



CITY OF PEABODY FISCAL 2016 BUDGET

Mayor Edward A. Bettencourt, Jr.
June 16, 2015



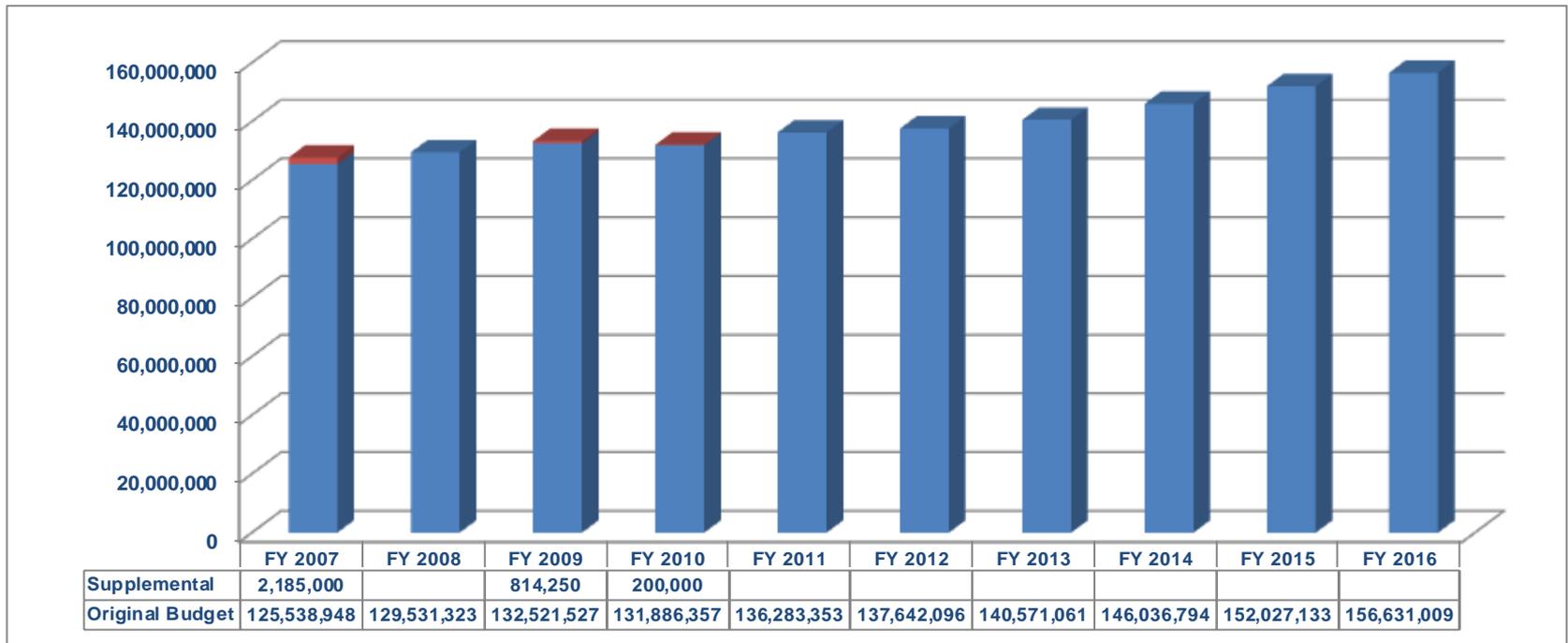
FISCAL YEAR 2016 BUDGET AGENDA

- Opening Remarks - Mayor Bettencourt
- Fiscal Year 2016 Budget Highlights
- Skating Rink Budget Fiscal 2016
- Golf Course Budget Fiscal 2016



10 YEAR BUDGET HISTORY - FISCAL 2007-2016

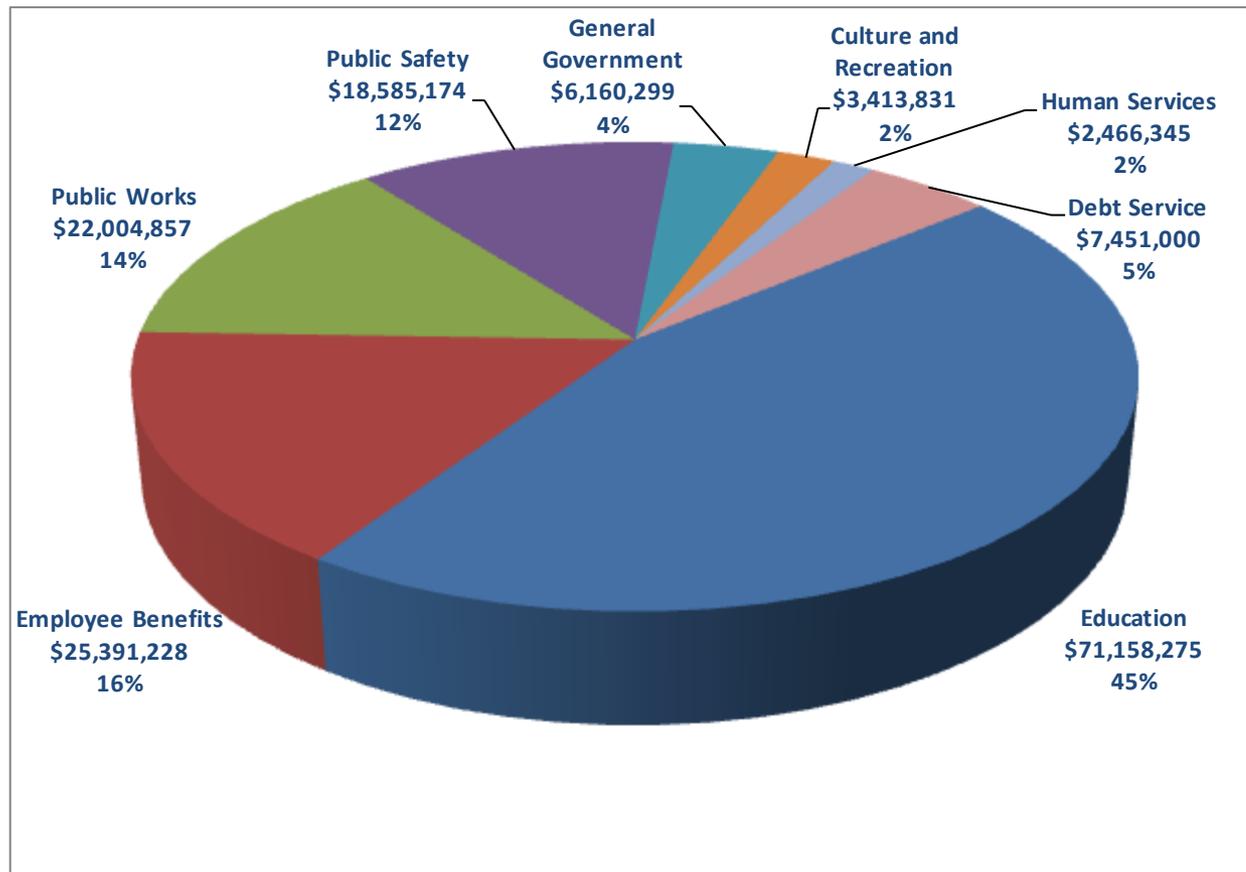
The Fiscal 2016 Operating Budget totals \$156,631,009, an increase of \$4.6 million or 3%. \$1.4 million is for the increased cost for Employers Health Insurance; \$1.2 million for Debt Service and \$1.5 increased costs for Retirement Benefits, MWRA Water Costs and Salary Reserve. The South Essex Sewerage District Assessment decreased by \$908,360.





