



# Town of West Newbury

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West Newbury, Massachusetts 01985

Angus Jennings, Town Manager

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TO: Department Heads, Town Officials, Boards/Commissions/Committees

FROM: Angus Jennings, Town Manager

DATE: December 14, 2018

RE: Budget Package: Guidance and Policy Direction for FY20 Budget Process

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This Budget Package is intended to provide uniform guidelines to Department Heads and Boards / Commissions / Committees (B/C/Cs) for the formation of the FY20 Town Operating Budget. Please find enclosed the following to support your preparation of a proposed FY20 Expense Budget:

- FY20 Budget Schedule
- Town Manager Notes regarding Board of Selectmen Budget Message / Policy Direction
- Board of Selectmen Budget Message / Policy Direction
- Town Manager Budget Guidelines
  - Budget Narrative with Goals and Objectives
  - Line Item Budget Form
  - Salary and Wage Worksheet
  - Expenditure Detail Report: FY18 and FY19 YTD
  - Article Request Form
  - What to Expect When Presenting an Article or Budget for FinCom Vote
- Capital Planning Process

Following the adoption of special legislation in 2017, this year marks the first budget cycle with a new Town Manager form of government. My office and the Finance Department will continue to work closely with the Finance Committee, Capital Improvements Committee and the Board of Selectmen to manage the budget process in a manner that is consistent with the new legislation, existing Town Bylaws and Policies, and that builds on prior years' budget formats and processes so as to provide you – as the initial preparers of Departmental budget – a clear and familiar process.

With that said, there will be new aspects of this year's budget and process, resulting both from the change in form of government, and as needed to meet the objectives set out in the Board of Selectmen Budget Message / Policy Direction. This guidance document is intended to clarify how these changes may affect you during the budget process, and to specify those changes that are not expected to affect departments other than my office and the Finance Department.

We will work to communicate with participants in the budget process on an ongoing basis in order to provide a clear and effective FY20 budget process. If you do have questions, my door is always open!

## **FY20 Budget Schedule**

December 3	Board of Selectmen adopt FY20 Budget Message / Policy Direction
December 14	Town Manager sends Budget Package to Dept. Heads, Town Officers, Boards, Commissions and Committees (B/C/C)
January 11 <sup>1</sup>	Expense Budgets for all Dept. Heads or Town Officers due to Town Manager and Town Accountant
January 18	Town Manager proposed FY20 Capital Improvements Program due to Capital Improvements Committee and Board of Selectmen
January 18 <sup>2</sup>	Expense and revenue Budgets for all Boards/Commissions/ Committees due to Town Manager and Town Accountant
Jan-Feb (Dates TBD)	Review by Town Manager including budget working sessions (Depts. and B/C/Cs will be contacted individually to schedule your Dept. or B/C/C).
February 13, 4 pm	<b>Town Mtg. Warrant closes. <u>Article requests due to Board of Selectmen.</u></b>
February 15	Town Manager proposed FY20 budget, with Town Manager budget message and proposed FY20 departmental and organizational structure, due to Finance Committee and Board of Selectmen
Feb-March (Dates TBD)	Finance Committee meetings to review Town Manager proposed budget. Departments and B/C/Cs will be notified regarding timing of meetings related to your section(s) of the budget.
March 1 (as late as 15 <sup>th</sup> )	Pentucket Regional School District Assessment to be Voted
March 18	Capital Improvements Committee report due to Board of Selectmen
March 18	Board of Selectmen Endorsement of Proposed FY20 Budget
March 25	Joint meeting of Selectmen, Town Manager, Finance Committee, Town Counsel/Town Clerk, and Moderator
April 12	Posting of Warrants
April 12	Vote Draft Motions
April 29	<b>Annual Town Meeting</b>
Late Spring	Approve Employee Wage Schedule (based on approved budget numbers)

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<sup>1</sup> Note: To account for the time it has taken my office to finalize this budget guidance document, this date has been extended beyond the January 4, 2019 date that was previously provided.

<sup>2</sup> This date is one week later than the due date for budgets prepared by Department Heads, to allow extra time for the Boards / Commissions / Committees to prepare and review proposed budgets. (Even if they have a Department Head, Departmental budgets typically endorsed by a B/C/C prior to submittal fall into this category, i.e. Water Commission, Library Trustees, Board of Health, Planning Board, Conservation Commission). If this timeline is not achievable for any specific B/C/C, please contact the Town Manager no later than January 11 to request an extension not to exceed one week.

