

# General Fund Rev./Exp. Summary - Change from Jan. 1 to Jan.26

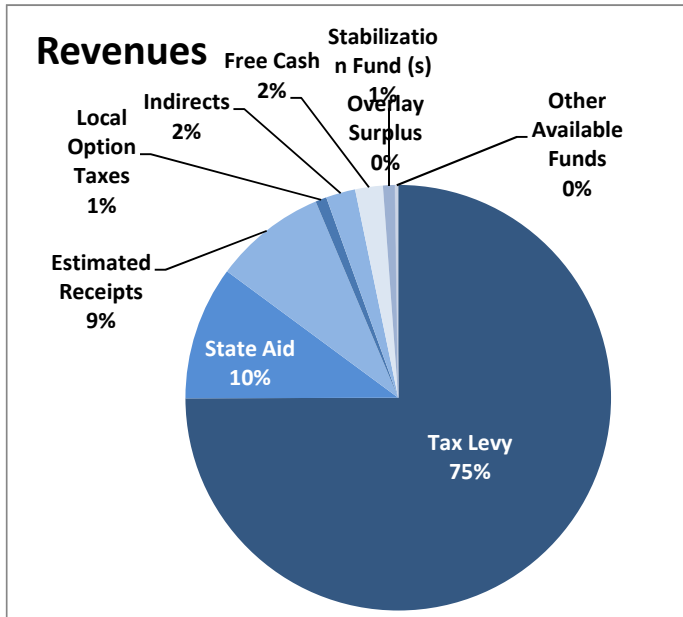
	2013 Preliminary	2013 Jan. 26th	Change \$	Change Reason
<b>General Fund Revenues</b>				
Tax Levy	\$ 88,894,846	\$ 88,894,846	\$ -	
State Aid	\$ 11,509,427	\$ 12,047,485	\$ 538,058	Based on Governor's Recommended Budget Proposal
Estimated Receipts	\$ 10,142,890	\$ 10,142,890	\$ -	
Local Option Taxes	\$ 1,000,000	\$ 1,000,000	\$ -	
Other Local Receipts	\$ -	\$ -	\$ -	
Indirects	\$ 2,640,138	\$ 2,640,138	\$ -	
Free Cash	\$ 2,500,000	\$ 2,500,000	\$ -	
Stabilization Fund	\$ 1,089,950	\$ 1,089,950	\$ -	
Overlay Surplus	\$ -	\$ -	\$ -	
Other Available Funds	\$ 281,532	\$ 281,532	\$ -	
<b>Total General Fund Revenues</b>	<b>118,058,783</b>	<b>118,596,841</b>	<b>538,058</b>	
<b>General Fund Expenses</b>				
Education & Learning				
Natick Public Schools	\$ 48,849,590	\$ 48,849,590	\$ -	
Keefe Tech	\$ 1,536,552	\$ 1,536,552	\$ -	
Morse Institute Library	\$ 1,865,058	\$ 1,865,058	\$ -	
Bacon Free Library	\$ 118,743	\$ 118,743	\$ -	
Public Safety	\$ 13,434,126	\$ 13,448,389	\$ 14,263	Mistakenly omitted two Maint. Contract PIR's for Police Dept.
Public Works	\$ 7,764,492	\$ 7,764,492	\$ -	
Health & Human Services	\$ 1,801,485	\$ 1,801,485	\$ -	
Administrative Support Services	\$ 4,579,701	\$ 4,582,701	\$ 3,000	Error in Elections budget
Committees	\$ 26,010	\$ 26,010	\$ -	
Shared Expenses	\$ -	\$ -	\$ -	
Fringe Benefits	\$ 16,059,188	\$ 15,328,835	\$ (730,353)	Accounts for actual rates voted by WSHG on 1/24 (0% on Rate Savers)
Prop & Liab. Insurance	\$ 553,175	\$ 553,175	\$ -	
Retirement	\$ 6,150,200	\$ 6,150,200	\$ -	
Debt Services	\$ 11,304,544	\$ 11,304,544	\$ -	
Reserve Fund	\$ 400,000	\$ 400,000	\$ -	
<b>General Fund Oper. Expenses</b>	<b>\$ 114,442,863</b>	<b>\$ 113,729,774</b>	<b>\$ (713,090)</b>	
Capital Improvements	\$ 981,700	\$ 981,700	\$ -	
School Bus Transportation	\$ 340,041	\$ 340,041	\$ -	
State & County Assessments	\$ 1,408,562	\$ 1,397,812	\$ (10,750)	Based on Governor's Recommended Budget Proposal
Cherry Sheet Offsets	\$ 160,733	\$ 189,873	\$ 29,140	Based on Governor's Recommended Budget Proposal
Tax Title	\$ 25,000	\$ 25,000	\$ -	
Snow Removal Supplement	\$ 350,000	\$ 350,000	\$ -	
Overlay	\$ 1,400,000	\$ 1,400,000	\$ -	
Golf Course Deficit	\$ 378,624	\$ 378,624	\$ -	
General Stabilization Fund	\$ -	\$ -	\$ -	
Operational Stabilization Fund	\$ -	\$ -	\$ -	
Capital Stabilization Fund	\$ 1,000,000	\$ 1,000,000	\$ -	
FLSA Settlement	\$ -	\$ -	\$ -	
Misc. Articles	\$ -	\$ -	\$ -	
Non-Union Adjustments	\$ -	\$ -	\$ -	
<b>Total General Fund Expenses</b>	<b>\$ 120,487,524</b>	<b>\$ 119,792,824</b>	<b>\$ (694,700)</b>	
<b>Net Excess / (Deficit)</b>	<b>-2,428,741</b>	<b>-1,195,983</b>		