FISCAL 2016 BUDGET BY FUNCTION

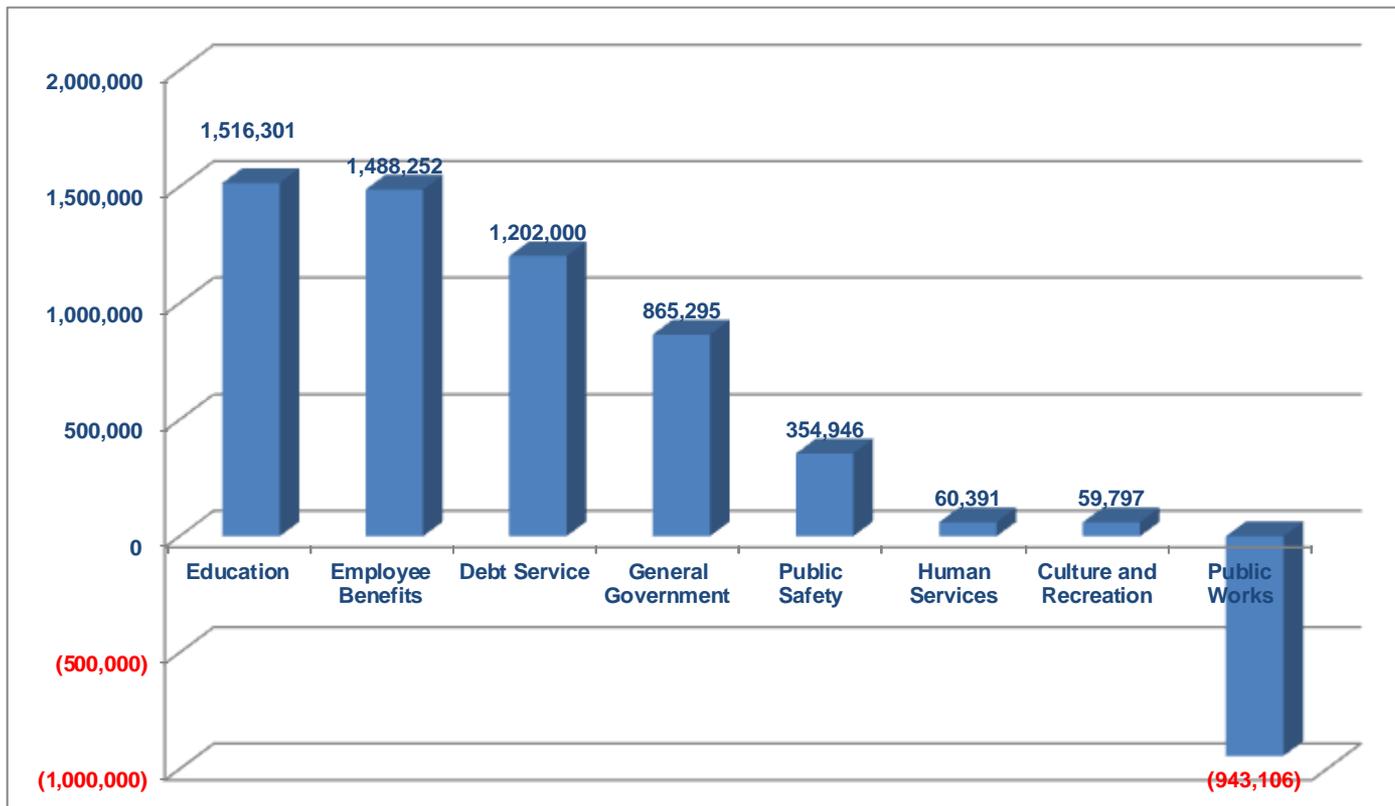
In Fiscal 2016, 45 cents of every budget dollar will be spent on Education, followed by 16 cents for Employee Benefits, 14 cents for Public Works and 12 cents for Public Safety.





