



Town of Natick

FY 2010 Budget

Section II: Revenues



Town of Natick

FY 2010 Budget

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Revenues

Funding for services provided to Natick residents comes from a variety of sources. The Town strives to maintain a diversified and stable revenue system that will provide shelter from short-run fluctuations in any one revenue source and ensure the ability to provide ongoing services. Total budgeted revenue, regardless of the source, is projected to be \$116,166,511 in FY 2010.

Revenue Summary	FY 2007 Budget	FY 2008 Budget	FY 2009 Budget	FY 2010 Projected	FY 09-10 Change	
					\$	%
General Fund						
Property Tax Levy (Table 1)	62,852,780	64,617,822	73,083,995	75,818,308	2,734,313	3.74%
State Aid (Table 2)	11,843,080	12,315,120	12,341,007	10,533,589	-1,807,418	-14.65%
Estimated Receipts (Table 3)	13,379,848	13,692,857	10,607,283	9,686,423	-920,860	-8.68%
Other Local Receipts (Table 4)	8,137,520	9,132,802	6,357,196	5,817,267	-539,929	-8.49%
Less set-aside for Free Cash				-125,202		
Total General Fund	96,213,228	99,758,601	102,389,481	101,730,385	-659,096	-0.64%
Enterprise Revenues (Table 5)	12,416,063	14,653,034	14,073,699	14,456,496	382,797	2.72%
Total Revenues - All Funds	108,629,291	114,411,635	116,463,180	116,186,881	-276,299	-0.24%

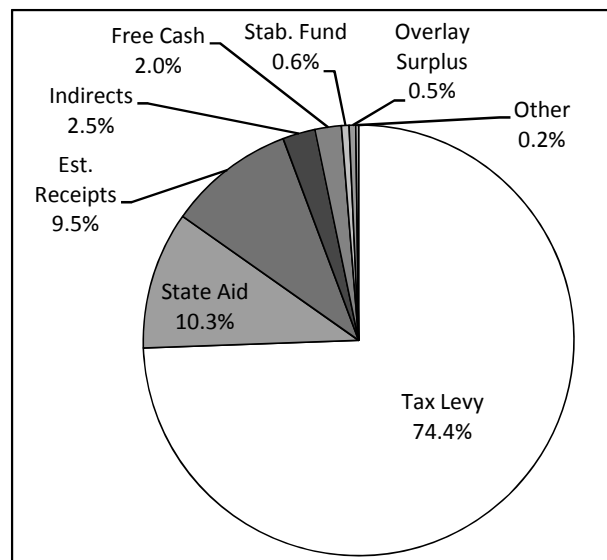
The information contained in this section is intended to accomplish the following goals:

- Describe the different revenues sources for the Town of Natick; and
- Detail the amounts budgeted for different revenue categories

The Town of Natick draws upon a number of sources for its revenue stream. These include real and personal property taxes, state aid, local receipts, free cash, the stabilization fund, revolving funds, grants, and water&sewer and golf course enterprise funds. These revenues are accounted for in several funds, the largest of which is the General Fund. Enterprise operations are accounted for in separate enterprise funds that generate revenues through direct fees for service.

GENERAL FUND

General Fund available resources for FY 2010 are anticipated to be \$101,710,015. Property tax revenues are the largest source of funding for the Town of Natick general fund (74.4%), followed by state aid (10.3%) and estimated receipts (9.5%). Indirects (payments made from the Water/Sewer Enterprise Fund to reimburse for operational support) total (2.5%), followed by the use of one-time sources, such as Free Cash (2%), the Stabilization Fund (.6%) and Overlay Surplus (.5%) All these revenues help support school, police, fire, public works, library, and general governmental services to the community. 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).



Revenue Summary in Detail

The following tables detail the revenues used to offset the expense recommendations made throughout the remainder of the Town Administrator's FY 2010 Recommended Budget.

	FY 2007 Budget	FY 2008 Budget	FY 2009 Budget	FY 2010 Projected	FY 09-10 Change	
					\$	%
Prior Year Levy Limit			64,250,184	72,146,290	7,896,106	12.3%
Proposition 2 1/2% Levy Increase			1,606,255	1,803,657	197,402	12.3%
New Construction Growth			1,639,851	950,000	(689,851)	-42.1%
Operational Override			3,900,000	0	(3,900,000)	-100.0%
Levy Limit	61,821,370	63,657,548	71,396,290	74,899,947	3,503,657	4.9%
Natick Collection Projected Tax ¹			750,000	0	(750,000)	-100.0%
Debt Exclusion Levy (Wilson M.S.)	1,031,410	960,274	937,705	918,361	(19,344)	-2.1%
Total Tax Levy	62,852,780	64,617,822	73,083,995	75,818,308	2,734,313	3.7%

