



City of Newburyport, Massachusetts

Popular Annual Financial Report

Fiscal Year Ending June 30, 2022

About the City

The City of Newburyport, incorporated in 1764, is a coastal, scenic, and historic city located 37 miles north of Boston with a population of approximately 18,000.

Newburyport takes great pride in its history and is rightfully considered by its residents to be among the most beautiful cities. It is known for its numerous spacious and elegant Federalist homes, which were built with the wealth accumulated from whaling and clipper ships during the 19th century. Newburyport holds the distinction of being an official Coast Guard City and has earned designations as both a Cultural District and a Green Community.

The City is governed by an elected Mayor and an 11-member City Council. The Mayor, who serves as the chief executive officer, is responsible for the general management and finances of the City, overseeing all departments. The City's school district is overseen by a 7-member School Committee, with the Mayor serving as the Chair, and a Superintendent.

About the "PAFR"

As part of Newburyport's commitment to keeping residents informed about how tax dollars are being spent, the City publishes a Popular Annual Financial Report (PAFR).

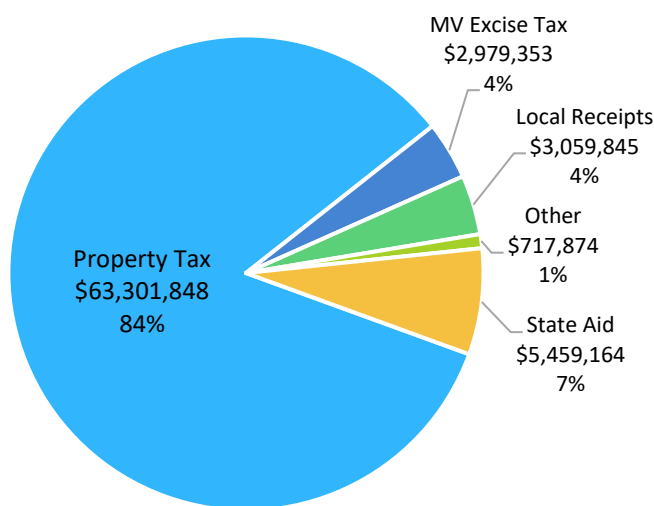
This PAFR presents a summary of financial information from the following sources: the audited financial statements, City Budget, Newburyport Pension Actuarial Valuation, Newburyport OPEB Actuarial Valuation, Public Employee Retirement Administration Commission and State's Division of Local Services.

It is hoped that the information presented in this PAFR will allow the reader to gain a better understanding of the financial health of the City.

FY22 General Fund Revenues & Expenditures

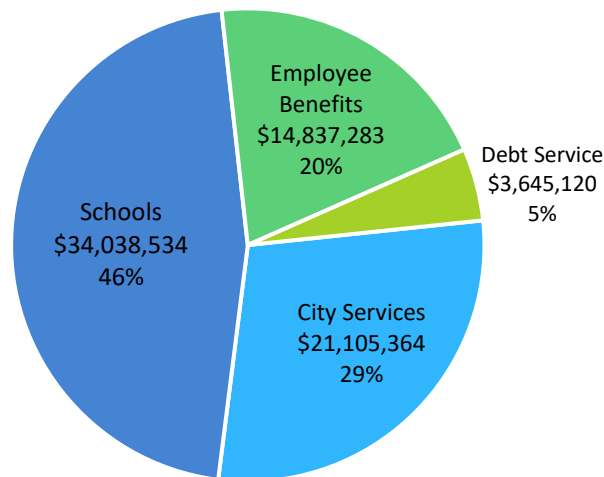
(Stated on a GAAP Basis)

FY22 Audited Revenue



Revenues: Property taxes are the single largest revenue source for Newburyport, comprising 84% of annual revenue. Motor Vehicle Excise Tax and Local Receipts comprise 8% of annual revenue, followed by State Aid (net of assessments) and Other Receipts.

FY22 Audited Expenditures



Expenditures: A large component (46%) of General Fund expenditures goes towards the Schools (Newburyport Public Schools [NPS], Whittier Regional Technical H.S. and Essex Tech). Services provided by the City make up 29% of expenditures; Employee Benefits (City and NPS) 20%; and Debt Service (City and NPS) 5%.

