



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

TO: HONORABLE TOWN COUNCIL
FROM: ANDREW E. NOTA, TOWN ADMINISTRATOR
SUBJECT: FY 2017-2018 BUDGET MESSAGE
DATE: March 3, 2017

In accordance with the Town Charter provisions under Article III, Section 305, we have prepared the FY 2017-2018 Proposed Town Budget Program 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. This budget proposal broadly includes information specific to the Town Governmental Activities of the following Town Departments as noted in the Town Charter: Town Administration, Town Clerk, Planning, Building and Zoning, Public Works, Tax Assessor, Finance, Library, Parks and Recreation, and the Police Department. The financial support provided to the Towns many Boards and Commissions is also included in this document within the affiliated Town Department. All Business-Type Activities are not included in the Towns General Fund program, although are delineated in the Towns Annual Audit and maintain separate budget programs, including the Harbor Management Fund, Water Fund, On-site Wastewater Fund and the Sewer Fund, while the Waterfront Reserve Fund is noted in the Capital Improvement Program as a separately funded element. Other areas of local government involvement are categorized as component units of the Town, including the School Department, Jamestown Fire Department and the Jamestown Housing Authority. The School Department and Fire Department are referenced in the General Fund due to the Towns direct funding of each program.

The following information represents a summary of key elements of the budget document for the 2017-2018 fiscal year.

General Fund Overview

For the 2017-2018 fiscal year, a total General Fund Program in the amount of \$23,717,253 is proposed. This funding proposal represents an increase of \$542,827 or 2.3% over the current year appropriation of \$23,169,426. Town Operating Expenditures are proposed at \$8,591,899 increasing by \$250,859 or 3.0%, Capital spending is proposed at \$1,114,000, decreasing by (\$99,500) or (8.20%), while Debt Service is \$949,260 increasing by \$130,265 or 15.9%.

A breakdown of the proposed FY2017-2018 budget is depicted on the following page. This summary view is segmented into the main budget categories of Operations, Capital and Debt Service for both the Town and School Programs. Provided is a three year financial summary review of this full program.

FY 2017-2018 Proposed Town and School Budget					
	2015-16 Adopted	2016-17 Adopted	2017-18 Proposed	Inc/(Dec)	Change
Town					
Operations	\$8,225,375	\$8,341,040	\$8,591,899	\$250,859	3.0%
Capital	1,283,500	1,213,500	1,114,000	(\$99,500)	-8.2%
Debt Service	915,172	818,995	949,260	\$130,265	15.9%
subtotal	\$10,424,047	\$10,373,535	\$10,655,159	\$281,624	2.7%
Schools					
Operations	\$11,652,671	\$11,860,021	\$12,140,553	\$280,532	2.4%
Capital	158,360	119,245	107,675	(\$11,570)	-9.7%
Debt Service	258,605	262,647	262,920	\$273	0.1%
Grants	316,871	408,528	405,496	(\$3,032)	-0.7%
Nutrition	139,950	145,450	145,450	\$0	0.0%
subtotal	\$12,526,457	\$12,795,891	\$13,062,094	\$266,203	2.1%
Total	\$22,950,504	\$23,169,426	\$23,717,253	\$547,827	2.36%

The School Department General Fund operating program costs are expected to increase by \$280,532 or 2.37%, requiring a General Fund Town appropriation increase of \$220,716 or 2.01%. The School Departments Capital Improvement Program and Reserve for Technology Equipment requirements are \$107,675, a decrease of (\$11,570) or (-9.70%). School Department Debt Service for the year is \$262,920, an increase of \$273 or .10%, while Grant Funds are estimated at \$405,496, a decrease of (\$3,032) or (-.74%) and Nutrition Program requirements are anticipated at \$145,450, reflecting no change from the present fiscal year.

