

FY 2017 ANNUAL BUDGET INSTRUCTION MANUAL



**TOWN OF CONCORD
FINANCE DEPARTMENT
SEPTEMBER 14, 2015**

DATE: September 14, 2015
TO: Committee and Board Chairs
Department Heads
FROM: Christopher Whelan, Town Manager
SUBJECT: Budget Instructions, Fiscal Year 2017

All town boards, committees and departments are requested to prepare and submit proposed budgets to the Town Manager for the fiscal year which will begin July 1, 2016, in accordance with the accompanying instructions.

FY2017 General Fund budget proposals are due in the Finance Director's office by **Friday, October 16, 2015**. Budgets for the FY2017 operation of Town Enterprises are to be submitted by **Wednesday, January 20, 2016**.

Please complete the attached detail sheets and email them back to Sean O'Brien at sobrien@concordma.gov by the above dates.

The Town Charter requires that the Town Manager's budget recommendations for the accounts subject to Town Meeting appropriation be published at least 90 days prior to Town Meeting. This year, the publication deadline will be **January 5, 2016** with a public hearing scheduled for February 1, 2016. The Budget Calendar provides, however, for a preliminary draft of the Town Manager's expenditure/appropriation recommendations to be submitted to the Select Board on December 28, 2015. The budgets for Enterprise operations will be published on **February 25, 2016**, with a public hearing scheduled for February 29, 2016.

Attached with this email is a detailed calendar leading to the Annual Town Meeting which will begin on **April 4, 2016**.

This document sets forth detailed instructions for completing the various budget forms. Your attention is directed particularly to the General Submittal Requirements. Careful and thorough compliance with these requirements will be of great assistance.

We will be requesting budget narratives later on in this process. To avoid repeated rewrites, these will be developed as it becomes clearer what the final recommendations will be. Departments should, however, begin to plan for the content of the budget book pages, with special attention paid to performance data. Supplemental data, particularly presentations with graphs and charts, should also be developed and submitted for inclusion in the budget book as appropriate.

Over the past several years, the efforts of all Departments, Boards and Committees have been successful in maintaining standards of service despite limited resources and an ever-increasing workload. While the Town's fiscal and operational performance has continued to be strong, the extremely tight fiscal situation remains unchanged. Property taxes represent more than 85% of the Town's projected FY2016 General Fund revenue. Further growth from this revenue source is limited by the requirements of Proposition 2 ½.

The Finance Committee's budget guidelines are scheduled to be determined in November. Our initial projection of resources requires, however, that I set a target for all budget requests to be submitted with **non-personnel expenditures no higher than the FY2016 expenditure amount** shown on your budget worksheets (**exclusive of capital outlay**). Nevertheless, the budget request should reflect actual needs. If these needs exceed the amount budgeted for FY2016 non-personnel expenditures, Department Heads should request the amounts that properly fund the Department's programs and services.

Budget submittals will not include the cost of any general salary structure movement, step / merit adjustment, or negotiated salary increment that may take effect on or after July 1, 2016; these increases will be funded by the Salary Reserve Account.

Due to the challenging economic times, Departments Heads are encouraged to review their budgets and identify those programs or services that could be scaled back or eliminated. If there is a need to reduce the budget from the amount suggested above, a careful review of review of these programs and services will be undertaken to determine if appropriate savings can be found to arrive at the necessary budgetary level.

In addition, you are requested to identify and present any revenue generating initiatives proposed for your department.

Please review the instructions carefully. Committees and boards will be assisted in the preparation of budget proposals by department heads or assigned staff members. Questions about the instructions or other aspects of the budget preparation process may be directed to Jon Harris at x3039 or jharris@concordma.gov or Sean O'Brien at x3094 or sobrien@concordma.gov

I look forward to working with each of you in this process of developing a sound and affordable financial and service plan for FY2017.

