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# **TOWN OF DIGHTON FISCAL YEAR 2025 BUDGET OVERVIEW, RECOMMENDATIONS & OPTIONS**

APRIL 10, 2024

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# FISCAL YEAR 2025 (FY25) BUDGET – TIMELINE

- **Fiscal Year 2025 Budget Process**
  - **February 2024** – Budgets due to Town Administrator/Town Accountant by beginning of the month; Financial Team begins reviewing revenue projections
  - **February 2024** – Town Administrator/Town Accountant meets with Department, Board and Committee representatives; Revenue Projections solidified
  - **March 2024** – Education Budgets submitted; Board of Selectmen and Finance Committee begin Joint Departmental Budget Reviews
  - **April 2024** – Board of Selectmen and Finance Committee meet independently/jointly to review and discuss any follow-up budget issues
  - **May 2024** – Board of Selectmen and Finance Committee reconvene to jointly discuss and submit final budget/warrant article recommendations
  - **June 2024** – Proposed operating budget with recommendations presented to Annual Town Meeting on June 10, 2024

## FISCAL YEAR 2025 PROPOSED REVENUES OVERVIEW

- Efforts to plan for FY25 have centered upon conservative budgeting as we continue adapting to fiscal challenges shaped by outside factors
- Very cautious approach for FY25 revenue and expenditure planning, especially with second year of B-P School Building Project debt service being assessed (\$217K based on current year enrollment) on top of also absorbing \$167K for Aggie Capital Debt (not including education assessments) in budget
- Identified ability to make targeted revenue projection increases based on economic and revenue collection trends; net year-to-year increase of \$885,071.94 (compared to \$1.07 million in FY24).
  - **New Proposition 2 ½ revenues calculated at \$543,142**
  - **New Growth at \$175K based on projected trends**
  - **Licenses and Permit Revenues projected at \$275K (\$35K increase based on start of Hunter's Hill build-out)**
  - **\$27K increase in local aid based on Governor's budget (could still evolve based on Legislative process)**
  - **Increased Excise Tax projections by \$62K (reflects FY23 & FY24 commitment trends)**
  - **\$75K increase in using Ambulance Fund revenues to offset costs**
  - **Currently projected \$20K reduction in Solid Waste revenues**

## 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 2025 PROPOSED EXPENSES OVERVIEW

- FY25 expenditures initially proposed to increase by \$1.5 million over FY25 levels, driven by cost increases, especially those outside of town's control:
  - **Proposed Education Budget increases of \$1.1 million including capital assessments (updated proposed D-R assessment increase of \$1,116,825)**
  - **Increase in Bristol County Retirement System assessment by \$61K per state approved funding schedule to fund unfunded liability by 2034**
  - **\$35K increase in trash/recycling, transfer station and related sanitation costs**
  - **\$38K in employee health insurance costs**
  - **\$85K in one-time contractual retirement buy-back costs for 4 employee retirements, proposed to be funded with free cash, not under levy**

# FISCAL YEAR 2025 PROPOSED EXPENSES – IMPACT OF EDUCATIONAL COSTS

- **Of net \$885K increase in year-to-year available revenues, more than all currently projected new revenue would be dedicated to meeting education cost and educational capital debt assessment increases**
- From a strictly financial standpoint, we are now AT the slippery slope where education and education capital assessment budgets are crowding out ability to fund core town government functions and deferred capital needs
- Since FY19 Dighton's operational budget fiscal position has changed relatively minimally. A look at the Town's excess levy capacity in FY19 at \$593,471 and backing out the \$415K used in free cash to fund Police Station debt service, brings us very close to the \$141K excess levy capacity the Town has in FY24, which essentially represents the Town's fiscal position being virtually unchanged when compared to FY19. ([DLS - Dighton General Fund Per Capita \(mass.gov\)](#))
- FY25 budgetary challenges center on the fact that, due to the Chapter 70 formula and other issues, **Dighton's proposed FY25 D-R assessment is more than double what we've had the ability to absorb for the past 6 years**, as outlined below. Like that of the School District, the Town's ability to pay is based solely off a very limited revenue structure.

## FY19 to FY20

\$436,803

## FY20 to FY21

\$537,285

## FY21 to FY22

\$286,012

## FY22 to FY23

\$485,826

## FY23 to FY24

\$427,633

## FY24 to FY25

\$1,116,825

# FISCAL YEAR 2025 BALANCED BUDGET RECOMMENDATIONS/OPTIONS

**Initially Proposed Fiscal Year 2025 town operating budget has a currently projected operating deficit of \$266,207; FY26 projected deficit will be at least \$400,000 greater due to B-P capital debt assessment**

- **1.) Work with Solid Waste Committee to increase revenues/offset costs from Town's solid waste program**
  - Assess potential to increase Pay-As-You-Throw (PAYT) bag revenues to help mitigate rising costs ~\$165,000 over last three years; PAYT fees last updated in 2020. **FY25 SEMASS projected costs not yet finalized.**
  - Explore the implementation of a per-household user fee structure with senior discount program (e.g. Swansea, Plainville, Lakeville, North Attleboro, Pembroke, Wareham and Whitman, as examples, all currently administer their solid waste program all or in-part using this framework)
- **2.) Plan FY25 budget with current staffing levels, approach FY25 vacancies with position-by-position analysis to fill future vacancies**
  - After anticipated Dighton Police Department promotion(s), a currently-funded officer position will be open. If a decision is made not to backfill the position in FY25, there exists a potential savings of approximately \$93,000, including health insurance.
- **3.) Evaluation/Identification of additional targeted cuts through BOS/FinCom budget review process**
- **4.) Fund \$200K of \$217K B-P FY25 Capital Debt Assessment with free cash as one-time revenue source, with a proposed debt exclusion to fund assessment in FY26 and beyond**



**-END-**