

Special Town Meeting #1 2020



WELCOME TO
NATICK CENTER

October 20, 2020

Executive Summary

Where we have been and where are we going

- Guiding principles and philosophy as we manage through this public health and fiscal crisis.
- Reviewing how we finished FY 20.
- Determining the Town's fiscal health condition given the present moment.
- Sharing our fiscal forecast FY 22-25 given the information we have at this time.
- Planning and decisions after this Special Town Meeting #1 2020 and what you can expect as Town Meeting Members.

Our Guiding Principles

The background image is a faded photograph of a park. In the center, a tall brick church steeple rises above a line of green trees. To the right, a wooden gazebo with a tiered roof is visible. In the foreground, there's a grassy area with a bench and a paved path. A white monument stands near the gazebo. The sky is blue with some clouds.

**Guiding Principles
Town Administration's
Perspective on COVID19
Articulated March 24, 2020 & Still True Today**

- We are all experiencing fear, stress, anxiety, and unprecedented uncertainty.
- Our services will be more important than ever as people confront and adapt to this new world.
- This is a long duration event – we must make decisions now for how the Town will operate in 6, 12, 18 months and beyond.
- We must look forward – if we innovate and look to the future we will be able to successfully navigate this challenge.
- We must learn from our vulnerabilities that have been presented during this crisis and modernized our systems.
- Natick is uniquely positioned to meet the needs of our residents while charting a course for how municipalities can come together to deal with seemingly insurmountable challenges.

The background is a faded, light-colored image of a park. It shows a river or stream flowing through a wooded area with many trees. In the lower-left corner, there is a dark-colored park bench. The overall tone is soft and naturalistic.

Fiscal Year 2020



Town of Natick: Financial Indicators

Year-End Overview FY 2020

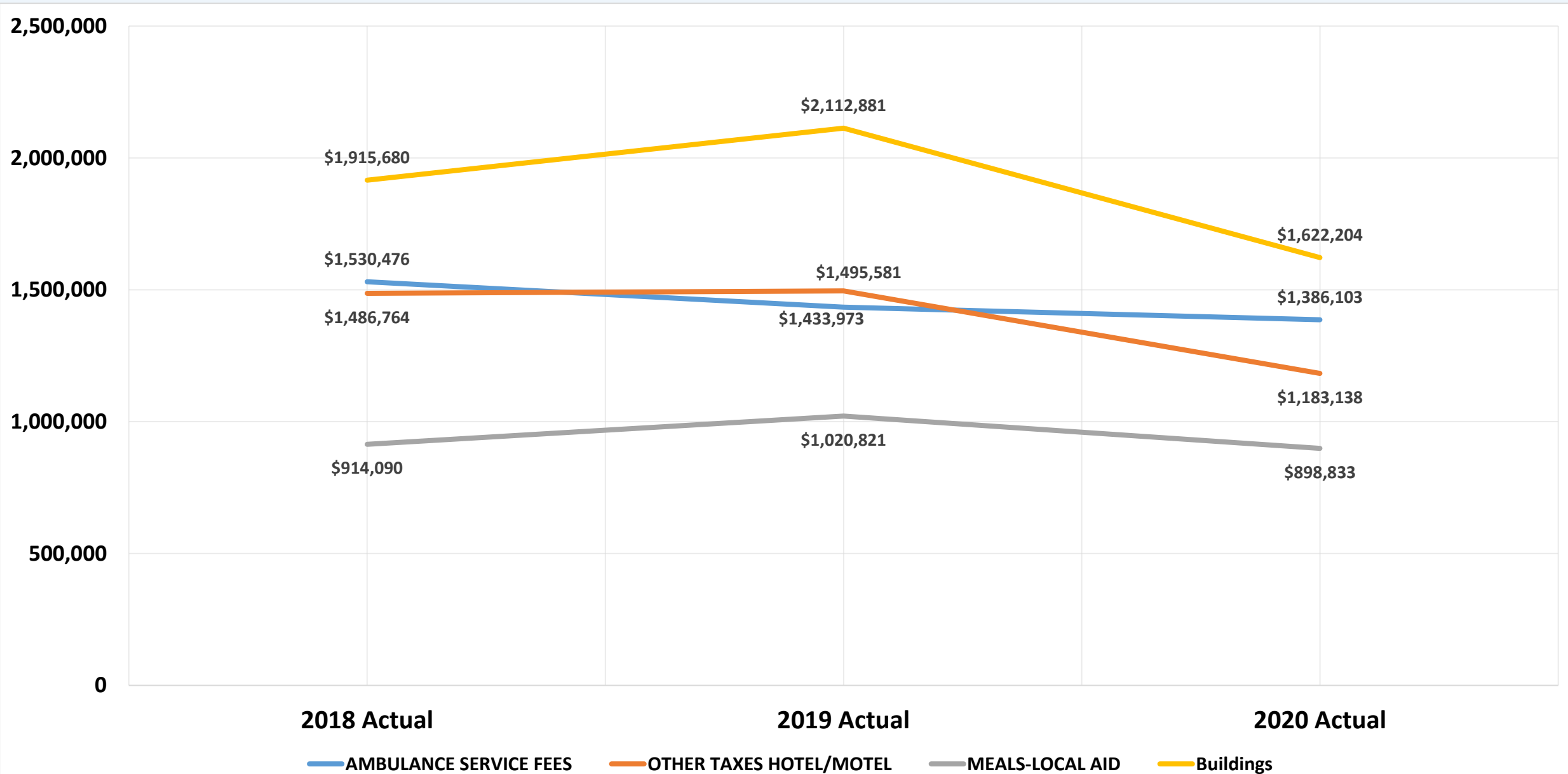
ACCOUNT	BUDGET	ACTUAL	BUDGET – ACTUAL \$	BUDGET – ACTUAL %
GENERAL FUND REVENUE				
Property Tax	121,562,585	119,991,378	(1,571,207)	98.7%
State Aid	14,579,507	14,501,723	(77,784)	99.5%
Local Receipts	17,201,040	16,976,324	(224,716)	98.7%
Other	2,585,230	2,673,910	88,680	103.4%
GF Revenue	155,928,362	154,143,335	(1,785,027)	98.9%
GENERAL FUND EXPENSE				
Municipal	39,516,881	36,184,512	3,332,369	92%
Education*	69,775,231	69,518,695	256,536	99%
Shared	47,411,606	45,708,935	1,702,671	96%
State Charges		1,396,120		
OP EXP	156,703,718	152,808,262	3,895,456	98%
NET		1,335,073		

