To: Department Heads, Board and Committee Chairs

From: Norman Khumalo, Town Manager and Suzanne Marchand, Temporary Finance Director

Date: October 25, 2011

RE: Fiscal Year 2013 Budget Procedures

Based on our preliminary financial projections for FY13, we are requesting that budgets be submitted at Fiscal 2012 appropriation levels.

The rationale for the above approach is:

- Sluggish economic recovery from worst economic recession since the 1920s:
- Increasing fixed costs
- Flat revenue growth
- Continuing pressure from healthcare costs
- Pension liability
- OPEB liability
- Long term capital improvement funding plan development is in progress
- Loss of other non-town funding sources, including federal grants
- We know what we do not know: state aid, large department projections, Keefe Tech assessment
- The need to minimize tax impact

The Fiscal 2013 budget packet includes the following:

1. Budget Worksheet
2. Personnel Worksheet
3. Revenue Worksheet
4. Dues, Conferences & Travel Worksheet
5. Utility Worksheet
6. Capital Instructions and forms

Budget Worksheet

1. Personal Services:

- Please include salaries and wages as reflected on the Personnel Worksheet (see below for personal services guidelines)
- Include all personnel-related costs
- You should absorb any step increases in your bottom line level funded budget

2. **Expenses:**

- If budgeting for dues, conferences and travel, please complete the Dues, Conference and Travel Worksheet.
- If budgeting for utilities, please complete the Utility Worksheet

3. **Justification:**

All expense lines must include a justification for the expense. Some examples of justification for Personal Services:

- Collective Bargaining Agreements (CBAs)
- Non-Union obligations
- Overtime
- New Hires/Retirements
- Reduced Hours

Some examples of justification for Expenses:

- See Utility Worksheet
- See Conference & Travel Worksheet
- See other supporting documentation
- Current contract in place through date
- Budget changes-specify reason

Personnel Worksheet

For budgeting purposes please use the assumption of a 0% salary adjustment for all employee salaries included in the personnel worksheet. We ask that you review these worksheets and contact Maryrose DeGroot with any questions.

Revenue Worksheet

The Revenue Worksheet should be reviewed and completed by all departments. You should include all general fund revenues and well as other sources available to your department for expenditures such as gifts, grants, revolving funds, trust funds, etc. Please provide actual revenues for Fiscal 2010 and 2011 as well as projected revenues for Fiscal 2012 and 2013. These projections not only assist us in projecting total town revenue, but it is also important for us, our board members, and residents to understand what types and amounts of revenues are collected by individual departments.

We encourage revenue diversification and enhanced revenue sources.

Dues, Conference and Travel Worksheet

Please provide detailed justification for your dues, conferences and travel requests.

Utility Worksheet

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- If your budget includes electricity, natural gas, heating oil, gasoline or diesel fuel, please enter your department's Fiscal Year 2010 and Fiscal 2011 consumption amounts and per unit rate on the utility worksheet. You should project your Fiscal 2012 and Fiscal 2013 usage.
- Your Fiscal 2013 usage X the unit rate should automatically calculate your estimated consumption (budget request). Also, please indicate any other charges you can reasonably estimate as well.
- When budgeting for gasoline & diesel fuel, please use the following per unit costs(see attached information on U.S. Energy):
    - $3.50 per gallon for gasoline
    - $3.90 for diesel fuel

Capital

Please complete the attached two forms. The instructions for completing these forms are attached.

Performance Metrics

Please include any metrics which your department has been tracking.

Efficiency and Cost Containment Measures

We encourage you to pursue additional efficient operation and cost containment measures. If your department has already implemented some of these measures, please identify the measures as well as savings or efficiencies achieved.

Budget Impact

Recognizing that a level funded budget may create challenges, please submit an impact statement identifying any impacts to the current level of service.

Process for Budget Submission

We will distribute this packet **electronically** to all departments on Thursday, October 27, 2011. All worksheets with detailed justification as well as any supplemental information should be submitted **electronically** to janetm@hopkinton.org no later than November 22, 2011. Early submittals are encouraged.

Any supplemental information should be scanned and sent **electronically** along with your budget submission. **Please do not submit paper copies.** If you should have any questions or need any assistance, please feel free to contact Janet McKay.

We look forward to a productive and cooperative budget season.