

FY 2026

Town Administrator's Preliminary Budget



Monday 2/8/24, 6:30-8:00PM
Town of Natick Finance Department



Agenda



Budget Principles

- Budget Strategic Goals



General Fund

- Revenues
- Expenses
- Rollup



Enterprise Funds

- Water & Sewer
- Sassamon Trace Golf Course



Override Impact

- Methodologies
- Budget Cuts & Restorations
- Impact by Department

Budget Strategic Goals



The Budget Priorities are prepared annually after the multi-year forecast. In alignment with Town's Financial Management Principles, these components guide and prioritize the funding allocated for FY 2026 Preliminary Budget.



Present a Balanced Budget

- Realistic Revenue Projections
- Accurate Personnel Budgeting
- Reduce Spending
- Conservative Budget Principle



Maintain Core Services

- Improved Operational Efficiency
- No New Initiatives
- Limited Capital Investment



Support Staffing

- Minimize impacts on existing employees



Long-term Fiscal Health

- Ensure Reserves meet target levels to enhance financial resilience



Revenues: \$202,374,750 +2.96% vs. prior year

Key Takeaways:

- **Tax Levy** – New Growth: \$1,100,000
- **State Aid** – 3.3% increase, approximates 10-year average growth
- **Local Receipts** –
 - ✓ 11% increase, further adjustments after COVID
 - ✓ Projection reaches 95% of prior-year actual
 - ✓ Continued upward economic outlook in Local Excise Taxes, Licenses & Permits
- **Other Available Funds** –
 - ✓ **ARPA:** Completion of Revenue Replacement created a gap in FY26
 - ✓ **Debt Premiums:** decrease along with debt project amortization

Tax Levy
\$149,951,999
 +3.02%

State Aid
\$19,617,247
 +3.29%

Local Receipts
\$20,484,523
 +11.31%

	FY 2026 Preliminary	% Change from FY 2025
Tax Levy	\$149,951,999	3.0%
State Aid	\$19,617,247	3.3%
Local Receipts	\$20,484,523	11.3%
Indirects	\$3,983,245	5.0%
Free Cash - Operational	\$6,500,000	37.2%
Overlay Surplus	\$500,000	-50.0%
Other Available Funds *	\$167,736	-94.3%
Total Operating Revenues	\$201,204,750	3.0%
Free Cash - Others	\$1,170,000	3.9%
Total General Fund Revenues	\$202,374,750	3.0%

Free Cash Spending Plan



Key Takeaways:



Operational Budget –
increase of **37%** from FY25,
approx. **79%** of total free cash



Stabilization Funds – Meeting
Minimal Targets



Capital Investments – Direct
funding for **Capital Projects**



Maintain Reserves



OPEB Liability – Maintain
contribution to **Retirees Health**
Care costs

Revenue	FY 2026 Preliminary
Certified Free Cash	\$7,838,033
Total Rev	\$7,838,033
Expenses	
Fiscal 2026 Omnibus Budget	\$6,500,000
OPEB Trust Fund	\$250,000
Operational Stabilization Fund	\$0
General Stabilization Fund	\$0
Capital Stabilization Fund	\$400,000
Capital Improvement Projects	\$250,000
Free Cash Reserve	\$168,033
Overlay	\$270,000
Total Exp	\$7,838,033
Total Excess	\$0

FY 2026 Free Cash - \$7,838,033



Operational Use – 37% Increase

Utilization in the Operating Budget to balance the budget.

Capital Financing

Significant decrease in financing capital projects and capital stabilization fund.