	FY 2007 Budget	FY 2008 Budget	FY 2009 Budget	FY 2010 Revised	FY 09-10 Change	
					\$	%
Education						
Chapter 70	\$ 4,657,789	5,232,584	5,843,990	5,843,990	-	0.0%
Charter School Tuition Reimb.	\$ 556,269	200,078	157,054	76,458	(80,596)	-51.3%
Off-Set: School Lunch	\$ 16,250	17,462	17,863	19,186	1,323	7.4%
Sub-Total, All Education Items	\$ 5,230,308	5,450,124	6,018,907	5,939,634	(79,273)	-1.3%
General Government						
Lottery, Beano & Charity Games	\$ 2,756,411	2,800,177	2,800,177	1,895,483	(904,694)	-32.3%
Additional Assistance	\$ 1,942,474	1,942,474	1,942,474	1,314,890	(627,584)	-32.3%
Police Career Incentive	\$ 216,705	235,554	226,966	0	(226,966)	-100.0%
Meals Tax Increase				0	-	#DIV/0!
Rooms Tax Increase				0	-	#DIV/0!
Veterans Benefits	\$ 38,425	48,937	50,147	108,249	58,102	115.9%
Exempt: Vets, Blind & Surv. Spouse	\$ 40,343	75,880	77,493	73,506	(3,987)	-5.1%
Exempt: Elderly	\$ 21,586	41,666	41,666	39,522	(2,144)	-5.1%
State Owned Land	\$ 180,454	201,613	216,172	216,028	(144)	-0.1%
Municipal Medicaid		100,000	0	0	-	#DIV/0!
Abandoned Property		52	0	0	-	#DIV/0!
Off-Set: Public Libraries	\$ 46,667	48,936	50,166	29,438	(20,728)	-41.3%
Sub-Total, All General Gov.	\$ 5,243,065	5,495,289	5,405,261	3,677,116	(1,728,145)	-32.0%
Total Cherry Sheet	\$ 10,473,373	10,945,413	11,424,168	9,616,750	(1,807,418)	-15.8%
SBA Reimbursements						
Existing Proj. Reimbursements	1,369,707	1,369,707	916,839	916,839	-	0.0%
Sub-Total, SBA Reimburse.	1,369,707	1,369,707	916,839	916,839	-	0.0%
Total State Aid	11,843,080	12,315,120	12,341,007	10,533,589	(1,807,418)	-14.6%

Table 3: Estimated Receipts	FY 2007	FY 2008	FY 2009	FY 2010	FY 09-10 Change	
	Actual	Actual	Budget	Projected	\$	%
Motor Vehicle	\$ 3,937,055	4,174,230	3,700,000	3,450,000	(250,000)	-6.8%
Hotel Tax	\$ 810,482	867,120	835,000	775,000	(60,000)	-7.2%
Payment & Interest Taxes/Excise	\$ 231,701	235,092	200,000	280,100	80,100	40.1%
Payment in Lieu of Taxes	\$ 19,772	16,680	16,500	16,500	-	0.0%
Trash Fee	\$ 1,015,839	1,066,549	1,040,000	975,000	(65,000)	-6.3%
<u>Other Charges for Services</u>						
Police Spec. Duty Service Charges		56,829	0	0	-	#DIV/0!
Ambulance Fees - Other Charges	\$ 871,742	1,006,888	900,000	875,000	(25,000)	-2.8%
Rentals	\$ 318,569	227,932	390,000	390,000	-	0.0%
Recreation	\$ 74,845	75,410	75,000	75,000	-	0.0%
<u>Other Departmental Revenue</u>						
Fines/Forfeits	\$ 276,553	220,200	230,000	225,000	(5,000)	-2.2%
Other Departmental Revenue	\$ 975,895	856,306	745,000	734,543	(10,457)	-1.4%
Investment Income	\$ 1,516,806	905,653	800,000	600,000	(200,000)	-25.0%
License/Permits	\$ 3,050,937	2,366,758	1,105,783	1,150,280	44,497	4.0%
Special Assessments	\$ 35,815	21,979	20,000	15,000	(5,000)	-25.0%
<u>Miscellaneous Non-Recurring</u>						
Closeouts/Other	\$ 123,166	373,044	0	100,000	100,000	#DIV/0!
Tax Per Ch. 59 Sec D (% Occup.)	\$ 120,670	1,222,187	550,000	25,000	(525,000)	-95.5%
Total Estimated Receipts¹:	13,379,848	13,692,857	10,607,283	9,686,423	(920,860)	-8.7%

