



## FINANCE COMMITTEE ANNUAL BUDGET PROCESS

### Annual Budget Process Timeline

Date	Item
January 1 <sup>st</sup>	Deadline for the Executive Assistant to submit a proposed budget, budget message, and supporting documents to the Finance Committee. <sup>1</sup>
February 1 <sup>st</sup>	Deadline for the Executive Assistant to submit a Capital Improvement Program to the Finance Committee. <sup>2</sup>
April 10 <sup>th</sup>	Deadline for the Finance Committee to hold public hearings and make recommendations on the proposed budget and Capital. <sup>3</sup>
May 1 <sup>st</sup>	Annual Town Meeting (for example).
June 9 <sup>th</sup>	Deadline for the Finance Committee to elect officers and renew members whose terms expire. <sup>4</sup>
July 1 <sup>st</sup>	Beginning of fiscal year.
September 15 <sup>th</sup>	Deadline for the Executive Assistant to submit the Special Town Meeting Warrant to the Finance Committee. <sup>5</sup>
October 30 <sup>th</sup>	Deadline for the Finance Committee to hold public hearings and make recommendations on the Special Town Meeting Warrant. <sup>6</sup>
November 20 <sup>th</sup>	Special Town Meeting (for example).
June 30 <sup>th</sup>	Ending of fiscal year (following calendar year).

<sup>1</sup> At least 120 days before Annual Town Meeting. See Town of Hudson, Municipal Charter, Adopted May 8, 1978 (“Charter”), Article 6, “Finances and Fiscal Procedures,” Section 6-2, “Submission of Budget and Budget Message,” and Town of Hudson General By-Laws, revised through November 21, 2022 (“By-Laws”), Article III, “Appropriations,” Section 1, “Duties of Officers, Boards, Committees & Departments,” subsection D, “Executive Assistant Budget.”

<sup>2</sup> At least 150 days before the start of the fiscal year. See Charter at Section 6-5, “Capital Improvement Program.”

<sup>3</sup> At least 21 days before Annual Town Meeting. See Charter at Section 6-6, “Action on the Budget.”

<sup>4</sup> Per Finance Committee Member Roles Policy.

<sup>5</sup> At least 45 days before the deadline for the Finance Committee to hold public hearings and make recommendations. (There is no reference in the Charter or the By-laws fixing this timeframe.)

<sup>6</sup> Cf. FN 3.



## **FINANCE COMMITTEE ANNUAL BUDGET PROCESS**

### **Annual Budget Process Overview**

Under development, but see attached, e.g., Massachusetts Department of Revenue, Division of Local Services, “Annual Budget Process in Towns” (2020).

## ANNUAL BUDGET PROCESS IN TOWNS

January 2020



The annual budget is a community's primary policy statement and establishes the priorities of government. The most effective budget process follows a formal calendar that begins in the fall of each year with revenue and expenditure projections, also known as a financial forecast. Moving forward, major milestones in the process often include these components:

- A joint meeting of the selectmen, finance committee, and school committee to review revenue projections and reach consensus on overall expenditure levels, use of reserves, and allocation of resources generally
- Distribution of budget guidelines to department managers so they can begin to prepare their appropriation requests
- Deadlines for submission of departmental appropriation requests and for preparation of a working, or draft, budget document
- Completion of meetings with department managers to review requests
- Adjustments to revenue projections
- Formulation of the initial budget recommendation by the town manager/administrator, finance director, or finance committee (depending on government structure)
- Budget approval by the board of selectmen in its capacity as the town's chief policymaker
- Budget review by the finance committee with a deadline to ensure the printing and distribution of the town meeting warrant in sufficient time for town meeting members and residents

These steps all culminate in the presentation of an annual budget recommendation to town meeting. Throughout the process, decision makers should recognize and adhere to formal financial policies, such as those guiding the use of free cash and stabilization reserve funds and establishing debt levels.

The budget's layout or format should be carefully considered since it tells town meeting the level of detail being voted on. It reflects a decision on the degree of management flexibility the town chooses to give department heads because it allows or restricts their ability to transfer money between budget line items without town meeting approval.

Finally, the budget adopted by town meeting should be closely monitored throughout the year. This involves reviewing financial data to verify that expenditures are consistent with town meeting votes, line items are not overspent, and receipts are tracking in line with expected results. Monitoring actual performance against the original budget can reveal problems early and give policymakers and managers time to take corrective actions to avoid potential deficits.