



CITY OF PEABODY FISCAL 2017 BUDGET

Mayor Edward A. Bettencourt, Jr.

June 15, 2016



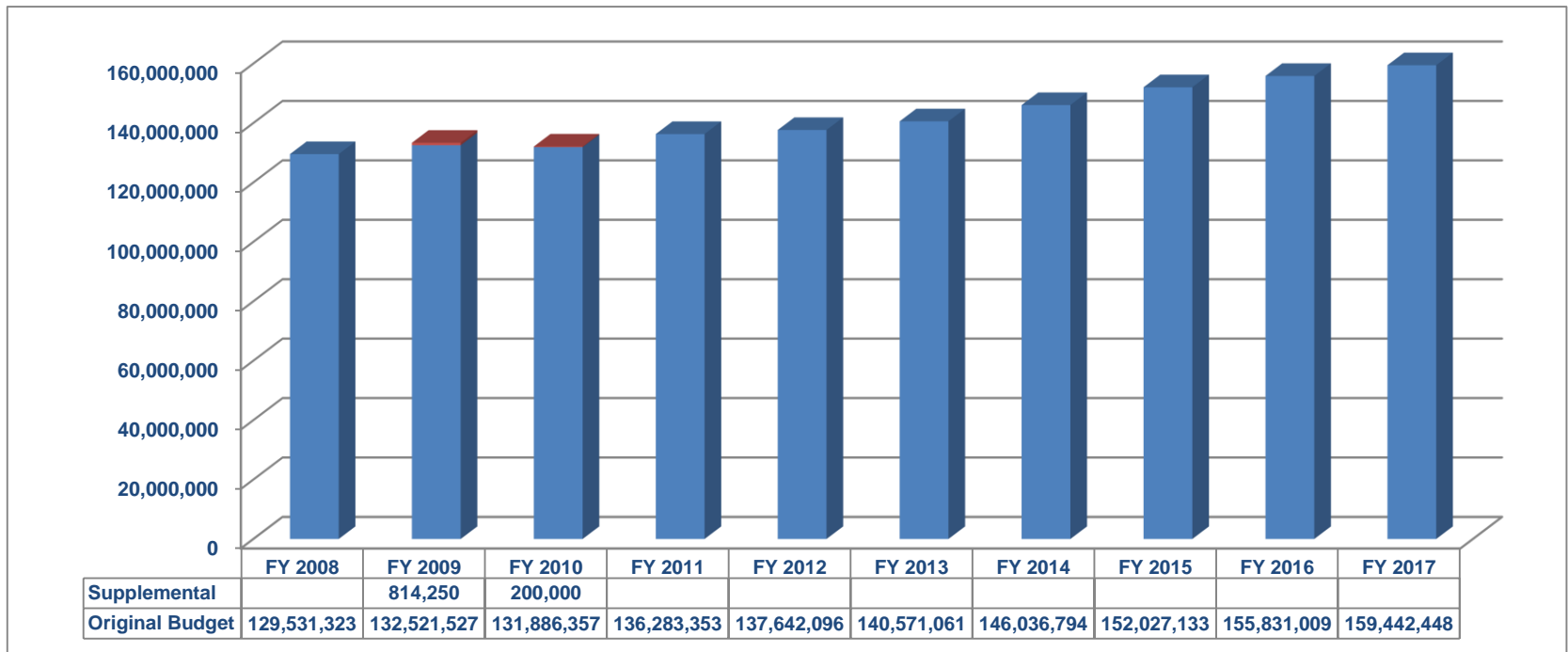
FISCAL YEAR 2017 BUDGET AGENDA

- Opening Remarks - Mayor Bettencourt
- Fiscal Year 2017 Budget Highlights
- Skating Rink Budget Fiscal 2017
- Golf Course Budget Fiscal 2017



10 YEAR BUDGET HISTORY - FISCAL 2008-2017

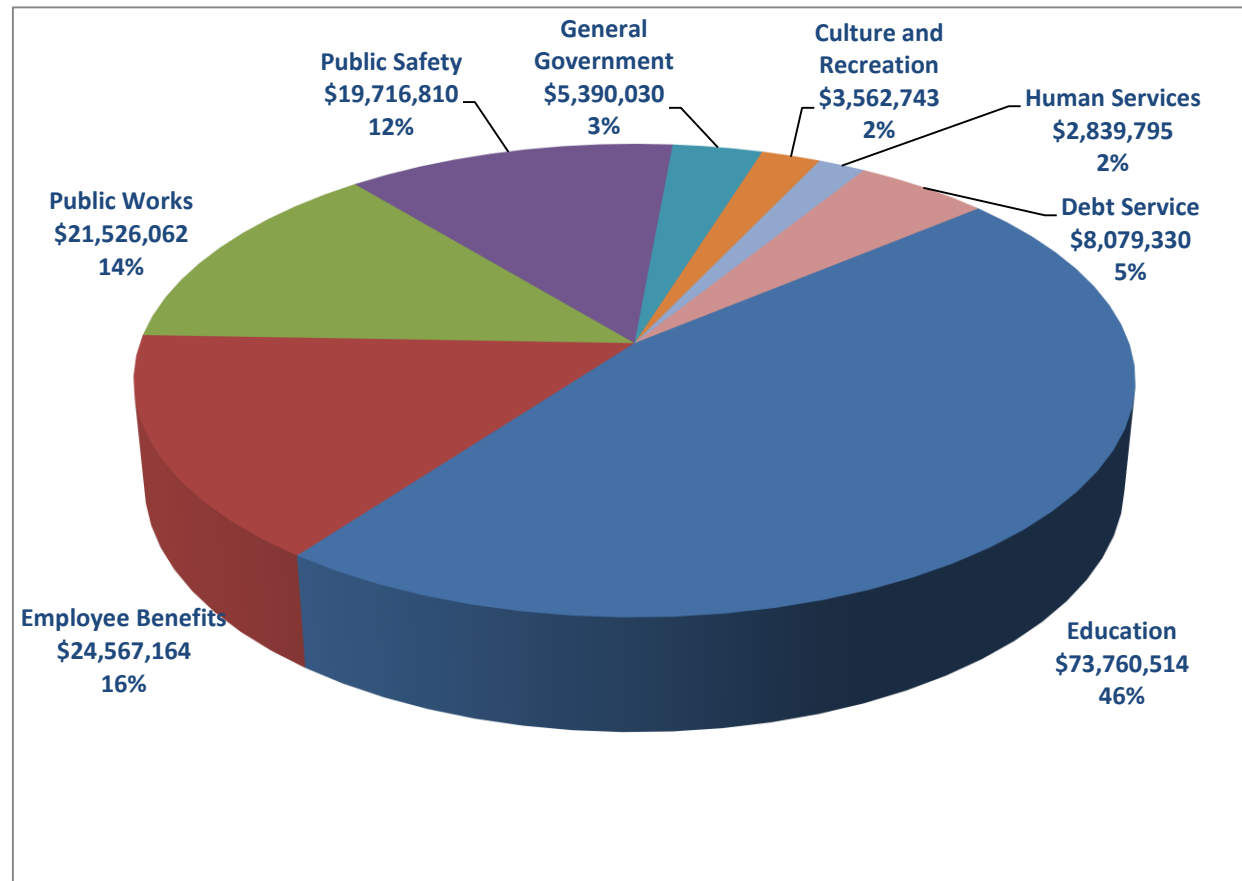
The Fiscal 2017 Operating Budget totals \$159,442,448, an increase of \$3.6 million or 2.3%. \$3.5 million is for salaries; \$1 million for Debt Service and Retirement Benefits and \$777,239 for North Shore Vocational; The Health Insurance budget decreased \$1.4 million and The South Essex Sewerage District Assessment decreased by \$785,038.





