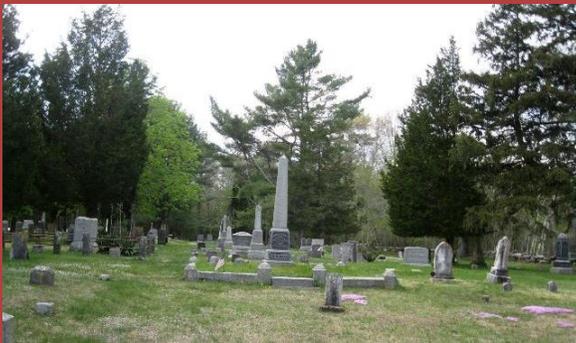




CAPITAL IMPROVEMENT PLAN (FY2017-FY2021)



Town of Plympton



Draft for Submission October 17, 2017

*Prepared for the Town of Plympton by the
Edward J. Collins, Jr. Center for Public Management
at the University of Massachusetts, Boston
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INTRODUCTION

The Town of Plympton's \$5.7 million five-year capital improvement plan (CIP) for FY2018-FY2022 will make major inroads into addressing significant infrastructure needs that exist in Plympton today and will start the Town on a path of making regular and sizeable investments in the maintenance and improvement of its capital assets. Across the community, residents and businesses will begin to feel the positive impact of the CIP through high visibility projects such as: a new police station, playground modernization, and road repaving projects. Less visibly – but also with great impact – are projects such as replacing the roofs at the Town House and public library, replacing the School Department's phone system, and upgrading public safety technology to ensure the comfort, health, and safety of residents and Town employees alike.

By looking out across multiple years, Town officials will be able to carefully schedule projects so that they capture declines in existing debt service and use those same dollars to fund new investments. At the same time, department directors will be able to plan in advance for upgrades of equipment and infrastructure so as to reduce emergency repairs and purchases which inevitably drive up costs. Departments will also be able to plan for multi-year projects such as the design and construction of a major roadway project or a new building, while knowing that their efforts will be tracked as part of regular updates to the CIP.

In this rolling five-year plan, funding for the first year will be included in the Town's FY2018 budget, while years two to five will provide a plan for the future that takes into account the best information currently available. During the FY2018 fiscal year, another plan — building upon this one — will be developed for the subsequent five years e.g., FY2019 - FY2023. Should more funding become available than is currently anticipated, projects could be moved forward in time and/or additional projects could be added. Should finances be more constrained than currently anticipated, projects could be moved back in time or taken off the list. Further, other projects not yet conceived of can be added if they advance the Town's goals better than those included in the current version of the plan.

What is a capital budget? What is a capital project?

A capital budget is distinct from an operating budget in that the items included in a capital budget are typically large or infrequent expenses, such as construction of a new building or acquisition of a new dump truck, whereas an operating budget includes expenses that occur each year or are more modest in what expenses go toward capital, such as salaries or the replacement of a couple computers. A capital budget identifies the array of resources to be used to fund a series of capital projects. In many instances, municipalities establish minimum dollar thresholds for projects to be included in a CIP.

The Massachusetts Association of Town Finance Committees defines capital projects as “major, non-recurring expenditures, for one of the following purposes:

- acquisition of land for a public purpose;
- construction of a new facility or external expansion or major rehabilitation of an existing one. Examples of such town facilities include public buildings, water and sewer lines, roads and playing fields;
- purchase of vehicles or major equipment items;
- any planning, feasibility, engineering or design study related to a capital project or to a capital improvement program consisting of individual projects.

- equipment for public improvements when they are first constructed such as furniture, office equipment, or playground equipment;
- major equipment which is expensive and has a relatively long life such as a fire apparatus, garbage trucks, and construction equipment.”

The Association goes on to indicate that, “typically capital projects do not include:

- equipment such as furniture or police or public works vehicles which are replaced annually in approximately the same quantity;
- equipment with a useful life of five years or less.”

What is a capital plan?

According to the Massachusetts Department of Revenue (DOR), a capital plan is a blueprint for planning a community’s capital expenditure and “one of most important responsibilities of local government officials.” Putting together multiple years of capital spending into a plan, instead of looking at each year in isolation, has multiple benefits including:

- impacts on the operating budget can be minimized through thoughtful debt management;
- high-cost repairs and emergency acquisitions can be reduced by implementing regular vehicle and equipment replacement schedules, and by undertaking major facilities improvements, such as replacing roofs, before a problem becomes chronic and damage occurs;
- large scale, ambitious public improvements can be phased over multiple years;
- critical parcels of land can be purchased before costs increase;
- costly mistakes created by lack of coordination - such as paving a street one year and then cutting into it the next year to install a sewer line – can be avoided; and,
- methodical progress can be made toward meeting community goals.

Capital Improvement Plan Overview

In the FY2018-FY2022 Capital Improvement Plan, the Town of Plympton will expend approximately \$5.7 million in funds for 21 capital projects ranging in size from \$10,000 to upgrade the server and accessories to \$3 million for the design and construction of a new police station.

Funding for the entire CIP will be provided from an array of sources, including, but not limited to:

- more than \$2.9 million in general fund debt;
- Just over \$1.15 million in pay-as-you-go projects funded by the general fund; and,
- \$500,000 from the capital stabilization fund.

The Town also anticipates receiving approximately \$858,000 in the annual Chapter 90 allocation for highway-related projects and using \$300,000 from ambulance receipts.

ABOUT THE TOWN OF PLYMPTON

The Town of Plympton is located in Plymouth County in the southeastern part of Massachusetts. The land was incorporated in 1707, although its current boundaries were not established until 1863. The original settlers of Plympton were mostly farmers. During the Industrial Revolution lumber mills, a cotton factory, shoe factories, a shovel works, and more were established in town. Today, Plympton remains an active rural-agricultural community, and there are many small businesses that serve the everyday needs of residents. The population is estimated to be just over 2,800.

The Town of Plympton is responsible for maintaining capital assets and infrastructure systems that facilitate life in town, including town and school buildings, information technology (IT) systems, parks and open space, roadways and sidewalks, and a stormwater conveyance system. In addition, the many vehicles and pieces of equipment used by Town and School staff to perform their mission must also be maintained and replaced over time. Town officials face a significant challenge as they strive to keep these systems and equipment in good working condition while using limited public resources available to them wisely.

Infrastructure components for which the Town of Plympton is responsible include:

Town Facilities

The Town of Plympton occupies and manages a series of buildings that serve a multitude of purposes. Each of these facilities must be maintained on a regular basis to ensure the safety and comfort of Town employees and the general public. All told, the replacement value of the facilities listed below is more than \$15 million according to the Town's insurance company¹.

PLYMPTON TOWN FACILITIES	
Name	Address
Fire Department/Emergency Operations Center	3 Palmer Road
Highway Department	23 Palmer Road
Old Town Barn	Center Street
Plympton Historical Society Building	189 Main Street
Public Library	248 Main Street
Town House/Police Department	5 Palmer Road
Transfer Station	100 Ring Road

Information Technology

The Town's core information technology (IT) infrastructure includes physical servers, switches, firewall / router with Virtual Private Network for remote access, Uninterrupted Power Supply and wireless access points. The Town's data center is located in the Town House with an offsite disaster recovery location.

¹ "Statement of Values," MIAA Property and Casualty Group, Inc., obtained from the Town of Plympton

Major software systems include the financial management system and the public safety software. Fire and EMS share the same software and are not integrated with the Police software. All software is updated as required by the vendor.

Parks and Open Space²

Plympton owns and manages hundreds of acres of open space for active and passive recreation and environmental protection. Thousands of acres are also owned, maintained, and protected by private entities.

Residents and visitors have access to athletic fields and courts, playgrounds, hiking and walking trails, and fishing areas, as detailed in the table below.

TOWN-OWNED PARKS AND OPEN SPACE (PARTIAL LIST)			
Name	Acres	Uses	Location
Cato’s Ridge Conservation Area	77	Conservation, trails, wildlife viewing	Ring Road
Churchill Park	11	Conservation, trails, wildlife viewing	Main Street
Dennett Elementary School	30	Playground, soccer field	Crescent Street
Harry Jason Junior Memorial Park	53.2	Woodlands, recreation field, and trails	Center Street
Holt Memorial Field	8	Playground, multipurpose athletic field	Palmer Street/Main Street
O’Neill Marsh	17	Conservation, trails, wildlife viewing	Ring Road
Parsonage Road Playground	1.3	Playground, basketball court	Parsonage Road
Town Green/Common and Cemetery	2.14	Open space, bandstand, historic cemetery	Main Street
Winnetuxet Swimming Area	11.5	Fishing, kayaking, and picnic area	Winnetuxet Road

In addition to the open space listed above, the Town owns land with conservation value totaling more than 200 acres, such as the Dennett School Conservation Lands, Town Forest, and the gravel pit area.

Other land is protected as open space but held by private owners, for example:

- West Street Woods: This 16.5 acre woodland area owned by the Wildlands Trust of Southeastern Massachusetts provides passive recreation opportunities such as hiking and wildlife viewing; and,
- Approximately 2,600+ acres of land protected under Massachusetts General Law, Chapter 61.

