



# TOWN OF JAMESTOWN

93 NARRAGANSETT AVENUE  
 P.O. Box 377  
 JAMESTOWN, RHODE ISLAND 02835

Town Offices - 423-7201  
 Fax - 423-7229

**TO:** HONORABLE TOWN COUNCIL  
**FROM:** ANDREW E. NOTA, TOWN ADMINISTRATOR *AEN*  
**SUBJECT:** FY 2016-2017 BUDGET MESSAGE  
**DATE:** March 7, 2016

In accordance with the Town Charter provisions, we have prepared the FY 2016-2017 Proposed Town Budget for the Town Council's consideration. The budget document represents the Town Administrator's plan for the continuation of municipal services and support for public facilities and is of a zero-based nature with cost presentation by specific service areas. The following information represents a summary of key elements of the budget document for the 2016-2017 fiscal year.

## General Fund Overview

For the 2016-2017 fiscal year, a total General Fund Program in the amount of \$23,435,650 is proposed. This funding proposal represents an increase of \$485,146 or 2.1% over the current year appropriation of \$22,950,504. Town Operating Expenditures will increase by \$128,454 or 1.5%, Capital spending is proposed at \$1,388,500, increasing by \$105,000 or 7.6%, while Debt Service is \$883,696 decreasing by (\$31,476) or (3.6)%.

A breakdown of the proposed FY2016-2017 budget is depicted below:

FY 2016-2017 Proposed Town and School Budget					
	2014-15 Adopted	2015-16 Adopted	2016-17 Proposed	Inc./(Dec)	Change
<b>Town</b>					
Operations	\$8,041,656	\$8,225,375	\$8,353,829	\$128,454	1.5%
Capital	1,407,000	1,283,500	1,388,500	\$105,000	7.6%
Debt Service	834,630	915,172	883,696	(\$31,476)	-3.6%
<b>subtotal</b>	<b>\$10,283,286</b>	<b>\$10,424,047</b>	<b>\$10,626,025</b>	<b>\$201,978</b>	<b>1.9%</b>
<b>Schools</b>					
Operations	\$11,583,891	\$11,652,671	\$11,860,021	\$207,350	1.7%
Capital	120,000	158,360	130,745	(\$27,615)	-21.1%
Debt Service	258,203	258,605	262,647	\$4,042	1.5%
Grants	277,474	316,871	410,762	\$93,891	22.9%
Nutrition	135,950	139,950	145,450	\$5,500	3.8%
<b>subtotal</b>	<b>\$12,375,518</b>	<b>\$12,526,457</b>	<b>\$12,809,625</b>	<b>\$283,168</b>	<b>2.2%</b>
<b>Total</b>	<b>\$22,658,804</b>	<b>\$22,950,504</b>	<b>\$23,435,650</b>	<b>\$485,146</b>	<b>2.1%</b>

The School Department General Fund operating program costs are expected to increase by \$207,350 or 1.7%, requiring a General Fund Town appropriation increase of \$264,699 or 2.47%. The Schools Capital Improvement Program requirements are \$113,000, a decrease of (\$18,200) or (-13.8%) and the Capital Reserve for Technology Equipment is proposed to decrease by (\$9,415) or (-34.6%) to \$17,745, for a total program balance of \$130,745. School Debt Service for the year is \$262,647, an increase of \$4,042 or 1.5%, while Grant Funds are estimated at \$410,762, an increase of \$93,891 or 22.9%, with Nutrition Program requirements anticipated at \$145,450, an increase of \$5,500 or 3.8%.

## General Fund Revenue Statement

### A. Property Tax Program

To support the 2016-2017 fiscal year appropriation, a property tax rate of \$8.67 per thousand dollars of assessed valuation will be necessary. This includes a tax rate decrease of (\$.11) cents from the 2016 fiscal year rate of \$8.78. The distribution of the rate for Municipal operations will require a decrease from \$3.82 in FY 2016 to a new rate of \$3.77 or a decrease of (1.4%). The School Department will realize a rate decrease from \$4.96 in FY 2016 to \$4.90 in FY 2017 or a decrease of (-1.1%).

