



TETRA TECH NUS, INC.

AIK-01-0144
May 7, 2001

Edward Maccaferri, Treasurer
Town of Plymouth
11 Lincoln Street
Plymouth, MA 02360

Subject: Request for Information

Dear Mr. Maccaferri:

Our company, Tetra Tech NUS, is characterizing the Town of Plymouth and the general area for an industrial client who is considering future business opportunities within the region. In an effort to provide the client with a detailed description of the local economy, we are requesting some tax data from your office.

Please provide the following:

- percentage (if any) of tax revenues that are collected on behalf of and turned over directly to another government or public organization (e.g., taxes collected for county government, but billed by the town for convenience to both the taxpayer and the government)
- total real estate tax revenues for the most current year available and the previous four years
- the operating budget for those same years
- a list of the 10 programs or offices receiving the greatest portion of the budget for those same years, funding amounts are not needed

We would appreciate your sending us a letter or fax by May 14, 2001 with this information. Please call me at 803-649-7963 or Mary Hoganson at 770-386-8414 if you any questions or require any additional information to prepare the requested information.

Sincerely,

Nicole Hill
Tetra Tech NUS
Economist

PROPERTY TAXATION

The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law, for a description of those limits, see "Tax Limitations," below. As to the inclusion of debt service and final judgments, see "Security and Remedies," above.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay," below), no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits," below).

Tax Levy Computation

The following table illustrates the manner in which the tax levy was determined for the last five fiscal years:

| | <u>Fiscal 2000</u> | <u>Fiscal 1999</u> | <u>Fiscal 1998</u> | <u>Fiscal 1997</u> | <u>Fiscal 1996</u> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| GROSS AMOUNT TO BE RAISED: | | | | | |
| Appropriations | \$116,298,294 | \$109,205,084 | \$101,425,252 | \$99,952,897 | \$99,086,406 |
| Other local expenditures | 542,365 | 361,550 | 426,560 | 784,851 | 338,295 |
| State & county charges | 429,551 | 379,598 | 334,992 | 350,519 | 355,795 |
| Overlay reserve (1) | <u>986,657</u> | <u>1,042,926</u> | <u>867,098</u> | <u>997,103</u> | <u>1,077,854</u> |
| Total gross amount to be raised | <u>118,256,977</u> | <u>110,989,158</u> | <u>103,053,901</u> | <u>102,085,370</u> | <u>100,858,350</u> |
| LESS ESTIMATED RECEIPTS & OTHER REVENUE: | | | | | |
| Estimated receipts from state | 25,040,474 | 23,445,167 | 21,199,924 | 18,927,236 | 16,127,657 |
| Estimated receipts - local | 14,211,461 | 14,419,857 | 13,654,101 | 13,001,326 | 11,351,601 |
| Available Funds Appropriated: | | | | | |
| Free cash | 2,487,223 | 3,387,865 | 1,096,682 | 3,896,770 | 8,181,428 |
| Other available funds | 4,683,415 | 2,556,633 | 2,688,092 | 3,177,459 | 3,390,746 |
| Other revenue used to reduce the tax rate | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total estimated receipts & other revenue | <u>46,422,573</u> | <u>43,809,522</u> | <u>38,638,799</u> | <u>39,002,791</u> | <u>39,051,432</u> |
| NET AMOUNT TO BE RAISED (TAX LEVY) <i>Revenues before Abatements</i> | \$71,834,404 | \$67,179,636 | \$64,415,102 | \$63,082,579 | \$61,806,918 |
| PROPERTY VALUATION (000) | \$4,109,520 | \$3,633,296 | \$3,170,034 | \$3,124,446 | \$3,056,722 |
| TAX RATE PER \$1,000 | \$17.48 | \$18.49 | \$20.32 | \$20.19 | \$20.22 |

Source: Board of Assessors.

(1) Allowance for abatements.

NOTE: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue

County Assessment 120,430.69 114,962.40 112,971.20
 117,836.46 115,795.48

TOWN FINANCES

The Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the annual meeting which usually takes place in April. Appropriations may also be voted at special meetings. Reports on proposed expenditures are submitted by the Finance Committee for approval at Town Meetings.

Water and sewer department expenditures are included in the budgets adopted by city councils and town meetings, but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation, any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION," above.)

Operating Budget Trends

The following table sets forth the trend in the Town's operating budgets:

| | Appropriated Fiscal 2001 | Appropriated Fiscal 2000 | Appropriated Fiscal 1999 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Administrative Services | \$ 1,198,912 | \$ 1,243,247 | \$ 1,330,363 |
| Miscellaneous Services | - | - | 175,575 |
| Department of Finance | 1,656,974 | 1,638,326 | 1,549,671 |
| Department of Planning and Development | 622,344 | 603,118 | 396,321 |
| Public Safety Services | 14,381,369 | 13,446,032 | 13,229,365 |
| Department of Public Works | 5,917,057 (1) | 11,004,069 | 8,969,834 |
| Inspectional Services | 603,021 | 589,975 | 527,940 |
| Human Services | 1,784,176 | 1,980,377 | 1,944,128 |
| Fixed Costs | 15,288,161 | 19,844,105 | 12,180,688 |
| Schools | 66,118,569 | 63,575,548 | 60,522,762 |
| Total Operating Budget | \$ 107,570,583 | \$ 107,924,797 | \$ 100,826,647 |
| Enterprise (1): | | | |
| Airport | 725,720 | - | - |
| Sewer | 2,385,444 | - | - |
| Water | 2,451,640 | - | - |
| Total | \$ 113,133,387 | \$ 107,924,797 | \$ 100,826,647 |

Source: Chief Financial Officer.

(1) Established under Chapter 44 of the Massachusetts General Law as Enterprise Funds. (Formerly part of the Department of Public Works.)

Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. The Town has routinely exceeded its spending requirements as mandated by the Education Reform Act since its inception.