

JOINT BUDGET MEETING

CITY COUNCIL & SCHOOL COMMITTEE

Mayor Donna D. Holaday

Superintendent Susan L. Viccaro

November 15, 2016



Purpose

City Charter, Section 6-2: Annual Budget Meeting

The mayor shall call a joint meeting of the city council and school committee, to include the superintendent of schools, before the commencement of the annual budget process to review the financial condition of the city, revenue and expenditure forecasts, and other relevant information prepared by the mayor in order to develop a coordinated budget.

ANNUAL BUDGET PROCESS

City Budget Process

- **August - December:**
- Review capital improvement needs
- Supplemental budget(s) submitted
- Free Cash/Retained Earnings certification
- Tax rate set
- Tax bills sent out by December 31st



City Budget Process

- **January - March:**
- Mayor meets with Department Heads to present budget development guidelines
- Operating budget and capital needs requests due to Mayor
- Mayor meets with department heads to review budget and capital requests



City Budget Process

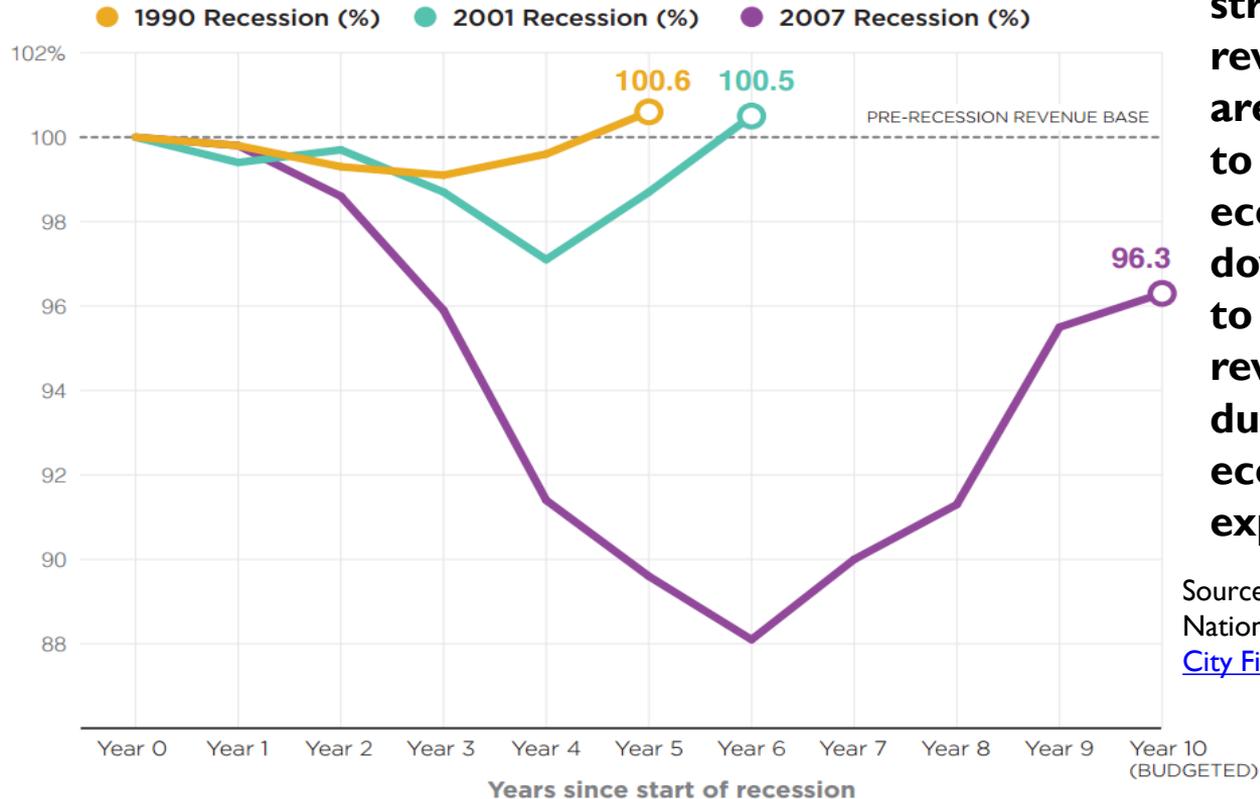
- **April - July:**
- CIP submitted to City Council by April 1st
- School Committee adopts budget
- Mayor's proposed budget submitted to City Council by May 15;
Council has 45 days to approve
- City Council approves budget by June 30th
- Start of the new fiscal year on July 1st

School Budget Process

- **November**: Joint Budget Meeting held; Superintendent gives directions to leadership & budget worksheets prepared
- **December**: Special Education transitional needs discussed & individual administrators meet with Superintendent & Finance; Administrators meet with staff and school councils to discuss budget needs & priorities
- **January - April**: Leadership meets to discuss and formulate budget priorities; Presentation of budget to School Committee
- **May**: School budget presented to Mayor once approved by School Committee

CITY'S FISCAL CONDITION

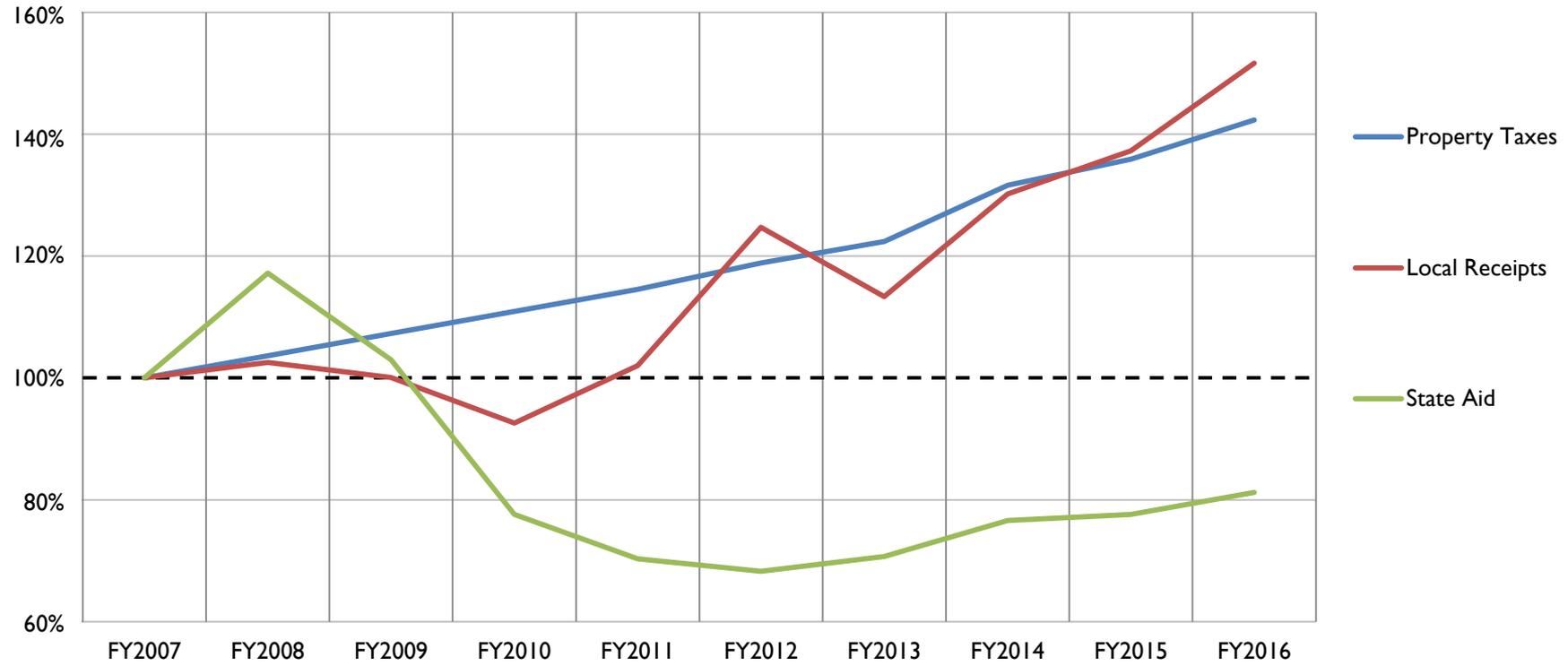
Cities & Towns Still Recovering from '07...



