



TOWN OF NATICK
Massachusetts 01760
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Martha L. White
Town Administrator

INTEROFFICE MEMORANDUM

TO: BOARD OF SELECTMEN
FROM: MARTHA WHITE, TOWN ADMINISTRATOR
SUBJECT: CONTINUED DISCUSSION OF THE FISCAL 2009 BUDGET
DATE: 1/17/2008
CC: ALL BOARDS AND COMMITTEES
DEPARTMENT HEADS

This memo is intended to update my memo of 1/14/2008 on the same topic. Specifically, updates to the Revenue/Expenditure Forecasts that were attached to that memo as Exhibits 2 through 5 are updated as follows:

1. Funding for the Other Post-Employment Benefits, discussed in detail in the 1/14/2008 memo, has been deleted from all Forecasts for consistency. Previously this amount was included in Exhibits 2, 3 and 4 but excluded from the final "Override" scenario (Exhibit 5).
2. Revenues have been updated to reflect the most current available information. It should be noted that both Revenues and Expenditures will continue to be updated throughout the budget season as new information becomes available to provide the greatest practical accuracy in these financial forecasts. Specifically, the SBA Reimbursement amount for FY 2009 and subsequent years is changed from \$1,166,044 to \$1,221,422 to reflect correspondence received this week from the School Building Authority. Further, our ongoing and continuous analysis of fees received to date in this fiscal year as well as the pace of the review process for developments presently before the Planning Board and ZBA, combined with trends in interest rates and other factors, has caused and will continue to cause refinements in the Local Receipts revenue category. Specifically, the FY 2009 projected Estimated Receipts line has decreased from \$11,372,687 to \$11,266,200.

3. Within the Expenditure Summary, the Debt/Additional Capital line has been increased to reflect updated information from the School Department with respect to their capital priorities. These updates are reflected in an updated version of Exhibit 1 from the 1/14/2008 memo (attached).

It should be noted that, while Exhibit 1 indicates the Tier IA and Tier I priorities for FY 2010 as well as FY 2009, it should not be construed as reflecting all high priority capital needs for FY 2010. (Please see the 1/14/2008 memo for an explanation of the Capital Plan Tiers). If we are unable to fund any of the Tier II priorities from FY 2009, many of these would have to be re-prioritized into FY 2010, and some FY 2010 Tier I projects could fall to a lesser priority. Given the uncertainty of the FY 2010 capital funding scenario, we have included a place-holder of \$350,000 in the FY 2010 Capital Improvements line. As the Capital Plan and Budget undergo further review and analysis, this number may be refined.

