

FY 2026 Town Administrator's Preliminary Budget



Monday 2/3/25, 6:00-8:00PM
Town of Natick Finance Department



Agenda



Budget Principles

- Budget Strategic Goals



General Fund

- Revenues
- Expenses
- Rollup



Enterprise Funds

- Water & Sewer
- Sassamon Trace Golf Course



Override Impact

- Methodologies
- Budget Cuts & Restorations
- Impact by Department

Budget Strategic Goals

The Budget Priorities are prepared annually after the multi-year forecast. In alignment with Town's Financial Management Principles, these components guide and prioritize the funding allocated for FY 2026 Preliminary Budget.



Present a Balanced Budget

- Realistic Revenue Projections
- Accurate Personnel Budgeting
- Reduce Spending
- Conservative Budget Principle



Maintain Core Services

- Improved Operational Efficiency
- No New Initiatives
- Limited Capital Investment



Support Staffing

- Minimize impacts on existing employees



Long-term Fiscal Health

- Ensure Reserves meet target levels to enhance financial resilience



Revenues: \$202,374,750 +2.96% vs. prior year

Key Takeaways:

- **Tax Levy** – New Growth: \$1,100,000
- **State Aid** – 3.3% increase, approximates 10-year average growth
- **Local Receipts** –
 - ✓ 11% increase, further adjustments after COVID
 - ✓ Projection reaches 95% of prior-year actual
 - ✓ Continued upward economic outlook in Local Excise Taxes, Licenses & Permits
- **Other Available Funds** –
 - ✓ **ARPA:** Completion of Revenue Replacement created a gap in FY26
 - ✓ **Debt Premiums:** decrease along with debt project amortization

Tax Levy
\$149,951,999
 +3.02%

State Aid
\$19,617,247
 +3.29%

Local Receipts
\$20,484,523
 +11.31%

	FY 2026 Preliminary	% Change from FY 2025
Tax Levy	\$149,951,999	3.0%
State Aid	\$19,617,247	3.3%
Local Receipts	\$20,484,523	11.3%
Indirects	\$3,983,245	5.0%
Free Cash - Operational	\$6,500,000	37.2%
Overlay Surplus	\$500,000	-50.0%
Other Available Funds *	\$167,736	-94.3%
Total Operating Revenues	\$201,204,750	3.0%
Free Cash - Others	\$1,170,000	3.9%
Total General Fund Revenues	\$202,374,750	3.0%

Free Cash Spending Plan



Key Takeaways:



Operational Budget –
increase of **37%** from FY25,
approx. **79%** of total free cash



Stabilization Funds – Meeting
Minimal Targets



Capital Investments – Direct
funding for **Capital Projects**



Maintain Reserves



OPEB Liability – Maintain
contribution to **Retirees Health**
Care costs

Revenue	FY 2026 Preliminary
Certified Free Cash	\$7,838,033
Total Rev	\$7,838,033
Expenses	
Fiscal 2026 Omnibus Budget	\$6,500,000
OPEB Trust Fund	\$250,000
Operational Stabilization Fund	\$0
General Stabilization Fund	\$0
Capital Stabilization Fund	\$400,000
Capital Improvement Projects	\$250,000
Free Cash Reserve	\$168,033
Overlay	\$270,000
Total Exp	\$7,838,033
Total Excess	\$0

FY 2026 Free Cash - \$7,838,033



Operational Use – 37% Increase

Utilization in the Operating Budget to balance the budget.

Capital Financing

Significant decrease in financing capital projects and capital stabilization fund.

