The City of Lockport, NY

FY 2024 to FY 2034 Financial Forecast Report

Timothy Russo

Director of Finance

Finance Department

City of Lockport, NY

10/3/2023

Introduction

The City of Lockport, NY approves regular annual operating budgets once a year in November, according to City Charter. In this process, the Mayor first provides the Council with a budget proposal. Once obtained, the Common Council holds a public hearing on the budget and rate changes (if applicable), regular budget sessions to discuss the budget, and finally will vote on and adopt a budget that may or may not contain changes to the Mayor's proposal. Often, rate increases in operating funds are thought of and discussed in a singular year occurrence and not in the context of a multi-year forecast, which can result in inadequate tax equity norms for the City residents.

Multi-year financial forecasts are intended to shed light on how actions in the current year may impact our financial condition and tax equity in future years. The New York State Office of the State Comptroller (NYS OSC) recommends multi-year projections as a means to avoid future financial stress and as an opportunity to develop a financial improvement plan which identifies goals and benchmarks for the City to obtain as we proceed with annual planning.

This report is an updated iteration of the FY 2022 to FY 2032 forecast, which is located on the City's Finance webpage. Notably, this updated forecast is inclusive of new changes to annual costs that were unforeseen in prior years, such as stable economic growth (and inflation) which has augmented natural sales tax revenues, the addition of ambulance services as well as the corresponding revenues associated to these services, and more. This report will be outlined as follows:

(1) Introduction
(2) Model Assumptions and Data Used
(3) Fund-Based Discussion and Key Findings
(4) Prior Model's Corrective Action Plan
(5) Further Recommendations and Conclusion
(6) Sources and Appendices

In addition, to promote open data and transparency, this report and associated forecast model will be accessible online for citizens to use and read as well.

Model Assumptions and Data Used

The model used for this report contains a section for 'model inputs' followed by four sets of projections. Each set contains a ten-year projection of each of the City's major funds (General, Water, Sewer, and Refuse). The user can manipulate all cells of the model input area to see changes throughout the funds' projections. In addition to expenditures and revenues changing for each year, each fund will also contain a break-even percent for the major revenue source of the fund (property taxes, water meter rates, sewer rents, and refuse charges for the

General, Water, Sewer, and Refuse funds, respectively). This value represents the required rate increase that is needed for the fund to remain solvent *for the individual year*. Notice that changing the rate or other model inputs for one year will impact the required break-even rate for future years (more to be discussed in the "Findings" section below).

The ultimate goal that users would be striving for is to have each fund be solvent in their annual budgets (that is, to have no annual deficits and no significant surpluses), while also having no significant increases in rates (and for property taxes, no increases more than 2%). In terms of definitions for this report, 'tax equity', while subjective in nature, will equate to no annual increases over 2%. In theory, this would allude to maintaining tax increases below the forecasted rate of inflation and/or the levy limitation by NYS OSC.

The model inputs (all of which can be manipulated to automatically alter the projections for each fund) contain the following variables:

(1) <u>Cost-of-living-adjustments (COLA) for union groups</u>. The City contains six separate union groups, each having their own contractually obligated COLA taking effect the first day of each new fiscal year. The cells highlighted in blue are extrapolated from the final year COLA from current contracts and are not actually contained in ratified contracts.
(2) <u>PFRS and ERS contribution rates</u>. The City is obligated to pay towards NYS retirement for both the Police and Fire Retirement System (PFRS), as well as the Employees' Retirement System (ERS). In practice, this is done by obligating a percentage of wages and earnings for each of the benefit groups. The rate itself is variable and changes each year depending on the solvency of the NYS Retirement system. Current out-year projections are based on current contribution rates (which have decreased slightly after COVID-19).
(3) <u>The average rate of inflation</u>. The rate of inflation used for this model is derived from the average of two values provided by the Congressional Budget Office's (CBO) "Budget and Economic Data." The first inflation indicator used is CPI-U, which is the consumer price index for all urban consumers, and represents "changes in prices of goods and services purchased for consumption by urban households." The second value, GDP-I, is the "measure of inflation in the prices of goods and services produced in the United States."
(4) <u>The average rate of inflation for healthcare.</u> The projected health inflation rate is used similar to the inflation rate but is meant to apply to only health-related expenditures. This is calculated identical to the average rate of inflation, but is separated in the event that the user wants to assume higher medical inflation.
(5) <u>Rate increases for property taxes and water/sewer/refuse rates.</u> These variables represent the annual revenue (or levy) percent increase each year, and the dollar value associated to this increase is based off of the prior year's revenue amount.

Note that values displayed in the model input for 2024 are a reference and have no impact on the model outputs.

The model outputs, the ten-year projections, contain the following variables:

(1) Revenue – Property taxes, metered water sales, sewer rents, and refuse charges. These are calculated by taking the prior year revenue amount and multiplying it by the user's chosen input for the year's rate increase.
(2) Revenue – Sales taxes. Growth in sales tax is assumed to be the prior year revenue amount multiplied by the rate of inflation for the year. It is assumed there is no natural economic growth or decline in the area (which would skew this trajectory).
(3) Revenue – Departmental Income/ Other Misc. City finances contain a number of miscellaneous revenue sources and/or departmental charges that are not tax/levy based. While trends show slight increases for these sources (some of which change based on the economy, such as investment earnings), the typical growth is much slower than that of inflation. As a result, the projected annual increase for these revenues are half the average rate of inflation. "Town" revenue (found in the Sewer fund only) represents the funds that the City bills to the Town of Lockport for services. "Fund Balance" (found in the General Fund) is reduced in out years to reflect the use of fund balance to fund equipment and other one-time projects in a mannerism that will reduce excess fund balance while maintaining positive cash flow and adherence to fund balance policy.
(4) Revenue – Interest. A new major revenue source for the City in wake of increase interest rates and returns on investments, this revenue reflects the City's earnings on funds primarily invested in NYCLASS.
(5) Revenue – Ambulance. A new operation as of February 14, 2023, in-house ambulance operations has resulted in an estimated $1 million in the FY 2024 recommended budget. This model assumes an average inflation growth for an annual increase of rates and/or an increase in usage (which could result if the City obtained various kinds of inter-facility/ geographic contracts).
(6) Revenue – Interfund. This represents the amount that funds charge other funds for indirect cost allocations. While annual costs do change somewhat, it is assumed that these values may likely remain close to current levels in future years. These levels are set by the Mayor and Council each year during the budget process.
(7) Expenditures – Personnel costs. Personnel costs are divided into costs associated to each union's anticipated expenditures in addition to 'other costs' which includes non-union specific costs, such as overtime, out-of-grade, etc. The adjustments to the annual COLAs of the model input will alter the costs associated to each union, while the 'other costs' is increased based on the average salary increases found across the unions for the year.
(8) Expenditures – Equipment and Contractual. These costs represent expenditures for regular operating items such as computer equipment, supplies, public works repairs, etc. Increases from FY 2024 amounts are assumed based on the average (non-medical) rate of inflation from the model input.

(9) Expenditures – Debt Payments and Interfund. The City has set obligations to repay debt and loans, in addition to paying for capital projects. The values shown in the projections are based on two alternative schedules which can be changed in cell D28. The first schedule of is inclusive of proposed projects that utilize funding in the FY 2023 Capital Budget, which contains proposed projects that have not yet been approved by Council nor formally reserved. The intended use of this inclusion is to show how current planning would incorporate these on-going operating costs. The full FY 2023 Capital Budget can be found on the City Finance website.