Reserves

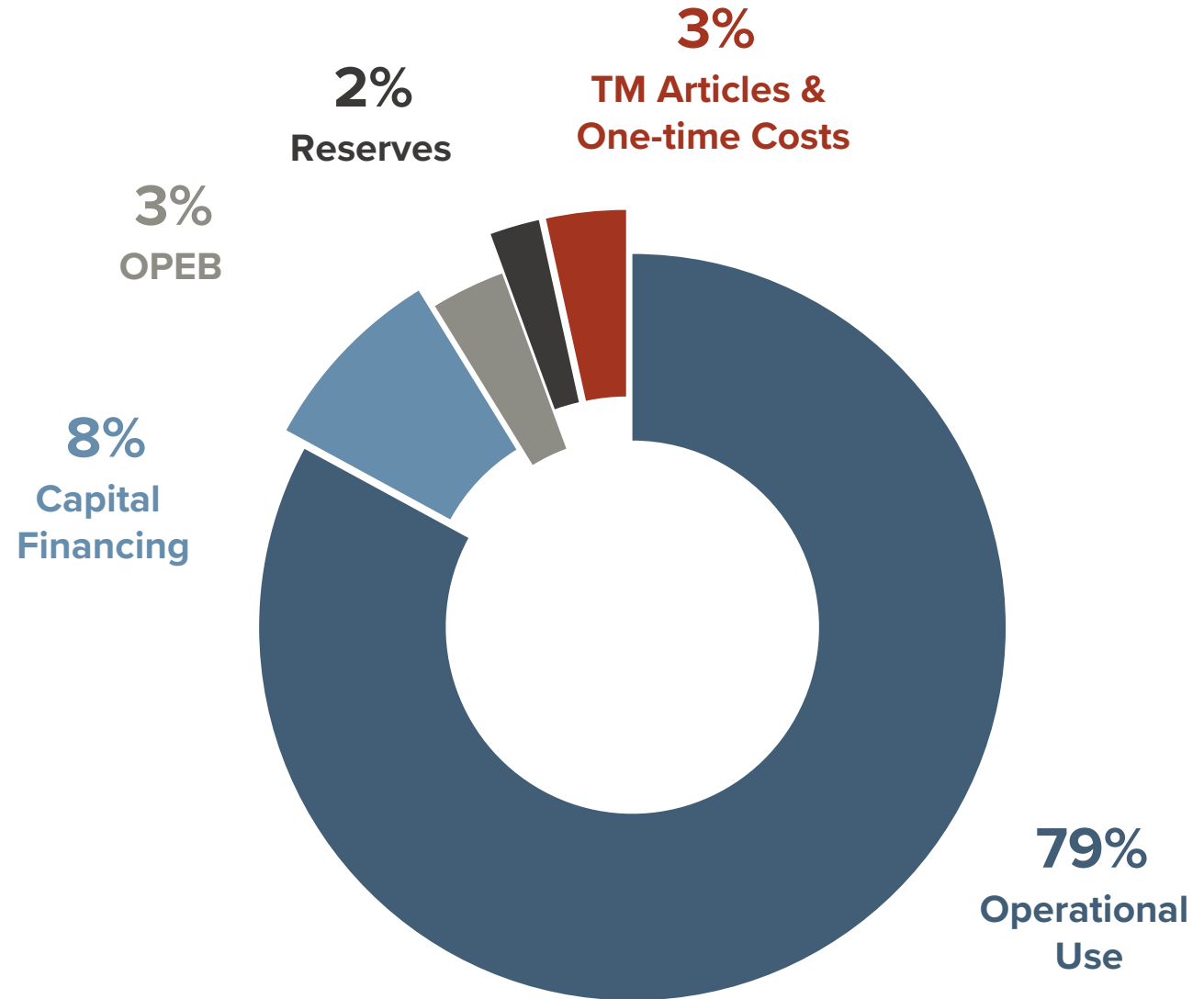
Contribution to Stabilization Funds & Free Cash Reserves

OPEB

Maintain a consistent contribution to Retirees Health Care costs

TM Articles & One-time costs

Town Meeting Appropriations or other one-time costs



Expenses: \$202,374,750 + 3.23% vs. prior year



NPS

FY 2026

\$92,714,346

Growth from FY 2025: 6.8%

Town

FY 2026

\$46,829,297

Growth from FY 2025: -1.2%

Shared

FY 2026

\$58,933,074

Growth from FY 2025: 3.6%

	FY 2026 Preliminary	% Change from FY 2025
Natick Public Schools	\$92,714,346	6.8%
Keefe Tech	\$1,407,225	0.0%
Morse Library	\$2,739,115	1.6%
Bacon Library	\$247,880	2.3%
Public Safety	\$20,050,245	-0.6%
Public Works	\$10,911,341	-3.0%
Health and Human Services	\$2,890,709	-2.6%
Administrative Support Services	\$8,570,607	0.3%
Committees & Commissions	\$12,175	-88.3%
Shared Expenses	\$58,933,074	3.6%
<u>Total Operating Expenses</u>	\$198,476,718	3.9%
Below-the-line Items	\$3,898,032	-21.4%
<u>Total General Fund Expenses</u>	\$202,374,750	3.2%



