

# City of Newburyport FY2022 Joint Budget Meeting City Council & School Committee

Donna D. Holaday, Mayor

Superintendent Sean T. Gallagher

January 12, 2021

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# Annual Budget Meeting

## (Charter Sec. 6-2)

To develop a coordinated FY22 budget, we will review:

- City's financial condition, including financial indicators and trends
- School district trends and financial status
- Five-year revenue and expenditure forecasts, including key variables
- FY2022 budget timeline



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# City's Financial Condition



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# What is Financial Condition?

- A city in good financial condition can:
  - Meet its financial obligations on a continuing basis
  - Maintain existing service levels
  - Withstand economic disruptions, and respond to growth, decline, and change
  - Collect enough revenues to pay short-term bills, finance major capital expenditures, and meet long-term obligations

Adapted from International City/County Management Association's (ICMA) Evaluating financial condition: A handbook for local government and Government Finance Officer Association's (GFOA) Diagnosing the Financial Condition of Your Local Government



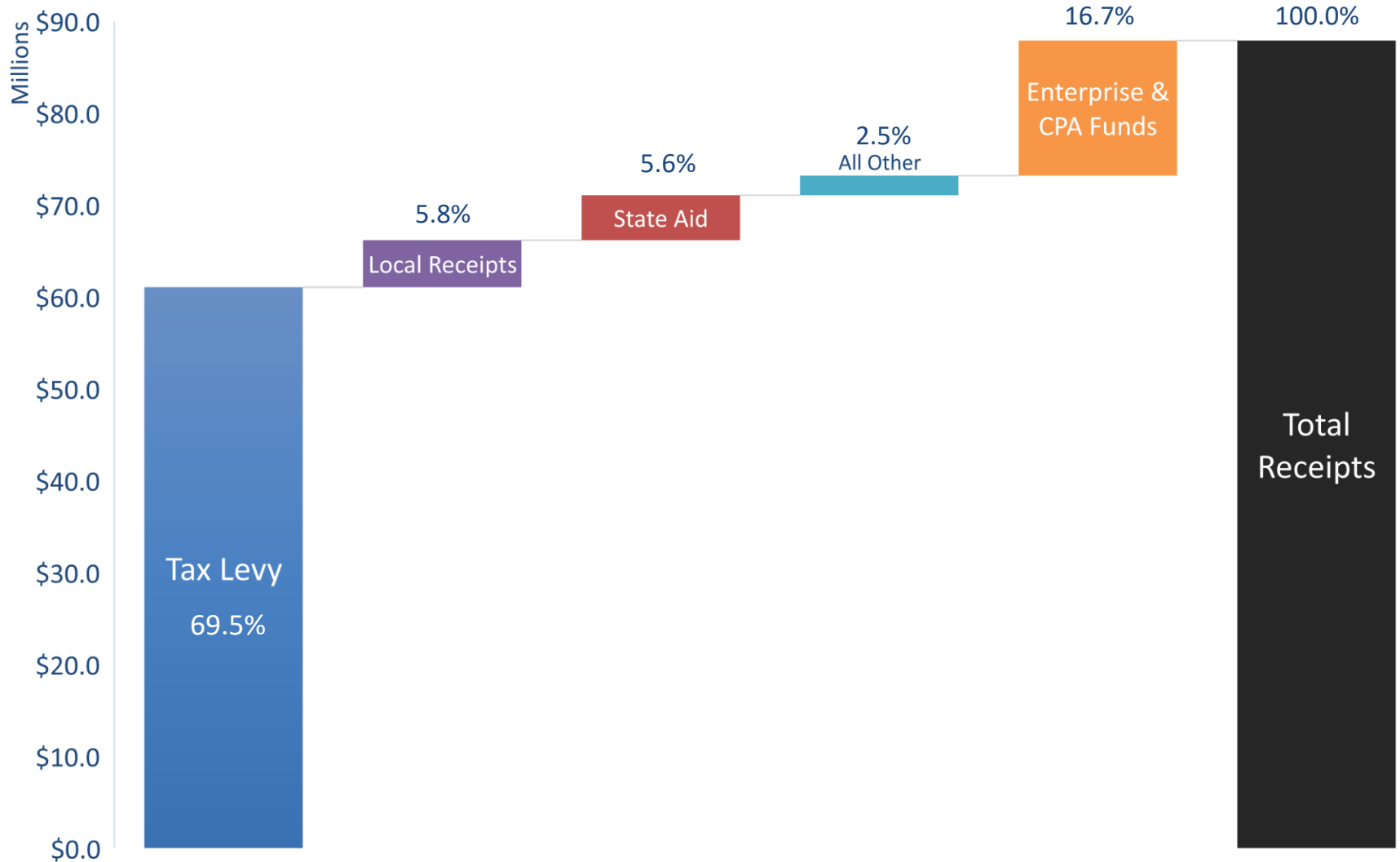
# Monitoring Financial Condition

- 1) Revenues and Expenses
- 2) Debt
- 3) Pension/OPEB Liabilities
- 4) Financial & Operating Position
- 5) Economic Indicators

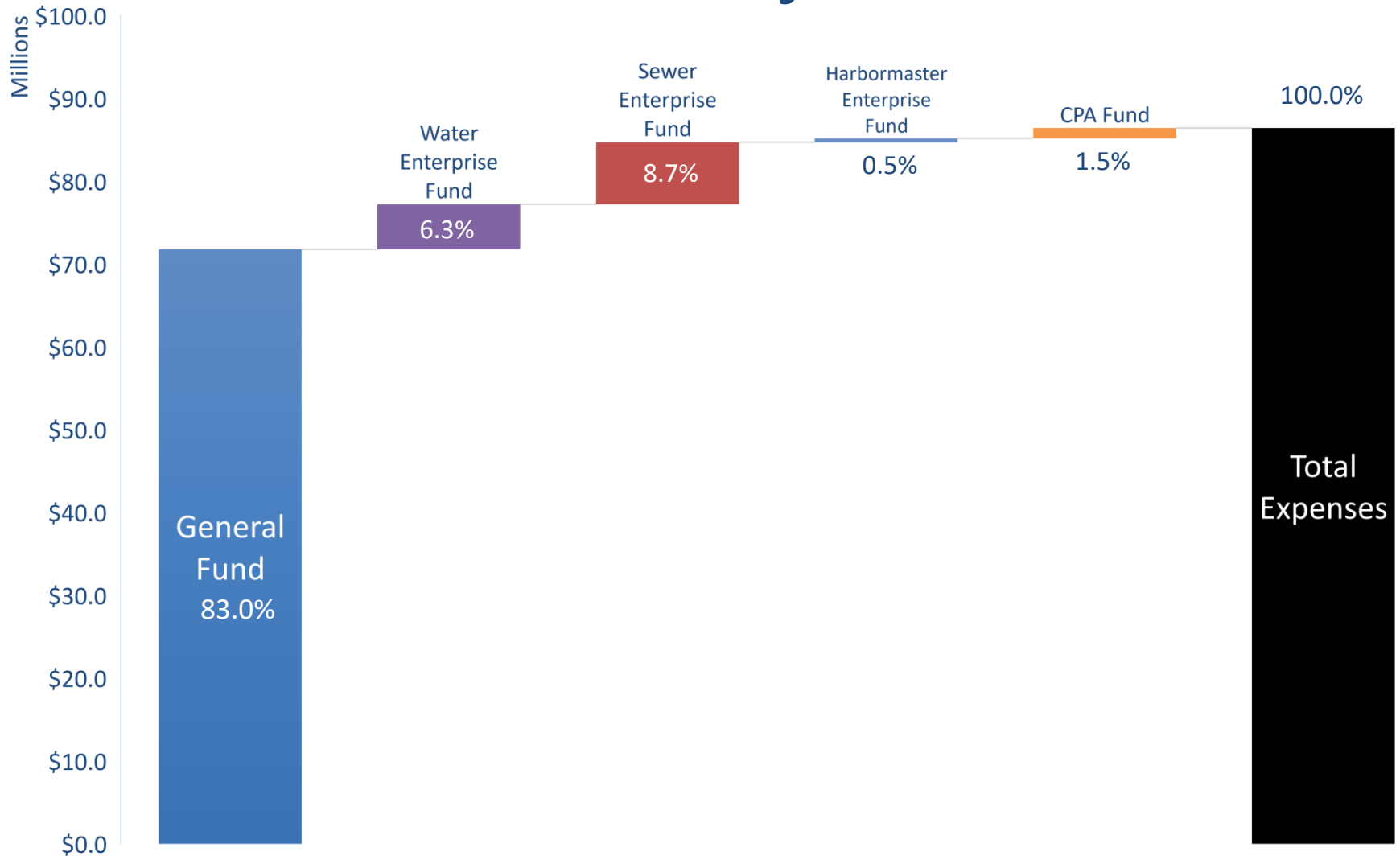


# Revenue Sources

## FY2021 Estimated Receipts

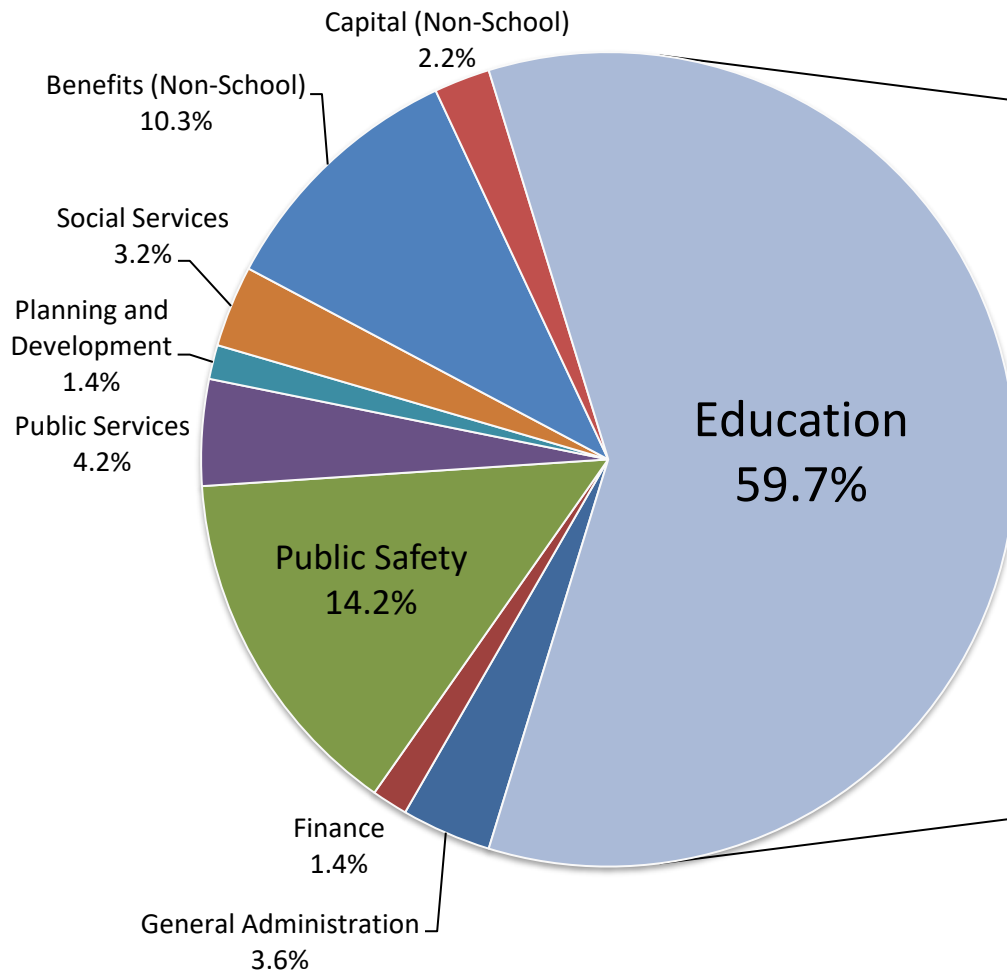


# Approved Expenditures FY2021 – Major Funds

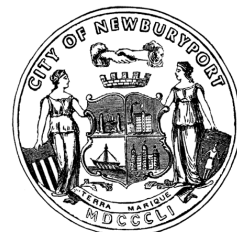
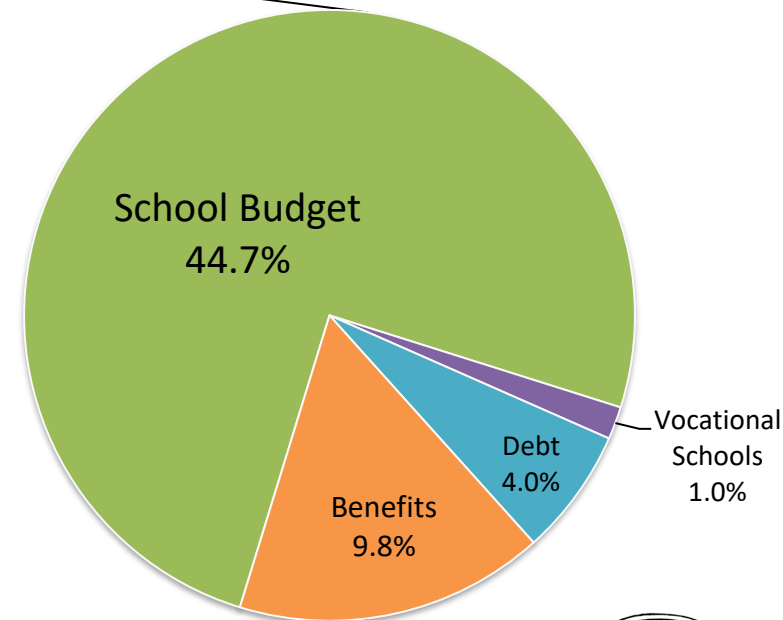


