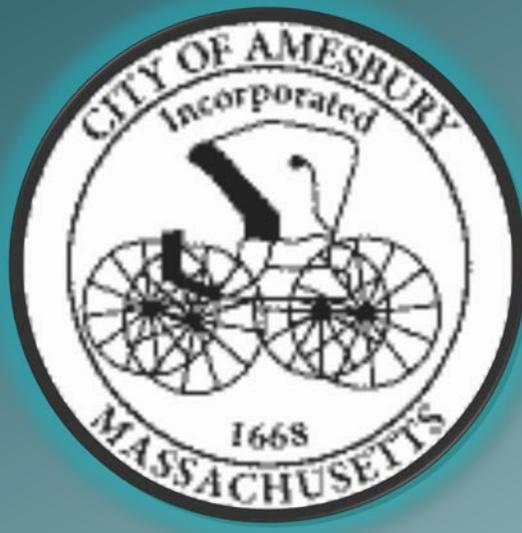


Fiscal Condition

Presented to Amesbury City Council



FY '20 Year to Date Snapshot



2020 general fund revenue is trending **on target year-to-date** as compared to budgeted estimates. A large portion of local receipts, which includes motor vehicle excise and the So. Hunt Road permit fees, will be collected in the second half of the fiscal year.



The current year budget pressures include funding the collective bargaining increases, non-union COLAs, and snow and ice expenses.



We are anticipating unbudgeted costs to be funded from budgetary reserves, free cash and a one-time health insurance refund.



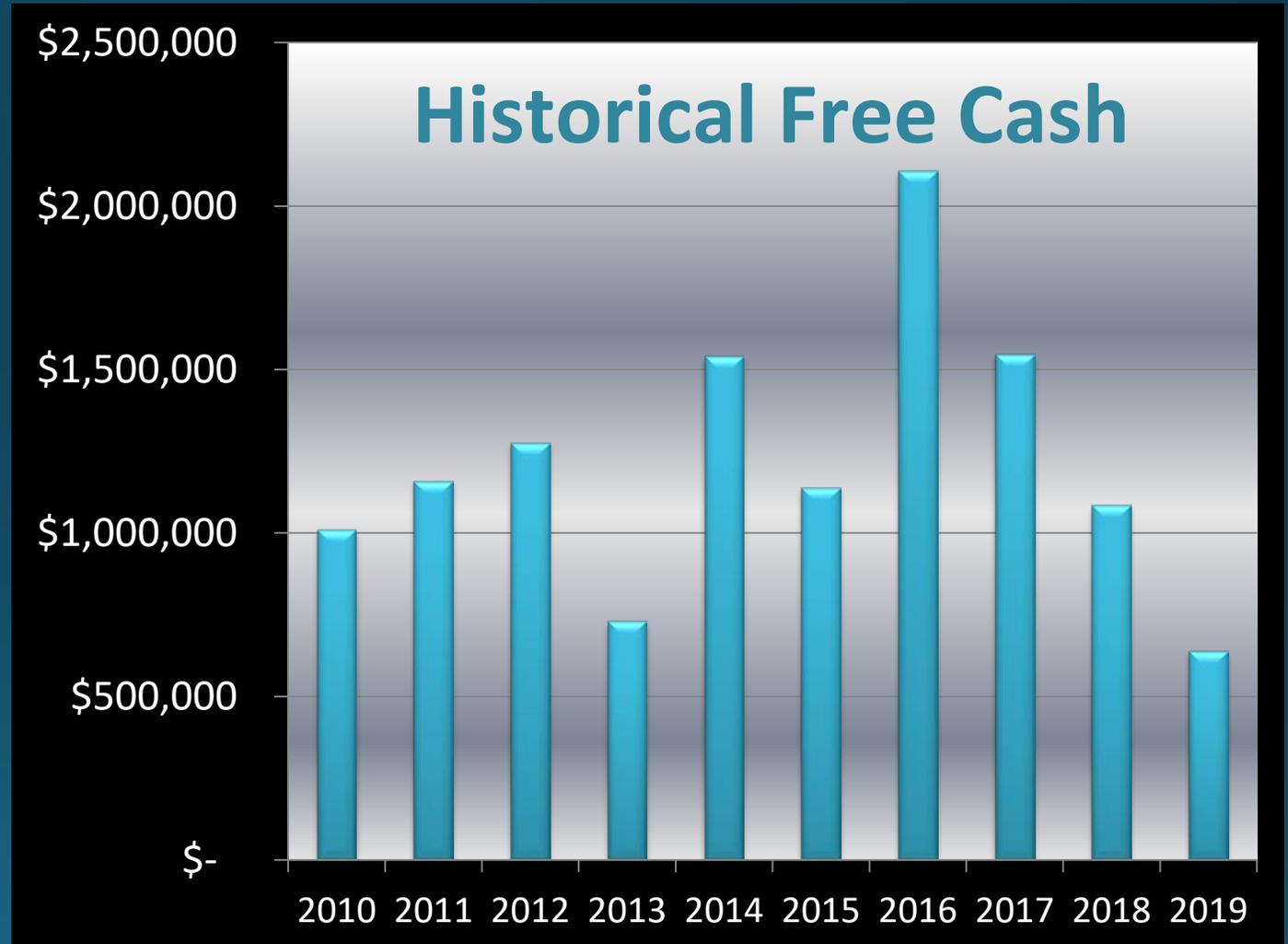
Contingency plan includes releasing surplus overlay and/or funding a portion of snow and ice on the FY '21 Tax Recap.

