

ADVISORY & FINANCE COMMITTEE

The following meeting of the Advisory & Finance Committee has been posted and will be held

At: Plymouth Town Hall
Mayflower II Meeting Room
11 Lincoln Street
Plymouth, MA 02360

On: Wednesday, September 9, 2015 at 6:30PM

Items on the agenda will include but are not limited to the following.

Other discussion may include items that were not reasonably anticipated by the Chairman 48-hours in advance of the meeting posting.

AGENDA ITEMS:

Public Comment

TOWN MEETING ARTICLES:

- 2A: Departmental Expenses Lynne Barrett
Director of Finance
- 2B: Enterprise Departmental Expenses "
- 9: Plymouth South High School Premium Pay Down "
- 11: PILOT – "
- 12: PILOT – "

Public Comment

Old/New/Other Business

- Sub-Committee & Committee Liaison Updates

Meeting Minutes

Next Meeting: Wednesday, September 16 at 6:30PM, Mayflower II Meeting Room – Town Hall

Town of Plymouth
Finance Department

TO: Board of Selectmen
Advisory & Finance Committee

FROM: Lynne A. Barrett 
Director of Finance

RE: Article 2A -- Supplemental Budget Request - Salary Reserve Set Aside

DATE: September 2, 2015

The Town Manager has requested that an amount be set aside in the Salary Reserve Line Item in the Fiscal 2016 budget for potential cost of living increases to Town and School collective bargaining agreements. The Town and School groups have been meeting and working on negotiations in hopes that a settlement will prevail in this fiscal year. To fund potential increases for fiscal 2016 an amount would need to be set aside from the fiscal 2016 Tax Rate set in December for later distribution by the Finance Director to the appropriate department budget. This would only happen after the agreements were properly approved by all required parties. The amount necessary would be a total of \$1,710,000.

Thank you for your consideration in this matter.

Town of Plymouth
Finance Department

TO: Board of Selectmen
Advisory & Finance Committee

FROM: Lynne A. Barrett 
Director of Finance

RE: Article 2A – Supplemental Budget Request – General Fund Debt Service
Adjustments

DATE: September 3, 2015

The Town issued a BOND and BAN in May 2015. The budget voted in April at the annual town meeting was based on estimates of cash flows last October 2014 for the various projects we needed funding for. The following adjustments are necessary to bring the Non-Enterprise Fund Budget in line with actual results:

Long Term Principal & Interest	Increase	\$1,190,545
Short Term Interest	Decrease	\$ (127,573)
Total Net Adjustment		\$1,062,972

The largest component of this adjustment was an updated cash flow on the Plymouth South High School and the amount of funds needed to meet project costs. Please see the attached sheet for detail of activity.

The funding source for this adjustment is made up of the following; fiscal 2016 property taxes of \$973,597, Meals Tax Fund of \$74,375 and Title V Betterment Fund of \$15,000.

Thank you for your consideration in this matter.

Long Term Principal and Interest

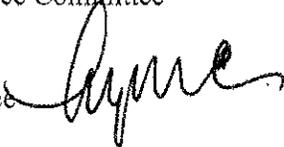
Purpose	BOND Issue	Actual Results Principal	Actual/Actual Results Interest	Actual Total	Budgeted Principal	Budgeted Interest	Total	Change Required at FATM
Plymouth South High School	24,755,000	995,000	936,948	1,931,948	400,000	399,983	799,983	1,131,965
Plymouth North High School	3,571,186	146,186	135,177	281,363	142,000	142,912	284,912	(3,549)
Total for Debt - Exclusion	28,326,186	1,141,186	1,072,125	2,213,311	542,000	542,895	1,084,895	1,128,416
PLYMCO DAM PROJECT	730,743	36,538		36,538			0	36,538
TITLE V 10	300,000	15,000		15,000	0		0	15,000
PSMS Brick Veneer Renovation	361,877	21,877	13,738	35,615	21,878	14,498	36,376	(761)
Police Station Mitigation	1,635,000	85,000	61,931	146,931	85,000	65,303	150,303	(3,372)
Fire Truck	560,000	60,000	22,027	82,027	60,000	22,418	82,418	(391)
Fire Equipment	405,000	45,000	15,930	60,930	45,000	16,204	61,204	(274)
Federal Furnace HVAC	5,770,000	310,000	219,456	529,456	310,000	231,973	541,973	(12,517)
Open Space Beach Purchase	305,000	20,000	11,551	31,551	0	0	0	31,551
Water Street Bridge	1,700,000	85,000	64,339	149,339	85,000	67,984	152,984	(3,645)
Other General Fund Projects	11,767,620	678,415	408,972	1,087,387	606,878	418,380	1,025,258	62,129
Total General Fund	40,093,806	1,819,601	1,481,097	3,300,698	1,148,878	961,275	2,110,153	1,190,545