# Approved Expenditures FY2021 – General Fund

## General Fund Budget

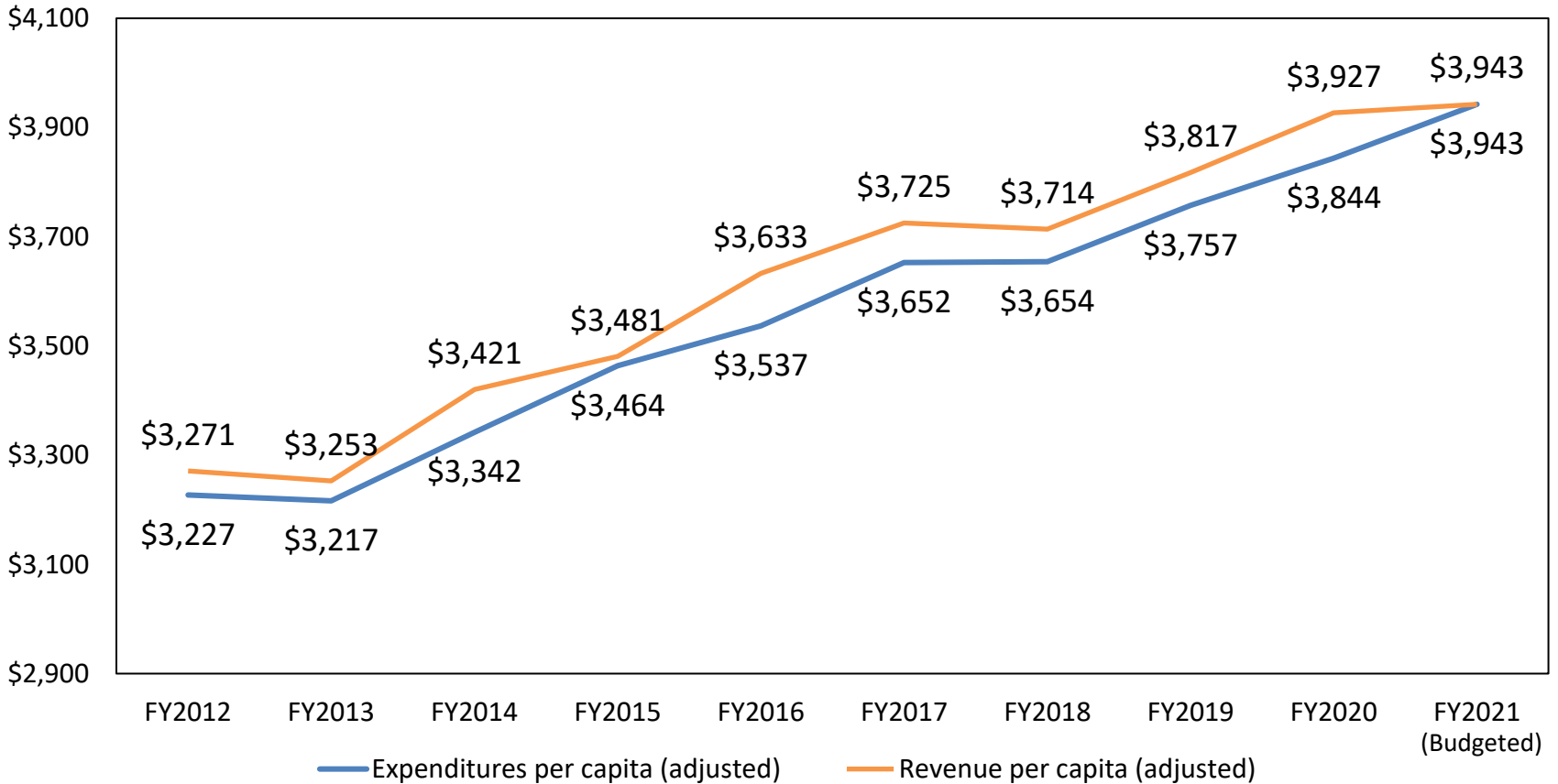


## Education





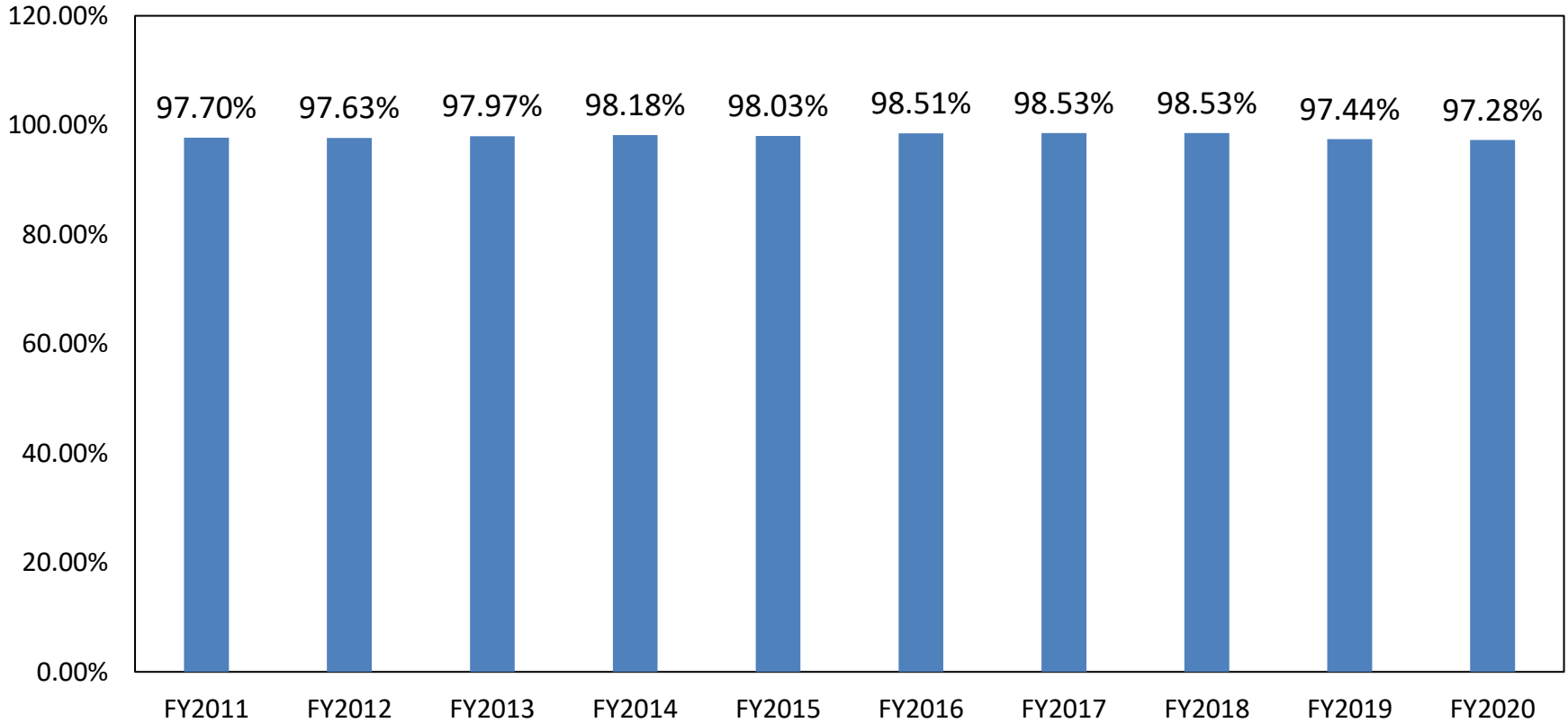
# Revenues & Expenditures Per Capita



**Note:** Excluded debt for two school projects and senior community center have added \$260 per capita to both revenue and expenditures shown above.



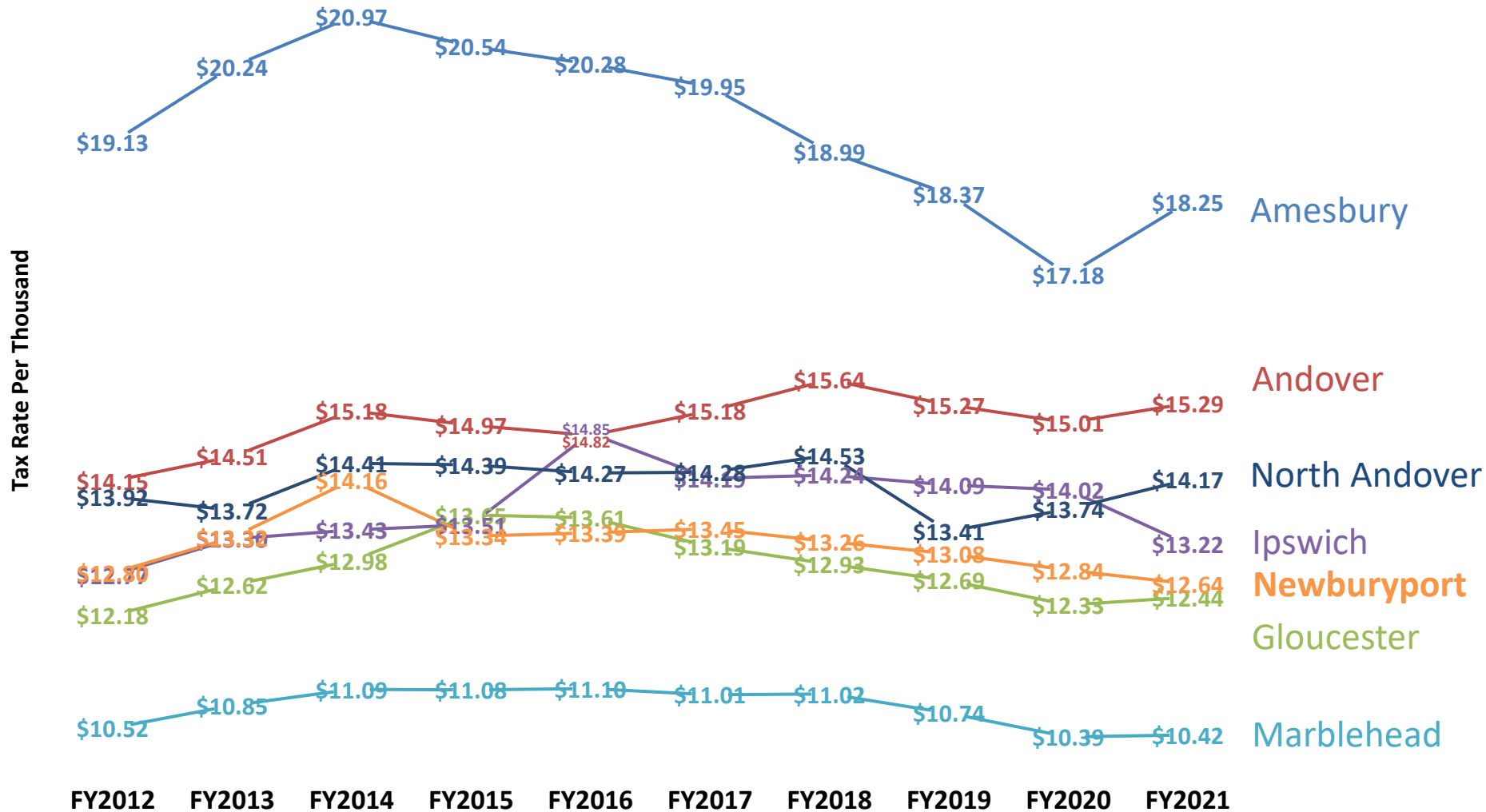
# Property Tax Collections



**Note:** Collection rates above 95% are considered favorable by bond rating agencies; Newburyport's collection rates are consistently between 97-99%

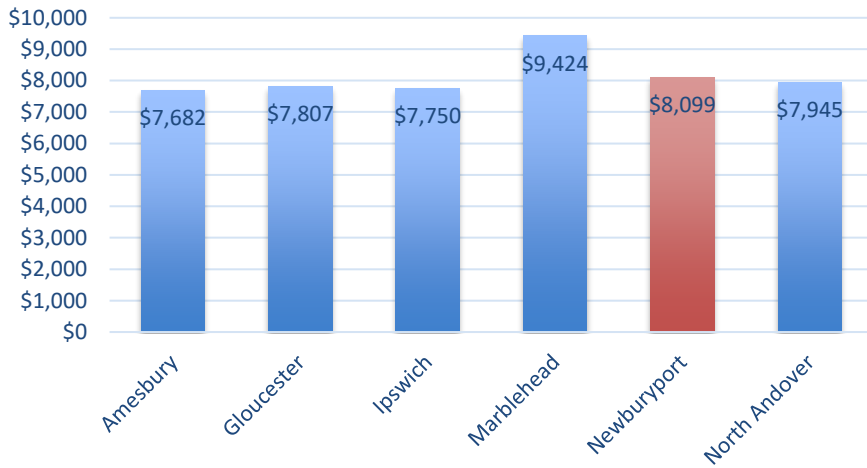


# Residential Tax Rates vs. Neighbors

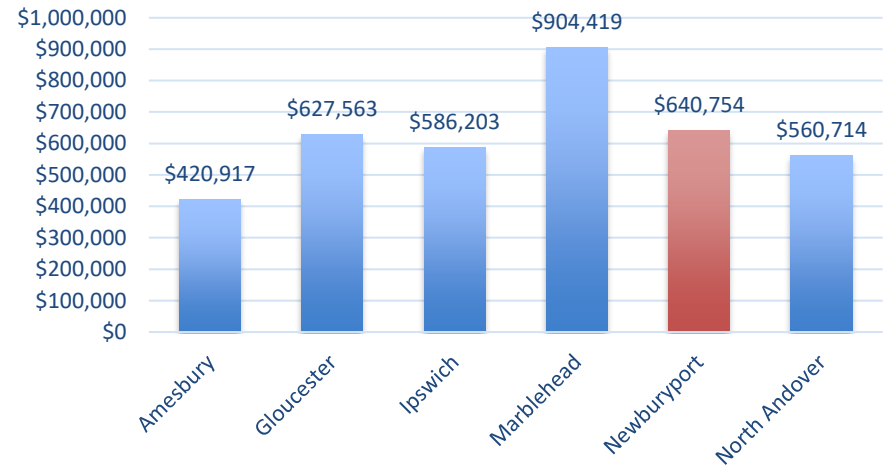


# Residential Tax Rates - Other Comparisons

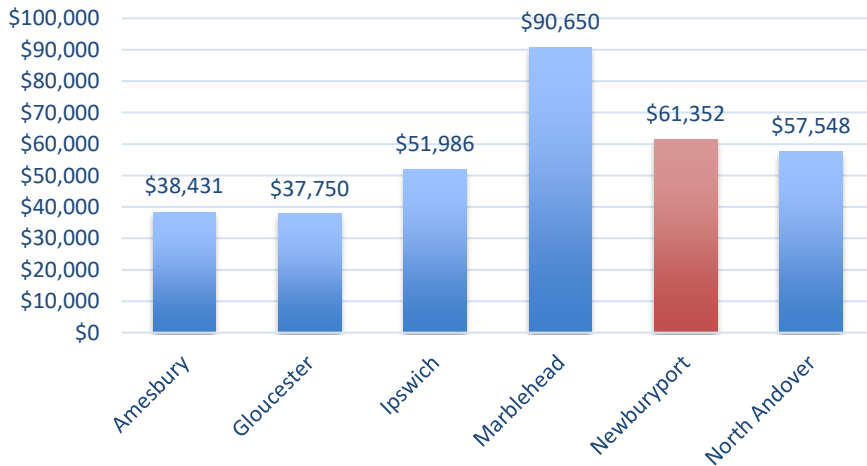
### Average Single Family Tax Bill



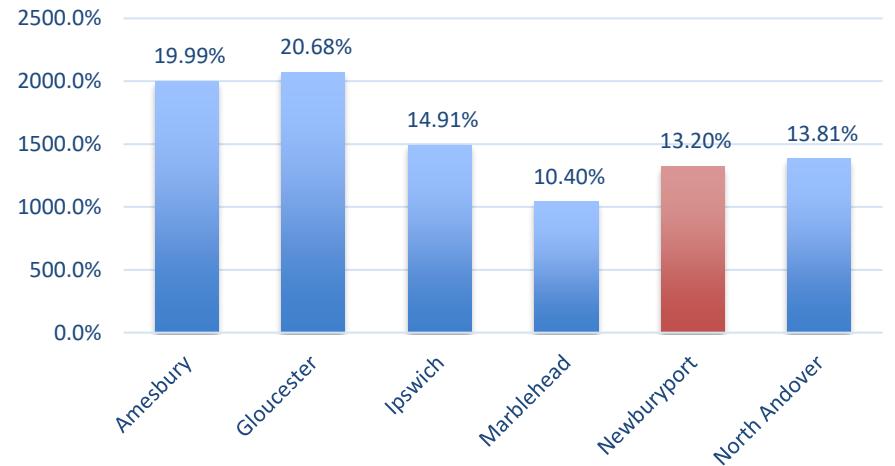
### Average Single Family Value



### Income Per Capita (DOR)



### Average Tax Bill as a % of Income



# FY21 Mid-Year Expenses

Fund	Original	Transfers	Revised	Spent	Remaining	% Spent
General Fund	\$71,743,591	\$21,867	\$71,765,458	\$33,914,518	\$37,850,941	47.3%
Water Enterprise Fund	\$5,421,087	\$0	\$5,421,087	\$2,923,205	\$2,497,881	53.9%
Sewer Enterprise Fund	\$7,515,295	\$0	\$7,515,295	\$3,171,201	\$4,344,093	42.2%
Harbormaster Enterprise Fund	\$465,250	\$0	\$465,250	\$276,141	\$189,109	59.4%
<b>Grand Total</b>	<b>\$85,145,222</b>	<b>\$21,867</b>	<b>\$85,167,089</b>	<b>\$40,285,065</b>	<b>\$44,882,024</b>	<b>47.3%</b>