Property Tax Levy Growth	Municipal Program	School Program	Total
<b>Actual</b>			
FY 2014-2015 Tax Levy	\$7,973,411	\$10,510,346	\$18,483,757
FY 2014-2015 Tax Distribution Percentage	43.14%	56.86%	100.00%
<b>Actual</b>			
FY 2015-2016 Tax Levy	\$8,132,046	\$10,554,140	\$18,686,186
FY 2015-2016 Tax Distribution Percentage	43.52%	56.48%	100.00%
<b>Proposed</b>			
FY 2016-2017 Tax Levy	\$8,283,672	\$10,775,929	\$19,059,601
FY 2016-2017 Tax Distribution Percentage	43.46%	56.54%	100.00%

It should be noted that the Town last engaged in a State mandated full revaluation in 2012 for FY2013-14 and is conducting a statistical update in 2015-2016 for FY2016-17 and will be involved in the next statistical revaluation in 2018 for FY2019-2020, with the next full revaluation scheduled to be held in 2021 for FY2022-23. During a revaluation or statistical update, variables such as land value, cost tables, property improvements, comparable property sales and cost of reconstruction are analyzed to establish the full, fair market value of each property.

Property Tax Rate History						Proposed	
FY2011-12	FY2012-2013	FY2013-14	FY2014-15	FY2015-16	FY2016-17	Inc./Dec.	Avg. Inc.
\$9.21	\$9.35	\$8.75	\$8.75	\$8.78	\$8.67	(\$0.54)	\$8.92
1.10%	1.52%	-6.42%	0.00%	0.34%	-1.25%	-2.35%	-0.8%

The tax liability for the average residentially assessed property at the proposed rate of \$8.67 would be \$4,335 or a decrease of \$55.00 from FY 2015-2016, as indicated in the below chart. Also indicated are additional examples of the overall tax impact at the \$1 million and \$2 million dollar assessed value levels.

<b>Residential Property Tax</b>			<b>Proposed</b>	
<b>Examples of Rate Impact</b>	<b>FY2014-15</b>	<b>FY2015-16</b>	<b>FY2016-17</b>	<b>Change</b>
Residential Assessed Value	500,000	500,000	500,000	0
Tax Levy Per Average Residential Parcel	\$4,375	\$4,390	\$4,335	<b>-\$55.00</b>
Residential Assessed Value	1,000,000	1,000,000	1,000,000	0
Tax Levy Per Average Residential Parcel	\$8,750	\$8,780	\$8,670	<b>-\$110.00</b>
Residential Assessed Value	2,000,000	2,000,000	2,000,000	0
Tax Levy Per Average Residential Parcel	\$17,500	\$17,560	\$17,340	<b>-\$220.00</b>
<b>Tax Rate Differential</b>	<b>\$8.75</b>	<b>\$8.78</b>	<b>\$8.67</b>	<b>-\$0.11</b>

The estimated tax rate is presented based on the current year tax roll. It is anticipated that the value of the taxable property role on the gross assessed value of Real and Tangible property will be \$2,311,841,106. This figure represents an estimated increase in gross value during the year of approximately \$71.6 million dollars having been added to the Tax role with a corresponding net impact on the Tax Levy of approximately \$632,600. Exemptions in Real Property and Motor Vehicles as of December 31, 2015 is expected to amount to \$818,913, a decrease of approximately (-.0192%) from December 31, 2014, with the Net Assessed Values outlined below:

<b>Net Assessed Values</b>		<b>Dec. 31, 2015</b>
Real Property - Residential		\$2,145,932,600
Real Property - Commercial/Ind./ Mixed Use		69,152,000
Motor Vehicles		39,776,719
Tangible Personal Property		14,400,000
<b>Total Net Assessed Value Real &amp; Tangible</b>		<b>2,269,261,319</b>
<b>Net Tax Levy</b>		
Real Property - Residential		\$18,841,288
Real Property - Commercial/Industrial		607,155
Motor Vehicles		573,580
Tangible Personal Property		126,432
<b>Total Net Tax Levy Real &amp; Tangible Property</b>		<b>\$20,148,455</b>

