



TOWN OF REHOBOTH

**FINANCIAL SUMMIT & WARRANT REVIEW
MAY 8TH, 2018
7PM – COUNCIL ON AGING BUILDING**

<https://bit.ly/FinSum2018>

DISCUSSION POINTS

- **PROVIDE AN OVERVIEW OF THE SPECIAL AND ANNUAL TOWN MEETING WARRANTS**
- **EXPLAIN THE ROLE OF THE FINANCE COMMITTEE**
- **SUMMARIZE FUNDING SOURCES & WHERE THEY ORIGINATE FROM**
- **DISCUSS SPECIAL TOWN MEETING WARRANT SUPPLEMENTAL APPROPRIATION AND CAPITAL ITEM REQUESTS IN FURTHER DETAIL**
- **EXPLAIN ANNUAL TOWN MEETING WARRANT BUDGET ARTICLES IN DEPTH**
- **SUMMARIZE THE NON-FINANCIAL ARTICLES ON THE SPECIAL AND ANNUAL TOWN MEETING WARRANTS**
- **ANSWER QUESTIONS FROM THE AUDIENCE ON ANY ARTICLES. PEOPLE ARE ENCOURAGED TO ASK QUESTIONS AS WE GO ALONG RATHER THAN WAITING**

WARRANT OVERVIEW

- **SPECIAL TOWN MEETING: 8 ARTICLES**
 - 4 ARTICLES REQUIRE FUNDING
 - TOTAL AMOUNT REQUESTED: \$973,900
- **ANNUAL TOWN MEETING: 28 ARTICLES**
 - 4 ARTICLES REQUIRE FUNDING
 - TOTAL AMOUNT REQUESTED: \$26,101,092

<http://bit.ly/ATMWarrant2018>

ROLE OF THE FINANCE COMMITTEE



Elected Officials



Finance Committee

ROLE OF THE FINANCE COMMITTEE

- **THE DUTIES OF THE REHOBOTH FINANCE COMMITTEE ARE DEFINED IN TOWN BYLAWS AND MASSACHUSETTS GENERAL LAW**
- **TOWN BYLAWS: CHAPTER A, ARTICLE IV, SECTION A, SUB-SECTION 2, PARAGRAPH C**
- **MASS. GENERAL LAW: CHAPTER 39, SECTION 16 (ET AL)**

ROLE OF THE FINANCE COMMITTEE

TOWN BYLAWS

CHAPTER A, ARTICLE IV, SECTION A, SUB-SECTION 2, PARAGRAPH C

THE FINANCE COMMITTEE SHALL CONSIDER ALL ARTICLES TO BE INSERTED IN THE WARRANT FOR THE ANNUAL TOWN MEETING OR ANY SPECIAL TOWN MEETING AND, BEFORE SAID TOWN MEETING, SHALL MAKE A WRITTEN REPORT THEREON TO THE BOARD OF SELECTMEN AND WHEN THE WARRANT FOR A TOWN MEETING CONTAINS ANY ARTICLE OR ARTICLES UNDER WHICH AN APPROPRIATION OR EXPENDITURE OF MONEY OR THE DISPOSITION OF ANY PROPERTY OF THE TOWN MAY BE MADE, THE FINANCE COMMITTEE SHALL CONSIDER SAID ARTICLES AND MAY, IF IT DEEMS ADVISABLE, GIVE A PUBLIC HEARING THEREON AND SHALL REPORT IN WRITING ITS RECOMMENDATIONS TO THE SAID TOWN MEETING.

ROLE OF THE FINANCE COMMITTEE

MASS. GENERAL LAW CHAPTER 39, SECTION 16

ONCE DEVELOPED BY THE SELECTMEN, THE TOWN BUDGET IS PRESENTED TO THE FINANCE COMMITTEE, REPRESENTING THE LEGISLATIVE BRANCH, THE TOWN MEETING. IN EFFECT, THE LOCAL FINANCE COMMITTEE HAS THE SAME ROLE AS THE HOUSE WAYS AND MEANS COMMITTEE IN THE STATE LEGISLATURE. IT IS THE FINANCE COMMITTEE'S RESPONSIBILITY TO RECEIVE THE BUDGETS FROM THE EXECUTIVE BRANCH (EITHER AS A COLLECTIVE WHOLE OR INDIVIDUALLY BY DEPARTMENT), ANALYZE THEM, HAVE HEARINGS WHERE THE DEPARTMENT HEADS AND THE PUBLIC CAN TESTIFY, AND PRESENT A BALANCED BUDGET TO TOWN MEETING.

ROLE OF THE FINANCE COMMITTEE

- THE FINANCE COMMITTEE'S DECISIONS ARE BASED UPON THEIR BEST JUDGMENT OF THE ISSUES AND FINANCES OF THE TOWN**
- IT IS NOT WITHIN THE PURVIEW OF THE FINANCE COMMITTEE TO PROPOSE AND/OR ADVOCATE FOR A PROPOSITION 2 1/2 OVERRIDE TO FUND THE BUDGET**
- THE FINANCE COMMITTEE'S ROLE IS TO ADVISE EVERYONE OF THE PROS AND CONS OF BOTH DECISIONS**



TOWN OF REHOBOTH

SPECIAL TOWN MEETING

SPECIAL TOWN MEETING FINCOM RECOMMENDATIONS

**FINANCE COMMITTEE RECOMMENDS APPROVAL WITH FUNDING
ON SPECIAL TOWN MEETING ARTICLES 1, 2, 4 & 5**

**APPROVAL RECOMMENDED (NO FUNDING NECESSARY)
ON ARTICLES 6,7 & 8**

**NO RECOMMENDATION IS REQUIRED ON ARTICLE 3
(RECOMMENDATION TO BE PROVIDED BY CPC)**

SPECIAL TOWN MEETING ARTICLES

- **#1: FY 18 SUPPLEMENTAL APPROPRIATION** **\$ 20,000**
- **#2: PURCHASE OF DORRANCE LAND** **\$819,000**
- **#4: FY 18 CAPITAL PLAN** **\$109,900**
- **#5: TOWN ASSESSOR SOFTWARE** **\$ 25,000**

- **TOTAL REQUESTED FUNDING:** **\$973,900**

SPECIAL TOWN MEETING FUNDING SOURCES

- OVERLAY SURPLUS \$ 25,000**
- SOLAR CAPITAL ACCOUNT \$819,000**
- FREE CASH \$129,900**

OVERLAY SURPLUS

- **UNUSED FUNDS RELEASED FROM THE TOWN'S OVERLAY RESERVE ACCOUNT BY THE ASSESSORS**
- **OVERLAY RESERVE IS AN ACCOUNT ESTABLISHED ANNUALLY TO FUND ANTICIPATED PROPERTY TAX ABATEMENTS, EXEMPTIONS AND UNCOLLECTED TAXES IN THAT YEAR**
- **THE OVERLAY RESERVE IS NOT ESTABLISHED BY THE NORMAL APPROPRIATION PROCESS, BUT RATHER IS RAISED ON THE TAX RATE "RECAP" SHEET – E.G. YOU DO NOT SEE THIS IN THE ANNUAL WARRANT ARTICLES.**
- **REHOBOTH BUDGETS \$200,000 ANNUALLY INTO OVERLAY RESERVE BASED ON FEEDBACK FROM THE ASSESSORS**

OVERLAY SURPLUS

- **PRIOR TO TOWN MEETING, THE ASSESSORS EVALUATE THE STATUS OF EACH YEARS' OVERLAY RESERVE TO DETERMINE IF THERE ARE ANY FUNDS WHICH MAY BE REVERTED BACK TO THE TOWN FOR OTHER USES**
- **THE SUM OF THESE AMOUNTS FROM PRIOR YEARS' IS REFERRED TO AS 'OVERLAY SURPLUS'**
- **AT THE END OF EACH FISCAL YEAR, UNUSED OVERLAY SURPLUS IS "CLOSED" TO SURPLUS REVENUE, OR "FREE CASH" – SO WE GENERALLY USE THIS REVENUE SOURCE FIRST AT SPECIAL TOWN MEETING**
- **FOR SPECIAL TOWN MEETING THE ASSESSORS HAVE RELEASED \$25,000 FROM OVERLAY RESERVE FOR US TO USE**

