

How To Read The Budget Arlington Finance Committee

The purpose of this section is to help residents who would like to understand the Town's annual budget to get started.

In recent years there have been four budget documents:

1. The **Town Manager's Recommended Budget**, as required by the bylaws, is provided in January to the Finance Committee for review.
2. **Finance Committee Recommended Budget** which is contained in its report to the Annual Town Meeting and is based on the other budgets.
3. The **Public School Budget** produced by the School Committee for approval by Town Meeting. The Finance Committee sees a preliminary version.
4. The **Capital Budget**, recommended by the Capital Planning Committee and contained in its report to Town Meeting.

The final budget as voted at the Annual Town Meeting takes effect on July 1. This budget or spending authorization is maintained by the Comptroller and is used to control department expenditures. It is not published. An introduction to each of these documents follows.

Town Manager's Recommended Budget

This is a detailed document (about 1" thick) which is currently produced mostly by computer based on department head input. It contains recommended budgets for all appointing authorities except the schools. It also contains the Capital Budget, Capital Plan, and the Enterprise Fund budgets. A copy is available in the Robbins Library. A reader might understand the whole budget picture more easily by first studying the less detailed Finance Committee budget for the current year.

This document contains a chapter for each of the 21 departments plus 5 more chapters on major fixed costs. Although there may be some variation between departments, the standard format is:

- *Budget Statement*
- *Summary Sheet*
- *Expenses Sheet*
- *Personnel Services Expenses Sheet*
- *Personnel Services Sheet*

The *Budget Statement* contains a description of the department, its recent accomplishments, and its plans for the next fiscal year. This is a compact and useful description of the department. The reader should start here.

The *Summary Sheet* is a tally in tabular spreadsheet form of the subsequent sheets. All department expenses are totaled as are all personnel services (salaries). The corresponding budget for the current year and the actual expenditures for the previous year are provided for reference. A reader can tell at a glance if any increase

is recommended. If the department provides services to an enterprise fund, the payment from that fund is subtracted to reach the department total.

The *Expense Sheet* breaks down the non-personnel services costs into the line items tracked by the Comptroller. If there are large expenses they will be identified here. The reader should be aware that the previous year actuals may include expenses incurred two years ago but paid last year and may omit expenses incurred in the year but not yet paid.

The *Personnel Services Expenses Sheet* tallies both salaries and various related expenses such as longevity and salary increases. Additional personnel expenses such as health insurance and pensions are not included here but instead are lumped in separate budget items.

The *Personnel Services Sheet* details the salary information for each employee. Normally no cost-of-living pay increase is shown for the next year since these increases are subject to collective bargaining and are authorized in separate warrant articles. Contractually required step pay increases, which are based only on how long the employee has worked for the Town, are included. If merit increases for department heads have been awarded by the Town Manager, they will appear in the current year column. These increases will carry forward into the next year only if approved by Town Meeting.

Finance Committee Recommended Budget

Before getting into this document, a reader should study the one page financial summary called Revenues And Expenditures included as an appendix to the Finance Committee (FinCom) Report. This spread sheet is produced from the same data as the budget document. It shows the totals for each budget item, as well as the expected revenue from each revenue source except grants. It includes the major expenses that are included in separate Warrant Articles such as the Capital Budget and the Minuteman Tech appropriation. This sheet demonstrates that the FinCom recommended appropriations are balanced by the expected revenues.

The only substantial revenue sources and related expenditures not shown in this summary document are grants. Of these, the largest is the Community Development Block Grant (CDBG), a Federal grant that is distributed by the Board Of Selectmen. The Town Meeting is asked to endorse the Board's distribution under a separate Warrant Article. There are other sizable State grants that are negotiated by the department that uses the grant. The School Department and the Planning Department bring in most of these grants.

The Finance Committee Recommended Budget is also published as an appendix to the annual FinCom report to Town Meeting. It is less than twenty pages long. It contains the specific recommendation for each department, enterprise fund, and fixed cost funds. Town Meeting is asked, under a Warrant Article, to approve the totals for each entry. When approved, departments may exceed neither the total nor the subtotals for personnel services and expenses. For reference, this document shows appropriations in the current year and the two previous years. It also shows how the salaries and wages are spread across the positions in each department. This budget does not include the Capital Budget, the Minuteman Technical School appropriation, and the budgets for Committee, Commissions, and other smaller expenses which are voted under separate Warrant Articles.

Public School Budget

This document which the School Committee provides the Town Meeting is intended to be readable. It needs little explanation. It contains a variety of charts explaining the way the schools plan to expend the funds recommended by the FinCom. A key chart shows the increases and decreases from the current year budget. The document includes a detailed breakdown of instruction costs by grade level (elementary, middle, secondary) and within each level by program (science, reading, language arts, etc.). It also includes similar detail for administrative and other instruction support costs. There is also a list of current year grants. Town Meeting may approve or disapprove this budget but may not amend it.

Capital Budget

This document contains a detailed list of all recommended capital expenditures. The report that contains the budget includes a coherent explanation and justification. It also contains a five year plan for future capital expenditures. The budget also recommends by line item what combination of revenue sources be used to cover the expenditures. These sources are cash (general fund), bond (borrowed funds), and other (grants). The Town Meeting is asked to approve the cash and bond totals.