FISCAL 2016 BUDGET CHANGES BY FUNCTION

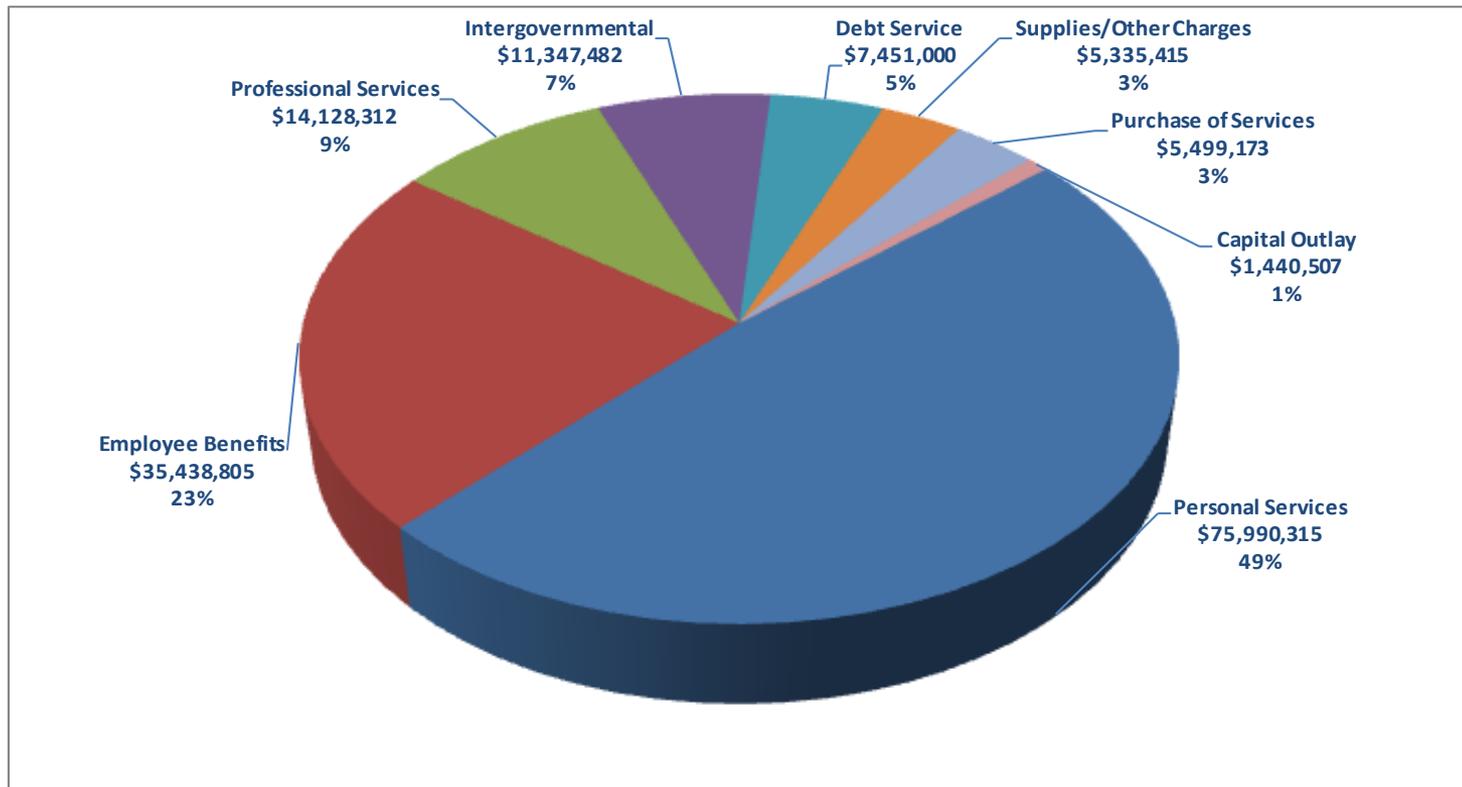
The Fiscal 2016 Budget increased by \$4.6 Million. Education has increased \$1.5 million, Employee Benefits by \$1.5 million, Debt Service by \$1.2 million and General Government by \$865,000. Public Works decreased by \$943,106.





FISCAL 2016 BUDGET BY EXPENSE TYPE

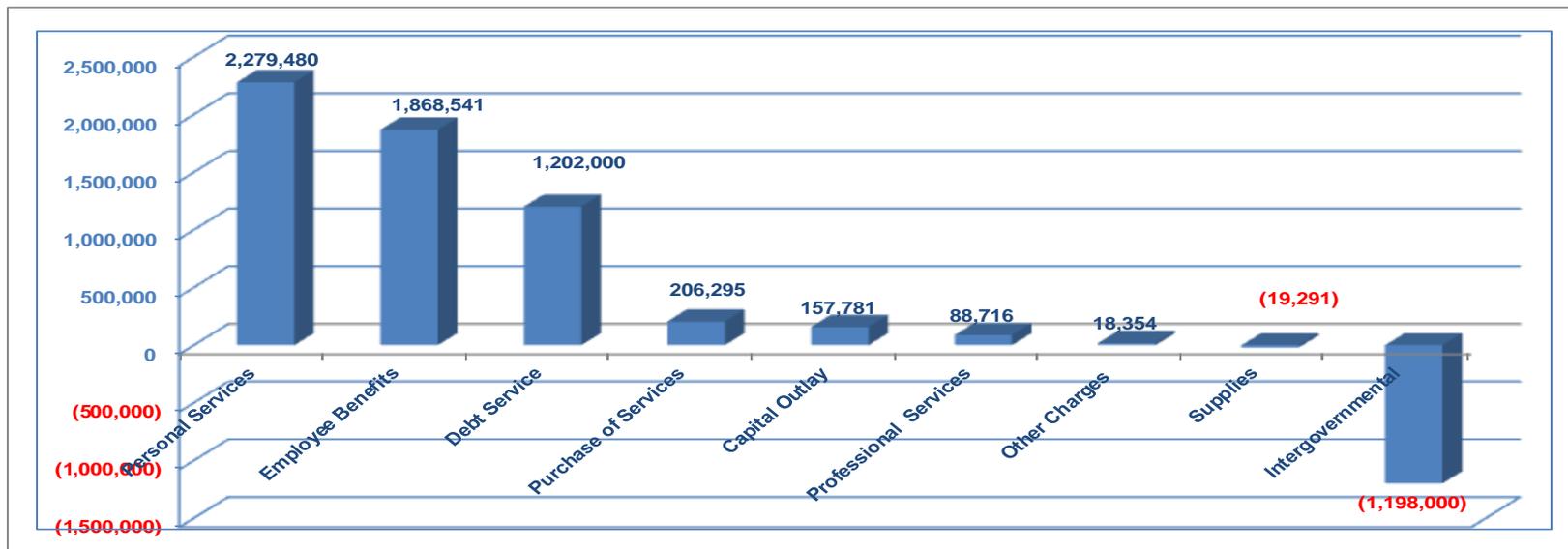
The Fiscal 2016 Budget will allocate 72% of every budget dollar for Salaries and Benefits. Professional Services, Intergovernmental Charges and Debt Service account for 9%, 7% and 5% respectively of every budget dollar.





FISCAL 2016 BUDGET CHANGES BY EXPENSE TYPE

In Fiscal 2016, 69% or \$4.1 million of the Budget Increase is for Salaries and Benefits followed by \$1.2 million or 20% of the increase relates to Debt Service. Intergovernmental Fees decreased by \$1.2 million or 20%.



