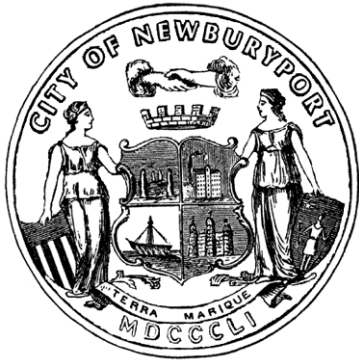

City of Newburyport

FY2024 Joint Budget Meeting

City Council & School Committee



Sean R. Reardon, Mayor
Sean T. Gallagher, Superintendent
November 15, 2022



Annual Joint Budget Meeting

(Mandated Per Charter Sec. 6-2)

“The mayor shall call a joint meeting of the city council and school committee, to include the superintendent of schools, before the commencement of the annual budget process to:

- review the financial condition of the city,
- revenue and expenditure forecasts, and
- other relevant information prepared by the mayor in order to develop a coordinated budget.”

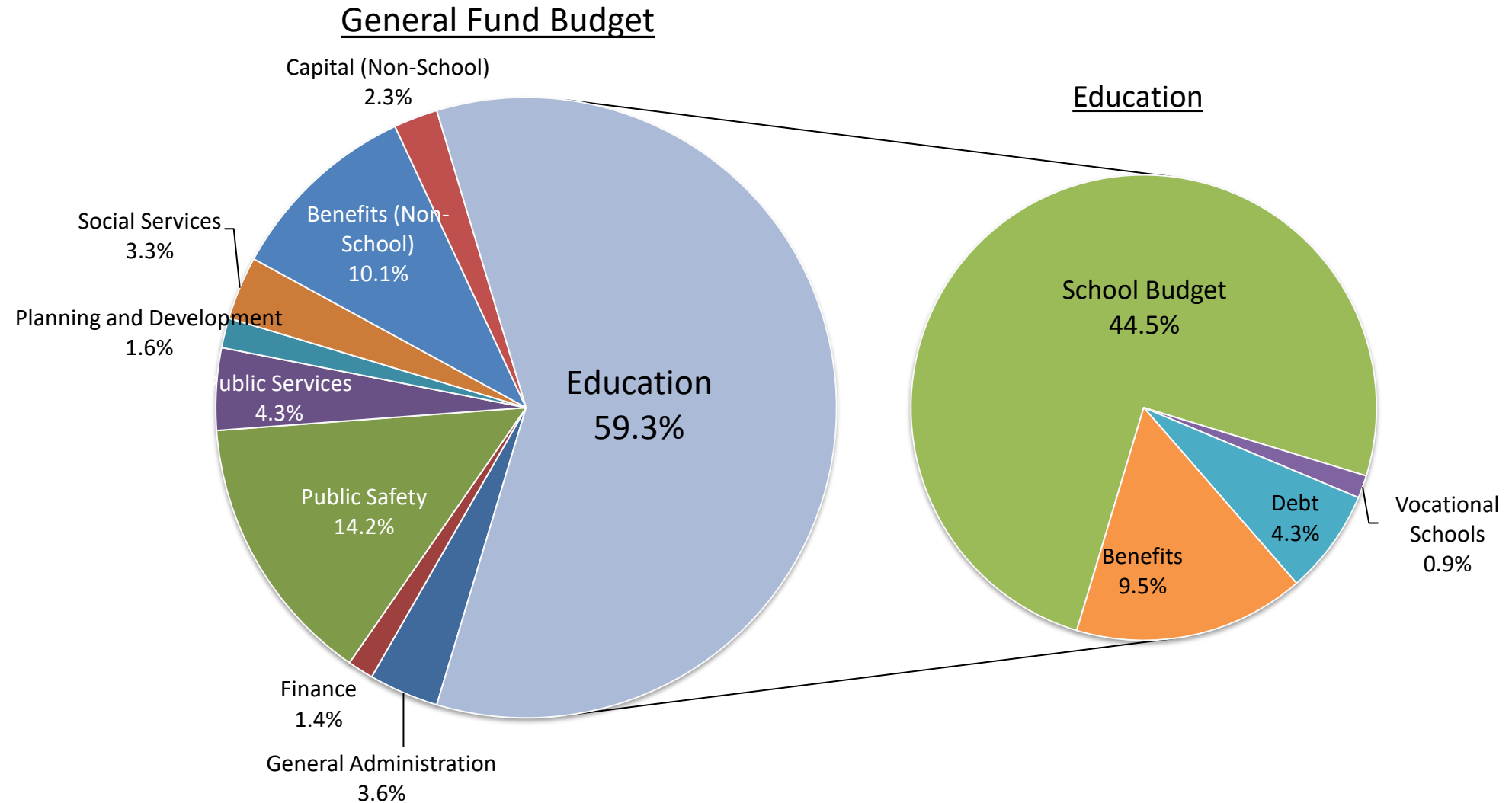
City's Financial Condition



Financial Condition

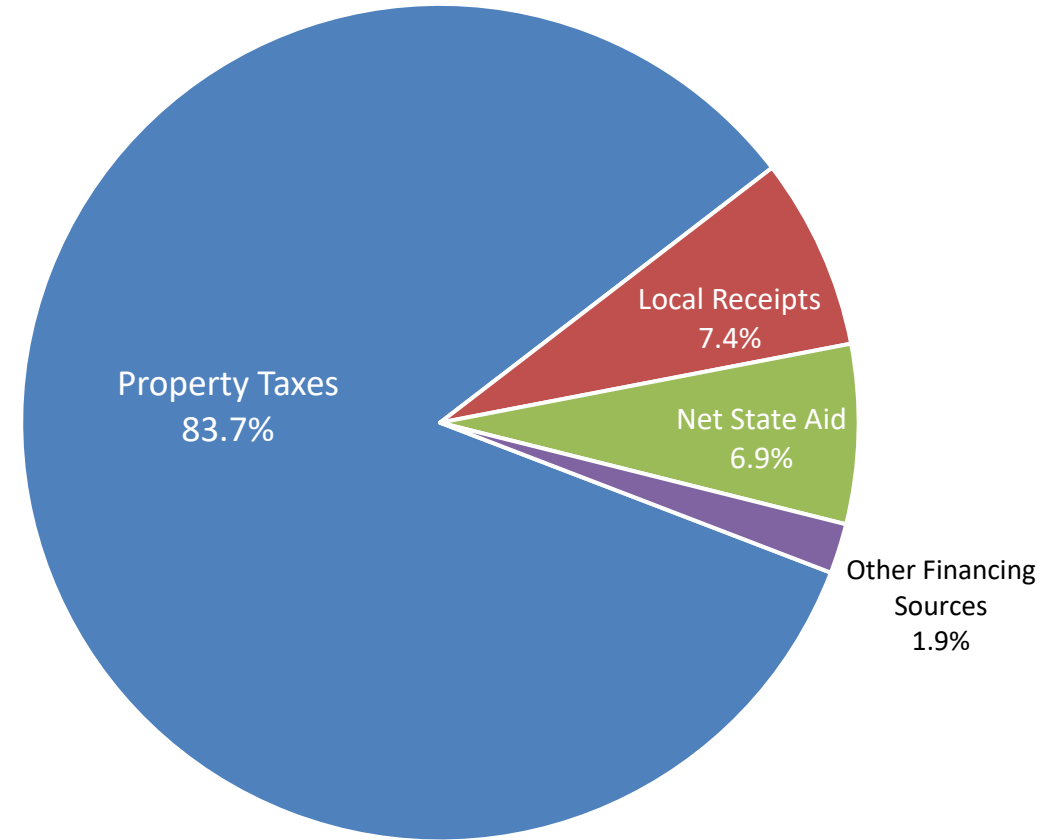
- Long-term AAA credit rating reaffirmed in May 2022 by Standard and Poor's:
 - Very strong residential economy
 - Very strong management, with strong financial policies and practices
 - Stable budgetary performance w/ consistent reserves
 - Manageable debt profile
 - Elevated pension and OPEB liabilities that are expected to continue to grow

