



Town Administrator's FY 2024 Budget Update

Town of Natick

March 7 2023

Revenues: \$193,139,759

REVENUE UPDATE:

- FY2024 Governor's Budget – Cherry Sheet Update: \$18,382,945, exceeding Preliminary Projection by \$351,995
- Other Available Funds increased by \$200,000 from FY23 Budget Transfer to accommodate pending CBAs

	FY 2024 Budgeted	FY 23 – FY 24 % Change	% Change of FY 24 Preliminary
Tax Levy	\$139,827,466	3.08%	0%
State Aid	\$18,382,945	5.18%	1.95%
Local Receipts	\$16,256,487	27.28%	0%
Indirects	\$3,521,527	12.42%	0%
Operating Free Cash	\$4,464,900	0%	0%
ARPA – Revenue Replacement	\$3,000,000	N/A	0%
Overlay Surplus	\$1,000,000	0%	0%
Other Available Funds	\$474,424	125.56%	72.88%
Non-operating Free Cash	\$6,212,010	N/A	0%
Total General Fund Revenues	\$193,139,759	7.41%	0.28%

Expenses: \$193,095,903

EXPENSES UPDATES:

- Pending CBA Settlement– Police Superior Officers & Dispatch
- Health Insurance New Rate: 10% increase over FY23 Rate
- General Health Insurance Costs raised by 6.37% over FY23 Budget
- State & County Assessments decreased by 4% according to Governor's Budget
- Cherry Sheet Offsets decreased by 22% along with the latest State Aid

	FY 2024 Budget	FY 23 – FY 24 % Change	% Change of FY 24 Preliminary
Natick Public Schools	\$83,279,134	5.42%	0%
Keefe Tech	\$1,141,089	0%	0%
Morse Library	\$2,538,556	2.08%	0%
Bacon Library	\$233,005	2.24%	0%
Public Safety	\$19,625,055	-0.27%	1.03%
Public Works	\$10,844,515	9.62%	0%
Health and Human Services	\$2,924,672	0.32%	0%
General Government	\$8,101,860	5.94%	0%
Committees	\$117,550	0%	0%
Shared Expenses	\$54,251,473	7.17%	0.19%
Non-operating Expenses	\$10,038,994	137.25%	2.56%
Total General Fund Expenses	\$193,095,903	8.51%	0.29%

CBA & Health Insurance Update

Pending CBA contracts :

Police Superior Officers & Dispatch

Health Insurance Active Plans
Rates Increase in FY2024: 10%

Health Insurance Cost was updated with
January Billing Cycle Enrollment and new
rate set.

- Additional CBA Cost Projection

Fiscal Year	Cost over FY24 Preliminary Budget
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FY 24	\$200,000 (Approx.)
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Additional CBA Cost in Police Salary Lines will be funded by
FY23 Budget Transfer.

- Additional Health Insurance Cost

Fiscal Year	Cost over FY24 Preliminary Budget
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FY 24	\$ 101,332
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Health Insurance Additional Cost will be funded by State
Aid