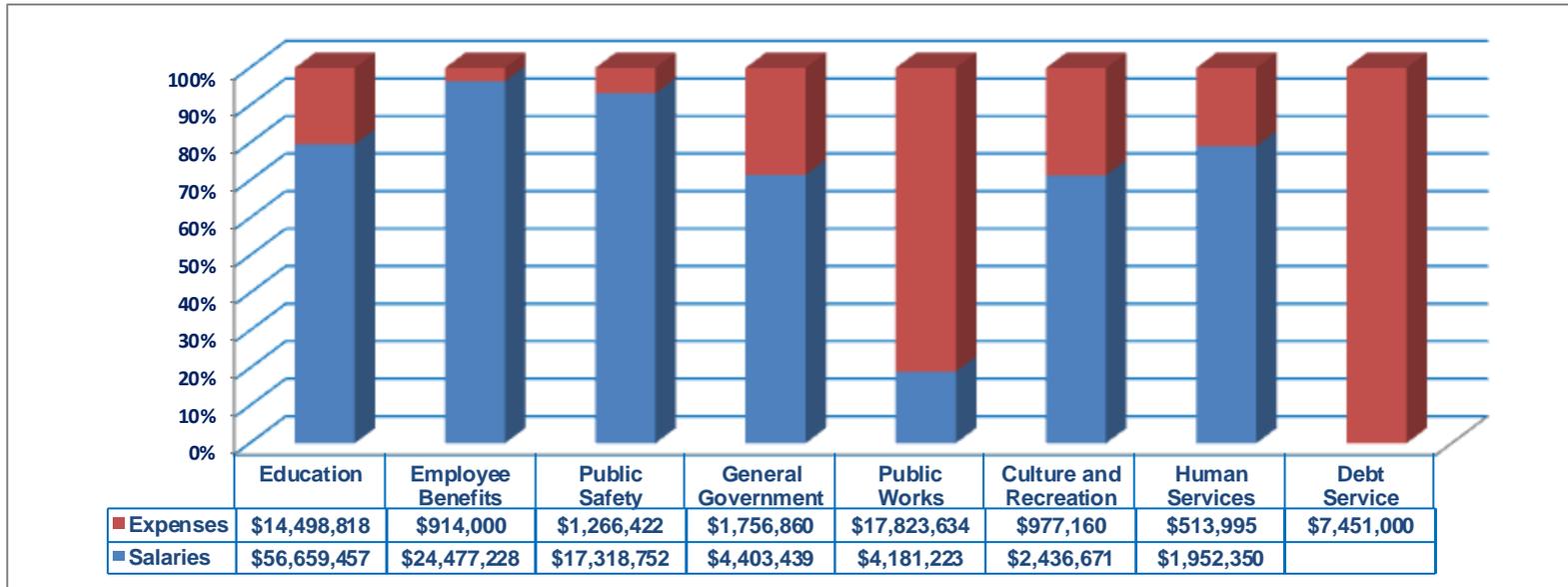
	Fiscal 2016 Budgets			Fiscal 2015 Budgets			Budget Change	% Change
	City	School	Total	City	School	Total		
Personal Services	28,989,430	47,000,885	75,990,315	27,616,872	46,093,963	73,710,835	2,279,480	38.0%
Employee Benefits	25,780,233	9,658,572	35,438,805	24,357,441	9,212,823	33,570,264	1,868,541	31.2%
Debt Service	7,451,000		7,451,000	6,249,000		6,249,000	1,202,000	20.1%
Purchase of Services	3,297,671	2,201,502	5,499,173	3,007,878	2,285,000	5,292,878	206,295	3.4%
Capital Outlay	805,260	635,247	1,440,507	845,662	437,064	1,282,726	157,781	2.6%
Professional Services	5,988,404	8,139,908	14,128,312	6,189,342	7,850,254	14,039,596	88,716	1.5%
Other Charges	2,062,065	133,990	2,196,055	2,067,261	110,440	2,177,701	18,354	0.3%
Supplies	2,069,030	1,070,330	3,139,360	2,113,402	1,045,249	3,158,651	(19,291)	-0.3%
Intergovernmental	9,029,641	2,317,841	11,347,482	9,938,301	2,607,181	12,545,482	(1,198,000)	-20.0%

Total Budget Changes \$ 85,472,734 \$ 71,158,275 \$ 156,631,009 \$ 82,385,159 \$ 69,641,974 \$ 152,027,133 \$ 4,603,876 77%

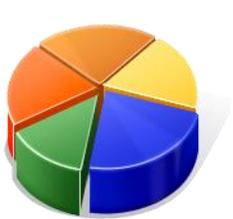


FISCAL 2016 SALARIES VS. EXPENSES

The Fiscal 2016 Operating Budget is labor intensive with 71.1% spent on Salaries and Benefits and 28.9% on expenses. 79.6% of the School Budget is spent on salaries and benefits; 93% of the Public Safety Budget is spent on salaries while Salaries account for only 19% of the Public Works Budget.

