

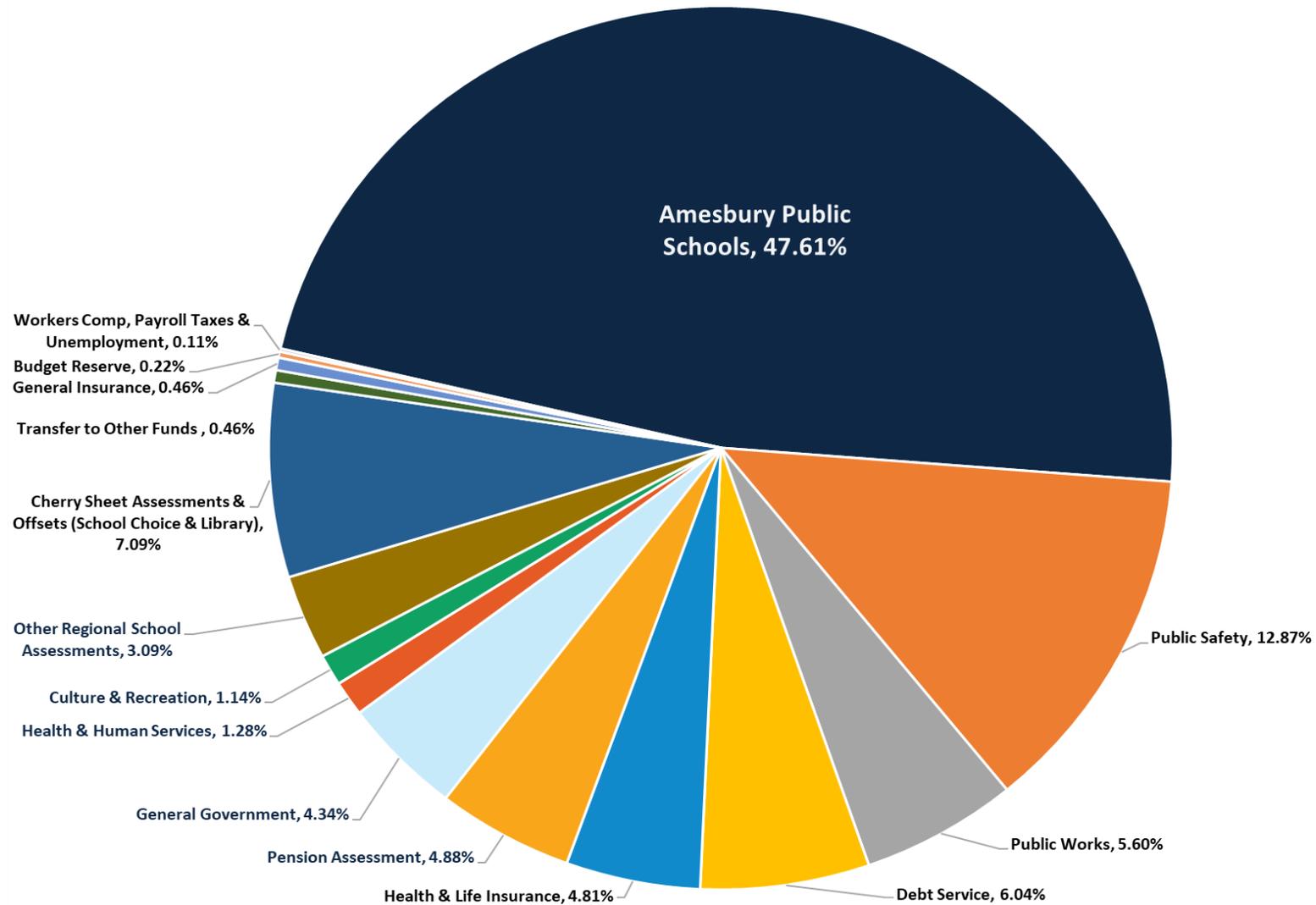
# City of Amesbury

FY26 Financial Condition Presentation

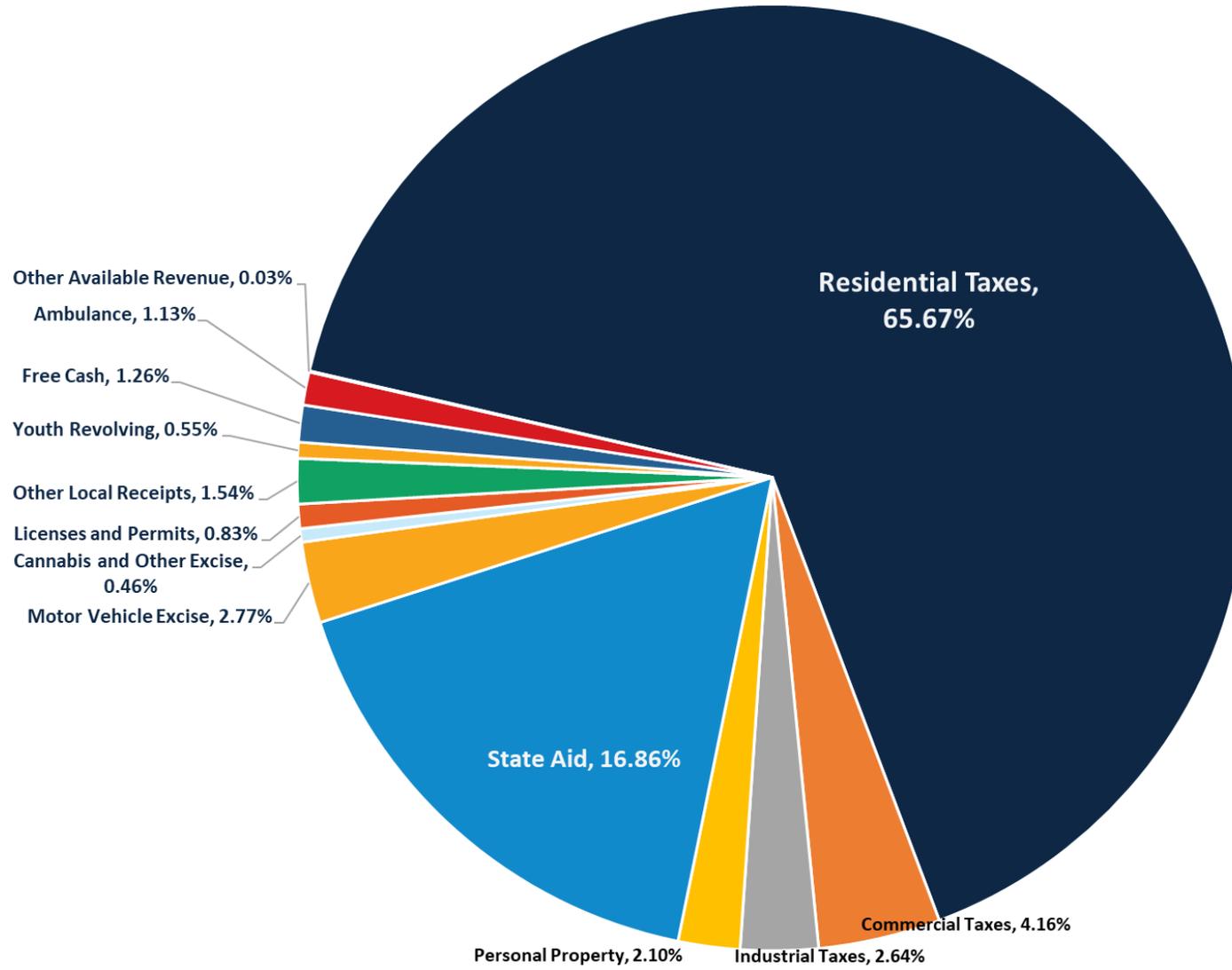
February 25, 2025



# FY25 Approved Budget

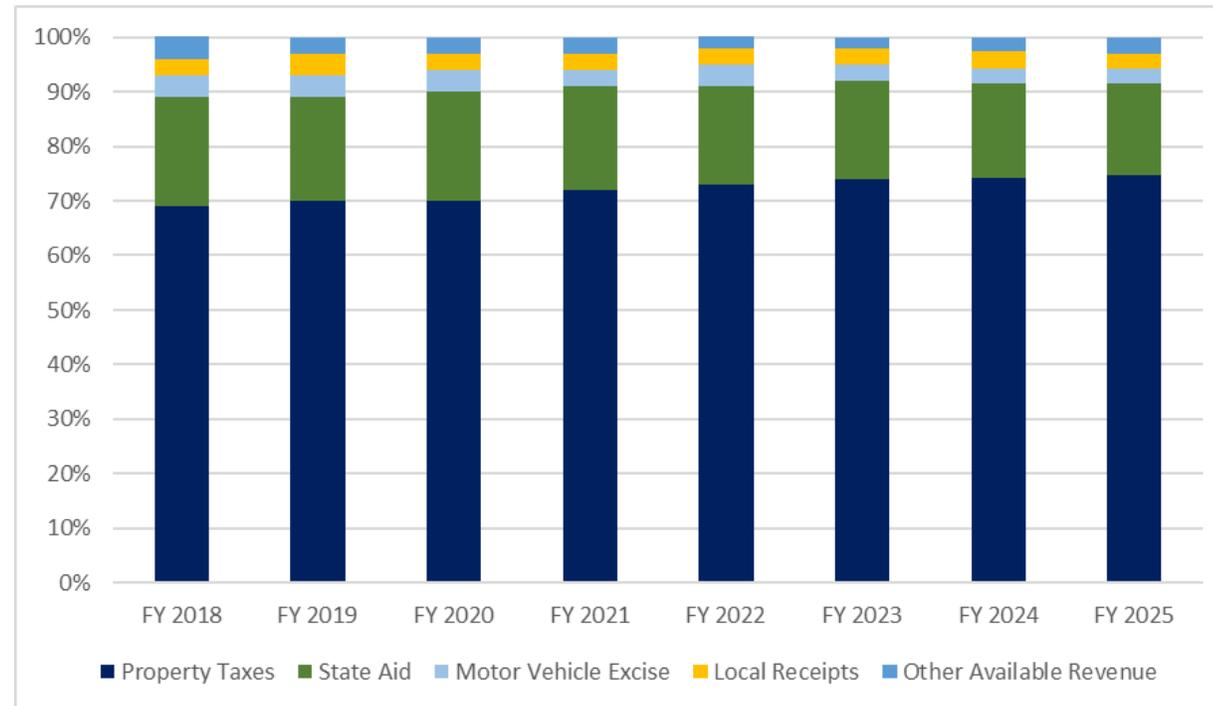


# FY25 Revenue Sources



# Revenue Sources History

	Property Taxes	State Aid	Motor Vehicle Excise	Local Receipts	Other Available Revenue
FY 2018	69%	20%	4%	3%	5%
FY 2019	70%	19%	4%	4%	3%
FY 2020	70%	20%	4%	3%	3%
FY 2021	72%	19%	3%	3%	3%
FY 2022	73%	18%	4%	3%	3%
FY 2023	74%	18%	3%	3%	2%
FY 2024	74%	17%	3%	3%	3%
FY 2025	75%	17%	3%	3%	3%



# FY26 Overall Budget Goals

- Maintain high quality of City and School services to residents, businesses and visitors
- Produce a balanced budget with ongoing revenues meeting ongoing expenses
- Pursue additional revenue sources when and where appropriate
- Efforts to continue Capital investment
- Continue to fund OPEB liability
- Balance Tax Bill Impact
  - Within Proposition 2 ½
  - Use of Tax Levy
- Maintain compliance with financial reserve policies (CO #2017-094)
  - Limit Free Cash use to funding one-time expenditures (i.e. capital projects, emergencies and other unanticipated expenditures).
  - Reach a minimum balance of 5% of the current operating budget in the General Stabilization Fund (currently at 0.8%)
  - Establish and appropriate annually to a Capital Stabilization Fund (not yet established)