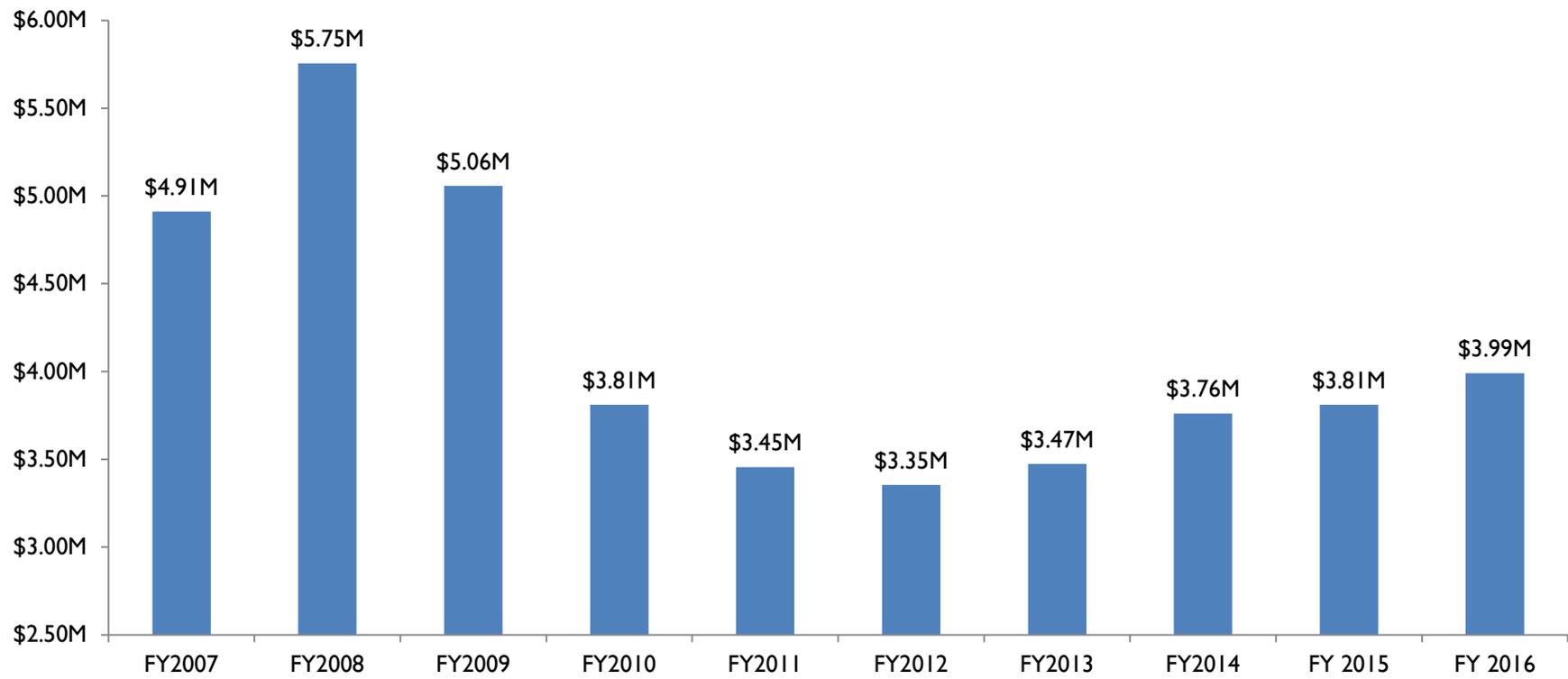
“Cities with a stronger mix of revenue sources are better able to buffer against economic downturns and to capture revenue growth during periods of economic expansion.”

Source:
National League of Cities,
[City Fiscal Conditions 2016](#)