# FY21 Mid-Year Revenue

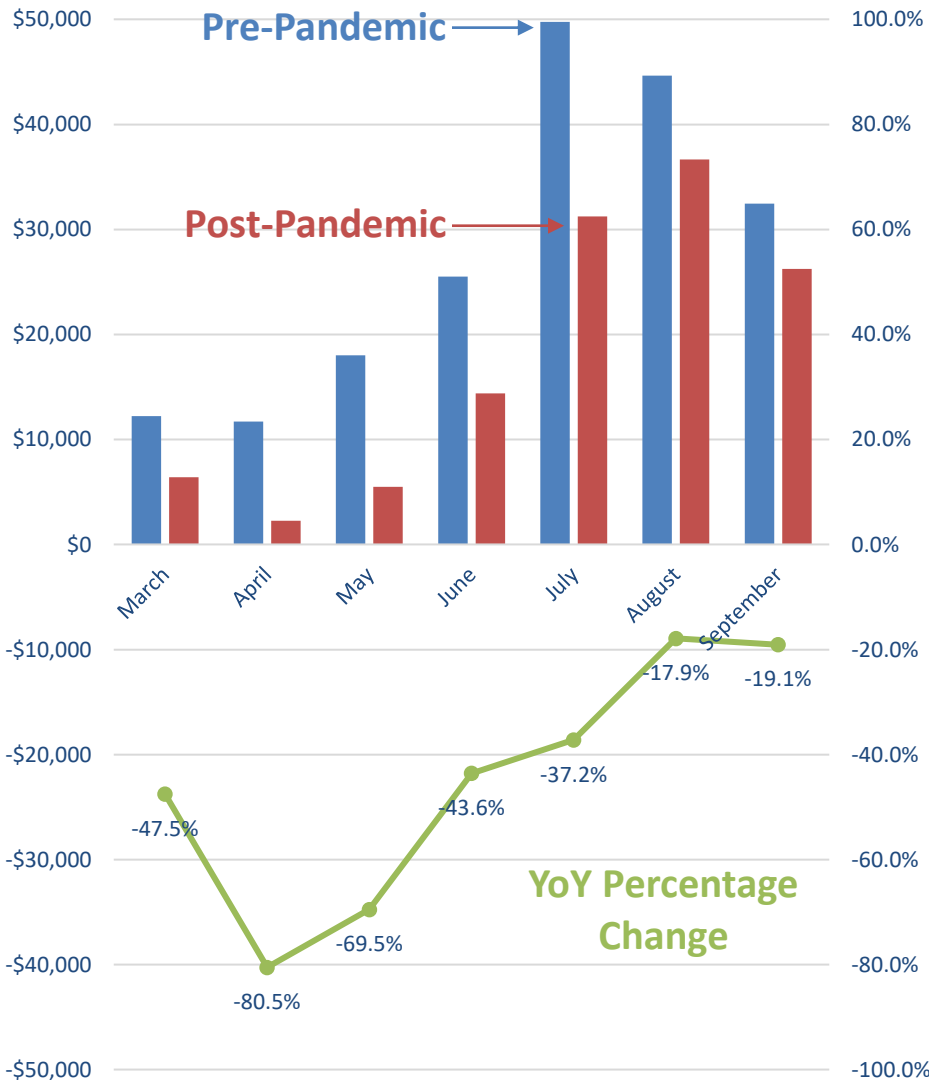
COVID-19  
Impacts

CATEGORY	FY20 YTD Actual vs. FY21 YTD Actual				FY21 Estimated vs. FY21 YTD Actual			
	FY20 YTD (6 mos)	FY21 YTD (6 mos)	YTD Change (\$)	YTD Change (%)	FY21 Estimate (12 mos)	FY21 YTD (6 mos)	Over/(Under) Estimate	% Collected
<b><u>Tax Revenue</u></b>								
Real Estate Tax	28,458,288	30,142,239	1,683,950	5.9% ↑	60,036,691	30,142,239	29,894,452	50.2% ✓
Personal Property Tax	325,176	337,893	12,717	3.9% ↑	680,936	337,893	343,043	49.6% ✓
<b>Total Tax Revenue</b>	<b><u>28,783,464</u></b>	<b><u>30,480,132</u></b>	<b><u>1,696,668</u></b>	<b><u>5.9%</u></b> ↑	<b><u>60,717,627</u></b>	<b><u>30,480,132</u></b>	<b><u>30,237,495</u></b>	<b><u>50.2%</u></b> ✓
<b><u>Local Receipts</u></b>								
Motor Vehicle Excise	512,487	379,437	(133,050)	-26.0% ↓	2,675,305	379,437	2,295,868	14.2% ⚠
Room Occupancy Excise	197,162	137,086	(60,076)	-30.5% ↓	200,000	137,086	12,914	68.5% ✓
Meals Excise	380,856	319,049	(61,806)	16.2% ↓	491,000	319,049	121,951	65.0% ✓
Pen & Int on Tax & Exc	173,196	179,514	6,317	3.6% ↑	280,000	179,514	100,486	64.1% ✓
Fees	203,213	211,872	8,659	4.3% ↑	255,000	211,872	43,128	83.1% ✓
Other Dept. Revenue	29,499	35,841	6,341	21.5% ↑	50,000	35,841	14,160	71.7% ✓
Licenses and Permits	722,305	417,176	(305,129)	-42.2% ↓	750,000	417,176	332,824	55.6% ✓
Fines & Forfeits	4,645	3,880	(765)	-16.5% ↓	10,000	3,880	6,120	38.8% ⚠
Investment Income	95,061	95,061	0	0.0% →	90,000	95,061	(5,061)	105.6% ✓
Medicaid Reimbursement	14,978	12,169	(2,809)	-18.8% ↓	110,000	12,169	97,831	11.1% ⚠
Miscellaneous Recurring	60,811	66,634	5,823	9.6% ↑	176,729	66,634	110,095	37.7% ⚠
Miscellaneous Non-Recurring	79,742	3,226	(76,516)	-96.0% ↓	0	3,226	(3,226)	100.0% ✓
<b>Total Local Receipts</b>	<b><u>2,473,956</u></b>	<b><u>1,860,946</u></b>	<b><u>(613,010)</u></b>	<b><u>-24.8%</u></b> ↓	<b><u>5,128,034</u></b>	<b><u>1,860,946</u></b>	<b><u>3,267,088</u></b>	<b><u>36.3%</u></b> ⚠
<b>Local Receipts Excl. MV/N-R*</b>	<b><u>1,881,727</u></b>	<b><u>1,478,283</u></b>	<b><u>(403,444)</u></b>	<b><u>-21.4%</u></b> ↓	<b><u>2,452,729</u></b>	<b><u>1,478,283</u></b>	<b><u>974,446</u></b>	<b><u>60.3%</u></b> ✓
<b>Net State Aid</b>	<b><u>2,258,420</u></b>	<b><u>2,475,768</u></b>	<b><u>217,348</u></b>	<b><u>9.6%</u></b> ↑	<b><u>4,892,878</u></b>	<b><u>2,475,768</u></b>	<b><u>2,417,110</u></b>	<b><u>50.6%</u></b> ✓
<b>Total General Fund Revenue</b>	<b><u>33,515,840</u></b>	<b><u>34,816,846</u></b>	<b><u>1,301,006</u></b>	<b><u>3.9%</u></b> ↑	<b><u>70,738,539</u></b>	<b><u>34,816,846</u></b>	<b><u>35,921,693</u></b>	<b><u>49.2%</u></b> ✓
<b><u>Enterprise Funds</u></b>								
Water Fund Revenue	<u>2,897,729</u>	<u>3,237,921</u>	<u>340,192</u>	11.7% ↑	<u>5,249,764</u>	<u>3,237,921</u>	<u>2,011,843</u>	61.7% ✓
Sewer Fund Revenue	<u>3,974,332</u>	<u>4,429,644</u>	<u>455,312</u>	11.5% ↑	<u>7,215,261</u>	<u>4,429,644</u>	<u>2,785,617</u>	61.4% ✓
Harbormaster Fund Revenue	<u>262,402</u>	<u>393,671</u>	<u>131,269</u>	50.0% ↑	<u>465,250</u>	<u>393,671</u>	<u>71,579</u>	84.6% ✓
<b>Total Budgetary Funds</b>	<b><u>40,650,303</u></b>	<b><u>42,878,082</u></b>	<b><u>2,227,778</u></b>	<b><u>5.5%</u></b> ↑	<b><u>83,668,813</u></b>	<b><u>42,878,082</u></b>	<b><u>40,790,732</u></b>	<b><u>51.2%</u></b> ✓

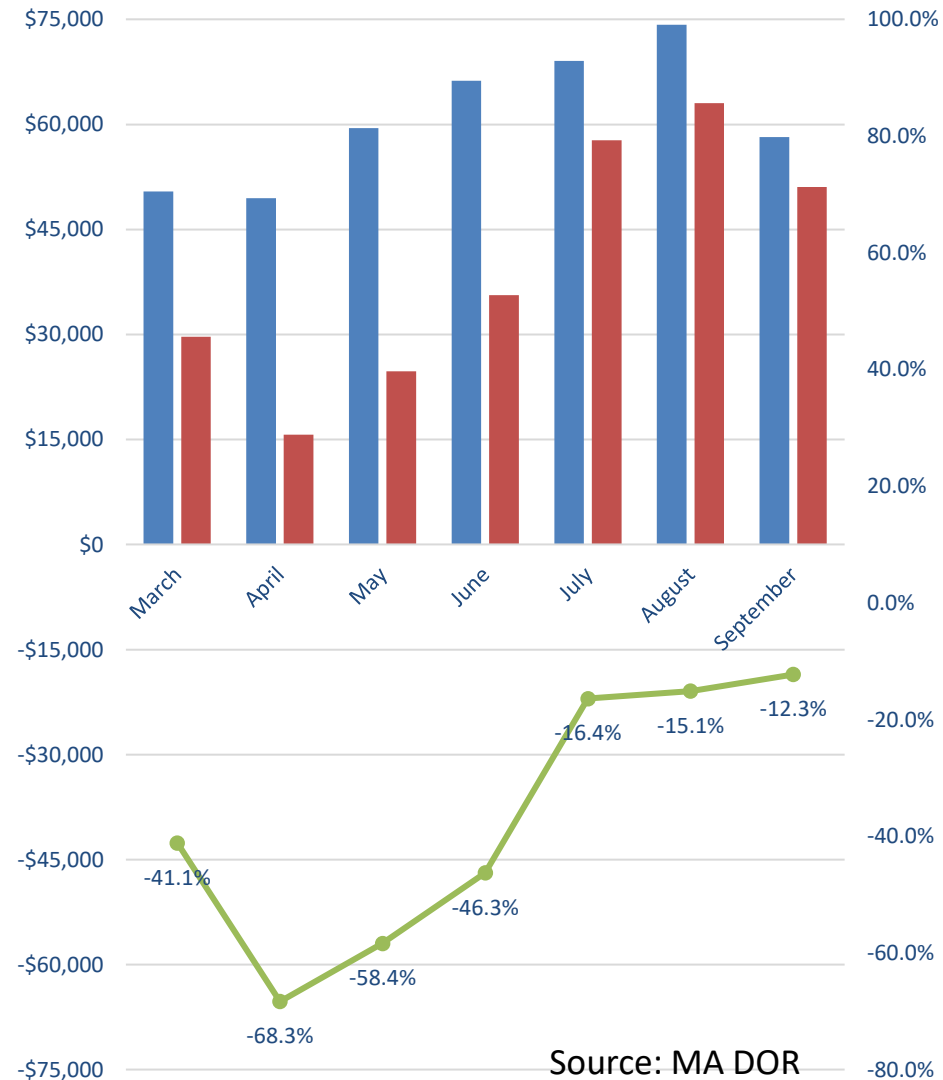
\*Excludes Motor Vehicle Excise which is predominantly billed in the 2nd half of the year (except for new purchases) and non-recurring revenue.

# COVID-19 Impact on Local Option Taxes

### Room Occupancy Tax



### Meals Tax



Source: MA DOR

# Licenses & Permits

## FY20 vs. FY21 (First Half)

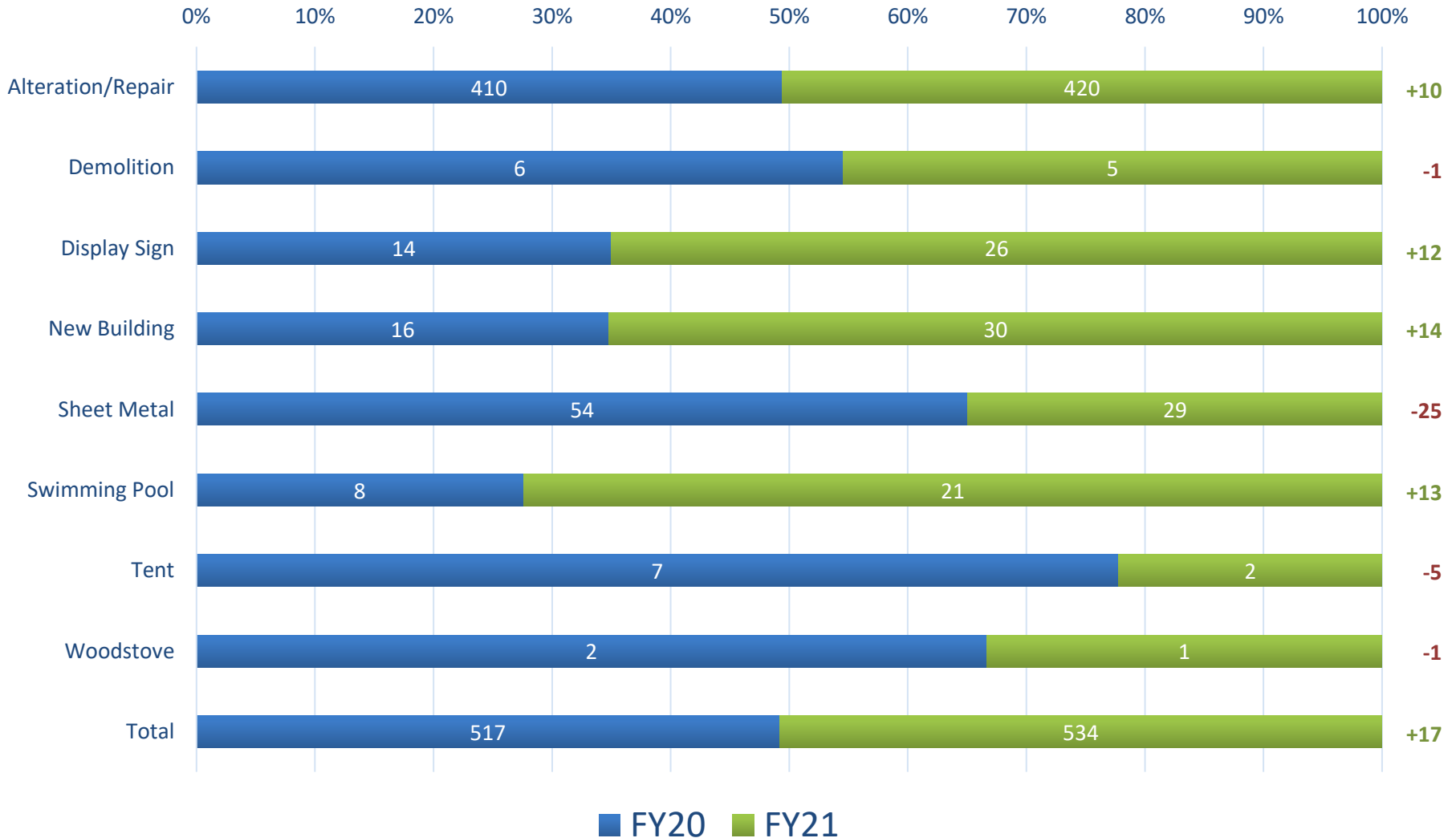
Type	FY20 YTD	FY21 YTD	Difference	Reason
Building Department	\$428,850	\$352,059	-\$76,791	Decrease in Project Costs
Licensing Commission	\$169,220	\$4,475	-\$164,745	Suspension of Licensing Fees
Clerk/DPS/Health/Fire	\$124,235	\$60,642	-\$63,593	Passports & Event/Vendor Permits
<b>Total</b>	<b>\$722,305</b>	<b>\$417,176</b>	<b>-\$305,129</b>	





# Building Permit Trends

## FY20 vs. FY21 (First Half)



# Project Costs & Permit Fees

## FY20 vs. FY21 (First Half)

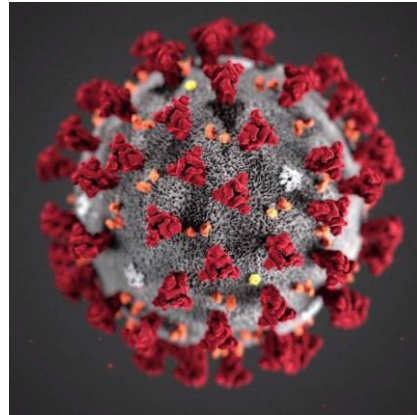
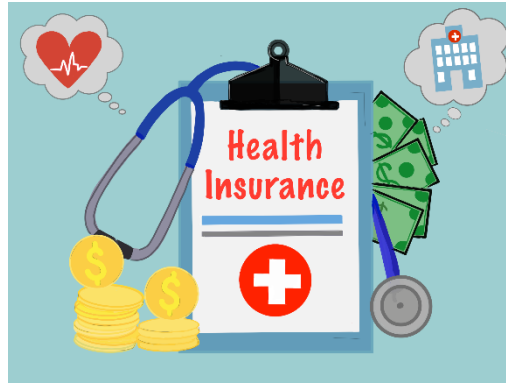
Type	Project Costs			Permit Fees		
	FY20	FY21	Change	FY20	FY21	Change
Alteration/Repair	\$23,631,233	\$19,684,723	-\$3,946,510	\$235,510	\$213,393	-\$22,117
Demolition	\$50,000	\$71,100	\$21,100	\$750	\$870	\$120
Display Sign	\$49,958	\$79,612	\$29,654	\$980	\$1,860	\$880
New Building	\$17,739,847	\$11,820,904	-\$5,918,943	\$178,150	\$119,616	-\$58,534
Sheet Metal	\$921,601	\$546,040	-\$375,561	\$7,540	\$4,630	-\$2,910
Swimming Pool	\$475,784	\$1,059,528	\$583,744	\$5,050	\$11,530	\$6,480
Tent	\$29,101	\$4,821	-\$24,280	\$650	\$80	-\$570
Woodstove	\$13,259	\$4,000	-\$9,259	\$220	\$80	-\$140
<b>Total</b>	<b>\$42,910,783</b>	<b>\$33,270,728</b>	<b>-\$9,640,055</b>	<b>\$428,850</b>	<b>\$352,059</b>	<b>-\$76,791</b>



