

Town of Plymouth Advisory & Finance Committee

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Preliminary Revenue Analysis

January 16, 2017

1. Town of Plymouth is a large complex organization
 - a. Revenues are not a Town Meeting Article and thus are often overlooked when FinCom digs into budget
 - b. Revenues may seem outside the technical scope of FinCom's purview but few Town Meeting members or taxpayers would see it this way
 - c. Seems incomplete to analyze expenses and not revenues
 - d. Few organizations can operate as a Town
 - i. The Town determines expenses and then calculates the revenues needed
 - ii. Most organizations estimate revenues and then build their budget accordingly
 - iii. This is the heart of why studying revenues is important.

2. Scope of this report
 - a. What is the nature of this report
 - i. Not an analysis of each revenue line item
 - ii. Not an exercise in creative thinking to generate additional revenues
 - iii. It is an attempt to understand the source of the funds being disbursed in the budget
 - b. Goals of the report
 - i. Begin to develop a broad understanding of the Town's revenue sources
 - ii. Share that knowledge with the FinCom
 - iii. Develop a plan for the FinCom to address these items
 1. Try and decide what questions to ask and what areas to pursue
 - c. Steps taken
 - i. Met with Lynn Barrett, Director of Finance
 - ii. Read various financial reports produced by Finance Department
 1. Financial Statements as of June 30, 2016
 - a. Statement of Assets, Liabilities and Fund Equities
 - b. Combined Statement of Revenues, Expenditures and Reconciliation of Fund Equity
 - c. Combining Statement of Assets, Liabilities and Fund Equity – Proprietary Funds
 - d. Combining Statements of Revenues, expenditures and reconciliation of Fund Equity – Proprietary Funds
 - e. Analysis of Undesignated Fund Balances – General Fund
 2. Audited Financial Statements for June 30, 2015 (latest year on website)
 - a. Footnote 1 – Summary of Significant Accounting Policies being particularly helpful
 3. Schedule of property tax history since 2001
 4. Fiscal 17 preliminary A&F Budget funds sources

- 5. Fiscal 18 A&F Budget Funds Sources
- 6. Free cash calculations for various Funds
 - a. General Fund
 - b. Water Fund
 - c. Sewer Fund
 - d. Solid Waste
 - e. Airport
- 7. Tax Rate Recapitulation for Fiscal 2016

3. Town Revenue

- a. Town of Plymouth’s ledger has approximately 40 active “Revenue” items
 - i. Each item has a unique story and accounting
 - 1. Very time consuming to understand them all
 - 2. Still many questions to ask
 - ii. Property taxes are by far the largest category
 - 1. Probably the easiest to understand and analyze, albeit the least popular

Property Taxes			
	Final	Final	2018
	FY16 Budget	FY17 Budget	Est. Budget
Total Property Taxes Raised	\$148,520,698	\$157,125,888	\$167,620,944
Tax rates	16.27	\$16.58	\$17.69
Values	9,128,500,223	9,476,832,775	9,476,832,775
Tax rate Increase		\$0.31	\$1.11
Average Tax Increase		\$100	\$357

- iii. State Aid the next largest
 - 1. More complicated but not very susceptible to committee suggestions

State Aid (Cherry Sheet)			
	Final	Final	2018
	FY16 Budget	FY17 Budget	Est. Budget
Chapter 70	23,872,517	24,315,047	25,335,490
Charter School Reimbursement	1,372,208	933,809	933,809
General Municipal Aid	3,612,244	3,767,571	3,767,571
Veterans Benefits	623,837	497,574	497,574
Exemption Reimbursements	283,949	307,081	307,081
State Owned Land	550,733	548,207	548,207
Public Libraries	61,647	60,837	60,837
School Const. Reimbursement	1,636,805	1,636,805	1,636,804
Total State	\$32,013,940	\$32,066,931	\$33,087,373

- iv. Local Receipts come next
 - 1. Approximately 15 general ledger items
 - a. Largest is Motor Vehicle Excise (\$7.6mm in FY16)

Local Receipts			
	Final	Final	2018
	FY16 Budget	FY17 Budget	Est. Budget
Motor Vehicle Excise	7,600,000	8,295,000	8,543,850
Other Excise	862,000	925,000	952,750
Penalties & Interest	725,000	825,000	849,750
Licenses & Permits	2,375,000	2,450,000	2,523,500
Rentals	930,000	800,000	824,000
Investment Income	200,000	310,000	319,300
Other Revenue items	3,430,600	3,328,730	3,428,592
Total	\$16,122,600	\$16,933,730	\$17,441,742

