

Town of Natick
Town Meeting Member Handbook
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FOREWORD

The initial *Town Meeting Member Handbook* was created in 2004 by the Financial Operations Ad Hoc Committee of the Board of Selectmen “in the spirit of fostering a more informed citizenry.” Working under the direction of the selectmen, that committee wrote the *Handbook* “to serve as a guide to the procedures of Town Meeting and to help members develop an understanding of the municipal budget in Natick and the Commonwealth of Massachusetts so that they can participate fully in the consideration of articles involving town finance.” [2004 TMMH Introduction]

On being asked, through warrant article 26, to accept, reject, modify, or take any other action with respect to the *Handbook*, the fall 2004 annual town meeting chose to establish its own committee to submit a revised draft for approval.

We, the *Town Meeting Member Handbook* Revision Committee, now submit this *Handbook* revision to town meeting for approval. We thank the previous committee for beginning the process that we have continued. We hope that we have built on that committee’s hard work to create a guide to Natick’s town meeting that is handy, informative, and complete, and that it will in some small way contribute to better government in Natick, thereby enhancing the lives of our town’s citizens.

The *Town Meeting Member Handbook* Revision Committee
Robert M. Allen, Chair
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NOTE: This revision of the *Town Meeting Member Handbook* is being presented to the Fall 2005 Annual Town Meeting. All references to the town charter and by-laws, Massachusetts General Laws, websites, and the like are believed to be accurate as of that date.

I. INTRODUCTION TO NATICK’S TOWN MEETING

Town meeting is the legislative branch of Natick’s government – the body with the power of the purse and the power to make laws.

The Composition of Town Meeting

Natick has a representative town meeting consisting of 180 members, with 18 representatives from each of Natick’s ten precincts. For a map of Natick’s precincts, see Appendix A.

Any voter is eligible to become a town meeting member. [Charter Section 2-4(a)] Members are elected at the annual town election on the last Tuesday of each March, and, except in special circumstances, are elected for three-year terms. Terms are staggered so that one-third of the town meeting members’ terms expire each year. [Charter Sections 2-2 and 2-5; By-Laws, Article 1, Section 1, and Article 2, Section 2] A town meeting member who moves out of town immediately ceases to be a member. A town meeting member who moves from one precinct to another (or who is “removed” from his or her precinct by redistricting) may continue to serve until the next annual town election. [Charter Section 2-6(b)]

Annual and Special Town Meetings

Natick holds two annual town meetings. The spring session is held on the second Tuesday following the annual town election; the fall session on the third Tuesday in October. [Charter Section 2-12(a); By-Laws, Article 1, Section 1]

By charter, the spring session is primarily concerned with the determination of matters involving the expenditure and commitment of town funds, including but not limited to the adoption of an annual operating budget for all town agencies for the following fiscal year (July 1- June 30). [Charter Section 2-12(a)] The fall session usually focuses on zoning or other non-budgetary matters, but this is not required; budgetary matters may be discussed at that session, as well.

Special town meetings may be called in the sole discretion of the board of selectmen, for example, when matters arise that cannot wait for the spring or fall town meeting. [Charter Section 2-12(a)] The selectmen must call a special town meeting when requested to do so in writing by 200 registered voters or 20% of Natick’s registered voters, whichever is less. [Massachusetts General Laws (MGL) Chapter 39, Section 10] When a special town meeting is called, it is held on a Tuesday at 7:30 P.M. [By-Laws, Article 1, Section 2]

The board of selectmen must publish in a local newspaper notice of its intention to call a special town meeting. The charter requires that such notice appear in print at least twenty-eight days before the date of the special town meeting, except where compliance with that requirement would defeat the purpose of the special town meeting. [Charter Section 2-11(c); By-Laws, Article 1, Section 2]

Before each annual town meeting or special town meeting, the board of selectmen issues a warrant, a document that states the time and place of the meeting and lists the articles – the subject matter – to be acted upon. [Charter Section 2-11(a)] The warrant is sometimes called a “warning;” no action at a town meeting is valid unless the subject matter is contained in the warrant. “This requirement does not mean that the warrant must contain verbatim the language of the votes to be taken, but the warrant must contain a sufficient description of what is proposed so as to constitute an adequate warning to all the inhabitants of the town.” [*Town Meeting Time*, Chapter 1, Section 4]

How Articles are Placed on the Warrant and Publication of the Warrant

The board of selectmen places articles on the warrant that have been submitted by “(1) any elected town officer, (2) any multiple member body, acting by a majority of its members, (3) any ten voters, (4) such other persons or agencies as may be authorized by law, or by by-law.” [Charter Section 2-11(b)] All requests to place a matter on a town meeting warrant must be submitted to the board of selectmen in writing, but do not need to be written in any particular style or form. [Charter Section 2-11(c)]

Within five days after the warrant closes (which is sixty or more days before the date of any regularly-scheduled town meeting), the selectmen cause the constables to post copies of the warrant articles “in each precinct of the town and copies of said warrant articles to be mailed to the town moderator, the chairman of the finance committee, and to such other persons as may be designated by by-law. Additional copies of the warrant articles shall be made available for general distribution in the office of the town clerk.” [Charter Sections 2-11(c) and 2-11(d)]

II. NATICK TOWN MEETING CALENDAR

Following are some relevant dates for town meeting members. Note that many of the dates are pegged to the annual town election.

- ***Incumbent*** town meeting members wishing to run for re-election must file written notice with the town clerk by 5:00 P.M. on the day 21 days before the filing date for new town meeting candidates. [MGL Chapter 53, Section 10]
- Nomination papers for ***new*** town meeting candidates must be submitted to the registrars of voters for certification of signatures by 5:00 P.M. on the day 49 days before the annual town election. [MGL Chapter 53, Section 7]
- 60 days before the annual spring or fall town meeting (as the case may be) the warrant is closed for the submission of new articles. [Charter Section 2-11(c)]
- ***Annual Town Election*** is held on the last Tuesday in March. [By-Laws, Article 1, Section 1]
- ***Annual Spring Town Meeting*** is held on the second Tuesday following the annual town election, at 7:30 P.M. [By-Laws, Article 1, Section 1]
- ***Annual Fall Town Meeting*** is held on the third Tuesday in October, at 7:30 P.M. [By-Laws, Article 1, Section 1]
- ***Adjourned sessions of every town meeting***, when required, are held on the following Thursday at 7:30 P.M., and on consecutive Tuesdays and Thursdays thereafter at 7:30 P.M., unless a resolution to adjourn to another night is adopted by a two-thirds (2/3) vote of the town meeting members present and voting. [By-Laws, Article 1, Section 3]

III. RULES GOVERNING NATICK'S TOWN MEETING

Natick's town meeting is governed primarily by four sets of rules:

Massachusetts General Laws

These are the laws of the Commonwealth of Massachusetts, enacted by the state legislature. In general, provisions of the Massachusetts General Laws apply to town meeting. However, in particular situations specific to Natick as described in the town charter or in special legislation, local provisions in the charter or by-laws take precedence. The Massachusetts General Laws are available in printed form at the Morse Institute Library and in electronic form at www.mass.gov/legis/laws/mgl.

Town of Natick Charter

The Massachusetts General Laws define a charter, when used in connection with the operation of town government, as a document "which establishes and defines the structure of city and town government for a particular community and which may create local offices, and distribute powers, duties and responsibilities among local offices and which may establish and define certain procedures to be followed by the city or town government." [MGL Chapter 4, Section 7, clause Fifth] Natick has established a charter which provides in Section 1-3 that the legislative powers of the town shall be exercised by a representative town meeting. Article 2 of Natick's charter relates solely to the representative town meeting. Copies of Natick's charter are available at the Morse Institute Library and at the town clerk's office in town hall.

Town of Natick By-Laws

The first three articles of Natick's by-laws deal specifically with town meeting. In particular, Article 3 ("Procedure at Town Meetings") sets forth rules for procedure at Natick's town meetings. Section 1 of Article 3 provides: "The proceedings of Town Meetings shall be governed by such rules of practice as are clearly set out in the most recent edition of *Town Meeting Time* by Johnson, Trustman, and Wadsworth, except as modified by law or by the following sections. In the event that *Town Meeting Time* does not clearly indicate a single course of action, the ruling of the Moderator shall prevail." Copies of Natick's by-laws are available at the Morse Institute Library and the town clerk's office in town hall.

Town Meeting Time

As set forth above, Natick's by-laws establish *Town Meeting Time* as the authoritative source of rules of procedure at Natick's town meetings, except as modified by law or by Natick's by-laws. Copies of *Town Meeting Time* are available at the Morse Institute Library. To purchase a copy, contact the town moderator.