## **Town Manager Notes regarding Budget Message/Policy Direction**

The Budget Message / Policy Direction (“Policy Direction”) approved by the Board of Selectmen on December 3, 2018 is included on the two pages that follow (pages 4-5).

The Policy Direction includes several directives that go beyond what has been expected in prior budget cycles. This narrative is offered to clarify which aspects of the Policy Direction apply to the initial preparation of proposed expense budgets by Department Heads and B/C/Cs; which aspects will be completed by my office with the Finance Department; and which aspects will be completed by my office with the Finance Department, in consultation with Department Heads and B/C/Cs.

While every Department and B/C/Cs may face challenges in meeting certain objectives in the Policy Direction (such as limiting average single-family tax increase to no more than 2%), my office and the Finance Department will undertake most of the extra work that is called for in the Policy Direction. This is summarized as follows, with reference to the items numbered 1 to 10 in the Policy Direction:

1. This item applies to the total budget bottom line, and each section should limit its increase accordingly, if possible. If meeting this budget for your budget would require any changes in organizational structure, employee head count, hours of operation and/or budgeted level of service, these changes should be specified. Likewise, if my preparation of an overall Town Budget – working from the initial budgets you prepare – includes any such changes, these will be specified in my presentation to the Finance Committee and Board of Selectmen.
2. The Capital Planning Process began in late summer/early fall in consultation with the DPW Director, Water Superintendent and Commission, and Police and Fire Chiefs. This process will continue concurrent with the budget process, and is summarized later in this document.
3. The change to a new Chart of Accounts will be implemented by the Finance Department, and does not affect the format of the initial budgets you are being asked to prepare.
4. My office will take primary responsibility for managing a clear, transparent public process.
5. Based on recommendations in the Community Compact, the Board of Selectmen recently adopted five new financial policies, attached, and anticipates adopting up to twenty-five or more financial policies over the final half of FY19. Drafts are available. Prior to adoption, notice will be provided to Departments and B/C/Cs potentially affected by these policies.
6. If the FY20 operations (and costs) of your Department or B/C/C will be affected by new policy mandates, the impacts (and costs) of these mandates should be specified. Examples include MS4 stormwater regulation, and OSHA requirements beginning Feb. 1, 2019.
7. All proposed expense budgets must specify which staff person(s), B/C/C, or B/C/C designee(s) will have authority to sign off on expenditures within that section of the budget.
8. Your proposed budgets need to include historical expense data. My office with the Finance Department will prepare the required three years of projections. These will inform longer-term financial planning, but will not be part of the budget voted by Town Meeting.
9. My office will work with the Police Chief and Dispatch Department to meet this objective.
10. My office with the Finance Department is responsible for meeting this objective.

Signed,



Angus Jennings, AICP



# Town of West Newbury

## Board of Selectmen FY '20 Budget Message/Policy Direction

*December 3, 2018*

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To insure the growing and continued financial health of the Town of West Newbury, provide the public with confidence that Town officials respect their responsibility for fiscal stewardship and demonstrate to taxpayers and bond rating agencies that the Town has thoughtfully prepared for its future, the Board of Selectmen present to our employees, Boards, Commissions and Committees the following guidance in preparing the FY '20 budget.

### **Revenue and Expenditure Forecast**

The Government Financial Officers Association (GFOA) notes a true structurally balanced budget is one that supports financial sustainability for multiple years into the future. A critical step in maintaining a sound financial plan is the preparation of a multi-year revenue/expenditure forecast.

The Town Manager, in consultation with department heads, shall prepare and maintain a three-year financial forecast of revenues, general and enterprise fund operations based on current service levels and current funding sources, to also include funding of the capital plan.

### **FY '20 Budget Message:**

1. We propose a FY20 operating budget that will limit average single-family tax increase to no more than 2%, not including any Pentucket capital project impact, taking into account reasonable estimates of new growth and changes to assessed values. If, in order to meet this budgetary goal, the proposed budget includes any changes in organizational structure, employee head count, hours of operation and/or budgeted level of service, these changes should be specified.
2. We propose that updates and revisions to the Capital Improvement Program should be presented by the Town Manager concurrently with the proposed FY20 budget, understanding that capital planning and budgeting will continue concurrently with the overall budgeting process, and taking into account the process requirements of the Capital Improvements Committee Bylaw.
3. We propose a FY20 budget with an updated chart of accounts, to facilitate the transition to a new finance and accounting software during the FY20 budget year. Modifications to account structure due to changes in chart of accounts should be specified.
4. We will carry out a clear, transparent public process for finance committee and public review of the proposed FY20 budget, upon its presentation by the Town Manager on or before February 15, 2019, taking into account information from taxpayers, town officials, department heads, boards/ commissions/ committees, and residents.