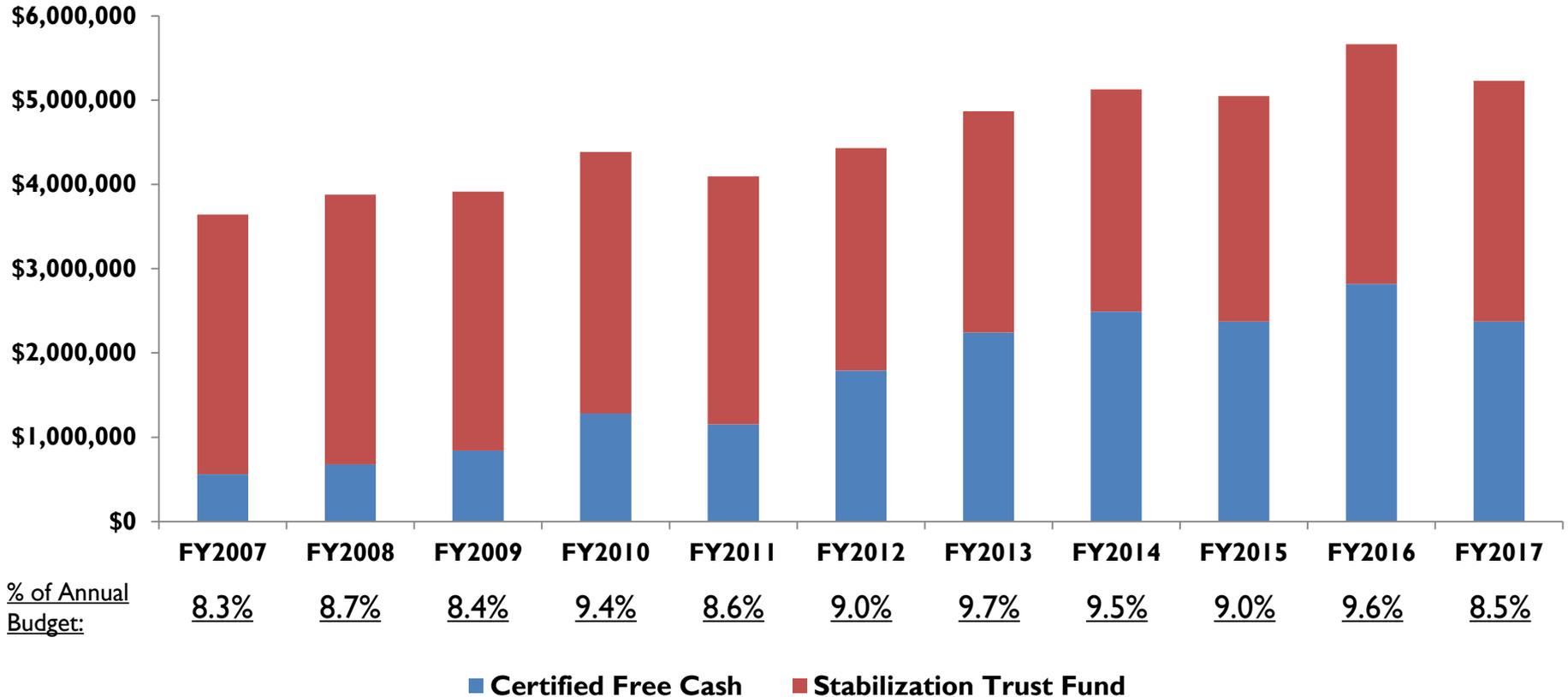
Newburyport's Recovery Since '07



Net State Aid Since '07

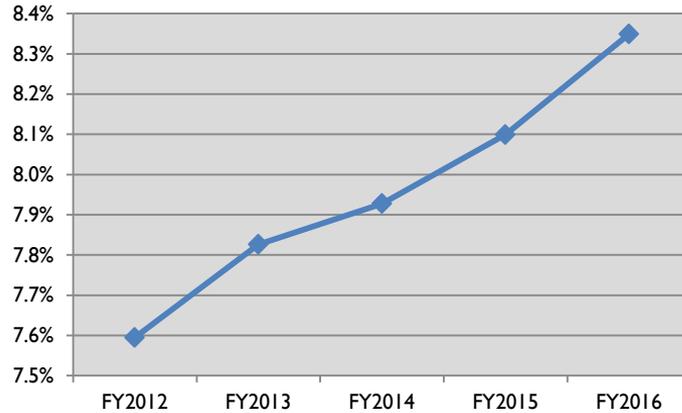


Reserve Balances

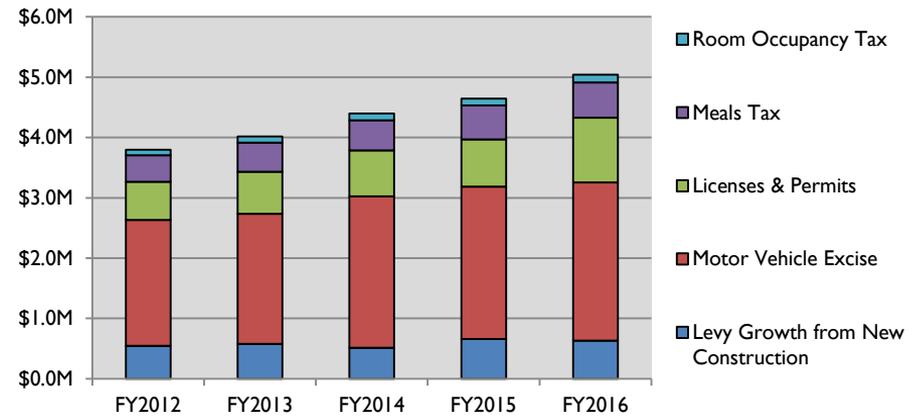


Economic Growth Indicators

Economic Growth Revenue % of Total Revenue

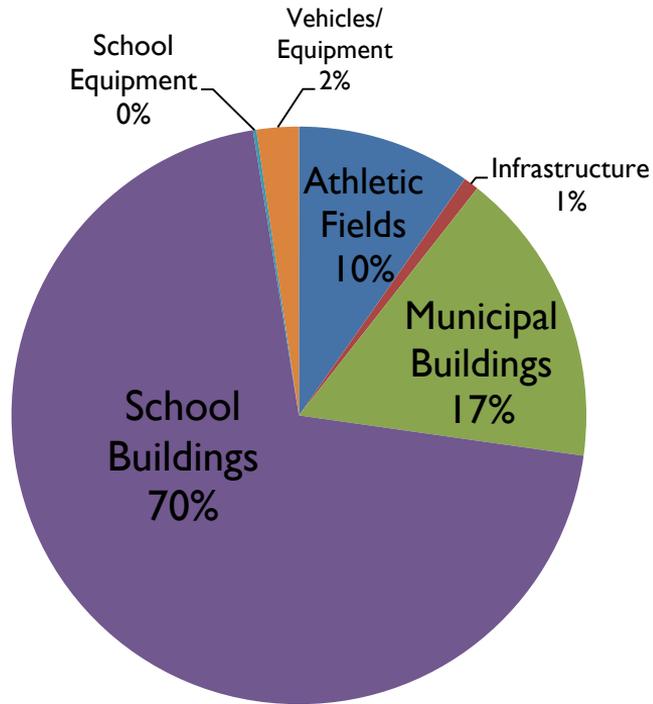


Economic Revenue Growth, Dollars Per Year



	FY2012 ACTUAL	FY2013 ACTUAL	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 ESTIMATED
Levy Growth from New Construction	\$547,402	\$578,224	\$513,764	\$656,531	\$633,895	\$791,279
Motor Vehicle Excise	\$2,087,648	\$2,154,345	\$2,508,083	\$2,528,304	\$2,620,498	\$2,405,000
Licenses & Permits	\$632,401	\$700,719	\$765,738	\$785,676	\$1,071,855	\$710,000
Meals Tax	\$437,497	\$481,125	\$499,232	\$561,480	\$586,573	\$500,000
Room Occupancy Tax	\$93,042	\$103,277	\$112,074	\$112,842	\$130,608	\$110,000
Total Economic Growth Revenue	\$3,797,990	\$4,017,690	\$4,398,890	\$4,644,832	\$5,043,429	\$4,516,279
Total Revenue	\$50,006,843	\$51,336,800	\$55,489,812	\$57,350,220	\$60,406,438	\$61,667,442
Economic Growth Revenue as % of Total	7.6%	7.8%	7.9%	8.1%	8.3%	7.3%

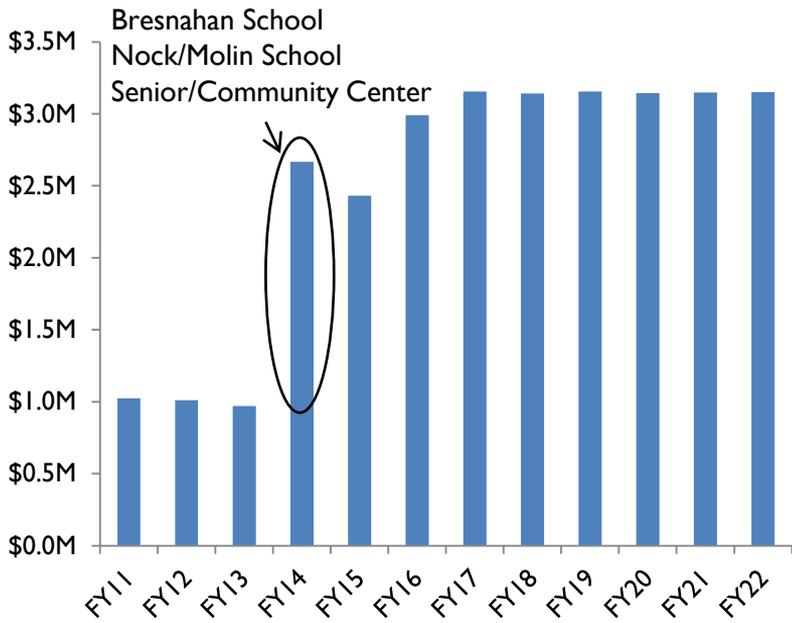
Total Outstanding Debt



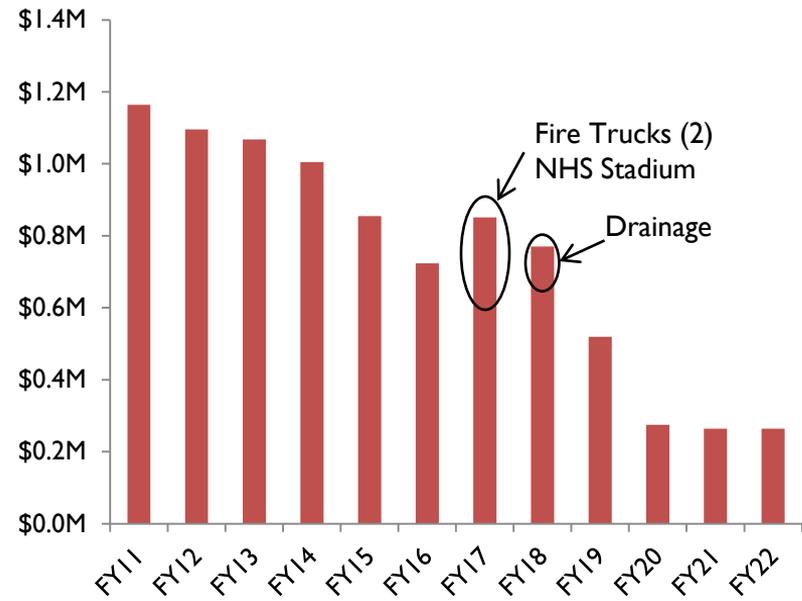
← General/CPA	\$49,504,200
+Water/Sewer	\$51,777,408
Total Debt	\$101,281,608

General Fund Debt Service

Excluded



Non-Excluded



Credit Profile

- Long-Term Rating: AAA; Short-Term Rating: SP-I+
- Very strong economy;
- Very strong management, with strong financial policies and practices;
- Strong budgetary performance and flexibility;
- Very strong liquidity;
- Strong debt and contingent liability position; and
- Strong institutional framework score.