(10) Expenditures – Health related. These expenditures represent costs that the City annually incurs to pay sponsored premiums for active employees as well as retired employees. The annual increase is based on the model input for healthcare inflation.

(11) Expenditures – FICA/ retirement/other. FICA is based on a standard percentage rate of wages. Retirement is derived from the user inputs for ERS and PFRS contribution rates. Other costs (retirement buyouts, unemployment costs, etc..) is based on the average rate of inflation.

The 2024 values for both model inputs and outputs are taken directly from the Mayor's Recommended FY 2024 budget, as well as accompanying support documents (debt and capital schedules, union cost allocation, etc.). As can be seen in the description of the variables, there will always be a degree of uncertainty with all projections and forecasts. The intention is to provide the user with the ability to manipulate the inputs of the model that may alter and change each year in order to see how their decisions impact the projections.

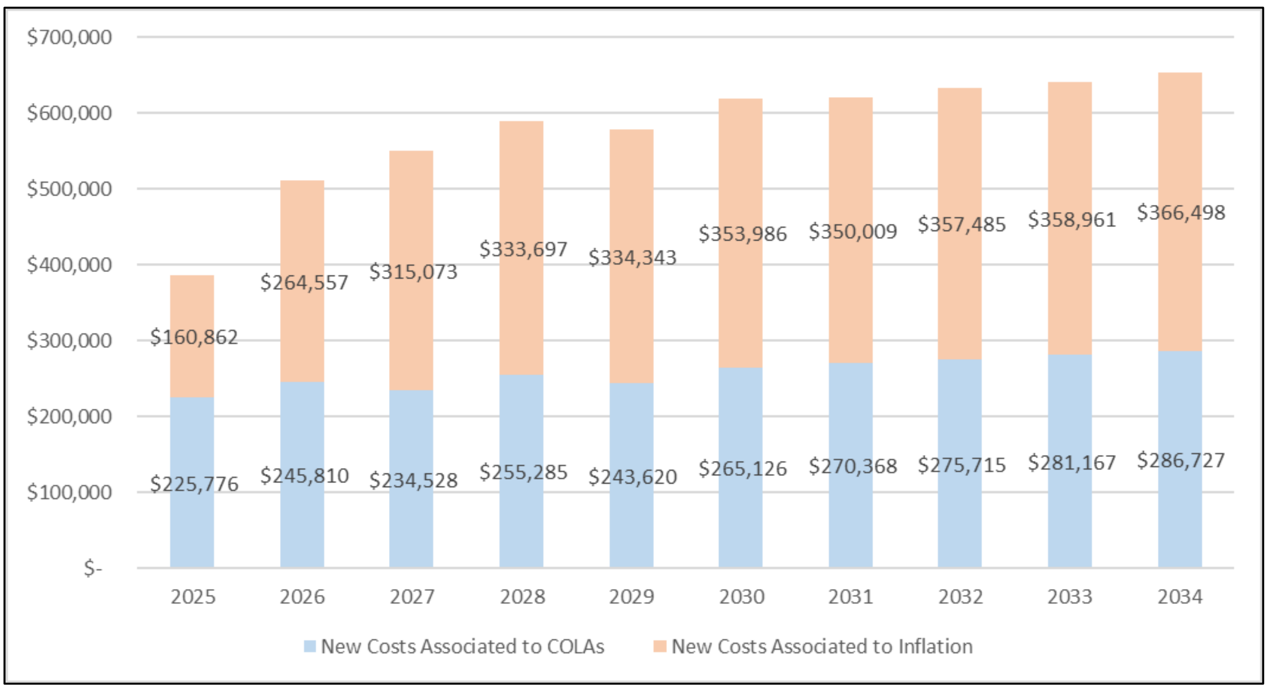
It should be noted that this model largely does not take into account accumulated fund balances, as the intent of this model is to relay the importance of naturally occurring operating and legacy costs compared to our operating revenues. Secondly, the assumptions in the discussion and finds by fund will assume that debt is inclusive of proposed projects.

Discussion and Findings (By Fund)

General Fund

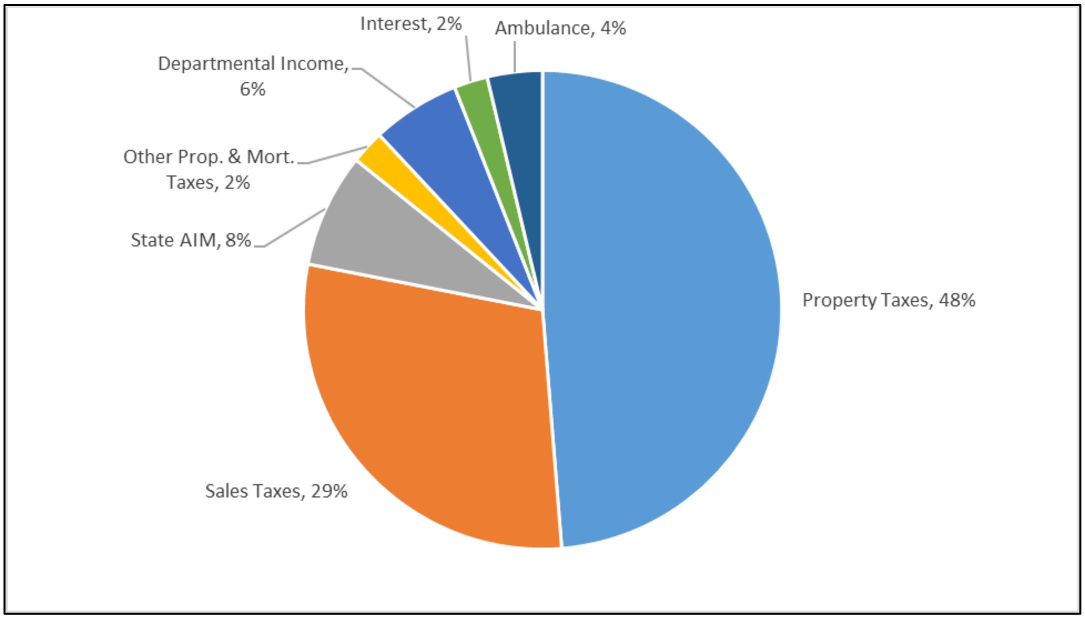
Over the five-year period, expenditures are anticipated to increase by $5.3 million, from $29.5 million in FY 2025 to $34.7 million in FY 2034. The largest cost driver is personnel costs which are driven by annual COLAs set to occur each year, increasing that union's employees annual costs by one to two percent each year independent of natural step increases. In this model, the assumed median age of the workforce is anticipated to remain flat throughout the forecast, meaning that there are no assumed costs for having a larger percent of the workforce at a higher step, but rather an identical distribution of steps to the current actual data. Total increased costs attributed to wages and personnel costs are $2.4 million over the period. Employee benefits, encompassing health insurance, FICA, NYS retirement contributions, and other costs are the second largest driving factor. Of the total $2.1 million in increase benefit costs, health insurance accounts for $1.3 million of the new costs. Notably in FY 2023/4, health insurance costs saw a relatively major increase of 8.2% from a number of factors, including a large population of middle-tier claimants who had not reached the stop loss minimum, as well as the payment of deferred and unpaid invoices from the transition from Blue Cross Blue Shield to Highmark BCBS. There are no known factors that would currently allude to significant cost increases such as this in the out years of this model, and as such, the projected health inflation figure is noted in row 108 of the model as a somewhat stable figure ranging from 2.2% to 2.4%. **Exhibit 1** (below) shows natural annual cost increases for FY 2025 to FY 2034 as they are associated to either union COLAs or natural inflation.

