



Memorandum

To: Board of Selectmen
Finance Committee

From: Martha White, Town Administrator
Michael Walters Young, Deputy Town Administrator
Robert Palmer, Finance Director/Interim Comptroller

Date: Friday, August 20, 2010

Re: Budget Update: FY 2010, FY 2011 & FY 2012

Coming off of another difficult budget process and continuing to be mired in a lackluster economy, Town staff has worked to analyze how the Town is performing financially. Now that the Town is more than a month into FY 2011, we can summarize how the organization finished FY 2010, show where we stand in the current fiscal year and begin to set the stage for FY 2012 revenue and expenditure projections.

FY 2010: The Year in Review

Fiscal year 2010 was a year of difficult choices and strenuous work by departments to do more with less. The end results are a testament to proper fiscal diligence, discipline and appropriate budgeting.

Revenues:

Whereas property tax receipts are normally a relatively predictable source of revenues, the Town has witnessed a lower collection rate in FY 2010 than in many previous years. Accordingly, the difference between actual collections as compared to estimated is unusually high. Thankfully, higher than projected local receipts made up that difference.

FY 2010 General Fund Operations - Revenues

	2010 Estimated	2010 Actual	Difference	
	A	B	\$	%
Tax Levy	76,971,074	76,171,856	(799,218)	98.96%
State Aid	10,619,913	10,593,626	(26,287)	99.75%
Local Receipts	9,497,772	10,498,221	1,000,449	110.53%
Other Available Funds	6,815,398	6,815,398	0	100.00%
Total General Fund	103,904,157	104,079,101	174,944	100.17%

*Note: Final amounts may change slightly from what is shown above.

Focus on: Local Receipts:

The detailed local receipts breakdown is shown below.

Local Receipts

	<u>Recap</u>	<u>Actual thru 8/18</u>	<u>Excess/(Deficit)</u>
	<u>A</u>	<u>B</u>	<u>C (A-B)</u>
Motor Vehicle	\$ 3,600,000	\$ 3,739,367	\$ 139,367
Other Excise	\$ 800,000	\$ 678,411	\$ (121,589)
- 2% Local Option Hotel/Motel Tax		\$ 70,296	\$ 70,296
- .75% Local Option Meals Tax		\$ 237,617	\$ 237,617
Payment & Interest Taxes/Excise	\$ 250,000	\$ 473,611	\$ 223,611
Payment in Lieu of Taxes	\$ 32,500	\$ 28,292	\$ (4,208)
Trash Fee	\$ 965,272	\$ 1,005,714	\$ 40,442
Other Charges for Services			
Ambulance Fees - Other Charges	\$ 925,000	\$ 998,333	\$ 73,333
Rentals	\$ 250,000	\$ 298,103	\$ 48,103
Recreation	\$ 75,000	\$ -	\$ (75,000)
Other Departmental Revenue			
Fines/Forfeits	\$ 210,000	\$ 188,446	\$ (21,554)
Other Departmental Revenue	\$ 875,000	\$ 715,728	\$ (159,272)
Investment Income	\$ 350,000	\$ 678,527	\$ 328,527
License/Permits	\$ 1,050,000	\$ 1,260,987	\$ 210,987
Special Assessments	\$ 15,000	\$ 22,221	\$ 7,221
Miscellaneous Recurring			
Tax Per Chap 59 Sec D (% Occup.)	\$ 100,000	\$ 102,566	\$ 2,566
Total Local Receipts	\$ 9,497,772	\$ 10,498,221	\$ 1,000,449

*Note: Final amounts may change slightly from what is shown above.

Staff was very concerned that we would face a significant revenue shortfall this year, especially given lower tax collections. As indicated in the table, actual revenues in several categories were, in fact, lower than initial projections. However, the Town received a boost as a result of passage of local option taxes by Town Meeting in November 2009 and February 2010, better than expected motor vehicle excise tax collections, and the premiums earned from the sale of bond anticipation notes helped to ensure that overall revenues were not as bleak as we had feared. Note that these high premiums are driven largely by Natick's Aaa bond rating.

Expenses:

In FY 2010 we continued the practice begun in Winter 2008/2009: all municipal departments were required to exercise restraint when it came to their purchasing and procurement, and the hiring "chill" was continued on all replacements and hires. The goal was again to generate as much Free Cash as possible at the end of the year without sacrificing basic operations. The resulting anticipated "turnbacks" are shown below for the three major sections of town operations: Municipal Departments (including libraries), the Natick Public Schools and Shared Expenses. Detailed reports can be found as an attachment to this memorandum.