Source: S&P 9/16/2016

SCHOOL BUDGET UPDATE

Revenue Sources

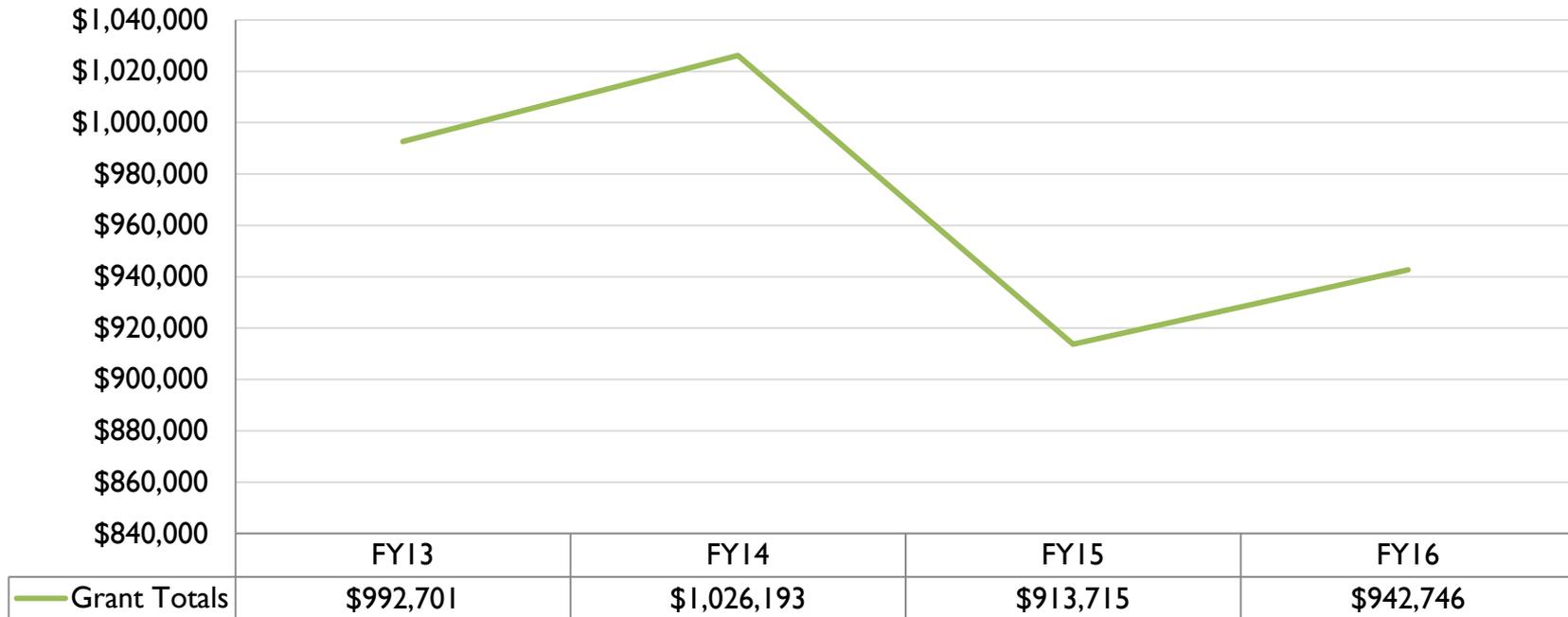
	FY13 Budgeted	FY13 Actual	FY14 Budgeted	FY14 Actual	FY15 Budgeted	FY15 Actual	FY16 Budgeted	FY16 Actual	FY17 Budgeted
City Allocations	\$22,644,437	\$22,550,437	\$23,231,943	\$23,643,013	\$25,148,813	\$25,148,813	\$26,376,481	\$26,412,981	\$27,402,232
Choice Tuition	\$1,084,300	\$1,080,851	\$925,928	\$900,327	\$727,427	\$727,472	\$641,858	\$641,809	\$546,341
Choice FB	\$400,000	\$400,000	\$298,139	\$298,139	\$142,000	\$142,000	\$150,000	0	\$494,379
Choice Educatius	0	0	0	0	\$13,600	\$53,740	\$81,600	0	0
Circuit Breaker	\$275,000	\$292,843	\$223,000	\$308,968	\$310,000	\$433,025	\$278,674	\$471,904	\$427,000
Circuit Breaker	0	0	0	\$117,942	\$100,000	\$100,000	\$117,311	\$120,478	\$100,000
Athletics	\$278,200	\$246,573	\$278,200	\$285,541	\$278,200	\$267,878	\$275,000	\$273,542	\$275,000
Transportation	\$130,515	\$160,265	\$130,515	\$183,683	\$167,000	\$220,265	\$200,000	\$219,066	\$200,000
Student Act	\$18,000	\$18,000	\$18,000	\$18,000	\$4,550	\$4,550	0	0	0
Kindergarten	\$375,000	\$317,297	\$370,000	\$302,228	\$325,000	\$333,070	\$275,000	\$338,094	\$375,000
Pre-School	\$230,000	\$180,419	\$230,000	\$228,678	\$227,000	\$226,830	\$187,000	\$229,761	\$211,000
Totals	\$25,435,452	\$25,246,685	\$25,705,725	\$26,286,519	\$27,443,590	\$27,657,643	\$28,582,924	\$28,707,635	\$30,030,952

Federal & State Grants

	FY13	FY14	FY15	FY16	FY17
240 Sped	\$547,752	\$530,958	\$539,090	\$535,414	\$548,332
Education Jobs Grant	\$22,085	0	0	0	0
Academic Support Summer	0	\$4,500	0	0	0
Early Childhood SPED	\$12,651	\$12,002	\$12,617	\$12,604	\$11,669
Title 1	\$187,386	\$198,089	\$164,907	\$202,197	\$207,384
Quality FD Kindergarten	\$45,000	\$65,634	\$49,960	\$49,961	0
SPED Program Improvement	\$17,353	\$10,101	\$18,586	\$19,462	\$19,462
Improving Educator Quality (Title IIA)	\$35,468	\$47,462	\$39,665	\$40,348	\$39,133
Enhanced School Health Services	\$55,760	\$55,760	\$61,830	\$55,760	\$59,200
EEC Program Improvement	\$3,000	\$3,350	\$6,700	\$2,000	?
Academic Support	\$8,800	\$7,900	\$5,600	\$5,000	?
Literacy Partnerships	\$13,000	\$20,553	\$14,760	0	?
Safe & Supportive Schools		\$10,000		\$20,000	?
Race to the Top	\$44,446	\$59,884	0	0	0
Totals	\$992,701	\$1,026,193	\$913,715	\$942,746	\$885,180 in process

Grant Comparison FY13- FY16

Grant Totals



Private Grants

	FY13	FY14	FY15	FY16	FY17
Swasey	\$101,200	\$90,000	\$90,500	\$95,653	\$92,758
PTO Contributions			\$37,734	Waiting for final figure	In process
NEF (funded by calendar year)	\$237,660	\$418,789	\$356,079	\$272,200 as of 9/30/16	In process
Totals	\$338,860	\$508,789	\$483,313	\$367,853	In process
Total all Grants	\$1,331,561	\$1,534,982	\$1,397,028	\$1,310,599	
Total all Revenue	\$26,578,246	\$27,821,501	\$29,054,671	\$30,018,234	

School Choice Revenue

School Choice Revenue

FY02	\$1,674,763
FY03	\$1,504,950
FY04	\$1,471,452
FY05	\$1,484,034
FY06	\$1,445,073
FY07	\$1,336,129
FY08	\$1,036,983
FY09	\$958,647
FY10	\$809,729
FY11	\$1,001,859
FY12	\$1,067,833
FY13	\$1,080,851
FY14	\$900,327
FY15	\$727,472
FY16	\$641,809
FY17	\$546,341 est.