IV. SEPARATION OF POWERS UNDER NATICK'S CHARTER

Natick's charter divides power between the legislative branch, which is the representative town meeting, and the executive branch. [Charter Section 1-3]

Legislative Branch (Town Meeting)

The charter says of town meeting: "All powers of the town shall be vested in the representative town meeting, except as otherwise provided by law or the charter. The town meeting shall provide for the exercise of all powers of the town and for the performance of all duties and obligations imposed upon the town." [Charter Section 2-9] Town meeting members are elected to "meet, deliberate, act and vote in the exercise of the legislative powers of the town." [Charter Section 2-1]

Town meeting is responsible for "the determination of matters involving the expenditure and commitment of town funds, including but not limited to the adoption of an annual operating budget for all town agencies." [Charter Section 2-12(a)] Town meeting also has authority to set certain fees. Proposed budgets and other financial articles are only proposals unless and until voted by town meeting; town meeting may accept, reject, or amend any such proposed budget or other financial article at its discretion, subject only to statute or other applicable law, court decision, and contract.

Town meeting has non-financial authority, as well. For example, it makes by-law changes, approves zoning by-law changes, and, with the subsequent approval of the voters, makes charter changes.

Subject only to an express prohibition in a general law or in the charter, town meeting also has the power to reorganize town government. Town meeting may "reorganize, consolidate or abolish, create, merge or divide, alter the term of office, the manner of selection, or, if a multiple member body, the number of members of any town agency, in whole or in part, establish new town agencies and may prescribe the functions, powers, duties and responsibilities of any such town agency." [Charter Section 6-1(a)] Proposed reorganizations may also be prepared and submitted to town meeting by the town administrator, after consultation with the board of selectmen. The charter grants to town meeting the authority to accept or reject such a proposed plan of reorganization, but not to amend or alter it. [Charter Section 6-1(b)]

Town meeting has the right to receive information from all town agencies. The term "town agency" means "any board, commission, committee or other multiple member body, department, division, or office of the town of Natick." [Charter Section 7-7(j)] (Under this definition, each individual town officer, whether elected or appointed, is a "town agency.") Each town agency has the obligation to send a representative to town meeting to supply information "pertinent to warrant articles concerning" such agency. [Charter Section 2-10(a)] In addition, town meeting may, by by-law, establish other standing committees. [Charter Section 2-11(e)]

In addition to information received from town agencies, town meeting receives formal recommendations on warrant articles. These formal recommendations are required only

of the finance committee and the planning board. The finance committee provides recommendations on the proposed annual budget and all financial articles [Charter Section 5-6(a), (b), and (c)], and on all other warrant articles. [By-Laws, Article 23, Section 4] The planning board provides recommendations on “all matters affecting land use and development and estimates of their costs.” [Charter Section 3-11(b)] These formal recommendations must be developed after a public hearing, and must be reported to town meeting in advance. In addition to the recommendations required by charter, “representative town meeting may, by by-law, provide for the establishment of standing committees to which shall be referred the subject matter of warrant articles for study, review and report in advance of town meeting action. Such committees may consist wholly of persons elected as town meeting members or of a combination of elected town meeting members and voters.” [Charter Section 2-11(e)] Town meeting has exercised this authority by requiring the finance committee to make recommendations on non-financial articles.

Although these agencies, boards, and committees provide valuable recommendations, information, analysis, and opinion to town meeting, town meeting members have the right to ask any and all questions they see fit, and town meeting is not bound by any recommendations or opinions of any other body.

Executive Branch (The Board of Selectmen, the Town Administrator, and Other Town Agencies)

The executive branch is made up of all elected and appointed offices, all individual offices and multiple-member bodies, and all departments and all divisions of the town, except for the moderator, town meeting, the finance committee, and other committees created by town meeting. The charter provides that “[t]he administration of all the fiscal, prudential and municipal affairs of the town shall be vested in an executive branch headed by a board of selectmen.” [Charter Section 1-3]

In order to understand the scope of town meeting’s power, it is necessary to focus on the powers carved out for the executive branch. This focus is necessary because the charter provides that “all powers of the town shall be vested in the representative town meeting, except as otherwise provided by law or the charter.” [Charter Section 2-9] The town boards and offices granted the most significant authority by the charter are the board of selectmen, the town administrator, the school committee, the planning board, the board of trustees of the Morse Institute, and the town comptroller, each of which is discussed below. Several of the elected and appointed offices which comprise the executive branch have authority and responsibilities under the Massachusetts General Laws in addition to their powers under the charter.

Board of Selectmen

The executive branch is “headed by a board of selectmen.” [Charter Section 1-3] “The executive powers of the town shall be vested in the board of selectmen which shall be deemed to be the chief executive office in the town. The board of selectmen shall have all of the executive powers it is possible for a board of selectmen to have and to exercise.” [Charter Section 3-2(b)] Although each part of the executive branch has its

own separate and unique area of authority and responsibility, the charter and the by-laws make clear that the board of selectmen may exercise authority over any administration of the property and affairs of the town that has not been assigned to another town agency. [Charter Section 3-2; By-Laws, Article 10, Section 1]

The charter also grants to the board of selectmen specific policy-making authority, subject to certain conditions and restrictions. “The board of selectmen shall serve as the chief policy making agency of the town. It shall be responsible for the issuance of policy directives and guidelines to be followed by all town agencies serving under it and, in conjunction with other elected town officers, to develop and to promulgate policy guidelines designed to bring all agencies of the town into harmony. Provided, however, nothing in this section shall be construed to authorize any member of the board of selectmen, nor a majority of them, to become involved in the day-to-day administration of any town agency. It is the intention of this provision that the board of selectmen shall act only through the adoption of broad policy guidelines which are to be implemented by officers and employees appointed by or under its authority.” [Charter Section 3-2(b)] These provisions give the board of selectmen the unique authority to involve itself in matters that concern town agencies which do not serve under it and that concern other elected town officers. Notably, however, these provisions do not give the selectmen sole or unilateral authority over such matters, but instead require that they work on such matters “in conjunction” with other elected officers.

The administrative scope of the board of selectmen is broad. By statute, the board sets and, if it chooses, splits the tax rate. In addition, among other things, the board sets water and sewer rates, negotiates key contracts, approves bid specifications, approves and accepts bids, issues bonds authorized by town meeting, authorizes the disbursement of appropriated funds, signs all bonds and notes for borrowings, and calls all town elections, including, without limitation, special elections for override, debt exclusion, or capital exclusion votes. The board of selectmen also appoints and reviews a number of key town officers, including the town administrator, town comptroller, police chief, and fire chief, and serves as the town’s public works commission and licensing board. [Charter Section 3-2(c) and (d)]

Town Administrator

The town administrator is the chief administrative officer of the town, responsible to the selectmen for the proper execution of the duties of the office. [Charter Section 4-2] Except with respect to such matters as are reserved to the school department or the trustees of the Morse Institute, the town administrator is responsible for preparing and submitting to town meeting the proposed operating and capital budgets of the town, appointing and supervising all town personnel, administering or supervising the activities of all town departments, controlling all town facilities and property, and purchasing all supplies. The town administrator also keeps the board of selectmen informed as to the fiscal condition of the town. In conjunction with the personnel board, the town administrator develops and administers the town’s personnel by-law. The town administrator also negotiates or participates in the negotiation of all union contracts and participates in (but does not vote at) meetings of the board of selectmen. Appointments by the town administrator may be affirmed or rejected by the selectmen.

School Committee

The school committee hires and supervises the school superintendent and sets policy, rules, and regulations for the school department. The school committee has all of the powers that school committees are given by the general laws, as well as such additional powers as are granted to it by charter, by-laws, or town meeting vote. [Charter Section 3-3(b)]

Planning Board

The planning board is responsible for making careful studies of the resources, possibilities and needs of the town and makes plans for the development of the town. The planning board has the power to make a comprehensive or master plan, in graphic and textual form, of policies to govern the future growth and development of the entire town. The planning board has all of the other powers and duties planning boards are given by general laws, special laws, the charter or the zoning by-laws. [Charter Section 3-11(b)]

Morse Institute Trustees

The board of trustees of the Morse Institute has exclusive control of the Morse Institute and all the other powers and duties provided to such board under the will of Mary Ann Morse [Charter Section 3-9(c)], including the administration and expenditure of trust and investment funds.

Town Comptroller

The town comptroller is appointed by the board of selectmen. The comptroller has all the powers and duties conferred and imposed upon town accountants by general laws. In addition, the town comptroller is responsible for the installation and supervision of all accounting records of the several town officers and agencies; provided, however, that any change in the system of accounts shall first be discussed with the town administrator, the board of selectmen, and the town agencies affected. The comptroller also establishes standard practices relating to all accounting matters and procedures and the coordination of systems throughout the town as they relate to accounting matters. The town comptroller, after discussion with the town administrator, prepares and submits rules, regulations and instructions relating thereto that, when approved by the board of selectmen, shall be binding upon all town agencies and employees.

