

Section 2: Budget Overview

Balanced Budget Overview

REVENUES

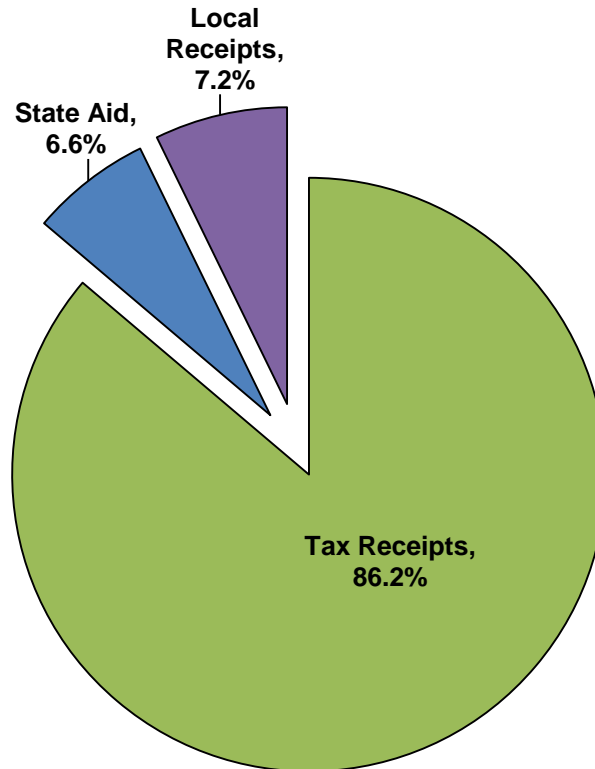
ITEM	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 ESTIMATED	FY2014 PROJECTED
PROPERTY TAXES				
Prior Year Levy Limit	\$ 38,266,940	\$ 39,573,793	\$ 41,110,540	\$ 42,716,528
2 1/2 % Increase	\$ 956,674	\$ 989,345	\$ 1,027,764	\$ 1,067,913
New Growth (1)	\$ 350,179	\$ 547,402	\$ 578,224	\$ 400,000
TOTAL LEVY LIMIT	\$ 39,573,793	\$ 41,110,540	\$ 42,716,528	\$ 44,184,441
Debt Exclusion (2)	\$ 1,015,005	\$ 1,010,235	\$ 970,106	\$ 2,666,654
TOTAL MAXIMUM LEVY LIMIT	\$ 40,588,798	\$ 42,120,775	\$ 43,686,634	\$ 46,851,095
Increase/(Decrease)	\$ 1,251,045	\$ 1,531,977	\$ 1,565,859	\$ 3,164,461
LOCAL RECEIPTS				
Motor Vehicle Excise	\$ 2,120,748	\$ 2,087,648	\$ 2,000,000	\$ 2,000,000
Other Excise-Meals/Hotel	\$ 193,369	\$ 530,840	\$ 475,000	\$ 475,000
Pen & Int on Tax & Exc	\$ 428,396	\$ 504,144	\$ 450,000	\$ 450,000
Payments in Lieu of Taxes	\$ 43,317	\$ 83,315	\$ 75,000	\$ 75,000
Fees	\$ 51,558	\$ 51,438	\$ 45,000	\$ 45,000
Other Dept. Revenue	\$ 65,182	\$ 61,603	\$ 50,000	\$ 70,000
Licenses and Permits	\$ 700,710	\$ 632,401	\$ 500,000	\$ 520,000
Fines & Forfeits	\$ 81,836	\$ 22,544	\$ 18,000	\$ 18,000
Investment Income	\$ 72,107	\$ 64,051	\$ 52,000	\$ 52,000
Miscellaneous Recurring	\$ 305,684	\$ 263,838	\$ 225,000	\$ 225,000
Miscellaneous Non-Recurring	\$ 17,063	\$ 232,955	\$ -	\$ -
TOTAL LOCAL RECEIPTS	\$ 4,079,971	\$ 4,534,777	\$ 3,890,000	\$ 3,930,000
Increase/(Decrease)	\$ 376,350	\$ 454,807	\$ (644,777)	\$ 40,000
STATE AID (3)				
Cherry Sheet Receipts	\$ 6,796,853	\$ 6,873,112	\$ 7,157,191	\$ 7,327,620
Less Offsets	\$ (838,636)	\$ (1,022,234)	\$ (1,099,421)	\$ (1,082,457)
Less Charges and Assessments	\$ (2,503,817)	\$ (2,497,287)	\$ (2,585,344)	\$ (2,652,345)
TOTAL NET STATE AID	\$ 3,454,400	\$ 3,353,591	\$ 3,472,426	\$ 3,592,818
Increase/(Decrease)	\$ (471,630)	\$ (100,809)	\$ 118,835	\$ 120,392
RESERVES (4)				
Capital Improvement Stabilization Fd		\$ -	\$ -	\$ -
General Stabilization Fund	\$ 185,000	\$ -	\$ -	\$ -
Free Cash (4)	\$ 200,000	\$ 300,000	\$ -	\$ -
TOTAL RESERVES	\$ 385,000	\$ 300,000	\$ -	\$ -
Increase/(Decrease)	\$ 110,000	\$ (85,000)	\$ (300,000)	\$ -
RESERVE FOR ABATEMENT (5)	\$ (300,000)	\$ (302,300)	\$ (355,110)	\$ (350,000)
Increase/(Decrease)	\$ (18,361)	\$ (2,300)	\$ (52,811)	\$ 5,110
TOTAL GEN FUND	\$ 48,208,169	\$ 50,006,843	\$ 50,693,949	\$ 54,023,913

1. FY2014 new growth based on Assessor's estimate.
2. FY2014 debt exclusion based on Treasurer's estimate. Increase due to new school projects.
3. Projected FY2014 state aid based on HWM budget,
4. Use of Free Cash and Stabilization Fund to balance budget not anticipated in FY2014.
5. Actuals for FY2012 and FY2013. FY2014 based on Assessor's estimate.