FY'23 Approved Budget

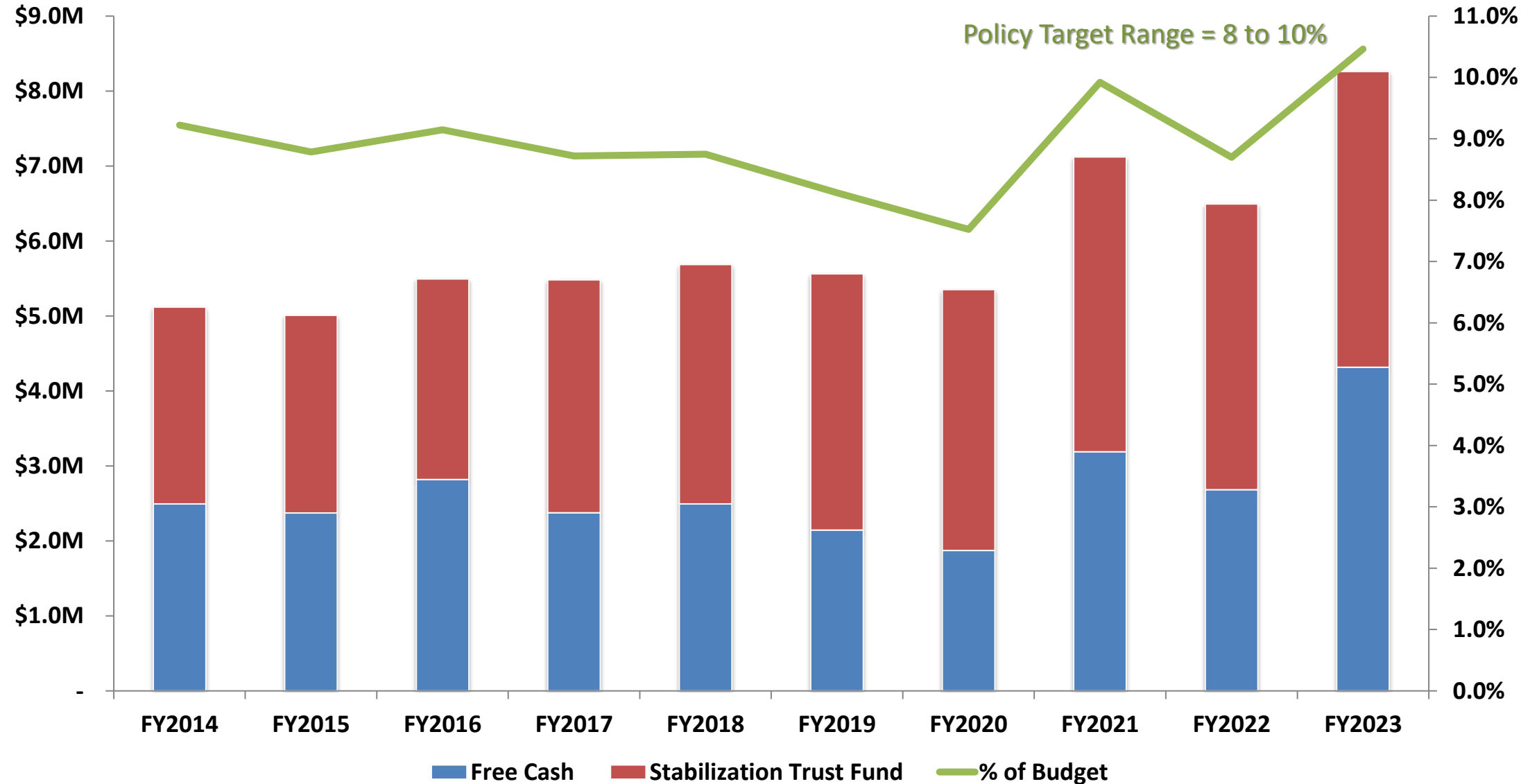


Revenue Sources

- Stable and predictable revenue – property taxes
- More volatile revenue – local excise taxes (motor vehicle, meals and room occupancy), permits, parking
- Federal Aid – ESSER, ARPA, Infrastructure Investment & Jobs Act



Reserve Balances



Free Cash Update

	General Fund Free Cash	Water Ent. Fund	Sewer Ent. Fund	Harbormaster Ent. Fund
7/1/22 Balance	\$4,316,637	\$937,918	\$1,516,385	\$773,356
<u><i>Proposed Transfers To-Date:</i></u>				
Market Landing Park Temporary Power				\$20,000
Waterfront Culvert Replacement	\$655,525			
Stabilization Trust Fund	\$500,000			
FY22 Parklet Fees	\$18,647			
Tax Rate	\$401,028			
Ending Balance	\$2,741,437	\$937,918	\$1,516,385	\$753,356

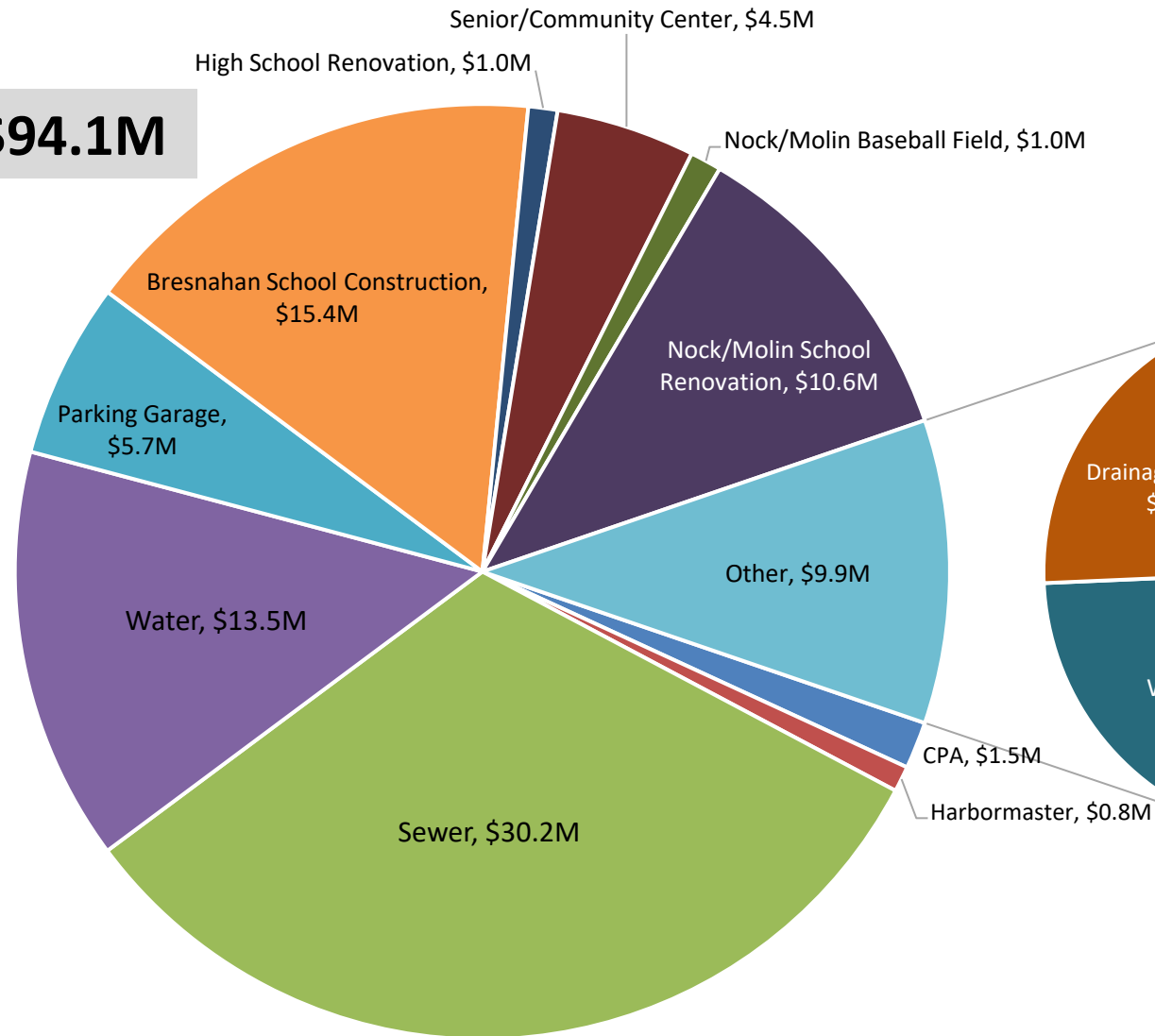
ARPA Update

American Rescue Plan Act Coronavirus Local Fiscal Recovery Funds

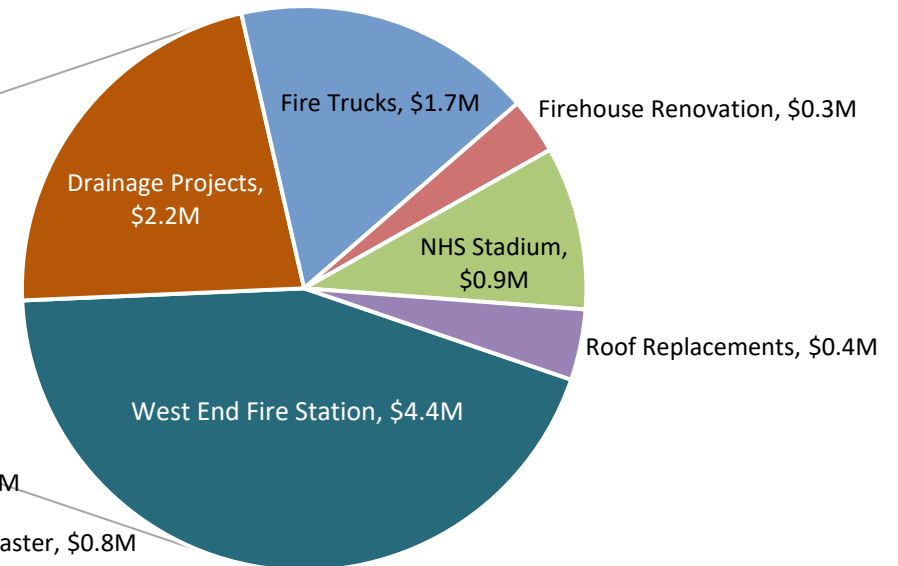
First 50% of Municipal Allocation	957,142	Received 6/16/21
First 50% of County Reallocation	1,776,212	Received 8/17/21
Second 50% of Municipal Allocation	957,142	Received 7/6/22
Second 50% of County Reallocation	1,776,212	Received 9/23/22
Total Funding	5,466,708	
Phillips Drive Drainage Project	1,000,000	ORDR252_05_24_2021 [Approved 8/30/21]
Streets & Sidewalks	2,400,000	ORDR335_03_28_2022 [Approved 4/11/22]
Joppa Park Walkway	100,000	ORDR334_03_28_2022 [Approved 4/25/22]
Amesbury Interconnection	250,000	ORDR336_03_28_2022 [<i>Pending</i>]
Total Appropriations	3,500,000	
Net Remaining	\$1,966,708	← Available for appropriation

