



Role of the Finance Committee

SOURCES OF AUTHORITY AND GUIDANCE

Hierarchy of Authorities

- ▶ Massachusetts General Laws
- ▶ Town Charter
- ▶ Town Bylaws
- ▶ Standing Votes of Town Meeting
- ▶ Established Town Tradition and Practice
- ▶ Official Guidance
 - ▶ MA DOR Publications
 - ▶ Assoc of Town Finance Committees Publications

Massachusetts General Laws Ch. 39, § 16

Every town whose valuation for the purpose of apportioning the state tax exceeds one million dollars shall, and any other town may, by by-law provide for the election or the appointment and duties of appropriation, advisory or **finance committees, who shall consider any or all municipal questions for the purpose of making reports or recommendations to the town;** and such by-laws may provide that committees so appointed or elected may continue in office for terms not exceeding three years from the date of appointment or election. In every town having a committee appointed under authority of this section, **such committee,** or the selectmen if authorized by a by-law of the town, and, in any town not having such a committee, the selectmen, **shall submit a budget at the annual town meeting.**

Massachusetts General Laws Ch. 40, § 6

To provide for extraordinary or unforeseen expenditures, a town may at an annual or special town meeting appropriate or transfer a sum or sums not exceeding in the aggregate five per cent of the levy of the fiscal year preceding the fiscal year for which the fund, to be known as the **reserve fund**, is established. No direct drafts against this fund shall be made, but **transfers from the fund may from time to time be voted by the finance or appropriation committee of the town, in towns having such a committee**, and in other towns by the selectmen; and the town accountant in towns having such an official, and in other towns the auditor or board of auditors, shall make such transfers accordingly.

Massachusetts General Laws Ch. 41, § 60

The town accountant shall immediately upon the close of each calendar year compile statements in tabulated form showing the amounts appropriated and the amounts expended from each appropriation during the preceding fiscal year, the amounts appropriated for the current fiscal year and the amounts expended from such appropriations during the first six months of such year and the amounts estimated to be expended from such appropriations during the second six months of such year, and the estimates for the next ensuing fiscal year, and shall forthwith furnish a copy thereof to the selectmen, or to such committee as the town may appoint to consider and report on proposed appropriations. The selectmen,

Massachusetts General Laws Ch. 41, § 60 (con't)

or said committee when so appointed, shall after due consideration designate the amounts which in their opinion should be appropriated for the ensuing fiscal year, and shall accompany the same with such explanations and suggestions in relation thereto as they may deem desirable for the proper information of the inhabitants. The selectmen or, if such committee has been appointed, the committee, shall print and distribute this document at or before the annual town meeting, and the town clerk shall transmit a copy thereof and of all town reports to the director of accounts.

Concord Town Charter

SECTION 2. APPOINTED OFFICIALS

C. The moderator shall appoint a finance committee and such other officers, boards and committees as the moderator shall herein after be directed to appoint by bylaw or vote of the town.

SECTION 3. MEMBERSHIP; TERMS; POWERS, DUTIES, RESPONSIBILITIES; TERMINATION

The membership of boards and committees appointed as provided in Section 2, the length of the term of each member thereof and of officers so appointed, and the powers, duties and responsibilities of the same shall be as now or hereafter provided by applicable statutes and bylaws and votes of the town, except as herein otherwise provided...

Concord Town Charter

SECTION 4. MULTIPLE OFFICERS Neither the moderator nor any member of the select board, the school committee, or the **finance committee** may, during the term for which the moderator, select board member, school committee member or finance committee member was elected or appointed, **be elected or appointed to any other town office**, except as otherwise provided herein...

Concord Town Charter

SECTION 16. ESTIMATES OF EXPENDITURES

Not less than 90 days before the annual town meeting each year (See Note #4, Amendments), **the town manager** shall submit to the select board **a careful detailed estimate in writing of the probable expenditures of the town government for the ensuing fiscal year**, stating the amount required to meet the interest and maturing bonds and notes or other outstanding indebtedness of the town, and showing specifically the amount necessary to be provided for each fund and department, together with a statement of the expenditures of the town for the same purposes in the two preceding years and an estimate of the expenditures for the current year.

Concord Town Charter

SECTION 17. ANNUAL BUDGET

The **select board** shall consider the tentative budget submitted by the **town manager** and make such recommendations relative thereto as they may deem expedient and proper in the interests of the town. Not less than 60 days before the annual town meeting each year the **select board** shall transmit a copy of the budget together with their recommendations relative thereto to each member of the finance committee.

Finance Committee Bylaw

Section 1.

At the annual Town Meeting to be held in the year 1922 and before the final adjournment thereof, **there shall be appointed by the Moderator a Finance committee consisting of fifteen members.** Five members of such committee shall be appointed to serve for a term of three years; and five members shall be appointed to serve for a term of two years; and five members shall be appointed to serve for a term of one year. At each annual Town Meeting after the annual meeting of the year 1922, the Moderator shall appoint five members of such committee to serve for a period of three years. Except in case of death, resignation or removal from office, each member of the committee shall hold office until the final adjournment of the annual Town Meeting of the year in which his term of office expires. **Said committee shall at all times consist of fifteen members,** and vacancies occurring therein, otherwise than by expiration of the term of office, shall be filled by the Town Moderator. **No member of such committee shall be an officer of the Town or a member of any board of the Town.**

Finance Committee Bylaw

Section 2.