The town comptroller also draws all warrants upon the town treasurer for the payment of any and all bills, drafts, and orders chargeable to the appropriations and other accounts approved by town meeting and appropriate department heads. The town comptroller must examine and approve all bills, drafts, and orders as not being fraudulent, unlawful, or excessive. The town comptroller may make inspection as to the quality, quantity and condition of any materials, supplies or equipment delivered to or received by any town officer or agency. The town comptroller is also responsible for a continuous audit of all accounts and records of the town. [Charter Section 6-3(b)(6)]

V. PARTICIPANTS IN NATICK'S TOWN MEETING

Town Meeting Members

Town meeting, whose members are “elected to meet, deliberate, act and vote in the exercise of the legislative powers of the town” [Charter Section 2-1], currently convenes in Natick High School’s auditorium. To facilitate voting and deliberation, the town moderator designates a separate seating section for town meeting members. Recently, that section has been the front center of the auditorium. The town moderator should be informed of any member who needs to sit outside the designated member section, for only town meeting members are allowed to vote.

Town Moderator

The town moderator regulates the proceedings of town meeting, decides all questions of order, makes public declarations of its votes, and may administer the oath to any town officer. [Charter Section 2-8] The town moderator also appoints the members of the finance committee [By-Laws, Article 23, Section 1] and other committees established by town meeting, unless otherwise ordered by a vote of two-thirds (2/3) of the town meeting members present and voting. [By-Laws, Article 2, Section 10] The town moderator is elected every three years by the voters. [Charter Section 3-10(a)] During town meeting, the town moderator stands at a podium on the stage.

Town Clerk

Among other duties, the town clerk acts as the clerk of town meeting, keeps its records, and, in the absence of the town moderator, serves as temporary presiding officer. [Charter Section 3-5(b)] The town clerk is elected every three years by the voters. [Charter Section 3-5(a)] During town meeting, the town clerk sits on the stage next to the moderator, to the town meeting members’ left.

Finance Committee

The finance committee is charged with making formal recommendations to town meeting on both financial and non-financial articles. [Charter Section 5-6(c); By-Laws, Article 23, Section 4] Finance committee members are appointed by the town moderator for staggered three-year terms. During town meeting, the chair and secretary of the finance committee sit on the stage to the town meeting members’ right. They make the motions voted by the finance committee on each article and respond to questions regarding the finance committee’s recommendations and deliberations.

Comptroller

The comptroller attends town meeting to respond to questions regarding the accounts and financial records of the town. The comptroller is appointed by the board of selectmen for a three-year term. [Charter Sections 3-2(c) and 6-3(a)] During town meeting, the comptroller sits at the table with the finance committee chair and secretary, to the town meeting members’ right.

Town Counsel

Town counsel, an independent contractor appointed yearly by the board of selectmen, attends town meeting to answer any legal questions posed by town meeting. [By-Laws, Article 22, Sections 2 and 3] During town meeting, town counsel sits on the stage to the town meeting members' extreme right

The Town Administrator

The town administrator attends town meeting to answer questions relating to warrant articles and other matters under his or her supervision and to explain the proposed budget submitted. [Charter Sections 4-2(6), 5-3, 5-4, and 5-5] During town meeting, when not speaking at the speakers' podium, the town administrator sits in the non-member section, near the speakers' podium.

The Planning Board

The planning board is charged by the charter with making "recommendations to the representative town meeting on all matters affecting land use and development and estimates of their costs." [Charter Section 3-11(b)] A representative of the planning board is required to attend town meeting to respond to questions on planning board recommendations and deliberations. [Charter Section 2-10(a)] Planning board members are elected by the voters for staggered five-year terms. [Charter Section 3-11(a)] Representatives of the planning board who are also town meeting members sit in the member section; others sit in the non-member section.

Representatives of Town Agencies

A designated representative of each town agency must attend every session of town meeting to provide members with information pertinent to warrant articles concerning such agency. Representatives of town agencies, including those who are not town residents, have the same right to speak as town meeting members, but may not make motions or vote. [Charter Section 2-10(a)] By statute, the superintendent of Natick public schools and the superintendent of Keefe Technical School have the right to address town meeting regarding their respective budgets. [MGL Chapter 71, Section 34] Town agency representatives who are also town meeting members sit in the member section; others sit in the non-member section.

Board of Selectmen

A designated representative of the board of selectmen must attend every session of town meeting to provide members with information pertinent to the board. Usually, a number of other selectmen attend town meeting, as well. Those selectmen present at town meeting generally sit in the non-member section near the speakers' podium.

Town Officers and Employees

Whether town residents or not, town officers and town employees who have information pertinent to the subject matter of any warrant article are entitled to speak, but may not make motions or vote, unless they are members of town meeting. [Charter Sections 2-1 and 2-10(b)] Town officers or employees who are also members of town meeting sit in the member section; others sit in the non-member section.

Other Committees

Town meeting has the authority to provide, by by-law, for the establishment of standing committees to study, review and then to report back to town meeting regarding the subject matter of warrant articles. [Charter Section 2-11(e)] Members or representatives of such committees who are town meeting members sit in the member section; others sit in the non-member section.

Residents and Taxpayers

Any resident or taxpayer of the town may attend town meeting and may participate in proceedings, but may not vote. [Charter Section 2-10(c)] Non-town meeting member residents and taxpayers must sit in the non-member section.

Non-Residents and Non-Taxpayers

Persons who are not residents of the town or taxpayers of the town and who do not fall under one of the above categories may nevertheless attend town meeting because it is a public meeting. However, they may not participate in the proceedings unless permitted to do so by town meeting, and they have no right to vote.

VI. PROCEEDINGS OF TOWN MEETING

In Advance of Town Meeting

Before town meeting, each town meeting member receives by mail a copy of the warrant, a copy of the school committee report, and a copy of the finance committee's report. The charter mandates that the finance committee "file a report containing its recommendations for actions on the proposed budget which shall be available at least seven days prior to the date on which the town meeting acts on the proposed budget." [Charter Section 5-6(c)] The by-laws require the finance committee to distribute its report to each of the town meeting members at least ten (10) days in advance of a town meeting. [By-Laws, Article 23, Section 4]

Finance Committee Report

The finance committee's report contains recommendations (and, sometimes, minority views) on each warrant article, financial and non-financial. It also includes the total amount of appropriations recommended by the finance committee (and, by tradition, the source of such funds), the approximate tax rate based on the finance committee's recommendations, and "a statement of the doings of the Committee during the year, with any such recommendations or suggestions as it may deem advisable on any matters pertaining to the welfare of the Town." [By-Laws, Article 23, Section 4]

The report sets forth, in digested form, the arguments heard by the finance committee during its hearings and the logic by which the committee came to its recommendations. It thus often anticipates and answers the questions town meeting may have about articles, saving the meeting considerable time and duplicative work.

Also included in the report are the recommendations (including minority recommendations, if any) of the planning board on matters affecting land use and development, and estimates of their cost. [Charter Section 3-11(b)]

The recommendations expressed in the finance committee's report are advisory only. Town meeting is not obliged to follow the finance committee's recommendations in any particular; nor do the recommendations, in the words of *Town Meeting Time*, "relieve the rest of the meeting from thinking and asking questions for themselves." [*Town Meeting Time*, Chapter 2, Section 10] Only town meeting members have the authority to deliberate, act and vote in the exercise of the legislative powers of the town. [Charter Section 2-1]

Preparation for Town Meeting

Members often seek information about the articles beyond that which they expect will be provided in the warrant, school committee report, and finance committee report. There are a number of useful sources for such information.

Finance committee hearings and other board and committee meetings—open to the public, except when in executive session—are rich sources of information. At these

meetings and hearings, opinions are still being formed, facts are still being analyzed, and prospective budget items are still being balanced against each other. As such, these meetings can be productive times for the public to express views and make suggestions. Meeting schedules are posted on the bulletin board in town hall, and on the town website, www.natickma.org.

Most town officials, committee members, and proponents and opponents of particular articles welcome direct contact from town meeting members and stand ready to answer questions.

Preliminaries of Town Meeting and General Rules

Town meeting is held in the auditorium at Natick High School. Every night of town meeting, each town meeting member must sign in with the town clerk at the table set up in the main lobby. Members who arrive too late to sign in at the lobby must sign in with the town clerk after business is concluded for the evening. At the front table, members take copies of the *Annual Town Report* and other official material. General information and lobbying material from various sources, as well as duplicates of the reports already mailed to members, are also on hand.

Rules of Procedure

Town meeting conducts itself according to the rules set out by *Town Meeting Time*, except where modified by law or by the town by-laws. Given that town meeting can amend the by-laws, however, town meeting is free to change its rules of procedure (except as limited by the town charter or the Massachusetts General Laws).