# General Fund Revenue/Expenditure Summary

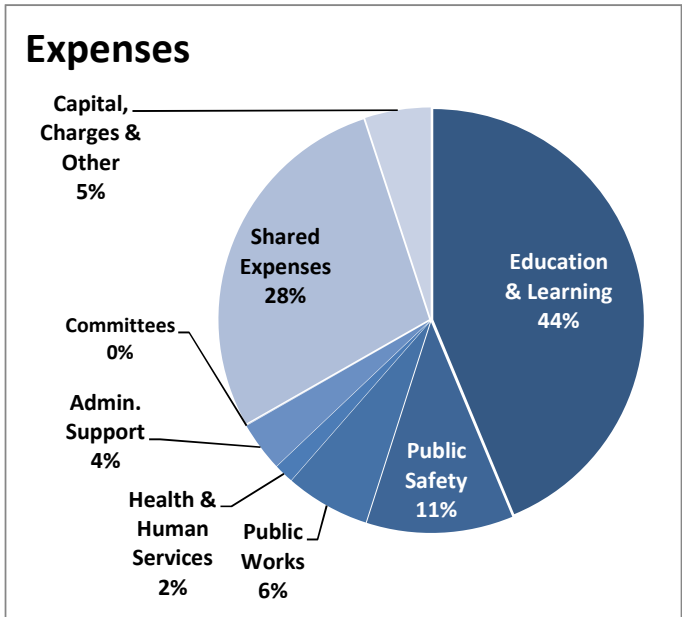
	2010	2011	2012	2013	2012 vs. 2013	
General Fund Revenues	Actual	Actual	Appropriated	Preliminary	\$	%
Tax Levy	\$ 77,024,748	\$ 79,684,179	\$ 86,502,701	\$ 88,894,846	2,392,145	2.77%
State Aid	\$ 10,619,913	\$ 11,711,880	\$ 11,509,427	\$ 12,047,485	538,058	4.67%
Estimated Receipts	\$ 10,524,325	\$ 11,922,815	\$ 9,281,733	\$ 10,142,890	861,157	9.28%
Local Option Taxes	\$ 307,913	\$ 1,170,876	\$ 1,000,000	\$ 1,000,000	0	0.00%
Other Local Receipts						
Indirects	\$ 2,506,416	\$ 2,449,757	\$ 2,535,883	\$ 2,640,138	104,255	4.11%
Free Cash	\$ 2,147,380	\$ 3,425,336	\$ 5,466,393	\$ 2,500,000	-2,966,393	-54.27%
Stabilization Fund (s)	\$ 950,751	\$ 98,550	\$ 689,340	\$ 1,089,950	400,610	58.12%
Overlay Surplus	\$ 1,000,000		\$ 1,000,000	\$ -	-1,000,000	-100.00%
Other Available Funds	\$ 210,851	\$ 190,851	\$ 281,532	\$ 281,532	0	0.00%
<b>Total General Fund Revenues</b>	<b>105,292,298</b>	<b>110,654,244</b>	<b>118,267,009</b>	<b>118,596,841</b>	<b>329,832</b>	<b>0.28%</b>
<b>General Fund Expenses</b>						
Education & Learning						
Natick Public Schools	\$ 41,769,099	\$ 44,364,711	\$ 46,406,138	\$ 48,849,590	2,443,452	5.27%
Keefe Tech	\$ 1,283,158	\$ 1,469,598	\$ 1,396,865	\$ 1,536,552	139,687	10.00%
Morse Institute Library	\$ 1,699,158	\$ 1,739,131	\$ 1,848,818	\$ 1,865,058	16,240	0.88%
Bacon Free Library	\$ 115,846	\$ 109,706	\$ 118,827	\$ 118,743	-84	-0.07%
Public Safety	\$ 11,602,965	\$ 12,052,297	\$ 13,124,052	\$ 13,448,389	324,337	2.47%
Public Works	\$ 7,228,240	\$ 7,542,691	\$ 7,653,410	\$ 7,764,492	111,082	1.45%
Health & Human Services	\$ 1,492,356	\$ 1,560,965	\$ 1,733,513	\$ 1,801,485	67,972	3.92%
Administrative Support Services	\$ 3,728,593	\$ 3,831,269	\$ 4,354,576	\$ 4,582,701	228,126	5.24%
Committees	\$ 26,438	\$ 23,278	\$ 25,510	\$ 26,010	500	1.96%
Shared Expenses						
Fringe Benefits	\$ 13,660,686	\$ 14,200,952	\$ 15,076,350	\$ 15,328,835	252,485	1.67%
Prop & Liab. Insurance	\$ 431,162	\$ 451,853	\$ 520,958	\$ 553,175	32,217	6.18%
Retirement	\$ 5,243,247	\$ 5,475,739	\$ 5,717,032	\$ 6,150,200	433,168	7.58%
Debt Services	\$ 6,723,610	\$ 6,787,251	\$ 10,989,545	\$ 11,304,544	314,999	2.87%
Reserve Fund	\$ -	\$ -	\$ 400,000	\$ 400,000	0	0.00%
<b>General Fund Oper. Expenses</b>	<b>\$ 95,004,559</b>	<b>\$ 99,609,440</b>	<b>\$ 109,365,594</b>	<b>\$ 113,729,774</b>	<b>4,364,180</b>	<b>3.99%</b>
Capital Improvements	\$ 300,940	\$ 543,120	\$ 1,401,900	\$ 981,700	-420,200	-29.97%
School Bus Transportation	\$ 311,186	\$ 290,014	\$ 330,137	\$ 340,041	9,904	3.00%
State & County Assessments	\$ 1,540,299	\$ 1,351,044	\$ 1,360,929	\$ 1,397,812	36,883	2.71%
Cherry Sheet Offsets	\$ 56,369	\$ 131,434	\$ 155,298	\$ 189,873	34,575	22.26%
Tax Title	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	0	0.00%
Snow Removal Supplement	\$ 749,655	\$ 448,991	\$ 765,163	\$ 350,000	-415,163	-54.26%
Overlay	\$ 1,321,477	\$ 1,112,323	\$ 1,133,967	\$ 1,400,000	266,033	23.46%
Golf Course Deficit	\$ 355,000	\$ 334,500	\$ 320,000	\$ 378,624	58,624	18.32%
General Stabilization Fund	\$ 800,000	\$ 1,634,439	\$ -	\$ -	0	0.00%
Operational Stabilization Fund	\$ -	\$ -	\$ 856,478	\$ -	-856,478	-100.00%
Capital Stabilization Fund	\$ -	\$ 307,913	\$ 1,859,511	\$ 1,000,000	-859,511	-46.22%
FLSA Settlement	\$ 950,751	\$ -	\$ 593,032	\$ -	-593,032	-100.00%
Misc. Articles	\$ 10,000	\$ 85,000	\$ 100,000	\$ -	-100,000	-100.00%
Non-Union Adjustments	\$ -	\$ 63,512	\$ -	\$ -	0	0.00%
<b>Total General Fund Expenses</b>	<b>\$ 101,425,235</b>	<b>\$ 105,936,730</b>	<b>\$ 118,267,009</b>	<b>\$ 119,792,824</b>	<b>1,525,815</b>	<b>1.29%</b>
<b>Net Excess / (Deficit)</b>	<b>3,867,062</b>	<b>4,717,514</b>	<b>0</b>	<b>-1,195,983</b>		