INSTRUCTIONS FOR OPERATING BUDGETS

A. GENERAL SUBMITTAL REQUIREMENTS

1. All General Fund budget submittals are due by Friday, October 16, 2015. Enterprise and Special Revenue Fund budgets are due by Wednesday, January 20, 2016.
2. **Budget submittals must utilize forms provided by e-mail from the Finance Administration Division. Do not change any data in prior and current year columns (FY2014-2016) without consulting the Budget and Purchasing Administrator.**
3. The workpages in the Excel spreadsheets are in the following order:

Form A.	ACCOUNT SUMMARY
Form B.	PERSONNEL SUMMARY
Form C.	PERSONNEL DETAIL
Form D.	EXPENSE DETAIL
Form E.	EXPENSE EXPLANATION

Spreadsheets are “linked” as appropriate. On the forms, the areas **shaded in yellow** are for the areas that you fill in. If you alter any other number-related area, your changes will not be recorded in the budget document.

As a note, when you open up the Excel spreadsheet that contains the budget detail, you may be initially asked whether you want to update the links associated with the spreadsheet. These links are used internally to provide data to the detail pages. Since the spreadsheet already contain the data that you need, please respond “Don’t Update” and continue. And feel free to call Jon Harris with any questions.

4. In general a workbook has been created for each appropriation account. The spreadsheet header identifies the account using the Line Item # from the Budget Warrant Article; the footer has been used for page numbers.
5. A calendar for the FY2017 budget cycle is enclosed for your reference.
6. **Form E. Expense Explanation** should be filled out to provide further explanations for expenditure items. Last year’s notes have been included on most Detail Pages worksheets and this information needs to be updated.
7. Please check your formulas to ensure they include all items being summarized, especially when account line items have been added. Often new items at the

very top or bottom of a column are left out of the total unless the formula is revised.

8. **All budget requests must be submitted electronically by the appropriate Department Head to the Finance Administration Division.** For committees and boards, this means the responsible Town Department Head staffing the committee or board. Submittals directly from other parties will not be accepted.
9. If you require assistance or have questions, please contact Jon Harris, Budget and Purchasing Administrator, at (978) 318-3039 or at jharris@concordma.gov or Sean O'Brien, Budget Analyst, at (978)318-3094 or sobrien@concordma.gov.

B. DETAIL BUDGET PAGES

The Finance Administration Division has provided the following updated information by means of the Detail Budget Pages:

Form	Information Provided
A -Account Summary	Actual data for FY2014 and FY2015, budgeted data for FY2016, and proposed personnel data for FY17.
B -Personnel Summary	Budgeted data for FY2016; and proposed data for FY2017.
C -Personnel Detail	Proposed data for FY2017 based on existing staffing.
D -Expense Detail	Actual data for FY2014 and FY2015, and budgeted data for FY1016.

Please do not change any information relating to prior or current year columns (FY2014-2016). If you detect an error, please contact Jon Harris or Sean O'Brien.

C. INSTRUCTIONS FOR FILLING OUT DETAIL BUDGET PAGES

1. ACCOUNT SUMMARY (Form A)

This form summarizes the Personal Services totals from **Form B, PERSONNEL SUMMARY**, and the Expense Detail from **Form D, EXPENSE DETAIL** into the following categories, as appropriate:

Code 5100	Personal Services
Code 5200/5300	Purchased Services
Code 5400/5500	Supplies

Code 5700
Code 5800

Other Charges & Expenses
Capital Outlay

Form A shows gross totals, less budgeted Interfund Credit amounts (if any) broken down by source, to arrive at net totals for each fiscal year. Any questions regarding Interfund Credits should be directed to Jon Harris.

It should be noted that the FY2017 request column on Form A will automatically be populated when you complete your request on Form D - Expense Detail.

2. PERSONNEL SUMMARY (Form B)

The FY2017 Request will be a summary of **FORM C, PERSONNEL DETAIL**, and the salary component of any **NEW POSITION COST ESTIMATE**. This section presents a summary by salary account code (i.e., Codes 5111, 5112, 5115, 5120, etc.) and by position title within each account code. It shows those positions listed under Codes 5111 and 5112 as FTE's (Full Time Equivalents) and those under Codes 5115 and 5120 in terms of total annual hours.