FY 2024 Free Cash Spending Plan

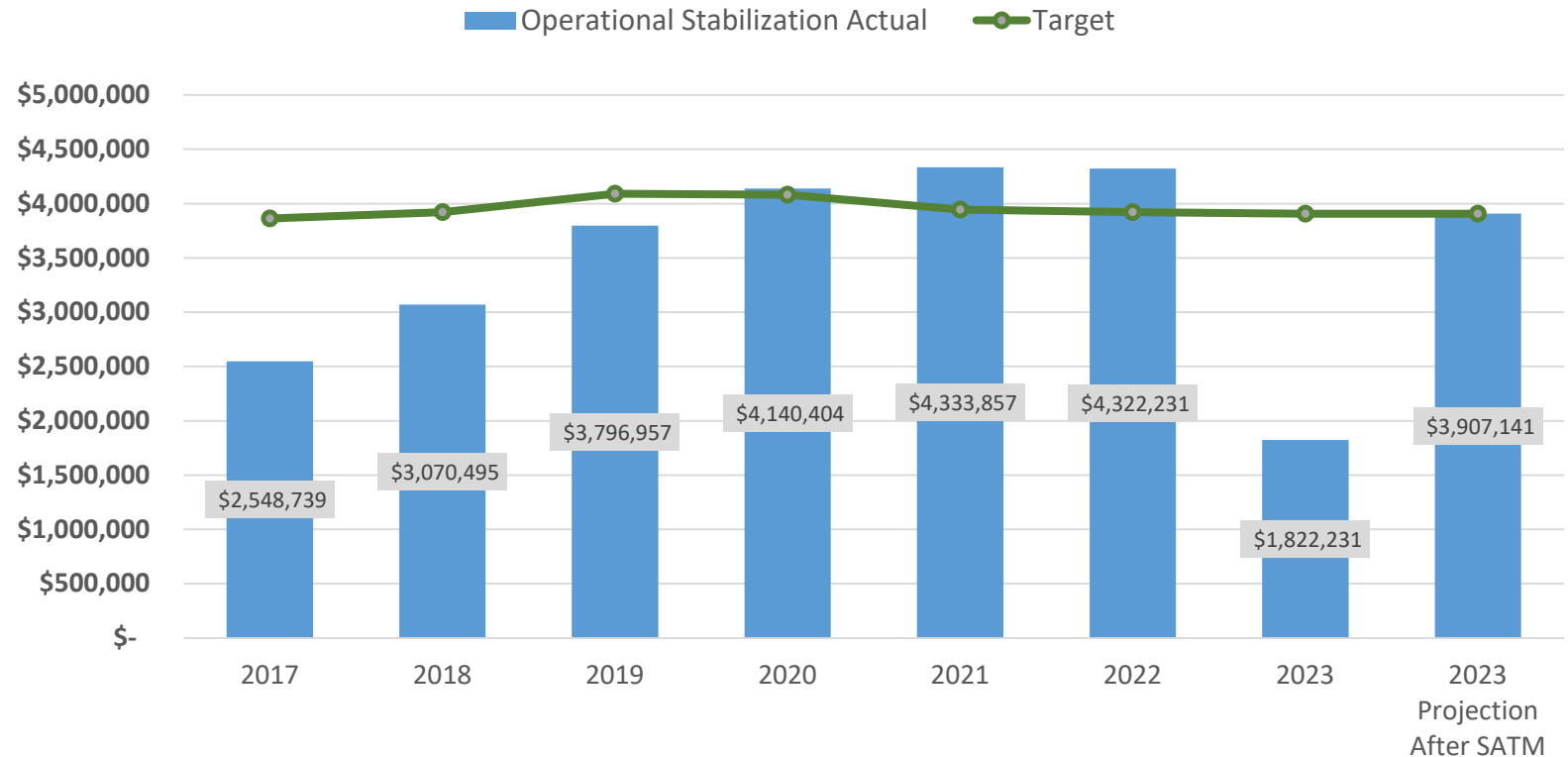
Revenue	Preliminary
Free Cash	\$11,471,106
Expenses	
Fiscal Year 2024 Omnibus Budget	\$4,464,900
Operational Stabilization	\$1,838,580
General Stabilization	\$1,307,230
Capital Stabilization	\$500,000
Capital Improvement Projects	\$2,566,200
Free Cash Reserve	\$794,196
Total Expenses	\$11,471,106
Total Excess Free Cash	\$0

Operational Stabilization Historical Trend

- Under Town's Financial Management Principles, Operational Stabilization Fund should maintain the balance at the equivalent value to 10% of state aid and 5% of estimated local receipts cumulative for three-year period.
- 2023 Projection After SATM: Balance is based on the Free Cash Spending Plan, which is after the transfer-in after 2023 Spring Town Meeting.
- Meet 100% of Target Balance**

OP. Stab Funding Sources	Amount
Free Cash	\$ 1,838,580
Additional State Aid & Related Reduction	\$ 246,330
Total	\$ 2,084,910

