

A photograph of the Town of Natick building, a large brick structure with multiple gables and windows. The building's name, "NATICK TOWN HALL", is visible on a stone band. In the foreground, there are trees with vibrant autumn foliage in shades of orange and yellow. Two American flags are flying on poles to the right of the building. The sky is a clear, pale blue.

Financial Forecast

(FY2025 – FY2029)

Town of Natick

Select Board

September 20, 2023



Forecast FY2025-2029

Improved Decision-making in maintaining fiscal discipline and delivering essential community services

Forecast Goals:

- **THIS IS NOT A BUDGET**
- Provide an overview of **potential** revenues and expenditures
- Present a realistic outlook of town-wide operating trends
- Facilitate productive financial planning

Forecast Scopes:

- The time horizon from FY2025 – FY2029
- Recognize the major revenue and expense categories within General Fund
- Consider the interactions from Enterprise Funds & Capital Planning
- Include examination of historical data and relevant economic conditions



Tax Levy – 2 ½ % Levy, \$1.1M New Growth, plus debt exclusions



State Aid – 3.5% annual increases



Local Receipts – Objective Projection for the recovery period, 3% from FY27



One Time Funds – Free Cash - \$4 mil, Overlay Surplus \$500k from FY25
ARPA - \$1.15 mil in FY25

REVENUE FORECAST FY25 – FY29

General Fund Forecast	FY2024 Budget	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY 2029 Projection	Average % Change
TAX LEVY	139,827,466	143,933,072	148,352,636	152,784,437	157,344,044	162,029,326	2.99%
STATE AID	18,333,691	18,978,749	19,648,129	20,342,750	21,063,572	21,811,595	3.54%
LOCAL RECEIPTS	16,256,487	18,261,446	18,482,451	19,035,531	19,610,127	20,207,292	4.52%
INDIRECT	3,521,527	3,678,052	3,841,581	4,012,430	4,190,926	4,377,413	4.45%
FREE CASH Operational	4,464,900	3,177,519	3,176,794	3,176,061	3,175,322	3,174,575	-5.79%
FREE CASH Non-Operational	6,212,010	822,481	823,206	823,939	824,678	825,425	-17.28%
STABILIZATION FUND (S)							
OVERLAY SURPLUS	1,000,000	500,000	500,000	500,000	500,000	500,000	-10.00%
OTHER AVAILABLE FUNDS	3,487,759	1,307,806	150,336	143,653	136,063	150,336	-30.05%
TOTAL GENERAL FUND REVENUES	193,103,840	190,659,125	194,975,133	200,818,801	206,844,732	213,075,962	2.00%



Collective Bargaining Agreements— most will expire FY 2024/FY 2025



New Initiatives – Not included



School Costs – 3.5% increase, **Town Costs** 3%, **Shared Exp** 3.17% increase



Debt Service – Includes projects with borrowings in CIPs



Inflation Cools Down – Energy, Vehicle, Supplies etc..

Town of Natick: Financial Forecast

Expenses Forecast

Expense Forecast FY25 – FY29

General Fund Forecast	FY2024 Budget	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY 2029 Projection	Average % Change
General Government	41,646,587	42,792,517	44,138,207	45,533,478	46,950,494	48,449,885	3.07%
Education	87,114,188	89,674,147	92,761,046	95,954,865	99,259,321	102,678,261	3.34%
Shared Expenses	54,251,473	55,941,500	57,485,565	59,036,342	61,211,581	63,400,691	3.17%
CAPITAL IMPROVEMENTS	2,566,200	500,000	500,000	500,000	500,000	500,000	-16.10%
STABILIZATION FUNDS	4,054,421	322,481	323,206	323,939	324,678	325,425	-18.23%
OTHER BELOW-THE-LINE ITEMS	3,358,532	3,762,312	3,782,801	3,809,803	3,841,308	3,876,912	3.01%
TOTAL EXPENSE	192,991,401	192,992,956	198,990,825	205,158,426	212,087,382	219,231,173	2.59%
TOTAL REVENUES	193,103,840	190,659,125	194,975,133	200,818,801	206,844,732	213,075,962	2.00%
NET EXCESS / (DEFICIT)	112,439	-2,333,831	-4,015,692	-4,339,625	-5,242,650	-6,155,212	

- Natick remains a financially stable town

Challenges

- ✓ Possible Recession
- ✓ Structural deficit
- ✓ Reliance on one-time revenues
- ✓ Capital needs – growing debt
- ✓ Growing staffing costs
- ✓ Pension and OPEB Obligations

Strengths

- ✓ Solid residential tax base
- ✓ Strong commercial base
- ✓ Diverse revenue streams
- ✓ Low tax rates
- ✓ AAA Credit Rating - S&P and Fitch (June 2023)
- ✓ Conservative and stable budgetary performance
- ✓ Strong Management with conservative financial-management policies