

Article VI. Financial Management

Section 6-1. Annual Budget Policy

The council president shall call a joint meeting of the town council, the regional school committee chairman, or his designee, the finance committee, the town manager and any other committee established for the budget process, before the commencement of the budget process to review the financial condition of the town, revenue and expenditure forecasts and other relevant information in order to develop a coordinated budget.

The fiscal year of the town shall begin annually on the first day of July and end on the last day of June.

Section 6-2. Submission of Budget; Budget Message

Within the period prescribed by any general or special law and the regional school district agreement, the town manager shall submit to the town council a proposed operating budget for all town agencies. The budget message submitted by the town manager shall explain the budget in fiscal terms and in terms of work programs for all town agencies. It shall outline the proposed fiscal policies of the town for the ensuing fiscal year and shall describe important features of the proposed budget and indicate any major variations from the current budget, fiscal policies, expenditures and revenues together with reasons for such change. The proposed budget shall provide a complete fiscal plan of all town funds and activities and shall be in the form the town manager deems desirable.

The regional school district proposed budget, as adopted by the school committee for the ensuing fiscal year, with an accompanying budget message and supporting documents will be presented to the town council by the town manager.

On a date as determined from time to time by ordinance, but not later than February 1st of each year, the town manager shall submit to the town council a preliminary budget for the ensuing fiscal year and an accompanying message. The final budget should be submitted by the first town council meeting in April, unless the town manager shall request an extension of time. The extension may be granted at the discretion of the town council, but must provide for a reasonable and timely review of the proposed budget.

- (a) Budget - The budget shall provide a complete financial plan of all town funds and activities for the ensuing fiscal year and, except as required by-law or this charter, shall be in the form as the town manager deems desirable or the town council may require for effective management and an understanding of the relationship between the budget and the town's strategic goals. The budget shall be realistic and based on a forecast of those scenarios most likely to occur in the coming year. The budget shall begin with a clear general summary of its contents, shall show in detail all estimated income, indicating the proposed property tax levy and all proposed expenditures, including debt service, for the ensuing fiscal year and shall show comparative figures for actual and estimated income and expenditures of the current fiscal year and actual income and expenditures of the preceding fiscal year. It shall indicate in separate sections:

- 1) The proposed goals and expenditures for current operations during the ensuing fiscal year, detailed for each fund by department or by other organization unit, and program, purpose or activity, method of financing such expenditures and methods to measure outcomes and performance related to the goals;
 - 2) Proposed longer-term goals and capital expenditures during the ensuing fiscal year, detailed for each fund by department or by other organization unit when practical, the proposed method of financing each such capital expenditure and methods to measure outcomes and performance related to the goals; and
 - 3) The proposed goals, anticipated income and expense, profit and loss for the ensuing year for each utility or other enterprise fund or internal service fund operated by the town and methods to measure outcomes and performance related to the goals; provided, however, that for any fund, the total of proposed expenditures shall not exceed the total of estimated income plus carried forward fund balance exclusive of reserves.
- (b) Budget Message - The town manager's message shall explain the budget both in fiscal terms and in terms of the work programs, linking those programs to organizational goals and community priorities. It shall outline the proposed financial policies of the town for the ensuing fiscal year and the impact of those policies on future years. It shall describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures and revenues together with the reasons for such changes, summarize the town's debt position, including factors affecting the ability to raise resources through debt issues and include such other material as the town manager deems desirable.

Section 6-3. Action of the Budget

- (a) Public Hearing - The town council shall publish in a newspaper of general circulation in the town, a summary of the proposed operating budget as submitted by the town manager by a notice stating: (1) the times and places where copies of the entire proposed budget are available for inspection by the public; and (2) the date, time and place not less than 14 days after the publication, when a public hearing on the proposed budget will be held by the town council. For the purpose of this section, the summary of the proposed operating budget that is required to be published shall contain proposed appropriations, funding sources and any narrative summary deemed necessary by the town council. The proposed budget will be published on the town's website not less than 14 days before the date of the public hearing.
- (b) Adoption of the Budget – The town council shall adopt the budget, with or without amendments, within 45 days following the date the budget is filed with the clerk of the town council. In amending the budget, the town council may delete or decrease any programs or amounts except expenditures required by-law or for debt service. The town council shall not increase any line item without a corresponding decrease in an identified line item and the total proposed budget may not be increased from what was proposed unless otherwise authorized by any general or special law. If

the town council fails to take action with respect to any item in the budget within 45 days after receipt of the budget, the amount shall, without any action by the town council become a part of the appropriations for the year and be available for the purposes specified. The adopted budget will be published on the town's website not less than 14 days after adoption.