# General Fund Revenue/Expenditure Summary

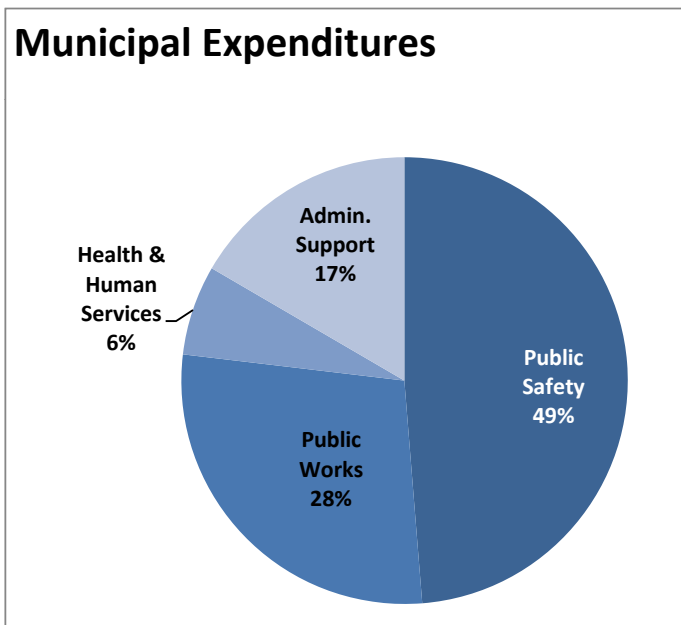
General Fund Revenues - FY 2013



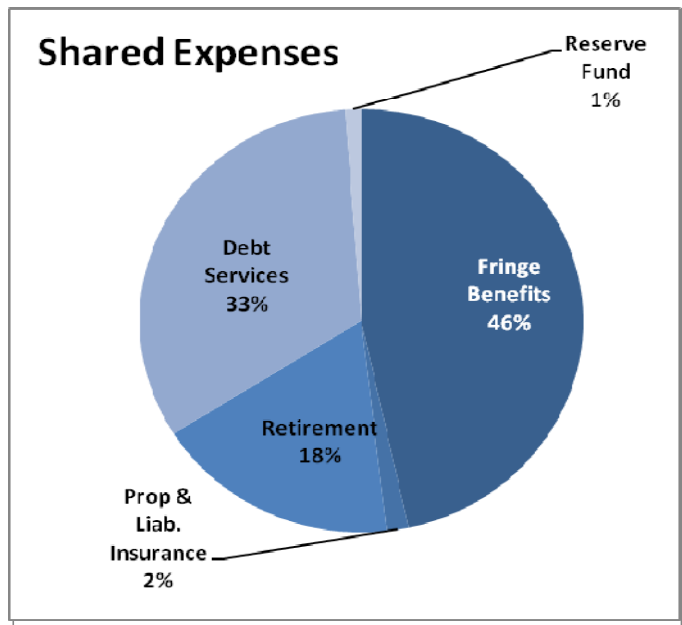
General Fund Expenditures - FY 2013



Municipal Expenditures - FY 2013



Shared Expenditures - FY 2013





**FY 2013 Revenue Split**

Purpose: To divide revenues according to current expense allocation

**Step 1: Reconciliation**

Total FY 2013 General Fund Revenue		\$	118,596,841
Less FY 2012 Education	\$	46,406,138	
Less FY 2012 Municipal*	\$	28,858,706	
Less FY 2013 Shared**	\$	35,034,554	
Less FY 2013 Capital	\$	981,700	
Less FY 2013 Other/Reserves	\$	5,081,350	

<b>Incremental Revenue</b>		\$	<b>2,234,393</b>
----------------------------	--	----	------------------