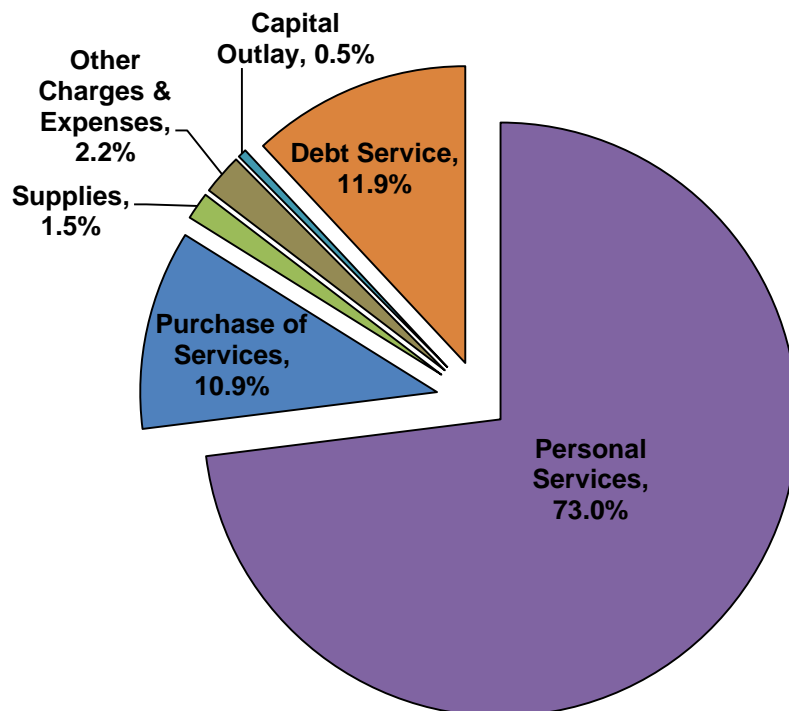
EXPENDITURES

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 APPROVED	FY2014 PROPOSED	FY2014 APPROVED
GENERAL FUND						
CITY SERVICES						
001 - PERSONAL SERVICES	18,817,792	19,719,403	20,245,816	21,092,723	22,059,166	22,039,965.91
002 - PURCHASE OF SERVICES	3,145,044	3,313,562	3,914,975	3,118,037	3,338,959	3,310,158.50
004 - SUPPLIES	382,634	525,838	571,677	413,041	458,316	458,315.64
007 - OTHER CHARGES & EXPENSES	449,065	580,456	668,063	622,123	1,071,000	1,070,999.77
008 - CAPITAL OUTLAY	111,418	73,141	447,068	113,725	146,900	146,900.00
009 - DEBT SERVICE	2,202,918	2,179,292	2,106,360	2,037,786	3,671,181	3,671,181.11
010 - OTHER FINANCING USES	8,000	95,700	26,555	0	-	0.00
CITY SERVICES Total	25,116,870	26,487,392	27,980,514	27,397,435	30,745,521	30,697,520.93
SCHOOL DEPARTMENT						
002 - PURCHASE OF SERVICES	20,569,058	21,013,234	21,902,865	22,550,436	23,231,943	23,231,943.00
SCHOOL DEPARTMENT Total	20,569,058	21,013,234	21,902,865	22,550,436	23,231,943	23,231,943.00
GENERAL FUND Total	45,685,928	47,500,625	49,883,379	49,947,871	53,977,464	53,929,463.93
ENTERPRISE FUNDS						
HARBORMASTER DEPARTMENT						
001 - PERSONAL SERVICES	232,227	187,710	178,677	216,870	228,878	228,878.36
002 - PURCHASE OF SERVICES	40,553	21,311	44,821	40,750	40,950	40,950.00
004 - SUPPLIES	8,239	10,149	11,169	18,800	18,800	18,800.00
007 - OTHER CHARGES & EXPENSES	4,772	2,805	2,775	5,825	6,075	6,075.00
008 - CAPITAL OUTLAY	6,597	1,952	9,256	30,000	30,000	30,000.00
009 - DEBT SERVICE	34,825	28,775	27,900	27,000	26,000	26,000.00
HARBORMASTER DEPARTMENT Total	327,213	252,702	274,598	339,245	350,703	350,703.36
SEWER DEPARTMENT						
001 - PERSONAL SERVICES	1,570,088	1,392,048	1,664,989	1,853,279	1,944,180	1,944,180.29
002 - PURCHASE OF SERVICES	979,075	925,751	1,144,526	1,380,278	1,499,148	1,424,147.61
004 - SUPPLIES	290,511	272,724	286,423	340,460	348,645	346,160.00
007 - OTHER CHARGES & EXPENSES	14,983	77,032	16,323	16,350	20,886	20,886.00
008 - CAPITAL OUTLAY	312,221	251,291	351,945	537,120	300,000	300,000.00
009 - DEBT SERVICE	549,065	1,522,506	1,234,363	1,188,204	2,271,142	2,271,142.01
SEWER DEPARTMENT Total	3,715,942	4,441,351	4,698,570	5,315,691	6,384,001	6,306,515.91
WATER DEPARTMENT						
001 - PERSONAL SERVICES	1,695,121	1,694,071	1,737,444	1,798,244	1,890,846	1,890,845.65
002 - PURCHASE OF SERVICES	580,541	546,824	547,457	808,686	855,118	855,117.64
004 - SUPPLIES	155,995	163,670	177,421	218,800	229,060	229,059.68
007 - OTHER CHARGES & EXPENSES	47,749	43,442	52,611	67,086	67,353	67,353.39
008 - CAPITAL OUTLAY	31,192	24,590	242,797	188,000	155,000	155,000.00
009 - DEBT SERVICE	961,294	1,940,036	758,733	840,061	1,686,479	1,686,479.40
WATER DEPARTMENT Total	3,471,893	4,412,633	3,516,463	3,920,877	4,883,856	4,883,855.76
ENTERPRISE FUNDS Total	7,515,049	9,106,686	8,489,631	9,575,814	11,618,560	11,541,075.03

Fiscal Year 2014 Revenue Sources



Fiscal Year 2014 Expenditures



BALANCED BUDGET

Projected General Fund Revenues	\$ 54,023,912.99
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Adopted General Fund Budget	\$ (53,929,463.93)
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Available Revenue	\$ 94,449.06
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Revenue Summary

The City's General Fund revenue (excluding Water & Sewer Enterprise and Harbormaster Enterprise Funds) is divided into four main categories: property taxes, state aid, local receipts and available funds.

Property Taxes

Property taxes are the single largest revenue source for the City and provided approximately 81% of the General Fund budget revenue in Fiscal Year 2013 and will provide approximately 87% in Fiscal Year 2014 budget.

Property taxes are levied on real property (land & buildings) and personal property (equipment) used by Newburyport's non-manufacturing business firms. In accordance with State law, the City Assessor determines the value of all real and personal property, which is revalued at fair market value every three years. Newburyport's next revaluation will be performed during FY2014.

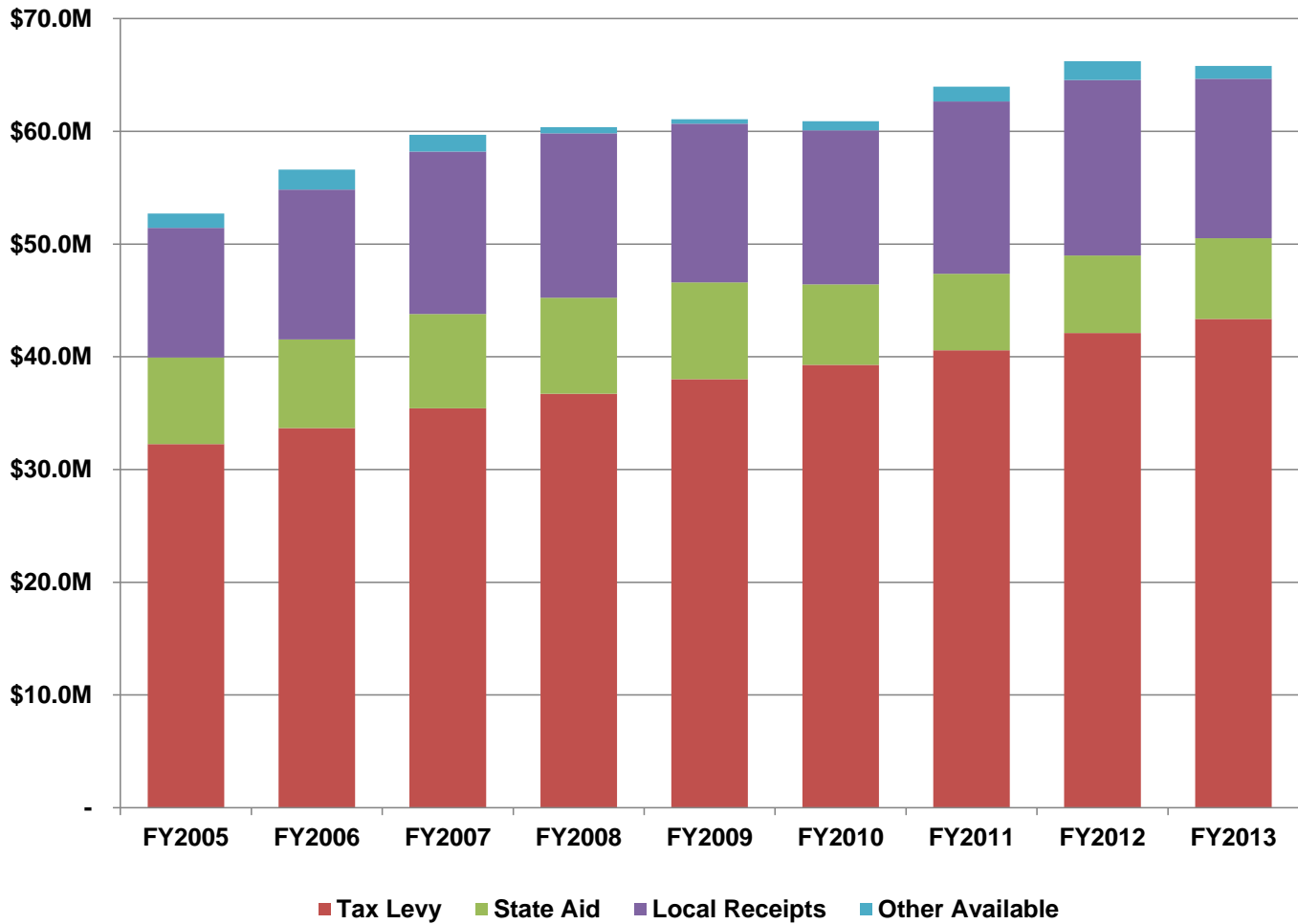
Under the provisions of Proposition 2 ½, property taxes, in the aggregate, may not exceed 2 ½ percent of their "full and fair cash value." This limit is known as the "levy ceiling." Additionally, annual levy increases may not exceed 2 ½ percent more than the previous year's levy plus the taxes from any new growth value that arise from properties added to the tax rolls. Any property 2 ½ override or debt exclusion amounts approved by referendum are also added to the levy limit. In FY14, the City's debt service costs are increasing by \$1,696,548 from \$970,106 to \$2,666,654 as the Bresnahan and Nock-Molin School Building Project and Senior/Community payments commence.

