

## **Section 2: Budget Overview**

# Balanced Budget Overview

## REVENUES

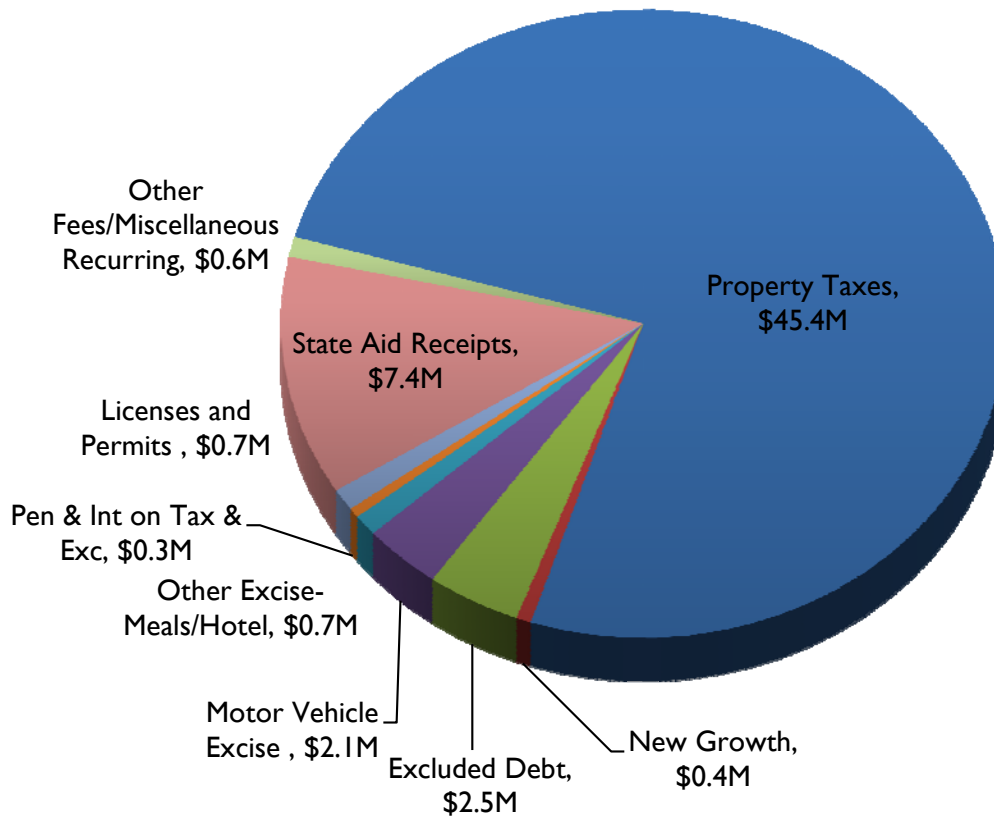
ITEM	FY2014	FY 2015
	ESTIMATED (RECAP)	PROJECTED (BUDGET)
<b>PROPERTY TAXES</b>		
Prior Year Levy Limit	\$ 42,716,528	\$ 44,298,205
2 1/2 % Increase	\$ 1,067,913	\$ 1,107,455
New Growth (1)	\$ 513,764	\$ 400,000
TOTAL LEVY LIMIT	\$ 44,298,205	\$ 45,805,660
Debt Exclusion	\$ 2,666,654	\$ 2,520,695
<b>TOTAL MAXIMUM LEVY LIMIT</b>	<b>\$ 46,964,859</b>	<b>\$ 48,326,355</b>
<b>LOCAL RECEIPTS</b>		
Motor Vehicle Excise	\$ 2,100,000	\$ 2,100,000
Other Excise		
a. Meals	\$ 425,000	\$ 490,000
b. Room	\$ 75,000	\$ 80,000
c. Other (2)	\$ 85,000	\$ 85,000
Pen & Int on Tax & Exc	\$ 300,000	\$ 300,000
Payments in Lieu of Taxes	\$ 60,000	\$ 60,000
Fees (3)	\$ 225,000	\$ 340,000
Other Dept. Revenue (4)	\$ 40,000	\$ 40,000
Licenses and Permits (5)	\$ 625,000	\$ 675,000
Fines & Forfeits (6)	\$ 15,000	\$ 15,000
Investment Income	\$ 40,000	\$ 40,000
Medicaid Reimbursement	\$ 80,000	\$ 80,000
Miscellaneous Recurring (7)	\$ 35,000	\$ 45,000
Miscellaneous Non-Recurring	\$ -	
<b>TOTAL LOCAL RECEIPTS</b>	<b>\$ 4,105,000</b>	<b>\$ 4,350,000</b>
<b>STATE AID (8)</b>		
Cherry Sheet Receipts	\$ 7,491,543	\$ 7,407,852
Less Offsets	\$ (1,096,819)	\$ (888,745)
Less Charges and Assessments	\$ (2,633,925)	\$ (2,595,777)
<b>TOTAL NET STATE AID</b>	<b>\$ 3,760,799</b>	<b>\$ 3,923,330</b>
<b>RESERVES (9)</b>		
Capital Improvement Stabilization Fd	\$ -	\$ -
General Stabilization Fund	\$ -	\$ -
Free Cash	\$ -	\$ -
<b>TOTAL RESERVES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>RESERVE FOR ABATEMENT (10)</b>	<b>\$ (448,914)</b>	<b>\$ (345,000)</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 54,381,744</b>	<b>\$ 56,254,685</b>

1. Estimated FY 2015 New Growth based on Assessor's projection.
2. Urban Redevelopment Excise Tax.
3. Municipal liens, off duty fees, registry fees, tax title. Fire Alarm box fees new for FY 2015; anticipated revenue of \$90,000.
4. Copies/recordings, zoning/ordinances, business cert.
5. Building, dogs, utility co, fire, etc.
6. Court, police.
7. Police incident/accident, wind turbine, FWS refuge revenue sharing, West Newbury animal control.
8. Based on House budget proposal.
9. Used to balance budget not anticipated.
10. Based of Assessor's estimate, actual when tax rate is set.