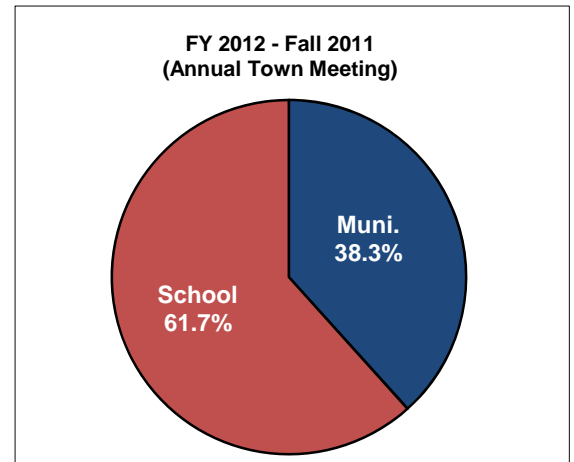
\* Includes Libraries

\*\* Includes Keefe Tech

**Step 2: Split**

FY 2012 - Fall 2011 (Annual Town Meeting)

Municipal	\$	28,858,706	38.3%
School	\$	46,406,138	61.7%
<b>Total</b>	\$	<b>75,264,844</b>	<b>100.0%</b>



Incremental Revenue	\$	2,234,393			
Municipal Split (38.3%)	\$	856,731	School Split (61.7%)	\$	1,377,663
<b>Municipal Revenues for 2013</b>	\$	<b>856,731</b>	<b>School Revenues for 2013</b>	\$	<b>1,377,663</b>

**Step 3: Deficit Determination**

Municipal Request Increment	\$	(748,172)	School Request Increment	\$	(2,443,452)
Add Municipal Added Position Benefit	\$	(59,688)	Add School Added Position Benefits	\$	(179,064)
Less Incremental Revenues	\$	856,731	Less Incremental Revenues	\$	1,377,663
<b>Municipal Deficit</b>	\$	<b>48,871</b>	<b>Education Deficit</b>	\$	<b>(1,244,854)</b>

Balance as of 1/26  
\$ (1,195,983)



#### FY 2013 Revenue Split

Since FY 2010, the distribution of revenues and the division of budget deficits has been governed in Natick through the use of the following "Split" methodology.

#### Methodology:

##### **Step 1: Revenue & Expenses Reconciliation**

The first of three steps in this model is to determine the amount of incremental revenue available to all operations town-wide. This 1. The allocation model starts by taking the total general fund revenues as projected by the Town Administrator as of January 1, 2012.

2. Next, the allocation model uses the FY2012 General Government and Education budgets as adopted at the Fall 2011 Annual Town Meeting.

3. Finally, the incremental revenue is determined by the following formula:

**Start:** Total projected FY2013 General Fund Revenue

**Less:** a) FY2012 School budget as approved by the Spring ATM  
b) FY2012 General Government budget as approved by the Fall ATM  
c) FY2013 Shared Expenses  
d) FY2013 Capital  
e) FY2013 Budget for other fixed costs/assessments/etc.

**Equals:** Balance allocated to the General Government and Education components

##### **Step 2: Split**

As stated above, the allocation model uses the FY2012 General Government and Education budgets as adopted at the Fall 2011 Annual Town Meeting. That split, 61.7% to the schools and 38.3% to the municipal departments, is then applied to the incremental revenue. This year, that results in an apportionment of the incremental deficit, as detailed on the following page:

##### **Step 3: Final Deficit Determination**

The final step in the splitting process is to add to the incremental revenues each sides increase over the previous fiscal year.

#### **Ground Rules: How each side agrees to close their respective gaps**

In addition to the model as shown on the next page, these ground rules were agreed to by the Financial Planning Committee last year. These are subject to change and will be reviewed by policymakers in early 2012 should changes be necessary.

1. Changes to revenues will be made to Step 1: Reconciliation as more information becomes available. This will result in either a positive or negative effect – which will be split by both sides as per the allocation model methodology.
2. If there are budget reductions made to the Shared Expense budget, these “savings” will be split according to the methodology between the General Government and Education components except under the following situation:
  - Any benefit savings resulting from personnel reductions will remain with Shared Expenses for the purpose of paying said personnel’s unemployment costs.
3. For any net new positions added in FY2012, the cost of benefits (health insurance, Medicare, workers compensation) is the responsibility of the proposing agency.
4. Any reductions in capital or other expenses will be split according to the methodology on the same prorated basis that revenues are shared.
5. If the Board of Selectmen or School Committee increases a specific fee-for-service in FY2012 that is greater than the fee or charge in FY2011, with the exception of fees for trash bags, those revenues will remain with the respective General Government or Education budget and reduce any budget shortfall on a dollar-for-dollar basis.



# Town of Natick

Home of Champions

FY 2013 Budget Development

## Budget Balancing Plan - January 26th (Version 1.2)

Budget Summary: Current vs. Balanced	Current	Balanced
<b>Revenues</b>	<b>\$ 118,596,841</b>	<b>\$ 118,596,841</b>
<b>Expenses</b>		
Education	\$ 48,849,590	\$ 47,604,737
Municipal (includes Libraries)	\$ 29,606,878	\$ 29,655,748
Shared (Includes Keefe Tech Assessment)	\$ 35,273,306	\$ 35,273,306
Capital	\$ 981,700	\$ 981,700
Other/Reserves	\$ 5,081,350	\$ 5,081,350
<b>Expenses (Total)</b>	<b>\$ 119,792,824</b>	<b>\$ 118,596,841</b>
<b>Balance (Deficit)</b>	<b>\$ (1,195,983)</b>	<b>\$ -</b>