Plympton has extensive surface water, and certain areas afford various recreational opportunities such as fishing, hiking, and wildlife viewing to residents and visitors. There are ten ponds ranging in size from one to 25 acres within the Town’s boundaries and two (Silver Lake and Indian Pond) that lie partly in Plympton. Silver Lake is over 660 acres in size and serves as a drinking water source for the City or Brockton and Town of Whitman. As such, limited recreation is allowed. Indian Pond is 66 acres and is used for fishing, although access is a challenge. The Winnetuxet and Jones Rivers also provide fishing and other recreational opportunities. There are also a number of other smaller waterways in Town.

² Plympton Open Space and Recreation Plan, 2009

Roadways and Sidewalks

A network of approximately 35.5 miles of roadway crisscrosses Plympton. Nearly all of these are Town-owned except approximately one-half mile owned by the Massachusetts Department of Transportation (MassDOT) and one quarter mile of unaccepted or private roadway.

Roads are typically classified into three categories:

- *Local streets* comprise approximately 42% of the roads in Plympton. These roads provide access to residential properties and generally have lower speed limits.
- *Collector streets* make up about 42% of the Town's network. These roads primarily collect traffic from local streets and funnel it to arterial streets and vice versa. An example would be Plymouth Street which receives vehicles from other smaller streets and cul-de-sacs.
- *Arterial roadways* comprise around 15% of roads in town. These roads are designed for mobility, carrying traffic at greater speeds over longer distance than other roads. These streets are typically numbered. In Plympton, they include U.S. Routes 44, 58, and 106. These roadways are maintained by the State and function as part of a regional highway system³.

School Facilities

Plympton is a member of the Silver Lake Regional School District (SLRSD) along with the neighboring Towns of Halifax and Kingston. While the middle and high schools are operated on a regional basis, each town is responsible for its own elementary school, including capital improvements. The Town is responsible for a proportional share, based upon school enrollment, of any capital projects at the regional facilities, but that is included in the Town's annual operating budget as part of its appropriation for school expenses.

The Town owns and operates the Dennett Elementary School located at 80 Crescent Street. The school served approximately 209 students in grades kindergarten through sixth in the 2016-2017 school year⁴. The building, encompassing just over 47,000 square feet, opened in 1974 but was remodeled in 2003⁵. In addition to the building, the well supplying the school's water, septic system, athletic field, playground, parking lot, and roads are located on the school site. School vehicles and equipment must also be maintained.

Stormwater System

In order to protect the water quality in the region, the Town owns and operates a stormwater system to collect and channel runoff appropriately. Plympton's stormwater infrastructure consists of curbing, gutters, storm drains, catch basins, pipes, manholes, culverts, outfalls, reservoirs, and other components that function together to collect and convey stormwater to larger bodies of water. While the Town is only responsible for maintaining infrastructure on public property, there may also stormwater infrastructure on private property.

³ "Road Inventory Year End Report 2014," Massachusetts Department of Transportation – Office of Transportation Planning

⁴ Massachusetts Department of Elementary and Secondary Education, retrieved from <http://profiles.doe.mass.edu/profiles/student.aspx?orgcode=02400010&orgtypecode=6>, June 20, 2017

⁵ Massachusetts School Building Authority, retrieved from <http://www.massschoolbuildings.org/node/40240>, June 20, 2017

Vehicles and Equipment

Town staff use an array of vehicles and equipment to complete their tasks on a daily basis. These include an array of police cruisers, dump trucks, fire engines, etc., as listed below. Many other smaller, handheld pieces of equipment (e.g. asphalt compactors, shovels, and other grounds maintenance tools) are used daily by highway staff in the execution of their duties.

Plympton Fleet Inventory Summary				
Department	Type	Make	Model	Year
Fire	Chief Vehicle	Ford	Expedition	2011
Fire	Duty Car	Ford	Explorer	2014
Fire	Engine – 1	Freightliner	Businessclass	1996
Fire	Engine - 2	Smeal	Metrostar	2008
Fire	Engine - 3	GMC	C-5500	2007
Fire	Tanker - 1	Spartan	Metrostar	2014
Fire	Breaker 183	AmGeneral	6X6	1974
Fire	Breaker 184	Ford	F-450	1991
Fire	Ambulance -1	Ford	E-450	2006
Fire	Ambulance -2	Ford	E450	2014
Fire	Pick Up Truck	Chevy	Pickup	1986
Highway	Pickup truck	Ford	F-150	2003
Highway	Dump Truck	Ford	F-350	2008
Highway	Dump/Sander w/plow	International	7400	2008
Highway	Sander w/plow	Peterbuilt	348	2014
Highway	Tractor	Jybita	4740	2008
Highway	Tractor	Kubota		2014
Highway	Calcium Chloride Anti-icing System			
Highway	Excavator w/attach	Kubota		2007
Highway	FWD Loader	John Deere	344J	2007
Highway	Street Sweeper	Johnson		1999
Highway	Lawn Mower	Skag		2007
Highway	Lawn Mower	Skag		2011
Highway	Brush Mower	McConnel		2002
Highway	Chipper/Grinder	Vermeer		1998
Highway	Arc welder	Miller	XMT 304 DC inverter	
Police	Patrol Cruisers (7 veh)	Ford	Taurus, PI SUV, Interceptor	2011-2017
Police	Motorcycle	Harley Davidson		2008
Police	ATV-1	Arctic Cat	400	2003
Police	MPH Radar Trailer			1999
Police	ATV Trailer	Thule		

POSSIBLE FUNDING SOURCES

There are a number of ways to finance municipal capital improvement projects. Some of the most common methods are:

Local Resources

- **Municipal Indebtedness:** The most commonly used method of financing large capital projects is general obligation bonds (aka, “GO Bonds”). They are issued for a period of time ranging from 5 to 30 years, during which time principal and interest payments are made. Making payments over time has the advantage of allowing the capital expenditures to be amortized over the life of the project. Funding sources used to pay back the debt can include:
 - **Bonds funded within the tax limits of Proposition 2 ½:** Debt service for these bonds must be paid within the tax levy limitations of proposition 2 ½. Funds used for this debt must be carefully planned in order to not impact the annual operating budget.
 - **Bonds funded outside the tax limits of Proposition 2 ½ :** Debt service for these bonds is paid by increasing local property taxes in an amount needed to pay the annual debt service. Known as a Debt Exclusion or Exempt Debt, this type of funding requires approval by 2/3 vote of the local appropriating authority (e.g., town council or town meeting) and approval of the majority of voters participating in a ballot vote. Prior to the vote, the impact on the tax rate must be determined so voters can understand the financial implications.⁶
 - **Bonds funded with Enterprise Funds:** Debt service for these bonds is typically paid by user fees, such as water and sewer revenue. Depending upon the type of project, interest costs may be subsidized by the Commonwealth and at times partial grant funds may be available (see below). Enterprise funds do not affect the general operating budget unless general funds are needed to subsidize revenues from the enterprise. Prior to the issuance of debt, the projects must be analyzed for their impact on rates.
- **Capital Outlay / Pay As You Go:** Pay as You Go capital projects are funded with current revenues and the entire cost is paid off within one year so no borrowing takes place. Projects funded with current revenues are customarily lower in cost than those funded by general obligation bonds because there are no interest costs. However, funds to be used for this purpose must be carefully planned in order to not impact the annual operating budget. For this reason, Pay as You Go capital projects are typically lower in value than projects funded by borrowing.
- **Capital Outlay / Expenditure Exclusion:** Expenditure Exclusion projects are similar to Pay as You Go, above, except taxes are raised outside the limits of Proposition 2 ½ and are added to the tax levy only during the year in which the project is being funded. As with a Debt Exclusion, Expenditure Exclusion funding requires approval by 2/3 vote of the local appropriating authority (e.g., town council or town meeting) and approval of the majority of voters participating in a ballot vote. Prior to the vote, the impact on the tax rate must be determined so voters can understand the financial implications. Capital outlay expenditures may be authorized for any municipal purpose for which the town or town would be authorized to borrow money.

⁶ A debt exclusion is different from a property tax override in that a debt exclusion is only in place until the incurred debt has been paid off. An override becomes a permanent part of the levy limit base.

- **Capital Stabilization Fund:** Local officials can set aside money in a stabilization fund – outside of the general fund - to pay for all or a portion of future capital projects. A 2/3 vote of a select board is required to appropriate money into and out of this fund.
- **Sale of Surplus Real Property:** Pursuant to Massachusetts General Laws, when real estate is sold, the proceeds must first be used to pay any debt incurred in the purchase of the property. If no debt is outstanding, the funds “may be used for any purpose or purposes for which the town, town or district is authorized to incur debt for a period of five years or more...except that the proceeds of a sale in excess of five hundred dollars of any park land by a town, town, or district shall be used only by said town, town, or district for acquisition of land for park purposes or for capital improvements to park land” (MGL Chapter 44, Sec. 63).
- **Enterprise Retained Earnings / Stabilization Fund:** Enterprise operations, such as water and sewer, are able to maintain an operating surplus that can be utilized for future enterprise fund costs. These funds can be used to stabilize the user rates, apply to annual budget needs, and/or invest in capital replacement and expansion.
- **Free Cash:** Free Cash is the difference between annual revenues and expenditures and is certified by the Commonwealth each year. After certification, free cash is available for appropriation for any municipal purpose, including capital projects.
- **Special Purpose Funds:** Communities also have established numerous “Special Purpose Accounts” for which the use is restricted for a specific purpose, such as investment in department facilities and equipment. There are numerous state statutes that govern the establishment and use of these separate accounts. Examples include the sale of cemetery lots and ambulance receipts accounts.