## EXPENDITURES

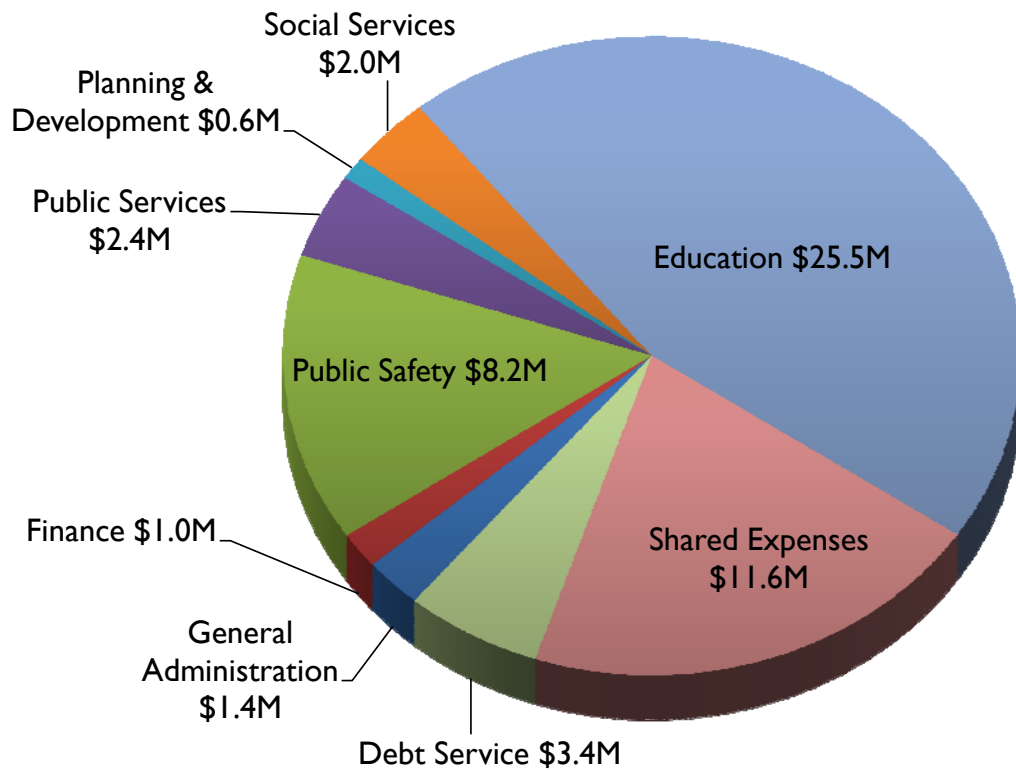
	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 ACTUAL	FY2014 APPROVED	FY2015 PROPOSED	FY2015 APPROVED
<b>GENERAL FUND</b>						
<b>CITY SERVICES</b>						
001 - PERSONAL SERVICES	19,719,403	20,245,816	20,738,269	22,039,966	22,590,425.09	22,577,892.35
002 - PURCHASE OF SERVICES	2,860,928	3,586,681	3,185,723	2,974,454	3,296,155.40	3,296,155.40
004 - SUPPLIES	522,779	569,198	543,715	458,316	475,402.47	475,402.47
007 - OTHER CHARGES & EXPENSES	580,456	668,063	808,203	1,071,000	770,161.89	770,161.89
008 - CAPITAL OUTLAY	73,141	447,068	593,523	146,900	296,000.00	296,000.00
009 - DEBT SERVICE	2,179,292	2,106,360	2,029,144	3,671,181	3,375,896.70	3,375,896.70
010 - OTHER FINANCING USES	95,700	26,555	312,859	0	0.00	0.00
<b>CITY SERVICES Total</b>	<b>26,031,699</b>	<b>27,649,741</b>	<b>28,211,436</b>	<b>30,361,816</b>	<b>30,804,041.55</b>	<b>30,791,508.81</b>
<b>EDUCATION</b>						
002 - PURCHASE OF SERVICES	21,465,868	22,231,159	22,920,421	23,567,648	25,485,686.00	25,485,686.00
<b>EDUCATION Total</b>	<b>21,465,868</b>	<b>22,231,159</b>	<b>22,920,421</b>	<b>23,567,648</b>	<b>25,485,686.00</b>	<b>25,485,686.00</b>
<b>GENERAL FUND Total</b>	<b>47,497,567</b>	<b>49,880,900</b>	<b>51,131,857</b>	<b>53,929,464</b>	<b>56,289,727.55</b>	<b>56,277,194.81</b>
<b>ENTERPRISE FUNDS</b>						
<b>HARBORMASTER ENTERPRISE FUND</b>						
001 - PERSONAL SERVICES	187,710	178,677	186,181	228,878	236,658.80	236,658.80
002 - PURCHASE OF SERVICES	21,311	44,821	23,518	40,950	40,750.00	40,750.00
004 - SUPPLIES	10,149	11,169	13,116	18,800	18,200.00	18,200.00
007 - OTHER CHARGES & EXPENSES	2,805	2,775	5,115	6,075	6,075.00	6,075.00
008 - CAPITAL OUTLAY	1,952	9,256	28,330	30,000	30,000.00	30,000.00
009 - DEBT SERVICE	28,775	27,900	27,000	26,000	26,000.00	26,000.00
<b>HARBORMASTER ENTERPRISE FUND Total</b>	<b>252,702</b>	<b>274,598</b>	<b>283,260</b>	<b>350,703</b>	<b>357,683.80</b>	<b>357,683.80</b>
<b>SEWER ENTERPRISE FUND</b>						
001 - PERSONAL SERVICES	1,392,048	1,664,989	1,717,830	1,944,180	1,991,410.67	1,991,410.67
002 - PURCHASE OF SERVICES	925,751	1,144,526	1,090,606	1,424,148	1,332,913.16	1,332,913.16
004 - SUPPLIES	272,724	286,423	185,177	346,160	351,789.63	351,789.63
007 - OTHER CHARGES & EXPENSES	77,032	16,323	20,006	20,886	29,264.80	29,264.80
008 - CAPITAL OUTLAY	251,291	351,945	338,280	300,000	271,000.00	271,000.00
009 - DEBT SERVICE	1,522,506	1,234,363	1,931,337	2,271,142	2,271,498.36	2,271,498.36
<b>SEWER ENTERPRISE FUND Total</b>	<b>4,441,351</b>	<b>4,698,570</b>	<b>5,283,236</b>	<b>6,306,516</b>	<b>6,247,876.62</b>	<b>6,247,876.62</b>
<b>WATER ENTERPRISE FUND</b>						
001 - PERSONAL SERVICES	1,694,071	1,737,444	1,708,896	1,890,846	1,942,553.85	1,942,553.85
002 - PURCHASE OF SERVICES	546,824	547,457	704,093	855,118	807,971.55	807,971.55
004 - SUPPLIES	163,670	177,421	182,539	229,060	227,784.68	227,784.68
007 - OTHER CHARGES & EXPENSES	43,442	52,611	57,144	67,353	81,857.55	81,857.55
008 - CAPITAL OUTLAY	24,590	242,797	149,949	155,000	155,000.00	155,000.00
009 - DEBT SERVICE	1,940,036	758,733	1,265,954	1,686,479	1,672,648.92	1,672,648.92
<b>WATER ENTERPRISE FUND Total</b>	<b>4,412,633</b>	<b>3,516,463</b>	<b>4,068,574</b>	<b>4,883,856</b>	<b>4,887,816.55</b>	<b>4,887,816.55</b>
<b>ENTERPRISE FUNDS Total</b>	<b>9,106,686</b>	<b>8,489,631</b>	<b>9,635,070</b>	<b>11,541,075</b>	<b>11,493,376.97</b>	<b>11,493,376.97</b>
<b>Grand Total</b>	<b>56,604,253</b>	<b>58,370,530</b>	<b>60,766,928</b>	<b>65,470,539</b>	<b>67,783,104.52</b>	<b>67,770,571.78</b>

## Fiscal Year 2015 Revenue Sources



Gross Revenue:	\$60.1 M
Less: Offsets/Cherry Sheet Assessments	(\$3.5 M)
Less: Reserve for Abatements	(\$0.3 M)
<b>Net Revenue:</b>	<b>\$56.3 M</b>

## Fiscal Year 2015 Expenditures



## BALANCED BUDGET

Projected General Fund Revenue	\$56,254,685
Adopted General Fund Budget	(\$56,277,195)
<b>Remaining Revenue</b>	<b>\$22,510</b>

# 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 87% of the General Fund budget revenue in Fiscal Year 2014 and will provide approximately 86% in Fiscal Year 2015 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.

