



Memorandum

To: Board of Selectmen
Finance Committee

From: Martha White, Town Administrator
Michael Walters Young, Deputy Town Administrator/Finance Director

Date: Thursday, March 28, 2013

Re: Final FY 2014 Budget Update & Reconciliation Packet

Please find attached materials summarizing where the FY 2014 Operating Budget stands as of March 20th. This packet is designed to inform members about the current balance of the Town's Operating budget, track all changes in the budget since March 1st, the ground rules governing the split of incremental revenues, display the current split between the municipal and school sides, and provide a summary of the upcoming financial articles at Town Meeting, a reconciliation between the Finance Committee and Town Administration's budget recommendations, , an update to the three-year projection and additional pertinent supplemental information.

As of today, the deficit has been closed and the overall balance of the FY 2014 General Fund Operating Budget currently stands **at a positive \$97,131**. The two major drivers of the reduction have been the substantial reductions in the Natick Public Schools and the Fringe Benefits lines since March 1st.

There are few remaining decisions to be made regarding the FY 2014 Operating Budget. The revised split is shown on page 7. Currently the positive balance is divided \$97,131 to the municipal side and \$0 to the education side.

For the Board of Selectmen:

The Board of Selectmen has **two** items for action pertaining to the budget:

1) Decision on the position of Economic Development Officer/Planner

The only outstanding item under consideration for the municipal side is the addition of an Economic Development Officer at a proposed cost of \$97,131. Should this be funded, that would bring the budget into balance.

2) Reconsideration of the Board of Selectmen's Budget (pages VII.3-VII.10)

The Board of Selectmen voted on January 31st a recommendation of \$1,168,695 – inclusive of funds for the settlement of the Police Superiors' Contract which have also been approved in the Police Department budget. In order for the FY 2014 Operating budget to remain in balance, the BOS budget must be re-voted \$77,597 lower to **\$1,081,098.**

For the Finance Committee:

This packet is inclusive of all items necessary for the Finance Committee to vote a final recommendation under Article 12. Over the weekend, the Finance Committee should carefully review the packet and understand the pages 9-20 in particular. As of Thursday morning, March 28th, there are only 4 budgets which the Finance Committee's recommendation does not match that of Town Administration: the Natick Public Schools, the Police department, Contributory Retirement and Non-Contributory Retirement. The retirement budgets have not been heard by the Finance Committee as of the production of this memo but will be by the end of Thursday evening March 28th. The Natick Public Schools and the Police Department are scheduled to be heard on the evening of April 2nd. ***Should the Board of Selectmen make a recommendation on the Economic Development Officer/Planner, we will provide a further revision to the pages 9-20 of this packet and ensure that a full reconciliation of funding sources for Article 12 (shown at the bottom of page 18) on Tuesday night.***

The purpose of this packet for the Finance Committee is to provide a full reconciliation of Article 12 and the operating budget well in advance of Tuesday Night so that you can have to the clearest extent possible an understanding of a vote on the operating budget.

The attachments are as follows:

General Fund Revenue /Expenditure Summary	Pages 3-4
Changes since March 1	Page 5
Ground Rules on Budget balancing/gap closure	Page 6
Methodology of the Revenue Split	Page 7
Revenue Split version 3.0	Page 8
Reconciliation b/w FC & TA	Pages 9-16
Financial Summary of Town Meeting Articles	Pages 17-20
Additional New Hires Detail – Town-wide	Page 21
Free Cash Spenddown Proposal	Page 22
Three-year projection	Pages 23-24