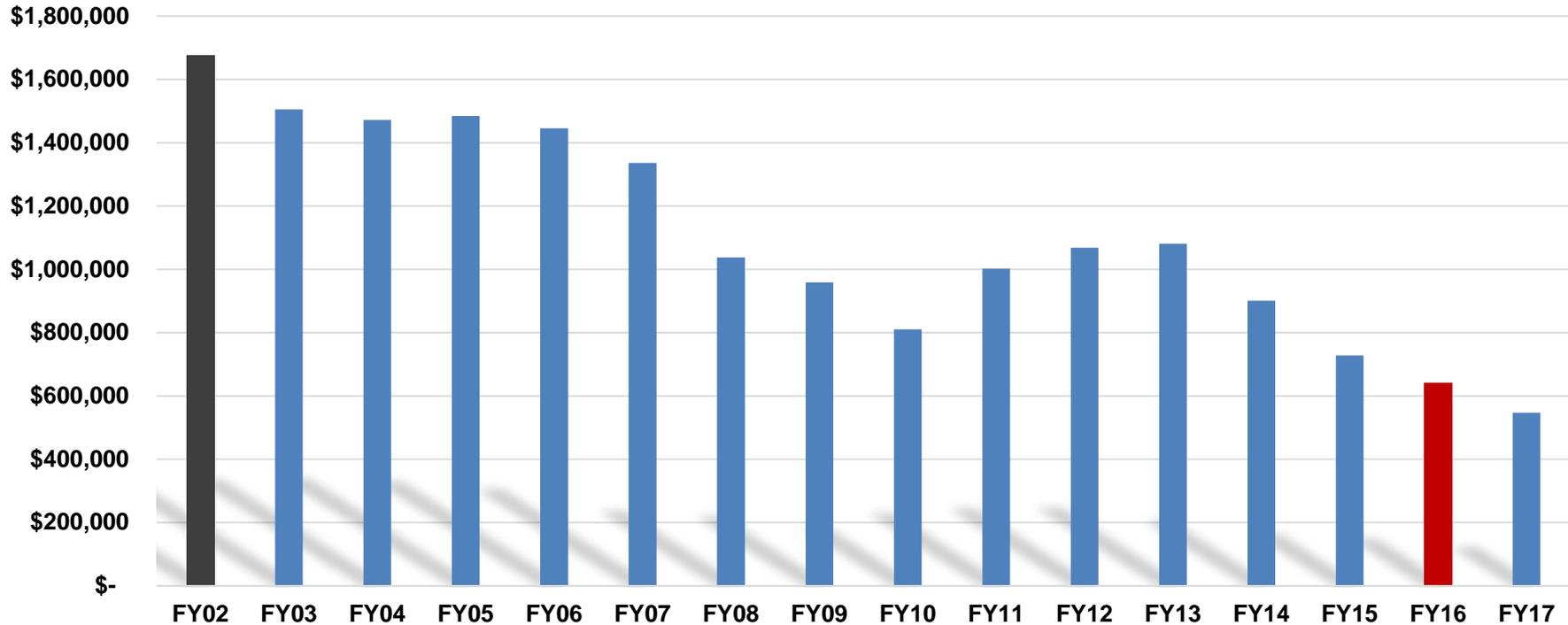
This report shows the revenue received from Choice over the past 15 years. We are continuing to show a decrease in revenue since FY13 due to enrollment.

Our current Choice numbers are as follows; (25)

<i>Grade 1</i>	<i>3</i>
<i>Grade 10</i>	<i>1</i>
<i>Grade 11</i>	<i>5</i>
<i>Grade 12</i>	<i>15</i>
<i>SP</i>	<i>1</i>

School Choice Revenue FY02 – FY16

(est. FY17)

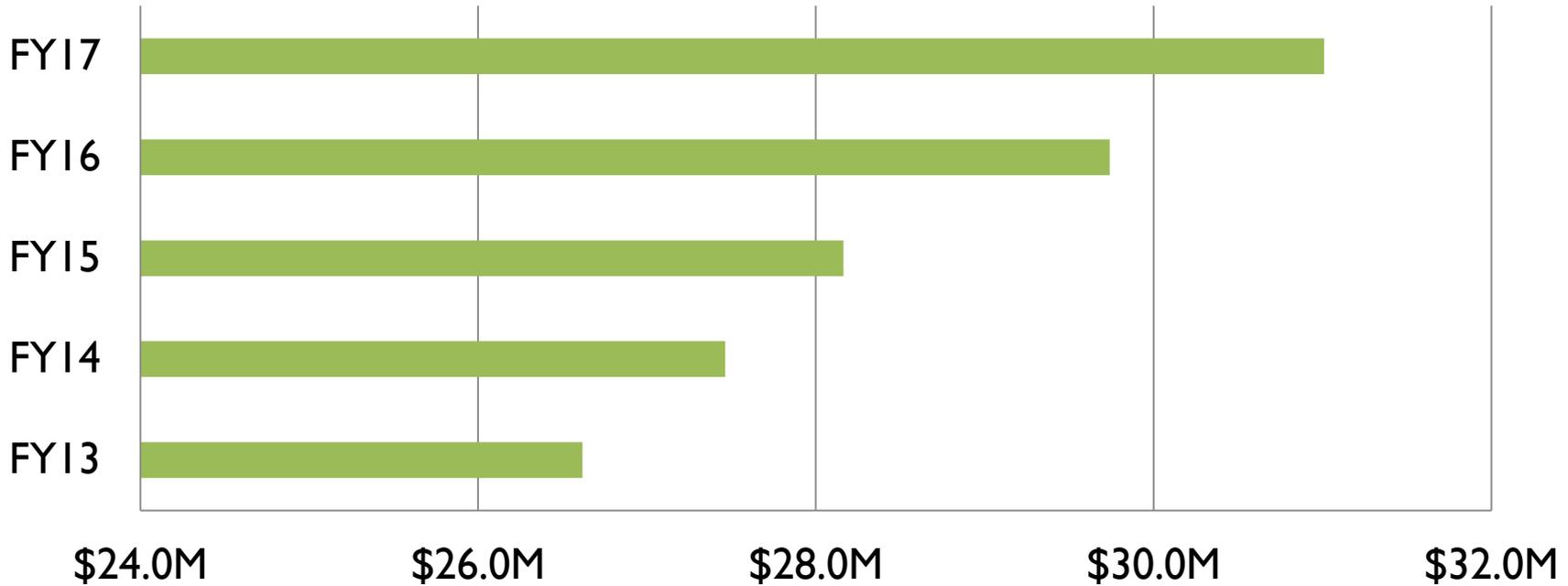


Total Expenditures

Source	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 budgeted
General Fund	\$21,902,865	\$22,644,436	\$23,662,721	\$25,053,469	\$26,388,496	\$27,402,232
Revolving Funds	\$2,476,257	\$2,641,847	\$2,264,832	\$1,713,740	\$2,040,259	\$2,628,720
Grants	\$1,201,435	\$992,701	\$1,026,193	\$913,715	\$942,746	\$885,180
Private Grants	\$439,774	\$338,860	\$508,788	\$483,313	\$367,853	\$92,758
Total Expenditures	\$26,020,331	\$26,617,844	\$27,462,534	\$28,164,237	\$29,739,354	\$31,008,890