Exhibit 1. General Fund Cost Drivers, FY 2024 to FY 2032



Revenues supporting the fund are projected to increase by $2.5 million naturally, which include items such as sales taxes (the largest revenue driver increasing by $1.8 million over the span of the model), ambulance charges, departmental income, and other minor items. Sales taxes are anticipated to increase as a percent of the total City's revenues from 27% in FY 2024 to 29% in FY 2034. **Exhibit 2** (on the following page) shows each major revenue source as a percent of the total revenue budget.

Exhibit 2. General Fund Revenue Sources in FY 2034



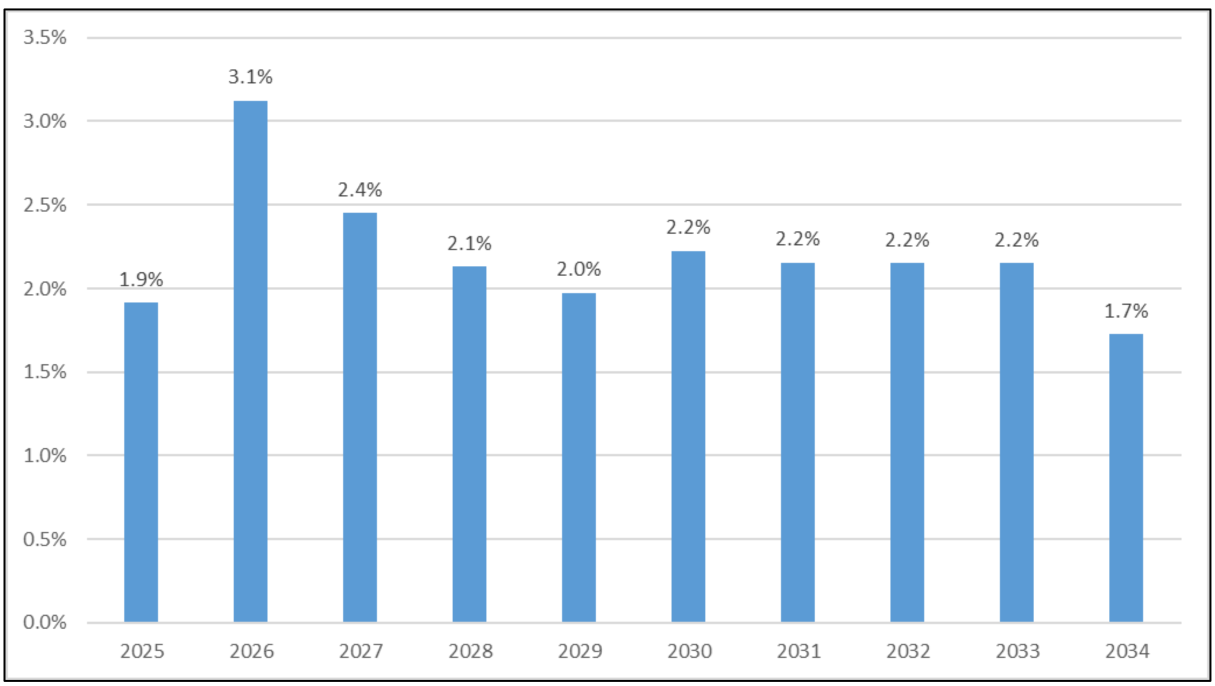
Because revenues are only increasing by $2.5 million which expenditures are increasing by $5.3 million, we must rely on steady property tax increases to be able to annually produce a balanced budget. In fact, natural revenue growth (that is, revenues not related to property taxes) do not encompass natural expenditure growth in any singular year, as shown in **Exhibit 3** below. Note that there is a negative revenue growth in FY 2025 due to a decreased use of budgeted fund balance.

Exhibit 3. Annual Natural Expenditure and Revenue Growth, FY 2025 to FY 2034

Beginning in FY 2025, the City would need to increase property taxes by 1.92%, assuming that the City utilizes $250k in allocated fund balance for contractual costs (which if not, would reduce contractual costs by the same amount in the model). In FY 2026, the City would be required to increase property taxes by 3.12%, an amount notably over the 2% threshold that could require a tax levy override (note, however, that since the City could have appropriated a property tax under the legal limit in FY 2025, there is potential that the City would be able to legally appropriate 3% in FY 2026, if required, without an override). Notice that the remainder of the years in the model contain a notable decrease in the required rate increase, ranging from 2.45% in FY 2027 to 1.73% in FY 2034. The larger increases in FY 2026 to FY 2027 were primarily due to the decreased use of fund balance, which in this model, didn't necessarily equate to a decreased in next year contractual costs. To be conservative, it is assumed that there will be natural increase in contractual costs occurring in FY 2026 and FY 2027 that would encompass the decreased use of fund balance. Keep in mind that the largest increase allowable under the NYS OSC property tax levy cap is 2.00%, assuming the most favorable economic conditions.

Given the projections in the fund, the City would need to increase the property tax levy by varying amounts, as seen in **Exhibit 4** (below). These amounts were determined by selecting the lowest amount required to break-even for each year.

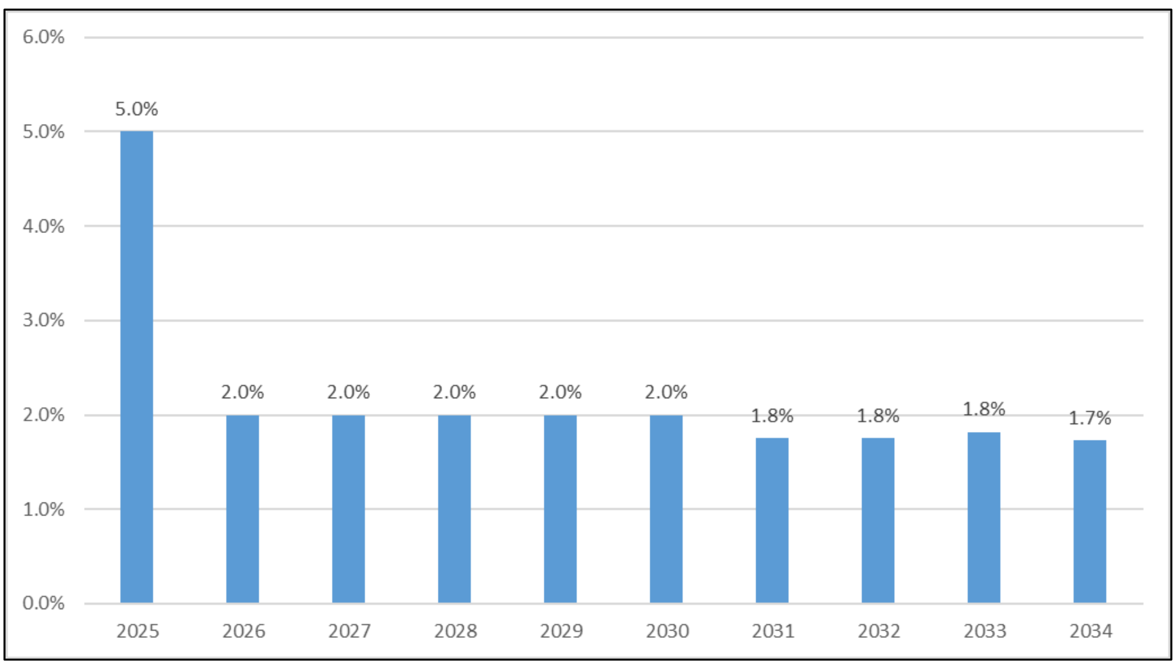
Exhibit 4. Required Property Tax Levy Increases to Balance Budget, FY 2025 to FY 2034



This model would label all years except 2025, 2029, and 2034 as unfavorable for tax equity on the citizens of the City, as the required property tax increase would be above the 2% cap. When the City adopts a budget that does not allow for a property levy increase that accommodates the cost increases (net of natural revenue growth), the tax rate the following year will be delinquent, as it will have to incur an increase for not only that new year, but to recoup for the portion not pursued in the prior year to fulfill those on-going costs. Future year planning is important in this regard, we need to appropriately encompass a property tax rate increase not only for the singular year's budget, but also a multi-year plan of contractual cost increases. Anything short of this is not sustainable planning and should be avoided.

