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Town of Natick - Financial Management Principles

PART 1: GENERAL

To protect the town's financial stability, to ensure the availability of adequate financial resources in times of emergency, to capitalize on high bond ratings (and thus low interest rates), it is essential that policies regarding the town's financial management be adopted and adhered to in the preparation and implementation of the town's operating and capital budgets.

PART 2: PRINCIPLES

Reserves: Use and Recommended Balances

- Reserves and one-time revenues should be used only for capital or other non-recurring expenses, except as noted below.
- The Town will strive to maintain unappropriated free cash at a minimum of 1% of revenues, and unappropriated free cash should never be less than ½ % of revenues.
- The Town will maintain a diversified series of permanent reserves in the form of stabilization funds. These stabilization funds will consist of three types:
    - 1. A General Stabilization Fund should be maintained for the purpose of unforeseen and catastrophic emergencies. It should, at a minimum, be at a level equal to 2% of revenues, with the target being 5% of revenues.
    - 2. An Operational Stabilization Fund should be maintained for the purpose of augmenting operations in case of sustained economic downturn and associated loss of revenues in support of operations. Sustained economic downturn will be any situation whereby State Aid and/or local receipts are significantly reduced from one-year to the next. ("Significantly" being defined as more than 5% of the total for the respective revenue category.) The target amount of money in the Operational Stabilization Fund should be sufficient to sustain operations through a three-year period of economic downturn. This shall be equivalent to 10% of State Aid Revenues and 5% of Estimated Receipts cumulative for a three-year period.
    - 3. A Capital Stabilization Fund should be maintained for the purpose of funding any capital related project, or pieces of capital equipment, or debt-service payment related thereto. It shall be funded through local option taxes
- Existing reserves should be enhanced whenever possible.

Capital Planning and Budgeting

- A 5-Year capital plan should be developed and updated annually, per Section 5-7 of the Town's Charter.
- Whenever practical, capital funding should be done in the fall after free cash has been certified.
- A minimum of 6-7% of net general fund revenues (i.e within –levy) should be set aside annually to fund capital needs, inclusive of cash appropriations and the subject year's debt budget. Not included in this target are those capital improvements and equipment purchases funded through Debt Exclusions, Enterprise Funds, Intergovernmental Funds, Grants Mitigation Funds, Chapter 90 Funds, etc. This goal should be revisited regularly to ensure that the Town is investing adequately in its capital needs.

Debt Issuance and Management

- Capital projects should be carefully scheduled and monitored to minimize borrowing costs while optimizing investment opportunities.
- Large capital project, generally costing over $1 million and having a useful life of ten years or more, are typically funded with debt to spread the cost out over many years. In order to prevent such projects from absorbing significant capacity within the levy, careful consideration should always be given to excluding these projects from the limits of Proposition 2 ½ through debt exclusion question to the voters.
- Whenever practical, the issuance of expensive short-term Bond Anticipation Notes should be avoided.

Financial Planning and Forecasting

- Revenue estimates should be realistic, yet conservative, to minimize the potential of shortfalls in the subsequent year's operating budgets and corresponding impacts on free cash.
- Three year revenue and expenditure forecasts should be updated annually.

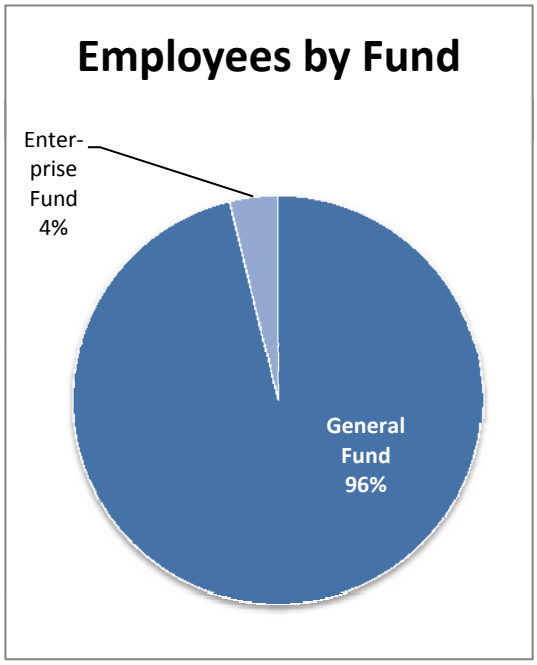
Cash Management

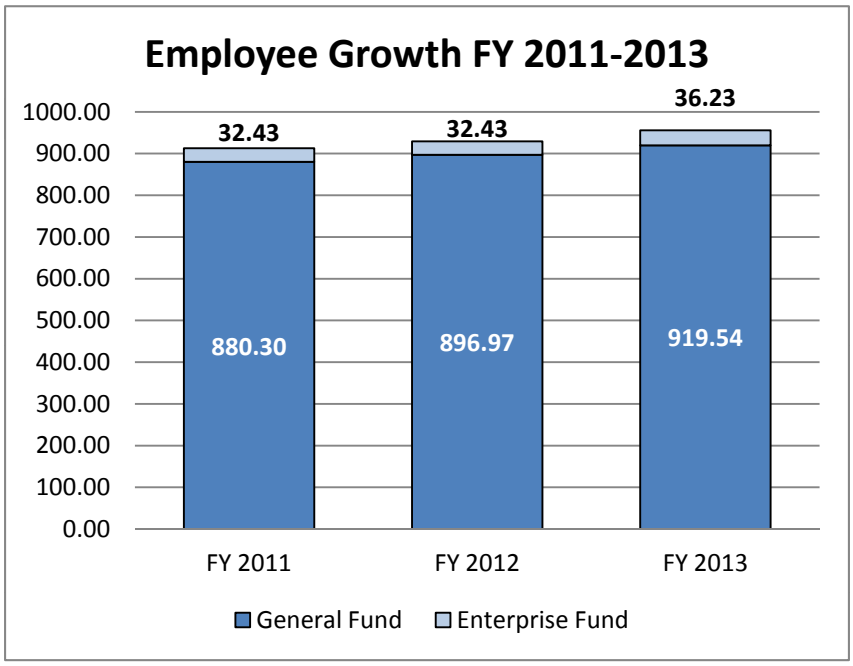
- Balances in prior Town Meeting funding articles shall be reviewed annually and excess balances shall be closed out to free cash.
- Fees and charges will be reviewed regularly to ensure that – where appropriate – they cover direct and indirect costs associated with the related service.

Originally adopted by the Board of Selectmen, March 2011
Last Revised by Board of Selectmen, February 6, 2012

Consolidated Staffing History

	FY 2011		FY 2012		FY 2013	
	FTE	Appropriated Compensation	FTE	Appropriated Compensation	FTE	Appropriated Compensation
Natick Public Schools	582.50	$ 36,350,100	596.70	$ 38,123,038	568.70	$ 37,422,067
Morse Institute	30.17	$ 1,472,013	30.79	$ 1,570,198	31.07	$ 1,578,054
Bacon Free Library	1.85	$ 97,361	1.93	$ 105,173	2.26	$ 114,533
Parking Enforcement	0.80	$ 35,950	0.75	$ 31,909	0.75	$ 31,950
Police Department	67.23	$ 5,297,706	67.23	$ 5,634,841	69.73	$ 5,836,381
Fire Department	83.00	$ 6,670,554	83.00	$ 6,982,577	88.00	$ 7,184,411
Public Works	53.50	$ 3,092,615	53.00	$ 3,226,409	47.00	$ 2,938,910
Community Services	17.77	$ 923,899	18.38	$ 1,041,723	18.88	$ 1,093,253
Board of Health	5.67	$ 336,434	5.67	$ 372,846	6.00	$ 387,518
Selectmen	6.50	$ 513,467	6.55	$ 573,329	6.55	$ 572,890
Finance	14.39	$ 887,938	14.52	$ 970,735	15.55	$ 1,056,222
Information Tech.	3.00	$ 219,219	3.00	$ 238,945	3.00	$ 238,945
Town Clerk & Elections	4.00	$ 240,986	4.00	$ 241,410	4.00	$ 269,428
Sealer	0.40	$ 14,372	0.40	$ 14,659	0.40	$ 14,659
Community Development	9.52	$ 663,272	11.05	$ 703,350	11.65	$ 728,864
Facilities Management	0.00	$ -	0.00	$ -	46.00	$ 2,324,809
Total General Fund	**880.30**	**$ 56,815,887**	**896.97**	**$ 59,831,142**	**919.54**	**$ 61,792,895**
Water & Sewer Enterprise Fund	28.13	$ 1,682,605	28.13	$ 1,719,571	28.62	$ 1,763,279
Sassamon Trace Golf Course	4.30	$ 144,294	4.30	$ 144,707	7.61	$ 194,655
Total Enterprise Fund	**32.43**	**$ 1,826,899**	**32.43**	**$ 1,864,278**	**36.23**	**$ 1,957,934**
Total All Funds	**912.73**	**$ 58,642,786**	**929.40**	**$ 61,695,420**	**955.77**	**$ 63,750,829**





Consolidated Staffing History

Natick Public Schools	2009	2010	2011	2012	2013
School Staff (in FTE's)					
Elementary Classroom Teachers	113.0	111.1	108.5	109.7	112.6
Middle School Classroom Teachers	91.8	92.4	92.9	94.2	96.8
High School Classroom Teachers	76.4	77.8	78.6	79.2	81.6
High School Department Heads	4.8	4.2	4.2	4.2	4.2
Middle School Department Heads	2.0	2.0	2.0	2.0	2.0
Librarians & Assistants	12.0	12.0	12.0	12.0	12.0
Special Education Teachers	58.4	58.9	56.8	56.8	56.8
Guidance Counselors/Psychologists	21.0	20.2	22.4	23.4	23.6
Nurses	8.8	8.8	8.8	9.3	9.3
Medical & Therapeutics Services	15.3	16.5	16.7	16.7	13.6
Paraprofessionals	72.0	72.3	76.4	83.5	87.5
Custodians / Maintenance Personnel	39.0	38.0	37.0	37.0	0.0
Administrative & Clerical Staff	22.6	21.5	22.0	22.5	22.5
Sub-Total - School Staff	**537.1**	**535.7**	**538.3**	**550.5**	**522.5**
Administrative Staff (in FTE's)					
Principals & Vice Principals	13.2	14.0	14.0	14.0	14.0
District-Wide Administration	5.0	5.0	5.0	5.0	5.0
District - Wide Instruction	4.0	4.2	4.2	4.2	4.2
District-Wide Admin and Finance	12.0	12.0	12.0	12.0	12.0
Information Technology	8.0	10.0	9.0	11.0	11.0
Sub-Total- Administrative Staff	**42.2**	**45.2**	**44.2**	**46.2**	**46.2**
Grand Total	**579.3**	**580.9**	**582.5**	**596.7**	**568.7**

Morse Institute Library

Staffing	2009	2010	2011	2012	2013
Library Director	1	1	1	1	1
Assistant Library Director	1	1	1	1	1
Executive Assistant	1	1	1	1	1
Community Relations Coordinator	0.7	0.7	0.7	0.7	0.7
Supervisors/Department Heads	4	4	4	4	4
Children's Librarian	1	1	1	1	1
Children's Programmer	1	1	1	1	1
Young Adult Librarian	1	0	0	0.49	0.49
Reference Librarian	2.46	2.47	2.64	2.65	2.65
Bookmobile Coordinator	1	1	1	1	1
Children's Room Associate	1	1	1	1	1
Technology Associate	1	1	1	1	1
Reference Staff	0.88	0.88	1.21	1.20	1.20
Library Assistant	5.81	5.81	5.81	5.81	5.62
Library Associate	4.95	5.34	5.34	5.34	5.61
Bookkeeper	0.48	0.48	0.48	0.48	0.48
Library Clerk	0.72	0.69	0.56	0.69	0.69
Page	1.53	1.55	1.43	1.43	1.63
Project Worker	0.38	0.38	0	0	0
Archivist (.47 FTE)	Not Counted	Not Counted	Not Counted	Not Counted	Not Counted
Sunday Reference Staff (.11 FTE)	Not Counted	Not Counted	Not Counted	Not Counted	Not Counted
Other Pages (.20 FTE)	Not Counted	Not Counted	Not Counted	Not Counted	Not Counted
Total FTE	**30.91**	**30.30**	**30.17**	**30.79**	**31.07**
Total FT/PT	**16 FT / 39 PT**	**15 FT / 39 PT**	**15 FT / 38 PT**	**15 FT / 38 PT**	**15 FT / 38 PT**

Consolidated Staffing History

Bacon Free Library

Staffing	2009	2010	2011	2012	2013
Library Director	0.8	0.8	0.8	0.8	0.8
Assistant Library Director	0.65	0.65	0.65	0.65	0.65
Library Assistant	0.4	0.4	0.4	0.48	0.81
Total FTE	**1.85**	**1.85**	**1.85**	**1.93**	**2.26**
Total FT/PT	***1 FT / 3 PT**	***1 FT / 3 PT**	***1 FT / 3 PT**	***1 FT / 3 PT**	***1 FT / 3 PT**

Parking Enforcement

Staffing	2009	2010	2011	2012	2013
Parking Clerk	0.05	0.05	0	0	0
Parking Enforcement Officer	0.8	0.8	0.8	0.75	0.75
Total FTE	**0.85**	**0.85**	**0.8**	**0.75**	**0.75**
Total FT/PT	**3 PT**	**3 PT**	**3 PT**	**3 PT**	**3 PT**

Natick Police Department

Staffing	2009	2010	2011	2012	2013
Chief of Police	1	1	0.5	1	1
Interim Chief of Police	0	0	0.5	0	0
Executive Officer	1	0	0.5	1	0
Executive Officer/Inv. Svcs. Commander	0	1	1	0	1
Operations (Patrol) Division Commander	1	1	1	0.75	1
Investigative Services Division Commander	1	0	0	1	0
Info. Serv. & Comm. Division Commander	1	0	0	0	0
Operations Commander	0	0	1	1	0
Special Operations Commander	0	1	0	0	0
Public Information Officer/Report Review	0	1	0	0	0
Administration/Traffic Division Commander	0	0	0	0	1
Records/Support Svcs Division Commander	0	0	0	0	1
Administrative Services	1	1	1	1	1
Report Review	0	0	1	0	0
Planning Supervisor	0	0	0	0	0
Patrol Sergeants	9	9	9	9.75	10
Traffic Safety Officer	1	0	0	0	0
Patrol Officers	30	29	28	28	31
General Investigators	4	4	4	4	4
Narcotics Investigators	2	2	2	2	2
Youth Services Investigator	1	1	1	1	1
Middle School School Resource Officer	0	0	1	1	1
Animal Control Officer	1	1	1	1	1
School Traffic Supervisors	2.27	1.66	1.88	1.88	1.88
Records Unit Dept. Assistant	1.85	1.85	1.85	1.85	1.85
Court Liaison Officer	1	1	1	1	0
Executive Assistant	1	1	1	1	1
Dispatch Supervisor	1	0	0	0	0
Dispatchers	9	9	9	9	9
Total FTE Count	**70.1**	**66.5**	**67.2**	**67.2**	**69.7**
Total Actual Personnel	**82.0**	**75.0**	**77.0**	**77.0**	**79.0**

Consolidated Staffing History

Natick Fire Department

Staffing	2009	2010	2011	2012	2013
Fire Chief	1	1	1	1	1
Deputy Chief	5	5	5	5	5
Captains	5	5	5	5	5
Lieutenants	15	15	15	15	15
Firefighters	56	51	51	51	56
Executive Administrative Assistant	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Fire Prevention Officer	1	1	1	1	1
Assistant Fire Prevention Officer	1	1	1	1	1
Training Officer - Captain	1	1	1	1	1
Superintendant of Communications	1	1	1	1	1
Total FTE	**88**	**83**	**83**	**83**	**88**
Total FT/PT	**88 FT / 0 PT**	**83 FT / 0 PT**	**83 FT / 0 PT**	**83 FT / 0 PT**	**88 FT / 0 PT**

DPW Administration

Staffing	2009	2010	2011	2012	2013
Director	1	1	0	1	1
Business Manager	1	1	1	0	0
Executive Assistant	1	1	1	1	1
Administrative Analyst	0	0	0	1	1
Administrative Assistant	1	0.5	0.5	0	0
Total FTE	**4**	**3.5**	**2.5**	**3**	**3**
Total FT/PT	**4FT/0 PT**	**3FT/1 PT**	**2FT/1 PT**	**3FT/0 PT**	**3FT/0 PT**

DPW Building Maintenance

Staffing	2009	2010	2011	2012	2013
Division Supervisor	1	1	1	1	0
General Foreman	1	1	1	1	0
Crew Chief	0	0	0	0	0
Custodian	4	4	4	4	0
Painter	1	1	1	1	0
Total FTE	**7**	**7**	**7**	**7**	**0**
Total FT/PT	**7 FT/0PT**	**7 FT/0PT**	**7 FT/0PT**	**7 FT/0PT**	**0 FT/0PT**

Consolidated Staffing History

DPW Engineering

Staffing	2009	2010	2011	2012	2013
Division Supervisor	1	1	1	1	1
Assistant Town Engineer	0	0	0	1	1
Project Engineer	1	1	1	1	1
Records and Permit Engineer	1	1	1	0	0
Engineering Aide II	1	1	1	0	0
Engineering Aide I	1	1	1	0	0
CAD/GIS Technician	0	0	0	1	1
Total FTE	**5**	**5**	**5**	**4**	**4**
Construction Inspector	0	0	0	1	1
Co-Op Student	0	0	0	1	1
Total FT/PT	**5 FT/0 PT**	**5 FT/0 PT**	**5 FT/0 PT**	**4 FT/2 PT**	**4 FT/2 PT**