FISCAL 2017 BUDGET BY FUNCTION

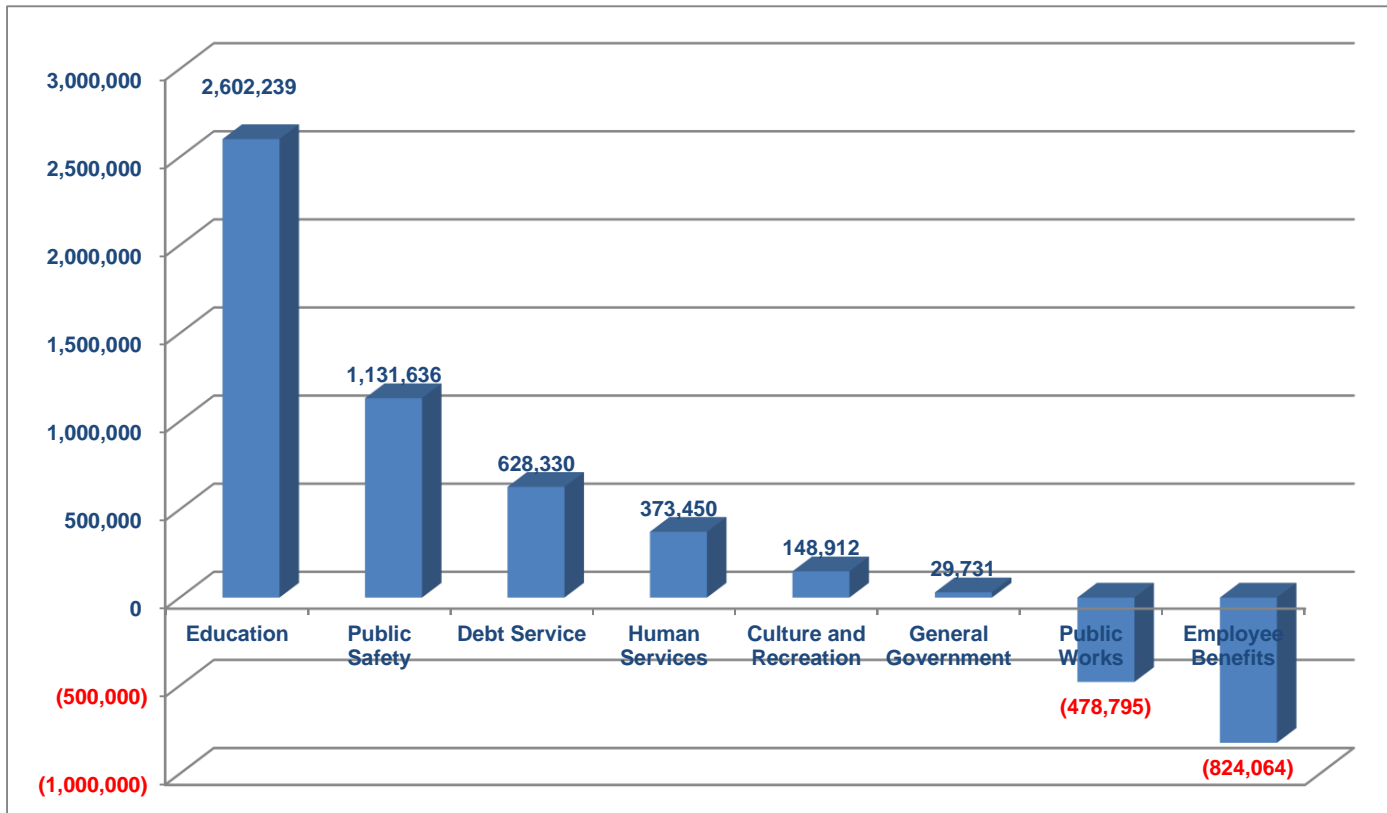
In Fiscal 2017, 46 cents of every budget dollar will be spent on Education, followed by 16 cents for Employee Benefits, 14 cents for Public Works and 12 cents for Public Safety.





