

Warrant Article Questionnaire Non-Standard Town Agency Articles

Section III – Questions with Response Boxes – To Be Completed By Petition Sponsor

Article # 38	Date Form Completed: 9.16.21 and 9.21.21
Article Title: Fiscal Information	
Sponsor Name: Town Meeting Practices and Rules Committee ("TMPRC")	Email: tmprcgriesmer@gmail.com

Question	Question
1	Provide the article motion exactly as it will appear in the Finance Committee Recommendation Book and presented to Town Meeting for action.
Response	Please see attached motion
2	At a summary level and very clearly, what is the proposed purpose and objective of this Warrant Article and the accompanying Motion?
Response	<p>Purpose and Objective :</p> <p>Pursuant to Article 24 passed at Fall 2020 Annual Town Meeting to amend the charter, this Article 32 looks to amend the Town ByLaws. This bylaw would standardize the key type of information that citizens and town meeting members generally request and always should have. The purpose is to make the provision of this information a routine requirement rather than an annual exercise in repetitive requests throughout the budget hearing process and even on town meeting floor. A review of the history indicates that the provision of this information is very spotty and inconsistent. Providing this information up front as a routine matter should save both the Finance committee and Town Meeting members time and improve the efficiency if fiscal deliberations. The article seeks to amend the existing Section 2 of ByLaw Article 20 on timing of providing fiscal information specified in the charter.</p> <p>Background</p> <p>Article 24 at Fall 2020 Town Meeting gave Town Meeting approval to amend the charter to allow the Town Meeting the ability to require financial information as part of the fiscal procedures of the town in connection with Town Meeting consideration of financial matters. The charter is pending approval of the voters at the March 2021 election. The proposed motion under Article 32 has been provided now, assuming the charter change is adopted by the voters, so that the finance committee and public can hear the substance of Article 32 at this times instead of having a meeting in April. In the event the charter change is not approved by the voters, the TMPRC will seek no action on the floor of Town Meeting. The minutes of Town Meetings action last fall are attached.</p>

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Article 24 allows the representative town meeting 1) to require certain information on assets and liabilities of the town to be provided as part of the budget message for the upcoming fiscal year and 2) to require additional financial information for any town meeting that deals with financial matters for a current fiscal year.

Discussion:

Budgets for Upcoming Fiscal Year

This current Article 32 would add a provision for certain routinely readily available but rarely or infrequently provided information to be part of the budget message each January for the proposed budget for the upcoming fiscal year which starts July 1st of every year. That annual proposed budget with accompanying budget message is due to the finance committee and the public on the first business day of each January.

The list of information to be required with the annual budget message is:

1. Most recently available amounts of funded and unfunded liabilities for both pension and Other Post-Employment Benefits together with the effective dates of such most recently available information;
2. Then current un-appropriated free cash balance;
3. Then current balances of retained earnings for each enterprise fund,
4. Then current balances, including interest, for each of the town's stabilization funds;
5. Amount of the previous three years of overlay balance and an estimate of how much, if any, can be declared surplus according to the Board of Assessors;
6. Total remaining unspent amounts, if any, from completed capital projects;
7. Total amount, if any, of capital projects which have not commenced and which were authorized three or more years prior to submission of the proposed budget;
8. Debt limit for the town with information on the total amount of outstanding debt borrowing and authorized but unissued borrowing.

All of this information above pertains to town assets and liabilities.

Budgets for a Current Fiscal Year

The current Article 32 also would add a provision for certain types of routinely available information to be provided for consideration of financial matters within a current fiscal year. Typically this would be the Fall annual Town Meeting where actual vs. estimated revenue and expense information is known in addition to the most recently certified free cash balance as of July 1st. Information for available real estate tax levy and state aid are estimated at Spring Town Meeting when budgets are voted for the fiscal year beginning July 1st. These items become known or actuals in the fall. Similarly, the great bulk of health insurance signups are done on June. By fall, it is known whether this item has excess or insufficient funding. Snow and ice deficits from the previous fiscal year are carried over and become an automatic priority deduction from available tax levy.

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The list of information for town meetings that deal with financial matters during a current fiscal year is:

1. Then current un-appropriated free cash balance;
2. The major component sources and deductions used in calculating the most recently certified free cash amount as of the beginning of the then current fiscal year detailing i) estimated v. actual revenues by account, ii) budgetary turn backs (i.e., expenditures below appropriated or budgeted amounts) by department, iii) amount, if any, of free cash carried over from the previous fiscal year and iv) any further adjustments made by the state Department of Revenue in calculating free cash. Individual components of less than \$50,000 may be aggregated for purposes of this report;
3. Estimated vs. actual state aid revenue and cherry sheet assessments and offsets;
4. Estimated vs. actual new growth tax levy;
5. Amounts of snow and ice and other deficits from the previous fiscal year to be raised from available tax levy.