FY 2010 General Fund Operations - Expenses

	Revised Budget	Actual + Encumbrances	Balance
	A	B	C (A-B)
Education	42,462,724	42,391,575	71,149
Municipal	26,999,080	25,920,483	1,078,597
Shared	28,548,519	27,373,839	1,174,680
Other Expenses	6,420,677	6,420,677	0
Total General Fund	104,430,999	102,106,574	2,324,425

**Note: Final amounts may change slightly from what is shown above.*

The combined result of the Administration's efforts and the near break-even results of revenues should position the Town reasonably well for end-of-year free cash, all things considered. A very preliminary and unofficial estimate for Free Cash is shown below. As is stated anytime such a projection is made, this can at best be described as an educated guess. Official Free Cash certifications are only made by the Department of Revenue, and are the product of a series of calculations which can alter this estimate considerably.

Estimated Free Cash

Certified Free Cash as of 7/1/2009	\$	3,327,659
Less Appropriations (FY 2010 & FY 2011)	\$	(2,808,139)
Plus Expense Turnbacks		2,324,425
Plus Revenues in Excess of Estimates		174,944
Plus Major Changes		TBD
Estimated Free Cash as of 7/1/2010		3,018,888

**Note: Final amounts may change considerably from what is shown above.*

It cannot be understated – the amount shown above is an estimate; the actual Free Cash amount will not be available until the Department of Revenue certifies Free Cash in late September or October, 2010.

FY 2011: Where we are Today

A series of changes will be proposed under Article 1 of the 2010 Fall Annual Town Meeting, and potential positive and negative impacts are listed below.

Potential positive impacts for FY 2011:

1. Higher than originally forecast local option taxes: If FY 2010 partial-year results hold for all of FY 2011, then actual collections should be close to \$800,000 for both the meals and added hotel/motel taxes whereas \$640,000 was projected.

Potential negative impacts for FY 2011:

1. Additional appropriations needed for FY 2011 Operational & Capital Budgets at the 2010 Fall Annual Town Meeting: Amount to be determined and will be better known once capital update is presented on September 1.
2. State Aid and Future 9C Cuts: State aid reductions are certainly possible during FY 2011 due to the state's continued lackluster economy.

FY 2012: The Look Ahead

Beginning last fiscal year, staff produced three-year projections at different times during the budget process both to track progress in closing the current budget deficit and to project the future impacts of policy and fiscal decisions. An updated three-year projection is shown below for FY 2011-2013. These projections attempt to balance conservative revenue estimates with reasonable expense forecasts to illustrate the relative level of balance/imbalance of future years. At this time, the forecast shows a potential deficit of \$1,797,117 for FY 2012 and \$3,251,795 for FY 2013.