One such method the City could pursue to better address tax equity for the span of this forecast would be to have a heavy early-year rate increase, perhaps utilizes a prior-year carry forward that is allowable by the NYS OSC. In doing so, the City can pass a property tax levy increase over the 2% cap while not exceeding the cap allowable. In FY 2024, for example, the City had a carry-forward balance of $203,472 from the prior year's budget, expanding the 2% cap to a 5% cap for the City in FY 2024. The below **Exhibit 5** shows the required annual property tax levy increases if the City utilized this 5% cap in FY 2025 as a one-time event.

Exhibit 5. Selected Property Tax Levy Increases to Balance Budget, FY 2025 to FY 2034

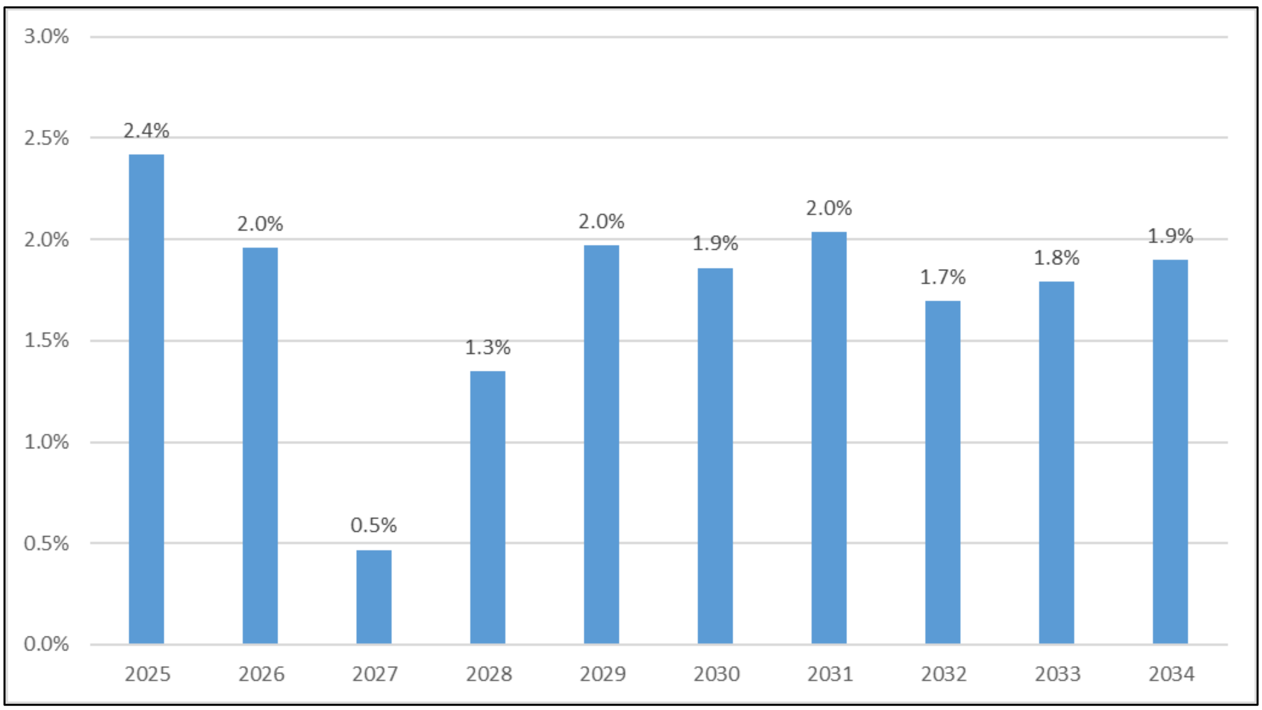


Notice now that the remaining tax increases from FY 2026 to FY 2034 are within the 2% max cap. This is because our base property tax levy starting point in FY 2025 has been increased in such a manner that it mitigated the need to override the tax levy in each of the following years. Note that the ending FY 2034 property tax levy is identical in both **Exhibit 4** and **5**, the only difference is that **Exhibit 4** has seven years of overriding the tax cap, while **Exhibit 5** only has one year.

Water Fund

The Water Fund, similar to the General Fund, also experiences costs associated to the union COLAs as well as inflation, but to a lesser dollar extent because of the size of the fund and amount of personnel/spending. Projected annual COLA costs average $29k per year while inflation costs average $37k per year. The required rate increases are shown for the forecasted years in **Exhibit 6** (below).