General Fund Operations	Department	Administrator	Administrator
	Proposed Inc./(-)dec.	Proposed (%)	Proposed (\$)
Town Council	3.92%	0.78%	\$125
Town Administration	0.83%	0.83%	\$1,610
Probate Court	1.89%	0.45%	\$31
Elections & Town Meetings	-38.52%	-34.35%	(\$5,869)
Legal	0.00%	0.00%	\$0
Clerk & Records	1.72%	1.21%	\$2,369
Planning Department	2.25%	2.18%	\$2,869
Zoning	0.00%	0.00%	\$0
Personnel	5.91%	5.91%	\$93,452
Finance Department:	2.13%	2.13%	\$5,229
Tax Assessor	-0.05%	-4.11%	(\$3,037)
Audit	0.00%	0.00%	\$0
Police Department	1.12%	0.77%	\$13,077
Fire/EMS Services	3.04%	2.35%	\$19,240
Protective Service/Building Insp.	0.80%	0.80%	\$2,245
Public Works	3.71%	3.13%	\$59,326
Public Health	0.00%	0.00%	\$0
Animal Control/Tick Task Force	30.98%	0.00%	\$0
a. Library Services	13.86%	9.55%	\$41,238
b. Library Services	7.08%	3.02%	\$13,880
Parks, Recreation and Beaches	3.61%	2.45%	\$12,621
Senior Center Program	1.29%	1.88%	\$1,353
Miscellaneous	1.63%	0.00%	\$0
Debt Service	15.91%	15.91%	\$130,265
Public Schools	2.08%	2.08%	\$266,202

Library Detail:

a. Includes recognition of (GIA) funding of \$87,697 in FY2017 and \$125,828 in FY2018.

b. Includes recognition of (GIA) funding of \$115,055 in FY2017 and \$126,828 in FY2018.

General Fund Revenue Statement

A. Property Tax Program

To support the 2017-2018 fiscal year appropriation, a property tax rate of \$8.68 per thousand dollars of assessed valuation will be necessary. This includes a tax rate increase of \$0.10 cents from the FY2017 fiscal rate of \$8.58. The distribution of the rate for Municipal operations will require an increase from \$3.66 in FY 2017 to a new rate of \$3.70 or an increase of 1.2%. The School Department will realize a rate increase from \$4.93 in FY 2017 to \$4.98 in FY 2018 or an increase of 1.1%.

Property Tax Levy Growth	Municipal Program	School Program	Total
Actual 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%
Actual 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%
Actual FY 2016-2017 Tax Levy	\$8,031,182	\$10,815,963	\$18,847,145
FY 2016-2017 Tax Distribution Percentage	42.61%	57.39%	100.00%
Proposed FY 2017-2018 Tax Levy	\$8,194,531	\$11,031,077	\$19,225,608
FY 2017-2018 Tax Distribution Percentage	42.62%	57.38%	100.00%

It should be noted that the Town last engaged in a State mandated full revaluation in 2012 for FY 2013-14 and conducted a statistical update in 2015 for FY 2016-17. The next statistical revaluation will be held in 2018 for FY 2019-2020, with the next full revaluation scheduled to be held in 2021 for FY 2022-23. With ongoing discussions continuing before the Legislature on this issue, there remains a high probability that revisions will be made to the mandatory revaluation schedule in the immediate future. This proposed change has mainly focused on a shift from a 3-year revaluation cycle to a 5-year cycle, potentially to include one full and one statistical review.

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.

The tax liability for a residentially assessed property valued at \$500,000 at the proposed rate of \$8.68 would equal \$4,340 or an increase of \$50.00 from FY 2016-2017, 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.

Residential Property Tax Examples of Rate Impact	FY2014-15	FY2015-16	FY2016-17	FY2017-18	Change
					Inc./ (dec.)
Residential Assessed Value	500,000	500,000	500,000	500,000	
Tax Levy Per Average Residential Parcel	\$4,375	\$4,390	\$4,290	\$4,340	\$50.00
Residential Assessed Value	1,000,000	1,000,000	1,000,000	1,000,000	
Tax Levy Per Average Residential Parcel	\$8,750	\$8,780	\$8,580	\$8,680	\$100.00
Residential Assessed Value	2,000,000	2,000,000	2,000,000	2,000,000	
Tax Levy Per Average Residential Parcel	\$17,500	\$17,560	\$17,160	\$17,360	\$200.00
Tax Rate Differential	\$8.75	\$8.78	\$8.58	\$8.68	\$0.10

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 \$2,328,439,239 billion dollars. This figure represents an estimated increase in gross value during the year of approximately \$18,237,400 million dollars having been added to the Tax role with a corresponding net impact on the Tax Levy of approximately \$103,722. Exemptions in Real Property and Motor Vehicles as of December 31, 2016 is expected to amount to \$48,655,923 million dollars, an increase of approximately \$5,195,147 in value from December 31, 2015, with the Net Assessed Values outlined below.