# Levy History

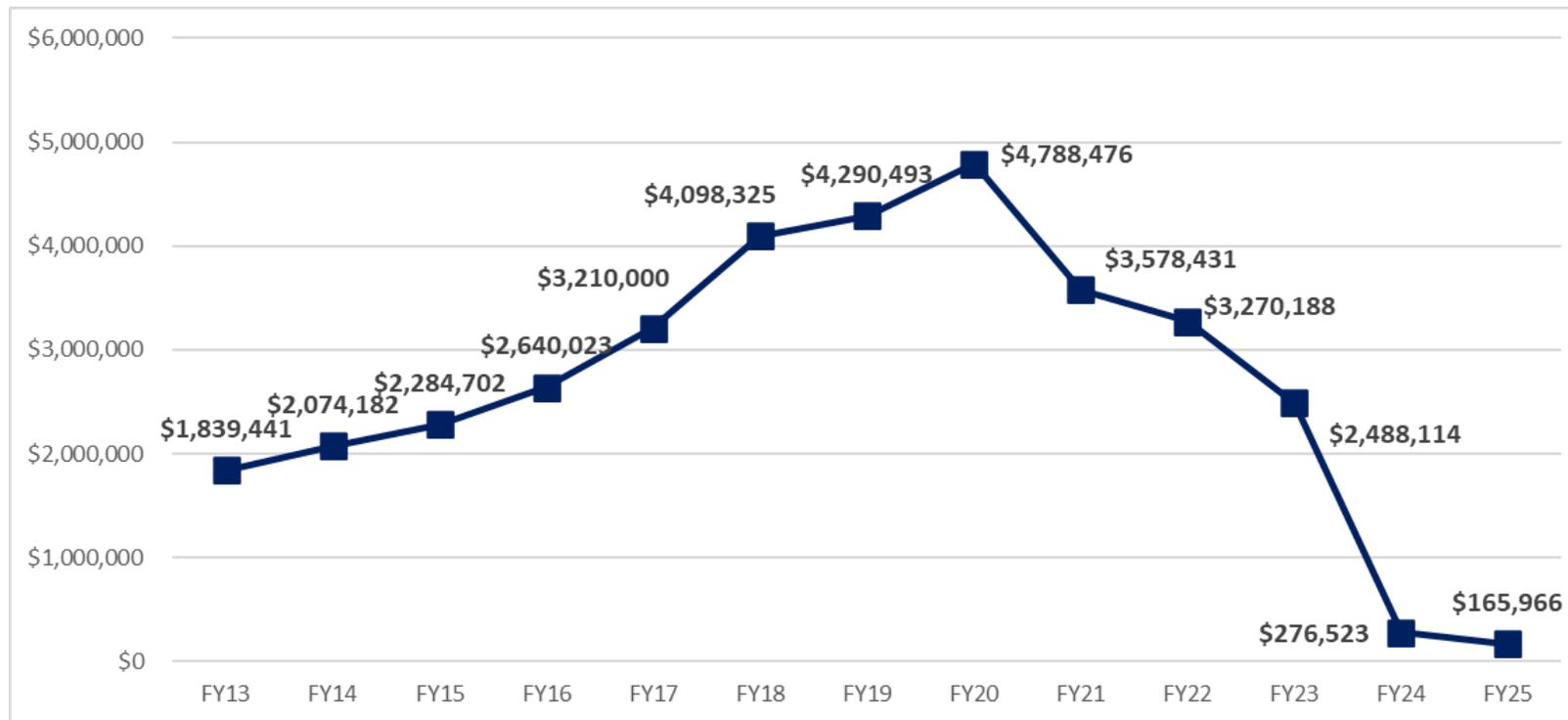
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 (Projected)
Prior Year Levy Limit - Property Taxes	42,109,486	44,116,384	45,766,634	47,359,518	49,055,688	50,731,043	52,744,046	54,627,342	56,663,778
2 1/2% Increase	1,052,737	1,102,910	1,144,166	1,183,988	1,226,392	1,268,276	1,318,601	1,365,684	1,416,594
New Growth	954,161	547,340	448,718	512,182	448,963	744,727	564,695	670,753	900,000**
<b>TOTAL LEVY LIMIT</b>	<b>44,116,384</b>	<b>45,766,634</b>	<b>47,359,518</b>	<b>49,055,688</b>	<b>50,731,043</b>	<b>52,744,046</b>	<b>54,627,342</b>	<b>56,663,778</b>	<b>58,980,373</b>
<b>Percentage Increase</b>		<b>3.74%</b>	<b>3.48%</b>	<b>3.58%</b>	<b>3.42%</b>	<b>3.97%</b>	<b>3.57%</b>	<b>3.73%</b>	<b>4.09%</b>
Debt Exclusion	809,536	509,782	542,200	2,352,031	2,330,756	2,313,306	2,295,756	2,937,722	2,784,356
<b>TOTAL LEVY</b>	<b>44,925,920</b>	<b>46,276,416</b>	<b>47,901,718</b>	<b>51,407,719</b>	<b>53,061,799</b>	<b>55,057,352</b>	<b>56,923,098</b>	<b>59,601,500</b>	<b>61,764,729</b>
<b>Percentage Increase</b>		<b>3.01%</b>	<b>3.51%</b>	<b>7.32%</b>	<b>3.22%</b>	<b>3.76%</b>	<b>3.39%</b>	<b>4.71%</b>	<b>3.63%</b>

\*\* Reflects conservative estimate.