5. We propose that the FY20 budget should take into account the anticipated adoption, prior to FY20, of the policies recommended in the June 2018 Community Compact Financial Policy Manual.
6. We propose that the FY20 budget should take into account the estimated impacts, if any, of any newly effective requirements imposed by statute, regulation or policy, and should specify the estimated impact of any such newly effective requirements.
7. We propose that, for each section of the proposed budget, specify the individual(s) or the board/commission/ committee that will have authority to expend the budgeted funds.
8. We will build revenue & expenditures projections a minimum of 3 years forward, current year and 3 years of history.
9. We will strive for a better understanding of actual police/dispatch expenditures, to target a maximum of level funding with the FY '19 appropriation, exclusive to the new police & dispatch union contract impacts.
10. We will bring the DLS financial policy review to a conclusion.

**Future Priorities - To be complete during FY'20:**

- We will implement the Department of Revenue, Division of Local Services (DLS) forecast tool. We will invite Marcia Bohinc to come in and talk with us about this after we finalize the policies. Where the policies are generally oversight, this is more of an operating tool. This discussion will include the Town Manager, the FinCom, the finance staff and the Selectmen.
- We will formalize Operations & Maintenance plans.
- We will investigate employee health insurance plan costs and options.

Approved by unanimous vote of the Board of Selectmen  
December 3, 2018

## **Town Manager Budget Guidelines**

- **Budget Narrative with Goals and Objectives**

Initial requested expense budgets should include new or updated statements of goals and objectives based on what is proposed for FY20. This should focus in particular (but not solely) on the cost impact – positive or negative – of any such goals and objectives. This is the appropriate section of your budget to respond to the Board of Selectmen Policy Objectives items 5 and 6 (estimating the impact of known or proposed policy changes and government mandates on your operations) and item 7 (identifying authorized signer(s)). Departments and B/C/Cs may use whatever format you wish for this section of the budget.

- **Line Item Budget Form** (*available in editable Excel format*)

Please clearly explain ANY changes from the previous fiscal year budget amounts in the notes section provided, and/or in an attached memorandum. **THIS WORKSHEET IS JUST A GUIDE. ALL LINE ITEM DESCRIPTIONS INCLUDED ARE SAMPLES WHICH MAY OR MAY NOT APPLY TO YOUR DEPARTMENT.** All proposed expenses must be clearly identified in the notes section and/or in an attached memorandum. For example, if the proposed budget for “Training / Education / Dues” is \$800, the backup information should specify that this is comprised of, for example, \$400 for seminars and workshops, \$250 to attend an annual conference, and \$150 for dues for professional organizations. These subset numbers will not be binding through the budget year, but will assist my office and the Finance Committee to understand what is “behind the numbers.” If you maintain a more detailed breakdown of prior expenses than our SoftRight software tracks, this should be included. Departments with projected overtime line items must submit documentation of the basis and need for this overtime.

- **Salary and Wage Worksheet** (*available in editable Excel format*)

This worksheet should list all employees in your Department, FY19 budgeted hours and rate of pay, FY19 budgeted amount/year (salary/wages only), and proposed hours, rate of pay, and proposed budgeted amount/year (salary/wages only). For workers with a union or employment contract, please budget the contracted amount for FY20. For non-union and non-contract personnel, please use the current pay, with no increase for cost of living. Cost of living adjustments (COLAs) will be added to non-union personnel at a later date. If you wish to propose a change in position classification (grade) due to changes in the position’s responsibilities, and/or merit pay increases, justification must be provided in the notes section or in a separate memorandum. The Town Manager will review all such proposals on a case by case basis, and during the budget process may consult with the Personnel Advisory Committee. You will receive prior notice of any public meeting which will include discussion of your proposed budget.

- **Expenditure Detail Report** (*available in editable Excel format*)

My office with the Town Accountant prepared the enclosed report of FY18 Budget and Expended, FY19 Budget and Year-to-Date (as of 12/5/18, which was 56.9% through the current fiscal year). On request, the Town Accountant will run a detailed report for your section(s) of the budget showing all expenditures made from your accounts during the current or prior fiscal years.

