



# *Town of Natick*

FY 2011 Budget

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## **Section II: Revenues**



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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 \$119,762,895 in FY 2011.

Revenue Summary	FY 2008 Budget	FY 2009 Budget	FY 2010 Projected	FY 2011 Proposed	FY 10-11 Change	
					\$	%
<b>General Fund</b>						
Property Tax Levy (Table 1)	64,617,822	73,483,995	76,971,074	79,283,759	2,312,685	3.00%
State Aid (Table 2)	12,315,120	11,216,189	10,619,913	10,202,504	-417,409	-3.93%
Estimated Receipts (Table 3)	13,692,857	11,997,065	9,497,772	9,950,000	452,228	4.76%
Local Option Meals Tax	0	0	0	400,000	400,000	100%
Other Revenue Sources (Table 4)	9,132,802	6,357,196	6,815,398	4,890,608	-1,924,790	-28.24%
<b>Total General Fund</b>	<b>99,758,601</b>	<b>103,054,444</b>	<b>103,904,157</b>	<b>104,726,871</b>	<b>822,714</b>	<b>0.79%</b>
Enterprise Revenues (Table 5)	14,653,034	15,217,658	14,456,796	15,036,024	579,228	4.01%
<b>Total Revenues - All Funds</b>	<b>114,411,635</b>	<b>118,272,103</b>	<b>118,360,953</b>	<b>119,762,895</b>	<b>1,401,942</b>	<b>1.18%</b>

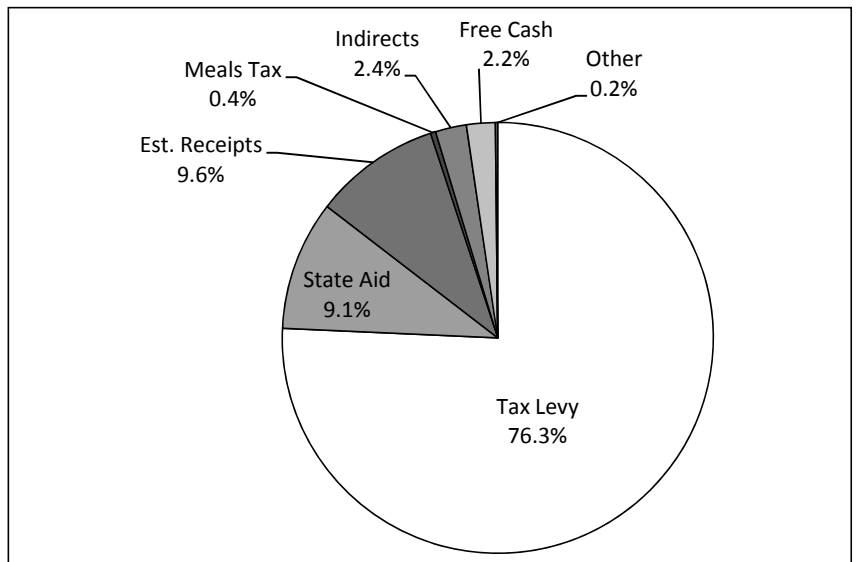
The information contained in this section is intended to accomplish the following goals:

- 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 2011 are anticipated to be \$104,726,871. Property tax revenues are the largest source of funding for the Town of Natick general fund (76.3%), followed by state aid (9.1%) and estimated receipts (9.6%). Indirects (payments made from the Water/Sewer Enterprise Fund to reimburse for operational support) total (2.4%), followed by the use of one-time sources, such as Free Cash (2.2%). 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 2011 Proposed Budget.