Financial Interest

Anyone having a monetary or equitable interest in any matter under discussion at town meeting, and anyone employed by another with such an interest, must disclose the interest or employment before speaking on the matter. [By-Laws, Article 3, Section 8]

Decorum in Debate

When recognized by the moderator, a speaker must rise and either wait for a microphone to be brought to him or her by a page or go to the podium. A speaker must state his or her name and precinct or other affiliation before proceeding.

Speakers are not permitted to speak directly to one another or to a proponent or official, but only to and through the moderator. "Through you, Mr. Moderator," are frequently the first words of any statement or question. Speakers may not refer to others present at the meeting by name, but by title, or by designations such as "the previous speaker." Speaking *ad hominem*, that is, commenting on the arguers rather than their arguments, is known in town meeting as "indulging in personalities," and is not permitted; nor are superfluous speeches, indecent language, or other incivilities.

Opening of Town Meeting

When a quorum of 91 members is present [Charter Section 2-12(c)], town meeting opens with the moderator administering the oath to newly-elected town meeting members. This is followed by an invocation and the Pledge of Allegiance. The moderator then offers procedural points.

Resolutions

If there are resolutions to honor particular individuals, they are usually offered at the beginning of the session. These resolutions are usually adopted unanimously and without debate.

Town Administrator's Spring Town Meeting Budget Message

Before other business at the spring town meeting, the moderator grants the town administrator time to summarize the proposed budget and to deliver the budget message.

Main Business

Motions in General

Any town meeting member, and only a town meeting member, may make or second a motion. Motions must, in the opinion of the moderator, be within the scope of the warrant article under consideration. The moderator may request a written version of any motion. [By-Laws, Article 3, Section 2] Motions may be made only when no other business is pending and must be seconded before debate can begin. Main motions yield to all relevant subsidiary motions, and to all privileged motions, relevant or not. [*Town Meeting Time*, Chapter 5, Section 27]

Debate in General

After a motion has been made and seconded, debate begins. The moderator usually calls first on the principal proponent of the article, and thereafter on others, until all points of view are heard.

No one is allowed to speak on a question more than once when anyone else is waiting to be heard. Without the permission of town meeting, no one may speak more than twice on the same question or, on most motions, for more than ten minutes at one time. If the motion is to lay on the table, take from the table, or postpone for a time certain, speakers may only speak for two minutes. [By-Laws, Article 3, Section 3]

Order of Business

Except when voted otherwise by town meeting, the main business of town meeting proceeds in the same order as the articles on the warrant. Consideration of an article begins with the moderator reading the article, unless town meeting votes to waive that requirement.

Initial (Main) Motions

After the article is read, the secretary of the finance committee, a proponent of the article, or any town meeting member may make an affirmative main motion. It should be noted

that town meeting does not vote directly on the articles, but on motions for action on the articles; the article is only notice of the general subject matter that will be discussed.

If an affirmative main motion is made and seconded, the chairman of the finance committee offers and explains the finance committee's recommendation on the motion. If a recommendation of a negative main motion or a report of "no action" is offered by the finance committee, a proponent of the article, or any town meeting member may make a motion for affirmative action. Once the main motion – or any motion – is before town meeting, the motion can be approved, substituted for, amended, referred to committee, postponed to a future time or meeting, or defeated.

Amendments

Amendments, which are offered and seconded in the same manner as main motions, may insert, strike out, or substitute words or dollar amounts in the main motion. By practice, any amendment that increases funding names the proposed source of the funds. A motion to amend may itself be amended, but these sub-amendments must be done one at a time. Passing an amendment requires only a majority vote, even when the main motion to be amended requires a greater quantum of vote. Amendments are acted upon before the main motion is voted, and approval of an amendment is followed by a vote on the main motion as amended.

Motion to Refer

A motion to refer takes precedence over a motion to amend and must be voted on first. If approved, the subject matter of the article is referred to another agency or board for further consideration. If defeated, debate resumes on the main motion.

Motion to Close Debate

A motion to close debate - "motion for the previous question" - may be entertained by the moderator only if there are fewer than three people seeking recognition to speak for the first time on the matter at hand (whether a main motion, amendment, or other action). [By-Laws, Article 3, Section 11] A motion to close debate is not itself debatable, and must be passed by a two-thirds vote. If a motion to close debate passes, all debate on the matter at hand ceases, and town meeting votes at once on the pending motion.

Motion to Reconsider

A motion to reconsider permits town meeting to rescind the action of a vote already taken during that town meeting and re-vote. The subject matter of any article once voted upon may be reconsidered only once, but at any time during the same town meeting. [By-Laws, Article 3, Section 5]

In the request for reconsideration, the town meeting member must state compelling circumstances for reconsideration, such as new information not available to town meeting at the time the article was considered, or substantial evidence that town meeting members were confused as to the basis or nature of the action which they took. The moderator then rules as to whether reconsideration is warranted. The moderator may allow reconsideration in the same session, but often delays the ruling until the next adjourned session of town meeting. Reconsideration requires a two-thirds vote.

Resolutions

Resolutions are main motions not directly related to any article on the warrant and are subject to the same rules of procedure that apply to main motions in general.

One type of resolution expresses appreciation to a person for an achievement or service. These resolutions are usually offered at the beginning of the session and adopted unanimously without debate.

The other type of resolution is intended to express the opinion of town meeting on some subject of interest to the citizens of Natick and is advisory only. Resolutions can be made at any time no other motion is pending.

Point (Question) of Order

A point of order is a question of legality or propriety of the proceedings. If a town meeting member believes that someone has the floor improperly, that a motion or discussion is not within the purview of an article, or that any other rules are not being followed, he or she may rise, interrupt whoever is speaking, and say, "Mr. Moderator, I rise to a point of order." After being recognized, the town meeting member states the point of order, and the moderator rules upon it. There is no second required or debate permitted on a question of order. The ruling the moderator makes, whether with or without advice from town counsel, is final. A point of order must be raised promptly when the problem arises.

Questions of Privilege

According to *Town Meeting Time*, questions of privilege relate first to the "conduct of the meeting: the safety, dignity, and the integrity of its proceedings, and second to the rights, reputations and conduct of the voters or town meeting members individually, in their capacity as voters or members." [*Town Meeting Time*, Chapter 8, Section 57] For a question of privilege, the member rises – and may interrupt the speaker – with the words, "Mr. Moderator, I rise to a question of privilege." Upon recognition, the member states the matter. Questions of privilege do not require a second, and may not be amended or debated. They are not voted upon, but are ruled upon by the moderator.

Point of No Quorum

A point of no quorum is made when a town meeting member questions whether a quorum is still present. A point of no quorum may not interrupt the speaker, does not require a second, and cannot be amended, debated, or reconsidered. The moderator rules upon a point of no quorum after obtaining a count of the town meeting members present.

Motions to Recess, Adjourn to a Fixed Time, or to Fix the Time at Which to Adjourn

These motions must be seconded and may be debated or amended. The motion to fix the time at which to adjourn may be reconsidered, but the motions to adjourn to a fixed time or to recess may not. All require a majority vote, and none may interrupt the speaker. [*Town Meeting Time*, Table of Basic Points of Motions]

Motion to Dissolve

A motion to dissolve is only in order when every article in the warrant has been disposed of. [*Town Meeting Time*, Chapter 8, Section 61] It may not interrupt the speaker, may not be debated, amended, or reconsidered, and requires a second and majority vote. [By-Laws, Article 3, Section 6]

Precedence of Motions

When a question is before the town meeting, motions may be received and have precedence as listed in the following table. [By-Laws Article 3-6]

Motion	Second Required	Debate	Amend	Vote Required
Adjourn or dissolve	Yes	No	No	Majority
Adjourn to a fixed time or recess	Yes	Yes	Yes	Majority
Lay on the table	Yes	Yes+	No	2/3 Majority
For the previous question+++	Yes	No	No	2/3 Majority
For secret ballot	Yes	No	No	2/3 Majority
Roll call vote	Yes	Yes	No	1/3 Majority
Postpone to a time certain	Yes	Yes+	Yes	Majority
Commit, recommit, or refer	Yes	Yes	Yes	Majority
Amend	Yes	Yes	Yes	Majority
Postpone indefinitely	Yes	Yes	No	Majority
Main Motion	Yes	Yes	Yes	Majority++
Reconsideration	Yes	Yes	No	2/3 Majority
Take from the table	Yes	Yes+	No	Majority
Take up an article out of order	Yes	Yes	Yes	2/3 Majority

+ See By-Laws Article 3, Section 3

++ Some main motions are required by the general laws to be passed by greater than a majority vote; for example, bond issues, zoning changes, the taking of land require a 2/3 vote. For other examples, refer to the appendix in *Town Meeting Time* entitled "Quantum of Vote."