Outstanding Debt as of 6/30/22

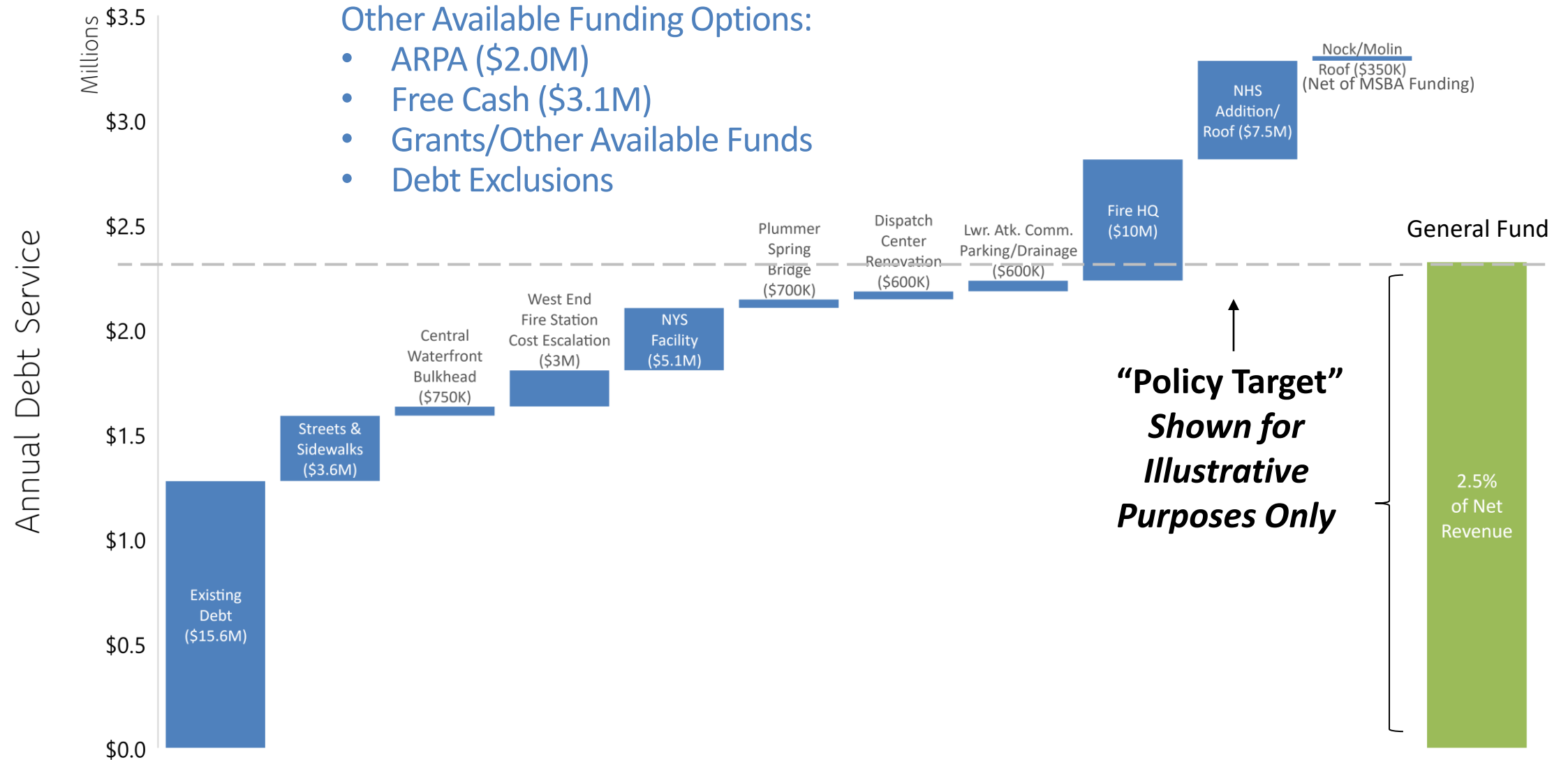
All Debt: \$94.1M



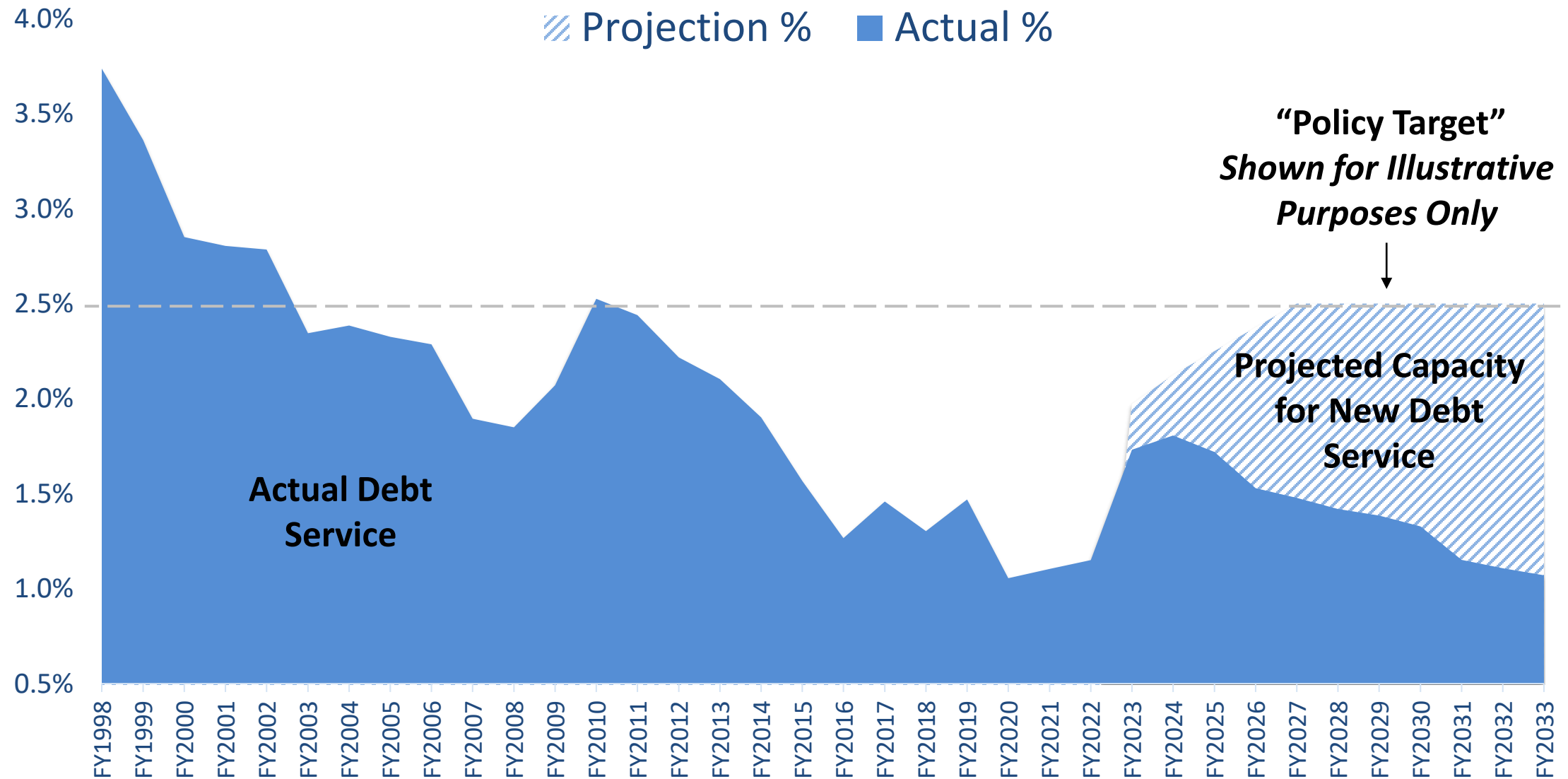
Ordinary Debt: \$9.9M



Potential Borrowing Needs



Annual Debt Service as % of Total Spending



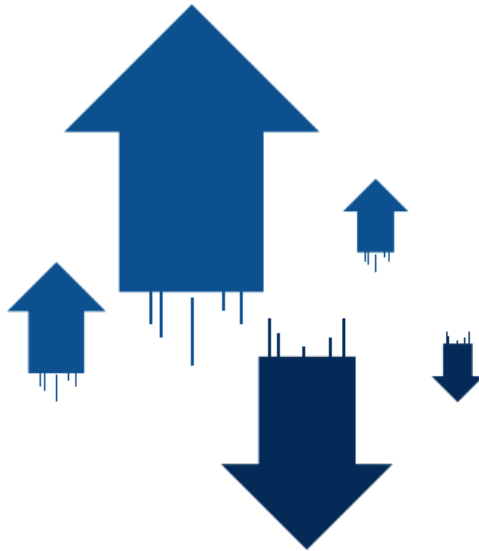
Other Major Liabilities

	Pension (1/1/22)	OPEB (6/30/22)
Total Liability	\$154,501,808	\$90,558,732
Plan Assets	\$112,089,057	\$1,178,780
Net (Unfunded) Liability	\$42,412,751	\$89,379,952
Funding Ratio	72.5%	1.3%
Funding Date	FY2038	FY2052

Pension Plan for Eligible Employees
(excludes Teachers who are part of state-run
MA Teacher's Retirement System)

Other Post-Employment Benefits
(e.g. retiree health insurance)

Five-Year Revenue and Expenditure Forecasting



Budget Pressures

Operating

Capital



Five-Year Forecast Overview

- Five year projection
- Establishes an annual revenue projection based on Proposition 2 ½, local receipts, state aid and other available funds
- Builds off current year budget to ensure that a level services budget can be maintained, at a minimum, to offset any inflationary pressures
- Adheres to financial policies:
 - No one-time revenue used for operations
 - Maintain financial reserves
 - Continued investment in Capital Improvement Plan (CIP)

Major Assumptions

- Labor rates tied to Employment Cost Index (ECI)
- Services/supplies tied to Consumer Price Index (CPI-U)
- Health insurance costs +4.0% per year
- Pension assessment +5.0% per year
- Utilizes full levy limit under Prop. 2 ½
- School appropriation = annual revenue growth
- Debt Service (within levy): 2.5% of net revenue

Note on Health Insurance Costs

- Health insurance is the largest budget line item, comprising 13.3% of expenditures
- Long-term costs very difficult to predict
 - Forecast assumes 4.0% increase per year
 - OPEB actuarial valuation assumes 4.5% annual increases
- Sustainability is dependent on further modifications
 - For example, adjust employer contribution for PPO plans to make equivalent to HMO plans

Five-Year Forecast - Revenue

Revenue Projection

		GROWTH RATE	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 PROJECTED	FY 2025 PROJECTED	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
PROPERTY TAXES											
Prior Year Levy Limit			54,300,695	56,390,995	58,726,600	61,029,959	63,454,590	65,815,955	68,255,729	70,776,356	73,380,356
2 1/2 % Increase			1,357,517	1,409,775	1,468,165	1,525,749	1,586,365	1,645,399	1,706,393	1,769,409	1,834,509
New Growth			732,787	925,830	835,194	898,882	775,000	794,375	814,234	834,590	855,455
TOTAL LEVY LIMIT			56,390,999	58,726,600	61,029,959	63,454,590	65,815,955	68,255,729	70,776,356	73,380,356	76,070,320
Debt Exclusion			3,165,464	3,171,545	3,171,735	3,167,680	3,182,660	3,195,425	3,230,640	3,228,003	3,222,353
TOTAL LEVY LIMIT			59,556,463	61,898,145	64,201,694	66,622,270	68,998,615	71,451,154	74,006,996	76,608,358	79,292,672
Excess Levy Capacity			0	-869,029	-639,637	-610,300	0	0	0	0	0
TOTAL TAX LEVY			59,556,463	61,029,116	63,562,057	66,011,970	68,998,615	71,451,154	74,006,996	76,608,358	79,292,672
LOCAL RECEIPTS											
Motor Vehicle Excise	3.0%		2,963,027	2,874,396	2,979,353	2,850,000	2,935,500	3,023,565	3,114,272	3,207,700	3,303,931
Other Excise											
a. Meals	2.5%		600,503	569,637	764,549	662,750	725,000	743,125	761,703	780,746	800,264
b. Room	3.0%		272,723	242,075	426,193	362,750	405,000	417,150	429,665	442,554	455,831
c. Other	0.0%		124,410	233	0	0	0	0	0	0	0
Pen & Int on Tax & Exc	1.0%		310,774	332,363	330,142	300,000	315,000	318,150	321,332	324,545	327,790
Payments in Lieu of Taxes	0.0%		37,089	27,196	27,924	27,000	27,000	27,000	27,000	27,000	27,000
Fees	1.0%		294,754	298,646	247,606	250,000	250,000	252,500	255,025	257,575	260,151
