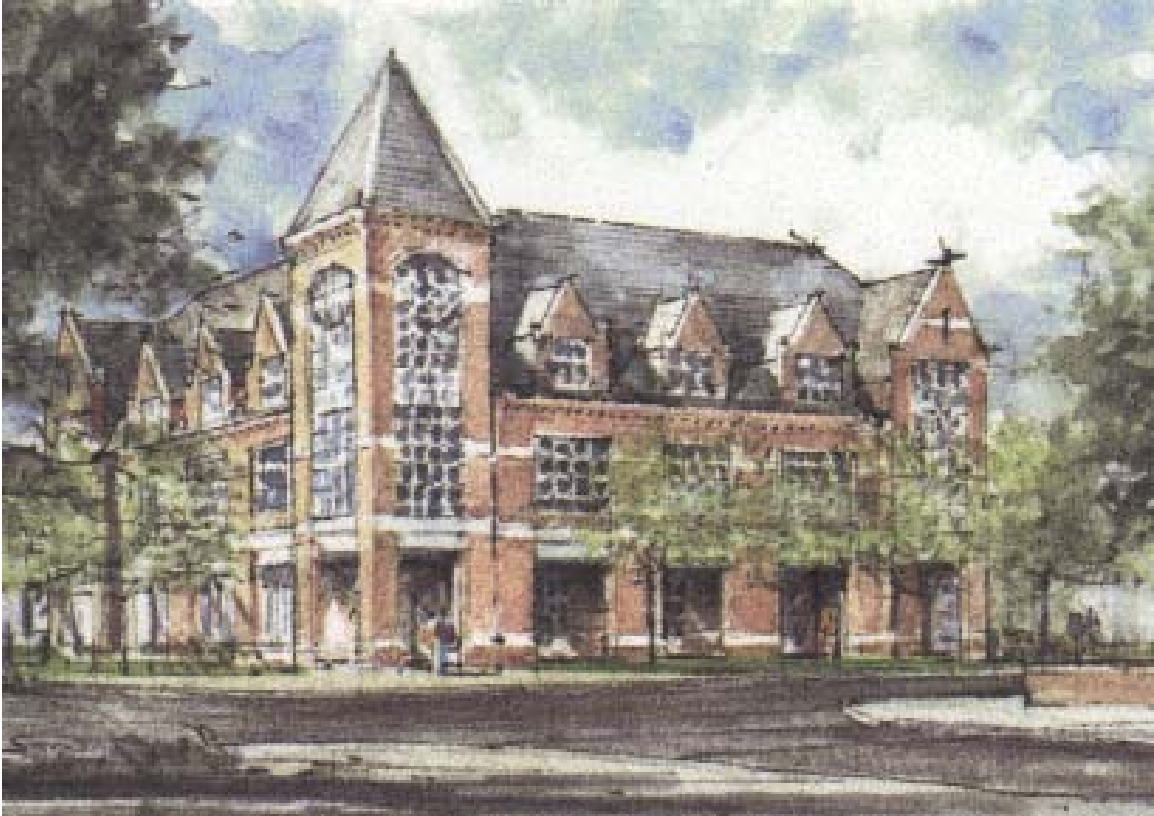


Town of Natick Town Meeting Member Handbook



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In the spirit of fostering a more informed citizenry, the Financial Operations Ad Hoc Committee of the Board of Selectmen has developed a Town Meeting Member Handbook.

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The Town Meeting Member Handbook was produced and developed by members of the Handbook Sub-Committee, Susan G. Salamoff and Richard Sullivan with assistance from Stephen Lisauskas, Deputy Town Administrator; and Paul Connolly, Town Moderator. Maureen Fleming, Executive Assistant, created the design.

Additional Copies of this handbook may be obtained from the Town Clerk's Office or may be downloaded from www.natickma.org.

