

Town Administrator's Preliminary Budget

FY 2027



Wednesday 2/4/2026
Town of Natick Finance Department



Agenda



Budget Principles

- Core Principles
- Budget Strategic Goals



General Fund

- Revenue Projections
- Expense Summary
- New Initiatives



Financial Planning

- Methodologies & Assumptions
- Five-year Forecast



Enterprise Funds

- Water & Sewer
- Sassamon Trace Golf Course

Quick Recap on FY 2026

In March 2025, voters approved a **\$7 million tax override**, which helped to stabilize core services.

While the override provides significant support, the Town is committed to achieving balanced budgets by identifying reductions, efficiencies, and re-prioritizations.

Major Drivers:



Inflation-driven increases persist in costs



2.5% cap on annual property tax increases



Falling Unrestricted State Aid since 2010



Declining Federal Aid

*The focus of the FY 2027 budget is on maintaining an environment of **financial and operational sustainability**.*

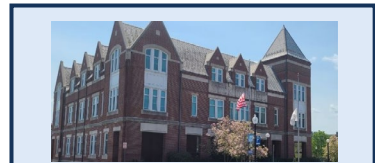
“Override is a one-off – a short-term fix for what is often a deeper mismatch between the services residents desire and the city or town’s restricted ability to raise sufficient revenue.”

Source: MMA, “A Perfect Storm: Cities and Towns Face Historic Fiscal Pressures,” October 2025.

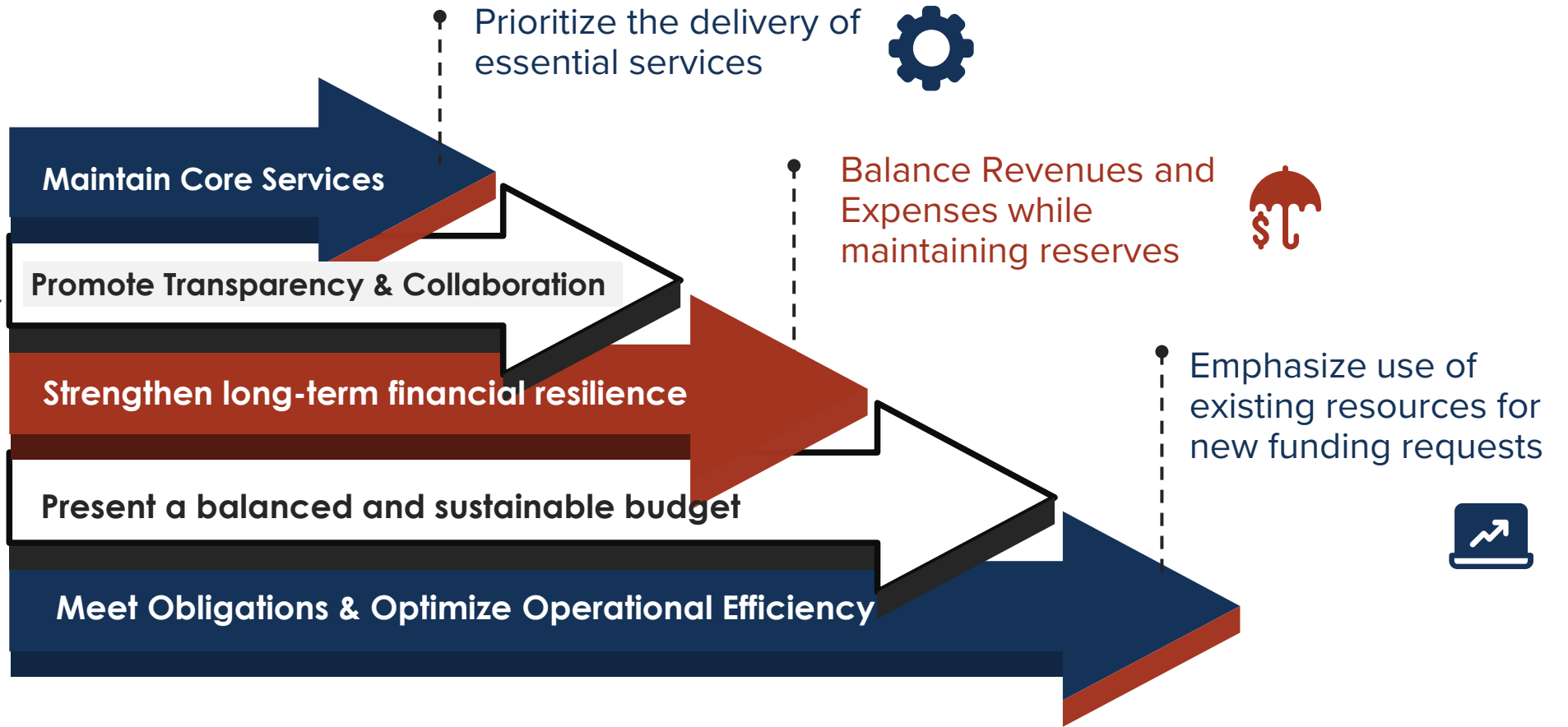
Town Budget Goals



Financial decisions align with the Select Board's Critical Success Factors.



Share clear, accessible financial information with town stakeholders





Revenues: \$224,491,595 +6.93% vs. prior year

Key Takeaways:

- **Tax Levy** – New Growth: \$1,500,000, consistent with historical certified level.
- **State Aid** : +2.3%, based on the Governor’s Budget.
- **Local Receipts** –
 - ✓ +5.7%, maintaining pace with historical growth in Local Excise Taxes, Licenses & Fees.
 - ✓ Projection is equivalent to **86%** of FY25 actual.
- **Free Cash** –
 - ✓ \$3.5M used for operations .
 - ✓ Increased use in non-operating expenses e.g., Capital, Stabilization funds and OPEB.
- **Stabilization Funds** – Use of **Capital Stabilization Fund** to partially offset debt service increases resulting from July 2025 bond issuance.
- **Overlay** – \$1.45M released consistent with reduced tax delinquency and increased overlay balance.
- **Other Available Funds** –
 - ✓ **Parking Meter Revenue:** growth of 7.8% driven by higher receipts.