Other Dept. Revenue	1.0%		56,416	72,014	75,865	70,000	72,500	73,225	73,957	74,697	75,444
Licenses and Permits	2.5%		1,055,073	945,583	1,349,322	950,000	1,000,000	1,025,000	1,050,625	1,076,891	1,103,813
Fines & Forfeits	2.0%		7,347	4,898	6,708	7,500	6,500	6,630	6,763	6,898	7,036
Investment Income	5.0%		238,029	59,770	45,382	45,000	45,000	47,250	49,613	52,093	54,698
Medicaid Reimbursement	3.0%		33,985	115,227	285,482	110,000	115,000	118,450	122,004	125,664	129,434
Miscellaneous Recurring	3.0%		174,408	100,646	241,413	200,000	206,000	212,180	218,545	225,102	231,855
Miscellaneous Non-Recurring	0.0%		294,784	117,454	432,208	0	0	0	0	0	0
TOTAL LOCAL RECEIPTS	2.7%		6,463,321	5,760,138	7,212,147	5,835,000	6,102,500	6,264,225	6,430,502	6,601,464	6,777,246
TOTAL NET STATE AID	3.0%		4,583,403	4,879,892	4,909,318	5,588,785	5,756,449	5,929,142	6,107,016	6,290,227	6,478,934
OTHER FINANCING SOURCES			795,360	886,924	1,027,623	1,883,058	1,148,374	1,162,907	1,182,688	1,202,440	1,216,949
RESERVE FOR ABATEMENT			-391,856	-311,489	-353,461	-364,603	-344,993	-357,256	-370,035	-383,042	-396,463
TOTAL REVENUE			71,006,691	72,244,580	76,357,684	78,954,210	81,660,945	84,450,173	87,357,168	90,319,447	93,369,338

Five-Year Forecast - Expenditures

Expenditure Projection										
	GROWTH RATE	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 BUDGET	FY 2024 PROJECTED	FY 2025 PROJECTED	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
General Administration	2.8%	2,397,840	2,219,851	2,534,021	2,873,688	2,955,045	3,038,706	3,124,734	3,213,199	3,304,168
Finance	3.2%	917,619	1,096,424	995,489	1,066,100	1,099,832	1,134,630	1,170,530	1,207,565	1,245,772
Public Safety	3.1%	10,045,942	10,223,286	10,550,049	11,200,998	11,549,908	11,909,686	12,280,672	12,663,213	13,057,670
Public Services	3.0%	3,041,959	3,072,368	3,539,860	3,379,600	3,482,264	3,588,048	3,697,045	3,809,353	3,925,073
Planning and Development	3.2%	911,207	976,541	1,090,822	1,225,805	1,264,597	1,304,616	1,345,901	1,388,493	1,432,433
Social Services	3.1%	2,222,596	2,209,788	2,416,058	2,607,093	2,687,780	2,770,964	2,856,722	2,945,135	3,036,284
Public Schools	3.2%	30,935,242	32,072,564	33,485,466	35,154,240	36,279,176	37,440,109	38,638,193	39,874,615	41,150,603
Vocational Schools	3.0%	785,040	740,858	767,708	739,891	762,088	784,950	808,499	832,754	857,736
Employee Benefits:										
Health Insurance										
City	4.0%	3,953,952	3,895,329	4,029,938	4,242,324	4,412,017	4,588,497	4,772,037	4,962,919	5,161,435
Schools	4.0%	5,770,475	5,684,919	5,881,371	6,191,330	6,438,983	6,696,543	6,964,405	7,242,981	7,532,700
Total	4.0%	9,724,427	9,580,247	9,911,310	10,433,654	10,851,000	11,285,040	11,736,442	12,205,899	12,694,135
Pension Assessment										
City	5.0%	3,129,576	3,384,373	3,586,161	3,731,479	3,918,053	4,113,955	4,319,653	4,535,636	4,762,418
Schools	5.0%	1,210,982	1,179,136	1,181,995	1,319,938	1,385,935	1,455,231	1,527,993	1,604,392	1,684,612
Total	5.0%	4,340,558	4,563,509	4,768,156	5,051,416	5,303,987	5,569,187	5,847,646	6,140,028	6,447,030
Total Employee Benefits	4.3%	14,064,984	14,143,756	14,679,466	15,485,070	16,154,987	16,854,227	17,584,088	18,345,928	19,141,165
Capital										
Capital Outlay	2.5%	461,873	372,578	468,945	581,500	596,038	610,938	626,212	641,867	657,914
Debt Service		3,872,960	3,924,560	3,991,371	4,640,224	4,825,921	4,997,491	5,200,556	5,375,228	5,445,603
Total Capital Investments		4,334,834	4,297,138	4,460,315	5,221,724	5,421,958	5,608,430	5,826,768	6,017,095	6,103,517
TOTAL EXPENDITURES		69,657,263	71,052,572	74,519,254	78,954,210	81,657,635	84,434,366	87,333,151	90,297,349	93,254,421
TOTAL REVENUE		71,006,691	72,244,580	76,357,684	78,954,210	81,660,945	84,450,173	87,357,168	90,319,447	93,369,338
AVAILABLE BALANCE		1,349,428	1,192,008	1,838,430	0	3,310	15,807	24,016	22,098	114,917