DPW Equipment Maintenance

Staffing	2009	2010	2011	2012	2013
Division Supervisor	1	1	1	1	1
General Foreman	1	1	1	1	1
Lead Mechanic	1	1	1	1	1
Working Foreman	1	1	1	1	1
Mechanic/Welder	5	5	5	5	5
Total FTE	**9**	**9**	**9**	**9**	**9**
Total FT/PT	**9 FT/0 PT**	**9 FT/0 PT**	**9 FT/0 PT**	**9 FT/0 PT**	**9 FT/0 PT**

DPW Highway/Sanitation

Staffing	2009	2010	2011	2012	2013
Division Supervisor	1	1	1	1	1
Highway General Foreman	1	1	1	1	1
Sanitation General Foreman	1	1	1	1	1
Working Foreman	3	3	3	3	3
Heavy Equipment Operator	4	4	4	4	4
Skilled Laborer	15	13	13	13	14
Total FTE	**25**	**23**	**23**	**23**	**24**
Total FT/PT	**25 FT/0 PT**	**23 FT/0 PT**	**23 FT/0 PT**	**23 FT/0 PT**	**24 FT/0 PT**

DPW Land, Facilities and Natural Resources

Staffing	2009	2010	2011	2012	2013
Division Supervisor	1	1	1	1	1
General Foreman	1	1	1	1	1
Working Foreman	1	1	1	1	1
Craftsmen	1	1	1	1	1
Tree Worker	1	0*	0*	0*	0*
Skilled Laborers	4	3	3	3	3
Total FTE	**9**	**7**	**7**	**7**	**7**
Total FT/PT	**9 FT/0 PT**	**7 FT/0 PT**	**7 FT/0 PT**	**7 FT/0 PT**	**7 FT/0 PT**

Consolidated Staffing History

Community Services

Staffing	2009	2010	2011	2012	2013
Director	0	0	0	0.5	1
Total FTE	**0**	**0**	**0**	**1**	**1**
Total FT/PT	**0 FT / 0 PT**	**0 FT / 0 PT**	**0 FT / 0 PT**	**0 FT / 1 PT**	**1 FT / 0 PT**

Divisions within Community Services

Human Services/Council on Aging

Staffing	2009	2010	2011	2012	2013
Director	1	1	1	1	1
Assistant Director/Program Coordinator	0.5	0.5	1	1	1
Volunteer Resources Coordinator	1	0.8	0.79	0.9	0.9
Program Development Coordinator	1	1	0	0	0
Social Workers	1.75	1.75	1.75	1.75	1.75
Program Instructors	varies	varies	varies	varies	varies
Clerical Staff	1.49	1.49	1.49	1.49	1.49
Outreach Coordinator	0.75	0.75	1	1	1
Clinical Social Worker	0.375	0.375	0.375	0.375	0.375
Building Monitor	*	*	*	*	*
Total FTE	**7.87**	**7.67**	**7.41**	**7.52**	**7.52**
Total FT/PT	**4 FT / 8PT**	**4 FT / 8PT**	**5 FT / 7 PT**	**5 FT / 7 PT**	**5FT / 7 PT**

Veterans Services

Staffing	2009	2010	2011	2012	2013
Director	1	1	1	1	1
Executive Assistant	1	1	1	1	1
Total FTE	**2**	**2**	**2**	**2**	**2**
Total FT/PT	**2 FT /0 PT**	**2 FT /0 PT**	**2 FT /0 PT**	**2 FT /0 PT**	**2 FT /0 PT**

Recreation & Parks

Staffing	2009	2010	2011	2012	2013
Change from Superintendent to Director in 2012	1	1	1	1	1
Assistant Superintendent	1	1	1	1	1
Director of Natick Community Organic Farm*	1	1	1	1	1
Program/Special Events Director	1	1	1	1	1
Asst. Director, NCOF*	1	1	1	1	1
Administrative Assistant, NCOF*	0.8	0.8	0.75	0.75	0.75
Special Needs Coordinator	-	-	-	-	-
Administrative Assistant	1	1	1	1	1
Bookkeeper	1	1	1	1	1
Playgroup Director	0.8	0.75	0	0	0
Receptionist	0.8	0.6	0.61	0.61	0.61
Total FTE	**9.4**	**9.15**	**8.36**	**8.36**	**8.36**
Total FT/PT	**7ft/4pt**	**7ft/4pt**	**7ft/3pt**	**7ft/3pt**	**7ft/3pt**

Consolidated Staffing History

Board of Health

Staffing	2009	2010	2011	2012	2013
Director	1	1	1	1	1
Executive Assistant	1	1	1	1	1
Senior Environmental Health Specialist	1	1	1	1	1
Sanitarian	1	0	0	0	0
Environmental Health Agent	1	1	1	1	1
Public Health Nurse	1	1	1	1	1
Departmental Assistant	0.67	0.67	0.67	0.67	0.67
Animal Inspector	*	*	*	*	*
Total FTE	**6.67**	**5.67**	**5.67**	**5.67**	**5.67**
Total FT/PT	**6 FT /1 PT**	**5 FT /1 PT**	**5 FT /1 PT**	**5 FT /1 PT**	**5 FT /1 PT**

Board of Selectmen

Staffing	2009	2010	2011	2012	2013
Town Administrator	1	1	1	1	1
Deputy Town Administrator	1	1	1	1	1
Human Resources Director	1	1	1	1	1
Executive Assistant	1.8	1.8	1.8	1.8	1.8
Administrative Assistant (Benefits)	1	1	1	1	1
Department Support	0.45	0.45	0.2	0.25	0.25
Environmental Compliance Officer	0.5	0.5	0.5	0.5	0.5
Total FTE	**6.75**	**6.75**	**6.50**	**6.55**	**6.55**
Total FT/PT	**5 FT / 3 PT**	**5 FT / 3 PT**	**5 FT / 3 PT**	**5 FT / 3 PT**	**5 FT / 3 PT**

Finance Department

Staffing	2009	2010	2011	2012	2013
Finance Director*	0	0	0	0	0
Special Assistant to the Finance Director	0	0	0	0	1
Total FTE	**0**	**0**	**0**	**0**	**1**
Total FT/PT	**0 FT / 0 PT**	**0 FT / 0 PT**	**0 FT / 0 PT**	**0 FT / 0 PT**	**1 FT / 0 PT**

**Until FY 2012, Treasurer/Collector was also Finance Director. In FY 2013, the Deputy Town Administrator assumed the role.*

Divisions within the Finance Department

Comptroller

Staffing	2009	2010	2011	2012	2013
Comptroller	1	1	1	1	1
Assistant Comptroller	1	1	1	1	1
Procurement Officer	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Administrative Assistant	1	0	0	0	0
Payroll Coordinator	0	0	0	0	1
Benefits Administrator	0	0	0	0	0
Clerical Assistant	0.5	0	0.07	0	0
Department Assistant	0	0.5	0.42	0.49	0.49
Total FTE	**5.5**	**4.5**	**4.49**	**4.49**	**5.49**
Total FT/PT	**5 FT / 1 PT**	**4 FT / 1 PT**	**4 FT/2 PT**	**4 FT/1 PT**	**4 FT/1 PT**

Consolidated Staffing History

Assessor

Staffing	2009	2010	2011	2012	2013
Director of Assessing	1	1	1	1	1
Assistant Assessor	2	2	2	2	2
Executive Assistant	1	1	1	1	1
Administrative Assistant	1	0.5	0.5	0.63	0.66
Total FTE	**5**	**4.5**	**4.5**	**4.63**	**4.66**
Total FT/PT	**5 FT / 0 PT**	**4 FT / 1 PT**	**4 FT / 1PT**	**4 FT / 1PT**	**4 FT / 1PT**

Collector

Staffing	2009	2010	2011	2012	2013
Collector	0.7	0.7	0.7	0.7	0.7
Assistant Collector	0.7	0.7	0.7	0.7	0.7
Administrative Assistant	1	1	1	1	1
Department Support	0.4	0.4	0.4	0.4	0.4
Total FTE	**2.8**	**2.8**	**2.8**	**2.8**	**2.8**
Total FT/PT	**3 FT / 1 PT**	**3 FT / 1 PT**	**3 FT / 1 PT**	**3 FT / 1 PT**	**3 FT / 1 PT**

Treasurer

Staffing	2009	2010	2011	2012	2013
Treasurer	0.29	0.29	0.29	0.29	0.29
Assistant Treasurer	0.33	0.33	0.33	0.33	0.33
Administrative Assistant	1	1	1	1	1
Payroll Coordinator	0	1	1	1	0
Department Support - Part time	0.49	0	0	0	0
Total FTE	**2.12**	**2.63**	**2.63**	**2.63**	**1.63**
Total FT/PT	**3 FT / 1 PT**	**4 FT / 0 PT**	**4 FT / 0 PT**	**4 FT / 0 PT**	**3 FT / 0 PT**

Information Technology

Staffing	2009	2010	2011	2012	2013
Director	1	1	1	1	1
Network Administrator	2	2	2	2	2
Database Administrator	1	0	0	0	0
Data Entry Clerk	0.75	0	0	0	0
Total FTE	**4.75**	**3**	**3**	**3**	**3**
Total FT/PT	**4 FT / 1 PT**	**3 FT / 0 PT**	**3 FT / 0 PT**	**3 FT / 0 PT**	**3 FT / 0 PT**

Town Clerk

Staffing	2009	2010	2011	2012	2013
Town Clerk	1	1	1	1	1
Assistant Town Clerk	0	0	0	0	0
Department Assistant	1	1	1	1	1
Administrative Assistant	2	2	2	2	2
Total FTE	**4**	**4**	**4**	**4**	**4**

Consolidated Staffing History

Elections

Staffing	2009	2010	2011	2012	2013
Board of Registrars	4*	4*	4*	4*	4*
Election Workers	60*	60*	60*	60*	80*
Total FTE	**Varied**	**Varied**	**Varied**	**Varied**	**Varied**

Sealer of Weights & Measures

Staffing	2019	2010	2011	2012	2013
Sealer of Weights & Measures	0.4	0.4	0.4	0.4	0.4
Total FTE	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**
Total FT/PT	**0 FT / 1 PT**	**0 FT / 1 PT**	**0 FT / 1 PT**	**0 FT / 1 PT**	**0 FT / 1 PT**

Community Development

Staffing	2009	2010	2011	2012	2013
Director	1	1	1	1	1
Building Commissioner	1	1	1	1	1
Assistant Inspector	2	2	2	2	2
Planner	1	1	1	1	1
Executive Assistant	1	1	1	1	1
Administrative Assistant	2	2	2	2	2
Part-Time Clerk	0.26	0	0	0	0
Environmental Compliance/Conservation Agent	0.5	0.5	0.5	0.5	0.5
Part-Time Inspectors	3.56	1.85	1.02	2.55	3.15
Total FTE	**12.32**	**10.35**	**9.52**	**11.05**	**11.65**
Total FT/PT	**11 FT / 9 PT**	**11 FT / 6 PT**	**11 FT / 4 PT**	**11 FT / 4 PT**	**11 FT / 6 PT**

Facilities Management	2009	2010	2011	2012	2013
Director of Facility Maintenance	Department did not exist until FY 2013.				1
Custodial Manager					1
Maintenance Manager					1
Data Analyst					1
Assistant Senior Custodian					1
Senior Custodian III					1
Senior Custodian II					1
Senior Custodian I					6
Junior Custodian II					7
Junior Custodian I					15
Plumber					1
Maintenance Foreman					1
Maintenance IV					1
Maintenance III					2
General Foreman					1
Custodian					4
Painter					1
Total FTE					**46**
Total FT/PT					**46 FT / 0 PT**

General Fund Total FTE's	**899.58**	**881.30**	**880.30**	**896.97**	**919.21**

Consolidated Staffing History

Enterprise Funds

Water & Sewer Enterprise

Staffing	2009	2010	2011	2012	2013
Water & Sewer Operations					
Water & Sewer Division Supervisor	1	1	1	1	1
Water & Sewer General Foreman	1	1	1	1	1
Administrative Assistant	1	1	1	1	1.49
Working Foreman	4	4	4	4	4
Heavy Equipment Operator	3	3	3	3	3
Skilled Laborer	6	5	5	5	5
Craftsman	3	3	3	3	3
GIS & Water Treatment Plant Supervisor	1	1	1	1	1
GIS Specialist	1	1	1	1	1
Chief Plant Operator	1	1	1	1	1
Night Operator	1	1	1	1	1
Station Operator	4	4	4	4	4
Utility Billing					
Executive Assistant	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Department Support	0.1	0.1	0.1	0.1	0.1
Total FTE	**29.1**	**28.1**	**28.1**	**28.1**	**28.6**
Total FT/PT	**29 FT / 1 PT**	**28 FT / 1 PT**	**28 FT / 1 PT**	**28 FT / 1 PT**	**28 FT / 2 PT**

Sassamon Trace Golf Course

Staffing	2009	2010	2011	2012	2013
Golf Course Manager	1	1	1	1	1
Assistant Golf Course Manager	0.6	0	0	0	0.6
Maintenance Superintendent	0	0	0	0	1
Maintenance Foreman	0	0	0	0	1
Mechanic	0	0	0	0	0.28
Part-time/Seasonal Maintenance Staff	0	0	0	0	0.93
Seasonal Golf Shop Supervisor	0.6	0.06	0.06	0.06	0
Golf Shop Attendants	1.2	2.24	2.24	2.24	1.8
Rangers/starters/cart attendants	1.3	1.0	1.0	1.0	1.0
Total FTE	**4.7**	**4.3**	**4.3**	**4.3**	**7.6**
Total FT/PT	**3FT/13PT**	**1FT/17PT**	**1FT/17PT**	**1FT/22PT**	**3FT/22PT**

Enterprise Fund Total FTE's	**33.83**	**32.43**	**32.43**	**32.43**	**36.23**

Financial Summit

October 17, 2011

Indicator Analysis, Fiscal Years 2002-2011
Projections & Estimates, Fiscal Year 2012-2014

Introduction

This series of indicators are designed to achieve three goals:

a) Evaluate the fiscal health of the Town of Natick through a series of financial indicators and comparative benchmarks, where appropriate;
b) Present a three-year projection of Revenues & Expenditures; and
c) Outline the FY 2013 Budget Process & Issues

This material is intended to provide policymakers with an informed snapshot of where Natick stands financially heading into the FY 2013 Budget Process. It is not the purpose of this exercise to propose a budget or recommended level of services; rather it is to evaluate Natick via a series of benchmarks, including measures such as revenues and expenditures per household, benefit costs, funded and unfunded liabilities incurred by the Town, debt service, reserve position and population.

Using a series of recognized metrics from professional organizations, including the International City/County Management Association, (ICMA), the Government Finance Officer's Association (GFOA), Standard & Poor's, as well as data from the Town of Natick, Mass. Department of Revenue, the Mass. Department of Education, and the U.S. Census Bureau, Town staff has compiled 12 indicators which can be used to evaluate the Town's fiscal health.

In evaluating Natick's financial condition, staff has found that the Town has both fiscal strengths and weaknesses. In particular,

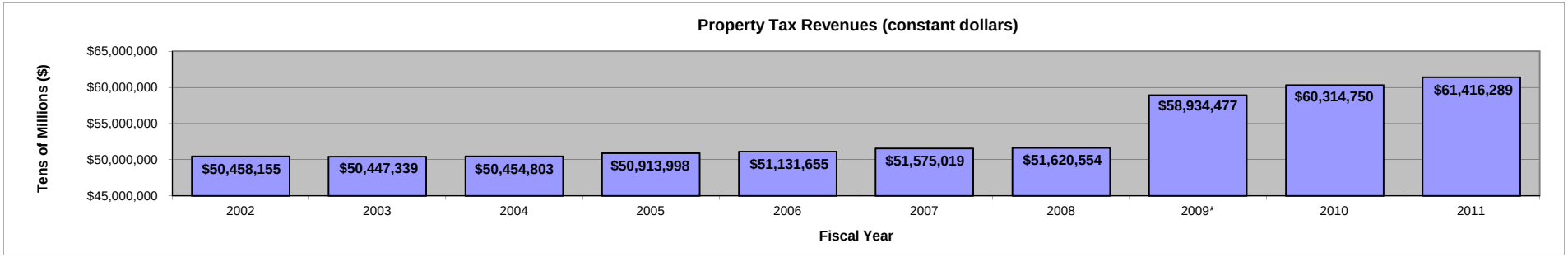
- Natick has favorable property tax collections, and debt service levels (both as a percentage of operating revenues and per capita).
- Natick has marginal expenditures per household and personnel costs, amounts of capital investment, reserve levels, and a reliance upon one-time revenues.
- Natick has unfavorable and uncertain levels of State Aid, revenues related to economic growth, benefit expenditures, and pension liabilities

These measures indicate that, overall, the Town has performed at a high level worthy of its AAA Credit Rating (from Standard & Poor's), but that continued maintenance of that rating relies upon maintaining favorable trends, addressing unfavorable trends, reducing future liabilities and continuing to work towards both sustainable services and cost-effective service delivery.

These indicators, and the projections and appendices which are attached to them, will be updated annually to provide the community, particularly those involved with the budget process, the most useful information available when making budget decisions. This effort is a continuation of and consistent with several other initiatives including the development of the Natick 360 Strategic Plan, development of financial management principles, improvements to the capital improvement planning and budgeting processes, improvements to the water and sewer rate setting process, ongoing revenue enhancement and expense control efforts, and more. All of these efforts are designed to allow us to identify and attain the desired future for the Town of Natick and its residents.

Property Tax Revenues

Trend Guideline: A decline in property tax revenues (constant dollars) is considered a warning indicator.