Exhibit 6. Required Water Rate Increases to Balance Budget, FY 2024 to FY 2034

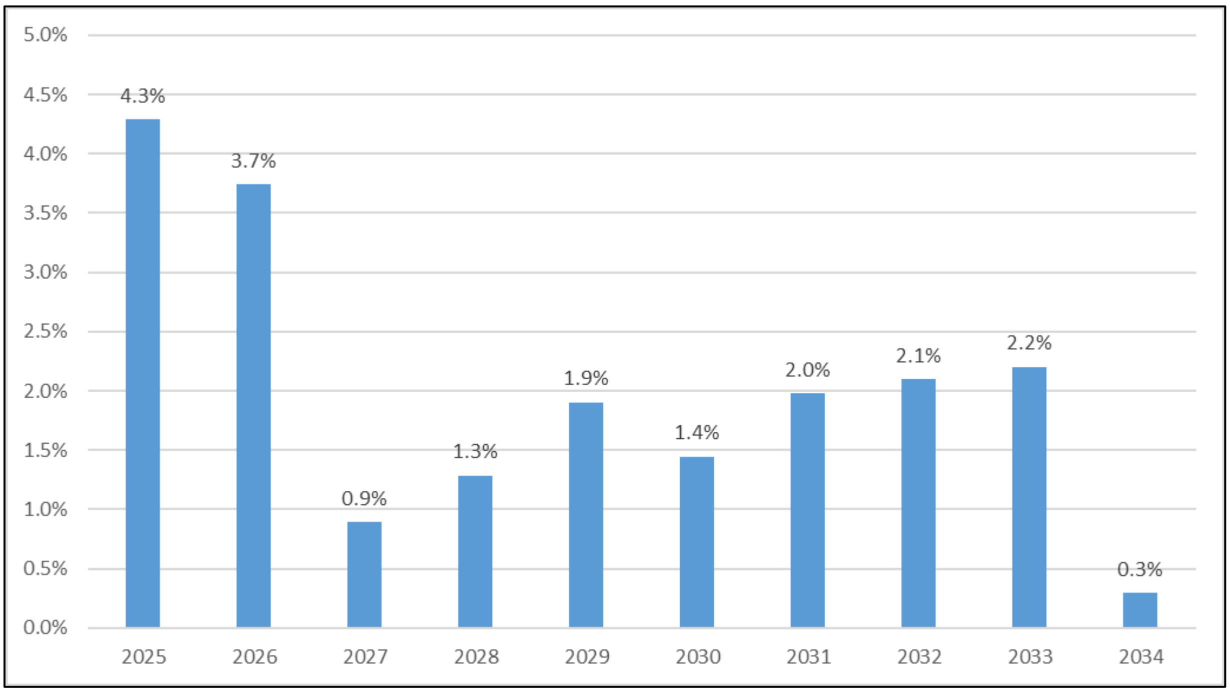


The major difficulty in the Water Fund in the span of these years will be the gradual decline in water consumption trending City-wide in recent years. As a result of this gradual decline, the rate increase shown above won't be the realized revenue increase, but rather, will be diminished by the natural loss of consumption. As a result, a larger rate may have to be applied in order to 'overtake' this natural decline experienced in the fund. It would prove to be beneficial to perhaps utilize FY 2027 (a year debt payments decrease) as a year to 'one-up' the rate in a way that would provide a higher starting point for rate increases for the upcoming years.

Sewer Fund

Similar to the Water Fund, the Sewer Fund also experiences increases associated to COLAs and inflation costs, as well as the potential expenditure decline in FY 2027 due to lowered debt service payments. **Exhibit 7** (below) shows the required rate increases per year.

Exhibit 7. Required Sewer Rate Increases to Balance Budget, FY 2024 to FY 2034



Dissimilar to the Water Fund, this fund has not experienced trending loss in consumption rates. The major difficulty experienced in this fund will be the loss of the interfund revenue, which in the past few years, has been excess debt service funding from closed capital projects. As the City concludes a phase of prior bonded projects, there will be no 'extra' funds experienced on a routine basis to be input into the Sewer Fund as a revenue, and as a result, the rates will need to increase quite significantly in FY 2025 without changes to operations.

One potential factor not included in this forecast is the impact of the upcoming and Council-approved request for proposal for a lease agreement for the City-owned compost facility. This may reduce on-going operating costs quite significantly and could mitigate the large FY 2025 increase set to occur.

Refuse Fund

The Refuse Fund is dissimilar to other enterprise funds because it contains no budgeted personnel. Rather, it is for a service that the City contracts to a third-party. Annual cost increases for the payments to this vendor are based on inflation, taken at each year-end for the following year. As such, it can be anticipated that the associated rates for the fund mirror that of inflation taken into the costs.

Outside of this concept, this fund will also end debt payments in FY 2024, meaning that it will have an opportunity (like water and sewer) to either reduce rates altogether, or to build (in this case) a much-needed cash reserve to meet our minimum fund balance requirements in FY 2025. From FY 2027 onward, the fund will require annual increases in revenue to match the obligations of the fund.

PDF copies of the model projections can be found attached to this report in the **Appendix**. An excel copy of the forecast model can be found on the City of Lockport's Finance Department website under "Other Documents."

Prior Model's Corrective Action Plan

The last model for FY 2022 to FY 2032 (prepared on 3/1/2022), had four key recommendations. This section will detail said recommendations as well as corrective action made to improve our internal controls.

Recommendation #1

Annual City operating budgets should include a long-term projection for each fund. This will allow citizens to have a greater context into the decisions presented in the budget, as well as the future consequences of the document. While options such as reducing the tax rates may sound alluring in principle, knowing that a long-term impact may amount to much higher rates in the near future is a critical piece to making or supporting a decision. The goal of the budget process should be promoting tax equity not only in a single-year consideration, but in a multi-year plan.

Response: The annual budget beginning with the FY 2023 Mayor's Recommended Budget have now included a ten year projection model and a one-page narrative on the importance of multi-year planning and the impact of the property tax rate.

Recommendation #2

Budgetary decisions made outside of the budget cycle should include a multi-year analysis. As with the operating budget recommendation, the Mayor and Council should be *aware of the future impact of their decisions in a more uniform manner. Stating the impact in terms of a ten-year forecast window will allow for more insightful decisions.*

Response: Beginning in July of FY 2023, all internal financial analysis and union contract memos have included a five year forecast for any consideration.

Recommendation #3

Debt and bond obligations, particularly for the enterprise funds (Water, Sewer, and Refuse), should be discussed not only for the benefit of the project, but also in terms of annual rate increases. For example, decision-makers may agree that a certain project would bring utility and benefit to citizens, but may not be aware of the direct impact the project could have on user fees and charges. Because these funds are so small on an operational level, debt payments have a significant impact on rates. This should commonly be a consideration in the decision.

Response: Similarly to recommendation number two, beginning in mid-FY 2023, along with the multi-year impact displayed on internal memos, out year costs have been displayed in form of a property tax / user fee rate increase.

Recommendation #4

Like many local municipalities, the City should be considerate of the annual cost increases from COLAs and inflation compared to their ability to increase future tax revenues. Without structural changes, new revenue sources, strategic budgeting, or environmental changes, future operating costs will begin to exceed the ability to tax without heavy reliance on property tax overrides. Investing in local economic development or other means to make annual routine returns on investments should be prioritized. Expanding on tax bases (for property taxes and/or sales taxes) can promote better sustainability. Consider drafting a long-term investment or improvement plan with identified goals to address this concern.

Response: FY 2023 and FY 2024 saw significant operating changes occur in each fund, from in-house ambulance service to capital investments into master water/sewer planning. Financial prioritizes with the Mayor and Council have been into sustainable investments. The ambulance services, for example, expanded a new revenue source for the City, ultimately diversifying our increasing reliance on volatile sales taxes. The upcoming compost plant RFP will gauge sustainability and long-term planning with operating cost reductions. Further work needs to be considered to create a long-term plan to expand our tax base.

Further Recommendations and Conclusion

With new long-term outlooks comes new insights into planning and recommended actions. This section will denote new recommendations not discussed in the prior year's conclusion.

Recommendation #5

Highly prioritize education and outreach to Council members on the disadvantage of a 0% property tax levy increase. The City has passed negative / lower levy increases leading to **significant** levy increases in 2012 and 2015. This is the worst possible outcome for citizen tax equity, and should be highly discouraged. Regardless of this recent context, numerous Council members have publically spoken to desiring a 0% property levy rate increase, a move which will lead to dire consequences in form of large operational reductions or another tax levy increase as seen in 2012 and 2015. If a 0% is pursued, the deciding body should be responsible for creating an on-going operational reduction in service to match the need to increase the rate in the next year.

Recommendation #6

The City should strategically take advantage of the NYS OSC carry-forward and new NYSLRS exclusions in the property tax cap calculation. With known years of high upcoming costs, the City should begin strategizing the use of this carry-forward and use it to avoid a multitude of years over the tax levy.

Recommendation #7

The City should prioritize capital investments into projects that can reduce on-going operating costs. For example, decision-makers may wish to pursue solar panels and other utility projects to reduce on-going costs. This will offset the need to increase a future year rate, and will be particularly important in the Water and Sewer Funds moving forward.

Recommendation #8

Decision makers need to assess the reduction in water consumption and create a long-term operating plan for the water fund. Continual decline will eventually get to a point where annual rate increases become too overbearing on its user-base and undesired action would be required to reduce operating costs in the fund. It would be more beneficial to have a long-term plan identified so that annual rate increases can be identified and/or capital funding can be secured.