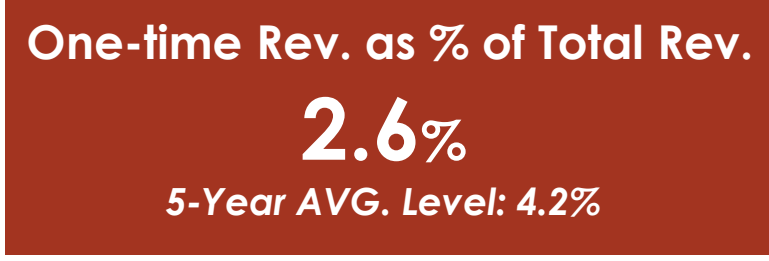
Tax Levy
\$162,996,887
 +3.23%

State Aid
\$20,415,972
 +2.29%

Local Receipts
\$21,649,443
 +5.69%

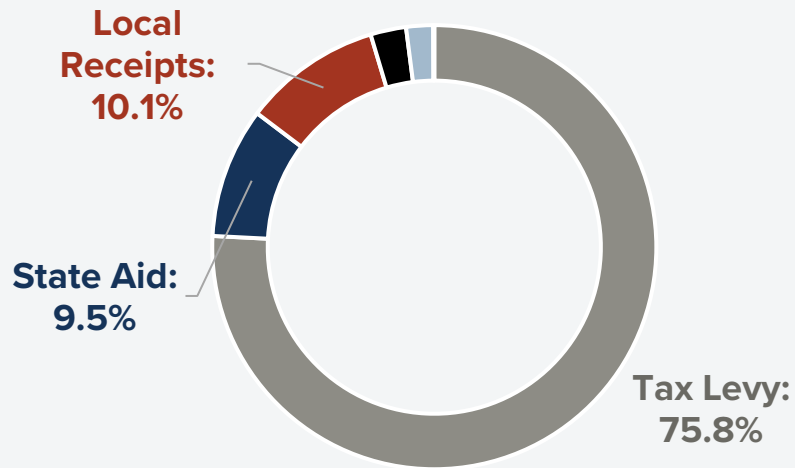
	FY 2027 Preliminary	% Change from FY 2026
Tax Levy	\$162,996,887	3.23%
State Aid	\$20,415,972	2.29%
Local Receipts	\$21,649,443	5.69%
Indirects	\$4,210,350	5.70%
Free Cash - Operational	\$3,500,000	1.08%
Stabilization Fund(s)	\$620,000	N/A
Overlay Surplus	\$1,450,000	N/A
Other Available Funds	\$170,653	1.74%
<u>Total Operating Revenues</u>	<u>\$215,013,305</u>	<u>4.40%</u>
Free Cash - Others	\$9,478,290	137.84%
<u>Total General Fund Revenues</u>	<u>\$224,491,595</u>	<u>6.93%</u>

Revenue Breakdown

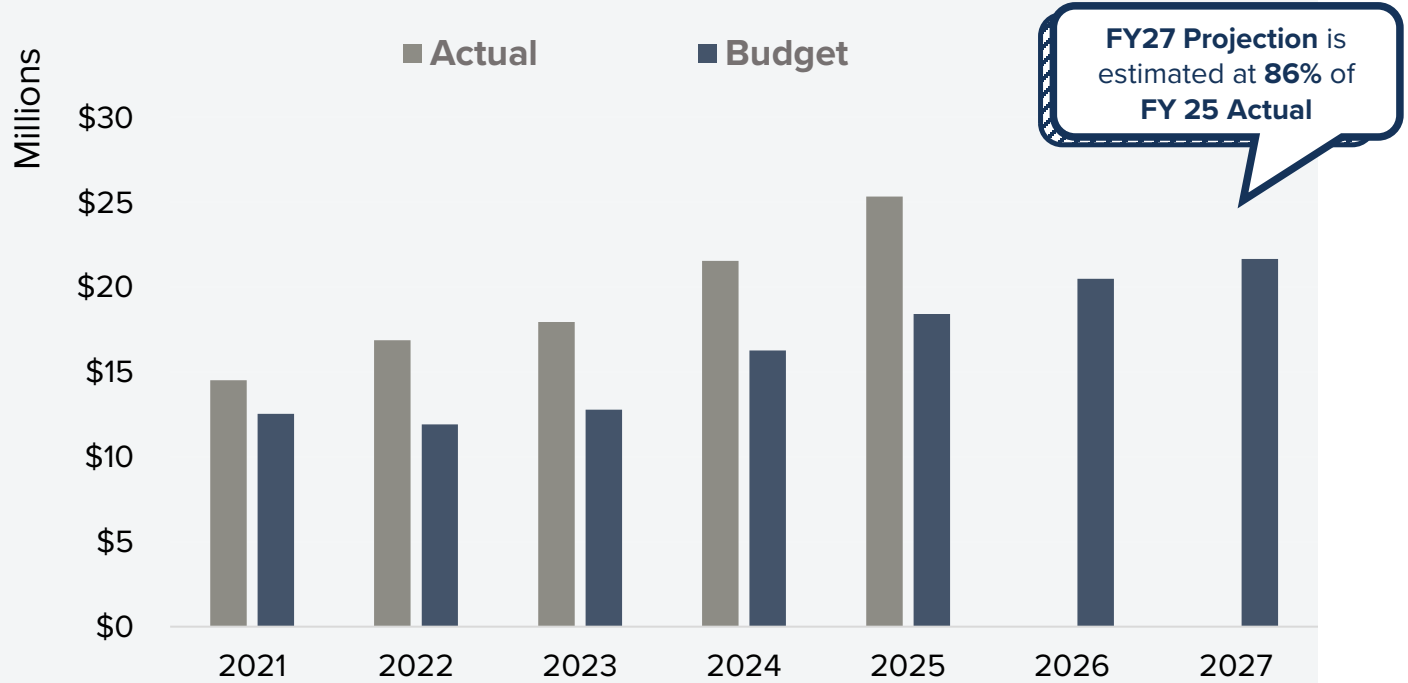


Revenue Breakdown - \$224,491,595

- Tax Levy - 75.8%
- State Aid - 9.5%
- Local Receipts - 10.1%
- One-time Funds - 2.6%
- Indirects - 1.9%
- Other Available Funds - 0.0%



