



Town of Natick

FY 2011 Budget

Section II: Revenues



Town of Natick

FY 2011 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 \$118,974,087 in FY 2011.

Revenue Summary	FY 2008 Budget	FY 2009 Budget	FY 2010 Projected	FY 2011 Proposed	FY 10-11 Change	
					\$	%
General Fund						
Property Tax Levy (Table 1)	64,617,822	73,483,995	76,971,074	79,283,758	2,312,684	3.00%
State Aid (Table 2)	12,315,120	11,216,189	10,619,913	9,407,029	-1,212,884	-11.42%
Estimated Receipts (Table 3)	13,692,857	11,997,065	9,497,772	9,900,000	402,228	4.23%
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	4,947,267	-1,868,131	-27.41%
Total General Fund	99,758,601	103,054,444	103,904,157	103,938,054	33,897	0.03%
Enterprise Revenues (Table 5)	14,653,034	15,217,658	14,456,796	15,036,024	579,228	4.01%
Total Revenues - All Funds	114,411,635	118,272,103	118,360,953	118,974,078	613,125	0.52%

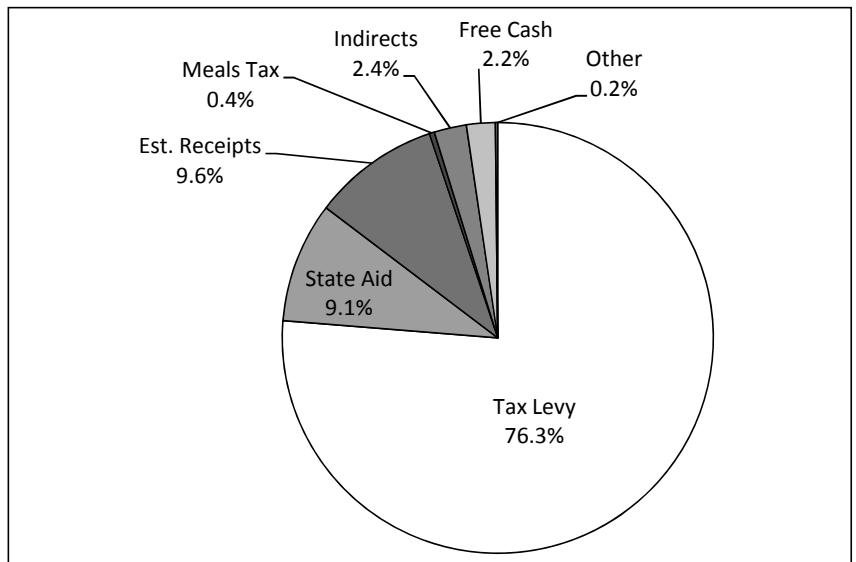
The information contained in this section is intended to accomplish the following goals:

- 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 \$103,958,053. 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 (9.5%). 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.

	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%
Levy Limit	63,657,548	71,396,290	76,106,387	78,389,579	2,283,192	3.0%
<i>Less Excess Levy Capacity</i>			<i>(53,674)</i>			
Natick Collection Projected Tax ¹		\$ 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%
Total Tax Levy	64,617,822	73,483,995	76,971,074	79,283,758	2,312,684	3.0%

	FY 2008	FY 2009	FY 2010	FY 2011	FY 10-11 Change	
	Actual	Actual	Revised	TA Proposed	\$	%
Education						
Chapter 70	5,232,584	\$ 5,229,411	5,727,110	5,011,221	(715,889)	-12.5%
Charter School Tuition Reimb.	200,078	\$ 112,074	110,372	96,576	(13,797)	-12.5%
Off-Set: School Lunch	17,462	\$ 17,863	19,186	16,788	(2,398)	-12.5%
Sub-Total, All Education Items	5,450,124	5,359,348	5,856,668	5,124,585	(732,084)	-12.5%
General Government						
Lottery, Beano & Charity Games	2,800,177	\$ 2,527,311	3,357,406	2,937,730	(419,676)	-12.5%
Additional Assistance	1,942,474	\$ 1,753,187	0	0	-	#DIV/0!
Police Career Incentive	235,554	\$ 199,676	40,692	35,606	(5,087)	-12.5%
Meals Tax Increase	0	\$ -	0	0	-	#DIV/0!
Rooms Tax Increase	0	\$ -	0	0	-	#DIV/0!
Veterans Benefits	48,937	\$ 75,311	103,355	90,436	(12,919)	-12.5%
Exempt: Vets, Blind & Surv. Spouse	75,880	\$ 81,031	113,028	98,900	(14,129)	-12.5%
Exempt: Elderly	41,666	\$ 37,148	0	0	-	#DIV/0!
State Owned Land	201,613	\$ 216,172	194,742	170,399	(24,343)	-12.5%
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	32,535	(4,648)	-12.5%
Sub-Total, All General Gov.	5,495,289	4,940,002	3,846,406	3,365,605	(480,801)	-12.5%
Total Cherry Sheet	10,945,413	10,299,350	9,703,074	8,490,190	(1,212,884)	-12.5%
SBA Reimbursements						
Existing Proj. Reimbursements	1,369,707	\$ 916,839	916,839	916,839	-	0.0%
Sub-Total, SBA Reimburse.	1,369,707	\$ 916,839	916,839	916,839	-	0.0%
Total State Aid	12,315,120	11,216,189	10,619,913	9,407,029	(1,212,884)	-11.4%