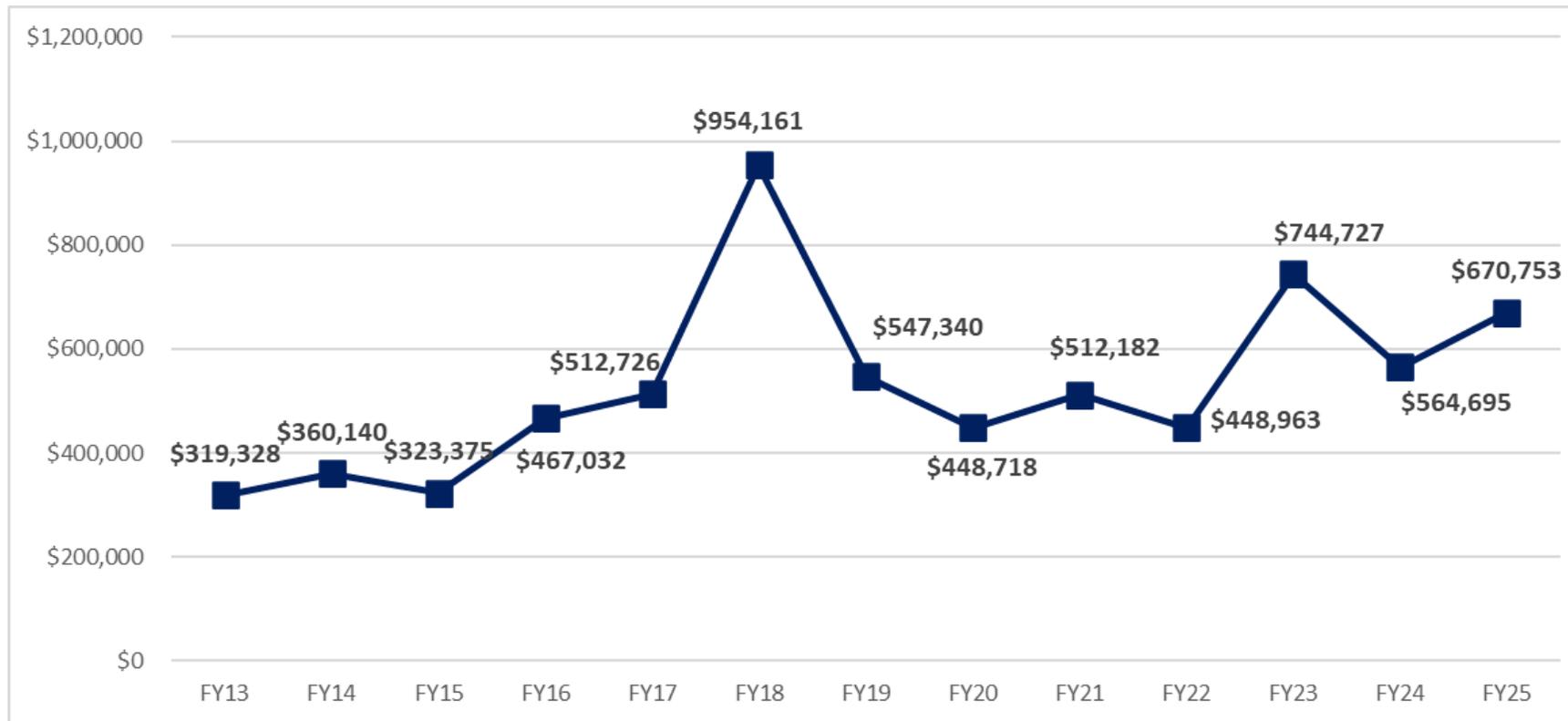
# Excess Levy Capacity

- What is Excess Levy Capacity? The difference between the Levy and the Levy Limit.
  - Levy: Revenue raised through real and personal property taxes.
  - Levy Limit: Maximum dollar amount a community can raise in a fiscal year (prior year levy + 2 ½% + new growth + debt exclusion).

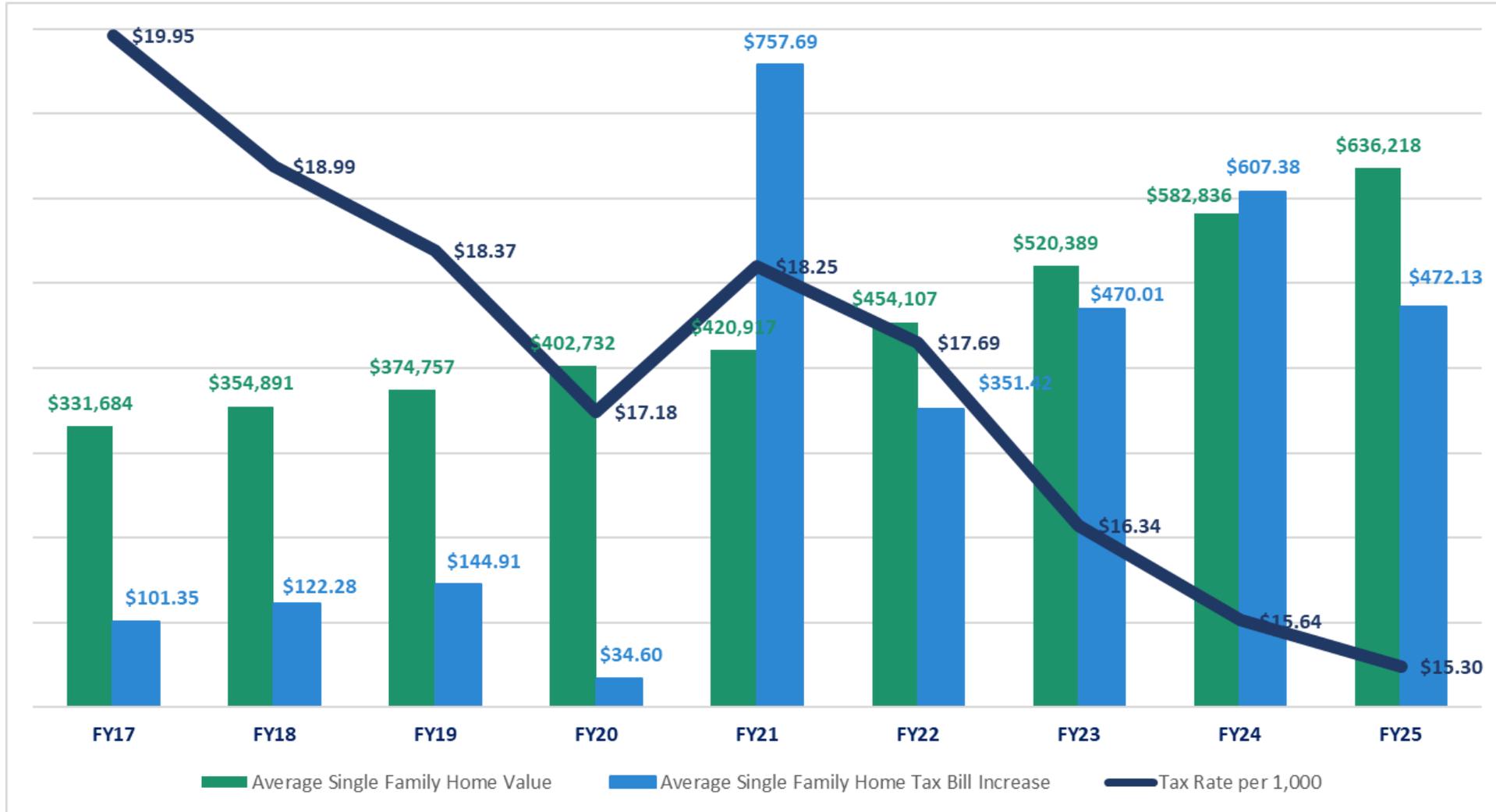


# New Growth

- What is New Growth? Additions to the tax base from new construction and property improvements.



