

TOWN OF HINGHAM

ACCOUNTING DEPARTMENT

Susan M. Nickerson
Town Accountant



To: Tom Mayo, Town Administrator
Select Board
Advisory Committee

From: Sue Nickerson, Town Accountant

Date: December 2, 2021

Re: Fund Balance

Total General Fund Balance for the fiscal year ending June 30, 2021 (FY2021) is \$47,796,707 as compared to the Fund Balance for the fiscal year ending June 30, 2020 (FY2020) of \$42,189,077, which represents an increase of \$5,607,630. The chart below shows the breakdown of Fund Balance. Total Annual Expenditures per the Town's Financial Policy for FY21 is \$111,317,208. The percent of Unassigned Fund Balance to Total Annual Expenditures is 30.85%. The amount of excess Unassigned Fund Balance (over 20% of TAE) would be \$12,083,036. The table below shows the components of Fund Balance along with the percentages:

| | | | |
|--|-------------|---------------------|----------------|
| Nonspendable | | \$0 | 0.00% |
| Restricted | | \$0 | 0.00% |
| Committed: | | \$4,695,761 | 9.82% |
| Stabilization Fund | \$2,338,809 | | |
| Special Articles | \$1,137,388 | | |
| Lincoln School Apartments | \$1,000,000 | | |
| Unused Non-Excluded Debt | \$219,564 | | |
| Assigned | | \$8,754,468 | 18.32% |
| Encumbrance | \$1,995,459 | | |
| Subsequent years expenditures | \$6,759,009 | | |
| Unassigned | | \$34,346,478 | 71.86% |
| TOTAL FUND BALANCES | | \$47,796,707 | 100.00% |
| Total Annual Expenditures per Town's Financial Policy | | \$111,317,208 | |
| % of Unassigned Fund Balance to Total Annual Expenditures | | | 30.85% |

The change in Fund Balance of \$5,607,630 is mostly attributed to three categories: surplus of revenue of approximately \$2.22 million; a budget surplus (turn backs) of approximately \$4.38 million (which includes \$2.9M in receivables from Federal COVID related reimbursements; minus the use of Fund Balance of approx. \$1 million. The following illustrates two of the categories:

Total General Revenue: The following chart shows the surplus of forecasted revenue:

| | ESTIMATED | ACTUAL | VARIANCE |
|---------------------------------------|---------------|---------------|-------------|
| TAX LEVY (LIENS, DEFERRED, PRIOR YRS) | \$90,173,019 | \$90,343,077 | \$170,058 |
| NET STATE RECEIPTS | \$11,619,360 | \$11,742,465 | \$123,105 |
| LOCAL RECEIPTS | \$9,662,429 | \$11,616,746 | \$1,954,317 |
| LIGHT PLANT | \$500,000 | \$474,613 | (\$25,387) |
| TOTAL GENERAL FUND REVENUE | \$111,954,808 | \$114,176,901 | \$2,222,093 |

Surplus revenue came from a slight increase in State Aid, Tax Levy. The major increase in Local Receipts was from the \$1.49 million payback from the Weir River Water System and \$0.48 million in Licenses and Permit revenue.

Total General Fund Expenditures: The following chart shows categories of budget surplus:

| <u>Budget Surplus</u> | <u>Amount</u> | <u>%</u> |
|-----------------------|--------------------|----------------|
| Public Safety | \$1,551,969 | 35.46% |
| Education | \$1,096,871 | 25.06% |
| General Government | \$508,900 | 11.63% |
| Public Works | \$445,949 | 10.19% |
| Culture & Recreation | \$315,891 | 7.22% |
| Employee Benefits | \$310,995 | 7.11% |
| Human Services | \$130,777 | 2.99% |
| All others | \$15,015 | 0.34% |
| TOTAL BUDGET SURPLUS | <u>\$4,376,367</u> | <u>100.00%</u> |

Public Safety: Budget surplus from Police (\$453,636); Fire (\$993,882); all others (\$104,451). This includes \$1,347,562 in receivables from FEMA.

