



Municipal Budget - Basics

Budget-Guide

- ▶ Definition
- ▶ Purpose
- ▶ Process
- ▶ Categories
- ▶ Elements
- ▶ Revenue
- ▶ Expenditure
- ▶ Summary

Budget- Definition

- ▶ A budget is a written financial plan, expressed in dollars, that includes both revenues and expenditures and covers a specified period of time
- ▶ An outline of policy priorities and goals of elected Town Council members and the needs to achieve them.
- ▶ A budget sets spending limits on programs and services the Town will offer

Budget- Purpose

- ▶ Serves as the financial plan for the Town
- ▶ Reflects the priorities and goals of the Town Council
- ▶ Establishes funding levels for Town's Services
- ▶ Governed by State and Local Laws
- ▶ Control - ensures that managers do not overspend their budgets or undertake expenditure that have not been properly authorized
- ▶ Management- Compares with other years to determine efficiency and effectiveness

Budget - Process

- ▶ The budgeting process is an annual cycle in which the Town prepares revenue estimates and a spending plan
- ▶ Each department submits their needs to the Town Manager and Finance Director
- ▶ The Finance Director compiles all information and summarizes information in accordance with the law

Budget - Process

- ▶ The Town Manager and the Finance Director review the needs of the Town with the budget requests
- ▶ The Town Manager submits the proposed budget request to the Town Council for review
- ▶ During the Budget Hearings the Town Council reviews and may suggest changes
- ▶ Town Manager submits Town Budget to the Financial Town Meeting for a vote

Budget- Categories

- ▶ Current Operating Budget - expenditures for goods and services which will be used within one year
- ▶ Capital - expenditures on equipment and infrastructure expected to last for greater than a year

Budget - Elements

Revenues

- ▶ The money received for taxes and services and other fees

Expenses

- ▶ The money paid for things. This includes regular monthly expenses and occasional/seasonal expenses.

Debts

- ▶ *Debts* are money that we owe and need to repay, including money we borrowed as credit.

Budget-Revenue

Revenues

- ▶ Property Taxes- Real
- ▶ Property Taxes- Tangible
- ▶ Motor Vehicle Taxes
- ▶ Fees and Charges
- ▶ Licenses and Permits
- ▶ State Aid
- ▶ Investment Income

Budget- Expenditure

Expenditures

- ▶ Operations
- ▶ Financing (Debt Service)
- ▶ Schools
- ▶ Assets and Infrastructure
- ▶ Reserves (i.e. capital reserves, contingency reserves)- savings towards future large capital needs

Budget- Basic Summary

- ▶ General Government
- ▶ Public Safety
- ▶ Public Works
- ▶ Health and Human Services
- ▶ Recreation
- ▶ Conservation and Development
- ▶ Education
- ▶ Capital Outlay
- ▶ Debt Services

Budget- Summary

- ▶ Local governments are required to adopt balanced budgets by allocating resources in conformity with both polices and fiscal targets. Budgets ensure spending follows a plan and supports government objectives.
- ▶ Meeting the objectives requires budget preparation based on several concepts recognizing accountability.
- ▶ The Town uses current and prior year financials and budgets, State Aid information, service contracts, information on current revenues and expenditures, debt service commitments, collective bargaining agreements and multi-year capital budget plans in developing an operating budget that is responsible. The Finance Department compiles each department's budget by talking to the department heads and determining their future needs.

