

## Budget Executive Overview

### Summary

The Proposed General Fund Operating Budget for Fiscal Year 2023 is \$83,970,149, an increase of \$2,796,985 or 3.45% over the 2022 final adjusted budget. The Proposed Water Enterprise Budget for Fiscal Year 2023 is \$2,624,727, an increase of \$132,006 or 5.30% over the 2022 final adjusted budget. Overall, this is a 3.5% increase in the total operating budget for all funds over Fiscal Year 2022. Listed below are the separate component units of the General Fund and Water Enterprise funds for Fiscal Year 2023.

	<b>FY 2022 Final Budget</b>	<b>FY 2023 Proposed Budget</b>	<b>\$ Change</b>	<b>% Increase</b>
<b><u>GENERAL FUND</u></b>				
Town Budget	19,302,986	19,899,327	596,341	3.09%
School Budget	38,498,353	40,044,916	1,546,563	4.02%
Regional Dispatch (R.O.C.C.C)	864,870	1,487,734	622,864	72.02%
Shared Costs	15,008,988	15,368,959	359,971	2.40%
Debt Service	7,497,967	7,169,213	(328,754)	-4.38%
<b>TOTAL GENERAL FUND</b>	<b>81,173,164</b>	<b>83,970,149</b>	<b>2,796,985</b>	<b>3.45%</b>
<b><u>WATER ENTERPRISE</u></b>				
Operating Budget	1,979,673	2,028,252	48,579	2.45%
Debt Service	513,048	596,475	83,427	16.26%
<b>TOTAL WATER ENTERPRISE</b>	<b>2,492,721</b>	<b>2,624,727</b>	<b>132,006</b>	<b>5.30%</b>
<b>GRAND TOTAL ALL BUDGETS</b>	<b>83,665,885</b>	<b>86,594,876</b>	<b>2,928,991</b>	<b>3.50%</b>

The budget has two main components – revenues and expenditures. The amount needed to be raised by taxes, or the tax levy, is the result of budgeted expenditures minus budgeted non-tax revenues (this includes estimates of State Aid, Local Receipts, and amounts from other available funds).

The Town of Duxbury approved legislation that would allow the creation of an Enterprise Fund for its Regional Dispatch Center, known as the Regional Old Colony Communications Center, aka “The R.O.C.C.C.”. The legislation has been approved by the House and the town is still awaiting the outcome from the Senate for final passage. As we await passage of the legislation, the ROCCC remains a Town Department that must be shown separately so as not to skew the Town Budget number comparisons. While the increase in the budget for the ROCCC is substantial, it is the direct result of bringing in its largest member, the town of Hanover, and increasing membership revenues by \$875K.

While the Town, School and Water Fund budget detail will be discussed in the Expenditure Highlights section of this overview, it is important to note that the Town is currently in negotiations with 6

different unions and its funding is not reflected in the Town Budget. Funding for the town’s non-union personnel is typically contained under Article # 4 of the Annual town Meeting.

Revenue Highlights

The major revenue groups that are used to fund the Town’s General Fund and Water Enterprise funds budgets are summarized below. Other appropriations at Town Meeting may also be funded by one or more of these revenue groups. Typical and reoccurring appropriations also funded through the Property Tax Levy include the Personnel Article and the Duxbury Beach Lease.

	<b>FY 2022 Final Budget</b>	<b>FY 2023 Proposed Budget</b>	<b>\$ Change</b>	<b>% Increase</b>
<b><u>GENERAL FUND</u></b>				
Property Tax Levy	65,693,165	65,773,870	80,705	0.12%
State Aid	6,131,566	7,024,856	893,290	14.57%
Local Receipts	7,527,605	8,613,614	1,086,009	14.43%
Regional Dispatch Revenue	625,000	1,500,000	875,000	140.00%
Other Available Funds	618,713	724,704	105,991	17.13%
Uses of Fund Balance	577,115	333,105	(244,010)	-42.28%
<b>TOTAL GENERAL FUND</b>	<b>81,173,164</b>	<b>83,970,149</b>	<b>2,796,985</b>	<b>3.45%</b>
<b><u>WATER ENTERPRISE</u></b>				
Water Usage Charges	2,460,588	2,594,727	134,139	5.45%
Other Fees	27,133	30,000	2,867	10.57%
Uses of Fund Balance	5,000		(5,000)	-100.00%
<b>TOTAL WATER ENTERPRISE</b>	<b>2,492,721</b>	<b>2,624,727</b>	<b>132,006</b>	<b>5.30%</b>
<b>GRAND TOTAL ALL BUDGETS</b>	<b>83,665,885</b>	<b>86,594,876</b>	<b>2,928,991</b>	<b>3.50%</b>

