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*Each article is accompanied by a "Description..." of what each article does.
Italicized information is explanatory in nature.*

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Report of the Finance Committee October Town Meeting - 2008

The Finance Committee continues to be very concerned with the escalating costs of providing level services to the town in an environment of considerably slower revenue growth. We have urged the Board of Selectmen and School Committee to work with us to identify long term solutions to this structural issue and to take some immediate measures with respect to the current year. In the short term, we have suggested that a hiring freeze be put in place immediately, that negotiators exercise constraint in negotiating any labor or benefits contracts to keep cost growth within affordable limits, enhance the overtime approval process by all department heads to ensure that overtime is incurred only when absolutely necessary and develop a detailed contingency plan to address any budgetary deficits in a timely manner. Preliminary projections of revenue and expenses for the next two fiscal years indicate that substantial deficits are likely unless actions are taken now to limit cost increases and identify new revenue sources.

The Town's current Free Cash balance is \$1.946 million including \$1.717 million in one time payments related to the JT Berry project. The plan is to place the Berry money in the Debt Stabilization fund to enable the Town to move forward with needed capital improvement projects without increasing the annual debt service requirement. Therefore, effectively only \$229,000 of free cash is available from F/Y 08 operating sources. However, a close examination of budgets by the town has produced another \$445,000 in available funds to supplement the free cash bringing the available amount to approximately \$674,000. We are obligated to fund F/Y 08's snow and ice deficit (\$341,777) and hope to fund an energy reserve for F/Y 09 in the amount of \$150,000 to provide for an almost certain price escalation over previously budgeted amounts. Deducting these amounts will leave approximately \$182,000 in free cash.

Request for approximately \$100,000 in small capital items were carried over from the April Town Meeting. The Board of Selectmen and the School Committee have agreed to look to the current operating budgets to find the funds for the small capital items.

The Finance Committee recommends that the Stabilization Fund should be maintained at a minimum of 5% of net revenue (the sum of the levy limit, state aid and local receipts) or slightly over \$2 million. The Town's Stabilization Fund at \$1,621,843 is some \$400,000 below the level the Finance Committee believes is a prudent amount to sustain our bond rating. Mitigating the shortfall is the balance in the Debt Stabilization fund, noted above, that was approved by Town Meeting as a vehicle for leveraging the one time Berry funds to offset debt service requirements for new capital projects. That fund currently has a balance of \$151,250. The Finance Committee supports the Board of Selectmen's plan to put the entire \$1.717 million of 2008 Berry money in the fund. While the sum of these two Stabilization funds will exceed the 5% goal, once the current transfer is made (they will be at approximately 8.5%), one must consider that the purpose of the Debt Stabilization fund is to keep current debt service from increasing and therefore, the balance in this fund will decrease over time. We strongly urge an annual budget allocation to the Stabilization fund whenever the combined level of the two funds falls below the 5% target.

At the April 2007 Town Meeting, \$123, 921 was appropriated to the Reserve Fund. This fund is managed by the Finance Committee to pay for costs which the Finance Committee considers extraordinary and unforeseen expenditures. It is never used as a supplement to a budget. A summary of the transfers approved by the Finance Committee in F/Y 08 is shown in the following table.

Reserve Fund Activity F/Y 2008

7/1/07 Appropriation		\$123,921.00
Less Transfers:		
Town Administrator	General Liability Insurance	5,000.00
DPW	Director's Vehicle	6,535.00
Veterans' Services	Veterans' Benefits	3,100.00
Veterans' Services	Veterans' Benefits	5,850.00
Town Counsel	Legal Bills	11,963.49
Balance		\$91,472.51

The Finance Committee wishes to thank Town Administrator Greg Balukonis and Finance Director Joe Tassone for their support and timely information.

Respectfully submitted,

Abby Hurlbut, Chair	Donald Kelliher, Vice-Chair
Richard Johnson, Clerk	Michael Kirby
Michael Mastascusa	Mark Westervelt
Alan Wolpin	Steve Carter

Bradley H. Jones, Sr., Associate Member

COMMONWEALTH OF MASSACHUSETTS

TOWN OF NORTH READING

TOWN MEETING

OCTOBER 6, 2008

7:00 P.M.

Middlesex, SS.

To either of the Constables of the Town of North Reading in the County of Middlesex, GREETING.