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INTRODUCTION

This Town Meeting Member Handbook is created for the first time in Natick under the direction of the Board of Selectmen, and in cooperation with the Town Moderator, by the Financial Operations Committee. It is designed 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.

TOWN MEETING

New England states are unique in the United States in their conception of the legislative branch of towns. In many Massachusetts towns all of the registered voters act as the legislature. They congregate once a year at the Annual Town Meeting to vote on the departmental budgets, salaries, and on any other matters brought before them.

In 1953, the Town of Natick adopted a 240-member representative Town Meeting when the population of Natick grew so large that all of the citizens who wished to vote at Town Meeting could not fit into one hall. In 1980, the voters adopted a town charter reducing the size of the representative Town Meeting to 180-members elected for terms of three years each, so arranged that terms of one-third of the members expire each year. There are (10) ten precincts in Natick, and each elects (18) eighteen representatives.

Annual Town Meetings

The town election officially known as the Annual Town Meeting for the election of Town Officers and for the determination of all questions to be decided by ballot of the voters, is held on the last Tuesday in March of each year. Every Town Meeting shall be called by a Warrant issued by the Board of Selectmen. The Warrant must state the time and place of holding the meeting and the subjects (Articles) to be acted upon. Articles may be included in the Warrant by the Selectmen, by any elected officer, by any town agency, or by (10) ten registered voters. All such requests shall be in writing and submitted to the Board of Selectmen.

They shall not be required to conform to style or form. The Board of Selectmen shall within fourteen days of receipt of a zoning by-law amendment submit the same to the Planning Board for review. The Spring Annual Town Meeting is called for 7:30 P.M. on the second Tuesday following the Town Election. The Fall Town Meeting is called for 7:30 P.M. on the third Tuesday in October.

Special Town Meetings

Selectmen may call Special Town Meetings to address specific purposes that can't wait for the Spring or Fall Town Meeting. Selectmen shall call a Special Town Meeting upon request in writing from two hundred registered voters or 20% of the total number of registered voters of the Town, whichever number is lessor.

PERSONNEL

The Moderator

The Moderator presides over the Town Meeting. He appoints members to all committees created by Town Meeting unless otherwise provided. He appoints the fifteen-member Finance Committee. If the Moderator is unable to preside over the Town Meeting, the Town Clerk serves as Moderator. It is the Moderator's responsibility to see that the Rules of Town Meeting are followed, motions are made, votes are counted and reported, and the Town Meeting is conducted in an orderly manner. The Moderator is elected by the voters for a three-year term.

Town Clerk

The Town Clerk records the minutes of each Town Meeting and the official record of all votes taken. In the absence of the Moderator, the Town Clerk serves as temporary officer of the body. The Town Clerk is keeper of vital statistics of the town and issues licenses and permits. The Town Clerk is elected for a three-year term.

Town Meeting Members

Town Meeting Members serve as the legislative body of the town. They convene to appropriate funds and consider all local bylaws. Eighteen registered voters are elected from each of ten precincts to serve as Town Meeting Members. One third are elected each year for a three-year term.

Board of Selectmen

The Board of Selectmen is the chief executive office in the town. It serves as the chief policy-making agency of the town. It is 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 promulgate policy guidelines designed to bring all agencies of the town into harmony. Board policies are implemented by officers and employees appointed by or under its authority. Selectmen appoint the Town Administrator, appoint boards and commissions, execute policies voted by Town Meeting, review and make recommendations on the annual budget and all other warrant articles, authorize the disbursement of funds, sign all bonds and notes for borrowings, serve as public works commissioners and serve as a licensing board. The Selectmen have the power to insert articles in the warrant, but Town Meeting has the final authority to accept, reject, or modify any proposal. The five members are elected for three-year terms with one or two members elected each year.

Finance Committee

The Finance Committee studies and makes recommendations on all matters to be considered by Town Meeting. This includes all Annual and Special Town Meeting Articles with special concern for the annual appropriations Articles which contain the proposed operating and capital budgets for the coming year. The Finance Committee consists of fifteen citizens of the town. They may be elected to Town Meeting but are not eligible to serve as an elected or appointed officer of the town except Constable. The Moderator appoints five members each year for a term of three years. Each member is limited to four terms.