- v. There is a category called "other Sources"
 - 1. Reimbursements from Enterprise funds for indirect expenses
 - a. Sewer
 - b. Water
 - c. Airport
 - d. Solid waste

Other Sources			
	Final	Final	2018
	FY16 Budget	FY17 Budget	Est. Budget
Sewer Fund Indirect Cost Reimb.	288,161	293,124	315,110
Water Fund Indirect Cost Reimb.	1,240,540	1,293,076	1,244,511
Airport Indirect Cost Reimb.	194,979	194,979	200,828
Solid Waste Indirect Cost Reimb.	268,198	294,914	299,029
Total Indirect Reimbursements	\$1,991,878	\$2,076,093	\$2,059,478

- vi. Another area called "Available Funds"
 1. List too long to detail here, basically "profits" (not technically correct but close enough) from enterprise, revolving and other funds
 2. Earmarked (for Town Hall) meals tax money included in this category
 3. There are some line items listed here that are actually accounted for elsewhere (for example Hotel/Motel tax going to VSB and Capital)

Other "Available Funds"	Final	Final	2018
	FY16 Budget	FY17 Budget	Est. Budget
Meals Tax for Town Hall Project	74,375	375,411	2,012,920
Other Items	1,174,685	1,406,798	1,256,064
Total "Available Funds"	\$1,249,060	\$1,782,209	\$3,268,984

- 4. Roadmap for going forward
 - a. FinCom should take the time to look at revenues
 - i. FinCom should determine best time to do this
 1. Probably not during budget season
 2. Suggest prior to budget season
 - a. Committee has time
 - b. Staff's time is not consumed by developing budget
 - c. Need input from Finance Director as to timing
 3. If the Committee has a handle on Revenues as budget is developed it could help set the tone for the review
 - ii. Committee needs to work with Town's Finance Department to develop report to FinCom on revenues similar to budget report
 1. Report serves as a roadmap for areas to pursue, not every line item needs review every year
 2. A proper report will allow committee to set the scope for its annual review
 - iii. FinCom should have some idea as to the impact of the budget on the real estate taxes has it deliberates, having done some revenue analysis will aid in this
 - iv. Ideally the Committee could develop work programs or outlines of work programs so that as members come and go there will be consistency in the analyses
 - v. All of this work must be done in conjunction with the Town's staff
 1. it must be a collaborative effort
 2. There is a great depth of knowledge in the Finance Department, it should not be underestimated or underutilized

5. Conclusion

- a. Just as the FinCom reviews each budget line item in order to make it's budget recommendation to Town Meeting it seems that it should review the revenues of the Town at some point as well
- b. The FinCom needs a revenue subcommittee to look at this
- c. Suggestions often come from insights gleaned from understanding something, Committee cannot suggest from ignorance or emotion
- d. This report remains a work in progress. There is a lot of work that remains to be done
- e. FinCom should not underestimate the complexity of the Town's finances and accounting for it's revenues
 - i. There are excellent reasons for much of the way things are handled

