

Town of Provincetown

Financial Policies and Procedures Manual

3. Budget Administration and Financial Reporting

Purpose:

To establish budget administration and financial reporting standards and practices that accurately report the financial position of the town's funds at the close of each month and on a timely basis after the close of the fiscal year.

GENERAL FUND

Budget Posting

Policy:

Town Meeting approves the operating budget for the next fiscal year at the Annual Town Meeting. By doing so, Town Meeting authorizes the various departments to expend money effective as of July 1st based on the approved appropriations. Department heads are responsible for ensuring that expenditures are within the approved appropriation for the Personnel (A) Budget and the Operating (B) Budget.

Procedures:

- Prior to July 1st of the new fiscal year the Finance Director shall record the approved appropriations in the budget module in the MUNIS accounting system.
- The appropriations are issued by individual expense line item.
- All entries should be reviewed and reconciled to the Town Meeting appropriation.
- The Finance Director shall also record the preliminary revenue budget and other available funds appropriated so that the year-end financial statements properly recognize all funds appropriated to support the Town's upcoming fiscal year budget.

Tax Recap Posting

Policy:

The final budget of the Town as set forth on the Town's Tax Recap Sheet shall be recorded upon certification of the tax rate by the Department of Revenue (DOR).

Procedures:

Although the budget was adopted at Annual Town Meeting prior to July 1st, the final revenue budget may not be recorded as the actual tax rate is not set until the first or second quarter of the new fiscal year. After this process and approval of the Tax Recap by the DOR the Finance Director shall prepare various journal entries to record the final revenue budget of the Town for the fiscal year.

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The Finance Director shall record budget adjustments to:

- Property Tax Levy Budget
- Final Overlay amount (provision for abatements and exemptions)
- Final Cherry Sheet receipts
- Final Estimated Local Receipts.
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Budget Amendments voted by Special Town Meeting

Policy:

The policy of the Town is that the Finance Director shall record all types of budget amendments as voted on by Town Meeting within one week of the Town Meeting vote.

Procedures:

On an annual basis the Town Meeting adopts the operating budget of the Town at Annual Town Meeting. Over the course of the fiscal year the adopted budget may be amended as a result of the following types of actions by Town Meeting:

1. Supplemental appropriations funded by free cash.
2. Supplemental appropriations funded by interfund transfers.
3. Supplemental appropriations funded by a new revenue source.
4. Interdepartmental and Intradepartmental transfers.
5. Supplemental appropriations funded by unexpended articles.
6. Supplemental appropriations funded by an overlay surplus.
7. Reserve Funds transfers allowed under MGL Chapter 40 section 6 and other year-end transfers as allowed under MGL Chapter 44 section 33B, which governs appropriation transfers in cities and towns.

Each type of amendment requires a unique budget entry to record the vote of Town Meeting.

- **Supplemental appropriations funded by free cash**
Subsequent to Town Meeting approval the Finance Director shall record the additional appropriation in the MUNIS budget module by adjusting the undesignated fund balance in the general ledger.
- **Supplemental appropriations funded by interfund transfers**
Subsequent to Town Meeting approval the Finance Director shall record the supplemental appropriation in the MUNIS budget module and shall record the transfer of between funds.

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- **Supplemental appropriations funded by a new revenue source**

Normally, additional revenues in excess of budget estimates stated on the Tax Recap are not available for appropriation during the fiscal year. On occasion, the DOR allows municipalities to use new or additional revenues as the funding source during the fiscal year and after approval of the Tax Recap. A vote of Town Meeting to appropriate based on a DOR authorized revenue source is recorded by:

 1. Increasing the respective departmental budget appropriation
 2. Increasing estimated revenue

- **Interdepartmental and Intradepartmental transfers**

Town meeting voters may vote to use fund a supplemental appropriation by transferring from one category of appropriation or from one department to another department. The vote of Town Meeting is recorded by:

 1. Increasing the respective appropriation in MUNIS budget module.
 3. Decreasing the source appropriation in the MUNIS budget module.

- **Supplemental appropriations funded by unexpended articles**

A vote of Town Meeting may authorize the transfer of unexpended funds to a supplemental appropriation. That vote is recorded by:

 1. Increasing the respective appropriation in MUNIS budget module.
 2. Decreasing the article balance in the MUNIS budget module.

- **Supplemental appropriations funded by overlay surplus**

Once the Board of Assessors vote to release an overlay surplus from a prior year(s), a vote of Town Meeting is required to authorize the transfer from the Overlay Surplus. That vote is recorded by:

 1. Increasing the respective appropriation in MUNIS budget module.
 2. Decreasing the Overlay Surplus in the MUNIS budget module.

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Monthly Financial Reporting

Policy:

The policy of the Town is that all expenditure budgets will be reviewed on a monthly basis by department heads. The official record of expenditures is the Town's general ledger as maintained by the Finance Director and Finance Department Staff. Department heads must submit documentation to support a journal entry if a general ledger account needs an adjustment.

Procedures:

- The Finance Department shall distribute monthly budget reports (summary and detail) for all general fund appropriations no later than the 5th day of each month to department heads and/or committee chairs.

Adopted by the Provincetown Board of Selectmen on February 26, 2018. 3-0-0