SOLAR CAPITAL ACCOUNT

- **THE SOLAR CAPITAL ACCOUNT WAS ESTABLISHED BY TOWN MEETING ON MAY 12, 2014**
- **REQUIRED AN ACT OF THE GENERAL COURT TO ESTABLISH ONCE APPROVED AT TOWN MEETING**
- **THIS ACCOUNT, AS ESTABLISHED BY THE GENERAL COURT, MAY ONLY BE USED TO PURCHASE/REPAIR LAND AND FACILITIES FOR MUNICIPAL USE. IT CANNOT BE USED TO SUPPLEMENT THE TOWN'S OPERATING BUDGET**

SOLAR CAPITAL ACCOUNT

- **IT IS FUNDED ANNUALLY FROM SOLAR PILOT (PAYMENT IN LIEU OF TAXES) AGREEMENTS NEGOTIATED BETWEEN THE TOWN OF REHOBOTH AND SOLAR FARM OWNER/OPERATORS**
- **THE CURRENT BALANCE IN THE ACCOUNT IS: \$454,566**
- **IT GROWS AT A CURRENT RATE OF \$116,342 PER YEAR**

FREE CASH

- **FREE CASH IS REVENUE WHICH RESULTS FROM THE CALCULATION, AS OF JULY 1, OF A COMMUNITY'S REMAINING, UNRESTRICTED FUNDS FROM OPERATIONS OF THE PREVIOUS FISCAL YEAR BASED ON THE BALANCE SHEET AS OF JUNE 30**
- **FANCY WAY OF SAYING "IT IS ALL THE MONEY LEFT OVER FROM THE MONIES THE TOWN COLLECTED DURING THE PAST (FISCAL) YEAR LESS ITS OPERATING EXPENSES"**
- **CERTIFIED BY THE DEPARTMENT OF REVENUE IN THE FALL (OCTOBER)**
- **CURRENT BALANCE: \$142,076**

FREE CASH

- **INCLUDES (EXAMPLES):**
 - **ACTUAL RECEIPTS IN EXCESS OF REVENUE ESTIMATES (HIGHER THAN EXPECTED LOCAL RECEIPTS/MVE)**
 - **UNSPENT AMOUNTS IN DEPARTMENTAL BUDGET LINE-ITEMS FOR THE YEAR JUST ENDING (RESERVE FUND)**
 - **UNANTICIPATED REVENUE (TAXES UNEXPECTEDLY PAID FROM PREVIOUS FISCAL YEARS)**
 - **ONE-TIME REVENUE SOURCES (SALE OF TOWN-OWNED PROPERTY)**
 - **UNEXPENDED FUNDS FROM THE PREVIOUS YEAR**

FREE CASH – DOR POLICIES

- **UNDER SOUND FINANCIAL POLICIES, DOR RECOMMENDS A COMMUNITY STRIVE TO GENERATE FREE CASH IN AN AMOUNT EQUAL TO 3 TO 5 PERCENT OF ITS ANNUAL BUDGET. BASED ON REHOBOTH'S \$26M BUDGET, OUR FREE CASH TARGET IS BETWEEN \$780K AND \$1.3M**
- **FREE CASH SHOULD NOT BE DEPLETED IN ANY YEAR, SO THAT THE FOLLOWING YEAR'S CALCULATION WOULD BEGIN WITH A POSITIVE BALANCE**
- **CONSERVATIVE REVENUE PROJECTIONS SHOULD BE USED AND DEPARTMENTAL APPROPRIATIONS SHOULD BE ORCHESTRATED TO PRODUCE EXCESS INCOME AND DEPARTMENTAL TURN BACKS**

FREE CASH – DOR POLICIES

- **DOR RECOMMENDS THAT FREE CASH NOT BE AVAILABLE TO SUPPLEMENT CURRENT YEAR DEPARTMENTAL OPERATIONS**
- **AS A NON-RECURRING REVENUE SOURCE, DOR STATES A PRUDENT USE OF FREE CASH WOULD BE TO FUND ONE-TIME EXPENDITURES (ACCEPTANCES), CAPITAL PURPOSES (POLICE CRUISERS) OR TO REPLENISH OTHER RESERVES (STABILIZATION)**
- **IF PROJECTED AS A REVENUE SOURCE TO SUPPORT THE ENSUING YEAR'S OPERATIONS, DOR RECOMMENDS THE AMOUNT USED WOULD BE RESTRICTED TO A PERCENTAGE OF TOTAL FREE CASH**

SPECIAL TOWN MEETING ARTICLES

#1: FY 18 SUPPLEMENTAL APPROPRIATION

FIRE DEPT WAGES (012202 / 51140) \$20,000

**INCREASED CALLS FOR SERVICE HAVE RESULTED IN THIS LINE FALLING
SHORT THIS FISCAL YEAR**

#1: TOTAL FUNDING REQUESTED: \$20,000

SOURCE: FREE CASH

SPECIAL TOWN MEETING ARTICLES

#2: PURCHASE OF DORRANCE LAND

- 15 ACRES OF LAND ABUTTING EXISTING TOWN-OWNED PROPERTY**
- SITE OF A FUTURE TOWN HALL/MUNICIPAL COMPLEX & OPEN SPACE**
- PURCHASE WILL NOT COST THE TAXPAYERS ANY ADDITIONAL TAXES**
- FUNDED ENTIRELY WITHIN THE TOWN'S CURRENT LEVY LIMIT**
- USE A PORTION OF THE EXISTING FUNDS AND PAY THE BALANCE VIA SHORT-TERM BORROWING PAID OUT OF THIS ACCOUNT**

#2: TOTAL FUNDING REQUESTED: \$819,000

SOURCE: SOLAR CAPITAL FUND

SPECIAL TOWN MEETING ARTICLES

#4: FY 18 CAPITAL BUDGET

- LAWN MOWER FOR FORESTRY** **\$ 8,000**
PURCHASE OF A COMMERCIAL-GRADE MOWER TO MOW
LARGER TOWN PROPERTIES

- PURCHASE AND REPAIR OF POLICE CRUISERS** **\$ 45,600**
THIS APPROPRIATION WILL ALLOW THE TOWN TO PURCHASE
ONE NEW CRUISER AND TO REPLACE THREE CRUISERS
DAMAGED IN SERVICE BY SUPPLEMENTING THE SETTLEMENTS
RECEIVED FROM INSURANCE COMPANIES

SPECIAL TOWN MEETING ARTICLES

#4: FY 18 CAPITAL BUDGET

- TOWN OFFICES PERMITTING SOFTWARE **\$40,000****

THE TOWN CURRENTLY HAS NO SOFTWARE TO MANAGE THE PERMITTING PROCESS RESULTING IN A COMBINATION OF COMPUTER WORKSHEETS AND PAPER LEDGER BOOKS TO RECORD AND TRACK PERMITS. PUBLIC RECORDS REQUESTS RELATED TO PERMITS REQUIRES SIGNIFICANT WORK ON OUR DEPARTMENTS TO TRACK DOWN THE REQUESTED INFORMATION. THE PROPOSED SOLUTION WOULD ALLOW REQUESTERS TO PERFORM THEIR OWN RECORDS SEARCH VIA THE WEB. PERMITS AND LICENSES COULD ALSO BE APPLIED FOR AND ISSUED VIA THE WEB, MAKING IT EASIER FOR CITIZENS AND CONTRACTORS TO DO BUSINESS WITH THE TOWN.