**Table 1: Property Tax Levy**

	FY 2008	FY 2009	FY 2010	FY 2011	FY 10-11 Change	
	Actual	Actual	Projected	TA Proposed	\$	%
Prior Year Levy Limit		\$ 64,250,184	72,154,997	76,106,387	3,951,390	5.5%
Proposition 2 1/2% Levy Increase		\$ 1,606,255	1,803,875	1,902,660	98,785	5.5%
New Construction Growth		\$ 1,639,851	2,147,515	380,532	(1,766,983)	-82.3%
Operational Override		\$ 3,900,000	0	0	-	0.0%
<b>Levy Limit</b>	<b>63,657,548</b>	<b>71,396,290</b>	<b>76,106,387</b>	<b>78,389,579</b>	<b>2,283,192</b>	<b>3.0%</b>
<i>Less Excess Levy Capacity</i>			<i>(53,674)</i>			
Natick Collection Projected Tax <sup>1</sup>		\$ 1,150,000	0	0	-	0.0%
Debt Exclusion Levy (Wilson M.S.)	960,274	937,705	918,361	894,180	(24,181)	-2.6%
<b>Total Tax Levy</b>	<b>64,617,822</b>	<b>73,483,995</b>	<b>76,971,074</b>	<b>79,283,759</b>	<b>2,312,685</b>	<b>3.0%</b>

*Signifies area of change since 1/1 -*

**Table 2: State Aid**

	FY 2008	FY 2009	FY 2010	FY 2011	FY 10-11 Change	
	Actual	Actual	Revised	TA Proposed	\$	%
<b>Education</b>						
Chapter 70	5,232,584	\$ 5,229,411	5,727,110	<b>5,440,755</b>	(286,355)	-5.0%
School Construction	0		0		-	#DIV/0!
Charter School Tuition Reimb.	200,078	\$ 112,074	110,372	<b>147,757</b>	37,385	33.9%
Charter School Capital Reimb.	0		0	0	-	#DIV/0!
Off-Set: Racial Equity	0		0	0	-	#DIV/0!
Off-Set: School Lunch	17,462	\$ 17,863	19,186	<b>15,595</b>	(3,591)	-18.7%
Off-Set: School Choice				<b>80,000</b>	80,000	#DIV/0!
<b>Sub-Total, All Education Items</b>	<b>5,450,124</b>	<b>5,359,348</b>	<b>5,856,668</b>	<b>5,684,107</b>	<b>(172,561)</b>	<b>-2.9%</b>
<b>General Government</b>						
Lottery, Beano & Charity Games	2,800,177	\$ 2,527,311	3,357,406	<b>3,189,536</b>	(167,870)	-5.0%
Additional Assistance	1,942,474	\$ 1,753,187	0	0	-	#DIV/0!
Police Career Incentive	235,554	\$ 199,676	40,692	<b>20,558</b>	(20,134)	-49.5%
Meals Tax Increase	0	\$ -	0	0	-	#DIV/0!
Rooms Tax Increase	0	\$ -	0	0	-	#DIV/0!
Veterans Benefits	48,937	\$ 75,311	103,355	<b>116,685</b>	13,330	12.9%
Exempt: Vets, Blind & Surv. Spouse	75,880	\$ 81,031	113,028	<b>115,196</b>	2,168	1.9%
Exempt: Elderly	41,666	\$ 37,148	0	0	-	#DIV/0!
State Owned Land	201,613	\$ 216,172	194,742	<b>121,758</b>	(72,984)	-37.5%
Municipal Medicaid	100,000		0	0	-	#DIV/0!
Abandoned Property	52		0	0	-	#DIV/0!
Off-Set: Public Libraries	48,936	\$ 50,166	37,183	<b>37,825</b>	642	1.7%
<b>Sub-Total, All General Gov.</b>	<b>5,495,289</b>	<b>4,940,002</b>	<b>3,846,406</b>	<b>3,601,558</b>	<b>(244,848)</b>	<b>-6.4%</b>
<b>Total Cherry Sheet</b>	<b>10,945,413</b>	<b>10,299,350</b>	<b>9,703,074</b>	<b>9,285,665</b>	<b>(417,409)</b>	<b>-4.3%</b>
<b>SBA Reimbursements</b>						
Existing Proj. Reimbursements	1,369,707	\$ 916,839	916,839	916,839	-	0.0%
<b>Sub-Total, SBA Reimburse.</b>	<b>1,369,707</b>	<b>\$ 916,839</b>	<b>916,839</b>	<b>916,839</b>	<b>-</b>	<b>0.0%</b>
<b>Total State Aid</b>	<b>12,315,120</b>	<b>11,216,189</b>	<b>10,619,913</b>	<b>10,202,504</b>	<b>(417,409)</b>	<b>-3.9%</b>



