

June 5, 2023
Town of Dighton
Annual Town Meeting

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Annual Town Meeting (ATM) PowerPoint Informational Overview

Informational Overview with brief summaries of proposed articles published as part efforts to bring *information*, *transparency*, and *engagement* into planning for Dighton's town meetings

Posted on the Town's Website Homepage under 'News Flash'
at

www.dighton-ma.gov

Annual Town Meeting (ATM) Overview

- ✓ 27-article Annual Town Meeting Warrant includes the Town's Fiscal Year 2024 (FY24) proposed **\$25.3 million operating budget**, with a 5% overall increase over Fiscal Year 2023 appropriations
- ✓ FY24 town operating budget is a **fiscally-responsible, structurally balanced budget** with a projected Excess Levy Capacity of ~\$100K
- ✓ Efforts to plan for FY24 have centered upon **conservative, zero-base justified budgeting** as we adapt to fiscal challenges shaped by outside factors
- ✓ Various warrant articles reflect ranked priorities of Capital Outlay Committee accompanied by respective funding recommendations from the Board of Selectmen and Finance Committee
- ✓ Article 14, one of the two proposed Articles to fund necessary **building improvements for the Dighton Public Library** at Smith Memorial Hall, has been recommended by the Community Preservation Committee (CPC)
- ✓ The remaining proposed ATM Articles include proposals to fund **elementary and middle school security improvements, Main Street roadway reconstruction** efforts, **public safety equipment**, and funding for **Forest Hills litigation** and related claims

Commonly Used Terms Included in Annual Town Meeting Warrant

Available Funds: Balances in the various fund types that represent nonrecurring revenue sources. As a matter of sound practice, they are frequently appropriated for unforeseen expenses, capital expenditures, or other one-time costs. Examples of available funds include free cash, stabilization funds, overlay surplus, water surplus, and retained earnings.

Excess Levy Capacity: The difference between the levy limit and the amount of real and personal property taxes actually levied in a given year. Annually, the Board of Selectmen must be informed of excess levy capacity and their acknowledgment must be submitted to DLS when setting the tax rate.

Fiscal Year: A 12-month period, commencing July 1 and ending June 30th, to which the annual budget applies. Fiscal years are often denoted FYXX with the last two numbers representing the calendar year in which it ends, for example, FY24 is the fiscal year ending June 30, 2024.

Free Cash: Free cash is the portion of unreserved fund balance from a prior fiscal year available for appropriation. It is not cash but rather is approximately the total of cash and receivables less current liabilities and earmarked reserves also reduced by reserves for uncollected taxes. This is also referred to as “available cash”. The amount is certified annually by the Massachusetts Department of Revenue.

The current Town’s Free Cash balance as of 5/1/23 is \$ 514,508.51

Raise and Appropriate: A phrase used to identify an expenditure’s funding source as money generated by the tax levy or other local receipts.

Zero – Base Budgeting

“Zero-base budgeting (ZBB) is a budgeting process that asks managers to build a budget from the ground up, starting from zero.”

“...the organization’s entire budgets needs to be justified and approved, rather than just incremental change from the prior year.”

“ZBB promises to move the organization away from incremental budgeting, where last year’s budget is the starting point. Instead, the starting point becomes zero, with the implication that past patterns of spending are no longer taken as a given.”

Source: Kavanagh, Shayne, “Zero-Base Budgeting: Modern Experiences and Current Perspectives”, The City of Calgary and Government Finance Officers Association (GFOA), 2011

Zero – Base Budgeting

- ✓ Budget represents a *plan* for municipal and department operations in fiscal year
- ✓ Rationalizes proposed budget requests and appropriations
- ✓ Allows department heads, BOS, and Finance Committee to more clearly evaluate appropriation needs when building budget

Fiscal Year 2024 (FY24) Balanced Budget Overview

- ✓ FY24 town operating budget is a **fiscally-responsible, structurally balanced budget** with a projected Excess Levy Capacity of ~\$100K
- ✓ Efforts to plan for FY24 have centered upon **conservative, zero-base justified budgeting** as we adapt to fiscal challenges shaped by outside factors
- ✓ **FY24 expenditures initially proposed to increase by \$1.1 million over FY23 levels, driven by cost increases most outside of town's control:**
 - ✓ **Proposed Education Budget includes increases of \$907K with capital assessments (factoring in \$254K for B-P project).** Of net \$1.07 million increase in year-to-year available revenues, 85% of new revenues would be dedicated to meeting education cost and educational capital debt assessment increases
 - ✓ Increase in Bristol County Retirement System assessment by \$150K per state approved funding requirement to fund unfunded liability by 2034
 - ✓ \$13,000 increase in trash/recycling pick-up and disposal costs on top of last year's \$113K increase
 - ✓ \$13,000 increase as part of liability insurance budget to fund cyber insurance (previously funded by Special Town Meeting Article)
 - ✓ \$20,000 in health insurance costs
 - ✓ Fuel and energy cost increases in building utilities and in Highway and Public Safety Departments
- ✓ **Offsets realized also include decreased retirement separation costs, current year snow and ice costs, and breakage from FY23 retirements**

Fiscal Year 2024 (FY24) Balanced Budget Overview

- Of net \$1.07 million increase in year-to-year available revenues, \$907,000 (85% of new revenues) would be dedicated to meeting education cost and educational capital debt assessment increases
- From a strictly financial standpoint, we are now seeing slippery slope where education and education capital assessment budgets will crowd out ability to fund core town government functions and deferred capital needs
- Proposed FY24 Town Operating Budget is based on sustainable, conservative-based revenue and expense projections, but planning for FY25 challenges begins immediately.
- Ongoing budget planning process necessitates thoughtful and future-looking approach to plan forward
 - **Look to cut and restructure costs where possible**
 - **Examine opportunities to streamline costs**
 - **Look at opportunities for shared/regional services**
 - **Consider possibility of debt exclusion for B-P capital assessment (completely variable due to changes in enrollment)**
 - **Look creatively for opportunities to generate new revenues**
 - **Use restraint from utilizing one-time funding sources to address future structural budget challenges**

Thank You!

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