FISCAL 2017 BUDGET CHANGES BY FUNCTION

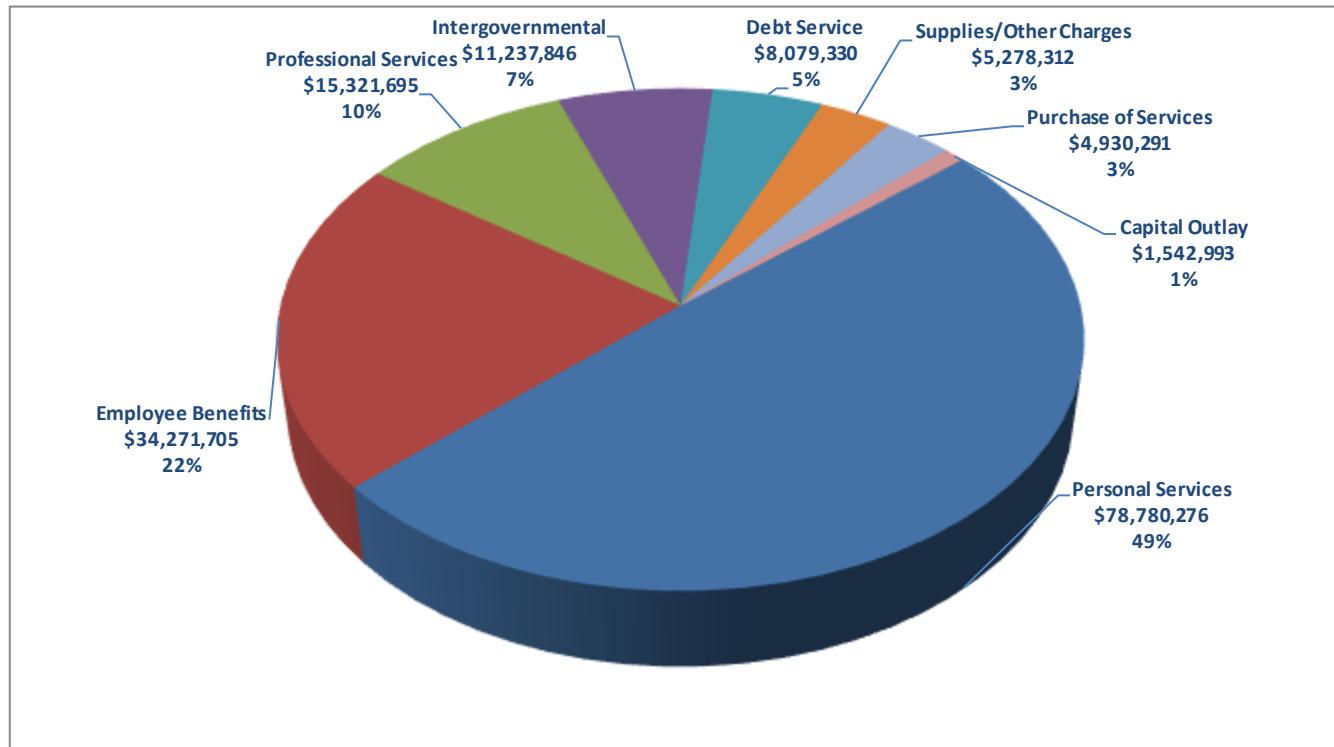
The Fiscal 2017 Budget increased by \$3.6 Million. Education has increased \$2.6 million, Public Safety \$1.1 million, Debt Service \$628,330, Human Services \$373,450, Culture and Rec \$148,912 and General Gov \$29,731. Public Works and Employee benefits decreased \$1.3 million.





FISCAL 2017 BUDGET BY EXPENSE TYPE

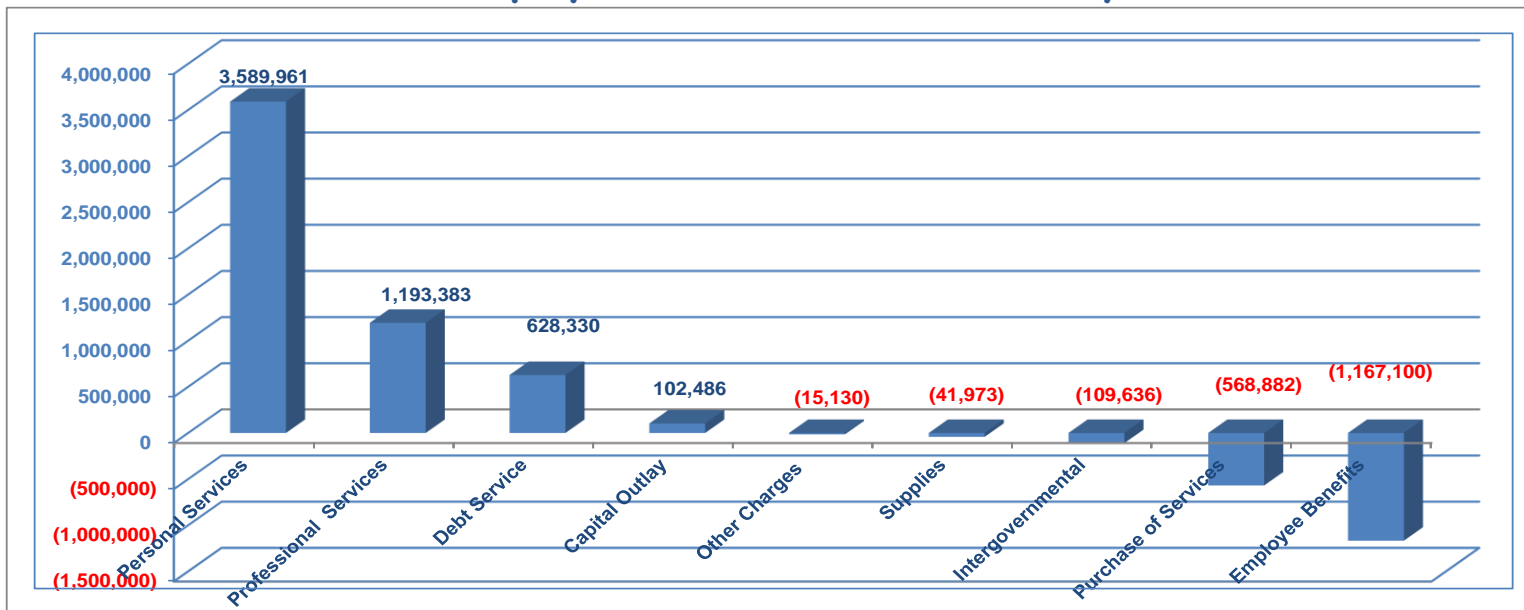
The Fiscal 2017 Budget will allocate 71% of every budget dollar for Salaries and Benefits. Professional Services, Intergovernmental Charges and Debt Service account for 10%, 7% and 5% respectively of every budget dollar.





FISCAL 2017 BUDGET CHANGES BY EXPENSE TYPE

In Fiscal 2017, 99.4% or \$3.5 million of the Budget Increase is for Salaries; \$1.2 million for Professional Services and \$628,330 for Debt Service. Purchase of Services and Employee Benefits decreased by \$1.7 million or 48.1%.