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

Net Assessed Values		Dec. 31 2016
Real Property - Residential		\$2,157,725,641
Real Property - Commercial/Ind./ Mixed Use		68,272,745
Motor Vehicles		39,944,456
Tangible Personal Property		13,840,474
Total Net Assessed Value Real & Tangible		2,279,783,316
Net Tax Levy		
Real Property - Residential		\$18,513,286
Real Property - Commercial/Industrial		585,780
Motor Vehicles		575,999
Tangible Personal Property		118,751
Total Net Tax Levy Real & Tangible Property		\$19,793,816

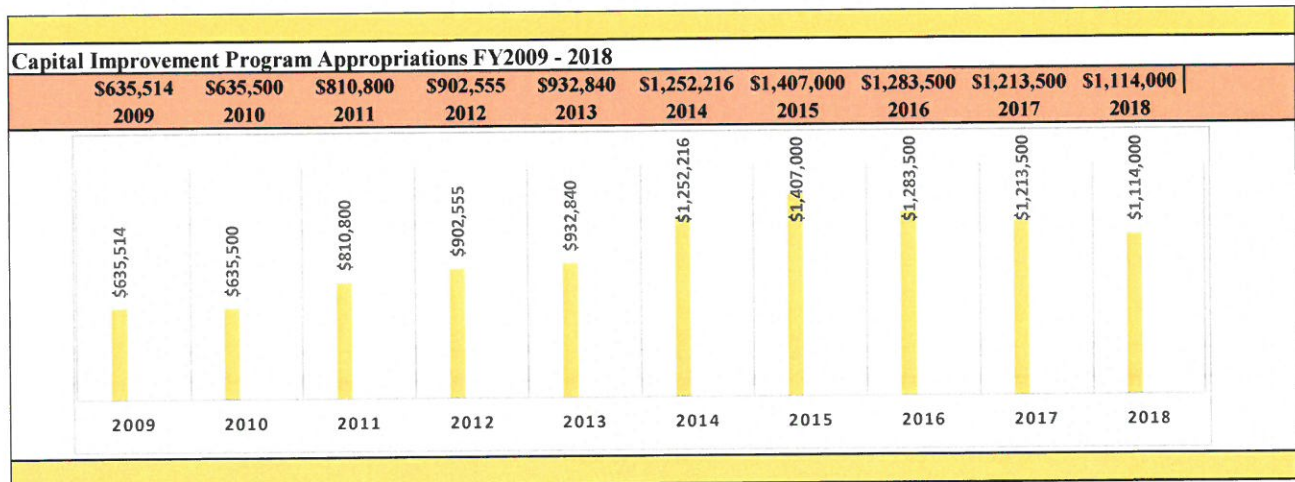
vehicles over a ten year period, by replacing the loss of motor vehicle tax income with state revenue. This program was restructured in FY 2010-2011 whereby the State reimbursement was limited to a maximum of \$500 per vehicle. For budgetary purposes the Town has set the value of the motor vehicle tax exemption at \$6,000 per vehicle, the same as in FY 2016-2017. The net assessed value of the Motor Vehicle Excise Tax Role is projected at approximately \$39,944,456 stemming from a Gross Value of \$73,944,456, minus exemptions totaling \$34,000,000. In FY 2017-2018 the State is projecting the Town will receive for the second year, \$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 of \$5,500 in value on behalf of its residents. This maximum exemption is shared by six other communities in Rhode Island. In this scenario, the \$6,000 exemption will generate approximately \$596,196 in support of the Tax levy. If modified to reflect a \$3,000 exemption, a value used by four other communities in the state, the amount of support for the Tax Levy would increase by \$178,859 or a total of \$775,055. All other RI communities have set an exemption amount that ranges between a \$500 and \$3,000 limit.

B. Capital Improvement Program

The Town's Capital Improvement Program for FY 2017-2018 includes construction, purchases, contractual programs and equipment replacement 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 2017-2018, a capital program of \$1,114,000 is proposed, reflecting a decrease of (\$99,500) or (8.2%) of the current year's fiscal year adopted capital program of \$1,213,500. For the 2017-2018 fiscal year, a comprehensive capital program is offered to address a wide array of important community initiatives designed to address existing needs, infrastructure deficiencies, technology upgrades, professional services and equipment replacement/new acquisitions within the community. The net general fund need for capital projects in FY2017-2018 is proposed at \$1,114,000. A summary of the FY 2017-2018 Capital Program is presented in the following spreadsheet:

Capital Program (Pay as You Go) Annual Program	2014-2015 Actual	2015-2016 Actual	2016-2017 Adopted	2017-2018 Proposed	Increase/ (Decrease)
General Municipal Program	\$155,000	\$189,000	\$249,500	\$360,000	\$110,500
Public Safety (Police/Fire/EMS)	220,000	151,000	144,000	154,000	\$10,000
Public Works	1,022,000	813,500	685,000	515,000	-\$170,000
Parks and Recreation	10,000	130,000	135,000	85,000	-\$50,000
Town Capital Program	\$1,407,000	\$1,283,500	\$1,213,500	\$1,114,000	(\$99,500)
School Capital Program	\$120,000	\$158,360	\$119,245	\$107,675	(\$11,570)
Total Capital Program	\$1,527,000	\$1,441,860	\$1,332,745	\$1,221,675	(\$111,070)



C. Debt Service

The below list of long-term debt is inclusive of all Bond Issuances that remain outstanding as of June 30, 2016. As indicated, the remaining General Obligation Bonds Payable total, \$7,966,595, minus the premiums, leaving a Total Bonded Debt total of \$7,514,666.

Purpose	Date of Issuance	Date of Maturity	Authorized and Issued	Outstanding June 30, 2016
General Obligation Bonds				
General Obligation Bond	6/15/2008	6/15/2033	\$4,900,000	\$510,000
Town Hall Bond	4/1/2007	4/1/2027	\$3,300,000	\$165,000
Landfill Closure Bonds	8/15/2013	12/1/2023	\$1,000,000	\$800,002
Refunding Bonds	8/15/2013	12/1/2023	\$1,483,175	\$1,209,664
Refunding Bonds	5/5/2016	4/1/2033	\$4,830,000	\$4,830,000
Issuance Premiums on Bonds				\$451,930
Total General Obligation Bonds Payable			\$15,513,175	\$7,966,596

The Town functions under a Legal Debt Margin of 3% of the total net tax role value that at the conclusion of FY2016 totaled \$65,904,402.

Legal Debt Margin	
Grossed Assessed Value	\$2,240,212,101
Less: exemptions and adjustments	\$43,398,700
Total taxable assessed value	\$2,196,813,401
Debt Limit - 3 percent of total assessed value	\$65,904,402
Total Bonded Debt minus premiums	\$7,514,666
Legal Debt Margin	\$58,389,736

D. Revenue Program

The Town has a limited commercial tax base, consisting of approximately 3.5% of the gross assessed tax base in the community including real and tangible property. As the financial environment continues to support the general stabilization of state aid and alternate revenues, the Town has continued to rely heavily on the residential property tax to meet its revenue objectives in support of the operating budget and capital program funding requirements. The residential tax base is anticipated to make up a little more than 93.3% of the overall gross role value with Tangible Personal Property and the Motor Vehicle Excise Tax making up the remaining gross balance of less than 3.2%. 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 \$126,828 in General Library Aid in FY 2017-2018, an increase from the projected GIA Funding of \$115,055 or 10.23% in FY 2016-2017. RIGL 29-6-2 provides for the allocation of state funds to support local library services in the amount of 25% of funds expended from local tax revenues and separately from the library's private endowment. In FY2017, the state funding of libraries was set at a level of 23.65%, an increase from FY2016 where it had been 22%, having remained stable at the total statewide allocation of \$7,698,411, since 2008. The municipality has the discretion to distribute funds to the library or libraries it designates as the provider of library services in that community in accordance with the municipality's application for Grant-in-Aid

(GIA). A municipality to be eligible for GIA Funds must at a minimum, “level fund” their library at an amount equal to or greater than the preceding year and comply with the “Minimum Standards for Rhode Island Public Libraries”, as set forth in regulations by Office of Library and Information Services (OLIS).

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 2017-2018, stable with the credit realized in FY2016-2017.

State Revenues	2014-2015	2015-2016	2016-2017	2017-2018	Increase/ (Decrease)
	Actual	Adopted	Adopted	Proposed	
State Library Aid	\$87,697	\$87,697	\$87,697	\$126,828	\$39,131
Motor Vehicle Reimbursement	22,069	23,683	22,042	22,042	\$0
Public Serv. Corp. Tax	73,464	67,867	67,109	70,086	\$2,977
Hotel Tax	10,562	9,409	29,384	24,426	-\$4,958
Meals and Beverage Tax	91,632	83,545	101,816	103,996	\$2,180
Municipal Incentive	25,703	0	0	0	\$0
Subtotal - Aid to Town	\$311,127	\$272,201	\$308,048	\$347,378	\$39,330
Education Aid	\$499,120	\$489,535	\$543,376	\$540,646	-\$2,730
Total State Aid	\$810,247	\$761,736	\$851,424	\$888,024	\$36,600

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 2017-2018 fiscal year, the Town is projecting funding in the amount of \$70,086, reflecting a slight increase of \$2,977 or 4.4% over the current fiscal year total of \$67,019.