Federal, State, and Private Grants and Loans

Special revenue sources include grants or loans from federal, state, or private sources. Examples include:

- **Federal Community Development Block Grant (CDBG):** The U.S. Department of Housing & Urban Development (HUD) “provides communities with resources to address a wide range of unique community development needs.”⁷ Funds are granted directly to “entitlement” communities which are cities with a population of at least 50,000 or counties with a population of at least 200,000. To secure entitle funds, each town must prepare a Consolidated Plan every five years outlining the town’s goals for use of the funds, and an annual plan must be prepared each year. Funding for smaller communities flow through State administered CDBG programs. As it relates to capital projects, HUD funds can be used for: acquisition of real property; relocation and demolition of housing; rehabilitation of residential and non-residential structures; construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes; activities relating to energy conservation and renewable energy resources.
- **Massachusetts Chapter 90 Roadway Funds:** Each year, the Massachusetts Department of Transportation (MassDOT) allocates funds to cities and towns for roadway construction, maintenance, or improvement.

⁷ U.S. Department of Housing and Urban Development (HUD), “Community Development Block Grant (CDBG) Program”, retrieved December 3, 2015 from http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs.

Funds may also be used for other work incidental to roadway work, such as the construction of a garage to house related vehicles, or the purchase of related vehicles, equipment, and tools. Chapter 90 is a 100% reimbursable program. Funding is accomplished through the issuance of transportation bonds and apportioned to municipalities based on three factors: 1) accepted road miles, 2) population, and 3) total employment within the municipal borders. The number of road miles is the most heavily weighted factor at 58.33%; the others are each weighted at 20.83%.

- **Massachusetts Department of Environmental Protection’s State Revolving Loan Funds (SRF):** The Clean Water State Revolving Loan Fund (CWSRF) provides financing for sewer and drainage projects intended to reduce sewer overflows and the Drinking Water State Revolving Loan Fund (DWSRF) provides financing to improve the quality of the drinking water system. The CWSRF and DWSRF programs typically offer a mix of low interest (2%) loans and grant funds. Repayment does not begin until two years after the monies have been borrowed.
- **Massachusetts School Building Authority (MSBA)** – The MSBA provides funding for school repair and construction via a series of programs. In the School Building Program, projects must be accepted into the process in response to the submission of a Statement of Interest which identifies a facility problem to be solved. Subsequently, the community must appropriate funding for schematic design and later for construction before the MSBA will commit to its share of the project. If accepted, the MSBA determines the amount of reimbursement it will offer based upon community need, with a minimum base rate of 31%. The percent of reimbursement can then be increased based upon three factors: community income factor, community property wealth factor, and community poverty factor. Through the Accelerated Repair Program, the MSBA will fund roof, window, and boiler projects with an expected 18-month completion date. Funding can be provided for multiple projects in a single district in a year. The Major Repair Program includes roofs, windows, and boilers, but can also include other significant building renovations. Districts are limited to one project per year under the Major Repair Program, but work can be more substantial than the Accelerated Repair Program.

Many state departments also offer annual grant opportunities that are available to municipalities typically through a competitive application process. State grant programs include, but are not limited to: Green Community grants (project to improve sustainability), Parkland Acquisitions and Renovations for Communities grants (PARC), and the MassWorks Infrastructure Program.

For additional definitions, please refer to the Glossary in the appendices.

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PLYMPTON CAPITAL PLANNING PROCESS (FY2018-FY2022)

The Town of Plympton hired the Edward J. Collins, Jr. Center for Public Management at the University of Massachusetts Boston to facilitate preparation of the Town’s five-year Capital Improvement Plan (CIP) for FY2018 to FY2022. The project team met with leadership of all Town departments to explain the process to be followed and discuss the types of projects that would be eligible for funding in the capital plan. Departments were provided with a Capital Improvement Project Request Form asking them to describe their proposed project(s), the justification for why each project was needed, the priority placed on the project by the department, and the fiscal year or years in which the funds were needed. In addition, departments were asked to indicate if outside funds might be available to support the project and to anticipate the impact of the project on the Town’s operating budget. In particular, departments were asked if any savings could be realized, for example, if the purchase of new equipment could reduce the cost of annual repairs. Department directors were encouraged to contemplate needs over multiple years and to be ambitious with their proposals. Particular attention was paid to equipment needs with a goal of developing a regular replacement schedule that would reduce, if not eliminate, emergency replacement and costly repairs.

The project team also met with the Town’s financial staff and prepared a detailed five year financial forecast that identified resources to be made available for capital investment. See “Resources Available” section below for details.

Project Requests

Altogether, 30 project requests were submitted, totaling nearly \$8.4 million across all five years of the plan and across all funds. Among the most significant requests were:

- \$3 million for a new police station;
- \$1.5 million for a new fire station;
- \$650,000 to replace Engine 1;
- \$300,000 to purchase a replacement ambulance; and,
- More than \$850,000 for roadway improvements through Chapter 90.

DEPARTMENT REQUESTS BY FUND (ALL YEARS)					
Department	GF Debt	GF PayGo	Ambulance Receipts	Chapter 90	Total
Board of Selectmen		50,000			50,000
Council on Aging	200,000	215,000			415,000
Dennett School Committee	280,000	40,000			320,000
Fire Department	2,250,000	243,500	300,000		2,793,500
Highway Dept.	150,000	685,000		858,805	1,693,805
Library		25,000			25,000
Police Department	2,500,000	558,854			3,058,854
Total	5,380,000	1,817,354	300,000	858,805	8,356,159
% of Total	64.4%	21.7%	3.6%	10.3%	100.0%

The greatest dollar amount of capital requests was from the Police Department, driven largely by a new police station. The Fire Department was the next highest department with requests for a new fire station, ambulance, and equipment including self-contained breathing apparatus (SCBA) and turnout gear.

When analyzing project requests by fund, the Town's general fund represented the largest financial resource available. However, Town departments and the project team identified non-general fund sources that could potentially cover approximately 14% of total requested dollars.

Capital Planning Evaluation Criteria

After reviewing each project request to determine if it was complete and CIP-eligible, the project team then evaluated the proposed projects based upon a series of criteria. The categories included:

- Preserve or enhance Town assets – Does the proposed project maintain or improve an existing facility? What is the anticipated useful life of the investment? Does the proposed project replace a piece of equipment needed to provide public services? Is the vehicle beyond its reasonable life? Is the acquisition part of a scheduled replacement plan that will keep vehicles operational and preclude major repair costs?
- Increase efficiency and effectiveness of government – Does the project reduce operating costs (e.g., eliminate costly repairs) or increase the effectiveness of government? Does the project reduce potential legal liability (e.g. repair of a broken sidewalk) or threats to operations (e.g., replacement of a needed street sweeper before it breaks down completely)? Does it improve customer service or provide a new, needed service?
- Good steward of public resources – Does the project increase revenues? Are outside grant funds available to cover a portion or all of the cost?
- Specific impacts on operating budget – What types of ongoing savings might be realized from the project? Does the project increase operating costs?

In addition, each project was evaluated to see how it would influence a series of key policy areas. These included:

- Aesthetics / Historic Preservation
- Cultural and Recreational Opportunities
- Economic Growth
- Education
- Environmental Sustainability
- Public Health
- Public Safety

While these criteria were used to differentiate between the merits of the 30 project requests, it should be noted that they were not used rigidly in developing the FY2018-FY2022 CIP. At times, projects that received modest scores, predominantly because they did not contribute to the policy areas, but are critically needed was elevated for consideration in the plan based upon need and resource availability.

Resources Available

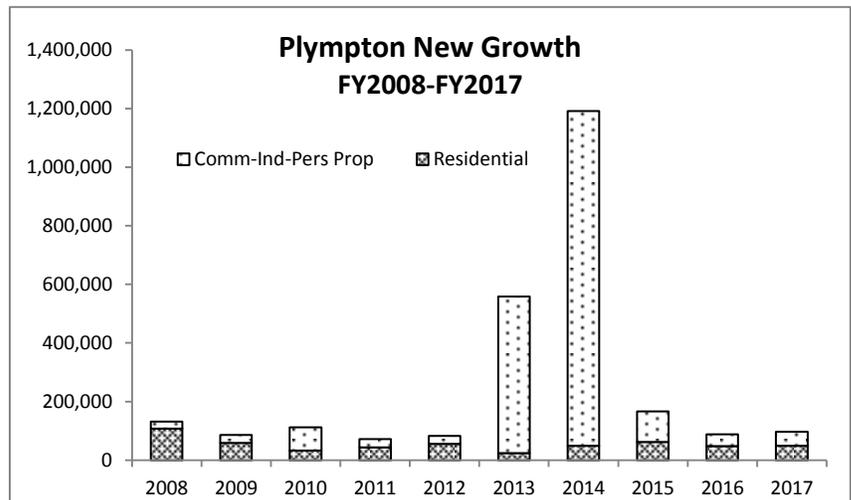
Capital funding available to the Town of Plympton has been broken down into three categories, each of which will be discussed below:

- General fund debt and pay-as-you-go
- Ambulance enterprise fund
- Other Funds

General Fund Debt and Pay-as-You-Go

In the summer of 2016, the Collins Center prepared a five-year financial forecast for the Town of Plympton. A financial forecast is designed to provide local policymakers with the information they need to make informed decisions around local financial strategies and policies, long-term financial and capital planning, and long-term contracts or obligations. A comprehensive forecast will take into account prior year revenues and expenditures, and make a series of detailed projections that - taken as a whole- paint a picture of the financial future of the municipality. As a part of the effort for Plympton, a five-year capital investment schedule was also developed.