Motor Vehicle values are assessed at a rate of \$14.42 per thousand dollars of assessed value. Since 1998 this rate has been stable due to actions of the State in their effort to phase out this particular tax. This process was initiated at a time when the State of Rhode Island had begun to phase-out the taxation of motor vehicles over a ten year period, by replacing the loss of motor vehicle tax income with state revenue. This program was restructured in FY 2010-2011 whereby the State reimbursement was limited to a maximum

of \$500 per vehicle. For budgetary purposes the Town has set the value of the motor vehicle tax exemption at \$6,000 per vehicle, the same as in FY 2015-2016. The net assessed value of Motor Vehicle Excise Tax Role is projected at approximately \$39,776,719 stemming from a Gross Value of \$71,356,506, minus exemptions totaling \$31,579,787. In FY 2016-2017 the State is projecting the Town will receive \$22,042 through this program recognizing the \$500 value. The Town will continue to recognize the \$6,000 exemption value previously set by the State and underwrite the difference on behalf of its residents.

## B. Capital Improvement Program

The Town's Capital Improvement Program for FY 2016-2017 includes construction, purchases, contractual programs and equipment replacements of a significant budgetary nature. The purpose of this program is to develop a schedule and coordinated financial plan to address the improvements needed within the community. The programs intent is to determine community needs, assist in setting priorities, and analyze the Town's ability to pay for these new improvements.

In FY 2016-2017 a capital budget of \$1,388,500 is proposed, reflecting an increase of \$105,000 or 7.6% of the current year's fiscal year adopted capital program of \$1,283,500. For the 2016-2017 fiscal year, a comprehensive capital program is offered to address a wide array of important community initiatives designed to address existing needs within the community. The net general fund need for capital projects in FY2016-2017 is proposed at \$1,388,500.

A summary of the FY 2016-2017 Capital Budget is presented in the spreadsheet on the following page:

<b>Capital Budget</b>	<b>2014-2015 Actual</b>	<b>2015-2016 Adopted</b>	<b>2016-2017 Proposed</b>	<b>Increase/ (Decrease)</b>
General Municipal Program	\$155,000	\$189,000	\$249,500	\$60,500
Public Safety (Police/Fire/EMS)	220,000	151,000	244,000	\$93,000
Public Works	1,022,000	813,500	760,000	<b>-\$53,500</b>
Parks and Recreation	10,000	130,000	135,000	\$5,000
<b>Annual Capital Budget</b>	<b>\$1,407,000</b>	<b>\$1,283,500</b>	<b>\$1,388,500</b>	<b>\$105,000</b>

## C. Revenue Program

Based on the limited size and scope of the commercial tax base, consisting of approximately 3% of the gross assessed tax base in the community and the continuing decline in state aid, the Town has continued to rely heavily on the residential property tax to meet its revenue requirements in support of the operating and capital program funding needs. The residential base is anticipated to make up a little more than 96% of the overall gross role value with Tangible Personal property making up the remaining balance of less than 1%. The Town does receive revenue from pass-through sources, local revenues and state aid that fund a portion of municipal and school expenditures.

### State Aid Reimbursement Program

**State Library Aid:** It is anticipated that the State will provide approximately \$87,697 in general Library Aid in FY 2016-2017. There has been an early indication that this figure may increase in the coming fiscal year, although at this early stage in the budget process these projections cannot be relied upon and have not been included at full value in this presentation.

**Motor Vehicle Excise Tax Phase-Out:** As previously noted, the General Assembly instituted a \$500 per vehicle value credit in the FY2012-2013 adopted budget. Funding of \$22,042 is anticipated in FY 2016-2017, a decrease of (\$1,641).

