

Town of Dighton Fiscal Year 2024 Budget Planning

Zero-Base Budgeting Overview

Financial Team Meeting – November 16, 2022

Review of Year-to-Date (YTD) Local Receipt Revenues & Expenditures for 1st Quarter

- No significant issues with YTD Revenues, but downgraded FY23 revenue projections effected lower operating budget Excess Levy Capacity (less one-time offsets to lower tax rate)
- Building and Inspection Permit revenues meeting downgraded revenue forecast
- Initial trends generally indicate ability to meet, but not far exceed, projections
- Looking for trends to inform Fiscal Year 2024 revenue projections and/or warning signs
- Diligent attention to Departmental Expenditures
- Cautious approach for Fiscal Year 2024 revenue and expenditure planning, especially with \$209,000 in BP School Building Project debt service being assessed

Fiscal Year 2024 Budget Process

Fiscal Year 2024 Budget Process

- **December 2022** – Budget parameters are established; budget worksheets distributed to Departments, Boards and Committees
- **January 2023** – Budgets due to Town Administrator by end of the month; Financial Team presents proposed revenue forecast
- **February 2023** – Town Administrator meets with Departments, Board and Committee representatives; Education Budgets submitted
- **March 2023 to May 2023** – Board of Selectmen and Finance Committee continue Budget review and Warrant recommendation process (aiming to streamline process)
- **June 2023** – Proposed operating budget with recommendations presented to Annual Town Meeting

Fiscal Year 2024 Budget Process & Assumptions

Fiscal Year 2024 Budget Process

- Early projections point to Fiscal Year 2024 Budget Planning being more challenging than in past years
- Trends in more limited new growth and local receipt revenues place more pressure on levy to fund municipal and school operations
 - Example: New Growth (dollar increase in tax levy that reflects increases in the assessed value of the tax base from previous fiscal year due to new development)
 - FY19: \$434K
 - FY20: \$554K
 - FY21: \$233K
 - FY22: \$293K
 - FY23: \$246K

Zero – Base Budgeting

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

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

Zero – Base Budgeting

Town of Dighton Fiscal Year 2024 <u>Proposed Expense Budget Line-Item Backup</u>			
Department:		PROPOSED EXPENSES	
Line Item	Description	Cost	Rationale (i.e. required equipment, contractual expense...)
Please include/attach any applicable backup documentation that may be necessary			

Planning for BP School Building Project Debt Assessment

BP School Building Project Debt Assessment Overview

- \$305 million BP School Building Project approved by majority District-wide vote in March 2022; \$125.5 million to be reimbursed by Massachusetts School Building Authority (MSBA)
- Of remaining ~\$180 million in project costs, Dighton responsible for \$24.7 million (including principal and interest) to be assessed over next 30 years
- Project costs begin being incurred in FY24 (based on FY23 enrollment)
 - FY24 \$209K
 - FY25 ~\$600K
 - FY26 ~\$600K
 - FY27 ~\$700K
 - FY28 ~\$800K
 - FY29 and beyond ~\$865K

Planning for BP School Building Project Debt Assessment

Debt Schedule Anticipated as of 2/22

DIGHTON ESTIMATED SHARE 7.76%	IMPACT TAX RATE	IMPACT PER \$100,000 MEDIAN HOUSE
\$0.00	\$0.00	\$0.00
\$11,640.00	\$0.01	\$1.02
\$155,200.00	\$0.14	\$13.66
\$754,402.95	\$0.66	\$66.40
\$754,577.55	\$0.66	\$66.42
\$797,917.15	\$0.70	\$70.23
\$797,878.35	\$0.70	\$70.23
\$799,484.67	\$0.70	\$70.37
\$799,484.67	\$0.70	\$70.37
\$799,407.07	\$0.70	\$70.37
\$799,213.07	\$0.70	\$70.35
\$799,639.87	\$0.70	\$70.39
\$799,261.57	\$0.70	\$70.35
\$799,765.97	\$0.70	\$70.40
\$799,562.27	\$0.70	\$70.38
\$799,534.14	\$0.70	\$70.38
\$799,708.74	\$0.70	\$70.39
\$799,183.00	\$0.70	\$70.35
\$799,415.80	\$0.70	\$70.37
\$799,474.00	\$0.70	\$70.37
\$799,466.24	\$0.70	\$70.37
\$799,768.88	\$0.70	\$70.40
\$799,687.40	\$0.70	\$70.39
\$799,332.38	\$0.70	\$70.36
\$799,710.68	\$0.70	\$70.39
\$799,355.66	\$0.70	\$70.36
\$799,431.32	\$0.70	\$70.37
\$799,512.80	\$0.70	\$70.38
\$799,171.36	\$0.70	\$70.35
\$799,699.04	\$0.70	\$70.39
\$799,456.24	\$0.70	\$70.37
\$44,951.44	\$0.04	\$3.96
\$44,976.96	\$0.04	\$3.96
\$45,318.40	\$0.04	\$3.99
\$45,194.24	\$0.04	\$3.98
\$22,639,803.88	\$19.93	\$1,992.82