*Includes Keefe Tech and Bus Subsidy



Town of Natick: Financial Indicators

Local Receipts Historical Trends

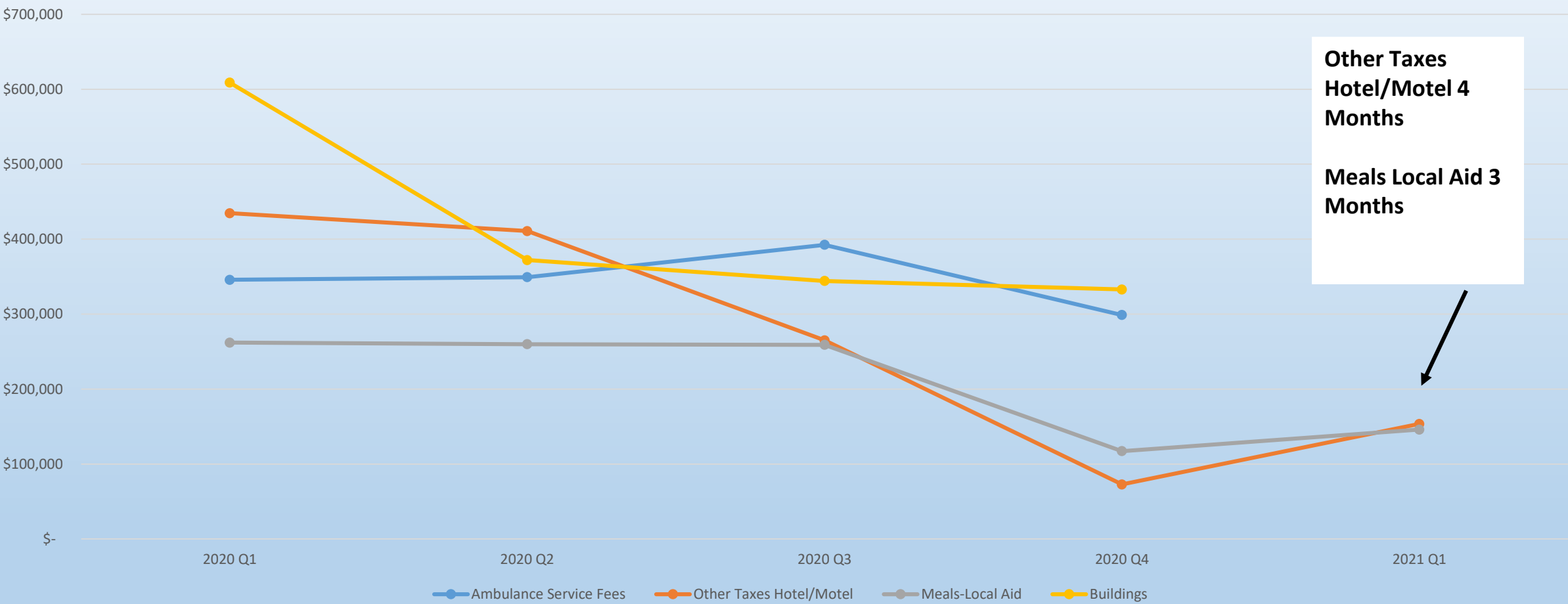




Financial Indicators



Local Receipt Highlights FY20 Q1-Q4 & FY21 Q1





Natick Financial Indicators Dashboard		
Financial Indicator	Indicators FY 2020	Indicators FY 2021
Net Operating Revenues	Favorable	Favorable
Uncollected Property Taxes	Favorable	Favorable
State Aid	Marginal	Marginal
Economic Growth Revenue	Marginal	Marginal
Expenditures per Household	Marginal	Marginal
Personnel Costs	Favorable	Favorable
Employee Benefits	Marginal	Marginal
Pension Liability	Marginal	Marginal
Capital Assets & Renewal	Favorable	Marginal
Debt Service	Marginal	Marginal
Reserves & Fund Balance	Favorable	Favorable
One-time Revenues for Operations	Favorable	Favorable
OPEB Liability	Unfavorable	Unfavorable
Population	Marginal	Favorable
School Enrollment & Teachers	Marginal	Marginal

Financial Forecast FY 22 - 25



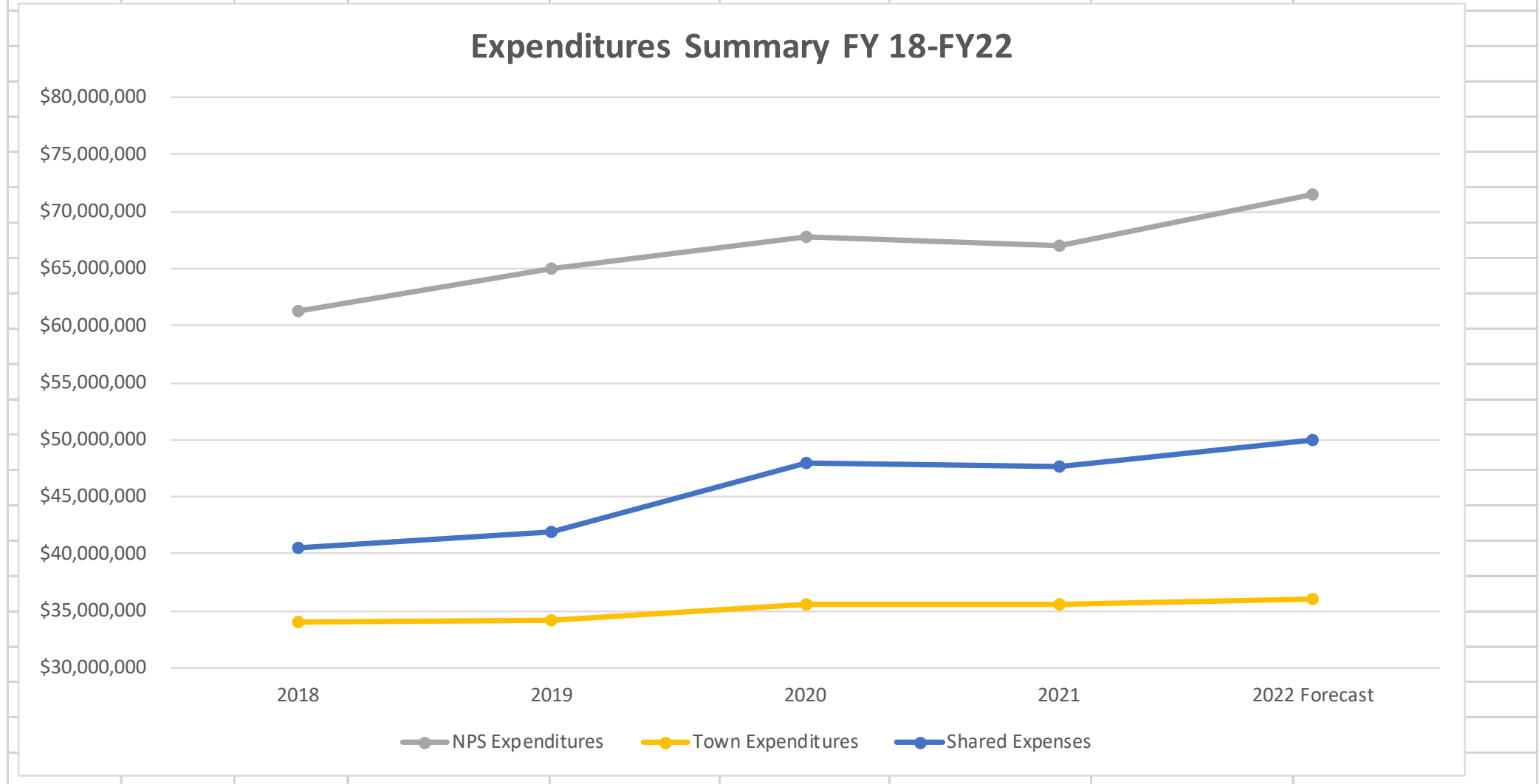
General Fund Revenue/Expenditure Summary 10-21-20