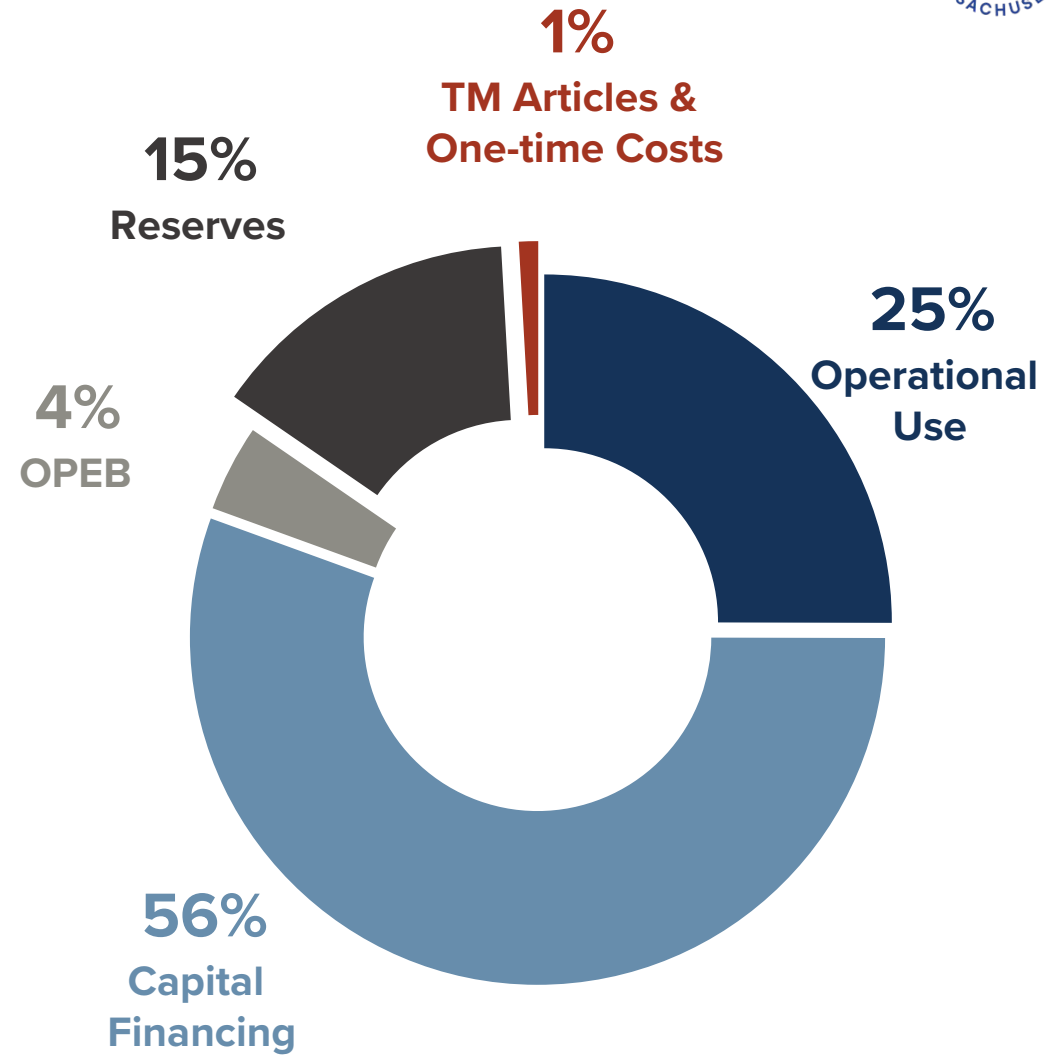
Local Receipts Actual vs. Budget



Use of Certified Free Cash

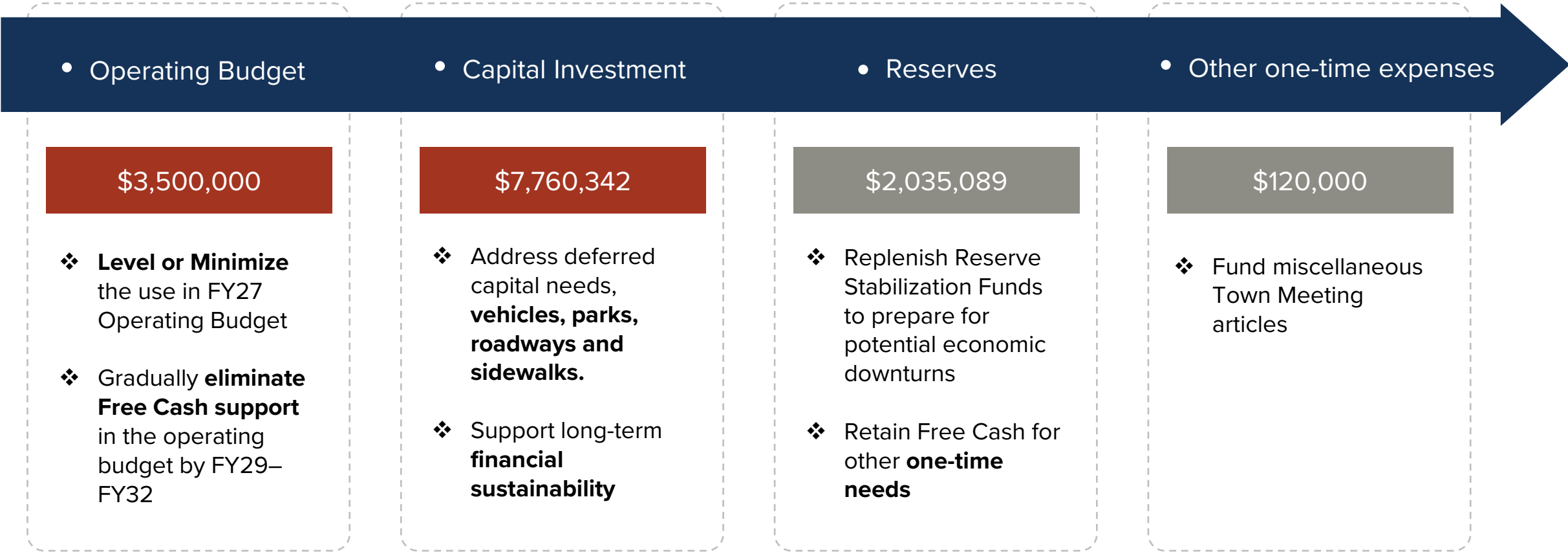


	FY 2027 Preliminary
Revenue	
Certified Free Cash	\$13,979,541
Expenses	
Fiscal 2027 Omnibus Budget	\$3,500,000
OPEB Trust Fund	\$564,110
Operational Stabilization Fund	\$26,668
General Stabilization Fund	\$1,127,170
Capital Stabilization Fund	\$1,395,674
Capital Improvement Projects	\$6,364,668
Replacement of Police Badges, Uniforms	\$120,000
Total Expenses	\$13,098,290
Free Cash Reserve	\$881,251



Please refer to Page 33 – 34 of Budget Book for Stabilization Funds Balances.