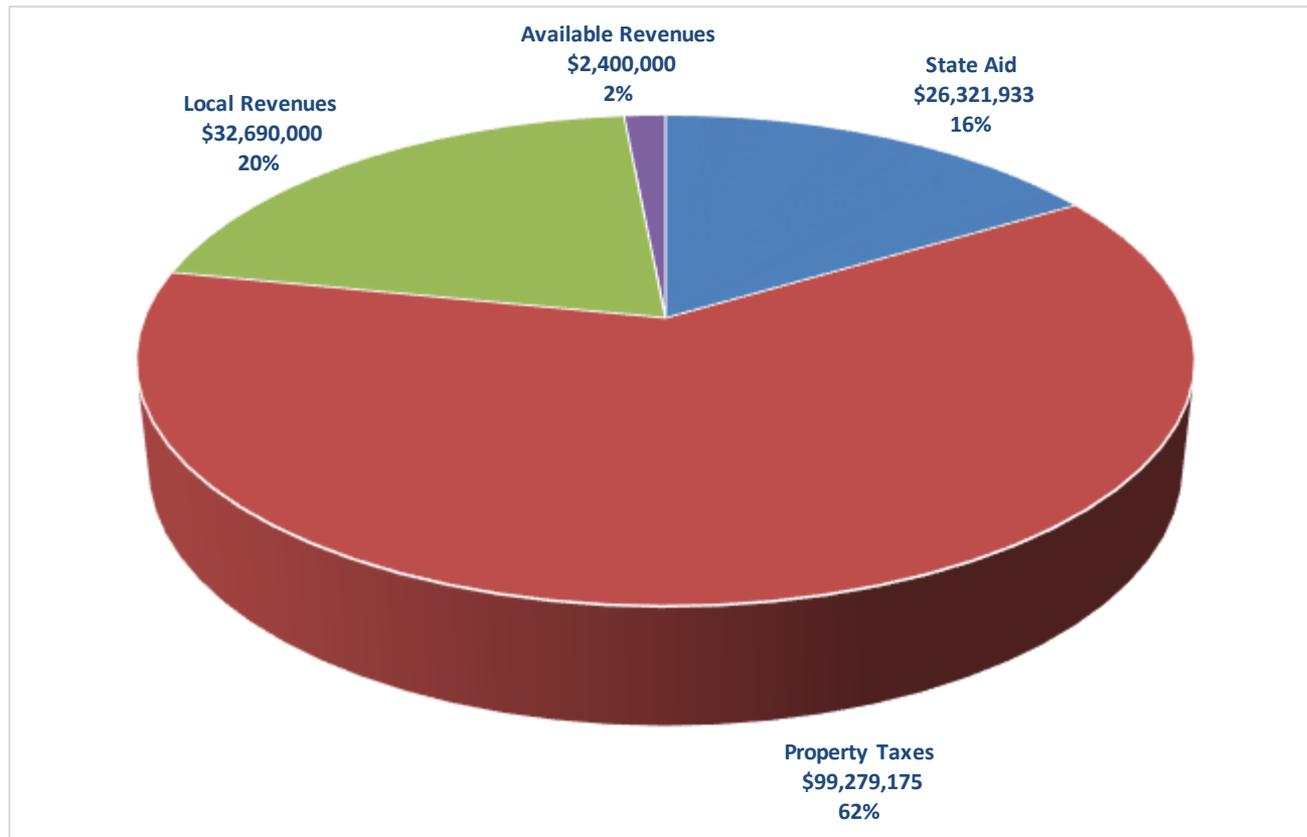


	Salaries	Expenses	Total Budget	% Salaries	% Expenses
Education	\$56,659,457	\$14,498,818	\$71,158,275	79.62%	20.38%
Employee Benefits	\$24,477,228	\$914,000	\$25,391,228	96.40%	3.60%
Public Safety	\$17,318,752	\$1,266,422	\$18,585,174	93.19%	6.81%
General Government	\$4,403,439	\$1,756,860	\$6,160,299	71.48%	28.52%
Public Works	\$4,181,223	\$17,823,634	\$22,004,857	19.00%	81.00%
Culture and Recreation	\$2,436,671	\$977,160	\$3,413,831	71.38%	28.62%
Human Services	\$1,952,350	\$513,995	\$2,466,345	79.16%	20.84%
Debt Service		\$7,451,000	\$7,451,000	0.00%	100.00%
Total Fiscal 2016 Budget	\$111,429,120	\$45,201,889	\$156,631,009	71.14%	28.86%



FISCAL 2016 SOURCES OF REVENUE

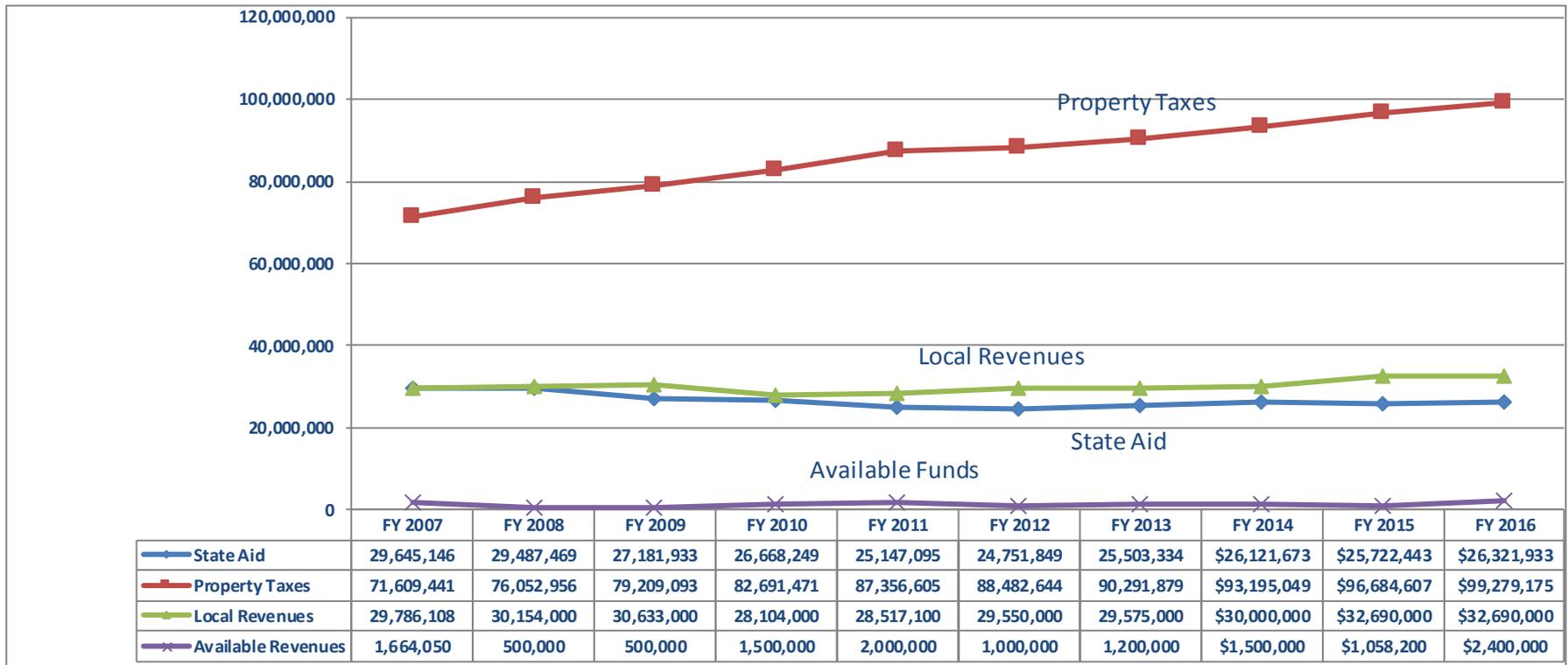
In Fiscal 2016, \$132 million or 82% of all City Revenues will be generated at the local level. Property Taxes represent 62% or \$99.3 million, while local revenues total \$32.7 million or 20% and State Aid totals \$26.3 million or 16%. We have allocated \$2.4 million from Reserves to help offset a portion of increases for Debt Service and Health Insurance Costs.