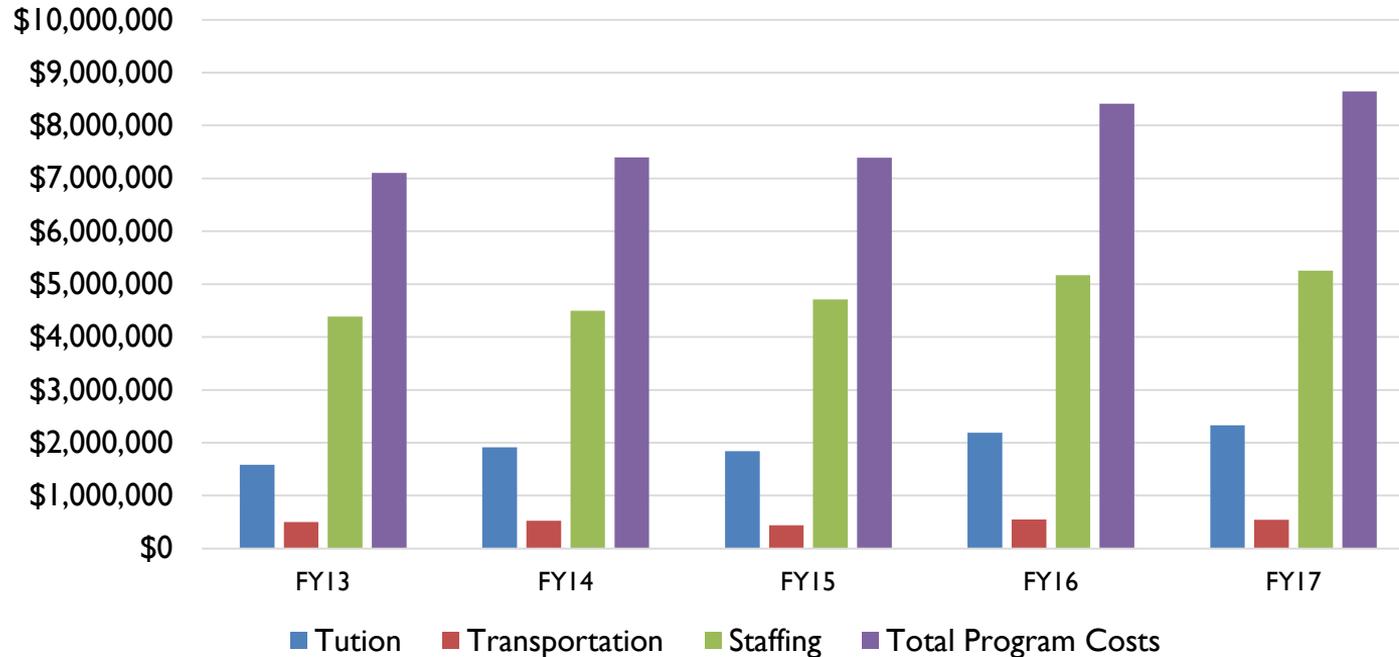
School Expenditure Comparison

Total Expenses



Special Education Costs

Special Education Program Costs



Tuition

FY13: \$1,585,282

FY14: \$1,912,996

FY15: \$1,839,419

FY16: \$2,189,468

FY17: \$2,332,046 (budgeted)

Transportation

FY13: \$500,968

FY14: \$523,907

FY15: \$439,252

FY16: \$548,495

FY17: \$545,000 (budgeted)

Staffing

FY13: \$4,388,999

FY14: \$4,494,691

FY15: \$4,712,312

FY16: \$5,169,047

FY17: \$5,255,874 (budgeted)

Total Program Costs

FY13: \$7,100,695

FY14: \$7,399,525

FY15: \$7,392,559

FY16: \$8,414,445

FY17: \$8,643,120 (budgeted)

Capital Needs by School

Newburyport High School

	FY17	FY18	FY19	FY20	FY21	Totals
Roof	\$364,782	\$375,325				\$740,107
Auditorium Upgrades (Tech/Ceiling) & (Plaster Repairs)	\$87,000	\$100,000				\$187,000
Masonry Repairs				\$150,000	\$141,000	\$291,000
Security Upgrade	Completed 2016					-0-
Ext Woodwork Restoration		\$182,406	\$160,134	\$95,336		\$437,876
Boiler #2 (Rebuild Interior Brickwork)	\$12,000					\$12,000
Fire Alarm Panel	\$60,000					\$60,000
Sidewalk Repair	\$15,000	\$10,000	\$10,000	\$10,000	\$10,000	\$55,000
Front Walk (ADA)	\$15,000					\$15,000
Ventilation Rm 249		\$15,000				\$15,000
Stone Wall				\$100,000		\$100,000
Parking-Add spaces & curb		\$150,000				\$150,000
Repair Ramps Main Entry			\$15,000			\$15,000
Furniture Replacement				\$20,000	\$20,000	\$40,000
Carpet Replace					\$25,000	\$25,000
Pickup Truck w/plow	\$50,521					\$50,521
Totals	\$604,303	\$832,731	\$185,134	\$375,336	\$196,000	\$2,091,504

Capital Needs by School

Middle/Molin School

	FY17	FY18	FY19	FY20	FY21	Totals
Parking Lot – Repair Paving	\$300,000					\$300,000
Walkway/Sidewalk Repaid & Paving	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
Resurface/Upgrade Tennis Courts			\$40,000			\$40,000
Gym/Auditorium Roof					\$662,295	\$662,295
Elevator upgrade		\$140,000				\$140,000
Custodian Equip. Replacement	\$10,000					\$10,000
Class Furniture Replace	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$125,000
Totals	\$350,000	\$180,000	\$80,000	\$40,000	\$702,295	\$1,352,295