Town Expenses - \$46,829,297; -1.15% vs. prior year

To achieve low expense growth:

- Accurate Personnel & Expense Budgeting
- Identify operational efficiency
- Reallocation of existing resources
- Cut funding for 7.0 FTE Vacancies

Growth Rate

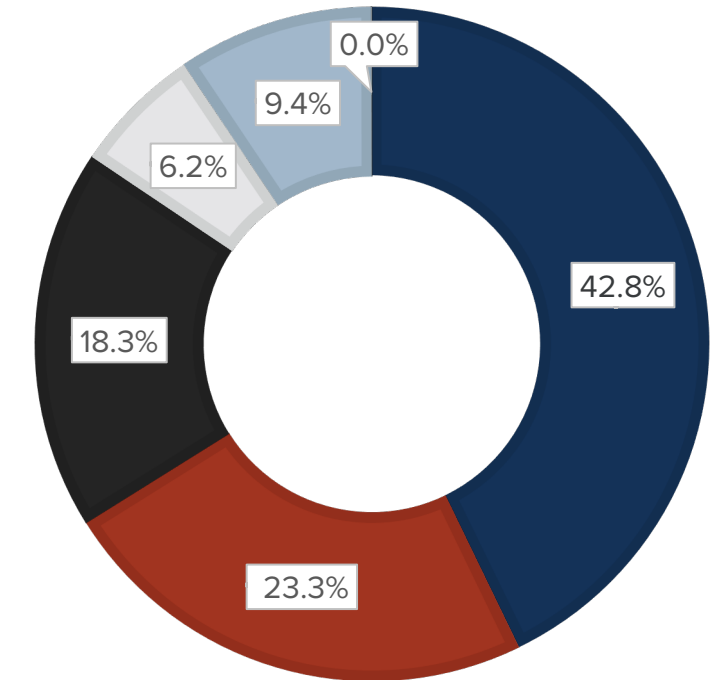
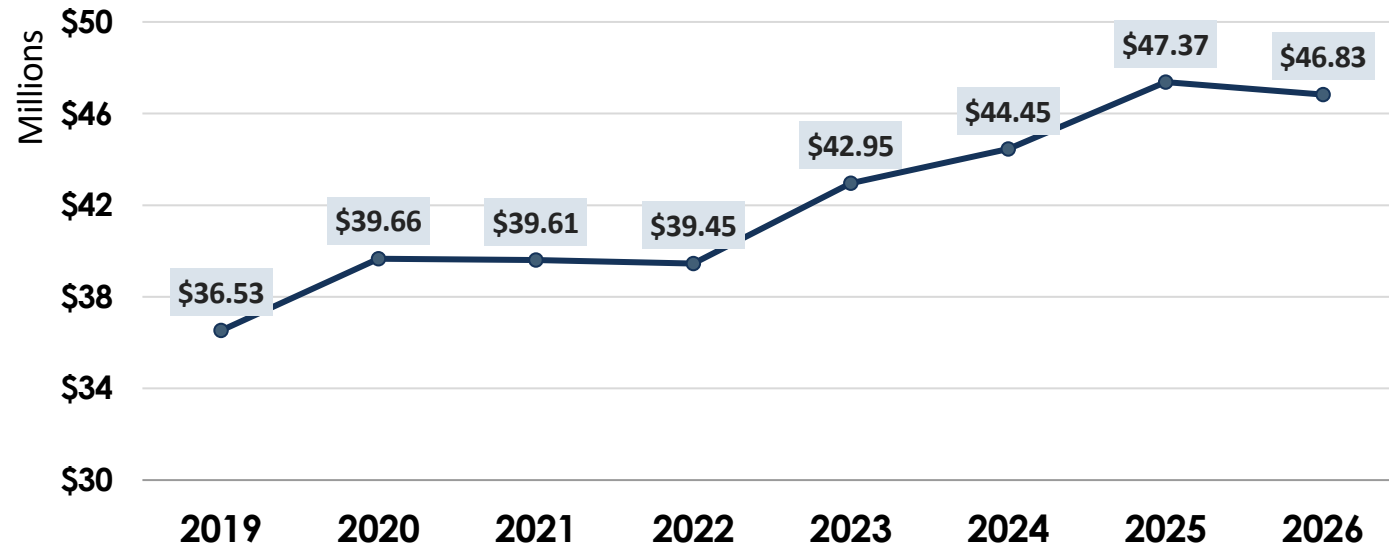
-1.15 %