Reserves

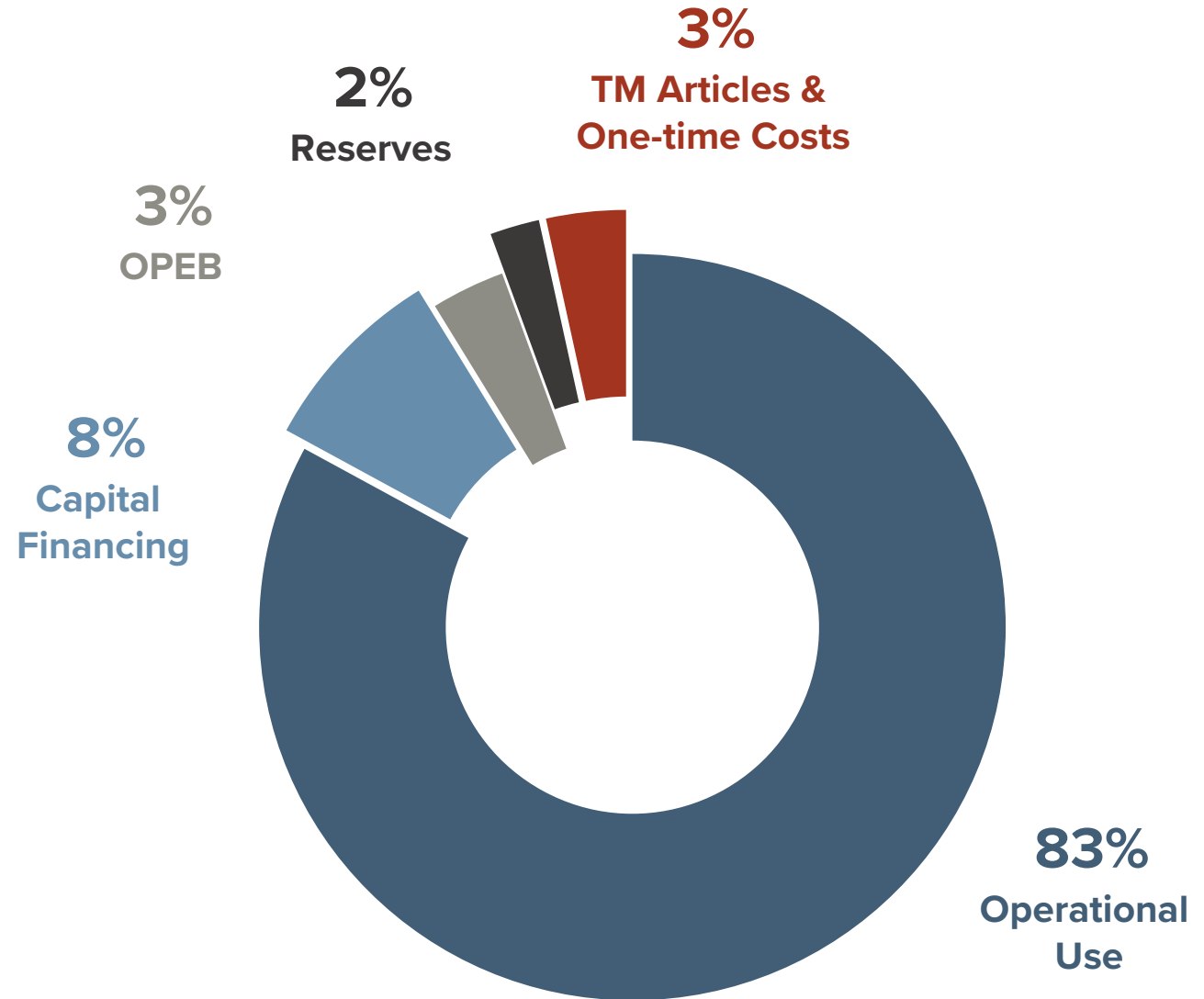
Contribution to Stabilization Funds & Free Cash Reserves

OPEB

Maintain a consistent contribution to Retirees Health Care costs

TM Articles & One-time costs

Town Meeting Appropriations or other one-time costs



Expenses: \$202,374,750 + 3.23% vs. prior year



NPS

FY 2026

\$92,714,346

Growth from FY 2025: 6.8%

Town

FY 2026

\$46,829,297

Growth from FY 2025: -1.2%

Shared

FY 2026

\$58,933,074

Growth from FY 2025: 3.6%

	FY 2026 Preliminary	% Change from FY 2025
Natick Public Schools	\$92,714,346	6.8%
Keefe Tech	\$1,407,225	0.0%
Morse Library	\$2,739,115	1.6%
Bacon Library	\$247,880	2.3%
Public Safety	\$20,050,245	-0.6%
Public Works	\$10,911,341	-3.0%
Health and Human Services	\$2,890,709	-2.6%
Administrative Support Services	\$8,570,607	0.3%
Committees & Commissions	\$12,175	-88.3%
Shared Expenses	\$58,933,074	3.6%
<u>Total Operating Expenses</u>	\$198,476,718	3.9%
Below-the-line Items	\$3,898,032	-21.4%
<u>Total General Fund Expenses</u>	\$202,374,750	3.2%



Town Expenses - \$46,829,297; -1.15% vs. prior year

To achieve low expense growth:

- Accurate Personnel & Expense Budgeting
- Identify operational efficiency
- Reallocation of existing resources
- Cut funding for 7.0 FTE Vacancies