Meals and Beverage Tax: The State Meal Tax was amended 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 approach \$28.9 million dollars in FY2018, an increase from the revised FY2017 projection to \$27.2 million. It is estimated that the Town will receive \$103,996 during the 2017-2018 fiscal year, an increase of \$2,180 over the FY2017 total of \$101,816.

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 in 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. For FY 2018, \$10.7 million is estimated to be generated from this tax on a state-wide basis, an increase from a revised estimate of \$10.5 million in FY2017. It is anticipated that the Town will receive \$24,426 in FY 2018, a slight reduction from what was budgeted in FY2017, although significantly less than the \$58,768 that was anticipated by the State in FY2017. The Town has yet to realize any significant revenue trending from this tax and will continue to budget for this revenue in a very conservative fashion, until a positive trend is established.

E. Local Program Generated Revenues

Revenues from local sources that are non-property tax related are projected to generate \$2,229,000 or 20.92% of the total municipal budget. The sources of this funding is outlined in the below listing:

Town Revenue	2014-2015 Actual	2015-2016 Actual	2016-2017 Adopted	2017-2018 Proposed	Increase/ (Decrease)
Town Clerk	\$282,301	\$339,215	\$300,000	\$300,000	\$0
Building Inspection	149,328	171,253	150,000	150,000	\$0
Parks and Recreation	445,566	497,210	475,000	475,000	\$0
Dog Fines	4,291	4,291	5,000	5,000	\$0
Finance Revenues	60,652	134,043	85,000	85,000	\$0
Golf Course / County Club Rental	150,000	150,000	150,000	150,000	\$0
Ambulance Receipts	158,552	180,903	186,000	186,000	\$0
Transfer Station Fees	126,853	128,005	125,000	150,000	\$25,000
Alarms - Residential Fire/Police Fees	1,603	10,332	8,000	8,000	\$0
RI Turnpike and Bridge Authority	29,000	29,000	30,000	30,000	\$0
RI Trust TOPS Dividend	16,108	30,260	16,000	25,000	\$9,000
Harbor Management - Yr. 3 seawall	58,145	60,000	61,805	0	-\$61,805
Sub-total Town Revenue	\$1,482,399	\$1,734,512	\$1,591,805	\$1,564,000	-\$27,805

General Revenue	2014-2015 Actual	2015-2016 Adopted	2016-2017 Adopted	2017-2018 Proposed	Increase/ (Decrease)
Interest on Late Tax Payments	\$115,497	\$100,000	\$100,000	\$100,000	\$0
Investment Income	21,650	35,000	35,000	35,000	0
Motor Vehicle Phase out	564,829	490,000	515,000	530,000	15,000
Sub-total General Revenue	\$701,976	\$749,456	\$650,000	\$665,000	\$15,000
Total Local Revenue	\$2,184,375	\$2,483,968	\$2,241,805	\$2,229,000	-\$12,805

School Department Revenue

The School Department is anticipating an increase in revenue of \$36,514 or 3.3% during the fiscal year. This increase can be mainly attributed to a projected increase in Medicaid Reimbursement of \$25,000, an increase of \$5,000 in preschool tuition and an increase in impact aid of \$15,000.

School Department Revenue	2014-2015	2015-2016	2016-2017	2017-2018	Increase/ (Decrease)
	Actual	Actual	Adopted	Proposed	
Preschool Tuition	\$47,978	\$54,900	\$45,000	\$50,000	\$5,000
Medicaid Reimbursement	106,748	158,080	100,000	125,000	\$25,000
Miscellaneous	9,288	13,915	0	0	\$0
Rental Income	682	656	1,000	1,000	\$0
Transportation Fees	1,800	0	0	0	\$0
Impact Aid	91,043	96,297	75,000	90,000	\$15,000
Grant Revenue	473,585	465,905	408,528	405,496	-\$3,032
Nutrition Sales and Reimbursements	143,570	133,203	145,450	145,450	\$0
Transfer - Fund Balance To OPEB	0	0	204,829	200,000	-\$4,829
Transfer - Fund Balance To Capital	80,000	73,164	93,000	91,700	-\$1,300
Transfer - Fund Balance To Equipment	20,000	27,160	20,000	15,975	-\$4,025
Total Local Revenues	\$974,694	\$1,023,280	\$1,092,807	\$1,124,621	\$31,814

F. 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 2017-2018 fiscal year, the need to support the capital program with a transfer of \$100,000 is 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	2017-2018	Increase/ (Decrease)
	Adopted	Adopted	Adopted	Adopted	Proposed	
Fund Balance	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$0
Fund Balance Transfer for Projects	212,697	0	0	0	100,000	\$100,000
Total Fund Balance Transfers	\$362,697	\$150,000	\$150,000	\$150,000	\$250,000	\$100,000

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 2015-2016 fiscal year, the audited general fund unassigned fund balance was \$4,608,201 which equals 20.38% of total general fund expenditures.