# Budget Pressures

## Operating

## Capital



# Key Variables Impacting FY22 Revenue

- **Vaccination timeline:** Assume vaccines are widely distributed this spring and >70% of population inoculated by summer
- **COVID-19 specific costs:** Covered by federal/state relief funds
- **State budget:** Governor's FY22 budget proposal due January 27, 2021
- **Local Receipts:** Conservative estimates used for FY21
- **FY22 Tax Rate:** FY21 rate set 1.5% below levy limit



# Coronavirus Response and Relief Supplemental Appropriations Act of 2021

ISSUE AREA	LOCATION IN BILL TEXT	PROVISION/SECTION SUMMARY	AGENCY RESPONSIBLE FOR OVERSIGHT/ADMINISTRATION
Additional funding for state and local governments to address revenue losses		NOT INCLUDED IN THE FINAL BILL	
Coronavirus Relief Fund (CRF) Spend Extension	Division N, Title X, Sec. 1001	Spend date extended until December 31, 2021	U.S. Treasury Office of the Inspector General (OIG)
Education Funding (Schools)	Division M, Title III, Sec. 311	Total funding included = \$82 billion, funding highlights: <ul style="list-style-type: none"> <li>• Governors Emergency Education Relief Fund (\$4.05B)</li> <li>• Elementary/Secondary School Emergency Relief Fund (\$54.3B)</li> <li>• Higher Education Emergency Fund (\$22.7B)</li> <li>• Outlying areas and the Bureau of Indian Education (\$818 million)</li> </ul>	U.S. Department of Education
Rental Assistance	Division N, Title V, Beginning Sec. 501	Total funding included = \$25 billion <ul style="list-style-type: none"> <li>• CDC eviction moratorium extended through January 31, 2021</li> <li>• Native American housing (\$800 million)</li> </ul>	U.S. Treasury
Health Care COVID Relief Spending	Division M, Title III	Total funding included = \$69 billion, funding highlights: <ul style="list-style-type: none"> <li>• CDC and states for vaccine distribution (\$9B)</li> <li>• Strategic national stockpile (\$3B)</li> <li>• Funding directly to states for testing/tracing and COVID mitigation programs (\$22B)</li> <li>• Mental health funding (\$4.5B)</li> <li>• Funding for NIH for COVID-19 research (\$1.25B)</li> <li>• Health care provider support (\$9B)</li> </ul>	Health and Human Services, Centers for Disease Control and Prevention, National Institutes of Health
Water	Division H, Title II, Sec. 503	Low-income Water Utility Bill Assistance (\$638 million) - provides grants to states and tribes who in turn will provide funds to owners or operators of public water systems or treatment works to reduce arrearages and rates to low-income households. Three percent of funds will be set aside for tribes.	Department of Labor/HHS

# CARES Act/FEMA Funding

## Sources/Uses To-Date

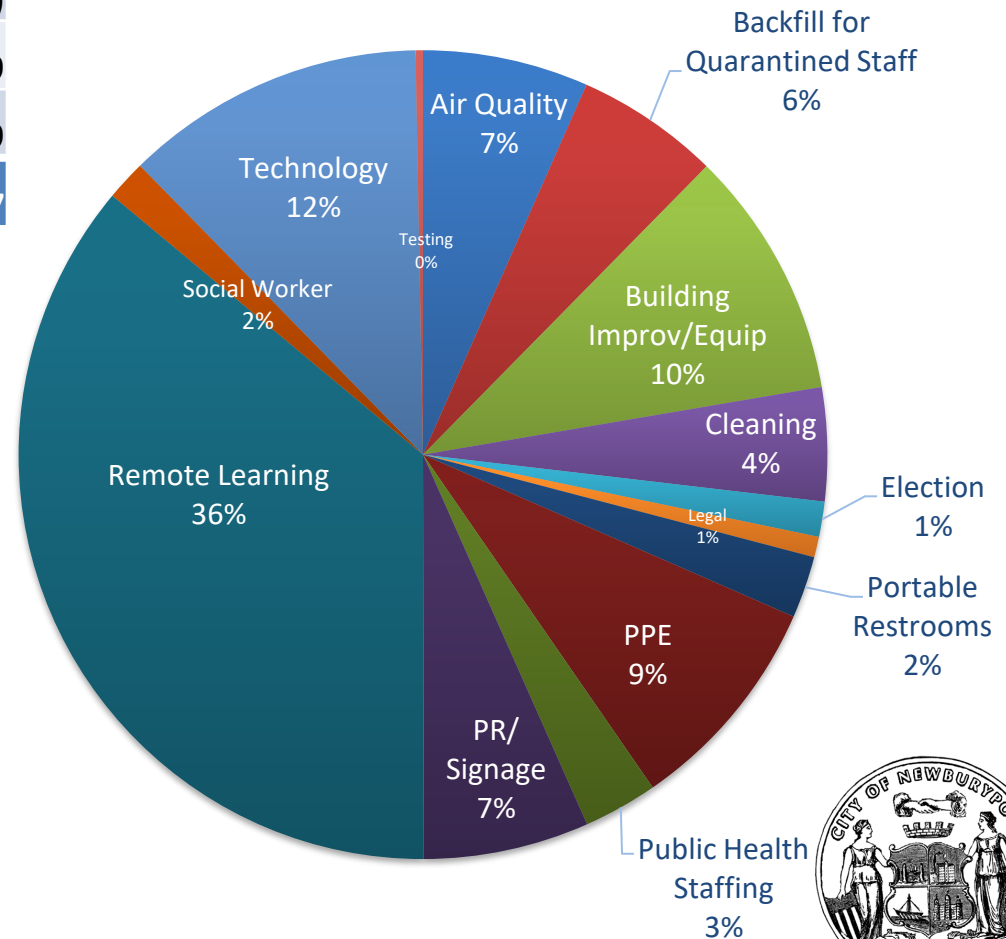
Expenses To-Date	(\$1,029,451)
CARES Act Allocation	\$1,604,829
FEMA Reimbursement*	\$185,919
<b>Remaining Funds (1/7/2021)</b>	<b>\$761,297</b>

\*Pending approval

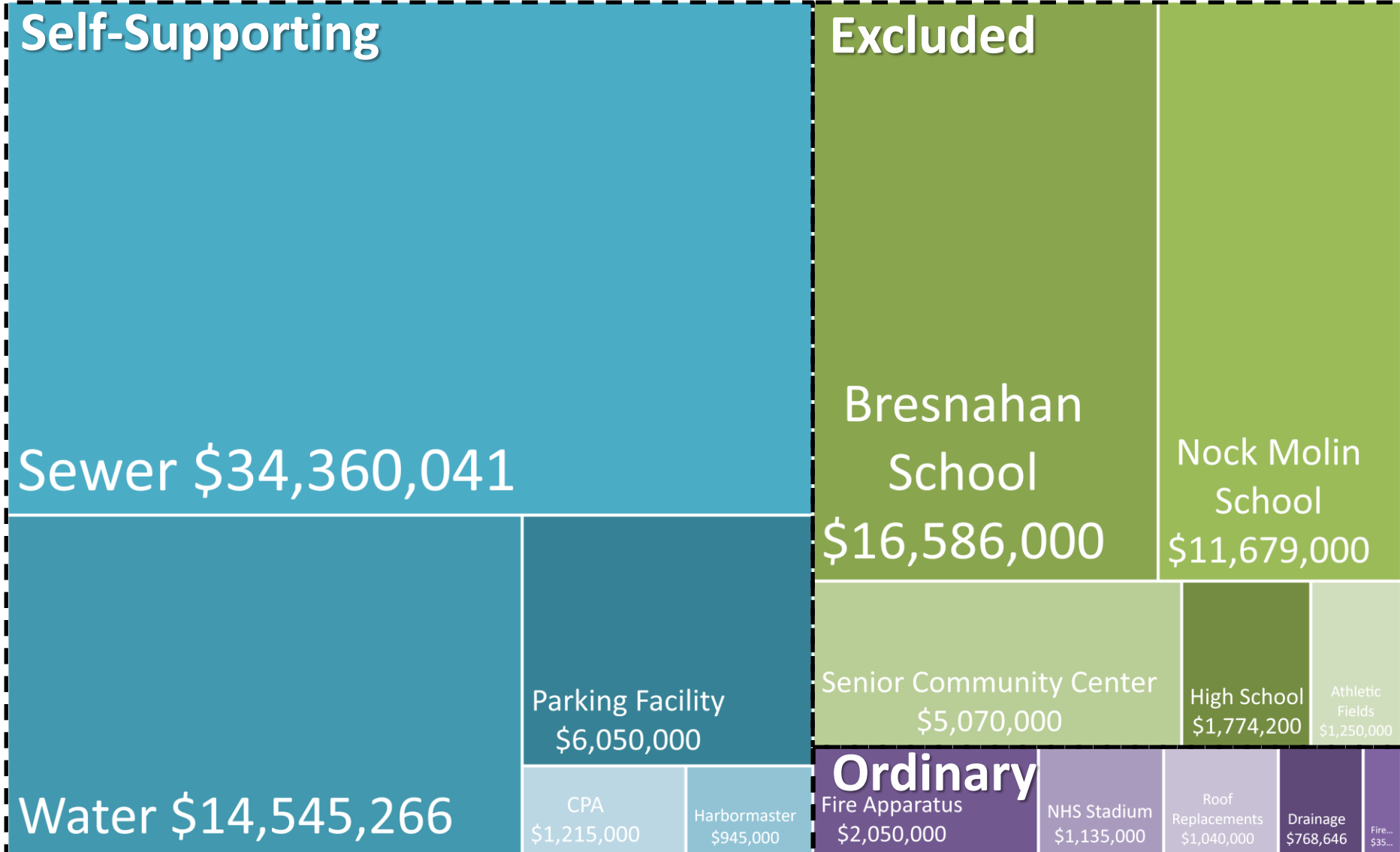
## Additional Needs:

- Testing – Teachers/Students
- Remote Learning Expenses
- Contact Tracing
- Vaccine Roll-Out
- Backfill for Quarantined Staff
- Hybrid Meeting Technology
- PPE

## Spending Overview



# Outstanding Debt as of 6/30/20



# Annual Debt Service

## Ordinary Debt Service Within Levy Limit



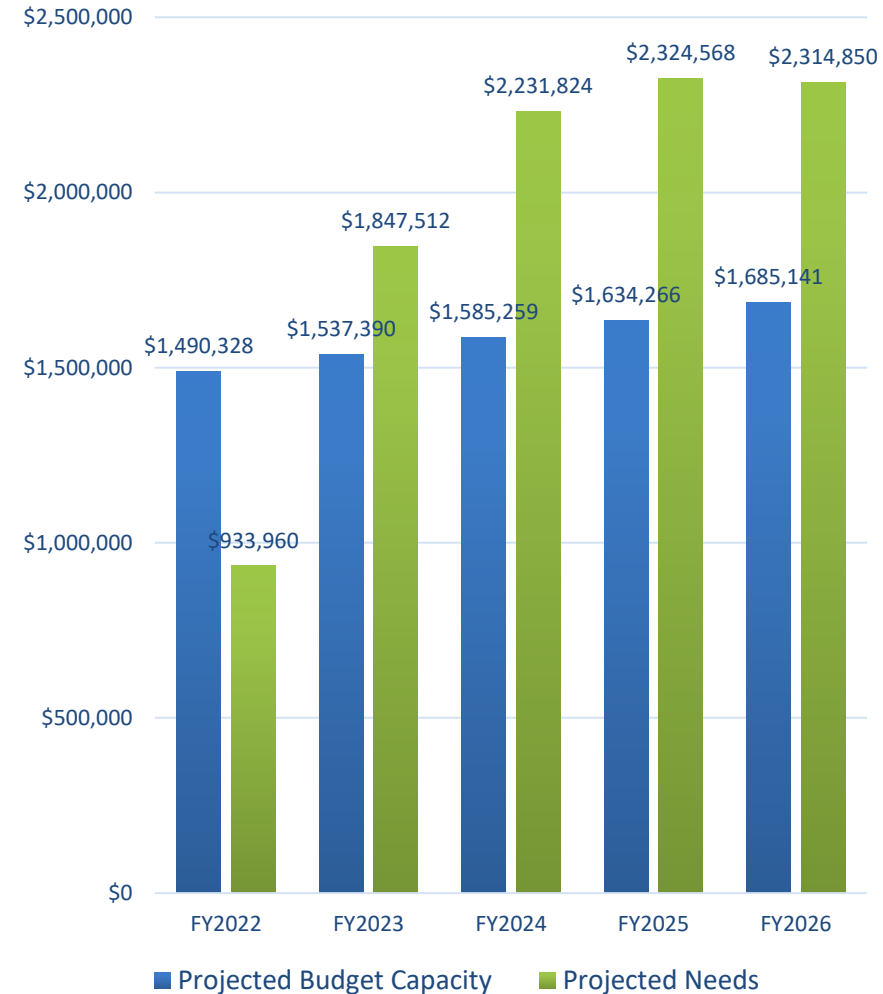


# Near-Term Borrowing Needs

## Identified Needs

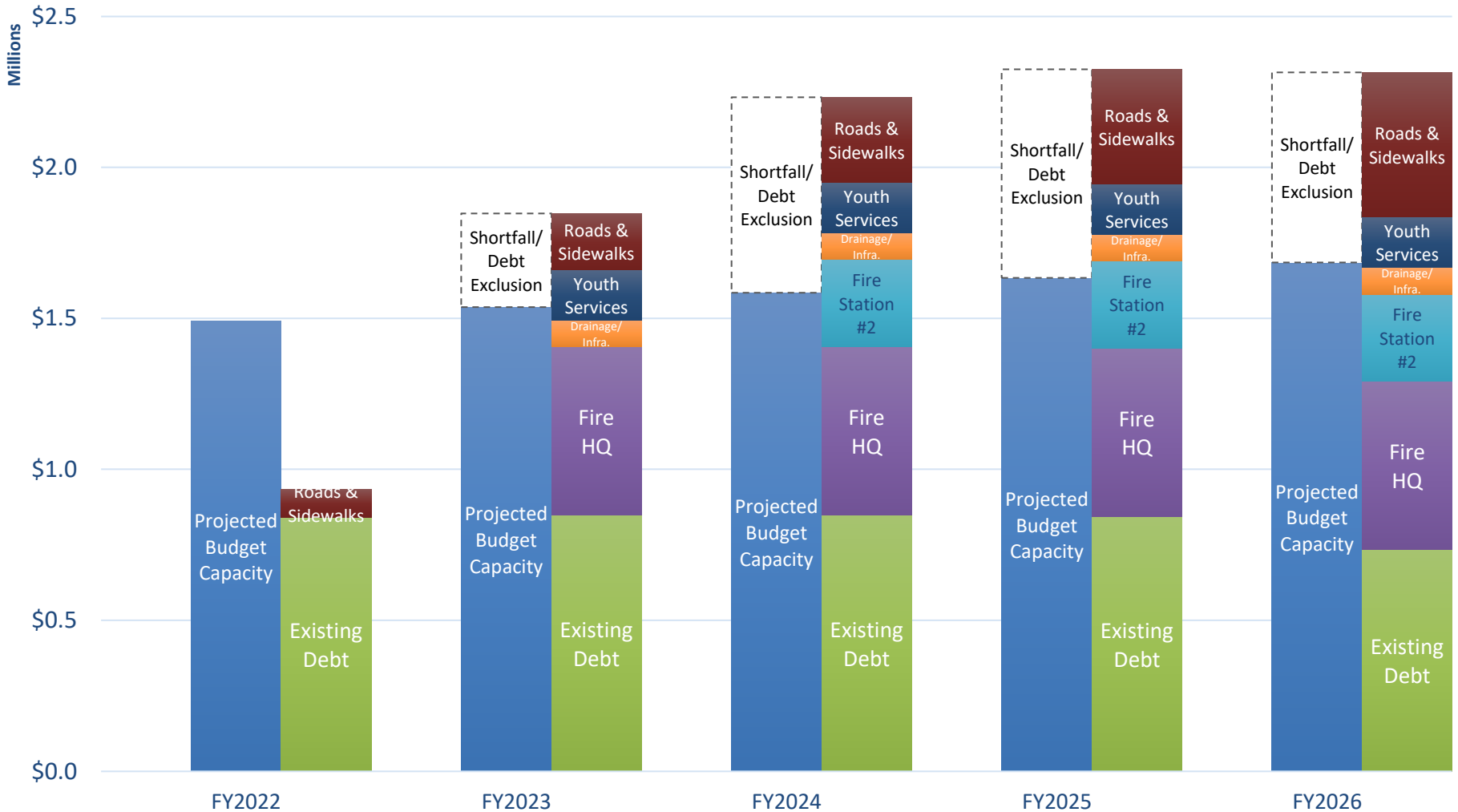
Department	Need	Estimated Cost
Fire	Fire Headquarters	\$10,000,000
Fire	Fire Station #2	\$5,000,000
DPS	Drainage/ Infrastructure	\$1,500,000
Youth Services	Youth Services	\$3,000,000
DPS	Roadway/Sidewalk Improvements (5 years)	\$6,000,000
<b>Total</b>		<b>\$25,500,000</b>