Town Counsel

The Town Counsel serves as the legal advisor to the town and is present at Town Meeting to answer questions from the members and from the moderator. Town Counsel is appointed by the Board Selectmen for a one year term that expires each June 30.

Tellers

Tellers are appointed by the Moderator to count votes when a counted vote is called. Two persons are assigned to each of three sections of the auditorium where Town Meeting Members are seated to obtain independent vote tallies and thereby provide a check on the accuracy of the results.

Pages

Usually, two Natick High students selected by the Town Clerk -- perform the following tasks: (1) bring microphones to speakers when they are recognized to speak; (2) operate the computer equipment with Microsoft Power Point to show articles and motions on the large screen; (3) collect vote tallies from tellers; and (4) deliver communications from Town Meeting Members to the Moderator or Town Clerk (or vice versa).

THE BUDGET PROCESS

The budget is Natick's financial plan for the fiscal year (FY), July 1 - June 30. The annual budget includes both an estimate of proposed expenditures, as well as a forecast of estimated revenues and other financing sources. The Town Administrator directs the budget-making process that begins each year in late fall when every town department head is asked to prepare an estimate of expenditures for the next fiscal year. All town agencies including volunteer committees are asked to submit a budget. If the department has a board or commission, it reviews the budget before it is submitted to the Town Administrator.

The charter specifies that the Town Administrator is responsible for presenting a budget that provides a complete financial plan of all town funds and activities, including the School Committee budget. He submits it to the Finance Committee and the Board of Selectmen. The Finance Committee reviews the Town Administrator's budget and forwards it's recommendations to Town Meeting Members.

Town Meeting approves the budget by majority vote. Individual items within the proposed budget may be singled out and voted separately and may be increased, decreased or stricken. Most budget items are voted together in a single motion, at the end of consideration of the budget article.

Appropriations for all municipal departments, boards and committees are voted in two broad categories: salaries and expenses. Funds voted for salaries may not be expended for expenses and funds voted for expenses may not be expended for salaries, without the transfer approved by Town Meeting. The School Committee is the only town agency that may transfer funds between salary and expense accounts without Town Meeting approval.

ANNUAL BUDGET TIME LINE

November 1	Town Administrator sends Budget Guidelines for next fiscal year (FY) to department heads;
December 1	Department budgets due to Town Administrator/Discussions with departments/Work with finance team;
Jan. 1st wk.	Town Administrator submits budget with Budget Message to Board of Selectmen and the Finance Committee;
Jan.-Mar. 15	Finance Committee holds public meetings on each of the budgets; (Boards, Commissions, Committees and Town Departments);
Jan. - Mar.	Finance Committee reviews, discusses and votes recommendations;
March -April	Finance Committee sends out recommendations to Town Meeting Members (10 days before Town Mtg.);
2nd Tues. Apr.	Town Meeting votes budget for new fiscal year;
June 30	Fiscal Year ends
July 1	New fiscal year begins

Budget Message delivered by the Town Administrator

In preparation for the next fiscal year, the budget process begins in the fall. The Town Administrator is responsible for developing the town operating budget based on the policies of the Board of Selectmen. Town departments and committees are asked by the Town Administrator to prepare a budget within certain financial guidelines. Once submitted, the Town Administrator makes his own budget recommendations prior to submission of the total budget to the Selectmen and the Finance Committee. The budget provides a complete financial plan of all town funds and activities with an accompanying budget message and supporting documents.

School Committee Role

The School Committee has all the powers given to school committees by general laws, by the charter, by by-law and Town Meeting vote. It appoints the Superintendent of Schools and all other personnel as permitted by law connected with the schools. It makes all the reasonable rules and regulations consistent with law for administration and management of the public school system and for the conduct of its own business and affairs. There are seven members elected for three- year terms, two or three are elected each year.