Formula:	Property Tax Revenues (constant dollars)

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009*	2010	2011
Property Tax Levy Collections**	$ 51,577,655	$ 54,105,235	$ 55,565,671	$ 58,481,406	$ 61,127,172	$ 62,193,155	$ 64,432,962	$ 72,649,672	$ 76,171,856	$ 79,159,166
Less: debt exclusions**	$ (86,498)	$ (639,000)	$ (317,000)	$ (1,313,405)	$ (1,540,676)	$ (1,031,410)	$ (960,274)	$ (937,705)	$ (918,361)	$ (894,180)
Net Property Tax Revenues	$ 51,491,157	$ 53,466,235	$ 55,248,671	$ 57,168,001	$ 59,586,496	$ 61,161,745	$ 63,472,688	$ 71,711,967	$ 75,253,495	$ 78,264,986
CPI-U, 2002 base year***	194.4	201.9	208.6	213.9	222.0	225.9	234.2	231.8	237.7	242.8
CPI-U, adjustment for constant dollars	98.0%	94.4%	91.3%	89.1%	85.8%	84.3%	81.3%	82.2%	80.1%	78.5%
Property Tax Revenues (constant dollars)	**$ 50,458,155**	**$ 50,447,339**	**$ 50,454,803**	**$ 50,913,998**	**$ 51,131,655**	**$ 51,575,019**	**$ 51,620,554**	**$ 58,934,477**	**$ 60,314,750**	**$ 61,416,289**
Percent increase over prior year (constant dollars)	**2.6%**	**0.0%**	**0.0%**	**0.9%**	**0.4%**	**0.9%**	**0.1%**	**14.2%**	**2.3%**	**1.8%**

Notes:
*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.
**Source: Mass. Department of Revenue, Databank Reports, Fiscal Year 2000 - 2009 Excess Levy Capacity, Tax Recaps, FY 2011 Town of Natick 4th Quarter Revenue Report
***Amount shown for CPI-U data assumes half-year average for Boston-Brockton-Nashua Statistical Area, where 1982-1984 = 100. Source: U.S. Bureau of Local Accounts

Property Tax Revenues:

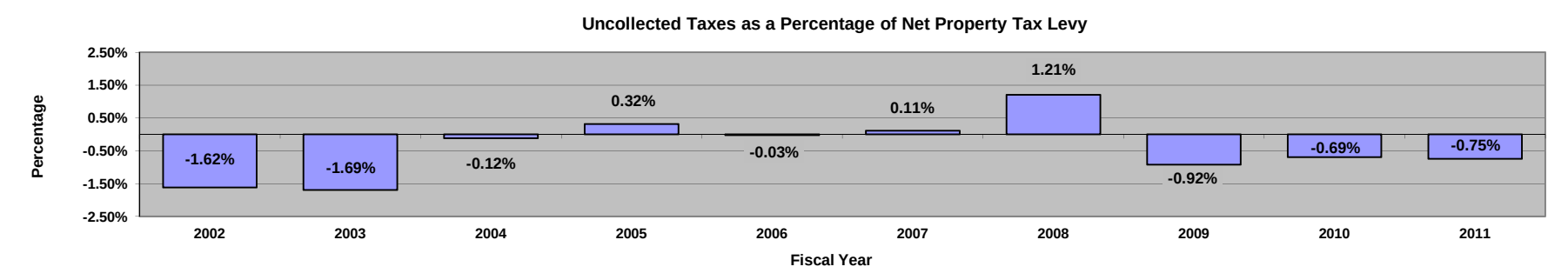
Property tax revenues are analyzed separately because they are the Town's primary revenue source for both operating and capital spending. Increases due to operating overrides, while enhancing the Town's ability to deliver services, must be weighed against their impact on taxpayers ability to pay.

This analysis shows that the only significant increases in constant dollars from year to year occurred when overrides were passed by Natick citizens. The good news: Property tax revenues are steady and reliable. The bad news: They do not grow faster than inflation, and only grow when citizens are willing to pay more.

Natick Trend	
favorable	x
marginal	x
unfavorable	
uncertain	

Uncollected Property Taxes

Trend Guideline: Uncollected property taxes (as a percent of the property tax levy) of 5-8 percent is considered a warning indicator by the Bond rating organizations.



Formula:	Uncollected Property Taxes / Net Property Tax Levy

Fiscal year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Property Tax Levy Limit	$ 51,549,010	$ 54,138,834	$ 55,923,830	$ 58,850,705	$ 61,169,262	$ 62,839,514	$ 65,186,660	$ 73,027,965	$ 76,971,074	$ 79,684,141
Reserved for Abatements & Exemptions	$ 1,002,277	$ 1,090,891	$ 1,073,347	$ 988,493	$ 1,049,572	$ 1,240,811	$ 1,003,911	$ 1,039,144	$ 1,321,477	$ 1,112,323
Net Property Tax Levy	$ 50,546,733	$ 53,047,943	$ 54,850,483	$ 57,862,212	$ 60,119,690	$ 61,598,703	$ 64,182,749	$ 71,988,821	$ 75,649,597	$ 78,571,818
Uncollected Taxes as of June 30	$ (816,977)	$ (898,130)	$ (64,749)	$ 183,006	$ (15,470)	$ 68,333	$ 774,703	$ (660,851)	$ (522,259)	$ (587,348)
Uncollected Taxes as a Percentage of Net Property Tax Levy	**-1.62%**	**-1.69%**	**-0.12%**	**0.32%**	**-0.03%**	**0.11%**	**1.21%**	**-0.92%**	**-0.69%**	**-0.75%**

Source: Town of Natick Operating Statements, 2002-2011

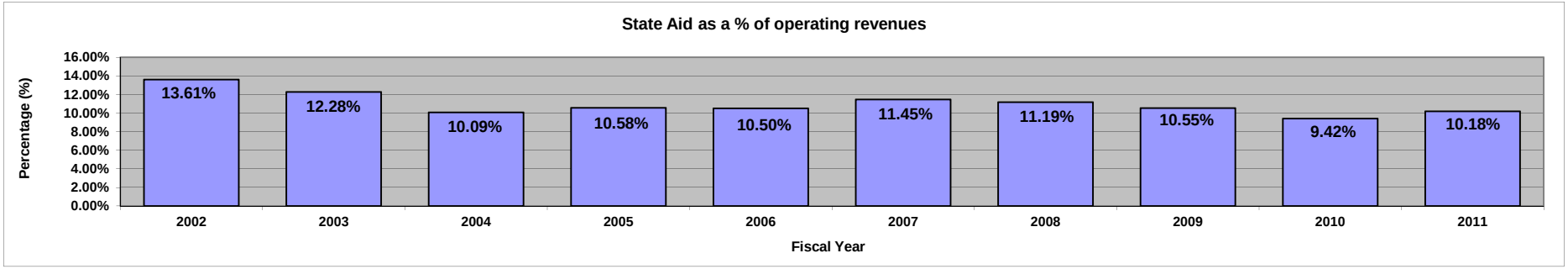
Natick Trend	
favorable	x
marginal	
unfavorable	
uncertain	

Uncollected Property Taxes:

An increase in uncollected property taxes may indicate an inability by property owners to pay their taxes due to economic conditions. Additionally, as uncollected property taxes rise, liquidity decreases, resulting in less cash on hand for the Town to invest. Bond rating organizations generally consider uncollected taxes in excess of five percent as a warning trend. Natick has exceptionally strong collection rates, regardless of economic circumstances during the last decade. This is attributable to strong efforts in tax title collection and the diligence of Natick citizens to pay their taxes on time.

State Aid

Trend Guideline: Reductions in State Aid, as a percentage of operating revenues, is considered a warning indicator particularly if the Town does not have adequate reserves to offset reductions.



Formula:	State Aid / Operating Revenues

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net Operating Revenues	$ 76,922,865	$ 80,358,614	$ 82,728,409	$ 85,275,469	$ 88,981,117	$ 93,515,538	$99,994,725	$ 101,084,164	$ 102,985,796	$ 106,064,593
State Aid Revenues	$ 11,947,605	$ 11,345,247	$ 9,806,856	$ 10,390,668	$ 10,714,907	$ 12,078,231	$14,845,086	$ 11,576,985	$ 10,619,913	$ 11,719,198
Less: School Building Reimbursements	$ 1,475,035	$ 1,475,035	$ 1,461,337	$ 1,369,707	$ 1,369,707	$ 1,369,707	$ 3,659,335	$ 916,839	$ 916,839	$ 916,839
Net State Aid Revenues	$ 10,472,570	$ 9,870,212	$ 8,345,519	$ 9,020,961	$ 9,345,200	$ 10,708,524	$11,185,751	$ 10,660,146	$ 9,703,074	$ 10,802,359
State Aid as a % of operating revenues	**13.61%**	**12.28%**	**10.09%**	**10.58%**	**10.50%**	**11.45%**	**11.19%**	**10.55%**	**9.42%**	**10.18%**

Notes:

Source(s): State Aid "Cherry Sheets", FY 2001-2011
Town of Natick Town Reports, Report to Assessors of Certain Receipts as per M.G.L.Ch. 42, Sec. 59A., 2002-2010

Natick Trend	
favorable	
marginal	x
unfavorable	
uncertain	x

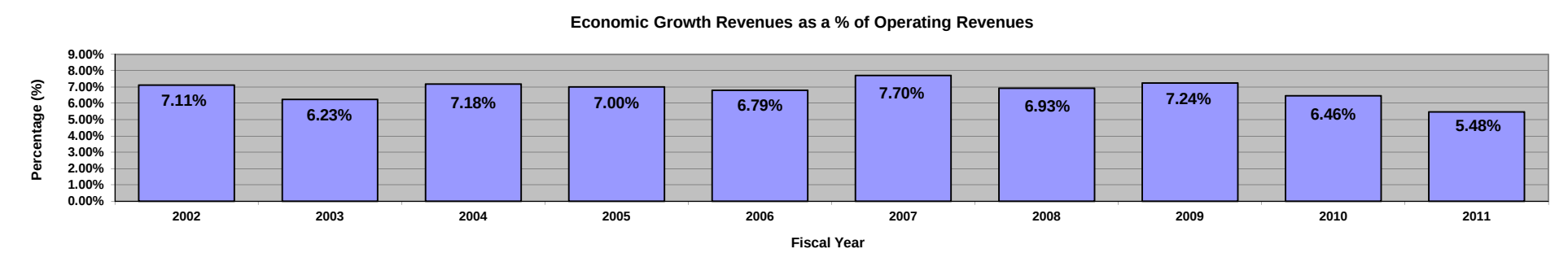
State Aid:

A constant area of concern for municipalities in Massachusetts is the level of State Aid which they receive. Many mandates - funded and unfunded - come from Beacon Hill to local governments and the challenge to enforce, implement and help citizens understand them falls to the municipalities. Designed to fund a variety of local services - from education to veterans services and many things in between, intergovernmental (State) aid is an important component of the overall revenue picture. Declines in State Aid are particularly troublesome as municipalities are not capable of controlling them and can only offset them with expense reductions if the community does not have adequate reserves.

Natick, like the other 351 cities and towns throughout Massachusetts has seen declines in state aid over the course of the last decade. Major drops have occurred during economic downturns - most noticeably in 2004 and again most recently when mid-year aid cuts forced the community to make up nearly half a million dollars in aid relied upon to provide local services. The uncertainty of state aid from year-to-year (or even within a particular fiscal year) make reliance upon it for funding the operating budget always troublesome. As the tax levy grows as a percentage of the overall revenue pie, this will mitigate some of the reliance upon state aid, but have the adverse affect of forcing even more of the burden for ongoing operations onto the local taxpayer.

Revenues Related to Economic Growth

Trend Guideline: Decreasing economic growth revenues, as a percentage of net operating revenues, is considered a warning indicator.



Formula:	Economic Growth Revenues / Operating Revenues

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (non-exempt) operating revenues	$ 76,922,865	$ 80,358,614	$ 82,728,409	$ 85,275,469	$ 88,981,117	$ 93,515,538	$ 99,994,725	$ 101,084,164	$ 102,985,796	$ 106,064,593
Building Related Fees & Permits	$ 485,849	$ 742,483	$ 736,731	$ 929,897	$ 1,273,145	$ 2,614,468	$ 1,869,533	$ 740,772	$ 761,862	$ 1,125,848
Motor Vehicle Excise	$ 4,156,493	$ 3,681,214	$ 4,449,072	$ 4,461,799	$ 4,113,124	$ 3,937,055	$ 4,174,230	$ 4,187,040	$ 3,739,367	$ 3,931,401
Levy Growth	$ 825,252	$ 585,454	$ 756,915	$ 578,202	$ 657,677	$ 646,694	$ 883,280	$ 2,395,360	$ 2,147,515	$ 752,536
Total: Economic Growth Revenues	$ 5,467,593	$ 5,009,150	$ 5,942,718	$ 5,969,898	$ 6,043,946	$ 7,198,217	$ 6,927,043	$ 7,323,172	$ 6,648,744	$ 5,809,785
Economic Growth Revenues as a % of Operating Revenues	**7.11%**	**6.23%**	**7.18%**	**7.00%**	**6.79%**	**7.70%**	**6.93%**	**7.24%**	**6.46%**	**5.48%**

Sources: Building Related Fees & Permits, FY 2002-2011, Town of Natick, Town Reports, 2001-2010.
Tax Recapitulation Worksheets, FY 2002-2011.

Natick Trend	
favorable	
marginal	
unfavorable	x
uncertain	x

Notes:
Building Related Fees & Permits inclusive of all Alterations, Building, Wiring, Gas & Plumbing permits, FY 2002-2011.

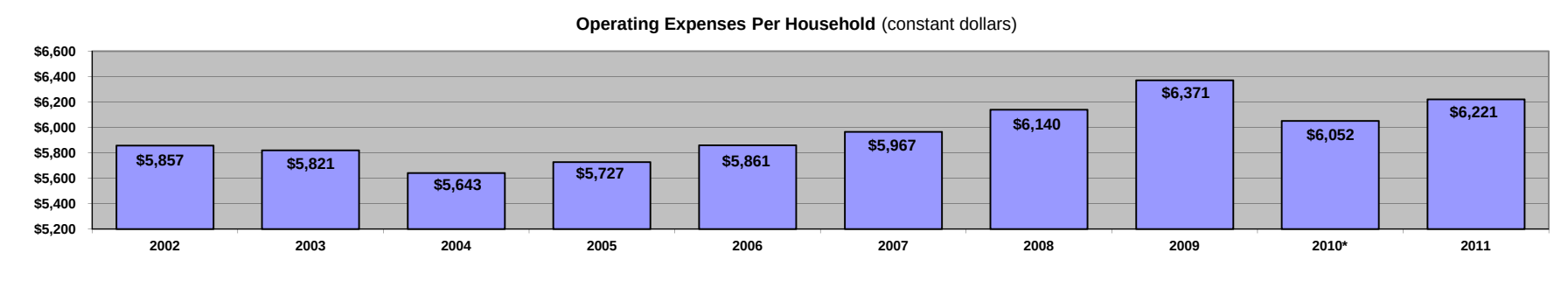
Revenues Related to Economic Growth:

Revenues related to economic growth include construction related revenues such as permit fees and new tax levy growth resulting from new construction and certain retail related revenues such as motor vehicle excise taxes. A decrease in building permit fees may be a leading indicator of smaller future increases in the tax levy. Despite the inherent nature of this indicator to fluctuate with the economy, inflation and other influences, Natick has been fortunate to have consistently maintained approximately 7% of its operating revenues throughout the last decade as those attributable to economic growth. Also favorable is that most of this economic growth has been largely attributable to non-residential development, thus creating less demand for expanded municipal services. Unfortunately, the two most recent fiscal years indicates that overall revenues attributible to economic growth have decreased - which could foreshadow lower tax levy growth in the future fiscal years. It is for that reason that this indicator is now trending unfavorable.

What makes this revenue trend uncertain is two-fold: 1) the large swings within categories of economic growth revenues from year-to-year are surprising even when one takes away the one-time surge in building fees and resulting in tax levy growth related to the Natick Collection development, and 2) the uncertain nature of future new or redeveloped construction projects within Natick. Positively for Natick Motor Vehicle Excise revenue has remained steady, which is unusual compared to most communities in the Commonwealth during the Great Recession.

Expenditures per Household

Trend Guideline: Increasing net operating expenditures per household, in constant dollars, may be considered a warning indicator.



Formula:	Net Operating Expenditures and Transfers (constant dollars) / Households

Fiscal year	2002	2003	2004	2005	2006	2007	2008	2009	2010*	2011
Education	$ 31,421,511	$ 32,306,544	$ 33,403,060	$ 34,253,613	$ 35,837,412	$ 37,412,534	$ 40,905,762	$ 44,067,023	$ 42,391,575	$ 44,664,342
Municipal	$ 21,848,427	$ 21,920,884	$ 21,690,987	$ 22,984,066	$ 24,034,484	$ 24,815,371	$ 26,085,897	$ 26,120,538	$ 25,920,487	$ 27,998,158
Shared Expenses (Benefits, Debt)	$ 19,500,694	$ 21,035,568	$ 20,366,034	$ 21,585,211	$ 24,224,319	$ 25,183,676	$ 26,579,006	$ 25,891,004	$ 27,350,826	$ 28,158,170
Total Operating Expenses	$ 72,770,632	$ 75,262,996	$ 75,460,081	$ 78,822,891	$ 84,096,215	$ 87,411,581	$ 93,570,665	$ 96,078,565	$ 95,662,888	$ 100,820,670
CPI-U, 2000 base year	194.4	201.9	208.6	213.9	222	225.91	234.239	231.802	237.683	242.761
CPI-U, adjustment for constant dollar	98.0%	94.4%	91.3%	89.1%	85.8%	84.3%	81.3%	82.2%	80.1%	78.5%
Operating Expenses (cons. doll.)	$ 71,310,727	$ 71,013,376	$ 68,912,490	$ 70,199,910	$ 72,163,644	$ 73,710,354	$ 76,098,394	$ 78,959,486	$ 76,672,628	$ 79,116,240
Households	12,175	12,200	12,213	12,258	12,313	12,354	12,393	12,394	12,670	12,718
Oper. Exp. Per Household	**$ 5,857**	**$ 5,821**	**$ 5,643**	**$ 5,727**	**$ 5,861**	**$ 5,967**	**$ 6,140**	**$ 6,371**	**$ 6,052**	**$ 6,221**

Source: Town of Natick, Town Reports, FY 2002-2010 & Comptroller's FY 2011 4th Qtr GF Expenditure Reports.
*Note: FY 2010 Education spending lower than previous years in part to ARRA allocation. Costs attributed to grant funds, not tax levy.