The Town's financial structure is dependent on recurring Free Cash:



The override **reduced—but did not eliminate**—the **structural gap** between recurring revenues and recurring expenses. At least **\$3.5M** in Free Cash is needed in FY27 to close the remaining operating gap. Free Cash also supports key one-time priorities, including reserve replenishment, OPEB, and capital, which help sustain service levels and support the local economy.

Expenses: \$224,483,683 + 7.05% vs. prior year



NPS

FY 2027

\$100,650,912

Growth from FY 2026: 5.4%

Town

FY 2027

\$49,387,242

Growth from FY 2026: 3.4%

Shared

FY 2027

\$61,875,245

Growth from FY 2026: 5.5%

	FY 2027 Preliminary	% Change from FY 2026
Natick Public Schools	\$100,650,912	5.40%
Keefe Tech	\$1,523,579	0.08%
Morse Library	\$2,854,074	3.83%
Bacon Library	\$256,042	2.57%
Public Safety	\$20,867,349	1.74%
Public Works	\$11,410,529	3.22%
Health and Human Services	\$2,853,951	-3.64%
Administrative Support Services *	\$9,517,391	10.42%
Committees & Commissions	\$104,327	0.00%
Shared Expenses	\$61,875,245	5.52%
Total Operating Expenses	\$211,913,399	4.96%
Below-the-line Items	\$12,570,284	61.23%
Total General Fund Expenses	\$224,483,683	7.05%

* Administrative Support Services are driven by cyclical election costs, required CBA set-asides, and increased software costs budgeted within IT.



Town Expenses: \$49,387,242

To achieve level-service budget:

- **Incremental budgeting** increases above 2% require review/approval.
- **Use a centralized personnel budgeting model** to manage staffing costs.
- **Identify operational efficiencies.**
- **Reallocate existing resources** before new spending.