State Revenues	2014-2015	2015-2016	2016-2017	Increase/
	Actual	Adopted	Proposed	(Decrease)
State Library Aid	\$87,697	\$87,697	\$87,697	\$0
Motor Vehicle Reimbursement	22,069	23,683	22,042	-\$1,641
Public Serv. Corp. Tax	73,464	67,867	67,109	-\$758
Hotel Tax	10,562	9,409	29,384	\$19,975
Meals and Beverage Tax	91,632	83,545	101,816	\$18,271
Municipal Incentive	25,703	0	0	\$0
<b>Subtotal - Aid to Town</b>	<b>\$311,127</b>	<b>\$272,201</b>	<b>\$308,048</b>	<b>\$35,847</b>
<b>Education Aid</b>	<b>\$499,120</b>	<b>\$489,535</b>	<b>\$543,376</b>	<b>\$53,841</b>
<b>Total State Aid</b>	<b>\$810,247</b>	<b>\$761,736</b>	<b>\$851,424</b>	<b>\$89,688</b>

**Municipal Incentive Aid Program:** In FY 2013-2014 and continuing through FY 2015-2016 the prior Governor had recommended establishing a new category of state assistance entitled “Municipal Incentive Aid” to be funded annually from a \$10 million state appropriation. The intent of this program was to encourage municipalities to improve the long-term sustainability of the retirement plans and to reduce unfunded liabilities within their plans. Funds were to be distributed based on data derived from the community’s population statistics as a percentage of the State’s 2010 US Census population. This program has been phased out and funding is no longer available to municipalities.

### Pass-Through Aid Programs

**Public Service Corporations Tax:** The tangible personal property of cable, telegraph, and telecommunications corporations are exempted from local taxation, although not from taxation from the State. Funds collected from the State from this tax are distributed to cities and towns on the basis of a ratio of the town population to the population of the state as a whole. For the FY 2016-2017 fiscal year, the Town is projecting funding in the amount of \$67,109, reflecting a slight decrease of (\$758) over the current fiscal year.

**Meals and Beverage Tax:** The State meal tax by the General Assembly in 2003 when it was increased by 1% on the sale of all prepared foods and meals served by any food service provider. Receipts from this 1% tax are collected by the State Division of Taxation and transferred back to the municipality in which the meals and beverages were delivered. This tax is projected to exceed \$26 million dollars in FY2017, an increase from \$25.2 million in FY2016. It is estimated that the Town will receive \$101,816 during the 2016-2017 fiscal year, an increase of \$18,271 over the FY2016 total of \$83,545.

**Hotel Tax:** In 1986 the General Assembly enacted the Hotel Tax, a five-percent (5%) tax upon the total charge for occupancy of any space furnished by any hotel of the state. Twenty-five percent (25%) of the revenues generated from the five-percent (5%) tax are distributed to the municipalities where the individual hotels are located. In 2004, the General Assembly enacted a one-percent (1%) gross receipts tax on the total occupancy charge. The taxes are collected by the Division of taxation and distributed at least quarterly to the city or town where the hotel is located. In FY 2016-2017, \$9.9 million is estimated to be generated from this tax on a state-wide basis, an increase from \$9.7 million in FY2016. It is anticipated that the Town will receive \$29,384 in FY 2017, a significant increase from the FY2016 of \$9,409. This projected gain

represents 50% of the States full projection of \$58,768, although it remains too early in the budget process to recognize the full value of this estimate.

#### D. Local Program Generated Revenues

Revenues from local sources that are non-property tax related are projected to generate \$2,213,550 or 26.9% of the total municipal budget. The sources of this funding is outlined in the below listing:

<b>Town Revenue</b>	<b>2014-2015 Actual</b>	<b>2015-2016 Adopted</b>	<b>2016-2017 Proposed</b>	<b>Increase/ (Decrease)</b>
Town Clerk	\$282,301	\$300,000	\$300,000	\$0
Building Inspection	149,328	150,000	150,000	0
Parks and Recreation	445,566	475,000	475,000	0
Dog Fines	4,291	5,000	5,000	0
Finance Revenues	60,652	85,000	85,000	0
Golf Course / County Club Rental	150,000	150,000	150,000	0
Ambulance Receipts	158,552	186,000	186,000	0
Transfer Station Fees	126,853	125,000	125,000	0
Alarms - Residential Fire/Police Fees	1,603	8,000	8,000	0
RI Turnpike and Bridge Authority	29,000	29,000	30,000	1,000
RI Trust TOPS Dividend	16,108	15,550	16,000	450
Harbor Management - Yr. 3 seawall	58,145	60,000	61,805	1,805
<b>Sub-total Town Revenue</b>	<b>\$1,482,399</b>	<b>\$1,588,550</b>	<b>\$1,591,805</b>	<b>\$3,255</b>

