

Section 2: Budget Overview

BALANCED BUDGET OVERVIEW

REVENUES

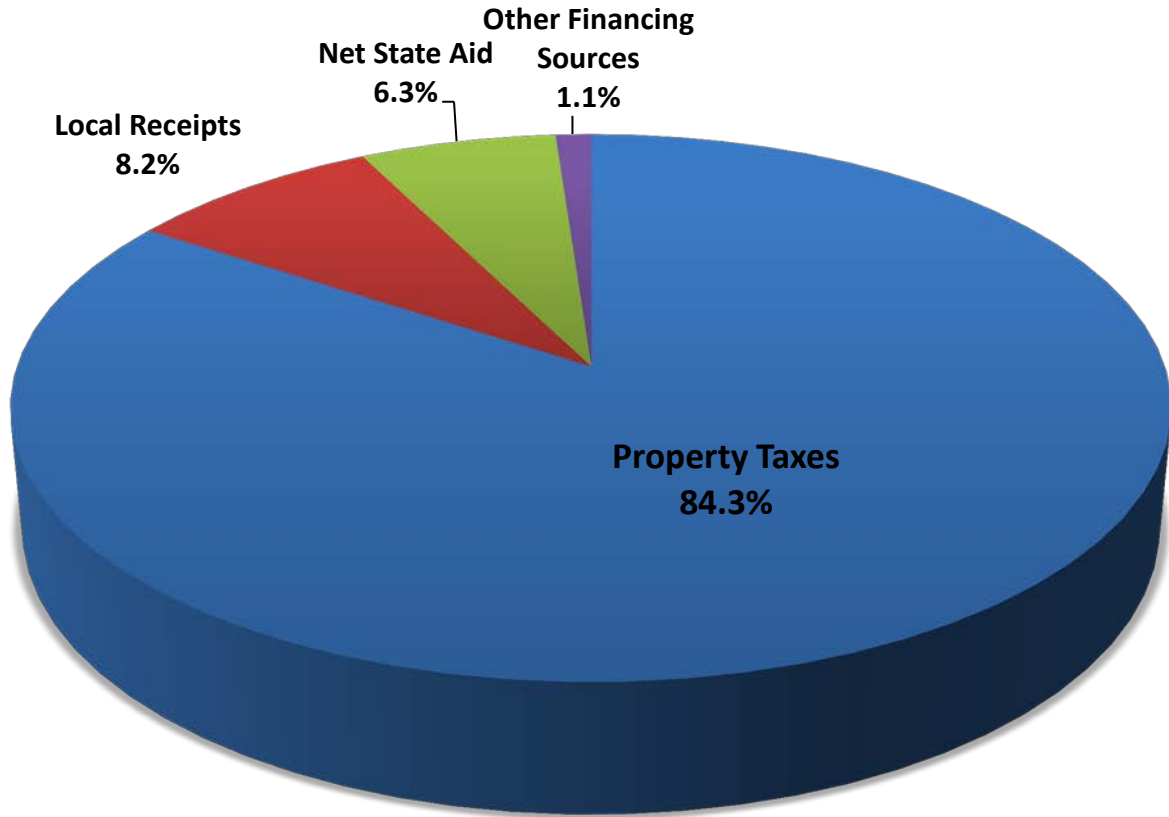
	<u>FY 2018</u> <u>ESTIMATE</u>	<u>FY 2019</u> <u>PROJECTED</u>
PROPERTY TAXES		
Prior Year Levy Limit	\$ 49,835,111	\$ 52,014,583
2 1/2 % Increase	\$ 1,245,878	\$ 1,300,365
New Growth (1)	\$ 933,594	\$ 700,000
TOTAL LEVY LIMIT	\$ 52,014,583	\$ 54,014,947
Debt Exclusion	\$ 3,166,609	\$ 3,178,737
TOTAL MAXIMUM LEVY LIMIT	\$ 55,181,192	\$ 57,193,684
LOCAL RECEIPTS		
Motor Vehicle Excise (2)	\$ 2,525,000	\$ 2,600,000
Other Excise		
a. Meals	\$ 560,000	\$ 580,000
b. Room	\$ 230,000	\$ 230,000
c. Other (3)	\$ 105,000	\$ 105,000
Pen & Int on Tax & Exc	\$ 335,000	\$ 300,000
Payments in Lieu of Taxes	\$ 61,351	\$ 62,000
Fees (4)	\$ 425,000	\$ 350,000
Other Dept. Revenue (5)	\$ 55,000	\$ 60,000
Licenses and Permits (6)	\$ 860,000	\$ 900,000
Fines & Forfeits (7)	\$ 10,000	\$ 20,000
Investment Income	\$ 50,000	\$ 55,000
Medicaid Reimbursement	\$ 100,000	\$ 125,000
Miscellaneous Recurring (8)	\$ 138,000	\$ 175,000
Miscellaneous Non-Recurring	\$ -	\$ -
TOTAL LOCAL RECEIPTS	\$ 5,454,351	\$ 5,562,000
STATE AID (9)		
Cherry Sheet Receipts	\$ 7,644,168	\$ 7,644,168
Less Offsets	\$ (3,135,034)	\$ (3,135,034)
Less Charges and Assessments	\$ (568,941)	\$ (568,941)
TOTAL NET STATE AID	\$ 4,265,776	\$ 4,269,416
OTHER FINANCING SOURCES		
PAID PARKING FUND	\$ -	\$ 774,496
TOTAL OTHER FINANCING SOURCES	\$ -	\$ 774,496
RESERVE FOR ABATEMENT (10)	\$ (446,750)	\$ (300,000)
TOTAL REVENUE	\$ 64,454,570	\$ 67,499,596

(1) estimated FY2019 New Growth; (2) motor vehicle excise tax bills; (3) urban redevelopment excise tax (MGL Ch. 121A); (4) municipal liens, off duty fees, registry fees, tax title, fire alarm box fees, inspection fees; (5) copies/recordings, zoning/ordinances, business certificates; (6) building, dogs, utility, fire, etc.; (7) court, police; (8) police incident/accident, cell tower lease payments, animal control, veterans' services, FWS refuge revenue sharing; (9) based on FY2019 House Ways & Means Budget; (10) based on Assessor's estimate.