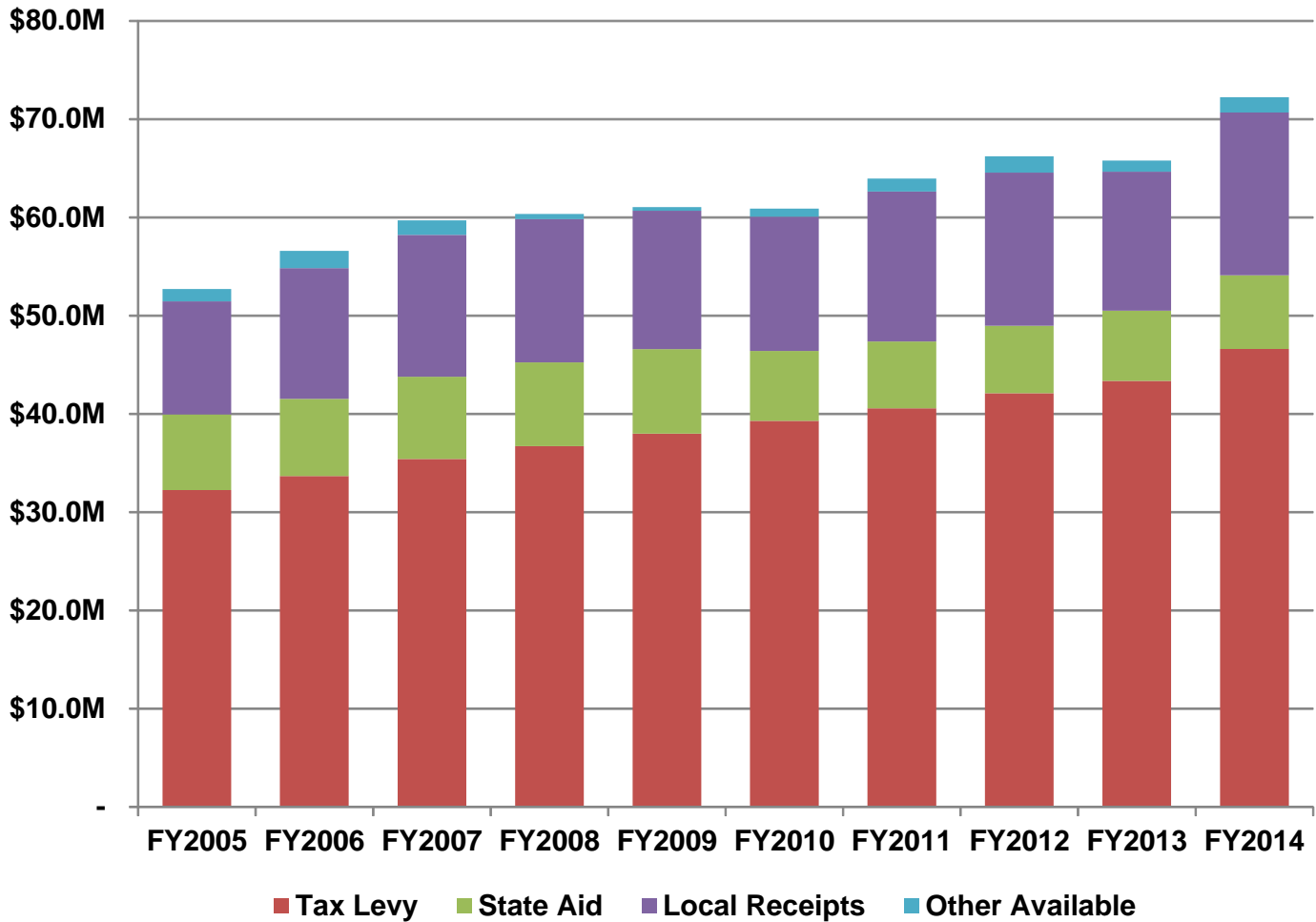
Under the provisions of Proposition 2 ½, property taxes, in the aggregate, may not exceed 2 ½ percent of their "full and fair cash value." This limit is known as the "levy ceiling." Additionally, annual levy increases may not exceed 2 ½ percent more than the previous year's levy plus the taxes from any 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 FY 2015, the City's debt service costs will decrease slightly by \$145,959 from \$2,666,654 to \$2,520,695. These costs will continue to fluctuate as the Bresnahan and Nock-Molin School Building Projects, as well as, the Senior/Community Center Project are fully financed.

Property taxes are expected to increase in FY 2015 by approximately \$1.36 million, to \$48,326,355. This increase includes the allowable 2.5% increase of \$1,107,455 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 receives, as well as interest that is earned on investments or overdue tax bills. The FY 2015 projected local receipts are \$4,340,000, a year-over-year increase of 5.7%, or \$245,000, compared to the last year's budget projection. The projected increase is mainly driven by an

## Revenue by Source: FY2005 - FY2014



Revenues by Source (\$ thousands)										
Fiscal Year	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Tax Levy	32,248	33,681	35,419	36,713	38,009	39,291	40,575	42,107	43,354	46,618
State Aid	7,702	7,850	8,366	8,530	8,582	7,126	6,797	6,873	7,157	7,492
Local Receipts	11,495	13,310	14,424	14,585	14,096	13,670	15,268	15,570	14,146	16,575
Other Available	1,254	1,759	1,492	532	377	808	1,328	1,673	1,142	1,554
<b>Total</b>	<b>52,699</b>	<b>56,600</b>	<b>59,701</b>	<b>60,360</b>	<b>61,064</b>	<b>60,895</b>	<b>63,968</b>	<b>66,223</b>	<b>65,800</b>	<b>72,238</b>
<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%	64.5%
State Aid	14.6%	13.9%	14.0%	14.1%	14.1%	11.7%	10.6%	10.4%	10.9%	10.4%
Local Receipts	21.8%	23.5%	24.2%	24.2%	23.1%	22.5%	23.9%	23.5%	21.5%	22.9%
Other Available	2.4%	3.1%	2.5%	0.9%	0.6%	1.3%	2.1%	2.5%	1.7%	2.2%

uptick in meals tax receipts by \$65,000, an increase in licenses and permits receipts by \$50,000 and the adoption of a Fire Alarm Master Box Connection/Monitoring Fee, which is anticipated to generate annual receipts of approximately \$90,000.

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.