## Ordinary Debt Service



# Near-Term Borrowing Needs

Projected Budget Capacity vs. Identified Borrowing Needs

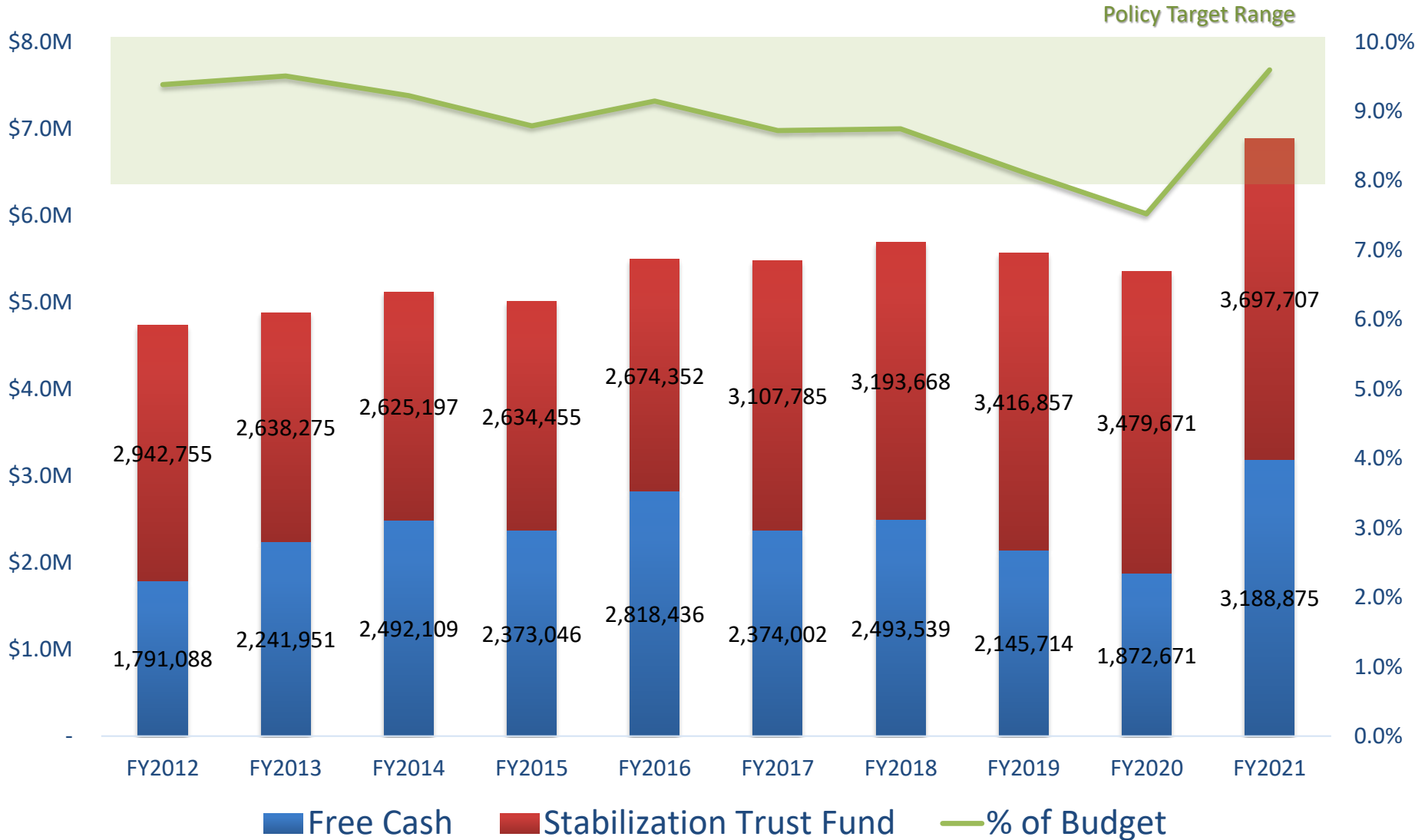


# Liabilities

	Pension (1/1/20)	OPEB (7/1/18)
Total Liability	\$133,488,561	\$77,411,201
Assets	\$89,289,296	\$773,676
Net (Unfunded) Liability	\$44,199,265	\$76,637,525
Funding Ratio	66.9%	1.00%
Funding Date	FY2039	FY2061



# Reserve Balances

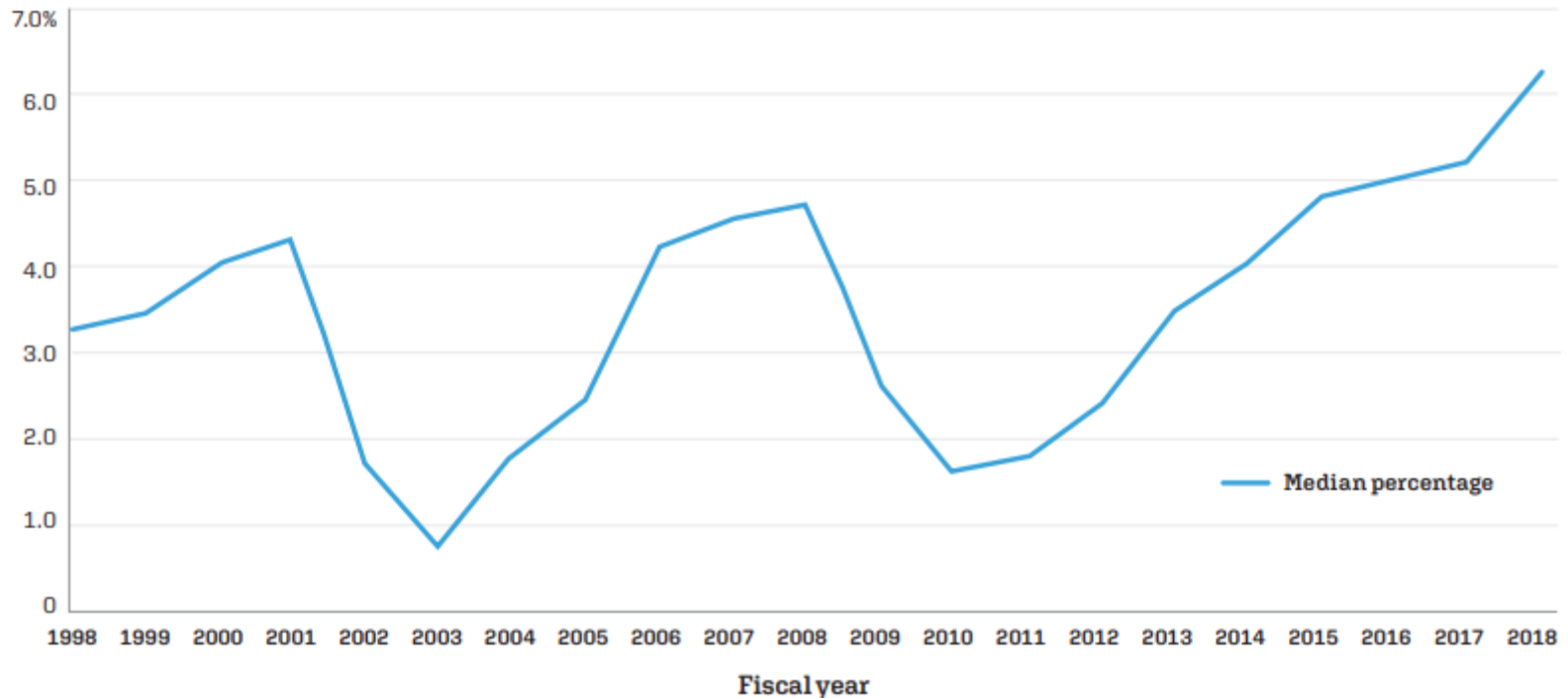


# Historical Context

## State Rainy Day Funds

State Rainy Day Fund Balances as % of Total General Fund Expenditures (GAO)

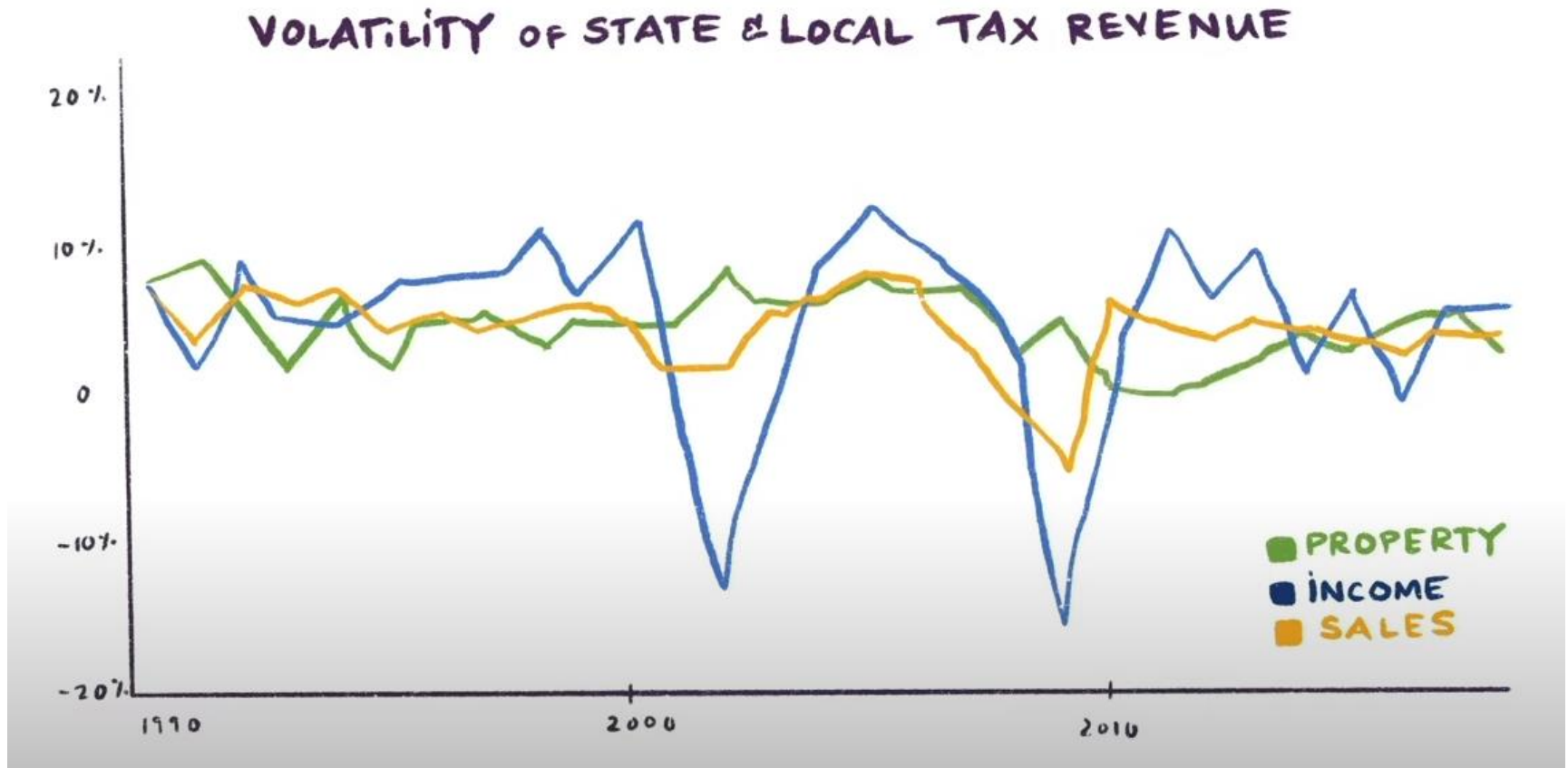
**Exhibit 3:** Median State Rainy Day Fund Balances as a Percentage of Total General Fund Expenditures, 1998–2018



Source: Government Accountability Office, "Intergovernmental Issues: Key Trends and Issues Regarding State and Local Sector Finances," March 2020.

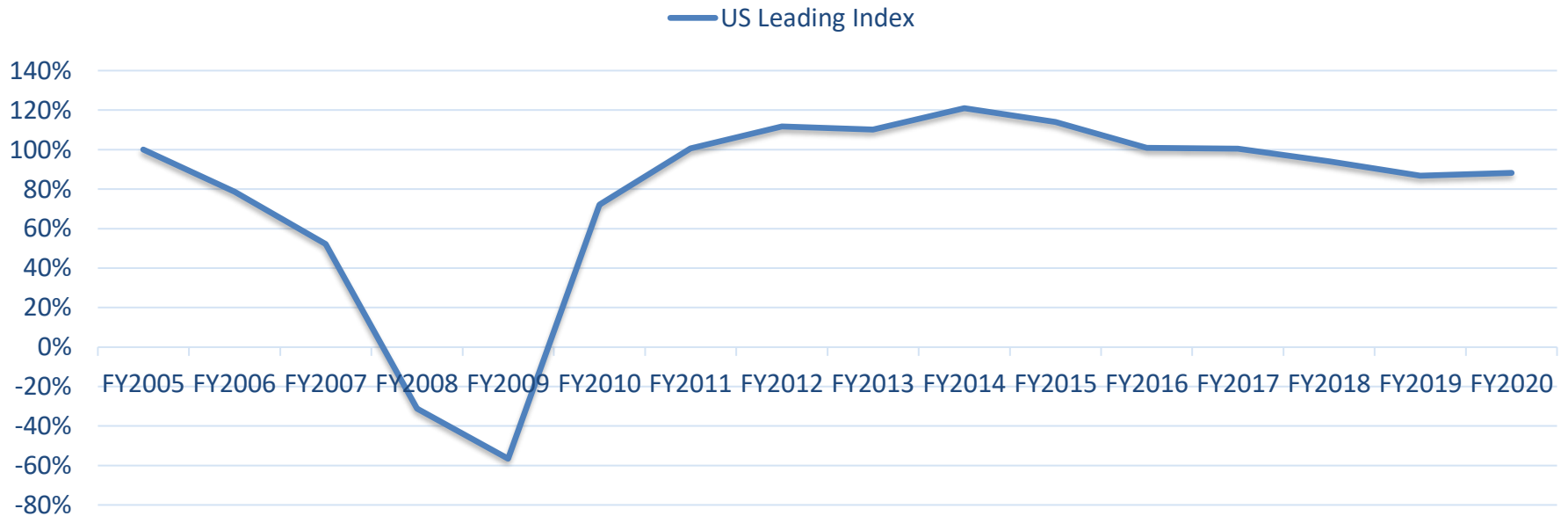
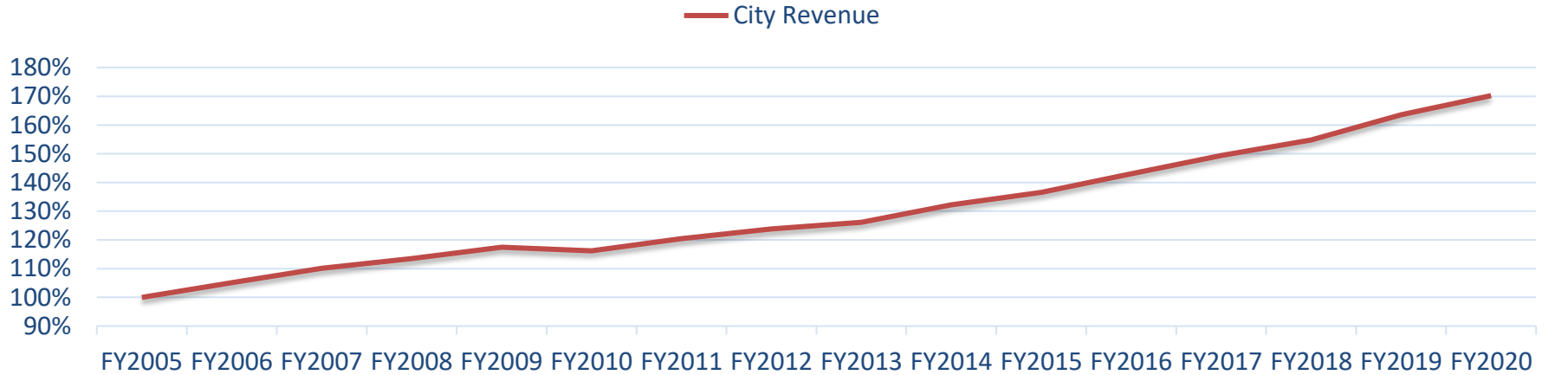
# Historical Context