Three-Year Projection

	2010 Actual	2011 Appropriated	2012 Projection	2013 Projection	Notes
General Fund Revenues					
Tax Levy	76,171,856	79,283,758	82,713,587	86,435,784	2.5% allowable; .5% for growth + Excluded Debt Service for C/SC & NHS
State Aid	10,593,626	11,719,198	10,547,278	10,547,278	Assumes 10% decrease in State Aid for FY 2012, level in 2013
Estimated Receipts	10,498,221	9,915,900	10,000,000	10,000,000	Assumes stabilization of local receipts, loss of Court rental in FY 2010 & 2011
Local Option Taxes		640,000	800,000	800,000	Used for Capital Debt Service related to Excluded Projects
Other Local Receipts					
Indirects	2,506,416	2,449,757	2,449,757	2,449,757	Assumes level-funding @ FY 2011 levels
Free Cash	2,147,380	2,660,759	1,500,000	1,500,000	Based upon initial projection for free-cash. (May change)
Stabilization Fund	950,751	98,550	0	0	
Overlay Surplus	1,000,000	0	0	0	Can change based upon final settlement of outstanding ATB cases
Other Available Funds	210,851	190,851	190,851	190,851	No Change
Total General Fund Revenues	104,079,101	106,958,773	108,201,473	111,923,670	
General Fund Expenses					
Education & Learning					
Natick Public Schools	42,391,575	44,005,754	45,986,013	48,055,384	4.5% increase; based upon projected growth of costs & level-service.
Keefe Tech	1,283,158	1,469,598	1,616,558	1,778,214	Assumes continued presence of Natick students & contraction of total population.
Morse Institute Library	1,699,798	1,728,070	1,771,272	1,815,554	2.5% increase
Bacon Free Library	115,846	105,805	108,450	111,161	2.5% increase
Public Safety	11,533,852	12,047,835	12,349,031	12,657,757	2.5% increase
Public Works	6,866,169	7,286,168	7,468,322	7,655,030	2.5% increase
Health & Human Services	1,497,423	1,557,891	1,596,838	1,636,759	2.5% increase
Administrative Support Services	4,182,346	4,074,109	4,175,962	4,280,361	2.5% increase
Committees	25,048	25,010	25,010	25,010	Level-funded
Shared Expenses					
Fringe Benefits	13,683,698	15,300,839	15,830,923	17,414,015	10% increase; Assumes higher rates in FY 2011, 2012, 2013
Prop & Liab. Insurance	438,662	496,150	520,958	547,005	Assumes higher rates in FY 2012, 2013
Retirement	5,243,247	5,472,935	5,729,756	6,188,136	Assumes correction for market in FY 2013 and 2040 full accrual deadline
Debt Services	6,725,074	7,017,319	8,356,062	8,182,656	Minimal new levy funded debt service in 2011, HS & CSC in FY 2012 and 2013
Reserve Fund	0	400,000	400,000	400,000	Level-funded
General Fund Oper. Expenses	95,685,898	100,987,483	105,935,154	110,747,043	
Capital Improvements	300,940	232,260	350,000	350,000	Attempts to maintain at least \$350,000 of levy supported capital
School Bus Transportation	311,186	320,522	330,137	340,041	Assumes 3.0% increase
State & County Assessments	1,540,299	1,387,158	1,435,709	1,485,958	Assumes 3.5% increase
Cherry Sheet Offsets	56,369	133,420	138,090	142,923	Assumes 3.5% increase
Tax Title	25,000	25,000	25,000	25,000	Level-funded
Snow Removal Supplement	749,655	448,991	350,000	350,000	Hopeful...
Overlay	1,321,477	1,100,000	1,100,000	1,400,000	
Golf Course Deficit	355,000	334,500	334,500	334,500	Level-funded
Stablization Fund	800,000	1,634,439			
FLSA Settlement	950,751	315,000			
Misc. Articles (Art. 24)	10,000	0			N/A
Funding for Economic Devel.		40,000			
Contract Settlements (Mun. & Sch.)	0	0			
Total General Fund Expenses	102,106,574	106,958,773	109,998,590	115,175,465	
Net Excess / (Deficit)	1,972,526	0	-1,797,117	-3,251,795	

These projections are essentially similar to projections developed in FY 2010, though the series of positive and negative impacts listed below can change these projections substantially.

Potential positive impacts for FY 2012:

1. Negotiations with collective bargaining units on health care changes could net savings in the range of \$1M + compared to projections listed above.

Potential or known negative impacts for FY 2012:

1. Reduced state aid (10%); amount is based on anticipated continued challenges at the state level. The FY 2011 State budget uses nearly 2 Billion of one-time revenues. Should all of that non-recurring revenue fall to reductions in local aid, the impact for Natick could very well be 10% of our State Aid.

As was the case earlier in the Fiscal Year, this list includes only those positive and negative budgetary impacts that we know of today; we continuously look for opportunities to increase revenues, avoid negative impacts and work more efficiently. The FY 2012 and 2103 projections are designed to be realistically conservative so as to guide the most prudent budget process in these difficult times. Staff will continue to monitor all budgets and revenues and regularly update the Board of Selectmen and Finance Committee on changes.

FY 2012: Policy Concerns:

On September 22nd, administration will hold the Town of Natick's second annual Financial Summit as the official start to the FY 2012 budget planning process. As in previous years, a series of major drivers will influence and shape budget planning (in addition to the Town's adopted Financial Management Principles – attached to the end of this memorandum). A proposed list of those major concerns and issues is listed below.

FY 2012: Major Budget Policy Issues

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

In advance of your next meeting on September 13th and the Financial Summit on September 22nd, we ask that you consider these issues and reflect if there are other major policy concerns and financial issues which you feel require attention in the internal budget development process during the fall.