A close review of Plympton's revenue history reveals that revenue growth has been variable in recent years, with particularly large growth occurring in FY2013 and FY2014 resulting from the new Sysco facility which was partially completed in FY2013 and finished in FY2014. If these two years are taken out, the average new growth for the past 10 years has been approximately \$105,000 per year. In the financial forecast, a conservative rate of between \$45,000 and \$50,000 was used each year. This is added to the 2 ½ percent growth in the tax levy allowed under State law, which ranges from \$220,000-\$241,000 in the financial forecast over the next five years.

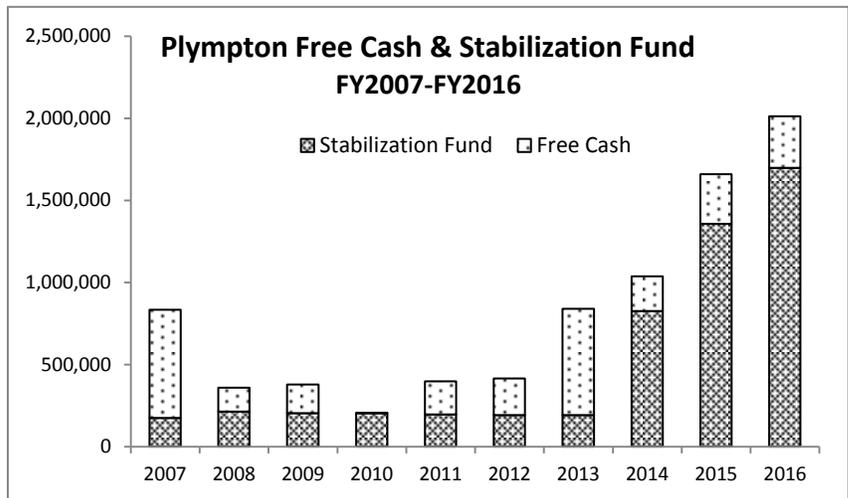


Over the past 10 years, the Town of Plympton has significantly increased its stabilization fund and free cash balances (see below). A Stabilization Fund consists of monies that are set aside by the local government to be used in the event of an emergency. Best practice and a Town financial policy is to maintain a balance of 10% of the prior year tax levy in a stabilization fund. In Plympton, the balance has grown from a low of \$174,750 in FY2007 to nearly \$1.7 million in FY2016. Free cash⁸ has also grown, as a result of Town financial management from a low of \$2,712 in FY2010 to \$312,522 in FY2016. Best practice is to use free cash only for one time expenditures, such as capital expenses or unanticipated expenses and Plympton has adopted a financial policy to eliminate the use of free cash in its operating budget by FY2020.

Plympton's Special Act, adopted when the Sysco property was developed, designates portions of tax revenue

⁸ The Massachusetts Department of Revenue defines free cash as "...unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax recapitulation sheet, and unspent amounts in budget line-items."

associated with certain industrial parcels into both regular and capital purpose stabilization funds. It states that if the revenues for these parcels exceed \$1 million, then automatic deposits are made to both stabilization funds. Since the capital stabilization fund has a dedicated funding source, the Town may borrow for capital projects using the stabilization fund as a resource, in addition to ongoing revenues, if desired.



Capital Funding Plan FY2018-FY2022

Capital spending in Plympton in FY2017 totaled 5.29% of prior year revenues. Expenditures included \$104,692 for a lease of fire equipment, approximately \$32,000 in debt service for improvements to the Town House and the transfer station, and \$405,000 in projects authorized at Town Meeting and funded from the capital stabilization fund. As part of the effort to develop the *Plympton Capital Improvement Plan (FY2018-FY2022)*, a 5% annual expenditure rate was established as a target, with exceptions possible for particular circumstances, and that funding would be provided from the capital stabilization fund and from free cash.

Capital Investment Plan (FY2018-FY2022)						
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Proj Prior Year Net Revenue	10,243,757	10,503,931	10,790,239	11,085,551	11,390,092	11,703,093
CIP as % of PY Revenue	5.3%	5.0%	9.6%	5.0%	5.0%	5.00%
Amount Avail for capital	541,942	525,197	1,039,512	554,278	569,505	584,862
Source of Capital Investment						
Existing Investment	541,942	136,672	80,613	80,343	80,073	80,073
Future Investment						
Capital Stabilization		300,000	855,789	355,789	355,789	355,789
Appropriation or Free Cash		88,525	103,110	118,146	133,643	149,000
TOTAL	541,942	525,197	1,039,512	554,278	569,505	584,862

As can be seen, the Town’s existing capital spending for the leases and existing debt service, will be declining over the five year period, providing greater capacity for new investment while remaining within the 5% target. The only exception to the 5% target will be FY2019, when an additional \$500,000 will be taken from the capital stabilization fund fund balance to contribute to the design and construction of the new police station. This will lower the amount to be funded via borrowing.

Projects will be funded via either general fund borrowing or as “Pay-as-You-Go”, where projects are paid in the year they take place. As can be seen below, over the next five years, a significant number of projects will be funded as PayGo, ranging from \$165,354 in FY2018 to \$742,500 in FY2019. The FY2019 figure includes the \$500,000 direct payment toward the police station design and construction. Borrowing will take place for five projects which have a total investment of \$2.93 million. Estimated debt service over the next five years totals approximately \$1.16 million.

Capital Spending Plan (FY2018-FY2022)						
Expenditure Type	FY2018	FY2019	FY2020	FY2021	FY2022	5-Year Total
GF PayGo	165,354	742,500	249,000	240,000	255,000	1,651,854
GF Debt Service	221,020	215,760	224,495	247,985	248,020	1,157,280
Total	386,374	958,260	473,495	487,985	503,020	2,809,134
Avail Resources	388,525	958,899	473,935	489,432	504,789	2,815,579
Uncommitted	2,151	639	440	1,447	1,769	6,445

Ambulance Enterprise Fund

The Town of Plympton has one enterprise fund which is used to account for revenues and expenditures from ambulance services. A total of \$300,000 from this fund will be used for capital investment between FY2018 and FY2022.

Other Available Funds

There are other funding sources that can support capital investment. These include:

- **Chapter 90 Funds** – All municipalities in Massachusetts receive an annual allotment of funds from MassDOT for roadway construction, maintenance, or improvement. In the FY2017, the Town received \$171,761. The CIP uses the FY2017 figure as an estimate for Chapter 90 funds available in each year of the plan.
- **MSBA Funds** – One project has been identified as eligible for MSBA funds.

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FY2018-FY2022 CAPITAL PLAN DETAIL

Projects by Department

The *FY2018-FY2022 CIP* funds the vast majority of project requests from department heads (approximately 70%). However, strategic decisions were made to align project costs with the Town’s projected available resources across each year of the five year plan, and the timing or scope of some projects was changed to accommodate the CIP’s spending plan.

These capital investments will have a direct impact on the lives of Plympton residents, students, businesses, and visitors. The plan prioritizes public safety, infrastructure, and facility maintenance, and many projects will have significant impacts in these areas. Projects will ensure the highway department has the necessary vehicles, equipment, and facilities to complete its work and upgrade public safety facilities and vehicles, while improving the safety of staff and the residents they serve. As shown in the table below, significant investments will be made via the highway department, fire department, police department, and school committee district. More modest investments will be made in other departments as well.

INVESTMENT BY DEPARTMENT All Projects, All Funding Sources (FY2018-FY2022)		
Department	Project Count	Amount
Board of Selectmen	2	50,000
Council on Aging	1	40,000
Dennett School Committee	3	320,000
Fire Department	2	450,000
Highway Department	8	1,796,805
Library	1	25,000
Police Department	4	3,058,854
Total	22	5,740,659

The greatest dollar investment is in the Police Department which includes the design and construction of a new police station (\$3 million) and equipment such as a radio repeater, a new generator, and a new telephone system. In the Highway Department, local funds (\$633,000 over five years) will be added to Chapter 90 grant funds (\$858,800 over five years) to make a significant difference in local road conditions.