- **Article Request Form** (*available in editable Word or Excel format*)

This form is unchanged from last year’s budget cycle. Each Article Request Form must include supporting documentation (quotes, etc.). Departments proposing capital items will work with my office to prepare Form Bs required by the Capital Improvements Committee.

**Line Item Budget Form** (available in editable Excel format)



**Town of West Newbury  
Departmental Expense Budgeting Form**

SAMPLE DEPARTMENT	FY2017 Actual Expended	FY2018				FY2019				FY2020 Budget Requested
		Budget Requested	Budget Approved	Actual Expended	Turn back / Transfers	Budget Requested	Budget Approved	Actual Expended	Turn back / Transfers	
Personnel										
Salary & Wages	237,551	245,000	245,000	236,520	8,480	245,000	245,000	236,520	8,480	
Overtime	28,542	35,000	30,000	26,250	3,750	35,000	29,000	26,250	2,750	
Other (incentives, longevity, stipends)	2,000	2,000	2,000	1,850	150	2,100	2,100	1,250	850	
Sub-Total:	268,093	282,000	277,000	264,620	12,380	282,100	276,100	264,020	12,080	0
Expenses										
Advertising	265	500	500	220	280	500	500	385	115	
Communications	379	500	500	385	115	500	500	385	115	
Equipment Purchase, Repairs	379	500	500	385	115	500	500	385	115	
Materials & Supplies	3,750	4,000	4,000	2,650	1,350	5,000	4,000	3,251	749	
Mileage / Travel	265	500	500	220	280	500	500	385	115	
Professional / Technical Svcs	3,750	4,000	4,000	2,650	1,350	5,000	4,000	3,251	749	
Training / Education / Dues	2,835	5,000	5,000	3,251	1,749	5,000	4,000	3,251	749	
Uniforms	1,350	1,500	1,500	879	621	1,500	1,500	879	621	
Utilities	265	500	500	220	280	500	500	220	280	
Vehicle Maintenance	379	500	500	385	115	500	500	385	115	
Other Expenses	1,350	1,500	1,500	879	621	1,500	1,500	879	621	
Sub-Total:	14,967	19,000	19,000	12,124	6,876	21,000	18,000	13,656	4,344	0
Department Total:	283,060	301,000	296,000	276,744	19,256	303,100	294,100	277,676	16,424	0

Please complete the above current fiscal year budget request.

For each line item that varies from prior year actual, provide a detailed explanation below.

Salary and wage detail to be provided on the Salary and Wage Worksheet, attached.

Budget request submitted by: \_\_\_\_\_

Contact (phone/email): \_\_\_\_\_

**Salary and Wage Worksheet** *(available in editable Excel format)*



**Town of West Newbury  
Departmental Salary and Wage Worksheet**

Grade	Position	Hrs/Wk (FY19)	Rate (FY19)	Amount / Year	Proposed Rate (FY20)	Proposed Hrs/Wk (FY20)	Proposed Amt / Year (FY20)

Note: Add additional lines if needed.

Proposed Salary/Wages: \$ -

For any salary/wage increases/decreases, provide all relevant information. (prior hours/rate, new hours/rate, approvals received, and reason for request)

Budget request submitted by: \_\_\_\_\_

Contact (phone/email): \_\_\_\_\_



**Expenditure Detail Report: FY18 and FY19 YTD**

*Provided separately to each  
Department Head and  
Board/Commission/Committee.*

## ARTICLE REQUEST FORM

**ARTICLE:**

**AMOUNT REQUESTED:**

**CONTACT PERSON:**

**PHONE NUMBER:**

**Why should the town make this purchase? What needs will be met? Who will benefit?**

**What factors affect the timing of this purchase?**

**When should this Article be sunsetted--how long will the project take?**

**What ancillary costs do you anticipate? (Maintenance, Insurance, Training, etc.)**

**Does this Article involve improvement, preservation or creation of tangible assets and projects which 1) have useful life of at least five years; 2) cost over \$20,000 and or 3) for which the town is authorized to borrow funds? If so, please confirm that this item is on the Capital Improvements Committee Schedule for future capital investments.**

**Please attach additional pages or other supporting documentation.**

## **What to Expect When Presenting an Article or Budget for FinCom Vote**

Under Town Bylaws, West Newbury's Finance Committee is charged with vetting, analyzing and voting whether to recommend "all Articles in the Warrant, especially those involving the appropriation of money." We also must present an Omnibus Budget at the Annual Town Meeting. We must prepare a booklet to guide Town Meeting and must explain our rationales to the Town. The Finance Committee takes these responsibilities seriously and works hard to obtain a full understanding of the pros and cons of all matters that come before it.