SPECIAL TOWN MEETING ARTICLES

#4: FY 18 CAPITAL BUDGET

- GEAR EXTRACTOR & ADC DRYING CABINET **\$16,300****

THE FIRE DEPARTMENT CURRENTLY HAS A 15-YEAR-OLD EXTRACTOR THAT CLEANS AND DECONTAMINATES ONE SET OF GEAR AT A TIME AND NO DRYER. THIS EQUIPMENT CAN CLEAN AND DECONTAMINATE FOUR SETS OF GEAR, AND IS ESSENTIAL TO ENSURE OUR FIRST RESPONDER'S GEAR IS CLEAN OF CARCINOGENIC CONTAMINATION IT IS EXPOSED TO WHEN RESPONDING TO CALLS FOR SERVICE.

SPECIAL TOWN MEETING ARTICLES

#4: FY 18 CAPITAL BUDGET

- LAWN MOWER FOR FORESTRY** **\$ 8,000**
- PURCHASE AND REPAIR OF POLICE CRUISERS** **\$ 45,600**
- TOWN OFFICES PERMITTING SOFTWARE** **\$ 40,000**
- GEAR EXTRACTOR & ADC DRYING CABINET** **\$ 16,300**

#4: TOTAL FUNDING REQUESTED: \$109,900

SOURCE: FREE CASH

SPECIAL TOWN MEETING ARTICLES

#5: SOFTWARE FOR TOWN ASSESSORS

THE SOFTWARE CURRENTLY USED BY THE TOWN ASSESSORS IS SEVERAL YEARS OUT OF DATE AND NEEDS AN UPGRADE TO BRING INTO COMPLIANCE WITH CURRENT STATE LAW AND STANDARDS. THIS AMOUNT INCLUDES THE NEW SOFTWARE, DATA CONVERSION FROM THE OLD VERSION, AND TRAINING FOR THE EMPLOYEES

#5: TOTAL FUNDING REQUESTED: \$25,000

SOURCE: OVERLAY SURPLUS

SPECIAL TOWN MEETING ARTICLES

FUNDING SUMMARY

Special Town Meeting	Required	Overlay	Free Cash
Starting Balance:		\$ 25,000	\$142,076
Required For Articles:	\$ 154,900	\$ 25,000	\$129,900
Supplemental Appropriation #1:	\$ 20,000		\$ 20,000
Capital Budget #4:	\$ 109,900		\$109,900
Assessing Software #5:	\$ 25,000	\$ 25,000	
Ending Balance:		\$ 0	\$ 12,176

SPECIAL TOWN MEETING ARTICLES NO FUNDING REQUIRED

- **ARTICLE 3 - ORMOND FARM APR
AGRICULTURAL & NATURAL RESOURCES PRESERVATION COUNCIL**
- **ARTICLE 6 - GENERAL BYLAWS AMENDMENT - REVOLVING ACCOUNT
PARKS COMMISSION**
- **ARTICLE 7 - REVOLVING ACCOUNTS AUTHORIZATION
PARKS COMMISSION**
- **ARTICLE 8 - ACCEPTANCE OF LOCAL TAX PROVISION
BOARD OF SELECTMEN**

SPECIAL TOWN MEETING WARRANT

QUESTIONS?



TOWN OF REHOBOTH

ANNUAL TOWN MEETING

ANNUAL TOWN MEETING FINCOM RECOMMENDATIONS

**FINANCE COMMITTEE RECOMMENDS APPROVAL WITH FUNDING
ON ANNUAL TOWN MEETING ARTICLES 2, 3, 4 & 5**

**APPROVAL RECOMMENDED (NO FUNDING NECESSARY)
ON ARTICLES 1, 25 & 27**

**NO RECOMMENDATION IS REQUIRED ON REMAINING ARTICLES
(E.G. ZONING ARTICLES, REPORTS OF COMMITTEES, ETC.)**

ANNUAL TOWN MEETING ARTICLES

- **#2: FY 19 TOWN BUDGET** **\$ 9,697,043**
- **#3: FY 19 DRRSD ASSESSMENT** **\$15,842,799**
- **#4: FY 19 BP VOCTECH ASSESSMENT** **\$ 487,155**
- **#5: FY 19 BRISTOL AGGIE ASSESSMENT** **\$ 74,095**

- **TOTAL REQUESTED FUNDING:** **\$26,101,092**

SPECIAL TOWN MEETING FUNDING SOURCES

- **RAISE & APPROPRIATE (E.G. “TAXATION”)**

THIS FISCAL YEAR (FY18) WE USED \$920,000 IN FREE CASH TO BALANCE THE BUDGET. WE HAVE INSUFFICIENT FREE CASH TO TAKE A SIMILAR ACTION IN FY19

FY19 FUNDING SOURCES TAXATION / “R & A”

- **THE MAJOR REVENUE SOURCE TO FUND TOWN OPERATIONS**
- **ONLY AVAILABLE IN THE ANNUAL TOWN MEETING**
- **COMPONENTS INCLUDE:**
 - **Property Tax Levy**
 - **Proposition 2 ½ increase**
 - **New Growth**
 - **Motor Vehicle Excise tax**
 - **Local Receipts**
 - **SOLAR Pilots**
 - **Meals Tax**
 - **State Aid / Chapter 70 Reimbursements**
 - **Debt Exclusions**

FY19 FUNDING SOURCES TAXATION DETAIL

	FY2019	FY2018	+/-	%YOY
Property Taxes	\$21,311,598	\$20,526,247	\$785,351	3.83%
Solar PILOTS	\$116,342	\$109,232	\$7,110	6.51%
New Growth	\$190,000	\$200,000	\$10,000	5.00%
Prop 2 1/2 Increase	\$535,699	\$515,887	\$19,812	3.84%
Debt Exclusion	\$386,684	\$374,733	\$11,951	3.19%
State Aid	\$1,282,368	\$1,255,125	\$27,243	2.17%
Motor Vehicle Excise	\$1,850,000	\$1,850,000	\$0	0.00%
Local Receipts	\$1,175,000	\$1,175,000	\$0	0.00%
Meal Tax	\$86,674	\$89,799	\$3,125	5.34%
Subtotal	\$26,934,365	\$26,096,023	\$838,342	3.21%

FY19 FUNDING SOURCES TAXATION DETAIL

	FY2019	FY2018	+/-	%YOY
Balance Forward	\$26,934,365	\$26,096,023	\$838,342	3.21%
Less Deductions:				
State/County Charges	\$396,931	\$386,518	\$10,413	2.70%
Solar Capital Fund	\$116,342	\$109,232	\$7,110	6.51%
Snow Removal Deficit	\$120,000	\$0	\$120,000	
Abatements/Exemptions (Overlay Reserve)	\$200,000	\$200,000	\$0	
Subtotal, Deductions:	\$833,273	\$695,750	\$137,523	19.77%
Available For				
Appropriation:	\$26,101,092	\$25,400,273	\$700,819	2.76%

FY19 FUNDING SOURCES

THE FUTURE IS NOW

- THE ONLY “PREDICTABLE” SOURCE OF NEW REVENUE FOR THE TOWN IS THE ANNUAL PROPOSITION 2½ TAX INCREASE, WHICH IS CURRENTLY \$536K FOR FY19. THE OTHER REVENUE SOURCES AVAILABLE TO THE TOWN ARE LESS PREDICTABLE, TO VARIED DEGREES**
- THE ANNUAL INCREASE IN THE REGIONAL SCHOOL SYSTEM’S ASSESSMENT HAS OUTPACED THE TOWN’S ABILITY TO RAISE NEW REVENUE FOR 4 YEARS IN A ROW. THEIR INITIAL FY19 REQUESTED INCREASE BY ITSELF (\$2.9M) WAS MORE THAN 5 TIMES THE TOWN’S PROP 2½% INCREASE (\$536K) [SINCE REVISED DOWN TO \$1.3M YOY, 2.5 x 2½%, 5/7/18]**