Property taxes are expected to increase in FY 2014 by approximately \$1.43 million, to \$46,851,095. This increase includes the allowable 2.5% increase of \$1,067,913 plus an estimated \$400,000 from projected new growth. The value of new growth is budgeted conservatively. The City continues to maintain a very conservative approach to new growth projections since aggressive projections can have a negative impact on future reserve balances. Additionally, new growth revenue is derived from new development and substantial alterations to existing properties, both of which are influenced by economic factors of the private sector outside of the control of City officials.

Local Receipts

The second largest source of revenue for the General Fund budget is Local Receipts, which includes a variety of fees, local options, permits, fines and license-related monies that the City

Revenue by Source: FY2005 - FY2013



Revenues by Source (\$ thousands)									
Fiscal Year	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Tax Levy	32,248	33,681	35,419	36,713	38,009	39,291	40,575	42,107	43,354
State Aid	7,702	7,850	8,366	8,530	8,582	7,126	6,797	6,873	7,157
Local Receipts	11,495	13,310	14,424	14,585	14,096	13,670	15,268	15,570	14,146
Other Available	1,254	1,759	1,492	532	377	808	1,328	1,673	1,142
Total	52,699	56,600	59,701	60,360	61,064	60,895	63,968	66,223	65,800
<i>Percent of Total</i>									
Tax Levy	61.2%	59.5%	59.3%	60.8%	62.2%	64.5%	63.4%	63.6%	65.9%
State Aid	14.6%	13.9%	14.0%	14.1%	14.1%	11.7%	10.6%	10.4%	10.9%
Local Receipts	21.8%	23.5%	24.2%	24.2%	23.1%	22.5%	23.9%	23.5%	21.5%
Other Available	2.4%	3.1%	2.5%	0.9%	0.6%	1.3%	2.1%	2.5%	1.7%

Revenue Summary (cont.)

receives, as well as interest that is earned on investments or overdue tax bills. The FY 2014 projected local receipts are \$3,930,000, a year-over-year increase of 12.9%, or \$450,000, compared to the last year's budget projection. The projected increase is mainly driven by an uptick in motor vehicle excise by \$100,000, an increase in meals tax receipts by \$275,000, and a rise in penalties and interest on overdue tax receipts by \$130,000.

Despite the notable increases in this category, the City remains conservative with its local receipts projection. It is important to note that fees generated from the paid parking are not included in the general fund budget, but are deposited into the Paid Parking Revolving Fund and are earmarked for downtown infrastructure needs.

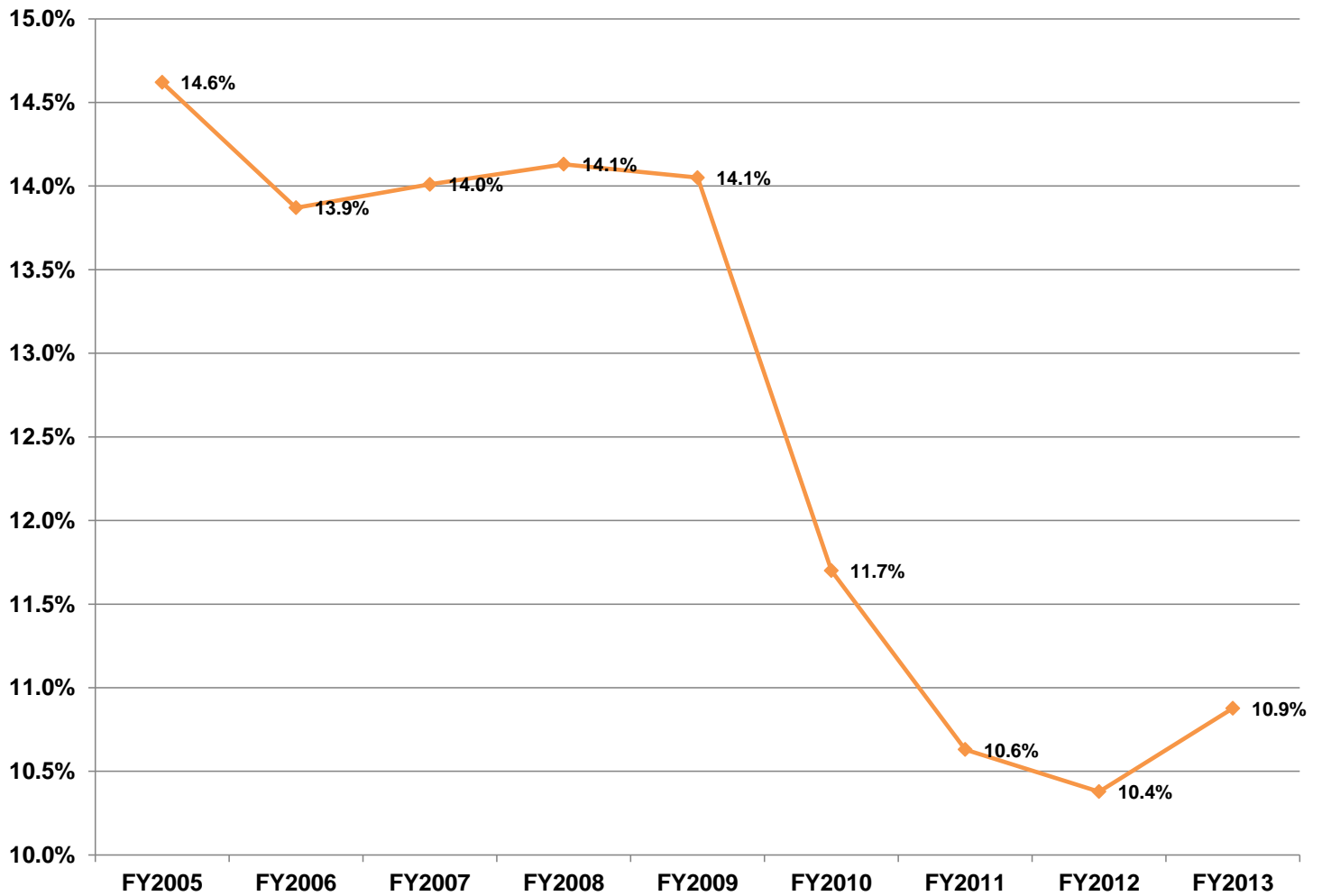
State Aid

State Aid is Newburyport's third largest revenue source. The City historically uses the House Ways and Means (HWM) Committee's budget for the basis of its state aid projections. Based on the HWM FY 2014 budget, state aid is estimated to increase by approximately 2.4% in the aggregate, to \$7,327,620. Revenue from state aid, recognized as "Receipts" on the Cherry Sheet, are offset by charges and assessments. For FY 2014, we anticipate charges and assessments to increase by 2.6%, or \$67,001 from FY 2013. Based on those factors, we are currently projecting a net state aid appropriation of \$3,592,818, a 3.5%, or \$120,392, increase from FY 2013. Newburyport's projected net state aid represents 6.7% of the projected general fund revenue sources for FY 2014.

Newburyport is the home of a charter school, which will continue to have a substantial impact on the City's net state aid appropriations. The City is charged an assessment, "Charter School Sending Tuition," on the Cherry Sheet to offset the cost of students who attend the charter school. This assessment will equal approximately \$2,068,959 in FY 2014. However, this amount may continue to change as final tuition rates are determined. It is important to note that the City is projected to receive \$3,342,728 in Chapter 70 funding, which is state aid earmarked to support the operations of public school districts. Unfortunately, the City will continue to experience minimal growth in net state aid until the funding formula for charter schools is re-evaluated.