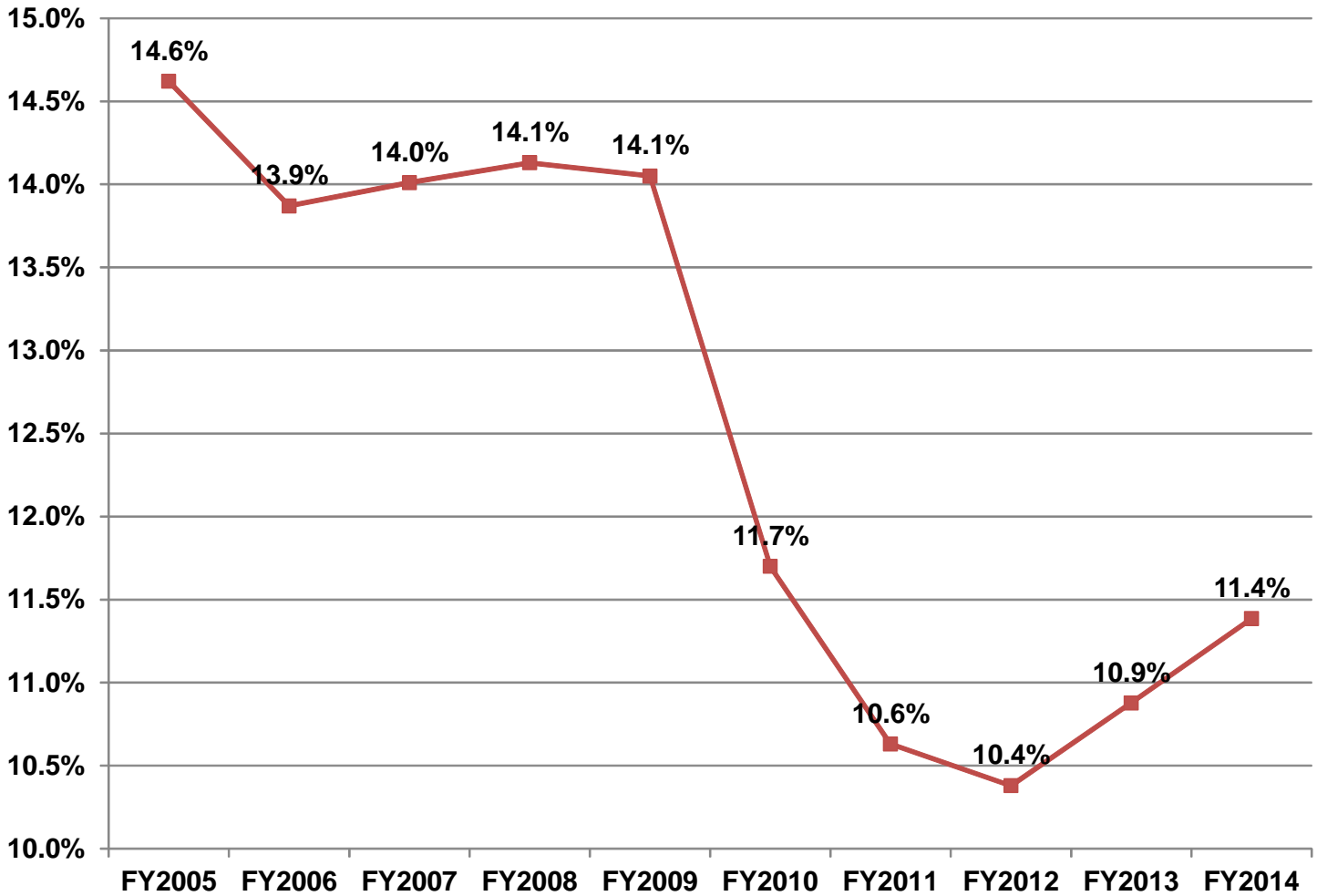
### **State Aid**

State Aid is Newburyport's third largest revenue source. The City historically uses the House budget proposal for the basis of its state aid projections. Based on the House FY 2015 budget proposal, state aid is estimated to decrease by approximately 1.1% in the aggregate, to \$7,407,852. Revenue from state aid, recognized as "Receipts" on the Cherry Sheet, are offset by charges and assessments. For FY 2015, we anticipate charges and assessments to decrease by 1.4%, or \$38,148 from FY 2014. Based on those factors, we are currently projecting a net state aid appropriation of \$3,923,330, a 4.3%, or \$162,531, increase from FY 2014. Newburyport's projected net state aid represents 7.0% of the projected general fund revenue sources for FY 2015.

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 \$1,986,632 in FY 2015. 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 \$3,658,992 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 House budget, Newburyport is projected to see a small increase in UGGA, roughly in line with inflation. Specifically, the House budget funds Newburyport's FY 2015 UGGA allocation at \$2,269,433, representing an increase of 2.8%, or \$61,237, from FY 2014. 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 that twelve year period, it does continue to represent a positive trend in the overall state budget.

**% of Total State Aid: FY2005-FY2014**



**Cherry Sheet Aid (\$ thousands)**

Fiscal Year	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Education Aid	4,679	4,656	4,763	4,834	4,855	4,580	4,279	4,505	4,557	3,772
General Government	3,024	3,195	3,603	3,696	3,727	2,661	2,518	2,368	2,600	2,655
Total Receipts	7,702	7,850	8,366	8,530	8,582	7,242	6,797	6,873	7,157	7,492
Total Assessments	2,061	1,965	2,018	2,161	2,432	2,338	2,497	2,497	2,585	2,634
Net State Aid	5,641	5,885	6,348	6,369	6,149	4,903	4,300	4,376	4,572	4,858

## **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 2015 budget.

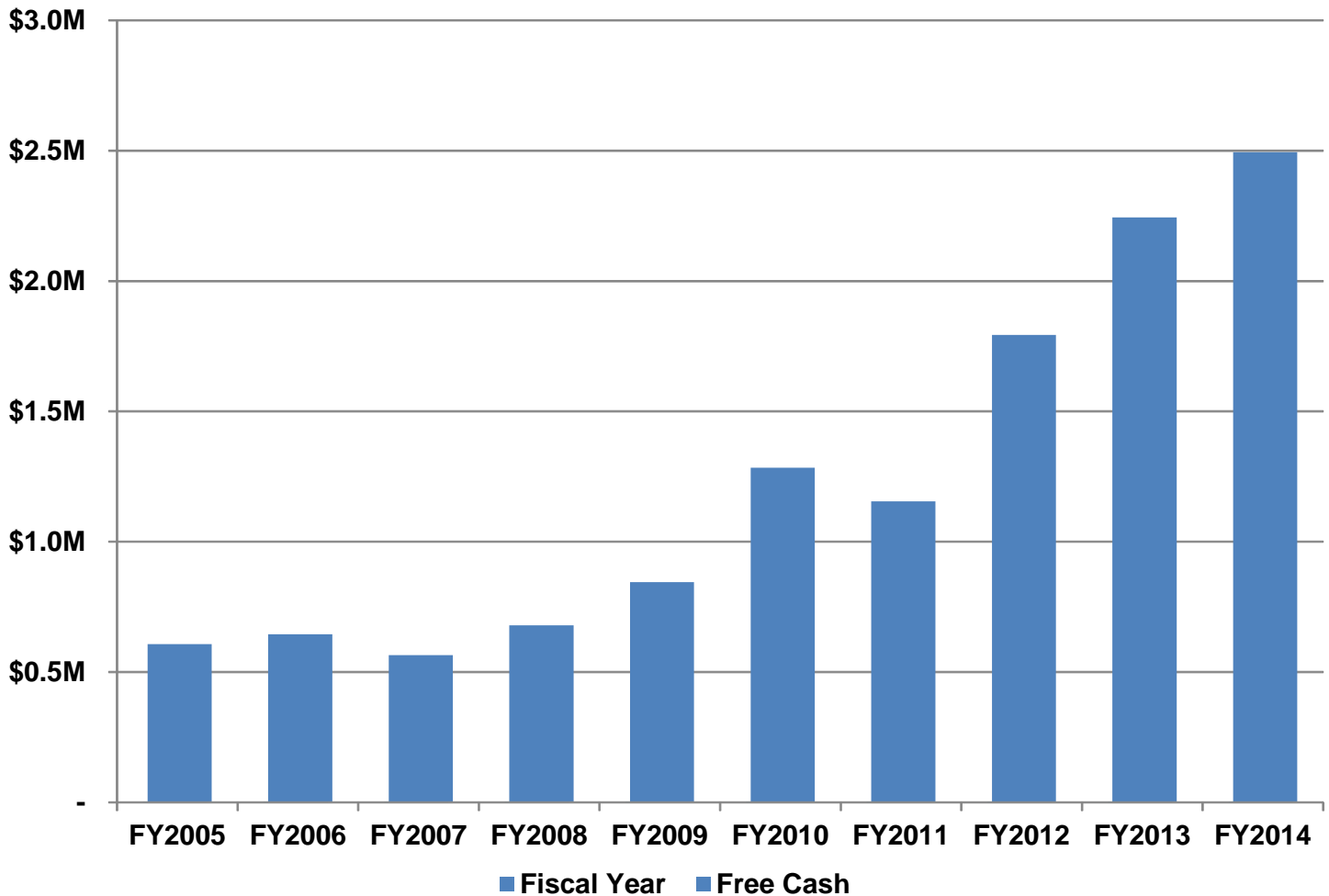
While Free Cash was used in both FY 2011 and FY 2012 to balance the operating budget, FY 2013 and FY 2014 represented a positive trend in the City's fiscal health as we balanced the budget without using any reserves. Consistent with the budget goals and the City's Free Cash policy, the City will not use any reserves to balance the FY 2015 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 FY2014 alone, the City secured over \$8 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.

