

**Annual Operating Budget
Policies and Procedures**

**Approved by: Select Board
and Finance Committee
Effective: 8/16/22**

PURPOSE:

To formalize standards and guidance for the development of the Town's Annual Operating Budget, the review of the proposed budget and the adoption of the budget consistent with sound practices and legal requirements.

AUTHORITY:

MGL Chapter 39
MGL Chapter 40
MGL Chapter 44

BUDGET DEVELOPMENT

POLICY:

Consistent with a date set by the Select Board but not later than February 10th the Town Administrator shall submit a *Proposed Operating Budget*, supporting documents and a formal budget message to the Finance Committee. Annual budgets shall be prepared for the General Fund, any Enterprise Chapter 44 §53F 1/2 and all MGL Chapter 44 §53E 1/2 revolving funds that exist.

PROCEDURES:

To assure the completion and submittal of the *Proposed Operating Budget* to the Finance Committee and Select Board in compliance with any bylaw requirements, the following procedures and calendar should be followed:

• **Budget Goals and Guidance:**

The Select Board and Finance Committee shall set initial goals and priorities for the upcoming budget process, and provide corresponding guidance to the Town Administrator in the preparation and development of departmental operating budgets. At this time the Select Board and Finance Committee should perform a periodic review of the Town's Capital Plan and financial policies, especially those which provide budget guidance (Capital Improvement, Financial Reserve), and determine if any changes are necessary.

Timeline: November – early December

• **Budget Workshop:**

The Town Administrator shall provide guidance and instruction in the preparation and development of departmental operating budgets. The Town Administrator should relay to the Departments any goals and priorities set by the Select Board and Finance Committee. All relevant budget information shall be provided to each department. The Town Administrator will distribute annual budget request forms to

each department in advance of the preliminary budget meetings.

Timeline: Late November - December

- **Departmental Preparation of Proposed Budget Requests** - Departments should develop their proposed annual budget requests utilizing the worksheets distributed by the Town Administrator. In preparing their proposed budget, departments should consider prior year reports, monthly reports from the current fiscal year, and all other relevant information that can help predict expenses for the upcoming fiscal year. Wages should be level funded until guidance has been given by the Select Board and Finance Committee later in the budget process.
 - All requests should be supported by backup documentation and planning as much as possible.
 - Level funded requests are not exempt from review. Departments should consider both how much has previously been appropriated to an account and how much has previously been spent from the same account when “level funding.”
 - Any overtime requests and requests for temporary staff shall be supported by back up documentation.
 - All expense and capital outlay requests shall be supported by documentation.

Timeline: Department heads shall submit their budget requests to the Town Administrator before their scheduled preliminary budget meeting usually held during December or January.

- **Preliminary Budget Meeting** - The Town Administrator shall hold preliminary budget meetings with each department head, one Select Board member and one Finance Committee member based upon availability and to be chosen in respective public committee meetings in order to review and modify departmental budget requests in consideration of total Town goals and priorities.

The preliminary budget meetings shall review:

- Staffing levels
- Accuracy of budget requests
- Departmental needs by program and subprogram
- Variations in spending needs from the current year
- The department’s objectives for the ensuing year
- The department’s accomplishments in the current year and
- Changes in program and sub-program statistics and measures.

Timeline: Preliminary budget meetings shall be completed by the second Wednesday of January.

- **Finalization of the Preliminary Proposed Budget** – The Town Administrator and accountant shall review all the proposed expenditure budgets in consideration with the best available information as to revenue growth including estimated state aid. Based on the finalized estimates of revenue and the recommended use of reserves (Free Cash, General Stabilization Fund, Overlay Surplus etc.) the budget shall then be given to the Select Board and Finance Committee to finalize.
- Proposed summary budgets for the Town’s MGL Ch. 44 §53E 1/2 revolving funds shall also be included for review and eventual appropriation by Town Meeting.

Timeline: The Proposed Budget document shall be submitted to the Finance Committee and Select Board no later than mid-February.

BUDGET REVIEW

POLICY:

The Finance Committee and Select Board shall consider, in open public meetings, the detailed expenditures proposed for each town department. The Finance Committee and Select Board may require the Town Administrator or any town department to furnish it with additional information to assist it in the review and consideration of the budget.

PROCEDURES:

Finance Committee and Select Board Review

- The Finance Committee and Select Board shall prepare a budget review calendar for the various departmental budgets and make the calendar available to the public.
- The Finance Committee and Select Board shall have review sessions with the various department heads regarding the budget request and services provided by the department if additional information is needed.

Public Hearing

- In addition to the any additional meetings with the Town Administrator and departments, the Finance Committee shall conduct a public hearing on the Proposed Budget prior to the posting of the warrant.
- The format shall provide for comments and questions from the public regarding any aspect of the proposed budget. In the case of any budget items where the two boards do not concur, both figures will be presented in the Annual Town Meeting Warrant.

BUDGET ADOPTION

POLICY:

The budget will be considered at the Annual Town Meeting on the first Saturday of May. Town Meeting must adopt the budget by June 30th. The budget to be acted upon by Town Meeting is the budget posted in the Annual Town Meeting Warrant. Town Meeting's budget adoption vote may change any programs or amounts; it cannot delete expenditures required by law or for debt service.

If the Town Meeting fails to take any action on the Proposed Budget it shall become part of the appropriations for the ensuing fiscal year and shall be available for the purposes specified as of July 1st.

PROCEDURES:

- The Town Clerk shall forward the certified meeting minutes with the adopted appropriations to the Accountant and Town Administrator within ten (10) calendar days of the Town Meeting so that all appropriations can be recorded in *the Budget Module* of VADAR and posted to the General Ledger.