Natick Trend	
favorable	
marginal	x
unfavorable	
uncertain	

Expenditures per Household:

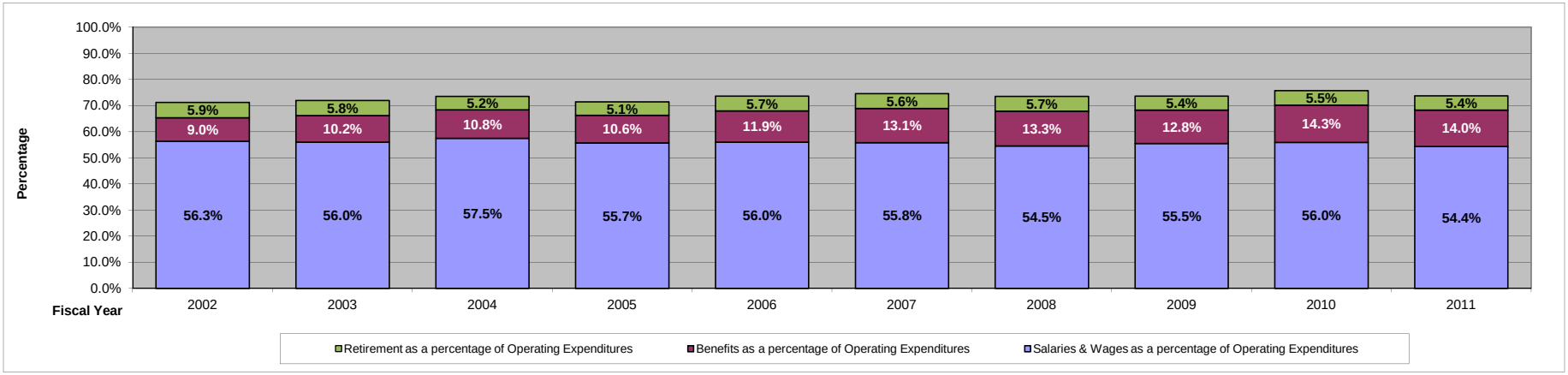
Increasing operating expenditures per household can indicate that the cost of providing services is outstripping taxpayer's ability to pay, especially if spending is increasing faster than household income. Increasing expenditures may also indicate that the demographics of the Town are changing, requiring increased spending in related services.

This indicator tells a mixed message for the Town of Natick. On the one hand, revenues have kept pace with expenses (because of the need to have a balanced budget they must.) But, in recent years, recurring revenues have been supplemented with one-time revenues in order to meet expenses. On the other hand, operating expenses in constant dollars have increased per household only 7.18% since 2002, or an average of less than 1% annually.

The trend within the trend worth further examining is which sections of the budget have witnessed the greatest percentage increase since 2001. As this indicator shows and Indicators I.6, I.7 and I.10 further detail, the largest increase has been within Shared Expenses and not in direct services for the community.

Personnel Costs

Trend Guideline: Increasing personnel costs as a percentage of total spending is considered a warning factor.



Formula:	Salaries & Wages / Operating Expenditures

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Expenditures	$ 72,770,632	$ 75,262,996	$ 75,460,081	$ 78,822,891	$ 84,096,215	$ 87,411,581	$ 93,570,665	$ 96,078,565	$ 95,662,888	$ 100,820,670
Municipal Wages	$ 15,883,747	$ 16,609,585	$ 16,856,565	$ 16,964,540	$ 17,714,578	$ 18,304,206	$ 19,098,039	$ 19,794,936	$ 19,295,237	$ 20,072,596
School Wages	$ 25,110,883	$ 25,562,431	$ 26,562,345	$ 26,970,396	$ 29,411,268	$ 30,490,144	$ 31,911,758	$ 33,536,531	$ 34,229,540	$ 34,726,652
Benefits	$ 6,561,870	$ 7,652,132	$ 8,185,461	$ 8,345,688	$ 10,019,946	$ 11,474,218	$ 12,486,833	$ 12,293,905	$ 13,660,686	$ 14,106,467
Pensions	$ 4,262,872	$ 4,371,840	$ 3,896,861	$ 4,024,827	$ 4,757,724	$ 4,931,096	$ 5,376,574	$ 5,154,961	$ 5,243,247	$ 5,475,739
Total Wage & Benefit Costs	$ 51,819,372	$ 54,195,988	$ 55,501,232	$ 56,305,451	$ 61,903,516	$ 65,199,663	$ 68,873,204	$ 70,780,333	$ 72,428,710	$ 74,381,454
Salaries & Wages as a percentage of Operating Expenditures	**56.3%**	**56.0%**	**57.5%**	**55.7%**	**56.0%**	**55.8%**	**54.5%**	**55.5%**	**56.0%**	**54.4%**
Benefits as a percentage of Operating Expenditures	**9.0%**	**10.2%**	**10.8%**	**10.6%**	**11.9%**	**13.1%**	**13.3%**	**12.8%**	**14.3%**	**14.0%**
Retirement as a percentage of Operating Expenditures	**5.9%**	**5.8%**	**5.2%**	**5.1%**	**5.7%**	**5.6%**	**5.7%**	**5.4%**	**5.5%**	**5.4%**
Total Wage & Benefit Costs as a percentage of Operating Expenditures	**71.2%**	**72.0%**	**73.6%**	**71.4%**	**73.6%**	**74.6%**	**73.6%**	**73.7%**	**75.7%**	**73.8%**

Source: Town of Natick, Town Reports, FY 2002-2010 & Comptroller's FY 2011 4th Qtr GF Expenditure Reports.

Natick Trend	
favorable	
marginal	x
unfavorable	
uncertain	x

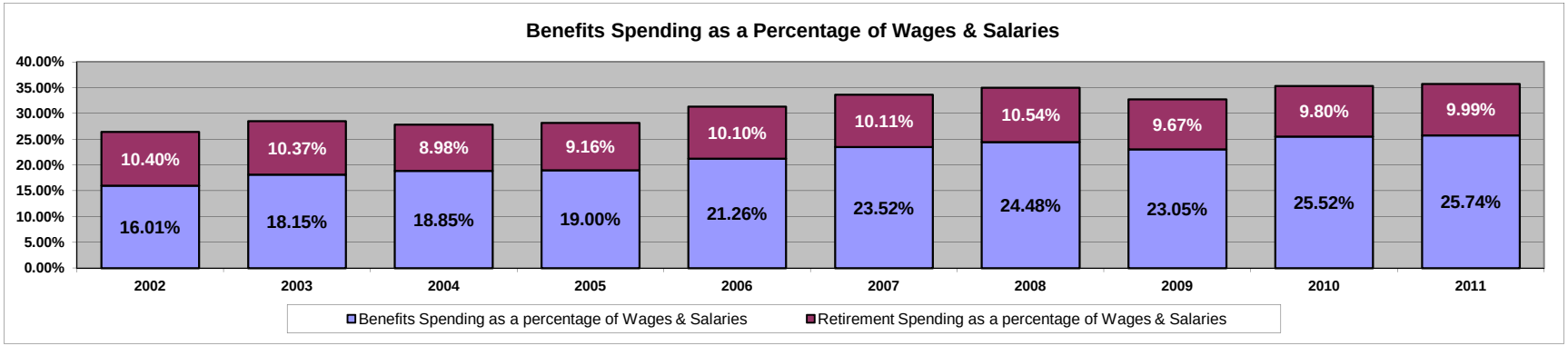
Personnel Costs:

Increasing salaries and wages as a percent of operating expenditures may be an indicator of two trends: 1) First, it may point to future pension and health insurance costs since both of these items are related to the number and compensation level of employees. 2) Second, if salaries and wages as a percent of operating expenditures are increasing, it may be an indicator that the Town is not adequately funding its capital needs or of deferred maintenance of the Town's infrastructure.

Total labor costs have increased since 2002 by 2.6%, but the rate and level of increase has remained relatively constant until last fiscal year. This is good for the Town as such a slow rate of increase is manageable and should allow policymakers to adjust budgeting and goal setting with a limited impact to services. The increase, however, is not in the salary and wage portion of compensation, but rather was in the cost of benefits. As detailed in Indicator I.7, this is a negative short-term and long-term development as it means that less money is available to spend on service delivery or employee retention but rather is being spent on maintaining existing benefits. Progress was made in controlling this cost in FY 2011 through major restructuring of health care benefits.

Employee Benefits

Trend Guideline: Increasing benefit costs as a percentage of wages and salaries is considered a warning indicator.



Formula:	Employee Benefits / Wages & Salaries

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Medical Benefits	$ 6,561,870	$ 7,652,132	$ 8,185,461	$ 8,345,688	$ 10,019,946	$ 11,474,218	$ 12,486,833	$ 12,293,905	$ 13,660,686	$ 14,106,467
Retirement Benefits	$ 4,262,872	$ 4,371,840	$ 3,896,861	$ 4,024,827	$ 4,757,724	$ 4,931,096	$ 5,376,574	$ 5,154,961	$ 5,243,247	$ 5,475,739
Wages & Salaries - Municipal	$ 15,883,747	$ 16,609,585	$ 16,856,565	$ 16,964,540	$ 17,714,578	$ 18,304,206	$ 19,098,039	$ 19,794,936	$ 19,295,237	$ 20,072,596
Wages & Salaries - Schools	$ 25,110,883	$ 25,562,431	$ 26,562,345	$ 26,970,396	$ 29,411,268	$ 30,490,144	$ 31,911,758	$ 33,536,531	$ 34,229,540	$ 34,726,652
Total Wages & Salaries	$ 40,994,630	$ 42,172,016	$ 43,418,910	$ 43,934,936	$ 47,125,846	$ 48,794,350	$ 51,009,797	$ 53,331,467	$ 53,524,777	$ 54,799,248
Benefits Spending as a percentage of Wages & Salaries	**16.01%**	**18.15%**	**18.85%**	**19.00%**	**21.26%**	**23.52%**	**24.48%**	**23.05%**	**25.52%**	**25.74%**
Retirement Spending as a percentage of Wages & Salaries	**10.40%**	**10.37%**	**8.98%**	**9.16%**	**10.10%**	**10.11%**	**10.54%**	**9.67%**	**9.80%**	**9.99%**
Total Benefits Spending as % of Wages & Salaries	**26.41%**	**28.51%**	**27.83%**	**28.16%**	**31.36%**	**33.62%**	**35.02%**	**32.72%**	**35.32%**	**35.73%**

Source: Town of Natick, Town Reports, FY 2002-2010 & Comptroller's FY 2011 4th Qtr GF Expenditure Reports.

Natick Trend	
favorable	
marginal	
unfavorable	x
uncertain	

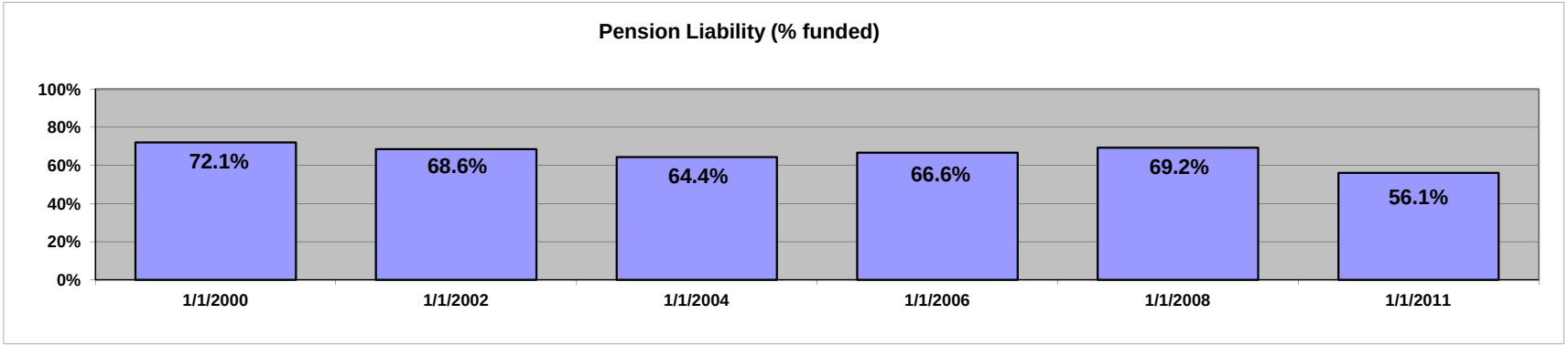
Employee Benefits:

Fringe benefits represent a significant and increasing share of the Town's operating costs. Further, this analysis may understate certain fringe benefits such as sick leave buy-back liabilities and vacation accruals.

This indicator demonstrates one of the most alarming statistics witnessed during the last 10 years - growth in health care costs. Medical benefits (including all forms of health insurance), have increased more than 115% in the last 10 years and its share as part of an employees' compensation package has nearly doubled - from comprising 16.0% in 2002 to over 25.7% in 2011. The increase in health care costs means valuable available funds for other purposes are being spent to maintain an existing benefit. This directly impacts the amount of money available for service delivery and infrastructure maintenance, and is not sustainable.

Pension Liability

Trend Guideline: An unfunded pension liability or increase in the unfunded liability is considered a warning indicator.



Formula:	Pension Assets / Pension Liability

Actuarial Date	1/1/2000	1/1/2002	1/1/2004	1/1/2006	1/1/2008	1/1/2011
Estimated Accrued Liability	$ 89,688,360	$ 100,572,515	$ 109,024,236	$ 118,903,286	$ 131,268,314	$ 146,904,423
Pension Assets	$ 64,669,153	$ 68,985,592	$ 70,246,877	$ 79,234,306	$ 90,885,080	$ 82,431,038
Pension Liability (unfunded)	$ 25,019,207	$ 31,586,923	$ 38,777,359	$ 39,668,980	$ 40,383,234	$ 64,473,385
Percent Funded	**72.1%**	**68.6%**	**64.4%**	**66.6%**	**69.2%**	**56.1%**

Source: Town of Natick Retirement System Actuarial Studies, 2000-2011.

Natick Trend	
favorable	
marginal	
unfavorable	x
uncertain	

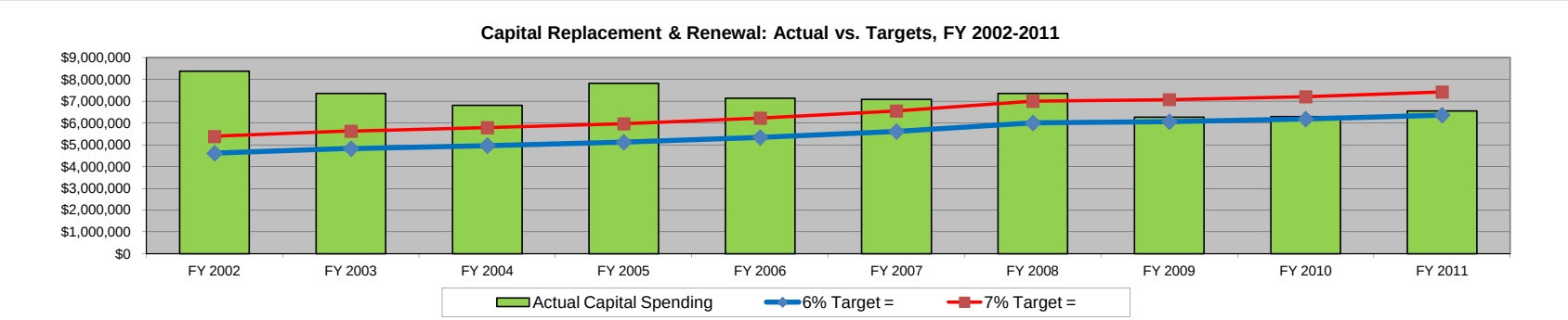
Pension Liability:

The Natick Retirement System provides pension benefits for many retired employees of the Town of Natick . Established under M.G.L. Chapter 32, the Natick Retirement System is funded via an annual appropriation at Town Meeting. As of January 1, 2011, there were 1012 participants in the Natick Retirement System - 559 active, 93 inactive and 360 retired participants and beneficiaries. Town Meeting appropriates an annual contribution to the system as determined by an actuarial study.

Natick's overall pension liability is an area of ongoing concern. As revenues become stagnant while the assessment for the Retirement System continues to increase in order to meet state mandated funding requirements, the impact of the retirement system upon Town operations will increase. State law mandates the pension system must be fully funded by 2040. This will require that beginning in FY 2012, more money will need to be set aside to fund the retirement assessment and less will be available for operational and capital needs. How much more is still to be determined by the Natick Retirement Board.

Capital Asset & Renewal

Trend Guideline: A three or more year decline in Capital Spending from operating funds as a percentage of gross operating revenues is considered a warning indicator.



Formula:	Actual Capital Spending (Cash + Debt) vs. 6%-7% Target

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Net Revenues	**$ 76,922,865**	**$ 80,358,614**	**$ 82,728,409**	**$ 85,275,469**	**$ 88,981,117**	**$ 93,515,538**	**$ 99,994,725**	**$ 101,084,164**	**$ 102,985,796**	**$ 106,064,593**
Within-Levy Target (low)	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
6% Target =	**$4,615,372**	**$4,821,517**	**$4,963,705**	**$5,116,528**	**$5,338,867**	**$5,610,932**	**$5,999,683**	**$6,065,050**	**$6,179,148**	**$6,363,876**
Within-Levy Target (high)	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
7% Target =	**$5,384,601**	**$5,625,103**	**$5,790,989**	**$5,969,283**	**$6,228,678**	**$6,546,088**	**$6,999,631**	**$7,075,891**	**$7,209,006**	**$7,424,522**
Actual Capital Spending										
Cash	$ 1,009,500	$ 374,300	$ 195,800	$ 1,401,500	$ 680,847	$ 906,128	$ 1,077,378	$ 293,900	$ 300,940	$ 547,620
Within-Levy Debt Service	$ 7,372,006	$ 6,982,375	$ 6,619,472	$ 6,418,807	$ 6,452,762	$ 6,182,248	$ 6,283,504	$ 5,977,484	$ 5,996,828	$ 6,001,812
Total Cap. Spending As %	10.90%	9.15%	8.24%	9.17%	8.02%	7.58%	7.36%	6.20%	6.12%	6.17%
Actual Capital Spending	**$8,381,506**	**$7,356,675**	**$6,815,272**	**$7,820,307**	**$7,133,609**	**$7,088,376**	**$7,360,882**	**$6,271,384**	**$6,297,768**	**$6,549,432**

Source: Appropriations from Annual Town Meetings, Town of Natick, Town Reports 2001-2010.