One of the most important state aid receipts is Unrestricted General Government Aid (UGGA). UGGA is local aid that Cities and Towns can appropriate at their discretion to offset the costs of municipal operations. Based on the HWM budget, Newburyport is projected to see a small increase in UGGA, roughly in line with inflation. Specifically, the HWM budget

% of Total State Aid: FY2005-FY2013



Cherry Sheet Aid (\$ thousands)

Fiscal Year	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Education Aid	4,679	4,656	4,763	4,834	4,855	4,580	4,279	4,505	4,557
General Government	3,024	3,195	3,603	3,696	3,727	2,661	2,518	2,368	2,600
Total Receipts	7,702	7,850	8,366	8,530	8,582	7,242	6,797	6,873	7,157
Total Assessments	2,061	1,965	2,018	2,161	2,432	2,338	2,497	2,497	2,585
Net State Aid	5,641	5,885	6,348	6,369	6,149	4,903	4,300	4,376	4,572

Revenue Summary (cont.)

funds Newburyport's FY 2014 UGGA allocation at \$2,208,196, representing an increase of 2.4%, or \$50,992, from FY 2013. UGGA was cut significantly from FY 2001 to FY 2013. Thus, while an increase in this revenue source only makes up for a small portion of the 46% decrease that we saw over the past twelve years, it does represent a positive trend in the overall state budget.

Reserves

The last category of revenue for the City includes funds that are in Special Revenue funds, certified Free Cash available for appropriation and the city's stabilization fund. The City, as policy, maintains an amount equal to or greater than 5% of operating revenues. The City has "borrowed" funds from the stabilization fund in previous fiscal years to balance the budget; we will not need to do this to support the FY 2014 budget.

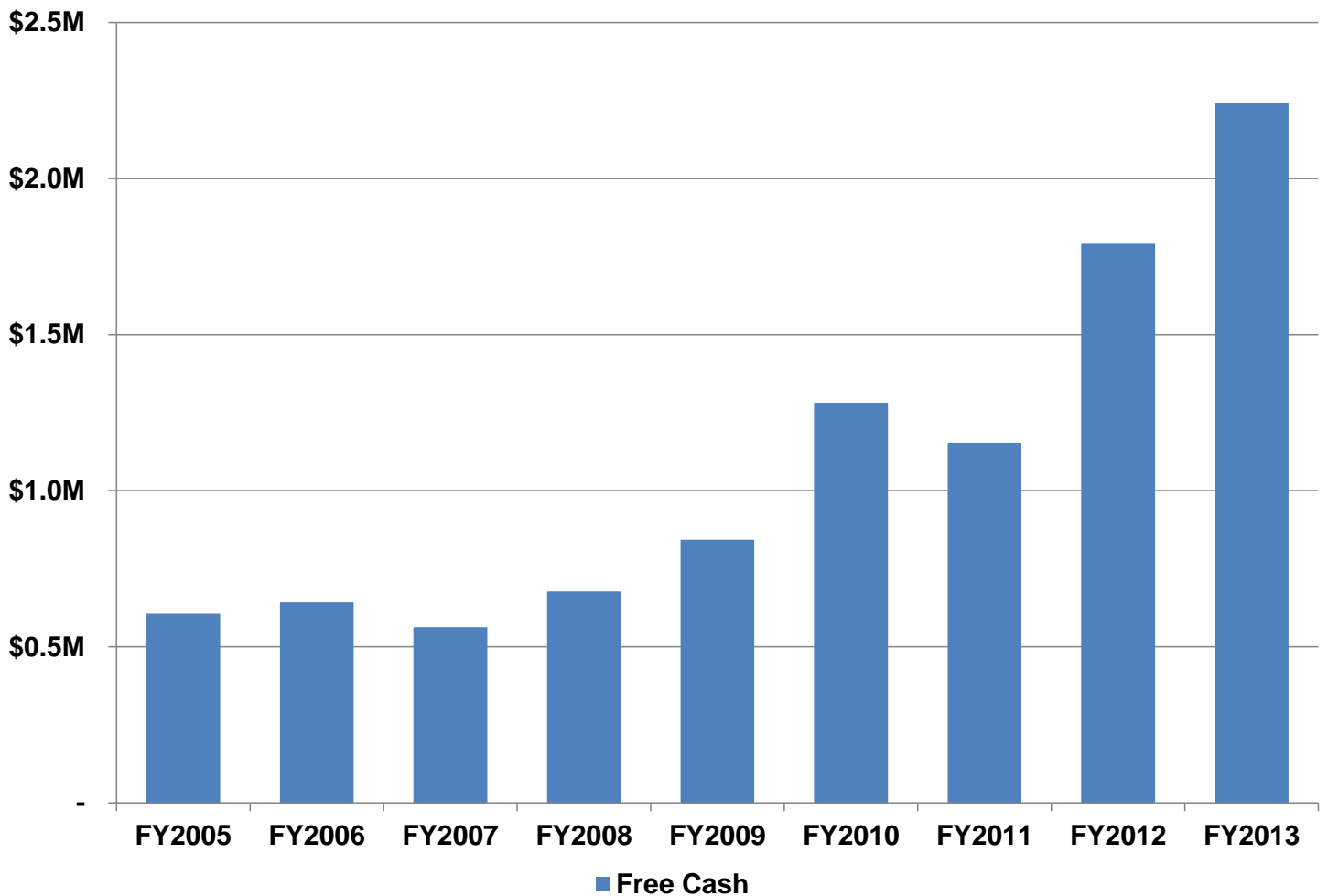
While Free Cash was used in both FY 2011 and FY 2012 to balance the operating budget, FY 2013 represented a positive trend in the City's fiscal health as we balanced the budget without using any reserves. Consistent with the budget goals and the City's Free Cash policy, the City will not use any reserves to balance the FY 2014 general fund budget. Doing so will allow the City to continue to make greater investments in capital, while supporting the growth of its reserve balances. For more information regarding the City's Free Cash policy, please refer to the Financial Policies and Objectives, found in Section 13.

Grants

Identifying and securing grant funding has allowed the City to make important investments in recent years, without passing the financial burden onto the Newburyport tax and fee payers. The following table on page 29 illustrates that commitment. In FY2013 alone, the City secured \$48.2 million in grant funding, thanks in large part to the creativity and aggressiveness of the department heads in applying for these alternative funding sources. The funding includes a combination of monetary contributions, as well as, in-kind technical assistance and consulting services.

At the federal level, the City obtained a total of \$9,551,524 from various agencies, including \$3,610,534 from the Army Corps of Engineers to begin repairs of the south jetty in Newburyport Harbor and an additional \$5,500,000 to complete the project, \$206,490 from the Department of Housing and Urban Development's HOME program to fund affordable housing, \$22,000 from the Department of Environmental Protection's Zero Waste Program, \$35,000 from the Department of Homeland Security, and \$12,500 from the US Fish and Wildlife Service. A major acquisition in FY2013, valued at \$165,000, was a multi-purpose US Coast Guard

Free Cash Balances: FY2005-FY2013



Reserves (\$ thousands)

Fiscal Year	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Free Cash	606	643	563	677	843	1,282	1,153	1,791	2,242
Overlay Reserve	455	305	251	250	216	282	333	301	355
Fiscal Year	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Stabilization Fund	3,121	2,328	2,958	3,078	3,200	3,071	3,104	2,943	2,638

Enterprise Fund Retained Earnings (\$ thousands)

Fiscal Year	FY2010	FY2011	FY2012	FY2013
Water Enterprise Fund	1,099	964	1,510	1,357
Sewer Enterprise Fund	1,008	924	2,076	1,871
Harbormaster Enterprise Fund	384	321	248	383

Revenue Summary (cont.)

Defender boat. This vessel is a significant addition to the City's fleet, which will be utilized by the Harbormaster, Fire and Police departments in performing a diverse set of tasks, including search and rescue missions, patrols, law enforcement, and firefighting operations.

There were many grant opportunities sought after at the state level this year with record funding totaling \$38,388,660. Highlights included \$35,007,410 from the Massachusetts School Building Authority to fund the new Bresnahan Model School Project and the renovations to the Nock/Molin School, \$1,800,000 from the Governor's Seaport Advisory Council to fund necessary repairs to the waterfront bulkhead, and \$1,000,000 from MassDOT's Small Bottle-neck Grant to fund the construction of a roundabout in one of the City's most dangerous intersections. Other notable state grants included \$50,000 from the Massachusetts Office of Travel & Tourism to fund a senior transportation van, \$26,850 from the Department of Conservation and Recreation for tree planting, \$82,000 from MassCEC to educate residents on solar energy and to develop a clean energy plan, \$391,000 from the Department of Energy Resources as part of the Green Communities Act, and \$7,400 from the Department of Fire Services for fire education and decontamination equipment.