Notes: ¹Net mall occupancy bill

Table 4: Other Local Receipts	FY 2007	FY 2008	FY 2009	FY 2010	FY 09-10 Change	
	Actual	Actual	Budget	Projected	\$	%
Intergovernmental Transfer	2,350,634	2,379,592	2,546,345	2,506,416	(39,929)	-1.6%
Available Funds (Free Cash)	4,563,719	5,057,917	3,000,000	2,000,000	(1,000,000)	-33.3%
Stabilization Fund	400,000	256,102	600,000	600,000	-	0.0%
Overlay Surplus	500,000	1,116,024	-	500,000	500,000	#DIV/0!
Other Available Funds	323,167	323,167	210,851	210,851	-	0.0%
Total Other Local Receipts	8,137,520	9,132,802	6,357,196	5,817,267	(539,929)	-8.5%

Less set-aside for Free Cash

-125,202

Total General Fund	96,213,228	99,758,601	102,389,481	101,730,385	(659,096)	-0.6%
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Tax Levy

Like other municipalities in Massachusetts, the Town of Natick is most heavily reliant upon the property tax levy. The increase in the property tax levy of \$2,734,313 or 3.7 percent is based on a 2.5 percent increase plus estimated new growth (increase in the tax levy due to new construction) of \$950,000 as permitted by Proposition 2 1/2. This is a lower growth figure than in many previous years as the construction and trades industries continue to slow with the down turn in the economy.

State Aid

The forecasted decrease of \$1,807,418 (or 14.6%) is directly related to the continuing economic downturn, and as an effect, plummeting state revenues. This state aid amount is reflective of the House Ways & Means Budget, which was released on April 15th, 2009. Final State Aid figures will not be known until June at the earliest, and will be based on the Legislatures adopted budget as signed by the Governor.

Estimated Receipts

Estimated receipts are projected to decrease \$920,860 (or approximately 8.7%). Estimated receipts are traditionally based on historical averages for each category of receipt. Unfortunately, the downturn within the economy is causing great concern and loss in several critical areas of receipts: a) Motor Vehicle Excise fees are set to decline significantly as people have curtailed the purchase of new vehicles. As vehicles age, their value and consequently the fees which can be assessed decline. b) Investment Income is set to decline another 25% in FY 2010 over reduced rates in FY 2009 due directly to the fact that as the Federal Reserve lowered interest rates (now to .25% as of the printing of this document) our ability to earn money through investing has significantly disappeared. c) Licenses/Permits are set to decline as permits for new construction and trades has significantly slowed.

Other Local Receipts

Other Local Receipts those revenue items with special characteristics or are one-time in nature. These include indirect payments from the Water/Sewer Enterprise Fund to the Town and items such as Free Cash, the Stabilization Fund and Overlay Surplus. Other local receipts are set to decline \$539,929 or 8.5% in FY 2010 due to a lower available balance of Free Cash which can be dedicated to operations. On the positive side, it is anticipated that \$500,000 of Overlay Surplus can be released by the Board of Assessors for use in FY 2010.

ENTERPRISE FUNDS

The Town of Natick operates two Enterprise Funds: Water/Sewer Enterprise and the Sassamon Trace Golf Course Enterprise Funds.

The Water & Sewer Enterprise Fund provides for the distribution of safe and clean drinking and potable water for all Natick citizens. Revenues come chiefly from user fees based upon consumption. Additional revenues come from liens, connection charges, and investment income.

The Sassamon Trace Golf Course Enterprise Fund provides for the operation of the Sassamon Trace Golf Course. Revenues come primarily from greens fees, season passes and permits.

Table 5: Enterprise Funds	FY 2007	FY 2008	FY 2009	FY 2010	FY 09-10 Change	
	Actual	Actual	Budget	Projected	\$	%
Water & Sewer Enterprise						
User Charges	9,269,310	9,992,305	12,173,950	12,314,366	140,416	1.2%
Connection Fees	68,075	94,291	95,000	95,000	-	0.0%
Other Departmental Income	743,568	739,814	740,000	700,000	(40,000)	-5.4%
Investment Income	139,019	81,930	60,000	45,000	(15,000)	-25.0%
Capital Article Closeout/Transfers	-	-	-	162,304	162,304	#DIV/0!
Retained Earnings	1,194,334	2,675,000	-	213,396	213,396	#DIV/0!
Total Water & Sewer	11,414,305	13,583,340	13,068,950	13,530,066	461,116	3.5%
Golf Course						
User Charges	431,070	454,304	413,517	385,000	(28,517)	-6.9%
Other Departmental Revenue	140,688	170,390	160,000	145,000	(15,000)	-9.4%
Retained Earnings		90,000	76,232	41,430	(34,802)	-45.7%
Town Subsidy**	430,000	355,000	355,000	355,000	-	0.0%
Total Golf Course	1,001,758	1,069,694	1,004,749	926,430	-78,319	-7.8%
Total Enterprise Funds	12,416,063	14,653,034	14,073,699	14,456,496	382,797	2.7%