+++See By-Laws Article 3, Section 11

The Vote

After all who wish to be heard on the question have spoken, or if a motion for the previous question has been passed by town meeting, the moderator repeats the question and calls for the vote. Only town meeting members may vote. [Charter Section 2-1; By-Laws, Article 3, Section 4]

The vote is by show of hands, unless, before the vote is taken, a secret ballot or a roll call is moved, seconded, and voted. [By-Laws Article 3, Sections 4 and 6]

If the result of a show of hands is clear, no count is taken and the moderator declares the motion to have been adopted or defeated. If the moderator is in doubt, or if seven members immediately rise to question the vote, the vote is counted by members previously appointed by the moderator as tellers. [By-Laws, Article 3, Section 4] Each teller tallies a previously designated section of members and hands the written count to the moderator, who announces the results.

All votes are by a majority, except where otherwise specified by the by-laws or other law; all references to the size of the vote mean of those present and voting. [By-Laws, Article 3, Section 7]

Referendum

A referendum is the means by which dissatisfied citizens may put certain town meeting decisions to a general town vote. To make this possible, most final votes are not operative until seven days after the dissolution of town meeting. Votes that become operative immediately on the dissolution of town meeting and that are excluded from the possibility of referendum are “a vote appropriating money for the payment of notes or bonds of the town and interest thereon coming due, a vote appropriating money in anticipation of taxes or other revenue, or a vote declared by preamble to be an emergency measure, necessary for the immediate preservation of the peace, health, safety or a convenience of the town.” [Charter Section 2-13(a)]

Citizens can compel a referendum on any other town meeting vote by filing a petition with the board of selectmen during the seven days before the town meeting vote becomes operative. The petition must ask that a particular question (or questions) as voted by town meeting be referred to the voters for a final determination, and must contain the signatures and addresses of not less than five percent of the total number of voters as of the date of the most recent town election. [Charter Section 2-13(c)]

If such a petition is filed, the operation of the town meeting vote is further suspended pending its determination by the voters. The board of selectmen, within ten days following the filing of the petition, calls a special election to be held on a date fixed by it, not less than fourteen nor more than twenty-one days later, for submission of the question or questions to the voters for a final determination.” [Charter Section 2-13(c)]

VII. THE TOWN OF NATICK BUDGET PROCESS

Each year, the town administrator must prepare two fiscal proposals. The first is a proposed annual budget for the town, and the second is the proposed five-year capital improvement program. The proposed annual budget is submitted to the finance committee and then, ultimately, to town meeting. Town meeting may adopt the budget in its proposed form, may modify it, or may reject it. The proposed five-year capital improvement program is submitted to the board of selectmen and the finance committee, but not to town meeting; it is used only for planning purposes.

A. The Annual Budget

Each year, at the spring annual town meeting, town meeting adopts an annual budget for all town agencies for the upcoming fiscal year (July 1 – June 30). [Charter Section 2-12(a)] Because the finance committee must review the annual budget proposed by the town administrator and make recommendations to town meeting [Charter Section 5-6], the budget process for the upcoming fiscal year must begin early in the calendar year.

Preparation of Proposed Budget

Under the charter, the town administrator is responsible for preparing a proposed annual budget in accordance with Article 5 of the charter [Charter Section 4-2(8)]; the charter, however, does not specify a process for town administrator to follow in doing so.

In practice, when preparing the budget the town administrator obtains information from all town agencies. In addition, there are requirements for the filing of information by the school department and other town agencies.

The budget adopted by the school committee must be submitted to the town administrator “in sufficient time to enable him to consider its effect on the total town budget he is required to submit.” [Charter Section 5-2(a)] Before finalizing its budget for submission to the town administrator, the school committee is required to have made available for public examination its complete draft budget, published it in summary, and to have held public hearings on it. [Charter Section 5-2(b)]

In addition, as mandated by the Massachusetts General Laws all town agencies have obligations to provide financial information. “The selectmen, and all boards, committees, heads of departments, or other officers of the town authorized by law to expend money shall furnish to the town accountant, or if there is no town accountant, to the appropriation, advisory or finance committee, if any, otherwise to the selectmen, ... detailed estimates of the amount necessary for the proper maintenance of the departments under their jurisdiction for the ensuing fiscal year, with explanatory statements as to any changes from the amounts appropriated for the same purposes in the then current fiscal year, and an estimate of amounts necessary for outlays or permanent improvements. They shall also prepare estimates of any income likely to be received by the town during the ensuing fiscal year in connection with the town’s business or property entrusted to their care.” [MGL Chapter 41, Section 59] The town administrator may use this information as he sees fit. The charter provides that the town comptroller has the powers and duties

conferred and imposed upon town accountants by general laws. [Charter Section 6-3(b)] Accordingly, in Natick these detailed estimates must be furnished to the town comptroller.

Submission of Proposed Budget

On or before the first business day in January, the town administrator submits to the finance committee “a proposed budget for the ensuing year, with an accompanying budget message and supporting documents,” and provides for a general summary of the budget to be published in the newspaper. That summary must specifically indicate any major variations from the current fiscal year budget, the reasons for such changes, and where and when complete copies of the proposed budget and accompanying materials may be examined by the public. [Charter Section 5-3; By-Laws, Article 20, Section 2]

Budget Message

“The budget message submitted by the town administrator shall explain the proposed budget for all town agencies, both in fiscal terms and in terms of work programs. It shall outline proposed financial policies of the town for the ensuing fiscal year; describe important features of the proposed budget; indicate any major variations from the current budget in financial policies, expenditures and revenues, together with the reasons for such changes; summarize the town’s debt position; and it shall include such additional information as the town administrator deems desirable or the board of selectmen may reasonably require.” [Charter Section 5-4]

Form and Scope of the Proposed Budget

The proposed budget must provide “a complete financial plan of all town funds and activities, including the budget as requested by the school committee. Except as may otherwise be required by general law, or by the charter, it shall be in the form the town administrator deems desirable, or as the board of selectmen may require. In his presentation of the proposed budget, the town administrator shall make use of modern concepts of fiscal presentation so as to furnish a maximum amount of information and the best financial controls. The budget shall be arranged to show the actual and estimated income and expenditures for the previous, current, and ensuing fiscal years and shall indicate, in separate sections:

- (a) Proposed expenditures for current operations during the ensuing fiscal year, detailed by town agency, function and work programs, and the proposed methods of financing such expenditures.
- (b) Proposed capital expenditures during the ensuing fiscal year, detailed by town agency, and the proposed methods of financing such expenditures.
- (c) Estimated surplus revenue and free cash at the end of the current fiscal year, including estimated balances in any special accounts established for specific purposes.”

[Charter Section 5-5]

Action on the Proposed Budget

Once the finance committee receives the proposed annual budget, it must “consider, in open public meetings, the detailed expenditures proposed by each town agency.” The finance committee is authorized to “confer with representatives of any town agency in connection with its review and consideration.” The finance committee may require “the town administrator, or any other town agency, to furnish it with such additional information as it may deem necessary to assist it in its review of the proposed budget.” [Charter Section 5-6(b)] Notice of this public meeting must be published in the newspaper. [Charter Section 5-6(a)]

Presentation of Proposed Budget to Town Meeting

The charter requires the finance committee to “file a report containing its recommendations for actions on the proposed budget which shall be available at least seven days prior to the date on which town meeting acts on the proposed budget.” [Charter Section 5-6(c)]

Consideration of Proposed Budget by Town Meeting

After the finance committee has made its recommendations, it is up to town meeting to determine the budget. The proposed budget prepared by the town administrator must be presented to town meeting. [Charter Sections 5-3 through 5-6] “When the proposed budget is before town meeting for action it shall first be subject to amendment, if any, by the finance committee.” [Charter Section 5-6(c)] Amendments may also be offered from the floor of town meeting. Town meeting is not bound to adopt the budget proposed by the town administrator; nor is town meeting bound to accept finance committee recommendations.

What follows is a discussion of various components of the annual budget, which consists of revenue, operating expenses, and capital expenditures. This section also touches on free cash, stabilization funds, enterprise funds, and revolving funds.

Revenue Estimates

Because Massachusetts law requires each city and town to adopt a balanced budget (a budget in which revenues equal or exceed expenditures), the starting point for constructing a budget must be revenue projections.

Natick receives revenue from a number of sources, including: (a) real property taxes; (b) betterment assessments; (c) taxes on certain (non-household) personal property; (d) motor vehicle excise taxes; (e) state aid; (f) water and sewer fees; (g) trash fees; (h) ambulance fees; and (i) other local receipts (such as licensing and permit fees). Real property and personal tax assessments are subject to the limitations of Proposition 2 ½, which is described in the Glossary of Municipal Financial Terms at the end of this handbook.