Newburyport Public Schools

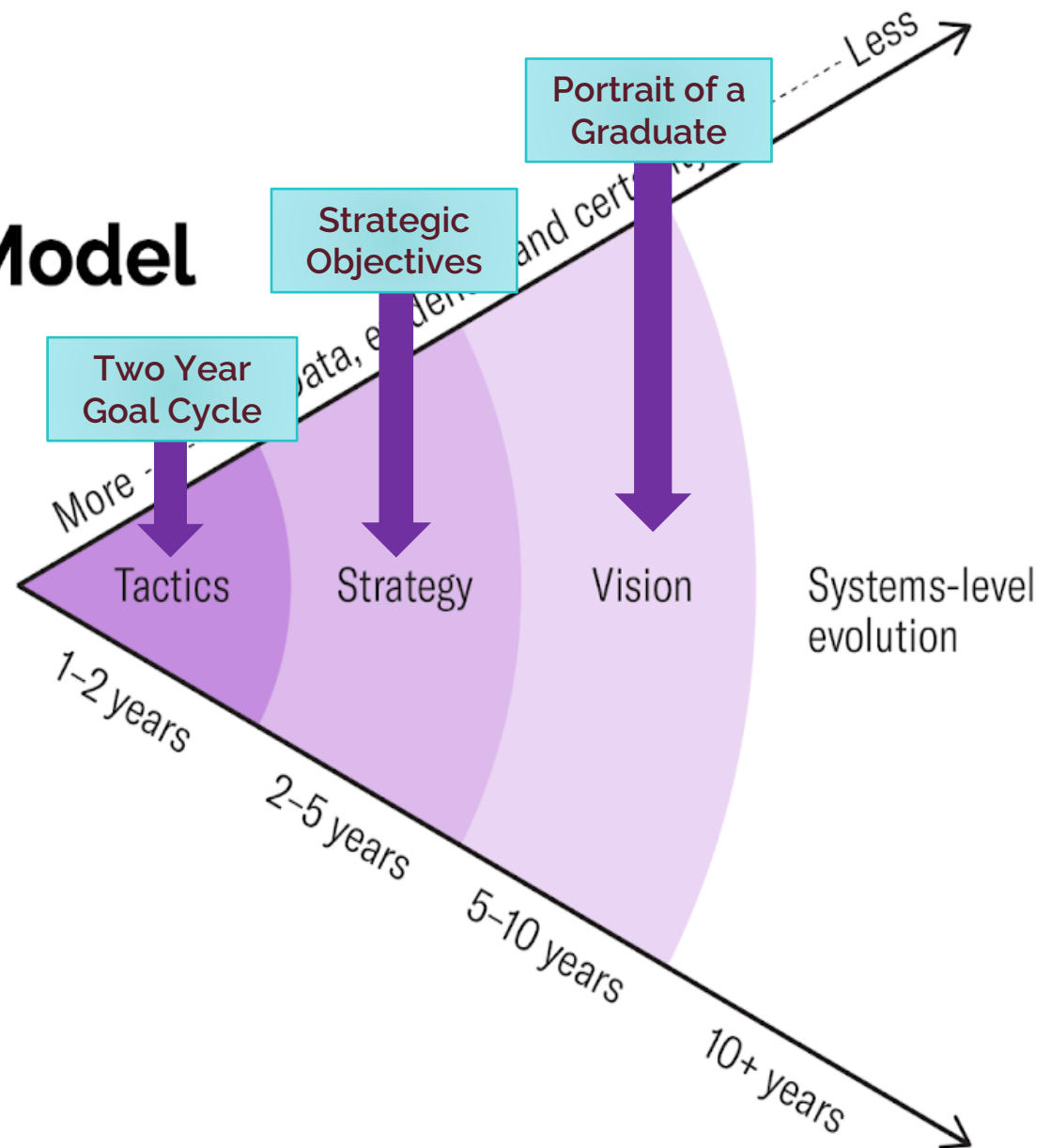
**JOINT SCHOOL
COMMITTEE/CITY
COUNCIL MEETING**

NOVEMBER 15, 2022

Future Focused Planning Model

"As you gain data and evidence and as you make progress on your actions, the beginning of the cone and your tactical category is always reset in the present day."

Amy Webb



One Vision: Portrait of a Graduate



Physically,
socially and
emotionally well



Literate across all
disciplines



Creative, innovative,
collaborative problem-
solvers



Civically engaged



Prepared for life
after graduation

Five Strategic Objectives

Reimagine...

**Teaching and
Learning**

**Supports so all
Students are
Ready and Able to
Learn**

**A Culture of Self
Discovery and
Personal
Achievement**

**Organizational
Design and
Operations**

**An Active
Community of
Stakeholders**

2022-23 District Goals

Professional Practice Goal

- We will increase our instructional leadership expertise and capacity within the district to support teachers in meeting the needs of all learners.

Student Learning Goal

- We will increase support to improve student achievement for all students while closing existing achievement gaps for high needs students.

School Improvement Goal

- We will increase the ability of grade-level and content-specific professional learning communities to use student, parent and teacher-friendly data cycles.

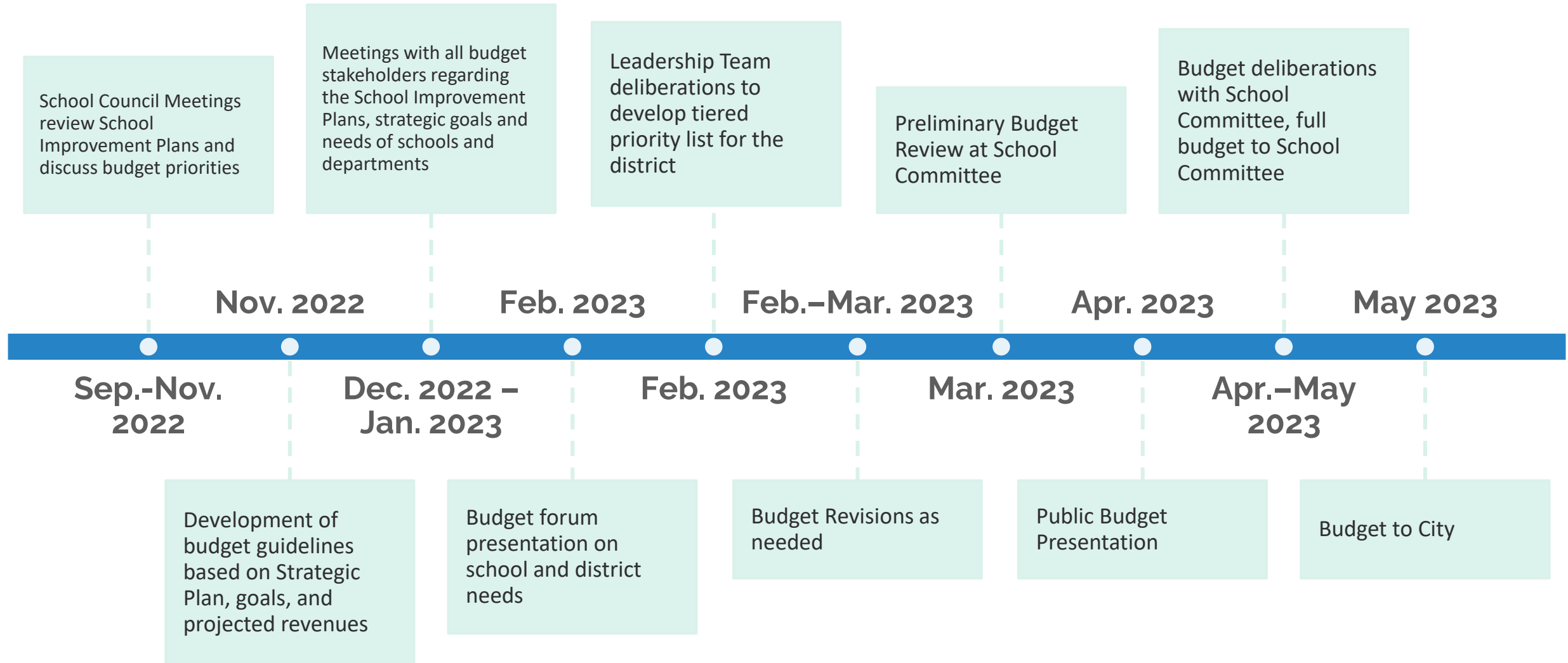
District Improvement Goal

- We will have a system to ensure a comprehensive, rigorous, equitable, and relevant curriculum that is aligned to the Massachusetts curriculum frameworks.