Five-year AVG. Growth : 4.08%

Expense Breakdown

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

Operating Expense Trend - Town



Affected Department / Category	Budget/ Permanent Cut	Additional Budget Cuts	Affected FTEs	Total Cuts	FY 2026 Budget	% from FY 2025
Morse Institute Library	(\$5,400)	(\$9,585)	0.50	(\$14,985)	\$2,739,115	1.59%
Bacon Free Library	\$0	(\$1,756)	-	(\$1,756)	\$247,880	2.34%
Police & Parking	(\$24,320)	(\$12,150)	-	(\$36,470)	\$9,013,482	0.35%
Fire	(\$10,560)	(\$257,310)	2.50	(\$267,870)	\$10,990,943	-1.32%
Public Works	(\$313,212)	(\$151,433)	1.50	(\$464,645)	\$10,911,341	-2.96%
Community Services	(\$51,695)	(\$34,944)	-	(\$86,639)	\$2,194,030	-2.55%
Board of Health	(\$3,800)	(\$36,000)	0.50	(\$39,800)	\$696,680	-2.78%
Select Board	(\$30,394)	(\$34,006)	-	(\$64,400)	\$2,962,080	17.41%
Finance	(\$10,823)	(\$32,500)	0.50	(\$43,323)	\$2,048,437	-0.74%
Information Technology	(\$113,237)	(\$193,200)	-	(\$306,437)	\$1,882,260	-9.40%
Town Clerk & BOR	(\$100,187)	(\$49,665)	0.50	(\$149,852)	\$484,281	-23.05%
Community Economic Development	(\$85,530)	(\$6,785)	-	(\$92,315)	\$1,153,537	-4.99%
Committees & Commissions	\$0	(\$92,152)	-	(\$92,152)	\$12,175	-88.33%
Facilities Management	(\$20,679)	(\$46,455)	1.00	(\$67,134)	\$4,688,008	-0.55%
Employee Fringe Expenses	(\$73,096)	(\$227,208)	-	(\$300,304)	\$23,588,224	6.80%
Debt Services	(\$583,606)	\$0		(\$583,606)	\$14,356,527	-3.91%
Total	(\$1,426,539)	(\$1,185,149)	7.00	(\$2,611,688)		

Town & Shared Dep. Level Cuts

Budget Cuts

Permanent reductions implemented to address structural deficits and will remain in place regardless of override outcomes.

Additional Budget Cuts

Reductions made to balance the budget, which will be fully restored if the override passes or other funding sources become available.