Debt Schedule Current as of 10/22, based on FY23 enrollment

DIGHTON ESTIMATED SHARE 7.60%	IMPACT TAX RATE	IMPACT PER \$100,000 MEDIAN HOUSE
\$0.00	\$0.00	\$0.00
\$9,369.66	\$0.01	\$0.75
\$208,620.00	\$0.17	\$16.75
\$598,264.40	\$0.48	\$48.04
\$598,188.40	\$0.48	\$48.04
\$688,704.40	\$0.55	\$55.31
\$803,464.40	\$0.65	\$64.52
\$865,152.21	\$0.69	\$69.48
\$865,090.90	\$0.69	\$69.47
\$864,919.90	\$0.69	\$69.46
\$865,166.90	\$0.69	\$69.48
\$865,014.90	\$0.69	\$69.47
\$864,824.90	\$0.69	\$69.45
\$864,938.90	\$0.69	\$69.46
\$865,299.90	\$0.69	\$69.49
\$864,710.90	\$0.69	\$69.44
\$864,691.90	\$0.69	\$69.44
\$864,786.90	\$0.69	\$69.45
\$864,938.90	\$0.69	\$69.46
\$864,798.30	\$0.69	\$69.45
\$865,311.30	\$0.69	\$69.49
\$864,889.50	\$0.69	\$69.46
\$865,052.90	\$0.69	\$69.47
\$864,976.90	\$0.69	\$69.46
\$865,007.30	\$0.69	\$69.47
\$865,094.70	\$0.69	\$69.47
\$864,669.10	\$0.69	\$69.44
\$865,020.60	\$0.69	\$69.47
\$865,233.40	\$0.69	\$69.48
\$864,876.20	\$0.69	\$69.46
\$867,693.90	\$0.70	\$69.68
\$266,497.80	\$0.21	\$21.40
\$266,703.00	\$0.21	\$21.42
\$266,826.50	\$0.21	\$21.43
\$266,851.20	\$0.21	\$21.43
\$24,735,650.97	\$19.86	\$1,986.45