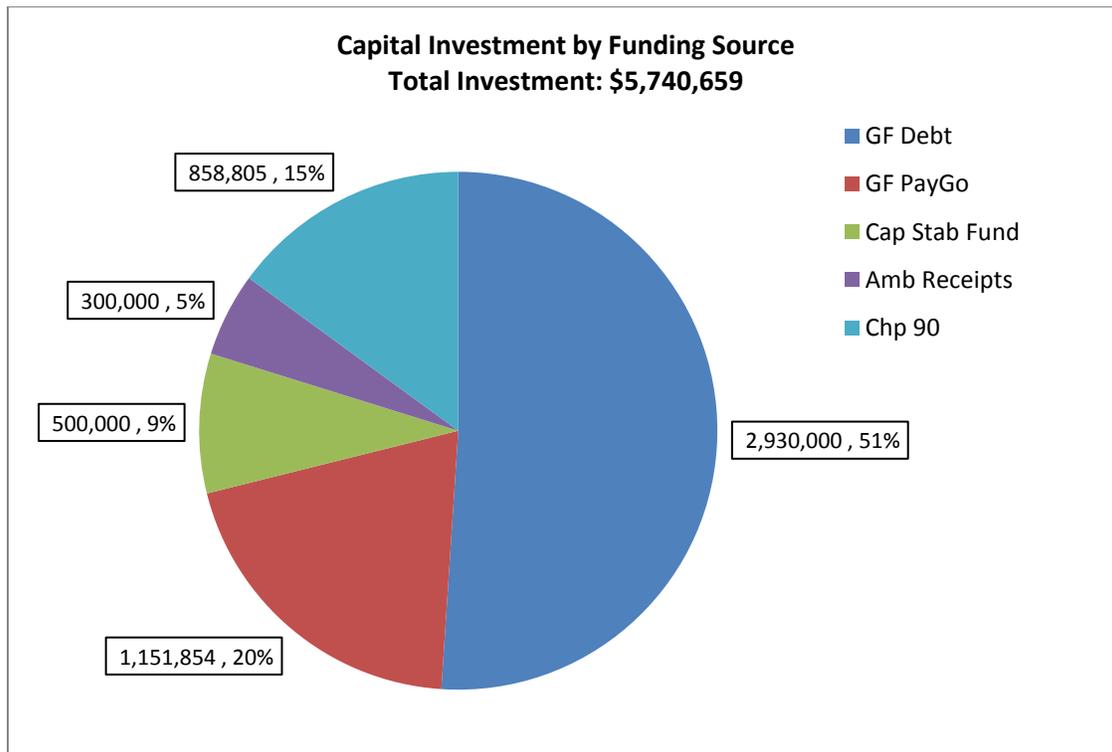
Projects by Asset Type

As shown in the table below, across all asset types, the most significant capital investment is on facilities projects (more than \$3.2 million) which constitute about 57% of the total capital expenditure over five years. More than 92% of this amount is earmarked for a new police station. Investments in roads and sidewalks represent the second most significant asset category at nearly \$1.5 million, or about 27% of the total. Vehicle and equipment projects represent approximately 10% of the total investment. Investments in schools and information technology represent less than 5% and 2% of total investment, respectively.

INVESTMENT BY ASSET TYPE (FY2018-FY2022)		
Asset Type	Total Investment	% of Total
Facilities	3,268,500	56.9%
Information Technology	85,354	1.5%
Roads/Sidewalk	1,516,805	26.4%
Schools	280,000	4.9%
Vehicles/Equipment	590,000	10.3%
Total	5,740,659	100.0%

Projects by Funding Sources

The projects included in the CIP will be funded through a combination of funding sources, including general fund debt and pay-as-you-go, enterprise fund monies, and state grants. A total of 36% of projects will be paid for through the Town’s general fund, either as a result of borrowing or as a pay as you go project, and 6% of projects will be funded by the water/sewer enterprise fund. The balance of projects (58% of total) will be funded from non-local sources including state, federal, and other sources amounting to nearly \$5 million over five years.



Impact on Annual Debt

Five projects are proposed to be funded through debt, totaling \$2.93 million. A new police station, requiring \$2.5 million in debt, represents more than 85% of all debt. Projected annual debt service from the new projects is expected to fluctuate between approximately \$215,000 and \$248,000 over the five years of the plan. The highest debt service payment is estimated to be \$248,020 in FY2022.

Depending on when the Town authorizes the borrowing and the type of financial vehicle used, actual payments can be lower than presently estimated.

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PROJECT DESCRIPTION AND COST BY DEPARTMENT

Project #	Project Title	Project Description	Total Cost
Board of Selectmen			
BOS1	Complete Reroofing of Town House	This project is to complete what was not completed in emergency re-roofing of Town House that took place in 2013.	40,000
BOS4	Upgrade IT server and accessories	Replace computer server and backup server in the Town House.	10,000
Council on Aging			
COA1	Additional van for transportation	Purchase of a second van to transport senior residents to appointments and shopping when they are unable to drive themselves	40,000
Dennett School Committee			
DE2	Playground Safety and Modernization	This project includes a comprehensive needs assessment of the current grounds and equipment which will be used to determine how to proceed in making the playground safer and accessible to students, including those with disabilities. Demolition/removal of dangerous equipment, grading of site, construction of modern and ADA compliant playground features and structures.	150,000
DE4	Dennett Water-Filtration System	The Dennett School requires a water filtration system to meet regulatory standards and to provide potable water for the students and staff.	130,000
DE5	Dennett Phone System Replacement	This project would fund the complete replacement of Dennett's phone system with a modern, supported, IP phone system. Beyond providing reliable day to day communications, it should also allow the department to save money on phone service costs.	40,000
Fire Department			
FD1	Fire Equipment (SCBA, turnout gear)	Replace the existing air compressor used to fill SCBAs and replace and upgrade SCBA packs and bottles.	150,000
FD3	Replace Ambulance	Replace ambulance	300,000
Highway Department			
HW2	Garage facility addition	Extend existing garage by 1-door length (approximately 25 feet) to store seasonal equipment.	100,000
HW3	Land acquisition abutting transfer station	About 7 acres of woods should be purchased to allow space for future transfer station expansion, as need arises given future town requirements.	50,000
HW4	New dump truck with plow	Replace Ford 2008 F350 small dump truck 2WD with a 4WD small dump truck with plow	60,000
HW5	New pick-up truck	Replace 2WD 2003 Ford F150 with a 4WD pick-up with plow	40,000
HW7	Road paving	Repaving of streets will involve level then overlay – 2 coats over existing pavement	1,491,805
HW9	School driveway and parking lot improvements	Driveway needs repaving and parking lot should be crack-sealed.	25,000
HWY10	Repair roof of highway shed	This project is to repair the roof of the highway shed and replace a gutter.	30,000

PROJECT DESCRIPTION AND COST BY DEPARTMENT

Library			
L1	Replace library roof	Replace Library roof when it reaches the end of its useful life	25,000
Police Department			
PD7	New generator	Purchase generator for new Police Station so that duties may be performed even in the case of a power failure.	23,500
PD8	New Police Station	Design and construct an approximately 6,200 sf structure to house the police department. Building is to contain officers and Chief of Police office; administrative offices; clerical space, conference room, records room, and a break room area. The operations area will include: the shift commander office, patrol supervisor office, report writing room, roll call/squad room, armory, investigation area (e.g., detectives, evidence, storage, and interview room), miscellaneous storage; and a detention/booking area. In the detention area will be 2 male cells/1 female/juvenile cell. Each cell must have bathrooms. By law, female and juveniles are to be sight and sound separated from male prisoners. A sally port/garage and decontamination area is also needed. Data processing area; locker rooms for staff to include 24 lockers, M/F bathrooms, and showers.	3,000,000
PD9	Police Radio Repeater	Replace outdated radio equipment. The existing repeater is analog, obsolete and approximately 25 years old. It is well past its useful service life	15,354
PD11	Telephone system	Purchase centric or other standard business telephone system to provide reliable internal and external communications.	20,000

PROJECT SCHEDULE BY FISCAL YEAR AND FUNDING SOURCE

GENERAL FUND PROJECTS										
Project #	Project Title	Cost by Fiscal Year					Total Project Cost	Cost by Funding Source		Notes
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		Gen Fund (Debt)	Gen Fund (Pay Go)	
BOS1	Complete Reroofing of Town House		40,000				40,000		40,000	
BOS4	Upgrade IT server and accessories				10,000		10,000		10,000	
COA1	Additional van for transportation				40,000		40,000		40,000	
DE2	Playground Safety and Modernization			25,000	125,000		150,000	150,000		
DE4	Dennett Water-Filtration System	130,000					130,000	130,000		
DE5	Dennett Phone System Replacement		40,000				40,000		40,000	
FD1	Fire Equipment (SCBA, turnout gear)	30,000	30,000	30,000	30,000	30,000	150,000		150,000	
HW2	Garage facility addition			100,000			100,000	100,000		
HW3	Land acquisition abutting transfer station					50,000	50,000	50,000		
HW4	New dump truck with plow					60,000	60,000		60,000	
HW5	New pick-up truck			40,000			40,000		40,000	
HW7	Road paving	90,000	64,000	179,000	160,000	140,000	633,000		633,000	
HW9	School driveway and parking lot improvements		25,000				25,000		25,000	
HWY10	Repair roof of highway shed	30,000					30,000		30,000	
L1	Replace library roof					25,000	25,000		25,000	
PD11	Telephone system		20,000				20,000		20,000	
PD7	New generator		23,500				23,500		23,500	
PD8	New Police Station	2,500,000	500,000				3,000,000	2,500,000	500,000	PayGo to be funded by Cap Stabilization Fund
PD9	Police Radio Repeater	15,354					15,354		15,354	
	Subtotal	2,795,354	742,500	374,000	365,000	305,000	4,581,854	2,930,000	1,651,854	

PROJECT SCHEDULE BY FISCAL YEAR AND FUNDING SOURCE

NON-GENERAL FUND PROJECTS								
Project #	Project Title	Cost by Fiscal Year					Total Project Cost	Notes
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		
HW7	Road paving	171,761	171,761	171,761	171,761	171,761	858,805	Chapter 90 roadway funding, see also General Fund
FD3	Replace Ambulance				300,000		300,000	Ambulance enterprise fund
	Subtotal	171,761	171,761	171,761	471,761	171,761	1,158,805	