FINANCIAL BENCHMARKS AS OF JANUARY 31, 2020		GOAL	ACTUAL
	1. Undesignated Fund Balance as % of Operating Budget <i>Actual Undesignated fund balance is \$2,641,332 – Goal \$5.8M</i>	10%	4.5%
	2. Stabilization Fund Balance as % of Operating Budget <i>Actual Stabilization fund balance is \$1,147,742 – Goal \$2.91M</i>	5%	2.0%
	3. Capital Stabilization Fund Balance as % of Operating Budget <i>Goal is to have a sufficient fund balance to pay for capital items over \$5,000 and less than \$100,000</i>	average \$ 261K	\$ -
	4. SPED Reserve Fund as % of required Net School Spending <i>Goal is not to exceed 2% of required net school spending budget Current NSS is \$24,812,747 2% = \$496,255</i>	< 2%	0%
	5. Water Dept. Retained Earnings as % of Operating Budget <i>Goal is 10-20% of Operating Budget but advisable to have significantly more when saving for infrastructure improvements. Current \$1.5M</i>	10-20%	37.5%
	6. Sewer Dept. Retained Earnings as % of Operating Budget <i>Goal is 10-20% of Operating Budget but advisable to have significantly more when saving for infrastructure improvements. Current is \$683K</i>	10-20%	23.4%
	7. Debt Service as % of Operating Budget <i>Goal is debt service payments NOT to exceed 10% of Operating Budget</i>	10%	2.5%

Stabilization Funds (Reserves)



FY Ending	Free Cash	% of Operating Budget
2019	\$ 637,897	1.13%
2018	\$ 1,084,571	1.95%
2017	\$ 1,547,056	2.95%
2016	\$ 2,108,736	4.02%
2015	\$ 1,138,514	2.24%
2014	\$ 1,539,578	3.19%
2013	\$ 729,690	1.50%
2012	\$ 1,274,364	2.69%
2011	\$ 1,159,328	2.53%
2010	\$ 1,009,160	2.21%



Calendar Year 2020 Economic Outlook



U.S. economy is in its record 11th year of expansion. Economist predict slower but stable economic growth to continue in 2020 at a rate of about 2%.

Through the third quarter of 2019, the [Massachusetts](#) economy grew at a rate of 2.2% exceeding the national rate of 2.1%. This growth is down 1.36% and 1.13% respectively from 2018 Q3.