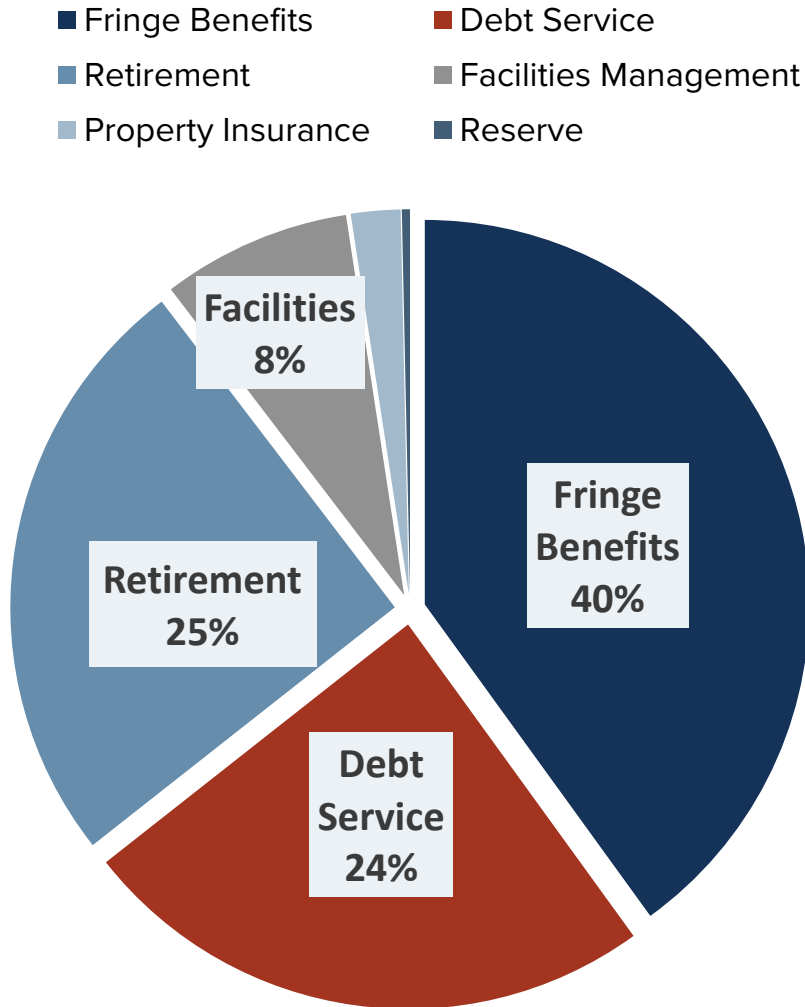
Affected FTEs

Shared Expenses: \$58,933,074; +3.56% vs. prior year



Key Takeaways:

- Health Insurance rates:**
 - Active Plans: 7.5%
 - Senior Plans: 7.3%
- Health Insurance Plan Count:**
 - School: 1,029 – 0.7% ↑
 - Town: 601 – 3.4% ↓
- Retirement:** 7.5% increase, higher than average growth of 4% due to COLA Base Adjustments voted on by TM at 2024 FATM
- Debt Service:** 18 debt projects fall off the schedule, total \$412,200;
- limited capacity for new capital projects due to budget constraint



	FY 2026 Preliminary	% Change from FY 2025
Fringe Benefits	\$23,588,224	6.8%
Debt Service	\$14,356,527	-3.9%
Retirement	\$14,874,240	7.5%
Facilities Management	\$4,688,008	-0.6%
Property & Liability Insurance	\$1,226,075	8.1%
Reserve Fund	\$200,000	0.0%
Total Shared Expenses	\$58,933,074	3.6%