General Fund Financial Statements

Balance Sheet

	<u>FY21</u>	<u>FY22</u>	<u>Amount Change</u>	<u>Percent Change</u>
<u>Assets</u>				
Cash and Short-Term Investments	\$11,570,059	\$9,996,638	(\$1,573,421)	-13.6%
Investments	\$955,588	\$4,231,258	\$3,275,670	342.8%
Receivables	\$2,252,962	\$5,401,128	\$3,148,166	139.7%
Total Assets	\$14,778,609	\$19,629,024	\$4,850,415	32.8%
<u>Liabilities</u>				
Warrants Payable	\$417,662	\$1,593,950	\$1,176,288	281.6%
Accrued Liabilities	\$3,279,645	\$2,157,926	(\$1,121,719)	-34.2%
Tax Refunds Payable	\$104,010	\$0	(\$104,010)	-100.0%
Other	\$433,873	\$347,782	(\$86,091)	-19.8%
Total Liabilities	\$4,235,190	\$4,099,658	(\$135,532)	-3.2%
<u>Deferred Inflows</u>	<u>\$2,309,757</u>	<u>\$4,526,007</u>	<u>\$2,216,250</u>	<u>96.0%</u>
<u>Fund Balances</u>				
Committed	\$783,744	\$1,135,472	\$351,728	44.9%
Assigned	\$395,600	\$520,437	\$124,837	31.6%
Unassigned	\$7,983,496	\$9,347,450	\$1,363,954	17.1%
Total Fund Balances	\$9,162,840	\$11,003,359	\$1,840,519	20.1%
Total Liabilities, Deferred Inflows and Fund Balances	\$15,707,787	\$19,629,024	\$3,921,237	25.0%

Balance Sheet Highlights

- Assets (resources owned) = Liabilities (amounts owed) + Deferred Inflows (resources to be recognized in the future) + Fund Balance (reserves).
- Fund balance has specific restrictions: Committed (Mayor/City Council appropriations for a specific purpose), Assigned (purchase orders), and Unassigned (available).
- FY22 assigned fund balance decreased due a greater number of purchase orders (encumbrances) at year-end compared prior year.
- FY21 unassigned funds increased due to stronger than estimated revenue and fewer appropriations.

Statement of Revenues, Expenditures and Changes in Fund Balance

	<u>FY21</u>	<u>FY22</u>	<u>Amount Change</u>	<u>Percent Change</u>
<u>Revenues</u>				
Property Tax	\$60,918,290	\$63,301,848	\$2,383,558	3.9%
MV Excise Tax	\$2,874,396	\$2,979,353	\$104,957	3.7%
Local Receipts	\$2,451,676	\$3,059,845	\$608,169	24.8%
State Aid	\$4,892,585	\$5,459,164	\$566,579	11.6%
Other	\$217,188	\$717,874	\$500,686	230.5%
Total Revenue	\$71,354,135	\$75,518,084	\$4,163,949	5.8%
<u>Expenditures</u>				
City Services	\$20,045,427	\$21,105,364	\$1,059,937	5.3%
Schools	\$32,744,915	\$34,038,534	\$1,293,619	4.0%
Employee Benefits	\$14,318,814	\$14,837,283	\$518,469	3.6%
Debt Service	\$3,535,790	\$3,645,120	\$109,330	3.1%
Total Expenditures	\$70,644,946	\$73,626,301	\$2,981,355	4.2%
Excess (deficiency) of revenues over expenditures	\$709,189	\$1,891,783	\$1,182,594	166.8%
<u>Other Financing Sources (Uses)</u>				
Issuance of bonds	\$45,000	\$0	(\$45,000)	-100.0%
Transfers In	\$80,981	\$506,902	\$425,921	526.0%
Transfers Out	(\$1,386,786)	(\$558,166)	\$828,620	59.8%
Total Other Financing	(\$1,260,805)	(\$51,264)	\$1,209,541	95.9%
Changes in Fund Balance	(\$551,616)	\$1,840,519	\$2,392,135	433.7%
<u>Fund Balance</u>				
Beginning of Year	\$9,714,456	\$9,162,840	(\$551,616)	-5.7%
End of Year	\$9,162,840	\$11,003,359	\$1,840,519	20.1%