Revenue estimates are generally developed by the town administrator based on facts (as to historical data) and assumptions (as to future occurrences). Historically, town meeting has not debated revenue estimates. However, as a part of its consideration of the budget, town meeting could review the facts and assumptions underlying the town administrator's budget estimates and could even establish its own revenue estimates. The revenue estimates are of critical importance because the amount of anticipated revenue dictates the amount of expenditures that can be provided for while maintaining a balanced budget. Overly optimistic revenue estimates could require the town to drain its free cash balance and/or to cut services in the middle of a fiscal year (which might result in the entire year's budget reduction being concentrated in the second half of the fiscal year). Overly conservative revenue estimates could result in unnecessary reductions in services and/or the imposition of user fees which, when later considered in light of actual revenues, might prove to have been unnecessary to maintain a balanced budget. It should be noted that revenue estimates are subject to review by the Massachusetts Department of Revenue.

Free Cash

Another source of funds to maintain a balanced budget is so-called "free cash." Free cash is not actual cash in the bank; rather it is an account balance equal to the amount of money over and above the tax levy that town meeting may appropriate for any purpose. Free cash is calculated as of July 1st. Free cash balances must be certified by the state, but this certification process is generally not completed until some time in the fall. The free cash balance as of July 1st equals (a) the free cash balance as of the prior July 1st reduced by (b) free cash appropriated by town meeting during the fiscal year just ended and increased by (c) additions to free cash generated during the fiscal year just ended. While additions to free cash may be generated from a variety of sources, the most common reasons for additions to free cash are actual revenues exceeding budgeted revenues and actual expenditures falling short of budgeted amounts.

Stabilization Funds

A stabilization fund is another special kind of account balance authorized by state law for any lawful purpose. Stabilization funds enable a town to accumulate amounts for future capital and non-capital spending purposes. A town may have more than one stabilization fund, each for a different purpose; nevertheless, even if a stabilization fund is designated for a particular purpose the funds allocated to the stabilization fund may be appropriated for any lawful purpose. A two-thirds vote of town meeting is required to add money to or remove money from a stabilization fund. Natick has a single, general purpose, stabilization fund.

Expenditures

The other side of the budget ledger involves expenditures. Most departmental budgets are considered by town meeting under a single warrant article (the "omnibus" budget warrant article). Exceptions include the Morse Institute and the Bacon Free Libraries, the budgets of which are generally considered under separate warrant articles. Capital expenditures are also generally considered under separate warrant articles.

Although most departmental budgets are contained in a single warrant article, practice has been to consider and vote on separate departmental budgets (e.g., fire, police, public works) separately. With respect to each department, expenditures are generally presented to town meeting in the following categories: (a) wages and salaries; (b) purchases of services; (c) purchases of supplies; and (d) other. Within each of these categories of expenditures, detailed line items are generally presented.

Expenditure budgets adopted by town meeting authorize the respective departments to spend up to their budgeted amounts. Once town meeting adopts a departmental budget for a fiscal year, a department may transfer funds from one detailed line item to another within a particular category of expenditures; the department may not, however, transfer funds from one expenditure category to another without town meeting's approval.

Because expenditure budgets relate to the upcoming fiscal year, they must, of necessity, be based on estimates. Over-budgeting for a department could result in the department having too much money, possibly at the expense of other departments. Under-budgeting for a department could result in (a) the need for town meeting to appropriate additional funds to the department mid-year and/or (b) the department reducing the services provided.

Unlike budgets for other town departments, budgets for the school department, the Morse Institute Library, and Natick's share of Keefe Tech's budget are voted on by town meeting on a bottom line basis only. Accordingly, unlike other departments these departments may reallocate appropriated funds from one budget category to another without town meeting's approval.

In addition to sections for the various town departments, the town's annual operating budget treats certain services or functional areas as separate departmental budgets. Examples of such services or functional areas include:

(a) Employee Benefits and Insurance – which covers health insurance benefits for all town employees.

(b) Pension Benefits – which covers pension benefits for all non-school department employees. (Pension benefits for school department employees are covered on a state-wide basis.)

(c) Building Maintenance – which covers heating, cooling, electricity, cleaning, maintenance, and repairs for all non-school department buildings. (Building maintenance for school department buildings is covered under the school department's overall budget.)

(d) Equipment Maintenance – which covers maintenance, repairs, and fuel for all town vehicles.

Accordingly, in order to fully understand the costs of operating each town department and the possible impact of amending a specific department's budget, one must consider

not only the proposed operating budget for the specific department but also that department's associated use of these services and benefits.

Enterprise Funds

An enterprise fund is a special type of accounting treatment authorized by state law for certain revenue-generating activities. Enterprise funds are designed to show the public the portion of the total cost of the activity that is covered by user fees and the portion, if any, that must be covered out of the tax levy. Natick has established enterprise funds for water and sewer services and for the Sassamon Trace golf course. Revenue generated by the enterprise fund activity is credited to the fund, and expenses of the activity are debited to the fund. Expenses chargeable to an enterprise fund may consist of operating expenses, debt service, and capital expenditures, and may be expenses directly budgeted to departments within the enterprise fund and appropriate allocations from other budgets. If the revenue of an enterprise fund is insufficient to cover the fund's expenses, the deficit shall be included in the succeeding fiscal year's budget. If sufficient revenue is generated in the future, the cumulative deficit may be recovered by the general fund, without interest. Such recovery is subject to the ability of the enterprise fund to generate sufficient funds to repay the deficit in whole or in part. By statute, accounting for the enterprise fund must be maintained in accordance with generally accepted accounting principles (GAAP). GAAP require a balance sheet (showing assets, liabilities, and retained earnings or deficit), a statement of income or loss, and a statement of cash flows, in addition to various disclosures in footnotes.

Revolving Funds

A revolving fund is a special kind of account authorized by state law for certain revenue-generating activities. There are two types of revolving funds – those that require only a single initial authorization and those that require annual re-authorization. A revolving fund allows a community to raise revenues from a specific service and use these revenues without appropriation to support the service. State law limits the amount held in each revolving fund and in all of the town's revolving funds in the aggregate to a small amount of the overall town budget. Natick has established revolving funds for such activities as the community bus, to use fees paid by consultants pursuant to the Natick wetlands by-law for the purpose of hiring consultants to assist the conservation commission, and to utilize revenue from the sale of surplus vehicles to fund the purchase of vehicles and equipment at auction.

B. Capital Improvement Program

The charter provides that each year the town administrator shall submit a five-year capital improvement program to the board of selectmen and the finance committee. [Charter Section 5-7] The capital improvement program is required to include, but is not limited to:

- (a) A clear, concise, general summary of its contents.
- (b) A listing of all capital expenditures proposed to be made, by years, during the five fiscal years next ensuing, with supporting information as to the need for each such expenditure.
- (c) Cost estimates, methods of financing and recommended time schedules.
- (d) The estimated annual cost of operating and of maintaining any new facility or piece of major equipment involved.

[Charter Section 5-7]

This information is to be annually revised with regard to all items still pending, or in the process of being acquired, improved or constructed. [Charter Section 5-7] The town administrator is required to submit updates of the capital plan on or before the first business day in March and September. [By-Laws, Article 20, Section 2]

Unlike the proposed annual budget, there is no requirement that the capital improvement program be published, that there be public hearings held on the capital improvement program, or that it be submitted to town meeting for approval.

VIII. GLOSSARY OF MUNICIPAL FINANCIAL AND OTHER TERMS

Note: With the exception of six additions, and the revision of the definition of the term “warrant,” this Glossary of Municipal Financial Terms has been copied verbatim from the April 2004 Town of Natick Town Meeting Member Handbook. The six additions are indicated by bold/italics font. In addition, certain definitions from the town charter have been added here. These definitions are also indicated by bold/italics font and show the citation to the charter immediately following the definition.

Abatement. A complete or partial relief of a tax levy imposed by a governmental unit. Administered by the Natick Board of Assessors.

Accounting System. A system of financial record keeping, that records, classifies and reports information on the financial status and operation of a governmental unit or any of its funds, account groups, and organizational components.

Adopted Budget. The resulting budget that has been approved by the Town Meeting.

Annual Budget. An estimate of expenditures for specific purposes during the fiscal year (July 1 - June 30) and the proposed means (estimated revenues) for financing those activities.

Appropriation. An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be expended. Only Town Meeting can authorize money appropriated for one purpose to be used for another. Any amount that is appropriated may be encumbered (see encumbrance). Any part of an annual operating appropriation not spent or encumbered by June 30 automatically reverts to the undesignated fund balance that may result in free cash. If departments know of remaining unpaid bills at the close of the fiscal year and properly notify the accountant/auditor (MGL Ch. 41 § 58), the departmental appropriation is encumbered to extend the annual spending authorization. The encumbrance is extended until the money is spent or until it is decided that the encumbered money will not be spent. If these encumbrances are not spent within a year, the accountant generally notifies the department and closes them out. A special purpose appropriation, on the other hand, may carry forward from year to year until spent for the designated purpose or transferred by town meeting to another account.