Growth Rate

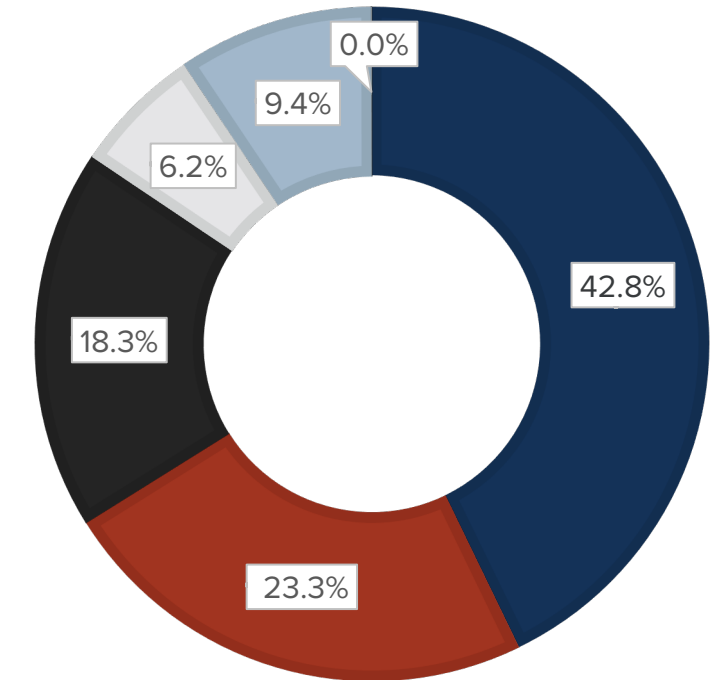
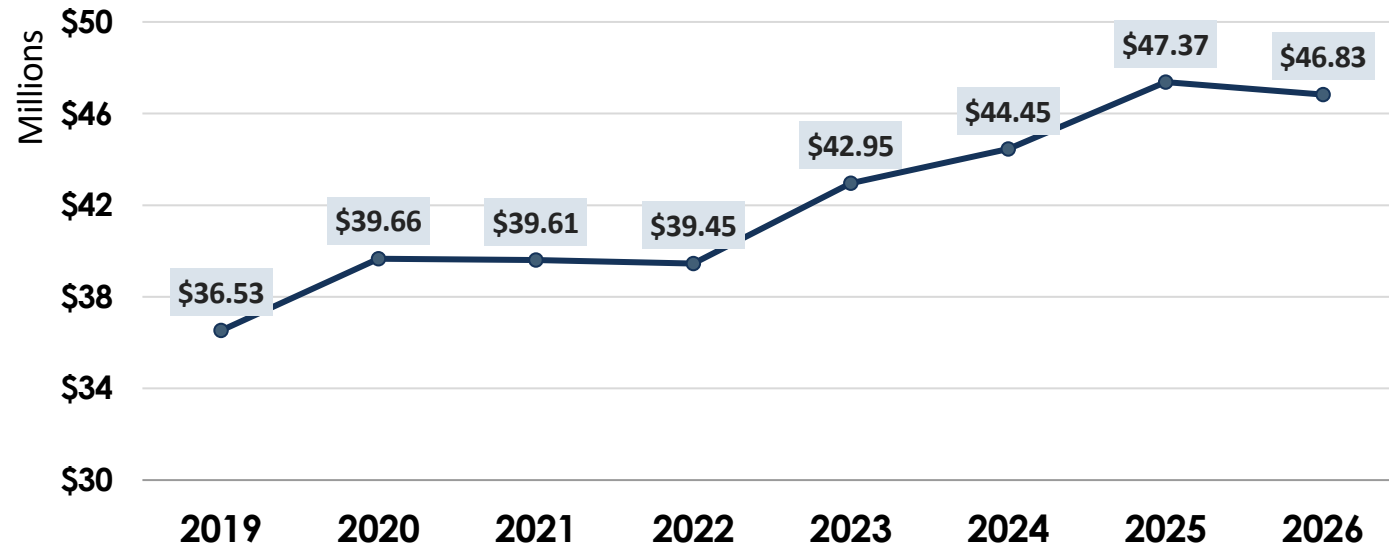
-1.15 %

Five-year AVG. Growth : 4.08%

Expense Breakdown

- Public Safety
- Admin Support
- Libraries & Keefe Tech
- Public Works
- Health & Human Services
- Committees