**State Aid**

The forecasted decrease of \$417,409 (or 3.9%) is directly related to the continuing economic downturn, and as an effect, lower state revenues. This forecast - originally as high as 12.5% of base state aid - unallocated aid to municipalities and aid to schools - has been increased to a more modest 5% reduction based upon the Governor's proposed budget and now two months worth of comments and commentary from state legislators.

**Estimated Receipts**

Estimated receipts are projected to increase \$452,228 (or approximately 4.8%). Estimated receipts are traditionally based on historical averages for each category of receipt. Based upon stronger collections in some key areas of receipts in FY 2009, even with the downturn within the economy, we believe that our local estimated receipt collections have stabilized. We expect some increase in investment income by the end of FY 2011 and collections of Motor Vehicle Excise taxes exceeding this current Fiscal Year's estimate but still less than FY 2008 and FY 2009.

**Local Option Meals Tax**

Town Meeting approved raising a .75% local option Meals Tax at the 2009 Fall Annual Town Meeting. As per policy of the Board of Selectmen, that money will be reserved for the purpose of partially augmenting the costs of a future debt exclusion should the community give approval of a new High School and a new Community/Senior Center in March 2010.

**Other Revenue Sources**

Other Revenue Sources are 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 Parking Meter Collections, Free Cash, the Stabilization Fund and Overlay Surplus. Other local receipts are set to decline \$1,924,790 or 28.2% in FY 2011 due to the strong recommendation not to use Stabilization Fund monies and the fact that Overlay Surplus is not available. A base of \$1,500,000 of Free Cash is proposed to offset operations and \$750,000 to offset the anticipated settlement of FLSA for the Fire Department.

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**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.

<b>Table 5: Enterprise Funds</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 10-11 Change</b>	
	Actual	Actual	Projected	TA Proposed	\$	%
<b>Water &amp; Sewer Enterprise</b>						
User Charges	9,992,305	13,068,730	12,314,366	12,708,325	393,959	3.2%
Connection Fees	94,291	95,193	95,000	170,000	75,000	78.9%
Other Departmental Income	739,814	1,000,186	700,000	750,000	50,000	7.1%
Investment Income	81,930	48,798	45,000	45,000	-	0.0%
Capital Article Closeout/Transfers	-	-	162,304	100,000	(62,304)	-38.4%
Retained Earnings	2,675,000	-	213,696	325,000	111,304	52.1%
<b>Total Water &amp; Sewer</b>	<b>13,583,340</b>	<b>14,212,907</b>	<b>13,530,366</b>	<b>14,098,325</b>	<b>567,959</b>	<b>4.2%</b>
<b>Golf Course</b>						
User Charges	454,304	413,518	385,000	385,000	-	0.0%
Other Departmental Revenue	170,390	160,001	145,000	145,000	-	0.0%
Retained Earnings	90,000	76,232	41,430	57,699	16,269	39.3%
Town Subsidy**	355,000	355,000	355,000	350,000	(5,000)	-1.4%
<b>Total Golf Course</b>	<b>1,069,694</b>	<b>1,004,751</b>	<b>926,430</b>	<b>937,699</b>	<b>11,269</b>	<b>1.2%</b>
<b>Total Enterprise Funds</b>	<b>14,653,034</b>	<b>15,217,658</b>	<b>14,456,796</b>	<b>15,036,024</b>	<b>579,228</b>	<b>4.0%</b>