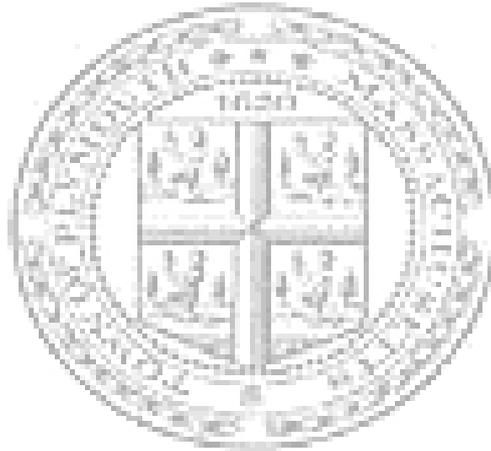


Town of Plymouth *Fiscal Year 2007*



Finance and Advisory Committee
April 6, 2006

Overview

- Budget Development
- Budget Constraints
- Revenue Assumptions
- Expenditure Summary
- Restoration of Services
- Capital Budget
- FY 2008

Budget Development

- *Primary objective-* a paradigm shift in the Town's budget model;
 - *moving away from an appropriation budget*
 - *moving towards a goal setting/performance based budget*
 - *(Government Finance Officers Association recommended best practice)*
 - *(International City/County Management Association recommended best practice)*

Budget Development, continued

- *Town Manager's Budget Guidelines*
 - Fiscal year 2007 represents a transition year as the Town broadens the budget process. Rather than being a one-dimensional appropriation mechanism, it is my intent to have the budget become a multi-dimensional tool as it becomes an integrated strategic planning, goal/results based, and measurement tool.

Budget Development, continued

- *Town Manager's Budget Guidelines*

- ... it is critical that the Town develop and maintain a budget that directly corresponds to our community's needs. In order to accomplish this objective it will be necessary to develop departmental budget objectives and action plans that correlate to the Board of Selectmen's goals:

- Have a definitive plan for the High School, Senior Center and Government Center
 - Increase services in the Town of Plymouth
 - Enhance communications with other boards and the community at large
 - Increase the marketing of Plymouth and increase sources of Revenue

Budget Development, continued

- *Town Manager's Budget Guidelines*
 - In addition... develop budget strategies that are consistent with the results of the strategic planning summary report.

Budgetary Constraints

- The Edison “PILOT” payment will decrease by \$1,000,000.
- It is anticipated that net State aid may decrease, net \$180,000.
- Health Insurance Trust Fund will need funding of \$1,000,000 for IBNR. As a sidebar, as GASB statements 43 and 45 are implemented in future years, additional financial resources will be allocated to this category.
- Health insurance, represents one of the greatest challenges that the Town will face during the foreseeable future. It is expected that the health care industry will continue to recognize material increases as experienced during recent years. A 9% cost escalator is being factored for these categories which will increase the aggregate appropriation by \$1,704,500.

Budgetary Constraints, cont

- Although the Town's Pension Trust has recognized healthy appreciation/ investment gains, overall earnings, continue to lag behind projections. As a result, the Pension appropriation will increase by \$494,000 over FY 2006.
- Fuel and utility cost are expected to increase significantly.

Revenue Assumptions

- The new growth estimate will increase \$800,000, from \$1,500,000 to \$2,300,000.
- Funding of the overlay reserve will be decreased to \$1,000,000.
- Capital funding from Free Cash will remain at approximately \$1,000,000. Remaining capital request will be funded via borrowing and other sources.

Revenue Assumptions, cont

- Usage of Local Receipts will range between 88% and 95%
- It is anticipated that the Town will net an additional \$5,000,000 in the tax levy
 - 2.5%; \$2,900,000
 - New growth; \$2,300,000

Department Budget Parameters

- **Salary and overtime budgets** have been funded to reflect step increases, and whereas collective bargaining is ongoing, COLA adjustments have not be included in Departmental budgets
Once agreements have been reached, increases will be accounted for in a salary reserve account
- **Operating budgets**, have been developed based on zero based budgeting techniques using FY 2006 as the base. Additionally, FY 2007 non-labor contractual increases have been factored into the operational budget..
- **Utility and Fuel budgets**, have been adjusted to reflect current costs and a Utility Reserve account has been established for anticipated price increases