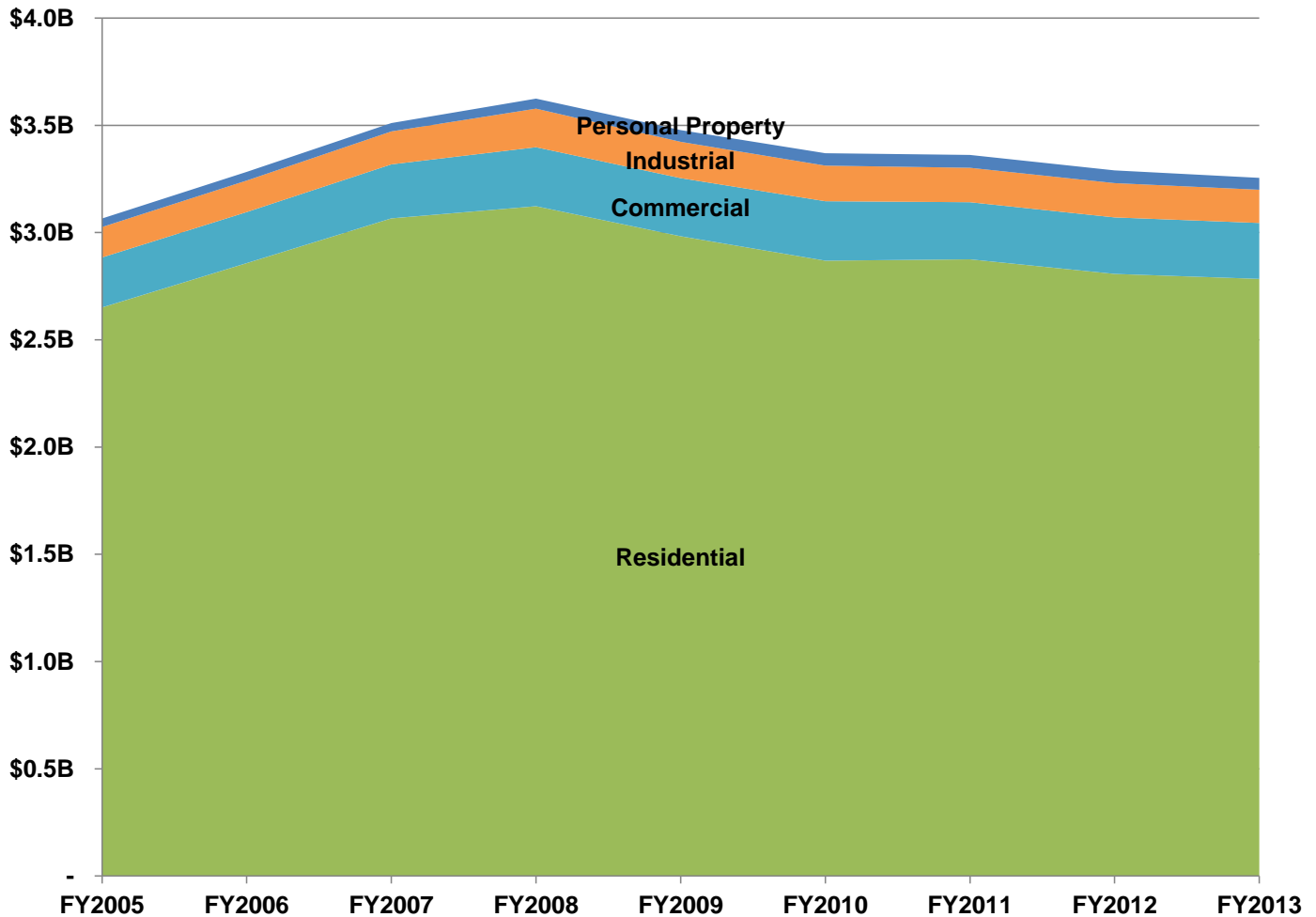
Newburyport is fortunate to receive the support of many local establishments and charities. In FY2013, local grant funding totaled \$245,485 from eighteen different sources. This funding allowed city departments to offer a number of services, which would have otherwise gone unfunded. Such services included transportation and medical assistance for low-income seniors, employment for residents with disabilities, education programs on compost and recycling, renovations to the library, tennis court repairs/resurfacing, park improvement projects, replacement of tattered flags, and memorials for those who served in the Armed Forces.

Department	Fund Type	Agency	Title	Target	Awarded	In-Kind Grant	Monetary Grant
Energy & Recycling	Federal Grant	Department of Environmental Protection (DEP)	Zero Waste	Reduce waste and costs	Yes		\$22,000
Energy & Recycling	Federal Grant	Department of Environmental Protection (DEP)	In Kind Recycling Technical Assistance	Evaluate recycling at multi-family properties	Yes	Technical Assistance	\$0
Fire	Federal Grant	Department of Homeland Security	Federal Homeland Security Firefighter Assistance Grant	Replacement of firefighting equipment	Yes		\$35,000
Harbormaster	Federal Grant	US Fish and Wildlife Service	CVA Pump Out Program	Sewage pump out	Yes		\$12,500
Harbormaster	Federal Grant	US Coast Guard	US Coast Guard Defender Boat	Harbormaster, Fire, and Police safety	Yes		\$165,000
Planning & Development	Federal Grant	Army Corps of Engineers	Repairs to the South Jetty, Newburyport Harbor	Phase 1 of repairs to the 1,400-foot-long jetty that was damaged during Tropical Storm Irene	Yes		\$3,610,534
Planning & Development	Federal Grant	Army Corps of Engineers	Repairs to the South Jetty, Newburyport Harbor	Phase 2 of repairs to the 1,400-foot-long jetty that was damaged during Tropical Storm Irene	Yes		\$5,500,000
Planning & Development	Federal Grant	Department of Housing and Urban Development	HOME Investment Partnerships Program	Affordable housing creation, rehabilitation and preservation of the YWCA Apartments	Yes		\$206,490
Council on Aging	Local Grant	Howard Benevolent Society	COA Grant Funding	Snow shoveling	Yes		\$250
Council on Aging	Local Grant	Friends of Newburyport COA	COA Grant Funding	Van fuel	Yes		\$3,000
Council on Aging	Local Grant	Central Congregational Church Outreach Committee	COA Grant Funding	Prescription medications	Yes		\$300
Council on Aging	Local Grant	Newburyport Society for Relief of Aged Women	COA Grant Funding	Dental clinics	Yes		\$3,400
Energy & Recycling	Local Grant	Wal-Mart	ARC and Electronic Waste	Employing people with disabilities and expanding e-waste recycling	Yes		\$42,000
Energy & Recycling	Local Grant	Newburyport Education Foundation (NEF)	Bresnahan 2nd Grade Science & Composting	Educate students about composting	Yes		\$428
Library	Local Grant	Institution for Savings Charitable Foundation	Friends of the Library	Library renovations	Yes		\$19,500
Parks	Local Grant	US Tennis Association	2012 Facility Grant	Tennis court repair/resurfacing	Yes		\$6,500
Parks	Local Grant	Community Preservation Coalition	Community Preservation	Atwood Park Improvement Project	Pending		\$40,000
Parks	Local Grant	Community Preservation Coalition	Community Preservation	Bartlett Mall Improvement Project	Pending		\$5,000
Parks	Local Grant	Community Preservation Coalition	Community Preservation	Joppa Park Improvement Project	Pending		\$40,000
Parks	Local Grant	Mayor Gayden W. Morrill Charitable Foundation	Parks Donations	Atkinson Common War Memorial Project	Yes		\$35,000
Parks	Local Grant	Mayor Gayden W. Morrill Charitable Foundation	Parks Donations	Joppa Park Improvement Project	Yes		\$15,000
Parks	Local Grant	Mayor Gayden W. Morrill Charitable Foundation	Parks Donations	Bartlett Mall signage	Yes		\$6,615
Parks	Local Grant	Newburyport Parks Conservancy	Parks Donations	Multiple targets	Yes		\$8,293
Veterans' Services	Local Grant	Private Donor	Veterans' Memorial	Six granite bollards with Armed Forces insignias	Yes		\$16,000
Veterans' Services	Local Grant	Private Donor	Flags	Replacement of tattered flags	Yes		\$2,000
Veterans' Services	Local Grant	Private Donor	Lynn Classical High School Drill Team	Yankee Homecoming Parade Featured Event	Yes		\$2,200
Council on Aging	State Grant	Massachusetts Office of Travel & Tourism	Local Transportation	Council on Aging Van	Yes		\$50,000
Department of Public Services	State Grant	Executive Office of Elder Affairs	COA Grant Funding	Van services	Yes		\$24,000
Department of Public Services	State Grant	Department of Transportation (MassDOT)	Small Bottleneck Grant	Reconstruction of the intersection of Spofford Street, Merrimac Street, and Moseley Avenue	Yes		\$1,000,000
Department of Public Services	State Grant	Department of Conservation and Recreation (DCR)	Urban Forest Challenge Grant	Newburyport Urban Forest Inventory Project	Yes		\$26,850
Energy & Recycling	State Grant	Massachusetts Clean Energy Center (MassCEC)	Solarize	Educate and encourage solar installs on residential houses	Yes	Technical Assistance	\$2,000
Energy & Recycling	State Grant	Massachusetts Clean Energy Center (MassCEC)	Clean Energy Planning	Develop clean energy plan	Yes		\$80,000
Energy & Recycling	State Grant	Department of Energy Resources (DOER)	Green Communities	Energy efficiency	Yes		\$155,000
Energy & Recycling	State Grant	Department of Energy Resources (DOER)	Green Communities	Energy efficiency	Yes		\$236,000
Fire	State Grant	Department of Fire Services	Student Awareness of Fire Education (S.A.F.E.)	Fire education	Yes		\$5,400
Fire	State Grant	Department of Fire Services	Mass. Decontamination Unit Deployment	Maintain/replace equipment for the Decon unit	Yes		\$2,000
Parks	State Grant	Executive Office of Energy and Environmental Affairs	MA Parkland Acquisitions and Renovations for Communities Program	Joppa Park Improvement Project	No		\$0
Planning & Development	State Grant	Department of Conservation and Recreation (DCR)	Governor's Seaport Advisory Council Seaport Improvements Grants	Funds Phase 1 of strengthening the waterfront bulkhead	Yes		\$1,800,000
Schools	State Grant	Massachusetts School Building Authority	Model School Program	New Bresnahan Elementary School	Yes		\$20,488,248
Schools	State Grant	Massachusetts School Building Authority	School Repair Program	Repairs and renovations at the Nock/Mollin School	Yes		\$14,519,162