# Tax Rate

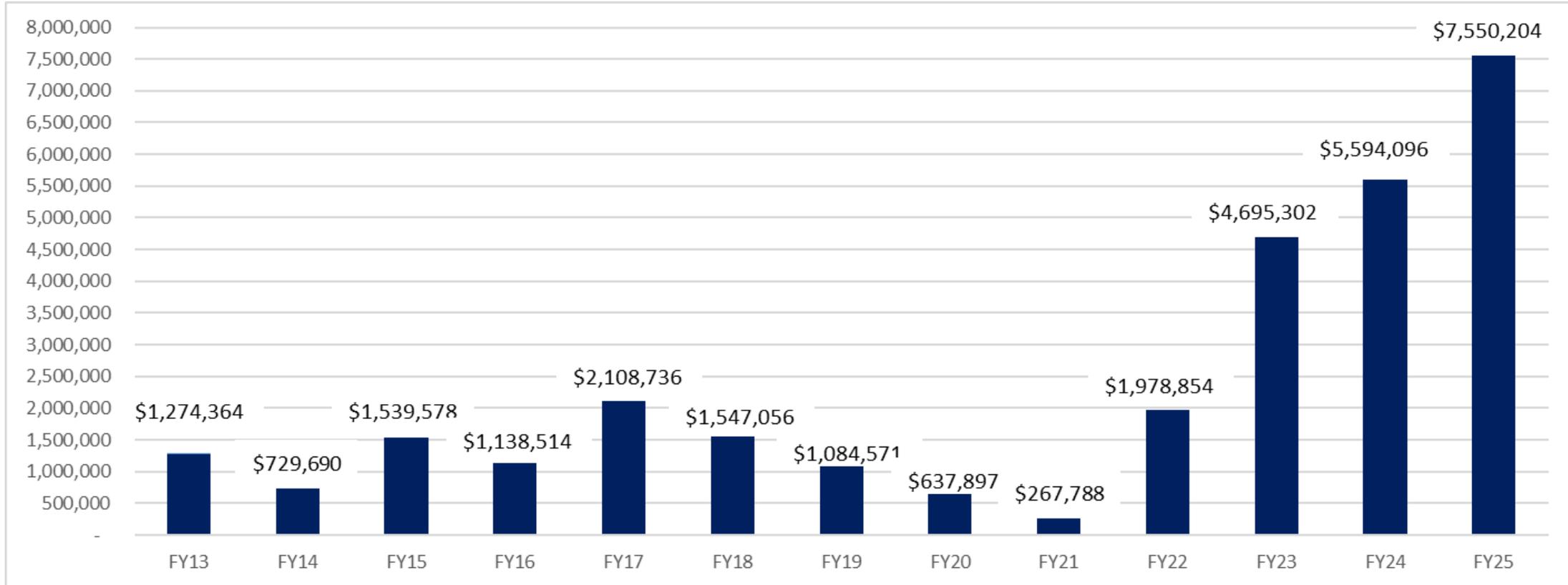


# Free Cash

- What is Free Cash?
  - The Division of Local Services (DLS) defines Free cash as “a revenue source that results from the calculation, as of July 1, of a community's remaining, unrestricted funds from its operations of the previous fiscal year based on the balance sheet as of June 30. It typically includes actual receipts in excess of revenue estimates and unspent amounts in departmental budget line items for the year just ending, plus unexpended free cash from the previous year. Free cash is offset by property tax receivables and certain deficits, and as a result, can be a negative number”. DLS must certify free cash before the City can appropriate it.



# Certified Free Cash by Fiscal Year



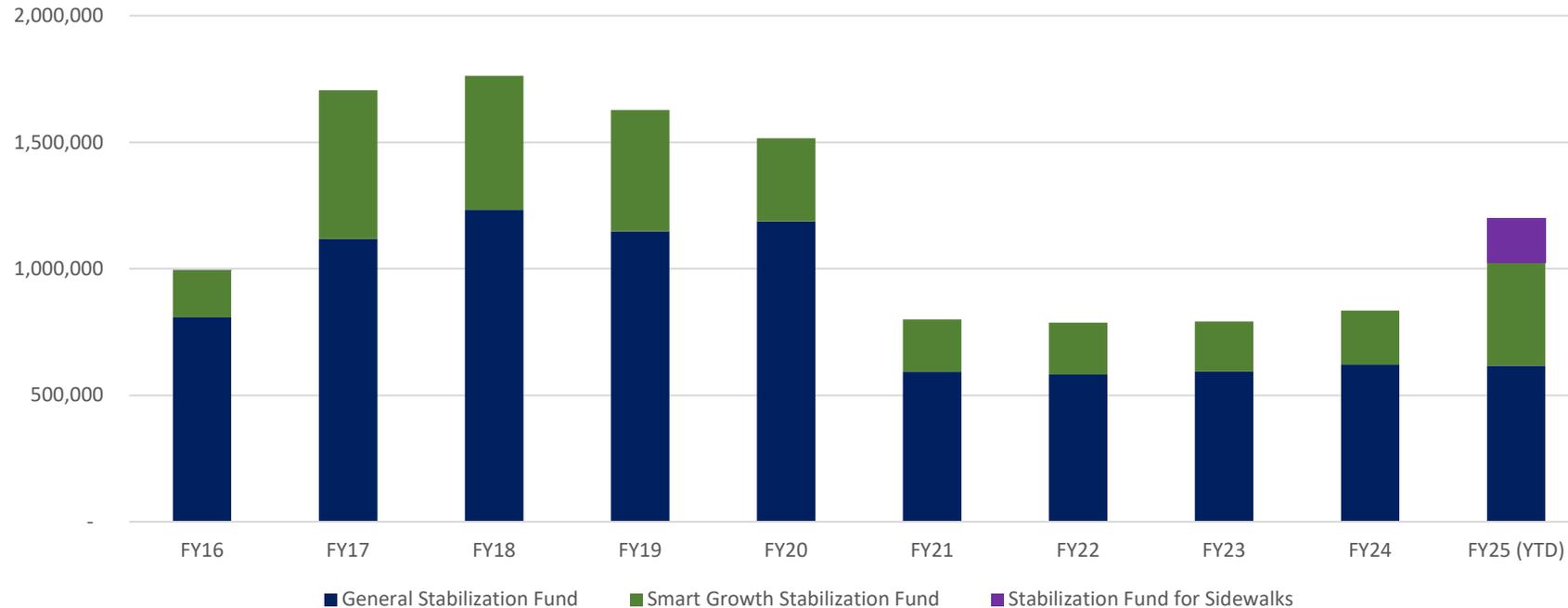
# Reserves

- General Stabilization Fund
  - MGL Chapter 40, Section 5B, allows communities to set aside funds to be held in a Stabilization Fund in order to provide for unforeseen needs and/or capital projects. Although, these funds can be used for any lawful municipal purpose. Appropriations into the fund can be done by majority vote but a 2/3 vote is required to make an appropriation from the fund. This fund is often referred to as the “Rainy Day” fund.
- Smart Growth Stabilization Fund
  - Special purpose stabilization fund established on 9/26/2007 (CO #2007-075). To be known as the Smart Growth Housing and Expedited Permitting Fund. The purpose of the fund is to offset the impacts, additional costs and expenses of Low and Moderate Income Housing Projects applied under Chapter 40B, 40R, or 40S, and projects applied for under Chapter 43D “Expedited Permitting”.
- Sidewalk and Road Repairs Stabilization Fund
  - Special purpose stabilization fund approved on 5/14/2013 (CO #2013-025). Local Option Meals Tax receipts will be dedicated to this fund (starting 7/1/2024) as voted by Council (CO #2023-098) for the purpose of sidewalk and road repair projects.