Revenue; Tax Levy

Edison Payment	12,000,000.00	11,000,000.00	(1,000,000.00)
From Stabilization		-	
To Fund; General Fund Debt Service	2,750,000.00	2,750,000.00	-
To Fund; Wastewater Debt Service	250,000.00	250,000.00	-
Subtotal	3,000,000.00	3,000,000.00	-
Tax	<u>ACTUAL 2006</u>	<u>BUDGET 2007</u>	<u>CHANGE</u>
Prior Year Levy Capacity	93,619,439	99,421,750	3,571,873
2.5 %	2,237,802	2,481,018	143,216
New Growth	3,390,854	2,300,000	1,090,854
Less			
In Lieu of Tax (Shift Differential)	(12,000,000)	(11,000,000)	1,000,000
Unused Levy Capacity	(6,195,848)	(6,910,175)	714,327
Subtotal	<u>81,044,902</u>	<u>86,292,612</u>	<u>5,247,710</u>

Tax rate history;

- 2004- actual; \$11.81/\$1,000
- 2005- actual; \$10.43/\$1,000
- 2006- projected; \$9.88/\$1,000
- 2007- projected; \$10.29/\$1,000

Tax Rate Impact

FISCAL YEAR	TAX RATE	COMMERCIAL		RESIDENTIAL	
		AVERAGE TAX BILL	AVERAGE VALUE	AVERAGE TAX BILL	AVERAGE VALUE
2007	10.29	8,174.11	794,374.31	3,549.19	344,916.67
2006	9.88	7,848.42	794,374.31	3,407.78	344,916.67
2005	10.43	6,437.97	617,255.02	3,222.65	308,979.17
2004	11.81	6,804.05	576,125.89	3,233.83	273,821.22
2003	12.30	7,115.34	578,482.92	2,836.34	230,596.73
2002	14.26	7,964.07	558,489.97	2,695.20	189,003.93
2001	16.30	6,907.73	423,787.00	2,613.93	160,364.00

Revenue; Summary of other categories

Local Receipts and Other Sources of Funds

Local Receipts <i>Before Negotiations</i>	13,127,006	13,331,771	204,765
State Aid	22,407,871	22,228,806	(179,065)
Other Sources and Transfers	2,849,420	2,903,306	53,886
Community Preservation Fund	898,633	759,556	(139,077)
Free Cash/Fund Balance (Footnote only)	4,782,161	6,716,509	1,934,348
Subtotal	44,065,091	45,946,948	1,881,857

Revenue- Local Receipts

Local Receipts

Motor Vehicle Excise	7,293,276.66	7,366,209.43
Parking- Central Parking		79,000.00
Other Excise	328,056.08	331,336.64
Penalties and Interest on Taxes	778,866.55	786,655.22
Payments in Lieu of Taxes	51,345.37	51,858.82
Fees	559,126.91	564,718.18
Rentals	543,290.11	548,723.01
Cemeteries	48,985.00	49,474.85
Recreation	48,940.56	49,429.97
Health	77,214.50	77,986.65
Other Departmental Revenue	1,483,246.61	1,498,079.08
Licenses and Permits	2,846,679.95	2,875,146.75
Fines and Forfeits	276,982.40	279,752.22
Investment Income	526,063.55	531,324.19
CIP Grant	506,119.08	511,180.27
Reduction for future year free cash	(2,241,187.58)	(2,269,105.15)
Subtotal	13,127,006.76	13,331,771.13

Revenue- State Aid

State Aid

Education

Chapter 70	16,749,443.00	16,749,443.00	0.00
Less; additional aid per pupil aid (\$50 @ 9,000 students		(450,000.00)	(450,000.00)
School Transportation	0.00	0.00	0.00
School Construction	0	0	0.00
Retired Teachers' Pensions	0.00	0.00	0.00
Charter Tuition Assessment Reimbursement	442,459.00	442,459.00	0.00
Charter School Capital	184,519.00	184,519.00	0.00
School Choice Receiving Tuition	0.00	0.00	0.00
Sub-Total, All Education Items	17,376,421	16,926,421	(450,000.00)