- (c) Budget to Actual Assessments - The town manager shall conduct a mid-year budget to actual comparison, showing significant variances, for review and presentation to the public. The mid-year assessment will be published on the town's website not less than 14 days after review with the public.

Section 6-4. Supplementary Budgets and Appropriations

Whenever the town manager submits to the town council a request for an appropriation of any sum of money, whether as a supplement to the annual operating budget or for an item not included therein, the town council shall not act upon the request until it has given notice by publication in a local newspaper of the request and held a public hearing concerning the request. The publication and the public hearing shall be in conformity with the provisions of subsection (a) of section 6-3 concerning the proposed annual operating budget.

- (a) Supplemental Appropriations - If during or before the fiscal year begins, the town manager certifies that there are available for appropriation, revenues in excess of those estimated in the budget, town council by ordinance may make supplemental appropriations for the year up to the amount of the excess.
- (b) Emergency Appropriations - To address a public emergency affecting life, health, property or the public peace, the town council may make emergency appropriations. The appropriations may be made by emergency ordinance in accordance with Article II. To the extent that there are no available unappropriated revenues or a sufficient fund balance to meet the appropriations, the town council may by an emergency ordinance authorize the issuance of emergency notes, which may be renewed from time to time, but the emergency notes and renewals of any fiscal year shall be paid or refinanced as long-term debt not later than the last day of the fiscal year next succeeding that in which the emergency appropriation was made.
- (c) Reduction of Appropriations - If at any time during the fiscal year it appears probable to the town manager that the revenues or fund balances available will be insufficient to finance the expenditures for which appropriations have been authorized, the manager shall report to the town council without delay, indicating the estimated amount of the deficit, any remedial action taken by the town manager and recommendations as to any other steps to be taken. The town council shall then take the further action as it deems necessary to prevent or reduce any deficit and for that purpose it may by ordinance reduce or eliminate 1 or more appropriations.
- (d) Transfer of Appropriations - At any time during or before the fiscal year, the town manager, with concurrence from the finance committee and the town council, may transfer up to a maximum of \$25,000 of the unencumbered appropriation balance from 1 department, fund, service, strategy or organizational unit to the appropriation for other departments or organizational units or a new appropriation and shall report the transfers to the town council in writing within a 14-day period.

The town manager may also, with concurrence from the finance committee and town council, transfer funds among line items within a department, fund, service, strategy or organizational unit and shall report the transfers to the town council in writing within a 14-day period.

- (e) Limitation; Effective Date - No appropriation for debt service may be reduced or transferred, except to the extent that the debt is refinanced and less debt service is required and no appropriation may be reduced below an amount required by-law to be appropriated or by more than the amount of the unencumbered balance thereof. The supplemental and emergency appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption.

Section 6-5. Administration and Fiduciary Oversight of the Budget

The town council shall provide by ordinance the procedures for administration and fiduciary oversight of the budget.

Section 6-6. Capital Improvements Program

- (a) Preparation - The town manager shall, in conjunction with any committee established for such purpose, annually submit a 5-year capital improvement program to the town council at least 30 days before the date for submission of the operating budget, unless some other time is provided by ordinance.
- (b) Contents - The capital improvement program shall include:
 - 1) A clear general summary of its contents;
 - 2) Identification of the long-term goals of the community;
 - 3) A list of all capital improvements and other capital expenditures proposed to be undertaken during the fiscal years next ensuing, with appropriate supporting information as to the necessity for each;
 - 4) Cost estimates and recommended time schedules for each improvement or other capital expenditure;
 - 5) Method of financing upon which each capital expenditure is to be reliant;
 - 6) The estimated annual cost of operating and maintaining the facilities to be constructed or acquired;
 - 7) A commentary on how the plan addresses the sustainability of the community and the region of which it is a part; and
 - 8) Methods to measure outcomes and performance of the capital plan related to the long-term goals of the community.