The Finance Committee cannot in good faith recommend a proposal that it does not fully understand. To help you help us do our job when you have a matter that will require a FinCom vote, we have prepared this guide, which will be circulated to every Town Department, Board, and Committee approximately four months prior to each Town Meeting.

If you would like FinCom to vote on your proposed Article or Budget item, please a) provide us with requested information via <http://www.wnewbury.org/home/webforms/contact-us> **SUBJECT Finance Committee** and b) arrange to meet with us as requested, and c) specifically please:

- 1) Provide any Article submission on the Town Article Request Form (sample attached as Appendix 1) and any supporting materials to the Selectmen so that the submission may reach us in a timely manner—and provide summary answers as opposed to “see attached”;
- 2) Provide any proposed budget and any supporting materials (with prior comparative data, sample attached as Appendix 2) to the Town Manager for timely submission to us;
- 3) When we ask to meet with you, make yourself available in time for FinCom to complete its evaluation;
- 4) Provide FinCom members with any additional written materials at least one week prior to meeting with us;
- 5) Be prepared to answer questions relating to such matters as a) the short- and long-term costs and benefits of your proposal; b) your consultation with/approvals from other affected Town departments, committees, boards; c) the alternatives you considered in developing your proposal; d) your proposed funding source(s); e) your plan to implement the proposal if approved at Town Meeting; f) date for completion/sunsetting of Article;
- 6) Keep us up to date with follow-up information FinCom may request as well as any changes to or further developments regarding your proposal;
- 7) Recognize that the FinCom booklet – the culmination of months of Committee work – will go to press at least two weeks before Town Meeting, making last minute changes infeasible.
- 8) With regard to prior approved money Articles, provide us with status updates explaining the expenditures to date and work accomplished (please note the Prior Money Articles Status spreadsheet to be provided to Departments and Committees should be filled out with respect to completion dates).

Source: FinCom, 12/1/2017

## **Capital Planning Process**

The role of the Capital Improvements Committee (CIC) is set forth in the CIC Bylaw, so remains unchanged from prior years. The primary change to this year's Capital Planning Process is that my office will take the lead on integrating all known and potential capital items into a consolidated Capital Improvements Program, working from information I have already received (or may receive in the coming weeks) from Department Heads and B/C/Cs. Specific projects proposed for FY20 funding will proceed through the familiar CIC process, but I will be available to present the proposed projects that my office recommends, either with or in consultation with the sponsoring Department or B/C/C. Therefore – unless you choose to – you will not need to participate in two project reviews – one with my office, and one with the CIC. Instead, I will essentially take on the sponsorship and advocacy role for those capital projects that I recommend for FY20.

My goal is to produce a comprehensive Capital Improvements Plan, to support clear decision-making regarding the comparative costs and benefits of the Town's capital needs. The CIC review process and recommendations for specific projects will proceed in parallel with the overall budget process.

**Capital Improvements Committee** (Source: <https://www.wnewbury.org/capital-improvements-committee>)

The Capital Improvements Committee shall study proposed capital projects involving the planning for and the improvement, preservation and creation of tangible assets and projects which:

- 1) have useful life of at least five years;
- 2) cost over \$20,000; and/or
- 3) for which the town is authorized to borrow funds.

The Committee shall consider the relative need, impact, timing and cost of these expenditures and the effect each will have on the financial position of the town. No appropriation shall be voted for a capital improvement requested by a department, board or commission unless the proposed capital improvement is considered in the Committee's report. The Committee shall not fail to report on any proposal that has been properly submitted.

The CIC shall prepare an annual report recommending a Capital Improvement Budget for the next fiscal year, including any items to be funded in the current fiscal year, and a Capital Improvement Program including recommended capital improvements for the following five fiscal years. The report shall be submitted to the Board of Selectmen not later than six weeks prior to the Annual Town Meeting for its consideration and recommendations. The Board shall submit the Capital Budget together with its recommendations to the Annual Town Meeting.

<b>FY19 Committee Members</b>		
<u>Name</u>	<u>Title</u>	<u>Term</u>
Richard Preble	Chairman	2020
Glenn A. Kemper	Selectmen's Representative	2019
Judith Mizner	Member	2021
Lenny Mirra	Member	2019
Julie Boria	Member	2019
Dougan Sherwood	Member	2019