

# Free Cash Certification

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OCTOBER 12, 2022

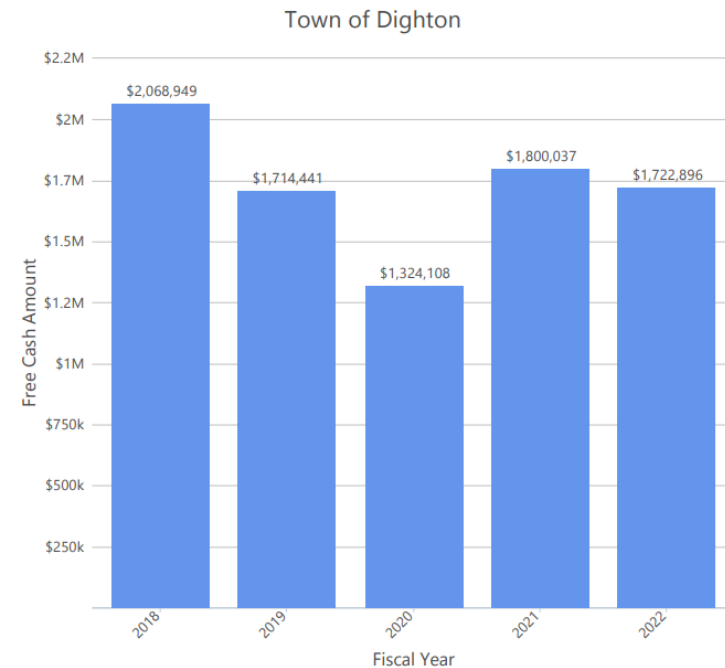
# History of Prior Year Free Cash

- FY22 Certified Free Cash by Department of Revenue (DOR) was \$1,772,896; with average trend history of roughly same amount.

- FY22 free cash figures the result of one-time COVID-19 spending freezes
- Strengthened reliance on highly-extended local receipt revenues to fund operating budget.
- DOR in June 2022 outlined possibility of more limited free cash levels in future years. (Source: Dighton Financial Management Review)



Data Analytics and Resources Bureau  
Category 1 - Certified Free Cash  
Data current as of 10/12/2022



# Current Year Free Cash Certification – October 2022

- The Department of Revenue last week certified Dighton's FY23 free cash in the amount of \$2,996,269.00.
- Includes, as expected, \$1,235,207 as Dighton's portion of Fiscal Year 2021 D-R Regional School Excess & Deficiency (E&D) turnback funding in accordance with Regional Agreement.
- Important to back-out \$1.2 million E & D to accurately illustrate Dighton's fiscal position in FY22 close-out.
- \$2,996,269 less \$1,235,207 equals \$1,761,062.
- FY21 and FY22 were two completely different budget years, but concluded with similar close-out positions.
  - o (i.e. downgraded FY22 revenue projections more closely mirrored current trends; COVID-19 spending freeze lifted in FY22)



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**T.E.A.M.**  
(Together Everyone Achieves More)

**Dr. Adam Blaisdell**  
Assistant Superintendent

**Kristin Donahue**  
Director of Special Education

**Robert Baxter, Jr.**  
Business Administrator

June 14, 2022

Dear Dighton and Rehoboth Residents:

The Dighton Rehoboth Regional School District was notified yesterday that the Massachusetts Department of Revenue certified the amount of excess and deficiency or "E & D" as of July 1, 2021 (Fiscal Year 2020/2021) for \$5,738,000.00. Of that amount, \$3,440,363.00 will be applied to reduce the current fiscal year's (FY2022) assessment proportionately split to each member town in accordance with the provisions of G. L. Chapter 71, §16B½, as amended.

This reimbursement represents the fiscal impact to the district of the federal, state and district's COVID-19 response during Fiscal Year 2020/2021 (FY2021). The district realized savings of \$1.3M as a result of curtailed operations, and lower energy and health insurance costs. As many in the community may remember, students during FY2021 were forced to stay home and access their education via Chromebook remotely, which resulted in significantly lower operating costs, including reduced transportation costs and lower energy costs. Additionally, school administrators made conscious decisions to postpone standard purchases while in a COVID-19 remote/hybrid shutdown. As a direct result, both the regional school district and the two member towns will benefit financially.

The district also realized increased revenues during Fiscal Year 2020/2021 of approximately \$4.4M through federal and state sources. While it was impossible to anticipate these economic events when the FY2021 budget preparation was underway in early 2020, Massachusetts General Law provides for the return of windfall savings to the member towns as mentioned above. The Town of Rehoboth will receive a reduction of their FY22 assessment of \$2,205,155.71. The Town of Dighton will receive a reduction of their FY22 assessment of \$1,235,207.29.

Additionally, the district will retain \$2,297,637.00 of the excess as provided for by Massachusetts General Law (the regional school district retains up to 5% of their overall budget in E & D funds). Of this, the district has proposed using \$750,000 to reduce the FY23 assessments to the member towns.

# Free Cash Certification – Revenue Impact

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- FY22 budget process shaped by updated revenue projection process to mirror YTD FY21 trends, with downgraded estimates in new growth and local building permit/license revenues.
- More conservative revenue projections in one-time realized revenues over projections in excise tax and other unique one-time revenues led to improved FY22 free cash revenue position.
  - \$310,269 over projection in Excise Tax (cautiously projected based on uncertainty of automobile market).
  - \$186,000 over initially forecasted projections in one-time tax penalties and interest payments.
  - \$75,499 from FY21 free cash carryover.
  - \$25,000 toward Host Community Agreement (HCA) Cannabis Impact fee from 1 Connection.
  - \$44,905 in additional Miscellaneous Revenues.
  - \$56,476 from additional state Cherry Sheet revenues (local aid, veterans benefits, etc.).

# Free Cash Certification – Budget to Expenditure Impact

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- FY22 wrap up closed out approximately \$700,000 in approved but non-expended funds.
  - Includes \$228,000 offset back to sewer retained earnings.
  - Includes \$100,000 in funds encumbered into FY23.
  - Close outs of ATM and STM Warrant Articles with contingency turn-backs.
  - Close outs of other ATM and STM Warrant Articles, like DES/DMS entrance and egress design/engineering project.
  - \$155K in health insurance benefits due to enrollment changes/contingencies.
  - \$61K in unused but budgeted Veterans benefits.
  - \$50K in Police Department Personnel Budget due to promotions/breakage and positions not immediately backfilled.

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Thank You!