Capital Needs by School

Bresnahan School/Fuller Field

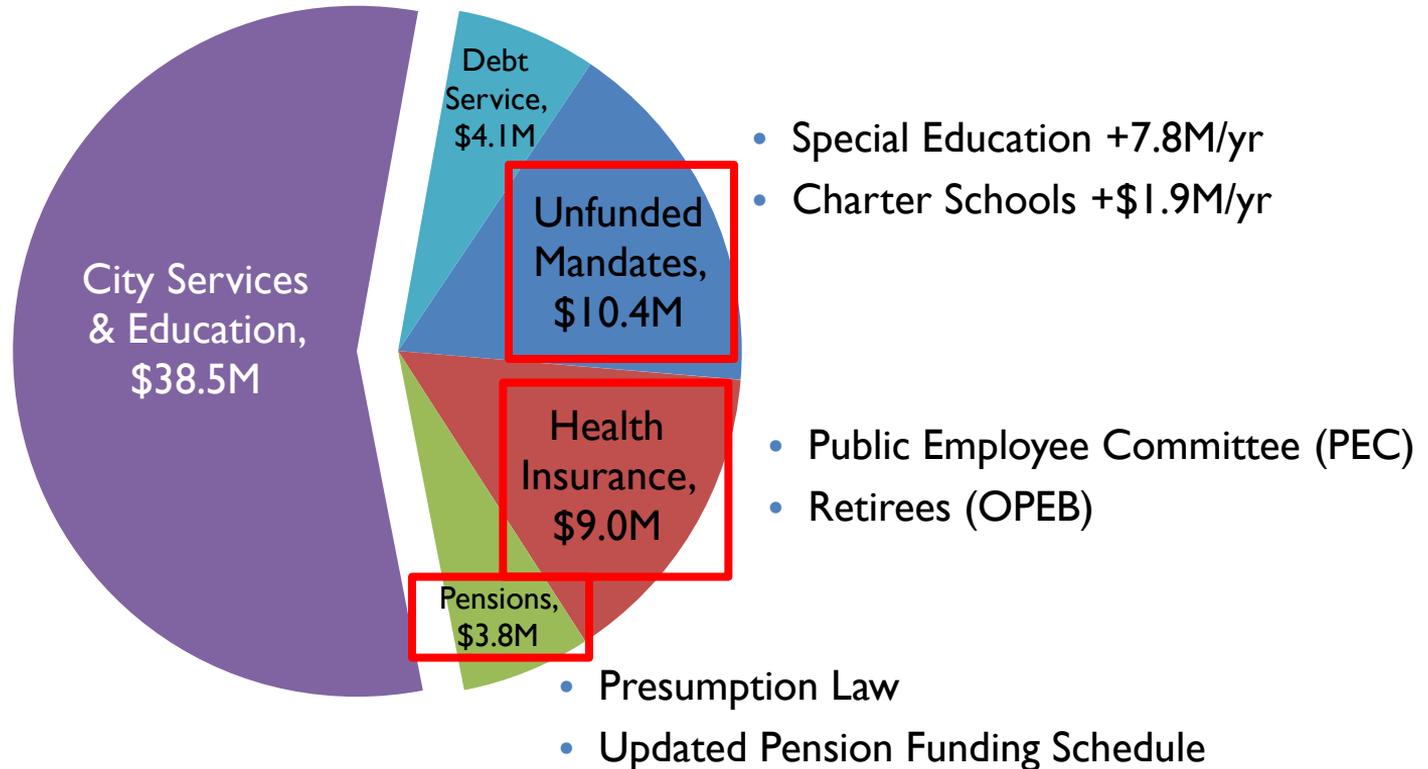
	FY16	FY17	FY18	FY19	FY20	Total
Playground Perimeter Fencing	Completed 2016					
Field House Masonry Repairs			TBD			
Back Field Repairs			TBD			
Track Replacement	Completed 2016					

Total all Capital Needs

Totals	FY16	FY17	FY18	FY19	FY20	Totals
High School	\$604,303	\$832,731	\$185,134	\$375,336	\$196,000	\$2,193,504
Middle School	\$350,000	\$180,000	\$80,000	\$40,000	\$702,295	\$1,352,295
Bresnahan School						
Fuller Field						
Fiscal Totals	\$954,303	\$1,012,731	\$265,134	\$415,336	\$898,295	\$3,545,799

FY18 BUDGET OUTLOOK

Budget Pressures for FY18 and beyond...



Cost Saving Measures

- Purchasing
 - Competitive bidding or buying off state contracts
 - Bulk purchasing for frequently purchased goods/services
- Health Insurance
 - PPO costs passed to employee
- Energy Efficiency
 - LED conversion of streetlights
- Reduction of Sick Time Payouts
- Regionalization Efforts

Revenue Growth Potential

Local Options

6.0%
Rooms



0.75%
Meals



Fees



New Development

Waterfront West



Hillside Center for Sustainability



1 Boston Way Smart Growth



260 Merrimac St.

NEWBURYPORT
LANDING

LONG RANGE FINANCIAL FORECAST

Revenue and Expenditure Forecast

- Five year projection
- #s provided are preliminary
- Major assumptions:
 - Labor and service costs in line with index (ECI, CPI)
 - Health insurance costs +4.5% per year
 - Pension assessment +5.0% per year
 - Local revenue +2.9% per year
 - State revenue +2.3% per year
 - Taxing up to full 2.5% tax levy (Add'l \$372,000 for FY18)