General Fund Bottom Line



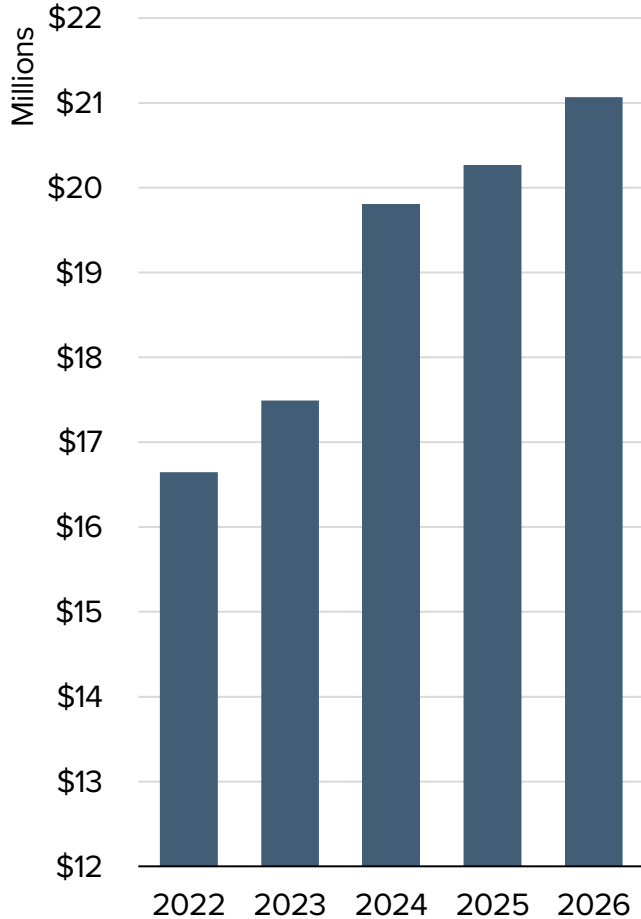
Revenues: \$202,374,750

Expenses: \$202,374,750

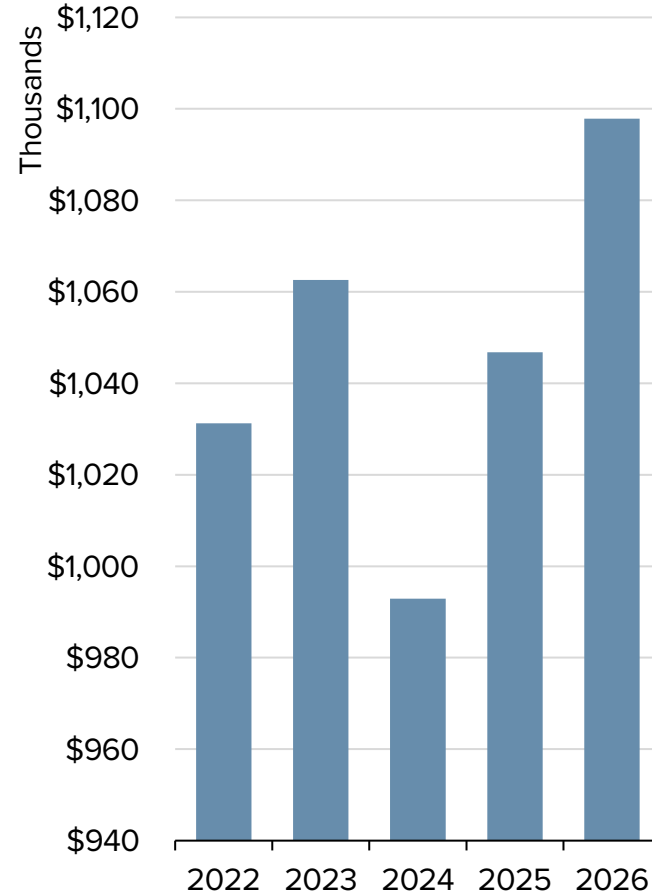
Surplus/(Deficit): \$0

Enterprise Funds: self-reliance

Water & Sewer Fund



Sassamon Golf Course



Water Sewer Enterprise Fund:

- Total Expenses: \$21,066,522 –3.7% increase
- Total Revenues: \$21, 406,934 projected
- Expense Driver: Sewer Assessment Cost; Capital Costs; PFAs Filter

Golf Course Enterprise Fund:


- Total Expenses: \$1,097,850 – 4.87% increase
- Total Revenues: \$1,257,684 projected
- Expense Driver: Electricity; Land Lease; Inflation; Personnel Adjustment,

Golf Course will remain the positive position by producing sufficient revenues to cover its operations.