FY19 FUNDING SOURCES

THE FUTURE IS NOW

- **THE TOWN HAS ABSORBED THESE INCREASES IN THE PAST BY:**
 - **USING FREE CASH TO SUPPLEMENT THE OPERATING BUDGET – THIS IS AGAINST THE SOUND FINANCIAL POLICIES RECOMMENDED BY DOR. LAST YEAR WE USED \$920K TO BALANCE THE BUDGET**
 - **MADE CUTS TO THE TOWN’S OWN OPERATING BUDGET NEEDS, AFFECTING THE LEVEL OF SERVICES THE TOWN’S RESIDENTS HAVE RECEIVED, AND HARMING THE TOWN IN OTHER WAYS, SUCH AS DEFERRING MUCH-NEEDED MAINTENANCE TO TOWN ASSETS RESULTING IN THEIR DETERIORATION**

FY19 FUNDING SOURCES THE FUTURE IS NOW

- **OVER THE PAST SEVERAL YEARS, THE FINANCE COMMITTEE HAS USED MORE AGGRESSIVE REVENUE ESTIMATES FOR LESS-PREDICTABLE REVENUE SOURCES, SUCH AS LOCAL RECEIPTS AND MVE TAXES. FOR FY19 WE ARE AT 100% OF THE PRIOR YEARS' ACTUAL RECEIPTS FOR SOME OF OUR REVENUE ESTIMATES. THIS IS ALSO AGAINST SOUND FINANCIAL POLICIES.**

WE HAVE SQUEEZED ALL THE JUICE WE CAN OUT OF THESE ORANGES

FY19 FUNDING SOURCES A CLOSER LOOK

	FY2019	FY2018	+/-	%YOY
Property Taxes	\$21,311,598	\$20,526,247	\$785,351	3.83%
Solar PILOTS	\$116,342	\$109,232	\$7,110	6.51%
New Growth	\$190,000	\$200,000	\$10,000	5.00%
Prop 2 1/2 Increase	\$535,699	\$515,887	\$19,812	3.84%
Debt Exclusion	\$386,684	\$374,733	\$11,951	3.19%
State Aid	\$1,282,368	\$1,255,125	\$27,243	2.17%
Motor Vehicle Excise	\$1,850,000	\$1,850,000	\$0	0.00%
Local Receipts	\$1,175,000	\$1,175,000	\$0	0.00%
Meal Tax	\$86,674	\$89,799	\$3,125	5.34%
Subtotal	\$26,934,365	\$26,096,023	\$838,342	3.21%

FY19 FUNDING SOURCES

MEALS TAX

- **Meals Tax - \$86,674**
 - The local option excise of .75 percent on the sale of restaurant meals originating within a municipality was created by the State and adopted by Rehoboth starting 1/1/2010
 - On a \$100 tab, the tax amounts to 75 cents. Every \$133,333 in gross sales generates \$1,000 in revenue
 - The tax is levied on “any food and/or beverage that has been prepared for immediate human consumption” and provided by a restaurant or restaurant part of a store
 - Currently accounts for less than ½ of 1% of the town’s total revenues
 - Does not have significant growth potential due to rate and the market
 - Somewhat dependent on local economic conditions

FY19 FUNDING SOURCES

MEALS TAX

HISTORICAL BUDGETED VS. ACTUAL

	FY13	FY14	FY15	FY16	FY17	Budgeted FY18
Budgeted	\$40,000	\$50,000	\$55,000	\$65,000	\$75,000	\$89,799
Actual	\$63,780	\$64,772	\$76,063	\$87,730	\$84,588	?
Free Cash	\$23,780	\$14,772	\$21,063	\$22,730	\$9,588	?
%Over	159.45%	129.54%	138.30%	134.97%	112.78%	?
YOY +/-		\$992	\$11,291	\$11,667	\$ (3,142)	

Meals Tax Historical Actual vs. Budgeted

◆ Budgeted ■ Actual ▲ Free Cash



FY19 FUNDING SOURCES

LOCAL RECEIPTS

- **Local Receipts - \$1,175,000**

Local receipts is a term used to refer to all generated revenues, other than real and personal property taxes, a municipality collects as part of its annual operations.

Some of these revenue streams are variable while others are fairly static. Overall, these revenue streams do not vary substantially year over year, unless influenced by outside factors

FY19 FUNDING SOURCES

LOCAL RECEIPTS

- **Some examples of revenue sources classified as “local receipts” includes:**

Other Excise taxes (Farm Excise)
Penalties & Interest (Tax Title)
Fees (Police Details)
Rentals (Cell Towers)
Other Dept. Revenue (Town Clerk)

Licenses and Permits (Building)
Fines and Forfeitures (NSF)
Investment Income

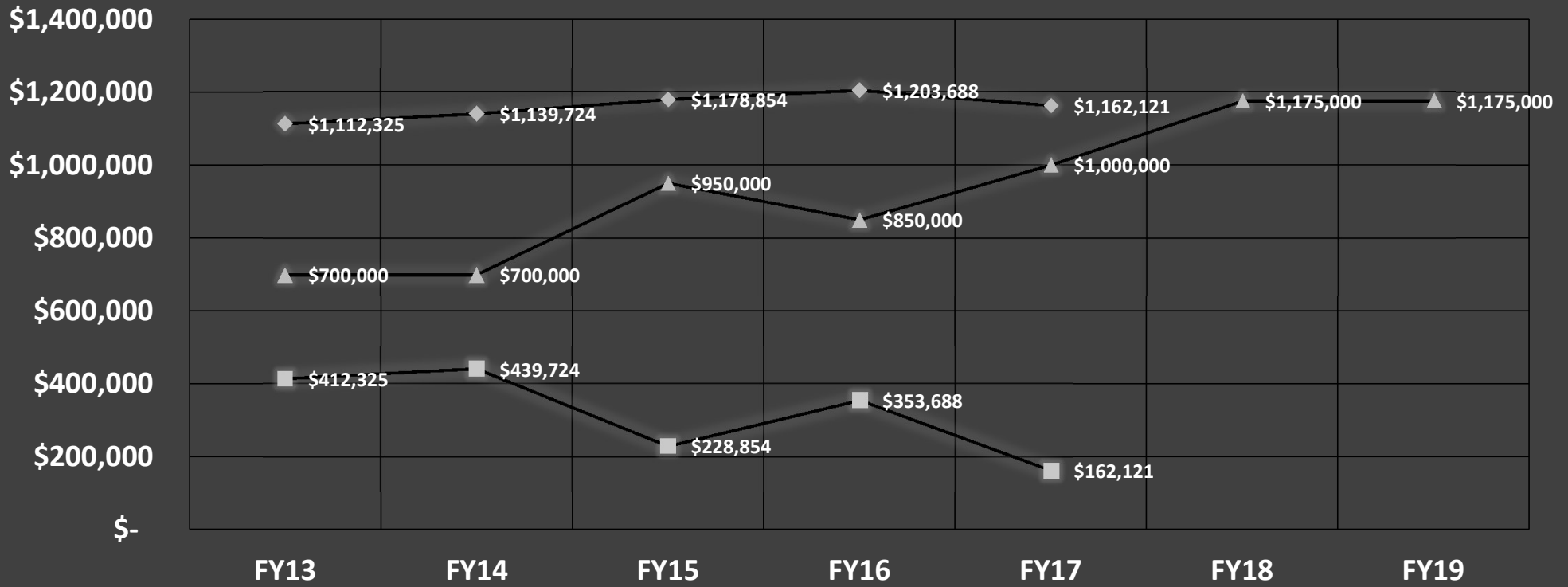
FY19 FUNDING SOURCES LOCAL RECEIPTS

HISTORICAL BUDGETED VS. ACTUAL

	FY13	FY14	FY15	FY16	FY17	Budgeted FY18
Budgeted	\$700,000	\$700,000	\$950,000	\$850,000	\$1,000,000	\$1,175,000
Actual	\$1,112,325	\$1,139,724	\$1,178,854	\$1,203,688	\$1,162,121	?
Free Cash	\$412,325	\$439,724	\$228,854	\$353,688	\$162,121	?
%Over	158.90%	162.82%	124.09%	141.61%	116.21%	?
YOY +/-		\$27,399	\$39,130	\$24,834	\$(41,567)	