Our conservative budgeting process has served the Town well. For the first time in many years, no funds from the Stabilization Fund or Overlay Surplus accounts were used in support of the Town's operating budget. In fact, entering FY 2011 we were able to put \$1.6 million *into* the Stabilization Fund. We are by no means, however, riding easy. We must continue our fiscally prudent approach, while recognizing those areas of government where budget and staffing reductions have noticeably affected our ability to offer the variety and quality of services that are valued by Natick's residents. The challenges brought about by the need to balance these objectives will be addressed with a reasoned approach, transparent debate, and a view toward a stable future.

FY 2012 Budget Schedule & Process

Proposed

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
External												
Votes									<input checked="" type="checkbox"/>			
Town Meeting				Town Meeting							Town Meeting	
BOS			★		Review of Budget Goals & Challenges		Selectmen Review of Budget					
SC								Hearing on Budget				
FinComm			Warrant Hearings				FinComm Hearings on Budget & Warrant					
Internal												
Municipal		Capital Develop.		Operating Budget Development & Refinement								
School		Capital Develop.		Operating Budget Development & Refinement								



Significant Dates

August 2010

Capital Development (Internal - Schools & Municipal)

September 2010

Capital Update Submitted

September 1st

★ Summit - Discuss Financial Indicators & Long-Term Projections

September 22nd

October 2010

Operating Budget Development (Internal Schools & Municipal)

All October

2009 Fall Town Meeting

Begins October 19th

November 2010

Operating Budget Development (Internal Schools & Municipal)

All November

BOS - Review of Budget Goals & Objectives

November Meetings

December 2010

Operating Budget Refinement (Internal Schools & Municipal)

All December

BOS - Review of Budget Goals & Objectives

December Meetings

SC - Superintendent's Presentation of School Budget

Early December

January 2011

Submittal of FY 2012 Administrator's Proposed Budget to BOS & FC

January 1st

Finance Committee Public Hearings on Budget

All January

BOS - Review of Budget

February 2011

BOS - Review of Budget

February

SC- Public Hearings on Budget

February

Finance Committee Public Hearings on Budget

All February

March 2011

Finance Committee Public Hearings on Budget

to March 20

Preparation of Materials for Town Meeting

March 20-27

Municipal Election

Late March

April - May 2011

Town Meeting

April-May

July 2011

Start of FY 2012

July 1, 2011

The legislative body of the Town of Natick is a representative Town Meeting comprised of 180 elected Town Meeting Members. Town Meeting has the sole authority to appropriate funds for the operating budget and capital projects. The Town Administrator is required to submit a Proposed Budget to the Board of Selectmen and Finance Committee on January 1, 2011. An **Open Process** is utilized in developing the budget. Internally, input is elicited and encouraged from all staff levels. Externally more and more citizen participation is encouraged and sought after. The open process allows for greater inclusion in decision-making and in the overall development of the budget.

The process begins in the early fall with the internal budget process. Late in October, Town staff work together to develop individual Department Budget Requests that support the operations of the Town’s programs and services, as well as address the needs and objectives that are identified in the Goal Setting Meeting. Department Heads will meet in December with the Town Administrator to review the budget requests and refine disparate proposals into a cohesive whole.

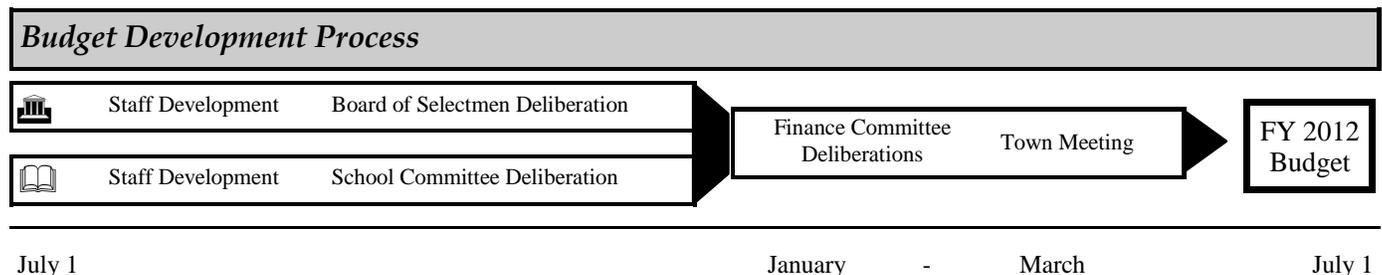
While the municipal staff is developing one part of the operating budget, the School Department begins a separate process for developing the operating budget of the Natick Public Schools. The Town Administrator is responsible for making budget recommendations for all Town programs, including a total School budget. The Superintendent submits his final budget request to the School Board in December.