Total Funding: \$48,185,669

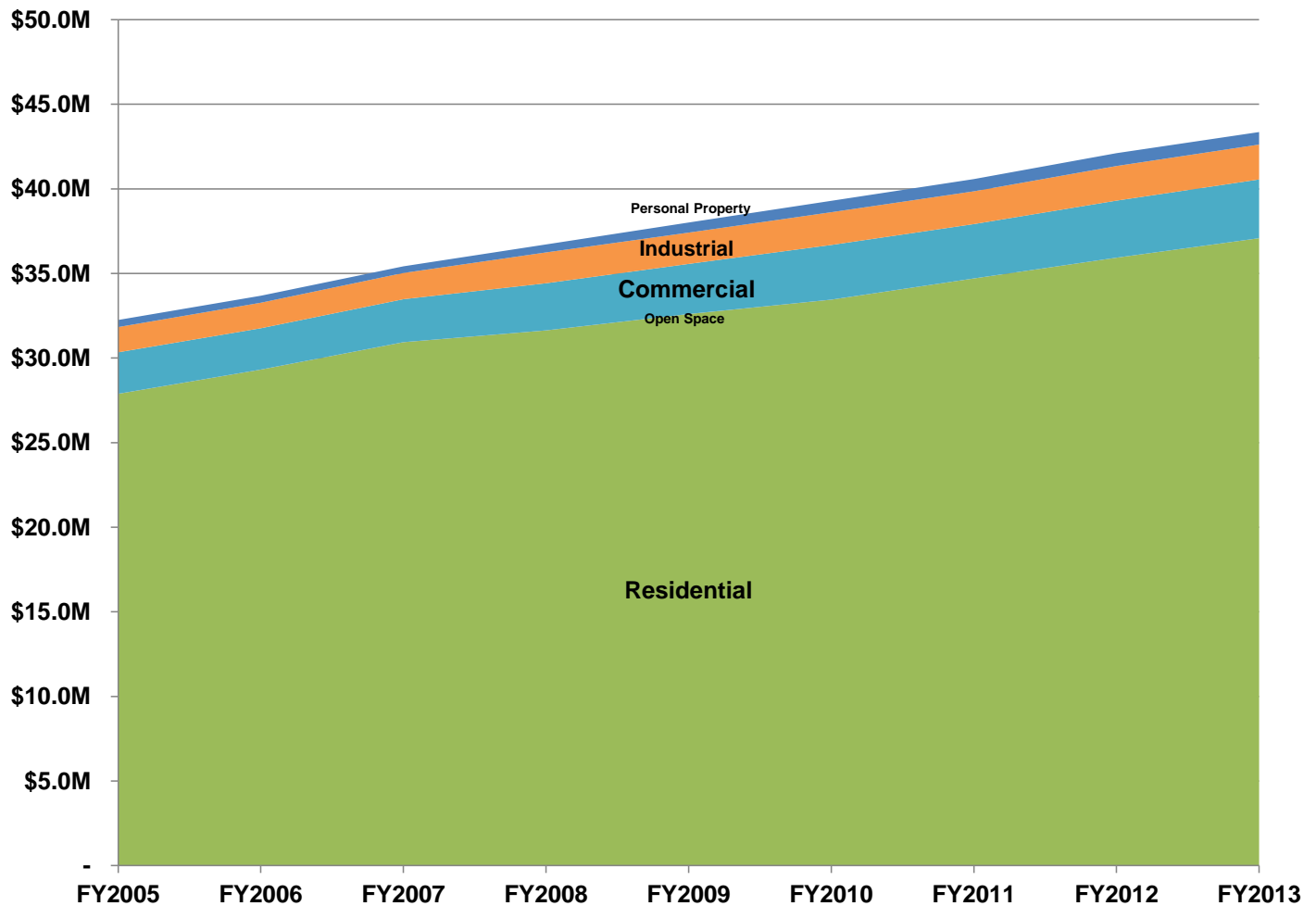
Revenue Summary (cont.)

Valuations by Class: FY2005 - FY2013



Assessed Values (\$ millions)									
Fiscal Year	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Residential	2,650	2,857	3,066	3,122	2,982	2,868	2,875	2,807	2,784
Open Space	0	1	0	0	0	0	0	0	0
Commercial	233	238	252	275	271	277	266	263	261
Industrial	142	147	154	180	169	166	160	160	155
Personal Property	40	40	39	47	55	58	60	59	55
Total	3,065	3,283	3,510	3,624	3,477	3,370	3,362	3,290	3,255

Tax Levy by Class: FY2005 - FY2013



Tax Levy (\$ thousands)									
Fiscal Year	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Residential	27,882	29,313	30,932	31,630	32,597	33,447	34,701	35,928	37,079
Open Space	5	5	5	3	4	4	3	3	3
Commercial	2,451	2,441	2,539	2,786	2,961	3,232	3,212	3,372	3,472
Industrial	1,493	1,508	1,550	1,821	1,849	1,935	1,937	2,045	2,063
Personal Property	418	414	393	472	597	674	723	760	737
Total	32,248	33,681	35,419	36,713	38,009	39,291	40,575	42,107	43,354

Expenditure Summary

The Fiscal Year 2014 general fund budget consists of \$53,977,463.93 in expenditures, \$23,567,648.00 of which are school related expenses. In order to submit conservative budget requests, department heads were asked to be creative when developing their budgets. Department heads were provided with Budget Guidelines on January 3, 2013 that challenged them to submit their budgets in accordance with the following instructions:

The Mayor is once again requesting a conservative approach to the FY14 budget. Please submit FY2014 expense line items level funded or less than FY2013 appropriations. We understand that there are inflationary increases in fixed cost centers and ask you to make accommodations within your budget to balance any and all inflationary pressures. As always, we urge you to be innovative with your funding recommendations and provide any documentation that will further outline possible impacts to your budget.

