



# *Town of Natick*

FY 2010 Budget

---

## **Section II: Revenues**



# *Town of Natick*

FY 2010 Budget

---

**This page left intentionally blank.**

# 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 \$116,536,135 in FY 2010.

Revenue Summary	FY 2008 Budget	FY 2009 Budget	FY 08-09 %	FY 2010 Projected	FY 09-10 Change \$	FY 09-10 Change %
<b>General Fund</b>						
Property Tax Levy (Table 1)	\$ 64,617,822	\$ 73,083,995	13.10%	\$ 75,827,233	\$ 2,743,238	3.75%
State Aid (Table 2)	\$ 12,315,120	\$ 12,341,007	0.21%	\$ 11,360,667	\$ (980,340)	-7.94%
Estimated Receipts (Table 3)	\$ 13,692,857	\$ 10,801,500	-21.12%	\$ 9,231,500	\$ (1,570,000)	-14.54%
Other Local Receipts (Table 4)	\$ 9,132,802	\$ 6,261,831	-31.44%	\$ 5,857,196	\$ (404,635)	-6.46%
<b>Total General Fund</b>	<b>\$ 99,758,601</b>	<b>\$ 102,488,333</b>	<b>2.74%</b>	<b>\$ 102,276,596</b>	<b>\$ (211,737)</b>	<b>-0.21%</b>
Enterprise Revenues (Table 5)	\$ 14,653,034	\$ 14,073,699	-3.95%	\$ 14,782,443	\$ 708,744	5.04%
<b>Total Revenues - All Funds</b>	<b>\$ 114,411,635</b>	<b>\$ 116,562,032</b>	<b>1.88%</b>	<b>\$ 117,059,039</b>	<b>\$ 497,007</b>	<b>0.43%</b>

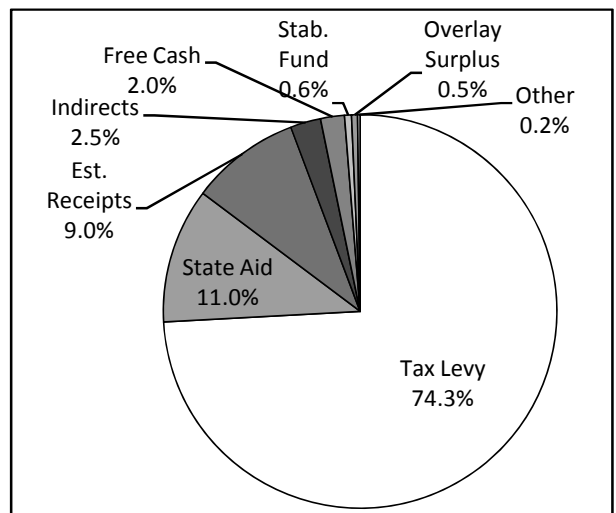
The information contained in this section is intended to accomplish the following goals:

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

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 \$102,114,249. Property tax revenues are the largest source of funding for the Town of Natick general fund (74%), followed by state aid (11%) and estimated receipts (9%). 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.

Table 1: Property Tax Levy (revised 3/6/2009)	FY 2008	FY 2009	FY 08-09	FY 2010	FY 09-10 Change	
	Budget	Budget	%	Projected	\$	%
Prior Year Levy Limit		64,250,184	#DIV/0!	72,154,997	7,904,813	12.3%
Proposition 2 1/2% Levy Increase		1,606,255	#DIV/0!	1,803,875	197,620	12.3%
New Construction Growth		1,639,851	#DIV/0!	950,000	(689,851)	-42.1%
Operational Override		3,900,000	N/A	0	(3,900,000)	-100.0%
<b>Levy Limit</b>	<b>63,657,548</b>	<b>71,396,290</b>	<b>12.2%</b>	<b>74,908,872</b>	<b>3,512,582</b>	<b>4.9%</b>
Natick Collection Projected Tax <sup>1</sup>		750,000	#DIV/0!	0	(750,000)	-100.0%
Debt Exclusion Levy (Wilson M.S.)	960,274	937,705	-2.4%	918,361	(19,344)	-2.1%
<b>Total Tax Levy</b>	<b>64,617,822</b>	<b>73,083,995</b>	<b>13.1%</b>	<b>75,827,233</b>	<b>2,743,238</b>	<b>3.8%</b>