<b>General Revenue</b>	<b>2014-2015 Actual</b>	<b>2015-2016 Adopted</b>	<b>2016-2017 Proposed</b>	<b>Increase/ (Decrease)</b>
Interest on Late Tax Payments	\$115,497	\$100,000	\$100,000	\$0
Investment Income	21,650	35,000	35,000	\$0
Motor Vehicle Phase out	564,829	490,000	515,000	\$25,000
<b>Sub-total General Revenue</b>	<b>\$701,976</b>	<b>\$625,000</b>	<b>\$650,000</b>	<b>\$25,000</b>
<b>Total Local Revenue</b>	<b>\$2,184,375</b>	<b>\$2,213,550</b>	<b>\$2,241,805</b>	<b>\$28,255</b>

#### School Department Revenue

The School Department is anticipating an increase in revenue of \$50,491 or 4.6% during the fiscal year. This increase can be mainly attributed to a projected increase in Grant Funding of \$93,863, Nutrition Sales of \$5,500 and an increase in the projected impact aid of \$10,000.

School Department Revenue	2014-2015	2015-2016	2016-2017	Increase/
	Actual	Adopted	Proposed	(Decrease)
Preschool Tuition	\$47,978	\$43,200	\$45,000	\$1,800
Medicaid Reimbursement	106,748	100,000	100,000	0
Miscellaneous	9,288	0	0	0
Rental Income	682	2,000	1,000	-1,000
Transportation Fees	1,800	2,500	0	-2,500
Impact Aid	91,043	65,000	75,000	10,000
Grant Revenue	473,585	318,550	412,413	93,863
Nutrition Sales and Reimbursements	143,570	139,950	145,450	5,500
Transfer - Fund Balance To OPEB	0	272,769	240,957	-31,812
Transfer - Fund Balance To Capital	80,000	111,200	93,000	-18,200
Transfer - Fund Balance To Equipment	20,000	27,160	20,000	-7,160
<b>Total Local Revenues</b>	<b>\$974,694</b>	<b>\$1,082,329</b>	<b>\$1,132,820</b>	<b>\$50,491</b>

#### E. Fund Balance Revenue Transfers

For the past several years the Town has allocated a \$150,000 transfer from the Unassigned Fund Balance in offsetting the need for additional tax funding. In FY 2013-2014 the Town utilized \$212,697 from its Fund Balance to reduce the overall financial need to fund several projects within the capital improvement program. In the 2016-2017 fiscal year, the need to continue with a separate capital program transfer is not recommended. Unassigned funds forwarded to the General Fund are targeted either to meet one-time capital costs or to reduce the need for property tax support of the general fund operating program. Funding used to meet operating expenses is considered a base revenue since it must be provided on an annual basis or the property tax need in the following year will have to increase in direct proportion to the reduction in unassigned funding support. Funding of one-time capital projects does not have the same effect since there are no recurring program expenses.

An outline of the Town's Unassigned Fund Balance transfers is outlined on the next page:

Fund Balance Transfers	2013-2014	2014-2015	2015-2016	2016-2017	Increase/
	Adopted	Adopted	Adopted	Proposed	(Decrease)
Fund Balance	\$150,000	\$150,000	\$150,000	\$150,000	\$0
Fund Balance Transfer for Projects	212,697	0	0	0	0
<b>Total Fund Balance Transfers</b>	<b>\$362,697</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$0</b>

#### Unassigned Fund Balance Comparison Property Taxation

In 2009, the Governmental Finance Officers Association issued a new guideline regarding the appropriate level of Unrestricted Fund Balance in the General Fund that is recommended generally for a municipality. In this recommendation, a minimum total was cited that a community should maintain for general government purposes, regardless of community size, to be maintained in an unrestricted reserve in the

general fund. This unrestricted reserve should amount to, no less than two months of regular general fund operating revenues or general fund operating expenditures of (16.67%). At the end of the 2013-2014 fiscal year, the audited general fund unassigned fund balance was \$3,767,245 which equaled 18.5% of the total general fund expenditures.