- *Property Taxes* – The property tax levy for 2023 comprises 78.33% of total General Fund budgeted revenues. The small increase in Property Taxes of 0.12% is unusual and is attributed to the extremely large one-time increases in State Aid and Local Receipts. Another factor is that a substantial amount of excess levy capacity has not been used. With economic uncertainty, inflation and active negotiations with 6 collective bargaining units still ahead, we have purposely deferred our ability to increase taxes in FY 2023 to future town meetings and/or future periods.
- *State Aid* – This revenue group includes estimates from the Commonwealth as part of the Governor’s budget. This revenue group represents 8.37% of total budget revenues. The 5-year

average increase in State Aid is 2.2%. This one-time increase in State Aid of 14.57% is due to fulfilling commitments under the Student Opportunity Act.

- *Local Receipts* - This revenue group includes revenues generated where the Town collects a fee for service and represents 10.26% of total budgeted revenues. Motor Vehicle Permits, Beach Stickers, Licenses & Permits, Crematory, Ambulance, and Trash Revenues make up more than 80% of total local receipts. The FY 2022 estimate for this account group was done before the last two quarters of FY 2021 were completed. As a result, the unexpected revenue realized ( a \$3M revenue surplus) was not reflected in the FY 2022 estimates. Now, in FY 2023, the significant increase in our estimates is a one-time adjustment to reflect that the worst-case scenario made during the pandemic was not realized.
- *Regional Dispatch Revenue* – This is a regional dispatch center hosted by the town of Duxbury. Member towns include Halifax, Rochester, Plympton, Hanson, and more recently Hanover. Each member town contributes an allocation based on call volume and population. The additional revenue is attributable to bringing on the Town of Hanover. This revenue group represents 1.78% of total budgeted revenues.
- *Other Available Funds* – This revenue group draws from funds that have been collected and put aside for specific purposes. The types of funds utilized are the Waterways Improvement, PEG Access, Pension Reserve, Real Estate Reserve, and Water Indirect Costs. All funds are defined by State Statute. This revenue group represents 0.86% of total budgeted revenues.
- *Uses of Fund Balance* - This section includes parts of the General Fund Assigned fund balance that becomes available for use. When the debt exclusion bond of 2012 was issued the town received over \$7M in bond premium. A premium received for a bond or note for which a Proposition 2 ½ debt exclusion has been approved (“excluded debt”), must be offset against the stated interest cost of financing the project when computing the annual exclusions for the borrowing. The original premium was placed in a sinking fund and is amortized to offset the debt payment during the life of the bond. While the entire \$333,105 in FY 2023 is the debt premium an additional amount of \$216,000 of Free Cash was utilized to pay down short-term debt in FY 2022.

### Expenditure Highlights

The Town General Fund has eight separate functions, inclusive of the Regional Dispatch as part of the public safety function. The Water department is a separate and distinct fund and is supported through Water rates. These functions are summarized below.

	<b>FY 2022 Final Budget</b>	<b>FY 2023 Proposed Budget</b>	<b>\$ Change</b>	<b>% Increase</b>
<b><u>GENERAL FUND</u></b>				
General Government	3,756,641	3,975,113	218,472	5.82%
Public Safety	8,086,781	8,305,030	218,249	2.70%
Regional Dispatch (R.O.C.C.C)	864,870	1,487,734	622,864	72.02%
Education	38,498,353	40,044,916	1,546,563	4.02%
Public Works	4,679,303	4,679,047	(256)	-0.01%
Health & Human Services	727,375	733,029	5,654	0.78%
Culture & Recreation	2,052,885	2,207,108	154,223	7.51%
Shared Costs	15,008,988	15,368,959	359,971	2.40%
Debt Service	7,497,967	7,169,213	(328,754)	-4.38%
<b>TOTAL GENERAL FUND</b>	<b>81,173,163</b>	<b>83,970,149</b>	<b>2,796,986</b>	<b>3.45%</b>
<b><u>WATER ENTERPRISE</u></b>				
Water Operations	1,979,673	2,028,252	48,579	2.45%
Water Debt Service	513,048	596,475	83,427	16.26%
<b>TOTAL WATER ENTERPRISE</b>	<b>2,492,721</b>	<b>2,624,727</b>	<b>132,006</b>	<b>5.30%</b>
<b>GRAND TOTAL ALL BUDGETS</b>	<b>83,665,884</b>	<b>86,594,876</b>	<b>2,928,992</b>	<b>3.50%</b>