In addition to the projects shown in the table on page 29, the City previously secured \$20.5M in funding for the New Bresnahan Elementary School and \$14.5M for the repairs and renovations at the Nock/Molin School through the Massachusetts School Building Authority, both projects of which are currently under construction. Another major accomplishment for the City, also funded by a state grant, was the completion of the \$1.0M roundabout, which was completed thanks to Newburyport's inclusion in the state's Small Bottleneck Bill.

### Free Cash Balances: FY2005-FY2014



### Reserves (\$ thousands)

Fiscal Year	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Free Cash	606	643	563	677	843	1,282	1,153	1,791	2,242	2,492
Overlay Reserve	455	305	251	250	216	282	333	301	355	449
Fiscal Year	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Stabilization Fund	3,121	2,328	2,958	3,078	3,200	3,071	3,104	2,943	2,638	2,625

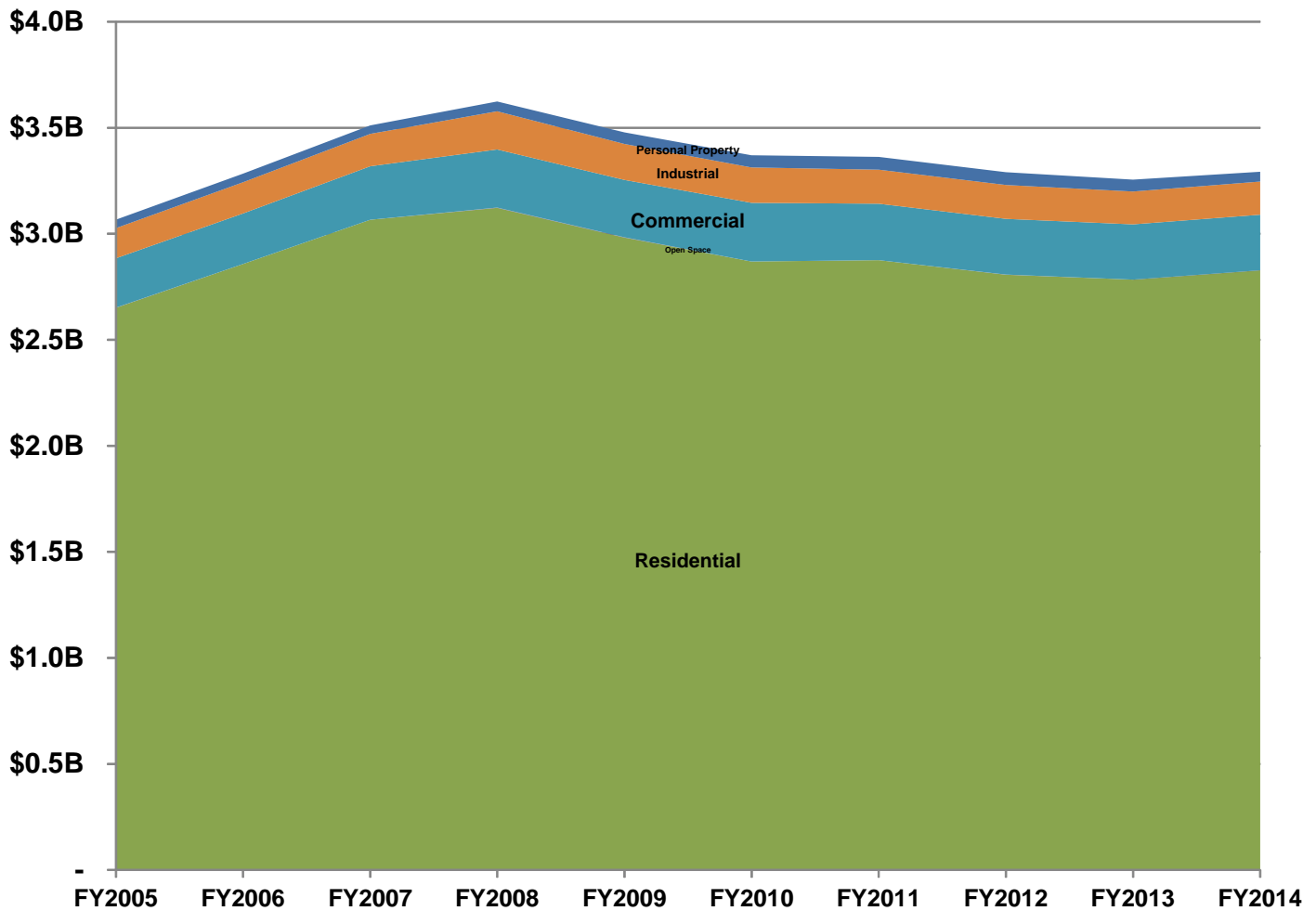
### Enterprise Fund Retained Earnings (\$ thousands)

Fiscal Year	FY2010	FY2011	FY2012	FY2013	FY2014
Water Enterprise Fund	1,099	964	1,510	1,357	1,609
Sewer Enterprise Fund	1,008	924	2,076	1,871	1,768
Harbormaster Enterprise Fund	384	321	248	383	384

Department	Fund Type	Agency	Title	Target	Awarded	Monetary Grant
Parks	Donation	Baying Communications	Newburyport Parks Conservancy Donation	General Park Maintenance	Yes	\$3,000
Parks	Donation	Friends of Moseley Woods	Parks Donations	Moseley Woods	Yes	\$5,557
Parks	Donation	Individual	Newburyport Parks Conservancy Donation	Bench Adoption and Care of Parks	Yes	\$1,000
Parks	Donation	Coastal Trails Coalition	Newburyport Parks Conservancy Donation	Clipper City Rail Trail	Yes	\$500
Parks	Donation	Greater Newburyport Softball Association	Newburyport Parks Conservancy Donation	Field Maintenance	Yes	\$3,680
Parks	Donation	Newburyport Youth Soccer Association	Newburyport Parks Conservancy Donation	Woodman Park Maintenance	Yes	\$500
Parks	Donation	Newburyport Five Cents Savings Bank	Parks Donations	General Park Maintenance	Yes	\$500
Parks	Donation	Individuals	Parks Donations	General Park Maintenance	Yes	\$970
Sustainability	Donation	National Grid	Energy Efficiency Program for Residents	Reducing Energy Costs	Yes	\$24,000
Library	Federal Grant	MBLC	Teen Space Project	Materials and programming	Yes	\$14,960
Police	Federal Grant	Department of Justice	Enforcing Underage Drinking Laws	Youth Alcohol Compliance	Yes	\$10,000
Harbormaster	Federal Grant	US Fish and Wildlife Service	CVA Pump Out Program	Sewage pump out	Yes	\$12,500
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	Yes	\$5,500,000
Library	Local Grant	Institution for Savings & Newburyport Five Cents Savings Bank	Teen Space Project	Glass walls, carpet and furniture	Yes	\$12,500
Library	Local Grant	NAID Grant	Newburyport Area Industrial Development	Exterior Beautification Project	Yes	\$15,000
Parks	Local Grant	Mayor Gayden W. Morrill Charitable Foundation	Parks Donations	Atwood Park Improvement Project	Yes	\$13,354
Parks	Local Grant	Kennard L. Bowlen Charitable Trust	Newburyport Parks Conservancy Donation	Bartlett Mall Improvement Project	Yes	\$15,000
Parks	Local Grant	Mayor Gayden W. Morrill Charitable Foundation	Parks Donations	Joppa Park Improvement Project	Yes	\$17,080
Parks	Local Grant	Mayor Gayden W. Morrill Charitable Foundation	Parks Donations	Adkinson Common War Memorial Project	Yes	\$18,400
Parks	Local Grant	Mayor Gayden W. Morrill Charitable Foundation	Parks Donations	Cushing's Gravesite Improvements	Yes	\$550
Parks	Local Grant	Mayor Gayden W. Morrill Charitable Foundation	Parks Donations	Clipper City Rail Trail Phase II Enhancements	Yes	\$20,000
Parks	Local Grant	Anonymous	Newburyport Parks Conservancy Donation	Bartlett Mall Pond Restoration	Yes	\$100
Parks	Local Grant	Anonymous	Parks Donations	Bartlett Mall Aerator Maintenance	Yes	\$5,500
Parks	Sate Grant	Division of Conservation Services	Our Common Backyards Grant Program	Cashman Park Spray Park	Pending	\$200,000
Planning & Development	Sate Grant	Department of Conservation and Recreation (DCR)	Governor's Seaport Advisory Council Seaport Improvements Grants	Funds Phase I of strengthening the waterfront bulkhead	Yes	\$1,800,000
Police	Sate Grant	Executive Office of Public Safety and Security	Shannon Grant Program	Gang Activity/Drug Sales	Yes	\$21,000
Police	Sate Grant	Executive Office of Public Safety	Violence Against Women Act	STOP (Services, Training, Officers, Prosecutors)	Yes	\$2,500
Police	Sate Grant	Sate 911 Department	911 Grant	911 Services	Yes	\$37,866
Police	Sate Grant	Sate 911 Department	Emergency Medical Dispatch	Ambulance/Response Services	Yes	\$28,000
Sustainability	Sate Grant	Energy and Environmental Affairs	Green Communities Grant	DPS Efficiency Upgrades	Yes	\$158,145
Sustainability	Sate Grant	MassCEC	Community Energy Strategies Program (CESP)	Solar Electricity	Yes	\$65,000