Affected Department / Category	Additional Cut	\$ Budget Restorations w. Override	Affected FTEs	FY 2026 Budget w. Override	% from FY 2025
Natick Public Schools (incl. school bus subsidy)	(\$2,777,558)	\$2,777,558	41.00	\$95,491,904	9.48%
Morse Institute Library	(\$9,585)	\$9,585	0.50	\$2,748,700	1.94%
Bacon Free Library	(\$1,756)	\$1,756	-	\$249,636	3.07%
Police	(\$12,150)	\$12,150	-	\$8,837,132	0.53%
Fire	(\$257,310)	\$257,310	2.50	\$11,248,253	0.99%
Public Works	(\$151,433)	\$151,433	1.50	\$11,062,773	-1.61%
Community Services	(\$34,944)	\$34,944	-	\$2,228,974	-1.00%
Board of Health	(\$36,000)	\$36,000	0.50	\$732,680	2.24%
Select Board	(\$34,006)	\$34,006	-	\$2,321,186	25.61%
Finance	(\$32,500)	\$32,500	0.50	\$2,080,937	0.84%
Information Technology	(\$193,200)	\$193,200	-	\$2,075,460	-0.10%
Town Clerk & BOR	(\$49,665)	\$49,665	0.50	\$533,946	-15.15%
Community Economic Development	(\$6,785)	\$6,785	-	\$1,160,322	-4.43%
Committees & Commissions	(\$92,152)	\$92,152	-	\$104,327	0.00%
Facilities Management	(\$46,455)	\$46,455	1.00	\$4,734,463	0.43%
Employee Fringe Expenses	(\$227,208)	\$227,208	-	\$23,815,432	7.83%
Total	(\$3,962,707)	\$3,962,707	42.00		

Override Impact on the budget


Restore Budget Cuts




48 FTEs
(School – 41; Town – 7)




Benefits & Stipends of Vacancies



Costs shifted to alternative financing sources



Costs related to Compliance Requirements



Town operations, IT Security, Programs etc..

Final Thoughts

- FY 2026 Amended Budget Book in early April
- Expected updates for Healthcare cost; Keefe Tech Assessment cost & Retirement Assessment
- Next Public Forums – 2/11/25; 3/12/25
- Finance Committee Meetings – Dates TBD
- Hardcopy of Preliminary Budget Book will be available at Select Board's Office, Morse Library and Assessor's Office on/after February 3rd





FY26 Budget Process

February 3, 2025 - Joint Meeting

School Committee

Select Board

Finance Committee



BUDGET GOAL

Our goal is to balance fiscal responsibility, strategic reductions, and budget-neutral solutions while preserving high-quality education and student-facing positions.



NPS Art by Alex, Grade 2

SCHOOL COMMITTEE GUIDANCE, PRIORITIES & VALUES

- Meet contractual agreements to allow NPS to **hire, develop and maintain the best educators** for Natick students
- **Measurably improve student achievement** with particular focus on Math and Literacy
- Ensure **Special Education and ELL programs** are funded to meet the needs of every student
- Measure progress towards a **district culture** where each student feels safe and has a sense of belonging
- Support the Superintendent in developing the next **Strategic Plan**, including a detailed School Department **Five-Year Capital Plan**, by leveraging the insights and recommendations from the Superintendent's entry plan.
- Maintain a **robust set of offerings both during and after school** to

FY26 TOWN BUDGET DEVELOPMENT

	FY25 Appropriation	FY26 Budget - 👎 NO Override	% Change from FY25	FY26 Budget - 👍 Override	% Change from FY25
School Operating Funds - <i>including bus subsidy</i>	\$87,225,143	\$92,714,346	6.29%	\$95,491,904	9.48%

- Worked to develop a **fiscally responsible budget** that aligns with stakeholder priorities
- Sought **alignment with the 2024-2025 District Priorities**
- Aimed to optimize funding and increase efficiency through **targeted expense reductions**
- **Engaged stakeholders**, including district and school leadership, the School Committee, and town officials
- Ensured an **open, collaborative, and transparent** budget development process.