Short Term Interest

Purpose	Authorized - 500050	BAN	Type	Actual Short Term Interest	Budgeted	Change Required at FATM
Waterfront Promenade Design	1,200,000.00	735,000.00	NEW \$	10,934.00	14,000.00	(3,066.00)
Traffic Signal Installation	350,000.00	10,000.00	NEW \$	149.00		149.00
Municipal Center Design & Construction	30,000,000.00	5,000,000.00	NEW \$	74,375.00	200,000.00	(125,625.00)
T-Wharf Construction	1,250,000.00	65,000.00	NEW \$	969.00		969.00
Total General Fund	32,800,000.00	5,810,000.00		86,427.00	214,000.00	(127,573.00)

Town of Plymouth
Finance Department

TO: Board of Selectmen
Advisory & Finance Committee

FROM: Lynne A. Barrett 
Director of Finance

RE: Article 2B -- Supplemental Budget Request -- Solid Waste Enterprise
Budget Adjustments

DATE: September 3, 2015

Based on participation rates that occurred this summer and a closer evaluation of the recycling rates as they pertain to tonnage cost and bag purchases the following adjustments are necessary to the Solid Waste Budget:

Solid Waste Operating – Expenditures	Decrease	\$(133,140)
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This decrease is made up of a decrease of \$84,000 to the Transfer Station Operation cost center and a decrease of \$49,140 to the Curbside Operation cost center.

Also, the funding of the overall Transfer Station Operation cost center requires a subsidy of \$200,000 due to the Board of Selectmen not implementing the recommended Transfer Station rates this past May for the sticker sales this summer. Staff recommended a rate of \$145 and the Board voted a rate of \$115. The participation for the Transfer station is estimated at 3,800 users versus 4,208 we had hoped from the prior year. The Curbside Operation cost center is supported by the rates recommended by staff.

I would recommend that the subsidy be voted from the special purpose stabilization fund that was created with a \$300,000 transfer from Solid Waste retained earnings prior to the implementation of the Pay-As-You-Throw programs.

Thank you for your consideration in this matter.

Town of Plymouth
Finance Department

TO: Board of Selectmen
Advisory & Finance Committee

FROM: Lynne A. Barrett
Director of Finance 

RE: Article 2B – Supplemental Budget Request – Water & Sewer Debt Service
Budgets

DATE: September 3, 2015

The Town issued a BOND and BAN in May 2015. The budget voted in April at the annual town meeting was based on estimates of cash flows last October 2014 for the various projects we needed funding for. The following adjustments are necessary to bring the Enterprise Fund Budget in line with actual results:

Sewer Enterprise Debt Service	Decrease	\$(77,329)
Water Enterprise Debt Service	Decrease	\$ (10,371)

See Detail of activity attached.

Thank you for your consideration in this matter.

Long Term Principal and Interest

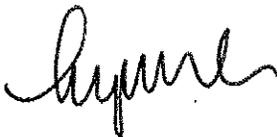
Purpose	BOND Issue	Actual Results Principal	Actual Results Interest	Actual Actual Results Interest	Total	Budgeted Principal	Budgeted Interest	Total	Difference
Sewer Interceptor Project	1,549,800	79,800	58,728	138,528	79,800	62,014	141,814	(3,286)	
Water Main Replacement	2,652,137	137,137	100,451	237,588	140,000	110,017	250,017	(12,429)	

Short Term Interest

Purpose	Authorized - 500050	BAN	Type	Actual Short Term Interest	Budgeted	Change Required for FATM
Warren Ave Sewer Extension	190,000.00	100,000.00	NEW \$	1,488.00	3,800.00	(2,312.00)
Sewer Planning Samoset St Sewer Ext	700,000.00	530,000.00	RENEWAL \$	7,884.00	10,600.00	(2,716.00)
Samoset Sewer Construction	4,489,681.00	1,950,000.00	NEW \$	29,007.00	98,022.00	(69,015.00)
Total Sewer	5,379,681.00	2,580,000.00		38,379.00	112,422.00	(74,043.00)
Purpose	Authorized - 500050	BAN	Type	Actual Short Term Interest	Budgeted	Change Required for FATM
Samoset Water Tank	700,000.00	139,000.00	NEW \$	2,058.00	-	2,058.00

Town of Plymouth
Finance Department

TO: Board of Selectmen
Advisory & Finance Committee

FROM: Lynne A. Barrett 
Director of Finance

RE: Plymouth South High School Pay Down

DATE: September 2, 2015

Similar to what the Town did in the fall of 2013 with the Plymouth North Project, the town recently received a premium on long term bonds issued for a portion of the Plymouth South High School project and the final long term borrowing for the Plymouth North High School project. The net premium received was \$1,448,510.66 combined (see detail of borrowing activity and premium attached).