## Budget Deficit as of 1/26/2012

Education Deficit	\$ (1,244,854)
Municipal Deficit	\$ 48,871
<b>Total Budget Deficit as of 1/26/2012</b>	<b>\$ (1,195,983)</b>

## Balancing Options as of 1/26/2012

Municipal Budget Balancing	Amount	Reduction as %	Current Request (13')	Education Budget Balancing	Amount	Reduction as %	Current Request (13')
Deficit	\$ 48,871	-0.2%	\$ 29,606,878	Deficit	\$ (1,244,854)	2.5%	\$ 48,849,590
Shared Expense Revisions	TBD			Shared Expense Revisions	TBD		
Revenue Enhancements	TBD			Revenue Enhancements	TBD		
Program and Staff Reductions	\$ (48,871)	-0.2%		Program and Staff Reductions	\$ 1,244,854	2.5%	
<b>Balance</b>	<b>\$ -</b>			<b>Balance</b>	<b>\$ -</b>		

## Potential Budget Reduction Options

### Option 1: Shared Expense Revisions

The FY 2013 Preliminary Budget was built with a series of assumptions, especially in the area of Shared Expenses. Final Health Care Premium numbers from the West Suburban Health Group were voted on January 24, 2012. There will be no increase in the "Rate Saver Plans" (of which the vast majority of Natick employees and many retirees use) for FY 2013. We had originally forecast a 7% increase. This has saved \$735,221 from the 1/1 budget.

In addition, the Finance Director is preparing for a refinancing of the Town's Debt. The Town's prestigious Aaa Credit Rating, combined with historically low interest rates, should generate savings for the Town when it goes out to refinance. These savings would also be shared between the School and the Municipal sides.

### Option 2: Revenue Enhancement

Revenues for the FY 2013 are detailed in Section II of the Preliminary Budget. The Governor announced his local aid proposal as part of his budget submission on January 25th, 2012. The Governor's Recommended Budget proposes an increase of \$538,058 for Natick from FY 2012 to FY 2013. No recommendations are being put forward at this time for fee increases locally.



Budget Balancing Plan - January 26th (Version 1.2)

Option 3: Consolidation of Departments/Divisions

Ongoing consolidation of the Schools and Municipal Facilities Maintenance functions should be completed in time for Spring 2012 ATM. Although cost savings is not anticipated through the first year of full consolidation, until the budgets are consolidated the possibility exists. Other departmental consolidations, including the ongoing development of the Community Services Department, may yield savings in FY 2013 and beyond.

Other departmental consolidations and/or efficiencies will continue to be researched and brought forward throughout the budget process should they yield cost savings.

Option #4: Program and Staff Reductions

Inevitably, although the budgets put forward represent level-service requests with a modicum of program improvements, the requested budgets will likely not meet the available level of funds. Program and Staff Reductions may have to be considered, including but no limited to not funding recommended Program Improvement Requests, new positions within the Natick Public Schools, replacement of existing positions and reduction of service to existing programs. This option will be researched and brought forward once the impacts of Options 1-3 are better known.

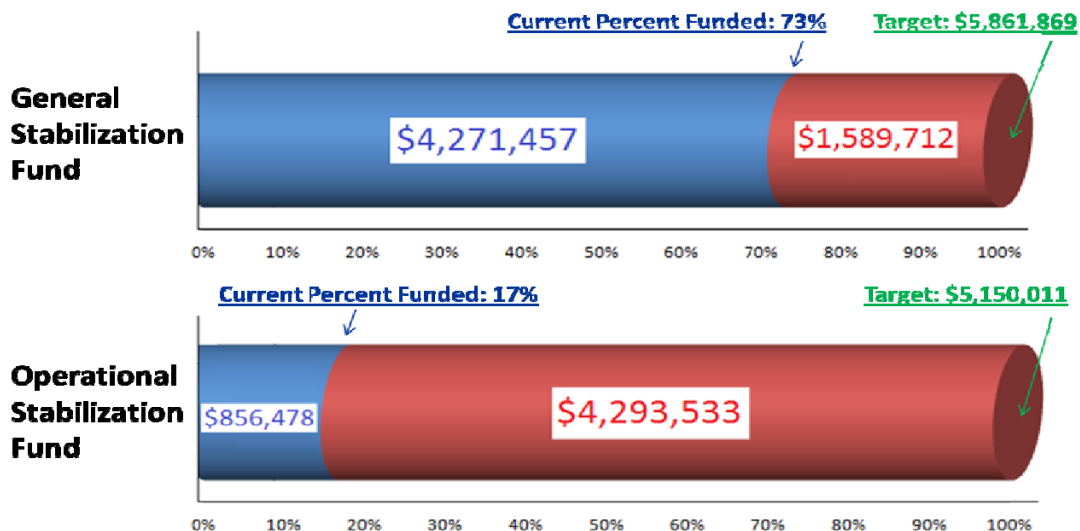
Given the degree of what is unknown, we expect to be able to report back to the Board of Selectmen, School Committee and Finance Committee by mid-to-late February as to the impact of Options 1-3 and produce final reduction recommendations at that time.

Options Not Considered

No Option #1: Utilization of Town's Reserves

The Town has weathered the Great Recession well over the last several years. We have successfully been able to rebuild critical reserves and begin to create a portfolio of diversified reserves to properly support the Town's financial operations. One option not considered and strongly not recommended to be utilized to close the budget gap in FY 2013 is to use the Town's reserves in the General or Operational Stabilization Funds.

The chart below shows the status of the Town's Stabilization Funds Reserves.