# Reserves

	General Stabilization Fund	Smart Growth Stabilization Fund	Stabilization Fund for Sidewalks	Total
FY16	808,807	186,327		\$995,134
FY17	1,117,853	588,005		\$1,705,857
FY18	1,232,662	530,355		\$1,763,016
FY19	1,147,742	479,705		\$1,627,447
FY20	1,188,232	327,296		\$1,515,529
FY21	592,812	207,695		\$800,507
FY22	582,646	204,134		\$786,780
FY23	593,656	198,056		\$791,712
FY24	622,300	212,612		\$834,912
FY25 (YTD)	616,873	407,701	175,928	\$1,200,502



# Other Funds

- Community Preservation Act
  - MGL Chapter 44B, Section 3 to 7, otherwise known as the Massachusetts Community Preservation Act, was established on 6/27/2003 (CO #2023-053). Approving a surcharge of 1% on real property for the purposes permitted by said Act, including the acquisition, creation and preservation of open space, historical preservation and community housing. As of today, this fund has a balance of \$336,798.16.
- Sewer Enterprise Fund
  - CO #2024-115 amended the Sewer Enterprise budget to account for the collection of a new \$25 quarterly stormwater fee, beginning on October 1, 2024. As of today, the city had collected \$107,599.76



# Credit Ratings

- What are Credit Ratings?
  - Are opinions about credit risk.
  - They can express a forward-looking opinion about the capacity and willingness of an entity to meet its financial commitments.
  - Opinion on the credit quality of an individual debt issue.
  - Important factor affecting the interest cost on bonds.
  - Typically reviewed once every two years unless the City issues debt beforehand.
- What is the City Credit Rating?
  - AA credit rating reaffirmed in September 2024 by Standard and Poor's
- What is the Rating Criteria?
  - Economy
  - Debt Structure
  - Financial Condition
  - Demographic Factors
  - Management practices of the governing body and administration



# Credit Ratings

For reference purposes, the following table shows the comparable investment grade ratings of two major rating agencies:

	Moody's	S&P Global
Best Quality	Aaa	AAA
High Quality	Aa1	AA+
	Aa2	AA
	Aa3	AA-
Upper Medium Grade	A1	A+
	A2	A
	A3	A-
Medium Grade	Baa1	BBB+
	Baa2	BBB
	Baa3	BBB-



# ARPA Update

## American Rescue Plan Act Coronavirus Local Fiscal Recovery Funds

- On March 11, 2021, the President of the United States signed into law the American Rescue Plan Act of 2021 (ARPA).
- This law provided resources through the new Coronavirus Local Fiscal Recovery Fund (CLFRF) to local governments to respond to the economic and public health impacts of COVID-19.
- The US Treasury's Final Rule (which took effect April 1, 2022) allows local governments to adopt a standard allowance for revenue loss of \$10 million (or up to their full award if they were allocated less than \$10 million).
  - Allowed smaller communities to utilize ARPA funding more broadly for "provision of governmental services" and to take advantage of streamlined compliance and reporting requirements.
- Local government received funds in two allocations (2021 and 2022).
- Funds were required to be obligated by December 31, 2024, and spent by December 31, 2026.



# ARPA Update

## American Rescue Plan Act Coronavirus Local Fiscal Recovery Funds

	<i>Amount</i>	<i>Date Received</i>
First 50% of Municipal Allocation	\$ 917,525.00	6/16/2021
First 50% of County Allocation	\$ 1,702,693.00	8/17/2021
Second 50% of Municipal Allocation	\$ 917,525.00	7/8/2022
Second 50% of County Allocation	\$ 1,702,693.00	9/29/2022
<b><i>Total Funding</i></b>	<b>\$ 5,240,436.00</b>	

	<i>Allocation as of 12/31/24</i>	<i>Expenditures as of 12/31/24</i>
Community Projects	\$ 3,371,097.13	\$ 2,560,548.47
Revenue Loss	\$ 841,455.00	\$ 841,455.00
Public Health Response	\$ 72,099.62	\$ 72,099.62
General Governmental Services	\$ 955,784.25	\$ 953,455.81
	<b>\$ 5,240,436.00</b>	<b>\$ 4,427,558.90</b>