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
GRAND TOTAL	2,967,115	414,261	545,761	836,761	476,761	5,740,659

APPENDICES

Appendix 1: Plympton at a Glance

Appendix 2: New Growth History

Appendix 3: Free Cash and Stabilization Fund History

Appendix 4: Tax Levy History

Appendix 5: Single Family Tax Bill History

Appendix 6: Select DLS Municipal Finance Glossary

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DLS At A Glance Report for Plympton

Socioeconomic	
County	PLYMOUTH
School Structure	K-06
Form of Government	OPEN TOWN MEETING
2013 Population	2,859
2015 Labor Force	1,593
2015 Unemployment Rate	4.10
2012 DOR Income Per Capita	32,152
2009 Housing Units per Sq Mile	58.96
2013 Road Miles	35.61
EQV Per Capita (2014 EQV/2013 Population)	177,806
Number of Registered Vehicles (2012)	3,352
2012 Number of Registered Voters	2,094

Bond Ratings	
Moody's Bond Ratings as of December 2015*	
Standard and Poor's Bond Ratings as of December 2015*	AA+

*Blank indicates the community has not been rated by the bond agency

Fiscal Year 2017 Estimated Cherry Sheet Aid	
Education Aid	751,030
General Government	274,368
Total Receipts	1,025,398
Total Assessments	69,137
Net State Aid	956,261

Fiscal Year 2017 Tax Classification			
Tax Classification	Assessed Values	Tax Levy	Tax Rate
Residential	357,345,273	6,442,935	18.03
Open Space	0	0	0
Commercial	67,166,557	1,211,013	18.03
Industrial	13,191,200	237,837	18.03
Personal Property	41,160,880	742,131	18.03
Total	478,863,910	8,633,916	

Fiscal Year 2017 Revenue by Source		
Revenue Source	Amount	% of Total
Tax Levy	8,633,916	72.20
State Aid	1,025,398	8.58
Local Receipts	1,041,501	8.71
Other Available	1,256,802	10.51
Total	11,957,618	

Fiscal Year 2017 Proposition 2 1/2 Levy Capacity	
New Growth	97,703
Override	
Debt Exclusion	236,474
Levy Limit	9,117,893
Excess Capacity	483,977
Ceiling	11,971,598
Override Capacity	3,090,179

Other Available Funds		
2017 Free Cash	FY2016 Stabilization Fund	FY2017 Overlay Reserve
330,420	1,698,263	101,714

Fiscal Year 2017 Average Single Family Tax Bill**	
Number of Single Family Parcels	906
Assessed Value of Single Family	341,474
Average Single Family Tax Bill	6,157
State Average Family Tax Bill	
Fiscal Year 2013	5,020
Fiscal Year 2014	5,020
Fiscal Year 2015	5,419

Plympton issues tax bills on a Quarterly basis

**For the communities granting the residential exemptions, DLS does not collect enough information to calculate an average single family tax bill. In FY16, those communities are Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Somerville, Somerset, Tisbury, Waltham and Watertown. Therefore, the average single family tax bill information in this report will be blank.

Fiscal Year 2016 Schedule A - Actual Revenues and Expenditures						
	General Fund	Special Revenue	Capital Projects	Enterprise Funds	Trust Revenue	Total All Funds
Revenues	10,295,777	833,581	0	50,029	51,459	11,230,846
Expenditures	9,727,330	399,723	0	50,029	271	10,177,353
Police	896,551	0	0	0	0	896,551
Fire	304,396	0	0	0	0	304,396
Education	5,353,060	123,472	0	0	0	5,476,532
Public Works	637,874	176,488	0	0	0	814,362
Debt Service	251,913					251,913
Health Ins	280,556				0	280,556
Pension	419,959				0	419,959
All Other	1,583,021	99,763	0	50,029	271	1,733,084

Total Revenues and Expenditures per Capita						
	General Fund	Special Revenue	Capital Projects	Enterprise Funds	Trust Revenue	Total All Funds
Revenues	3,601.2	291.6	0.0	17.5	18.0	3,928.2
Expenditures	3,402.4	139.8	0.0	17.5	0.1	3,559.8

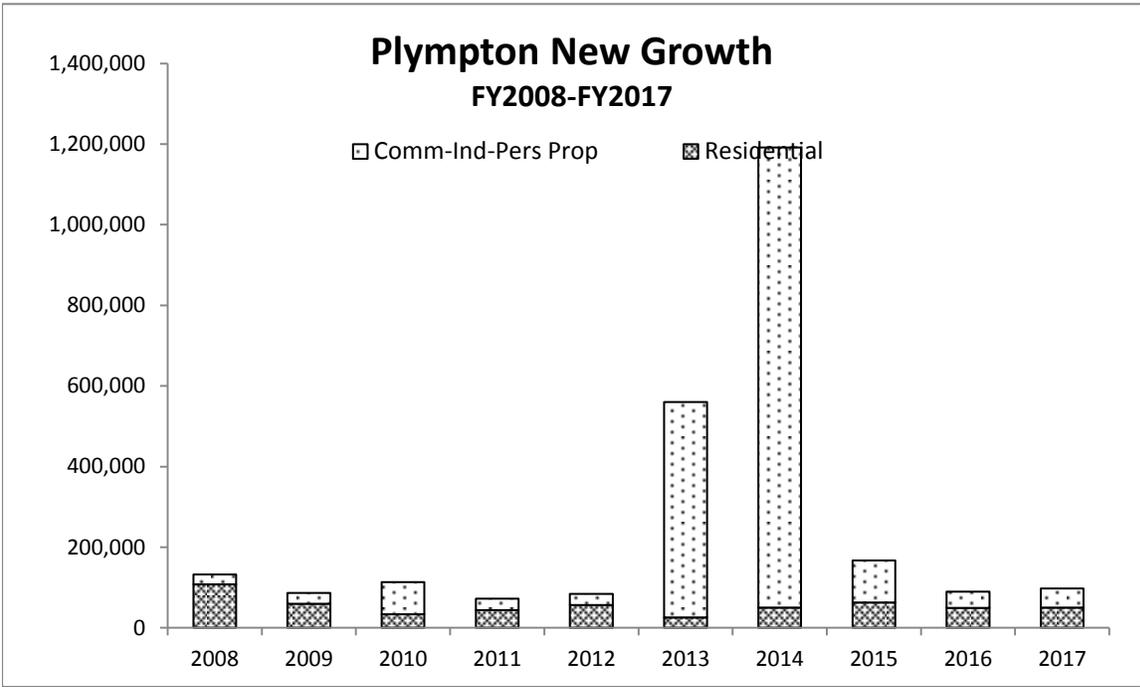
This data only represents the revenues and expenditures occurring in these funds and does not reflect and transfers to or from other funds. Therefore, this data should not be used to calculate an ending fund balance.

If you have questions regarding the data contained in this report, please contact the Municipal Databank/Local Aid Section at (617) 626-2384 or databank@dor.state.ma.us

[Click here to see if the Division of Local Services' Technical Assistance Section has conducted a financial management review or other analysis for Plympton](#)

PLYMPTON NEW GROWTH HISTORY

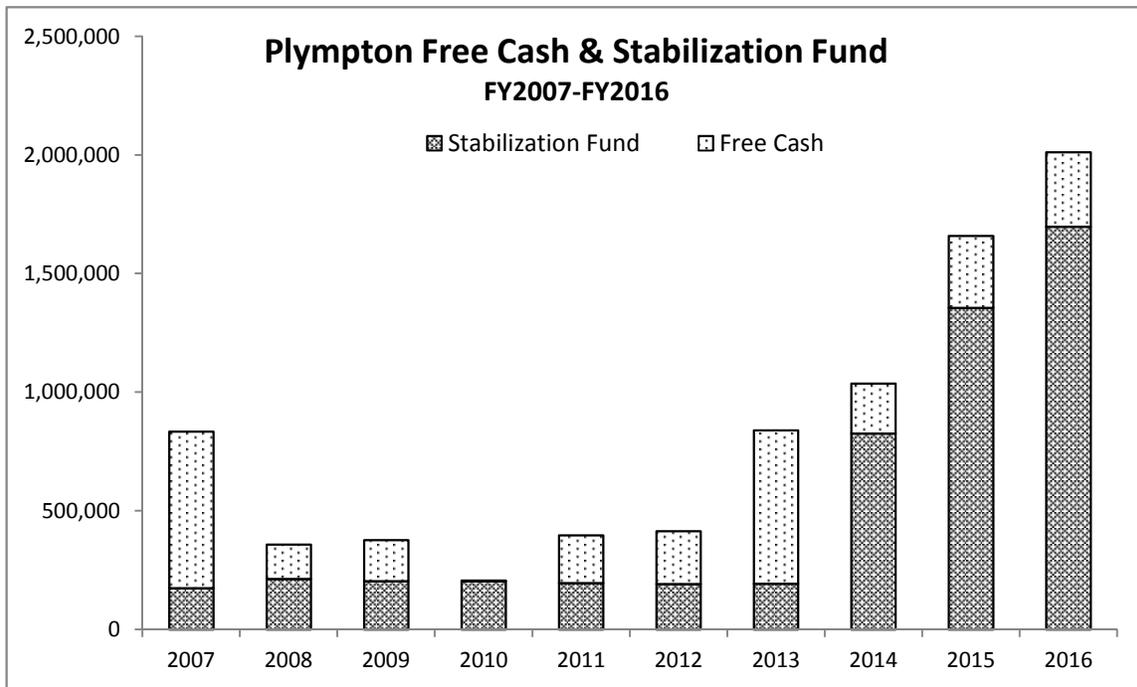
Year	Residential New Growth	Comm Ind Per Prop New Growth	Total New Growth Applied to the Levy Limit
2008	107,919	23,855	131,774
2009	59,330	26,690	86,020
2010	33,162	79,897	113,059
2011	43,802	28,098	71,900
2012	56,457	27,312	83,769
2013	25,128	534,324	559,452
2014	49,727	1,141,940	1,191,667
2015	62,857	104,187	167,044
2016	48,854	40,287	89,141
2017	49,648	48,055	97,703
10-Year Avg	53,688	205,465	259,153
5-Year Avg	47,243	373,759	421,001