Revenue; State Aid continued

General Government

Lottery, Beano & Charity Games	3,856,040.00	3,856,040.00	0.00
Additional Uncapping		270,935.00	270,935.00
Additional Assistance	0.00	0.00	0.00
Local Share of Racing Taxes	0.00	0.00	0.00
Regional Public Libraries	0.00	0.00	0.00
Police Career Incentive	351,000.00	351,000.00	0.00
Urban Renewal Projects	0.00	0.00	0.00
Veterans' Benefits	58,114.00	58,114.00	0.00
Exemptions: Vets, Blind & Surviving Spouse	59,691.00	59,691.00	0.00
Exemptions: Elderly	64,256.00	64,256.00	0.00
State Owned Land	534,223.00	534,223.00	0.00
Sub-Total, All General Government	<u>4,923,324.00</u>	<u>5,194,259.00</u>	<u>270,935.00</u>

Revenue; State Aid continued

RESERVED FOR DIRECT EXPENDITURES

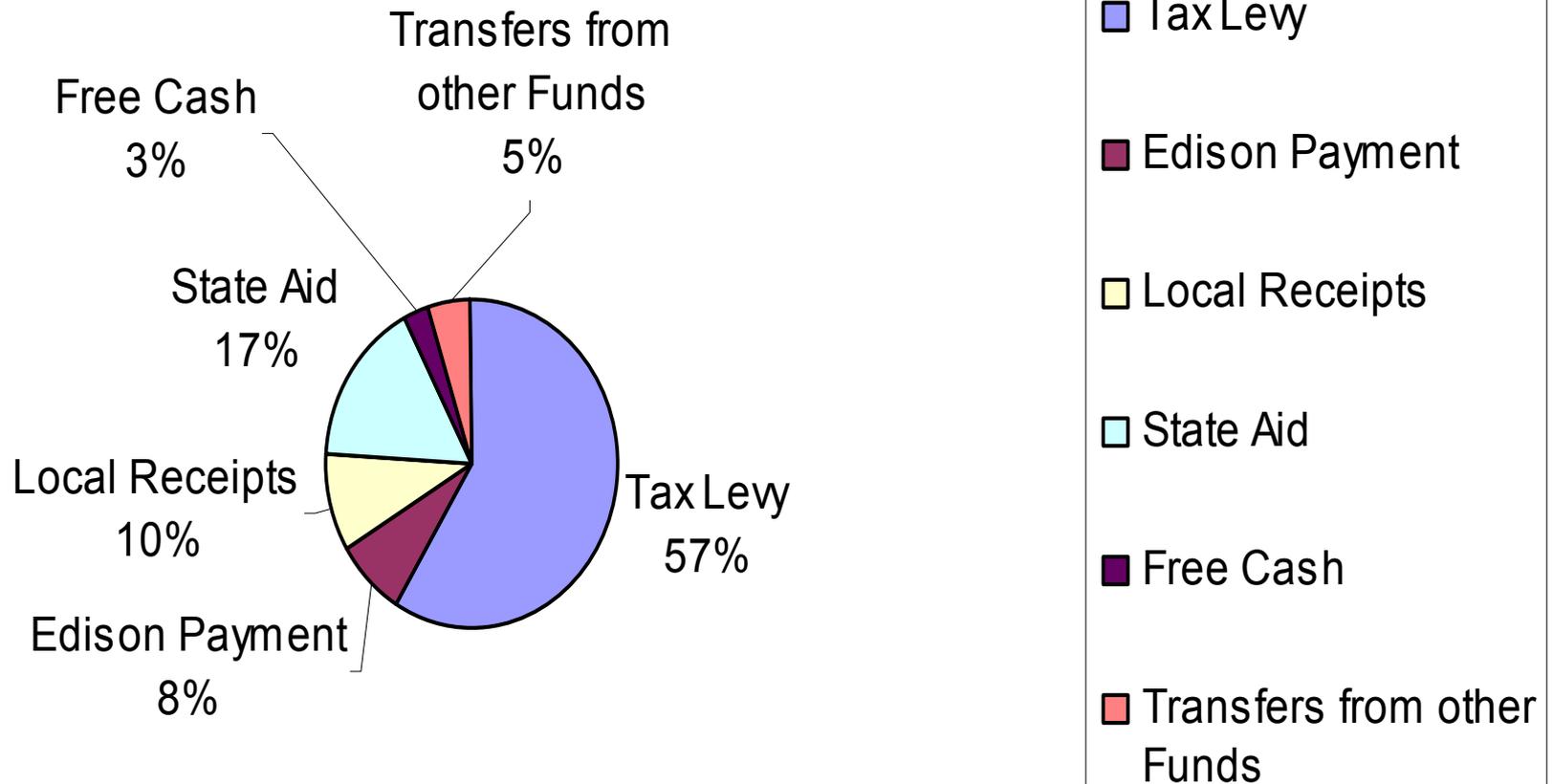
Public Libraries	61,141.00	61,141.00	0.00
School Lunch	46,985.00	46,985.00	0.00
	108,126.00	108,126.00	0.00

