

Town of Provincetown

Financial Policies and Procedures Manual

1. Operating Budget

Section 1. Budgets include the annual operating budget and the five year financial forecast. The Capital Improvement Plan is included in section 2.

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:

Town Charter:

- Section 6-4-a through 6-4-h Financial Procedures – The Annual Budget
- Section 6-3-a through 6-3-b Financial Procedures – The Long Term Financial Plan

Town By-Laws

- Section 6-1-2 Notice of Unpaid Bills

MGL Chapter 44 §§52, 56, 58 and 64

Policy:

Charter 6-4-a: To enable the Town Manager to make up the annual estimate of expenditures, all Boards, Officials, Committees and Commissions shall, upon his or her written request, furnish all relevant financial information in their possession, and shall submit to the Town Manager in writing a detailed estimate of the appropriations required for the efficient and proper conduct of their respective Departments or Boards during the next fiscal year.

Charter 6-4-b: On or before the second Tuesday in January each year, the Town Manager shall submit to the Select Board a careful, detailed estimate in writing of the probable expenditures of the Town government for the ensuing fiscal year, stating the amount required to meet the interest and maturing bonds and notes or other outstanding indebtedness of the town, and showing specifically the amount necessary to be provided for each Fund and Department. The Town Manager must also submit a statement of the expenditures of the Town for the same purposes in the two preceding years and an estimate of the expenditures for the current year.

Charter 6-4-c: The Town Manager shall also submit a statement showing all revenues received by the Town in the two preceding fiscal years and an estimate of the amount of income from all sources of revenue, including property taxes, for the ensuing year.

Charter 6-4-d: The Town Manager shall also submit a Budget Message which shall:

- 1) explain the Budget both in fiscal terms and in terms of work programs,
- 2) outline the proposed financial policies of the Town for the ensuing fiscal year,
- 3) describe the important features of the Budget,

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- 4) indicate any major changes from the current year in financial policies, expenditures, and revenues, together with the reasons for such changes,
- 5) summarize the Town's debt position and the funding status of the Town's postemployment benefits, and
- 6) include such other material as the Town Manager deems appropriate.

Charter 6-4-e: The Select Board shall consider the proposed Budget submitted by the Town Manager and make such recommendations as it deems expedient and proper in the interests of the Town. On or before the first Tuesday in February, the Select Board shall transmit a copy of the Budget, together with its recommendations, to the Finance Committee.

Charter 6-4-f: The Finance Committee shall consider the proposed Budget submitted by the Select Board and make recommendations as it deems expedient and proper in the interests of the Town. On or before February 28th, the Finance Committee shall transmit a copy of the Budget, together with its recommendations relative thereto, to the Select Board.

Charter 6-4-g: The Select Board and the Finance Committee shall jointly hold one or more public hearings on the proposed Budget not later than twenty-one (21) days prior to the Annual Town Meeting at which it is to be submitted for adoption.

Charter 6-4-h: The Town Manager shall present the Budget, including the Budget adopted [*separately] by the School Committee, to the Town Meeting. The Budget shall first be subject to Amendments, if any, proposed by the Finance Committee before any other Amendments may be proposed.

Charter 6-3-a: The Town Manager shall annually prepare a Long Term Financial Plan, covering a minimum period of five fiscal years, and including the following:

- 1) A forecast of all Town revenues and expenditures and the assumptions made to predict them,
- 2) A forecast of the Town's debt service levels, based on the Town's Capital Improvements Plan,
- 3) A forecast of property tax rates and any Proposition 2½ operating overrides that may be required,
- 4) A statement of the Town's liabilities for future retiree pensions and health benefits, including funding strategies,
- 5) A summary of the general financial condition of the Town, including the Town's credit rating, and
- 6) Policy recommendations to address any projected deficits or other financial challenges.

Charter 6-3-b: The Town Manager shall submit the Long Term Financial Plan to the Select Board and the Finance Committee on or before October 1st. The Select Board and the Finance Committee shall conduct a joint public meeting on or before October 15th, to review the Long Term Financial Plan. At the same meeting, the Select Board shall adopt financial policies for the ensuing year's budget and for the term of the Long Term Financial Plan.