Undesignated Fund Balance	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	Change FY10-15	%
<b>Town</b>								
Reserved	\$608,900	\$940,646	\$650,979	\$902,273	\$712,566	\$724,248	\$115,348	18.94%
Unreserved	3,909,996	3,787,541	3,929,992	3,585,628	3,767,245	4,159,484	\$249,488	6.38%
<b>Subtotal Town</b>	<b>\$4,518,896</b>	<b>\$4,728,187</b>	<b>\$4,580,971</b>	<b>\$4,487,901</b>	<b>\$4,479,811</b>	<b>\$4,883,732</b>	<b>\$364,836</b>	<b>8.07%</b>
<b>Change in FB from Prior Year</b>		\$209,291	(\$147,216)	(\$93,070)	(\$8,090)	\$403,921		
				Avg. Inc./(dec.)			\$72,967	
<b>School</b>								
Reserved	\$541,996	\$496,453	\$399,611	\$1,822,729	\$2,331,702	\$2,288,195	\$1,746,199	322.18%
Unreserved	\$1,280,362	\$1,515,365	\$1,964,205	\$1,130,399	\$847,318	\$639,548	(\$640,814)	-50.05%
<b>Subtotal Schools</b>	<b>\$1,822,358</b>	<b>\$2,011,818</b>	<b>\$2,363,816</b>	<b>\$2,953,128</b>	<b>\$3,179,020</b>	<b>\$2,927,743</b>	<b>\$1,105,385</b>	<b>60.66%</b>
<b>Change in FB from Prior Year</b>		\$189,460	\$351,998	\$589,312	\$225,892	(\$251,277)		
				Avg. Inc./(dec.)			\$184,231	

The balance of the revenues necessary to support the Town's \$23.1 million dollar budget is derived from local property and motor vehicle taxes. As reflected in the below spreadsheet, a tax levy of \$19,059,601 is proposed for the 2016-2017 fiscal year.

Property Tax Levy							
					Proposed		
FY 2011-12	FY 2012-2013	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Increase	%
\$18,001,386	\$18,349,874	\$18,349,874	\$18,483,757	\$18,686,186	\$19,059,601	\$373,415	2.00%

As noted above, it is proposed that we limit the property tax levy growth generated in FY 2016-2017 to 2.0% or \$373,415 more than the current year levy. The states enactment of the 2006 Senate Bill – 3050 Sub A, resulted in a reduction from the prior 5.5% cap on property tax growth in all cities and town's to the new limit of 4%. These amendments revised the tax cap to apply only to the prior year levy beginning in FY 2007-2008 and reduced the cap to a maximum 4% annual levy increase in FY 2012-2013, by lowering the cap in .25% increments. Under the 4% cap requirement, the maximum tax levy increase the Town could have sought under the existing limit totaled \$19,433,633 or an increase of \$747,447. The proposed budget reflects an increase of \$373,415, an amount \$374,032 below the statutory tax cap.

## F. General Fund Expenditure Statement

A summary of the proposed General Fund Expenditure Statement is provided on the next page. This Functional Distribution of expenditure summary indicates a 1.64% increase in Operating Program expenditures and a 2.31 % increase in other major cost centers in FY 2016-2017.