EXPENDITURES

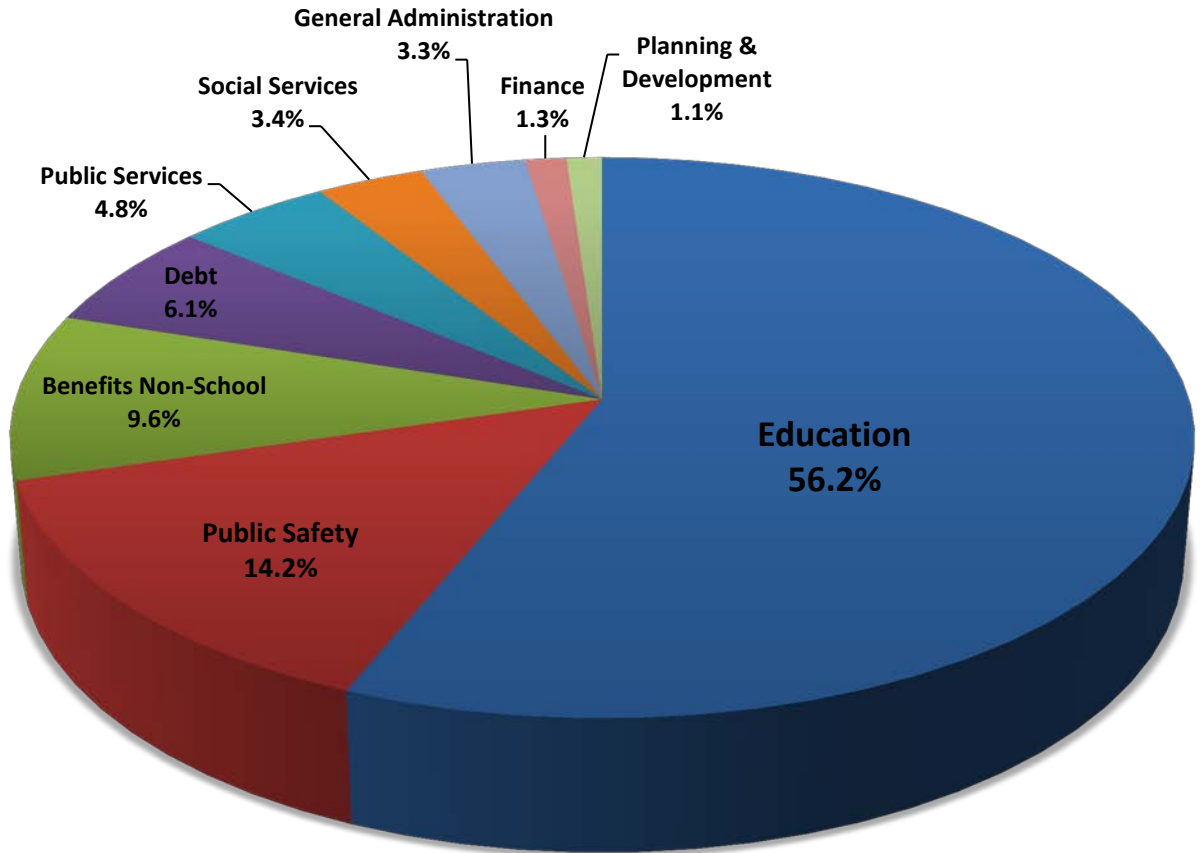
	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGET	FY2019 PROPOSED	\$ CHANGE	% CHANGE
GENERAL FUND						
CITY SERVICES						
001 - PERSONNEL SERVICES	23,234,558	24,883,514	26,038,040	27,458,001	1,419,961	5.5%
002 - PURCHASE OF SERVICES	3,301,665	3,498,492	3,292,666	3,932,542	639,876	19.4%
004 - SUPPLIES	460,612	465,068	457,140	538,615	81,475	17.8%
007 - OTHER CHARGES & EXPENSES	665,221	502,863	598,830	519,437	(79,393)	-13.3%
008 - CAPITAL OUTLAY	351,037	325,720	354,287	366,646	12,359	3.5%
009 - DEBT SERVICE	3,715,056	4,107,675	3,986,891	4,132,835	145,944	3.7%
CITY SERVICES Total	31,728,150	33,783,333	34,727,854	36,948,076	2,220,222	6.4%
EDUCATION						
002 - PURCHASE OF SERVICES	26,738,728	27,824,100	29,292,850	30,545,626	1,252,776	4.3%
EDUCATION Total	26,738,728	27,824,100	29,292,850	30,545,626	1,252,776	4.3%
GENERAL FUND Total	58,466,878	61,607,433	64,020,704	67,493,702	3,472,998	5.4%
HARBORMASTER ENTERPRISE FUND						
001 - PERSONNEL SERVICES	225,586	241,820	268,039	279,044	11,005	4.1%
002 - PURCHASE OF SERVICES	27,565	37,039	50,050	47,250	(2,800)	-5.6%
004 - SUPPLIES	14,856	17,995	18,700	18,700	0	0.0%
007 - OTHER CHARGES & EXPENSES	3,415	6,075	11,000	11,000	0	0.0%
008 - CAPITAL OUTLAY	23,052	49,508	50,000	50,000	0	0.0%
009 - DEBT SERVICE	11,768	64,375	70,041	76,835	6,794	9.7%
HARBORMASTER ENTERPRISE FUND Total	306,242	416,812	467,830	482,829	14,999	3.2%
SEWER ENTERPRISE FUND						
001 - PERSONNEL SERVICES	1,974,894	2,081,494	2,227,056	2,317,272	90,216	4.1%
002 - PURCHASE OF SERVICES	1,145,647	1,276,381	1,326,920	1,277,607	(49,313)	-3.7%
004 - SUPPLIES	229,365	269,059	315,978	402,128	86,150	27.3%
007 - OTHER CHARGES & EXPENSES	50,942	196,287	79,375	91,321	11,946	15.0%
008 - CAPITAL OUTLAY	260,557	173,973	275,000	271,000	(4,000)	-1.5%
009 - DEBT SERVICE	2,216,540	2,230,275	2,836,325	3,034,564	198,239	7.0%
SEWER ENTERPRISE FUND Total	5,877,944	6,227,469	7,060,654	7,393,893	333,239	4.7%
WATER ENTERPRISE FUND						
001 - PERSONNEL SERVICES	1,829,441	1,929,559	2,094,011	2,175,572	81,561	3.9%
002 - PURCHASE OF SERVICES	726,045	748,111	887,251	898,351	11,100	1.3%
004 - SUPPLIES	160,982	205,027	186,147	185,845	(301)	-0.2%
007 - OTHER CHARGES & EXPENSES	81,004	191,859	93,724	106,107	12,383	13.2%
008 - CAPITAL OUTLAY	161,091	135,547	161,000	240,000	79,000	49.1%
009 - DEBT SERVICE	1,829,541	1,842,622	1,685,738	1,854,139	168,401	10.0%
WATER ENTERPRISE FUND Total	4,788,103	5,052,725	5,107,870	5,460,014	352,144	6.9%
Grand Total	69,439,167	73,304,439	76,657,058	80,830,437	4,173,379	5.4%

FISCAL YEAR 2019 REVENUE SOURCES



Property Taxes	\$57,193,684
Local Receipts	\$5,562,000
Net State Aid	\$4,269,416
Other Financing Sources	\$774,496
Reserve for Abatements	(\$300,000)
Total General Fund Revenue	\$67,499,596

FISCAL YEAR 2019 EXPENDITURES



Projected General Fund Revenue	\$67,499,596
Proposed General Fund Expenditures	(\$67,493,702)
Remaining Available Revenue	\$5,895

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 85% of the General Fund budget revenue in Fiscal Year 2018 and will provide approximately 84% of Fiscal Year 2019 revenue.

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 on an annual basis. Newburyport went through a full revaluation in FY2017.

Proposition 2 ½, enacted in 1980, sets a limit on the entire tax levy for a municipality; specifically that the total tax levy cannot exceed 2 ½ percent of the total assessed value for the municipality. 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 that are added to the tax rolls. Any Proposition 2 ½ override or debt exclusion amounts approved by referendum are also added to the levy limit.

Property taxes are expected to increase in FY2019 by approximately \$2.0 million, to \$57,193,684. This increase includes the allowable 2.5% increase of \$1,300,365 plus an estimated \$700,000 from projected new growth and excluded debt service totaling \$3.2 million. 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. Specifically, 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 predominantly 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 FY2019 projected local receipts are \$5,562,000, a year-over-year increase of 2.0%, or \$108,000, compared to the last year's revenue estimate. The largest local receipt is the motor vehicle excise tax, which is taxed at a rate of \$25 per thousand dollars of a vehicle's value, as determined by the state's Registry of Motor Vehicles. These taxes comprise 47%, or \$2.6 million, of the City's total local receipts. The second largest source of local revenue as fees charged for licenses and permits, totaling 16% of local receipts, or \$900,000.