EXCERPTS FROM 5-YEAR CAPITAL PLAN SHOWING PRIORITY PROJECTS IN FY 2009 AND FY 2010

SEQ	dept	Division	Date Submitted	Project Title	Funding Source	FY2009	FY 2009 TIER	FY2010	FY 2010 TIER
1		CLERK	1/4/2008	REPLACE VOTER READER MACHINES	Bond (5 yrs)	75,000	IA		
3	50	FIRE	5/26/2005	REPLACE TURNOUT GEAR	Free Cash	10,000	IA	10,000	IA
4	50	FIRE	5/26/2005	REPLACE PORTABLE RADIOS	Free Cash	10,000	IA	10,000	I
5	50	FIRE	8/20/2007	REPLACE - DEFEBRILLATORS (A-1&A-2)	Free Cash	40,000	IA	-	
8	44	HWY	5/31/2005	STREET LIGHT REPLACEMENT	Free Cash	50,000	IA	50,000	I
16	44	HWY_EQ	7/8/2005	REPLACE SIDEWALK TRACTOR	Bond (10 yrs)	130,000	IA	-	
19	44	HWY_EQ	5/27/2005	REPLACE TRASH PACKER	Bond (7 years)	175,000	IA	175,000	IA
21	51	HWY_P	5/31/2005	CRUISER REPLACEMENT	Free Cash	163,900	IA	168,900	IA
32	51	POL	6/1/2005	RADIOS	Free Cash	30,000	IA	35,267	I
54	70	SCH	5/24/2005	KENNEDY - UPGRADE KITCHEN	Bond (10 years)	350,000	IA	-	
				SUBTOTAL - IA		1,033,900		449,167	
9	42	HWY	8/6/2007	REHAB. - CHARLES RIVER DAM	Bond (10 years)	187,000	I	-	
20	50	FIRE	5/27/2005	REPLACE ENGINE 5	Bond (10 years)	400,000	I	-	
42	70	SCH	5/25/2005	LILJA- DOM.HOT WATER HEATER				30,000	I
43	70	SCH	5/25/2005	BROWN- DOM. HOT WATER HEATER				30,000	I
46	70	SCH	5/25/2005	JOHNSON- REPAVE DRIVEWAYS				75,000	I
49	70	SCH	5/24/2005	MEM'L - DDC SYSTEM/TEMP CNTRL/JUNIVENTS	Bond (10 years)	375,000	I		
50	70	SCH	5/24/2005	KENNEDY - EXPAND DDC/JUNIVENTS				425,000	I
51	70	SCH	5/25/2005	JOHNSON- REPLACE EXT WINDOWS				150,000	I
52	70	SCH	5/24/2005	KENNEDY - STEAM CONV/ HOT WTR PUMP				220,000	I
53	70	SCH	5/24/2005	MEML-UPGRADE KITCHEN	Bond (10 years)	250,000	I	-	
56	70	SCH	5/25/2005	JOHNSON- REPLACE BOILERS				375,000	I
57	70	SCH	5/24/2005	MEML- REPLACE ROOF	Bond (10 years)	780,000	I	-	
58	70	SCH	5/24/2005	KENNEDY -ROOF REPLACEMENT	Bond (10 years)	850,000	I	-	
82	44	HWY_EQ	7/7/2005	REPLACE SIDEWALK TRACTOR				130,000	I
123	70	SCH	5/24/2005	MEML- FIRE ALARM SYSTEM				250,000	I
125	70	SCH	5/24/2005	MEML - REPLACE GYM & CAFE HVAC				165,000	I
126	70	SCH	5/25/2005	LILJA - CLASSROOM & LIB CARPETS				20,000	I
				SUBTOTAL - I		2,842,000		1,870,000	

**REVENUE/EXPENDITURE FORECAST
LEVEL SERVICE BUDGET
(Operating Budgets Exclusive of Enterprise Funds)**

Exhibit 2

Revenue Summary	FY07 Actual	FY08 Budget	FY09 PROJECTED	FY10 PROJECTED
Real Estate/Property Taxes				
Base Tax Levy	59,682,611	61,821,370	65,249,905	68,271,003
Statutory 2 1/2 Increase	1,492,065	1,545,534	1,631,248	1,706,775
Proposition 2 1/2 Override				
Growth in Tax Base	646,694	883,000	639,851	744,996
Natick Collection Projected Tax		1,000,000	750,000	500,000
Debt Exclusion Override	1,031,410	960,274	937,705	918,361
Total Tax Levy	62,852,780	66,210,179	69,208,708	72,141,135
Intergovernmental Resources (State Aid)				
Education Items	5,230,308	5,548,696	6,103,566	6,713,922
SBA Reimbursement Existing Projects	1,369,707	1,369,707	1,221,422	1,221,422
General Government Items	5,243,065	5,339,074	5,552,637	5,774,742
Projected Net State Aid	11,843,080	12,257,477	12,877,625	13,710,087
Local Receipts				
Estimated Receipts	13,379,848	11,618,725	11,266,200	11,346,686
Intergovernmental Transfer	2,350,634	2,379,592	2,450,980	2,524,509
Available Funds (Free Cash)	4,563,719	5,057,917	3,000,000	3,000,000
Stabilization Fund	400,000	256,102	600,000	600,000
Overlay Surplus	500,000	1,116,024	-	500,000
Other Available Funds	323,167	323,167	323,167	323,167
	21,517,368	20,751,527	17,640,347	18,294,362
TOTAL RECEIPTS	96,213,228	99,219,183	99,726,679	104,145,584
Expenditure Summary	FY07 Actual	FY08 Budget	FY09 PROJECTED	FY10 PROJECTED
General Government Budget	25,395,213	24,955,176	25,466,493	26,230,488
School Budget	37,412,534	40,928,029	42,974,430	45,123,152
Keefe Tech Assessment	1,112,981	1,204,965	1,241,114	1,278,347
School Bus Transportation subsidy	195,322	302,122	302,122	311,186
Insurance/Employee Fringe	11,474,218	12,634,283	13,549,592	15,175,543
Property/Liability Insurance	394,977	459,400	496,150	520,958
Contrib. Retirement	4,792,830	5,254,279	5,039,427	5,266,201
Non-Contrib. Retirement	138,266	145,109	128,082	115,274
General Gov't Energy		1,320,830	1,406,684	1,448,883
Debt & Interest	7,275,136	7,239,698	7,269,978	7,020,804
Debt/Additional Capital			16,425	118,870
Reserve Fund	250,000	300,000	300,000	300,000
Capital Improvements	618,955	1,122,250	303,900	350,000
	89,060,432	95,866,141	98,494,397	103,259,706
Other				
State & County Assessments	1,639,732	1,643,654	1,709,400	1,777,776
Cherry Sheet Offsets	62,917	66,398	69,054	71,816
Tax Title	5,000	25,000	25,000	25,000
Overlay	1,240,811	1,003,911	1,030,000	1,060,000
Snow Removal Supplement	299,371	201,261	300,000	325,000
Golf Course Deficit	430,000	355,000	375,000	375,000
	3,677,831	3,295,224	3,508,454	3,634,592
TOTAL EXPENDITURES	92,738,263	99,161,365	102,002,851	106,894,298
NET EXCESS / (DEFICIT)	3,474,965	57,818	(2,276,172)	(2,748,714)