The [Massachusetts Current and Leading Economic Indices](#) reveal above-trend growth in sales tax with average trend-growth in consumer confidence and motor vehicle sales tax. The leading index consists of economic factors that generally precede changes in the economy.

**MassBenchmarks - Current & Leading Indexes*

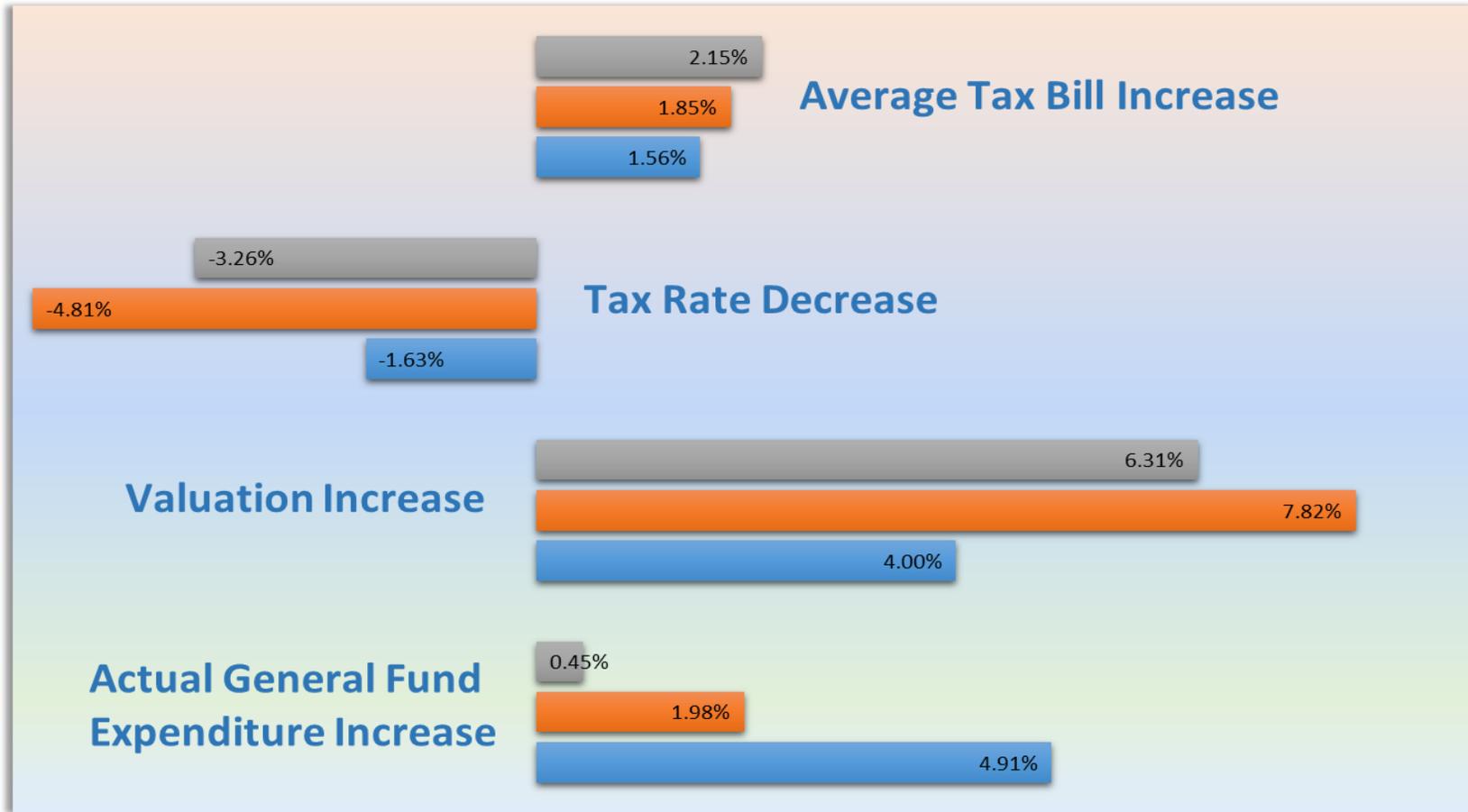
Amesbury's Positioning

- Slated to begin South Hunt Area District Improvement Program
 - Estimated to generate additional \$18.6M in tax revenue
 - \$4.7M earmarked for South Hunt Project
 - \$13.9M estimated as general fund revenue over next 19 years
 - Year- 1 receipts exceeded estimated amount by 54% or \$70,000

- Tax rate on steady decline and excess levy capacity at record high

Historical Statistics

■ FY '18 to '19 % Change ■ FY '17 to '18 % Change ■ FY '16 to '17 % Change



	Actual GF Expenditures Increase	Valuation Increase	Tax Rate Decrease	Average Tax Bill Increase
■ FY '18 to '19 % Change	0.45%	6.31%	-3.26%	2.15%
■ FY '17 to '18 % Change	1.98%	7.82%	-4.81%	1.85%
■ FY '16 to '17 % Change	4.91%	4.00%	-1.63%	1.56%

Fiscal 2021 Initiatives

Buildings & Infrastructure

Begin a city-wide buildings and infrastructure conditions assessment and incorporate findings into CIP.

Financial Reserves

Assess financial and budgetary reserves and incorporate an annual funding mechanism to ensure availability and adequacy.

Long-Term Budgetary Planning

Create a comprehensive budget forecast which encompasses buildings and infrastructure, contractual and employment obligations and accounts for progressive city-wide initiatives while simultaneously monitoring local tax impact.

FY '21 Budget Directives

- Request all departments to provide a “level services” operating budget.
- Request departments to update and submit a 5-year capital plan.
- Request “new budget items” be submitted to the Mayor on a separate one-page document detailing the item and/or service.
- Request departments to submit budget narratives in addition to spreadsheet request.



Administrative Goals

Strive to create a comprehensive and easy to read budget document to serve as a roadmap for achieving a collaboration of city-wide initiatives.

Focus items will include;

- a. Strategic goals and objectives
- b. Current economic, regulatory, and legislative factors
- c. Debt forecasting
- d. Financial reserve planning
- e. Capital assessment and capital planning
- f. Increased fiscal transparency