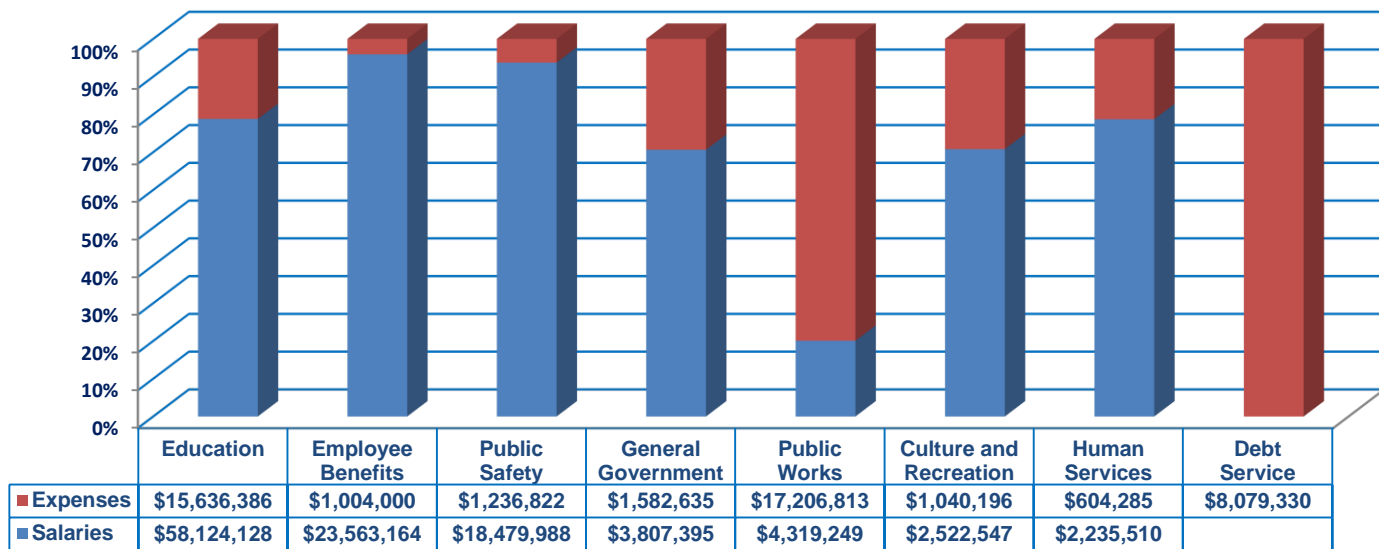


	Fiscal 2017 Budgets			Fiscal 2016 Budgets			Budget Change	% Change
	City	School	Total	City	School	Total		
Personal Services	30,154,095	48,626,181	78,780,276	28,189,430	47,000,885	75,190,315	3,589,961	99.4%
Professional Services	6,176,069	9,145,626	15,321,695	5,988,404	8,139,908	14,128,312	1,193,383	33.0%
Debt Service	8,079,330		8,079,330	7,451,000		7,451,000	628,330	17.4%
Capital Outlay	861,991	681,002	1,542,993	805,260	635,247	1,440,507	102,486	2.8%
Other Charges	2,031,255	149,670	2,180,925	2,062,065	133,990	2,196,055	(15,130)	-0.4%
Supplies	2,036,935	1,060,452	3,097,387	2,069,030	1,070,330	3,139,360	(41,973)	-1.2%
Intergovernmental	8,244,604	2,993,242	11,237,846	9,029,641	2,317,841	11,347,482	(109,636)	-3.0%
Purchase of Services	3,323,897	1,606,394	4,930,291	3,297,671	2,201,502	5,499,173	(568,882)	-15.8%
Employee Benefits	24,773,758	9,497,947	34,271,705	25,780,233	9,658,572	35,438,805	(1,167,100)	-32.3%
Total Budget Changes	\$ 85,681,934	\$ 73,760,514	\$ 159,442,448	\$ 84,672,734	\$ 71,158,275	\$ 155,831,009	\$ 3,611,439	100%



FISCAL 2017 SALARIES VS. EXPENSES

The Fiscal 2017 Operating Budget is labor intensive with 71% spent on Salaries and Benefits and 29% on expenses. 78.8% of the School Budget is spent on salaries and benefits; 94% of the Public Safety Budget is spent on salaries and benefits; 94% of the Public Safety Budget is spent on Salaries while Salaries account for only 20% of the Public Works Budget.