The above shall be revised and extended each year with regard to capital improvements still pending or in process of construction or acquisition.

- (c) Public Hearing - The town council shall publish in a newspaper of general circulation in the town a summary of the proposed capital improvement plan as submitted by the town manager by a notice stating: (1) the times and places where copies of the entire proposed capital improvement plan are available for inspection by the public; and (2) the date, time and place not less than 14 days after the publication, when a public hearing on the proposed capital improvement plan will be held by the town council. The proposed capital improvement plan will be published on the town's website not less than 14 days before the date of the public hearing.

- (d) Adoption of the Capital Improvement Program - Town council shall adopt the capital improvement plan, with or without amendments, , provided that each amendment must be voted separately and that any increase in the capital improvement plan as submitted must clearly identify and approve the method of financing proposed to accomplish the increase. The proposed capital improvement plan will be published on the town's website upon adoption.

Section 6-7. Long Term Financial Forecast

(a) The town manager shall annually prepare a 5-year financial forecast of town revenue, expenditures and the general financial condition of the town. The forecast shall include, but not be limited to: (1) an identification of factors which will impact on the financial condition of the town; (2) revenue and expenditure trends; and (3) potential sources of new or expanded revenues and any long or short-term actions which may be taken that may enhance the financial condition of the town. The forecast shall be submitted to the town council and finance committee and shall be available to the public for inspection. The long-term financial forecast shall be published on the town's website and when updates occur, they shall be posted in a timely manner.

Section 6-8. Annual Independent Audit

The town council shall provide for an independent annual audit of all town accounts and may provide for more frequent audits as it deems necessary. An independent certified public accountant or firm of such accountants shall make the audits. The audits should be performed in accordance with generally-accepted auditing standards and generally-accepted governmental auditing standards.

The town council shall designate no fewer than 3 of its members to serve as an audit committee. The committee shall:

- 1) Lead the process of selecting an independent auditor;
- 2) Direct the work of the independent auditor as to the scope of the annual audit and any matters of concern with respect to internal controls; and
- 3) Receive the report of the internal auditor and present that report to the town council with any recommendations from the committee.

The town council shall, using competitive bidding, designate such accountant or firm annually or for a period not exceeding 5 years, but the designation for a particular fiscal year shall be made not later than 30 days after the beginning of the fiscal year. The standard for independence is that the auditor must be capable of exercising objective and impartial judgment on all issues encompassed within the audit engagement. No accountant or firm may provide other services to the town during the time it is retained to provide independent audits to the town. The town council may waive this requirement by a majority vote at a public hearing. If the commonwealth makes such an audit, the council may accept it as satisfying the requirements of this section.

Section 6-9. Financial Committee

- (a) There shall be a finance committee consisting of 9 members, appointed each for a 3-year staggered term, the members of which shall be appointed as follows: 3 members by the town manager, 3 members by the town council and 3 members by the elected town clerk. The finance committee shall report its recommendations on finance related matters before the town council, in writing, at least 10 days before

a scheduled town council meeting. Before preparing its recommendations, the finance committee shall hold 1 or more public meetings to permit discussion of all finance matters before the town council, except those matters subject to public hearings by other multiple-member town bodies and not containing appropriations. The finance committee shall have such additional powers and duties as may be provided by the General Laws, by this charter or by by-law.

- (b) The finance committee, town accountant and town treasurer-collector shall support the overall budget process. The town accountant and town treasurer-collector shall have ex-officio membership, without voting rights on the committee. The finance committee shall carry out its duties in accordance with the provisions of general law, this charter and by-law and it shall have regular and free access and inspection rights to all books and accounts of any town department or office. The committee shall carefully examine all budget and appropriations proposals and shall issue its review thereon before consideration, debate and vote by the town council.

Section 6-10. Financial Management Standards

The town council may by ordinance establish reasonable standards relating to the management of financial systems and practices. Any standards adopted shall conform to modern concepts of financial management.

Section 6-11. Public Records

Copies of the budget, capital program, independent audits and appropriation and revenue ordinances shall be public records and shall be published on the town's website.