



# Town of Chester

## ANNUAL BUDGET CYCLE POLICY

Last Updated: 11/18/2025

Approved: 12/15/2025

### **PURPOSE**

To promote transparency, fiscal sustainability, and procedural consistency, this policy establishes guidelines for developing, documenting, adopting, monitoring, and reporting the Town's annual budget. As the Town's central policy document, the annual budget lays out the community's prioritization of annual, and longer-range objectives, identifies financial goals, and articulates challenges. An instrument for turning strategic plans into reality, the budget constitutes a contract between the Town and its residents, explaining how funds are to be raised and allocated for the delivery of services.

### **APPLICABILITY**

This policy pertains to Town's annual budget development, documentation, and adoption, and monitoring processes, and it encompasses the general fund and capital budgets. Within that scope, it applies to the policymaking and statutory roles of the Board of Selectmen and Finance Committee, and job specific duties of the Town Administrator and Town Accountant. Additionally, it applies to the budget planning duties of all department heads and to the boards and committees that have spending authority (all referred to here as "department heads").

### **POLICY**

Town officials will work together to prepare a balanced budget for the approval of town meeting voters. The creation of the budget will be guided by and reflect all the other financial planning policies adopted by the Town and contained in its policy manual. Town meeting has sole authority to appropriate funds for the budget, except for specific instances where statutes or regulations do not require appropriation (i.e., grants, gifts, revolving funds, and offset receipts). Furthermore, any approved appropriation can only be amended through a subsequent annual or special town meeting vote.

The Town Administrator is responsible for developing the annual budget and will do so according to the vision, goals, and strategic plans laid out by the Board of Selectmen and Finance Committee. The budget presented to town meeting voters shall be the Finance Committee's finalized proposal. As the advisor for the interests of town meeting voters, the Finance Committee makes recommendations on all financial matters, including the budget. It is the goal of these parties to work together in a collaborative manner to present voters with a consensus for the budget.

All parties applicable under this policy are expected to conform to the milestone time frames laid out in the annual Start of Budget Memo. Budget Calendar and detailed in the Budget Cycle Calendar. In addition, all department heads will timely provide the Town Administrator with all requisite information for the creation of an informative and reader-friendly budget document, which will be made available to voters in advance of town

meeting. As a model for the budget document, the Town Administrator will use the standards established by the Government Finance Officers Association (GFOA) in its Distinguished Budget Presentation program.

#### **A. Budget Goals**

At minimum each year, the Town's budget goals will include the following provisions:

- General Fund -- The annual budget presented will sustain a sufficient level of municipal services, provide for required mandates, preserve the Town's quality of life, and respond to economic changes.
- Capital investment —To pay for items in the capital plan, the Town will strive to maintain the annual capital funding levels spelled out in the Capital Planning and Debt Management policies. Beyond this, the Town will plan to regularly fund, within departmental operating budgets, the maintenance costs for capital equipment, facilities, infrastructure, and other assets to maximize their useful lifespans.

#### **B. Principles for Balanced and Sustainable Budgets**

The Town Administrator will prepare an annual budget for approval by the Board of Selectmen and Finance Committee and eventual incorporation in the annual town meeting warrant. To ensure maximum efficiencies, the Town Administrator will also review and report to these boards on the Town's methods of operation, program service delivery, resource expenditures, and manpower allocation. To assure the budget proposal is balanced and provides for sustainable trends in future budget years, the Town Administrator will apply the following principles:

- Current revenues will be sufficient to support current expenditures.
- The Town will avoid using any one-time revenue source to fund ongoing services unless necessitated by exceptional circumstances. Any such usage will require the Town Administrator or department head/committee to document a plan for replacing this revenue source in future years.
- Departmental budgets will be prepared to reflect the full costs of providing the services.
- Commitments to new wage increases and service enhancements can be considered after core services have been secured with recurring revenue.
- The Town Administrator will cultivate a strong, communicative relationship with the Gateway Regional School District School Committee, regional authorities, and other collaboratives the community participates in to obtain early notice of their budget directions.

#### **C. Budget Calendar**

The budget process will be coordinated in a way that major policy issues are identified for review and discussion several months prior to budget approval. This will allow adequate time for public input and analysis of options. Annual and capital budget activities, beginning in each November with a kick-off meeting and continuing through annual town meeting in June, will be published in an annual budget memo which will include a calendar that specifies dates for estimating initial revenue projections, sending out appropriation guidelines and returning departmental requests, updating the capital improvement plan, compiling a working budget, and completing the finalized budget proposal. It will allow for hearings, reviews and approvals at different levels and account for the time needed to print and distribute the town meeting warrant.

#### **D. Budget Document**

The Town Administrator will produce a transparent and user-friendly budget document that illustrates the budget's short- and long-term strategic goals. It will incorporate narrative information on departmental and organizational goals, provide details about the plans and resource allocations needed to meet them, and include graphical information about available financial resources. As a guide for the document, the Town Administrator will use the standards laid out by the Government Financial Officers Association (GFOA) in its Distinguished Budget Presentation Award program. The budget should include GFOA's essential criteria.

**E. Budget Monitoring**

The Town Accountant will continually monitor the budget and provide regular formal reports to the Town Administrator, Board of Selectmen, and Finance Committee. Budget-to-actual revenues will be reported at least quarterly to ensure timely budget adjustments, if needed, and thereby prevent any potential revenue deficit. Budget-to-actual expenditure balances will be reported monthly to ensure that the total of expenditures and purchase commitments in any account does not exceed the authorized budget for that account.

The Town will take immediate corrective actions if at any time during the fiscal year expenditure or revenue estimates indicate a projected operating deficit by year-end. Corrective actions can include, but are not limited to, hiring freezes, expenditure reductions, layoffs, or use of contingency funds.

**F. Cyclical Budget-Related Activities**

Beyond the development, implementation, and monitoring of the budget, the budget cycle encompasses other events throughout the fiscal year. These include providing instructions for closing one fiscal year and opening of the new one in compliance with the Year-End Closing policy, preparing for an audit, submitting state reports and other documentation, and evaluating prior year results as well as certifying free cash.

Print Name:

Signature:

Position:

Date: