

**DRAFT Annual Operating Budget
Policies and Procedures**

**Approved by:
Effective:**

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 Selectboard 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 Workshop:**

The Town Administrator shall provide guidance and instruction in the preparation and development of departmental operating budgets. All relevant budget information shall be provided to each department.

Timeline: Beginning late November through December.

- **Departmental Preparation of Proposed Budget Requests** - Departments should develop their proposed annual budget requests utilizing the worksheets distributed by the Town Administrator and reports received monthly. Wages should be level funded until guidance has been given by the Select Board and Finance Committee later in the budget process.
 - 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 for any increases.

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

- **Preliminary Budget Meeting** - The Town Administrator shall hold preliminary budget meetings with each department head, one Select Board member and one Finance Committee member in order to review and modify departmental budget requests in consideration of total Town goals and priorities and in conformance with projected revenue estimates.

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 agency. The Finance Committee and Select Board may require the Town Administrator or any town agency or 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/agency if additional information is needed.

Public Hearing

- In addition to the any additional meetings with the Town Administrator and/or departments, the Finance Committee shall conduct a public hearing on the Proposed Budget.
- The format shall provide for comments and questions from the public regarding any aspect of the proposed budget.

BUDGET ADOPTION

POLICY:

Town Meeting must adopt the budget by June 30th. The budget to be acted upon by Town Meeting is the budget as agreed upon by the Finance Committee and Selectboard. In the case of any budget items where the 2 boards do not concur, both figures will be presented to Town Meeting. 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.