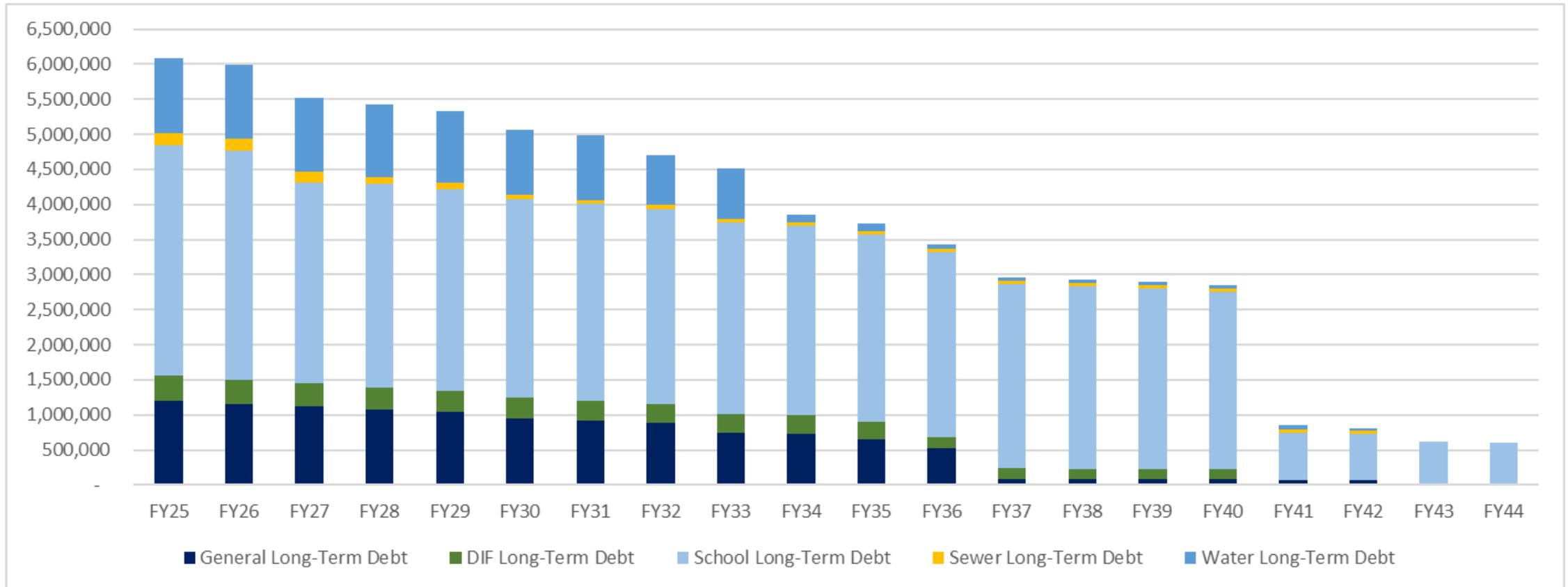


# ARPA Update

- Community Projects
  - Town Park Playground Resurfacing
  - Collins Street Playground Fencing
  - Costello Center, Library, City Hall Facility Updates
  - Wayfinding
  - Parking Efficiency Study
  - Outdoor Dining & Central Business District Improvements
  - Filling Station Facility Updates
  - Middle School Roof
- Revenue Loss
  - Ambulance & Youth Revolving
- Public Health Response
  - Nursing & Pandemic Response
- General Government Services
  - IT, Fire, Youth/Beach, DPW, A&F Consulting, Training