Arbitrage. Investing funds borrowed at a lower interest cost in investments providing a higher rate of return. As an example, borrowing at 3% and investing it at 3.5% results in 0.5% positive arbitrage. Borrowing money at 3% and investing it at 2.5% results in 0.5% negative arbitrage. The ability for municipalities to earn positive arbitrage is severely limited by Federal regulations.

Assessed Valuation. A valuation set upon real or personal property by the local Board of Assessors as a basis for levying taxes.

Audit. A study of the town's accounting system to ensure that financial records are accurate and in compliance with all legal requirements for handling of public funds, including federal and state law and local charter.

Balanced Budget. A budget in which receipts are greater than (or equal to) expenditures. A requirement for all Massachusetts cities and towns.

Bond Anticipation Notes. Notes issued in anticipation of later issuance of bonds, usually payable from the proceeds of the sale of the bonds or renewal notes.

Bond Rating (Municipal). A credit rating to help investors determine the risk of losing money on a given fixed-income investment. Agencies specializing in municipal bonds assign a rating, designated by letters or a combination of letters and numerals, based on their opinion of the future ability, legal obligation, and willingness of a bond issuer to make timely debt service payments.

Budget (Operating). A plan of financial operation embodying an estimate of proposed expenditures for a given time period and the proposed means of financing.

Budget Calendar. The schedule of key dates or milestones which a government follows in the preparation and adoption of the budget.

Budget Message. A statement by the Town Administrator summarizing the *proposed* plans and policies contained in the budget report, including an explanation of the principle budget items, an outline of the town's experience during the past year and its financial status at the time of the message, and recommendations regarding financial policy for the coming fiscal year.

Capital Improvements Program. A comprehensive plan for planning the town's capital expenditures. It coordinates community planning, fiscal capacity and physical development. While all of the community's needs should be identified in the program, there is a set of criteria that prioritizes the expenditures. The Capital Improvements Program is a plan for capital expenditures that usually extends at least five years beyond the capital budget.

Chapter 90 Highway Funds. The state legislature authorizes and issues transportation capital bonds every few years. In each Transportation Bond, funds are apportioned to communities based on a formula under the provisions of MGL Ch. 90 § 34, hence the term Chapter 90 funds. The Chapter 90 highway formula is comprised of three variables: local road mileage (58.33 percent) as certified by the Massachusetts Highway Department (MHD), employment figures (20.83 percent) from the Department of Employment and Training (DET), and population estimates (20.83 percent) from the US Census Bureau. Under this formula, those communities with a larger number of road miles receive proportionately more aid than those with fewer road miles. These funds are reimbursed to communities based on certified expenditure reports submitted to MHD.

Cherry Sheets. Named for the cherry colored paper on which they were originally printed, the Cherry Sheets are the official notification of the next fiscal year's state aid and assessments to communities and regional school districts from the Commissioner of Revenue. State aid to municipalities and regional school districts consists of two major types — distributions and reimbursements. Distributions provide funds based on formulas while reimbursements provide funds for costs incurred during a prior period for certain programs or services. In addition, communities may receive "offset items" that must be spent on specific programs. Cherry Sheet Assessments are advance estimates of state assessments and charges. Local Assessors are required to use these figures in setting the local tax rate. Because these figures are estimates, it should be noted that, based on filing requirements and/or actual information, the final aid or assessment amounts may differ.

Days. *The word "days" shall refer to business days, not including Saturdays, Sundays and legal holidays when the time set is less than seven days; when the time set is seven days or more, every day shall be counted. [Charter Section 7-7 (b)]*

Debt Limit. The maximum amount of debt that a municipality may have authorized for qualified purposes under state law. *The debt limit is equal to 5% of the Equalized Valuation of all of the real and personal property of the town.*

Debt Service. The cost, usually stated in annual terms, repayment of principal and interest of any particular issue.

Deficit. The excess of expenditures over revenues during an accounting period. Also refers to the excess of the liabilities of a fund over its assets.

Department. A principal, functional and administrative entity created in accordance with the town charter or town by-laws to carry out specified public services.

Encumbrance. Obligations in the form of purchase orders and contracts which are chargeable to an appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is set up.

Emergency. *The word "emergency" shall means a sudden, unexpected, unforeseen happening, occurrence or condition which necessitates immediate action. [Charter Section 7-7 (c)]*

Enterprise Funds. An accounting mechanism that allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery— direct, indirect, and capital costs—are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus" or retained earnings generated by the operation of the enterprise rather than closing it out to the general fund at year-end. According to MGL Ch. 44 § 53F½, the services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services.

Equalized Valuations (EQVs). The determination of an estimate of the full and fair cash value of all property in the Town as of a certain taxable date. EQVs have historically been used as a variable in distributing some state aid accounts and for determining county assessments and other costs. The Commissioner of Revenue, in accordance with MGL Ch. 58 § 10C, is charged with the responsibility of biannually determining an equalized valuation for each city and town in Massachusetts.

Expenditures. The amount of money, cash or checks, actually paid or obligated for payment from the treasury.

Fiscal Year. Since 1974, the Commonwealth and municipalities have operated on a budget cycle that begins July 1 and ends June 30. The designation of the fiscal year is that of the calendar year in which the fiscal year ends. For example, the 2004 fiscal year is July 1, 2003 to June 30, 2004 and is usually written as FY2004.

Free Cash (Also Budgetary Fund Balance). Unrestricted funds from operations of the previous fiscal year that are certified by the Director of Accounts-Department of Revenue as available for appropriation. Remaining funds include unexpended free cash from the previous year, receipts in excess of estimates shown on the tax recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by Natick's Comptroller. A community should maintain a free cash balance to provide a hedge against unforeseen expenditures and to ensure there will be an adequate reserve to prevent sharp fluctuations in the tax rate. Maintenance of an adequate free cash level is not a luxury but a necessary component of sound local fiscal management. Credit rating agencies and other members of the financial community expect municipalities to maintain free cash reserves and make judgments regarding a community's fiscal stability, in part, on the basis of free cash.

Full and Fair Cash Value (FFCV). Fair cash value has been defined by the Supreme Judicial Court as "fair market value, which is the price an owner, willing but not under compulsion to sell, ought to receive from one willing but not under compulsion to buy. It means the highest price that a normal purchaser not under peculiar compulsion will pay at the time, and cannot exceed the sum that the owner after reasonable effort could obtain for his property. A valuation limited to what the property is worth to the purchaser is not market value. The fair cash value is the value property would have on January first of any taxable year in the hands of any owner, including the present owner" (Boston Gas Co. v. Assessors of Boston, 334 Mass. 549, 566 (1956)).

Fund. An accounting entity with a self-balancing set of accounts that is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Accounting. Organizing the financial records of a municipality into multiple funds. A fund is a distinct entity within the municipal government in which financial resources and activity (assets, liabilities, fund balances, revenues, and expenditures) are accounted for independently in accordance with specific regulations, restrictions or limitations. Examples of funds include the general fund and enterprise funds. Communities like Natick, whose accounting records are organized according to the Uniform Municipal Accounting System (UMAS) use multiple funds.

General Fund. The fund used to account for most financial resources and activities governed by the normal Town Meeting appropriation process.

general laws. The words "general laws" (all lower case letters) shall mean laws which apply alike to all cities and towns, or to all towns, or to a class of municipalities of which Natick is a member. [Charter Section 7-7 (d)]

General Laws. The words "General Laws" (used with initial capital letters) shall refer to the General Laws of Massachusetts, a codification and revision of statutes enacted on December 22, 1920, and including all amendments thereto subsequently enacted. [Charter Section 7-7 (e)]

General Obligation Bonds. Bonds issued by a municipality that are backed by the full faith and credit of its taxing authority.

Grant. A contribution of assets by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the state and federal government. Grants are usually made for specific purposes.

Interfund Transactions. Payments from one administrative budget fund to another or from one trust fund to another, which result in the recording of a receipt and an expenditure.

Levy. The amount a community raises through the property tax. The levy can be any amount up to the levy limit.

Levy Ceiling. The maximum levy assessed on real and personal property may not exceed 2 ½ percent of the total full and fair cash value of all taxable property (MGL Ch. 59 § 21C). Property taxes levied may exceed this limit only if the community passes a capital exclusion, a debt exclusion, or a special exclusion.