Source: Division of Local Services, MA Department of Revenue, Municipal Databank

**PLYMPTON
FREE CASH & STABILIZATION FUND HISTORY**

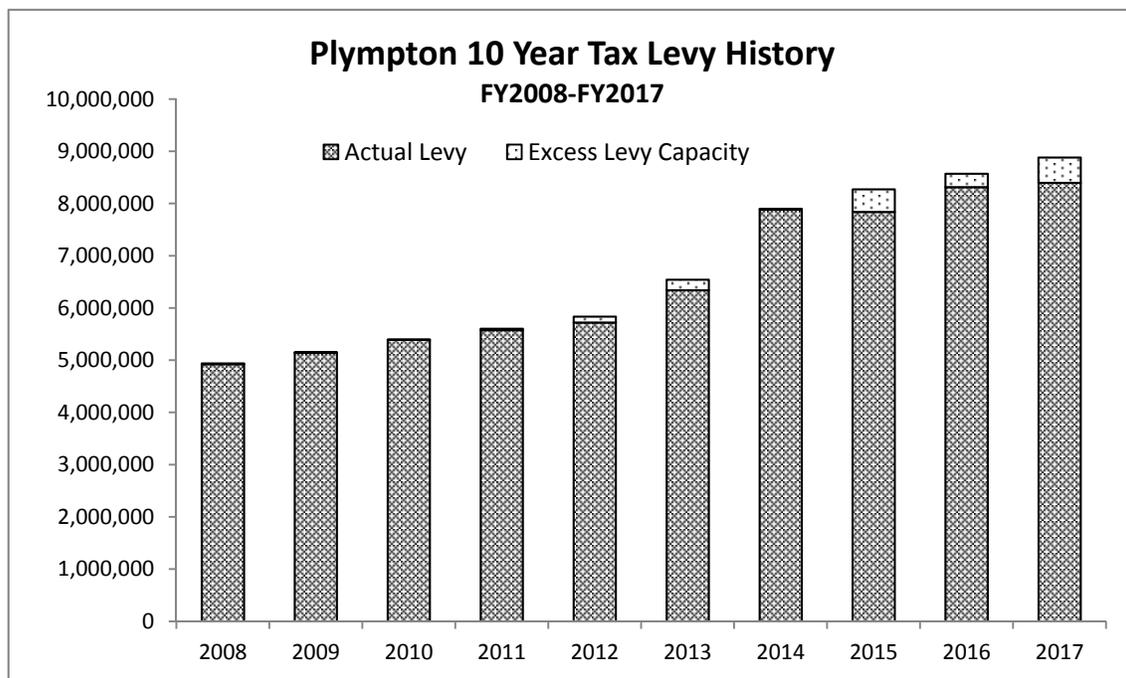
Year	Free Cash	Stabilization Fund	TOTAL
2007	659,342	174,750	1,451,554
2008	145,545	212,652	1,651,823
2009	173,995	203,294	1,471,088
2010	2,712	203,825	1,287,269
2011	201,428	195,436	891,593
2012	222,761	191,989	1,181,580
2013	647,321	192,393	1,141,479
2014	210,278	825,991	1,018,208
2015	303,065	1,356,230	738,847
2016	312,522	1,698,263	874,943



Source: Division of Local Services, MA Department of Revenue, Municipal Databank

PLYMPTON TAX LEVY HISTORY

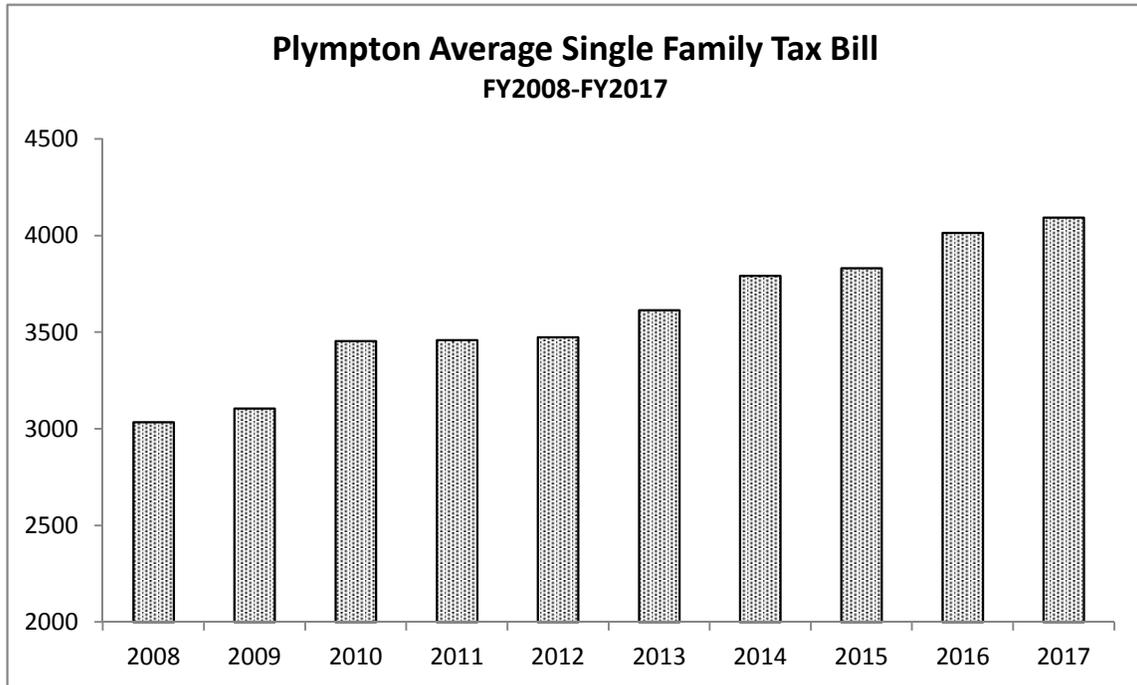
Year	Actual Tax Levy (excluding any Debt Exclusion)	Excess Tax Levy Capacity	Total Tax Levy Limit (excluding Debt Exclusion)
2008	4,924,839	15,814	4,940,653
2009	5,145,122	8,077	5,153,199
2010	5,391,773	3,315	5,395,088
2011	5,576,289	27,331	5,603,620
2012	5,723,310	112,015	5,835,325
2013	6,341,120	199,540	6,540,660
2014	7,888,474	7,370	7,895,844
2015	7,840,693	430,638	8,271,331
2016	8,313,918	255,561	8,569,479
2017	8,397,442	483,977	8,881,419



Source: Mass Dept of Revenue/Division of Local Services data bank

**PLYMPTON
AVERAGE SINGLE FAMILY TAX BILL HISTORY**

Fiscal Year	Avg SF Tax Bill	Annual Change		State Rank
		Amount	Percent	
2008	4,828			
2009	4,871	43	0.9%	80
2010	4,993	122	2.5%	80
2011	5,052	59	1.2%	87
2012	5,133	81	1.6%	91
2013	5,219	86	1.7%	95
2014	5,535	316	6.1%	88
2015	5,461	-74	-1.3%	102
2016	5,925	464	8.5%	89
2017	6,157	87	2.7%	n/a



Source: Mass Dept of Revenue/Division of Local Services data bank

SELECTED GLOSSARY OF TERMS ----- CAPITAL IMPROVEMENT PROGRAM

Available Funds – Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other onetime costs. Examples of available funds include free cash, stabilization funds, overlay surplus, water surplus, and enterprise net assets unrestricted (formerly retained earnings).

Betterments (Special Assessments) – Whenever part of a community benefits from a public improvement, or betterment (e.g., water, sewer, sidewalks, etc.), special property taxes may be assessed to the property owners of that area to reimburse the governmental entity for all, or part, of the costs it incurred in completing the project. Each property parcel receiving the benefit is assessed a proportionate share of the cost which may be paid in full, or apportioned over a period of up to 20 years. In this case, one year's apportionment along with one year's committed interest computed from October 1 to October 1 is added to the tax bill until the betterment has been paid.

Block Grant – A Block Grant is a Federal grant of money awarded by formula under very general guidelines that allow grantees broad latitude in spending activities. Recipients are normally state or local governments.

Bond – A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year.

Bond and Interest Schedule Record (Bond Register) – The permanent and complete record maintained by a treasurer for each bond issue. It shows the amount of interest and principal coming due each date and all other pertinent information concerning the bond issue.