The Capital Budget and the five-year Capital Improvement Program is just one component of the Town’s Budget. The Town instituted the five-year plan to develop and maintain a healthy relationship between the operating and capital budgets. The goal of the plan is to focus on ensuring that adequate resources are available each year to meet the capital needs of the Town without overburdening the operating budget.

Once the Town Administrator presents her recommended budget to the Board of Selectmen and the Finance Committee on January 1, a series of hearings is held between January and March to vet the budget and allow for the Finance Committee to review and propose a series of recommendations to Town meeting. The members of each of the major committees are involved in and help guide the decision making process from beginning to end. Through this process, the Town Administrator is able to consider the input of all of these groups when preparing the Proposed Budget.

The Finance Committee need time to review the proposal and develop their recommendations, which they are required to present at Town Meeting. Their final recommendations along with the recommended Budget is sent to town Meeting members at least 7 days prior to the start of the Spring Annual Town Meeting, usually the second Tuesday in April. It is through the Representative Town Meeting that funds are appropriated and the Town’s Annual Budget is adopted.

The end result is a collaborative effort involving the Citizens, Board of Selectmen, School Committee, Finance Committee, and Town and School staff and in which the needs of the community are identified and represented. The quality of the outcome is dependent on the process.



Town of Natick General Fund Expenses - FY 2010 *(final - unaudited)*

This spreadsheet details the turnbacks for FY 2010.

Indicates revised budget -



	2009 Actual	2010 Revised Budget	2010 Final (as of 8/18)	Turn Back
Education & Learning				
Article 2 - Section A				
Natick Public Schools	43,578,812	42,462,724	\$ 42,391,575	71,149
Total Natick Public Schools	43,578,812	42,462,724	\$ 42,391,575	71,149
Keefe Tech				
Expenses (Assessment)	1,135,347	1,283,158	\$ 1,283,158	\$ -
Total Keefe Tech	1,135,347	1,283,158	\$ 1,283,158	0
Article 4				
Morse Institute Library				
Salaries & Expenses	1,742,249	1,729,807	\$ 1,699,798	\$ 30,009
Total Morse Institute Library	1,742,249	1,729,807	\$ 1,699,798	30,009
Article 5				
Bacon Free Library				
Salaries & Expenses	116,309	115,896	\$ 115,846	\$ 50
Total Bacon Free Library	116,309	115,896	\$ 115,846	50
Total Education & Learning	46,572,717	45,591,585	\$ 45,490,377	101,207

Town of Natick General Fund Expenses - FY 2010 (final - unaudited)

This spreadsheet details the turnbacks for FY 2010.

Indicates revised budget -



2009 Actual	2010 Revised Budget	2010 Final (as of 8/18)	Turn Back
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Public Safety

Article 2 - Section B

Emergency Management

Expenses	1,330	4,100	\$ 3,414	\$ 686
Total Emergency Management	1,330	4,100	\$ 3,414	686

Police

Salaries	4,918,805	5,095,906	\$ 4,937,332	\$ 158,574
Expenses	192,968	221,694	\$ 209,687	\$ 12,007
Other Chgs. & Expenses	10,527	10,500	\$ 7,271	\$ 3,229
Total Police	5,122,299	5,328,100	\$ 5,154,290	173,810

Fire

Salaries	6,281,369	6,230,805	\$ 6,209,143	\$ 21,662
Expenses	163,698	171,052	\$ 167,005	\$ 4,047
Total Fire	6,445,067	6,401,857	\$ 6,376,148	25,709

Total Public Safety	11,568,696	11,734,057	\$ 11,533,852	200,205
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Town of Natick General Fund Expenses - FY 2010 (final - unaudited)

This spreadsheet details the turnbacks for FY 2010.

