



MEMORANDUM

TO: All Department Heads, Board and Committee Chairs
FR: Shaun A. Suhoski, Town Manager
RE: FY18 Budget Message and Timelines
DT: December 8, 2015

**IMPORTANT BUDGET INFORMATION
PLEASE READ ENTIRE DOCUMENT**

Hello, everyone,

As winter looms before us, it is already time to begin budget planning for fiscal 2018.

**FY18 Budget Requests
FY18 Capital Plan Requests
Due Tuesday, January 10, 2017**

Over the past three budget cycles the Town has started to wean itself from balancing the operating budget on one-time revenues (eg. free cash, dwindling cemetery trust fund interest, etc.). The Town also took several policy actions to improve the fiscal posture:

- Approved comprehensive fiscal policies
- Adopted local option meals excise
- Reduced Town portion of health insurance premiums for new employees
- Adhered to principle of conservative revenue projections

Through these efforts – and the remarkable work of department heads and committees to stay within budget through frugal spending – the Town has achieved what I believe to be a sustainable level of service within anticipated recurring revenues (structural balance).

But, given the information provided at the state’s annual revenue meeting on December 5, we must remain wary of current fiscal year spending and plan for another year of constrained budgets to preserve the progress the Town has made.

At the revenue hearing it was noted that the state’s current fiscal year revenues continue to lag behind projections such that the Governor is now seeking to close a \$98 million gap; though he has kept Chapter 70 and Unrestricted General Government Aid (UGGA) accounts off the table for now.

Looking to FY18, from the various revenue projections, I utilize two primary – and more conservative – indicators to gauge likely state revenue. These projections both predict a modest growth in revenue of 2.65 percent (Mass. Taxpayers Foundation) to 3.5 percent (Mass. DOR) for FY18.

In addition, the state Treasurer indicates that Lottery sales are soft and that revenue for next fiscal year is expected to be flat. This means we need to initially plan for level funding of the UGGA accounts.

Locally, the Town is seeing actual new growth in excess of initial projections which bodes well for the future of the tax base. Additionally, a Starbucks restaurant opened earlier this year with plans for a Wendy's franchise anticipated to be submitted in the spring of 2017 which can strengthen meals tax collections. And, longer term, the prior adoption of the hotel/motel local option room tax will pay high dividends.

The citizens and taxpayers of Athol count upon us to develop reasonable, cost-efficient budgets that allow delivery of the best possible services at the lowest cost. Therefore, even as Athol's financial position continues its positive trend, with the initial state revenue projections indicating only modest gain, all Town departments will need to focus upon the spending side of the budget to help offset expected increases in: (1) health insurance premium costs, (2) the retirement assessment, and (3) employee wages.

So, yet again, we must plan a conservative and pragmatic budget that seeks to maintain current service levels as a priority. Any "new" services or staffing should be separately documented and reviewed with me or it will not advance in the budget process.

BUDGET REQUEST GUIDELINES

Please utilize the spreadsheets provided by the Accountant's office for your line item budgets, and the separate forms from this office for your capital requests. Please consider and adhere to the following guidelines:

- Budget requests should include step, longevity and other known or mandatory increases to personnel costs including base wage adjustments since all contracts are settled. Please confirm your wage assumptions with the Accountant's office to ensure accuracy.
- Budgets should be submitted to continue LEVEL SERVICES.
- Department heads are encouraged to submit requests for expanded or new services, or, needed equipment or replacement, but, you must provide cost estimates and a written explanation of the need and benefit of the request. The FWAC, BOS and I need to know what could be improved in your departments if funding was available.
- FY18 budget requests are **due by email no later than Tuesday, January 10, 2017** to:



Christine Mailloux: acct@townofathol.org
Mary Ann Murphy: acct2@townofathol.org

- CAPITAL requests should be documented on the forms provided by Heather Brissette. Please be sure to include a five-year look ahead for your department's needs. Follow the instructions in the packet as there are dollar and time thresholds that distinguish capital plan eligible items from items that should be in your operating budget.
- Capital requests are **due by email no later than Tuesday, January 10, 2017** to:



Heather Brissette: selectmen@townofathol.org

Please be aware that I truly appreciate the demands placed upon you and your staff, and I will do my best to balance the competing needs of all while we continue to improve our fiscal condition.

At this time we do not have our certified free cash position. Following is the general timeline leading up to Annual Town Meeting.

Thank you for your service.

Estimated Budget Development Timeline

FY18 BUDGET DEVELOPMENT TIMELINE	Resp. Party	Target Date
Budget Message Released	Town Manager	12/8/16
Line item budget spreadsheets and capital plan docs distributed to Dept. Heads	Accountant	12/12/16
Budget Requests Due from Departments, Boards, Committees	Dept. Heads	1/10/17
Develop Proposed Operating Budget	Town Manager; Finance Team	Jan-Feb 2017
Seek consensus with FWAC on Projected Revenue, Expense and Budget	Town Manager; FWAC; CPC	Feb-Mar 2017
Update 5-year Capital Plan with CPC	CPC; Town Manager	Feb 2017
Formally Present Budget to Board of Selectmen and FWAC Joint Session per Town Charter	Town Manager; Finance Team	4/4/17
Annual Town Meeting Adopts Balanced FY18 Budget	FWAC; BOS	6/12/17