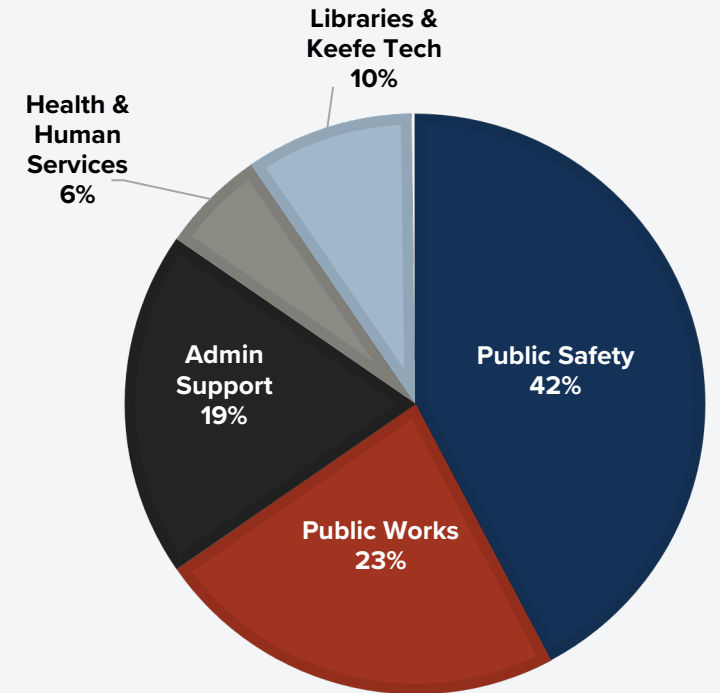
Growth Rate

3.39% ↑ vs. FY 2026

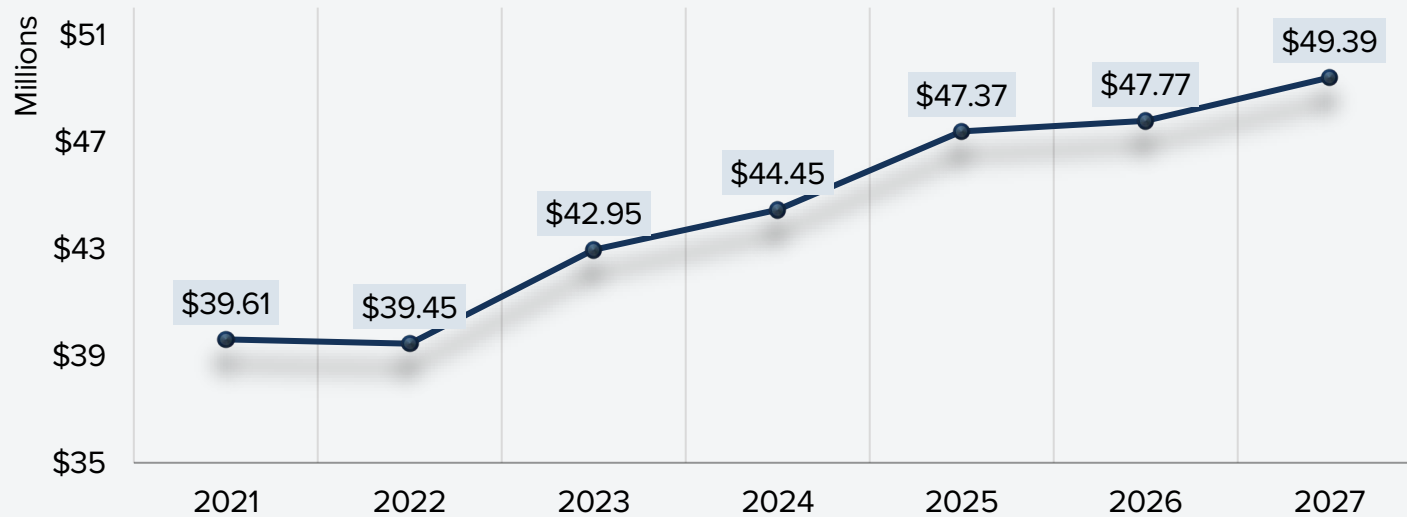
Five-year AVG. Growth : 3.88%

Town Expense Breakdown

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



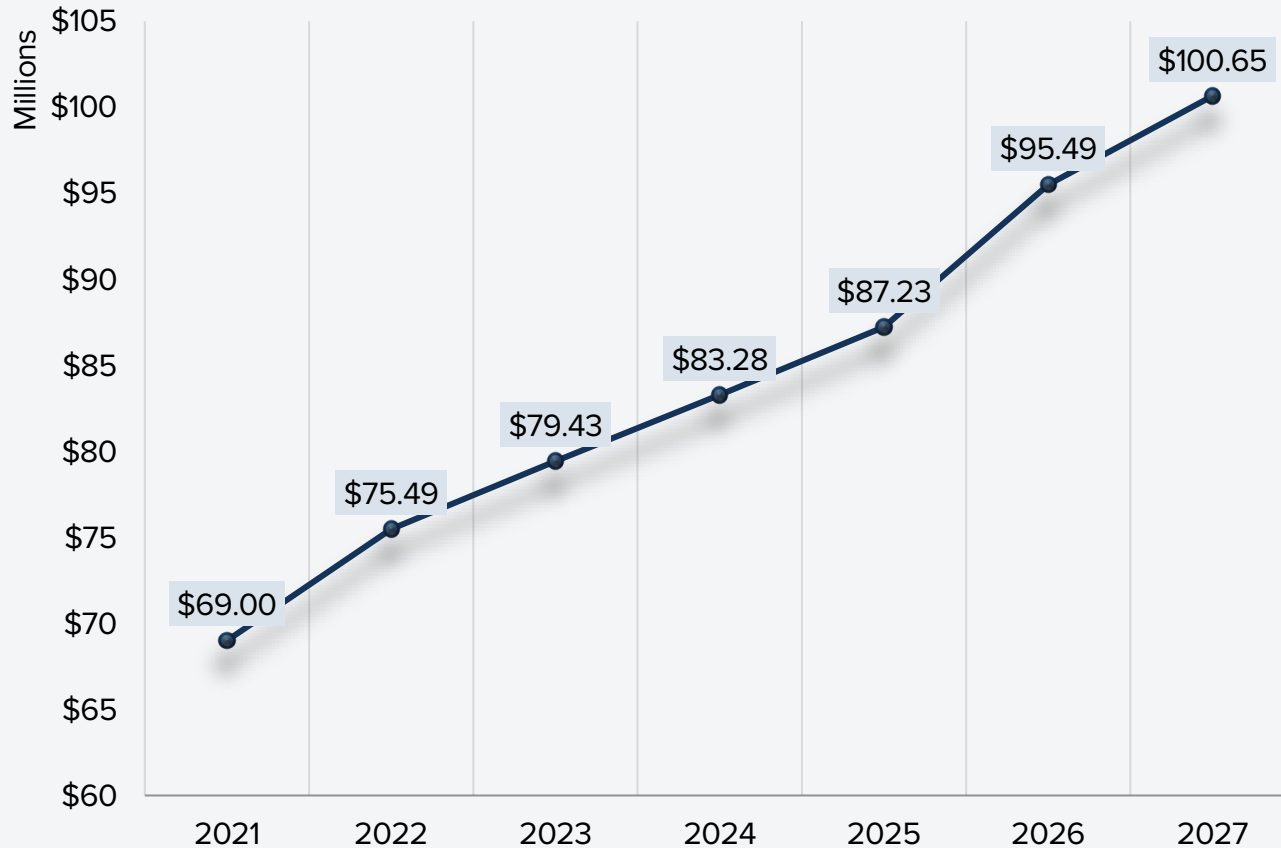
Town Expense Trend



Natick Public Schools: \$100,650,912



Natick Public Schools Expense Trend

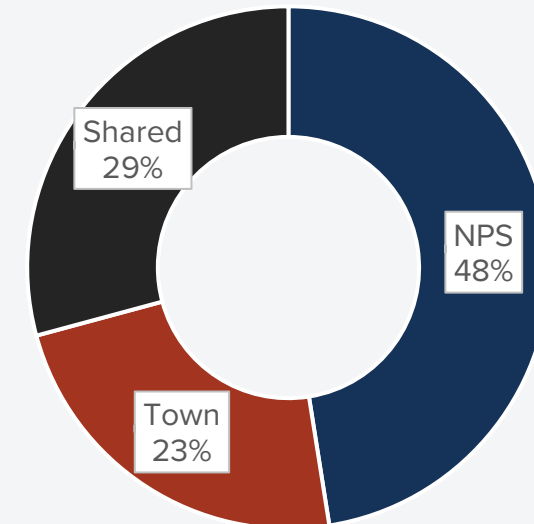


Growth Rate

5.40% ↑ vs. FY 2026

Five-Year AVG. Growth: 6.74%

Comparison: NPS, Town & Shared Services



Shared Expenses: \$61,875,245



Key Takeaways:

- **Health Insurance rates:**
 - Active Plans: +12.0%
 - Senior Plans: +11.0%

- **Health Insurance Plan Count:**
 - School: 1,020
 - Town: 658

- **Retirement:**
 - **Net increase: +0.4%**
(FY26 assessment came in below estimate; **actual FY26 growth: +4.0%**)

- **Debt Service:**
 - **+\$1.75M** from July 2025 bond issuance.
 - **-\$358,225** as 22 projects roll off the debt schedule.
 - Budget includes a **set-aside for potential borrowing** (up to **~\$4M** equivalent projects) in the coming year.