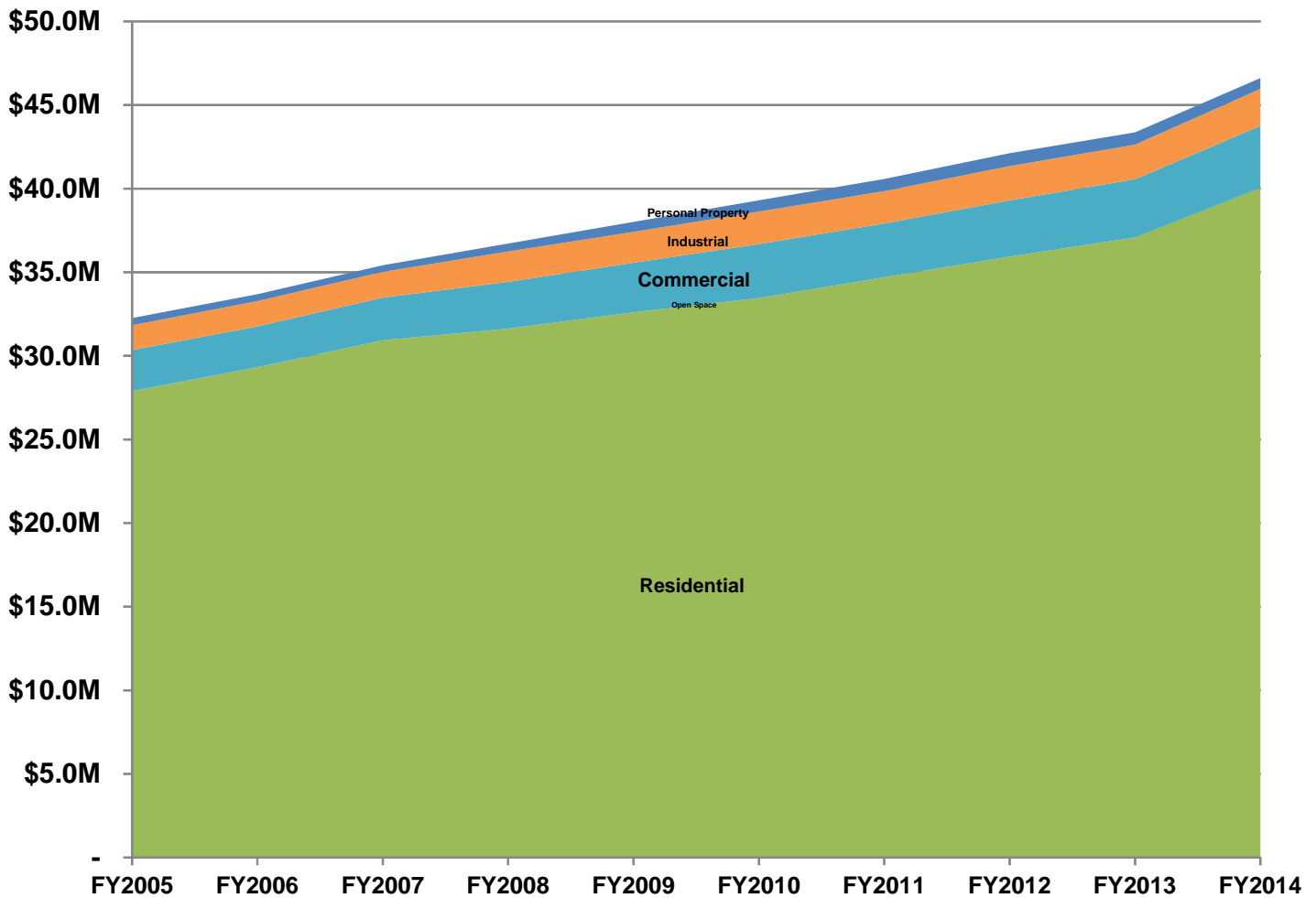
**Total Funding: \$8,007,162**

## Valuations by Class: FY2005 - FY2014



Assessed Values (\$ millions)										
Fiscal Year	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Residential	2,650	2,857	3,066	3,122	2,982	2,868	2,875	2,807	2,784	2,828
Open Space	0	1	0	0	0	0	0	0	0	0
Commercial	233	238	252	275	271	277	266	263	261	261
Industrial	142	147	154	180	169	166	160	160	155	157
Personal Property	40	40	39	47	55	58	60	59	55	47
<b>Total</b>	<b>3,065</b>	<b>3,283</b>	<b>3,510</b>	<b>3,624</b>	<b>3,477</b>	<b>3,370</b>	<b>3,362</b>	<b>3,290</b>	<b>3,255</b>	<b>3,292</b>

## Tax Levy by Class: FY2005 - FY2014



Tax Levy (\$ thousands)										
Fiscal Year	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Residential	27,882	29,313	30,932	31,630	32,597	33,447	34,701	35,928	37,079	40,045
Open Space	5	5	5	3	4	4	3	3	3	3
Commercial	2,451	2,441	2,539	2,786	2,961	3,232	3,212	3,372	3,472	3,692
Industrial	1,493	1,508	1,550	1,821	1,849	1,935	1,937	2,045	2,063	2,218
Personal Property	418	414	393	472	597	674	723	760	737	660
<b>Total</b>	<b>32,248</b>	<b>33,681</b>	<b>35,419</b>	<b>36,713</b>	<b>38,009</b>	<b>39,291</b>	<b>40,575</b>	<b>42,107</b>	<b>43,354</b>	<b>46,618</b>

# Expenditure Summary

The Fiscal Year 2015 general fund budget consists of \$56,239,469.56 in expenditures, \$25,485,451.30 of which are school related expenses. In order to continue to deliver quality services at reasonable rates, department heads were asked to be conservative when developing their budgets for FY15. Department heads were provided with Budget Guidelines on January 8, 2014 that reflected this approach:

*While local receipts have been strong over the past year, there is not enough sustained economic stability to merit anything other than modest or static projections for those revenues going into next year. In addition, fixed costs, especially those related to personnel, are expected to account for most of the budgetary increases from last year to this coming one. Building a sustainable school budget is also a priority for FY15. Accordingly, this year's budget process will be similar in many ways to the past two years, with the hope remaining that all department heads will continue to be partners in working to come up with creative approaches to the FY15 budget....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. Should you have a decrease in current service levels/line items or, alternatively, see a need to expand your current service levels or increase a particular line item on the expense side of your budget, please submit a narrative and any other statistical or comparative documentation that explains/supports the proposed changes.*

Department heads met these challenges as most City departments and/or cost centers have been level funded or increased/decreased by less than 3.5%. Below is a summary of all department budgets that will increase/decrease by more than 3.5%:

## **City Council +\$5,080 (+7.9%)**

Additional funding for legal ads and ordinance recodification given anticipated Council activity in FY15 including the Zoning Ordinance review and update process scheduled to be completed this year.