Table 3: Estimated Receipts	FY 2008	FY 2009	FY 2010	FY 2011	FY 10-11 Change	
	Actual	Actual	Projected	TA Proposed	\$	%
Motor Vehicle	4,174,230	\$ 4,187,040	3,600,000	3,850,000	250,000	6.9%
Hotel Tax	867,120	\$ 833,854	800,000	800,000	-	0.0%
Payment & Interest Taxes/Excise	235,092	\$ 546,464	250,000	250,000	-	0.0%
Payment in Lieu of Taxes	16,680	\$ 117,635	32,500	32,500	-	0.0%
Trash Fee	1,066,549	\$ 1,005,638	965,272	950,000	(15,272)	-1.6%
<u>Other Charges for Services</u>						
Police Spec. Duty Service Charges	56,829	\$ -	0	0	-	#DIV/0!
Ambulance Fees - Other Charges	1,006,888	\$ 979,848	925,000	1,000,000	75,000	8.1%
Rentals	227,932	\$ 355,452	250,000	250,000	-	0.0%
Recreation	75,410	\$ 91,205	75,000	175,000	100,000	133.3%
<u>Other Departmental Revenue</u>						
Fines/Forfeits	220,200	\$ 214,193	210,000	210,000	-	0.0%
Other Departmental Revenue	856,306	\$ 917,006	875,000	875,000	-	0.0%
Investment Income	905,653	\$ 390,392	350,000	450,000	100,000	28.6%
License/Permits	2,366,758	\$ 1,228,497	1,050,000	1,037,500	(12,500)	-1.2%
Special Assessments	21,979	\$ 21,243	15,000	20,000	5,000	33.3%
<u>Miscellaneous Non-Recurring</u>						
Closeouts/Other	373,044	\$ -	0	0	-	#DIV/0!
Tax Per Ch. 59 Sec D (% Occup.)	1,222,187	\$ 1,108,600	100,000	0	(100,000)	-100.0%
Total Estimated Receipts¹:	13,692,857	11,997,065	9,497,772	9,900,000	402,228	4.2%

Notes: ¹Net mall occupancy bill

Local Option Meals Tax	0	0	0	400,000	400,000	100%
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Table 4: Other Revenues	FY 2008	FY 2009	FY 2010	FY 2011	FY 10-11 Change	
	Actual	Actual	Projected	TA Proposed	\$	%
Intergovernmental Transfer	2,379,592	\$ 2,546,345	2,506,416	2,506,416	-	0.0%
Available Funds (Free Cash)	5,057,917	\$ 3,000,000	2,147,380	2,250,000	102,620	4.8%
Stabilization Fund	256,102	\$ 600,000	950,751	-	(950,751)	-100.0%
Overlay Surplus	1,116,024	\$ -	1,000,000	-	(1,000,000)	-100.0%
Other Available Funds	323,167	\$ 210,851	210,851	190,851	(20,000)	-9.5%
Total Other Local Receipts	9,132,802	6,357,196	6,815,398	4,947,267	(1,868,131)	-27.4%
Total General Fund	99,758,601	103,054,445	103,904,157	103,938,054	33,897	0.0%

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 \$2,259,010 or 2.9 percent is based on a 2.5 percent increase plus estimated new growth (increase in the tax levy due to new construction) of just over \$380,000 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 \$1,212,884 (or 11.4%) is directly related to the continuing economic downturn, and as an effect, plummeting state revenues. Hopefully the forecast decline of 12.5% of base state aid - unallocated aid to municipalities and aid to schools - will be sufficient to weather a tumultuous upcoming legislative season. Preliminary State Aid figures will not be known until late January when the governor unveils his House 1 budget for submission to the legislature.

Estimated Receipts

Estimated receipts are projected to increase \$402,228 (or approximately 4.2%). 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 \$1,848,131 or 27.1% 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.

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	FY 2009	FY 2010	FY 2011	FY 10-11 Change	
	Actual	Actual	Projected	TA Proposed	\$	%
Water & Sewer Enterprise						
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%
Total Water & Sewer	13,583,340	14,212,907	13,530,366	14,098,325	567,959	4.2%
Golf Course						
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%
Total Golf Course	1,069,694	1,004,751	926,430	937,699	11,269	1.2%
Total Enterprise Funds	14,653,034	15,217,658	14,456,796	15,036,024	579,228	4.0%