Operating Expense Trend - Town



Affected Department / Category	Budget/ Permanent Cut	Additional Budget Cuts	Affected FTEs	Total Cuts	FY 2026 Budget	% from FY 2025
Morse Institute Library	(\$5,400)	(\$9,585)	0.50	(\$14,985)	\$2,739,115	1.59%
Bacon Free Library	\$0	(\$1,756)	-	(\$1,756)	\$247,880	2.34%
Police & Parking	(\$24,320)	(\$12,150)	-	(\$36,470)	\$9,013,482	0.35%
Fire	(\$10,560)	(\$257,310)	2.50	(\$267,870)	\$10,990,943	-1.32%
Public Works	(\$313,212)	(\$151,433)	1.50	(\$464,645)	\$10,911,341	-2.96%
Community Services	(\$51,695)	(\$34,944)	-	(\$86,639)	\$2,194,030	-2.55%
Board of Health	(\$3,800)	(\$36,000)	0.50	(\$39,800)	\$696,680	-2.78%
Select Board	(\$30,394)	(\$34,006)	-	(\$64,400)	\$2,962,080	17.41%
Finance	(\$10,823)	(\$32,500)	0.50	(\$43,323)	\$2,048,437	-0.74%
Information Technology	(\$113,237)	(\$193,200)	-	(\$306,437)	\$1,882,260	-9.40%
Town Clerk & BOR	(\$100,187)	(\$49,665)	0.50	(\$149,852)	\$484,281	-23.05%
Community Economic Development	(\$85,530)	(\$6,785)	-	(\$92,315)	\$1,153,537	-4.99%
Committees & Commissions	\$0	(\$92,152)	-	(\$92,152)	\$12,175	-88.33%
Facilities Management	(\$20,679)	(\$46,455)	1.00	(\$67,134)	\$4,688,008	-0.55%
Employee Fringe Expenses	(\$73,096)	(\$227,208)	-	(\$300,304)	\$23,588,224	6.80%
Debt Services	(\$583,606)	\$0		(\$583,606)	\$14,356,527	-3.91%
Total	(\$1,426,539)	(\$1,185,149)	7.00	(\$2,611,688)		

Town & Shared Dep. Level Cuts

Budget Cuts

Permanent reductions implemented to address structural deficits and will remain in place regardless of override outcomes.

Additional Budget Cuts

Reductions made to balance the budget, which will be fully restored if the override passes or other funding sources become available.