School Committee Budget

The preliminary budget is submitted by the Superintendent of Schools in December. The budget as adopted by the School Committee is submitted to the Town Administrator in sufficient time to enable him to consider the effect on the total budget. The School Committee is required to hold a public hearing on its budget, at least seven days prior to its final vote on the budget.

Finance Committee Role The Finance Committee divides itself into subcommittees appointed by the chairman to meet with and review individual department budgets. The committee holds public meetings during January, February and March to review proposals, accept testimony from representatives of town agencies, and the general public, and then considers and votes its recommendations on each individual budget. The Finance Committee is the only authority that may approve transfers from the Reserve Fund to town departments for unforeseen or emergency expenditures between Town Meetings.

Review

The Finance Committee considers in open public meetings, the detailed budget proposed by each town agency and may confer with representatives of any town agency in connection with its review and consideration. The Finance Committee may require the Town Administrator, or any town agency, to furnish it with such additional information as it may deem necessary to assist it in its review of the proposed budget.

The Warrant

Every Town Meeting is called pursuant to a Warrant, which is a notice or warning to all citizens, issued by the Selectmen, that the meeting will be held. The Warrant must state the time and place of holding the meeting, and the subjects (Articles) to be acted upon. Articles may be included in the Warrant by the Selectmen, by any elected officer, by any town agency, or by (10) ten registered voters. All such requests shall be in writing and submitted to the Board of Selectmen. They shall not be required to conform to style or form. The Board of Selectmen shall within fourteen days of receipt of a zoning by-law amendment submit the same to the Planning Board for review.

Capital Improvement Program

The Town Administrator shall submit a Capital Improvement Program to the Board of Selectmen and to the Finance Committee at least thirty days prior to the date fixed by law for submission of the proposed operating budget. The report includes capital expenditures for the next five fiscal years with supportive documentation, cost estimates, methods of financing, recommended time schedules, and estimated annual costs for operating and maintaining the facility or major piece of equipment. The Town Administrator submits updates of the capital plan on or before the first business day in March and September.

Public Hearing

The Finance Committee holds a Public Hearing on the Warrant Articles for Town Meeting. The committee accepts testimony from proponents, opponents and interested parties. They discuss, vote and make recommendations on each article proposed.

Finance Committee Report and Recommendations

The Finance Committee considers all matters of business included within the Articles of any Warrant for Town Meeting . After due consideration, it reports in print its recommendation as to each article and distributes the Finance Committee Report to Town Meeting Members at least (10) ten days in advance of Town Meeting, except where compliance would defeat the purpose of a Special Town Meeting. The report also states the total amount of appropriations recommended by them on the entire warrant and the approximate tax rate based on their recommendations.

GENERAL CONDUCT OF TOWN MEETING

Opening of Town Meeting

Town Meeting opens with the Moderator administering the oath to newly elected Town Meeting Members, an invocation and the Pledge of Allegiance. Resolutions to honor or acknowledge are usually offered at this time. The Moderator will offer some procedural points and instruction. The Moderator grants the Town Administrator time to give a summary of the budget issues.

Beginning in 2004, the first motion for each Article is an affirmative main motion made by the Secretary of the Finance Committee or a proponent for the Article. Explanations to supplement the written information in the Finance Committee Report are made by the Finance Committee Chairman.

Order of Articles

The Board of Selectmen sets the order of the Articles in the Warrant.

The Motion

All motions offered for consideration of Town Meeting shall be in writing if required by the Moderator, and all motions involving money shall be in writing when requested by any Town Meeting Member. A motion must first be made and seconded before debate is allowed. Only Town Meeting Members may make and second motions. However, representatives of town agencies, town officers and employees, residents and taxpayers have the right to participate in the debate. Non- residents have to seek permission to speak. The Article itself is not a motion, but only notice of the general subject matter that will be discussed. Any motion may be offered which, in the opinion of the Moderator, is within the scope of the Article. The initial motion made under an Article is known as the main motion. In most cases the main motion is the motion proposed by the Finance Committee. Once the main motion is before the Town Meeting, it can be approved, substituted for or amended, referred to committee, postponed to a future time or meeting, or defeated.