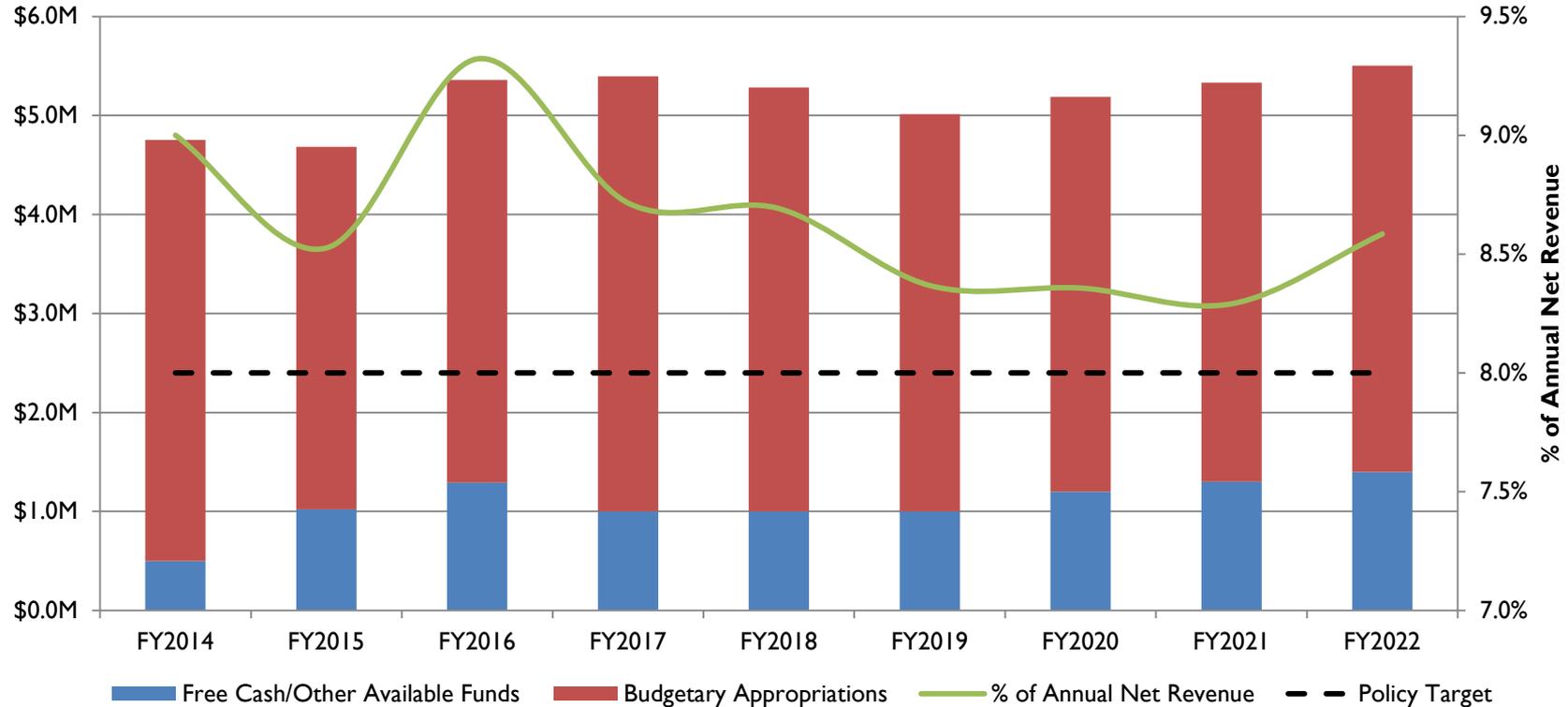
Revenue Forecast

	<i>GROWTH RATE</i>	FY2014 ACTUAL	FY 2015 ACTUAL	FY 2016 ACTUAL	FY 2017 ESTIMATE	FY 2018 PROJECTED	FY 2019 PROJECTED	FY 2020 PROJECTED	FY 2021 PROJECTED	FY 2022 PROJECTED
PROPERTY TAXES										
Prior Year Levy Limit		42,716,528	44,298,205	46,062,191	47,847,641	49,835,111	51,580,989	53,370,513	55,204,776	57,034,896
2 1/2 % Increase		1,067,913	1,107,455	1,151,555	1,196,191	1,245,878	1,289,525	1,334,263	1,380,119	1,425,872
New Growth		513,764	656,531	633,895	791,279	500,000	500,000	500,000	450,000	450,000
TOTAL LEVY LIMIT		44,298,205	46,062,191	47,847,641	49,835,111	51,580,989	53,370,513	55,204,776	57,034,896	58,910,768
Debt Exclusion		2,669,446	2,427,790	2,918,868	3,192,620	3,142,787	3,155,844	3,143,059	3,149,590	3,150,155
TOTAL MAXIMUM LEVY LIMIT		46,967,651	48,489,982	50,766,508	53,027,731	54,723,776	56,526,357	58,347,835	60,184,486	62,060,923
LOCAL RECEIPTS										
Motor Vehicle Excise	3.0%	2,496,696	2,528,836	2,620,498	2,405,000	2,525,000	2,600,750	2,678,773	2,759,136	2,841,910
Other Excise		0	0	0						
a. Meals	3.5%	499,232	561,480	586,573	500,000	525,000	543,375	562,393	582,077	602,450
b. Room	3.5%	112,074	112,842	130,608	110,000	150,000	155,250	160,684	166,308	172,128
c. Other	2.2%	103,231	106,611	108,938	100,000	105,000	107,273	109,596	111,968	114,392
Pen & Int on Tax & Exc	0.0%	372,195	383,169	331,595	370,000	370,000	370,000	370,000	370,000	370,000
Payments in Lieu of Taxes	0.0%	61,264	58,107	100,377	60,000	60,000	60,000	60,000	60,000	60,000
Fees	3.5%	414,582	581,343	462,106	460,000	460,000	476,100	492,764	510,010	527,861
Other Dept. Revenue	0.4%	57,917	58,150	58,454	55,000	55,000	55,237	55,476	55,716	55,956
Licenses and Permits	3.5%	765,738	785,676	1,071,855	710,000	760,000	786,600	814,131	842,626	872,117
Fines & Forfeits	3.0%	15,112	8,027	14,586	10,000	10,000	10,303	10,614	10,936	11,266
Investment Income	2.0%	53,070	54,862	53,274	45,000	50,000	51,000	52,020	53,060	54,122
Medicaid Reimbursement	3.5%	90,081	99,485	124,612	85,000	95,000	98,325	101,766	105,328	109,015
Miscellaneous Recurring	2.0%	39,867	100,206	141,446	128,000	138,000	138,000	138,000	138,000	138,000
Miscellaneous Non-Recurring	0.0%	126,030	51,625	260,325	0	0	0	0	0	0
TOTAL LOCAL RECEIPTS	2.9%	5,207,088	5,490,419	6,065,246	5,038,000	5,303,000	5,452,213	5,606,216	5,765,164	5,929,217
TOTAL NET STATE AID	2.3%	3,760,799	3,810,821	3,989,560	4,242,990	4,345,104	4,449,279	4,555,554	4,663,973	4,774,576
OTHER FINANCING SOURCES		0	0	0	0	0	0	0	0	0
RESERVE FOR ABATEMENT		-448,914	-441,002	-414,877	-373,763	-386,857	-400,279	-414,036	-427,762	-441,831
TOTAL REVENUE		55,486,623	57,350,220	60,406,438	61,934,958	63,985,023	66,027,571	68,095,570	70,185,861	72,322,886

Expenditure Forecast

	<i>GROWTH RATE</i>	FY2014 ACTUAL	FY 2015 ACTUAL	FY 2016 APPROVED	FY 2017 APPROVED	FY 2018 PROJECTED	FY 2019 PROJECTED	FY 2020 PROJECTED	FY 2021 PROJECTED	FY 2022 PROJECTED
General Administration	2.3%	1,490,423	1,545,683	1,653,010	1,735,079	1,774,850	1,815,533	1,857,150	1,899,723	1,943,274
Finance	2.4%	1,029,693	1,010,969	1,039,353	875,907	896,679	917,943	939,712	961,998	984,813
Public Safety	2.4%	7,752,530	8,084,521	8,459,410	8,561,772	8,764,594	8,972,226	9,184,782	9,402,378	9,625,135
Public Services	2.4%	2,747,058	3,118,599	2,495,199	2,797,358	2,863,081	2,930,351	2,999,203	3,069,675	3,141,806
Planning and Development	2.4%	513,873	566,368	503,499	496,524	508,444	520,650	533,149	545,948	559,055
Social Services	2.4%	1,971,359	2,051,999	2,082,227	2,198,278	2,250,013	2,302,968	2,357,170	2,412,649	2,469,436
Public Schools	3.1%	23,662,721	25,148,813	26,388,496	27,402,232	28,751,701	29,893,004	31,069,687	31,801,066	32,549,663
Vocational Schools	2.5%	335,705	358,738	350,232	482,368	494,663	507,271	520,200	533,459	547,056
Employee Benefits:										
Health Insurance						3.1% + \$500,000	3.1% + \$250,000	3.1% + \$250,000		
City	4.5%	2,445,980	2,450,228	2,743,815	3,008,739	3,144,132	3,285,618	3,433,471	3,587,977	3,749,436
Schools	4.5%	4,567,582	4,838,716	5,123,755	5,941,664	6,209,039	6,488,446	6,780,426	7,085,545	7,404,394
Total	4.5%	7,013,562	7,288,944	7,867,570	8,950,403	9,353,171	9,774,064	10,213,897	10,673,522	11,153,831
Pension Assessment										
City	5.0%	2,625,568	2,500,977	2,578,699	2,760,926	2,898,972	3,043,921	3,196,117	3,355,923	3,523,719
Schools	5.0%	792,609	927,032	982,112	991,958	1,041,556	1,093,634	1,148,316	1,205,732	1,266,018
Total	5.0%	3,418,177	3,428,009	3,560,812	3,752,884	3,940,528	4,137,555	4,344,433	4,561,654	4,789,737
OPEB Trust Fund		0	0	0	0	93,532	97,741	102,139	106,735	111,538
Total Employee Benefits	4.7%	10,431,739	10,716,954	11,428,382	12,703,287	13,387,231	14,009,359	14,660,468	15,341,911	16,055,106
Budgeted Capital Investments:										
Capital Outlay	2.2%	582,397	373,792	351,037	331,740	339,102	346,627	354,319	362,181	370,218
Debt Service		3,671,181	3,286,866	3,715,056	4,064,212	3,944,981	3,648,169	3,391,334	3,388,515	3,384,980
Capital Stabilization Fund		0	0	0	0	0	100,000	150,000	275,000	550,000
Total Capital Investments		4,253,578	3,660,658	4,066,092	4,395,952	4,284,083	4,094,796	3,895,653	4,025,696	4,305,198
TOTAL EXPENDITURES		\$54,188,678	\$56,263,301	\$58,465,899	\$61,648,757	\$63,975,338	\$65,964,099	\$68,017,173	\$69,994,505	\$72,180,540
TOTAL REVENUE		\$55,486,623	\$57,350,220	\$60,406,438	\$61,934,958	\$63,985,023	\$66,027,571	\$68,095,570	\$70,185,861	\$72,322,886
AVAILABLE BALANCE		\$ 1,297,945	\$ 1,086,918	\$ 1,940,538	\$ 286,200	\$ 9,685	\$ 63,472	\$ 78,397	\$ 191,356	\$ 142,345

Capital Funding Plan



School Appropriation – Past 10 Years