Local Receipts Historical Actuals vs. Budgeted

▲ Budgeted ◆ Actual ■ Free Cash



FY19 FUNDING SOURCES

MOTOR VEHICLE EXCISE TAX

- **MVE Taxes - \$1,850,000**
 - **We have been fortunate in exceeding our estimates because residents in Rehoboth regularly lease and purchase new cars**
 - **Vehicle value is determined by the Commissioner of Revenue. The value is not based on the actual purchase price or "book value" of the vehicle. This value is used to calculate the annual tax throughout the life of the vehicle**
 - **Tax rate fixed at \$25 per \$1,000 of assessed value**

FY19 FUNDING SOURCES

MOTOR VEHICLE EXCISE TAX

- **Assessed value follows fixed depreciation schedule:**
 - **In the year preceding the year of manufacture: 50%**
 - **In the year of manufacture: 90%**
 - **In the second year: 60%**
 - **In the third year: 40%**
 - **In the fourth year: 25%**
 - **In the fifth and succeeding years: 10%**
- **Your Tax = \$Value x Depreciation Factor ÷ 1000 x \$25**

FY19 FUNDING SOURCES

MOTOR VEHICLE EXCISE TAX EXAMPLE

In 2018 you purchase a brand new 2019 Toyota Corolla valued at \$22,000. Your annual MVE tax on this vehicle will be:

• 2018	\$275	$\\$22,000 \times .50 \div 1000 \times \\25
• 2019	\$495	$\\$22,000 \times .90 \div 1000 \times \\25
• 2020	\$330	$\\$22,000 \times .60 \div 1000 \times \\25
• 2021	\$220	$\\$22,000 \times .40 \div 1000 \times \\25
• 2022	\$138	$\\$22,000 \times .25 \div 1000 \times \\25
• 2023+	\$ 55	$\\$22,000 \times .10 \div 1000 \times \\25

FY19 FUNDING SOURCES

MOTOR VEHICLE EXCISE TAX EXAMPLE

- **As is illustrated in the above example, any “level funding” or “growth” in the annual MVE taxes the town generates is dependent on residents purchasing or leasing new vehicles on a continuous basis. If the rate starts to decrease, our annual MVE tax collection will suffer dramatically**
- **This problem would be compounded significantly as the budget preparation process for the next fiscal year occurs prior to the two major MVE tax commitments the Town receives – which means the Finance Committee does not have the “current year” tax collection numbers – only numbers from the prior fiscal year – to base its revenue estimates for next year.**

FY19 FUNDING SOURCES MOTOR VEHICLE EXCISE TAX

HISTORICAL BUDGETED VS. ACTUAL

	FY13	FY14	FY15	FY16	FY17	Budgeted FY18
Budgeted	\$1,227,402	\$1,230,445	\$1,550,000	\$1,425,000	\$1,650,000	\$1,850,000
Actual	\$1,560,488	\$1,725,380	\$1,795,498	\$1,965,596	\$2,031,866	?
Free Cash	\$333,086	\$494,935	\$245,498	\$540,596	\$381,866	?
%Over	127.14%	140.22%	115.84%	137.94%	123.14%	?
YOY +/-		\$164,892	\$70,118	\$170,098	\$66,270	

MVE Historical Actuals vs. Budgeted

■ Budgeted ◆ Actual ▲ Free Cash



FINANCE COMMITTEE: REVENUE SOURCES HISTORICAL BUDGETED VS. ACTUAL

Meals Tax	FY13	FY14	FY15	FY16	FY17	FY18
Budgeted	\$40,000	\$50,000	\$55,000	\$65,000	\$75,000	\$89,799
Actual	\$63,780	\$64,772	\$76,063	\$87,730	\$84,588	?
Free Cash	\$23,780	\$14,772	\$21,063	\$22,730	\$9,588	?
%Over	159.45%	129.54%	138.30%	134.97%	112.78%	?
YOY +/-		\$992	\$11,291	\$11,667	\$(3,142)	
Local Receipts	FY13	FY14	FY15	FY16	FY17	FY18
Budgeted	\$700,000	\$700,000	\$950,000	\$850,000	\$1,000,000	\$1,175,000
Actual	\$1,112,325	\$1,139,724	\$1,178,854	\$1,203,688	\$1,162,121	?
Free Cash	\$412,325	\$439,724	\$228,854	\$353,688	\$162,121	?
%Over	158.90%	162.82%	124.09%	141.61%	116.21%	?
YOY +/-		\$27,399	\$39,130	\$24,834	\$(41,567)	
MVE	FY13	FY14	FY15	FY16	FY17	FY18
Budgeted	\$1,227,402	\$1,230,445	\$1,550,000	\$1,425,000	\$1,650,000	\$1,850,000
Actual	\$1,560,488	\$1,725,380	\$1,795,498	\$1,965,596	\$2,031,866	?
Free Cash	\$333,086	\$494,935	\$245,498	\$540,596	\$381,866	?
%Over	127.14%	140.22%	115.84%	137.94%	123.14%	?
YOY +/-		\$164,892	\$70,118	\$170,098	\$66,270	

FY19 FUNDING SOURCES

THE FUTURE IS NOW

- **THE TOWN HAS REACHED THE POINT WHERE THE ANNUAL INCREASES IN THE TOWN AND SCHOOL BUDGETS CAN NO LONGER BE FUNDED BY ITS ANNUAL TAX LEVY INCREASE**
- **WE HAVE BEEN “FORTUNATE” OVER THE PAST SEVERAL YEARS TO HAVE FREE CASH AVAILABLE TO FUND THE OPERATING BUDGET (DESPITE DOR RECOMMENDATIONS). HOWEVER, USING FREE CASH IN THIS WAY IS AKIN TO USING YOUR SAVINGS TO PAY YOUR MONTHLY BILLS – ESSENTIALLY WE HAVE BEEN LIVING BEYOND OUR MEANS. FINCOM HAS WARNED ABOUT THIS THE PAST FOUR YEARS. EVENTUALLY THE SAVINGS RUN DRY AND YOU STILL HAVE THE BILLS. WE ARE AT THIS POINT NOW.**

FY19 FUNDING SOURCES

THE FUTURE IS NOW

- **WHAT DOES THIS MEAN? ONE OF TWO THINGS WILL HAPPEN:**
 - **EITHER MAJOR CUTS WILL BE NECESSARY IN FUTURE TOWN AND/OR SCHOOL BUDGETS, OR**
 - **THE TOWN WILL REQUIRE AN OPERATIONAL PROPOSITION 2 ½ OVERRIDE TO FUND THE BUDGET AND CONTINUE TO PROVIDE THE LEVEL OF SERVICES CURRENTLY OFFERED TO RESIDENTS**

FY19 FUNDING SOURCES

THE FUTURE IS NOW

- **PEOPLE ASK: “CAN’T WE JUST INCREASE OUR REVENUE ESTIMATES?”**
 - **NO! IF WE INCREASE REVENUE ESTIMATES TOO HIGH, WE RUN THE RISK, SHOULD REVENUE NOT MEET EXPECTATIONS, OF NEEDING TO MAKE MID-YEAR CUTS TO THE TOWN’S OPERATING BUDGET**
 - **CUTS WOULD BE MADE SOLELY IN THE TOWN BUDGET – STATE LAW PROHIBITS THE TOWN FROM CUTTING THE REGIONAL SCHOOL SYSTEM ASSESSMENT ONCE PASSED AT TOWN MEETING**
 - **THERE IS NO MORE ROOM FOR UPWARD MOVEMENT IN THE REVENUE ESTIMATES, AND WE NEED TO START THINKING ABOUT POSSIBLY REDUCING THEM**

