

**TOWN OF WELLFLEET
BUDGET POLICY
FISCAL YEAR 2018**

It shall be the policy of the Town of Wellfleet that this Budget Policy articulates the Town's priorities and goals and provides an overview of the issues to be addressed during the Town of Wellfleet's budget process. This policy is adopted pursuant to Town Charter section 7-2-1 and Board of Selectmen's Policy 2013-02, Budget and Fiscal Management Policy.

BUDGET COMPLIANCE: The Budget will be estimated in accordance with all applicable laws.

BUDGET COMPONENTS: The Budget shall be composed of the General Fund Operating Budget, the Marina Enterprise Fund Budget, the Water System Enterprise Fund Budget, the Capital Budget, the ten year Capital Improvement Plan and any budget Articles proposed for the Annual Town Meeting Warrant. The Capital Budget shall consist of capital requests to be funded from available funds including the tax levy; capital requests to be funded by borrowing shall be set forth in separate articles. The Budget should include financial results for the previous year and the current year to date. Object codes and summaries should be consistent across all organizational units. The Budget shall also include detailed revenue estimates and projections which will be created with the input of the Department Heads and the Town Accountant.

ENTERPRISE FUNDS: The Town of Wellfleet shall propose budgets for the Enterprise Funds that are self-supporting without a property tax transfer and which shall also reasonably and accurately allocate indirect costs.

CAPITAL BUDGET: The Capital Budget is important because regular replacement of worn out or obsolete equipment and prompt maintenance of facilities are important steps to avoid larger future expenditures which can result from delayed replacement or maintenance. The Town of Wellfleet shall propose a Capital Budget for the upcoming Fiscal Year that will include all capital projects and items with an overall expenditure of at least \$5,000 and a life expectancy of greater than one year. Replacement of vehicles will be reviewed in accordance with the Board of Selectmen's Vehicle Rollover Policy.

CAPITAL IMPROVEMENT PLAN:¹ The Town of Wellfleet shall propose a ten-year Capital Improvement Plan that will encompass any capital project or item with an overall expenditure of at least \$5,000 and a life expectancy of at least one year. Inclusive within the Capital Improvement Plan shall be a breakdown of the possible additional operational costs associated with the capital project or item, including whether additional personnel may be required. (The FY 2018 Capital Improvement Plan has been previously approved and can be found at: http://www.wellfleet-ma.gov/sites/wellfleetma/files/file/file/fy_2018_capital_improvement_plan_with_exhibits.pdf)

¹ See Town Charter section 7-5.

The Town Administrator will review and revise the approved FY2018 Capital Improvement Plan with Department Heads during the fall budget planning process.

After completion of the 2016 Annual Town Meeting and in accordance with Charter section 7-5 the Town Administrator shall begin the process of updating the FY 2017 Capital Improvement Plan for FY 2018.

BUDGET DEVELOPMENT: Department Heads shall make appropriate and well-reasoned budget submittals to the Town Administrator by November 2, 2016. The Town Administrator shall submit his proposed budget to the Board of Selectmen and the Finance Committee on December 2, 2016.

Where personnel costs are unknown due to pending contract negotiations department budgets shall include personnel costs based on FY 2017 costs. Required salary adjustments will be proposed in a separate article or articles.

PUBLIC MEETINGS ON THE PROPOSED BUDGET AND BUDGET

APPROVALS: The Town Board of Selectmen and the Finance Committee shall hold joint budget workshops at 7:00 p.m. on Tuesdays or Wednesdays in December and in January. Department Heads will only need to be present at budget workshops if requested by the Board of Selectmen, the Finance Committee or the Town Administrator. The Board of Selectmen shall approve its proposed budget by the end of January. The Board of Selectmen's proposed budget may be subject to modifications if subsequent additional or unexpected budget or revenue information, including regional school district assessments or adjustments to state revenue or charges, becomes available prior to the Annual Town Meeting. Any modifications to the budget will be dated and consolidated where possible. The Finance Committee shall hold at least one Public Hearing on the proposed budget and shall make its recommendations on the proposed budget by February 23, 2017.

