

**FINANCE COMMITTEE
TOWN OF NATICK
MASSACHUSETTS 01760**

April 4, 2005

Town Meeting Members and Citizens of Natick:

This report contains the Natick Finance Committee recommendations regarding appropriations for Fiscal Year 2005 and Fiscal Year 2006 budgets and capital purchase and improvement requests, among other financial matters. In addition, this report contains recommendations on the non-financial 2005 Annual Town Meeting Warrant Articles, in accordance with the 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 Finance Committee sub-committees. We took into account comments and data gathered from Warrant Article sponsors, town department heads, the town administration, town boards, commissions and committees, and the public at-large. The Finance Committee made its recommendations only after affording ample time for input and discussion during meetings held on January 11th, 13th, 25th, and 27th; February 1st, 8th and 22nd, and March 1st, 3rd, 8th, 10th, 15th, 17th and 22nd. Additional hearing dates are scheduled for April 5th and 12th for the purpose of providing addition recommendation on articles yet be heard by the Finance Committee and those articles tabled to a date after the time of this writing.

After hearing the Town Administrator's budget message, the Finance Committee began considering the disposition of revenues and expenditures for Fiscal Year 2006. It became clear at that time that the Fiscal Year 2006 Budget would not need to develop a set of revenue assumptions such as those provided to Town Meeting last spring and fall. Specifically, the Finance Committee concurred with the Town Administrator that the Fiscal Year 2006 budget should assume that the Town will receive approximately the same State Aid as that received in Fiscal Year 2005. Therefore, we began the annual budget review assuming the Town would receive approximately \$10,390,069 State Aid in Fiscal Year 2006. In addition, the Fiscal Year 2005 Budget plan uses reserve funds (Free Cash) and available fund balances (Stabilization Fund and Overlay Reserve Fund), along with the legally-allowed Tax Levy.

Town Meeting will find some instances where the Finance Committee made modification to some individual departmental budgets as provided by the Town Administrator. As we have done in the past, we provide narratives under those budget and many other articles so that Town Meeting Members may better understand such modifications and recommendations.

A topic warranting mention in this writing is that the town administration and Finance Committee are making strides toward providing a long-term, comprehensive town-wide capital purchases and capital improvements plan. In addition to our efforts, the Board of

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Selectmen, School Committee and other committees, boards and department heads are reevaluating their capital needs in an effort to holistically analyze such. Collectively, we plan to continue this analysis over the coming spring and summer months in preparation of the Annual Fall Town Meeting. Respectfully, the Finance Committee requests that Town Meeting set aside any approval(s) of capital expenditures in excess of those being recommended herein, so that a more comprehensive town-wide capital plan taking into account all the needs and financial issues can be presented to Town Meeting at the Annual Fall Town Meeting in October 2005.

In addition to the above matter, we find the continued use of town reserve funds (Free Cash, Overlay Surplus funds and Stabilization Fund surpluses) for budget operational purposes concerning. Specifically, in previous fiscal years Town Meeting has approved the recommendation of the Finance Committee and Town Administrator regarding the use of such reserves in funding the budget. The constraints of Proposition 2 ½ creates undue funding pressures to provide funding through the Tax Levy for large building projects (the prospective Natick High School and Senior Center projects), replacement of capital equipment, rehabilitation of the town's infrastructure (Roads, sidewalks, water and sewer systems, etc.) and improvements to existing buildings and facilities. These demands will need careful consideration and either the use of reserve funds or town-wide approval of Tax Levy debt exclusion(s). The Finance Committee and Town Administrator will be examining these issues over the coming summer months and will most likely provide Town Meeting more insight in the fall, as to any changes in the practices of using reserves for operational budget purposes and capital needs.

Finally, the Finance Committee is making great strides to record its proceedings memorializing its actions. In doing so, more information is becoming available to Town Meeting Members and citizens, with regards to committee hearing discovery, investigation and deliberation. To that end, the committee looks forward to providing more pertinent information in hard copy in its public files and electronic form for Town Meeting Members and citizens' review. We plan to store the committee's hard copy records in a publicly accessible location and make some pertinent documents available on the town's web site, for viewing. We will continue to update Town Meeting of our progress in this endeavor.

The Finance Committee would like to express its thanks and appreciation for the hard work and dedication of the Town Administrator, all town officials, members of boards and committees, and citizens for their cooperation and participation during the Warrant Article hearings, the budget planning process and consideration of complex fiscal issues and concerns.

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We respectfully submit our recommendations regarding the 2005 Annual Town Meeting Warrant Articles for your consideration.

As always, we thank you for your support.

Respectfully Submitted,

Frank Foss, Chair

Paul Greismer, Vice Chair
John Culkin
Rick Jennett
Dominic Mirante
Jeffrey Phillips
Craig Ross
Christine Weithman

Bruce Wright, Secretary
Wilson Idzal
Catherine Matzilevich
John Moran
William Proia
Robert Severance