Capital Asset & Renewal:

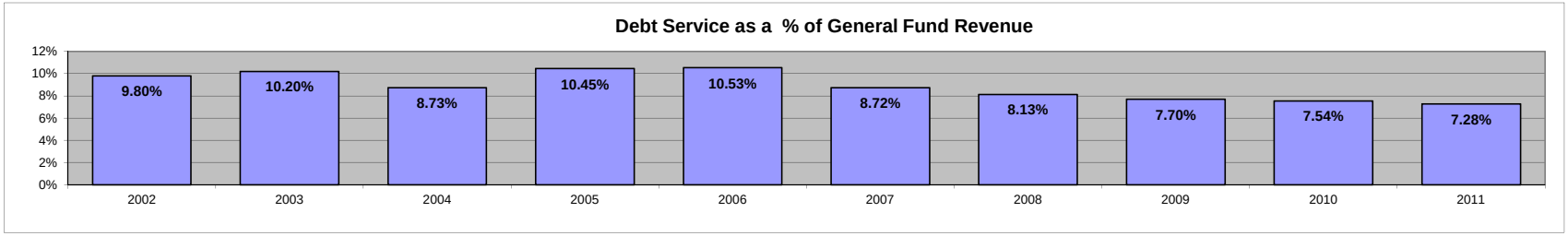
Natick Trend	
favorable	
marginal	x
unfavorable	
uncertain	

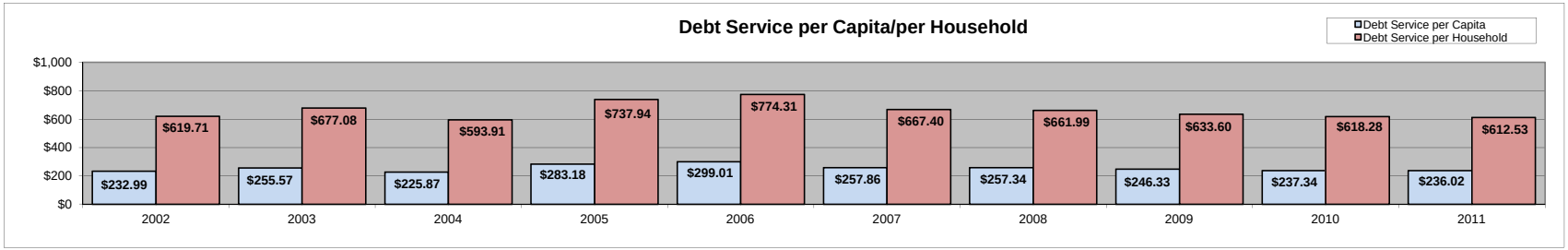
Companies of any size must maintain, renew and replace their infrastructure in a timely and cost effective manner. Municipalities are no different, and often have the daunting task of having to renew capital equipment and infrastructure with numerous other competing needs. Timely replacement of capital equipment and infrastructure benefits the community in the long-run as it increases efficiency and keeps maintenance costs lower while providing better facilities to the general public. A decline of spending on capital over a three-year period is considered a warning sign by industry standards.

Natick, like every municipality during the Great Recession, has seen a decrease in the amount of money dedicated to Capital spending. For several years, this indicator forbode of dangers of not spending at least 8% and ideally 10% of total revenues on annual capital renewal and replacement. This, however, was a skewed target - as it included the highly specific category of excluded debt within its targets. Taking the costs attributed to excluded debt out of the equasion, a new picture develops which shows the Town has spent between a recommended amount of between 6-7% of net revenues annually on capital and debt service. This amount has not been sufficient to "catch-up" on defferred capital projects, and further strides were needed in FY 2012 to address the backlog of capital needs. A significant reason to be positive moving forward, however, is the policy decision to dedicate Local Option Tax revenues to Capital and Debt Service costs, thus securing a permanent funding stream with which to meet this important ongoing need.

Debt Service

Trend Guideline: Debt Service exceeding 20 percent of operating revenues is considered a warning indicator by the credit rating organizations.





Formulas:	General Fund Debt Service / General Fund Revenue & General Fund Debt Service / Per Capita & Household									
Fiscal Year	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Exempt Debt Service	$ 86,498	$ 639,000	$ 317,000	$ 1,313,405	$ 1,540,676	$ 1,031,410	$ 960,274	$ 937,705	$ 918,361	$ 894,180
Within Levy Debt Service	$ 7,458,504	$ 7,621,375	$ 6,936,472	$ 7,732,212	$ 7,993,438	$ 7,213,658	$ 7,243,778	$ 6,915,189	$ 6,915,189	$ 6,895,992
Total Debt Service	**$ 7,545,002**	**$ 8,260,375**	**$ 7,253,472**	**$ 9,045,617**	**$ 9,534,114**	**$ 8,245,068**	**$ 8,204,052**	**$ 7,852,894**	**$ 7,833,550**	**$ 7,790,172**
Gross Operating Revenue	$ 77,009,363	$ 80,997,614	$ 83,045,409	$ 86,588,874	$ 90,521,793	$ 94,546,948	$ 100,954,999	$ 102,021,869	$ 103,904,157	$ 106,958,773
Population	32384	32321	32113	31943	31886	31,975	31,880	31,880	33,006	33,006
Households	12,175	12,200	12,213	12,258	12,313	12,354	12,393	12,394	12,670	12,718
Debt Service as a % of General Fund Revenue	**9.80%**	**10.20%**	**8.73%**	**10.45%**	**10.53%**	**8.72%**	**8.13%**	**7.70%**	**7.54%**	**7.28%**
Debt Service per Capita	**$ 232.99**	**$ 255.57**	**$ 225.87**	**$ 283.18**	**$ 299.01**	**$ 257.86**	**$ 257.34**	**$ 246.33**	**$ 237.34**	**$ 236.02**
Debt Service per Household	**$ 619.71**	**$ 677.08**	**$ 593.91**	**$ 737.94**	**$ 774.31**	**$ 667.40**	**$ 661.99**	**$ 633.60**	**$ 618.28**	**$ 612.53**

Source: Town of Natick, Town Reports 2001-2010, Massachusetts Dept. of Revenue DLS Gateway Reports, Town of Natick Tax Recapitulation Worksheet - LA-4 - FY 2001-2010.

Debt Service:

Natick Trend	
favorable	x
marginal	
unfavorable	
uncertain	

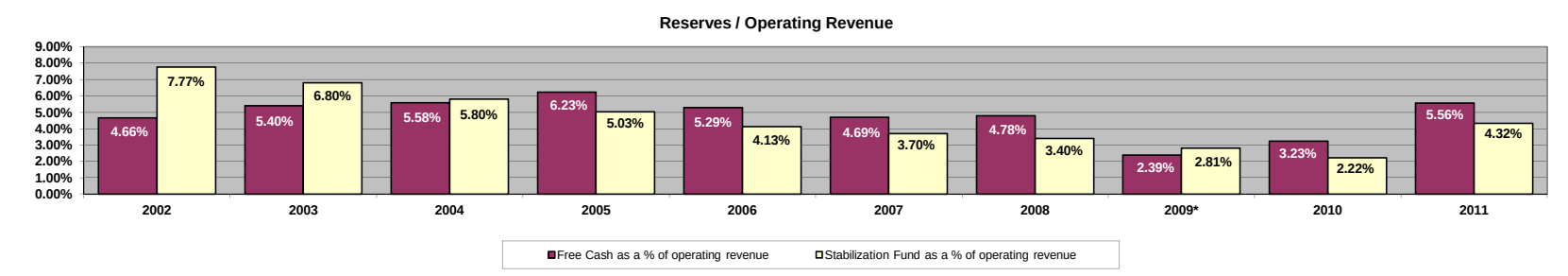
Debt is the chief financing tool utilized by municipalities to continually replace and maintain its capital infrastructure. As such, it is important to monitor how much debt the community has at any one point in time and determine what impact the amount of debt service has on the operating budget and the taxpayers. Credit rating agencies monitor the amount of debt a community has just like they monitor individual credit. A variety of factors, including the level of debt service/annual revenues and level of debt service/capita and per household are evaluated by credit rating agencies.

Positively for Natick, the community fares well on this indicator. Not only has debt service per capita remained well within recommended levels at between 8%-10.5% - debt service of 20% of operating revenues is considered a problem and 10% is considered acceptable - but has been decreasing since FY 2006. Future issuance of debt should be timed so as to minimize its impact upon both the operating budget. This can be achieved by timing new issuances with retirement of current debt service and following the Town Administrator's Recommended Financial Policies on issuing large debt projects (over $1,000,000) outside of the tax levy.

Debt per capita will grow signficantly beginning in FY 2012 when the majority of the debt for the new Natick High School and the new Community/Senior Center begins to be serviced. This issuance has been well timed in that it a) recieved favorable bid prices, b) lower interest rates and c) will be issued after several years of declining debt service amounts.

Reserves & Fund Balance

Trend Guideline: Declining reserves as a percentage of operating revenues is considered a warning indicator.
Comment: The Government Finance Officers Association (GFOA) recommends that undesignated fund balance be 5-15 percent of operating revenues.



Formula:	Type of Reserve / Operating Revenues

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009*	2010	2011
Certified Free Cash	$ 3,584,494	$ 4,337,157	$ 4,620,048	$ 5,313,708	$ 4,709,762	$ 4,387,917	$ 4,784,709	$ 2,415,060	$ 3,327,659	$ 5,899,906
Stabilization Fund	$ 5,975,205	$ 5,464,106	$ 4,798,985	$ 4,292,834	$ 3,671,373	$ 3,458,312	$ 3,401,290	$ 2,844,860	$ 2,288,392	$ 4,273,560
Capital Stabilization Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 307,913
Net Operating Revenues	$ 76,922,865	$ 80,358,614	$ 82,728,409	$ 85,275,469	$ 88,981,117	$ 93,515,538	$ 99,994,725	$ 101,084,164	$ 102,985,796	$ 106,064,593
Free Cash as a % of operating revenue	4.66%	5.40%	5.58%	6.23%	5.29%	4.69%	4.78%	2.39%	3.23%	5.56%
Stabilization Fund as a % of operating revenue	7.77%	6.80%	5.80%	5.03%	4.13%	3.70%	3.40%	2.81%	2.22%	4.32%
Net Reserves as a % of Operating Revenue	**12.43%**	**12.20%**	**11.39%**	**11.27%**	**9.42%**	**8.39%**	**8.19%**	**5.20%**	**5.45%**	**9.59%**

Source(s): Certified Free Cash letters from the Department of Revenue, FY 2002-2011 & Town of Natick Town Reports, 2001-2010

Notes:
*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.

Natick Trend	
favorable	
marginal	x
unfavorable	
uncertain	x

Reserves & Fund Balance:

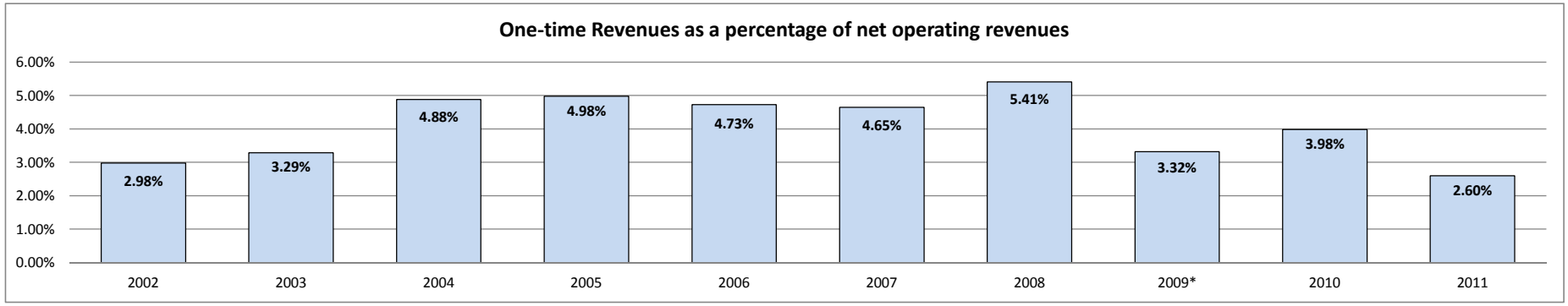
Reserves can be used by municipalities for many different purposes. Primarily, reserves are used to buffer against the need for severe reductions in service due to economic downturns, major emergencies which the community must respond to and as a sinking fund for major capital projects. Communities which maintain a Aaa bond rating (like Natick) traditionally have strong reserve positions between 8%-15% of net operating revenues.

Among the most alarming of trends for the Town of Natick is the marked and steady decline of reserves over the last decade. Regardless of how the economy performed from FY 2002-2010, the Town's overall reserve position declined from FY 2002 to FY 2009. With a combination of adherence to the Town's Financial Management Principles and prudent use of additional resources to build reserves, the Town reversed that trend for the first time in FY 2010 and made significant strides in FY 2011. This is a notable accomplishment, given the overall economic condition of the region and the country.

Although this increase in the Town's overall position is important, sustained progress in reversing the overall trend will be difficult. Services funded with the reliance of these reserves and one-time revenues will be difficult to maintain if the Town is to improve its reserve levels within those recommended by the Government Finance Officers Association. The recent creation of a Operational Stabilization Fund will aid in the Town's ability to maintain services when economic conditions deteriorate, but only if it can a) be adequately funded when money is available and b) policymakers resist the desire to use it other than when recommended by the Town's Financial Management Principles.

Use of One-Time Revenues to Support Operations

Trend Guideline: Increasing use of one-time revenues as a percentage of operating revenues is considered a warning indicator.



Formula:	One-time Revenues / Net Operating Revenues

	2002	2003	2004	2005	2006	2007	2008	2009*	2010	2011
One-Time Revenues										
Free-Cash	$ 1,284,760	$ 1,852,644	$ 2,290,405	$ 2,494,794	$ 2,857,608	$ 3,445,080	$ 4,035,895	$ 2,757,971	$ 2,147,380	$ 2,660,759
Stabilization Fund	$ 809,026	$ 594,668	$ 750,000	$ 750,000	$ 675,000	$ 400,000	$ 256,102	$ 600,000	$ 950,751	$ 98,550
Overlay Surplus	$ 195,000	$ 195,000	$ 1,000,000	$ 1,000,000	$ 675,000	$ 500,000	$ 1,116,024	$ -	$ 1,000,000	$ -
One-Time Revenues	$ 2,288,786	$ 2,642,312	$ 4,040,405	$ 4,244,794	$ 4,207,608	$ 4,345,080	$ 5,408,020	$ 3,357,971	$ 4,098,131	$ 2,759,309
Net Operating Revenues	$ 76,922,865	$ 80,358,614	$ 82,728,409	$ 85,275,469	$ 88,981,117	$ 93,515,538	$ 99,994,725	$ 101,084,164	$ 102,985,796	$ 106,064,593
One-time Revenues as a percentage of net operating revenues	**2.98%**	**3.29%**	**4.88%**	**4.98%**	**4.73%**	**4.65%**	**5.41%**	**3.32%**	**3.98%**	**2.60%**

Source: FY 2002-2011 Tax Recapitulation Forms, Page B-2 & Town of Natick Town Reports, 2001-2010.

Notes:
*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.

Natick Trend	
favorable	
marginal	x
unfavorable	
uncertain	

Use of One-Time Revenues to Support Operations:

Municipalities in Massachusetts and throughout the United States will occasionally utilize reserves and one-time revenues to balance annual operating budgets, sustain programs in times of economic downturn, or fund a pilot program which can be further developed or cancelled in a successive year. As a general rule, however, one-time revenues should not be used to sustain ongoing operations because they exist only once and then they are depleted. Utilizing one-time revenues to fund ongoing operations puts services funded through those one-time resources at risk and is not sustainable.

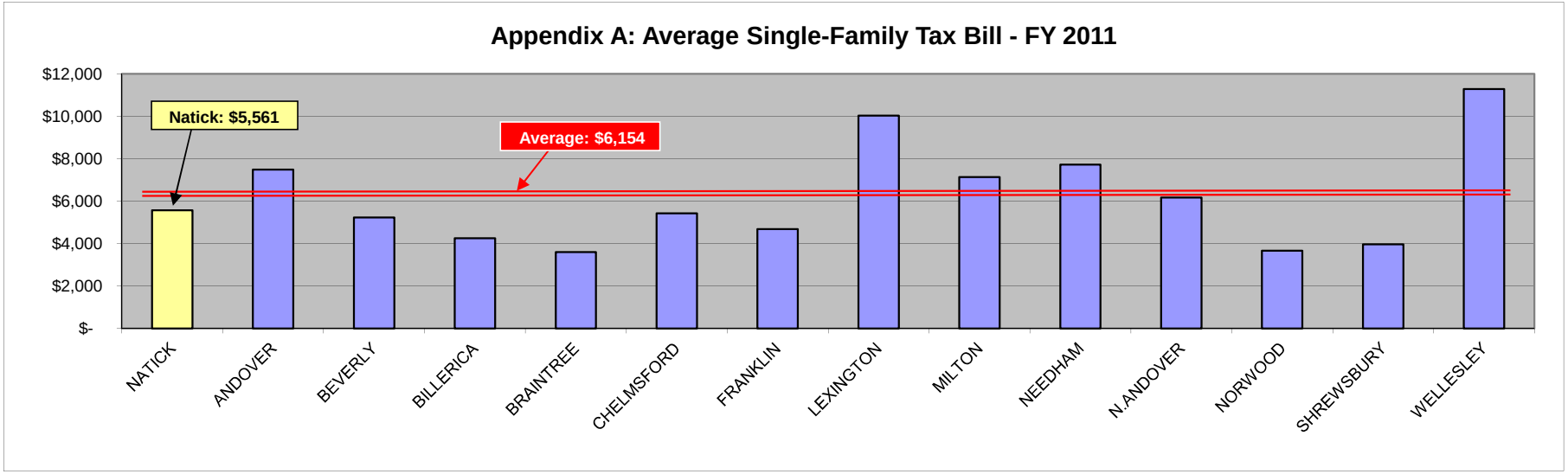
Unfortunately, the Town of Natick has utilized increased amounts of one-time revenues for most of the last decade, peaking at 5.41% of all operating revenues in FY 2008. This pattern is not sustainable, and should be curtailed as much as possible. If one-time revenues are to be used by the Town, they should whenever possible be used for one-time expenses - i.e. Capital purchases or increasing the Town's overall reserve position. It is unlikely that in the current economic climate the Town will completely eliminate the use of one-time revenues such as Free Cash, but sources such as Overlay Surplus and the Stabilization Fund should not be relied upon for future years' operations. Progress was made in this direction for FY 2011 (not shown) where no Overlay Surplus funds and less than $100,000 of Stabilization Fund funds were used to support operations.