Undesignated Fund Balance							Change FY11-16	%
Town	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016		
Reserved	\$940,646	\$650,979	\$902,273	\$712,566	\$724,248	\$879,317	(\$61,329)	-6.52%
Unreserved	3,787,541	3,929,992	3,585,628	3,767,245	4,159,484	\$4,608,201	\$820,660	21.67%
Subtotal Town	\$4,728,187	\$4,580,971	\$4,487,901	\$4,479,811	\$4,883,732	\$5,487,518	\$759,331	16.06%
Change in FB from Prior Year		(\$147,216)	(\$93,070)	(\$8,090)	\$403,921	\$603,786		
				Avg. Inc./ (dec.)			\$151,866	
School	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016		
Reserved	\$496,453	\$399,611	\$1,822,729	\$2,331,702	\$2,288,195	\$2,280,595	\$1,784,142	359.38%
Unreserved	\$1,515,365	\$1,964,205	\$1,130,399	\$847,318	\$639,548	\$0	(\$1,515,365)	-100.00%
Subtotal Schools	\$2,011,818	\$2,363,816	\$2,953,128	\$3,179,020	\$2,927,743	\$2,280,595	\$268,777	13.36%
Change in FB from Prior Year		\$351,998	\$589,312	\$225,892	(\$251,277)	(\$647,148)		
				Avg. Inc./ (dec.)			\$53,755	

The balance of the revenues necessary to support the Town's \$23.7 million dollar budget is derived from local property and motor vehicle taxes. As reflected in the below spreadsheet, a tax levy of \$19,326,255 is proposed for the 2017-2018 fiscal year.

Property Tax Levy							
FY2012-2013	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	Increase	%
\$18,349,874	\$18,349,874	\$18,483,757	\$18,686,186	\$18,847,145	\$19,225,608	\$378,463	2.0%

As noted above, it is proposed that the property tax levy growth generated in FY 2017-2018 be limited to 2.0 % or \$378,463 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 annual property tax growth in all cities and town's to a 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 \$19,601,031 or an increase of \$753,886. The proposed budget reflects an increase of \$378,463, an amount \$375,423 below the statutory tax cap.

G. General Fund Expenditure Statement

A summary of the proposed General Fund Expenditure Statement is provided below. This Functional Distribution impacting operations indicates a 2.39% increase in Operating Program expenditures, a 1.79% increase in other major cost centers and an overall Functional Distribution total increase of 2.02%.

General Fund Functional Distribution	2015-2016	2016-2017	2017-2018	Increase Over	
	Actual	Adopted	Proposed	(under) Adopted Budget	Inc./(Dec.) Percent
General Administration	\$2,821,163	\$2,917,201	\$2,969,169	\$51,968	1.78%
Police/Animal Control/EMA	1,612,840	1,728,746	1,741,823	\$13,077	0.76%
Fire/EMS	787,917	754,135	774,035	\$19,900	2.64%
Public Works	1,723,689	1,896,771	1,956,098	\$59,327	3.13%
Parks and Recreation/Senior Program	579,116	585,865	599,818	\$13,953	2.38%
Library	407,382	432,018	473,256	\$41,238	9.55%
Public Welfare/Health	20,464	16,500	16,500	\$0	0.00%
Operating Program Total	\$7,952,571	\$8,331,236	\$8,530,699	\$199,463	2.39%
Debt Service	863,637	818,995	949,260	\$130,265	15.91%
School Debt Service	258,605	262,647	262,920	\$273	0.10%
Capital Program	1,283,500	1,213,500	1,114,000	(\$99,500)	-8.20%
School Capital	158,360	119,245	107,675	(\$11,570)	-9.70%
School Fund Transfer	10,710,950	10,975,649	11,196,365	\$220,716	2.01%
Cost Center Total	\$13,275,052	\$13,390,036	\$13,630,220	\$240,184	1.79%
Functional Distribution Total	\$21,227,623	\$21,721,272	\$22,160,919	\$439,647	2.02%

rounding may distort totals

A detailed summary of the General Fund Operating Program is presented on the next page. The General Administration cost element identifies all budget program costs associated with the General Management of the overall municipal program, Planning, Zoning, Personnel, Finance, Policy Development, Legal, Elections and Referendums.