Local option taxes continue to provide additional revenue for the City in the form of a 0.75% local tax on meals and 6.0% local tax on hotel stays (room occupancy tax). Combined, these generate approximately \$810,000 in revenue for the City, or about 15% of total local receipts. The City is currently exploring a new local option tax on marijuana, which can be established up to 3% of retail sales. Likewise, there is also the potential for the City to see local revenue from any host agreements that get signed with marijuana manufacturers or cultivators opting to locate in the City.

State Aid

State Aid is Newburyport's third largest revenue source. The FY2019 proposed budget is built upon the FY2019 House Ways and Means (HWM) Budget proposal. Based on the HWM FY2019 budget proposal, we are currently projecting a net state aid appropriation of \$4,303,155, a 0.9%, or \$37,379 increase over FY2018. Newburyport's projected net state aid represents 6.3% of the projected general fund revenue sources for FY2018.

Included in the net state aid package, the City is projected to receive \$4,077,671 in Chapter 70 funding, which is local aid earmarked to support the operations of public school districts. Newburyport is also the home of a charter school, which continues to have a substantial impact on the City's net state aid appropriations. Consequently, the City is charged an assessment, "Charter School Sending Tuition," on the Cherry Sheet to offset the cost of students who attend the charter school. This assessment will equal approximately \$2,547,919 in FY2019, which is partially offset by \$260,278 in Charter Tuition Reimbursements. This amount will continue to change as final tuition rates are determined.

Historically, 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 an increase in UGGA, in line with state revenue growth. Specifically, the House budget funds Newburyport's FY2019 UGGA allocation at \$2,637,044, representing an increase of 3.5%, or \$89,175, from FY2018.

Taken as a whole, even though Newburyport did see modest increases in Chapter 70 and UGGA funding, these increases were met with upward adjustments on the assessments side, most notably Charter School Sending Tuition, as shown on page 32, resulting in a net increase of 0.9% to the City's overall state aid package.

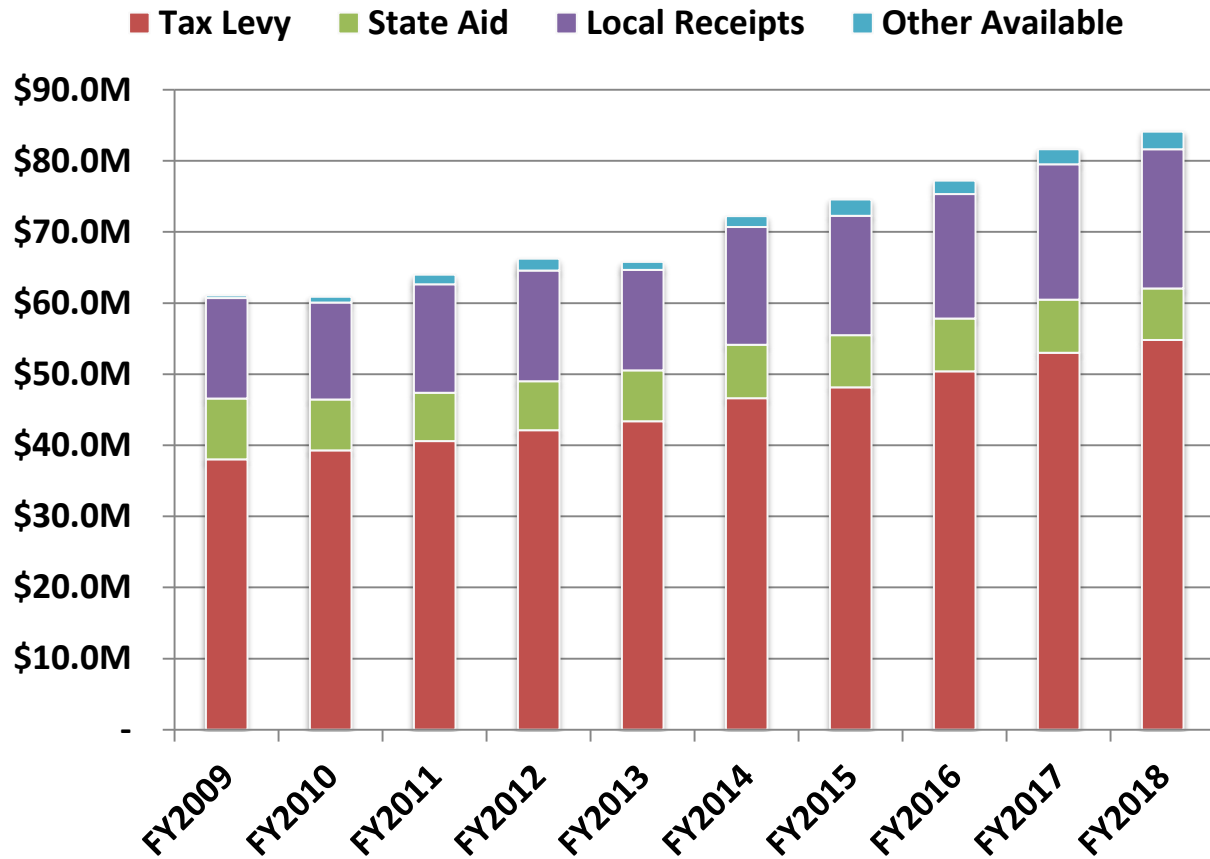
Reserves

Another 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 a stabilization fund balance equal to or greater than 5% of operating revenues. Consistent with the fiscal policy and budget goals, the City will not use any reserves to balance the FY2019 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 table found in Exhibit F “Grant Funding Opportunities” illustrates that continued commitment. In FY2018 alone, the City applied for over 45 grants totaling approximately \$3.0 million, thanks in large part to the creativity and aggressiveness of Grant Writer, Nancy London, in collaboration with department heads in applying for these alternative funding sources. Of the \$3.0 million, the City was awarded \$770,000, is waiting to hear back on \$1.9 million and was passed on \$300,000 in potential funding opportunities. The funding includes a combination of monetary contributions, as well as, in-kind technical assistance and consulting services.