FY26 BUDGET FRAMING

Funds Needed for Level Service	\$96,891,904
Reductions below Level Service <i>(voted by SC 1.27.25)</i>	\$1,400,000
Adjusted FY26 Budget	\$95,491,904
Adjusted Funding Shortfall (Override Need)	\$2,777,558
Prelim Operating FY26 Budget from Town	\$92,714,346

**With
Override**

FY26 RECOMMENDED BUDGET BY DEPARTMENT

FUNCTION ROLL UP	FY22 Actual	FY23 Actual	FY24 Actual	FY25 Appropriation	FY26 Recommended Budget	FY26 FTE	\$ Change	% Change	% of Budget Driver
ADMINISTRATION	\$ 3,861,483	\$ 4,286,367	\$ 4,202,440	\$ 4,785,100	\$ 4,880,118	35	\$ 95,018	2%	1.1%
INSTRUCTION	\$ 56,397,809	\$ 60,281,026	\$ 65,023,696	\$ 68,376,167	\$ 73,110,137	777.6	\$ 4,733,970	7%	54.4%
HEALTH SERVICES	\$ 1,251,358	\$ 1,280,834	\$ 1,387,476	\$ 1,441,501	\$ 1,530,409	14.3	\$ 88,908	6%	1.0%
ATHLETICS& ACTIVITIES	\$ 1,288,586	\$ 1,536,433	\$ 1,496,217	\$ 1,312,263	\$ 1,562,992	5	\$ 250,729	19%	2.9%
TRANSPORTATION	\$ 3,413,762	\$ 3,297,073	\$ 4,547,241	\$ 4,408,108	\$ 5,246,018	1	\$ 837,910	19%	9.6%
TECHNOLOGY	\$ 1,131,156	\$ 1,203,220	\$ 1,142,769	\$ 1,375,250	\$ 1,421,821	2	\$ 46,571	3%	0.5%
FACILITIES	\$ 1,919,440	\$ 2,455,243	\$ 1,914,078	\$ 2,719,750	\$ 2,568,650	0	\$ (151,100)	-6%	-1.7%
BENEFITS & EQUIP	\$ 47,812	\$ 3,235	\$ 18,891	\$ 6,300	\$ 39,000	0	\$ 32,700	519%	0.4%
TUITIONS	\$ 5,791,579	\$ 4,602,982	\$ 3,447,773	\$ 2,370,860	\$ 5,132,760		\$ 2,761,900	116%	31.8%
Grand Total	\$ 75,102,985	\$ 78,946,413	\$ 83,180,582	\$ 86,795,299	\$ 95,491,904	834.9	\$ 8,696,605	10%	100.0%

**Assumes
Override**

FY26 Budget Book: Key Changes

- **Budget Guidance from the School Committee** to reflect district priorities
- **Expanded Format (+80 pages)** for greater detail & transparency
- **Three-Year Budget History by Department** for trend analysis
- **Detailed Variance Explanations** to clarify year-over-year changes
- Comprehensive **Staffing Overview** (additions, reductions, role changes)
- Staffing Reductions & **Override Analysis**: Impact on positions & programs
- Expanded School, **Department & Program Details** for clearer budgeting
- **Additional Funding Sources** (grants, revolving funds, external

FY26 BUDGET MEETING TIMELINE *(recommendation)*

December 2, 2024	<i>SC Meeting: Preliminary Budget & Override Recommendation</i>
December 16, 2024	<i>Joint SC/SB Meeting: Preliminary Budget & Override Recommendation</i>
January 21, 2025	Public Forum #1 - Potential Override
February 3, 2025	<i>Joint Meeting (SB/SC/FinCom): Overview of Budget Process</i>
February 3, 2025	<i>SC Meeting: Superintendent Recommended Budget Presentation</i>
February 11, 2025	Public Forum #2 - Potential Override
tbd	FinCom Education Subcommittee
February 24, 2025	<i>SC Meeting: Budget Review - Instructional Areas</i>
March 3, 2025	<i>SC Meeting: Budget Review - Fees and Non Instructional Areas</i>
March 12, 2025	Public Forum #3 - Potential Override
March 17, 2025	<i>SC Meeting: Public Hearing on the Budget & SC Discussion of Budget</i>
March 24, 2025	<i>Special SC Meeting: SC Discussion of budget and Vote</i>



[Link to FY26 NPS Budget Book](https://natickschools.info/FY26Budget)



<https://natickschools.info/FY26Budget>

NPS Art by Shuka Shiomi, NHS