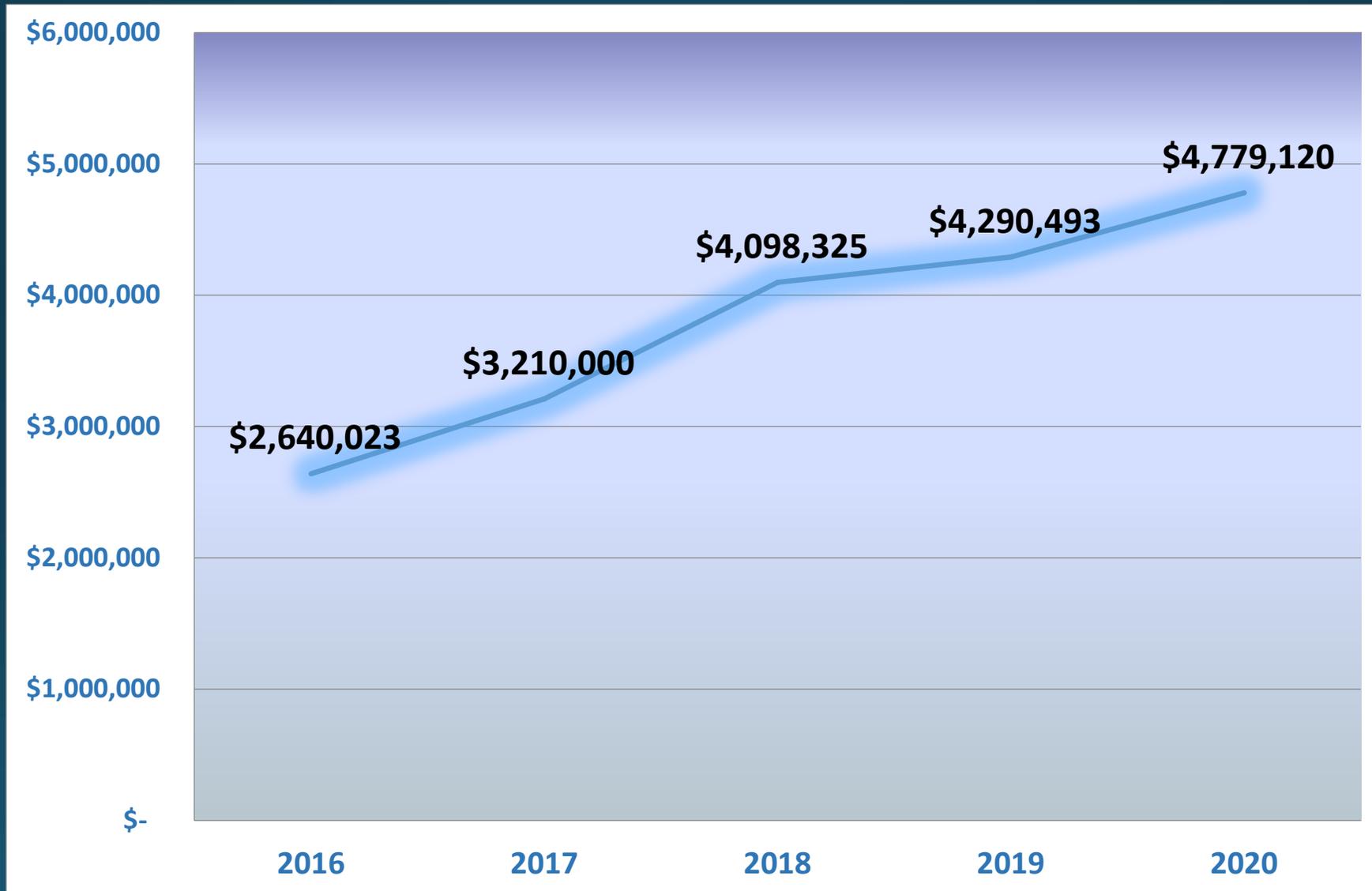


Other Considerations

Preserve city's AA bond rating and strive for AAA rating by:

1. Adopting an OPEB Trust Fund and...
2. Making a plan to fully fund OPEB by utilizing the decrease in pension assessment in 2036 once unfunded pension liability is fully funded according to state mandate
3. Maintain budgetary flexibility by preserving 3-5% of excess levy capacity or \$1.8-\$3M
4. Increase financial management performance by monitoring benchmarks and incorporating a plan within the operating budget to achieve and maintain fiscal goals