## Impact Based on Revenue Type

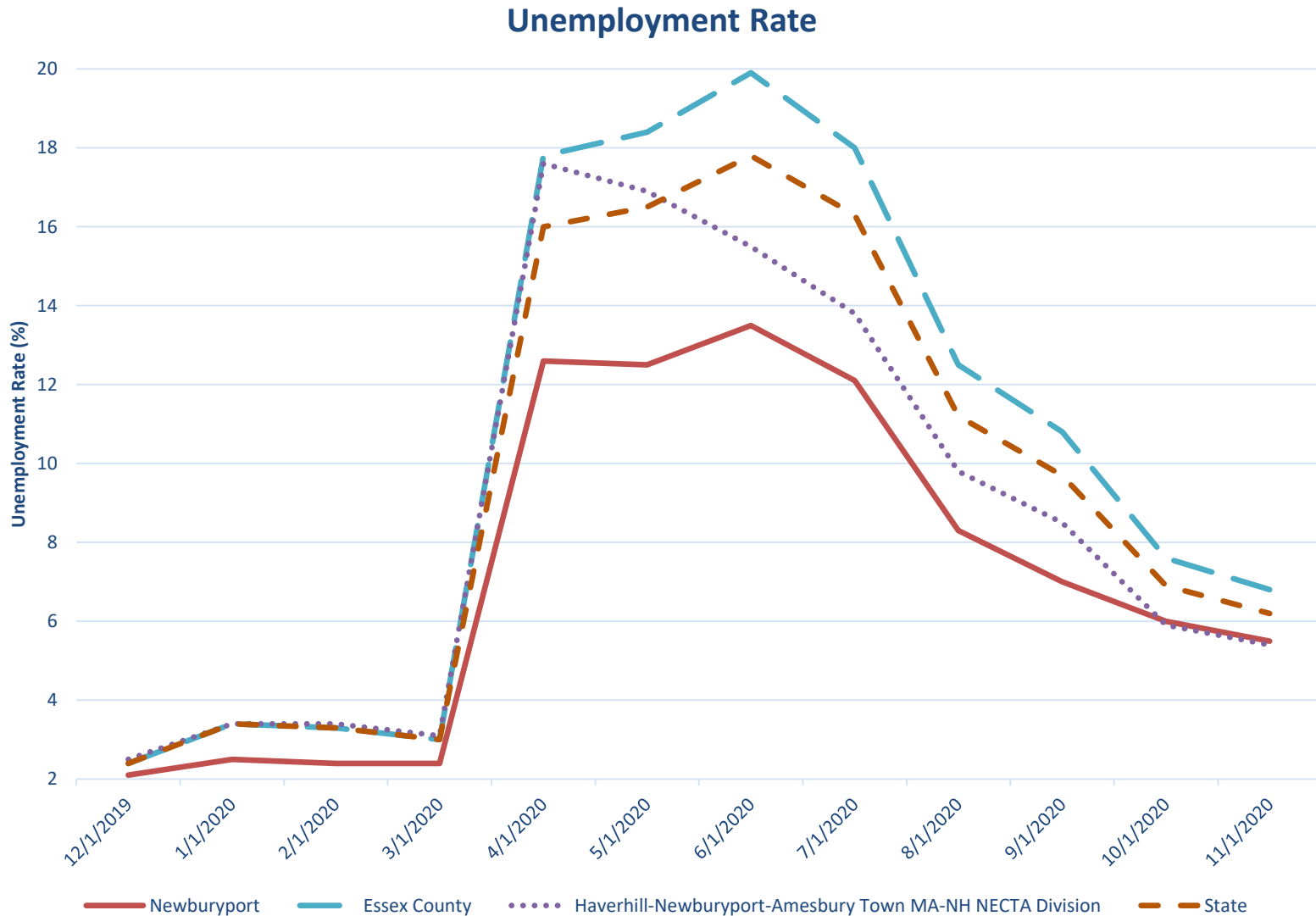


Source: Bureau of Economic Analysis

# City Revenue vs. US Leading Index



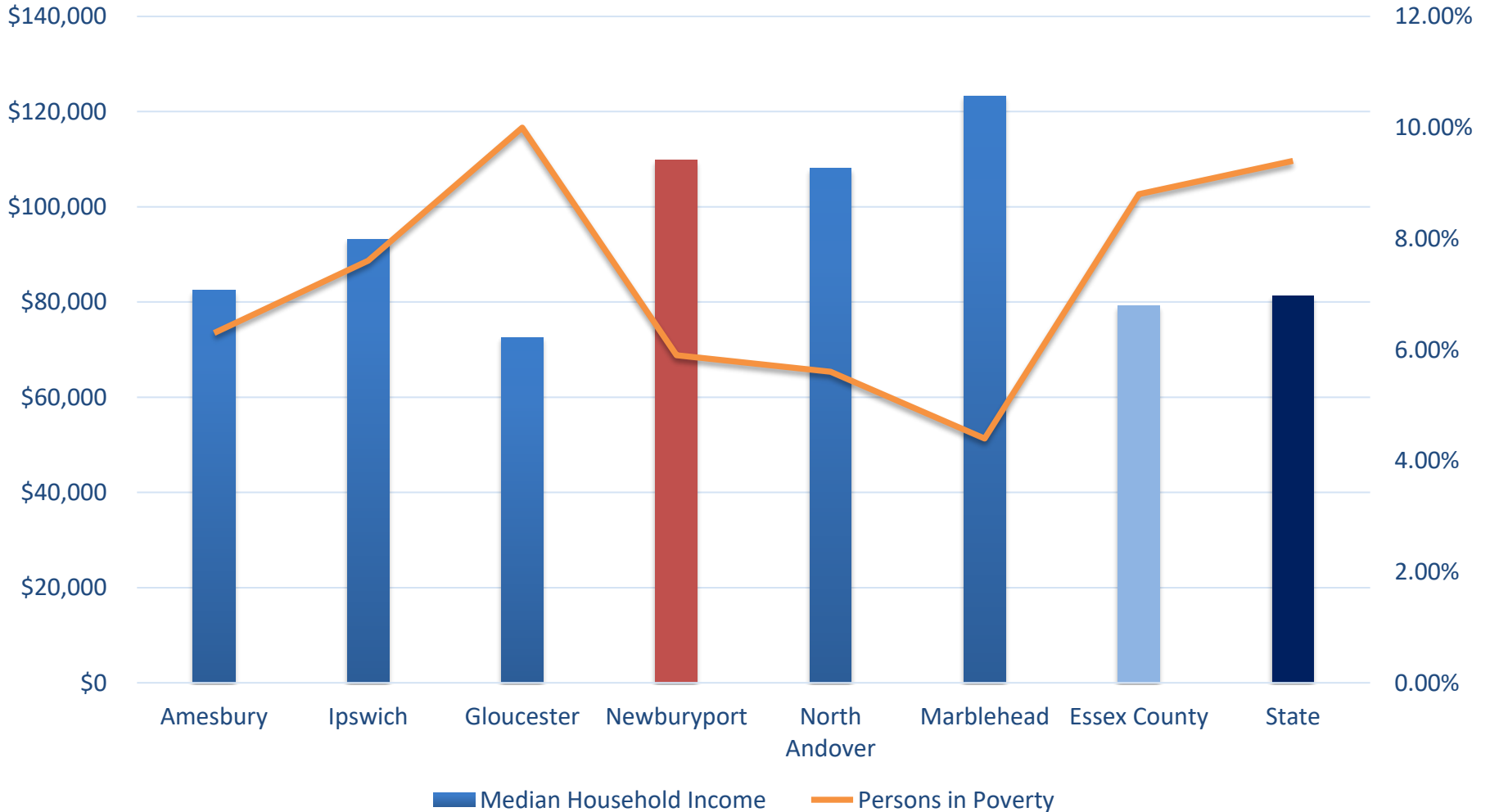
# Economic Indicators





# Economic Indicators

## Median Household Income & Poverty Rate



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# Financial Condition Summary

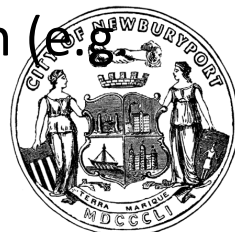
→ Newburyport is in relatively good financial condition

✓ Favorable:

- Healthy reserves at 9.6% of budget
- Strong and diversified tax base, with 97-99% collection rate
- Manageable debt level despite future needs
- Strong economic indicators vs. neighboring communities

! Pressures:

- Long-term liabilities surrounding pension and OPEB obligations
- Maintaining infrastructure/implementing pavement management plan
- Affordability/willingness of taxpayers to take on a debt exclusion to help fund the currently identified capital needs
- Uncertainty of COVID-19 impact on revenue and economy
- Controlling ongoing costs that outpace annual revenue growth (e.g. health insurance, pensions, solid waste)

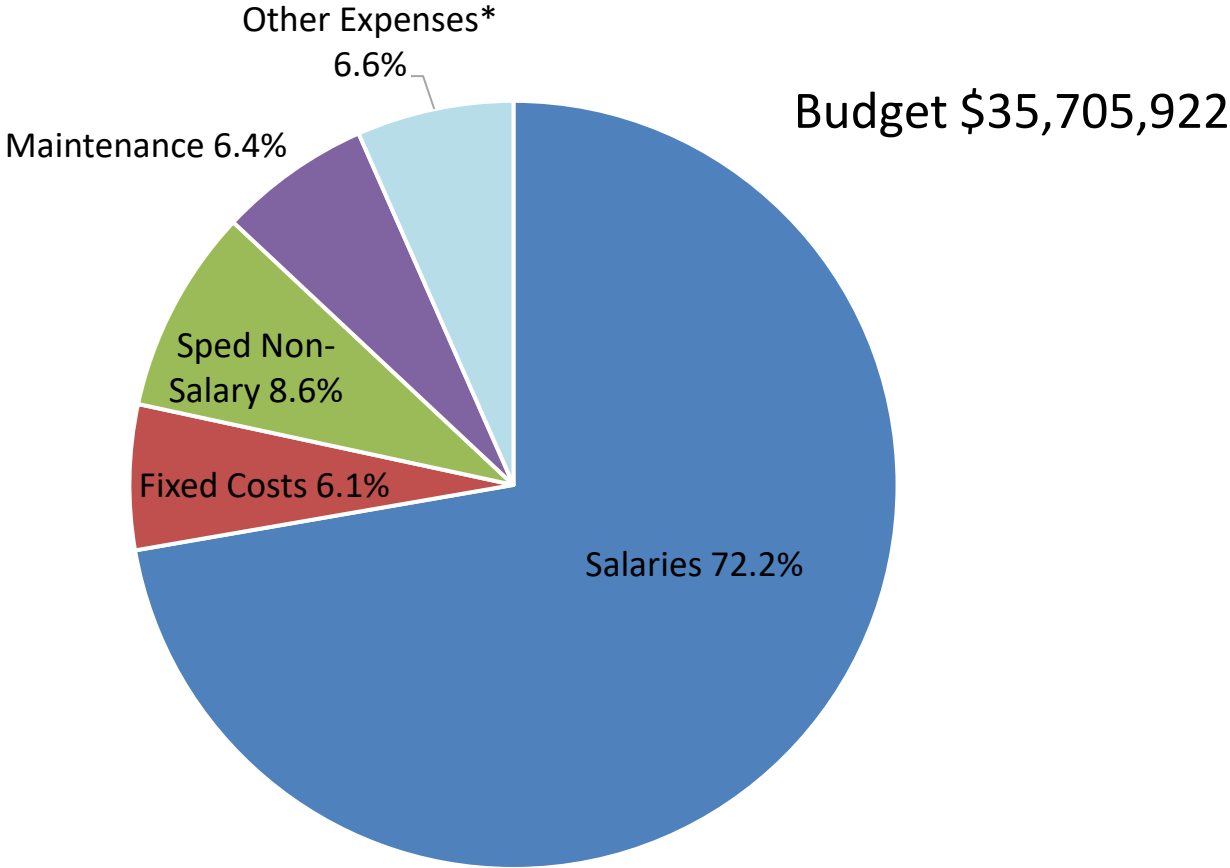


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# Newburyport Public Schools District Trends and Financial Status



# FY21 Salary / Expense Allocation



\*Textbooks, supplies & materials, equipment, etc.