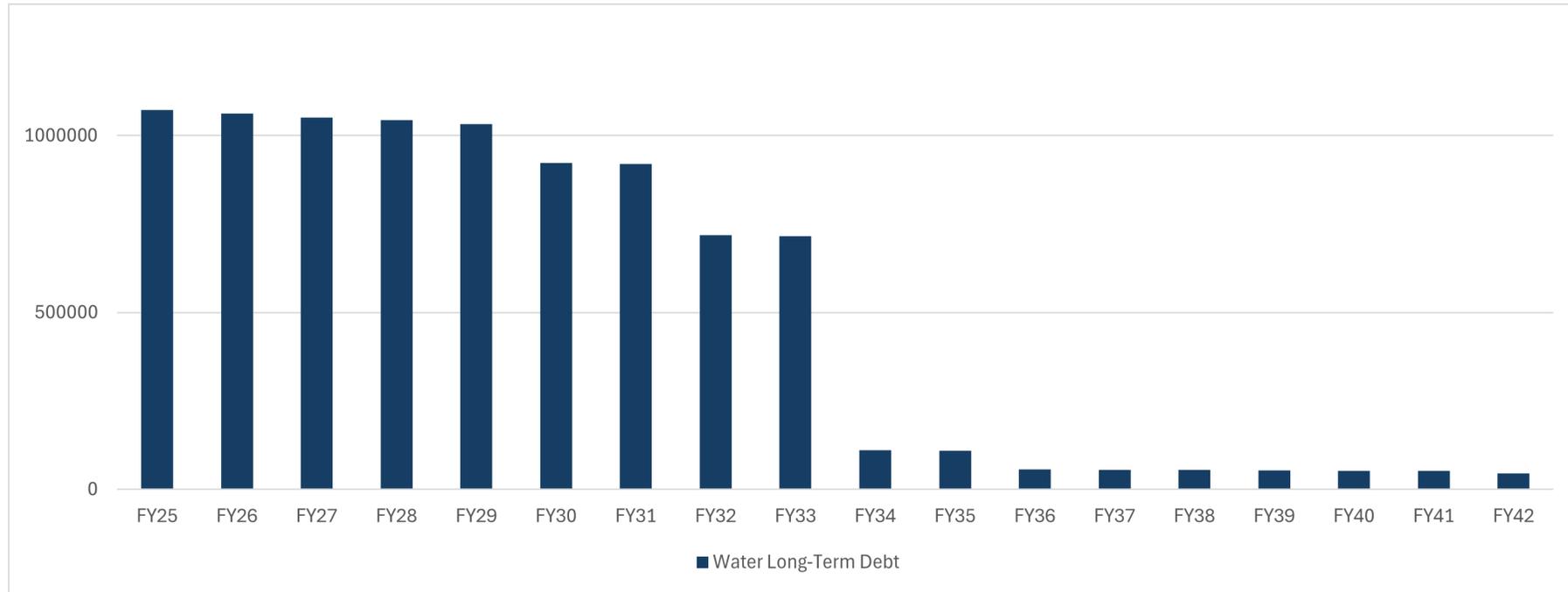
# Debt Service Payments by Fiscal Year



Total Outstanding Debt = \$73,193,359



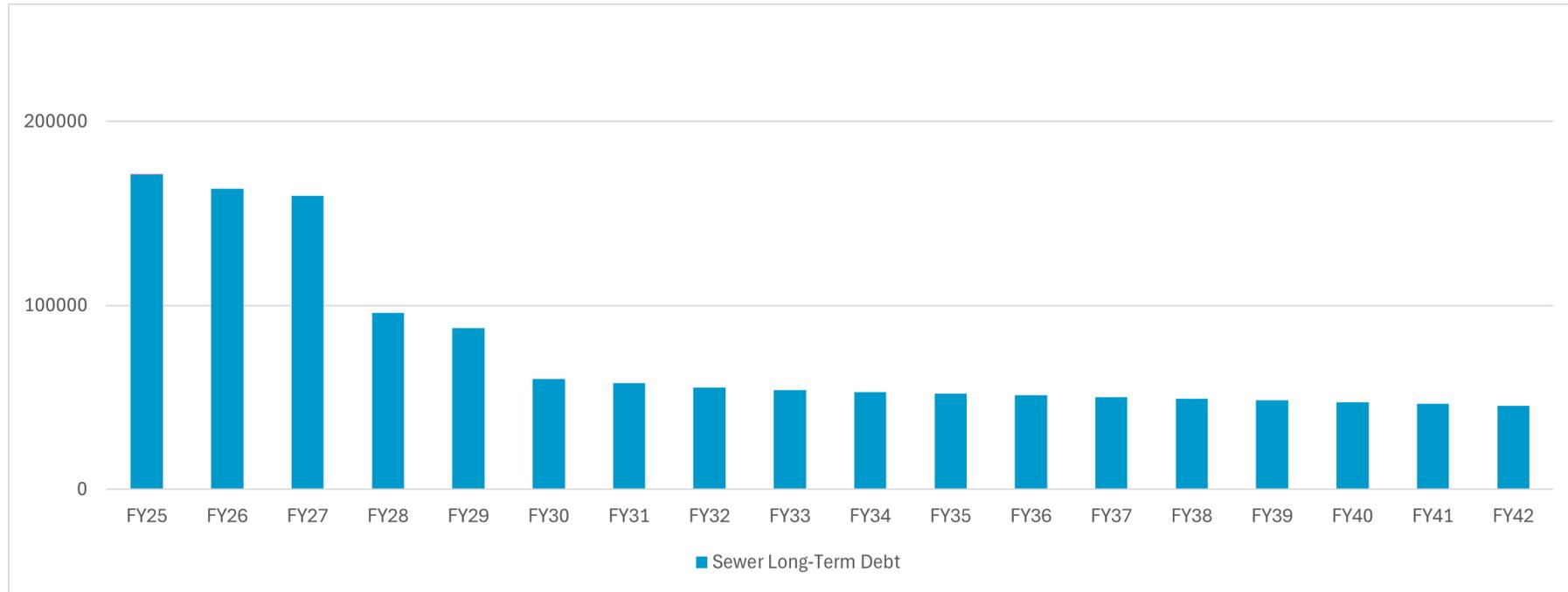
# Debt Service Payments by Fiscal Year



Total WATER Outstanding Debt = \$9,130,261



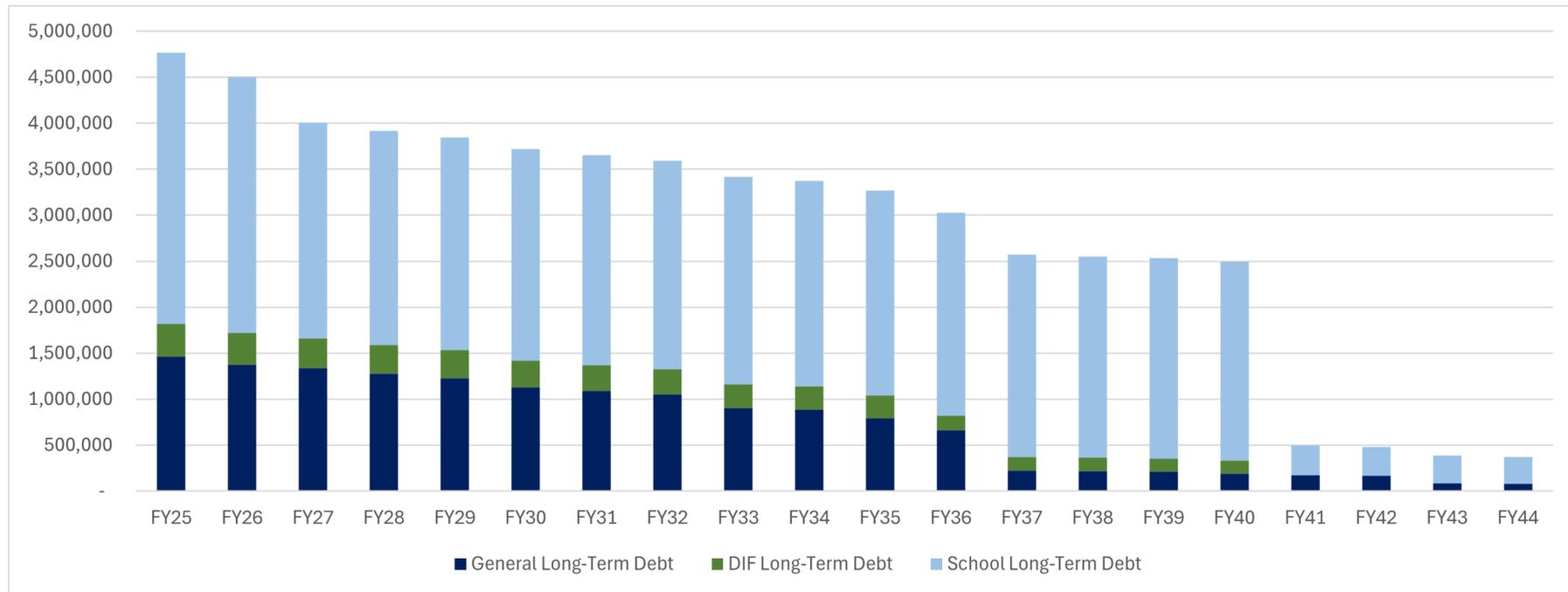
# Debt Service Payments by Fiscal Year



Total SEWER Outstanding Debt = \$1,348,030



# Debt Service Payments by Fiscal Year



Total General = \$11,495,328

DIF = 4,000,675

Schools = 447,219,065



# Pension

- Contributory retirement systems for public employees of the Commonwealth of Massachusetts are guided by the applicable provisions of Chapter 32.
- Participation is mandatory for all full-time employees whose employment commences prior to age 65. Eligibility with respect to part-time, professional, temporary employment is governed by the local board.
- FY25 Public Employee Retirement Administration Commission (PERAC) Appropriation = \$5,990,978
- Below is the Pension liability as reflected on the 1/1/24 Actuarial Valuation:

	<b>PENSION (1/1/24)*</b>
Total Liability	\$ 122,275,451
Plan Assets	\$ 78,815,264
Net (Unfunded) Liability	\$ 43,460,187
Funding Ratio	64.5%
Funding Date	FY36

\* Pension Plan for Eligible Employees  
(excludes Teachers - part of Massachusetts  
Teacher's Retirement System)



# OPEB

- Other Post-Employment Benefits (OPEB) refers to benefits, other than pension, offered to employees after they leave employment. The most common benefits are medical, dental, and life insurance.
- Odyssey Advisors “Year-End 2023 OPEB Trend Report” link: <https://www.odysseyadvisors.com/wp-content/uploads/2024/07/OPEB-Trend-Report-PDF-2023.pdf>
  - Town & City Funding Ratios
    - 8% - Not funding
    - 18% - <1% Funded
    - 65% - <10% Funded
    - 81% - <20% Funded
- FY23 Transfer to OPEB Trust Fund = \$100,000
- FY24 Transfer to OPEB Trust Fund = \$105,000
- FY24 Transfer to OPEB Trust Fund = \$110,250
- Projected FY26 Transfer to OPEB Trust Fund = \$115,763
- Below is the OPEB liability as reflected on the 6/30/23 Actuarial Valuation:

	OPEB (6/30/23)
Total Liability	\$100,317,334
Plan Assets	\$ -
Net (Unfunded) Liability	\$100,317,334
Funding Ratio	0.0%
Funding Date	FY52



# THANK YOU!



**AMESBURY**  
MASSACHUSETTS