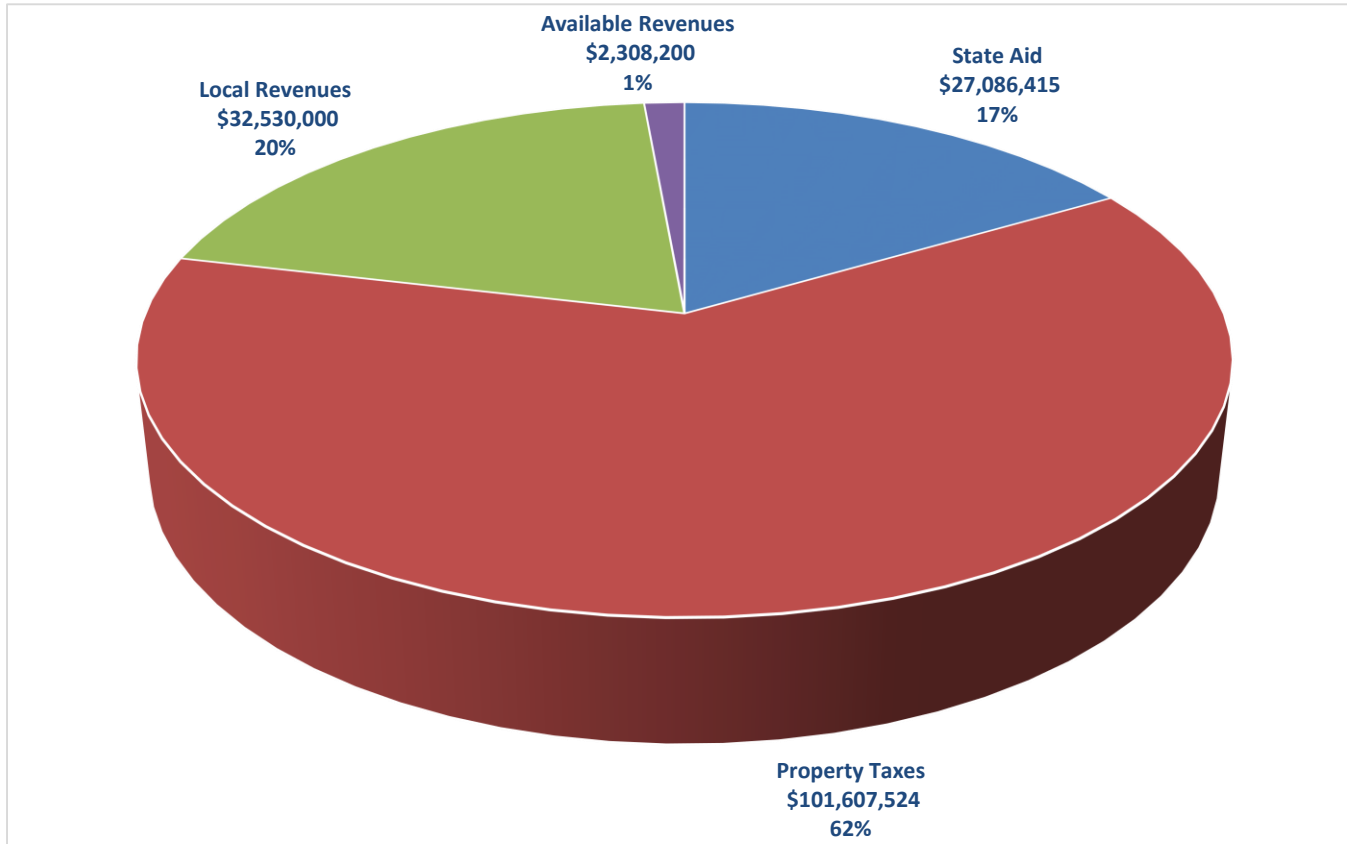


	Salaries	Expenses	Total Budget	% Salaries	% Expenses
Education	\$58,124,128	\$15,636,386	\$73,760,514	78.80%	21.20%
Employee Benefits	\$23,563,164	\$1,004,000	\$24,567,164	95.91%	4.09%
Public Safety	\$18,479,988	\$1,236,822	\$19,716,810	93.73%	6.27%
General Government	\$3,807,395	\$1,582,635	\$5,390,030	70.64%	29.36%
Public Works	\$4,319,249	\$17,206,813	\$21,526,062	20.07%	79.93%
Culture and Recreation	\$2,522,547	\$1,040,196	\$3,562,743	70.80%	29.20%
Human Services	\$2,235,510	\$604,285	\$2,839,795	78.72%	21.28%
Debt Service		\$8,079,330	\$8,079,330	0.00%	100.00%
Total Fiscal 2017 Budget	\$113,051,981	\$46,390,467	\$159,442,448	70.90%	29.10%



FISCAL 2017 SOURCES OF REVENUE

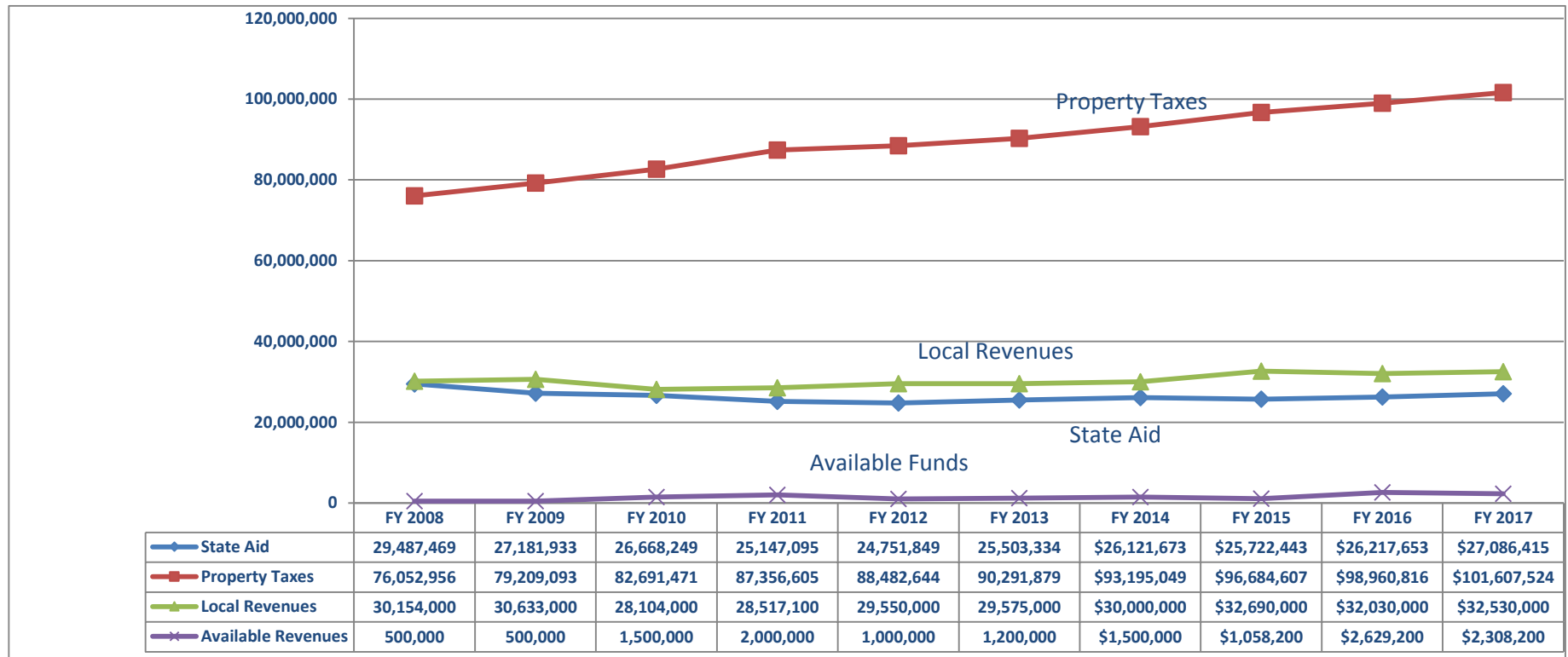
In Fiscal 2017, \$134 million or 82% of all City Revenues will be generated at the local level. Property Taxes represent 62% or \$101.6 million, while local revenues total \$32.5 million or 20% and State Aid totals \$27 million or 17%. We have allocated \$2.3 million from Reserves to help offset a portion of increases for Salaries and Debt Service.