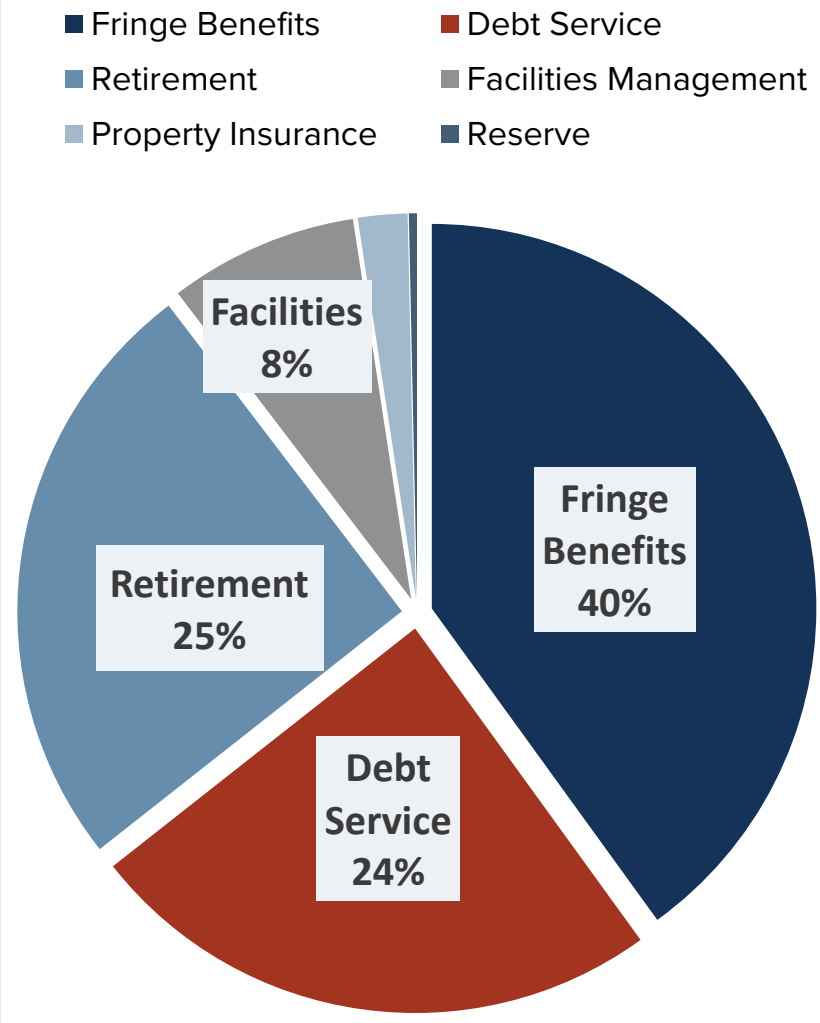
Affected FTEs

Shared Expenses: \$58,933,074; +3.56% vs. prior year



Key Takeaways:

- Health Insurance rates:**
 - Active Plans: 7.5%
 - Senior Plans: 7.3%
- Health Insurance Plan Count:**
 - School: 1,029 – 0.7% ↑
 - Town: 601 – 3.4% ↓
- Retirement:** 7.5% increase, higher than average growth of 4% due to COLA Base Adjustments voted on by TM at 2024 FATM
- Debt Service:** 18 debt projects fall off the schedule, total \$412,200;
- limited capacity for new capital projects due to budget constraint



	FY 2026 Preliminary	% Change from FY 2025
Fringe Benefits	\$23,588,224	6.8%
Debt Service	\$14,356,527	-3.9%
Retirement	\$14,874,240	7.5%
Facilities Management	\$4,688,008	-0.6%
Property & Liability Insurance	\$1,226,075	8.1%
Reserve Fund	\$200,000	0.0%
Total Shared Expenses	\$58,933,074	3.6%