Statement of Revenues, Expenditures and Changes in Fund Balance Highlights

- Total revenues increased by \$4.2 million, or 5.8%, from FY21 to FY22.
- Local receipts increased by 24.8% due to meals and rooms taxes returning to pre-pandemic levels plus taxes on short-term rentals; building permit collections were also higher than anticipated.
- Total FY22 revenue came in 2.9% higher than budgeted estimates resulting in excess of revenues over expenditures by \$1.2 million.
- Fund balance remains strong at 14.5% of total expenditures and unassigned fund balance at 12.3% of total expenditures.
- Strong revenues resulted in an increase to fund balance by 20.1% compared to FY21.

This information is a condensed version of the City's audited financial statements for June 30, 2021 and June 30, 2022, which are accessible in [full](#) via the City website.

Major Liabilities

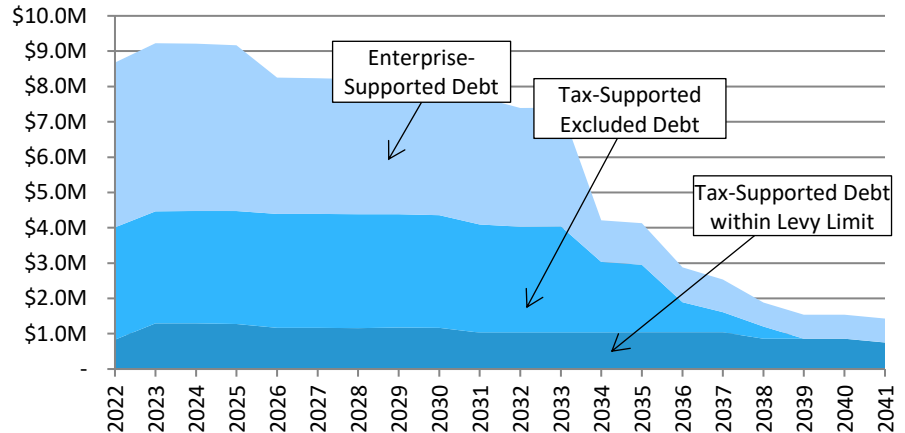
Liabilities are commitments that the City has made and calculated estimates of what will eventually be owed. There are three categories of major liabilities: Debt, Pension, and Other Post-Employment Benefits (OPEB). These liabilities are important to monitor since they can place a burden on future taxpayers and impact the long-term credit worthiness of the City. Accounting standards require municipalities to fully account for bonds payable, pension liabilities and OPEB liabilities.

Debt

Debt Overview

- The City borrows money to pay for various capital projects, such as water/sewer infrastructure, construction of new schools, renovation of facilities, and purchase of heavy equipment.
- It is the City's policy to only borrow for projects greater than \$500,000.
- A critical measure for credit rating agencies is the ratio of debt service payments to total expenditures. The City endeavors to maintain a maximum ratio of General Fund debt service to General Fund expenditures of 8.0%. The current percentage is 5.4%, well within the policy target.