<b>General Fund</b>					
<b>Functional Distribution</b>	2014-2015	2015-2016	2016-2017	Increase Over (under) Adopted Budget	Inc./.(Dec.) Percent
	Actual	Adopted	Proposed		
General Administration	\$2,221,075	\$2,231,024	\$2,288,823	\$57,799	2.59%
Finance	330,915	321,694	333,466	\$11,772	3.66%
Police	1,715,673	1,658,731	1,697,904	\$39,173	2.36%
Fire/EMS	603,448	798,376	753,135	(\$45,241)	-5.67%
Protective Service/Bldg. Inspections	271,859	279,473	279,078	(\$395)	-0.14%
Public Works	1,713,733	1,816,659	1,886,215	\$69,556	3.83%
Parks and Recreation	454,645	512,903	510,859	(\$2,044)	-0.40%
Library	412,804	422,158	429,649	\$7,491	1.77%
Public Welfare/Health/ Animal Control	109,764	113,157	108,500	(\$4,657)	-4.12%
<b>Operating Program Total</b>	<b>\$7,833,916</b>	<b>\$8,154,175</b>	<b>\$8,287,629</b>	<b>\$133,454</b>	<b>1.64%</b>
Debt Service	817,392	915,172	883,696	(\$31,476)	-3.44%
School Debt Service	120,000	258,605	262,647	\$4,042	1.56%
Capital Program	1,407,000	1,283,500	1,388,500	\$105,000	8.18%
School Capital	158,360	158,360	130,745	(\$27,615)	-17.44%
School Fund Transfer	10,659,308	10,710,950	10,975,649	\$264,699	2.47%
<b>Functional Distribution Total</b>	<b>\$20,995,976</b>	<b>\$21,480,762</b>	<b>\$21,928,866</b>	<b>\$448,104</b>	<b>2.31%</b>

*rounding may distort totals*

### G. Other Post Employment Benefits

A summary of the Town and School Departments OPEB obligations are highlighted below:

<b>OPEB SUMMARY</b>						
<b>Fiscal Year</b>	<b>Annual OPEB Cost</b>	<b>Employer (PAYG) Contributions</b>	<b>Annual Required (ARC) Contribution</b>	<b>Increase in Net Obligation</b>	<b>Net OPEB Obligation (NOO)</b>	<b>Actuarial Accrued Liability</b>
<b>Town - Police</b>						
6/30/2015	\$323,090	\$114,861	\$337,683	\$145,145	\$963,634	
6/30/2014	\$325,938	\$105,262	\$337,683	\$159,774	\$818,489	
6/30/2013	\$324,826	\$97,803	\$333,454	\$174,809	\$658,715	\$2,672,493
<b>School Department</b>						
6/30/2015	\$441,045	\$269,409	\$463,684	\$98,854	\$1,368,573	
6/30/2014	\$442,021	\$304,142	\$463,684	\$54,722	\$1,269,719	
6/30/2013	\$468,123	\$283,620	\$487,820	\$110,271	\$1,214,997	\$5,933,378

As indicated in the above summary, the Town has a Net OPEB Obligation (NOO) of \$2,672,493 while the School Department's (NOO) totals \$5,933,378. Both the Town and School have annually met the required (PAYG) obligation, in 2015 amounting to \$114,861 – Town and \$269,409 – School, respectively. This amount addresses retiree healthcare costs incurred for existing retirees. For the Town and School to financially address this long-term annual liability, the annual required contribution (ARC) would need to be met that would require an additional investment of the Increase in Net Obligation amount, as indicated above. There are several options available to address this liability, one of which is the establishment of an Irrevocable Trust that dedicates funding to specifically fund retiree healthcare benefits. This option will be presented to the Town Council and School Committee in greater detail by the Rhode Island Interlocal Risk Management Trust as part of the FY2017 budget process.

This proposed Town Administrator's budget was formulated with the professional dedication and commitment of the entire town staff. Considerable effort over the past several months was spent in review of the Town's various programs and services under the direction of each of the Town's individual Department Heads and key members of their staff. I would like to thank each member of the senior management team for their due diligence and support throughout this process. I would especially like to thank Tina Collins for her significant contributions and dedication in assisting me in delivering this budget to you in an efficient and timely manner. Without the support of the entire professional staff of the Town, I would not have been able to prepare this budget document for your consideration.

I look forward to working with the Town Council in the coming weeks in anticipation of the budget hearings that have been scheduled and in preparing the budget presentation for the Financial Town meeting in June. Should you require any additional information from me in your review of this proposal, please do not hesitate to contact me at your convenience.