Exhibit A: Revenue by Source



Revenues by Source (\$ thousands)										
Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Tax Levy	38,009	39,291	40,575	42,107	43,354	46,618	48,132	50,415	53,025	54,795
State Aid	8,582	7,126	6,797	6,873	7,157	7,492	7,362	7,395	7,471	7,244
Local Receipts	14,096	13,670	15,268	15,570	14,146	16,575	16,768	17,533	19,032	19,581
Other Available	377	808	1,328	1,673	1,142	1,554	2,304	1,875	2,088	2,496
Total	61,064	60,895	63,968	66,223	65,800	72,238	74,565	77,219	81,616	84,116
<i>Percent of Total</i>										
Tax Levy	62.2%	64.5%	63.4%	63.6%	65.9%	64.5%	64.6%	65.3%	65.0%	65.1%
State Aid	14.1%	11.7%	10.6%	10.4%	10.9%	10.4%	9.9%	9.6%	9.2%	8.6%
Local Receipts	23.1%	22.5%	23.9%	23.5%	21.5%	22.9%	22.5%	22.7%	23.3%	23.3%
Other Available	0.6%	1.3%	2.1%	2.5%	1.7%	2.2%	3.1%	2.4%	2.6%	3.0%

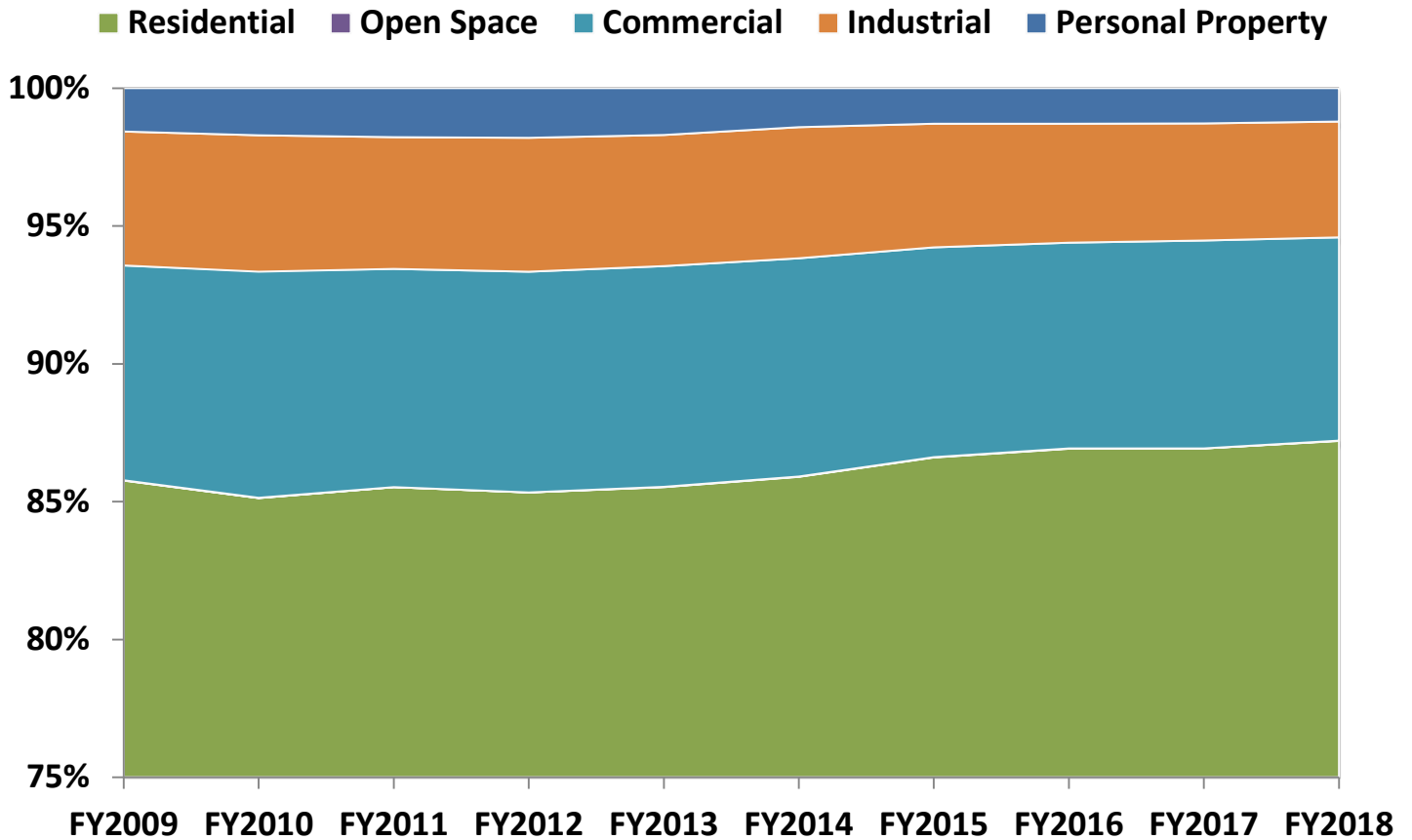
Tax Levy: Real and personal property tax levy

State Aid: State Aid Receipts (Gross)

Local Receipts: Local fees/charges, Enterprise Fund receipts and Community Preservation funds

Other Available: Free Cash appropriated during the year and transfers from other available funds