GENERAL FUND REVENUES					
	Final FY16 Budget	April ATM 2017 Estimate	Changes	Final FY17 Budget	2018 Budget Estimate
Property Taxes					
Prior Year Tax Levy Limit	142,002,362	148,423,560		148,423,560	155,423,807
Amended Prior Year New Growth					
2.5% Allowance	3,550,059	3,710,589		3,710,589	3,885,595
New Growth	2,871,139	2,000,000		3,289,658	2,500,000
Operational Override					
Levy Limit	148,423,560	154,134,149		155,423,807	161,809,402
Debt Exclusion	5,948,148	6,451,268	(475,445)	5,975,822.79	8,047,101
Other					
Maximum Allowable Levy Limit	154,371,707	160,585,417		161,399,630	169,856,503
Unused Levy Capacity	(5,851,009)	(3,615,376)	631,291	(4,273,742.00)	(2,235,560)
Total Property Taxes Raised	148,520,698	156,970,041	155,845.79	157,125,888	167,620,944
Estimated Tax Rate 2018	\$16.27	\$17.20	\$0.02	\$16.58	\$17.69
Values 2017	9,128,500,223	9,128,500,223		9,476,832,775	9,476,832,775
Tax Rate Increase		0.93		0.31	1.11
Average Tax Increase		\$290		\$100	\$357
State Aid - Cherry Sheet		24,588,693		24,315,047	25,335,490
Chapter 70	23,872,517		(273,646)		
Charter School Reimbursement	1,372,208	1,372,208	(438,399)	933,809	933,809
School Lunch	0			0	0
Lottery				0	0
Hold Harmless Lottery				0	0
General Municipal Aid	3,612,244	3,720,611	46,960	3,767,571	3,767,571
Police Career Incentive				0	0
Veterans Benefits	623,837	623,837	(126,263)	497,574	497,574
Exemptions - Vets, Blind				0	0
Exemptions - Elderly				0	0
Exemption Reimbursement Total	283,949	283,949	23,132	307,081	307,081
State Owned Land	550,733	550,733	(2,526)	548,207	548,207
Public Libraries	61,647	61,647	(810)	60,837	60,837
Total	30,377,135	31,201,678	(771,552)	30,430,126	31,450,569
State Aid - MSBA					
School Construction Reimbursement	1,636,805	1,636,805	0	1,636,805	1,636,804
Total	1,636,805	1,636,805	0	1,636,805	1,636,804
Local Receipts					
Motor Vehicle Excise	7,600,000	8,295,000		8,295,000	8,543,850
Other Excise	862,000	925,000		925,000	952,750
Penalties & Interest	725,000	825,000		825,000	849,750
Payments in Lieu	60,000	65,000		65,000	66,950
Fees	510,000	550,000		550,000	566,500

Rentals	930,000	800,000		800,000	824,000
Departmental Revenue - Recreation	135,000	150,000		150,000	154,500
Departmental Revenue - School Medicaid	750,600	750,000		750,000	772,500
Departmental Revenue - Cemetery	80,000	80,000		80,000	82,400
Departmental Revenue - Crematory	340,000	200,000		200,000	206,000
Other Dept Revenue	330,000	425,000		425,000	437,750
Licenses & Permits	2,375,000	2,445,000	5,000	2,450,000	2,523,500
Fines & Forfeits	325,000	280,000		280,000	288,400
Miscellaneous - County Jail Facility / Medicare D / Fringe Reimb	900,000	828,730		828,730	853,592
				0	0
Investment Income	200,000	310,000		310,000	319,300
Total	16,122,600	16,928,730	5,000	16,933,730	17,441,742

REVENUES (Continued)					
	<u>Final FY16 Budget</u>	<u>April ATM 2017 Estimate</u>	<u>Changes</u>	<u>Final FY17 Budget</u>	<u>2018 Budget Estimate</u>
Other Sources					
Sewer Fund Indirect Costs	288,161	293,124		293,124	315,110
Water Fund Indirect Costs	1,240,540	1,293,076		1,293,076	1,244,511
Airport Indirect Costs	194,979	194,979		194,979	200,828
Solid Waste Fund Indirect Costs	268,198	294,914		294,914	299,029
Total	1,991,878	2,076,093	0	2,076,093	2,059,478

Available Funds					
Title V Loan Program - Debt Service - Art 7	165,780	153,917		153,917	148,430
Title V Loan Program - Administration - Art 7	12,051	19,541		19,541	27,921
State Boat Ramp Revolving - Art 7	10,293	10,360		10,360	11,000
Recreation Revolving - Art 7	44,121	45,953		45,953	36,394
Memorial Hall Revolving - Art 7	8,203	10,083		10,083	10,705
Plymouth Beach Revolving - Art 7	9,446	9,866		9,866	10,153
Tech Studies Revolving				0	0
Fire Safety & Prevention Revolving - Art 7	7,761	7,731		7,731	5,924
Fire Alarm Maint Revolving - Art 7	9,391	9,856		9,856	10,112
Conservation Trust Fund				0	
Cemetery Perpetual Care Art 7	35,314	23,863		23,863	38,315
Municipal Waterways - Article 7	133,644	130,000		130,000	130,000
Municipal Waterways - Article 7 - Debt		0	23,464	23,464	96,250
Cemetery Perpetual Care - Article 8		11,636		11,636	12,245
Municipal Waterways - Article 8 & 9		7,591		7,591	30,000
Enterprise Funds - Article 8 & 9		8,580		8,580	
Recreation Revolving - Art 8				0	
Memorial Hall Revolving - Art 8				0	
Fire Alarm Maint Revolving - Art 8				0	
Fire Prevention Revolving - Art 8				0	