## **General Administration -\$290,666 (-5.8%)**

Due to a wave of impending employee retirements, \$390,810.00 in funding was allocated toward sick leave and vacation buyback costs in FY14. This funding was transferred into a separate Compensated Absences Reserve Fund. As of early May 2014, that account still has \$265,408.42 as an available balance resulting from several of these retirements not materializing as soon as was originally projected. While several veteran employees are now set to retire in FY15, there is sufficient funding to cover these costs without allocating additional funding in this year's operating budget.

It is important to note that the City has also accounted for potential pay increases for

members of the three bargaining units who have expired and expiring union contracts. This funding has been included in Budget Contingency with the expectation that all three contracts will be settled sometime in FY15.

Having a trained Chief Procurement Officer 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 management to ensure ongoing compliance with state statute. The Director of Policy and Administration has taken on these duties after having attained the Massachusetts Certified Public Procurement Officer designation from the Inspector General's Office. Working with the Finance Office and IT, the CPO will be instrumental in leading the workflow design and implementation of the new electronic requisition and purchase order system.

***Mayor's Office +\$49,291 (+21.53%)***

The new Charter that took effect in January 2014 dictated a change in annual compensation for the Mayor from \$85,000 to \$98,000. Only half of this increase impacted the FY14 budget; the balance is reflected in FY15. While the City has been incredibly effective in securing grants, numerous funding opportunities have not been fully taken advantage of, as there are limits to the time and resources that Department Heads can devote to this kind of work. Funding for a part-time grant writer (25 hours a week) has been included for FY15. This position will work on projects for both the City and the Schools depending on where the greatest needs lie. It will also be focused on promoting the City's continued economic development.

***Information Technology +\$36,354 (+16.1%)***

During the course of FY 2014, the IT Department was compelled to upgrade network security systems and appliances to ensure better protection against malware. Additionally, in order to implement a new requisition and purchasing module and paperless warrant process in MUNIS, a new Storage Area Network Device has been purchased to accommodate projected future data storage requirements. Increases to the IT budget reflect the extra annual expenses incurred from licensing, maintenance, and backing up of these newly installed software / hardware systems, devices & appliances.

***Assessor -\$32,299 (-12.5%)***

The City conducted its required full re-valuation process in FY14 and included \$43,000 in funding in last year's operating budget. This work occurs every three years and is now complete.

***Auditor +\$20,275 (+7.2%)***

The Auditor's Office has undergone significant personnel changes in key financial leadership positions both last year and this coming year. In looking to implement a more holistic Finance Department model in keeping with the intent of the new Charter and in reassessing the

workload and responsibilities of this office, we have added some additional staff resources. A part-time employee will be cross-trained to fill in as needed for staff in the Auditor's, Assessor's, and Treasurer/Collector's offices. This employee will also provide additional training and support in working to implement the new electronic requisition and purchase order system as well as the paperless warrant process; both key financial management goals set to be completed during FY15.

***Animal Control +\$2,214 (+3.7%)***

The City's intermunicipal agreement with the Town of West Newbury for shared animal control services in FY 2014 was a success and will be extended for FY15. Under this model, one full-time animal control officer has primary responsibility for monitoring both communities. Supplementary support staff are available on a part-time, on-call basis. West Newbury provides \$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. The Animal Control Officer is set to receive a contractual increase in FY15.

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

The overtime line item has been chronically underfunded. The new Fire Chief has documented in detail the causes for these personnel costs during this past fiscal year and has justified the increase in this line item based on operational need.

The lease payments for two new fire engines have been added into the operating budget for the first time this year. These costs have been mostly offset by the revenues from the adoption of a new fire alarm master box annual maintenance fee. The intent of incorporating these capital costs into the operating budget is to normalize the impact of this significant investment so that bonding or large Free Cash appropriations will no longer be necessary to keep up with ongoing equipment needs.

***DPS – Highway Division +\$261,462 (+13.3%)***

For FY15, funding for sidewalks has been increased to be in line with 50% of our projected local meals tax receipts. Based on an anticipated \$490,000 in revenue from this source, the sidewalks budget has been raised from \$75,000 in FY14 to \$245,000 in FY15. Since this local option tax was adopted over two years ago, the City has been consistently committed to appropriating over \$300,000 annually toward sidewalk improvement work. This budgetary shift reflects this commitment and is more fiscally responsible in the long-term than allocating funds through the supplement budget process or from Free Cash as has been done the past few years. Additional funding from these sources will continue to be targeted so that the City's overall appropriation in FY15 is in line with current funding of these projects.

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

With the hiring of a full-time Parks Director earlier this fiscal year, the City has finally made a commitment to address its ongoing parks management needs.

Maintenance for the nineteen City parks has been historically underfunded, relying largely on private donations and volunteers to supplement the limited City contribution toward upkeep. This model is not fiscally sustainable over the long-term. Last year, significant adjustments were made to all of the maintenance line items to increase the City's commitment to maintaining these important investments. Additional increases are warranted this year to bring the level of funding to where it needs to be to meet the maintenance needs of the parks and their amenities. Funding for the animal waste disposal contract has also been incorporated into this budget.

***Youth Services +\$21,533 (+9.7%)***

The City is 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. As part of its ten-year Drug Free Community grant, the City is also required to create a sustainable transition to ensure continued staffing once the grant funding is no longer available. These increases in personnel costs reflect that commitment in a gradual manner.

***School Department +\$1,917,803 (8.3%)***

Recognizing the importance of providing a level service budget at minimum, the School Committee and new Superintendent of Schools engaged in a comprehensive budgetary review based on the structural deficit that had developed throughout the course of previous fiscal years. Based on rapidly escalating special education and transportation costs, this budget ensures that adequate funding is in place to at least maintain existing services. Modest staffing increases have been included in priority areas as have maintenance costs for the newly refurbished and constructed school buildings.

***Health Insurance +\$254,660 (+3.3%)***

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 3% in this line item for FY15. One of the stipulations of the this year's negotiations with our health insurance provider was that the City would implement a wellness program directed at supporting employee health.

***Ordinary Debt Service -\$149,325 (-14.9%)***

Given the maturity of old debt, such as bonds for the Ferry Road sidewalks and the public

wharf, ordinary debt service will decrease for FY 2015 and is currently projected to decrease further into FY 2016.

***Human Resources +\$7,008 (+7.1%)***

Based on the workload, the Human Resource Director requires a dedicated effort of at minimum 40 hours a week. This increase recognizes and reflects that fact. The position has been indispensable in bringing the City into greater compliance with the wide variety of state and federal employer requirements and in offering the necessary supports to assist staff. The cost savings realized from coordinating the health insurance negotiation process alone have paid significant dividends for the City.