- *General Government* – The general government expenditure function includes departments whose main responsibility is to provide support services to the town. This includes the board of selectmen, finance, Information technology, human resources, conservation, planning, and facilities departments. This expenditure function represents 4.73% of total budgeted expenditures and will experience a 5.82% increase from the prior year primarily due the following:
  - *Additional election in the new era of mail in voting has led to an increase of almost 50% in the Town Clerk’s office.*
  - *The Human Resources department added 1 FTE to provide for an Assistant Director. This is in response to an increased demand on this department and a low full-time staff ratio to 100 employees.*
  - *In Informational Technology an increase of over 8.75% to account for additional software implemented in response to the pandemic and implementing goals and objectives identified by the IT steering committee and the recommendations of the 2020 IT study performed by Blum Shapiro.*
  
- *Public Safety* – Public safety departments include police, fire, municipal services, and harbormaster departments whose main concern is the safety of the citizens of Duxbury. This

expenditure function represents 9.89% of total budgeted expenditures and will experience a 2.70% increase from the prior year. The increase in this function is largely driven by contractual agreements and inflationary costs.

- *Regional Dispatch* – As previously mentioned this is a regional dispatch center hosted by the town of Duxbury. This expenditure group represents 1.77% of total budgeted expenditures and will experience a 72.02% growth from the prior year. This is attributed to bringing on its fifth and largest member town. The total increase in member revenues is roughly \$875K and the net cost to Duxbury residents is estimated to be \$494,891. The 3-year average net cost born by the town of Duxbury has been \$508,772. In addition to member allocations this department (soon to be an Enterprise Fund) has been the recipient of over \$13.5M in competitive grants since FY 2018.
  
- *Education* – The Duxbury Public Schools represent 47.69% of total budgeted expenditures and will experience an increase of 4.02%. A level services budget for the Duxbury public schools would be an increase of \$1.1M or 2.88% in contractual agreements and services. DPS has identified immediate needs beyond level services to address the social, emotional, and academic needs of students. An additional 7.6 Full time equivalents are being sought including:
  - 2 Social Worker / Adjustment Counselors (Chandler & Alden)
  - 3 Math / Writing Tutors at DMS
  - 1 Assistant Principal at DMS
  - 1.6 FTE's for several teachers who currently serve at less than 1.0 FTE in order to support humanities, world language, computer science, and English as a second language.
  
- *Public Works* – Cost centers within our Public Works department include animal control, building maintenance, land & natural resources, street lights, highway, vehicle maintenance, transfer station, and cemetery/crematory. These cost centers are mainly concerned with maintenance of publicly owned properties, including buildings, roads, and parks. This expenditure group represents 5.57% of total budgeted expenditures and will experience a reduction of 0.01% from the prior year. Employee turnover in this group along with some pending retirements is enabling this department to maintain level services without increased cost.
  
- *Human Services* – Human services includes the council on aging and veteran's services. This department represents 0.87% of the budget and is increasing by 0.78%.
  
- *Culture & Recreation* – The Culture and Recreation function includes the library, recreation, Percy Walker Pool and beach operations. This expenditure function represents 2.63% of total

budgeted expenditures and will experience a 7.51% increase from the prior year primarily due the following:

- Library and pool Increases are largely driven by staff costs including the restoring of positions furloughed and not budgeted for a portion in FY 2021.
  - Additional Beach Rangers and increases to minimum wage were added to Beach Operations salaries and increases in expenditures to maintain compliance with federal permit regulations.
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- *Shared Costs* – This account function contains all Town employee benefits including health insurance, payroll taxes, and retirement costs. Town employee benefits represent 18.30% of total budgeted expenditures and will experience a 2.40% increase from the prior year. The budget increase is largely due to an increase in contributory retirement costs of 7.77%. This is more than offset by health insurance costs that remain relatively flat as a result of the favorable claims experience in 2021 and 2022 due to the COVID-19 pandemic.
  
  - *Debt Service* – The debt service function represents principal and interest costs resulting from Town of Duxbury long term borrowing. This includes all long-term debt obligations of the Town and represents 8.54% of total budgeted expenditures and will experience a 4.38% decrease from the prior year due to the normal debt exclusion roll-off from level principal payments and the payoff of short-term notes of \$336,101. Offsetting some of that decrease is estimated principal & Interest payments of \$112,700 for the debt issuance of the HVAC project at Chandler School and the seawall repair bond, the latter of which is paid through betterments.
  
  - *Water Operations* – The Water Enterprise fund is overseen by the department of public works. The Water Enterprise fund Salaries and operational costs represent 77.27% of total budget expenditures and will experience a 2.45% increase from the prior year. The increase in this function is largely driven by contractual agreements and inflationary costs.
  
  - *Water Debt Service* – The debt service function represents principal and interest costs resulting from Town of Duxbury long term borrowing. This includes all long-term debt obligations of the Town and represents 22.73% of total budgeted expenditures and will experience a 16.26% increase from the prior year due to the addition of a \$1.415M bond issue to replace PCE pipes in the town. The first year's debt payment is estimated to be around \$143K.