General Administration	2016-2017	2017-2018	Increase/
	Adopted	Proposed	(decrease)
Town Council	\$15,925	\$16,050	\$125
Town Administrator	193,860	195,471	1,611
Probate Court	6,933	6,964	31
Election and Town Meetings	17,084	11,215	(5,869)
Legal Counsel	95,000	95,000	0
Clerk and Records	196,380	198,747	2,367
Planning Department	131,712	134,581	2,869
Zoning	8,700	8,700	0
Personnel	1,628,551	1,674,948	46,397
Finance	245,432	250,660	5,228
Tax Assessor	73,887	70,850	(3,037)
Town Audit	22,000	22,000	0
Protective Service/Building Inspections	281,738	283,983	2,245
Total General Administration	\$2,917,202	\$2,969,169	\$51,967

rounding may distort totals

The Public Safety Program includes all life safety programs. Programs are managed under the direction of the Police Chief and Jamestown Fire Department, Fire Chief and Deputy Chiefs.

	2016-2017 Adopted	2017-2018 Proposed	Increase/ (decrease)
Public Safety Program			
Police Protection	\$1,703,746	\$1,716,823	\$13,077
Emergency Management	5,000	5,000	0
Fire Protection	356,665	371,222	14,557
Emergency Medical Services	398,130	402,813	4,683
Animal Control/Tick Task Force	20,000	20,000	0
Total Public Safety Program	\$2,483,541	\$2,515,858	\$32,317
<i>rounding may distort totals</i>			

The Public Works Program includes all costs associated with the operation and maintenance of all Town infrastructure including roads, drains, dams, street lighting, waste removal, engineering services, snow removal, public buildings, East & West Ferry Marinas, waterfront and tree management.

	2016-2017 Adopted	2017-2018 Proposed	Increase/ (decrease)
Public Works Program			
Administration	\$54,645	\$55,727	\$1,082
Engineering	51,370	52,374	1,004
Highway	915,747	962,098	46,351
Snow Removal (roads and sidewalks)	77,000	77,000	0
Waste Removal	418,009	443,249	25,240
Street Lighting	81,000	67,500	(13,500)
Other Public Works	2,100	2,100	0
Public Buildings	265,500	262,000	(3,500)
Tree Management Program	31,400	34,050	2,650
Total Public Safety Program	\$1,896,771	\$1,956,098	\$59,327
<i>rounding may distort totals</i>			

The Town operates one municipal fee public Library. The Jamestown Philomenian Library is the location of all general management and Library support services and is located on North Main Road in the Village.

	2016-2017 Adopted	2017-2018 Proposed	Increase/ (decrease)
Library Program			
Library Services Program	\$431,696	\$473,256	\$41,560
Total Library Services Program	\$431,696	\$473,256	\$41,560
<i>rounding may distort totals</i>			

The Parks, Beaches and Recreation Program includes all recreation programming including the General Recreation Program and events, concerts, the Teen Center and the Senior Program. This Department also includes all parks and public ROW management, including Fort Getty, Mackerel Cove, Heads Beach, Lawn Avenue Recreation Complex, Eldred Avenue Playfields, the Jamestown Playground, and many smaller landscaped sites and community spaces throughout the community.

	2016-2017 Adopted	2017-2018 Proposed	Increase/ (decrease)
Parks, Beaches & Recreation Program			
Parks, Beaches & Recreation Services Program	\$513,865	\$526,465	\$12,600
Senior Services Program	72,000	73,353	\$1,353
Total Parks and Recreation Program	\$585,865	\$599,818	\$13,953
<i>rounding may distort totals</i>			

H. Employee Retirement Systems

A summary of the Town and School Departments Municipal Employee Retirement Systems (MERS) and the Towns Police Department Retirement system is outlined below:

Retirement Systems						
		Total Pension Liability	Plan Fiduciary Net Postion	Net Pension Liability	Net Pension Liability	FY2017-18 Contribution
Town Employees	(Discount Rate 7.50%)	\$14,231,655	(\$12,395,818)	\$1,835,837 (Town)	N/A	\$296,425
School Department	(Discount Rate 7.50%)	\$11,874,765		\$7,055,006 (School)	(\$4,819,759) (State)	\$790,341
Police Department (Private System)	(Discount Rate 7.00%)	\$9,822,342	(\$9,940,891)	(\$118,549) (Town)	N/A	\$183,064