ADDITIONAL REQUESTED BUDGET AMOUNTS: Additional requested budget amounts above the previous year's budget request are not encouraged but will be considered if justification for such additional amounts is included with the budget materials. Justification and any supporting documents shall be submitted by department heads as a separate submission. Priority will be given for requests that place a minimum reliance upon the property tax to fund these endeavors and for requests required to meet legal obligations of the Town of Wellfleet.

NON-PROPERTY TAX REVENUE SOURCES: The Town of Wellfleet shall continue supporting the concept that user fees, reasonable sponsorships and other non-property tax revenues be utilized to help offset the property tax and, to the fullest extent practical, be devised to recoup the costs of supplying a particular service. The Town Administrator in preparation of the budget shall review current department fee structures and charges for services and propose modifications as deemed necessary and appropriate.

BUDGET TIMETABLE: Due dates and deadlines are specified in the "Fiscal 2018 Budget and 2017 Annual Town Meeting and Annual Town Election Schedule" to be adopted by the Board.

**THE BOARD OF SELECTMEN ADOPTS THE FOLLOWING FISCAL
MANAGEMENT GOALS FOR FISCAL YEAR 2018:**

(changes from prior year are **BOLD**)

- **To work towards presenting a balanced budget, within the constraints of Proposition 2 ½, without requesting an override². Based on the Fiscal 2017 operating budget (\$16,836,716) as adjusted for permanent articles, an increase of 2 ½% in the operating budget would add \$420,918 to the budget and result in an operating budget for Fiscal 2018 of approximately \$17,257,634.**

- **To acknowledge that the Town has limited control over certain areas of the operating budget. Two areas alone consume approximately \$247,000 or nearly 60% of the targeted maximum increase in the operating budget.**
 1. **An early estimate of the assessment from the Nauset Regional School District indicates Wellfleet's assessment may increase \$130,000 (+4.77%) solely based on the fact that Wellfleet's share of students at Nauset is larger compared to the other communities in the district in past years.**

 2. **An early estimate of a 10% increase in health insurance costs adds \$117,000 to the operating budget.**

- **The Selectmen's Budget and Financial Management Policy specifies annual capital expenditures (exclusive of items financed by borrowing) of between three and seven percent of the operating budget. The Fiscal 2018 capital budget, based on the same set of operating budget assumptions, should therefore be between \$518,000 and \$1,176,000.**

- Not to authorize any new significant program without an identified financing source to pay for said program.

- Not to authorize any new full time personnel beyond current authorized levels. However, if any such new personnel are funded the positions shall be valued at a cost that includes both salary and benefits.

- **Any open positions will be evaluated and if needed, replaced with part-time or full-time employees as appropriate for the position.**

- The maximum utilization of funds from all revenue sources to fund programs.

- **Whenever possible and reasonable staff will cultivate productivity improvements that could lead to realized savings.**

- **Whenever possible and reasonable staff will investigate regional opportunities that could lead to realized savings.**

² The FY 2017 budget increased about 3.53% over FY 2016 resulting in the use of \$520,255 from free cash for budget items.

- The Town Administrator shall review regularly the methods of operation, program service delivery and expenditure of resources in the various Town departments to ensure maximum efficiency for the Town of Wellfleet.
- **The town will gradually increase its annual Other Post Employment Benefits (“OPEB”) appropriation to achieve a level of \$400,000 by FY2018.**
- **To gradually increase the Stabilization Fund to approximate 5.0% of the annual operating budget. The Fund balance as of June 30, 2016 was approximately \$556,817. Based on policy goals the fund balance should be \$862,000. A transfer of \$75,000 annually for the next few years will be required for this goal to be reached.**
- **To maintain the Reserve Fund at an amount equal to 0.5% of the operating budget. Because the unexpended Reserve Fund balance reverts to free cash at the end of each fiscal year it must be appropriated in full each budget cycle. The estimated appropriation required to meet this goal for FY 2018 is \$86,000.**
- **To maintain a free cash balance equal to approximately 4.5% of the operating budget. The estimated free cash balance required to meet this goal for FY 2018 is \$776,500.**

Adopted: October 4, 2016