Education: Budget surplus of (\$1,096,871). This includes \$1,372,153 in receivables from Plymouth County Cares Act.

General Government: Budget surplus from Reserve Fund (\$131,878); Assessors (\$78,974); IT (\$74,304); Town Hall (\$53,473); Community Planning (\$48,470); Town Meeting (\$44,556); all others (\$77,245). This includes \$197,428 in receivables from Plymouth County Cares Act.

Public Works: Budget surplus from DPW (\$339,109); Landfill (\$93,172); all others (\$13,668).

Culture and Recreation: Budget surplus from Library (\$306,916); all others (\$8,975).

Employee Benefits: Budget surplus from Group Insurance (\$205,595); Medicare Tax (\$105,400).

Human Services: Budget surplus from Veteran's benefits (\$70,774); Elder Services (\$37,510) and Health (\$22,493).

All Others: Debt Service (\$13,965); Unclassified (\$1,050).

The above increases to Fund Balance are one-time occurrences and should not be viewed as an ongoing increase to Fund Balance in future years.

TOWN OF: HINGHAM
FISCAL 2021 - ANALYSIS OF FUND BALANCE - GENERAL FUND

| | Unassigned Fund Balance | Assigned Fund Balance | Committed Fund Balance | Restricted Fund Balance | TOTAL FUND BALANCE |
|--|-------------------------------|-----------------------------|------------------------------|-------------------------------|--------------------------|
| Balance July 1, 2020 | \$30,146,446 | \$6,780,774 | \$4,011,857 | \$1,250,000 | \$42,189,077 |
| Reverse PY subsequent years | \$4,783,337 | (\$4,783,337) | | | \$0 |
| Reverse PY Special Articles | \$288,878 | | (\$288,878) | | \$0 |
| Reverse PY Res for Stab Fund | \$2,513,004 | | (\$2,513,004) | | \$0 |
| Reverse PY Restricted for Sale of Hersey House | \$1,250,000 | | | (\$1,250,000) | \$0 |
| Reverse PY Encumbrances | \$1,997,437 | (\$1,997,437) | | | \$0 |
| Reverse for Lincoln School | \$1,000,000 | | (\$1,000,000) | | \$0 |
| Reverse for PY Unused Nonexcluded debt | \$209,975 | | (\$209,975) | | \$0 |
| Reserve For subsequent years | (\$6,759,009) | \$6,759,009 | | | \$0 |
| Reserve For CY Special Articles | (\$1,137,388) | | \$1,137,388 | | \$0 |
| Reserve For CY Stabilization Fund | (\$2,338,809) | | \$2,338,809 | | \$0 |
| Reserve For CY Encumbrances | (\$1,995,459) | \$1,995,459 | | | \$0 |
| Reserve for Lincoln School | (\$1,000,000) | | \$1,000,000 | | \$0 |
| Reserve for CY & PY Unused Nonexcluded debt | (\$219,564) | | \$219,564 | | \$0 |
| Close Out Revenue | \$114,797,765 | | | | \$114,797,765 |
| Close Out Expenditures | (\$109,190,136) | | | | (\$109,190,136) |
| | | | | | \$0 |
| Balance June 30, 2021 | \$34,346,478 | \$8,754,468 | \$4,695,761 | \$0 | \$47,796,707 |

| RECAP | | | | | |
|--------------|--------------|-------------|-------------|---------------|--------------|
| | Unassigned | Assigned | Committed | Restricted | TOTAL |
| FY20 | \$30,146,446 | \$6,780,774 | \$4,011,857 | \$1,250,000 | \$42,189,077 |
| FY21 | \$34,346,478 | \$8,754,468 | \$4,695,761 | \$0 | \$47,796,707 |
| Difference | \$4,200,031 | \$1,973,694 | \$683,904 | (\$1,250,000) | \$5,607,629 |