Annual Debt Service for Long-Term Debt as of June 30, 2022

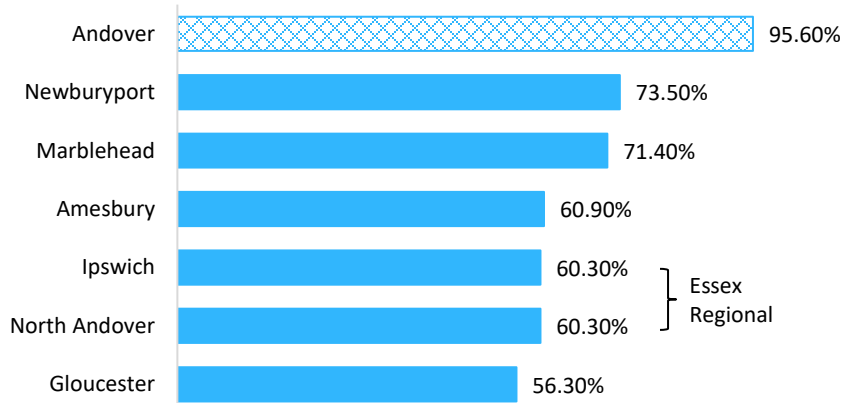


Pension

Pension Overview

- The Newburyport Contributory Retirement System manages the pensions for the City, Schools (non-teachers) and the Newburyport Housing Authority.
- The plan is 73.5% funded as of January 1, 2022 based on a Total Actuarial Liability of \$153 million and Assets of \$112 million. The liability is largely driven by employees that started pre-1996 at lower contribution rates.
- The current funding schedule increases by 5% each year and is projected to be fully funded in FY36. In FY22, the cost to the taxpayers and ratepayers of the City was \$5.5 million.

Pension Liability Funded Ratios

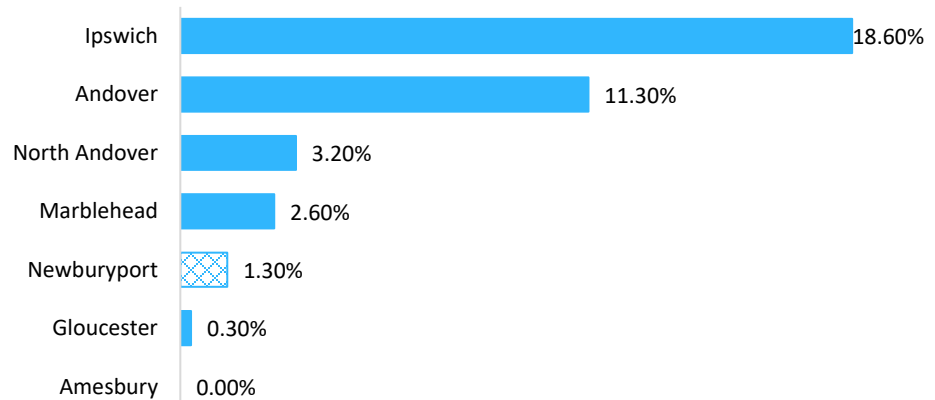


OPEB

OPEB Overview

- Other Post-Employment Benefits (OPEB) represent the City's liability for the cost of health care benefits provided to present and future retirees.
- New accounting rules (GASB 75) require the full liability to be recognized on the balance sheet, whereas the former rule (GASB 45) recognized the liability in the footnotes to the financial statements.
- The plan is 1.30% funded with an Actuarial Accrued Liability of \$89.4 million and an Unfunded Actuarial Accrued Liability of \$90.6 million.
- The City's OPEB Trust Fund had an asset value of \$1.2 million as of June 30, 2022.

OPEB Liability Funded Ratios

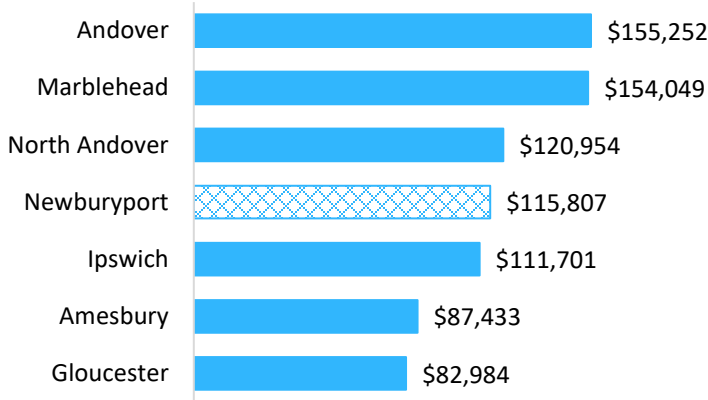


Economy and Taxes

Property taxes and local revenue are critical to the operation and fiscal health of municipalities. The charts below show how Newburyport compares with neighboring communities in terms of per capita income, home values, tax rates and tax bills. The last two charts drill down on City's economic-oriented revenue and the composition of the tax base.