**REVENUE/EXPENDITURE FORECAST
WITH TIER IA AND I CAPITAL REFLECTED
(Operating Budgets Exclusive of Enterprise Funds)**

Exhibit 3

Revenue Summary	FY07 Actual	FY08 Budget	FY09 PROJECTED	FY10 PROJECTED
Real Estate/Property Taxes				
Base Tax Levy	59,682,611	61,821,370	65,249,905	68,271,003
Statutory 2 1/2 Increase	1,492,065	1,545,534	1,631,248	1,706,775
Proposition 2 1/2 Override				
Growth in Tax Base	646,694	883,000	639,851	744,996
Natick Collection Projected Tax		1,000,000	750,000	500,000
Debt Exclusion Override	1,031,410	960,274	937,705	918,361
Total Tax Levy	62,852,780	66,210,179	69,208,708	72,141,135
Intergovernmental Resources (State Aid)				
Education Items	5,230,308	5,548,696	6,103,566	6,713,922
SBA Reimbursement Existing Projects	1,369,707	1,369,707	1,221,422	1,221,422
General Government Items	5,243,065	5,339,074	5,552,637	5,774,742
Projected Net State Aid	11,843,080	12,257,477	12,877,625	13,710,087
Local Receipts				
Estimated Receipts	13,379,848	11,618,725	11,266,200	11,346,686
Intergovernmental Transfer	2,350,634	2,379,592	2,450,980	2,524,509
Available Funds (Free Cash)	4,563,719	5,057,917	3,000,000	3,000,000
Stabilization Fund	400,000	256,102	600,000	600,000
Overlay Surplus	500,000	1,116,024	-	500,000
Other Available Funds	323,167	323,167	323,167	323,167
	21,517,368	20,751,527	17,640,347	18,294,362
TOTAL RECEIPTS	96,213,228	99,219,183	99,726,679	104,145,584
Expenditure Summary	FY07 Actual	FY08 Budget	FY09 PROJECTED	FY10 PROJECTED
General Government Budget	25,395,213	24,955,176	25,466,493	26,230,488
School Budget	37,412,534	40,928,029	42,974,430	45,123,152
Keefe Tech Assessment	1,112,981	1,204,965	1,241,114	1,278,347
School Bus Transportation subsidy	195,322	302,122	302,122	311,186
Insurance/Employee Fringe	11,474,218	12,634,283	13,549,592	15,175,543
Property/Liability Insurance	394,977	459,400	496,150	520,958
Contrib. Retirement	4,792,830	5,254,279	5,039,427	5,266,201
Non-Contrib. Retirement	138,266	145,109	128,082	115,274
General Gov't Energy		1,320,830	1,406,684	1,448,883
Debt & Interest	7,275,136	7,239,698	7,269,978	7,020,804
Debt/Additional Capital			80,370	524,566
Reserve Fund	250,000	300,000	300,000	300,000
Capital Improvements	618,955	1,122,250	303,900	350,000
	89,060,432	95,866,141	98,558,342	103,665,402
Other				
State & County Assessments	1,639,732	1,643,654	1,709,400	1,777,776
Cherry Sheet Offsets	62,917	66,398	69,054	71,816
Tax Title	5,000	25,000	25,000	25,000
Overlay	1,240,811	1,003,911	1,030,000	1,060,000
Snow Removal Supplement	299,371	201,261	300,000	325,000
Golf Course Deficit	430,000	355,000	375,000	375,000
	3,677,831	3,295,224	3,508,454	3,634,592
TOTAL EXPENDITURES	92,738,263	99,161,365	102,066,796	107,299,994
NET EXCESS / (DEFICIT)	3,474,965	57,818	(2,340,117)	(3,154,410)