10 YEAR HISTORY OF REVENUES FY 2008-2017

Our reliance on Property Taxes continues to increase. Since 2008, the Tax Levy has increased by \$25.6 million or 33.6%. State Aid has decreased by \$2.4 million while local revenues increased \$2.4 million during that same 10 year period.





FISCAL 2017 BUDGET PROJECTIONS - EXPENSES

The Total Amount to be raised in Fiscal 2017 including State Charges and Allowances for Abatements will be \$163,532,139. A Net Increase of \$3,694,470 or 2.3% from FY 2016.

6/7/2016 Updated	Actual 2013 Budget	Actual 2014 Budget	Actual 2015 Budget	Actual 2016 Budget	Projected 2017 Budget	Change	% Change
School Salaries	42,960,463	45,726,413	46,093,963	47,000,885	48,626,181	1,625,296	
Employee Benefits	10,978,839	9,477,204	9,467,791	9,658,572	9,497,947	(160,625)	
School Operating Expenses	10,236,491	10,232,176	11,111,039	11,802,336	12,162,665	360,329	
School Budget	64,175,793	65,435,793	66,672,793	68,461,793	70,286,793	1,825,000	2.7%
Vocational School Assessment	-	-	2,969,181	2,696,482	3,473,721	777,239	28.8%
Salaries	25,552,551	26,837,625	27,616,572	28,189,430	30,154,095	1,964,665	
Salary Reserve							
Employee Benefits	22,521,032	24,203,065	24,357,441	25,780,233	24,773,758	(1,006,475)	
Operating Expenses	22,327,685	23,261,711	24,162,146	23,252,071	22,674,751	(577,320)	
Debt Service	5,994,000	6,294,000	6,249,000	7,451,000	8,079,330	628,330	
City Budget	76,395,268	80,596,401	82,385,159	84,672,734	85,681,934	1,009,200	1.2%
Total Budget	140,571,061	146,032,194	152,027,133	155,831,009	159,442,448	3,611,439	2.3%
	4,287,708	5,461,133	5,994,939	3,803,876	3,611,439		
	3.1%	3.9%	4.1%	2.5%	2.3%	2.3%	
Other Amounts to be Raised:							
State & County Assessments	4,443,326	3,310,361	2,558,250	2,605,108	2,789,691	184,583	
Abatements/Other Amounts	1,682,181	1,434,167	1,569,867	1,401,552	1,300,000	(101,552)	
Other Amounts	6,125,507	4,744,528	4,128,117	4,006,660	4,089,691	83,031	2.1%
Gross Amount to be Raised	146,696,568	150,776,722	156,155,250	159,837,669	163,532,139	3,694,470	2.3%



FISCAL 2017 BUDGET PROJECTIONS - REVENUES

The Fiscal 2017 Budget will be funded primarily by Property Taxes. We will use \$2.3 million from Reserves to offset a portion of the budget increases. Net State Aid has increased by \$868,762, Local revenues are expected to be stable and the Tax Levy will increase by \$2.6 million.

Sources of Revenue:	2013 Budget	2014 Budget	2015 Budget	2016 Budget	Projected 2017 Budget	Change	% Change
Available Revenues	1,000,000	1,500,000	1,058,200	2,629,200	2,308,200	(321,000)	
State Aid	25,482,112	26,121,673	25,722,443	26,217,653	27,086,415	868,762	
Local Revenues	29,598,000	29,960,000	32,690,000	32,030,000	32,530,000	500,000	
Tax Levy	90,616,457	93,195,049	96,684,607	98,960,816	101,607,524	2,646,708	
Total Sources of Revenue	146,696,569	150,776,722	156,155,250	159,837,669	163,532,139	3,694,470	2.3%



FISCAL 2017 BUDGET PROJECTIONS-STATE AID

Preliminary estimates for 2017 State Aid based on the Senate Budget will be \$27 million which reflects a \$560,568 increase in Education Aid and \$286,143 in Local Unrestricted Aid.

State Aid Account Description	Fiscal 2012 Actual	Fiscal 2013 Actual	Fiscal 2014 Actual	Fiscal 2015 Actual	Fiscal 2016 Actual	Fiscal 2017 Estimates	Net Change Fy 2016- 2017
Education Aid	18,719,257	19,219,662	19,491,369	18,890,899	19,191,952	19,752,520	560,568
Gen Govt Local Aid	6,105,613	6,015,613	6,249,937	6,423,259	6,654,496	6,940,639	286,143
State Aid Reimbursements	214,613	135,133	207,924	205,604	205,976	207,382	1,406
Veterans Benefits	89,734	97,148	127,065	113,892	104,383	124,192	19,809
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	61,682	836
Subtotal State Aid	25,138,153	25,475,836	26,121,673	25,695,240	26,217,653	27,086,415	868,762



FISCAL 2017 BUDGET PROJECTIONS - STATE CHARGES

Fiscal 2017 State Charges have increased by \$71,230 or 3.3%. School Choice and Charter School Sending Expenses increased \$51,502 and MBTA increased \$11,078.

State Assessments <i>ESTIMATED CHARGES:</i>	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017 Estimates	Net Change FY 2016-2017
Essex County Tech Tuition	374,251	414,254				-
School Choice Tuition	316,471	377,563	298,507	262,846	263,896	1,050
Charter School Sending	321,755	755,806	556,005	632,201	682,653	50,452
Retired Teachers - Health	2,187,535					-
Retired Employees-Health						-
Mosquito Control Projects	73,859	79,441	73,171	73,784	81,404	7,620
Air Pollution Districts	15,086	15,123	15,099	15,423	15,809	386
Metro Area Planning Council	16,146	16,549	25,934	25,750	26,394	644
Registry Surcharge	53,280	51,700	52,440	52,440	52,440	-
MBTA	1,082,946	1,094,690	1,103,782	1,114,494	1,125,572	11,078
Special Education 71B	7,823	27,933	13,909	1,382	1,382	0
Total Charges	4,449,152	2,833,059	2,138,847	2,178,320	2,249,550	71,230
Net Change	(493,245)	(1,616,093)	(694,212)	39,473	71,230	
% Change	-10.0%	-36.3%	-24.5%	1.8%	3.3%	



FISCAL 2017 BUDGET PROJECTIONS - LOCAL REVENUES

Fiscal 2017 Local Revenues are projected to remain stable at \$32,530,000. Water and Sewer Rate increases are anticipated in this projection.