	2019	2020	2021	2022	2021 AP v 2020 Forecast		
General Fund Revenues	Actual	Recap	Amended Prelim	Forecast Budget	\$ (+/-)	% (+/-)	
Tax Levy	\$ 111,530,485	\$ 121,635,689	\$ 125,159,992	\$ 130,571,275	5,411,283	4.32%	2.5% Levy, 2.2 New Growth, plus debt exclusions
State Aid	\$ 14,553,519	\$ 14,938,819	\$ 14,889,559	\$ 13,400,603	(1,488,956)	-10.00%	Assumes 10% decline in FY22 with 3% annual increases after
Local Receipts	\$ 17,659,742	\$ 17,901,540	\$ 12,531,132	\$ 12,131,132	(400,000)	-3.19%	
Other Local Receipts					-		
Indirects	\$ 2,262,021	\$ 2,585,229	\$ 2,752,576	\$ 2,752,576	-	0.00%	
Free Cash	\$ 6,579,906	\$ 5,191,574	\$ 6,653,460	\$ 2,000,000	(4,653,460)	-69.94%	
Stabilization Fund (s)	\$ 2,973,950	\$ 3,617,000	\$ 4,161,500	\$ -	(4,161,500)	-100.00%	
Overlay Surplus	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ -	(1,000,000)	-100.00%	
Other Available Funds	\$ 308,393	\$ 291,309	\$ 282,740	\$ 282,740	-	0.00%	
					-		
Total General Fund Revenues	156,368,016	166,661,160	167,430,959	161,138,326	(6,292,633)	-3.76%	
General Fund Expenses	2019	2020	2021	2022			
Education & Learning	Actual	Recap	Amended Prelim	Forecast Budget			
Natick Public Schools	\$ 64,952,436	\$ 67,810,346	\$ 67,097,246	\$ 71,532,279	4,435,033	6.61%	Current Delta 21 AP -22 Forecast
Keefe Tech	\$ 1,594,984	\$ 1,554,748	\$ 1,334,398	\$ 1,334,398	-	0.00%	\$ (6,607,448.00)
Morse Institute Library	\$ 2,179,464	\$ 2,357,551	\$ 2,357,612	\$ 2,365,612	8,000	0.34%	
Bacon Free Library	\$ 177,621	\$ 190,792	\$ 182,306	\$ 182,306	-	0.00%	
Public Safety	\$ 16,473,105	\$ 16,802,303	\$ 17,171,627	\$ 17,326,627	155,000	0.90%	
Public Works	\$ 8,346,326	\$ 8,913,228	\$ 8,921,276	\$ 9,001,276	80,000	0.90%	
Health & Human Services	\$ 2,360,898	\$ 2,713,620	\$ 2,676,631	\$ 2,686,631	10,000	0.37%	
Administrative Support Services	\$ 5,608,818	\$ 7,766,070	\$ 6,630,119	\$ 7,072,052	441,933	6.67%	
Committees	\$ 101,297	\$ 120,550	\$ 115,550	\$ 115,550	-	0.00%	
Shared Expenses					-		
Fringe Benefits	\$ 14,918,523	\$ 16,756,666	\$ 16,938,091	\$ 17,797,095	859,004	5.07%	
Prop & Liab. Insurance	\$ 742,467	\$ 847,150	\$ 863,972	\$ 863,972	-	0.00%	
Retirement	\$ 9,416,416	\$ 10,070,552	\$ 10,843,395	\$ 12,307,258	1,463,863	13.50%	
Debt Services	\$ 9,540,738	\$ 16,626,732	\$ 15,143,814	\$ 15,143,814	-	0.00%	
Reserve Fund	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	-	0.00%	
Facilities Management	\$ 2,923,926	\$ 3,490,001	\$ 3,552,324	\$ 3,606,324	54,000	1.52%	
General Fund Oper. Expenses	\$ 139,587,019	\$ 156,270,309	\$ 154,078,361	\$ 161,585,194	7,506,833	4.87%	
Capital Improvements	\$ 2,973,950	\$ 3,617,000	\$ 1,861,500	\$ 1,861,500	-	0.00%	
School Bus Transportation	\$ 402,095	\$ 410,137	\$ 421,416	\$ 421,416	-	0.00%	
State & County Assessments	\$ 1,507,563	\$ 1,504,841	\$ 1,416,751	\$ 1,416,751	-	0.00%	
Cherry Sheet Offsets	\$ 468,705	\$ 359,312	\$ 320,913	\$ 320,913	-	0.00%	
Snow Removal Supplement	\$ 717,717	\$ 525,565	\$ 350,000	\$ 400,000	50,000	14.29%	
Overlay	\$ 1,591,768	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	-	0.00%	
Golf Course Deficit	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	-	0.00%	
General Stabilization Fund	\$ 250,000	\$ 250,000			-		
Operational Stabilization Fund	\$ 500,000	\$ 250,000			-		
Capital Stabilization Fund	\$ 2,400,000	\$ 1,519,347			-		
One-to-One Technology Stab Fund		\$ -			-		
FAR Bonus Stabilization Fund	\$ -	\$ -			-		
OPEB Trust Fund	\$ 441,723	\$ 375,639		\$ 250,000	250,000		
Misc. Articles	\$ 396,622	\$ 112,000		\$ 100,000	100,000		
	\$ 11,890,143	\$ 10,313,841	\$ 5,760,580	\$ 6,160,580	400,000	6.94%	
Total General Fund Expenses	\$ 151,477,162	\$ 166,584,150	\$ 159,838,941	\$ 167,745,774	7,906,833	4.95%	
Net Excess / (Deficit)	4,890,854	77,010		(6,607,448)	(6,607,448)		