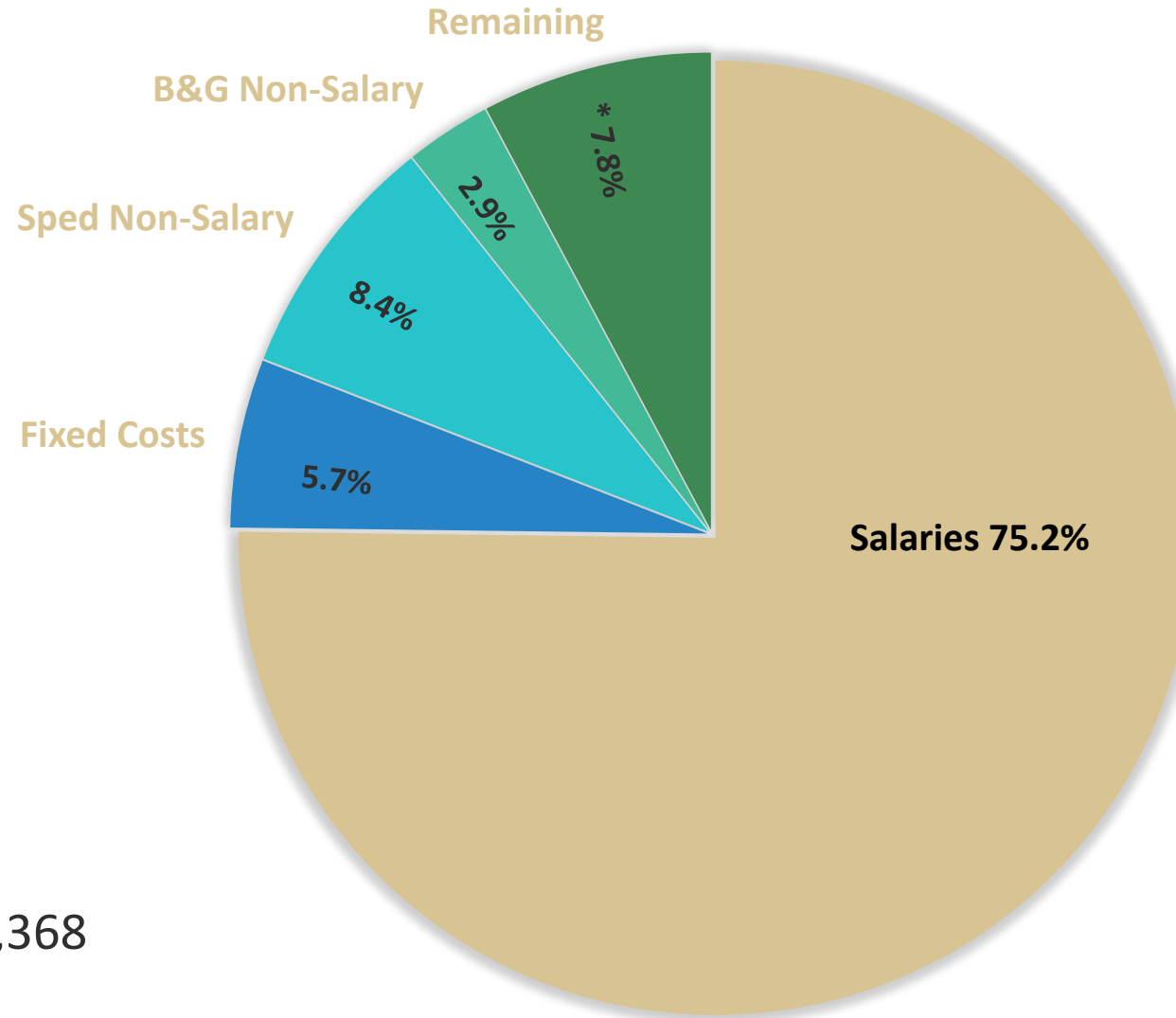
2022-23 District Goals Matrix

REIMAGINE:	Teaching and Learning	Supports so all Students are Ready and Able to Learn	Culture of Self Discovery and Personal Achievement	Organizational Design and Operations	Active Community of Stakeholders
Professional Practice Goal <i>instructional leadership</i>	Implement PK-12 Literacy Plan	Language and Strategies-based Programs Co-Teaching	Expand Behavioral Health Capacity Student Voice Programs	Structures to Support Active Teacher Leadership Expanded HR Capacity	Structures to Support Active Teacher Leadership
Student Learning Goal <i>closing achievement gaps</i>	High Impact, Engaging Instructional Practices	Special Education Program Development	Expanded Opportunities for Learners at all Levels (extended day and vacation programs)	Tuition Free Kindergarten Special Education and Intervention Positions	Established Reporting Structure to Share Data with the Community
School Improvement Goal <i>student, parent and teacher-friendly data</i>	District Data Collection, Analysis and Reporting	Effective Tiered Intervention at Every Level iReady Implementation	Student-Centered Data Analysis Student Led Conferences	District Level Reporting Structure	Established Reporting Structure to Share Data with the Community
District Improvement Goal <i>comprehensive, rigorous, equitable, and relevant curricula</i>	Ongoing Cycle of Curriculum Review District Level Reporting Structure	District-wide Multi-Tiered Systems of Support Co-Teaching	Expanded Opportunities for Learners at all Levels (extended day and vacation programs)	Special Education Program Development District Data Team Implemented	District Level Communication Plan

FY '24 Budget Process Timeline



FY '23 Salary and Expense Allocation



TOTAL BUDGET \$40,135,368

* Misc. Expenses -
Textbooks, supplies &
materials, equipment...

Revenue Sources

	FY20 Budgeted	FY20 Actual Rec'd	FY21 Budgeted	FY21 Actual Rec'd	FY22 Budgeted	FY22 Actual Rec'd	FY23 Budgeted
City Allocations	\$30,875,762	\$30,875,762	\$32,062,565	\$32,492,651	\$33,485,466	\$33,485,466	\$35,154,239
Choice Tuition	\$122,747	\$122,747	\$228,519	\$307,168	\$306,000	\$478,588	\$300,000
Choice Utilized	\$580,170	0	\$798,439	\$284,470	\$889,100	\$687,437	\$495,100
Choice Educatius	0	0	0	0	0	\$164,555	0
Circuit Breaker	\$902,299	\$1,174,900	\$1,124,900	\$1, 136,938	\$1,109,318	\$1,147,630	\$1,409,318
Athletics	\$296,500	\$268,818	\$296,500	\$279,039	\$296,500	\$307,463	\$336,487
Transportation	\$200,000	\$189,785	\$105,000	\$117,635	\$180,000	\$148,832	\$180,000
Kindergarten	\$379,240	\$381,759	\$50,000	\$42,564	\$300,000	\$239,020	\$0
Pre-School	\$200,000	\$209,713	\$200,000	\$66,558	\$200,000	\$225,698	\$200,000
Title I	\$200,000	\$310,595	\$200,000	\$257,069	\$200,000	\$276,490	\$200,000
IDEA	\$500,000	\$500,000	\$500,000	\$516,076	\$500,000	\$490,873	\$500,000
Totals	\$34,256,718	\$34,034,079	\$35,565,923	\$35, 500,168	\$37,466,384	\$37,652,052	\$38,775,144