Employee status is categorized in the following way:

- 5111 – Regular, Full-Time Employee (works at least 40 hours per week unless the position is grandfathered at 37.5 hours and receives benefits and is part of the pension plan).
- 5112 – Regular, Part-Time Employee (works at least 20 hours per week but less than 40 hours per week and receives benefits and is part of the pension plan if the employee works at least 25 hours per week).
- 5115 – Limited Status Employee (works less than 20 hours per week and does not receive benefits and is not a part of the pension plan).
- 5120 – Temporary or Seasonal Employee (works for a limit time period during the year and does not receive benefits and is not a part of the pension plan).

This section includes separate subtotals of dollars and # of positions or hours for each salary account code. Please provide information for the account codes associated with limited status, temporary, and overtime hours, as well as tuition reimbursement, uniform allowance, cleaning allowance, and any other Code 51XX items. Each item listed must include an explanation of the basis on which it is calculated on either the detail pages or the summary page itself.

3. PERSONNEL DETAIL (Form C) (for existing positions only)

Form C will include only existing positions. See Section F. New Position Requests & Cost Estimates for information regarding New Position Requests.

Projected salaries for existing positions will include step and longevity increases as appropriate, but will NOT include any amount for FY2017 structure movement, merit increases, negotiated increases, or other salary adjustments to take effect on or after July 1, 2016. Funding for these items will be provided by the Salary Reserve Fund and a transfer to your department will be made during the fiscal year.

Base Annual Salary is the annual amount derived from the salary schedule effective 7/1/2015, but at the rate that will be in effect on 7/1/2016.

Base Annual Longevity is the annual longevity rate which will be in effect on 7/1/2016.

Step or Longevity Increments are any pro-rated additions due to step or longevity changes that are scheduled to occur during 7/1/2016 –6/30/2017.

Other Special Pay mostly pertains to union employees.

4. EXPENSE DETAIL (Form D) AND EXPENSE EXPLANATION (Form E)

Enter **Form E** page numbers (E-#) on **Form D** beside the expenditure code for any item being explained on **Form E**.

GENERAL GUIDELINES:

- a) When **Form D** is completed, look it over to spot what questions are likely to arise. Answers to these questions should appear on **Form E** or the Utility Data Form. These same answers may be the basis for providing explanatory information in your cover memo.
- b) In general, a level of expenditure is not justified solely by being equal to last year's budget.
- c) A category of expense showing significant variability should be explained.
- d) Whenever possible, the emphasis should be on unit cost and the number of units used in past years and projected for the new budget year.

- e) The purpose of **Form E** is to explain why the requested level of expenditure is necessary. Whenever possible and relevant, focus on what is to be accomplished by the requested level of expenditure. For example, “\$xxx for grounds keeping services will maintain XX acres at the following locations...”
- f) Avoid using “worst case” scenarios.
- g) Avoid using Codes 5399 (Other Miscellaneous Services) and 5599 (Other Miscellaneous Supplies) unless absolutely necessary. If an item of expenditure is “significant” and there seems to be no logical place to include it, please ask the Town Accountant to establish a new object code. Please note that Code 5299 is intended for “Other Property-Related Services.”

SPECIFIC CODING INFORMATION

Codes 5239 to 5260, Maintenance

- All maintenance agreement costs go here. Office Equipment (Code 5244) may be detailed on **Form E**, but it is not required. It must, however, be documented in your own budget work papers.
- Code 5245, Computer Equipment Maintenance for PC’s is **not** to be requested in individual budget accounts. This issue will be dealt with separately and most likely will be funded centrally by the Technology Fund.
- Code 5253 is intended to include all copier maintenance agreements but **not** copier lease costs (Code 5272) or supplies (Code 5424). The price basis (fixed versus variable cost) for copier maintenance agreements **should** be explained on **Form E**.