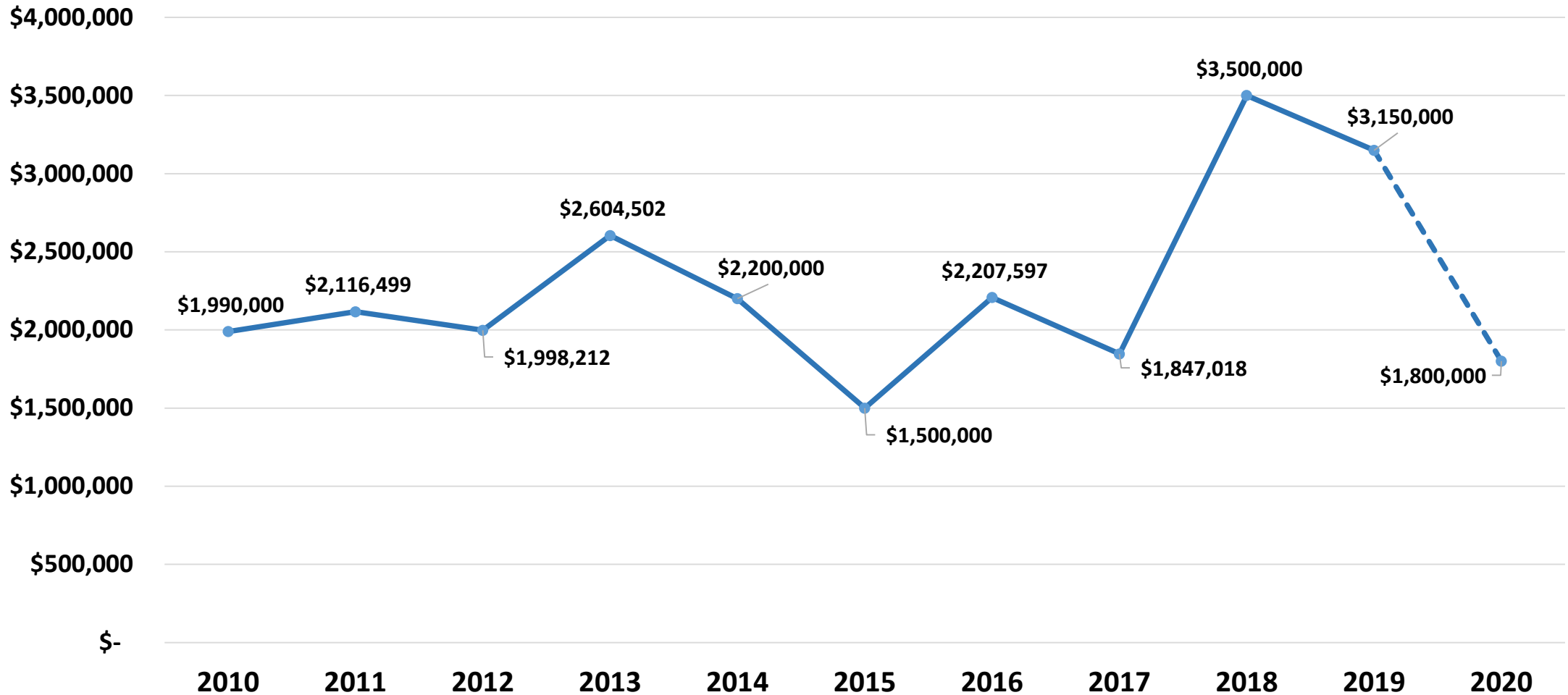
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State Aid	\$ 14,553,519	\$ 14,938,819	\$ 14,889,559	\$ 13,400,603	(1,488,956)	-10.00%	
Local Receipts	\$ 17,659,742	\$ 17,901,540	\$ 12,531,132	\$ 12,131,132	(400,000)	-3.19%	
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Overlay Surplus	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ -	(1,000,000)	-100.00%	
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Total General Fund Revenues	156,368,016	166,661,160	167,430,959	161,138,326	(6,292,633)	-3.76%	
	2019	2020	2021	2022			
General Fund Expenses	Actual	Recap	Amended Prelim	Forecast Budget			
Education & Learning							Current Delta 21 AP -22 Forecast \$ (4,389,931.91)
Natick Public Schools	\$ 64,952,436	\$ 67,810,346	\$ 67,097,246	\$ 69,314,763	2,217,517	3.30%	
Keefe Tech	\$ 1,594,984	\$ 1,554,748	\$ 1,334,398	\$ 1,334,398	-	0.00%	
Morse Institute Library	\$ 2,179,464	\$ 2,357,551	\$ 2,357,612	\$ 2,365,612	8,000	0.34%	
Bacon Free Library	\$ 177,621	\$ 190,792	\$ 182,306	\$ 182,306	-	0.00%	
Public Safety	\$ 16,473,105	\$ 16,802,303	\$ 17,171,627	\$ 17,326,627	155,000	0.90%	
Public Works	\$ 8,346,326	\$ 8,913,228	\$ 8,921,276	\$ 9,001,276	80,000	0.90%	
Health & Human Services	\$ 2,360,898	\$ 2,713,620	\$ 2,676,631	\$ 2,686,631	10,000	0.37%	
Administrative Support Services	\$ 5,608,818	\$ 7,766,070	\$ 6,630,119	\$ 7,072,052	441,933	6.67%	
Committees	\$ 101,297	\$ 120,550	\$ 115,550	\$ 115,550	-	0.00%	
Shared Expenses					-		
Fringe Benefits	\$ 14,918,523	\$ 16,756,666	\$ 16,938,091	\$ 17,797,095	859,004	5.07%	
Prop & Liab. Insurance	\$ 742,467	\$ 847,150	\$ 863,972	\$ 863,972	-	0.00%	
Retirement	\$ 9,416,416	\$ 10,070,552	\$ 10,843,395	\$ 12,307,258	1,463,863	13.50%	
Debt Services	\$ 9,540,738	\$ 16,626,732	\$ 15,143,814	\$ 15,143,814	-	0.00%	
Reserve Fund	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	-	0.00%	
Facilities Management	\$ 2,923,926	\$ 3,490,001	\$ 3,552,324	\$ 3,606,324	54,000	1.52%	
General Fund Oper. Expenses	\$ 139,587,019	\$ 156,270,309	\$ 154,078,361	\$ 159,367,678	5,289,317	3.43%	
Capital Improvements	\$ 2,973,950	\$ 3,617,000	\$ 1,861,500	\$ 1,861,500	-	0.00%	
School Bus Transportation	\$ 402,095	\$ 410,137	\$ 421,416	\$ 421,416	-	0.00%	
State & County Assessments	\$ 1,507,563	\$ 1,504,841	\$ 1,416,751	\$ 1,416,751	-	0.00%	
Cherry Sheet Offsets	\$ 468,705	\$ 359,312	\$ 320,913	\$ 320,913	-	0.00%	
Snow Removal Supplement	\$ 717,717	\$ 525,565	\$ 350,000	\$ 400,000	50,000	14.29%	
Overlay	\$ 1,591,768	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	-	0.00%	
Golf Course Deficit	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	-	0.00%	
General Stabilization Fund	\$ 250,000	\$ 250,000			-		
Operational Stabilization Fund	\$ 500,000	\$ 250,000			-		
Capital Stabilization Fund	\$ 2,400,000	\$ 1,519,347			-		
One-to-One Technology Stab Fund		\$ -			-		
FAR Bonus Stabilization Fund	\$ -	\$ -			-		
OPEB Trust Fund	\$ 441,723	\$ 375,639		\$ 250,000	250,000		
Misc. Articles	\$ 396,622	\$ 112,000		\$ 100,000	100,000		
	\$ 11,890,143	\$ 10,313,841	\$ 5,760,580	\$ 6,160,580	400,000	6.94%	
Total General Fund Expenses	\$ 151,477,162	\$ 166,584,150	\$ 159,838,941	\$ 165,528,258	5,689,317	3.56%	
Net Excess / (Deficit)	4,890,854	77,010		(4,389,932)	(4,389,932)		

			2018	2019	2020	2021	2022 Forecast	% Change from 18-22
General Fund Expenditure			\$ 151,527,046	\$ 153,498,551	\$ 165,143,819	\$ 159,838,941	\$ 167,745,774	11%
General Fund Revenue			\$ 151,588,533	\$ 153,450,864	\$ 165,262,819	\$ 167,430,959	\$ 161,138,326	6%
NPS Expenditures			\$ 61,250,150	\$ 64,952,439	\$ 67,810,346	\$ 67,097,246	\$ 71,532,279	17%
Town Expenditures			\$ 34,100,341	\$ 34,227,726	\$ 35,662,017	\$ 35,515,203	\$ 36,098,136	6%
Shared Expenses			\$ 40,516,222	\$ 41,942,965	\$ 47,924,475	\$ 47,591,596	\$ 49,968,463	23%