Table 2: State Aid (revised 3/6/2009)	FY 2008	FY 2009	FY 08-09	FY 2010	FY 09-10 Change	
	Budget	Budget	%	Projected	\$	%
<b>Education</b>						
Chapter 70	5,232,584	5,843,990	11.7%	5,843,990	-	0.0%
Charter School Tuition Reimb.	200,078	157,054	-21.5%	0	(157,054)	-100.0%
Off-Set: School Lunch	17,462	17,863	2.3%	19,186	1,323	7.4%
<b>Sub-Total, All Education Items</b>	<b>5,450,124</b>	<b>6,018,907</b>	<b>10.4%</b>	<b>5,863,176</b>	<b>(155,731)</b>	<b>-2.6%</b>
<b>General Government</b>						
Lottery, Beano & Charity Games	2,800,177	2,800,177	0.0%	2,000,764	(799,413)	-28.5%
Additional Assistance	1,942,474	1,942,474	0.0%	1,387,923	(554,551)	-28.5%
Police Career Incentive	235,554	226,966	-3.6%	172,506	(54,460)	-24.0%
Meals Tax Increase				451,321	451,321	#DIV/0!
Rooms Tax Increase				87,548	87,548	#DIV/0!
Veterans Benefits	48,937	50,147	2.5%	108,249	58,102	115.9%
Exempt: Vets, Blind & Surv. Spouse	75,880	77,493	2.1%	73,506	(3,987)	-5.1%
Exempt: Elderly	41,666	41,666	0.0%	39,522	(2,144)	-5.1%
State Owned Land	201,613	216,172	7.2%	216,020	(152)	-0.1%
Municipal Medicaid	100,000	0	-100.0%	0	-	#DIV/0!
Abandoned Property	52	0	-100.0%	0	-	#DIV/0!
Off-Set: Public Libraries	48,936	50,166	2.5%	43,293	(6,873)	-13.7%
<b>Sub-Total, All General Gov.</b>	<b>5,495,289</b>	<b>5,405,261</b>	<b>-1.6%</b>	<b>4,580,652</b>	<b>(824,609)</b>	<b>-15.3%</b>
<b>Total Cherry Sheet</b>	<b>10,945,413</b>	<b>11,424,168</b>	<b>4.4%</b>	<b>10,443,828</b>	<b>(980,340)</b>	<b>-8.6%</b>
<b>SBA Reimbursements</b>						
Existing Proj. Reimbursements	1,369,707	916,839	-33.1%	916,839	-	0.0%
<b>Sub-Total, SBA Reimburse.</b>	<b>1,369,707</b>	<b>916,839</b>	<b>-33.1%</b>	<b>916,839</b>	<b>-</b>	<b>0.0%</b>
<b>Total State Aid</b>	<b>12,315,120</b>	<b>12,341,007</b>	<b>0.2%</b>	<b>11,360,667</b>	<b>(980,340)</b>	<b>-7.9%</b>

Table 3: Estimated Receipts (revised 3/6/2009)	FY 2008	FY 2009	FY 08-09	FY 2010	FY 09-10 Change	
	Actual	Budget	%	Projected	\$	%
Motor Vehicle	4,174,230	3,800,000	-9.0%	3,450,000	(350,000)	-9.2%
Hotel Tax	867,120	835,000	-3.7%	775,000	(60,000)	-7.2%
Payment & Interest Taxes/Excise	235,092	200,000	-14.9%	185,000	(15,000)	-7.5%
Payment in Lieu of Taxes	16,680	16,500	-1.1%	16,500	-	0.0%
Trash Fee	1,066,549	1,040,000	-2.5%	975,000	(65,000)	-6.3%
<b>Other Charges for Services</b>						
Police Spec. Duty Service Charges	56,829	0	-100.0%	0	-	#DIV/0!
Ambulance Fees - Other Charges	1,006,888	900,000	-10.6%	875,000	(25,000)	-2.8%
Rentals	227,932	390,000	71.1%	390,000	-	0.0%
Recreation	75,410	75,000	-0.5%	75,000	-	0.0%
<b>Other Departmental Revenue</b>						
Fines/Forfeits	220,200	230,000	4.5%	225,000	(5,000)	-2.2%
Other Departmental Revenue	856,306	745,000	-13.0%	725,000	(20,000)	-2.7%
Investment Income	905,653	800,000	-11.7%	600,000	(200,000)	-25.0%
License/Permits	2,366,758	1,200,000	-49.3%	900,000	(300,000)	-25.0%
Special Assessments	21,979	20,000	-9.0%	15,000	(5,000)	-25.0%
<b>Miscellaneous Non-Recurring</b>						
Closeouts/Other	373,044	0	-100.0%	0	-	#DIV/0!
Tax Per Ch. 59 Sec D (% Occup.)	1,222,187	550,000	-55.0%	25,000	(525,000)	-95.5%
<b>Total Estimated Receipts<sup>1</sup>:</b>	<b>13,692,857</b>	<b>10,801,500</b>	<b>-21.1%</b>	<b>9,231,500</b>	<b>(1,570,000)</b>	<b>-14.5%</b>