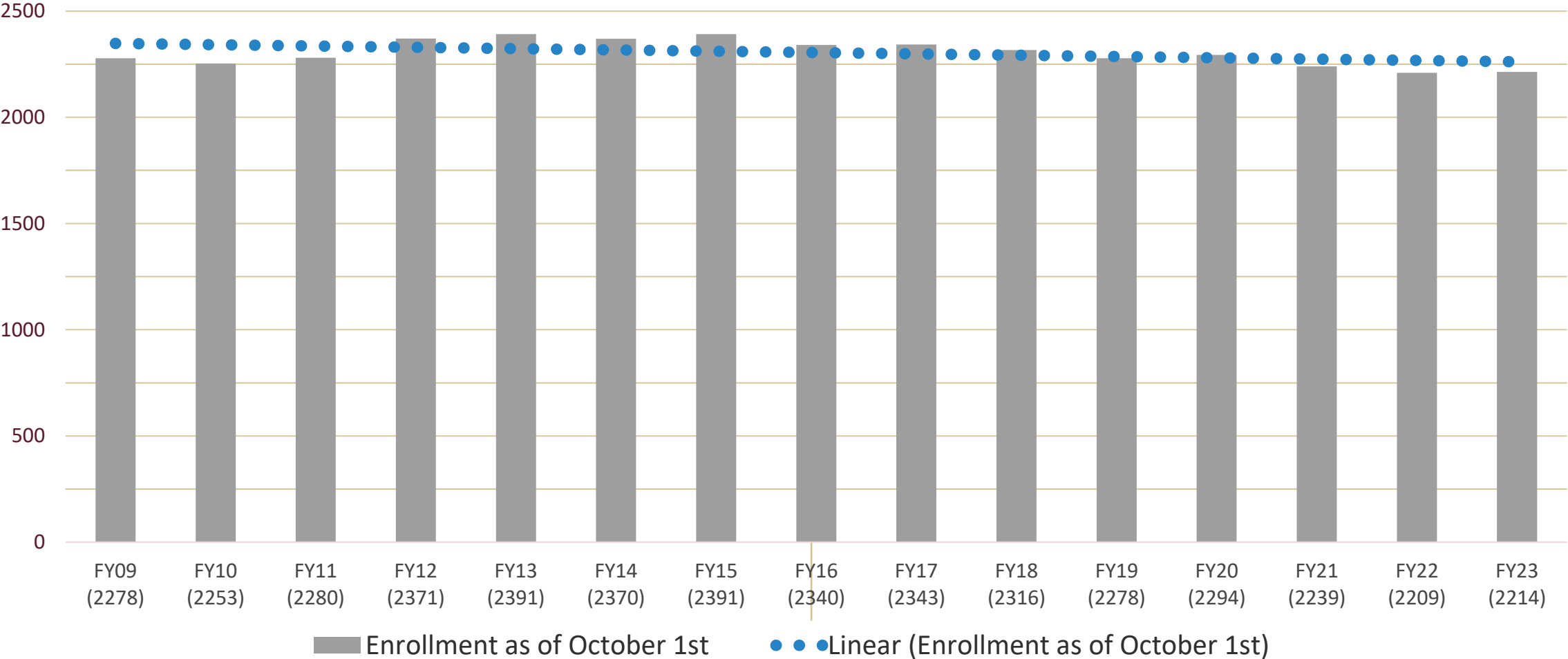
Other Federal and State Grants		FY20	FY21	FY22	FY23 Projected
	Early Childhood SPED	\$11,922	\$12,062	\$12,270	\$13,013
	Improving Educator Quality (Title IIA)	\$62,763	\$42,455	\$52,585	\$39,283
	Title IV Grant	\$19,810	\$23,725	\$18,520	\$19,329
	Enhanced School Health Services	\$75,000	\$75,000	\$75,000	\$75,000
	COVID CVRF	0	\$488,025	\$0	\$0
	ESSER I	0	\$269,952	\$0	\$0
	ESSER II	0	0	\$609,884	\$378,858 (FY23)
	ESSER III	0	0	\$85,510	\$2,051,826 (FY23-25)*
	Nonrecurring Grants	0	0	\$205,826	\$0
	Tech Ed Remote Learning	0	\$5,849	0	\$0
	TOTALS	\$169,495	\$917,069	\$1,059,595	\$2,577,309*

Private Grants		FY20	FY21	FY22	FY23 Projected
	Swasey	\$173,000	\$140,000	\$193,000	140,000
	NEF	\$331,233	\$244,000		
	Total Private	\$504,233	\$384,000		

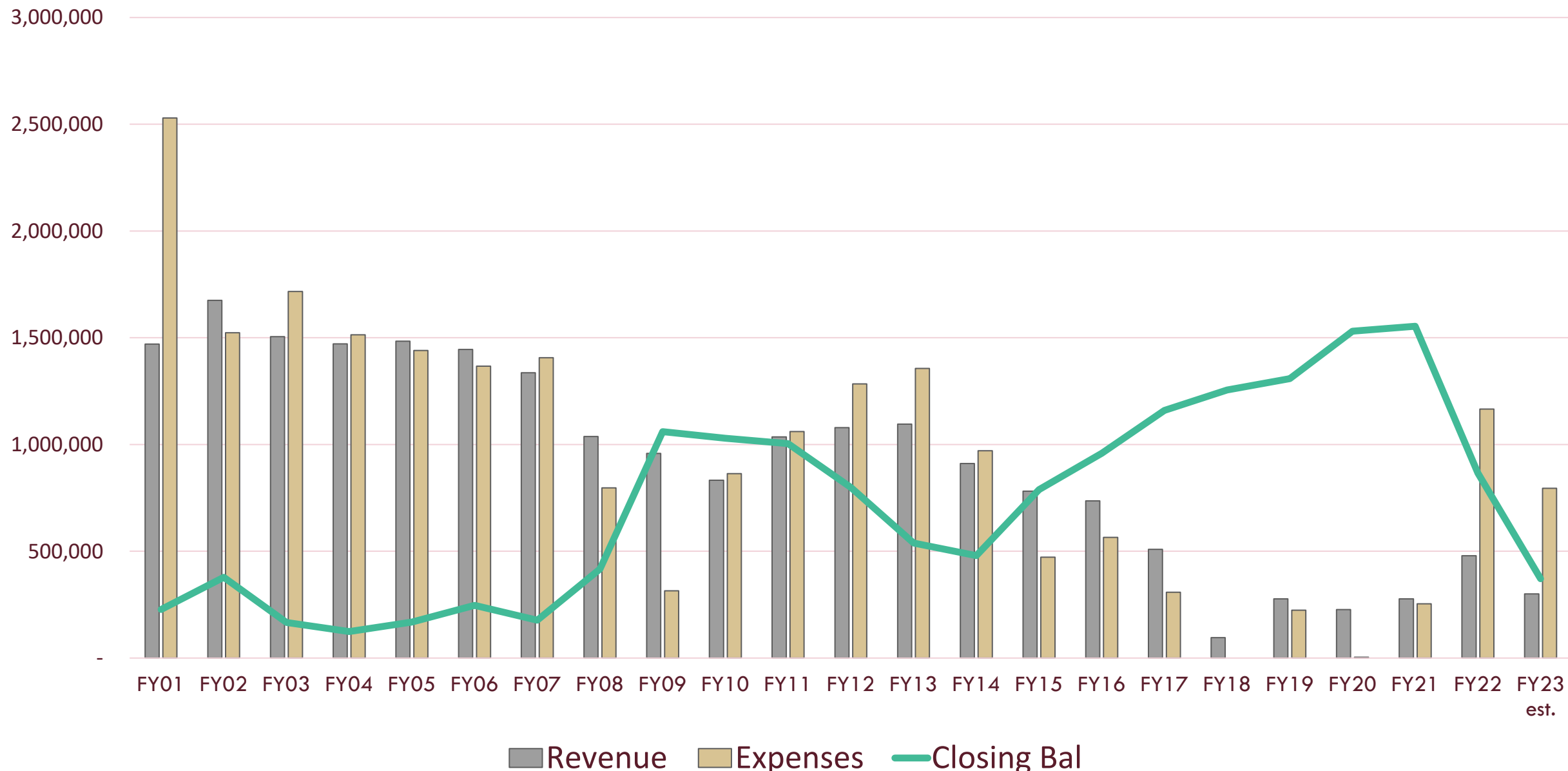
ESSER III

Description	FY23 and FY24
Full Day Kindergarten (FY23 only, includes 3 FTE salaries)	\$318,000
Interventionists (FTE salaries)	\$182,490
Instructional Assistants (FTE salaries)	\$250,000
Supplies and Materials (intervention platforms, data tools)	\$110,000
Instructional Technology (hardware and software)	\$190,000
Professional Development (special education PD)	\$200,000
Summer and After School Learning Loss Programs (transportation, salaries, materials)	\$550,000
Accelerated Learning Supports (transportation, salaries, materials)	\$251,336