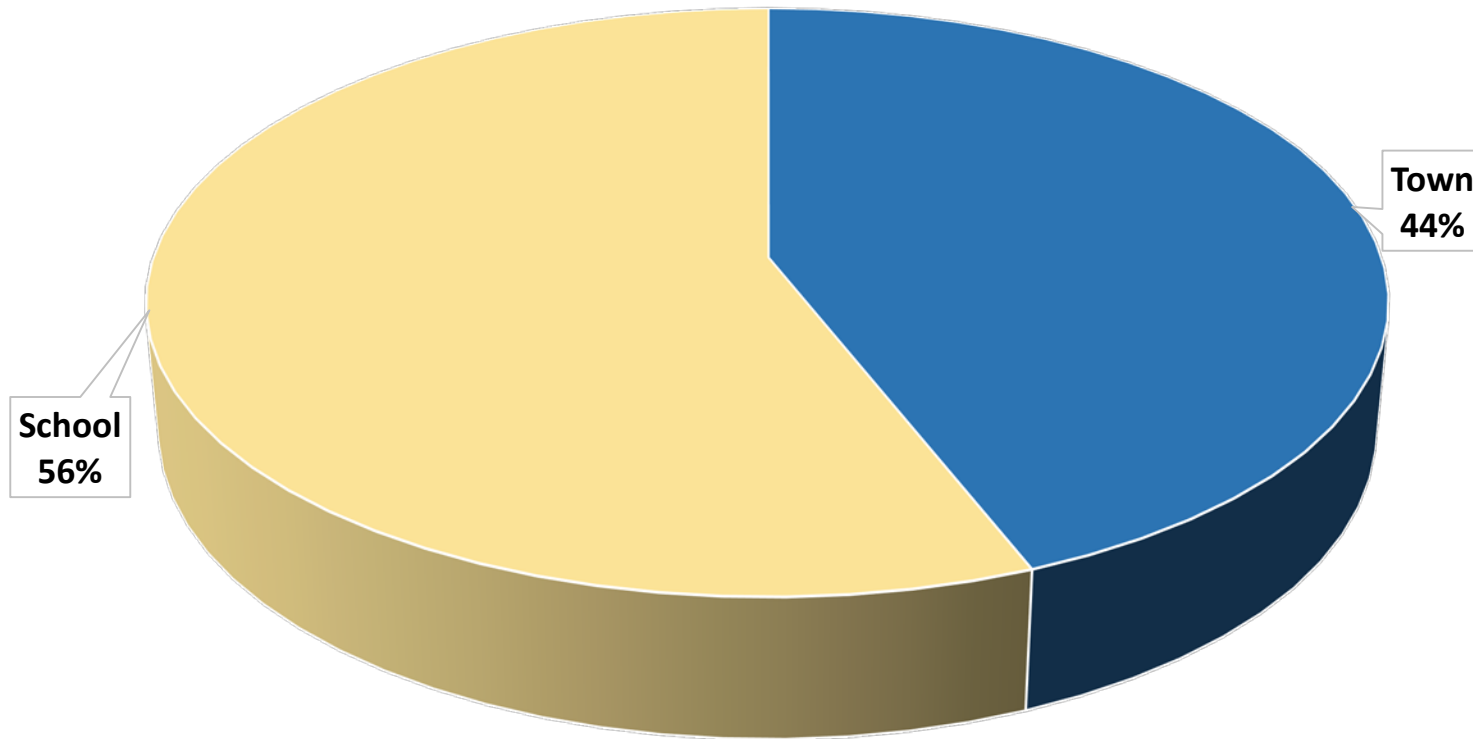


Free Cash Appropriated for Operations



FY21 Debt Service Budget

Figures as of January 2020



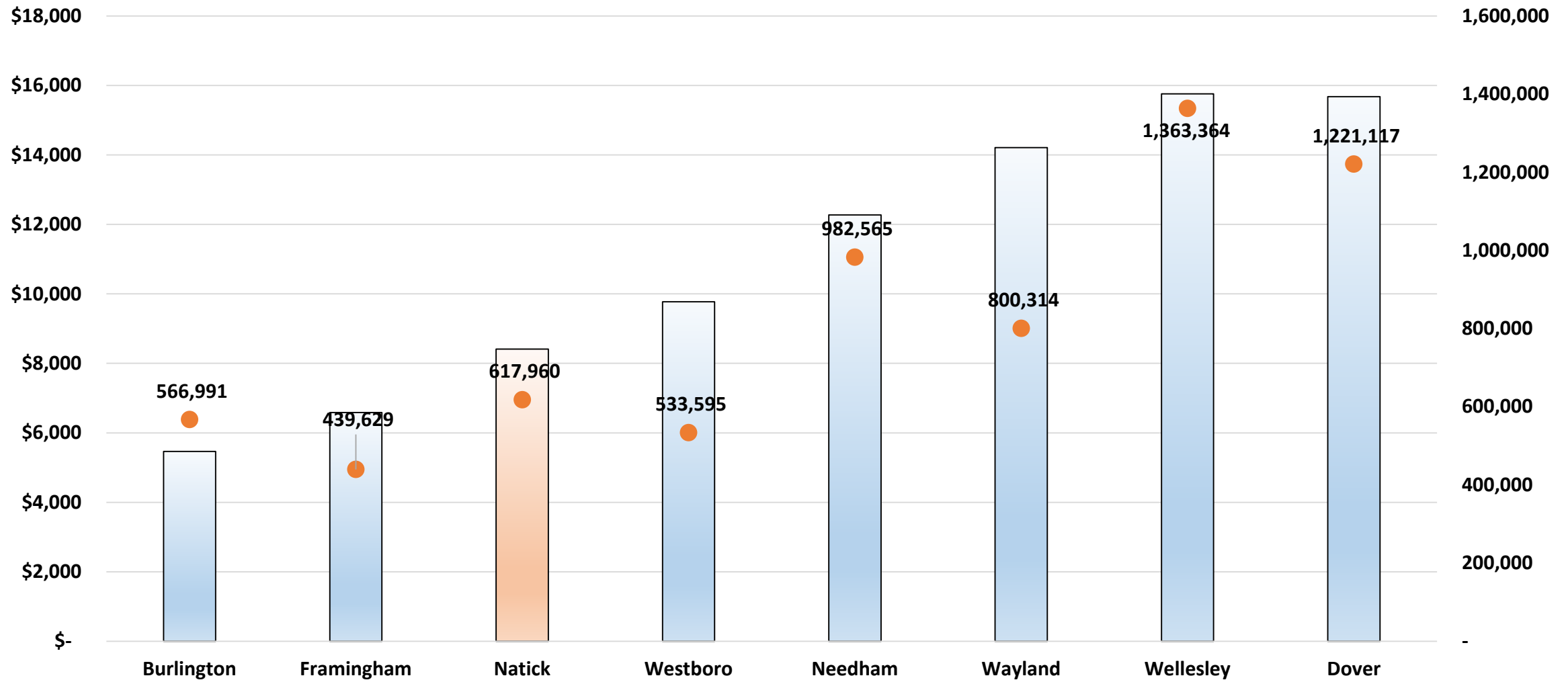
Debt Service Breakdown

Town Principal \$4,817,602
Town Interest \$2,058,705
Subtotal \$6,876,307

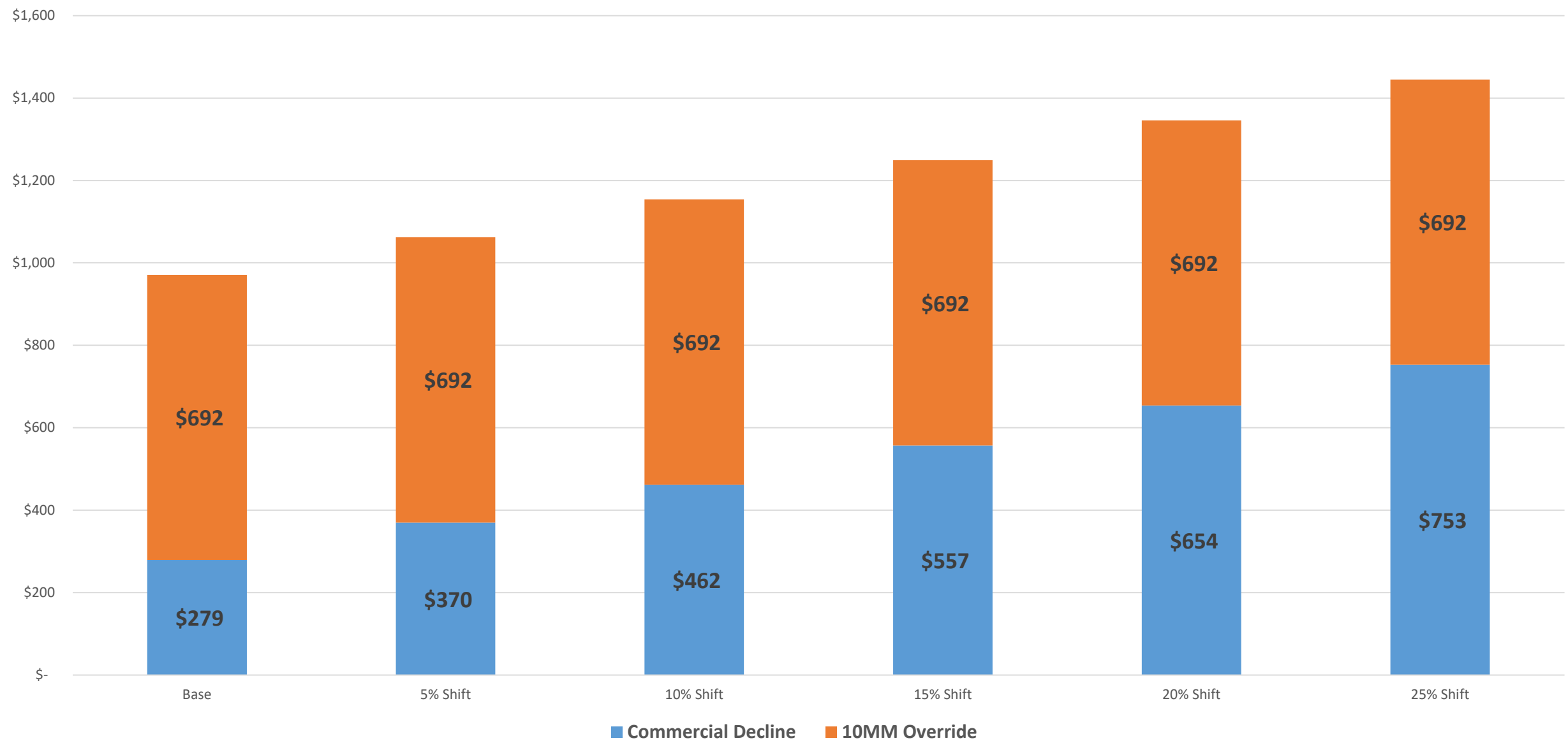