The Finance Committee shall meet and organize as soon as practicable each year after the final adjournment of the annual Town Meeting and at such organization meeting shall elect a chairman and a clerk.

Finance Committee Bylaw

Section 3.

When the warrant for a Town Meeting contains any article or articles under which an appropriation or expenditure of money or the disposition of any property of the Town may be made, the Finance Committee shall consider such article or articles after giving one or more public hearings thereon and shall report in print its recommendations to such Town Meeting. The recommendations of the Finance Committee concerning any articles in the warrant for an annual Town Meeting shall be printed and distributed to the voters of the Town not less than seven days before such meeting. The Finance Committee may consider and report upon any other article in any warrant issued for a Town Meeting whenever in the opinion of a majority of the committee such consideration and report seem advisable for the best interests of the Town. The Finance Committee may carry on its inquiries and investigations through such sub-committees as it may create and the committee shall determine the method by which such sub-committee shall be selected.

Town Meeting Standing Votes

Budget Guidelines

Voted: The Finance Committee shall annually establish a guideline for budget increases to be considered in fiscal year planning by the Board of Selectmen, the Concord Public School Committee and the Concord-Carlisle Regional School Committee and will publish said guideline in the local press prior to November 30 of the previous fiscal year.

Article 4, Annual Town Meeting, May 1976

Note: This vote replaced the vote taken under Article 4 of the 1975 Town Meeting relative to tax stabilization, which had established as a policy that the annual tax rate increase not exceed 50% of the increase in the consumer price index.

Town Meeting Standing Votes

Five Year Projection of Tax Burden on Citizens

Voted: To request the Finance Committee to make a five-year projection on what the total tax burden is likely to be on the citizens of the Town commencing with the calendar year 2012. This information shall be included in “The Report of the Finance Committee of the Town of Concord” sent to all voters prior to each Annual Town Meeting thereafter.

Article 3, Special Town Meeting, November 7, 2011

Finance Committee Tradition and Practice in Concord

- ▶ Participates in budget process for three budget units:
 - ▶ Town
 - ▶ Concord Public Schools
 - ▶ Concord Carlisle Regional School District
- ▶ Develops and publishes budget guidelines
- ▶ Conducts 3 pre-town meeting hearings on financial articles
- ▶ Formulates recommendations to Town Meeting on financial articles
- ▶ Makes and publishes five-year tax burden projections
- ▶ Writes and publishes robust Finance Committee Report
- ▶ Provides advice on motions and proposed amendments at Town Meeting
- ▶ Observes and advises boards/committees re fiscal issues throughout year

Finance Committee Tradition and Practice in Concord

1970 Finance Committee Charge, issued by Select Board

- ▶ Advisory only (no legal authority)
- ▶ Likely describes historical tradition and practice
- ▶ 55 years old and in some particulars out of date, e.g.:
 - ▶ authorization of excess expenditures for snow and ice removal no longer necessary under state law
 - ▶ FinCom no longer has practice of advising SB on exemption of contracts from competitive bidding requirements in emergency situations

Mass Department of Revenue

Guidance

The **finance committee** is the official **fiscal watchdog** for a town. Because it is difficult for all taxpayers to be completely informed about every aspect of a town's finances, finance committees were established so a **representative group of taxpayers** could conduct a thorough review of municipal finance questions on behalf of all citizens.

... The **primary duties** of a finance committee are to **advise and make recommendations to town meeting** on the budget and other areas of finance.

...The finance committee is primarily responsible for submitting its recommendations on the annual budget to the town meeting. In assuming this responsibility, **the committee influences the entire budgetary process.**

Assoc of Town Finance Committees Guidance

The **finance committee** is a town's **official fiscal watchdog**. Its primary responsibility is to advise and make recommendations to town meeting on the budget and other areas of finance, although in many towns they prepare and submit the budget as well as comment on it. **The state statutory authority of the finance committee does not vary from community to community, but the role and process does.**

Whether or not the finance committee prepares the town's budget, the committee is responsible for submitting recommendations on the budget and other financial warrant articles to town meeting. **The finance committee report provides analyses, explanations, and justifications for its recommendations.** Although the level of detail varies from town to town, more informative reports include financial and statistical data, often trace historical trends and specific appropriations.

Variations in Practice Among Town Finance Committees

- ▶ **Plainfield** (pop. 623): FC develops capital and operating budgets and moves them at Town Meeting
- ▶ **Norfolk** (pop. 11,556): SB drafts budget; FC per bylaw makes main motion at Town Meeting
- ▶ **Lincoln** (pop. 6,946): FC presents all budgets to Town Meeting
- ▶ **Stow** (pop. 7,109): Per charter, Town Administrator develops budgets and presents to Town Meeting; FC reviews and makes recommendations
- ▶ **Westborough** (pop. 21,591): Town Manager creates and submits budget, FC makes main motions on budget articles
- ▶ **N. Andover** (pop. 31,024): Same as Westborough
- ▶ **Holliston** (pop. 14,964): Elected FC makes final decisions on budgets presented to Town Meeting and makes main motions

Finance Committee Now and in the Future

The Finance Committee currently operates in consistency with state law, town charter, town bylaw, standing town meeting votes, and tradition and practice.

Adjustment and change of responsibilities can be made through:

- ▶ Charter amendment
- ▶ Bylaw amendment
- ▶ Town Meeting vote
- ▶ Adjustment of tradition and practice through collaboration with Select Board, School Committee, and Town Manager