Codes 5271 to 5279, Rentals & Leases

- Rentals and leases are significant and should be detailed. **Form E** should include: what is being leased, the lease period, the monthly cost, whether there is a balloon payment at the end of the lease to purchase, whether there are any additional costs in the lease agreement (such as “excessive use charges”) which may not appear until the end of the lease.

Codes 5301 to 5319, Professional/Technical Services

- In general, nothing is to be budgeted for new employee physicals under Code 5306. This cost (and recruitment advertising expense under Code 5383, Advertising) is assumed to be covered by vacancy savings. If you believe this will not apply, explain on **Form E**.

- Code 5303, Computer Software Maintenance, includes only costs related to specialized or proprietary software packages.
- If Code 5319, Other Professional Services, covers more than one purpose, discuss each separately.

Code 5381, Printing

- This code is for the preparation of documents, notices, reports, bill enclosures, town meeting handouts, and other materials of this nature, which are reproduced by outside vendors. This does **not** include office letterhead, envelopes, printed forms, and other items budgeted in the 5420 group of accounts as routine and normal office supplies.
- **Form E** should detail what is to be printed, how many copies, unit cost, past unit cost if this is a repetitive publication, charge for sales, and the number projected to be sold, if applicable.

Codes 5421 to 5429, Office Supply Items

- In general, this category does not require explanation beyond the 4-digit object code level, although you may need to itemize expenditures in your own work papers to justify the expenditure level. However, do explain if there is excessive variability from year to year.
- For copier supplies (Code 5424), it may be helpful to show unit price and usage changes (e.g., trend of cost of paper, expressed as cost per 1000 sheets and history of usage per year). This is simply another illustration of focusing on unit cost and the number of units consumed. A history of rapidly rising paper consumption may suggest steps to curtail use.
- Computer Supplies (Code 5428) should be budgeted like any other “office” supply item.

Codes 5731 to 5734, Dues, Subscriptions, & Conference Registrations

- Every object code in this category **must** be detailed on **Form E**.
- Code 5731, Town Memberships, is to be used for organizational memberships that are in the Town’s name, and not for a specific individual (e.g., Massachusetts Municipal Association).
- Code 5732, Personal Memberships, must be detailed by person or position, organization, and price. Any changes from the amount budgeted for FY2014 must be explained. It has been the Town’s practice to provide for a

professional association membership for each professional staff member. Some positions have a scope of duties that justifies multiple association memberships. However, these circumstances should be supportable and controllable, as there are many more professional associations than we can possibly provide for. Ultimately, it is the Town Manager's decision whether particular memberships will be provided by the Town.

- Code 5733, Periodicals, is for newspapers, magazines, and annual or periodic supplements to departmental resource materials. These should be listed and compared to the prior budget if different in kind or amount.
- Code 5734, Conference Registration, includes out-of-state conferences. Only major conferences should be detailed. Undetailed amounts may be requested on a basis consistent with prior years, as there are always useful local seminars at modest cost, as well as periodic meetings of local professional associations.

Code 5800, Capital Outlay & Equipment Expense

In accordance with the Capital Improvement Program and as a general rule, the definition for **Capital Outlay** includes items that cost at least \$5,000 and have an estimated useful life of at least 2 years. Similar items can be bundled together to meet the \$5,000 threshold. For instance, five computers costing \$1,500 can be grouped together creating a capital item of \$7,500, which is above the threshold. Equipment items that do not meet the \$5,000 threshold or that have a useful life of less than 2 years should be classified as **Equipment Expense (Codes 5701 to 5709)**.

In addition, non-recurring items, such as studies, designer services, and other projects, should be included in the Capital Outlay Plan.

It should be noted that exemptions can be made to this general rule. Please contact Jon Harris if you request other exemptions.