Although we see no need to augment the reserves we have, there is also no recommended use of those funds at this time as per the Town's Financial Management Principles. The principles state the following for each fund:

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.



**Budget Balancing Plan - January 26th (Version 1.2)**

The forecast budget deficit is an annual occurrence, and is not an unforeseen and catastrophic emergency - therefore it does not meet the definition for using the General Stabilization Fund.

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.

The forecast budget deficit is a result of forecasting revenues and expenses. The revenue estimates assume level-funded amounts of State Aid and Local Receipts. Since no reduction in state aid and local receipts are forecast in FY 2013, the budget deficit does not meet the definition for using the Operational Stabilization Fund.

Utilization of the Town's Stabilization's Funds for FY 2013 is limited to the Capital Stabilization Fund, whereby nearly \$1.1 Million is being proposed to support both cash capital expenditures and to reduce the burden of the High School and Community/Senior Center on Natick's taxpayers.



## Three-Year Projection (revised 1/25/2012)

---

### METHODOLOGY

The table on the next pages shows projections of total expenditure requirements and revenues for the next three years, FY 2013-FY 2015. Projections are calculated in the aggregate, using conservative assumptions, with the intention of giving an overall perspective on the Town's budget outlook. The projections are presented in sequence with the current year for comparison.

### Revenues

Revenues are comprised of four primary components: the Tax Levy, State Aid, Local Receipts and Other Available Funds. The Tax Levy will remain constantly growing at the Proposition 2.5% level annually and minimal new growth due to construction. State Aid is projected to remain level at FY 2012 amounts. Local receipts are also projected to remain essentially level over the period of FY 2013 through FY 2015; although these will obviously be revisited when the economy begins to pick back up. Other Available Funds are expected to remain constant - steadily growing indirect allocations from Enterprise Funds, between \$1,500,000 and \$2,500,000 in Free Cash applied to operations annually and small amounts for other revenues expect to support small parts of operations. Finally, the Capital Stabilization Fund, using revenues generated from local option taxes, will support new cash capital projects and increasing portions of the debt service attributable to the High School and Community Senior Center projects.

### Expenses

In the operating budget, wage projections are complicated by the fact that both school and general government contracts expire at the end of FY 2012 making forecasting difficult for FY 2013 and beyond. In order to accommodate this, we have separated out the costs of potential Cost-of-Living Adjustments and placed them "below the bottom line" on the following page under the title "Variable Cost Drivers. Therefore, *COLA's are NOT built into this Three-Year Projection*. On the whole, we have calculated a 4.5% increase in total expenses for the Natick Public Schools, a 10% increase for the Keefe Tech Assessment and a 2.5% increase for all municipal departments, consistent with past forecast practices of the Town. These increases may not be sustainable into future years; it is incumbent on the Town and School administrations and elected officials to budget responsibly and identify areas for cost reduction and revenue enhancement to ensure Natick's sound financial future.

The greatest changes going forward rest within the categories of Shared Expenses. While great savings has been achieved within municipal health care over the last several years through the shift of retirees to Medicare active employees to cheaper health care models, health care overall will more than 5% annually. So too will pension costs, as the new assessment will require a minimum of 8% annual increases in the municipal contribution to meet the funding deadlines for the foreseeable future.

### RESULTS

These projections forecast a sizable gap between the cost of providing the current level of services and the revenue that may be generated over the next several years. In FY2014 and 2015, the preliminary gap is projected to be roughly \$4.8-5.0 million annually. Though just a forecast, and with the realization that the community must produce a balance budget, these forecasts demonstrate one clear reality: The Town of Natick has a sizeable structural budget imbalance. This can be filled with one-time resources, but not sustainably. In order to achieve sustainability within Town services in the future, either efficiencies will have to be found, services reduced, or new revenue streams developed. As we move from to Spring 2012, Town Officials will continue to monitor revenue receipts, examine new ways of doing business and continue working to make Natick's government more sustainable.