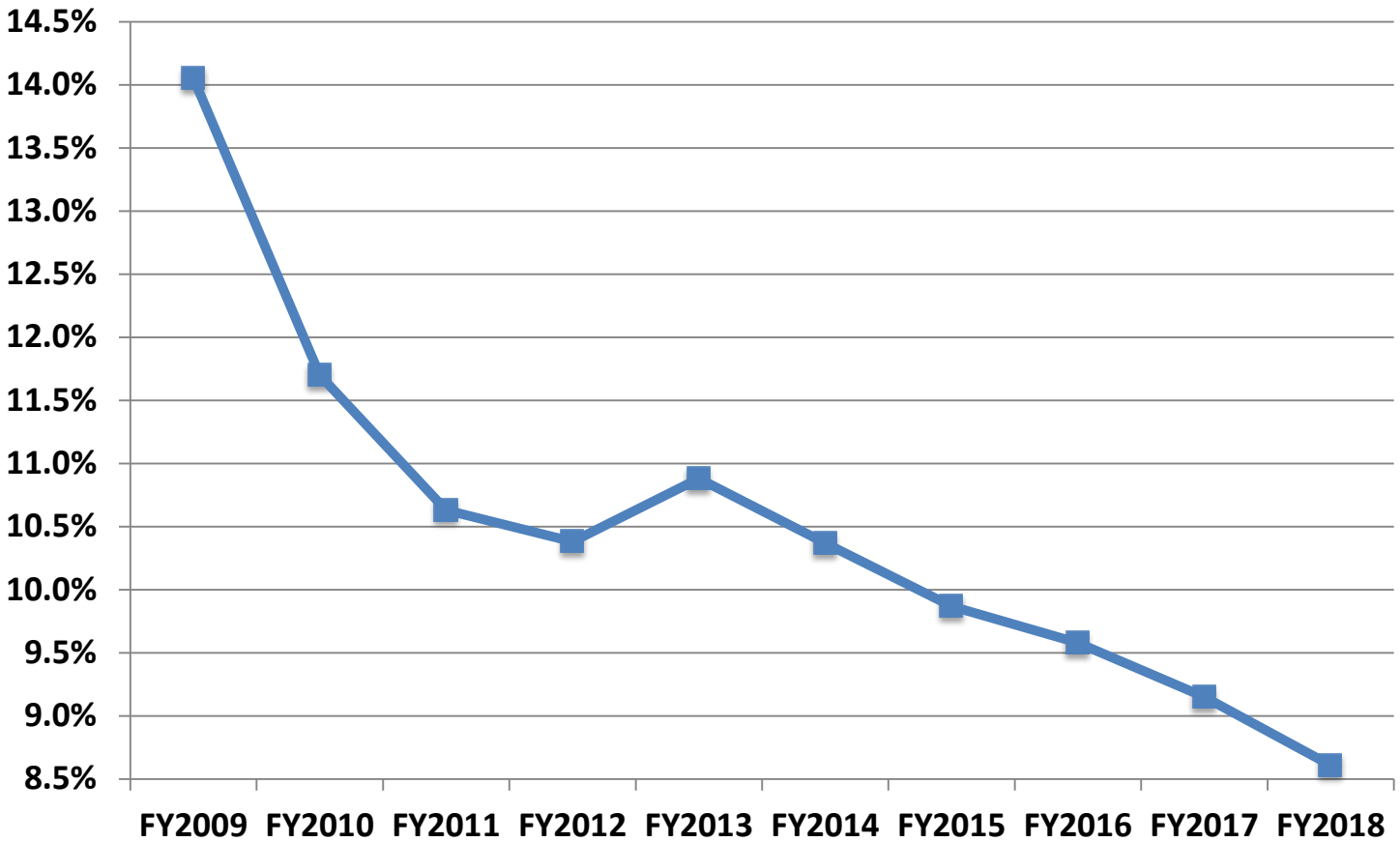
Exhibit B: Tax Levy % by Class



Assessed Values (\$ millions)										
Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Residential	2,982	2,868	2,875	2,807	2,784	2,828	3,125	3,273	3,427	3,603
Open Space	0	0	0	0	0	0	0	0	0	0
Commercial	271	277	266	263	261	261	275	281	297	305
Industrial	169	166	160	160	155	157	162	163	167	174
Personal Property	55	58	60	59	55	47	47	49	51	50
Total	3,477	3,370	3,362	3,290	3,255	3,292	3,608	3,765	3,942	4,132

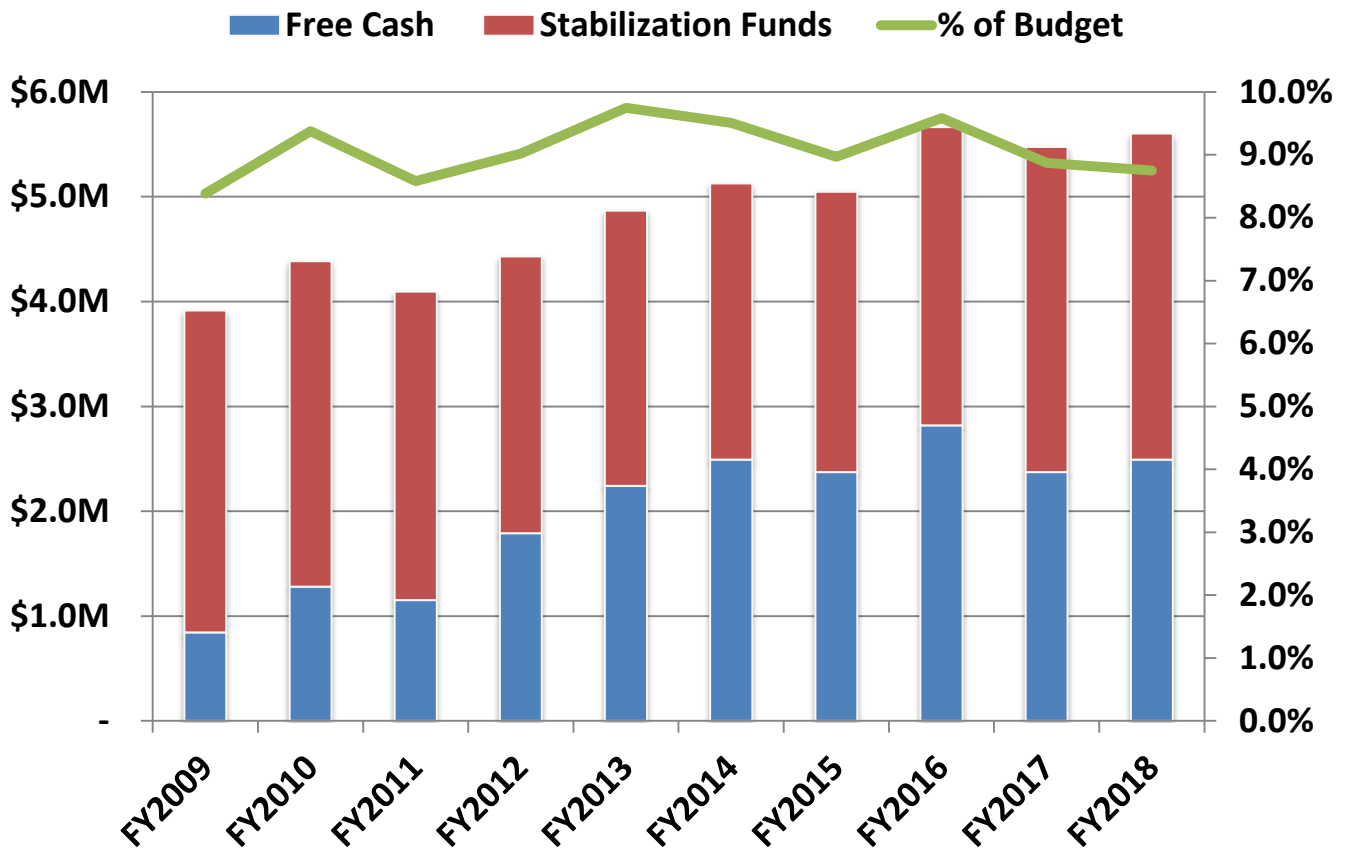
Tax Levy (\$ thousands)										
Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Residential	32,597	33,447	34,701	35,928	37,079	40,045	41,682	43,822	46,092	47,781
Open Space	4	4	3	3	3	3	3	3	3	3
Commercial	2,961	3,232	3,212	3,372	3,472	3,692	3,668	3,765	3,998	4,042
Industrial	1,849	1,935	1,937	2,045	2,063	2,218	2,156	2,176	2,249	2,304
Personal Property	597	674	723	760	737	660	622	650	682	664
Total	38,009	39,291	40,575	42,107	43,354	46,618	48,132	50,415	53,025	54,795

Exhibit C: State Aid as % of Total Revenue



Cherry Sheet Aid (\$ thousands)										
Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Education Aid	4,855	4,580	4,279	4,505	4,557	3,772	4,717	4,663	4,656	4,359
General Government	3,727	2,661	2,518	2,368	2,600	2,655	2,645	2,732	2,815	2,884
<i>Total Receipts</i>	<i>8,582</i>	<i>7,242</i>	<i>6,797</i>	<i>6,873</i>	<i>7,157</i>	<i>7,492</i>	<i>7,362</i>	<i>7,395</i>	<i>7,471</i>	<i>7,244</i>
<i>Total Assessments</i>	<i>(2,432)</i>	<i>(2,338)</i>	<i>(2,497)</i>	<i>(2,497)</i>	<i>(2,585)</i>	<i>(2,634)</i>	<i>(2,615)</i>	<i>(2,651)</i>	<i>2,549</i>	<i>2,756</i>
Net State Aid	11,014	9,580	9,294	9,370	4,572	4,858	4,747	4,744	4,921	4,488

Exhibit D: Reserve Balances



Reserves (\$ thousands)										
Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Free Cash	843	1,282	1,153	1,791	2,242	2,492	2,373	2,818	2,374	2,494
Stabilization Fund	3,071	3,104	2,943	2,638	2,625	2,634	2,674	2,845	3,100	3,771

Enterprise Fund Retained Earnings (\$ thousands)										
Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Water	515	1,099	964	1,510	1,357	1,609	1,117	1,710	1,970	1,770
Sewer	637	1,008	924	2,076	1,871	1,768	1,938	1,927	1,419	1,131
Harbormaster	451	384	321	248	383	384	334	320	454	536

Exhibit E: FY2019 Local Aid Estimates (“Cherry Sheet”)