School Principal \$5,104,989
School Interest \$3,639,097
Subtotal \$8,744,086



FY20 Avg. Single Family Tax Bill & Assessed Value

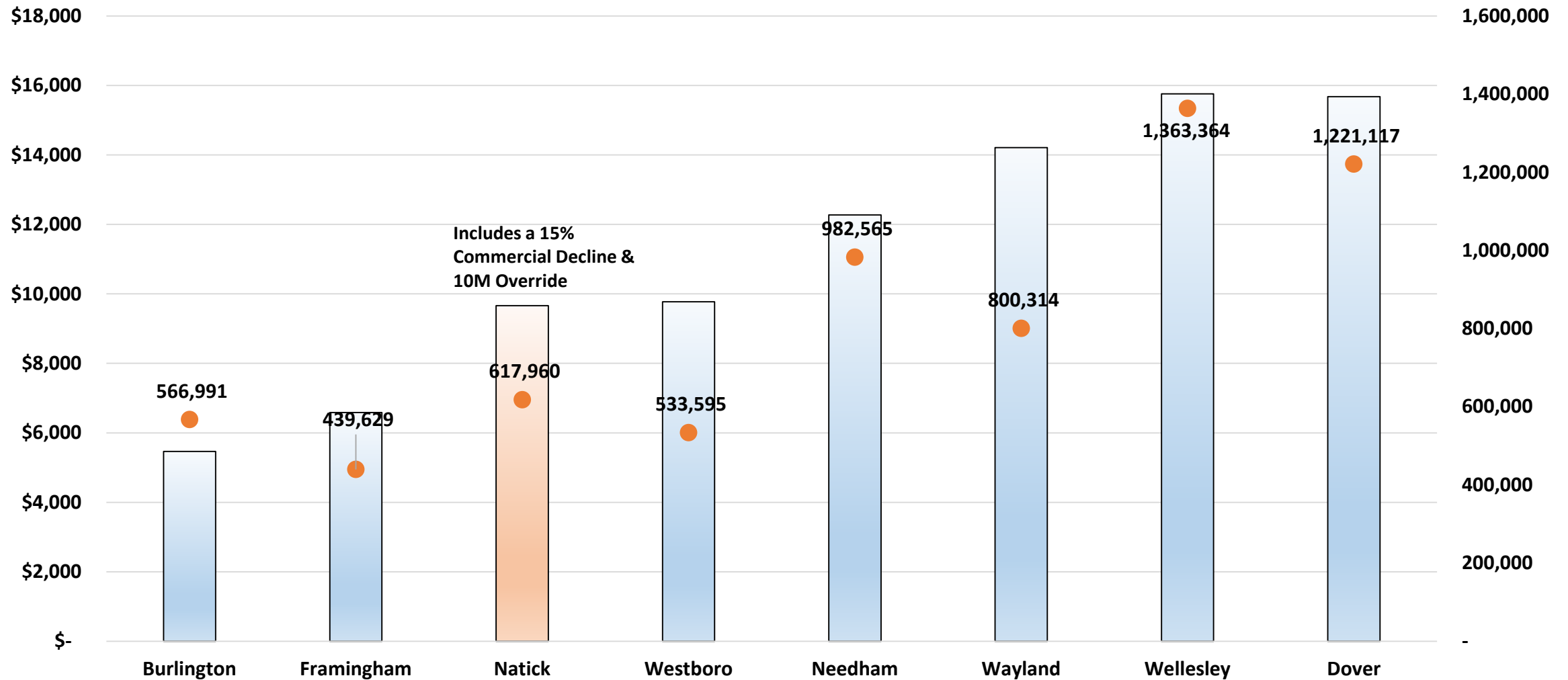


**Residential Property Increases with Scenerios of Commercial Decline and 10MM Override, Example Property
Value \$617,960**