Department heads met these challenges as most City departments and/or cost centers have been level funded or increased/decreased by less than 3%. Below is a summary of all department budgets that will increase/decrease by more than 3%:

City Clerk's Office +\$10,009 (+5.1%)

Clerk's Office staff are eligible for contractual step changes and wage increases in addition to recent grade adjustments.

Mayor's Office +\$13,390 (+5.8%)

The new Charter that takes effect in January 2014 dictates a change in annual compensation for the Mayor from \$85,000 to \$98,000. The Director of Policy and Administration's salary will be increased according to the wage pattern established by Department Heads. He will be taking on additional duties for the City after attaining a Massachusetts Certified Public Procurement Officer designation. Having staff with this training is required by the Massachusetts School Building Authority for communities that have state-funded school building projects and is recognized as a best practice in municipal procurement.

Assessor +\$47,765 (+22.7%)

In compliance with the Department of Revenue, the City has to conduct a full re-valuation process every three years. The total project cost is \$83,000, \$40,000 of which will be funded out of 2005 and 2006 overlay surplus accounts. The \$43,000 balance owed is to be paid out of the FY 2014 operating budget.

Additionally, staff will receive contractual salary increases based on recently negotiated collec-

tive bargaining agreements.

Auditor +\$90,958 (+33.2%)

The Auditor's Office will undergo personnel changes in key financial leadership positions in FY 2014. Accordingly, retirement buyback compensation has been accounted for, totaling \$82,500.

Animal Control +\$14,851 (+33.0%)

The City is entering into an intermunicipal agreement with the Town of West Newbury for shared animal control services in FY 2014. Under this model, one full-time animal control officer will have primary responsibility for monitoring both communities. Supplementary support staff will be available on a part-time, on-call basis. West Newbury has agreed to provide \$20,000 in annual funding in support of this arrangement, which is reflected in the increase to the Other Department Revenue category in Local Receipts. As a result, the City will actually see a net *decrease* of \$5,149 to the cost of providing these services in FY 2014.

Fire +\$330,555 (+10.7%)

The Fire Department continues to see an increase in turnover in personnel, with three anticipated retirements in FY 2014 which will cost \$220,310 in total. The City is currently in negotiations with the Fire union and has prioritized reducing our sick leave buyback liability in the successor collective bargaining agreement.

The Department will be hiring an Administrative Assistant to help support the new Fire Chief with some of the clerical work associated with running a public safety department of over fifty employees (including call firefighters). Having this additional staff in place is vital to empowering the new Chief to focus on providing leadership to the Department.

In continuing to encourage the professional development of Fire Department personnel, more funding has been allocated to both in-house and external training line items.

Police +\$218,492 (+6.9%)

The Police Department is anticipating two retirements in FY 2014. The Department also adjusted a dispatch position from part-time to full-time during FY 2013, freeing up one additional officer shift per week to serve in the field that had previously been working dispatch, and is seeking to add another .5 dispatch position in FY 2014 so that all shifts will be fully covered.

Members of both Police Department bargaining units are due contractual raises in FY 2014. They also received an increase in their clothing allowance during their last round of negotiations.

Expenditure Summary (cont.)

DPS – Highway Division +\$313,665 (+18.6%)

City-wide facilities maintenance, including custodial services, has been reorganized and placed under the supervision of this department. In doing so, the City can make better use of its in-house resources to monitor and address ongoing maintenance issues. This consolidation also facilitates better communication and coordination in purchasing supplies and contract services across City Departments.

With the City's recent acquisition of its streetlights from National Grid, the Electrical Inspector position was moved from the Building Department to DPS and the role was expanded. The City Electrician will also perform streetlight maintenance and electrical work to municipal properties through an integrated work order system. A portion of the his salary will continue to be funded from fees collected from inspections, with the \$35,000 balance paid out of the General Fund. The electrical supplies line item was also increased to stock parts and materials for this work. However, the City will see a significant net savings from these changes based on the reduced tariff rates that we will be paying to National Grid going forward.

The DPS is anticipating two retirements in FY 2014. The DPS Highway Division is comprised of more than twenty-five employees, all of whom will be receiving contractual raises in FY 2014.

DPS – Snow and Ice +\$10,000 (+5.9%)

FY 2013 Snow and Ice expenses totaled \$323,361, \$153,361 above what was budgeted. Accordingly, the City is required by statute to maintain or increase funding for this line item for FY 2014. A modest increase has been proposed because of the variability in demand for this funding depending on the changes in weather patterns from one year to the next.

Building +\$30,528 (+22.7%)

The Building Department is hiring a part-time Building Inspector to assist the Building Commissioner with enforcement of new HVAC regulations, oversight of the two School Building Projects, and increased collaboration with the Historical Commission. The fiscal impact of adding this position will be offset by additional HVAC fees, as well as, increased revenue from Licenses and Permits as the construction industry has begun trending in a positive direction with more work being done across the City.

Parks +\$63,005 (+102.7%)

Maintenance for the nineteen City parks has been historically underfunded, relying largely on

private donations and volunteers to supplement the limited City contribution toward ongoing upkeep. This model is not fiscally sustainable over the long-term and adjustments have been made to all of the maintenance line items this year to increase the City's commitment to maintaining these important investments, including the Rail Trail, Moseley Woods, Atkinson Common, and the Bartlett Mall.

Planning and Development +\$34,045 (+12.7%)

Minute takers for the Conservation Commission, Zoning Board of Appeals, Planning Board, and the Historical Commission have been paid out of fees recouped by these Boards and Commissions under a funding arrangement that is no longer sustainable. Their costs have been added back into the FY 2014 Operating Budget as has been done in the past to ensure that these statutorily required roles are fulfilled and the City is in compliance with state law.

The Office of Planning and Development requires professional consulting services to provide technical support on certain projects to address various land use issues, but has never had a dedicated funding source to bring in this assistance when needed to ensure that the interests of the City are protected. \$10,000 has been added to the FY 2014 budget to cover these important services.

Council on Aging +\$58,588 (+29.4%)

The COA currently offers twenty-eight services and programs in four different locations. Each event requires scheduling, marketing, room prep, cleanup, reminder calls and attendee documentation. A dedicated staff person is required to accomplish these tasks in a dependable, organized manner. The availability of an Activities Coordinator will allow the COA Director to focus on client consultations, departmental bookkeeping, and the design and development of new programs and services. In addition, the Activities Coordinator can oversee the scheduling of rooms for evening/weekend programming once the COA moves into the Senior Community Center.

The Meals on Wheels program provides vital services to some of our most needy seniors and disabled residents in our region. Managed by the Merrimack Valley Nutrition Project, the Newburyport site serves Newburyport, Newbury and Rowley. The program operates Monday through Fridays and delivers approximately over a hundred meals on a daily basis. The program had been housed in the Methodist Church and was recently moved to the Central Congregational Church due to budgetary constraints. The operating costs of this program that are not financed by grants and donations will cost the City \$13,200 to subsidize for FY14, with the goal of hosting this service in the new Senior Community Center once that project is complete.

Expenditure Summary (cont.)

Veterans Services +\$6,953 (+3.1%)

The Veterans Service Officer received a pay upgrade during the recent round of contract negotiations with the Department Heads collective bargaining unit based on the scope of responsibilities this position entails. The City is in active discussions with several surrounding communities about creating a district that would regionalize these services.

Youth Services +\$24,127 (+12.1%)

Youth Services staff are due contractual raises based on attainment of specific educational incentive benchmarks. The City is also required to increase its local match for both the Project Coordinator position and substance abuse line item by 25% to be in compliance with the Drug-Free Communities grant requirements.

\$10,000 has been allocated to support new programming through the Learning Enrichment Center for children from low-income families, an expanding demographic in our school district.

Whittier Regional Vocational Technical High School +\$59,720 (21.6%)

The City's assessment for FY 2014 rose due to slightly higher local enrollment, a 4.19% overall budget increase, as well as a one-time capital assessment of \$38,490 to complete Phase 2 of the School's Renovation Project and to purchase one new school bus. \$514,000 in School Choice funds were used to offset what would have been a larger percentage increase in the assessment.