This information is very relevant, even critical, for town meeting when considering budgets within a given current fiscal year. For example, if actual new growth tax levy is higher than estimated but is not appropriated, it cannot be collected that year. Actual collected tax levy cannot exceed the available tax levy appropriated by Town Meeting. In 2014, the town lost \$235,000 in tax levy as a result of town meeting not being informed and therefore being unable to adjust appropriations. If new growth tax levy is less than estimated, town meeting must take action to avoid appropriations in excess of prop 2 and ½ and may need to reduce appropriations as was done in Fall 2016. As recently as Fall 2018 and again in Fall 2019, Town Meeting wasted 2-3 nights trying to obtain and understand basic information.

The TMPRC noted that information for a current fiscal year is not always available at the same time. For example, free cash as of July 1st could be certified by the state in August, September or October. Similarly, actual available new growth tax levy might not be known until September or October. The proposed bylaw language requires that the Finance Committee either be given the information before its deliberations on current year budgets or be given a written statement that the information is not yet available. As soon as the information becomes available it is to be provided to the Finance Committee and Town Meeting.

The TMPRC noted that current year budgets are usually included on the warrant for both Fall and Spring Annual town Meetings. However, experience as recently as last fall, has shown that current year budgets can be considered in a special town meeting. Accordingly the language of the bylaw covers any annual or special town meeting that deals with fiscal matters. Any special town meeting that deals only with zoning or bylaw matters would not be subject to the provisions of the bylaw. Further, once information is provided during a current fiscal year it is

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	<p>deemed to be provided for anything else in that fiscal year unless an update is necessary. This avoids requiring the same information to be provided more than once.</p> <p>The by law also provides that failure of strict compliance cannot be a basis for challenging a town meeting action. This was suggested by a veteran town administrator. The TMPRC inserted this wording to apply to the entire bylaw to cover all fiscal information including the timing of the submission of the proposed budget in January. A review of history is that date of the 'first business day in January' for the proposed budget is regularly missed.</p> <p>As discussed below, the language of the bylaw and the list of information was developed by several former 12 year veterans of the finance committee and three former town administrators each with over 20 years of experience.</p> <p>The language of the proposed bylaw has also been extensively discussed between the Vice Chair of the TMPRC and the Deputy TA for Finance on multiple occasions.</p> <p>The language of the proposed bylaw has also been agree to be the current Town Administrator.</p>
3	<p>Has this article or one of a very similar scope and substance been on a previous Warrant Article and what have been the actions taken by the Finance Committee, other Boards or Committees and Town Meeting?</p>
Response	<p>See previous discuss on charter change voted last fall under Article 24. Article 24 passed 94-17-3.</p> <p>The bylaw was proposed last spring. That by law was opposed by the deputy TA for finance at the time on the stated belief that it was an excessive amount of work and involved information that could only be given to the finance committee because it needed to be accompanied by an explanation. The bylaw has been tweaked for certain language adjustments, the current proposal is very similar to the previous bylaw.</p> <p>Several discussions were held with the administration in which the required fiscal provisions of the charter were reviewed and in which the level of work was also discussed. After review, the work required to produce this information is not burdensome. More importantly, the information is required in order to produce the budget required by the charter. The key difference is that the charter uses general terms whereas the bylaw is more specific. The specificity is needed because the general terms of the charter have resulted in the information not being provided on a recurring basis. The bylaw provides a specific list.</p> <p>Some of the key phrases from the charter involving the proposed budget are:</p> <p><i>the town administrator shall submit to the finance committee a preliminary budget for the ensuing year, with an accompanying budget message and supporting documents. He shall,</i></p>

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simultaneously, provide for the publication in a local newspaper a general summary of the preliminary budget. This notice shall also indicate the times and places at which complete copies of the preliminary budget and accompanying materials are available for examination by the public.

The budget and the budget message are for the public and their examination NOT just for the finance committee.

The charter also says:

“The budget message submitted by the town administrator shall, at a minimum:

- Provide a comprehensive overview of the proposed budget
- Explain the Town’s fiscal condition including noteworthy changes in various revenue and expense categories as well as reserves
- Summarize the town’s debt position

The explanation is a charter requirement and is an explanation to the public; not just the finance committee. The debt position includes issued debt, authorized but unissued debt as well as liabilities such as pension and OPEB which are absolutely part of the Town’s fiscal condition. So are reserves which include all of the stabilization fund balances, available free cash and overlay accounts.