# Revenue Sources

	FY18 Budgeted	FY18 Actual Rec'd	FY19 Budgeted	FY19 Actual Rec'd	FY20 Budgeted	FY20 Actual Rec'd	FY21 Budgeted
City Allocations	\$28,651,701	\$28,651,701	\$29,850,374	\$29,850,374	\$30,875,762	\$30,875,762	\$32,062,565
Choice Tuition	\$94,453	\$95,866	\$131,507	\$169,676	\$122,747	\$122,747	\$228,519
Choice FB	\$618,802	0	\$350,000	0	\$580,170	0	\$798,439
Choice Educatius	0	0	0	\$123,750	0	0	0
Circuit Breaker	\$641,505	\$610,132	\$834,400	\$937,691	\$902,299	\$1,174,900	\$1,124,900
Circuit Breaker Extra Relief	0	\$253,495	0	0	0	0	0
Athletics	\$275,000	\$324,680	\$275,000	\$324,518	\$296,500	\$268,818	\$296,500
Transportation	\$200,000	\$196,704	\$200,000	\$195,170	\$200,000	\$189,785	\$105,000
Kindergarten	\$375,000	\$306,485	\$426,740	\$355,492	\$379,240	\$381,759	\$50,000
Pre-School	\$250,000	\$280,080	\$200,000	\$248,497	\$200,000	\$209,713	\$200,000
Title I	\$191,389	\$191,389	\$200,000	\$200,000	\$200,000	\$310,595	\$200,000
ABLE	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
<b>Totals</b>	<b>\$31,797,850</b>	<b>\$31,410,532</b>	<b>\$32,968,021</b>	<b>\$32,905,168</b>	<b>\$34,256,718</b>	<b>\$34,034,079</b>	<b>\$35,565,923</b>

# Other Federal & State Grants

	FY18	FY19	FY20	FY21 Projected
Youth Opioid Prev. Grant	\$10,875	0	0	
Early Childhood SPED	\$11,083	\$11,581	\$11,922	\$12,030
COVID CVRF	0	0	0	\$488,025
Improving Educator Quality (Title IIA)	\$53,117	\$67,027	\$62,763	\$42,130
Enhanced School Health Services	\$75,333	\$75,333	\$75,000	\$75,000
ESSER COVID	0	0	0	\$269,952
Title III Grant	\$16,771	0	0	0
Title IV Grant	\$5,327	\$15,718	\$19,810	\$23,725
Puerto Rico Hurricane Relief Fund	0	\$4,111	0	0
Tech Ed Remote Learning				\$5,849
<b>Totals</b>	<b>\$172,506</b>	<b>\$173,770</b>	<b>\$169,495</b>	<b>\$916,711</b>

# Private Grants

	FY18	FY19	FY20	FY21 Projected
Swasey	\$242,170	\$276,661	\$173,000	\$140,000
NEF	\$295,931	\$305,187	\$331,233	
<b>Total Private</b>	<b>\$538,101</b>	<b>\$581,848</b>	<b>\$504,233</b>	



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# Additional Grants: CvRF Grant FY21

• Stipends	\$21,122
• Contracted Services	\$194,674
• Supplies & Materials	\$169,421
• Other Costs	\$102,808
– Lease storage	
– Air purifications	
– Bottle fill stations	
– Sanitizing	
– Safety signage	
<b>Total Grant</b>	<b>\$488,025</b>



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# Additional Grants: ESSER Grant

• Stipends	\$62,105
• Broadband	\$14,280
• Supplies & Materials	\$67,771
• Instructional Technology	\$69,364
• Other Costs	\$54,432
– Private schools	
– Counter top #118	
– Signage	
– Air purifiers	
<b>Total Grant</b>	<b>\$267,952</b>





# Current State of FY21 Budget

## EXPENSES

	Budgeted	Expended	Encumbrance	Available Balance	PCT Used
District-Wide	\$5,404,425	\$2,385,785	\$1,560,198	\$1,458,442	73%
Bresnahan	\$353,724	\$107,987	\$129,951	\$115,786	67.3%
Molin	\$79,250	\$26,178	\$8,110	\$44,962	43.3%
Middle	\$369,475	\$126,978	\$159,120	\$83,377	77.4%
High	\$1,098,357	\$300,327	\$276,052	\$521,978	52.5%



# Current State of FY21 Budget

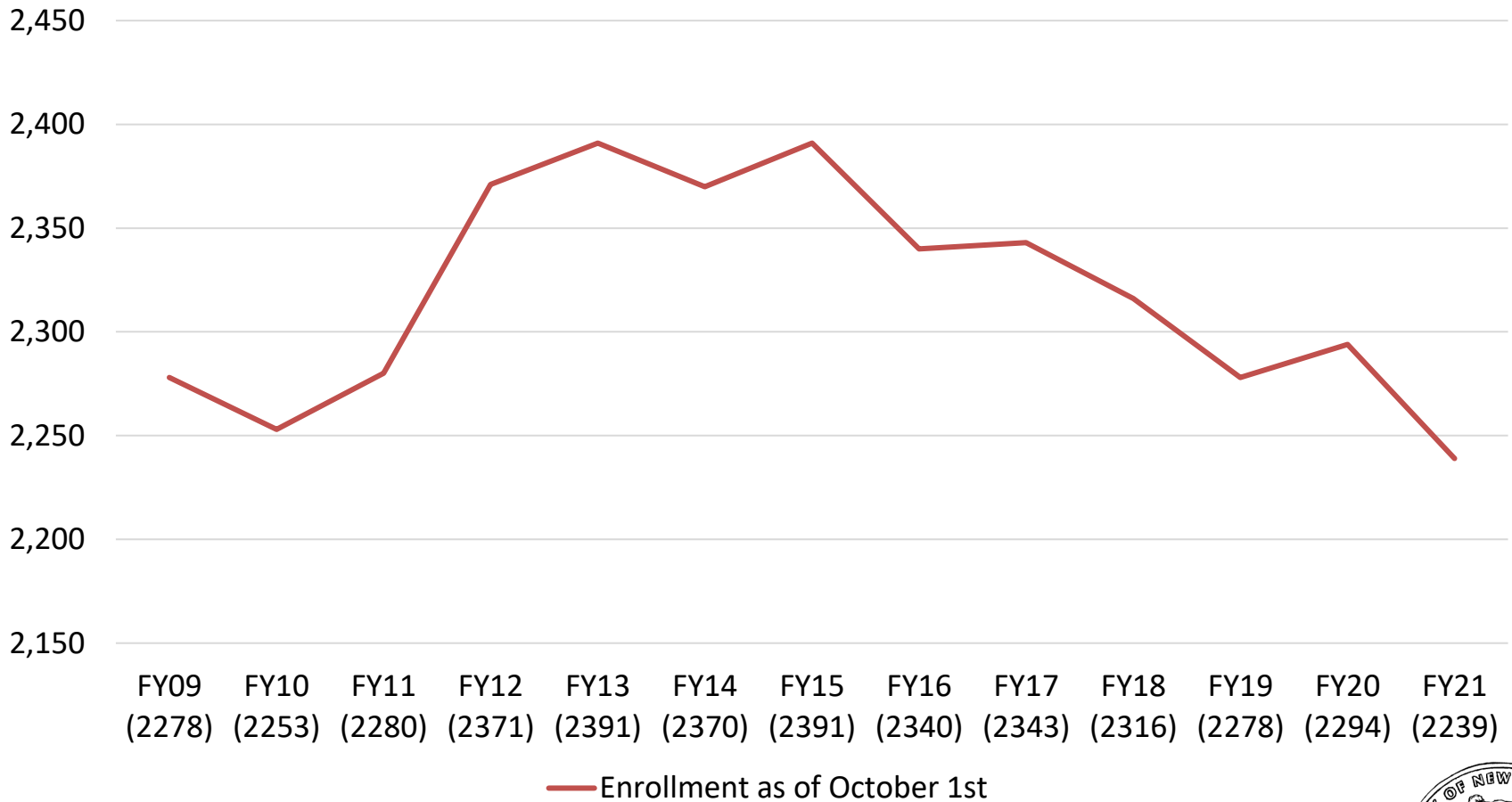
## SALARIES as of 12/11/20

	Budgeted	Expended	Encumbrance	Available Budget	PCT Used
District-Wide	\$3,693,018	\$1,592,562		\$2,100,456	43.1%
Bresnahan	\$6,346,434	\$1,773,660		\$4,572,775	27.9%
Molin	\$3,126,570	\$970,292		\$2,156,278	31%
Middle	\$5,005,243	\$1,549,318	\$6,333	\$3,449,591	31.1%
High	\$7,623,026	\$2,527,069		\$5,095,957	33.2%

*Salaries should be at approximately 34% at the end of December and are currently on target. District-Wide is over due to Administrative salary calculations being different from teachers (teachers end in August, admin ends in June)*



# Enrollment (10+ years) as of October 1st



# School Choice Revenue

## Revenue

FY03	\$1,504,950
FY04	\$1,471,452
FY05	\$1,484,034
FY06	\$1,445,073
FY07	\$1,336,129
FY08	\$1,036,983
FY09	\$958,647
FY10	\$809,729
FY11	\$1,001,859
FY12	\$1,067,833
FY13	\$1,080,851
FY14	\$900,327
FY15	\$727,472
FY16	\$641,809
FY17	\$201,781
FY18	\$94,453
FY19	\$124,126
FY20	\$226,348

*This report shows the revenue received from Choice over the past 18 years. We were continuing to show a significant decrease in revenue since FY13 due to enrollment, however in FY19 & FY20 the revenue increased due to added openings.*

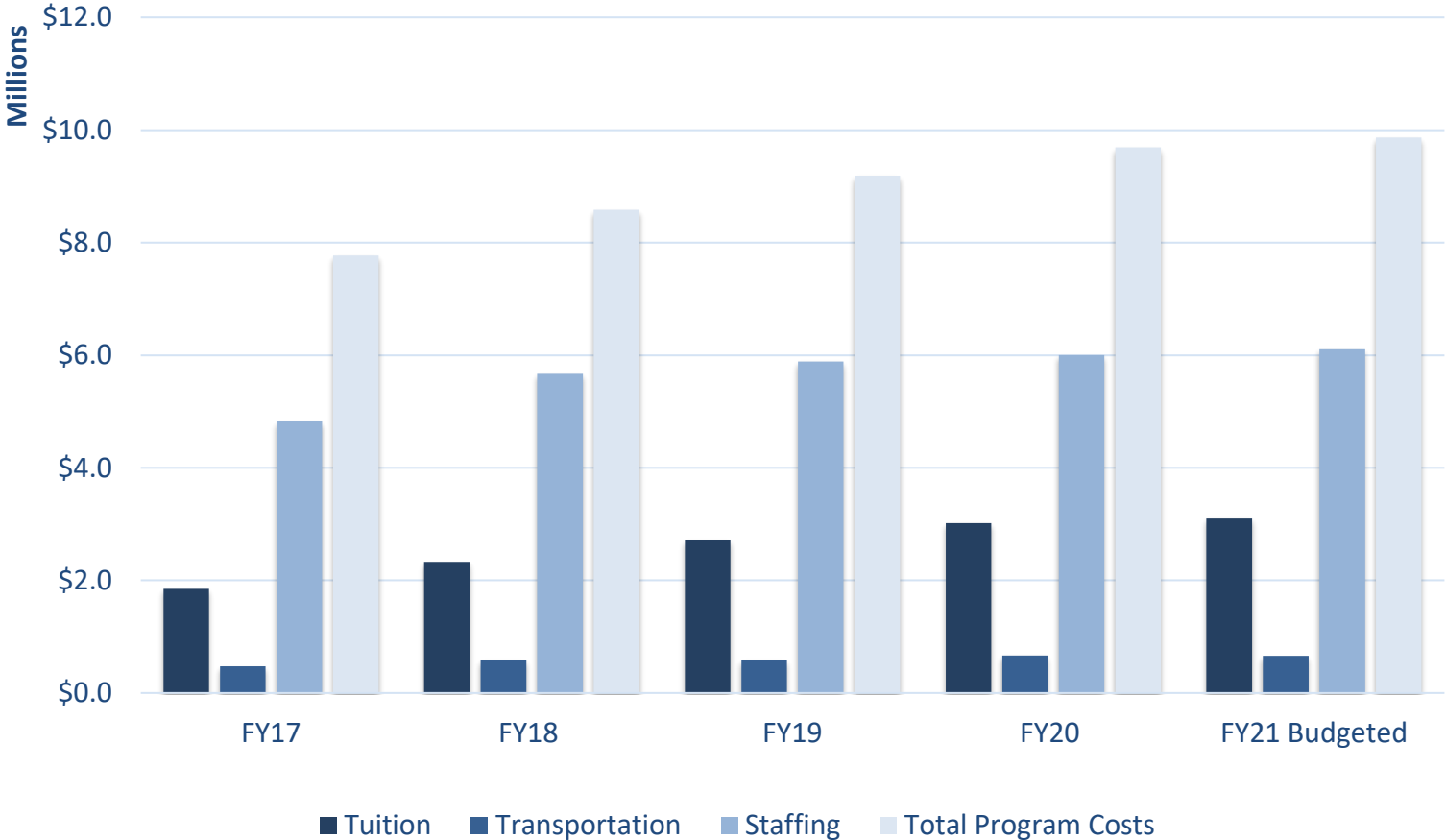
*Our current Choice numbers are as follows; (33)*

Grade 3	1
Grade 5	3
Grade 8	7
Grade 10	9
Grade 11	12
Grade 12	1



# Special Education Costs

## Special Education Program Costs



**Tuition**  
 FY17: \$1,847,968  
 FY18: \$2,327,569  
 FY19: \$2,711,035  
 FY20: \$3,019,027  
 FY21: \$3,101,477

**Transportation**  
 FY17: \$474,319  
 FY18: \$585,643  
 FY19: \$590,978  
 FY20: \$667,040  
 FY21: \$662,000

**Staffing**  
 FY17: \$4,823,503  
 FY18: \$5,668,838  
 FY19: \$5,889,736  
 FY20: \$6,003,730  
 FY21: \$6,105,386

**Total Program Costs**  
 FY17: \$7,769,048  
 FY18: \$8,582,050  
 FY19: \$9,191,749  
 FY20: \$9,689,797  
 FY21: \$9,868,863

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# Remote Academy FY21

- Number of students enrolled: 140
- Staffing: 31+
  - Trimester dates:
    - » 1st 9/16/20 – 12/11/20
    - » 2nd 12/14/20 – 3/19/21
    - » 3rd 3/22/21 – 6/16/21

No waiting list

Feedback from families and students has been overwhelmingly positive and supportive



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# Budget Timeline

- November Budget materials sent to Leadership Team
- December Principals meet with School Councils
- January Budget documents due at Central Office/ detail entered into budget worksheets
- February Central Office meets with budget managers, budget meetings with leadership team, identify district priorities
- February Budget Forum
- March Preliminary budget review to School Committee
- April Public presentation on budget
- April/May Budget deliberations with School Committee/ full budget to School Committee
- May Budget to City



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Newburyport Public  
Schools, the port where  
tradition and innovation  
converge...

Strategically Bringing the  
NPS Mission to Life



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# Pursuing the 2016-2021 Strategic Plan

- **Reimagining Teaching and Learning** through PK-12 professional development in skills-based/competency-based instruction; PK-3 focus on high impact instructional strategies for balanced literacy and writing; 6-12 professional development in dialogic instruction; innovations in the use of technology for instruction and creation
- **Offering an array of opportunities for personal achievement** through work such as the expansion of World Language programming in grades 7-8; dual enrollment at Endicott College and Salem State for NHS students;
- **Providing supports so all students are ready to learn** through work such as the expansion of student leadership and student voice opportunities; dyslexia screening; language based and therapeutic program development; cultural competency and equity professional development; later start at NHS and Rupert A. Nock Middle
- **Creating a dynamic community among all stakeholders** through a focus on enhance community partnerships with organization such as the NEF, Rotary, Business Coalition, Chamber of Commerce, Newburyport Youth Services
- **Optimizing organization operations** by adding a PK-12 teacher leader team, integrating *TeachPoint* to support a more user-friendly; effective evaluation process for educators; scheduling to support a later start at NHS and Nock/Molin schedule change

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# How the Budget Supports our Mission

- The budget is built with the mission and strategic plan in mind. How will we reimagine teaching? What resources are needed to meet our prioritized actions?
- Each strategic initiative is funded directly and indirectly by the school budget.
- Our greatest asset is our staff. Educators (from nurses to counselors to teachers) bring our mission to life. We invest in their development and prioritize supporting their excellence. Support staff allow our programs and buildings to operate and to efficiently create a culture where students can thrive. People are what bring schools to life.
- We also invest in partnerships that bring mentors and experts into our district. These partners support us in implementing visionary best practices.
- We invest in technology to put the best tools in the hands of our educators, staff and students. From devices to apps to system support tools to hardware, our budget allows the district to implement innovative practices.
- Without safe and secure buildings, our mission would not be accomplished. We invest in maintenance, upgrades and new construction that allow our mission to be realized.

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# Building on Today while Looking to the Future

- We will continue to maximizing operational resources and to reallocate and restructure to maintain fiscal responsibility while also pursuing growth
- We will move the 2016-2021 Strategic Plan forward with updated action plans for the next 5 year cycle
- We will continue to build a district that invests in our educators and provides resources and buildings so our students have access to 21st century classrooms and global learning. Some priorities include:
  - Update Technology Plan with a focus on innovation & sustainability
  - Overall district scheduling & review of later start times
  - Comprehensive dual enrollment program
  - College and career readiness: real world authentic learning / enhancement of internships
  - Program development including but not limited to: dual enrollment, World Languages (K-6), Humanities, Special Education, increased extracurricular activities, clubs, and educational programs
  - MSBA Proposal: expansion of high school Science labs & repair high school roof

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# Covid-19 Impact Statement

- In March of 2019, Governor Baker announced a state of emergency and closed the schools. What we expected to be a short term closure, lasted through the school year.
- As the pandemic spread over the summer, educators worked at federal, state and local levels to rapidly redesign school so students, staff and families could safely continue learning. The NPS team, School Committee, and greater Newburyport community worked tirelessly this summer so we could open schools this fall. Every aspect of how schools do business has been affected, from operations to instruction to transportation.
- Technology was purchased and deployed. Professional development was offered. Educators designed curricula for in person, remote and hybrid learning. Classrooms were set up to support social distancing. Nurses implemented new protocols and started contact tracing.



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# Covid-19 Impact Statement

- The strength of our organization is, and will continue to be, the people: NPS staff, students and families.
- Although the pandemic has forced us to change course, NPS has continued to pursue our mission and to create opportunities for growth of our students and staff.
- We have challenged the community to “be in this together.” As we look toward the future, and most specifically the 2020-21 SY, we will need to keep our eye on our common goals and join together in support of a strong education for all our children.