FY2019 ESTIMATED RECEIPTS

	FY2018 Cherry Sheet Estimate	FY2019 Governor's Budget Proposal	FY2019 HWM Budget Proposal
Education:			
Chapter 70	3,923,142	4,037,835	4,077,671
Charter Tuition Reimbursement	239,739	198,832	260,278
Offset Receipts:			
School Choice Receiving Tuition	196,447	76,507	76,507
Sub-total, All Education Items:	4,359,328	4,313,174	4,414,456
General Government:			
Unrestricted Gen Gov't Aid	2,547,869	2,637,044	2,637,044
Veterans Benefits	101,503	81,706	81,706
State Owned Land	125,534	121,067	121,067
Exemp: VBS and Elderly	83,911	84,106	84,106
Offset Receipts:			
Public Libraries	25,563	25,155	24,962
Sub-Total, All General Government	2,884,380	2,949,078	2,948,885
Total Estimated Receipts	7,243,708	7,262,252	7,363,341

FY2019 ESTIMATED ASSESSMENTS

	FY2018 Cherry Sheet Estimate	FY2019 Governor's Budget Proposal	FY2019 HWM Budget Proposal
State Assessments and Charges:			
Mosquito Control Projects	40,252	43,071	43,068
Air Pollution Districts	7,041	7,215	7,215
RMV Non-Renewal Surcharge	41,260	41,260	41,260
Sub-Total, State Assessments:	88,553	91,546	91,543
Transportation Authorities:			
Regional Transit	152,588	149,523	149,523
Sub-Total, Transp Authorities:	152,588	149,523	149,523
Tuition Assessments:			
School Choice Sending Tuition	198,991	169,732	169,732
Charter School Sending Tuition	2,315,790	2,480,373	2,547,919
Sub-Total, Tuition Assessments:	2,514,781	2,650,105	2,717,651
Total Estimated Charges:	2,755,922	2,891,174	2,958,717
Receipts	7,243,708	7,262,252	7,363,341
Offsets	-222,010	-101,662	-101,469
Charges	-2,755,922	-2,891,174	-2,958,717
Net State Aid	4,265,776	4,269,416	4,303,155

Exhibit F: Grant Funding Opportunities

City Department	Funding Entity	Project Name	Principal Writer	Response	Amount Requested
DPS	MA Dept of Fish and Game	Culvert Replacement	Nancy London, Jon-Eric White	Not Awarded	\$95,000
DPS/Schools	Massachusetts Interlocal Insurance Association (MIIA)	Risk Reduction	Nancy London	Awarded	\$7,300
Fire	Department of Homeland Security, Firefighter Assistance Grant	Fire Truck	Nancy London	Not Awarded	\$1,000,000
Harbormaster	MA Division of Marine Fisheries	Clean Vessel Act Program	Paul Hogg	Awarded	\$12,500
Harbormaster	MA Division of Marine Fisheries	Clean Vessel Act Program	Paul Hogg	Awarded	\$56,250
Health	Swasey Fund	North Shore Mother Visiting Program	Pam Palombo	Awarded	\$1,000
Health	Swasey Fund	Nourishing the North Shore	Pam Palombo	Awarded	\$2,000
Health	Beverly and Addison Gilbert Hospital Community Collaborative Grant	North Shore Mother Visiting Program	Pam Palombo, Kelley Reis (Gloucester H.D.) Teresa Kirsch (Beverly HD) Chassea Robinson (Peabody H.D)	Not Awarded	\$11,900
Health	AARP Community Challenge	Nourishing the North Shore	Nancy London, Pam Palombo	Pending	\$6,224
Health	Bank of America McCarthy Charitable Foundation	North Shore Mother Visiting Program	Pam Palombo, Kelley Reis (Gloucester H.D.) Teresa Kirsch (Beverly HD) Chassea Robinson (Peabody H.D)	Pending	\$17,550
Health	Catalyst	Nourishing the North Shore	Pam Palombo	Pending	\$5,000
Health	Joppa Flats	Nourishing the North Shore	Pam Palombo	Pending	\$1,000
Health	Mass Development & Patronicity	Nourishing the North Shore	Pam Palombo	Pending	\$100,000
Health	New England Biolabs	Nourishing the North Shore	Nancy Earls	Pending	\$5,000
Health	New England Grassroots	Nourishing the North Shore	Pam Palombo, Kailey Burke, Emilee Herrick	Pending	\$7,500

City Department	Funding Entity	Project Name	Principal Writer	Response	Amount Requested
Housing Trust	MASS Housing	Brown School Feasibility Study	Kathryn Newhall-Smith	Pending	\$100,000
Information Technology	Mass IT Grant	Municipal Fiber Network	Nancy London	Awarded	\$149,000
Library	MA Board of Library Commissioners	Archives	Sharon Spieldenner, Nancy London	Pending	\$30,000
Mayor's Office	MA Office of Disability	Loop Sound System	Nancy London	Awarded	\$31,000
Mayor's Office	MA Office of Disability	Crosswalks	Nancy London	Not Awarded	\$190,000
Parks	Essex Heritage	Edible Garden on Rail Trail	Jane Niebling (Tree Commission)	Not Awarded	\$2,000
Parks	Community Preservation Committee	Bartlet Mall Fountain Restoration Plan	Nancy London, Lise Reid	Pending	\$10,000
Parks	Community Preservation Committee	Bartlett Mall Trees	Nancy London, Lise Reid	Pending	\$11,760
Parks	Community Preservation Committee	Fuller Field	Nancy London, Lise Reid	Pending	\$125,000
Parks	Community Preservation Committee	Master Plan for Parking Area at Lower Atkinson Commons (Pioneer League Park)	Nancy London, Lise Reid	Pending	\$10,000
Parks	Greater Newburyport Mothers & Families Club	Seating at Inn Street	Nancy London, Lise Reid	Pending	\$5,800
Parks	MA Recreational Trails Program	Utility Vehicle	Nancy London	Pending	\$27,000
Parks/Veterans Services	MA State Historic Records Advisory Board	Cornelius Doyle Triangle Restoration	Nancy London	Awarded	\$10,000
Planning & Development	MA Office of Energy and Environmental Affairs	Zoning and Master Plan Implementation Consultant	Nancy London, Andrew Port	Awarded	\$48,000
Police	MA Exec. Office of Public Safety	EMD 911	Nancy London	Awarded	\$38,000
Police	MA Exec. Office of Public Safety	EMD Training	Nancy London	Awarded	\$10,000
Police	MA Exec. Office of Public Safety	Police Support and Incentive	Nancy London	Awarded	\$37,866

