causing a reduction in services, the Town acknowledged that they had run out of short term fixes and needed a long term plan
- The Board of Selectmen formed a Financial Working Group to strategize and make recommendations to improve the financial health of the Town.

What has the town done in terms of addressing these financial issues?

- The Financial Working Group is made up of Selectmen, School Committee members, Regional School Committee members, Finance Committee members and staff in major departments
- The Group met in the Fall and Winter to identify the many financial challenges the town would be facing
- They created and recommended guiding financial principles which were adopted by the Board of Selectmen.

What has the town done in terms of addressing these financial issues?

- The Financial Working Group also performed analysis on the upcoming FY2021 budget and projections on what would be needed to address a potential deficit for the next 3-5 years
- The Group had planned three public budget presentations to be held in March to present the information and receive feedback from the residents in town.
- The Group discussed a potential recommendation for an override election to be held in May, but then.....

What has the town done in terms of addressing these financial issues?

- The COVID-19 pandemic impacted Plainville, and the world, in ways that we could have never anticipated
- As a result, the public budget presentations had to be cancelled, and the focus shifted to analyzing how decreases in revenue would further complicate our financial difficulties
- The end result is an estimated deficit of 3.1 million dollars in FY2021

Summary/Breakdown of Deficit (Compared to FY20)

Revenue Reduction:	\$1,953,764
Mandatory Expense Increases:	\$1,239,552
School Budget Increases:	\$ 17,274
Department Budget Decreases:	- <u>\$ 92,574</u>
Total Deficit/Breakout of Increases:	\$ 3,118,016

Reductions in Revenue (Compared to FY20)

15% Reduction in State Aid:	- \$ 620,693
24% Reduction in Receipts:	- \$ 1,163,400
Free Cash Used Last Year:	- \$ 402,359
Stabilization Used Last Year:	- <u>\$ 100,000</u>
<i>Total Reductions</i>	- \$ 2,286,452
<i>Tax Increases</i>	+ <u>\$ 332,688</u>
Total Revenue Reduction	- \$1,953,764

Mandatory Expenses (Compared to FY20)

Increase in Prior Year Deficit:	\$	402,849
Tax Title Expenses:	\$	10,000
Trash/Recycling Buildings	\$	<u>5,618</u>
<i>Total Increases</i>	\$	418,467
<i>Cherry Sheet Offset</i>	- \$	<u>2,265</u>
Total Increases	\$	416,202

Running Total of Deficit: \$2,369,966

Mandatory Expenses (Compared to FY20)

Increases in:

Debt Payments	\$	379,581
Health Insurance:	\$	258,905
Retirement:	\$	164,098
Liability/Workers Comp:	\$	14,625
Medicare	\$	<u>6,141</u>

Total Increases **\$ 823,350**

Running Total of Deficit: \$3,193,316

Schools (Compared to FY20)

Increases in:

Tri County:	\$	203,085
King Philip Operating:	\$	46,618
Norfolk Agricultural:	\$	<u>2,432</u>
<i>Total Increases</i>	\$	252,135
Local Schools	- \$	190,913
<i>KP Reduction in Debt</i>	- \$	<u>43,948</u>
Total Increases	\$	17,274

Running Total of Deficit: \$3,210,590

Town Department Increases (Compared to FY20)

Building Maintenance:	\$	10,000
General Government:	\$	7,297
Culture & Recreation:	\$	6,925
Public Safety:	- \$	45,747
Miscellaneous Articles:	- \$	31,400
Public Works:	- \$	23,849
Human Services:	- \$	<u>15,800</u>
Total Town Department	- \$	92,574

Running Total of Deficit: \$3,118,016

Options for Balancing the Budget

- Decrease Expenses by Cutting Budgets
- Vote an Override to Raise Taxes More than 2.5%
- Combination of Both

Potential Impacts

During public budget presentations held in April, Town and School personnel highlighted potential cuts and services if a tax override was not voted and they were faced with a 10% cut in their budgets. Examples included:

- Layoffs and reduced hours at Town Hall, Library, Senior Center and Public Works
- Reduction of 25% of fire staff – loss of 6 firefighters
- Reduction of 28% of police staff – loss of 5 police officers
- Reduction of 23.6 full time positions at Plainville Local Schools
- Increase in class sizes, elimination of band and chorus

The full list of potential impacts are highlighted in the budget presentation made on April 15

Override Options

- Override – mechanism to raise taxes more than 2.5%
- Requires a town-wide election
- Board of Selectmen vote whether or not to place an override on a ballot
- Selectmen also decide the amount of the override

Estimated Override Impacts

Average Single Family Home Valued at \$391,569

3.1 Million = \$186.01 quarter \$62.00 month

Average Senior Mobile Homeowner (i.e Sunset Acres)

3.1 Million = \$10.25 quarter \$3.42 month

Next Steps

- Board of Selectmen decide whether or not to place an override question on the ballot for a town-wide election, which will include the amount of the override
- Finance Committee will publish public budget recommendations
- Town Meeting on June 23rd – two budgets will be voted (one if an override passes, one if an override fails)
- June 29th – Override election (if scheduled by BOS)
- June 30th – Impacted employees will be notified

(Note – Teacher's contract required such notification on May 15th per contract if funding not in place)

Questions/Discussion