While it may be impossible to predict the future, multi-year forecasts provide an opportunity to strategize our financial priorities and to assess the effectiveness of our tax equity. By analyzing our budget data, projections from FY 2025 to FY 2034 shed light on a number of trends that we may wish to minimize before they become significant financial stress.

Thank you for your time,

Tim Russo

Finance Director

Sources and Appendices

New York State Office of the Comptroller Multi-Year Financial Plan Guide

https://www.osc.state.ny.us/files/local-government/publications/pdf/multiyear.pdf

Congressional Budget Office Economic and Budget Data

https://www.cbo.gov/data/budget-economic-data#6

U.S. Bureau of Labor Statistics CPI-U

https://www.bls.gov/data/inflation_calculator.htm

U.S. Bureau of Economic Analysis GDP Price Index

https://www.bea.gov/data/prices-inflation/gdp-price-index#:~:text=What%20is%20the%20GDP%20Price%20Index%3F%20A%20measure,U.S.%20goods%20and%20services%20exported%20to%20other%20countries.

City of Lockport FY 2024 to FY 2034 Projections Model

To use, alter 'Model Inputs' below (all values can be modified). Inputs will alters cells and values throughout the projections for each applicable fund. Some notes: (1) COLA values in blue are extrapolated from the current union agreements and are not ratified figures. (2) Average inflation is taken from the Congressional Budget Office for US Congress 'Budget and Economic Data' set. (3) Debt repayments for short-term financing for sewer fund projects is estimated and meant to provide an illustrative example, not exact figures. (4) The distribution of employees' steps is assumed to be the same each year. This will shift as the active workforce's average employment time shortens and lengthens. (5) Values displayed to 'Break Even' are based on the prior year accumulation. For example, a break-even value showed as 1% for 2024. If prior year alterations are made to the input values, the break-even figure for 2024 will increase, as the percentage increase starting point (the revenue for the prior year) is now lower. (6) Fund Balance utilization is assumed to carry into two future years for equipment in the General Fund. (7) Plus values on left side of the screen will expand and shorten projections tables for your convenience.

Model Inputs:											
Input	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
AFSCME COLA	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
CSEA COLA	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Department Head COLA	1.5%	2.0%	1.5%	2.0%	1.5%	2.0%	1.5%	1.5%	1.5%	1.5%	1.5%
Fire COLA	2.0%	1.5%	2.0%	1.5%	2.0%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Police COLA	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Unrepresented COLA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FICA/Medicare Taxes	*7.65%*	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
PFRS Contribution Rate	*27.0%*	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
ERS Contribution Rate	*11.6%*	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Growth of the CPI-U	-	2.3%	2.3%	2.4%	2.4%	2.4%	2.5%	2.4%	2.4%	2.3%	2.3%
Growth of the GDP-I	-	2.0%	2.1%	2.1%	2.2%	2.2%	2.2%	2.1%	2.1%	2.1%	2.1%
Average Projected Inflation	-	2.2%	2.2%	2.3%	2.3%	2.3%	2.4%	2.3%	2.3%	2.2%	2.2%
Include Proposed Capital Project Financing?		Yes									
Projected Health Inflation	-	2.2%	2.2%	2.3%	2.3%	2.3%	2.4%	2.3%	2.3%	2.2%	2.2%
Property Tax Levy Increase	*1.5%*	1.9%	3.1%	2.4%	2.1%	2.0%	2.2%	2.2%	2.2%	2.2%	1.7%
Water Rate Increase	*2.0%*	2.4%	2.0%	0.5%	1.3%	2.0%	1.9%	2.0%	1.7%	1.8%	1.9%
Sewer Rate Increase	*2.0%*	4.3%	3.7%	0.9%	1.3%	1.9%	1.4%	2.0%	2.1%	2.2%	0.3%
Refuse Rate Increase	*0.0%*	0.0%	0.0%	1.2%	2.2%	3.6%	2.2%	2.2%	2.2%	2.1%	2.1%