Account Description	Fiscal 2013 Actual	Fiscal 2014 Actual	Fiscal 2015 Actual	Fiscal 2016 Budget	Fiscal 2016 YTD Actual	Fiscal 2017 Projections
Motor Vehicle Excise Taxes	5,796,609	6,689,354	7,024,865	7,025,000	7,032,095	7,325,000
Hotel Taxes	1,388,523	1,427,055	1,635,282	1,630,000	1,428,510	1,750,000
Meals Tax	1,044,006	1,080,366	1,071,042	1,070,000	875,164	1,125,000
Interest & Fees on Taxes	524,049	660,712	699,416	695,000	576,541	635,000
Payments in Lieu of Taxes	703,299	780,581	758,164	800,000	827,327	800,000
Water User Charges	5,458,919	5,482,319	5,571,439	5,500,000	5,039,120	5,985,000
Sewer User Charges	9,245,764	10,020,956	9,714,376	9,705,000	8,065,790	9,775,000
Landfill Revenues		50,000	156,972	50,000	9,202	10,000
Fees	399,058	428,763	399,201	400,000	423,758	450,000
Rental Fees	62,501	74,301	62,870	63,000	68,585	75,000
Recreation Revenue	600,000	700,000	600,000	700,000	700,000	700,000
Departmental Revenue	324,162	506,894	292,420	300,000	387,852	425,000
Licenses & Permit Fees	1,335,911	1,610,447	1,596,821	1,600,000	1,541,060	1,700,000
Parking Fines & Forfeits	218,461	205,905	219,257	212,000	186,850	210,000
Interest Income	106,055	106,510	114,320	110,000	125,295	135,000
Water Filtration Grant						
Medicaid Reimbursements	365,386	392,142	699,196	405,000	317,979	400,000
SESD Refunds	400,000	600,000	515,000	550,000	-	550,000
Urban Redevelopment Taxes	267,558	271,966	68,348	0		0
Medicare Part D Reimb	554,132	67,589	32,736	0	-	0
Premium on Sale of Bonds			1,353,152	0	1,368,320	0
Excess Overlay Reserve	142,944			0		
Debt Service Transfer/CPC		240,000	240,000	240,000	240,000	240,000
Health Insurance Trust Fund Refund		396,551	226,167	0	-	0
Misc Receipt				125,000	125,000	0
Billboard Revenue			115,000	850,000	643,000	240,000
Subtotal Local Revenues	28,937,337	31,792,411	33,166,044	32,030,000	29,981,448	32,530,000



FISCAL 2017 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 \$39 million generating \$714,000 in new taxes. The Projected Excess Levy Capacity is \$8.8 million after the tax rate is set.

	Actual 2013 Budget	Actual 2014 Budget	Actual 2015 Budget	Actual 2016 Budget	Projected 2017 Budget
Residential Values	4,728,970,924	4,668,178,302	4,913,745,514	5,242,305,205	5,504,420,465
CIP Values	1,440,958,203	1,443,566,555	1,491,585,894	1,507,752,692	1,507,752,692
Total Values	6,169,929,127	6,111,744,857	6,405,331,408	6,750,057,897	7,012,173,157
New Growth - Residential	44,017,934	23,359,056	21,608,405	19,328,700	19,328,700
New Growth - CIP	25,233,350	29,719,340	26,611,062	36,299,020	20,000,000
Total New Growth	69,251,284	53,078,396	48,219,467	55,627,720	39,328,700
New Growth - Residential Taxes	509,708	279,846	267,944	237,743	230,397
New Growth - CIP Taxes	583,936	700,466	650,870	882,066	483,804
Total New Growth - Taxes	1,093,644	980,312	918,814	1,119,809	714,201
Levy Limit	96,548,014	99,943,245	103,360,640	107,064,465	110,455,278
Actual Levy	90,616,457	93,195,049	96,684,607	98,960,816	101,607,524
Excess Levy Capacity	5,931,557	6,748,196	6,676,033	8,103,649	8,847,754



FISCAL 2017 BUDGET PROJECTIONS-TAX LEVY

Based on a Tax Levy of \$101.6 million using a CIP Factor of 168.6%, The average annual tax bill may increase by approximately \$138.84 This number will change depending on actual new growth, actual values as well as final State Aid and Local Receipts Projections.

	Actual 2013 Budget	Actual 2014 Budget	Actual 2015 Budget	Actual 2016 Budget	Projected 2017 Budget
Commercial Levy	33,962,465	35,307,649	36,245,537	36,472,861	36,835,021
Residential Levy	56,653,992	57,887,400	60,439,070	62,487,955	64,772,503
Total Levy	90,616,457	93,195,049	96,684,607	98,960,816	101,607,524
Equalized Tax Rate	\$14.69	\$15.25	\$15.09	\$14.66	\$14.49
C.I.P Rate 168.6%	\$23.57	\$24.46	\$24.30	\$24.19	\$24.43
Residential Rate	\$11.98	\$12.40	\$12.30	\$11.92	\$11.77
Average Residential Value	289,900	287,700	303,400	324,000	340,000
Average Residential Tax Bill	\$3,473.06	\$3,567.48	\$3,731.82	\$3,862.06	\$4,000.90
Change in Annual Tax Bill	\$164.78	\$94.42	\$164.34	\$130.24	\$138.84
	5.0%	2.7%	4.6%	3.5%	3.6%



SUMMARY FISCAL 2017 BUDGET

- **Operating Budget - \$159,442,448**
- **Increase of \$3,611,439 or 2.3%**
- **Sources of Funding**
 - ▶ **Property Taxes - \$101.6 Million**
 - ▶ **Local Revenues - \$32.5 Million**
 - ▶ **Available Revenues - \$2,308,200**
 - ▶ **Unreserved Fund Balance \$1,650,000**
 - ▶ **Debt Service Fund Balance \$ 600,000**
 - ▶ **Parking Meter \$ 58,200**
 - ▶ **State Aid - \$27 Million**