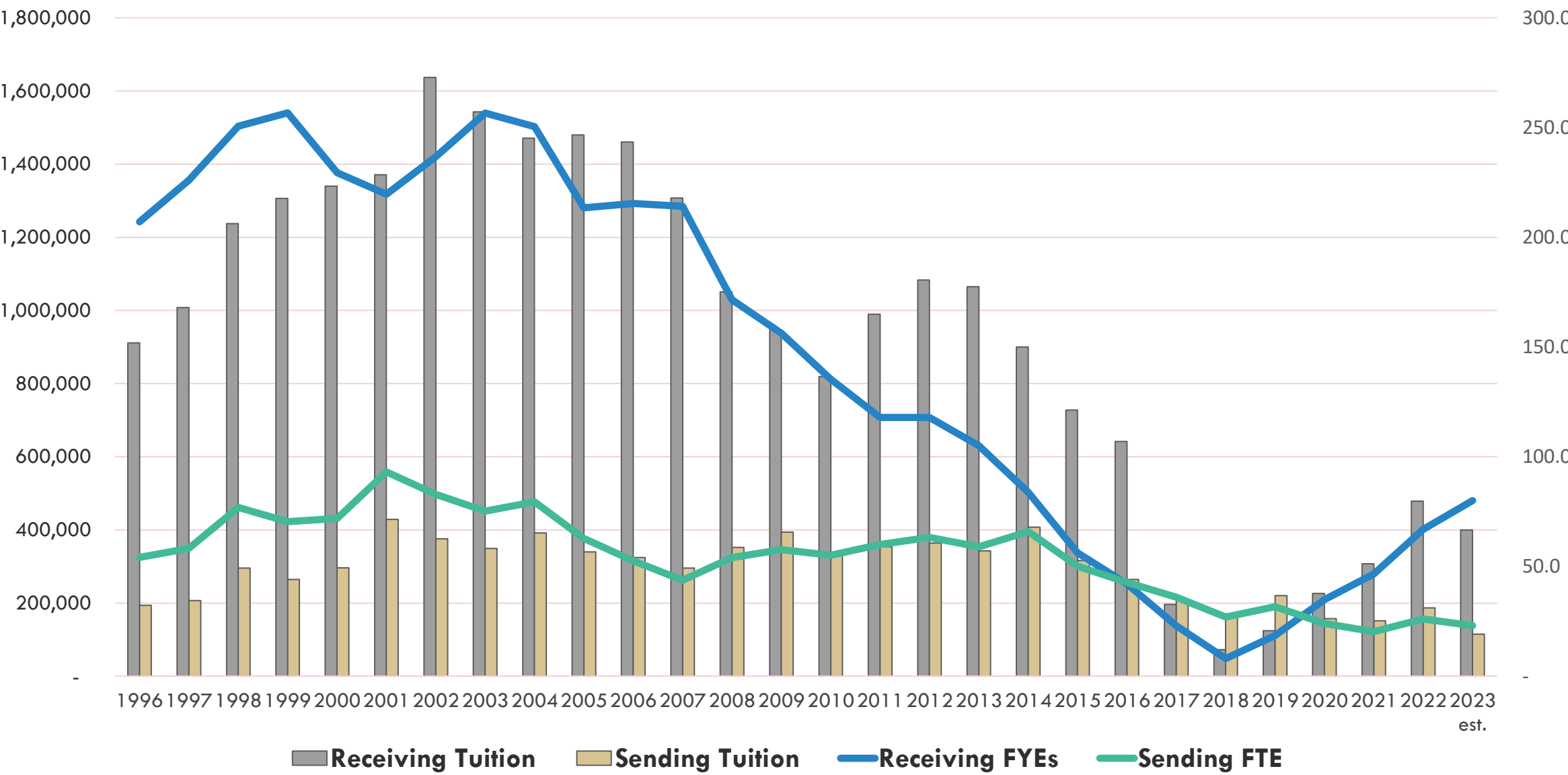
Enrollment



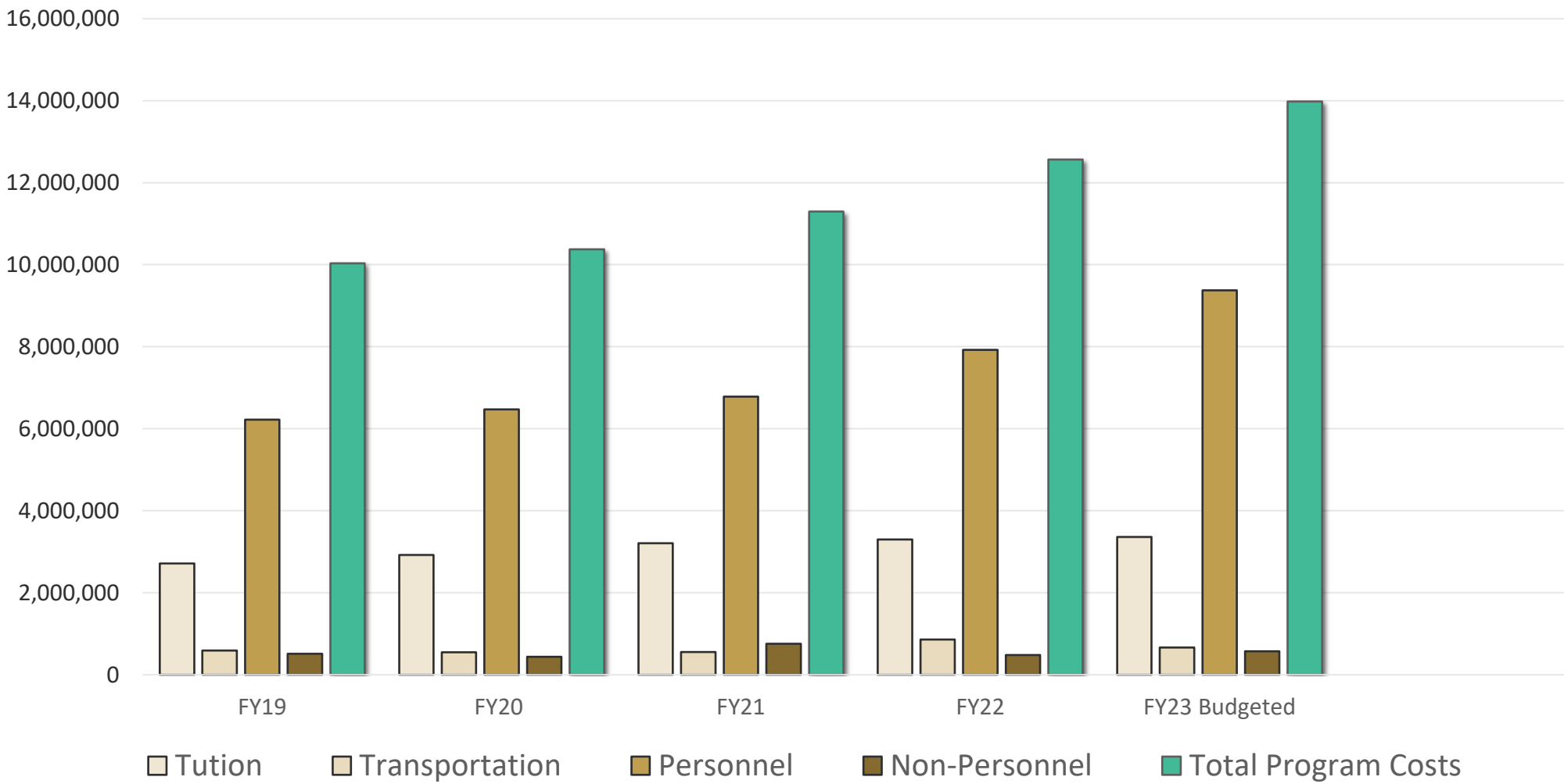
School Choice: Revenue, Expenses, Fund Ending Balance



School Choice: Receiving and Sending Number of Students and Tuition



Special Education Costs



Tuition*
FY19: 2,711,035
FY20: 2,922,137
FY21: 3,205,750
FY22: 3,296,998
FY23: 3,363,034

Transportation
FY19: 590,978
FY20: 547,949
FY21: 552,899
FY22: 861,811
FY23: 663,986

Personnel**
FY19: 6,220,564
FY20: 6,469,535
FY21: 6,781,878
FY22: 7,923,469
FY23: 9,376,464**

Non-Personnel
FY19: 509,816
FY20: 437,591
FY21: 753,817
FY22: 482,086
FY23: 575,350

Total
FY19: 10,032,394
FY20: 10,377,211
FY21: 11,294,344
FY22: 12,564,364
FY23: 13,978,834

*Mass Operational Services Division Estimated Rate of Inflation: 14%

**FY23 Reflects recategorization of counselor salaries (\$932,342)

FY '23 Out of District Tuition Rates

School	Base Tuition
Beverly School for the Deaf	85,369
Children's Center for Communication	104,428
Dr. Franklin Perkins	237,811
Hopeful Journeys	129,711
Landmark	60,394
Lighthouse	110,429
Melmark Residential	296,853
Merrimack Heights	90,634
Nashoba Learning Group	119,815
New England Academy	70,010
Northshore Consortium SOAR	42,660
SEEM Collaborative	67,500
Shrub Oak International	535,695
Solstice	82,230
St. Anne's Home	59,112
Walden St. JRI	223.848
Woodhall	55,518

Next Steps



- Budget process reviewed with leadership
- Meetings held with school administrators and department heads
- Priorities reviewed with leadership teams and budget proposal developed
- School Committee adopts school budget at least 10 days prior to Mayor's submission to City Council
- Mayor's proposed budget and capital improvement program (CIP)* submitted to City Council by May 15th
- City Council has 45 days to approve budget (CIP by July 1st*); new FY begins July 1st

*Pending enactment of [H.3925](#)

Questions/ Discussion