General Fund Projections, FY 2024 - FY 2034

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues											
Property Taxes	$ 13,482,810	$ 13,741,343	$ 14,170,621	$ 14,517,731	$ 14,827,444	$ 15,120,294	$ 15,456,675	$ 15,789,793	$ 16,129,605	$ 16,476,598	$ 16,761,115
Sales Taxes	$ 8,084,608	$ 8,258,427	$ 8,440,112	$ 8,630,015	$ 8,828,505	$ 9,031,561	$ 9,243,803	$ 9,451,788	$ 9,664,453	$ 9,877,071	$ 10,094,367
State AIM	$ 2,650,525	$ 2,650,525	$ 2,650,525	$ 2,650,525	$ 2,650,525	$ 2,650,525	$ 2,650,525	$ 2,650,525	$ 2,650,525	$ 2,650,525	$ 2,650,525
Other Prop. & Mort. Taxes	$ 625,333	$ 638,778	$ 652,831	$ 667,519	$ 682,872	$ 698,578	$ 714,995	$ 731,082	$ 747,532	$ 763,978	$ 780,785
Departmental Income	$ 1,834,177	$ 1,853,894	$ 1,874,287	$ 1,895,373	$ 1,917,170	$ 1,939,217	$ 1,962,003	$ 1,984,076	$ 2,006,396	$ 2,028,467	$ 2,050,780
Interest	$ 700,000	$ 707,525	$ 715,308	$ 723,355	$ 731,674	$ 740,088	$ 748,784	$ 757,208	$ 765,726	$ 774,149	$ 782,665
Ambulance	$ 1,025,786	$ 1,047,840	$ 1,070,893	$ 1,094,988	$ 1,120,173	$ 1,145,937	$ 1,172,866	$ 1,199,256	$ 1,226,239	$ 1,253,216	$ 1,280,787
Interfund	$ 320,000	$ 320,000	$ 320,000	$ 320,000	$ 320,000	$ 320,000	$ 320,000	$ 320,000	$ 320,000	$ 320,000	$ 320,000
Fund Balance App.	$ 715,123	$ 250,000	$ 100,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Revenue	**$ 29,438,362**	**$ 29,468,332**	**$ 29,994,577**	**$ 30,499,506**	**$ 31,078,363**	**$ 31,646,201**	**$ 32,269,650**	**$ 32,883,727**	**$ 33,510,477**	**$ 34,144,005**	**$ 34,721,024**
Expenditures											
Personnel Costs											
AFSCME	$ 1,395,342	$ 1,423,249	$ 1,451,714	$ 1,480,748	$ 1,510,363	$ 1,540,570	$ 1,571,382	$ 1,602,809	$ 1,634,866	$ 1,667,563	$ 1,700,914
CSEA	$ 1,086,257	$ 1,107,982	$ 1,130,141	$ 1,152,744	$ 1,175,799	$ 1,199,315	$ 1,223,301	$ 1,247,767	$ 1,272,723	$ 1,298,177	$ 1,324,141
Department Head	$ 592,667	$ 604,521	$ 613,589	$ 625,860	$ 635,248	$ 647,953	$ 657,673	$ 667,538	$ 677,551	$ 687,714	$ 698,030
Fire	$ 3,280,077	$ 3,329,279	$ 3,395,864	$ 3,446,802	$ 3,515,738	$ 3,568,474	$ 3,639,844	$ 3,712,641	$ 3,786,893	$ 3,862,631	$ 3,939,884
Police	$ 3,745,056	$ 3,819,957	$ 3,896,356	$ 3,974,283	$ 4,053,769	$ 4,134,844	$ 4,217,541	$ 4,301,892	$ 4,387,930	$ 4,475,688	$ 4,565,202
Unrepresented	$ 717,865	$ 717,865	$ 717,865	$ 717,865	$ 717,865	$ 717,865	$ 717,865	$ 717,865	$ 717,865	$ 717,865	$ 717,865
Other Costs	$ 2,277,906	$ 2,318,094	$ 2,361,227	$ 2,402,981	$ 2,447,786	$ 2,491,167	$ 2,537,709	$ 2,585,171	$ 2,633,570	$ 2,682,925	$ 2,733,256
Total Personnel	**$ 13,095,170**	**$ 13,320,946**	**$ 13,566,756**	**$ 13,801,284**	**$ 14,056,569**	**$ 14,300,189**	**$ 14,565,315**	**$ 14,835,683**	**$ 15,111,397**	**$ 15,392,564**	**$ 15,679,291**
Equipment	$ 457,484	$ 204,300	$ 208,795	$ 213,492	$ 218,403	$ 223,426	$ 228,677	$ 233,822	$ 239,083	$ 244,343	$ 249,718
Contractual	$ 4,345,122	$ 4,113,590	$ 4,158,099	$ 4,251,656	$ 4,349,444	$ 4,449,481	$ 4,554,044	$ 4,656,510	$ 4,761,281	$ 4,866,029	$ 4,973,082
Debt Payments	$ 779,893	$ 789,762	$ 805,640	$ 760,968	$ 750,844	$ 740,718	$ 745,056	$ 738,756	$ 732,306	$ 725,706	$ 649,500
Interfund	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000
Employee Benefits											
Health Related	$ 5,538,545	$ 5,657,624	$ 5,782,091	$ 5,912,188	$ 6,048,169	$ 6,187,277	$ 6,332,678	$ 6,475,163	$ 6,620,854	$ 6,766,513	$ 6,915,376
FICA	$ 1,042,655	$ 1,019,052	$ 1,037,857	$ 1,055,798	$ 1,075,327	$ 1,093,964	$ 1,114,247	$ 1,134,930	$ 1,156,022	$ 1,177,531	$ 1,199,466
Retirement	$ 2,869,551	$ 3,039,655	$ 3,097,599	$ 3,151,554	$ 3,211,718	$ 3,267,755	$ 3,330,224	$ 3,393,935	$ 3,458,912	$ 3,525,180	$ 3,592,764
Other	$ 1,289,541	$ 1,303,404	$ 1,317,741	$ 1,332,566	$ 1,347,890	$ 1,363,391	$ 1,379,411	$ 1,394,929	$ 1,410,622	$ 1,426,139	$ 1,441,826
Total Employee Benefits	$ 10,740,292	$ 11,019,735	$ 11,235,288	$ 11,452,106	$ 11,683,104	$ 11,912,387	$ 12,156,559	$ 12,398,957	$ 12,646,410	$ 12,895,362	$ 13,149,432
Total Expenditures	**$ 29,437,962**	**$ 29,468,332**	**$ 29,994,577**	**$ 30,499,506**	**$ 31,078,363**	**$ 31,646,201**	**$ 32,269,650**	**$ 32,883,727**	**$ 33,510,477**	**$ 34,144,005**	**$ 34,721,024**
Budget Surplus (Deficit)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Property Tax Increase Required to Break Even		***1.92%***	***3.12%***	***2.45%***	***2.13%***	***1.98%***	***2.22%***	***2.16%***	***2.15%***	***2.15%***	***1.73%***

Water Fund Projections, FY 2024 - FY 2034

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues											
Metered Water Sales	$ 4,007,021	$ 4,103,889	$ 4,184,242	$ 4,203,797	$ 4,260,506	$ 4,344,486	$ 4,425,282	$ 4,515,278	$ 4,591,784	$ 4,673,935	$ 4,762,582
Interfund	$ 145,517	$ 145,517	$ 145,517	$ 145,517	$ 145,517	$ 145,517	$ 145,517	$ 145,517	$ 145,517	$ 145,517	$ 145,517
Other Misc.	$ 369,000	$ 219,000	$ 223,818	$ 228,854	$ 234,118	$ 239,502	$ 245,131	$ 250,646	$ 256,286	$ 261,924	$ 267,686
Total Revenue	**$ 4,521,538**	**$ 4,468,406**	**$ 4,553,577**	**$ 4,578,168**	**$ 4,640,141**	**$ 4,729,505**	**$ 4,815,929**	**$ 4,911,441**	**$ 4,993,587**	**$ 5,081,376**	**$ 5,175,785**
Expenditures											
Personnel Costs											
AFSCME	$ 827,485	$ 844,035	$ 860,915	$ 878,134	$ 895,696	$ 913,610	$ 931,883	$ 950,520	$ 969,531	$ 988,921	$ 1,008,700
CSEA	$ 237,154	$ 241,897	$ 246,735	$ 251,670	$ 256,703	$ 261,837	$ 267,074	$ 272,415	$ 277,863	$ 283,421	$ 289,089
Department Head	$ 114,650	$ 116,943	$ 118,697	$ 121,071	$ 122,887	$ 125,345	$ 127,225	$ 129,133	$ 131,070	$ 133,036	$ 135,032
Other Costs	$ 173,091	$ 176,077	$ 179,353	$ 182,525	$ 185,928	$ 189,223	$ 192,758	$ 196,364	$ 200,040	$ 203,789	$ 207,612
Total Personnel	$ 1,352,314	$ 1,378,951	$ 1,405,700	$ 1,433,399	$ 1,461,214	$ 1,490,015	$ 1,518,940	$ 1,548,432	$ 1,578,504	$ 1,609,167	$ 1,640,432
Equipment	$ 4,500	$ 4,597	$ 4,698	$ 4,804	$ 4,914	$ 5,027	$ 5,145	$ 5,261	$ 5,379	$ 5,498	$ 5,619
Contractual	$ 1,182,834	$ 1,208,265	$ 1,234,847	$ 1,262,631	$ 1,291,671	$ 1,321,380	$ 1,352,432	$ 1,382,862	$ 1,413,976	$ 1,445,084	$ 1,476,876
Debt Payments	$ 611,218	$ 619,681	$ 625,968	$ 568,419	$ 545,950	$ 548,506	$ 545,662	$ 552,312	$ 543,712	$ 540,062	$ 541,121
Interfund	$ 165,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000
Employee Benefits											
Health Related	$ 824,922	$ 842,658	$ 861,196	$ 880,573	$ 900,826	$ 921,545	$ 943,202	$ 964,424	$ 986,123	$ 1,007,818	$ 1,029,990
FICA	$ 104,895	$ 105,490	$ 107,536	$ 109,655	$ 111,783	$ 113,986	$ 116,199	$ 118,455	$ 120,756	$ 123,101	$ 125,493
Retirement	$ 176,793	$ 193,637	$ 197,404	$ 201,320	$ 205,238	$ 209,311	$ 213,384	$ 217,538	$ 221,773	$ 226,091	$ 230,494
Other	$ 99,062	$ 100,127	$ 101,228	$ 102,367	$ 103,544	$ 104,735	$ 105,966	$ 107,158	$ 108,363	$ 109,555	$ 110,760
Total Employee Benefits	$ 1,205,672	$ 1,241,911	$ 1,267,364	$ 1,293,916	$ 1,321,391	$ 1,349,577	$ 1,378,750	$ 1,407,574	$ 1,437,015	$ 1,466,566	$ 1,496,738
Total Expenditures	**$ 4,521,538**	**$ 4,468,406**	**$ 4,553,577**	**$ 4,578,168**	**$ 4,640,141**	**$ 4,729,505**	**$ 4,815,929**	**$ 4,911,441**	**$ 4,993,587**	**$ 5,081,376**	**$ 5,175,785**
Budget Surplus (Deficit)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Water Rate Increase Required to Break Even		***2.42%***	***1.96%***	***0.47%***	***1.35%***	***1.97%***	***1.86%***	***2.03%***	***1.69%***	***1.79%***	***1.90%***