ANNUAL TOWN BUDGET ARTICLES

- **LAST YEAR, THE TOWN USED \$920,000 IN FREE CASH TO BALANCE THE BUDGET**
- **WE ARE ANTICIPATING GENERATING ONLY \$701,000 IN NEW REVENUE FOR FY 2019**
- **THIS MEANS WE STARTED THE BUDGET PROCESS WITH A \$219,000 “DEFICIT”**

ANNUAL TOWN BUDGET ARTICLES

- FOR FY19, TOWN AND SCHOOL OFFICIALS INITIALLY REQUESTED **\$29,843,694** TO FUND THEIR BUDGETS
- THIS REPRESENTED A **\$3,459,129** INCREASE OVER FY18'S APPROPRIATION OF **\$26,384,565** (13.11% INCREASE YEAR-OVER-YEAR)
- THE MAJOR DRIVER OF THIS DIFFERENCE WAS AN INITIAL **\$2.9M** INCREASE IN THE REGIONAL SCHOOL SYSTEM ASSESSMENT (17.54% INCREASE YEAR-OVER-YEAR) [SINCE REVISED DOWN BY **\$1.6M**, TO A **\$1.3M** INCREASE, 7.89% YOY, ON 5/7/18]

ANNUAL TOWN MEETING ARTICLES

#2: FY 2019 TOWN GOVERNMENT BUDGET

- THIS YEAR TOWN DEPARTMENT HEADS AND ELECTED OFFICIALS REQUESTED \$9.72M FOR THEIR BUDGETS**
- THIS IS A \$550K INCREASE OVER FY18'S BUDGET (INCLUDING SUPPLEMENTAL APPROPRIATIONS)**

ANNUAL TOWN MEETING ARTICLES

#2: FY 2019 TOWN GOVERNMENT BUDGET

- **PRINCIPAL SOURCES OF INCREASES INCLUDE:**
 - **HIGHER PERSONNEL-RELATED BENEFIT COSTS (PENSION ASSESSMENT)**
 - **CONTRACTUALLY-MANDATED SALARY INCREASES FOR UNION EMPLOYEES**
 - **INCREASED EXPENSE FOR PUBLIC SAFETY DUE TO HIGHER CALLS FOR SERVICE & ADDITIONAL STAFFING ADDED MID-FY18**
 - **WAGE ADJUSTMENTS TO INDUSTRY STANDARDS FOR NON-UNION STAFF**
 - **REVAL YEAR – HIGHER COST IN ASSESSOR’S OFFICE**
 - **ELECTION YEAR – PRIMARY AND NOVEMBER ELECTION**
 - **375TH PARADE WAGES & EXPENSES**

ANNUAL TOWN MEETING ARTICLES

#2: FY 2019 TOWN GOVERNMENT BUDGET

- DUE TO AVAILABLE FUNDS, FINCOM IS RECOMMENDING A LESSOR AMOUNT OF \$9.69M TO FUND THESE REQUESTS**

#2: TOTAL FUNDING REQUESTED: \$9,697,043 SOURCE: TAXATION

ANNUAL TOWN MEETING ARTICLES

#3: DR REGIONAL SCHOOL ASSESSMENT

- ON MAY 7TH, THE DR REGIONAL SCHOOL COMMITTEE ADOPTED A \$43.8M BUDGET (7.89% YOY)
- REPRESENTS A REDUCTION OF \$2.05M OVER THEIR INITIAL BUDGET OF \$45.2M PASSED ON MARCH 27TH

ANNUAL TOWN MEETING ARTICLES

#3: DR REGIONAL SCHOOL ASSESSMENT

- VOTED ASSESSMENTS, AFTER SUBTRACTING STATE AID (\$14M), ARE:

OPERATING: \$17,549,860

- INCREASE OF \$1.475M OVER FY18'S \$16,074,483 APPROPRIATION
- \$3.286M ABOVE OUR STATE-MANDATED MINIMUM CONTRIBUTION
- PER-PUPIL: \$10,585, NOT INCLUDING STATE AID & OTHER REIMBURSEMENTS (\$5,013/STUDENT, TOTAL: \$15,598/STUDENT)

CAPITAL: \$408,930 (INCLUDES BAN FOR NEW ROOF PROJECT AT HIGH SCHOOL)

ANNUAL TOWN MEETING ARTICLES

#3: DR REGIONAL SCHOOL ASSESSMENT

- BASED ON REVENUES AVAILABLE, FINCOM VOTED A RECOMMENDATION OF \$15,842,799**
- THIS REPRESENTS AN APPROPRIATION OF \$805K OVER OUR STATE-MANDATED NET MINIMUM**

ANNUAL TOWN MEETING ARTICLES

#3: DR REGIONAL SCHOOL ASSESSMENT

- THE TOWN DOES NOT HAVE ADEQUATE REVENUE TO SUPPORT A \$3.286M ABOVE-NET-MINIMUM APPROPRIATION WITHOUT RESIDENTS PASSING A PROPOSITION 2 ½ OPERATIONAL OVERRIDE
- REDUCING THE TOWN BUDGET TO ACCOMMODATE THE SCHOOL DEPARTMENT BUDGET INCREASE WILL HAVE DEVASTATING EFFECTS ON TOWN SERVICES AND JEOPARDIZE PUBLIC SAFETY

#3: TOTAL FUNDING REQUESTED: \$15,842,799

SOURCE: TAXATION

ANNUAL TOWN MEETING ARTICLES

#4: BRISTOL PLYMOUTH REGIONAL VOCTECH ASSESSMENT

- ON MARCH 6TH THE BRISTOL PLYMOUTH REGIONAL TECHNICAL SCHOOL DISTRICT COMMITTEE VOTED TO APPROVE A BUDGET OF \$23,514,879 FOR FISCAL YEAR 2019
- THIS IS A 1.6% INCREASE OVER FY18'S BUDGET

ANNUAL TOWN MEETING ARTICLES

#4: BRISTOL PLYMOUTH REGIONAL VOCTECH ASSESSMENT

- THE SCHOOL COMMITTEE'S VOTED REHOBOTH ASSESSMENTS TO FUND THE BUDGET ARE \$487,155**

**A NET MINIMUM ASSESSMENT OF \$460,295,
A CAPITAL ASSESSMENT OF \$7,219, AND
TRANSPORTATION CHARGES OF \$19,640**

ANNUAL TOWN MEETING ARTICLES

#4: BRISTOL PLYMOUTH REGIONAL VOCTECH ASSESSMENT

- BASED ON REVENUES AVAILABLE TO THE TOWN, THE FINANCE COMMITTEE RECOMMENDS AN APPROPRIATION OF \$487,155 TO FUND THIS ASSESSMENT**
- EXPECTED ENROLLMENT FROM REHOBOTH NEXT YEAR IS 38 STUDENTS (\$12,820/PUPIL)**

#4: TOTAL FUNDING REQUESTED: \$487,155 SOURCE: TAXATION

ANNUAL TOWN MEETING ARTICLES

#5: BRISTOL COUNTY AGRICULTURAL HIGH SCHOOL TUITION

- **REHOBOTH PAYS TUITION ON A PER-PUPIL BASIS**
- **EXACT NUMBER OF STUDENTS IS UNKNOWN UNTIL SEPTEMBER**
- **THIS FIGURE IS AN ESTIMATE BASED ON CURRENT ENROLLMENT**

