



## MEMORANDUM

TO: All Department Heads, Chairs of Boards and Committees  
FROM: Louise Miller, Town Administrator  
Brian Keveny, Finance Director  
The Finance Committee  
DATE: October 21, 2020  
SUBJECT: FY 2022 Operating and Capital Budgets Request Guidelines

The purpose of this memorandum is to provide a guideline on preparing your Departmental, Board or Committee Operating and Capital Budgets in compliance with the Board of Selectmen Policy on the Annual Budget Process.

Your FY22 operating and capital budget requests should support your departmental functions and goals. This year, we are asking that 2 operating budgets be submitted. The first is a level service budget with any additional funding for additional services requested. The second is a level funded budget.

### **Operating Budget Request**

#### **Level Service Budget Request**

Please submit a budget that includes all current committed costs as well as any adjustments required for the same delivery of services in FY22 as are being provided in FY21. Please confirm with the Town Administrator how to calculate COLA for FY22 personnel costs, as well as how to estimate step increases, and other increases that have traditionally been included for your department employees.

Your operating budget request should

- Provide a short summary of departmental functions
- Identify FY22 department goals
- Identify key issues facing your department
- Provide a request explaining how the budget meets the departmental functions and FY22 goals
- Identify areas of FY21 turnback not related to COVID and determine whether continued or future funding is required

#### **Level Funded Budget Request**

Your level funded budget request should

- Provide a summary of the adjustments needed for a level funded budget. Level funded means the same total dollar amount for your department. Level funded does not necessarily mean that each line of the budget equals the FY21 amount.
- Identify anticipated cuts to services

#### **Requests for Increased Funding**

Any Department, Board or Committee requesting an increase in personnel or services should identify that request separately. The request for increase in personnel or services should

- Identify any new initiatives explaining the purpose of the new expenditures in terms of departmental functions and goals
- Identify alternate ways of providing for new initiatives, if any
- Prioritize requests for new funding

### **Capital Budget Request**

Please submit capital budget requests for FY22 through FY26. The capital budget should be based on the five-year plan created for FY21 through FY25. Please review the five-year plan created for your department and use it as a

starting point for developing the FY22 through FY26 capital requests. The capital budget requests should explain any changes between the FY21 and FY22 requests including updates based on the FY21 Town Meeting voted capital. The FY22 through FY26 capital budget requests should

- Identify by year all capital items for FY22 through FY26. For each item identify the total cost as well as annual expenditures for projects anticipated to span more than one fiscal year
- Identify the goal or departmental function that the capital item fulfills
- Identify changes from the FY21-26 capital plan
- Include all projects that will request Community Preservation Committee funding
- Identify any changes in cost estimates and the basis for the new cost estimate
- Identify any changes in operating expenses associated with capital requests
- If the department has multiple capital requests for any year, please prioritize the requests

Departmental capital budgets must include all capital requests regardless of funding source. This applies to projects that may be funded through CPA.

### **Deadlines**

**All Departmental, Board and Committee operating budget requests, other than the School Department, must be submitted in MUNIS beginning November 2. Capital budget requests must be submitted on the CIP request forms, also beginning November 2.** The Town Administrator and Finance Director will review the budget requests with Department heads between November 2 and November 20. Finance Committee and Board of Selectmen liaisons will be invited to the budget review. Liaison assignments for the Finance Committee and Board of Selectmen are attached.

### **Revenue**

The FY22 budget is expected to be supported with the use of recurrent revenue sources and will not rely on funding from Free Cash and Overlay Surplus. The Town Administrator, Finance Director, and Finance Committee will be reviewing anticipated revenue for FY22 and determining the appropriate expenditure levels for the operating and capital budgets.

Given that (1) the State does not have a budget for FY21, (2) we have not yet confirmed all first quarter revenue, and (3) there is continuing financial uncertainty due to the COVID-19 pandemic, we will not hold a Financial Summit for the FY22 budget cycle. We will resume the annual Financial Summit for the FY23 budget.

### **Summary of Budget Deliverables**

The Town Administrator and Finance Director will make recommendations to the Finance Committee and Board of Selectmen on all operating and capital budgets, other than the School Department operating budget, by December 7, 2019. The Superintendent of Schools will submit a draft budget request by December 14, 2020 (prior to review by the School Committee). By December 21, 2020, the Town Administrator and Finance Director will prepare and submit a Draft FY2022 Operating Budget, and a Draft FY22-FY26 Capital Plan, including schools, to the Board of Selectmen and Finance Committee.

The Finance Committee will consider these submissions in preparing the operating budget to be submitted at Annual Town Meeting.

The Town Administrator and the Finance Director are available to assist you with your budget preparation and to answer any questions.