FY 2013 Budget Policy Issues

The following is a list of important policy issues which need further discussion & analysis in FY 2013.

1. Health Care Concessions
2. Collective Bargaining Agreements
3. Continued implementation of Town's Financial Management Principles
   a. Adequately funding capital needs
   b. Reduced reliance on one-time revenues & reserves to fund recurring operations
4. Continued exploration and implementation of cost containment measures
   a. Coordinated delivery or sharing of services with neighboring communities
   b. Reorganization of departmental operations

Appendix A: Average Tax Bill



Municipality	Assessed Value	Parcels	Average Value	Tax Rate	Single Family Tax Bill	Split Tax Rate?
NATICK	$ 3,735,204,600	8,463	$ 441,357	$ 12.60	$ 5,561	No
ANDOVER	$ 4,498,853,200	8,492	$ 529,775	$ 14.12	$ 7,480	Yes
BEVERLY	$ 3,531,861,200	8,384	$ 421,262	$ 12.41	$ 5,228	Yes
BILLERICA	$ 3,383,834,100	10,736	$ 315,186	$ 13.47	$ 4,246	Yes
BRAINTREE	$ 3,168,429,000	9,001	$ 352,009	$ 10.20	$ 3,590	Yes
CHELMSFORD	$ 2,924,078,075	9,009	$ 324,573	$ 16.72	$ 5,427	No
FRANKLIN	$ 2,744,081,800	7,599	$ 361,111	$ 12.95	$ 4,676	No
LEXINGTON	$ 6,234,563,000	8,949	$ 696,677	$ 14.40	$ 10,032	Yes
MILTON	$ 3,608,195,300	7,116	$ 507,054	$ 14.07	$ 7,134	Yes
NEEDHAM	$ 5,910,589,800	8,346	$ 708,194	$ 10.90	$ 7,719	Yes
N.ANDOVER	$ 2,816,602,100	6,181	$ 455,687	$ 13.52	$ 6,161	Yes
NORWOOD	$ 2,110,003,800	5,819	$ 362,606	$ 10.10	$ 3,662	Yes
SHREWSBURY	$ 3,359,008,800	9,061	$ 370,711	$ 10.67	$ 3,955	No
WELLESLEY	$ 7,189,824,000	7,285	$ 986,935	$ 11.43	$ 11,281	No
AVERAGE	**$ 3,943,937,770**	**8,174**	**$ 488,081**	**$ 12.68**	**$ 6,154**	

Average Tax Bill:

This table shows the average single-family tax bill for comparable communities to Natick for FY 2011. Only single-family homes are shown as part of this comparison. As of FY 2011, Natick finds itself below average compared to the other 12 comparable communities in average tax bills.

Natick's average single family tax bill increased $279 from FY 2009 to FY 2010. The average single family tax bill for the comparable communities increased $252 from FY 2010 to FY 2011.

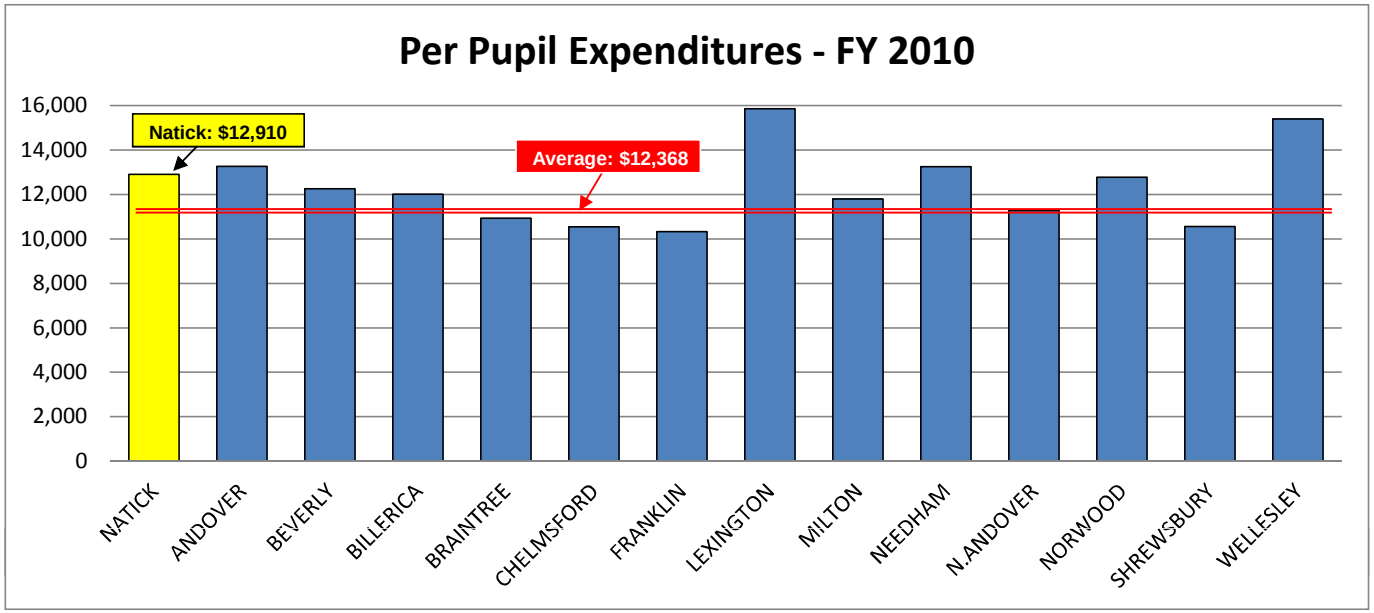
Source: Mass. Dept. of Revenue, Div. Of Local Services.

Appendix B: Per Pupil Expenditure Comparative Data

Per Pupil Expenditure Data:

This chart shows per pupil expenditure data for comparable communities and Natick.

Compared to the average for similar communities & school systems, Natick has less students than the average, but higher than average spending per pupil.



District	FY 2010 Total Pupils	FY 2010 Total Expenditure
NATICK	4,902	12,910
ANDOVER	6,223	13,263
BEVERLY	4,528	12,259
BILLERICA	6,309	12,006
BRAINTREE	5,575	10,927
CHELMSFORD	5,735	10,550
FRANKLIN	6,617	10,326

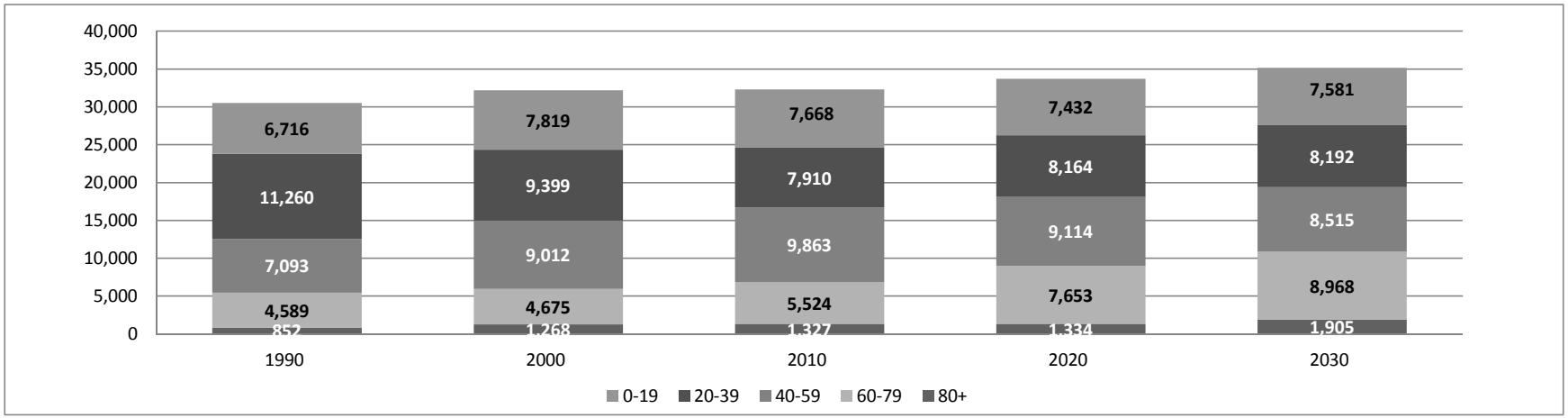
District	FY 2010 Total Pupils	FY 2010 Total Expenditure
LEXINGTON	6,304	15,862
MILTON	4,017	11,792
NEEDHAM	5,410	13,248
N.ANDOVER	4,721	11,277
NORWOOD	3,551	12,778
SHREWSBURY	6,132	10,564
WELLESLEY	4,800	15,392

Averages:	
Enrollment	5,345
Per Pupil Expenditure	$ 12,368

Notes:
Source: Mass. Dept. of Education, FY2010 Per Pupil Expenditures Report. Total Expenditure column includes all General Fund Appropriations & Grants, Revolving and Other funds. Data shown is most recent available from the Mass. Department of Education.

Appendix C: Population Projections

Population Projections: 1990-2035, Town of Natick



Age	1990	2000	2010	2020	2030	2035	Percent Change 2010 to 2035
0-19	6,716	7,819	7,668	7,432	7,581	7,737	0.90%
20-39	11,260	9,399	7,910	8,164	8,192	8,168	3.26%
40-59	7,093	9,012	9,863	9,114	8,515	8,388	-14.96%
60-79	4,589	4,675	5,524	7,653	8,968	9,571	73.27%
80+	852	1,268	1,327	1,334	1,905	2,200	65.73%
Total	**30,510**	**32,173**	**32,292**	**33,698**	**35,161**	**36,063**	**11.68%**

Source: Metropolitian Area Planning Commission, Population Projections: http://www.mapc.org/sites/default/files/MAPC_MetroFutureUpdate2035_FINAL_3_10_2011.xls.

Population:

Population data and trends are extremely important to review and understand for the future allocation of resources and to understand significant shifts in the community. With data provided by the Metropolitan Area Planning Commission, Natick is expected to grow in population on average about 1400 people per decade over the course of the next 25 years. These latest estimates take into account but do not completely reflect the 2010 Decennial Census.

The three interesting points to take away from this projection are: 1) Population will rise but in a very small, steady and predictable amount, thus allowing policymakers, appointed officials and taxpayers to carefully plan for future needs. 2) School age population - the 0-19 cohort is set to change very, very little in the next 20 years. This is important to correlate with estimates from the Natick Public Schools and should allow for planning of future needs for the children of Natick. 3) The growth in population is set to occur in the 60+ cohorts, with a large spike of over 4,900 individuals aged over 60 living in Natick by 2035 than do today.

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Appendix D: Other Post Employment Benefits

Other Post Employment Benefits (OPEB):

GASB-45 requires that public entities begin accruing the expected future costs of OPEB (medical and life insurance) over the expected future employment period of employees, much like they do now for pension benefits.

At this point in time, GASB 45 is a requirement for *reporting*, but not for *funding*. No legal mandate from the state or federal government, akin to M.G.L. Ch. 32 requiring annual contributions to the Natick Retirement System, has been put in place or even filed in the legislature.

After conducting the actuarial, USI has determined that our total unfunded actuarial accrued liability is $119,187,237. As a result, the Town's annual audits going forward will show a significant and growing liability, unless the Town chooses to begin setting aside funds in a restricted trust in order to put towards mitigating the liability. The 2011 Fall Annual Town Meeting will consider an Article requesting the adoption of state statute to allow Natick to create the trust.

OPEB Liability Growth as a result of GASB 45

FY 2011

For FY 2011, the actuarial study has estimated that our total cost is: *(this is a cumulation of both the normal cost of care plus the amount we need to pay to "catch-up" to make sure the liability is paid down in 30 years)*	$	**27,007,851**
Less our current contributions:	$	**(3,704,594)**
Total FY 2011 Year-end Outstanding Liability for OPEB:	$	**23,303,257**

FY 2012

Beginning Outstanding Liability (from FY 2011):	$	**23,303,257**
FY 2012 estimated total cost:	$	**11,552,723**
Less our current contributions:	$	**(3,808,433)**
Total FY 2012 Year-end Outstanding Liability for OPEB:	$	**31,047,547**

and so on…

Source: A Postretirement Welfare Benefit GASB 45 Actuarial Valuation As of July 1, 2010 for: The Town of Natick. The USI Consulting Group. June 8, 2011.

Some communities have chosen to begin setting aside funds towards the unfunded liability without additional legal mandate or guidance from state or federal legislators. They have taken advantage of a variety of funding sources, including but not limited to redirecting Medicare Part D monies (if they receive them), appropriating additional tax levy support to a trust designed to reduce the overall liability, or using decreases in the pension assessments , if they arise.

An updated actuarial will be conducted during FY 2013.

Appendix F: Notes & Assumptions

Notes:

Actual Data - Data presented as actual for FY 2002-2010 is taken from final G/L accounting reconciliations prepared by the Town Comptroller. FY 2011 is taken from the accounting system but has not been finalized and has not been audited as of the printing of this document. Figures may change slightly.

Constant Dollars - Or "dollars adjusted for inflation" utilizes data from the U.S. Department of Labor, Bureau of Labor Statistics for the Boston-Brockton-Nashua Metropolitan Statistical Area. CPI-U data used is for the mid-year analysis, CY 2002-2011. This corresponds to the end of the Town's fiscal year. CPI-U assumes that the period of time 1982-1984 = 100.

Comparable Communities - Communities were chosen based upon similar population size, and demographic characteristics' such as equalized value/capita and household income.

Households - The number of households for the Town of Natick was determined using the Tax Recapitulation Worksheets, Worksheet LA-4, and counting all residential properties by property type (single-family - Code 101, double-family or duplex - Code 104, triplex, Code 105, etc.) and updating on an annual basis. An assumption was made for the amount of dwelling units in condominium developments.

Population - Population data used in the indicators is provided from the Department of Revenue. Projections provided in the Appendices provided from the MAPC. Both sets of figures use the 2010 U.S. Census Bureau statistics as a base and then annual or future decennial result are extrapolated from that amount.

Snow & Ice Removal Costs - FY 1998-FY 2012

Town of Natick
Department of Public Works
History of Snow and Ice Removal

	FY98	FY99	FY00	FY01	FY02
Budgeted Amount	150,000	150,000	150,000	150,000	150,000
Emergency Funding (FEMA)				58,660	
Total Expenses	**231,073**	**279,750**	**220,944**	**546,000**	**232,386**

	FY03	FY04	FY05	FY06	FY07
Budgeted Amount	150,000	150,000	150,000	150,000	150,000
Emergency Funding (FEMA)		115,049	175,514		
Total Expenses	**595,726**	**449,538**	**895,551**	**449,627**	**352,978**

	FY08	FY09	FY10	FY11	FY12
Budgeted Amount	150,000	150,000	150,000	150,000	150,000
Emergency Funding (FEMA)					
Total Expenses	**882,779**	**899,655**	**598,991**	**867,663**	**385,418**

	3 Year Average	5 Year Average	10 Year Average	5 Year Low	5 Year High
Total Expenses	**$ 687,932**	**$ 726,901**	**$ 637,792**	**$ 385,418**	**$ 899,655**

Status of Municipal Reserves

Overlay Surplus:

The purpose of the overlay surplus account is to fund property tax abatements and exemptions that may be granted in a particular fiscal year. Each fiscal year has an associated Overlay Reserve account; once all exemption and abatement requests for a particular fiscal year have been resolved or can be reliably predicted, the funds remaining in the Overlay Reserve may be declared by the Assessors as Overlay Surplus. Typically the Overlay Surplus is released incrementally, and is often used to fund Capital or other one-time expenses. For FY 2010, the Assessors were asked to and did release all potential Overlay Surplus from FY 2009 and all earlier years, thus limiting this funding source in future years until the reserve is replenished. No overlay surplus was used in building the FY 2011 budget. $1,000,000 was appropriated for usage in FY 2012. No overlay surplus was used in building the FY 2013 Preliminary Budget.

Stabilization Fund:

The Town of Natick, as per its adopted Financial Management Principles, maintains a portfolio of permanent reserves in the form of Stabilization Funds. Established by Town Meeting under Chapter 40, Section 5b of the Massachusetts General Laws, stabilization funds act as the Town's savings account, providing resources for one-time and limited recurring expenses when and if necessary.