10 YEAR HISTORY OF REVENUES FY 2007-2016

Our reliance on Property Taxes continues to increase. Since 2007, the Tax Levy has increased by \$27.7 million or 38%. State Aid has decreased by \$3.3 million while local revenues increased \$2.9 million during that same 10 year period.





FISCAL 2016 BUDGET PROJECTIONS - EXPENSES

The Total Amount to be raised in Fiscal 2016 including State Charges and Allowances for Abatements will be \$160,691,108. A Net Increase of \$4,535,858 or 2.9% from FY 2015.

6/4/2015 Updated	Actual	Actual	Actual	Actual	Projected	%	
	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget	Change	Change
School Salaries	40,247,287	42,960,463	45,726,413	46,093,963	47,000,885	906,922	
Employee Benefits	10,524,502	10,978,839	9,477,204	9,467,791	9,658,572	190,781	
School Operating Expenses	11,832,292	10,236,491	10,232,176	11,111,039	11,802,336	691,297	
School Budget	62,604,081	64,175,793	65,435,793	66,672,793	68,461,793	1,789,000	2.7%
Vocational School Assessment		-	-	2,969,181	2,696,482	(272,699)	-9.2%
Salaries	25,037,151	25,552,551	26,837,625	27,616,572	28,989,430	1,372,858	
Employee Benefits	22,187,011	22,521,032	24,203,065	24,357,441	25,780,233	1,422,792	
Operating Expenses	22,243,853	22,327,685	23,261,711	24,162,146	23,252,071	(910,075)	
Debt Service	5,570,000	5,994,000	6,294,000	6,249,000	7,451,000	1,202,000	
City Budget	75,038,015	76,395,268	80,596,401	82,385,159	85,472,734	3,087,575	3.7%
Total Budget	137,642,096	140,571,061	146,032,194	152,027,133	156,631,009	4,603,876	3.0%
	1,358,743	2,928,965	5,461,133	5,994,939	4,603,876		
	1.0%	2.1%	3.9%	4.1%	3.0%	3.0%	
Other Amounts to be Raised:							
State & County Assessments	4,953,981	4,443,326	3,310,361	2,558,250	2,660,099	101,849	
Abatements/Other Amounts	1,505,157	1,682,181	1,434,167	1,569,867	1,400,000	(169,867)	
Other Amounts	6,459,138	6,125,507	4,744,528	4,128,117	4,060,099	(68,018)	-1.6%
Gross Amount to be Raised	144,101,234	146,696,568	150,776,722	156,155,250	160,691,108	4,535,858	2.9%



FISCAL 2016 BUDGET PROJECTIONS - REVENUES

The Fiscal 2016 Budget will be funded primarily by Property Taxes. We will use \$2.4 million from Reserves to offset a portion of the budget increases. Net State Aid has increased by \$599,490, Local revenues are expected to be the same and the Tax Levy will increase by \$2.6 million.

Sources of Revenue:	2012 Budget	2013 Budget	2014 Budget	2015 Budget	Projected 2016 Budget	Change	% Change
Available Revenues	1,211,160	1,000,000	1,500,000	1,058,200	2,400,000	1,341,800	
State Aid	24,752,749	25,482,112	26,121,673	25,722,443	26,321,933	599,490	
Local Revenues	29,855,461	29,598,000	29,960,000	32,690,000	32,690,000	-	
Tax Levy	88,281,864	90,616,457	93,195,049	96,684,607	99,279,175	2,594,568	
Total Sources of Revenue	144,101,234	146,696,569	150,776,722	156,155,250	160,691,108	4,535,858	2.9%



FISCAL 2016 BUDGET PROJECTIONS-STATE AID

Preliminary estimates for 2016 State Aid based on the Senate Budget will be \$26.3 million which reflects a \$405,333 increase in Education Aid and \$232,237 in Local Unrestricted Aid.

State Aid Account Description	Fiscal 2012 Actual	Fiscal 2013 Actual	Fiscal 2014 Actual	Fiscal 2015 Actual	Fiscal 2016 Estimates	Net Change Fy 2015- 2016
Education Aid	18,719,257	19,219,662	19,491,369	18,890,899	19,296,232	405,333
Gen Govt Local Aid	6,105,613	6,015,613	6,249,937	6,423,259	6,654,496	231,237
State Aid Reimbursements	214,613	135,133	207,924	205,604	205,976	372
Veterans Benefits	89,734	97,148	127,065	113,892	104,383	(9,509)
Police Career Incentive Reimb						0
Parking Surcharges	8,760	8,280				0
SBAB Interest Reimbursement						0
Misc Governmental Reimb	176		45,378	61,586	60,846	(740)
Subtotal State Aid	25,138,153	25,475,836	26,121,673	25,695,240	26,321,933	626,693



FISCAL 2016 BUDGET PROJECTIONS - STATE CHARGES

Fiscal 2016 State Charges have increased by \$83,765 or 3.9% for School Choice and Charter School Sending Expenses.

State Assessments <i>ESTIMATED CHARGES:</i>	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016 Estimates	Net Change FY 2015-2016
Essex County Tech Tuition	392,700	374,251	414,254	0	0	-
School Choice Tuition	282,096	316,471	377,563	298,507	330,916	32,409
Charter School Sending	281,498	321,755	755,806	556,005	608,529	52,524
Retired Teachers - Health	2,784,301	2,187,535	0			-
Retired Employees-Health						-
Mosquito Control Projects	70,390	73,859	79,441	73,171	73,784	613
Air Pollution Districts	14,735	15,086	15,123	15,099	15,423	324
Metro Area Planning Council	15,738	16,146	16,549	25,934	25,750	(184)
Registry Surcharge	51,740	53,280	51,700	52,440	52,440	-
MBTA	1,039,001	1,082,946	1,094,690	1,103,782	1,114,494	10,712
Special Education 71B	10,198	7,823	27,933	13,909	1,276	(12,633)
Total Charges	4,942,397	4,449,152	2,833,059	2,138,847	2,222,612	83,765
Net Change	(655,617)	(493,245)	(1,616,093)	(694,212)	83,765	
% Change	-11.7%	-10.0%	-36.3%	-24.5%	3.9%	



FISCAL 2016 BUDGET PROJECTIONS - LOCAL REVENUES

Fiscal 2016 Local Revenues are projected to remain stable at \$32,690,000.
We do anticipate increases in Water and Sewer Rates in 2016.