IN THE NAME OF THE COMMONWEALTH OF MASSACHUSETTS, you are hereby directed to notify and warn the inhabitants of said Town, qualified to vote in Town affairs, to meet at the Daniel H. Shay Auditorium, North Reading High School, Park Street in said North Reading, on **MONDAY**, the **SIXTH DAY OF OCTOBER, 2008**, at **seven o'clock** in the evening, then and there to act on the following articles:--

Article 1 Hear and Act on Reports of Town Officers and Committees

To hear and act upon the reports of Town Officers and Committees.

Sponsor: Board of Selectmen

Description...

This is a customary article which provides for Officers and Committees so instructed to report to Town Meeting their progress or recommendations.

Recommendations ...

Selectmen: Recommended.

Finance Committee: No action required.

Article 2 Fund FY 2008 Snow and Ice Deficit

To see if the Town will vote to raise and appropriate or transfer from any available source of funds the sum of \$341,777.48 to fund a deficit in the FY2008 Snow & Ice Budget; or what it will do in relation thereto.

Sponsor: Board of Selectmen

Description...

This article provides funds necessary for the Snow & Ice Budget that ran a deficit for the fiscal year ending on June 30, 2008.

Recommendations ...

Selectmen: Recommended.

Finance Committee: Recommended.

Article 3 Establish Fuel and Utilities Reserve Fund

To see if the Town will vote raise and appropriate or transfer from any available source of funds, \$150,000 for unbudgeted increases in School and Municipal Fuel and Utility costs for fiscal year 2009 as determined by the Finance Committee; or what it will do in relation thereto.

Sponsor: Finance Committee

Description...

These funds are necessary to supplement anticipated gasoline and diesel fuel for Town vehicles, and electricity and natural and natural gas costs for school and municipal buildings for FY09. The original FY09 budget approved at the April Town Meeting provided for only a modest increase in the cost of fuel and utilities due to uncertainty over market conditions. The distribution of funds from this account is subject to approval by the Finance Committee when existing appropriations have been exhausted.

Recommendations ...

Selectmen: Recommended.

Finance Committee: Recommend Free Cash \$150,000.

Article 4 Transfer Funds to the Capital Stabilization Fund

To see if the Town will vote to transfer a sum of money from any available source of funds to be added to the Capital Improvement Stabilization Fund established under Article 5 of the October 2007 Town Meeting; or what it will do in relation thereto.

Sponsor: Board of Selectmen

Description...

This article was established last year to capture one-time funds associated with the Berry Center redevelopment. Money from the Capital Improvement Stabilization Fund is dedicated for the purposes of paying long-term debt obligations associated with capital projects. A total of \$1,717,000 was received for the Berry Center development in FY08. Requires a 2/3 vote.

Recommendations ...

Selectmen: Recommended.

Finance Committee: Recommendation to be made at Town Meeting.

Article 5 Amend FY2009 Operating Budget

To see if the Town will vote to amend the FY2009 Operating Budget voted under Article 14 of the April 7, 2008 Annual Town Meeting and to raise by taxation and appropriate, appropriate and transfer from unexpended funds remaining in Warrant Articles of previous years, or appropriate by transfer from available funds or borrow a sum of money for such purposes; or what it will do in relation thereto:

Sponsor: Board of Selectmen

Description...

The Town seeks to raise and appropriate and transfer from available funds a sum of money to be added to the FY09 budget. Budget transfer requests include, but are not limited to the following accounts: Small Capital for the Schools and several municipal departments; Recreation Salaries; and Debt Service. The exact amounts and sources of funds for Article 5 will be available at Town Meeting.

Recommendations ...

Selectmen: Recommendation to be made at Town Meeting.

Finance Committee: Recommendation to be made at Town Meeting.

Article 6 Prior Year's Bills

To see if the Town will vote to raise by taxation and appropriate, or appropriate by transfer from any available source of funds, a sum of money to pay prior year's bills; or what it will do in relation thereto.

Sponsor: Board of Selectmen

Description...

This article provides for payment of prior fiscal year bills which were not submitted prior to the fiscal year end. Requires 4/5 vote.

Recommendations ...

Selectmen: Recommended.

Finance Committee: Recommend Free Cash.

Article 7 Capital Expenditures

To see if the Town will vote to raise by taxation and appropriate, or appropriate by transfer from unexpended funds remaining in Warrant Articles of previous years, or appropriate by transfer from available funds or borrow a sum of money, for the purchase of items of a capital nature, and further to authorize the Town Administrator to sell or trade-in items rendered surplus by such purchases; or what it will do in relation thereto.