Burkes Law Articles - Art 8				0	
Hotel / Motel 45% RRAP (VSB & Capital)				0	
Sale of Cemetery Lots - Art 9				0	
Gift Entergy for EOC				0	
Meals Tax for Town Hall Project	74,375	270,000	105,411	375,411	2,012,920
Insurance Proceeds to transfer to GF				0	
Old Articles - Article 8		9,851		9,851	
Old Articles - Article 9				0	
Sale of Real Estate				0	
Premium for Debt Exclusion	208,681	198,648	225,857	424,505	188,615
Overlay Surplus for Debt Service				0	
Overlay Surplus for Debt Service (offset Stabilization Fund)				0	
Free Cash for Debt Service / Budget 2015	30,000			0	
Stabilization Fund for LT Debt				0	
BECO Stabilization Fund				0	
Free Cash for Stabilization & OPEB Fund	500,000	500,000		500,000	500,000
Free Cash for Capital & Articles (8)				0	
Total	\$1,249,060	\$1,427,476	\$354,732	\$1,782,209	\$3,268,984
Grand Total	\$199,898,176	\$210,240,823	(\$255,974)	\$209,984,850	\$223,478,521

GENERAL FUND EXPENSES					
	<u>Final FY16 Budget</u>	<u>April ATM 2017 Estimate</u>	<u>Changes</u>	<u>Final FY17 Budget</u>	<u>2018 Budget Estimate</u>
Operating Budgets					
Administrative Services	1,723,864	2,183,954	150,000	2,333,954	2,464,846
Department of Finance	2,827,672	2,658,243	4,500	2,662,743	3,121,971
Department of Community Resources	3,088,901	3,470,821	(150,000)	3,320,821	3,457,824
Department of Inspectional Services	913,181	946,070		946,070	1,020,454
Department of Planning & Development	778,638	839,987		839,987	891,513
Department of Public Safety	20,318,202	21,556,109		21,556,109	23,210,155
Department of Marine & Environmental Affairs	917,191	1,014,750		1,014,750	1,074,237
Department of Public Works	6,156,970	6,107,457		6,107,457	6,742,906
Fixed Costs	53,616,833	54,882,825	437,500	55,320,325	57,416,883
Debt Service	13,562,463	13,759,731	(194,800)	13,564,931	17,914,456
School	85,199,071	90,102,258		90,102,258	94,211,170
Total	\$189,102,986	197,522,205	247,200	197,769,405	211,526,415
General Articles					
Stabilization Fund / NPMSF					
Article 8 Dept Equip & Art 9		487,826		487,826	493,510
Unemployment Compensation Fund				0	
Household Hazardous Waste Day				0	
Town Promotion Fund				0	

Recovery of Medicaid Payments - School				0	
Out of District Transportation - School				0	
OPEB Article				0	
Private Road Improvements	500,000	500,000		500,000	500,000
Other Articles - Entergy / Elmer Raymond Playgroun	60,000		13,500	13,500	
Unpaid Bills				0	
Total	\$560,000	\$987,826	\$13,500	\$1,001,326	\$993,510
Capital Articles					
Capital Budget - ATM (Non-Borrowing) Art 9					
Capital - Art 4 FATM					
Total	\$0	\$0	\$0	\$0	\$0
Off-Budget Expenditures					
Cherry Sheet Assessments	8,635,516	9,067,292	(351,012)	8,716,280	9,152,094
Cherry Sheet Offsets	61,647	61,647	(810)	60,837	60,837
Tax Title Raised on Recap (Budget 2011)					
Court Judgments					
Overlay Deficits					
Revenue Deficit - Sewer					
Revenue Deficit - Solid Waste					
Appropriation Deficits - Snow & Ice	566,515	1,601,853	(193,270)	1,408,584	745,665
Appropriation Deficits - Other (Ch44,S31)	971,512	1,000,000	28,418	1,028,418	1,000,000
Overlay Reserve					
Transfer to Solid Waste Enterprise					
Transfer to Water Enterprise					
Transfer to Sewer Enterprise					
Total	\$10,235,190	\$11,730,792	(\$516,673)	\$11,214,119	\$10,958,596
Total	\$199,898,176	\$210,240,823	(\$255,973)	\$209,984,850	\$223,478,521
Revenues Over (Under) Expenditures	\$0	(\$0)	(\$0)	\$0	(\$0)
Debt Service as % Budget	7.17%	6.97%		6.86%	8.47%