Operational Stabilization Balances vs. Targets

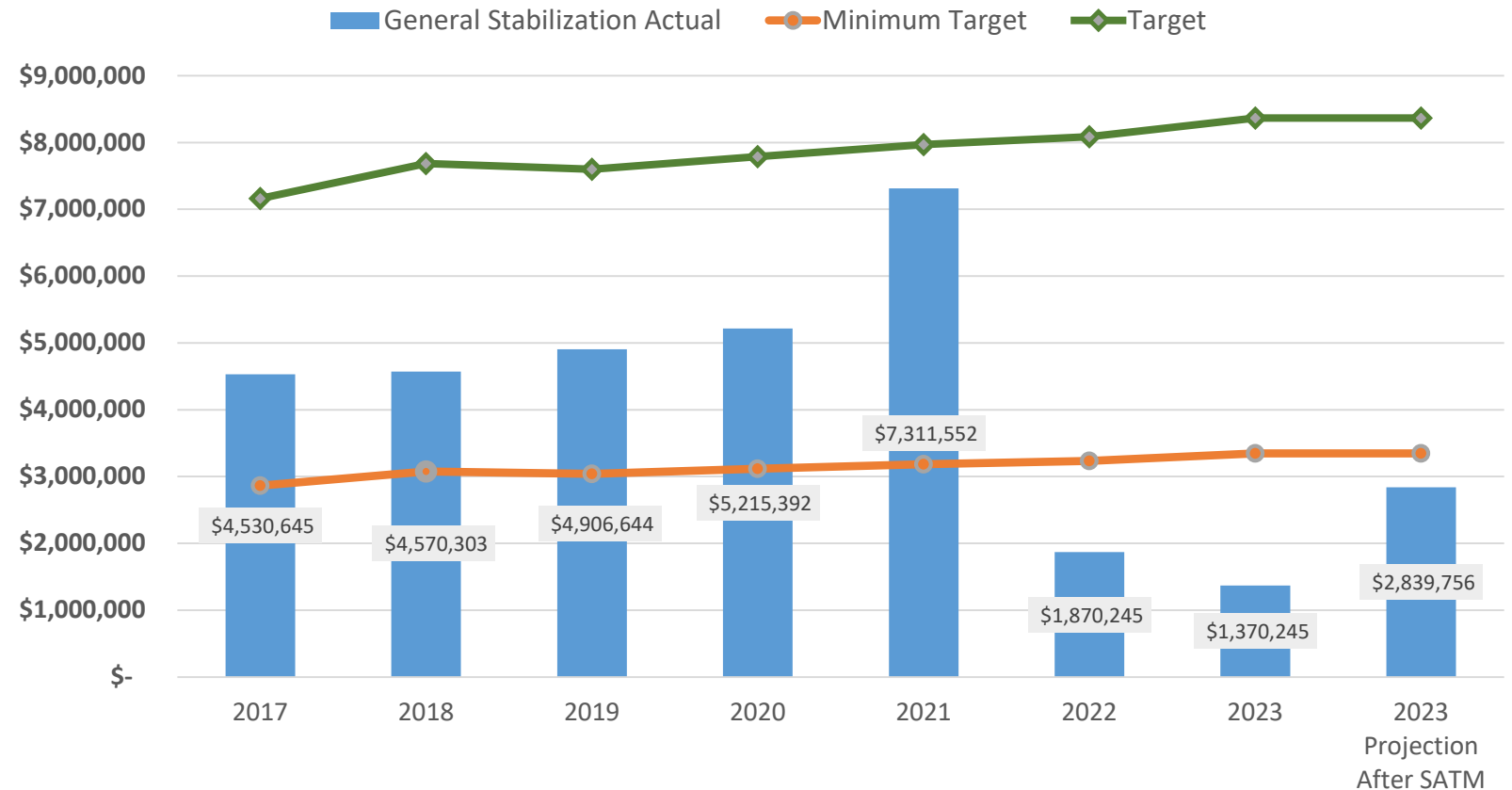


General Stabilization Historical Trend

- Under Town's Financial Management Principles, General Stabilization Fund should maintain the balance, at minimum, 2% of revenues and target at the 5% of revenues.
- 2023 Projection After SATM: Balance is based on the Free Cash Spending Plan, which is after the transfer-in after 2023 Spring Town Meeting.
- Meet 85% of Minimum Target Balance**

GEN Stab Funding Sources	Amount
Free Cash	\$ 1,307,230
Additional State Aid & Related Reduction	\$ 162,281
Total	\$ 1,469,511

General Stabilization Fund Balances vs. Targets



Free Cash Details Reference in Budget Book

Free Cash & Retained Earnings Certifications

- Page 190-195 of FY24 Preliminary Budget Book

FY2022 Turn Backs by Departments

- Page 196-197 of FY24 Preliminary Budget Book

Free Cash Spending Plan

- Page 189 of FY24 Preliminary Budget Book

Revenue Overview

REVENUE DRIVERS:

TAX LEVY

STATE AID

LOCAL RECEIPTS

- MOTOR VEHICLE

- OTHER EXCISE

AS OF 12/31/2022	FY2023 Q1 & Q2 Actual	% of Target	% CHANGE to FY2022 Q1 & Q2
TAX LEVY	\$ 67,145,286	49.50%	3.62%
STATE AID	\$ 8,475,211	48.49%	11.75%
LOCAL RECEIPTS	\$ 5,655,805	44.28%	-2.72%
MOTOR VEHICLE	\$ 812,738	16.93%	-48.46%
OTHER EXCISE	\$ 1,445,147	82.38%	34.00%
PENALTIES & INTEREST TAXES/EXCISE	\$ 154,797	68.16%	-13.79%
PAYMENT IN LIEU OF TAXES	\$ -	- %	
TRASH DISPOSAL CHARGES	\$ 666,516	54.16%	18.96%
POLICE SPECIAL DUTY SERVICE CHARGES	\$ 25,898	57.55%	141.48%
AMBULANCE FEES - OTHER CHARGES	\$ 822,462	82.25%	14.10%
RENTALS	\$ -	- %	
RECREATION	\$ -	0.00%	-100.00%
OTHER DEPARTMENTAL REVENUE	\$ 342,805	155.68%	71.77%
LICENSE/PERMITS	\$ 1,168,606	45.42%	-6.34%
SPECIAL ASSESSMENTS	\$ -	0.00%	-100.00%
FINES/FORFEITS	\$ 57,222	- %	12.51%
INVESTMENT INCOME	\$ 31,112	12.44%	67.80%
MISCELLANEOUS RECURRING	\$ 84,654	16.93%	-35.72%
MISCELLANEOUS NON-RECURRING	\$ 43,849	- %	235.31%
TOTAL	\$ 81,276,302	48.99%	3.94%

Local Receipts

FY23 -- % of Target:

(5-yr average % of Target

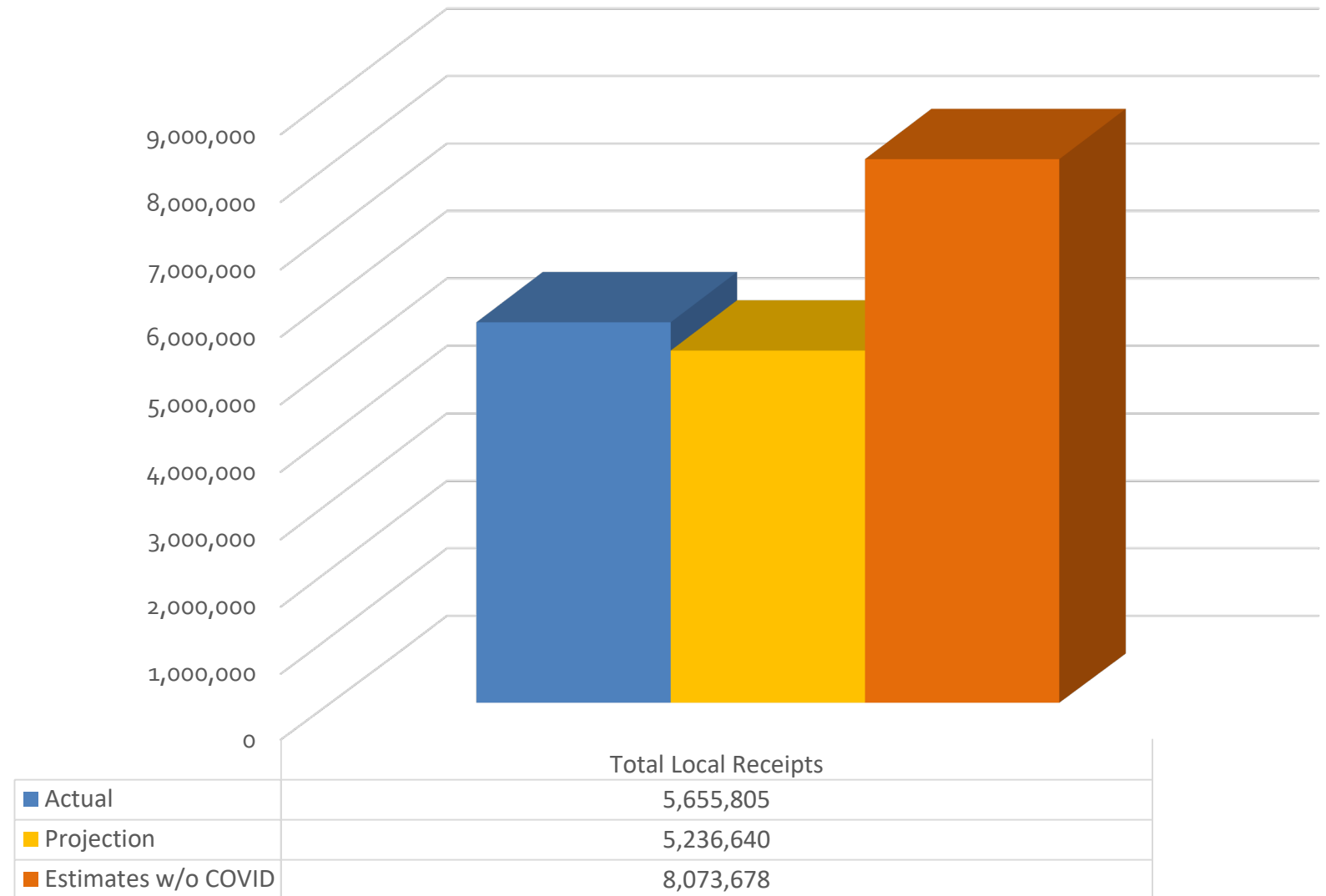
FY16-20: 42.1 %

FY18-22: 47 .5%)

Projection: FY23 Budget x 5-yr average
% of Target (FY18 - FY22)

Estimates w/o COVID: Based on a 5-yr
average local receipts (FY16 - FY20) and
a consistent growth rate.

FY2023 Q1 – Q2 Local Receipts - Comparison



Operating Expenditures Detail

FY 2022 - AS OF 12/31/2021
FY 2023 - AS OF 12/31/2022

Expenditures keeps a consistent pace as historical rate.

	FY 2022			FY 2023		
	Actual	Budget	%	Actual	Budget	%
Natick Public School	\$ 28,649,058	\$ 75,063,994	38.17%	\$ 29,373,638	\$ 79,000,000	37.18%
Keefe Tech	\$ 625,358	\$ 1,250,715	50.00%	\$ 570,551	\$ 1,141,089	50.00%
Libraries	\$ 1,164,960	\$ 2,573,173	45.27%	\$ 1,204,328	\$ 2,714,666	44.36%
Public Safety	\$ 8,077,214	\$ 17,544,432	46.04%	\$ 8,445,140	\$ 19,878,282	42.48%
Public Works	\$ 4,149,845	\$ 9,211,793	45.05%	\$ 4,506,217	\$ 9,892,523	45.55%
Health & Human Services	\$ 815,265	\$ 2,773,178	29.40%	\$ 985,537	\$ 2,915,345	33.81%
General Admin	\$ 2,897,536	\$ 7,561,459	38.32%	\$ 3,268,898	\$ 7,647,902	42.74%
Committees	\$ 7,179	\$ 115,550	6.21%	\$ 3,236	\$ 117,550	2.75%
Shared Expenses	\$ 22,827,504	\$ 48,265,533	47.30%	\$ 17,311,867	\$ 50,620,531	34.20%
Total General Fund Operating Expenses	\$ 69,213,917	\$ 164,359,827	42.11%	\$ 65,669,411	\$ 173,927,888	37.76%

American Rescue Plan (ARPA) Funding

What is ARPA?

- The American Rescue Plan will deliver \$350 billion for eligible state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs. The Coronavirus State and Local Fiscal Recovery Funds provide a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

What Can ARPA Be Used For?