# Three-Year Projection (revised 1/25/2012)

	2012 Appropriated	2013 Preliminary	2014 Projection	2015 Projection	Comments
<b>General Fund Revenues</b>					
1 Tax Levy	86,502,701	88,894,846	89,097,782	91,770,715	2.5% allowable; .5% for growth + Excluded Debt Service for C/SC & NHS
2 State Aid	11,509,427	12,047,485	12,047,485	12,047,485	Level-funded @ FY 2012 Level
3 Estimated Receipts	9,281,733	10,142,890	10,142,890	10,142,890	Assumes stabilization of local receipts, level-funded @ FY 2012 level
4 Local Option Taxes	1,000,000	1,000,000	1,000,000	1,000,000	Used for Capital Debt Service related to Excluded Projects
5 Other Local Receipts	0	0			
6 Indirects	2,535,883	2,640,138	2,711,206	2,775,248	Dependent Upon General Fund Operating Budget
7 Free Cash	5,466,393	2,500,000	1,500,000	2,500,000	\$1.5 M Recurring F.C. assured; add'l F.C. less certain
8 Stabilization Fund	689,340	1,089,950	1,158,250	1,158,250	Assumes \$700K spent on Capital, balance on Debt Service for HS/CSC
9 Overlay Surplus	1,000,000	0	1,000,000	0	Can change based upon final settlement of outstanding ATB cases
10 Other Available Funds	281,532	281,532	281,532	281,532	Parking Meter Receipts, Other State Remb., Bond Premiums for HS/CSC
<b>Total General Fund Revenues</b>	<b>118,267,009</b>	<b>118,596,841</b>	<b>118,939,145</b>	<b>121,676,120</b>	
<b>General Fund Expenses</b>					
Education & Learning					
11 Natick Public Schools	46,406,138	48,849,590	49,399,148	49,954,889	4.5% increase on expenses only
12 Keefe Tech	1,396,865	1,536,552	1,690,207	1,859,227	10% Increase: Assumes increase of Natick students & lower total pop.
13 Morse Institute Library	1,848,818	1,865,058	1,872,233	1,879,587	Assumes 2.5% increase on expenses only
14 Bacon Free Library	118,827	118,743	119,132	119,530	Assumes 2.5% increase on expenses only
15 Public Safety	13,124,052	13,448,389	13,461,772	13,475,489	Assumes 2.5% increase on expenses only
16 Public Works	7,653,410	7,764,492	7,877,423	7,993,178	Assumes 2.5% increase on expenses only
17 Health & Human Services	1,733,513	1,801,485	1,809,726	1,818,172	Assumes 2.5% increase on expenses only
18 Administrative Support Services	4,354,576	4,582,701	4,624,937	4,668,229	Assumes 2.5% increase on expenses only
19 Committees	25,510	26,010	26,010	26,010	Level-Funded
20 Shared Expenses					
21 Fringe Benefits	15,076,350	15,328,835	16,633,014	18,067,610	10% increase in health premiums; higher rates in FY 2014 & 2015
22 Prop & Liab. Insurance	520,958	553,175	580,834	609,875	Assumes higher rates in FY 2014 & 2015 (5% annually)
23 Retirement	5,717,032	6,150,200	6,642,216	7,173,593	Assumes 8% increase annually
24 Debt Services	10,989,545	11,304,544	11,654,544	11,504,544	Minimal new levy funded debt in 2011, HS & CSC in FY '12 & '13
25 Reserve Fund	400,000	400,000	400,000	400,000	Level-Funded
<b>General Fund Oper. Expenses</b>	<b>109,365,594</b>	<b>113,729,774</b>	<b>116,791,195</b>	<b>119,549,935</b>	
26 Capital Improvements	1,401,900	981,700	700,000	700,000	Unnecessary as Capital Stab. Fund provides cash funding moving forward.
27 School Bus Transportation	330,137	340,041	350,243	360,750	3% annual increase
28 State & County Assessments	1,360,929	1,397,812	1,446,735	1,497,371	Assumes 3.5% increase
29 Cherry Sheet Offsets	155,298	189,873	196,519	203,397	Assumes 3.5% increase
30 Tax Title	25,000	25,000	25,000	25,000	
31 Snow Removal Supplement	765,163	350,000	350,000	350,000	
32 Overlay	1,133,967	1,400,000	1,400,000	1,100,000	
33 Golf Course Deficit	320,000	378,624	380,030	381,472	Steady reduction moving forward (at least \$10,000 annually)
34 Stabilization Fund	0	0	0	0	
35 Operational Stabilization Fund	856,478	0	0	0	
36 Capital Stabilization Fund	1,859,511	1,000,000	1,000,000	1,000,000	Funds raised from local option taxes
37 FLSA Settlement	593,032	0	0	0	
38 Misc. Articles	100,000	0	0	0	
39 Non-Union Adjustments	0	0	0	0	
<b>Total General Fund Expenses</b>	<b>118,267,009</b>	<b>119,792,824</b>	<b>122,639,722</b>	<b>125,167,925</b>	
<b>Net Excess / (Deficit)</b>	<b>0</b>	<b>-1,195,983</b>	<b>-3,700,577</b>	<b>-3,491,804</b>	

## Variable Cost Drivers

Cost of Living Adjustments	FY 2013	FY 2014	FY 2015	
1% Schools	\$ 360,305	\$ 724,214	\$ 1,091,761	FY 2014 & FY 2015 Cost is impact of 1% in all years
1% Municipal	\$ 213,747	\$ 429,632	\$ 647,675	FY 2014 & FY 2015 Cost is impact of 1% in all years
2% Schools	\$ 720,610	\$ 1,455,633	\$ 2,205,356	FY 2014 & FY 2015 Cost is impact of 2% in all years
2% Municipal	\$ 427,494	\$ 863,539	\$ 1,308,304	FY 2014 & FY 2015 Cost is impact of 2% in all years
2.5% Schools	\$ 900,763	\$ 1,802,338	\$ 2,748,160	FY 2014 & FY 2015 Cost is impact of 2.5% in all years
2.5% Municipal	\$ 534,368	\$ 1,082,095	\$ 1,643,516	FY 2014 & FY 2015 Cost is impact of 2.5% in all years