The Town maintains three Stabilization Funds:

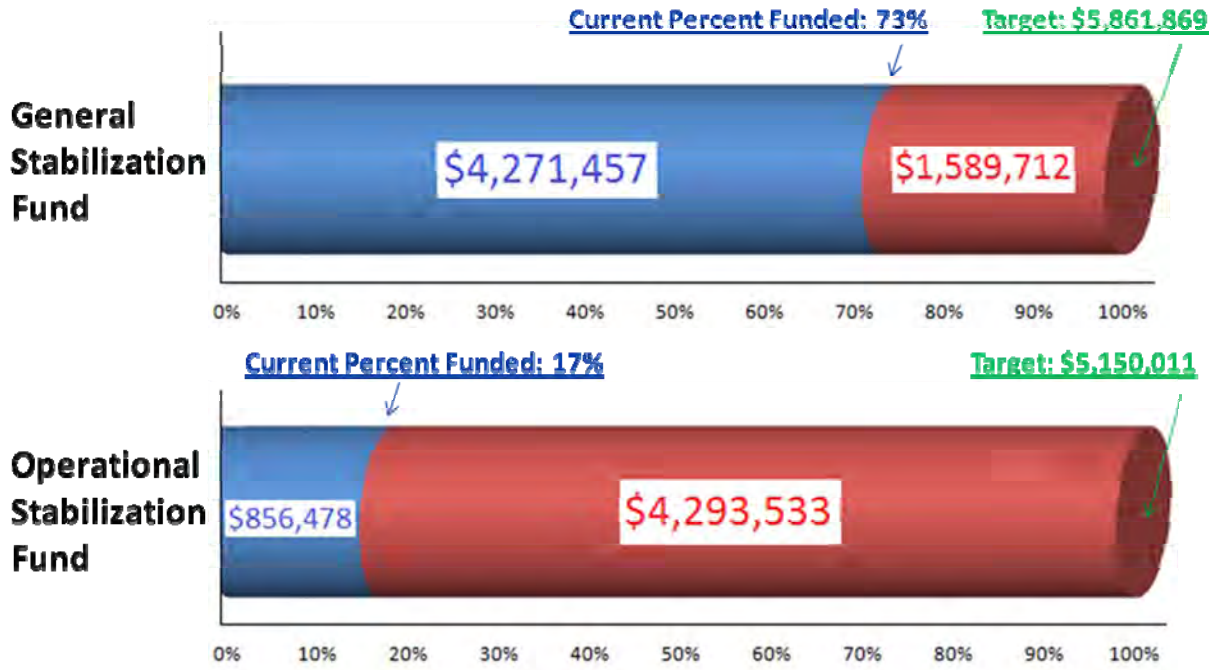
General: The National Advisory Council on State and Local Budgeting recommends that Stabilization Funds be used to address temporary cash flow shortages, emergencies, unanticipated economic downturns, and one-time opportunities. A prudent level of financial resources is recommended to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. Thus, Natick more recently has appropriately used Stabilization Funds in response to what was hoped to be a temporary downturn in state aid. Persistent and ongoing use of these funds is contrary to recommended practice. Many communities have established a target of 5% of general fund revenues for the Stabilization Fund; this target would suggest maintaining a balance of just over $5.6 million.

General Stabilization Fund	
Current Balance:	$ 4,271,457
Target (5% of G.F. Revenues):	$ 5,861,169
Percent Funded:	**% 73**
Operational Stabilization Fund	
Current Balance:	$ 856,478
Target (3-year % of state & local rev.):	$ 5,150,011
Percent Funded:	**% 17**
Capital Stabilization Fund	
Current Balance:	$ 1,478,084
Target:	None*

*Capital Stabilization Fund has no target; to be spent only on Capital and Debt Service payments.

Operational: For the purpose of augmenting operations in case of sustained economic downturn - a "Rainy Day" fund for ongoing operations.

The balances and percent funded of the General and Operational Stabilization Funds are shown below.



Capital: This was created by the Fall 2010 Annual Town Meeting and is funded through local option taxes. It is exclusively to be used for the purposes of the purpose of funding any capital-related project, or pieces of capital equipment, or debt-service payment related thereto.

As resources allow, it is the intent of Town Administration to build the Operational Stabilization Fund over the coming years to prepare for the next economic downturn. The balance of the General Stabilization Fund is adequate to meet most any unforeseen or catastrophic emergency at this point in time.

The Capital Stabilization Fund already has a dedicated revenue source – local option sales taxes. These taxes are recurring annually and provide a solid base of support for funding capital projects and debt service payments.

Capital Stabilization Fund

Initial Balance	**$ 307,913**
Balance After 2011 Spring ATM	**$ 995,353**
Anticipated use @ 2011 FATM (Articles 9 and 10)	$ (689,340)
Amount Recommended to be Appropriated from Free Cash under Article 7	$ 1,172,071
Balance After 2011 Fall ATM	**$ 1,478,084**
Anticipated use @ 2012 Spring ATM	$ (477,812)
Balance at end of Fiscal 2012	**$ 1,000,272**

Free Cash:

Free Cash is cyclical, as a new amount is certified by the Department of Revenue each year based upon remaining funds from operations of the previous fiscal year and actual receipts in excess of revenue estimates, with offsets applied such as unpaid property taxes and certain deficits, all as based on the Town's balance sheet as of June 30. That is, Free Cash is, to some extent, replenished at the end of each fiscal year, but the extent cannot be accurately predicted until the subject fiscal year is "closed out." The MA Department of Revenue recommends that "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." One unofficial target for unappropriated Free Cash (the balances remaining after all appropriations are made from the fund during the fiscal year) is that it should not go below 1/2% of general fund revenues, or approximately $586,117 for Natick.

The table below shows the Certified Free Cash amounts for the last 5 years:

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Cert. F.C. Amount	**$ 4,784,709**	**$ 2,415,060**	**$ 3,327,659**	**$ 5,899,906**	**$ 4,737,528**

Finally, this table shows the planned usage of the $4,737,528 Certified Free Cash amount.

Free Cash Spenddown - FY 2012 Certification:

Certified Free Cash as of 7/1/2011	$ 4,737,528
Less Reserve Set-Aside (as per Town's Financial Management principles)	$ (586,117)
Less 2011 FATM Expenditures: (Local Option Taxes to Cap. Stab. Fund)	$ (1,172,071)
Less OPEB Trust Contribution (Article 8)	$ (221,608)
Less FY 2013 Operating Budget Support (Article 14)	$ (2,604,502)
Less Rockland Street Appropriation (Article 18)	$ (150,000)
Less Senior Center Funds Transfer (Article 19)	$ (3,230)
Total Remaining Unallocated Free Cash	**$ -**

Section XIII:
Appendix B: Legal

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Legal

Governance of the Town of Natick is set forth under the Charter of the Town of Natick. So too is the budget process in the Town of Natick. It is governed by several sections of the Charter of the Town of Natick and the By-Laws of the Town of Natick. This section provides the important excerpts of those documents.

TOWN OF NATICK CHARTER: ARTICLE 5: FISCAL PROCEDURES

Section 5-1 Fiscal Year

The fiscal year of the town shall begin on the first day of July and shall end on the thirtieth day of June, unless another provision is made by general law.

Section 5-2 School Department Budget

(a) **Submission to Town Administrator** - The superintendent of schools' proposed budget shall be submitted to the town administrator in sufficient time to enable him to consider its effect on the total town budget he is required to submit under this article.
(b) **Public Hearing** - At least seven days before the meeting at which the school committee is to vote on its final budget request, the school committee shall cause to be published in a local newspaper a general summary the proposed budget. This notice shall also indicate the times and places at which copies of the proposed budget are available for public examination, and the date, time and place, not less than seven days following such publication, when a public hearing will be held by the school committee on the proposed budget.

Section 5-3 Submission of Preliminary Budget

Within a time fixed by by-law, before the date on which the representative town meeting is to meet in its spring session, 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, 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.

Section 5-4 Budget Message

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

- Provide a comprehensive overview of the preliminary budget
- Explain the Town's fiscal condition including noteworthy changes in various
- revenue and expense categories as well as reserves
- Outline proposed financial policies of the town for the ensuing fiscal year

- Indicate any major variations from the current financial policies, together with the reasons for such changes
- Identify changed priorities and the reasons for such changes
- Summarize the town's debt position;
- Provide an analysis of significant trends and fiscal challenges and the administration's proposed responses thereto
- Describe and summarize significant changes, if any, in town services and/or staffing
- levels and the reasons for such changes
- Include such additional information as the town administrator deems desirable or the
- board of selectmen may require.

Section 5-5 The Preliminary Budget

The preliminary budget, in conjunction with the town administrator's budget message, shall provide a complete financial plan of all town funds, including the superintendent of schools' proposed budget as submitted under Section 5-2 and shall explain differences, if any, between that proposal and the town administrator's recommended appropriation for the school department. The preliminary budget must clearly identify any variances between the total recommended appropriations and projected available revenues and identify one or more scenarios for addressing such variances. Except as may otherwise be required by general law, or by the charter, the financial plan shall be in the form the town administrator deems desirable, or as the board of selectmen may require. 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. Any and all submitted budgets shall be arranged to show the actual and estimated revenues and expenditures for the previous, current, and ensuing fiscal years and shall indicate, in separate sections:

(a) Proposed expenditures for current operations during the ensuing fiscal year, detailed by town agency, function and work programs, and the proposed methods of financing such expenditures.
(b) Proposed capital expenditures during the ensuing fiscal year, detailed by town agency, and the proposed methods of financing such expenditures.
(c) 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.

Section 5-6 Action on the Town Administrator's Preliminary Budget*

(a) **Public Hearing** - The finance committee shall forthwith, upon receipt of the preliminary budget, provide for the publication in a local newspaper of a notice stating the date, time and place, not less than seven nor more than fourteen days following such publication, when a public hearing will be held by the finance committee on the preliminary budget.

(b) **Review** - The finance committee shall consider, in open public meetings, the detailed expenditures 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 other town agency, to furnish it with such additional information as it may deem necessary to assist it in its review of any submitted budget.

(c) **Presentation to the Representative Town Meeting** - The finance committee shall file a report containing its recommendations for actions on the proposed budget which shall be available at least seven days prior to the date on which the town meeting acts on the proposed budget. When the proposed budget is before the town meeting for action it shall first be subject to amendment, if any, by the finance committee.

Please Note: A charter change to Section 5-6(a) passed at the 2011 Fall Annual Town Meeting will go to the voters in March 2012 and is thus not law at this time.

Section 5-7 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 by-law for the submission of the proposed operating budget. The capital improvement program shall include, but need not be limited to the following:

(a) A clear, concise, general summary of its contents.
(b) A listing of all capital expenditures proposed to be made, by years, during the five fiscal years next ensuing, with supporting information as to the need for each such expenditure.
(c) Cost estimates, methods of financing and recommended time schedules.
(d) The estimated annual cost of operating and of maintaining any new facility or piece of major equipment involved.

The information is to be annually revised with regard to all items still pending, or in the process of being acquired, improved or constructed.

TOWN BY-LAWS

ARTICLE 20: TOWN ADMINISTRATOR

Section 2 Dates of Submission of Fiscal Documents

As required by Section 5-3 of the Charter, the Town Administrator shall submit the proposed budget for the next fiscal year on or before the first business day in January.

As required by Section 5-7 of the Charter, the Town Administrator shall submit updates of the capital plan on or before the first business day in March and September.

ARTICLE 23: THE FINANCE COMMITTEE

Section 4 Report, Recommendations

The Finance Committee shall consider all matters of business included within the articles of any warrant for a Town Meeting, and shall, after due consideration, report thereon, in print, its recommendation as to each article. The Finance Committee shall distribute its said report to each of the Town Meeting Members at least seven (7) days in advance of a Town Meeting, except where compliance with this provision would defeat the purpose of a Special Town Meeting. The said recommendations shall be those of a majority of the appointed Committee at the time of the vote, but this shall not be construed to prevent recommendations by a minority as such. The Committee Report shall also state the total amount of the appropriations recommended by them on the entire Warrant and the approximate tax rate based on such recommendations. Said report for the Annual Town Meeting shall also contain a statement of the doings of the Committee during the year, with any such recommendations or suggestions as it may deem advisable on any matters pertaining to the welfare of the Town.

Section 5 Audits

The Finance Committee shall have the authority at any time to investigate the books, accounts and management of any department of the Town, and to employ such expert and other assistance as it may deem advisable for that purpose, and the books and accounts of all departments and officers of the Town shall be open to the inspection of the Committee and any person employed by it for the purpose. The Committee may appoint subcommittees and delegate to them such of its power as it deems expedient.

Section XIII:
Appendix C: Glossary & Basis of Budgeting & Accounting

Glossary	C.3
Basis of Budgeting & Accounting	C.10

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Glossary & Basis of Budgeting & Accounting

ABATEMENT - Abatement is a reduction of a tax liability. The Board of Assessors grants abatements for real estate and personal property taxes in cases where an individual's assessed valuation is determined to be in excess of fair market value.

ACCRUAL BASIS FOR ACCOUNTING – A method of accounting that recognizes revenue when earned, rather than when collected, and recognizes expenses when incurred, rather than when paid.

APPROPRIATIONS - A legal authorization to expend municipal funds. Massachusetts municipal finance laws require that all general-purpose expenditures be authorized by a majority vote of Town Meeting.

There are two basic types of appropriations - operating appropriations, and special article appropriations. Operating appropriations last for one fiscal year only, and any unobligated balance is closed at the end of the fiscal year. Fire Department Salaries is an example of an operating appropriation. Special Article appropriations are generally voted for a specific project, such as the completion of a capital improvement or the purchase of a piece of capital equipment. Special article appropriations are closed upon completion of the project for which the funds were voted. 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 a transfer approved by Town Meeting. There are no restrictions on **School** appropriations.

APPROPRIATED BUDGET – As used in fund summaries and department summaries within the budget document, represents the current year budget as originally adopted by Town Meeting. It does not include prior year encumbrances or re-appropriation.

ARTICLE - An article or item on the Town Warrant.

ASSESSED VALUATION - The valuation of real estate or other property determined by the Town Assessor for tax levying purposes. The Commonwealth certifies the values and methodology in determining those values every three years.

ASSETS – Property, plant and equipment owned by the Town.

AUDIT – A comprehensive examination as to the manner in which the government's resources were actually utilized concluding in a written report of its findings. An accounting audit is intended to ascertain whether financial statements fairly present the financial position and results of operations of the Town. The Town is required to conduct an audit annually.

BOND - A written promise to pay a specified sum of money, called the face value or principal amount, at a specified dates in the future, called the maturity date(s), together with periodic interest at a specified rate. The difference between notes, usually one year or two years in length and a bond is that the latter runs for a longer period of time. State statute and the Board of Selectmen establish the length of a bond repayment.

BOND ANTICIPATION NOTE (BAN) – A temporary note issued for no more than one or two years. This is commonly used to defer the initial pay down of debt or to accommodate reimbursement for borrowed notes from a private source or other governmental entity.

BUDGET - The budget is the Town's financial plan for a given fiscal period. The annual budget includes an estimate of proposed expenditures, as well as a forecast of estimated revenues and other financing sources.

The Natick Town Charter specifies that the Town Administrator is responsible for presenting a recommended annual budget to the Finance Committee. The Finance Committee reviews the Town Administrator's Recommended Budget in detail and forwards its recommendations to Town Meeting. Town Meeting adopts the budget by voting a series of appropriations, which may not; in the absence of an over-ride of Proposition 2 1/2 exceed the estimated total amount of revenues and other financing sources for the fiscal period.

BUDGET MESSAGE (Town Administrator's Transmittal Letter) – The opening section of the budget that provides the Board of Selectmen, Town Meeting Members, and the general public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and the recommendations of the Town Administrator.

CAPITAL EXPENDITURE - A major, non-recurring expenditure involving land acquisition, construction or major rehabilitation of a facility, or purchase of equipment costing $10,000 or more with a useful life of five years or more.

CAPITAL IMPROVEMENT PROGRAM (CIP) - A financial planning and management tool which: identifies public facility and equipment requirements; places these requirements in order of priority; and schedules them for funding and implementation.

CHAPTER 90 - Massachusetts General Laws Chapter 90, Section 34 authorizes the Commonwealth to allocate funds to municipalities through the Transportation Bond Issue for highway construction, preservation and improvement projects that create or extend the life of capital facilities. Routine maintenance operations such as pothole filling and snow and ice removal are not covered. The formula for determining the Chapter 90 level of funding is based on a municipality's miles of public ways, population and level of employment. Municipalities receive Chapter 90 funds on pre-approved projects on a reimbursement basis.

CHERRY SHEET - The State allocates a portion of generated revenue to municipalities each year for education and general governmental expenditures. The amount of state aid each community will receive is itemized in a financial statement printed on cherry colored paper (thus the name). The amount of reimbursement is a function of the State budget. Towns usually receive notification in late summer, subsequent to the beginning of the fiscal year.

CLASSIFICATION - Massachusetts municipal finance law requires that all real estate and personal property be appraised at "full and fair cash valuation" for purposes of assessing property taxes. Once the Commissioner of the Massachusetts Department of Revenue certifies that properties are appraised at "full and fair cash valuation" (once every three years), the Board of Selectmen may

impose a tax classification plan, whereby a portion of the residential tax burden may be shifted to the commercial/industrial class of taxpayers. The law limits the amount of tax burden which can be shifted to the commercial/industrial class to not more that 150% of the proportionate share of the class. In other words, if the commercial/industrial class of taxpayers is normally responsible for 25% of the total tax burden, their maximum burden under the classification law is 37.5% (25 x 1.50).

COMPETITIVE BIDDING PROCESS – the process following State law requiring that for purchases of $25,000 or more a Town must advertise, solicit and publicly open sealed bids from prospective vendors. After a review period, the Town Manager then awards a contract to the successful bidder.

DEBT EXCLUSION - The amount of taxes assessed in excess of the Proposition 2-1/2 levy limit for the payment of debt service costs attributable to a vote of the electorate. Two-thirds of the Selectmen and a majority of citizens voting must approve the exclusion. These funds are raised to retire the debt service for the project. They are not added to the tax levy limit for the following fiscal year.