**REVENUE EXPENDITURE FORECAST
WITH TIER IA AND I CAPITAL REFLECTED
WITH ADDITIONAL PERSONNEL REFLECTED
(Operating Budgets Exclusive of Enterprise Funds)**

Exhibit 4

Revenue Summary	FY07 Actual	FY08 Budget	FY09 PROJECTED	FY10 PROJECTED
Real Estate/Property Taxes				
Base Tax Levy	59,682,611	61,821,370	65,249,905	68,271,003
Statutory 2 1/2 Increase	1,492,065	1,545,534	1,631,248	1,706,775
Proposition 2 1/2 Override				
Growth in Tax Base	646,694	883,000	639,851	744,996
Natick Collection Projected Tax		1,000,000	750,000	500,000
Debt Exclusion Override	1,031,410	960,274	937,705	918,361
Total Tax Levy	62,852,780	66,210,179	69,208,708	72,141,135
Intergovernmental Resources (State Aid)				
Education Items	5,230,308	5,548,696	6,103,566	6,713,922
SBA Reimbursement Existing Projects	1,369,707	1,369,707	1,221,422	1,221,422
General Government Items	5,243,065	5,339,074	5,552,637	5,774,742
Projected Net State Aid	11,843,080	12,257,477	12,877,625	13,710,087
Local Receipts				
Estimated Receipts	13,379,848	11,618,725	11,266,200	11,346,686
Intergovernmental Transfer	2,350,634	2,379,592	2,450,980	2,524,509
Available Funds (Free Cash)	4,563,719	5,057,917	3,000,000	3,000,000
Stabilization Fund	400,000	256,102	600,000	600,000
Overlay Surplus	500,000	1,116,024	-	500,000
Other Available Funds	323,167	323,167	323,167	323,167
	21,517,368	20,751,527	17,640,347	18,294,362
TOTAL RECEIPTS	96,213,228	99,219,183	99,726,679	104,145,584
Expenditure Summary	FY07 Actual	FY08 Budget	FY09 PROJECTED	FY10 PROJECTED
General Government Budget	25,395,213	24,955,176	25,594,062	26,361,884
School Budget	37,412,534	40,928,029	43,574,430	45,753,152
Keefe Tech Assessment	1,112,981	1,204,965	1,241,114	1,278,347
School Bus Transportation subsidy	195,322	302,122	302,122	311,186
Insurance/Employee Fringe	11,474,218	12,634,283	13,582,592	15,212,503
Property/Liability Insurance	394,977	459,400	496,150	520,958
Contrib. Retirement	4,792,830	5,254,279	5,039,427	5,266,201
Non-Contrib. Retirement	138,266	145,109	128,082	115,274
General Gov't Energy		1,320,830	1,406,684	1,448,883
Debt & Interest	7,275,136	7,239,698	7,269,978	7,020,804
Debt/Additional Capital			80,370	524,566
Reserve Fund	250,000	300,000	300,000	300,000
Capital Improvements	618,955	1,122,250	303,900	350,000
	89,060,432	95,866,141	99,318,911	104,463,757
Other				
State & County Assessments	1,639,732	1,643,654	1,709,400	1,777,776
Cherry Sheet Offsets	62,917	66,398	69,054	71,816
Tax Title	5,000	25,000	25,000	25,000
Overlay	1,240,811	1,003,911	1,030,000	1,060,000
Snow Removal Supplement	299,371	201,261	300,000	325,000
Golf Course Deficit	430,000	355,000	375,000	375,000
	3,677,831	3,295,224	3,508,454	3,634,592
TOTAL EXPENDITURES	92,738,263	99,161,365	102,827,365	108,098,350
NET EXCESS / (DEFICIT)	3,474,965	57,818	(3,100,686)	(3,952,766)