Description...

This article funds the purchase and replacement of capital equipment for various departments. Funds for capital expenditures are available for borrowing, transfer from Free Cash or the unexpended balance of warrant articles. The exact amounts and sources of funds for Article 7 will be available at Town Meeting.

Recommendations ...

Selectmen: Recommended.

Finance Committee: Recommendation to be made at Town Meeting.

Article 8 Rescind Bond Authorizations

To see if the Town will vote to rescind the following residual bond authorizations; or what it will do in relation thereto:

<u>Date</u>	<u>Article #</u>	<u>Purpose</u>	<u>Amount</u>
04/09/2007	28	Police Station Tech., Comm. & Equip.	\$260.00

Sponsor: Board of Selectmen

Description...

This residual amount arises from the original bond authorization exceeding the actual cost of the project. This amount does not represent additional funds, but rather funds not borrowed.

Recommendations ...

Selectmen: Recommended.

Finance Committee: Recommended.

Article 9 Create and Fund Other Post Employment Benefits

To see if the Town will vote to establish a special purpose stabilization fund pursuant to General Laws Chapter 40, section 5B for Other Post Employment Benefits for School and Municipal retirees, and to raise and appropriate or transfer from any available source of funds, a sum of money for this purpose; or what it will do in relation thereto.

Sponsor: Board of Selectmen

Description...

The Town recently completed an actuarial study to estimate the cost of post employment benefits for municipal and school retirees. As a result of the study, the Town should consider setting aside an amount to pay the cost of providing health insurance for retirees. An amount and funding source will be available at Town Meeting. Requires 2/3 vote.

Recommendations ...

Selectmen: Recommended.

Finance Committee: Recommended.

Article 10 Trench Safety Regulations

To see if the Town will vote, pursuant to M.G.L. c. 82A and 520 CMR 14.00, to authorize the Town Administrator to designate the Board or officer that is to act as the Town's permitting authority for the issuance of permits for the purpose of creating a trench, as that term is defined at 520 CMR 14.02; or what it will do in relation thereto.

Sponsor: Board of Selectmen

Description...

Section 2 of Chapter 82A of the General laws requires all Towns to designate one Board or officer to issue permits for the excavation of trenches on privately owned or Town land and for the excavation of public ways in the Town.

Recommendations ...

Selectmen: Recommended.

Finance Committee: Recommended.

Article 11 Home Rule Petition/Road Flaggers

To see if the Town will vote to authorize the Board of Selectmen to petition the General Court for special legislation, which shall include, but not be limited to, the following provisions: where the Police Chief determines that traffic control measures are necessary for public safety purposes on any project occurring, or impacting traffic, on any public road within the territorial limits of the Town of North Reading, Road Flaggers shall be used for such purposes, unless due to additional public safety concerns the Police Chief determines that the use of police officers is necessary for such traffic details; provided, however, that the General Court may make clerical or editorial changes of form only to the bill, unless the Board of Selectmen approves amendments to the bill before enactment by the General Court, and to authorize the Board of Selectmen to approve amendments which shall be within the scope of the general public objectives of this petition, or take any other action relative thereto.

Sponsor: Board of Selectmen

Description....

The Board of Selectmen seeks special legislation to provide the option of using Road Flagger for construction projects on North Reading roads. The Governor recently enacted regulations providing for the use of Road Flagger on State roads to promote cost savings. The new regulations do not address the use of Road Flagger on local roads. The proposed article would require approval by the State Legislature and Governor prior to it becoming a law.

Recommendations ...

Selectmen: Recommendation to be made at Town Meeting.

Finance Committee: Recommendation to be made at Town Meeting.

And you are directed to serve this Warrant, by posting up attested copies thereof at two conspicuous places in each of the four precincts in said Town, fourteen days at least before the time of holding said meeting.

HEREOF FAIL NOT, and make due return of this Warrant, with your doings thereon, to the Town Clerk, at the time and place of meeting, as aforesaid.

Given under our hands this 15th day of September in the year of our Lord two thousand and eight.

BOARD OF SELECTMEN

Robert J. Mauceri, Chairman
Stephen J. O'Leary, Vice Chairman
Michael R. Harris, Clerk
Sean T. Delaney
Joseph Veno

A True Copy: Attest
John J. Firriello, Constable
Date: September 15, 2008