The Town has chosen to use the "*alternative use method*" and apply the premium to pay project costs directly for the Plymouth South High School project. This article will transfer those funds to the project and reduce the amount we would need to borrow. The Town received permission from the DOR to use both projects premium for the one project due to our initial vote as one article and one debt exclusion. Copy of the email from DOR is attached.

For further explanation of this process and about premiums in general I refer you to the City & Town – December 18, 2014 issue (attached) which describes what options are available to Towns when they receive premiums.

Thank you for your consideration in this matter.

Bond BAN Spreadsheet of Results
Bond Information - May 2015

Purpose	This Issue	Premium	Borrowing Costs	Net Premium
Plymouth South High School	24,755,000.00	1,338,648.99	74,786.00	1,263,862.99
Plymouth North High School	3,571,186.00	195,436.39	10,788.72	184,647.67
Total for Debt - Exclusion				\$ 1,448,510.66
PSMS Brick Veneer Renovation	361,877.00	27,006.48		
Police Station Mitigation	1,635,000.00	111,364.11		
Fire Truck	560,000.00	59,078.04		
Fire Equipment	405,000.00	42,797.14		
Federal Furnace HVAC	5,770,000.00	420,439.23		
Open Space Beach Purchase	305,000.00	20,420.04		
Water Street Bridge	1,700,000.00	114,952.30		
Total General Fund	10,736,877.00	796,057.34	32,436.62	\$ 763,620.72
Sewer Interceptor Project	1,549,800.00	106,755.98	4,682.01	\$ 102,073.97
Water Main Replacement	2,652,137.00	181,199.67	8,012.22	\$ 173,187.45
Grand Total	43,265,000.00	2,618,098.37	130,705.57	\$ 2,487,392.80

Lynne Barrett

From: Peter Frazier <Peter.Frazier@firstsw.com>
Sent: Thursday, July 16, 2015 12:49 PM
To: Lynne Barrett; Pamela Borgatti
Cc: Lisa Driscoll; Manley, Richard
Subject: Plymouth - Revised Sources and Uses - 2015 Bonds

Lynne and Pam,

The DOR has signed off on the plan to allocate the net exempt premium on the North High School (and South High School) Bonds to the South High School project. We will request the appropriate town meeting language from Bond Counsel.

Please call with any questions.

Peter

Peter Frazier
Senior Vice President
First Southwest

direct 617.619.4409 fax 617.619.4411
54 Canal Street, Suite 320, Boston, MA 02114

From: Arrigal III, William F. [<mailto:arrigal@dor.state.ma.us>]
Sent: Thursday, July 16, 2015 11:46 AM
To: Peter Frazier
Cc: Lisa Driscoll; Cole, Gerald H.; Curtis, Jared; Guilfoyle, Thomas J.; Rassias, Anthony A.
Subject: RE: Plymouth - Revised Sources and Uses - 2015 Bonds

Peter,

As long as the \$184,647.67 is rescinded from the remaining South High School project there should be no problem.

<http://www.mass.gov/dor/docs/dls/city-town/2014/ctown-dec18.pdf>

Please let me know if you have any questions

Bill

Bill Arrigal
Division of Local Services/MA DOR
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Boston, MA 02114-9569

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E: arrigal@dor.state.ma.us | Web: www.mass.gov/dls

From: Peter Frazier [mailto:Peter.Frazier@firstsw.com]
Sent: Tuesday, July 14, 2015 3:48 PM
To: Arrigal III, William F.
Cc: Lisa Driscoll
Subject: Plymouth - Revised Sources and Uses - 2015 Bonds

Bill,

Attached is a statement of sources and uses in connection with the Town of Plymouth's recent bond issue. The Town authorized the North and South High Construction projects under a single town meeting borrowing vote and ballot question. The yellow highlighted areas show the net exempt premium that the Town would like to vote at town meeting to allocate to the South High School project and reduce the borrowing authority accordingly. After receiving the bids on the recent bond issue, the Town reduced the par amount of the South High School from \$26,000,000 to \$24,755,000 and will vote the difference (\$1,245,000), plus the additional \$18,862.99 net premium to fund South High School construction costs. The Town was not able to reduce the North High School par amount because the Town needed the total amount of principal borrowed to retire maturing bond anticipation notes. The North High School is now finished and completely financed. The Town would like to appropriate the \$184,647.67 net exempt premium on the North High School portion to pay additional costs of the South High School project which is only partially constructed and financed.

Please call at your convenience to discuss.

Peter

Peter Frazier
Senior Vice President
First Southwest

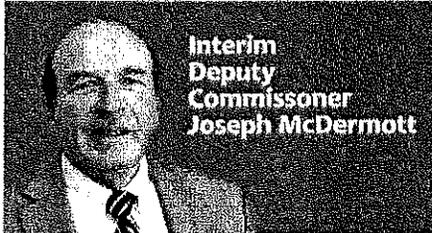
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City & Town

Amy Fitter, Commissioner • Joseph McDermott, Interim Deputy Commissioner & Director of Municipal Affairs



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City & Town is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials.