TOTAL ESTIMATED STATE RECEIPTS

22,407,871	22,228,806	(179,065.00)
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Revenue

Percentage of Total Receipts



Expenditure Summary

	Budget Fiscal Year 2006	Budget Fiscal Year 2007
Administrative Services	1,281,327.00	1,358,973.00
Department of Finance	1,686,864.00	1,781,500.00
Department of Community Resources	1,820,031.00	1,943,576.00
Department of Inspectional Serves	631,258.00	699,235.00
Department of Planning and Development	450,605.00	460,935.00
Department of Public Safety	15,581,695.00	15,817,634.00
Department of Public Works	4,318,050.00	4,510,450.00
Fixed Costs	26,781,034.00	29,983,512.00
Debt Service	6,952,755.00	6,001,871.00
Transfers and Intergovernmental	1,380,473.00	1,366,889.00
School	63,350,753.00	67,787,097.00
Total Operating Expenditures	124,234,845.00	131,711,671.00

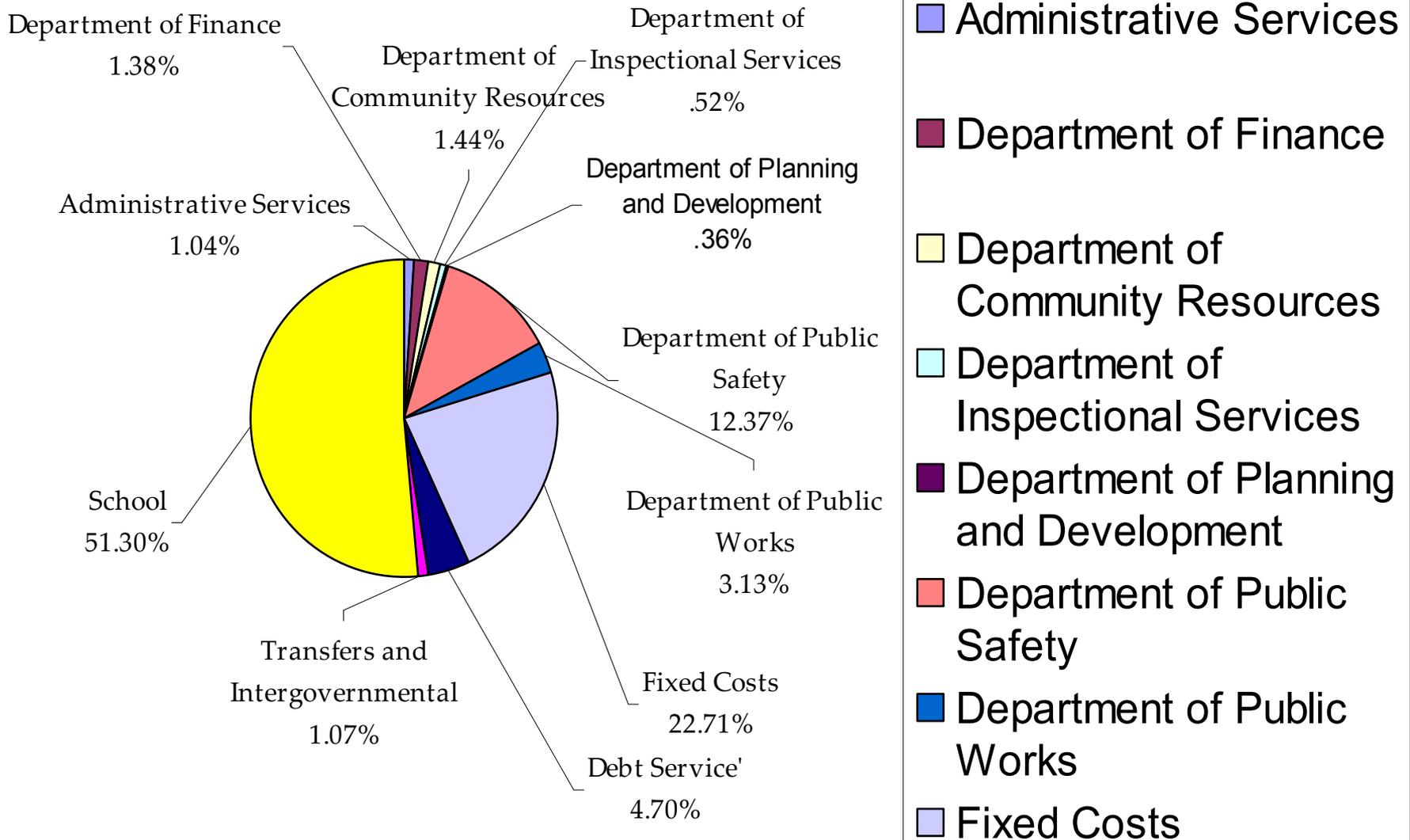
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Schedule of Sources and Uses