	FY 2027 Preliminary	% Change from FY 2026
Fringe Benefits	\$25,206,088	9.07%
Debt Service	\$15,304,217	6.23%
Retirement	\$14,933,250	0.40%
Facilities Management	\$4,991,690	3.55%
Property & Liability Insurance	\$1,240,000	1.14%
Reserve Fund	\$200,000	0.0%
<u>Total Shared Expenses</u>	<u>\$61,875,245</u>	<u>5.52%</u>

New initiatives



Total Deferred
\$1,078,480

Total Included
\$297,500

General Fund
\$277,500

Golf Course
\$20,000

Department	New Initiative	Cost	Funding Status	Funding Source
Police	Replacement of Uniforms, Badges Patches	\$120,000	Budgeted	Free Cash
Health	Animal Inspector Stipend	\$2,500	Budgeted	Operating Budget
Facilities	Project Manager (Shared)	\$85,000	Budgeted	Operating Budget
Facilities	Facilities Repair Maintenance (Shared)	\$20,000	Budgeted	Operating Budget
Finance	Personal Property Auditing	\$50,000	Budgeted	Overlay Account
Golf Course	Small Equipment Repairs	\$20,000	Budgeted	Golf Budget
Police	Deputy Animal Control Officer	\$19,760	Deferred	N/A
DPW	Compliance & Safety Budget	\$100,000	Deferred	N/A
Finance	Business Application Manager	\$112,000	Deferred	N/A
CED	Invasive Species Management	\$20,000	Deferred	N/A
IT	IT Security Analyst (Shared)	\$125,000	Deferred	N/A
IT	Town Intern	\$14,040	Deferred	N/A
Facilities	Maintenance V	\$80,242	Deferred	N/A
Fire	Overtime Funding Adjustment	\$607,438	Partially Funded	Operating Budget

Funding Packages:

In addition, the Town received funding packages totaling **\$682,991** to support contractual obligations, cyclical election costs, and cost increases driven by inflation and supply-chain pressures.

Breakdown

- ❖ Inflation-driven: **\$337,513**
- ❖ Contractual Obligations: **\$272,868**
- ❖ Election-related: **\$72,610**

| General Fund Bottom Line



Revenues: \$224,491,595

Expenses: \$224,483,683

Surplus/(Deficit): \$7,912

Possible Budget Updates:

Revenues

- **State Aid:** projection may change with action by the Legislature.

Expenses

- **Keefe Tech:** final assessment expected **early March**.
- **Health Insurance:** updated rates expected **before April**.
- **State & County Assessments:** updates expected **with State Aid**.
- **Cherry Sheet Offsets:** updates expected **with State Aid**.

Five-Year Forecast: FY 2028 – FY 2032

Historical rates of increase are not sustainability in the mid-long term. Please refer to Page 49 – 50 of Budget Book for full details of the forecast.

General Fund Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	FY 2032 Forecast	FY 32-28 YOY % Change
Major Revenue Sources	\$216,217,228	\$223,190,842	\$230,349,269	\$237,733,886	\$243,306,214	3.22%
Free Cash – Operational	\$3,500,000	\$3,500,000	\$2,000,000	\$0	\$0	-100.00%
Free Cash – Others	\$3,492,548	\$3,689,297	\$5,391,169	\$7,756,355	\$7,717,773	-4.89%
Overlay Surplus	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	-8.87%
Stabilization Funds	\$300,000	\$200,000	\$0	\$0	\$0	
Total General Fund Revenues	\$224,509,777	\$231,580,139	\$238,740,438	\$246,490,240	\$252,023,987	2.36%
Natick Public Schools	\$105,683,458	\$110,967,630	\$116,516,012	\$122,341,813	\$128,458,903	5.00%
Town	\$50,855,681	\$52,368,769	\$53,927,888	\$55,534,460	\$57,189,951	2.98%
Shared Services	\$64,342,804	\$66,723,140	\$63,716,890	\$58,695,309	\$58,758,557	-1.31%
Total General Fund Operating Expenses	\$220,881,942	\$230,059,540	\$234,160,790	\$236,571,582	\$244,407,412	2.79%
Below-the-line Items	\$6,634,299	\$6,885,602	\$10,075,857	\$14,319,305	\$11,107,998	3.31%
Total General Fund Expenses	\$227,516,241	\$236,945,142	\$244,236,647	\$250,890,886	\$255,515,409	2.82%
Bottom Line	(\$3,006,464)	(\$5,365,003)	(\$5,496,209)	(\$4,400,646)	(\$3,491,423)	-

Scenario Assumptions

FY 2028 - 2032
YOY % Change

NPS: 5.00%

Town: 2.98%

Shared: -1.31%

- Expense Drivers:**
- Ongoing health insurance cost increases
 - Debt service commitments to support capital funding
 - Contractual obligations (CBAs), utilities, and software
 - From FY30-31, reductions in Contributory Pension assessment, redirected to support:
 - Operations
 - OPEB
 - Capital investments

Forecast Highlights:

- ❖ New Growth: maintaining at \$1.5M
- ❖ Local Receipts: grow 3.7% over five years
- ❖ State Aid: Chapter 70 follows historical trends; UGGA flat in FY27, +2% annually after

Use of Free Cash:

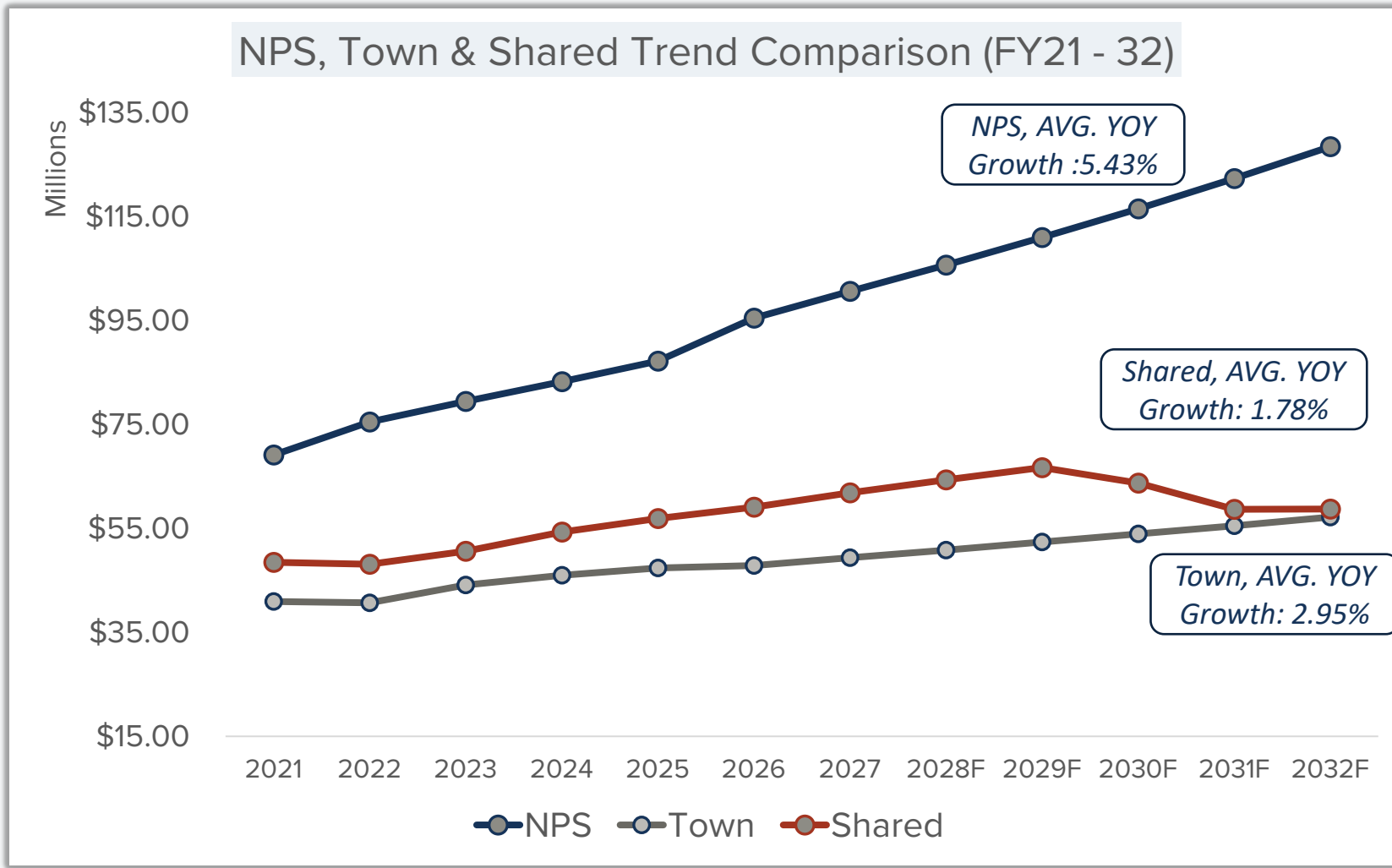
- Operational support: \$3.5M (FY27–FY29), \$2M (FY30), \$0 (FY31)
- Balance for capital, one-time expenses, and reserves per Financial Management Principles

CIP: Over the forecast period, **\$46,141,000** is funded through borrowing and **\$31,485,209** is funded with cash (PAYGO).

Expense Trend by Category (incl. Forecast)



Shared are the common services shared between the School and Town, including Facilities Department, Pension Liability, Debt Services, Health Insurance etc.



NPS

FY 2027

\$100,650,912

10-YR Growth: 62%

Shared

FY 2027

\$49,387,242

10-YR Growth: 16%

Town

FY 2027

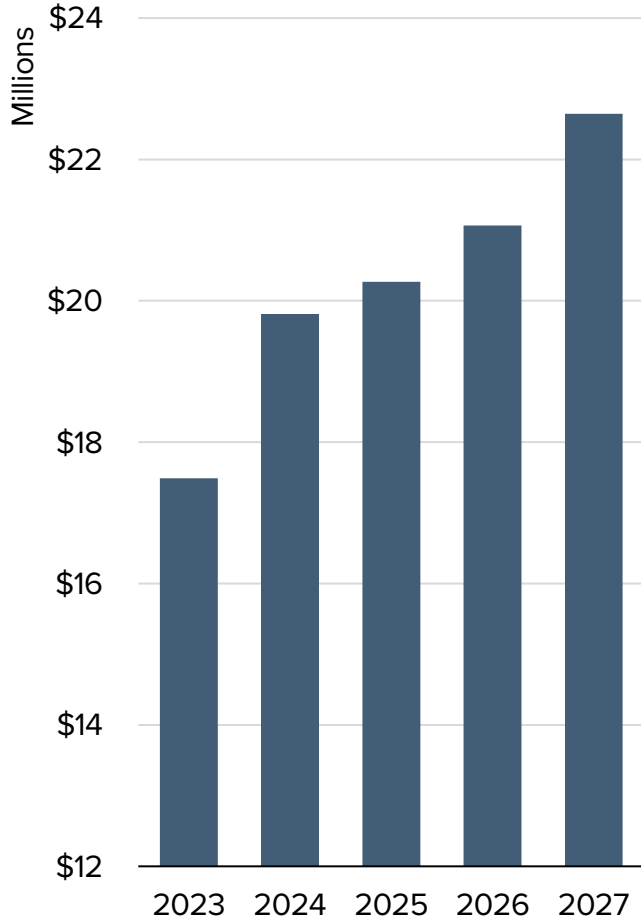
\$61,875,245

10-YR Growth: 30%

From 2028, the chart reflects forecasted levels for three spending categories.

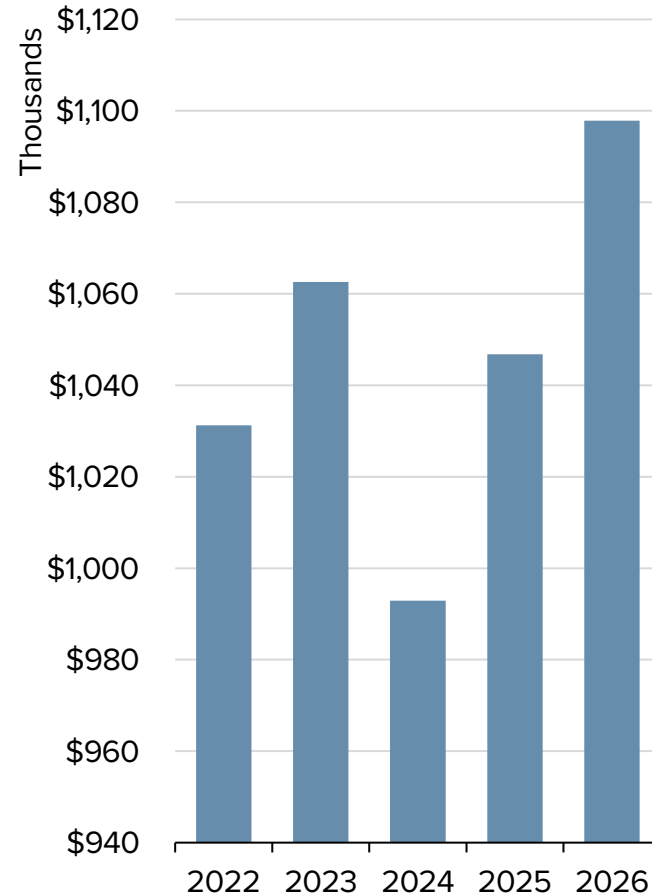
Enterprise Funds: self-reliance

Water & Sewer Fund



Retained Earnings: \$5,398,934

Sassamon Golf Course



Retained Earnings: \$1,059,408

Water & Sewer Enterprise Fund:

- Total Expenses: \$22,644,954 –7.5% increase
- Total Revenues: \$22,691,350 projected
- Expense Drivers: Sewer Assessment, Capital Costs, PFAS Filter.

Golf Course Enterprise Fund:

- Total Expenses: \$1,211,185 – 10.3% increase
- Total Revenues: \$1,257,684 projected
- Expense Drivers: Utilities (Water), Land Lease, Inflation, Personnel Adjustment.

Budget Timeline



FY 2027 Starting from July 1, 2026

Budget Meetings (Nov. – Dec.)

- Departments Meetings w. Finance
- Town Administrator Budget Review w. Department Heads

Budget Kick-off (Sep. – Oct.)

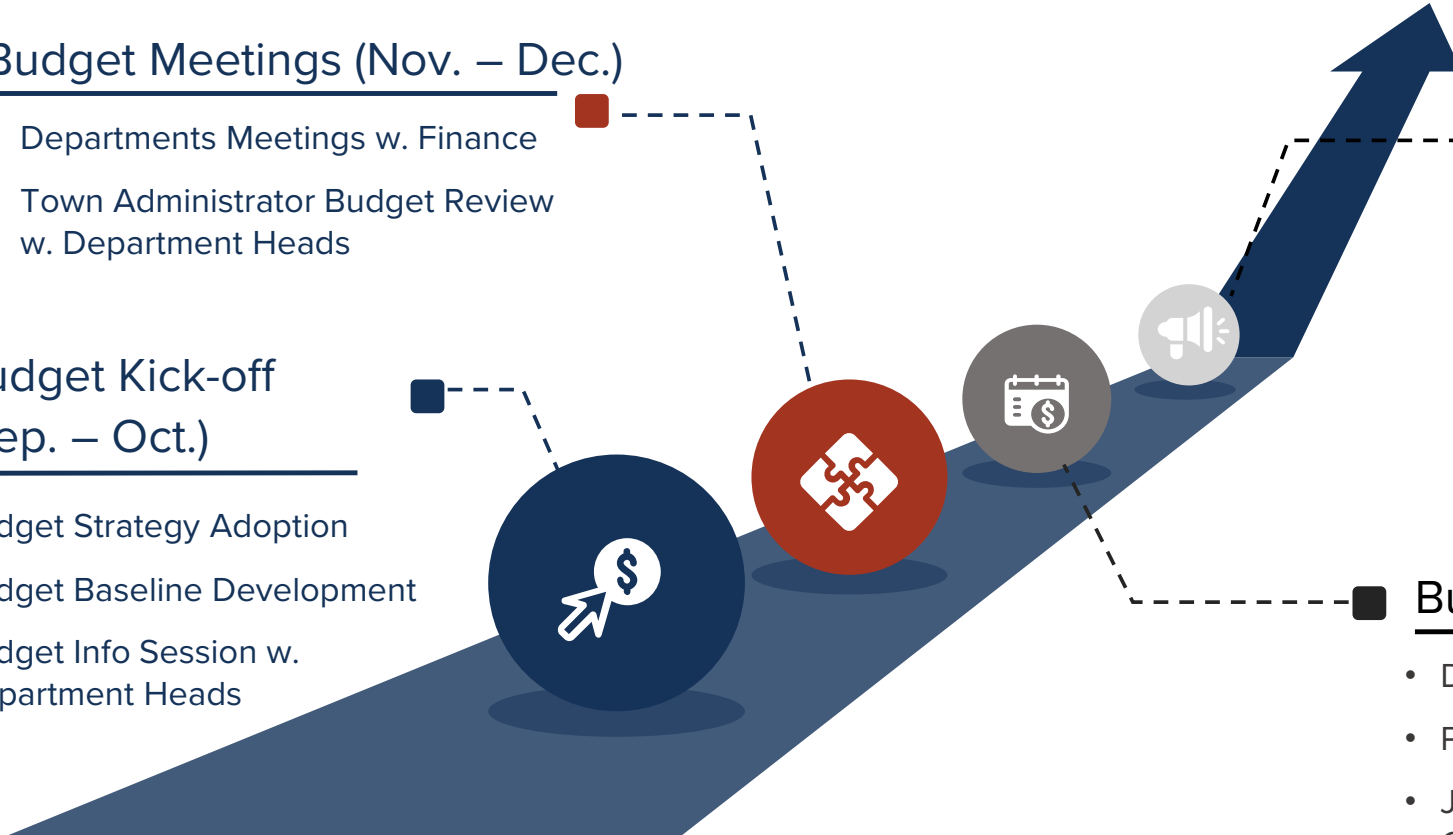
- Budget Strategy Adoption
- Budget Baseline Development
- Budget Info Session w. Department Heads

After Budget Release (Mar. – Apr.)

- Finance Committee Budget Hearings
- Amended Budget Release
- Town Meeting for Budget Appropriations

Budget Development (Jan. – Feb.)

- Development of Budget Numbers & Budget Documents
- Preliminary Budget Release on Feb. 2, 2026
- Joint Budget Meeting with Select Board, School Committee & Finance Committee





TOWN OF NATICK



FY 2027 Town Administrator's Preliminary Budget

Presented by: Town of Natick Finance Admin & Budget

more info

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

location

13 E Central St, Natick, MA 01760



Scan to view the FY 2027 Preliminary Budget Book



Now Available: Digital Budget Book!!

Visit the Town Finance & Budget webpage to view the newly released **Digital Budget Book**—an interactive alternative to the static PDF, available on both mobile and desktop.