DEBT SERVICE - Payment of interest and principal on an obligation resulting from the issuance of bonds.

DEPARTMENT – A division of the Town that has overall management responsibility for an operation or group of related operations within a functional area.

DEPRECIATION – 1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, and inadequacy of obsolescence. 2) That portion of the cost of a capital asset that is charged as an expense during a particular period. Depreciation is based on historic costs not replacement value.

ENCUMBRANCE – To encumber funds means to set aside or commit funds for a future expenditure. Encumbrances include obligations in the form of purchase orders, contracts or salary commitments, which are chargeable to an appropriation and for which a part of the appropriation is reserved.

ENTERPRISE FUNDS - Enterprise Funds are used to account for operations which are financed and operated in a manner similar to business operations and where the costs of providing goods or services are financed in whole or in part by user charges (charges for services). Services accounted for in Enterprise Funds are tangible and can be measured for determining a charge for services. In Massachusetts, the most common types of government enterprises include utility or utility-type services for water treatment and delivery, sewerage collection and treatment, and electricity generation and distribution. Less common but prevalent operations include hospitals, airports, parking, swimming pools, and golf courses.

Individual services must ordinarily be accounted for in separate Enterprise Funds. Segregation is essential for determining the total cost of services and the extent to which user charges cover that cost. Although a community may decide to recover only a portion of its costs from user charges, it is essential from a management point of view that it understands what its total costs are. Such costs include amounts for repayment of long-term debt and related interest and estimates for depreciation.

EXPENDITURE – Decrease in net financial resources for the purpose of acquiring and providing goods and services.

EXPENSES – Outflows or other using up of assets or incurring of liabilities during a period from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations. Expenses consist of the following objects of expenditure: Utilities, Supplies and Materials, Contractual Services, and Equipment.

FINES & FORFEITURES - Revenue collected from court fines, penalty charges for overdue taxes along with non-criminal fines are included in this category.

FISCAL YEAR (FY) - The Town of Natick operates on a July 1st through June 30th fiscal year.

FREE CASH - The amount certified annually by the Dept of Revenue that represents the unreserved fund balance less all outstanding tax receivables. This balance is created when actual revenues exceed those estimated and/or expenditures are less than appropriations for any given fiscal year. These funds may be appropriated by Town Meeting as a resource for the next fiscal year's operations or any other purpose authorized by state statute. The Massachusetts Department of Revenue certifies free cash each July 1st. Free Cash represents the savings account of the Town. Certified Free Cash is available for appropriation by Town Meeting for any lawful purpose.

FUND BALANCE - The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is 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)

FUNDING SOURCE – The specifically identified funds allocated to meet budget requirements/expenses.

GENERAL FUND - Revenues derived from the tax levy, state aid, local receipts and available funds are considered General Fund revenues. The General Fund is distinguished from Enterprise Funds and Special Revenue Funds.

GFOA – Government Finance Officers Association of the United States and Canada. The G.F.O.A.is a professional organization of governmental finance officers.

GRANT – A contribution by one government unit or outside agency to another governmental unit. The contribution is usually made for a specific purpose but is sometimes for general purposes.

INVESTMENT INCOME - The Town earns interest on cash held in savings accounts and invested in short term securities. The investment goal is to ensure that all funds are invested. The term of these is investments is short-term and risk adverse. The Treasurer is very restricted as to the instruments in which investments can be made. The amount of investment income is a function of the amount of funds invested and the interest rate.

LEVY LIMIT - The maximum amount of money, which the Town can raise from the property tax levy, without an override of proposition 2 1/2. Please refer to the explanation of Proposition 2 1/2 for a description of how the levy limit is calculated.

LIABILITY – Debt or other legal obligation which must be paid, renewed or refunded at some future date, but does not include encumbrances.

LOCAL RECEIPTS - A category of revenue sources including school department charges for services, investment income, fines and forfeitures, building permits and excise taxes. These revenues are not considered part of the Proposition 2 ½ Tax Levy.

MODIFIED ACCRUAL BASIS FOR ACCOUNTING – A method of accounting that recognizes revenue when it is actually received and recognizes expenditures when a commitment is made.

MOTOR VEHICLE EXCISE - All Massachusetts vehicle owners who have their vehicle(s) registered in the State of Massachusetts pay an annual motor vehicle excise tax to the city or town in which they reside. The Registry of Motor Vehicles creates a listing of all vehicles registered in Natick and the book value assigned to each vehicle. The Town uses this information to bill all owners an annual tax equal to 2 ½ percent or $25 for each $1,000 of the vehicle's value.

MWRA – Massachusetts Water Resources Authority

NEW GROWTH - In addition to a standard 2 1/2% annual increase in the property tax levy, Proposition 2 1/2 allows the levy to be increased further by the sum of certain qualifying new construction valuation, multiplied by the prior year tax rate. Qualifying new construction valuation is known as "New Growth". In general, in order to qualify as "New Growth" the new construction valuation must be either a newly constructed house or an addition to an existing house, which adds at least 50% to the preconstruction value (residential properties). For commercial/industrial properties, "New Growth" consists of both newly built buildings, and additions, which add at least $100,000 to the prior value of the improved property. It permanently becomes part of the tax levy.

OBLIGATION - A commitment to pay a particular sum of money (e.g. as required by contract or a bond).

OPERATING BUDGET – The portion of the budget that pertains to daily operations, which provide basic services for the fiscal year. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel, and fuel and the proposed means of financing them.

OPERATING EXPENDITURE - An ongoing or recurring cost of performing a function or providing a service. Operating expenditures include personal services, supplies and materials, utilities, contractual services, minor equipment, and debt service.

OVERLAY - The amount raised in the tax levy for funding abatements granted by the Board of Assessors due to overvaluation.

OVERRIDE - An action taken by the voters of the town to exceed the limit placed on tax revenue growth by the State tax limitation law known as Proposition 2 ½. The tax levy limit can be exceeded only if a majority of residents voting approve an override. This sum is then added to the base levy for the next fiscal year and this becomes a permanent addition to the tax levy limit.

PROPOSITION 2 ½ - A tax limitation measure passed by Massachusetts voters in 1980 which limits the growth of the total property tax levy to 2.5% per year. In other words, the total revenue allowed to be raised through real estate and personal property taxes cannot increase by more than 2.5% from one fiscal year to the next unless the citizens of the town approve a debt exclusion or an operating override. New construction values are in addition to this limit. Two provisions within Proposition 2 ½ allow the citizens of a community by popular vote to authorize the Town to raise taxes above the tax levy limit: an operating override or a debt exclusion.

As a consequence of this proposition, the Property Tax currently accounts for 2/3 of the Town's total revenue budget. Proposition 2 1/2, is a statutory limit on the annual rate of growth in the property tax levy of the Town. In the absence of a majority vote of approval by the Natick electorate (an over-ride), the total amount of revenue which may be generated from the property tax is limited to: 2 1/2 more than the prior year levy limit, plus the sum of all qualifying new construction valuation multiplied by the prior year tax rate.

RESERVE FUND - An amount set aside annually within the budget of a city or town to provide a funding source for "extraordinary and unforeseen" expenditures. In a town, the Finance (or Appropriation) Committee can authorize transfers from this fund. The Reserve Fund is under the control of the Finance Committee.

RETAINED EARNINGS – The equity account reflecting the accumulated earnings of the enterprise funds.

RESOURCES - Total dollar amounts available for appropriation including estimated revenues, fund transfers, and beginning fund balances.

REVALUATION - Massachusetts municipal finance law requires that the Massachusetts Department of Revenue formally certify that property tax assessments represent the "full and fair cash valuation" of properties. The process of determining the "full and fair cash valuation" of taxable property is known as Revaluation.

REVENUE - Budgetary resources. The various revenues the Town receives are listed in the Revenue Section of Town Administrator's Summary.

REVOLVING FUND – As authorized under M.G.L. Ch. 53 E ½, departmental revolving funds allow communities to raise revenues from a specific service and use those revenues without appropriation to support the service. Each revolving fund must be re-authorized 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 city or 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.

SCHOOL BUILDING ASSISTANCE PROGRAM (SBAB) – A program started by the Commonwealth of Massachusetts for the purpose of assisting municipalities in the reconstruction and renewal of its public schools.

SEWER & WATER CHARGES - The Town operates a Water and Sewer Enterprise Fund to manage these municipal operations. Users of sewer and water services provided by the Town pay charges depending upon usage. Revenue received from charges for sewer and water services is used to fully support the costs of utility operations, such as Massachusetts Water Resources Authority (MWRA) assessments, debt service obligations, personnel costs, and capital projects. Charges for services are based on an inclining block rate structure corresponding to usage. Charges rise as usage increases. The Town pays the MWRA assessments to dispose of Town sewage.

STABILIZATION FUND – Massachusetts General Law Ch.40, Sec. 5B, allows a municipality to appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding fiscal year; the aggregate amount in the fund shall not exceed ten percent of the equalized valuation of the municipality. The treasurer shall be custodian of the fund and may invest the proceeds legally; any interest earned shall remain with the fund. Money from the Stabilization Fund may be appropriated for any lawful purpose by two-thirds vote of Town Meeting.

Natick has three Stabilization Funds as of January 1, 2012: the General Stabilization Fund, the Capital Stabilization Fund and the Operational Stabilization Fund.

TAX LEVY - The total amount to be raised through real estate and personal property taxes. Natick property owners pay taxes to the Town based on the assessed value of their real and/or personal property. Each year the Board of Selectmen conducts a tax classification hearing to determine a tax rate. The Town Assessor makes adjustments to real estate values in order to properly reflect fair market value. In addition to real estate, businesses may also pay a personal property tax (set at the commercial rate) based on the value of their professional equipment, furniture and fixtures. The amount of taxes a property owner pays is determined by multiplying the applicable tax rate by the valuation. For example, if the tax rate is $10 and a property's assessed value is $100,000, the property owner will pay $10 times $100,000/1,000, or $1,000. Tax levy revenues are the largest source of funding for the Town. These revenues support most school, police, fire, public works, library, and general governmental services to the community.

TAX LEVY LIMIT - The maximum amount that can be raised within Proposition 2 ½.

TAX RATE - The amount of tax levied for each $1,000 of assessed valuation.

USER FEES - Fees paid for direct receipt of a public service by the user or beneficiary of the service.

Basis of Accounting & Budgeting – Terminology

The following descriptions detail how the Town of Natick performs its accounting and budgeting.

- Basis of Accounting: General fund accounting is done on a modified accrual basis meaning that revenues are recognized when they become measurable or available (cash basis), while expenditures are accounted for in the accounting period incurred (accrual basis).

- Basis of Budgeting: Budgeting for all enterprise funds is done on a GAAP (Generally Accepted Accounting Principles) or full accrual basis. This means that expenditures and revenues are accounted for in the accounting period incurred.

Section XIII:
Appendix D: Town Information

History D.3
Demographic & Geographic Information D.3
Government & Election Information D.4
Natick 360 D.6

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Demographics & Information

History

The Town of Natick is a suburban industrial center located on the upper basin of the Charles and Concord Rivers with an extensive complex of ponds. The town was from earliest Colonial days a prime target for development, possessing as it did good agricultural land, fish runs and water power. Established in 1650 on the Charles River, Natick had the first and the largest Indian praying town in the colonies, one that became a model for all other attempts to inculcate European standards into Indians. John Eliot, the great missionary, secured a charter of 6,000 acres for the Indians and converted them to Christianity. Unfortunately, Natick's Indian population was forcibly resettled on Deer Island during the King Philip's war and essentially never returned.

In Colonial days, Natick was an agricultural community with some orchards and some lumbering. Grist and sawmills were established and Indian ownership and control gave way to white dominance between 1676 and 1776. Local tradition claims that several loads of Natick men shipped out to the California gold rush in 1849 and 1850, returning with enough capital to start independent businesses in the town. The shoe industry dominated the community by the early 19th century, with the first shoe sole manufacturer established in 1827 and shoes shipped to the southern and western markets by 1830. The town's products, including baseballs manufactured in Natick, were shipped to Boston on the Boston and Worcester Railroad. The town saw rapid growth including an Irish, English, Nova Scotian, Italian and Armenian immigrant population which came to take jobs in the shoe plants and by the 1880's, Natick was the third largest shoe production community in the country.

Demographic & Geographic Information

Settlement Date: 1651

Incorporation Date: Natick was incorporated as a Town on February 19, 1781.

County: Middlesex

Location**:** Eastern Massachusetts, bordered by Framingham on the west, Wayland and Weston on the north, Wellesley and Dover on the east, and Dover and Sherborn on the south. Natick is 18 miles southwest of Boston; 25 miles east of Worcester; 35 miles north of Providence, Rhode Island; and about 201 miles from New York City.

Total Area**:** 16.06 sq. miles

Land Area**:** 15.09 sq. miles

2010 U.S. Census Population: 33,006

2008 Labor Force: 18,689

2008 Per Capita Income: 46,870

2007 Population Per Square Mile: 2,120.4

2007 Housing Units Per Square Mile: 886.5

2007 Road Miles: 154.29

Number of Registered Vehicles (January 2008): 32,991

Average Age of Vehicles (January 2008): 9.03

Principal Employers (1)
Other than the Town itself, the following are the principal employers located in the Town:

Company	Nature of Business	Current Employees
MathWorks, Inc.	Software Dev/Sales	1,900
U.S. Army Natick Research, Development & Engineering Ctr.	Government/Food Research	1,300
Natick Mall	Retail	1,200
Metro West Medical Center Leonard Morse Campus	General Medical & Surgical Hospital	600
Boston Scientific	Medical Instrumentation/Administration	500
Waban, Inc. (d/b/a/BJ's)	Retail Administration/Management	300
Klockner-Moeller	Motor Controls & Switchgear Equipment	200
Cognex	Manufacturers of Vision Instrumentation/Administration	180
Snap-on-Tools	Automobile Service Equipment	170
Whitney Place	Assisted Living	170
Crowne Plaza Hotel	Hotel	150
Middlesex Savings Bank	Bank	100
Vision Sciences	Medical Instrumentation	80
Stop & Shop	Supermarket	70

Government & Elections Information

School Structure: K-12

Form of Government: Town Administrator-Selectmen-Representative Town Meeting

Registered Voters: (as of December 31, 2007) 20,845

Democratic 7,338	Independent 3rd Party 9
Republican 2,709	Libertarian Party 58
Unenrolled 10,697	Working Families 6
Socialist 3	American Independent 2
Green Rainbow Party 21	Reform Party 2

Town Offices: Town Hall, 13 East Central Street

US Senators: John F. Kerry & Scott Brown

Representative in Congress: Edward J. Markey

State Senators: Karen Spilka, Precincts 1-5, & 8

Richard J. Ross, Precincts 6-7 & 9-10

State Representatives: David Paul Linsky, Precincts 1-9
Alice Hanlon Peisch, Precinct 10

Voting Qualifications: Must be 18 years of age on or before Election Day, born in the United States or fully naturalized; a resident of Natick.

Registration of Voters: Town Clerk's Office, 13 East Central Street, daily from 8:00 a.m. to 5:00 p.m.

Where to Vote (Precinct Numbers): Kennedy Middle School, 163 Mill Street (1)
Cole Recreational Center, 179 Boden Lane (2)
Kennedy Middle School, 163 Mill Street (3)
Wilson Middle School, 24 Rutledge Road (4)
Wilson Middle School, 24 Rutledge Road (5)
Lilja School, 41 Bacon Street at Oak Street (6)
Lilja School, 41 Bacon Street at Oak Street (7)
Morse Institute Library, 14 East Central St. (8)
Morse Institute Library, 14 East Central St. (9)
Memorial School, 107 Eliot Street (10)

Natick 360

Honoring Our Past. Planning Our Future.

Final Recommendations to Sponsoring Boards from the Strategic Planning Oversight Committee

"Some communities allow the future to happen to them. Successful communities recognize the future is something they can create. These communities take the time to produce a vision of the future they desire and employ a process that helps them achieve their goals." *- National Civic League, 2000*

Place Strategic Planning Action Items on your Agenda

The strategic plan contains value and vision statements and more than 200 action items. Many of these action items have been broadly defined and leave many options open for implementation.

Suggested Approach: As you add items to your agendas and record items in your minutes that relate to specific Natick 360 action items, consider placing a text marker such as "<<Natick 360>>" next to each action item. This will flag the item as playing a role in moving toward a strategic goal in the plan.

Review Progress Toward Goals Quarterly

Time passes very quickly and five years will only seem like a long time looking forward. To keep measuring and monitoring progress against the strategic plan, try to schedule a quarterly review.

Suggested Approach: Consider creating a grid of your strategic plan action items from the Strategic Plan Appendix and update each action item with a status code quarterly. Codes may include "A – accomplished", "D – Defer", "P - In Progress", "R – Removed"

Collaborate with Other Boards at least Annually

Many boards have taken on action items to work toward common strategic goals. It will be very beneficial to get together once per year to review progress and identify areas for continued collaboration.

Suggested Approach: Have the Board of Selectmen host a joint meeting annually (perhaps after Spring Town Meeting) of various Boards to review progress against the Strategic Plan and to identify areas for collaboration over the next year. Consider using professional facilitation at these meetings.

Continue to Engage the Public

Public engagement has been an essential component of this planning process. Continued public engagement is one of the strategic goals in the Natick 360 plan.

Suggested Approach: Consider creating periodic public forums to inform and further engage the public in this process.

Make it happen

The Natick 360 Strategic Plan reflects 2 years of excellent work by hundreds of volunteers and contributions of visions, values, and ideas by almost 2,000 people (more than 10% of Natick households) in the process.

The process has yielded a common vision for the future of our community and an integrated plan with 12 strategic goals.

Individual sponsoring boards and committees have identified more than 200 different individual actions that can be taken over the next 5 years to move the community closer to its long-range vision.

This document lists some suggestions for keeping the strategic plan "alive" as a vital and integral part of Natick's governance.

We invite each Board and Committee to adopt these suggestions, or other procedures as they see fit, to leverage Natick's investment in this planning process.