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To: All Department Heads

From: Michael Herbert, Town Manager
Brittany Iacaponi, Finance Director/Town Accountant

Date: 10/16/2016

RE: FY2019 Budget Instructions to Department Heads

Economic & Financial Strategy

Our overall financial strategy has six broad components:

- Retain our AAA credit rating by adhering to the Town's financial policies
- Continue to develop a five-year capital and infrastructure plan and invest in it accordingly
- Maintain 10% in our general stabilization fund
- Address future liabilities
- Explore opportunities to expand services to our residents and customers
- Continue developing an economic development strategy to leverage Ashland's full potential

The Town has worked hard over the last few years to strengthen its' financial condition and will reach its' goal of reaching 10% in the general stabilization fund after this years' appropriation of free cash.

To maintain Ashland's financial state, we want to utilize realistic, yet conservative budgeting practices to minimize any potential shortfalls in the budget. As a result, the following assumptions will be used to develop the FY19 budget and revenue estimates developed accordingly. State aid will be forecasted at the FY2018 level. Local receipts – typically one of the best indicators of a healthy economy – are still improving. Property taxes will rise by the 2.5% limitation of Proposition 2 1/2. New growth is expected to show an appreciable increase from previous years which is positive.

Budget Timeline

Attached is a budget timeline for the FY2019 budget. This calendar was prepared based upon the Town's Charter for the budget process and includes deadline dates for Management and Department Heads. Last year's calendar assisted the Town in developing and adopting a budget earlier. It also allowed the Town to prepare the budget document timely for residents to view it.

The important dates to note in the budget calendar are the following:

October 16 th	Management issues budget instructions to Department Heads
November 27 th	Draft departmental budgets due. Please email budgets to Brittany.
December	Management to meet with Department Heads to discuss FY19 budgets
January 2018	Finance Committee to have budget hearings on departmental budgets.
March 8th	BOS adopt a budget for capital and balanced budget for operations
May 2 nd	Annual Town meeting

Budget Instructions

The Town will continue to focus on departmental goals and performance indicators. The creation of goals and performance indicators is a collaborative process between you, the department head, and management. Department heads are encouraged to look at other communities' measures and goals to gain ideas, and then tailor those to your specific department vision.

All collective bargaining agreements are up for renewal after 6/30/18. At this time, no union contracts have been settled; therefore, **utilize the current FY18 salary for union employees**. If you or any of your staff are under contract, please budget for the base amount of your salary and incentives (i.e. car allowance, cell phone etc.), if applicable. However, do not budget for salary increases based upon performance reviews. A budget will be set up for non-union personnel and union personnel and allocated to respective departments pending performance reviews and settled union contracts.

Developing budgets for each of your line items is a combination of taking historical spending trends and applying what you want to accomplish in the next fiscal year to those trends.

Funding requests will be evaluated based on their service level impacts, the probability of their being implemented, and how they fit into the overall vision for the town. This is also a good time to review the eight Strategic Goals and Objectives, as yours will need to match up with those in one or more categories.

To get started, please prepare a document which includes the following:

1. Department Descriptions

This section should include both the roles and responsibilities of the department and a description of the work that is undertaken within the department. It should be written using terms and descriptions that the public can understand.

2. Staffing

Please create a staffing level table that details the number of full-time equivalent staff in your department for each of the last five fiscal years. This should be listed as full-time equivalents (FTE's). For example, if you have one permanent staff member and two staff members that each work 20 hours per week, your FTE number is 2 (1+.5+.5).

3. Explanation of Budgetary Changes

In this section, you should explain any significant changes in the budget from the previous year, including but not limited to, changes associated with fixed cost increases or collective bargaining agreements. The changes should be broken down into two categories, personnel and other expenses.

4. Department Goals and Objectives

The document should include clearly stated goals and/or performance measures for your department. Once goals/performance indicators have been identified, clearly link the departmental goals to the overall goals of the Town.

Please utilize the attached document titled, 'FY19 Goal Template' as a template and further guidance.

5. Department Line Items

You should have access to historical data of the spending in each department through the MUNIS system. If not, please ask Brittany and she will provide the data.

6. Organizational Chart

An organizational chart which clearly depicts the structure of your department

All narrative-type information should be typed using 12pt Times New Roman font. Submissions should be made by electronic copy only in a Word or Excel document.

Next Steps

Please be sure to begin your budget work early. Asking questions early in the process rather than waiting until the last minute to do so will result in a better final product.

Drafts of budgets will be due on Monday, November 27, 2017.