Account Description	Fiscal 2012 Actual	Fiscal 2013 Actual	Fiscal 2014 Actual	Fiscal 2015 Budget	Fiscal 2015 YTD Actual	Fiscal 2016 Projections
Motor Vehicle Excise Taxes	5,740,494	5,796,609	6,689,354	6,600,000	6,692,348	6,625,000
Hotel Taxes	2,270,631	1,388,523	1,427,055	1,425,000	1,290,564	1,425,000
Meals Tax		1,044,006	1,080,366	1,080,000	808,808	1,100,000
Interest & Fees on Taxes	673,807	524,049	660,712	660,000	645,113	660,000
Payments in Lieu of Taxes	721,069	703,299	780,581	735,000	678,164	800,000
Water User Charges	5,371,382	5,458,919	5,482,319	5,900,000	4,931,888	6,125,000
Sewer User Charges	10,102,189	9,245,764	10,020,956	10,400,000	8,656,186	10,600,000
Landfill Revenues	5,226		50,000	175,000	156,938	50,000
Fees	390,717	399,058	428,763	425,000	372,656	400,000
Rental Fees	54,869	62,501	74,301	75,000	62,870	75,000
Recreation Revenue	600,000	600,000	700,000	600,000	600,000	650,000
Departmental Revenue	266,976	324,162	506,894	505,000	247,191	300,000
Licenses & Permit Fees	1,537,490	1,335,911	1,610,447	1,610,000	1,511,820	1,600,000
Parking Fines & Forfeits	265,401	218,461	205,905	205,000	194,868	200,000
Interest Income	136,427	106,055	106,510	105,000	88,039	105,000
Water Filtration Grant						
Medicaid Reimbursements	308,228	365,386	392,142	390,000	402,135	400,000
SESD Refunds	339,000	400,000	600,000	515,000	515,000	300,000
Urban Redevelopment Taxes	264,909	267,558	271,966	270,000		270,000
Medicare Part D Reimb	500,651	554,132	67,589	25,000	32,736	25,000
Premium on Sale of Bonds					1,353,152	500,000
Excess Overlay Reserve		142,944		0		
Debt Service Transfer/CPC			240,000	240,000	240,000	240,000
Health Insurance Trust Fund Refund			396,551	250,000	174,605	0
Reimb from Debt Service Trust Fund						0
Billboard Revenue				500,000		240,000
Subtotal Local Revenues	29,549,466	28,937,337	31,792,411	32,690,000	29,655,081	32,690,000



FISCAL 2016 BUDGET PROJECTIONS - VALUES

Preliminary estimates indicate that Residential Values will increase by 5% and CIP Values will remain stable. New Growth in the Property Tax Base is estimated at \$42 million generating \$756,338 in new taxes. Excess Levy Capacity is \$7.4 after the tax rate is set.

	Actual 2012 Budget	Actual 2013 Budget	Actual 2014 Budget	Actual 2015 Budget	Projected 2016 Budget
Residential Values	4,627,895,890	4,728,970,924	4,668,178,302	4,913,745,514	5,159,432,790
CIP Values	1,433,211,048	1,440,958,203	1,443,566,555	1,491,585,894	1,491,585,894
Total Values	6,061,106,938	6,169,929,127	6,111,744,857	6,405,331,408	6,651,018,684
New Growth - Residential	21,200,200	44,017,934	23,359,056	21,608,405	22,000,000
New Growth - CIP	32,772,170	25,233,350	29,719,340	26,611,062	20,000,000
Total New Growth	53,972,370	69,251,284	53,078,396	48,219,467	42,000,000
New Growth - Residential Taxes	245,489	520,256	279,846	267,944	270,600
New Growth - CIP Taxes	758,395	591,285	700,466	650,870	485,738
Total New Growth - Taxes	1,003,884	1,111,540	980,312	918,814	756,338
Levy Limit	93,108,754	96,548,014	99,943,245	103,360,640	106,700,994
Actual Levy	88,281,864	90,616,457	93,195,049	96,684,607	99,279,175
Excess Levy Capacity	4,826,890	5,931,557	6,748,196	6,676,033	7,421,819



FISCAL 2016 BUDGET PROJECTIONS-TAX LEVY

Based on a Tax Levy of \$99.3 million using a CIP Factor of 161%, The average annual tax bill may increase by approximately \$185. This number can change depending on actual new growth, actual values as well as final State Aid and Local Receipts Projections.

	Actual 2012 Budget	Actual 2013 Budget	Actual 2014 Budget	Actual 2015 Budget	Projected 2016 Budget
Commercial Levy	33,583,948	33,962,465	35,307,649	36,245,537	35,846,284
Residential Levy	54,697,916	56,653,992	57,887,400	60,439,070	63,432,891
Total Levy	88,281,864	90,616,457	93,195,049	96,684,607	99,279,175
Equalized Tax Rate	\$14.57	\$14.69	\$15.25	\$15.09	\$14.93
C.I.P Rate 161%	\$23.43	\$23.57	\$24.46	\$24.29	\$24.03
Residential Rate	\$11.82	\$11.98	\$12.40	\$12.30	\$12.29
Average Residential Value	285,800	289,900	287,700	303,400	318,570
Average Residential Tax Bill	\$3,377.92	\$3,473.06	\$3,567.48	\$3,731.82	\$3,916.67
Change in Annual Tax Bill	\$69.64	\$95.14	\$94.42	\$164.34	\$184.85
		2.8%	2.7%	4.6%	5.0%



SUMMARY FISCAL 2016 BUDGET

- **Operating Budget - \$156,631,009**
- **Increase of \$4,603,876 or 3.0%**
- **Sources of Funding**
 - ▶ **Property Taxes - \$99.3 Million**
 - ▶ **Local Revenues - \$32.7 Million**
 - ▶ **Available Revenues - \$2,400,000**
 - ▶ Unreserved Fund Balance \$1,500,000
 - ▶ Debt Service Fund Balance \$ 500,000
 - ▶ Employer Health Ins Trust \$ 400,000
 - ▶ **State Aid - \$26.3 Million**



FISCAL 2016 BUDGETS

SKATING RINK AND GOLF COURSE

Enterprise Funds Established Under Ch44 Sec53 F1/2

Self Sustaining by User Fees - No Tax Dollars

City Council Vote Required to Authorize Budget



McVANN O'KEEFE SKATING RINK REVENUES

	<u>FY2014</u>	<u>FY2015</u>	<u>FY2015</u>	<u>FY2016</u>
	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Budget</u>
Revenues:				
Ice Rental Fee	491,045	450,000	507,500	502,000
Public Skating	88,249	91,000	81,500	85,000
Special Events	11,081	14,000	9,500	10,000
Special Programs	30,237	35,000	28,700	30,000
Concession/Vending	42,416	49,000	37,500	40,000
Rentals, Int, Adv, Other	21,625	21,000	19,300	21,000
Total Revenues	\$684,653	\$660,000	\$684,000	\$688,000



