



Special Town Meeting November 15, 2022 Summary & Analysis

CAPITAL SPENDING, TAX IMPLICATIONS OF DEBT EXCLUSIONS, NON-CAPITAL SPENDING, AND OTHER FINANCING SOURCES & USES

Proposed Spending

| | |
|--|-------------------------|
| Total Appropriations | \$ 9,117,444 |
| General Capital Spending | 6,997,076 |
| Transfer from Free Cash to supplement General Stabilization Fund & OPEB Trust Fund | 1,025,000 |
| Transfer from Ambulance Fund to offset General Fund Operating Budget | 456,602 |
| Transfer from Sewer Retained Earnings to fund Sewer Capital Stabilization Fund | 300,000 |
| Sewer Capital Spending | 250,000 |
| Amend FY 23 General Fund Operating Budgets | 86,934 |
| Pay prior years' unpaid bills | <u>1,832</u> |
| Total uses of funds | <u><u>9,117,444</u></u> |

Funding Sources

| | |
|----------------------------------|----------------------------|
| Borrowing | \$ 4,500,000 |
| Free Cash | 3,005,161 |
| Raise & Appropriate (Taxation) | 589,106 |
| Sewer Retained Earnings | 550,000 |
| Ambulance Receipts Reserved Fund | 456,602 |
| Fire Alarm Revolving Fund | <u>16,575</u> |
| Total Sources of Funds | <u><u>\$ 9,117,444</u></u> |

Borrowing Articles

- ▶ Articles 14 & 15 – Borrowing Authorizations
 - ▶ \$2,000,000 for the design, planning, construction, and equipping an addition and renovation of the Council on Aging Building
 - ▶ \$2,500,000 for the design, construction, and replacement of the Kings Pond Dam and Bridge (Gardiner Street)
 - ▶ Both borrowing authorizations are contingent upon a debt exclusion ballot vote
 - ▶ A debt exclusion is a temporary albeit 20 year tax increase above the Prop 2 ½ threshold. The tax increase will disappear in Yr 21 of the borrowings

Tax rate impact of COA Building Debt Exclusion Only

- ▶ Borrowing will not occur until late FY 23 or early FY 24. Tax impact will happen on FY 24 Real Estate Tax Bill.
- ▶ Yr 1 debt service (principal & interest) \$200,000
- ▶ Increase in tax rate \$0.07 per \$1,000 of valuation (single-family home value)
- ▶ Yr 1 tax increase exclusive to the debt exclusions \$29.98 (average single family home value of \$428,307)

Tax rate impact of Kings Pond Dam & Bridge Debt Exclusion Only

- ▶ Borrowing will not occur until late FY 23 or early FY 24. Tax impact will happen on FY 24 Real Estate Tax Bill.
- ▶ Yr 1 debt service (principal & interest) \$250,000
- ▶ Increase in tax rate \$0.09 per \$1,000 of valuation (single-family home value)
- ▶ Yr 1 tax increase exclusive to the debt exclusions \$38.55 (average single family home value of \$428,307)

Tax rate implications of both debt exclusions in the aggregate

- ▶ Borrowing assumptions for Articles 14 & 15
 - ▶ Bond term 20 years
 - ▶ Interest Rate (effective only for the next 6 months) 5%
 - ▶ Total permanent borrowing \$4,500,000
 - ▶ Assumes level principal payments of \$225,000

Tax rate implications of both debt exclusions - continued

- ▶ Yr 1 (FY 24) debt service (principal & interest) \$450,000
- ▶ Increase in tax rate \$0.16 per \$1,000 of valuation (single-family home value)
- ▶ Yr 1 (FY 24) tax increase exclusive to the debt exclusions \$68.53 (average single family home value of \$428,307)

Free cash balance and uses

- ▶ Free Cash certified by the DOR as of 7/1/22 \$3,025,414
- ▶ If Town Meeting approves all spending from Free Cash (\$3,005,161)
- ▶ Remaining Free Cash available for future spending \$20,253

Free Cash spending - continued

- ▶ Free cash for capital spending \$1,980,161
- ▶ Free cash transfers to supplement General Stabilization and OPEB Trust Funds \$1,025,000
- ▶ General Stabilization Fund balance prior to transfer (as of 9/30/22) \$4,297,786. Proposed transfer of \$975,000.
- ▶ Balance after transfer (\$5,272,786) would represent 11.45% of the current FY 23 General Fund Operating budget consistent with the Town's long-term plan of maintaining at least 10% of the General Fund operating budget in the General Stabilization Fund.

Free Cash Spending - continued

- ▶ OPEB Trust Fund Balance prior to transfer (as of 9/30/22) \$582,341.
Proposed transfer of \$50,000.
- ▶ This transfer is consistent with the Plan's actuary recommendation for achieving full funding of the future liability in accordance with its timeline.

Other available fund balances

- ▶ Article 2 proposes a transfer of \$456,602 from the Ambulance Receipts Reserved for Appropriation Fund.
 - ▶ Balance of the Ambulance Receipts Reserved for Appropriations Fund (as of 9/30/22) prior to transfer \$849,925.
- ▶ Article 10 proposes a transfer of \$16,575 from the Fire Alarm Revolving Fund
 - ▶ Balance of the Fire Alarm Revolving Fund (as of 9/30/22) prior to transfer \$67,569

Sewer Enterprise Fund Retained Earnings

- ▶ Sewer Retained Earnings certified by the DOR 7/1/22 \$1,679,674
- ▶ Article 8 proposes spending \$250,000 of Sewer Retained Earnings for the purchase of a backup generator for the Sewer Department's headquarters
- ▶ Article 23 proposes transfer of \$300,000 to establish balance in newly created Sewer Capital Stabilization Fund. This fund established to help offset future liabilities due to renovation and expansion of the Taunton Sewer Treatment facility
- ▶ Remaining Sewer Retained Earnings if both articles approved \$1,129,674