City Department	Funding Entity	Project Name	Principal Writer	Response	Amount Requested
Police	MA Exec. Office of Public Safety	Traffic Enforcement and Equipment	Nancy London	Withdrawn	\$10,000
Schools	Braitmayer Foundation	Interactive Health Technologies	Nancy London	Pending	\$30,000
Schools	Environmental Protection Agency	Environmental Education - NHS Garden	Nancy London	Pending	\$50,000
Sustainability	MA Dept of Energy Resources	Municipal Energy Technical Assistance Grant Program	Molly Ettenborough	Awarded	\$12,500
Sustainability	MA Exec. Office of Energy and Environmental Affairs	Municipal Vulnerability Preparedness	Molly Ettenborough, Nancy London	Awarded	\$16,000
Sustainability	Mass Dept of Energy Resources	Green Communities-Street Lights	Molly Ettenborough, Nancy London	Awarded	\$170,753
Sustainability	Mass Clean Energy Center	Solarize	Molly Ettenborough	Awarded	\$5,000
Sustainability	Dept. of Environmental Protection	Recycle IQ	Molly Ettenborough	Awarded	\$15,000
Sustainability	National Grid	Street Light Incentive	Molly Ettenborough	Awarded	\$133,820
Sustainability	Dept. of Environmental Protection	Recycling Dividends	Molly Ettenborough	Awarded	\$14,300
Sustainability	Mass Dept of Energy Resources	Green Communities-Energy Efficiency	Nancy London, Molly Ettenborough	Pending	\$200,000
Youth Services	Attorney General's Healthy Summer Youth Jobs Grant	Summer Jobs	Lee Gordon, Andrea Egmont, Nancy London	Pending	\$10,000
Youth Services	Substance Abuse and Mental Health Services Administration (SAMHSA)	Enhancement Grant for Drug Crisis	Nancy London	Pending	\$150,000

Total Funding Opportunities \$2,981,023

Awarded \$770,289
Pending \$901,834
Not Awarded \$1,298,900
Withdrawn \$10,000

EXPENDITURE SUMMARY

The Fiscal Year 2019 general fund budget consists of \$67,493,702 in expenditures, including a school budget appropriation of \$29,850,374. In order to continue to deliver quality services at reasonable rates, department heads were asked to be conservative when developing their budgets for FY2019. Department heads were provided with Budget Guidelines on January 3, 2018 that reflected this approach:

“The annual budget process is underway and we are once again excited to construct a professional budget document that speaks to all of the programs and services delivered by your department on behalf of the City of Newburyport. Thanks to your efforts, this document has been recognized with the Government Finance Officers Association’s Distinguished Budget Presentation Budget Award for the past five years and has truly set the ground work for a budget that effectively communicates how we as a City utilize taxpayer and ratepayer dollars.

With regard to expenses, we understand that there are inflationary increases in fixed cost centers and ask you to make accommodations within your budget to balance any and all inflationary pressures. As always, we urge you to be innovative with your funding recommendations and provide any documentation that will further outline possible impacts to your budget.

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 be to prepared to discuss these in detail during your individual departmental meeting with the Mayor, along any other statistical or comparative documentation that explains/supports the proposed changes. A reminder that you should be prepared to discuss, in detail, what comprises every line item within your budget request.”

Department heads met these challenges as most City departments and/or cost centers have been level funded or increased by less than 5.0%. Below is a summary of some of the significant budget changes:

Assessor +\$11,814 (+5.3%)

The increase is due to a directive from the Department of Revenue Bureau of Local Assessors regarding cyclical reinspections. The Assistant Assessor is doing inspections, however his plate is full with the yearly building permits. The additional funding will be used to pay an appraisal company to help with the cyclical reinspections.

Debt (Non-Excluded) +\$133,816 (+16.3%)

The City's debt service obligations are set to increase to fund debt service for the Intermodal Parking Facility. The debt service for that facility is funded by the Paid Parking Receipts Reserved for Appropriation Fund.

DPS – Highway Division +\$213,642 (+7.5%)

The MS4 stormwater permit goes into effect on July 1, 2018. Under the MS4 permit, municipalities must develop, implement and enforce a stormwater management program that controls pollutants to the maximum extent practicable, protects water quality, and satisfies appropriate requirements of the federal Clean Water Act. As such, the FY19 budget provides funding for a new stormwater engineer, as well as, funding for testing, consulting and maintenance.

DPS – Snow & Ice +\$10,000 (+5.0%)

Snow and ice expenditures have historically been significantly over budget. An increase of \$10,000 will bring the total snow and ice budget from \$200,000 to \$210,000.

Emergency Management +\$2,000 (+6.9%)

The FY19 budget increases the Deputy Emergency Management Director stipend from \$3,000 to \$5,000 per year.

Health +\$29,863 (+13.7%)

The Health Department is currently understaffed due to increased activities and projects in the department. As such, the FY19 budget adds 16 hours for additional staffing. Additionally, the Public Health Nurse will now be fully funded from the Health Department. Previously, a portion of the nurse's salary was paid from the Human Resources Department.

Human Resources +\$28,535 (+9.8%)

The FY19 budget allows for the long-awaited implementation of an electronic time and attendance module, which will interface with the City's payroll provider. This new module will greatly improve upon the tracking of employee compensated absences (i.e. vacation, sick, personal time). In addition, the FY19 budget adds 19 hours for part-time office assistance, which is a great need given the amount of volume of activity in the Human Resources Department.

Legal +\$30,000 (+42.9%)

Legal expenses have historically run over budget, requiring a mid-year transfer. An increase of \$30,000 will bring the total legal budget from \$70,000 to \$100,000. Additionally, for FY19, \$5,000 in legal funding has been placed in the City Council budget for matters under their purview.

Parking Clerk +\$366,433 (+761.0%)

For FY19, the City is no longer operating the paid parking program out of a departmental revolving fund. As such, the FY19 budget provides funding for the operations of the paid parking program to be offset by a transfer in from the newly established Paid Parking Receipts Reserved for Appropriation Fund.

Parks +\$31,682 (+15.4 %)

In recent years, the Parks Department has absorbed funding for all school athletic fields, many of which were recently renovated or rehabilitated. In light of this, the department is understaffed and unable to keep up with the maintenance of all City parks and athletic fields. As such, the FY19 budget puts in place funding needed to hire one full-time laborer, while maintaining some part-time and seasonal labor.

Police +\$370,813 (+10.3%)

The increase for FY19 is largely driven by negotiated increases in the Police Superiors and Patrolmen's unions, including increases to base salaries, cost of living adjustments and accreditation stipends to bring the officers closer to their regional peers.

Retirement Appropriation +\$207,673 (+5.3%)

The Newburyport Contributory Retirement System manages the pensions for the City, Schools (non-teachers) and the Newburyport Housing Authority. The plan was 61.3% funded as of January 1, 2016 based on a Total Actuarial Liability of \$112 million and Assets of \$69 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 FY35.

Whittier Regional Vocational School Assessment +\$54,103 (+9.5%)

Newburyport's enrollment at the Whittier increased by 1 student from FY18 to FY19 for a total enrollment of 33 students. The higher than average increase for FY19 is largely driven by a capital assessment for the installation of artificial turf on the athletic field, which the administration believes will allow the school to better comply with Public Law 92-318 (Title IX).

Sustainability +\$320,378 (+26.2%)

Trash hauling and waste disposal have become a major budgetary pressure as the City works to respond increased disposal costs, largely driven by China's "National Sword" policy that bans the import of 24 types of solid waste and puts in place strict contamination levels for recyclable materials that are still accepted. The FY19 budget includes estimated costs for trash hauling and waste disposal.

Veterans Services -\$19,000 (-6.2%)

Chapter 115 veterans benefits payments have decreased due to a fewer number of eligible veterans. Should we experience a downturn in the economy, it is possible that these payments could increase. The City pays 25% of these benefits and the state pays 75%.

Youth Services +\$14,764 (+5.3%)

The FY19 budget puts in place additional funding for the Youth Coordinator position, which is partially funded by the Recreational Services Revolving Fund.