Historical Excess Levy Capacity



General Fund Debt Schedule

Long Term General Debt

	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Public Safety Build Remodeling 2013	\$ 45,238	\$ 44,188	\$ 43,138	\$ 42,088	\$ 41,038	\$ 39,988	\$ 38,938	\$ 37,888	\$ 36,794	\$ 35,613
MVRTA Facility Improvements 2014	\$ 98,890	\$ 101,390	\$ 99,115	\$ 96,840	\$ 99,490	\$ 97,390	\$ 100,215	\$ 97,965	\$ 100,640	\$ 98,240
DPW Facility Planning 2014	\$ 16,235	\$ 15,835	\$ 15,485	\$ 15,135	\$ 14,785	\$ 14,485	\$ 14,185	\$ 13,885	\$ 18,510	\$ 18,060
Land Acquisition Library 2014	\$ 10,500	\$ 10,300	\$ 10,100							
Build Remodel Town Hall 2014	\$ 10,500	\$ 10,300	\$ 10,100							
Architectural Services Sewer 2014	\$ 37,950	\$ 37,250	\$ 36,550	\$ 35,850	\$ 25,250					
Public Safety Build Repairs 2015	\$ 21,550	\$ 20,950	\$ 20,350	\$ 19,750	\$ 19,150	\$ 18,550	\$ 13,113	\$ 12,863	\$ 12,625	\$ 12,350
Public Safety Build Repairs II 2015	\$ 168,463	\$ 164,063	\$ 159,663	\$ 155,263	\$ 150,863	\$ 146,463	\$ 142,750	\$ 135,056	\$ 132,563	\$ 129,675
Water Street Parking Engineering 2015	\$ 15,450	\$ 15,050	\$ 14,650	\$ 14,250	\$ 13,850	\$ 13,450	\$ 13,113	\$ 12,863	\$ 12,625	\$ 12,350
DPW Land Acquisition 2015	\$ 84,335	\$ 82,135	\$ 79,935	\$ 77,735	\$ 75,535	\$ 73,335	\$ 71,479	\$ 70,104	\$ 68,798	\$ 67,285
DPW Land Acquisition II 2015	\$ 38,295	\$ 37,295	\$ 36,295	\$ 35,295	\$ 34,295	\$ 33,295	\$ 32,451	\$ 31,826	\$ 31,233	\$ 30,545
DPW Land Acquisition III 2015	\$ 332,175	\$ 323,575	\$ 314,975	\$ 306,375	\$ 297,775	\$ 289,175	\$ 281,919	\$ 276,544	\$ 271,438	\$ 265,525
Outdoor Recreation Facility 2015	\$ 33,125	\$ 32,125	\$ 31,125	\$ 30,125	\$ 29,125	\$ 28,125	\$ 27,281	\$ 26,656	\$ 26,063	\$ 25,375
Whitehall Rd Land Acquisition 2015	\$ 30,900	\$ 30,100	\$ 29,300	\$ 28,500	\$ 27,700	\$ 26,900	\$ 26,225	\$ 25,725	\$ 25,250	\$ 24,700

Long Term School Debt

Long Term School Debt	\$ 943,605	\$ 924,555	\$ 900,780	\$ 857,205	\$ 828,855	\$ 781,155	\$ 761,668	\$ 741,374	\$ 736,536	\$ 719,718
School Building Addition 2018 (IE)	\$ 542,200	\$ 524,800	\$ 502,500	\$ 485,300	\$ 470,250	\$ 450,300	\$ 428,400			

General Fund Debt Schedule

	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
GENERAL FUND - NON-EXCLUDED	943,605	924,555	900,780	857,205	828,855	781,155	761,668	741,374	736,536	719,718
EXCLUDED DEBT SCHOOL	542,200	524,800	502,500	485,300	470,250	450,300	428,400	-	-	-
EST NEW EXCLUDED DEBT ELEM SCH			2,381,560	2,381,560	2,381,560	2,381,560	2,381,560	2,381,560	2,381,560	2,381,560
	1,485,805	1,449,355	3,784,840	3,724,065	3,680,665	3,613,015	3,571,628	3,122,934	3,118,096	3,101,278

TOTAL BUDGET (estimate 3% ann increase)	58,330,811	60,080,735	61,883,157	63,739,652	65,651,842	67,621,397	69,650,039	71,739,540	73,891,726	76,108,478
Best Practice (debt < 10%)	2.5%	2.4%	6.1%	5.8%	5.6%	5.3%	5.1%	4.4%	4.2%	4.1%

Outstanding as of 6/30/19

General Fund Debt	12,277,933	
Excluded General Fund Debt	3,403,750	
Sewer Debt	917,570	
Water Debt	2,873,884	<i>Principal 28,936,193</i>
MWPAT Debt	14,450,204	<i>Interest 4,987,147</i>
Total Outstanding Debt	33,923,340	33,923,340

Take Away...



Plan



Monitor



Repeat