If the recommendation of **No Action** is offered by the Finance Committee, the proponents of an Article may make a motion for affirmative action.

The Debate

After a motion has been made and seconded, debate begins. The Moderator usually calls upon the principal proponent of the Article. Thereafter, the Moderator calls upon those wishing to be heard until such time that all the points of view are heard. No person shall speak upon a question more than once when any other person desires to be heard, nor more than twice on the same question without permission of the Town Meeting; and no person shall speak more than ten (10) minutes at one time without permission from the Town Meeting.

With reference to motions to lay on the table, take from the table, or postpone to a time certain, no person shall speak more than once or for more than two (2) minutes.

Amendments

Amendments are offered as motions in the same manner as main motions, and require a second. They may seek to insert, strike out, or substitute words in the main motion. A motion to amend must be acted upon before the main motion is voted on.

Only a majority vote is required to pass an amendment, even if the main motion requires a two-thirds vote.

Approval of an amendment must be followed by a vote on the main motion as amended. A motion to amend may itself be amended, but only one amendment of a motion to amend is allowed at a time.

Motion to Refer

A motion to refer a matter to committee requires a second. To refer takes precedence over other amendments and must be voted on first. If defeated, debate resumes on the main motion before the Town Meeting.

Motion to Close Debate

A motion to close debate is often called "moving the previous question." The motion for the previous question shall not be entertained by the Moderator if three or more persons are seeking recognition who have not previously spoken to the question. If a motion to close debate is made and, in the Moderator's judgment, reasonable debate has been heard on both sides of the question, he will put the motion before the members and ask for a second. A motion to close debate is not itself debatable. A two-thirds vote is necessary for the motion to pass. If the motion passes, all debate ceases, and the members vote at once on the pending motion.

The Vote

After all who wish to be heard on the question have spoken, or if the previous question has been called, the Moderator repeats the motion and calls for the vote. Only Town Meeting Members may vote. The Moderator says, "all those in favor by raising your hand..., all those opposed by raising your hand.." If the result is clear to the Moderator,

he declares the motion to have been adopted or defeated. If in doubt, the Moderator will call for a vote or seven (7) Town Meeting Members can question the vote. Tellers appointed by the Moderator are asked to count the vote. The tellers count the vote and return the results to the Moderator, who announces the results. A two-thirds vote of Town Meeting Members is required to select a secret ballot as the method of voting.

A roll call may be requested prior to voting on any motion. After a motion and second, a one - third majority vote is required to select a roll call as the method of voting for the pending motion before Town Meeting.

Points of Order

A point of order is a question of legality or propriety of the proceedings. If a Town Meeting Member feels that someone has the floor improperly, or that a motion or discussion is not within the purview of an Article, 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. Whatever the ruling the Moderator makes with or without advice from Town Counsel, it is final. A point of order must be raised promptly when the problem arises.

Questions of Privilege

A question of privilege may relate, first, to the rights and privileges of the meeting collectively, its safety, dignity, and the integrity of its proceedings, for example, if the sound system is not functioning properly.

Second, a question of privilege may relate to the rights reputation and conduct of Town Meeting Members individually in their capacity as Members. For example, if a speaker indulges in personalities, the person attacked or any other person may rise to a question of privilege. Such a question is initiated by a Member rising, interrupting the speaker if necessary, and saying, "Mr. Moderator, I rise to a question of privilege." The Member waits for recognition then states the matter.