Indicates revised budget -



	2009 Actual	2010 Revised Budget	2010 Final (as of 8/18)	Turn Back
Public Works				
Article 2 - Section C				
DPW Administration				
Salaries	287,096	271,647	\$ 218,203	\$ 53,444
Expenses	30,668	42,032	\$ 34,594	\$ 7,438
Total DPW Administration	317,764	313,679	\$ 252,796	60,883
DPW Building Maintenance				
Salaries	347,751	373,608	\$ 371,550	\$ 2,058
Expenses	527,206	480,636	\$ 472,009	\$ 8,627
Total DPW Build. Maint.	874,958	854,244	\$ 843,559	10,685
DPW Energy				
Purchase of Services	1,285,302	1,478,670	\$ 1,224,665	\$ 254,005
Other Charges	1,094	500	\$ 405	\$ 95
Total DPW Energy	1,286,396	1,479,170	\$ 1,225,070	254,100
DPW Engineering				
Salaries	339,921	349,887	\$ 348,535	\$ 1,352
Expenses	68,157	60,924	\$ 55,448	\$ 5,476
Total DPW Engineering	408,078	410,811	\$ 403,982	6,829
DPW Equipment Maintenance				
Salaries	477,908	491,553	\$ 468,788	\$ 22,765
Expenses	254,975	264,715	\$ 242,750	\$ 21,965
Other - Capital Outlay	9,696	8,000	\$ 6,554	\$ 1,446
Total DPW Equip. Maint.	742,580	764,268	\$ 718,092	46,176
DPW Highway & Sanitation				
Salaries	1,197,158	1,214,710	\$ 1,194,538	\$ 20,172
Expenses	287,709	348,350	\$ 321,550	\$ 26,800
Other - Charges & Expenditures	1,447,185	1,357,954	\$ 1,331,496	\$ 26,458
Total DPW Highway & San.	2,932,051	2,921,014	\$ 2,847,584	73,430
DPW Land, Facilities & Nat. Resources				
Salaries	436,696	425,414	\$ 413,681	\$ 11,733
Expenses	180,107	172,290	\$ 161,405	\$ 10,885
Total DPW LF & NR	616,803	597,704	\$ 575,086	22,618
Total Public Works	7,178,630	7,340,890	\$ 6,866,169	474,721

Town of Natick General Fund Expenses - FY 2010 (final - unaudited)

This spreadsheet details the turnbacks for FY 2010.

Indicates revised budget -



	2009 Actual	2010 Revised Budget	2010 Final (as of 8/18)	Turn Back
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Health & Human Services

Article 2 - Section D

Council on Aging

Salaries	243,338	253,131	\$ 243,611	\$ 9,520
Expenses	12,864	17,469	\$ 12,772	\$ 4,697
Other Changes & Expenditures	12,978	19,000	\$ 11,361	\$ 7,639
Total Council on Aging	269,180	289,600	\$ 267,744	21,856

Human Services

Salaries	78,117	86,756	\$ 77,569	\$ 9,187
Expenses	1,968	8,038	\$ 1,840	\$ 6,198
Total Human Services	80,085	94,794	\$ 79,409	15,385

Veterans Services

Salaries	106,558	108,585	\$ 95,745	\$ 12,840
Expenses	4,631	6,100	\$ 3,581	\$ 2,519
Other Changes & Expenditures	160,048	161,426	\$ 154,624	\$ 6,802
Total Veterans Services	271,237	276,111	\$ 253,949	22,162

Board of Health

Salaries	377,819	330,370	\$ 305,344	\$ 25,026
Expenses	21,778	24,450	\$ 11,946	\$ 12,504
Other Changes & Expenditures	9,952	15,000	\$ 8,431	\$ 6,569
Total Board of Health	409,549	369,820	\$ 325,722	44,098

Recreation

Salaries	499,978	505,081	\$ 503,459	\$ 1,622
Operating Expenses	38,418	39,251	\$ 39,229	\$ 22
Other Supplies	27,540	28,270	\$ 27,912	\$ 358
Total Recreation	565,936	572,602	\$ 570,599	2,003

Total Health & Human Services	1,595,987	1,602,927	\$ 1,497,423	105,504
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Town of Natick General Fund Expenses - FY 2010 (final - unaudited)

This spreadsheet details the turnbacks for FY 2010.