Increase of \$53K in FY24

More incremental ramp-up

Higher annual debt assessment, based on FY23 enrollment

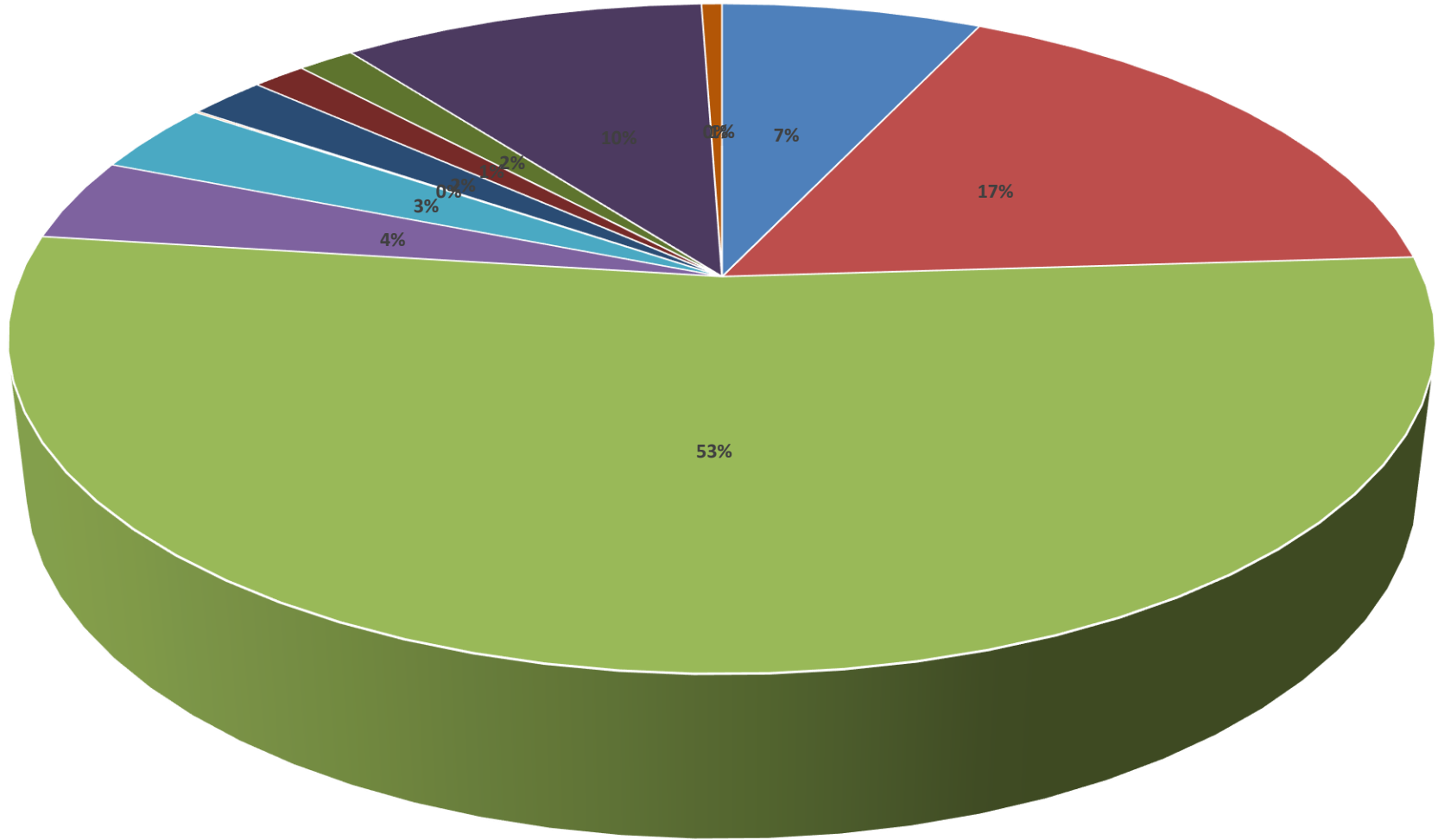
Planning for BP School Building Project Debt Assessment

BP School Building Debt Assessment Overview

- FY23 Operational Excess Levy Capacity ~\$165K after backing out \$600,000 to reduce the tax rate; already includes absorbing \$95K for Bristol Aggie School Building Project Debt Assessment
- **It will not be possible to absorb BP Debt Assessment based on current budget structure**
- Efforts to balance budget will require cuts, restructuring of costs, and/or debt exclusion
- On 2/23/22, we warned about “slippery slope where education budgets (D-R, BP, and Aggie) would significantly crowd out ability to fund core town government functions and capital projects”
- Town officials taking thoughtful and conservative approach to plan forward
 - Looking to cut and restructure costs where possible
 - Examining opportunities to streamline costs
 - Looking at opportunities for shared/regional services
- **Town should not rule out proposing a Debt Exclusion for BP School Building Project, but first needs to perform due diligence to explore options before being considered**

Planning for BP School Building Project Debt Assessment

FY23 Budget Breakdown



- GENERAL GOVERNMENT
- PUBLIC SAFETY
- EDUCATION
- HIGHWAYS
- SANITATION
- OTHER ENVIRONMENTAL
- HUMAN SERVICES
- CULTURE AND RECREATION
- DEBT SERVICE
- EMPLOYEE BENEFITS
- SETTLEMENTS & COURT JUDGMENTS
- LIABILITY INSURANCE

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