ANNUAL TOWN MEETING ARTICLES

#5: BRISTOL COUNTY AGRICULTURAL HIGH SCHOOL TUITION

- BASED ON REVENUES AVAILABLE TO THE TOWN, THE FINANCE COMMITTEE RECOMMENDS AN APPROPRIATION OF \$74,095 TO FUND THIS ASSESSMENT**
- WE CURRENTLY HAVE 35 STUDENTS ENROLLED FROM REHOBOTH**

#5: TOTAL FUNDING REQUESTED: \$74,095

SOURCE: TAXATION

ANNUAL TOWN MEETING ARTICLES

FUNDING SUMMARY

Annual Town Meeting	Required	Taxation
Starting Balance:		\$26,101,092
Required For Articles:	\$26,101,092	\$26,101,092
Town Budget #2:	\$9,697,043	\$9,697,043
DR Regional Assessment #3:	\$15,842,799	\$15,842,799
BP VocTech Assessment #4:	\$487,155	\$487,155
Bristol Aggie Tuition #5:	\$74,095	\$74,095
Ending Balance:	\$26,101,092	\$0

ANNUAL TOWN MEETING ARTICLES NO FUNDING REQUIRED

- **ARTICLE 1 – SURPLUS EQUIPMENT AUCTION**
BOARD OF SELECTMEN
- **ARTICLE 6 – COMMUNITY PRESERVATION BUDGET**
COMMUNITY PRESERVATION COMMITTEE
- **ARTICLE 7 – CONSERVATION EASEMENT RELEASE**
BOARD OF SELECTMEN

ANNUAL TOWN MEETING ARTICLES NO FUNDING REQUIRED

- **ARTICLE 8-22 – AMENDMENTS TO GENERAL BYLAWS
VARIOUS**
- **ARTICLE 23 – AMENDMENT TO ZONING BYLAWS: ARTICLE 10.0
PLANNING BOARD**
- **ARTICLE 24 – AMENDMENT TO ZONING BYLAWS CHAPTER E
PLANNING BOARD**

ANNUAL TOWN MEETING ARTICLES NO FUNDING REQUIRED

- **ARTICLE 25 – AUTHORIZATION OF REVOLVING ACCOUNTS**
BOARD OF SELECTMEN
- **ARTICLE 27 – TRANSFER STATION OFFSET RECEIPTS**
BOARD OF HEALTH
- **ARTICLES 26, 28 - REPORTS OF COMMITTEES**
VARIOUS

ANNUAL TOWN MEETING WHAT CAN WE EXPECT?

- **KEEPING WITH PAST PRACTICES, WE EXPECT A REPRESENTATIVE FROM THE D/R REGIONAL SCHOOL COMMITTEE TO MAKE A MOTION TO MODIFY THE AMOUNT RECOMMENDED BY THE FINANCE COMMITTEE FOR ARTICLE 3 TO THE D/R ASSESSMENT AMOUNT VOTED BY THE SCHOOL COMMITTEE**
- **THIS WOULD INCREASE THE AMOUNT REQUIRED TO FUND ARTICLE 3 TO \$17,958,791**
- **THIS MOTION WILL PLACE THE TOWN “OUT OF BALANCE” BY \$2,115,992 IN ITS REVENUE ESTIMATES, AND TRIGGER THE NEED FOR A PROPOSITION 2½ OPERATIONAL OVERRIDE ELECTION TO FUND THE DEFICIT**

ANNUAL TOWN MEETING

WHAT DOES AN OVERRIDE LOOK LIKE?

- **THE TAX LEVY FOR FY19 IS \$21,427,940**
- **THE EXPECTED DEFICIT OF \$2,115,992 WOULD BE 9.875% OF THE TAX LEVY**
- **ALL THINGS BEING EQUAL, A TOWN RESIDENT CAN LOOK AT THEIR CURRENT TAX BILL AND EXPECT TO PAY 9.875% MORE STARTING JULY 1ST (IN REALITY IT WOULD BE HIGHER, BECAUSE RECENT DEBT EXCLUSION TO FUND THE NEW ROOF AT THE HIGH SCHOOL ALSO HAS TO BE ADDED IN)**
- **IN 2018 THE AVERAGE VALUE OF A SINGLE FAMILY HOME IN REHOBOTH WAS \$384,515, WITH A PROPERTY TAX BILL OF \$4,603 (\$11.97 PER \$1,000 OF ASSESSED VALUE)**
- **THUS, A 9.875% INCREASE ON THE "AVERAGE" SINGLE-FAMILY HOME WOULD BE \$454.55**

ANNUAL TOWN MEETING DANGER, WILL ROBINSON!



- **IF AN UNCONDITIONAL APPROPRIATION FOR THE BUDGET OF THE REGIONAL SCHOOL SYSTEM IS PASSED AT TOWN MEETING, THE ONLY ENTITY WHICH MAY VOTE TO REDUCE THE ASSESSMENT IS THE REGIONAL SCHOOL COMMITTEE (MGL CHAPTER 71 SECTION 16)**
- **THIS MEANS SHOULD THE OVERRIDE FAIL, THE TOWN CANNOT GO BACK TO TOWN MEETING AND VOTE A LESSOR APPROPRIATION TO FUND THE ASSESSMENT**
- **UNLESS THE REGIONAL SCHOOL COMMITTEE REDUCES THE ASSESSMENT, THE ENTIRE DEFICIT WOULD FALL UPON THE SHOULDERS OF THE TOWN BUDGET – REDUCTIONS WOULD NEED TO BE MADE IN THE TOWN BUDGET TO ELIMINATE THE DEFICIT CREATED BY INCREASING THE ARTICLE 3 APPROPRIATION OVER THE AMOUNT RECOMMENDED BY THE FINANCE COMMITTEE**

ANNUAL TOWN MEETING DANGER, WILL ROBINSON!

- **THIS LATTER SCENARIO CAN ONLY BE AVOIDED IF ANY APPROPRIATION ABOVE THE AMOUNT RECOMMENDED BY THE FINANCE COMMITTEE IS MADE CONTINGENT ON A PROPOSITION 2 ½ OVERRIDE.**
- **BY MAKING ANY INCREASE CONTINGENT ON AN OVERRIDE, SHOULD THE OVERRIDE FAIL, THE REGIONAL SCHOOL SYSTEM WOULD STILL RECEIVE THE FUNDING RECOMMENDED BY THE FINANCE COMMITTEE (BUT NOT THE ADDED AMOUNT) AND FUNDING FOR CRITICAL TOWN SERVICES IS NOT PLACED IN JEOPARDY.**
- **EVEN IF AN INCREASE IN THE REGIONAL SCHOOL SYSTEM APPROPRIATION IS MADE CONTINGENT ON A PROPOSITION 2 ½ OVERRIDE, THE TOWN COULD STILL BE “ON THE HOOK” FOR THE FULL AMOUNT OF THE ASSESSMENT, REGARDLESS.**

WHY?

- **WHEN THE MEMBER COMMUNITIES OF A REGIONAL SCHOOL SYSTEM CANNOT AGREE ON A BUDGET (E.G. DO NOT PASS THE APPROPRIATIONS ASSESSED BY THE SCHOOL COMMITTEE), THE REGIONAL SCHOOL SYSTEM IS PLACED ON 1/12TH BUDGETING JULY 1ST AND MAY CONVENE A JOINT MEETING OF ALL MEMBER COMMUNITIES TO VOTE ON THE BUDGET. (MGL CHAPTER 71 SECTION 16B)**
- **THIS IS REFERRED TO AS A “BIG TENT” MEETING, BECAUSE PRESUMABLY YOU WOULD NEED A REALLY BIG TENT TO HOUSE ALL THE PEOPLE FROM THE REGIONAL SCHOOL SYSTEM’S MEMBER COMMUNITIES**
- **THE DECISION ON THE BUDGET MADE AT THE “BIG TENT” MEETING IS BINDING ON ALL REGIONAL SCHOOL SYSTEM MEMBER COMMUNITIES, REGARDLESS OF HOW MANY PEOPLE FROM EACH COMMUNITY ATTEND. IN OTHER WORDS, 100 PEOPLE FROM REHOBOTH AND 800 PEOPLE FROM DIGHTON COULD ATTEND, AND WHATEVER DECISIONS ARE VOTED ON WOULD BE BINDING ON THE TOWN**

WHY?