General Fund Bottom Line



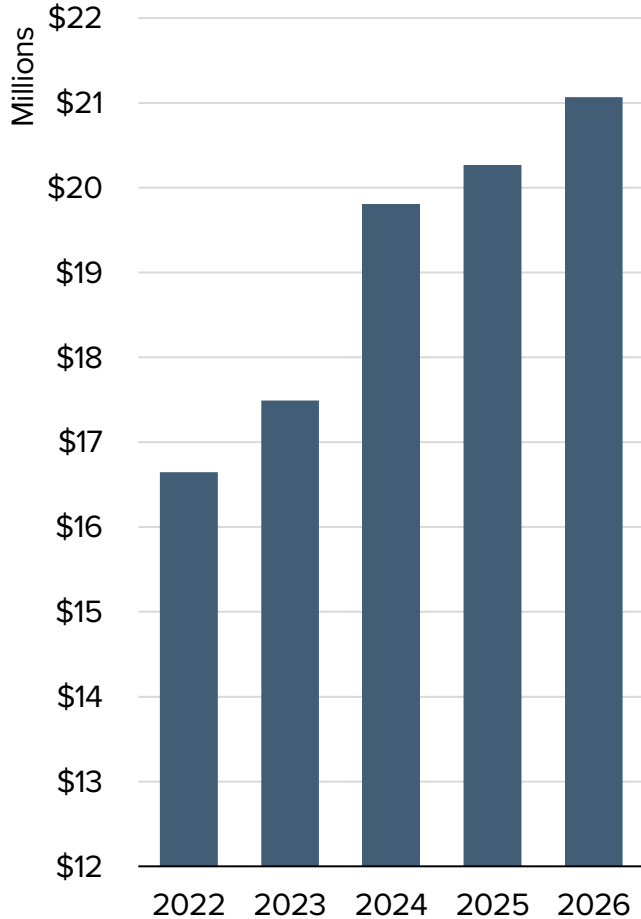
Revenues: \$202,374,750

Expenses: \$202,374,750

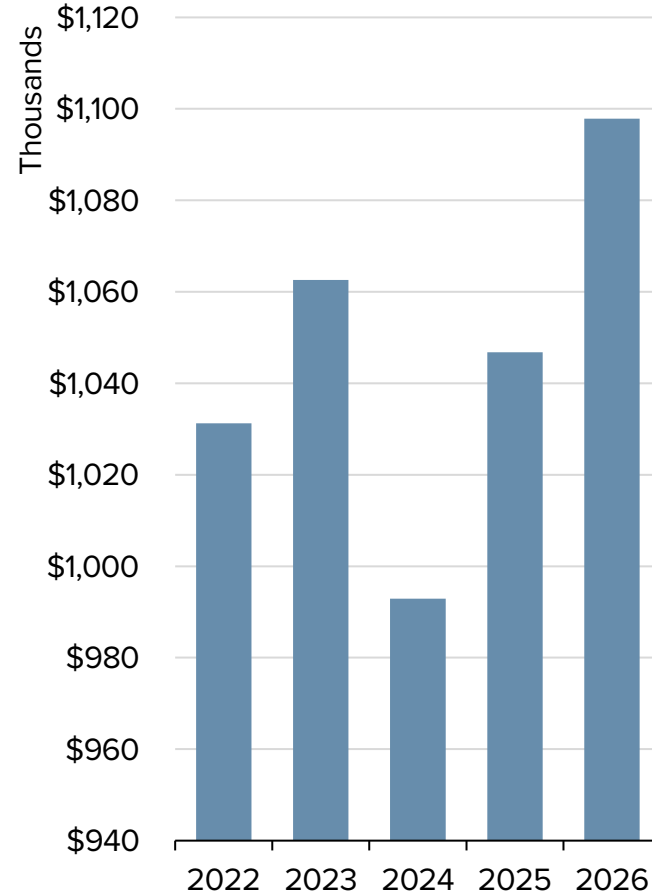
Surplus/(Deficit): \$0

Enterprise Funds: self-reliance

Water & Sewer Fund



Sassamon Golf Course



Water Sewer Enterprise Fund:

- Total Expenses: \$21,066,522 –3.7% increase
- Total Revenues: \$21, 406,934 projected
- Expense Driver: Sewer Assessment Cost; Capital Costs; PFAs Filter

Golf Course Enterprise Fund:


- Total Expenses: \$1,097,850 – 4.87% increase
- Total Revenues: \$1,257,684 projected
- Expense Driver: Electricity; Land Lease; Inflation; Personnel Adjustment,

Golf Course will remain the positive position by producing sufficient revenues to cover its operations.


Affected Department / Category	Additional Cut	\$ Budget Restorations w. Override	Affected FTEs	FY 2026 Budget w. Override	% from FY 2025
Natick Public Schools (incl. school bus subsidy)	(\$2,777,558)	\$2,777,558	41.00	\$95,491,904	9.48%
Morse Institute Library	(\$9,585)	\$9,585	0.50	\$2,748,700	1.94%
Bacon Free Library	(\$1,756)	\$1,756	-	\$249,636	3.07%
Police	(\$12,150)	\$12,150	-	\$8,837,132	0.53%
Fire	(\$257,310)	\$257,310	2.50	\$11,248,253	0.99%
Public Works	(\$151,433)	\$151,433	1.50	\$11,062,773	-1.61%
Community Services	(\$34,944)	\$34,944	-	\$2,228,974	-1.00%
Board of Health	(\$36,000)	\$36,000	0.50	\$732,680	2.24%
Select Board	(\$34,006)	\$34,006	-	\$2,321,186	25.61%
Finance	(\$32,500)	\$32,500	0.50	\$2,080,937	0.84%
Information Technology	(\$193,200)	\$193,200	-	\$2,075,460	-0.10%
Town Clerk & BOR	(\$49,665)	\$49,665	0.50	\$533,946	-15.15%
Community Economic Development	(\$6,785)	\$6,785	-	\$1,160,322	-4.43%
Committees & Commissions	(\$92,152)	\$92,152	-	\$104,327	0.00%
Facilities Management	(\$46,455)	\$46,455	1.00	\$4,734,463	0.43%
Employee Fringe Expenses	(\$227,208)	\$227,208	-	\$23,815,432	7.83%
Total	(\$3,962,707)	\$3,962,707	48.00		

Override Impact on the budget


Restore Budget Cuts




48 FTEs
(School – 41; Town – 7)




Benefits & Stipends of Vacancies



Costs shifted to alternative financing sources



Costs related to Compliance Requirements



Town operations, IT Security, Programs etc..

Final Thoughts

- FY 2026 Amended Budget Book in early April
- Expected updates for Healthcare cost; Keefe Tech Assessment cost & Retirement Assessment
- Next Public Forums – 2/11/25; 3/12/25
- Finance Committee Meetings – Dates TBD
- Hardcopy of Preliminary Budget Book will be available at Select Board's Office, Morse Library and Assessor's Office on/after February 3rd





FY 2026 Town Administrator's Preliminary Budget Book



<https://natickma.gov/390/Budget>



Town of Natick

FY2026

Town Administrator's Preliminary Budget

Presented by: Town of Natick Finance Department