Indicates revised budget -



	2009 Actual	2010 Revised Budget	2010 Final (as of 8/18)	Turn Back
General Government				
Article 2 - Section E				
Board of Selectmen				
Salaries	452,463	512,416	\$ 452,502	\$ 59,914
Expenses	140,173	223,618	\$ 219,250	\$ 4,368
Other Charges & Expenditures	37,567	18,357	\$ 18,357	\$ -
Total Board of Selectmen	630,203	754,391	\$ 690,108	64,283
Personnel Board				
Other Charges & Expenditures	868	1,000	\$ -	\$ 1,000
Total Personnel Board	868	1,000	\$ -	1,000
Town Report				
Professional Services	4,400	5,000	\$ 4,926	\$ 74
Total Town Report	4,400	5,000	\$ 4,926	74
Legal				
Expenses	297,861	255,600	\$ 190,947	\$ 64,653
Other Charges & Expenditures	0	10,000	\$ 250	\$ 9,750
Total Legal Services	297,861	265,600	\$ 191,197	74,403
Comptroller				
Salaries	277,910	260,975	\$ 246,678	\$ 14,297
Expenses	16,672	40,495	\$ 38,419	\$ 2,076
Total Comptroller	294,582	301,470	\$ 285,097	16,373
Assessors				
Salaries	282,048	272,562	\$ 269,296	\$ 3,266
Expenses	25,011	54,300	\$ 48,948	\$ 5,352
Other Charges & Expenditures	1,672	274,987	\$ 274,987	\$ 0
Total Assessors	308,732	601,849	\$ 593,230	8,619
Collector				
Salaries	175,268	186,530	\$ 183,520	\$ 3,009
Expenses	131,640	129,350	\$ 124,199	\$ 5,151
Total Collector	306,908	315,880	\$ 307,719	8,160

Town of Natick General Fund Expenses - FY 2010 (final - unaudited)

This spreadsheet details the turnbacks for FY 2010.

Indicates revised budget -



	2009 Actual	2010 Revised Budget	2010 Final (as of 8/18)	Turn Back
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General Government

Article 2 - Section E

Treasurer				
Salaries	106,596	144,208	\$ 136,841	\$ 7,367
Expenses	33,744	65,550	\$ 65,371	\$ 179
Total Treasurer	140,340	209,758	\$ 202,212	7,546
Information Technology				
Salaries	317,805	219,219	\$ 219,219	\$ (0)
Expenses	285,520	354,260	\$ 346,003	\$ 8,257
Other Chgs. & Expenditures	283,476	300,650	\$ 298,240	\$ 2,410
Total Information Technology	886,800	874,129	\$ 863,463	10,666
Town Clerk				
Salaries	189,865	198,307	\$ 188,959	\$ 9,348
Expenses	14,083	19,150	\$ 9,791	\$ 9,359
Total Town Clerk	203,948	217,457	\$ 198,750	18,707
Elections				
Salaries (Registrars)	38,560	45,091	\$ 35,324	\$ 9,767
Expenses (Registrars)	20,500	32,610	\$ 20,487	\$ 12,123
Total Elections	59,060	77,701	\$ 55,811	21,890
Sealer of Weights & Measures				
Salaries	14,317	14,372	\$ 14,317	\$ 55
Expenses	819	600	\$ 588	\$ 12
Total Sealer Weights/Meas.	15,136	14,972	\$ 14,904	68
Parking Enforcement				
Salaries	27,163	39,886	\$ 22,463	\$ 17,423
Expenses	59,284	108,400	\$ 99,882	\$ 8,518
Total Parking Enforcement	86,447	148,286	\$ 122,345	25,941
Community Development				
Salaries	648,687	633,318	\$ 632,287	\$ 1,031
Expenses	27,897	26,561	\$ 20,296	\$ 6,265
Total Community Development	676,584	659,879	\$ 652,584	7,295
Total Admin. Support Services	3,911,867	4,447,372	\$ 4,182,346	265,025

Town of Natick General Fund Expenses - FY 2010 *(final - unaudited)*

This spreadsheet details the turnbacks for FY 2010.

Indicates revised budget -



2009 Actual	2010 Revised Budget	2010 Final (as of 8/18)	Turn Back
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Commissions & Committees

Article 2 - Section F

Finance Committee

Expenses	14,439	24,121	\$ 22,778	\$ 1,344
Total Finance Committee	14,439	24,121	\$ 22,778	1,344

Commission on Disability

Expenses	1,797	1,810	\$ 1,659	\$ 151
Total Commission on Disability	1,797	1,810	\$ 1,659	151

Natick Cultural Council

Expenses	700	700	\$ 502	\$ 198
Total Natick Cultural Council	700	700	\$ 502	198

Historical Commission

Expenses	425	1,000	\$ -	\$ 1,000
Total Historical Commission	425	1,000	\$ -	1,000

Historic District Commission

Expenses	163	500	\$ 110	\$ 390
Total Historic District Comm.	163	500	\$ 110	390

Total Section VIII: Comm.	17,522	28,131	\$ 25,048	3,083
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Town of Natick General Fund Expenses - FY 2010 (final - unaudited)

This spreadsheet details the turnbacks for FY 2010.