Human Resources & Health Insurance +\$295,496 (+3.9%)

Working with the Public Employee Committee, the City once again succeeded in keeping health insurance increases to manageable levels, reflected in the increase of just over 4% in this line item for FY 2014. As the administrator of these programs, the Human Resources Director has budgeted for third-party assistance to conduct enrollment and personnel records audits and an analysis of the merits of moving to the state's GIC program in FY 2015, with the goal of further limiting the City's health insurance expenditures in the future.

Unemployment Claims +\$10,000 (+33.3%)

Workers Compensation Insurance +\$2,730 (+5.0%)

The City anticipates slight increases in these two areas based on FY 2013 trends and inflationary factors.

Ordinary Debt Service -\$63,154 (-5.9%)

The City's ordinary debt service was restructured during FY 2013 for previous bond issues. The advance refunding of this debt produced \$647,665 in budgetary savings over the remaining life of the bonds, which translates into approximately 8.5% of the principal being refunded back to the City.

Excluded Debt Service +\$1,696,548 (+174.9%)

These amounts reflect payments on the Bresnahan and Nock/Molin debt exclusions in FY 2014 as those projects come online. The City was able to secure very reasonable rates for this bond issuance (2.76%) based in large part on the City's AA bond rating. These expenditures will be directly offset with additional tax revenues from the residents of the City who voted overwhelmingly in favor of these essential projects.

Expenditure Summary by Department

	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 APPROVED	FY2014 PROPOSED	FY2014 APPROVED
GENERAL FUND						
CITY SERVICES						
ANIMAL CONTROL	32,733	26,964	38,845	44,913	59,764.02	59,764.02
ASSESSORS DEPARTMENT	207,203	201,237	206,815	210,013	257,777.96	257,777.96
AUDITOR'S DEPARTMENT	383,388	387,010	269,124	274,058	282,516.50	282,516.50
BOARD OF REGISTRARS	38,704	37,085	71,202	40,000	40,000.00	40,000.00
BUILDING DEPARTMENT	130,088	134,098	133,941	134,337	164,864.85	164,864.85
CITY CLERK'S DEPARTMENT	163,998	193,514	197,055	195,345	205,353.74	205,353.74
CITY COUNCIL	61,809	64,600	64,476	64,600	64,600.00	64,600.00
CONSERVATION COMMISSION	3,200	3,600	0	0	3,600.00	1,800.00
COUNCIL ON AGING	184,336	192,918	198,159	199,542	258,129.55	258,129.55
DEBT EXCLUSION	1,024,429	1,015,005	1,010,235	970,106	2,666,653.99	2,666,653.99
EMERGENCY MANAGEMENT	48,061	26,009	23,429	27,500	27,500.00	27,500.00
FIRE DEPARTMENT	2,974,904	3,139,503	3,090,005	3,093,616	3,203,860.90	3,203,860.90
GENERAL ADMINISTRATION	261,013	253,666	379,359	353,691	751,031.77	746,331.77
HEALTH DEPARTMENT	161,341	192,778	266,209	178,008	180,852.66	180,852.66
HISTORICAL COMMISSION	1,100	0	0	0	3,600.00	1,800.00
HUMAN RESOURCES DEPARTMENT	0	0	0	0	98,960.36	98,960.36
INFO TECHNOLOGY DEPT	151,661	142,327	727,915	229,090	225,173.23	225,173.23
INSURANCE GROUP	5,885,509	6,555,687	7,064,257	7,539,201	7,735,736.00	7,735,736.00
INTERFUND TRANSFERS OUT	8,000	95,700	26,555	0	0.00	0.00
LEGAL DEPARTMENT	100,076	97,192	89,967	70,000	70,000.00	70,000.00
LIBRARY DEPARTMENT	1,191,645	1,234,221	1,262,441	1,260,929	1,256,236.00	1,256,236.00
LICENSE COMMISSION	6,009	4,906	6,091	6,840	6,840.00	6,840.00
MAYOR'S DEPARTMENT	199,076	239,136	225,213	231,600	244,990.39	228,890.39
ORDINARY DEBT SERVICE	1,178,489	1,164,286	1,096,125	1,067,681	1,004,527.12	1,004,527.12
PARKING CLERK DEPARTMENT	64,964	63,749	45,608	41,816	42,434.30	42,434.30
PARKS COMMISSION	49,307	72,212	62,525	61,370	124,375.00	124,375.00
PLANNING & DEVELOPMENT	266,926	291,967	276,095	268,637	288,281.25	278,281.25
PLANNING BOARD	3,450	0	0	0	3,600.00	1,800.00
POLICE DEPARTMENT	3,062,596	3,027,090	3,219,298	3,178,175	3,336,667.15	3,336,667.15
PUBLIC SERVICES DEPARTMENT	1,666,227	1,587,561	2,088,829	1,685,758	1,971,422.76	1,971,422.76
RETIREMENT BOARD	3,130,847	3,206,462	3,242,404	3,356,233	3,417,099.00	3,417,099.00
SNOW & ICE	223,840	438,260	115,293	170,000	180,000.00	180,000.00
STABILIZATION OUTLAY	5,000	5,000	5,000	5,000	5,000.00	5,000.00
SUSTAINABILITY	1,067,944	1,067,007	1,173,614	1,178,399	1,181,779.33	1,181,779.33
TREASURER'S DEPARTMENT	458,433	438,609	421,819	480,089	494,271.82	494,271.82
UNEMPLOYMENT CLAIMS	18,854	32,823	38,200	30,000	40,000.00	30,000.00
VETERANS' DEPARTMENT	124,654	198,264	292,748	221,350	228,303.80	228,303.80
WHITTIER VO TECH SCHOOL	397,533	452,634	328,294	275,985	335,705.00	335,705.00
WORKERS' COMPENSATION	53,272	20,669	54,604	54,604	57,334.00	57,334.00
YOUTH SERVICES	122,802	183,641	168,766	198,951	223,078.48	223,078.48
ZONING BOARD	3,450	0	0	0	3,600.00	1,800.00
CITY SERVICES Total	25,116,870	26,487,392	27,980,514	27,397,435	30,745,520.93	30,697,520.93
SCHOOL DEPARTMENT						
SCHOOL DEPARTMENT	20,569,058	21,013,234	21,902,865	22,550,436	23,231,943.00	23,231,943.00
SCHOOL DEPARTMENT Total	20,569,058	21,013,234	21,902,865	22,550,436	23,231,943.00	23,231,943.00
GENERAL FUND Total	45,685,928	47,500,625	49,883,379	49,947,871	53,977,463.93	53,929,463.93
ENTERPRISE FUNDS						
HARBORMASTER DEPARTMENT	327,213	252,702	274,598	339,245	350,703.36	350,703.36
SEWER DEPARTMENT	3,715,942	4,441,351	4,698,570	5,315,691	6,384,000.54	6,306,515.91
WATER DEPARTMENT	3,471,893	4,412,633	3,516,463	3,920,877	4,883,855.76	4,883,855.76
ENTERPRISE FUNDS Total	7,515,049	9,106,686	8,489,631	9,575,814	11,618,559.66	11,541,075.03

Position Count by Department

<u>Department</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>Inc.(Dec)</u>
Assessor	3.0	3.0	3.0	0.0
Auditor	3.3	3.3	3.3	0.0
Building	5.0	5.0	5.0	0.0
City Clerk	3.5	3.5	3.5	0.0
Council on Aging	4.0	4.0	4.5	0.5
DPS: Highway	21.7	21.5	25.5	4.0
DPS: Sewer	19.7	20.0	20.0	0.0
DPS: Water	20.7	20.0	20.0	0.0
Emergency Management	2.0	2.0	2.0	0.0
Fire	46.0	46.0	48.0	2.0
Harbormaster	40.0	40.0	40.0	0.0
Health	5.2	5.9	6.1	0.2
Human Resources	0.7	1.0	1.0	0.0
Information Technology	1.0	1.0	1.0	0.0
Library	23.0	23.0	22.0	(1.0)
Mayor's Office	4.3	4.3	3.3	(1.0)
Parks	0.5	0.6	0.6	0.0
Planning & Development	4.2	4.5	4.5	0.0
Police	36.9	37.1	41.6	4.5
Schools	372.0	372.0	376.8	4.8
Treasurer/Collector	5.5	5.5	5.5	0.0
Veterans' Services	1.0	1.0	1.0	0.0
Youth Services	4.0	4.0	4.0	0.0
Total	627.2	628.1	642.1	14.0