Sewer Fund Projections, FY 2024 - FY 2034

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues											
Sewer Rents	$ 3,235,288	$ 3,374,038	$ 3,500,287	$ 3,531,535	$ 3,576,965	$ 3,645,126	$ 3,697,898	$ 3,770,956	$ 3,850,233	$ 3,935,091	$ 3,946,785
Town Costs	$ 684,406	$ 704,938	$ 726,086	$ 740,608	$ 755,420	$ 770,529	$ 778,234	$ 786,016	$ 793,876	$ 801,815	$ 809,833
Other Misc.	$ 325,000	$ 233,924	$ 234,038	$ 234,153	$ 234,267	$ 234,267	$ 234,382	$ 234,153	$ 234,153	$ 234,038	$ 234,038
Interfund	$ 150,000	$ 50,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Revenue	**$ 4,394,694**	**$ 4,362,900**	**$ 4,460,411**	**$ 4,506,296**	**$ 4,566,652**	**$ 4,649,922**	**$ 4,710,513**	**$ 4,791,125**	**$ 4,878,262**	**$ 4,970,944**	**$ 4,990,656**
Expenditures											
Personnel Costs											
AFSCME	$ 630,942	$ 643,561	$ 656,433	$ 669,561	$ 682,952	$ 696,611	$ 710,544	$ 724,755	$ 739,250	$ 754,035	$ 769,115
CSEA	$ 316,378	$ 322,706	$ 329,160	$ 335,743	$ 342,458	$ 349,307	$ 356,293	$ 363,419	$ 370,687	$ 378,101	$ 385,663
Department Head	$ 103,991	$ 106,071	$ 107,662	$ 109,816	$ 111,463	$ 113,692	$ 115,397	$ 117,128	$ 118,885	$ 120,669	$ 122,479
Other Costs	$ 107,467	$ 108,939	$ 110,966	$ 112,928	$ 115,034	$ 117,072	$ 119,260	$ 121,490	$ 123,765	$ 126,084	$ 128,449
Total Personnel	$ 1,158,779	$ 1,181,277	$ 1,204,220	$ 1,228,048	$ 1,251,907	$ 1,276,683	$ 1,301,494	$ 1,326,792	$ 1,352,587	$ 1,378,888	$ 1,405,706
Equipment	$ 71,000	$ 72,527	$ 74,122	$ 75,790	$ 77,533	$ 79,316	$ 81,180	$ 83,007	$ 84,874	$ 86,742	$ 88,650
Contractual	$ 1,425,849	$ 1,456,505	$ 1,488,548	$ 1,522,040	$ 1,557,047	$ 1,592,859	$ 1,630,291	$ 1,666,973	$ 1,704,480	$ 1,741,978	$ 1,780,302
Debt Payments	$ 586,888	$ 589,876	$ 609,333	$ 573,821	$ 550,397	$ 547,511	$ 519,396	$ 511,891	$ 509,028	$ 511,116	$ 438,328
Interfund	$ 137,242	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000
Employee Benefits											
Health Related	$ 690,206	$ 705,045	$ 720,556	$ 736,769	$ 753,715	$ 771,050	$ 789,170	$ 806,926	$ 825,082	$ 843,234	$ 861,785
FICA	$ 91,063	$ 90,368	$ 92,123	$ 93,946	$ 95,771	$ 97,666	$ 99,564	$ 101,500	$ 103,473	$ 105,485	$ 107,537
Retirement	$ 151,688	$ 169,021	$ 172,311	$ 175,738	$ 179,158	$ 182,722	$ 186,280	$ 189,907	$ 193,606	$ 197,377	$ 201,222
Other	$ 82,396	$ 83,282	$ 84,198	$ 85,145	$ 86,124	$ 87,115	$ 88,138	$ 89,130	$ 90,133	$ 91,124	$ 92,126
Total Employee Benefits	$ 1,014,936	$ 1,047,716	$ 1,069,188	$ 1,091,597	$ 1,114,768	$ 1,138,553	$ 1,163,152	$ 1,187,462	$ 1,212,293	$ 1,237,220	$ 1,262,670
Total Expenditures	**$ 4,394,694**	**$ 4,362,900**	**$ 4,460,411**	**$ 4,506,296**	**$ 4,566,652**	**$ 4,649,922**	**$ 4,710,513**	**$ 4,791,125**	**$ 4,878,262**	**$ 4,970,944**	**$ 4,990,656**
Budget Surplus (Deficit)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Sewer Rate Increase Required to Break Even		***4.29%***	***3.74%***	***0.89%***	***1.29%***	***1.91%***	***1.45%***	***1.98%***	***2.10%***	***2.20%***	***0.30%***

Refuse Fund Projections, FY 2024 - FY 2034

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues											
Refuse User Charges	$ 1,411,835	$ 1,411,835	$ 1,411,835	$ 1,429,226	$ 1,461,022	$ 1,513,549	$ 1,547,547	$ 1,580,864	$ 1,614,930	$ 1,648,989	$ 1,683,797
Other Misc.	$ 18,200	$ 18,200	$ 18,200	$ 18,200	$ 18,200	$ 18,200	$ 18,200	$ 18,200	$ 18,200	$ 18,200	$ 18,200
Total Revenue	**$ 1,430,035**	**$ 1,430,035**	**$ 1,430,035**	**$ 1,447,426**	**$ 1,479,222**	**$ 1,531,749**	**$ 1,565,747**	**$ 1,599,064**	**$ 1,633,130**	**$ 1,667,189**	**$ 1,701,997**
Expenditures											
Equipment	$ 23,500	$ 20,641	$ 28,029	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000
Contractual	$ 1,295,058	$ 1,322,902	$ 1,352,006	$ 1,382,426	$ 1,414,222	$ 1,446,749	$ 1,480,747	$ 1,514,064	$ 1,548,130	$ 1,582,189	$ 1,616,997
Debt Payments	$ 36,477	$ 36,492	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interfund	$ 75,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 70,000	$ 70,000	$ 70,000	$ 70,000	$ 70,000	$ 70,000
Total Expenditures	**$ 1,430,035**	**$ 1,430,035**	**$ 1,430,035**	**$ 1,447,426**	**$ 1,479,222**	**$ 1,531,749**	**$ 1,565,747**	**$ 1,599,064**	**$ 1,633,130**	**$ 1,667,189**	**$ 1,701,997**
Budget Surplus (Deficit)	**$ -**	**$ 0**	**$ 0**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Refuse Rate Increase Required to Break Even		***0.00%***	***0.00%***	***1.23%***	***2.22%***	***3.60%***	***2.25%***	***2.15%***	***2.15%***	***2.11%***	***2.11%***