I. Other Post Employment Benefits

A summary of the Town and School Departments OPEB obligations are highlighted in the chart on the following page. The Town has a Net OPEB Obligation (NOO) of \$1,075,051 while the School Department's (NOO) totals \$999,604. Both the Town and School have annually met the required (PAYG) obligation, in 2015 amounting to \$260,118 – Town and \$345,191 – School, respectively. This amount addresses retiree healthcare costs incurred for existing retirees. As discussed extensively during the FY 2016-17 budget development process, the Town and School have made a commitment to address this long-term annual liability, by implementing a plan to meet the annual required contribution (ARC) payments over time, and by making managing these investments in an Irrevocable Trust that is dedicated to specifically fund retiree healthcare benefits. During the 2016-17 Fiscal Year, the School Department has made two transfers from their assigned fund balance, each totaling \$500,000, while the Town has begun to use the Trust as a pass through vehicle during this fiscal year and will begin to increase that amount each year moving forward until the annual required contribution is met during a future budget term.

OPEB SUMMARY						
Fiscal Year	Annual OPEB Cost	Employer PAYG Contributions	Annual Required Contribution	Increase in Net Obligation	Net OPEB Obligation	Actuarial Accrued Liability
Town - Police						
6/30/2016	\$439,124	\$260,118	\$456,306	\$111,417	\$1,075,051	
6/30/2015	\$323,090	\$114,861	\$337,683	\$145,145	\$963,634	\$3,986,577
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
School Department						
6/30/2016	\$476,222	\$345,191	\$500,624	(\$368,969)	\$999,604	\$6,078,910
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

The Trust OPEB Funding Program functions in partnership with the Public Agency Retirement Services (PARS). Each member maintains their own separate accounts providing full discretion regarding contribution amounts and timing. The program is structured as a Section 115 under the IRS Code and complies with BASB 45 as an irrevocable exclusive benefit trust solely to fund retiree health care benefits. This funding program offer a low cost fee structure based on a percentage of assets.

OPEB Trust Administration and Consulting Fees		
Provider	Plan Set up Fee	Ongoing
PARS	None	0.25% for assets \$0 - \$10 million 0.20% for assets \$10 - \$15 million 0.15% for assets \$15 - \$50 million 0.10% fo rassets over \$50 million

Each member benefits from the economies of scale that develop over time as more members participate in the program. The Trustee/ Investment Management fees will lessen over time as cumulative member investments increase in accordance with the below fee schedule:

Trustee/Investment Management Fees		
Provider	Trustee Fees	Investment Management Fees
U.S.Bank/Vanguard	0.05% on first 25 million 0.04% on next 25 million 0.03% over 50 million	0.07% for assets under \$50 million 0.04% for assets \$50 - \$150 million 0.03% for assets \$150 - \$250 million 0.01% for assets \$250 - \$500 million 0.005% for assets over \$500 million

The below account summary reflects the beginning balance of \$634,024 in June 2016 and the Trusts cumulative earnings and expenses since that time, leaving an ending balance on January 31, 2017 of \$1,154,461.25.

OPEB Account Summary - RI Interloco Risk Managemnt Trust - Retiree Healthcare Irrevocable Trust							
Source	Beginning						Ending
	Balance 6/1/16	Contributions	Earnings	Expenses	Distributions	Transfers	Balance 1/31/17
Town	\$134,024.00	\$0.00	\$4,482.62	\$169.72	\$0.00	\$0.00	\$138,336.90
School	\$500,000.00	\$500,000.00	\$16,757.56	\$105.06	\$0.00	\$0.00	\$1,016,124.35
Totals	\$634,024.00	\$500,000.00	\$21,240.18	\$274.78	\$0.00	\$0.00	\$1,154,461.25

June 2016 Beginning Balance

January 2017 Ending Balance

Acknowledgment:

This Town Administrator’s budget was formulated with the professional dedication and commitment of the Town’s senior staff and various community agencies. Considerable effort has been spent since the budget process began back in December, with a comprehensive assessment of the Town’s various programs and services under the direction of each of the Town’s individual Departments. I would like to thank each member of the senior management team for their due diligence and support throughout this process and I would especially like to especially thank Tina Collins for her significant contributions and dedication in assisting me in delivering this budget to you in an efficient and timely manner. It has been my pleasure to work with such a dedicated and committed group of Town employees in providing the Town Council with the information needed in anticipation of this review and the 2017 Financial Town meeting in June.