Water Enterprise Fund +\$352,144 (+6.9%)

The FY19 budget includes contractual increases for AFSCME employees resulting from a renegotiated three year contract. Water Treatment Plant operators have historically been hard-to-fill positions, which required the City to upgrade those positions, as well as, increasing night differentials for operators working the 2nd and 3rd shifts. Additionally, for FY19 the City has begun budgeting for debt service related to the Plum Island Water/Sewer Project, which were previously paid through a fund balance account. The debt service will be offset by the annual betterment revenue received by the City from taxpayers on Plum Island.

EXPENDITURE SUMMARY BY DEPARTMENT

	FY2016 ACTUAL	FY2017 ACTUAL	FY2018 BUDGET	FY2019 PROPOSED	\$ CHANGE	% CHANGE
GENERAL FUND						
CITY SERVICES						
ANIMAL CONTROL	57,324	58,313	65,327	67,052	1,725	2.6%
ASSESSORS DEPARTMENT	281,390	279,018	222,307	234,121	11,814	5.3%
AUDITOR'S DEPARTMENT	315,548	317,525	321,417	327,856	6,439	2.0%
BOARD OF REGISTRARS	45,960	46,873	44,165	44,260	95	0.2%
BUILDING DEPARTMENT	175,635	168,417	178,038	180,313	2,275	1.3%
CITY CLERK'S DEPARTMENT	238,369	238,167	252,997	258,732	5,734	2.3%
CITY COUNCIL	73,926	67,130	67,444	72,543	5,099	7.6%
COMMISSION ON DISABILITY	3,184	2,647	2,640	2,640	0	0.0%
CONSERVATION COMMISSION	1,800	1,800	1,800	1,800	0	0.0%
COUNCIL ON AGING	288,470	282,439	303,633	298,226	(5,408)	-1.8%
DEBT EXCLUSION	2,991,666	3,237,248	3,166,609	3,178,737	12,128	0.4%
EMERGENCY MANAGEMENT	26,039	24,967	29,100	31,100	2,000	6.9%
FIRE DEPARTMENT	3,597,534	3,645,989	3,644,887	3,731,744	86,857	2.4%
GENERAL ADMINISTRATION	334,273	325,212	430,009	409,412	(20,597)	-4.8%
HEALTH DEPARTMENT	179,726	208,401	218,045	247,909	29,863	13.7%
HISTORICAL COMMISSION	1,650	1,800	1,800	1,800	0	0.0%
HUMAN RESOURCES	277,699	255,039	291,732	320,267	28,535	9.8%
INFO TECHNOLOGY DEPT	289,667	305,756	308,813	320,817	12,005	3.9%
INSURANCE GROUP	7,867,570	8,793,383	9,404,704	9,719,304	314,600	3.3%
LEGAL DEPARTMENT	60,537	95,000	70,000	100,000	30,000	42.9%
LIBRARY DEPARTMENT	1,239,934	1,306,880	1,352,886	1,384,162	31,276	2.3%
LICENSE COMMISSION	6,345	6,366	6,340	6,340	0	0.0%
MAYOR'S DEPARTMENT	279,690	282,031	287,230	298,023	10,793	3.8%
ORDINARY DEBT SERVICE	723,389	870,427	820,282	954,098	133,816	16.3%
PARKING CLERK DEPARTMENT	47,888	47,044	48,153	414,586	366,433	761.0%
PARKS DEPARTMENT	165,725	195,708	206,367	238,050	31,682	15.4%
PLANNING & DEVELOPMENT	311,284	314,457	319,798	314,511	(5,287)	-1.7%
PLANNING BOARD	1,800	1,800	1,800	1,800	0	0.0%
POLICE DEPARTMENT	3,474,148	3,447,506	3,588,935	3,959,748	370,813	10.3%
PUBLIC SERVICES DEPARTMENT	2,361,022	2,686,952	2,841,055	3,054,696	213,642	7.5%
RETIREMENT BOARD	3,560,812	3,779,790	3,924,742	4,132,415	207,673	5.3%
SNOW & ICE	218,068	433,604	200,000	210,000	10,000	5.0%
STABILIZATION OUTLAY	5,000	0	0	0	0	
SUSTAINABILITY	1,226,062	1,178,910	1,221,369	1,541,906	320,537	26.2%
TREASURER'S DEPARTMENT	442,415	291,868	296,266	306,181	9,915	3.3%
VETERANS' DEPARTMENT	290,838	299,372	305,761	286,761	(19,000)	-6.2%
YOUTH SERVICES	263,963	283,843	279,604	294,368	14,764	5.3%
ZONING BOARD	1,800	1,650	1,800	1,800	0	0.0%
CITY SERVICES Total	31,728,150	33,783,333	34,727,854	36,948,076	2,220,222	6.4%
EDUCATION						
ESSEX NORTH SHORE TECH SCHOOL	19,829	36,500	73,000	73,000	0	0.0%
SCHOOL DEPARTMENT	26,388,496	27,360,232	28,651,701	29,850,374	1,198,673	4.2%
WHITTIER VO TECH SCHOOL	330,403	427,368	568,149	622,252	54,103	9.5%
EDUCATION Total	26,738,728	27,824,100	29,292,850	30,545,626	1,252,776	4.3%
GENERAL FUND Total	58,466,878	61,607,433	64,020,704	67,493,702	3,472,998	5.4%
HARBORMASTER ENTERPRISE FUND Total	306,242	416,812	467,830	482,829	14,999	3.2%
SEWER ENTERPRISE FUND Total	5,877,944	6,227,469	7,060,654	7,393,893	333,239	4.7%
WATER ENTERPRISE FUND Total	4,788,103	5,052,725	5,107,870	5,460,014	352,144	6.9%
Grand Total	69,439,167	73,304,439	76,657,058	80,830,437	4,173,379	5.4%

POSITION COUNT BY DEPARTMENT

Department	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	+/-
Assessor	3.0	3.0	3.0	3.0	3.0	0.0
Auditor	4.0	4.0	4.0	4.0	4.0	0.0
Building	4.0	4.5	4.5	4.5	4.5	0.0
City Clerk	7.2	7.2	7.2	7.6	7.6	0.0
Council on Aging	4.5	5.0	5.0	5.0	5.0	0.0
DPS: Highway	27.1	29.7	31.2	32.7	33.7	1.0
DPS: Sewer	18.7	18.7	19.5	19.5	19.5	0.0
DPS: Water	19.7	19.7	19.9	18.9	18.9	0.0
Fire	34.0	34.0	34.0	34.0	34.0	0.0
Harbormaster	1.0	1.0	1.0	1.0	1.0	0.0
Health	3.7	3.7	4.9	4.9	5.7	0.8
Human Resources	2.0	2.0	2.0	2.0	2.5	0.5
Information Technology	1.0	1.0	1.0	1.0	1.0	0.0
Library	24.0	24.0	20.8	20.3	20.3	0.0
Mayor's Office	3.6	3.6	3.6	3.6	3.6	0.0
Parks	1.0	1.0	2.8	2.9	3.4	0.5
Planning & Development	4.5	4.5	4.5	5.0	5.5	0.5
Police	37.0	38.0	39.0	39.0	39.0	0.0
Sustainability	2.6	2.6	2.6	2.6	2.6	0.0
Treasurer/Collector	5.0	4.0	4.0	4.0	4.0	0.0
Veterans' Services	1.4	1.8	1.8	1.8	1.8	0.0
Youth Services	4.0	4.0	4.0	4.8	5.5	0.7
Total FTE*	213.1	217.1	220.4	222.1	226.1	4.0

*See School Budget for School Department position counts.