FISCAL 2017 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

	FY2015 Actual	FY2016 Budget	FY2016 Projected	FY2017 Budget
Revenues:				
Ice Rental Fee	522,248	502,000	520,000	525,000
Public Skating	80,851	85,000	82,954	83,000
Special Events	9,237	10,000	13,762	14,000
Special Programs	22,588	30,000	17,289	18,000
Concession/Vending	35,834	40,000	33,839	34,000
Rentals, Int, Adv, Other	15,617	21,000	21,142	22,000
Total Revenues	\$686,375	\$688,000	\$688,986	\$696,000



McVANN O'KEEFE SKATING RINK

OPERATING EXPENSES

	FY2015 Actual	FY2016 Budget	FY2016 Projected	FY2017 Budget
EXPENSE:				
Salaries & Wages	305,743	310,200	318,200	331,605
Utilities	143,575	131,700	126,527	130,300
CIP	32,373	30,000	23,000	29,601
Supplies	32,629	29,006	28,825	26,600
Professional Services	28,020	37,400	31,004	30,200
Commonwealth	19,768	18,500	21,000	18,100
Repairs	\$44,985	\$29,500	\$30,000	\$29,500
Operating Expense	607,093	586,306	578,556	595,906
 Debt Service	 77,794	 101,694	 101,694	 100,094
Total Expenses	\$684,887	\$688,000	\$680,250	\$696,000



McVANN O'KEEFE SKATING RINK

REVENUE/EXPENSES & RETAINED EARNINGS

	FY2015 Actual	FY2016 Budget	FY2016 Projected	FY2017 Budget
Revenues	686,375	688,000	688,986	696,000
Operating Expenses	(607,093)	(586,306)	(578,556)	(595,906)
Gross Profit/Loss Operations	\$79,282	\$101,694	\$110,430	\$100,094
Less: Financing Costs				
Debt Service	(77,794)	(101,694)	(101,694)	(100,094)
Net Revenue/(Deficit)	\$1,488	\$0	\$8,736	\$0
Retained Earnings:				
Beginning	251,295		252,783	261,519
			0	
Ending	\$252,783		\$261,519	\$261,519



THE MEADOW AT PEABODY GOLF COURSE SALES STATISTICS

	2016	%	2015	%	2014
July	\$ 245,472	16.2%	\$ 243,560	17.3%	\$ 229,640
August	\$ 254,944	16.9%	\$ 271,880	19.3%	\$ 257,044
September	\$ 185,642	12.3%	\$ 181,658	12.9%	\$ 179,600
October	\$ 111,165	7.4%	\$ 111,162	7.9%	\$ 109,174
November	\$ 61,220	4.1%	\$ 33,510	2.4%	\$ 39,976
December	\$ 38,793	2.6%	\$ 20,442	1.4%	\$ 16,658
<i>Summer/Fall</i>	\$ 897,236		\$ 862,212		\$ 832,092
Jan/Feb/March	\$ 44,447	2.9%	\$ 4,970	0.4%	\$ 10,402
April	\$ 119,865	7.9%	\$ 89,711	6.4%	\$ 133,862
May	\$ 201,034	13.3%	\$ 189,240	13.4%	\$ 213,154
June (Proj)	\$ 249,000	16.5%	\$ 265,365	18.8%	\$ 231,977
<i>Spring</i>	\$ 614,346		\$ 549,286		\$ 589,395
Total Revenue	\$ 1,511,582	100.0%	\$ 1,411,498	100.0%	\$ 1,421,487
Revenue Budget	\$ 1,497,500		\$ 1,494,500		\$ 1,499,500
	\$ 14,082				



GOLF COURSE REVENUES

	FY2015 Actual	FY2016 Budget	FY2016 Projected	FY2017 Budget
Revenues:				
Green Fees	850,376	933,000	890,467	891,000
Carts	370,202	375,000	441,057	441,000
Concession	46,160	53,000	45,663	46,000
Pro Shop	44,060	45,500	51,250	51,000
Golf Outings	74,293	72,000	72,000	72,000
Interest, Other	26,407	19,000	11,145	12,000
Total Revenues	\$1,411,498	\$1,497,500	\$1,511,582	\$1,513,000



GOLF COURSE EXPENSES CLUB HOUSE

	FY2015 Actual	FY2016 Budget	FY2016 Projected	FY2017 Budget
CLUB HOUSE EXPENSE:				
Salaries & Wages	234,073	235,700	243,700	252,304
Building	6,702	8,000	8,000	9,356
Utilities	30,294	31,100	29,900	30,600
Supplies-Pro Shop	33,377	29,500	35,232	29,500
Supplies-Grill	31,511	29,500	29,892	29,500
Professional Services	20,427	23,500	24,458	23,500
Office Supplies	3,616	3,025	2,393	3,025
Lease	79,350	105,000	81,674	93,000
Training	0	500	480	500
Club House Expense	\$439,350	\$465,825	\$455,729	\$471,285



GOLF COURSE EXPENSES

Grounds

	FY2015 Actual	FY2016 Budget	FY2016 Projected	FY2017 Budget
GROUNDS EXPENSE:				
Salaries & Wages	286,660	306,450	302,450	304,269
Building	7,597	7,000	3,513	7,000
Utilities	30,003	42,000	41,509	43,000
Maintenance/Grounds	181,480	174,875	181,313	184,246
Professional Services/Train	1,301	3,500	1,358	3,500
Office Supplies	43	400	82	400
Capital Improvements	0	6,000	6,000	5,000
Subtotals Grounds Expense	\$507,084	\$540,225	\$536,225	\$547,415



GOLF COURSE

Revenue/Expense/Debt & Retained Earnings

	FY2015 Actual	FY2016 Budget	FY2016 Projected	FY2017 Budget
Revenues	1,411,498	1,497,500	1,511,582	1,513,000
Operating Expenses	946,434	1,006,050	991,954	1,018,700
Gross Profit Operations	\$465,064	\$491,450	\$519,628	\$494,300
Less: Financing Costs				
Debt Service	(486,325)	(491,450)	(491,450)	(482,800)
Net Revenue/(Deficit)	(\$21,261)	\$0	\$28,178	\$11,500
Retained Earnings:				
Beginning	140,649		119,388	147,566
Ending	\$119,388		\$147,566	\$159,066