- **Support public health expenditures**, by, for example, funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
- **Address negative economic impacts caused by the public health emergency**, including economic harms to workers, households, small businesses, impacted industries, and the public sector
- **Replace lost public sector revenue**, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet

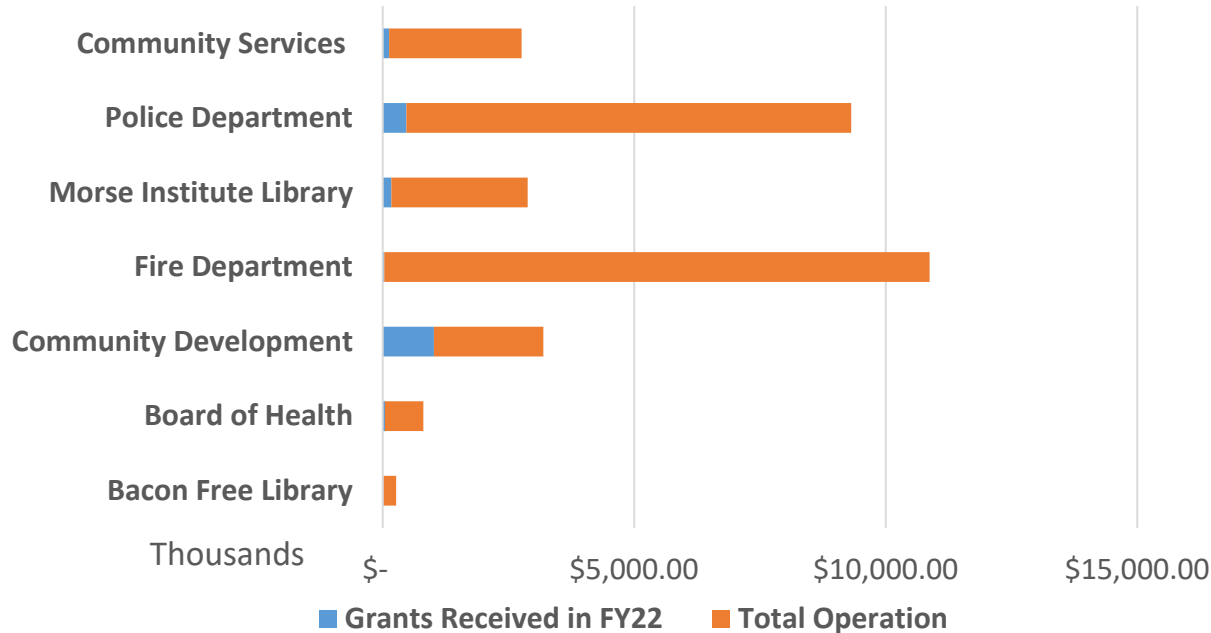
ARPA Spending Plan & Update

Item	March 2023 Estimate	Actual Expenditures as of Dec. 31, 2022	Allowable Use Category
Communications/Website Upgrades	\$ -	\$ 11,958	\$200k funded through State ARPA earmark
Director of Inclusion, Equity and Outreach	\$ 300,000	\$ -	Address Negative Economic Impact
Facilities upgrades to HVAC Systems	\$ 325,250	\$ 325,250	Infrastructure
PPE for Schools/Public Safety/Town	\$ -	\$ 3,830	
Public Safety - Advocate Clinician	\$ 100,000	\$ -	Public Health Expenditure
Town Revenue Recovery	\$ 6,600,000	\$ 2,474,734	Address Negative Economic Impact
School Educational Response	\$ 1,624,750	\$ -	Address Negative Economic Impact
Water/Sewer PFAS Upgrades	\$ 1,700,000	\$ 1,699,111	Invest in W/S Infrastructure
ARPA TOTAL	\$ 10,650,000	\$ 4,514,883	

ARPA Spending Plan will be presented on March 8th to the Select Board. Finance Department reports the projects and expenditures to the Federal Government on a quarterly basis.

FY2022 Grants Funding Received by Department

Grants % of Total Operation



- In FY22, Town received various Departmental Grants totaling: **\$1,895,110, 1.14%** of Total General Fund Operational Expenses.
- Grants Funding serves for different purposes including: Projects, Programs, Equipment Purchases, Landscaping, etc...

What if Grants Funding Ends?

- Seek other external sources of revenue
- Finance by General Fund through Budget Process by applying for New Initiatives
- Completion of projects for project-based grants

Department	Grants Received	Grants % of Total Operation
Bacon Free Library	\$17,169	7%
Board of Health	\$50,000	7%
Community Development	\$1,017,288	47%
Fire Department	\$33,437	0%
Morse Institute Library	\$173,908	6%
Police Department	\$471,044	5%
Community Services	\$132,264	6%

Final thoughts

- Revised FY24 Budget Book beginning of April
- Final Cost of Remaining CBAs by Early April
- 2023 Spring Annual Town Meeting – April 25th, 2023



Thank You