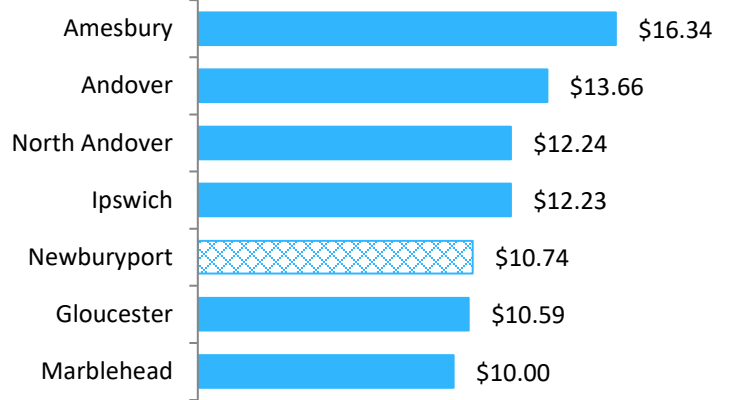
Income

Median Household Income



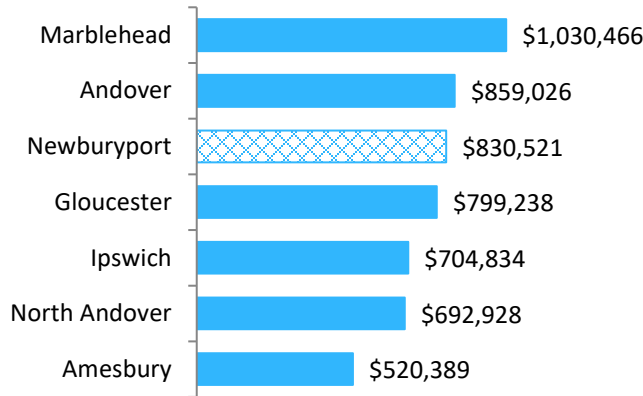
FY23 Tax Rate

Residential Tax Rate (per \$1,000)



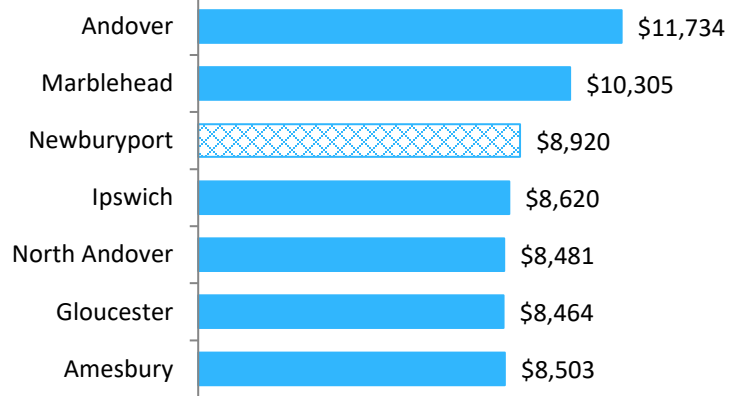
FY23 Home Values

Average Single Family Home Value



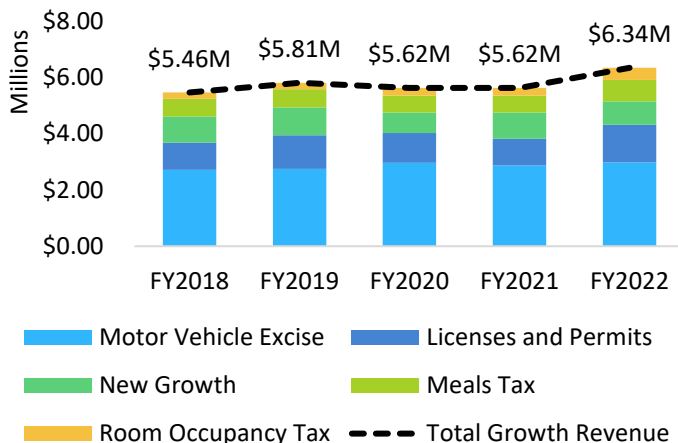
FY23 Tax Bills

Average Single Family Tax Bill



Local Economy

Revenue Sources Correlated to Local Economy (as % of Total Revenue)



Tax Base

FY23 Levy By Class