FY20 Avg. Single Family Tax Bill & Assessed Value

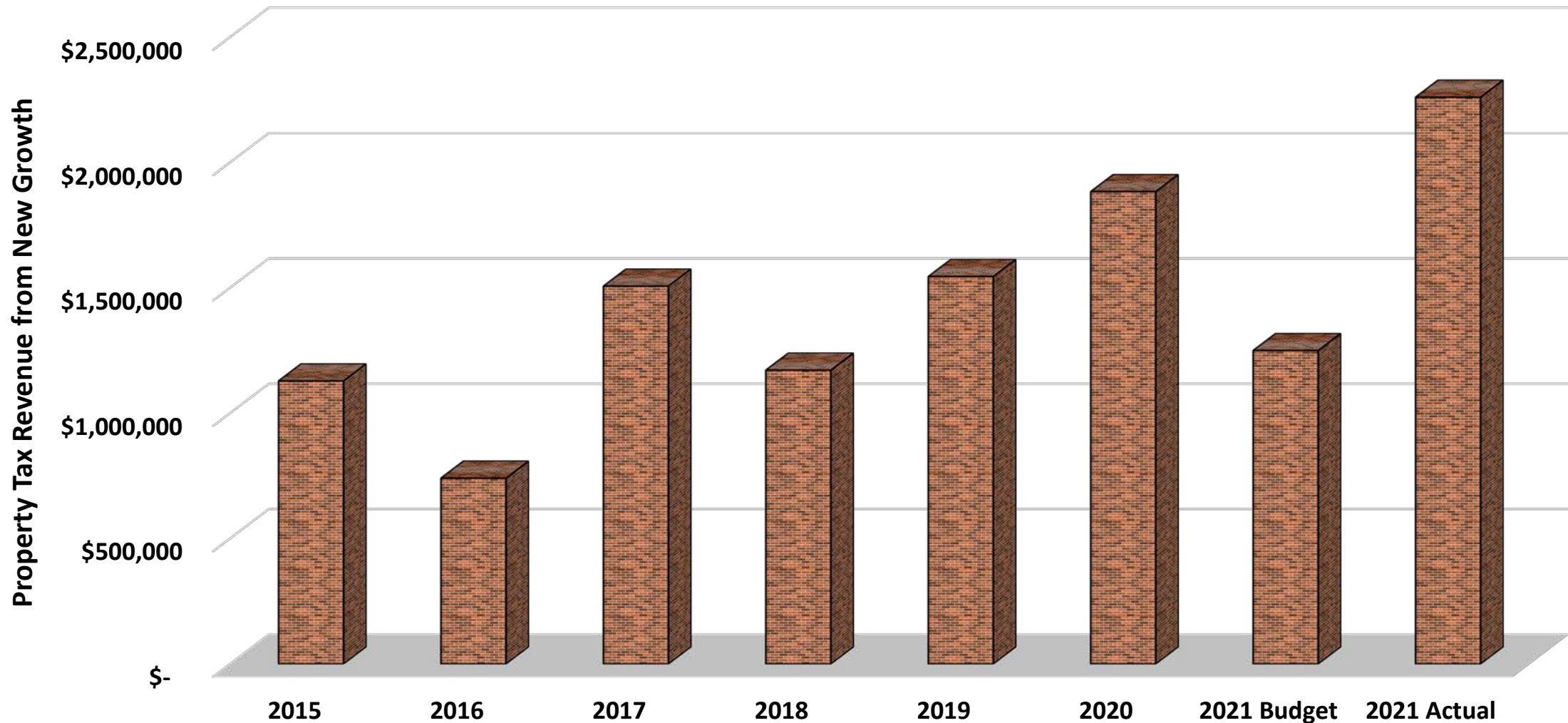


Updated Available Funds and Articles 1,2 & 19



New Growth (21 Actual Received October 2020)

New Growth – Property Tax Revenues added to the levy that result from new construction or renovations



		FY21 AP Budget		FY 21 Governors Proposal		% Change
Sub-Total, All Education Items:		\$ 8,375,800		\$ 10,663,168		27%
Sub-Total, All General Government:		\$ 3,575,255		\$ 4,551,034		27%
Total Estimated Receipts:		\$ 11,951,055		\$ 15,214,202		27%
Sub-Total, State Assessments:		\$ 139,729		\$ 139,729		0%
Sub-Total, Transp Authorities:		\$ 853,152		\$ 855,193		0.24%
Sub-Total, Annual Charges:		\$ 8,619		\$ 8,619		0%
Sub-Total, Tuition Assessments:		\$ 411,169		\$ 411,169		0%
Total All Estimated Charges:		\$ 1,412,669		\$ 1,414,710		0.14%
Total Reciepts- Assesments		\$ 10,538,386		\$ 13,799,492		31%

Town's Free Cash has been certified at <u>\$6,653,460</u>	
Main credit goes to the Departments for controlling the expenditures and returning unused amount back to the General fund	
<u>Here are the major contributing factors:</u>	
Overlay originally budget for	
FY 21 Budget	\$ 1,000,000
<u>Departmental Turn back</u>	
General Government	\$ 1,700,000
Public Safety	\$ 1,000,000
Public Works	\$ 400,000
Health and Human Services	\$ 400,000
Cultural and Recreation	\$ 100,000
Debt Assessment	\$ 700,000
Employee Benefit	\$ 600,000
Education	\$ 250,000
Unused Free Cash	\$ 800,000
Shortfall in Local Receipts	\$ (300,000)
Available for Free Cash	\$ 6,650,000

Special Town Meeting #1 2020



Free Cash		State Aid		New Growth	
Certified	\$6,653,460	Budgeted	\$10,534,304	Budgeted	\$1,250,000
To Overlay	\$1,000,000	Actual	\$13,799,492	Actual	\$2,260,619
To Art. 7 - OPEB	\$250,000	Balance	\$3,265,188	Balance	\$1,010,619
To Art. 8 Mot. G	\$530,000	Article 1	\$751,093	To Art. 5 Stabilization	\$1,010,619
To Art. 5 Stabilization	\$4,873,460	Article 2	\$50,000	Balance	\$0
Balance	\$0	Article 19	\$300,000		
		Total to Articles	\$1,101,093		
		Balance	\$2,164,095		
		To Art. 8 Mot. G	\$2,164,095		
		Balance	\$0		

Stabilization Account					Beginning Balance	Spring Town Meeting Appropriation	Total Current Balance	Recommended Special Town Meeting Appropriation	Proposed Ending Balance
General		\$ 5,197,059	\$ -	\$ 5,197,059	\$ -		\$ 5,197,059		
Operational		\$ 4,146,552	\$ (2,300,000)	\$ 1,846,552	\$ 8,578,174		\$ 10,424,726		
Capital		\$ 5,035,707		\$ 5,035,707			\$ 5,035,707		
Inflow & Infiltration		\$ 767,486		\$ 767,486			\$ 767,486		
One-to-One		\$ 7,230		\$ 7,230			\$ 7,230		
Far Bonus		\$ 2,665,979		\$ 2,665,979			\$ 2,665,979		