The category of **Capital Outlay** on Account Summary **Form A** is reserved for equipment and projects that have been requested for the FY2017 appropriation in your Capital Improvement Program request, as submitted by **September 15, 2015**. If you have **Equipment Expenses** that you wish to request (as defined above), please use the 5700 category on your Account Summary and supporting line items within the Expenditure Detail forms. The available line items are: Code 5701, Office Equipment Expense; Code 5702, Office Furnishing Expense; and Code 5709, Other Equipment Expense. If you have questions about this area of the instructions, please call Jon Harris.

Please be advised that **debt-related capital items** do not belong in the Town Manager's Operating Budget. They will be on the 2016 Town Meeting warrant as borrowing authorizations.

For directions on including additional expenses associated with a new position, please refer to Section F. New Position Requests & Cost Estimates.

D. PRESENTATION OF UTILITY AND FUEL DATA

A memo with information about utility and fuel data will be provided under a separate email.

If you have any questions in calculating utility costs, please contact Jon Harris.

E. INTERFUND CREDITS

The Interfund Credits for FY2017 should be automatically calculated on **Form A – ACCOUNT SUMMARY** when you enter in information about expenditures on **Form D – Expense Detail**. These numbers will be checked after you return the Detail Budget Pages to the Finance Administration Division. Please call with Jon Harris if you have any questions.

Review Process: As soon as possible, Department Heads should discuss any proposed changes to the percentage of Interfund Credits to be utilized for FY2017 operating budgets, or any changes to the basis for the allocations. The Fund Manager may concur with the proposed FY2017 allocation or may discuss it with the other Department Head to mutually reach a different conclusion. The budget submittal should reflect the agreed-upon allocations so that the bottom line (net of transfers) reflects the actual appropriated amount being requested. If agreement cannot be reached, each Department Head should submit a memorandum to the Town Manager via the Budget and Purchasing Administrator and Finance Director stating his or her case. The Town Manager will make the final decision.

F. NEW POSITION REQUESTS & COST ESTIMATES

If your FY2017 budget proposes the creation of a new type of position, an increase in the number of existing positions, or an increase in the number of hours for an existing position, you should follow these steps:

1. Consult with Human Resources Director Amy Foley

The HR Director will assist you in considering the appropriate status, classification, compensation, and benefit-eligibility regarding the proposed change, and in identifying any other matters that need to be considered when adding a new position and/or increasing hours of an existing position.

2. Consult with Budget and Purchasing Administrator Jon Harris
The Budget and Purchasing Administrator will advise you on how to complete the ACCOUNT SUMMARY, PERSONNEL SUMMARY, AND PERSONNEL DETAIL forms.
3. Submit an explanatory memo (described below) with your budget request. Your memo must include the following:
 - The proposed title and estimated salary grade for the position (based on consultation with the HR Director),
 - A brief narrative of need,
 - The impact of not creating the new position or increasing the hours of an existing position, and
 - The impact of staffing at fewer hours and/or at a lower level than requested.

In addition, please consider the questions listed below and be prepared to discuss these matters with the Town Manager when presenting your budget proposal. You may also comment on any of these areas in your memo if you feel such information will address specific concerns related to the request:

- Are there any applicable mandates?
- Are these duties new or are they currently being done by other employees?
- Could this job be performed by someone else? A consultant? Current staff?
- Will the employee have busy or slow seasons that could affect the hours needed? When and why?
- What are the space and equipment needs of the position and how will those needs be met?
- What revenues can be generated to pay for this position?
- Is comparative data from other municipalities available and relevant?

G. REVENUE INFORMATION

The Town Manager is especially interested in information regarding grants, gifts, and other alternative sources of funding which are currently available and being utilized, or which could be made available for the near future (specifically FY2017). Please include this kind of information in your cover memo if appropriate. Discussion of prospective grants should focus on matching requirements and duration.

H. ENTERPRISE AND SPECIAL REVENUE FUNDS

Enterprise and revolving fund departments and activities (Light, Water, Sewer, Beede, and Solid Waste) shall submit budgets in accordance with these instructions, with the exception that the Light Department budget shall be for Calendar Year 2017. The submittal deadline for these budgets is January 20, 2016.