**FY2013 Local Aid**

**NATICK**

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F (E-D)</u>	
	FY2011 Final	FY 2012 Original Natick Estimate	FY2012 Final	FY 2013 Original Natick Estimate	FY2013 Governor's Budget	Change between FY 2013 Estimate & FY 2013 Governor's Budget	
						\$	%
<b>Education:</b>							
Chapter 70	\$ 7,024,303	\$ 6,321,873	\$ 7,062,013	\$ 7,062,013	\$ 7,509,142	\$ 447,129	6.33%
Charter Tuition Reimbursement	\$ 47,329	\$ 42,596	\$ 65,378	\$ 65,378	\$ 91,435	\$ 26,057	39.86%
<b>Offset Receipts:</b>							
School Lunch	\$ 15,595	\$ 14,036	\$ 19,032	\$ 19,032	\$ 20,202	\$ 1,170	6.15%
School Choice Receiving Tuition	\$ 81,529	\$ 73,376	\$ 98,864	\$ 98,864	\$ 132,864	\$ 34,000	34.39%
<b>Sub-Total, All Education Items</b>	<b>\$ 7,168,756</b>	<b>\$ 6,451,880</b>	<b>\$ 7,245,287</b>	<b>\$ 7,245,287</b>	<b>\$ 7,753,643</b>	<b>\$ 508,356</b>	<b>7.02%</b>
<b>General Government:</b>							
<b>Unrestricted General Government Aid</b>	<b>\$ 3,223,110</b>	<b>\$ 2,900,799</b>	<b>\$ 2,990,066</b>	<b>\$ 2,990,066</b>	<b>\$ 2,990,066</b>	\$ -	0.00%
Police Career Incentive	\$ 20,558	\$ 18,502	\$ -				
Veterans' Benefits	\$ 116,685	\$ 105,017	\$ 98,032	\$ 98,032	\$ 130,003	\$ 31,971	32.61%
State Owned Land	\$ 106,348	\$ 95,713	\$ 110,151	\$ 110,151	\$ 110,187	\$ 36	0.03%
Exemptions: Vets, Blind, Surviving Spouses & Elderly	\$ 121,758	\$ 109,582	\$ 111,650	\$ 111,650	\$ 109,940	\$ (1,710)	-1.53%
<b>Offset Receipts:</b>							
Public Libraries	\$ 37,825	\$ 34,043	\$ 37,402	\$ 37,402	\$ 36,807	\$ (595)	-1.59%
<b>Sub-Total, All General Government</b>	<b>\$ 3,626,284</b>	<b>\$ 3,263,656</b>	<b>\$ 3,347,301</b>	<b>\$ 3,347,301</b>	<b>\$ 3,377,003</b>	<b>\$ 29,702</b>	<b>0.89%</b>
Plus SBA Reimbursement	\$ 916,839	\$ 916,839	\$ 916,839	\$ 916,839	\$ 916,839	\$ -	0%
<b>Total State Aid</b>	<b>\$ 11,711,879</b>	<b>\$ 10,632,375</b>	<b>\$ 11,509,427</b>	<b>\$ 11,509,427</b>	<b>\$ 12,047,485</b>	<b>\$ 538,058</b>	<b>4.67%</b>

**FY2013 Local Aid Assessments  
NATICK**

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F (E-D)</u>	
	FY2011 Final	FY 2012 Original Natick Estimate	FY2012 Final	FY 2013 Original Natick Estimate	FY2013 Governor's Budget	Change between FY 2013 Estimate & FY 2013 Governor's Budget	
						\$	%
<b>State Assessments and Charges:</b>							
Mosquito Control Projects	\$ 55,240	\$ 57,173	\$ 58,694	\$ 60,748	\$ 63,204	\$ 2,456	4.04%
Air Pollution Districts	\$ 10,899	\$ 11,280	\$ 11,746	\$ 12,157	\$ 12,178	\$ 21	0.17%
Metropolitan Area Planning Council	\$ 9,611	\$ 9,947	\$ 9,839	\$ 10,183	\$ 10,398	\$ 215	2.11%
RMV Non-Renewal Surcharge	\$ 35,860	\$ 37,115	\$ 30,520	\$ 31,588	\$ 30,160	\$ (1,428)	-4.52%
<b>Sub-Total, State Assessments</b>	<b>\$ 111,610</b>	<b>\$ 115,516</b>	<b>\$ 110,799</b>	<b>\$ 114,677</b>	<b>\$ 115,940</b>	<b>\$ 1,263</b>	<b>1.10%</b>
<b>Transportation Authorities:</b>							
MBTA	\$ 392,550	\$ 406,289	\$ 385,460	\$ 398,951	\$ 269,676	\$ (129,275)	-32.40%
Regional Transit	\$ 257,576	\$ 266,591	\$ 264,015	\$ 273,256	\$ 427,605	\$ 154,349	56.49%
<b>Sub-Total, Transportation Authorities</b>	<b>\$ 650,126</b>	<b>\$ 672,880</b>	<b>\$ 649,475</b>	<b>\$ 672,207</b>	<b>\$ 697,281</b>	<b>\$ 25,074</b>	<b>3.73%</b>
<b>Annual Charges Against Receipts:</b>							
Special Education	\$ -	\$ -	\$ 1,686	\$ 1,745	\$ -	\$ (1,745)	-100.00%
<b>Sub-Total, Annual Charges</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,686</b>	<b>\$ 1,745</b>	<b>\$ -</b>	<b>\$ (1,745)</b>	<b>-100.00%</b>
<b>Tuition Assessments</b>							
School Choice Sending Tuition	\$ 5,000	\$ 5,175	\$ 17,500	\$ 18,113	\$ 25,000	\$ 6,888	38.03%
Charter School Sending Tuition	\$ 588,689	\$ 609,293	\$ 581,469	\$ 601,820	\$ 559,591	\$ (42,229)	-7.02%
Essex County Tech Sending Tuition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
<b>Sub-Total, Tuition Assessments</b>	<b>\$ 593,689</b>	<b>\$ 614,468</b>	<b>\$ 598,969</b>	<b>\$ 619,933</b>	<b>\$ 584,591</b>	<b>\$ (35,342)</b>	<b>-5.70%</b>
<b>Total Estimated Charges</b>	<b>1,355,425</b>	<b>1,402,865</b>	<b>1,360,929</b>	<b>1,408,562</b>	<b>1,397,812</b>	<b>-10,750</b>	<b>-0.76%</b>
<b>Net State Aid</b>	<b>10,356,454</b>	<b>9,229,510</b>	<b>10,148,498</b>	<b>10,100,865</b>	<b>10,649,673</b>		