Notes: <sup>1</sup>Net mall occupancy bill

Table 4: Other Local Receipts	FY 2008	FY 2009	FY 08-09	FY 2010	FY 09-10 Change	
	Budget	Budget	%	Projected	\$	%
Intergovernmental Transfer	2,379,592	2,450,980	3.0%	2,546,345	95,365	3.9%
Available Funds (Free Cash)	5,057,917	3,000,000	-40.7%	2,000,000	(1,000,000)	-33.3%
Stabilization Fund	256,102	600,000	134.3%	600,000	-	0.0%
Overlay Surplus	1,116,024	-	-100.0%	500,000	500,000	#DIV/0!
Other Available Funds	323,167	210,851	-34.8%	210,851	-	0.0%
<b>Total Other Local Receipts</b>	<b>9,132,802</b>	<b>6,261,831</b>	<b>-31.4%</b>	<b>5,857,196</b>	<b>(404,635)</b>	<b>-6.5%</b>

<b>Total General Fund</b>	<b>99,758,601</b>	<b>102,488,333</b>	<b>2.7%</b>	<b>102,276,596</b>	<b>(211,737)</b>	<b>-0.2%</b>
---------------------------	-------------------	--------------------	-------------	--------------------	------------------	--------------

#### 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 \$2,743,238 or 3.8 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 (revised 1/28/2009)**

The forecasted decrease of \$980,340 (or 7.9%) is a factor of the declining economy and as an effect, plummeting state revenues. This state aid amount is reflective of the Governor's House 1 budget proposal, submitted on January 28, 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 \$1,570,000 or approximately 14.5%. Local receipt estimates 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 \$404,905 or 6.5% 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 2008 Budget	FY 2009 Budget	FY 08-09 %	FY 2010 Projected	FY 09-10 Change	
					\$	%
<b>Water &amp; Sewer Enterprise (revised 2/27/2009)</b>						
User Charges	9,992,305	12,173,950	21.8%	13,023,444	849,494	7.0%
Connection Fees	94,291	95,000	0.8%	95,000	-	0.0%
Other Departmental Income	739,814	740,000	0.0%	700,000	(40,000)	-5.4%
Investment Income	81,930	60,000	-26.8%	45,000	(15,000)	-25.0%
Retained Earnings	2,675,000	-	-100.0%	-	-	#DIV/0!
<b>Total Water &amp; Sewer</b>	<b>13,583,340</b>	<b>13,068,950</b>	<b>-3.8%</b>	<b>13,863,444</b>	<b>794,494</b>	<b>6.1%</b>
<b>Golf Course (revised 2/24/2009)</b>						
User Charges	454,304	413,517	-9.0%	385,000	(28,517)	-6.9%
Other Departmental Revenue	170,390	160,000	-6.1%	145,000	(15,000)	-9.4%
Retained Earnings	90,000	76,232	-15.3%	33,999	(42,233)	-55.4%
Town Subsidy**	355,000	355,000	0.0%	355,000	-	0.0%
<b>Total Golf Course</b>	<b>1,069,694</b>	<b>1,004,749</b>	<b>-6.1%</b>	<b>918,999</b>	<b>-85,750</b>	<b>-8.5%</b>
<b>Total Enterprise Funds</b>	<b>14,653,034</b>	<b>14,073,699</b>	<b>-4.0%</b>	<b>14,782,443</b>	<b>708,744</b>	<b>5.0%</b>