**REVENUE/EXPENDITURE FORECAST
OVERRIDE SCENARIO
(Operating Budgets Exclusive of Enterprise Funds)**

Exhibit 5

Revenue Summary	FY07 Actual	FY08 Budget	FY09 PROJECTED	FY10 PROJECTED
Real Estate/Property Taxes				
Base Tax Levy	59,682,611	61,821,370	65,249,905	71,871,003
Statutory 2 1/2 Increase	1,492,065	1,545,534	1,631,248	1,796,775
Proposition 2 1/2 Override			3,600,000	
Growth in Tax Base	646,694	883,000	639,851	744,996
Natick Collection Projected Tax		1,000,000	750,000	500,000
Debt Exclusion Override	1,031,410	960,274	937,705	918,361
Total Tax Levy	62,852,780	66,210,179	72,808,708	75,831,135
Intergovernmental Resources (State Aid)				
Education Items	5,230,308	5,548,696	6,103,566	6,713,922
SBA Reimbursement Existing Projects	1,369,707	1,369,707	1,221,422	1,221,422
General Government Items	5,243,065	5,339,074	5,552,637	5,774,742
Projected Net State Aid	11,843,080	12,257,477	12,877,625	13,710,087
Local Receipts				
Estimated Receipts	13,379,848	11,618,725	11,266,200	11,346,686
Intergovernmental Transfer	2,350,634	2,379,592	2,450,980	2,524,509
Available Funds (Free Cash)	4,563,719	5,057,917	3,000,000	3,000,000
Stabilization Fund	400,000	256,102	600,000	600,000
Overlay Surplus	500,000	1,116,024	-	500,000
Other Available Funds	323,167	323,167	323,167	323,167
	21,517,368	20,751,527	17,640,347	18,294,362
TOTAL RECEIPTS	96,213,228	99,219,183	103,326,679	107,835,584
Expenditure Summary	FY07 Actual	FY08 Budget	FY09 PROJECTED	FY10 PROJECTED
General Government Budget				
School Budget	25,395,213	24,955,176	25,594,062	26,361,884
Keefe Tech Assessment	37,412,534	40,928,029	43,574,430	45,753,152
School Bus Transportation subsidy	1,112,981	1,204,965	1,241,114	1,278,347
Insurance/Employee Fringe	195,322	302,122	302,122	311,186
Property/Liability Insurance	11,474,218	12,634,283	13,582,592	15,212,503
Contrib. Retirement	394,977	459,400	496,150	520,958
Non-Contrib. Retirement	4,792,830	5,254,279	5,039,427	5,266,201
General Gov't Energy	138,266	145,109	128,082	115,274
Debt & Interest		1,320,830	1,406,684	1,448,883
Debt/Additional Capital	7,275,136	7,239,698	7,269,978	7,020,804
Reserve Fund	250,000	300,000	80,370	524,566
Capital Improvements	618,955	1,122,250	303,900	300,000
	89,060,432	95,866,141	99,318,911	104,463,757
Other				
Slate & County Assessments	1,639,732	1,643,654	1,709,400	1,777,776
Cherry Sheet Offsets	62,917	66,398	69,054	71,816
Tax Title	5,000	25,000	25,000	25,000
Overlay	1,240,811	1,003,911	1,030,000	1,060,000
Snow Removal Supplement	299,371	201,261	300,000	325,000
Golf Course Deficit	430,000	355,000	375,000	375,000
	3,677,831	3,295,224	3,508,454	3,634,592
TOTAL EXPENDITURES	92,738,263	99,161,365	102,827,365	108,098,350
NET EXCESS / (DEFICIT)	3,474,965	57,818	499,314	(262,766)