The charter also states:

The preliminary budget, in conjunction with the town administrator’s budget message, shall provide a complete financial plan of all town funds

The charter does not say a complete plan of all town revenues and expenses. In order for the budget to meet the requirements of the charter, the budget must “**provide**” a “**complete plan**” of all “**funds**”. Without knowing what all of the funds are, an administration cannot prepare a budget that meets the charter’s requirements. Since information on all such funds is necessary to prepare a budget, that information is or should be readily available and therefor easy to share with the public.

The charter continues and says:

“In his presentation of the preliminary 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 proposed budget is supposed to include the most information or maximum amount of information. The bylaw is consistent with the charter but provides four benefits by being

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	<p>specific. First, it provides a list that is an easy reminder for an administration of what should be done anyway. Second, it provides members of the public and town meeting with a workable list. Third, since the specifics would be voted by Town Meeting, an administration providing such information cannot be legitimately criticized for ‘withholding information’ that town meeting wants. Fourth, the specifics in the bylaw avoid attempts by any administration to withhold information because the ‘charter does not expressly require that’ i.e. a particular account balance by name. Sadly this position has been taken in the past more than once – going back over the past twenty years.</p> <p>The bylaw does not prevent an administration from providing additional information. Rather it specifies a minimum that town meeting has found to be important over the years. Providing it up front with the budget submission should result in much less time being taken on town meeting floor for resolutions and votes to demand information or questions from members on important and essential information that has not been provided. (If an information by type is referred to in the charter’s requirements it is by definition ‘essential’.)</p> <p>It should be noted that the charter states shall:</p> <ul style="list-style-type: none"> • <i>Include such additional information as the town administrator deems desirable or the board of selectmen may require</i> <p>This provision is in addition to the other required elements of the charter.</p> <p>The charter also states the budget shall show:</p> <p><i>“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.”</i></p> <p>All separately voted capital projects are funded in special accounts and are for specific purposes. Surpluses are relevant. Hence the provision for unexpended balances in completed capital projects.</p> <p>Comments:</p>
4	Why is it required for the Town of Natick and for the Town Agency sponsor(s)?
Response	See discussion above

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5	Does this article require funding, how much, from what source of funds and under whose authority will the appropriation be managed and spent?
Response	No funding is required.
6	Does this article act in any way in concert with, in support of, or to extend any prior action of Natick Town Meeting, Massachusetts General Laws or CMR's or other such legislation or actions? Does this article seek to amend, rescind or otherwise change any prior action of Natick Town Meeting?
Response	No.
7	How does the proposed motion (and implementation) fit with the relevant Town Bylaws, financial and capital plan, comprehensive Master Plan, and community values as well as relevant state laws and regulations?
Response	The language fits well into an existing bylaw section (Section 2 of Article 20) and very much consistent with the values and principals of transparency to the public and Town Meeting and providing information to the representative town meeting members who need to make the decisions on appropriations and sources of funds. This proposed change outs the decision makers i.e. the representative town meeting members in the position of receiving basic information on a routine basis without having to request it on Town Meeting floor. The language standardizes and formalizes what should be fundamental good practice.
8	Who are the critical participants in executing the effort envisioned by the article motion?
Response	There actually aren't any 'critical' participants'. All of the information sought is routinely available off the shelf or standard basic fiscal practice and fundamental sound management principles.
9	What steps and communication has the sponsor attempted to assure that:

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	<ul style="list-style-type: none"> ● Interested parties were notified in a timely way and had a chance to participate in the process ● Appropriate Town Boards & Committees were consulted ● Required public hearings were held
Response	<p>The TMPRC's meetings have all been public and duly posted.</p> <p>No other public board or committees are involved or expressed interest.</p> <p>No one from the Town administration or any town board expressed interest even after Article 24 discussed and passed at Fall 2020 Annual Town Meeting.</p> <p>The information list was developed by the TMPRC based on years of experience on Finance committee and Town Meeting but was then vetted and reviewed by the previous town administrators who have both a) worked in Natick and b) each have over 20 years municipal finance experience in Massachusetts. These individuals suggested a slight change to the motion but actually <u>added</u> things to the list. In their opinion, the list of information consists either of readily available information or information which should be readily available as part of any basic sound financial management practice. They advised that <u>nothing</u> on the list creates any additional work burden. Their perspective, review and input was sought i) because of their extensive experience and familiarity with Natick and municipal finance in Massachusetts and ii) because they are independent of the Select Board and current administration.</p> <p style="color: blue;">Numerous meetings were held with the administration. The proposed bylaw language has also been discussed with and agreed to by the Town Administrator.</p>
10	Since submitting the article have you identified issues that weren't initially considered in the development of the proposal?
Response	(Type response here)
11	If this Warrant Article is not approved by Town Meeting what are the consequences to the Town and to the sponsor(s)? Please be specific on both financial and other consequences?
Response	(Type response here)

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