[illegible]

Stabilization Account					Beginning Balance		Spring Town Meeting Appropriation		Total Current Balance		Recommended Special Town Meeting Appropriation		Proposed Ending Balance	
General		\$	5,197,059	\$	-	\$	5,197,059	\$	-		\$	5,197,059		
Operational		\$	4,146,552	\$	(2,300,000)	\$	1,846,552	\$	5,884,079		\$	7,730,631		
Capital		\$	5,035,707			\$	5,035,707				\$	5,035,707		
Inflow & Infiltration		\$	767,486			\$	767,486				\$	767,486		
One-to-One		\$	7,230			\$	7,230				\$	7,230		
Far Bonus		\$	2,665,979			\$	2,665,979				\$	2,665,979		

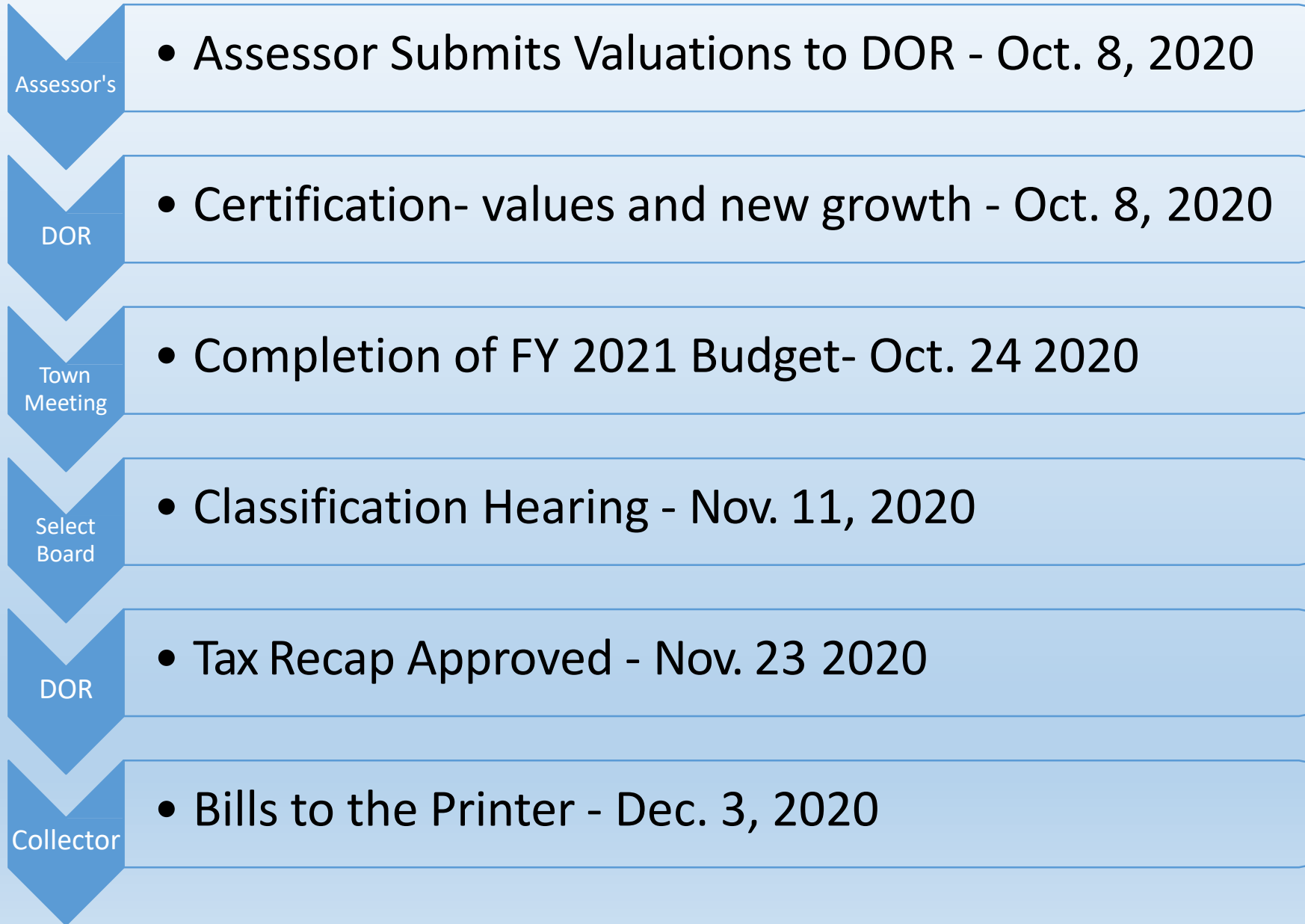
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Article I - Motion A					
Amount	Source	Purpose			
\$751,093	State Aid	Various Items		Debt Service Adjustment, Employee Fringe, Reserve Fund Fincom, Traffic Safety Officer	
\$1,308,000	Tax Levy	NPS		Restore COLA Adjustments for NPS	
\$1,322,000	Tax Levy	Town		Merit Increases - personnel board employees, CBA increases, FY20 New Initiatives	
Article I - Motion B Adjustments to Article 8 Motion G - 2020 SATM Source of Funding					
Free Cash	Add Overlay - \$1,000,000				
	Add \$530,000 from Free cash 20 FATM				
Overlay	Delete				
State Aid	Add \$2,164,095 from State Aid 20 FATM				
Tax Levy	Reduce by \$2,630,000 - move to 20 FATM Article 1 Motion A				
Article 5 - Stabilization					
ADD					
\$4,873,460	From 20 FATM Free Cash				
\$1,010,619	From 20 FATM New Growth				
\$5,884,079					

Department	Position/Expense	Cost
NPS	COLAs	\$1,308,000
BOS	CBA	\$500,000
Fringe	Merit increases	\$300,000
BOH	Inspector	\$55,735
Community Services	Outreach worker	\$50,000
DPW	LFNR Staff	\$65,032
CED	Staff	\$52,000
Finance	Staff upgrade/budget analyst	\$91,000
IT	Network Analyst	\$75,000
Police	Officer and Dispatcher	\$103,233
CED	Staff	\$30,000
		<u>\$2,630,000</u>

Article A	Department	Amount	Union/Non-Union
Tax Levy	Administrative Support Services	500000	Union
Tax Levy	Employee Fringe	300000	Non-Union
Tax Levy	BOH	50000	Non-Union
Tax Levy	Community Services	50000	Union
Tax Levy	LFNR	65032	Union
Tax Levy	CED	60000	Non-Union
Tax Levy	Finance Department	91000	Non-Union
Tax Levy	Admin Support Services	75000	Non-Union
State Aid	Police	32265	Union
Tax Levy	Police	130000	Union
Tax Levy	CED	30000	Non-Union

Tax Rate Setting For Calendar Year 2021



Post- Special Town Meeting #1 2020

- Fall Annual Town Meeting
- Capital Planning
- Town Administrators Budget
- Sharing more financial information and future community discussions
 - Come Together Natick! Two Upcoming Community Forums
 - Transparency Portal & Town of Natick's Fiscal Information
 - Town Administrators Budget- Jan 1st 2021



Thank you!