McVANN O'KEEFE SKATING RINK

OPERATING EXPENSES

	<u>FY2014</u>	<u>FY2015</u>	<u>FY2015</u>	<u>FY2016</u>
	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Budget</u>
Expense:				
Salaries & Wages	296,868	305,450	305,450	310,200
Utilities	126,896	124,200	143,021	131,700
CIP	30,880	40,000	32,373	30,000
Supplies	28,721	29,056	31,992	29,006
Professional				
Services	31,269	38,000	33,782	37,400
Commonwealth	18,590	17,500	19,000	18,500
Repairs	<u>\$25,637</u>	<u>\$28,000</u>	<u>\$41,588</u>	<u>\$29,500</u>
Operating Expense	558,861	582,206	607,206	586,306
Debt Service	73,794	77,794	77,794	101,694
Total Expenses	\$632,655	\$660,000	\$685,000	\$688,000



McVANN O'KEEFE SKATING RINK

REVENUES/EXPENSES & RETAINED EARNINGS

	<u>FY2014</u>	<u>FY2015</u>	<u>FY2015</u>	<u>FY2016</u>
	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Budget</u>
Revenues	684,653	660,000	684,000	688,000
Operating Expenses	(558,861)	(582,206)	(607,206)	(586,306)
Gross Profit/Loss				
Operations	\$125,792	\$77,794	\$76,794	\$101,694
Less: Financing Costs				
Debt Service	(73,794)	(77,794)	(77,794)	(101,694)
Net Revenue/(Deficit)	\$51,998	\$0	(\$1,000)	\$0
Retained Earnings:				
Beginning	199,297		251,295	250,295
			0	
Ending	\$251,295		\$250,295	\$250,295



THE MEADOW AT PEABODY GOLF COURSE SALES STATISTICS

	<u>2015</u>	%	<u>2014</u>	%	<u>2013</u>	%
July \$	243,560	16.5%	\$ 229,640	16.2%	\$ 259,044	17.6%
August \$	271,880	18.4%	\$ 257,044	18.1%	\$ 238,815	16.2%
September \$	181,658	12.3%	\$ 179,600	12.6%	\$ 174,238	11.8%
October \$	111,162	7.5%	\$ 109,174	7.7%	\$ 111,321	7.6%
November \$	33,510	2.3%	\$ 39,976	2.8%	\$ 52,785	3.6%
December \$	20,442	1.4%	\$ 16,658	1.2%	\$ 21,661	1.5%
<i>Summer/Fall</i> \$	862,212		\$ 832,092		\$ 857,864	
Feb/March \$	-	0.0%	\$ 10,402	0.7%	\$ 19,883	1.4%
April \$	142,497	9.7%	\$ 133,862	9.4%	\$ 154,791	10.5%
May \$	238,071	16.1%	\$ 213,154	15.0%	\$ 209,213	14.2%
June (Proj) \$	<i>232,000</i>	15.7%	\$ 231,977	16.3%	\$ 229,630	15.6%
<i>Spring</i> \$	<i>612,568</i>		\$ 589,395		\$ 613,517	
Total Revenue \$	1,474,780	100.0%	\$ 1,421,487	100.0%	\$1,471,381	100.0%
Revenue Budget \$	1,494,500		\$ 1,499,500		\$1,510,000	
	<i>\$ (19,720)</i>					



GOLF COURSE REVENUES

	FY2014 Actual	FY2015 Budget	FY2015 Projected	FY2016 Budget
Revenues:				
<i>Green Fees</i>	886,610	930,000	927,359	933,000
<i>Carts</i>	352,833	375,000	361,321	375,000
<i>Concession</i>	52,942	53,000	53,000	53,000
<i>Pro Shop</i>	44,977	45,500	46,000	45,500
<i>Golf Outings</i>	72,821	72,000	72,400	72,000
<i>Interest, Other</i>	11,304	19,000	14,700	19,000
Total Revenues	\$1,421,487	\$1,494,500	\$1,474,780	\$1,497,500



GOLF COURSE EXPENSES CLUB HOUSE

	<u>FY2014 Actual</u>	<u>FY2015 Budget</u>	<u>FY2015 Projected</u>	<u>FY2016 Budget</u>
Club House Expense:				
Salaries & Wages	229,159	231,500	233,540	235,700
Building	10,956	9,000	7,702	8,000
Utilities	30,199	30,500	30,172	31,100
Supplies-Pro Shop	28,982	30,000	32,584	29,500
Supplies-Grill	32,344	30,000	28,819	29,500
Professional Services	25,174	25,000	23,557	23,500
Office Supplies	2,432	3,025	3,051	3,025
Lease	78,174	104,000	79,298	105,000
Training	0	500	464	500
Club House Expense	\$437,420	\$463,525	\$439,187	\$465,825



GOLF COURSE EXPENSES GROUNDS

	FY2014 Actual	FY2015 Budget	FY2015 Projected	FY2016 Budget
Grounds Expense:				
Salaries & Wages	287,073	308,850	289,951	306,450
Building	9,870	6,000	7,416	7,000
Utilities	21,672	57,000	29,255	42,000
Maintenance/Grounds	194,846	162,500	178,108	174,875
Professional Services/Train	4,412	3,800	2,301	3,500
Office Supplies	48	500	43	400
Capital Improvements	7,840	6,000	6,000	6,000
Subtotals Grounds Expense	\$525,761	\$544,650	\$513,074	\$540,225



GOLF COURSE

Revenue/Expense/Debt & Retained Earnings

	FY2014 Actual	FY2015 Budget	FY2015 Projected	FY2016 Budget
Revenues	1,421,487	1,494,500	1,474,780	1,497,500
Operating Expenses	963,181	1,008,175	952,261	1,006,050
Gross Profit Operations	\$458,306	\$486,325	\$522,519	\$491,450
Less: Financing Costs				
Debt Service	(503,650)	(486,325)	(486,325)	(491,450)
Net Revenue/(Deficit)	(\$45,344)	\$0	\$36,194	\$0
Retained Earnings:				
Beginning	185,993		140,649	176,843
Ending	\$140,649		\$176,843	\$176,843