Indicates revised budget -



	2009	2010	2010	
	Actual	Revised Budget	Final (as of 8/18)	Turn Back

Shared Expenses (Unclassified)

Article 2: Section G

Employee Fringe				
Other Personnel Services	12,293,905	14,245,784	\$ 13,683,698	\$ 562,086
Total Employee Fringe	12,293,905	14,245,784	\$ 13,683,698	562,086
Property & Liability Insurance				
Purchased Services	410,799	496,150	\$ 438,662	\$ 57,488
Total Prop. & Liab. Insurance	410,799	496,150	\$ 438,662	57,488
Contributory Retirement				
Pension Assessment	5,040,179	5,152,503	\$ 5,152,503	\$ -
Total Contributory Retirement	5,040,179	5,152,503	\$ 5,152,503	0
Non-Contributory Retirement				
Pensions	114,782	118,964	\$ 90,744	\$ 28,220
Total Non-Contributory Retire.	114,782	118,964	\$ 90,744	28,220
Debt Service				
Leased Equipment	28,711	38,550	\$ 32,153	\$ 6,397
Principal	4,852,843	5,033,337	\$ 4,822,367	\$ 210,970
Interest	2,014,438	1,988,847	\$ 1,870,553	\$ 118,294
Total Debt Service	6,895,992	7,060,734	\$ 6,725,074	335,660
Reserve Fund				
Other Charges	73,847	191,226	\$ -	\$ 191,226
Total Reserve Fund	73,847	191,226	\$ -	191,226
Total Shared Expenses	24,829,504	27,265,361	\$ 26,090,681	1,174,680
Total General Fund Operations	95,674,923	98,010,323	\$ 95,685,898	2,324,425

Town of Natick General Fund Expenses - FY 2010 (final - unaudited)

This spreadsheet details the turnbacks for FY 2010.

Indicates revised budget -



	2009 Actual	2010 Revised Budget	2010 Final (as of 8/18)	Turn Back
Reconciliation				
Total General Fund Operations	95,674,923	98,010,323	\$ 95,685,898	2,324,425
Other General Fund Appropriations				
FLSA Labor Settlements	0	950,751	\$ 950,751	\$ (0)
Capital Equipment	293,200	300,940	\$ 300,940	\$ -
School Bus Subsidy	302,122	311,186	\$ 311,186	\$ -
Misc. Articles		810,000	\$ 810,000	\$ -
Golf Course Deficit	355,000	355,000	\$ 355,000	\$ -
Total Other G/F Appropriations	950,322	2,727,877	\$ 2,727,877	0
Other General Fund Expenses (Not appropriated by Town Meeting)				
State & County Assessments	1,552,943	1,540,299	\$ 1,540,299	\$ -
Cherry Sheet Offsets	68,029	56,369	\$ 56,369	\$ -
Tax Title	25,000	25,000	\$ 25,000	\$ -
Snow Removal Supplement	650,000	749,655	\$ 749,655	\$ -
Overlay	1,039,144	1,321,477	\$ 1,321,477	\$ -
Total Other G/F Expenses	3,335,116	3,692,800	\$ 3,692,800	0
Total General Fund	99,960,361	104,430,999	\$ 102,106,574	2,324,425

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.
- 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 stabilization fund should, at a minimum, be at a level equal to 2% of revenues, with the target being 5% of revenues; the stabilization fund should be replenished with surplus funds whenever possible.
- 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 8% of general fund revenues 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 exclusion, Enterprise Fund or Intergovernmental or other sources such as Chapter 90, mitigation funds, etc. Ideally, this target should provide for a minimum of 10% of general fund revenues set aside in support of annual capital budget given the size of the Town's capital assets. However, the Town's current fiscal situation makes such a target unrealistic. This goal should be revisited at the earliest possible opportunity.

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.

Adopted by the Board of Selectmen January 4, 2010