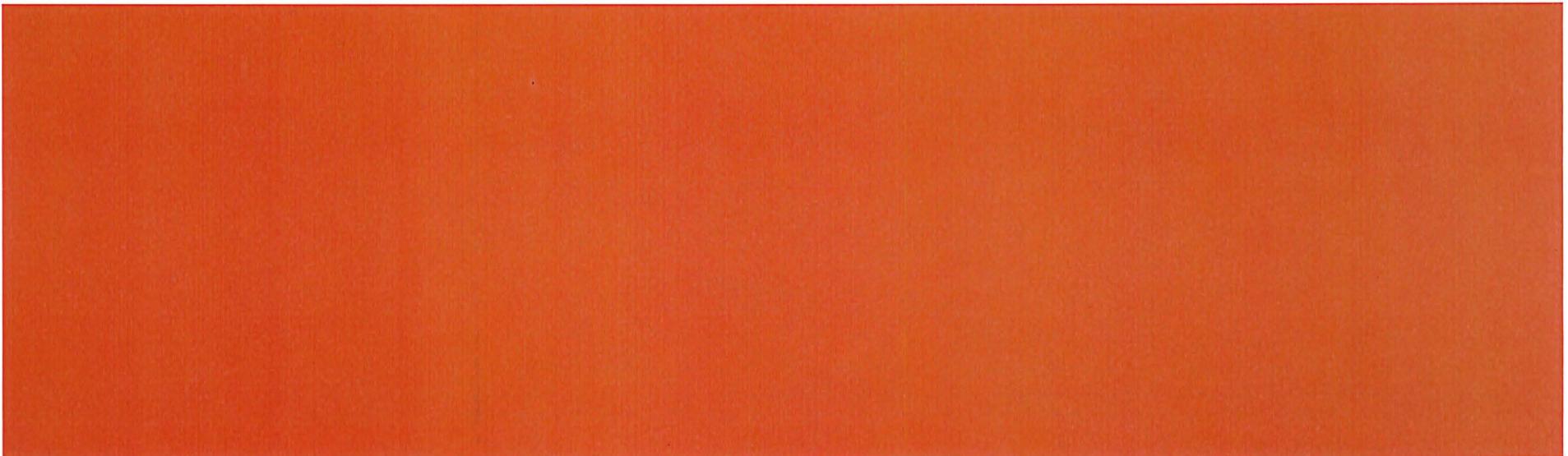


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# **TOWN OF DIGHTON FISCAL YEAR 2024 BUDGET OVERVIEW & RECOMMENDATIONS**

MARCH 21, 2023



## FISCAL YEAR 2024 (FY24) BUDGET – TIMELINE

### ■ **Fiscal Year 2024 Budget Process**

- **January 2023**– Budgets due to Town Administrator/Town Accountant by end of the month; Financial Team begins reviewing revenue projections
- **February 2023** – Town Administrator/Town Accountant meets with Department, Board and Committee representatives; Education Budgets submitted; Revenue Projections solidified
- **March 2023** – Board of Selectmen and Finance Committee hold Joint Departmental Budget Reviews
- **April 2023** – Board of Selectmen and Finance Committee meet independently to review and discuss any follow-up budget issues
- **May 2023** – Board of Selectmen and Finance Committee reconvene to jointly discuss and submit final budget/warrant article recommendations
- **June 2023** – Proposed operating budget with recommendations presented to Annual Town <sup>2</sup> Meeting on June 5, 2023

## FISCAL YEAR 2024 PROPOSED REVENUES OVERVIEW

- Efforts to plan for FY24 have centered upon conservative, zero-base justified budgeting as we adapt to fiscal challenges shaped by outside factors
- Very cautious approach for FY24 revenue and expenditure planning, especially with first year of B-P School Building Project debt service being assessed (\$254K based on current year enrollment) on top of also absorbing \$149K for Aggie Capital Debt (not including education assessments) in budget
- Identified ability to make targeted revenue projection increases based on current economic and revenue collection trends; net year-to-year increase of \$1.07 million
  - **New Proposition 2 ½ revenues calculated at \$520,181.53**
  - **New Growth at \$175K based on Year-to-Date trends and decreased growth reflected in building permits**
  - **Licenses and Permit Revenues flat at \$240K after being downgraded by ~\$380K in prior two fiscal years**
  - **\$50,000 net increase in local aid when fully applying last year's final state budget increase**
  - **Opportunity to increase Excise Tax projections by \$100K (market still volatile)**
  - **Increases of \$25K due to updated Transfer Station Fee schedule; \$35K in new cannabis excise 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 2024 BALANCED BUDGET OVERVIEW

**Initially Proposed Fiscal Year 2024 town operating budget is a fiscally-responsible, structurally balanced budget with a projected Excess Levy Capacity of ~\$200K**

- FY24 expenditures initially proposed to increase by \$1.1 million over FY23 levels, driven by cost increases, especially those outside of town's control:
  - **Proposed Education Budget increases of \$907K including capital assessments**
  - **Increase in Bristol County Retirement System assessment by \$150K per state approved funding schedule 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 in liability insurance costs to fund cyber insurance policy (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 include decreased retirement separation costs, current year snow and ice costs, and breakage from FY23 retirements**

## FISCAL YEAR 2024 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
- Budget 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 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**