Bond Anticipation Note (BAN) – Short-term debt instrument used to generate cash for initial project costs and with the expectation that the debt will be replaced later by permanent bonding. Typically issued for a term of less than one year, BANs may be re-issued for up to five years, provided principal repayment begins after two years (MGL Ch. 44 §17). Principal payments on school related BANs may be deferred up to seven years (increased in 2002 from five years) if the community has an approved project on the Massachusetts School Building Authority (MSBA) priority list. BANs are full faith and credit obligations.

Bond Authorization – The action of town meeting or a city council authorizing the executive branch to raise money through the sale of bonds in a specific amount and for a specific purpose. Once authorized, issuance is by the treasurer upon the signature of the mayor, or selectmen. (See Bond Issue)

Bond Buyer – A daily trade paper containing current and historical information of interest to the municipal bond business.

Bond Counsel – An attorney or law firm engaged to review and submit an opinion on the legal aspects of a municipal bond or note issue.

Bond Issue – The actual sale of the entire, or a portion of, the bond amount authorized by a town meeting or city council.

Bond Rating (Municipal) – A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poors, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

Bonds Authorized and Unissued – Balance of a bond authorization not yet sold. Upon completion or abandonment of a project, any remaining balance of authorized and unissued bonds may not be used for other purposes, but must be rescinded by town meeting or the city council to be removed from community's books.

Capital Assets – All tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful life extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Asset)

Capital Budget – An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Asset, Fixed Asset)

Capital Improvements Program – A blueprint for planning a community's capital expenditures that comprises an annual capital budget and a five-year capital program. It coordinates community planning, fiscal capacity and physical development. While all of the community's needs should be identified in the program, there is a set of criteria that prioritizes the expenditures.

Capital Outlay – The exchange of one asset (cash) for another (capital asset), with no ultimate effect on net assets. Also known as "pay as you go," it is the appropriation and use of available cash to fund a capital improvement, as opposed to incurring debt to cover the cost.

Capital Outlay Expenditure Exclusion – A temporary increase in the tax levy to fund a capital project or make a capital acquisition. Exclusions require two-thirds vote of the selectmen or city council (sometimes with the mayor's approval) and a majority vote in a community-wide referendum. The exclusion is added to the tax levy only during the year in which the project is being funded and may increase the tax levy above the levy ceiling

Chapter 90 Highway Funds – State funds derived from periodic transportation bond authorizations and apportioned to communities for highway projects based on a formula under the provisions of MGL Ch. 90 §34. The Chapter 90 formula comprises three variables: local road mileage (58.33 percent) as certified by the Massachusetts Highway Department (MHD), local employment level (20.83 percent) derived from the Department of Employment and Training (DET), and population estimates (20.83 percent) from the US Census Bureau. Local highway projects are approved in advance. Later, on the submission of certified expenditure reports to MHD, communities receive cost reimbursements to the limit of the grant.

Contingent Appropriation – An appropriation that authorizes spending for a particular purpose only if subsequently approved in a voter referendum. Under MGL Ch. 59 §21C (m), towns may make appropriations from the tax levy, available funds or borrowing, contingent upon the subsequent passage of a Proposition 2½ override or exclusion question for the same purpose. If initially approved at an annual town meeting, voter approval of the contingent appropriation must occur by September 15. Otherwise, the referendum vote must occur within 90 days after the town meeting dissolves. The question may be placed before the voters at more than one election, but if not approved by the applicable deadline, the appropriation is null and void. If contingent appropriations are funded through property taxes, DOR cannot approve the tax rate until the related override or exclusion question is resolved or the deadline passes, whichever occurs first.

Debt Authorization – Formal approval by a two-thirds vote of town meeting or city council to incur debt, in accordance with procedures stated in MGL Ch. 44 §§1, 2, 3, 4a, 6-15.

Debt Burden – The amount of debt carried by an issuer usually expressed as a measure of value (i.e., debt as a percentage of assessed value, debt per capita, etc.). Sometimes debt burden refers to debt service costs as a percentage of the total annual budget.

Debt Exclusion – An action taken by a community through a referendum vote to raise the funds necessary to pay debt service costs for a particular project from the property tax levy, but outside the limits under Proposition 2½. By approving a debt exclusion, a community calculates its annual levy limit under Proposition 2½, then adds the excluded debt service cost. The amount is added to the levy limit for the life of the debt only and may increase the levy above the levy ceiling.

Debt Limit – The maximum amount of debt that a municipality may authorize for qualified purposes under state law. Under MGL Ch. 44 §10, debt limits are set at 5 percent of EQV. By petition to the Municipal Finance Oversight Board, cities and towns can receive approval to increase their debt limit to 10 percent of EQV.

Debt Policy – Part of an overall capital financing policy that provides evidence of a commitment to meet infrastructure needs through a planned program of future financing. Debt policies should be submitted to elected officials for consideration and approval.

Debt Service – The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

Enterprise Fund – An enterprise fund, authorized by MGL Ch. 44 §53F½, is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery--direct, indirect, and capital costs--are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services. See DOR [IGR08-101](#)

Free Cash (Also Budgetary Fund Balance) – Remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by the community's auditor, accountant, or comptroller. Important: free cash is not available for appropriation until certified by the Director of Accounts.

General Obligation Bonds – Bonds issued by a municipality for purposes allowed by statute that are backed by the full faith and credit of its taxing authority.

Levy Limit – A levy limit is one of two types of levy (tax) restrictions imposed by MGL Ch. 59 §21C (Proposition 2½). It states that the real and personal property taxes imposed by a city or town may only grow each year by 2½ percent of the prior year's levy limit, plus new growth and any overrides or

exclusions. The levy limit can exceed the levy ceiling only if the community passes a capital expenditure exclusion, debt exclusion, or special exclusion. (See Levy Ceiling)

Massachusetts School Building Authority (MSBA) – Administers the state program that reimburses cities, towns, and regional school districts varying percentages of their school construction costs depending on the wealth of the community or district and the category of reimbursement. Projects that received their first reimbursement payment prior to July 26, 2004 will continue to get annual state payments to offset the related annual debt service. Thereafter, cities, towns, and regional school districts will receive a lump sum amount representing the state's share of the eligible project costs.. (See DOR [IGR 06-101](#))

New Growth – The additional tax revenue generated by new construction, renovations and other increases in the property tax base during a calendar year. It does not include value increases caused by normal market forces or by revaluations. New growth is calculated by multiplying the assessed value associated with new construction, renovations and other increases by the prior year tax rate. The additional tax revenue is then incorporated into the calculation of the next year's levy limit. For example, new growth for FY07 is based on new construction, etc. that occurred between January and December 2005 (or July 2005 and June 2006 for accelerated new growth communities). In the fall of 2006, when new growth is being determined to set the FY07 levy limit, the FY06 tax rate is used in the calculation.

Non-Recurring Revenue Source – A one-time source of money available to a city or town. By its nature, a non-recurring revenue source cannot be relied upon in future years. Therefore, such funds should not be used for operating or other expenses that continue from year-to-year. (See Recurring Revenue Source)

Principal – The face amount of a bond, exclusive of accrued interest.

Receipts Reserved for Appropriation – Proceeds that are earmarked by law and placed in separate accounts for appropriation for particular purposes. For example, parking meter proceeds may be appropriated to offset certain expenses for parking meters and the regulation of parking and other traffic activities.

Sale of Cemetery Lots Fund – A fund established to account for proceeds of the sale of cemetery lots. The proceeds may only be appropriated to pay for the cost of the land, its care and improvement or the enlargement of the cemetery under provisions of MGL Ch. 114 §15.

Sale of Real Estate Fund – A fund established to account for the proceeds of the sale of municipal real estate other than proceeds acquired through tax title foreclosure. MGL Ch. 44 §63 states that such proceeds shall be applied first to the retirement of debt on the property sold. In the absence of such debt, funds may generally be used for purposes for which the city or town is authorized to borrow for a period of five years or more

Short-Term Debt – Outstanding balance, at any given time, on amounts borrowed with a maturity date of 12 months or less.

Special Exclusion – For a few limited capital purposes, a community may exceed its levy limit or levy ceiling without voter approval. Presently, there are two special expenditure exclusions: 1) water and sewer project debt service costs which reduce the water and sewer rates by the same amount; and 2) a program to assist homeowners to repair or replace faulty septic systems, remove underground fuel storage tanks, or remove dangerous levels of lead paint to meet public health and safety code requirements. In the second special exclusion, homeowners repay the municipality for the cost plus interest apportioned over a period of time, not to exceed 20 years

Special Revenue Fund – Funds, established by statute only, containing revenues that are earmarked for and restricted to expenditures for specific purposes. Special revenue funds include receipts reserved for appropriation, revolving funds, grants from governmental entities, and gifts from private individuals or organizations.

Stabilization Fund – A fund designed to accumulate amounts for capital and other future spending purposes, although it may be

appropriated for any lawful purpose (MGL Ch. 40 §5B). Communities may establish one or more stabilization funds for different purposes and may appropriate into them in any year an amount not to exceed ten percent of the prior year's tax levy. The total of all stabilization fund balances shall not exceed ten percent of the community's equalized value, and any interest shall be added to and become a part of the funds. A two-thirds vote of town meeting or city council is required to establish, amend the purpose of, or appropriate money into or from the stabilization fund.