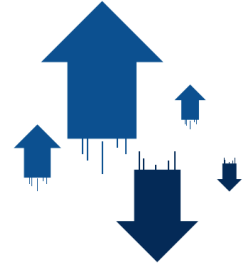


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# Five-Year Revenue and Expenditure Forecasts



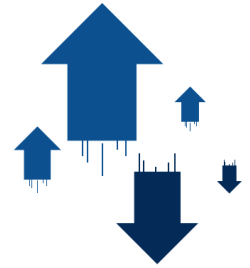
# Five-Year Forecast



- 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)



# 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  $\geq$  projected revenue growth
- Federal/state funding to cover COVID-19 related expenses
- License fees resume in FY22
- Debt Service (within levy) = 2.0% of annual revenue





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# Health Insurance Costs

- Health insurance is the largest budget line item, comprising 13.1% of expenditures
- Long-term costs very difficult to predict
  - Forecast assumes 4.0% annual increases
  - OPEB actuarial valuation assumes 4.5% annual increases
- FY22 projection @ 4.0% = \$392,288
- Sustainability is dependent on further modifications



# Five-Year Forecast

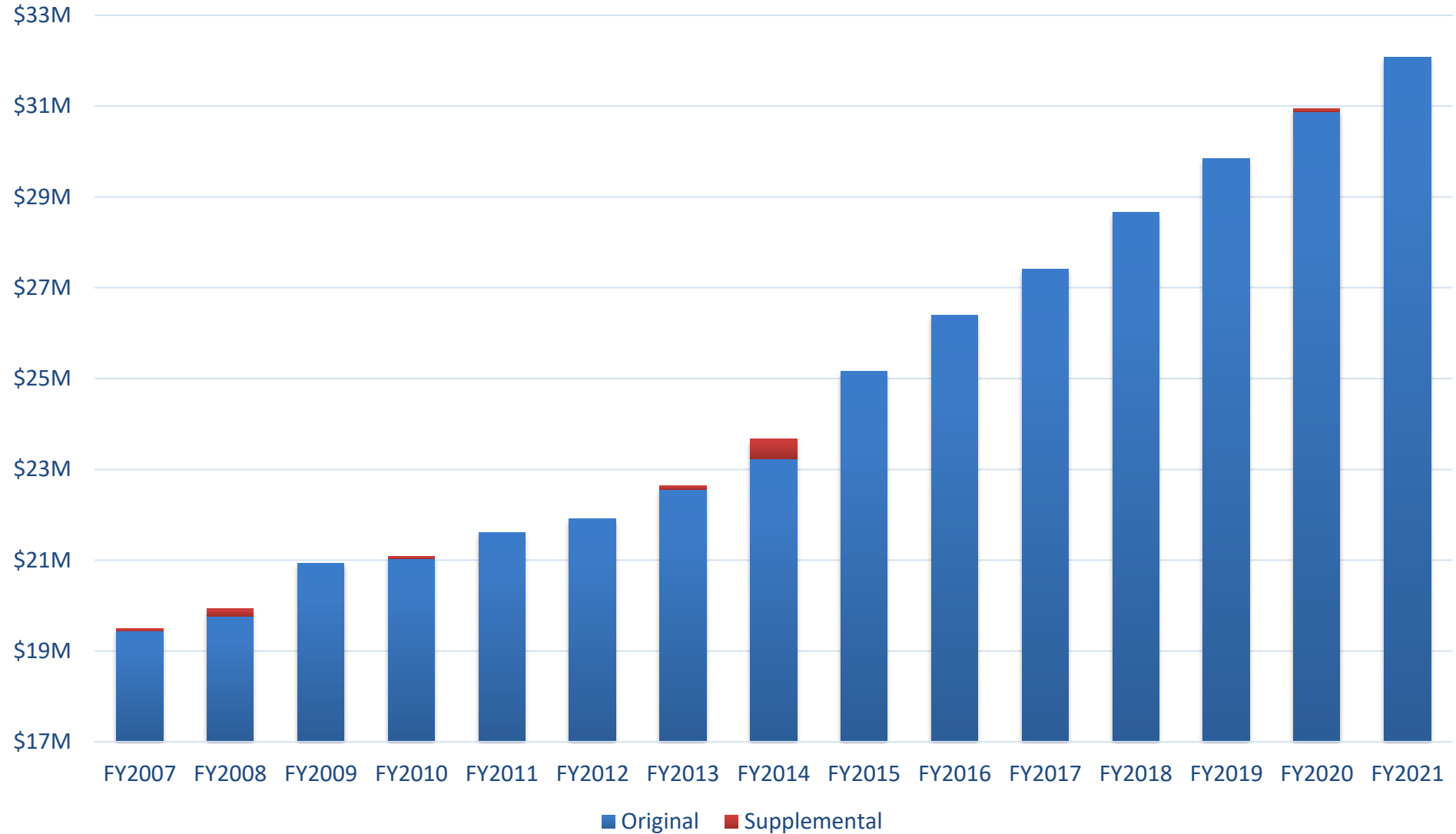
## Revenue Projection

		<u>Unaudited</u>								
	<i>GROWTH RATE</i>	<i>FY 2018 ACTUAL</i>	<i>FY 2019 ACTUAL</i>	<i>FY 2020 ACTUAL</i>	<i>FY 2021 ESTIMATE</i>	<i>FY 2022 PROJECTED</i>	<i>FY 2023 PROJECTED</i>	<i>FY 2024 PROJECTED</i>	<i>FY 2025 PROJECTED</i>	<i>FY 2026 PROJECTED</i>
<b>PROPERTY TAXES</b>										
Prior Year Levy Limit		49,834,938	52,014,405	54,300,695	56,390,995	58,726,600	60,794,765	62,914,634	65,093,500	67,332,898
2 1/2 % Increase		1,245,873	1,300,360	1,357,517	1,409,775	1,468,165	1,519,869	1,572,866	1,627,338	1,683,322
New Growth		933,594	985,930	732,787	925,830	600,000	600,000	606,000	612,060	618,181
<b>TOTAL LEVY LIMIT</b>		<b>52,014,405</b>	<b>54,300,695</b>	<b>56,390,999</b>	<b>58,726,600</b>	<b>60,794,765</b>	<b>62,914,634</b>	<b>65,093,500</b>	<b>67,332,898</b>	<b>69,634,401</b>
Debt Exclusion		3,166,609	3,178,737	3,165,464	3,171,545	3,171,735	3,167,680	3,182,660	3,195,425	3,230,640
<b>TOTAL LEVY LIMIT</b>		<b>55,181,015</b>	<b>57,479,432</b>	<b>59,556,463</b>	<b>61,898,145</b>	<b>63,966,500</b>	<b>66,082,314</b>	<b>68,276,160</b>	<b>70,528,323</b>	<b>72,865,041</b>
Excess Levy Capacity		-386,098	-326,531	0	-869,029	-587,266	-303,974	0	0	0
<b>TOTAL TAX LEVY</b>		<b>54,794,916</b>	<b>57,152,901</b>	<b>59,556,463</b>	<b>61,029,116</b>	<b>63,379,234</b>	<b>65,778,340</b>	<b>68,276,160</b>	<b>70,528,323</b>	<b>72,865,041</b>
<b>LOCAL RECEIPTS</b>										
Motor Vehicle Excise	2.2%	2,710,467	2,747,357	2,963,027	2,675,305	2,675,305	2,734,162	2,794,313	2,855,788	2,918,615
Other Excise										
a. Meals	2.2%	627,528	657,825	600,503	491,000	550,000	562,100	574,466	587,104	600,021
b. Room	2.2%	223,725	226,301	272,723	200,000	225,000	229,950	235,009	240,179	245,463
c. Other	0.0%	112,194	116,399	124,410	0	0	0	0	0	0
Pen & Int on Tax & Exc	1.0%	370,159	343,545	310,774	280,000	285,000	287,850	290,729	293,636	296,572
Payments in Lieu of Taxes	0.0%	62,612	82,083	37,089	40,000	40,000	40,000	40,000	40,000	40,000
Fees	3.0%	402,086	345,552	294,754	255,000	275,000	300,000	309,000	318,270	327,818
Other Dept. Revenue	0.4%	61,392	66,879	56,416	50,000	55,000	55,237	55,476	55,716	55,956
Licenses and Permits	3.0%	964,669	1,190,151	1,055,073	750,000	800,000	850,000	875,500	901,765	928,818
Fines & Forfeits	3.0%	13,856	12,292	7,347	10,000	10,000	10,303	10,614	10,936	11,266
Investment Income	2.0%	131,781	271,752	238,029	90,000	90,000	91,800	93,636	95,509	97,419
Medicaid Reimbursement	3.5%	107,460	94,345	33,985	110,000	110,000	113,850	117,835	121,959	126,228
Miscellaneous Recurring	2.0%	180,559	171,178	174,408	176,729	177,000	180,540	184,151	187,834	191,590
Miscellaneous Non-Recurring	0.0%	62,824	114,726	294,784	0	0	0	0	0	0
<b>TOTAL LOCAL RECEIPTS</b>	<b>2.3%</b>	<b>6,031,312</b>	<b>6,440,384</b>	<b>6,463,321</b>	<b>5,128,034</b>	<b>5,292,305</b>	<b>5,455,792</b>	<b>5,580,729</b>	<b>5,708,695</b>	<b>5,839,767</b>
<b>TOTAL NET STATE AID</b>	<b>1.5%</b>	<b>4,265,776</b>	<b>4,341,771</b>	<b>4,583,403</b>	<b>4,892,878</b>	<b>4,606,017</b>	<b>4,675,108</b>	<b>4,745,234</b>	<b>4,816,413</b>	<b>4,888,659</b>
<b>OTHER FINANCING SOURCES (9)</b>										
Free Cash/Stabilization		373,762	0	0	0	587,266	303,974	0	0	0
Transfers In - Parking Fund		0	921,753	952,534	1,026,919	1,035,358	1,052,796	1,070,462	1,083,028	1,100,792
<b>OTHER FINANCING SOURCES</b>		<b>373,762</b>	<b>921,753</b>	<b>952,534</b>	<b>1,026,919</b>	<b>1,622,624</b>	<b>1,356,769</b>	<b>1,070,462</b>	<b>1,083,028</b>	<b>1,100,792</b>
<b>RESERVE FOR ABATEMENT</b>		<b>-446,750</b>	<b>-348,465</b>	<b>-391,856</b>	<b>-311,489</b>	<b>-383,799</b>	<b>-396,494</b>	<b>-409,657</b>	<b>-423,170</b>	<b>-437,190</b>
<b>TOTAL REVENUE</b>	<b>2.9%</b>	<b>\$65,019,016</b>	<b>\$68,508,344</b>	<b>\$71,163,865</b>	<b>\$71,765,458</b>	<b>\$74,516,381</b>	<b>\$76,869,515</b>	<b>\$79,262,928</b>	<b>\$81,713,289</b>	<b>\$84,257,068</b>

# Five-Year Forecast

<b>Expenditure Projection</b>		<u>Unaudited</u>								
	<i>GROWTH RATE</i>	<b>FY 2018 ACTUAL</b>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 ACTUAL</b>	<b>FY 2021 REVISED</b>	<b>FY 2022 PROJECTED</b>	<b>FY 2023 PROJECTED</b>	<b>FY 2024 PROJECTED</b>	<b>FY 2025 PROJECTED</b>	<b>FY 2026 PROJECTED</b>
General Administration	2.3%	1,737,285	2,329,498	2,397,840	2,561,400	2,620,789	2,681,555	2,743,730	2,807,347	2,872,439
Finance	2.6%	829,526	859,420	917,619	1,023,871	1,050,619	1,078,066	1,106,230	1,135,129	1,164,784
Public Safety	2.6%	8,874,977	9,580,413	10,045,942	10,202,029	10,463,185	10,731,026	11,005,723	11,287,451	11,576,392
Public Services	2.5%	2,927,285	3,040,206	3,041,959	3,026,681	3,102,101	3,179,401	3,258,626	3,339,826	3,423,050
Planning and Development	2.6%	705,436	767,710	911,207	972,804	998,378	1,024,624	1,051,560	1,079,204	1,107,575
Social Services	2.5%	2,186,591	2,208,831	2,222,596	2,321,407	2,380,211	2,440,505	2,502,325	2,565,712	2,630,705
Public Schools	3.1%	28,631,701	29,815,374	30,935,242	32,072,564	33,066,813	34,091,884	35,148,733	36,238,344	37,361,732
Vocational Schools	3.0%	623,967	676,084	785,040	738,212	760,358	783,169	806,664	830,864	855,790
<b>Employee Benefits:</b>										
Health Insurance										
City	4.0%	3,352,334	3,850,329	3,953,952	3,987,605	4,147,109	4,312,993	4,485,513	4,664,933	4,851,531
Schools	4.0%	5,775,472	5,619,245	5,770,475	5,819,588	6,052,372	6,294,467	6,546,245	6,808,095	7,080,419
Total	4.0%	<b>9,127,806</b>	<b>9,469,573</b>	<b>9,724,427</b>	<b>9,807,193</b>	<b>10,199,480</b>	<b>10,607,460</b>	<b>11,031,758</b>	<b>11,473,028</b>	<b>11,931,949</b>
Pension Assessment										
City	5.0%	2,895,975	2,989,361	3,129,576	3,384,373	3,553,592	3,731,271	3,917,835	4,113,726	4,319,413
Schools	5.0%	1,028,766	1,143,054	1,210,982	1,179,136	1,238,092	1,299,997	1,364,997	1,433,247	1,504,909
Total	5.0%	<b>3,924,742</b>	<b>4,132,415</b>	<b>4,340,558</b>	<b>4,563,509</b>	<b>4,791,684</b>	<b>5,031,268</b>	<b>5,282,832</b>	<b>5,546,973</b>	<b>5,824,322</b>
OPEB Trust Fund		<b>50,000</b>	<b>60,000</b>	<b>0</b>	<b>0</b>	<b>101,995</b>	<b>106,075</b>	<b>110,318</b>	<b>114,730</b>	<b>119,319</b>
<b>Total Employee Benefits</b>	4.3%	<b>13,102,548</b>	<b>13,661,988</b>	<b>14,064,984</b>	<b>14,370,701</b>	<b>15,093,159</b>	<b>15,744,802</b>	<b>16,424,907</b>	<b>17,134,732</b>	<b>17,875,591</b>
<b>Capital</b>										
Capital Outlay	2.5%	382,765	365,892	461,873	380,475	389,987	399,737	409,730	419,973	430,473
Debt Service		3,971,948	4,125,217	3,872,960	4,095,314	4,662,063	4,705,070	4,767,919	4,829,691	4,915,781
City		805,338	946,480	707,496	923,769	1,490,328	1,537,390	1,585,259	1,634,266	1,685,141
Excluded		3,166,609	3,178,737	3,165,464	3,171,545	3,171,735	3,167,680	3,182,660	3,195,425	3,230,640
<b>Total Capital Investments</b>		<b>4,354,712</b>	<b>4,491,109</b>	<b>4,334,834</b>	<b>4,475,789</b>	<b>5,052,050</b>	<b>5,104,807</b>	<b>5,177,649</b>	<b>5,249,664</b>	<b>5,346,254</b>
<b>TOTAL EXPENDITURES</b>		<b>\$63,974,028</b>	<b>\$67,430,633</b>	<b>\$69,657,263</b>	<b>\$71,765,458</b>	<b>\$74,587,663</b>	<b>\$76,859,838</b>	<b>\$79,226,147</b>	<b>\$81,668,273</b>	<b>\$84,214,310</b>
<b>TOTAL REVENUE</b>		<b>\$65,019,016</b>	<b>\$68,508,344</b>	<b>\$71,163,865</b>	<b>\$71,765,458</b>	<b>\$74,516,381</b>	<b>\$76,869,515</b>	<b>\$79,262,928</b>	<b>\$81,713,289</b>	<b>\$84,257,068</b>
<b>AVAILABLE BALANCE</b>		<b>\$ 1,044,988</b>	<b>\$ 1,077,711</b>	<b>\$ 1,506,602</b>	<b>\$ 0</b>	<b>\$ (71,282)</b>	<b>\$ 9,677</b>	<b>\$ 36,781</b>	<b>\$ 45,015</b>	<b>\$ 42,758</b>

# School Appropriation – 15 Year Trend



# Next Steps

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