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Procedures:

To ensure the completion and submittal of the proposed annual budgets and the capital improvement requests to the Select Board and Finance Committee in compliance with the Town Charter and By-law requirements the following procedures and schedule should be followed:

Development of Annual Operating Budget and Five Year Financial Forecast

a. Town Manager's Office distributes Capital Improvement Plan (CIP) guidelines

The Town Manager's office shall distribute capital improvement program (CIP) guidelines and worksheets to Town departments. (See Policy 2 for Capital Improvement Program Policies)

b. Finance Department distributes budget templates

The Finance Department shall provide budget templates for the five year financial forecast and the next fiscal year to staff department heads and committee chairs.

The next fiscal year budget template shall include the actual results for the two most recently completed fiscal years, the current year's budget and columns for the proposed budget for the upcoming fiscal year.

The five-year financial forecast budget template shall include the actual results for the most recently completed fiscal year, the current year's budget and columns for the next five fiscal years.

c. Town Manager and Finance Department complete five year financial forecast and budget policy directive

The forecast will include revenues and operating expenditures. The projected financial impact of the capital improvement program (CIP) shall also be reflected in the financial forecast.

The town manager shall also develop a recommended budget policy directive (budget message) for review by the Select Board (BOS). The recommended budget policy directive shall be delivered to the BOS and Finance Committee with the five year financial forecast.

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d. Review of Five Year Financial Forecast and Adoption of Budget Policy Directive

The BOS and Finance Committee shall hold a joint meeting(s) to review and adopt the five year financial forecast. They shall also vote to approve as presented or as amended the budget policy directive to staff.

e. Staff Preparation of Annual Operating Budget for Next Fiscal Year

Staff and Committee Chairs shall be provided the adopted budget policy directive and use it as a guideline to prepare the next fiscal year operating budget. Budgets should include both narrative and detailed proposed expenditures. The budget narrative shall include a multi-year quantifiable measurement of the services provided by the department when applicable. Proposed budgets shall be submitted electronically to the Finance Director.

f. Town Manager Review of Annual Operating Budget for Next Fiscal Year

The finance director shall prepare budget summary with all staff and committee recommended budgets. The budget summary shall include a preliminary total budget summary with a listing of all funding sources by department. Each staff department head shall meet with Town Manager to review budgets. The Town Manager may request budget meetings with committee chairs as well.

g. Town Manager Submits Annual Operating Budget for Next Fiscal Year to the Select Board

The town manager shall write the budget message for the next fiscal year budget as directed by the town's charter. The finance director shall prepare budget books for the Select Board, the BOS secretary, the Finance Committee chair. The budget books shall include the town manager's message, a summary of the Town Manager's Budget, individual departmental budgets and narratives and revenue detail.

Timeline: No later than 3rd Tuesday in January

h. Select Board Review of Budget

The Select Board shall hold public meetings with staff to review the budget as submitted by the town manager. Select Board shall transmit a copy of the Budget, together with its recommendations, to the Finance Committee..

Timeline: No later January 31st

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i. Finance Committee Review of Budget

The Finance Committee shall hold public meetings with staff to review the budget as recommended by the Select Board. The Finance Committee shall transmit a copy of the Budget, together with its recommendations relative thereto, to the Select Board.

Timeline: No later the last day of February

j. Joint Meeting for Reconciliation

Prior to the close of the warrant the Finance Committee shall have a joint meeting with the Select Board to reconcile their differences, if any.

Timeline: No later the last day of February

k. Joint Public Hearing

The Select Board and the finance committee shall jointly hold one or more public hearings on the proposed budget

Timeline: Not less than 21 days before Town Meeting

l. Town Manager Presents Proposed Annual Operating Budget to Town Meeting.

The Town Manager shall present the budget, including the budget adopted by the school committee, to town meeting voters.

Timeline: Town Meeting

Adopted by the Provincetown Select Board on February 26, 2018. 3-0-0

Revised and Approved by the Select Board October 15, 2019