Levy Limit. The maximum amount a community can levy in a given year. The limit can grow each year by 2 ½ percent of the prior year's levy limit plus new growth and any overrides, (MGL Ch. 59 § 21C (f & g)). The levy limit can exceed the levy ceiling only if the community passes a capital expenditure exclusion, debt exclusion, or special exclusion.

Multiple Member Body. The words "multiple member body" shall mean any town body consisting of two or more persons, whether elected, appointed, or otherwise constituted, but not to include the representative town meeting. [Charter Section 7-7 (h)]

Net School Spending (NSS). School budget and municipal budget amounts attributable to education, excluding long-term debt service, student transportation, school lunches and certain other specified school expenditures. A community's NSS funding must equal or exceed the NSS Requirement established annually by the Department of Education (DOE) (Education Reform Act of 1993).

New Growth. The taxing capacity added by new construction and other increases in the property tax base. New growth is calculated by multiplying all increases in value which are not the result of revaluation by the tax rate of the previous fiscal year. For example, FY2004 new growth is determined by multiplying the value on January 1, 2003 by the FY2003 tax rate. Assessors must submit documentation of new growth to the BLA annually before setting the tax rate.

Operating Budget. A plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

Overlay (Overlay Reserve or Allowance for Abatements and Exemptions). An account established annually to fund anticipated property tax abatements, exemptions and uncollected taxes in that year. The overlay reserve is not established by the normal appropriation process, but rather is raised on the tax rate recapitulation sheet.

Override. A vote by a community at an election to permanently increase the levy limit. An override vote may increase the levy limit no higher than the levy ceiling. The override question on the election ballot must state a purpose for the override and the dollar amount. **See Underride.**

Three types of overrides are permitted under Proposition 2 1/2; (a) operating overrides, (b) debt exclusions, and (c) capital exclusions. Operating overrides are a permanent increase in the levy limit of the town. The levy limit, including any previous operating overrides, is increased by 2.5% each year automatically. The levy limit can also never exceed 2.5% of the total assessed value of all real and personal in the town. Debt exclusions and capital exclusions are "outside" - not subject to - the levy limit. Debt exclusions allow the town to raise additional taxes each year equal to the annual principal and interest payments on borrowings for long-term capital projects such as buildings, structures, parks and land acquisitions. Once debt is repaid, the debt exclusion ceases. Capital exclusions are typically used for shorter-term capital items such as vehicles and equipment. Capital exclusions require that the entire cost of an item be raised in the year voted.

Override Capacity. The difference between a community's levy ceiling and its levy limit. It is the maximum amount by which a community may override its levy limit.

Personal Property Tax. Movable items not permanently affixed to, or part of the real estate. It is assessed separately from real estate to certain businesses, public utilities, and owners of homes that are not their primary residences.

Proposition 2 1/2. A law which became effective on December 4, 1980. The two main components of the tax law relating to property taxes are: 1) the tax levy cannot exceed 2 1/2 % of the full and fair cash value, and 2) for cities and towns at or below the above limit, the tax levy cannot exceed the maximum tax levy allowed for the prior year by more than 2 1/2 % (except in cases of property added to the tax rolls and for valuation increases of at least 50% other than as part of a general revaluation). **Proposition 2 1/2 limits the total annual town-wide property tax revenues to (a) 102.5% of the previous**

year's levy ceiling, (b) property taxes from new construction and new personal property, and (c) amounts from overrides. Once assessed, the taxes from new construction become part of the base for next year's levy limit and are thus also included in the levy limit that is increased by 2.5% in subsequent years.

Purchase Order. A document issued to authorize a vendor or vendors to deliver specified merchandise or render a specified service for a stated estimated price. Outstanding purchase orders are called encumbrances .

Rating Agencies. This term usually refers to Moody's Investors Service and Standard and Poor's Corporation. These services are the two major agencies which issue credit ratings on municipal bonds.

Registered Bonds. Bonds registered on the books of the issuer as to ownership; the transfer of ownership must also be recorded on the books of the issuer. Recent changes in federal tax laws mandate that all municipal bonds be registered if their tax exempt status is to be retained.

Reserve Fund. An amount set aside annually within the budget of a town (not to exceed 5% of the tax levy for the preceding year) to provide a funding source for extraordinary or unforeseen expenditures. In Natick, the Finance Committee can authorize transfers from this fund for "extraordinary or unforeseen" expenditures. Other uses of the fund require budgetary transfers by Town Meeting. *Unused amounts are closed to fund balance or free cash at the end of the fiscal year. In addition, the water and sewer enterprise fund maintains its own reserve fund for extraordinary or unforeseen expenditures in the water and sewer enterprise fund. This reserve fund is under the control of the board of selectmen. Unused amounts in this fund are closed to retained earnings at the end of the fiscal year.*

Revaluation. The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program will depend on the Assessors' analysis and consideration of many factors, including, but not limited to, the status of the existing valuation system, the results of an in-depth sales ratio study, and the accuracy of existing property record information. Every three years, Assessors must submit property values to the DOR for certification. Assessors must also maintain current values in the years between certifications so that each taxpayer in the community pays his or her share of the cost of local government in proportion to the value of his property.

Revenues. All monies received by a governmental unit from any source.

Revolving Fund. Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service. For departmental revolving funds, MGL Ch. 44 § 53E½ stipulates that each fund must be reauthorized each year at Annual Town Meeting or by city council action, and that a limit on the total amount that may be spent from each fund must be established at that time. The aggregate of all revolving funds may not exceed ten percent of the amount raised by taxation by the town in the most recent fiscal year, and no more than one percent of the amount raised by

taxation may be administered by a single fund. Wages or salaries for full-time employees may be paid from the revolving fund only if the fund is also charged for all associated fringe benefits. Revolving funds for other programs as provided by statute are still allowed, and a departmental revolving fund may be implemented in addition to or in conjunction with other existing statutory revolving funds, provided that the departmental revolving fund does not conflict with provisions of other revolving funds.

Stabilization Fund. A fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose. (MGL Ch. 40 § 5B). Communities may appropriate into this fund in any year an amount not to exceed ten percent of the prior year's tax levy or a larger amount with the approval of the Emergency Finance Board. The aggregate of the stabilization fund shall not exceed ten percent of the community's equalized value, and any interest shall be added to and become a part of the fund. A two-thirds vote of Town Meeting is required to place funds into and appropriate money from the stabilization fund.

Tax Anticipation Notes. Notes issued in anticipation of taxes, which are retired from taxes collected.

Tax Rate. The amount of tax stated in terms of a unit of the tax base. Prior to a 1978 amendment to the Massachusetts Constitution, a single tax rate applied to all of the taxable real and personal property in a city or town. The 1978 amendment allowed the legislature to create three classes of taxable property: 1) residential real property, 2) open space land, and 3) all other (commercial, industrial, and personal property). Within limits, cities and towns are given the option of determining the share of the levy to be borne by the different classes of property. The share borne by residential real property must be at least 65% of the full rate. The share of commercial, industrial, and personal property must not exceed 150% of the full rate. Property may not be classified until the State Department of Revenue has certified that all property has been assessed at its full value.

Tax Rate Recapitulation Sheet (also Recap Sheet). A document submitted by a town to the DOR in order to set a property tax rate. The recap sheet shows all estimated revenues and actual appropriations that affect the property tax rate. The recap sheet should be submitted to the DOR by September 1 (in order to issue the first-half semiannual property tax bills before October 1) or by December 1 (in order to issue the third quarterly property tax bills before January 1).

Tax Title. A collection procedure that secures a lien on real property and protects the municipality's right to payment of overdue property taxes. Without following this procedure, the lien on real property expires if five years elapse from the January 1 assessment date and the property has been transferred to another owner. If amounts remain outstanding on the property after issuing a demand for overdue property taxes and after publishing a notice of tax taking, the Collector may take the property for the city or town. After properly recording the instrument of taking, the Collector transfers responsibility for collecting the overdue amounts to the Treasurer.

Town Agency. *The words "town agency" shall mean any board, commission, committee or other multiple member body, department, division, or office of the town of Natick. [Charter Section 7-7 (j)] Within the context of the charter, each elected or appointed office held by a single individual is also a "town agency."*

Underide. A vote by a community to permanently decrease the tax levy limit. As such, it is the exact opposite of an override. *See Override.*

Unreserved Fund Balance (Surplus Revenue Account). The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It's akin to a "stockholders' equity" account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected. See free cash.

Valuation (100%). The legal requirement that a community's assessed value on property must be the same as its market or full and fair cash value.

Warrant. A document which, if approved, provides authorization for an action. For example, a Town Meeting warrant establishes the matters that may be acted on by that Town Meeting. A Treasury warrant, if approved, authorizes the Treasurer to pay specific bills. The Assessors' warrant, if approved, authorizes the Tax Collector to collect taxes in the amount and from the persons listed, respectively.

IX. REVISIONS

[RESERVED]

[RESERVED]