Reconsideration

A motion to reconsider a vote already taken permits the Town Meeting to undo a previous action. The subject matter of any Article once voted upon in any manner may be reconsidered only once. In the request for reconsideration the 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 rules whether reconsideration is warranted, often delaying the ruling until the next adjourned session of Town Meeting. The Moderator may allow reconsideration at the same session. Reconsideration requires a (2/3) two-thirds vote.

Resolutions

Resolutions are main motions not directly related to any article on the Warrant. They are subject to the same rules of procedure that apply to main motions in general. There are two types of resolutions. One type is intended to express appreciation to a person for an achievement or service. The Moderator recognizes a Town Meeting Member to offer

such resolutions at the beginning of a session. These resolutions are usually adopted unanimously without debate. The other type is intended to express the opinion of Town Meeting on some subject of interest to the citizens of Natick. Because such resolutions are usually debated by the members and may take considerable time, the Moderator advises members who want to introduce these resolutions that they have to choose the time that they feel is less disruptive to the regular business of Town Meeting. Provided no other main motion is pending, a motion to adopt a resolution can be made any time. These resolutions that express the opinion of Town Meeting are advisory only, unlike motions under articles that are voted.

Precedence of Motions

When a question is before the Town Meeting, motions may be received and have precedence as listed in the following table.

Table of Motions

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 or order	Yes	Yes	Yes	2/3 Majority

Quantum of Vote

All votes shall be a majority except where otherwise provided in the by-laws or where otherwise required by law; and all references to the size of the vote required shall mean of those present and voting.

Financial Interest

Any person having a monetary or equitable interest in any matter under discussion at a Town Meeting, and any person employed by another having such an interest, shall disclose the fact of his interest or employment before speaking thereon.

Specifying Site of Work

Any vote of the Town Meeting appropriating money for the construction, reconstruction, installation or improvement of a public way, or a sewage or water facility, shall specify where the work is to be done.

Referendum

A referendum is the means by which citizens of the town who are dissatisfied with a decision of the Town Meeting, may refer the question to all registered voters of the town to a vote.

However, the following Town Meeting actions may not be the subject of a referendum: a vote to adjourn or to dissolve a Town Meeting, a vote appropriating money for the payment of notes or bonds and interest, a vote appropriating money in anticipation of taxes or other revenue or a vote declared by preamble as an emergency measure.

Therefore, at the conclusion of Town Meeting, no final vote of the Town Meeting under any Warrant Article shall be operative until the expiration of seven days following the dissolution of the meeting.

If a petition is not filed within seven days, the votes of the Town Meeting are operative.

Glossary of Municipal Financial Terms

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 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 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.

Debt Limit. The maximum amount of debt that a municipality may have authorized for qualified purposes under state law.

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.

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 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.

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.**

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 ½. 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 ½ % 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 ½ % (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).

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.

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.

Override. A vote by a community to permanently decrease the tax levy limit. As such, it is the exact opposite of an 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. An 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 authorizes the Treasurer to pay specific bills. The Assessors' Warrant authorizes the Tax Collector to collect taxes in the amount and from the persons listed, respectively.

OPEN MEETING LAW

meetings of a governmental body shall be open to the public and any person shall be permitted to attend any meeting except as otherwise provided by MGL Ch.39 § 23B.

No quorum of a governmental body shall meet in private for the purpose of deciding on or deliberating toward a decision on any matter except as provided by MGL Ch.39 § 23B.

For each city and town, a notice of every meeting of any governmental body is to be filed with the clerk of the city or town, and the notice or a copy must be publicly posted in the office of the clerk or on the principal official bulletin board of the city or town at least forty-eight hours (including Saturdays but not Sundays or legal holidays) before the meeting.

SOURCES:

Town of Natick Charter

Town of Natick By-Laws

Town Meeting Time
written by Johnson, Trustman and Wadsworth

Know Natick, 1976
League of Women Voters of Natick

Town of Brookline Town Meeting Member Handbook

City of Haverhill's Glossary of Terms

Mass General Laws Relating to Primaries, Caucuses and Elections