

**Date: August 15, 2019**

*Date Minutes Approved: October 7, 2019*

TOWN CLERK

**BOARD OF SELECTMEN**

2019 OCT -8 AM 11:30

*(Joint meeting with Finance Committee, Fiscal Advisory and School Committee)*  
DUXBURY, MASS.

**Present:** David Madigan, Chair; Theodore J. Flynn, Vice-Chair; and Shawn Dahlen, Clerk

**Absent:** none

**Staff:** René Read, Town Manager; John Q. Adams, Finance Director; and Nancy O'Connor, Executive Assistant

Members of the Finance Committee, Fiscal Advisory Committee, School Committee and Dr. John Antonucci, Superintendent, were also in attendance.

**CONVENED IN OPEN SESSION –**

**I. CALL TO ORDER** The meeting was called to order at approximately 6:00pm

**II. OPEN FORUM** Nothing brought forward

**III. NEW BUSINESS**

**Joint Meeting with the Finance Committee, Fiscal Advisory Committee and School Committee regarding: *Discussion pertaining to FY21 Budget – presented by John Q. Adams, Finance Director***

Mr. John Q. Adams, Finance Director, provided a Power Point presentation regarding the budget process for Fiscal 2021, projections and beyond. He began by stating that throughout the presentation there will be pie charts that use data specific to the Town of Duxbury's estimates for FY 2021 and that he will be going through each one of these classifications.

Mr. Adams remarked that our money comes from the following:

- Tax Levy at 78%
- State Aid at 8%
- Local Receipts at 11%
- Other Available Funds at 1%
- Uses of Fund Balance 2%

Mr. Adams then provided Tax Levy definitions as follows:

**Tax Levy:** The property tax levy is the revenue a community raises through real and personal property taxes each fiscal year when the tax rate is set.

**Levy Limit:** is the maximum dollar amount a city/town can levy in a given fiscal year and is the primary limitation established by Proposition 2 ½.

**Calculation of Levy Limit under Proposition 2 ½:** The previous year's levy limit increases annually by two factors – automatic 2.5% and new growth.

**New growth:** is a dollar increase in the annual levy limit that reflects additions to the community's tax base since last fiscal year. Proposition 2 ½ annually increases the levy limit so that cities and towns can raise additional taxes to meet service demands due to new development. New growth is calculated by taking the property value by January 1 and multiplying by the prior year's tax rate.

**Override:** is a dollar increase in the levy limit approved by the voters.

**Exclusions:** is an amount the community can levy in addition to its levy limit approved by the voters to finance a capital expenditure.

- **Debt Exclusion:** used to obtain voter approval to increase the levy to pay for capital projects financed by borrowing major capital items and repaying that loan over a fixed number of years.
- Approval of a single debt exclusion question creates a temporary increase in the amount the community can levy in order to cover its annual debt service costs on the borrowing. Each year while the debt is being repaid, the amount of that year's debt service payment is added to the levy limit to determine how much the community can levy. Once the debt is retired, the exclusion ends.

Mr. Adams then moved on to the Tax Levy Projection spreadsheet through 2025 (please see presentation for more detailed information). Mr. Madigan commented that we are budgeting conservatively. Mr. Adams then showed the bar graph on exempt debt, which shows a drop off over the years through 2025.

**State Aid** - Mr. Adams continued on to describe State Aid, which consists of two major types:

- **Distributions** – provide funds based on formulas
- **Reimbursements** – provide funds for costs incurred during a prior period for certain programs or services.

Mr. Adams further stated that when finalizing the Town's budget in January, State Aid is unknown due to timing as the State doesn't meet until April (House) and May (Senate), which then isn't finalized until June or July. In order to determine State Aid projections, Mr. Adams said he takes the average of a five year lookback and projects linear over the next five years.

**Local receipts** - Mr. Adams defined local receipts under Chapter 44 Sec. 53 as locally generated revenues other than real and personal property taxes excluding enterprise fund revenues – meaning that all monies received by the Town are General Fund revenues except under special statutes (ex. Chapter 90 and special education). Mr. Adams further remarked that FY2019 revenues showed a less than stellar 1.35% increase in local receipts as motor vehicle revenue was down over \$200k, other departmental revenue was down over \$72k, and crematory receipts down by \$48k. He continued to say that investment income and ambulance revenues kept the Town from slipping in to the red. Mr. Adams described the that focus will be on the two largest areas of local receipts, namely, motor vehicle revenue (which is on a downward trend since this revenue source is economy driven) and licenses & permits (which are mostly derived from beach sticker sales, but endangered species, weather, water quality, and sharks can at any time close or limit access to the beach so it's unclear what consumers will be willing to pay in the future).

**Other Available Funds** – Mr. Adams explained that these revenues are to defray the cost of specific expenditures. For example – ambulance receipts can only be used to defray the cost, including maturing debt and interest, of purchasing, hiring, maintaining, and operating ambulances, so they could not be used to fund the DPW or Police Department.

**Uses of fund balance** - Mr. Adams described as:

- Premiums on excluded debt (debt approved by ballot vote to be above prop. 2 ½), which must defray the cost of the bond according to how it is amortized;
- Free Cash – this is the amount certified by the DOR annually that is available for appropriation; is generated when actual revenue collections are in excess of estimates, when expenditures are less than appropriations (or both); cannot be certified until the Fiscal Year's books are closed; and not considered a recurring source of revenue.

Discussions continued regarding expenditures, charges against revenues, State & County assessments, snow & ice spending history, appropriations, Town & School shared costs, general fund & debt service, level expenditure projections, and recurring articles including the costs.

Ms. Sullivan, Finance Committee Chair, mentioned that Finance Committee members will be meeting with departments. Mr. Adams added that the department heads were given a structural deficit exercise this summer in preparation for this budget process keeping to a 2.25% increase.

Mr. Madigan remarked that the challenge this year will be having money for level services and that it will be hard to plan keeping to a 2.25% increase.

Mr. Adams' presentation provided a more visual understanding of the budgeting process. For more detailed information, please see the Power Point presentation filed with the Board of Selectmen records.

**IV     ANNOUNCEMENTS** - None

**V       ADJOURNMENT**

At approximately 8:00pm, Mr. Madigan moved that the Board adjourn. Seconded by Mr. Flynn.

Vote: 3:0:0

*Minutes submitted by Nancy O'Connor*

*LIST OF DOCUMENTS (documents are kept in the Board of Selectmen files)*

- 1) *Agenda*
- 2) *Power Point Presentation*
- 3) *FY21 Budget Summary*
- 4) *5 Year Budget Projections*