## Expenditure Summary by Department

	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 ACTUAL	FY2014 APPROVED	FY2015 PROPOSED	FY2015 APPROVED
<b>GENERAL FUND</b>						
<b>CITY SERVICES</b>						
ANIMAL CONTROL	26,964	38,845	44,515	59,764	61,978.33	61,978.33
ASSESSORS DEPARTMENT	201,237	206,815	251,777	257,778	225,479.01	225,479.01
AUDITOR'S DEPARTMENT	387,010	269,124	274,317	282,517	305,503.20	305,503.20
BOARD OF REGISTRARS	37,085	71,202	57,997	40,000	40,040.00	40,040.00
BUILDING DEPARTMENT	134,098	133,941	136,056	164,865	168,231.31	168,231.31
CITY CLERK'S DEPARTMENT	193,514	197,055	202,106	205,354	223,986.39	223,986.39
CITY COUNCIL	64,600	64,476	64,255	64,600	69,680.00	69,680.00
COMMISSION ON DISABILITY	0	0	0	0	5,927.47	5,927.47
CONSERVATION COMMISSION	3,600	0	0	1,800	1,800.00	1,800.00
COUNCIL ON AGING	192,918	198,159	199,962	258,130	266,410.97	266,410.97
DEBT EXCLUSION	1,015,005	1,010,235	970,106	2,666,654	2,520,694.76	2,520,694.76
EMERGENCY MANAGEMENT	26,009	23,429	21,050	27,500	27,250.00	27,250.00
FIRE DEPARTMENT	3,139,503	3,090,005	3,216,044	3,203,861	3,364,714.00	3,359,635.00
GENERAL ADMINISTRATION	253,666	379,359	371,844	746,332	453,665.89	453,665.89
HEALTH DEPARTMENT	167,595	163,209	177,457	180,853	178,947.59	178,947.59
HISTORICAL COMMISSION	0	0	0	1,800	1,800.00	1,800.00
HUMAN RESOURCES DEPARTMENT	0	0	0	98,960	194,735.46	194,735.46
INFO TECHNOLOGY DEPT	142,327	727,915	239,655	225,173	261,527.00	261,527.00
INSURANCE GROUP	6,555,687	7,064,257	7,006,943	7,735,736	7,990,396.00	7,990,396.00
INTERFUND TRANSFERS OUT	95,700	26,555	312,859	0	0.00	0.00
LEGAL DEPARTMENT	97,192	89,967	69,999	70,000	70,000.00	70,000.00
LIBRARY DEPARTMENT	1,234,221	1,262,441	1,268,539	1,256,236	1,293,998.25	1,293,998.25
LICENSE COMMISSION	4,906	6,091	5,760	6,840	6,840.00	6,840.00
MAYOR'S DEPARTMENT	239,136	225,213	224,431	228,890	278,181.25	278,181.25
ORDINARY DEBT SERVICE	1,164,286	1,096,125	1,059,038	1,004,527	855,201.94	855,201.94
PARKING CLERK DEPARTMENT	63,749	45,608	42,125	42,434	43,486.43	43,486.43
PARKS COMMISSION	72,212	62,525	147,916	124,375	167,866.00	167,866.00
PLANNING & DEVELOPMENT	291,967	276,095	262,493	278,281	291,333.01	291,333.01
PLANNING BOARD	0	0	0	1,800	1,800.00	1,800.00
POLICE DEPARTMENT	3,027,090	3,219,298	3,196,095	3,336,667	3,393,248.45	3,385,794.71
PUBLIC SERVICES DEPARTMENT	1,587,561	2,088,829	2,386,575	1,971,423	2,232,884.31	2,232,884.31
RETIREMENT BOARD	3,206,462	3,242,404	3,356,233	3,417,099	3,428,009.09	3,428,009.09
SNOW & ICE	438,260	115,293	322,959	180,000	180,000.00	180,000.00
STABILIZATION OUTLAY	5,000	5,000	5,000	5,000	5,000.00	5,000.00
SUSTAINABILITY	1,089,132	1,274,135	1,314,475	1,181,779	1,190,517.82	1,190,517.82
TREASURER'S DEPARTMENT	438,609	421,819	469,020	494,272	497,916.24	497,916.24
UNEMPLOYMENT CLAIMS	32,823	38,200	17,938	30,000	0.00	0.00
VETERANS' DEPARTMENT	198,264	292,748	285,468	228,304	258,580.00	258,580.00
WORKERS' COMPENSATION	20,669	54,604	54,604	57,334	0.00	0.00
YOUTH SERVICES	183,641	168,766	175,826	223,078	244,611.38	244,611.38
ZONING BOARD	0	0	0	1,800	1,800.00	1,800.00
<b>CITY SERVICES Total</b>	<b>26,031,699</b>	<b>27,649,741</b>	<b>28,211,436</b>	<b>30,361,816</b>	<b>30,804,041.55</b>	<b>30,791,508.81</b>
<b>EDUCATION</b>						
SCHOOL DEPARTMENT	21,013,234	21,902,865	22,644,436	23,231,943	25,148,813.00	25,148,813.00
WHITTIER VO TECH SCHOOL	452,634	328,294	275,985	335,705	336,873.00	336,873.00
<b>EDUCATION Total</b>	<b>21,465,868</b>	<b>22,231,159</b>	<b>22,920,421</b>	<b>23,567,648</b>	<b>25,485,686.00</b>	<b>25,485,686.00</b>
<b>GENERAL FUND Total</b>	<b>47,497,567</b>	<b>49,880,900</b>	<b>51,131,857</b>	<b>53,929,464</b>	<b>56,289,727.55</b>	<b>56,277,194.81</b>
<b>ENTERPRISE FUNDS</b>						
HARBORMASTER DEPARTMENT	252,702	274,598	283,260	350,703	357,683.80	357,683.80
SEWER DEPARTMENT	4,441,351	4,698,570	5,283,236	6,306,516	6,247,876.62	6,247,876.62
WATER DEPARTMENT	4,412,633	3,516,463	4,068,574	4,883,856	4,887,816.55	4,887,816.55
<b>ENTERPRISE FUNDS Total</b>	<b>9,106,686</b>	<b>8,489,631</b>	<b>9,635,070</b>	<b>11,541,075</b>	<b>11,493,376.97</b>	<b>11,493,376.97</b>

## Position Count by Department

<b>Department</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>Inc.(Dec)</b>
Assessor	3.0	3.0	3.0	3.0	0.0
Auditor	3.3	3.3	3.3	3.8	0.5
Building	5.0	5.0	5.0	5.0	0.0
City Clerk	3.5	3.5	3.5	3.8	0.3
Council on Aging	4.0	4.0	4.5	4.5	0.0
DPS: Highway	21.7	22.0	26.0	26.7	0.7
DPS: Sewer	19.7	18.3	19.0	18.7	(0.3)
DPS: Water	20.7	20.0	20.0	19.7	(0.3)
Emergency Management	2.0	2.0	2.0	2.0	0.0
Fire	46.0	46.0	47.0	46.0	(1.0)
Harbormaster	40.0	40.0	40.0	40.0	0.0
Health	5.2	4.9	5.1	4.9	(0.2)
Human Resources	0.7	1.0	1.0	1.0	0.0
Information Technology	1.0	1.0	1.0	1.0	0.0
Library	23.0	23.0	22.0	22.0	0.0
Mayor's Office	4.3	4.3	3.3	3.6	0.4
Parks	0.5	0.6	0.6	1.0	0.4
Planning & Development	4.2	4.5	4.5	4.5	0.0
Police	36.9	37.1	41.6	41.6	0.0
Schools	372.0	372.0	459.0	473.3	14.3
Sustainability	0.0	1.0	1.0	1.2	0.2
Treasurer/Collector	5.5	5.5	5.5	5.0	(0.5)
Veterans' Services	1.0	1.0	1.0	1.0	0.0
Youth Services	4.0	4.0	4.0	4.0	0.0
<b>Total</b>	<b>627.2</b>	<b>626.9</b>	<b>722.8</b>	<b>737.2</b>	<b>14.5</b>