- **IN THE END, THE TOWN COULD VOTE TO MAKE THE ASSESSMENT CONTINGENT ON AN OVERRIDE, HAVE A MAJORITY OF TOWN RESIDENTS REJECT AN OVERRIDE TO PAY FOR THE ASSESSMENT, AND STILL END UP NEEDING TO PAY THE ASSESSMENT – AND MAKE SUBSTANTIAL CUTS IN TOWN GOVERNMENT – BECAUSE THE ATTENDEES AT THE “BIG TENT” DECIDE SO.**
- **THIS IS WHY IT IS SO VITALLY IMPORTANT TO HAVE THE REHOBOTH-ELECTED MEMBERS OF THE REGIONAL SCHOOL COMMITTEE FIGHT FOR THE INTERESTS OF REHOBOTH.**

WHAT DOES \$2.1M IN REDUCTIONS LOOK LIKE TO TOWN GOVERNMENT?

- THE TOWN BUDGET CONSISTS OF \$5,246,251 IN WAGES/SALARIES (PEOPLE) AND \$4,476,247 IN OTHER EXPENSES.
- MANY OF THE REMAINING EXPENSES ARE EITHER NOT REDUCIBLE (REQUIRED BY STATE LAW) OR CANNOT BE REDUCED BY VERY MUCH:
 - Contractual buyouts: \$60,000
 - Property revaluation: \$30,000
 - Veteran's benefits: \$175,000
 - Pension assessment: \$861,026
 - Health & life insurance: \$793,000
 - Town insurance: \$364,439
 - Snow and Ice Removal: \$200,000
 - Utilities & Maintenance: \$585,832



\$2.9M in expenses which cannot be reduced by much, if at all.

WHAT DOES \$2.1M IN REDUCTIONS LOOK LIKE TO TOWN GOVERNMENT?

- **BY DEFINITION, VIRTUALLY ALL OF THE REDUCTIONS MADE ON THE TOWN SIDE WOULD HAVE TO BE MADE BY REDUCING STAFFING.**
- **BUT: THE TOWN IS A “SELF INSURER” FOR UNEMPLOYMENT INSURANCE – WE DO NOT PAY UI UNTIL AN EMPLOYEE MAKES A CLAIM – THUS ANY STAFF REDUCTION MEANS OUR UI EXPENSE WILL INCREASE. THE RULE OF THUMB IS WE NEED TO REDUCE STAFFING BY \$2 TO SAVE \$1 AFTER COMPENSATING FOR THE HIGHER UI EXPENSE.**

WHAT DOES \$2.1M IN REDUCTIONS LOOK LIKE TO TOWN GOVERNMENT?

- **TO ACHIEVE \$2.1M IN SAVINGS, THE TOWN NEEDS TO MAKE \$2.7M IN REDUCTIONS, DUE TO THE REQUIREMENTS OF PAYING UNEMPLOYMENT INSURANCE AND OTHER STATE-MANDATED EXPENSES.**
- **DOING SO WOULD EFFECTIVELY ELIMINATE ALL TOWN SERVICES, CLOSE ALL TOWN DEPARTMENTS (EXCEPT POLICE, FIRE, AND 1/2 OF THE HIGHWAY DEPARTMENT), AND MAINTAIN SKELETON CREW AT TOWN HALL**

OVERRIDES ARE NOT THE ANSWER

- **THE TOWN HAS A SYSTEMIC BUDGET DEFICIT WHICH PASSING AN OVERRIDE WILL NOT SOLVE**
- **THIS IS DUE TO THE ANNUAL GROWTH IN THE TOWN AND REGIONAL SCHOOL SYSTEM BUDGETS EXCEEDING OUR ANNUAL PROPOSITION 2 1/2 INCREASE**

OVERRIDES ARE NOT THE ANSWER ILLUSTRATION

- **THE TAX LEVY FOR FY19 IS \$21,427,940**
- **THE PROPOSITION 2½ LEVY INCREASE (OVER FY18) IS \$535,699**
- **SO, NEXT YEAR'S (FY20) TAX LEVY WILL BE \$21,963,639**
- **FY20'S PROP 2½ LEVY INCREASE WILL BE \$549,091**

OVERRIDES ARE NOT THE ANSWER ILLUSTRATION

LET'S ASSUME THE TOWN PASSES THE ANTICIPATED \$2.1M OVERRIDE

- THE FY19 TAX LEVY RESETS TO \$23,543,932
(\$21,427,940 + \$2,115,992)**
- THE PROPOSITION 2½ LEVY INCREASE (OVER FY18) IS STILL
\$535,699**
- SO, NEXT YEAR'S (FY20) TAX LEVY WILL BECOME \$24,079,631**
- FY20'S PROP 2 ½ LEVY INCREASE WILL BE \$601,991**

OVERRIDES ARE NOT THE ANSWER ILLUSTRATION

- **THE REGIONAL SCHOOL BUDGET IS (\$43.8M).**
- **A 3% INCREASE IS \$1,315,468**
- **REHOBOTH PAYS 64.262% CURRENTLY**
- **OUR SHARE: \$845,346**
- **WHICH IS \$243,435 MORE THAN THE “NEW” LEVY INCREASE**
- **ALSO ASSUMES LEVEL FUNDING TOWN GOVERNMENT**
- **NEED ANOTHER OVERRIDE!**

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OVERRIDES ARE NOT THE ANSWER ILLUSTRATION

- **OTHER REVENUE SOURCES (MVE, ETC.) ARE NOT LIKELY TO INCREASE MUCH, IF AT ALL, ABOVE CURRENT LEVELS**
- **ONE “SOLUTION” IS TO RESET THE TAX LEVY TO A LEVEL WHERE THE ANNUAL PROPOSITION 2½ INCREASE GENERATES ADEQUATE REVENUE TO COVER INCREASES IN THE TOWN AND SCHOOL BUDGET**
 - **THAT AMOUNT IS ROUGHLY \$50M (WHICH WOULD YIELD A \$1.25M ANNUAL LEVY LIMIT INCREASE)**
 - **133% INCREASE (\$4,603 BECOMES \$9,206)**
- **ANOTHER SOLUTION: LIVE WITHIN OUR MEANS, DECREASE THE SIZE OF GOVERNMENT TO MATCH OUR REVENUE ESTIMATES**

CONCLUSIONS

- **THE TOWN HAS REACHED A CROSSROAD – A CRITICAL POINT WHICH ALL RESIDENTS SHOULD BE COGNIZANT OF**
- **TOWN MEETING IS THE PUREST FORM OF DEMOCRACY STILL PRACTICED IN AMERICA**
- **YOUR ATTENDANCE AT TOWN MEETING IS NEEDED TO CHART THE FUTURE DIRECTION OF THE TOWN**

CONCLUSIONS

- **THE VOTES YOU CAST ON FINANCIAL ARTICLES WILL HAVE A DIRECT IMPACT ON THE TOWN AND YOUR HOUSEHOLD FINANCES**
- **PLEASE TAKE THE TIME TO COME TO TOWN MEETING AND PARTICIPATE IN THESE IMPORTANT DECISIONS**
- **IF YOU CHOOSE NOT TO COME, DO NOT COMPLAIN LATER ABOUT THE DECISIONS MADE BY THOSE WHO MAKE THE SACRIFICE OF TIME AND ATTEND**



TOWN OF REHOBOTH

FINANCIAL SUMMIT & WARRANT REVIEW QUESTIONS AND ANSWERS