

**FINANCE COMMITTEE
TOWN OF NATICK
MASSACHUSETTS 01760**

October 14, 2003

Town Meeting Members and Citizens of Natick:

This report contains the Natick Finance Committee recommendations regarding appropriations for the Fiscal Year 2004 supplemental budgets and capital requests. In addition, this report contains recommendations on most of the non-financial 2003 Fall Annual Town Meeting Warrant Articles, in accordance with the Natick Home Rule Charter and Natick By-laws regarding Finance Committee responsibilities.

Each of the Finance Committee recommendations was made after conducting a duly noticed public hearing and open meetings of both the Finance Committee as a whole and, in some instances, Finance Committee sub-committees. We took into account comments and data gathered from Warrant Article sponsors, many Town department heads, the Town administration, Town boards and commissions, and the public at-large. The Finance Committee made its recommendations only after affording ample time for input and discussion during meetings held on September 9th, 16th, 18th, 23rd, 25th and October 9th.

In consideration of a number of warrant articles (Article 1 through Article 12), the Finance Committee discussed and reviewed the disposition of revenues and expenditures for Fiscal Year 2004. During that review and taking into account the State Budget cuts and increased costs affecting the Town of Natick (Town), we feel confident that the Fiscal Year 2004 budget adopted by Town Meeting last spring left the Town in a position better than most neighboring municipalities. We also feel that those adjustments recommended herein are founded on fact and good judgment.

We feel compelled to summarize for Town Meeting Members and the Citizens of Natick some of the key budgetary policies, discussions and actions that took place at Finance Committee meetings after Town Meeting's acceptance of the Fiscal Year 2004 Budget.

First, the Finance Committee reported last spring that there were shortfalls from State Aid and increases in costs outside of the Town's control, e.g., increases in insurance premiums. We also reported that the deployment of reserve funds, such as Free Cash, Overlay Surplus and Stabilization account funds was the appropriate method to balance the FY04 Budget. To that end, the Town Administrator has recommended that Town Meeting continue the use of Free Cash and other reserve funds to maintain funding levels to support necessary services of the Town of Natick in FY04, FY05 and FY06.

Specifically, the Finance Committee has now recommended for the FY04 Budget the use of approximately \$2,460,000 of Free Cash. In addition, the Town Administrator has

preliminarily devised a 3-year budget pro forma (FY04, FY05 & FY06), which utilizes Free Cash in FY05 (more than \$2,500,000) and FY06 (approximately \$2,600,000). In addition, the Town Administrator's preliminary 3-year budget pro forma recommends use of \$750,000 of Stabilization Funds in both FY05 and FY06, and use of Overlay Surplus in the amount of \$1,000,000 and \$800,000 in FY05 and FY06 respectively. Even though the Finance Committee has not explored the specific calculations and rationales used to formulate such 3-year budget pro forma, the Town Administrator should make Town Meeting aware of such, as a prelude of probable financial conditions in FY05 and FY06 Budgets.

Second, the Finance Committee was presented a preliminary assessment by Town Administration of the FY04 Free Cash Balance anticipated to be certified by the Massachusetts Department of Revenue. Free Cash may be certified at approximately \$4,500,000. That amount includes approximately \$1,500,000 of Free Cash remaining from the FY03 certified Free Cash, and approximately \$1,200,000 closed from appropriation at June 30, 2003 (amounts of money returned to the General Fund from FY03 departmental budgets). The remaining anticipated balance of FY04 Free Cash is a result of conservative estimates of local receipts, among other things. We recommend that the Town Administrator review the above with Town Meeting in greater detail.

Finally, the Finance Committee has made recommendations on other articles, which could affect the FY04 Free Cash balance. For example, Article 17 – Citizen Petition - Trash Pickup could have a substantial negative impact on the available Free Cash funds for future use, should such pass positively at Town Meeting.

With regard to the above matters, the Finance Committee reiterates its position provided to 2002 Fall Annual Town Meeting. We wrote:

“...we have purposely placed or retained funds in reserve accounts (Reserve Fund and Free Cash) which are planned to be used only for emergency purposes and State [A]id shortfalls.” (See Finance Committee Recommendations March 25, 2002 cover letter.)

“If it were not for these funds, including Tax Levy, being held from appropriation, Town Meeting may now be facing shortfalls...”

We respectfully request that Town Meeting consider that position when taking into account the questions before it in the 2003 Fall Annual Town Meeting Warrant Articles.

The 2003 Fall Annual Town Meeting Warrant contains twenty-five (25) articles that have and should generate debate and discussion. Several articles deal with subject matters that have previously come before Town Meeting. The Finance Committee has made recommendations on sixteen (16) articles, no action was requested by the sponsors on eight (8) articles and no recommendation is given on one (1) article (Article 25) which is

tabled until the Finance Committee's Meeting on October 21, 2003. Additional or alternative recommendations for a articles may be provided to Town Meeting by the Finance Committee subsequent our meeting scheduled on October 21, 2003; any such recommendations will be provided at the 2003 Fall Annual Town Meeting, which begins on October 21, 2003.

The Finance Committee would like to express its thanks and appreciation for the hard work and dedication of all town officials, members of boards, committees, departments and citizens for their cooperation and participation during the Warrant Article hearing.

We respectfully submit our recommendations for the 2003 Fall Annual Town Meeting Warrant Articles for your consideration.

As always, we thank you for your support.

Respectfully Submitted,

Frank Foss, Chair

Gail Kaprielian, Vice Chair

John Culkin

Wilson Idzal

Christopher Lee

Lynn Mattice

Jeffrey Phillips

Linda Sussman

Carol Gloff, Secretary

Paul Griesmer

Richard Jennett

Catherine Matzilevich

Dominic Mirante

Craig Ross

Bruce Wright