Editor: Dan Bertrand

Editorial Board: Joe McDermott, Robert Bliss, Zack Blake, Tony Rassias, Tom Dawley, Linda Bradley and Patricia Hunt

Premium Information

Tony Rassias - Deputy Director of Accounts

The Bureau has received many questions regarding the proper application of premiums from borrowed funds. Certain rules have changed on the matter and they can be very confusing. Therefore, the Bureau of Accounts would like to offer the following FAQs.

The town borrowed funds and received a premium. Can the premium be used to reduce issuance costs?

Premiums received from the sale of bonds and notes by a city, town or district may be used to reduce issuance costs, such as bond insurance and underwriting, of their associated bonds and notes. Issuance costs are usually paid for from the bond proceeds first, if budgeted there, or if not, from the premium.

Must the premium be appropriated to offset the issuance costs?

No. The premium may be spent for this purpose without appropriation.

Can any remaining premium be reserved per the Uniform Massachusetts Accounting System (UMAS)?

It depends. Normally, the premium remaining after paying issuance costs, or net premium, is general revenue of the city, town or district. MGL c. 44 sect. 20.

For a city, town or tax rate setting district, if received prior to the

certification of the tax rate by the Bureau of Accounts, the net premium may be used as an estimated receipt for that fiscal year. If received prior to March 31 and not used as an estimated receipt, the net premium may become part of a request to update free cash. Otherwise, the net premium must close to the General Fund as of June 30.

However, if there is an enterprise fund or debt exclusion associated with the debt, there is a different approach.

What happens if there is an enterprise fund associated with the debt?

According to IGR 08-101 on enterprise funds, the net premium belongs to the enterprise fund.

If received prior to the certification of the tax rate by the Bureau of Accounts, the net premium may be used as estimated revenue of the enterprise fund. If received prior to March 31 and was not used as estimated revenue, the net premium may become part of a request to update retained earnings. Otherwise, the net premium must close to the enterprise fund balance as of June 30.



What happens if there is a debt exclusion associated with the debt?

When a debt exclusion has been voted, Bulletin 2013-01B details (a) the reservation requirement through maturity method or (b) an alternative use method for the net premium.

The reservation requirement through maturity method requires the net premium to be reserved and amortized over the life of the debt from which it was received. Because the debt exclusion must by law be the true interest cost, the amortized net premium must reduce excluded debt service annually.

The alternative use method allows a reserved premium to be appropriated to (1) pay project costs directly or (2) pay-down BANS for the project, so long as there is debt authorized that has not yet been issued. That unissued portion of the project's authorization must then be rescinded by the legislative body in the same amount as the net premium appropriated.

The provisions regarding the net premium as general revenue and the reservation requirement also apply to a regional school district. The regional school district then passes through the amortized net premium via the assessment. The alternative method is available to a regional

school district only if all members of the district have approved the debt exclusion on the project.

How is a reserved net premium reflected on the next Tax Rate Recap?

The reserved net premium must be applied annually to reduce the debt exclusion by a city or town in either one of two ways:

1. By appropriating the reserved amount to cover a portion of that fiscal year's debt service on the associated debt (the recommended practice) and reporting the action on page 4, column (d) of the Tax Rate Recap and on Schedule B-2. Schedule DE-1, then, will only show the balance being appropriated; or
2. By indicating the reserved amount on Schedule DE-1 as an adjustment to the current fiscal year's debt service appropriated (column H) and by including the same amount as a Miscellaneous Non-Recurring estimated receipt on page 3 of the Tax Rate Recap.

The net premium passed through by a regional school district to its applicable members should have already reduced the members' debt assessment and only the remainder need be appropriated by the city or town and shown on Schedule DE-1.

How is the alternative use method for premiums reported on the Tax Rate Recap?

For the alternative use method, report the appropriation of the premium on the Tax Rate Recap, page 4, column (d) of the Tax Rate Recap and on Schedule B-2. In addition, report the rescission of authorized debt as a negative amount on page 4, column, (g) of the Tax Rate Recap.

How can a reserved net premium be invested?

Treasurers should consult with bond counsel to ensure that the investment is consistent with federal arbitrage regulations on tax-exempt borrowings.

Why do the auditors amortize the net premium on the financial statements?

For purposes of your entity's audited financial statements only, Generally Accepted Accounting Principles (GAAP) apply de minimus

premiums to offset the interest expense in the year received, apply significant Bond Anticipation Note premiums to offset the interest expense in the year paid and amortize material bond premiums to offset the interest expense over the life of that bond.

There may be other scenarios not covered in this article. If so, contact your Bureau of Accounts field representative for more information. We hope you've found this helpful.