	Fiscal Year
	2007
Edison Payment	11,000,000.00
Stabilization Transfers	3,000,000.00
Tax Levy	86,111,593.00
Local Receipts and Other Sources	43,507,528.00
Total Revenues	143,619,121.00
Total Budgetary Expenditures	131,711,671.00
Article 8	500,965.00
Capital Funding	1,040,310.00
Enterprise Direct Charges	603,033.00
Other Funding Articles	5,727,090.00
Amounts to be Raised on RECAP	4,036,052.00
Total Expenditures	143,619,121.00
Net Revenues over Expenditures	0.00

Percent of Operating Budget



STRATEGIC PLANNING

STRATEGIC PLANNING

TOWN MANAGER RECOMMENDATIONS

Net available funds	137,406.00
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Recommended Uses

Inspectional Services; Inspector	19,600.00
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Fire Mechanic; including benefits	57,500.00
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Volunteer Coordinator at COA	25,000.00
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Bike Path	15,000.00
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Health Inspector	20,306.00
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Total Uses	137,406.00
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Remaining Balance	0.00
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FY 2008 and beyond

- In FY 2008, the Town will lose \$10,000,000 in BECO PILOT revenue.
- The excess levy capacity and the BECO stabilization fund are the sources of funds to cope with this loss.
- Projected excess levy capacity will be approximately \$7,500,000.
- BECO stabilization fund balance will be approximately \$8,000,000.
- Intent; to flatten the impact as much as possible over fiscal years 2008 and 2009.
 - Use \$4,000,000 of unused levy capacity and \$6,000,000 from the BECO Stabilization Fund in FY 2008.
 - Use the remaining projected balance of \$3,500,000 from unused levy and \$2,000,000 from the BECO Stabilization and either additional tax revenue generated by new growth or through a Proposition 2 ½ Override in FY 2009.
- However, if new growth continues to grow above projections, the use of the BECO fund could be extended into FY 2010.
- Depending upon negotiations regarding the re-licensing of the power company, the Town may recognize additional revenues thereby decreasing the need to augment operating budgets with the BECO stabilization fund.

FY 2008 Continued

- Two additional accounts that could be earmarked in “worst case” scenarios;
 - the overlay reserve account and the general stabilization account. The unrestricted fund balances in these two accounts also total approximately \$13,000,000, before FY 2007 uses
- The current budget model is using estimated free cash to fund the BECO stabilization account. Another option is to fund the BECO stabilization fund via taxation