



# 2012 Projected Fund Balance

## Workforce Attrition Improves Financial Position

**MICHAEL COHEN, COMPTROLLER**

# Future Town Issues – Previously Discussed



- On February 22<sup>nd</sup>, the budget advisory committee discussed the pending loss of the Selkirk Cogen Pilot
  - \$1.76M loss of ANNUAL revenue beginning 2013



# Future Town Issues – Previously Discussed



- On May 9<sup>th</sup>, an early financial projection of 2013 was presented
  - Reviewed revenue losses, including Selkirk Cogen
  - Projected expenditure increases, including:
    - ✦ State Pension System
    - ✦ Health Care
    - ✦ Albany Water Contract
  - Discussed impact on tax levy
  - **Estimated 2013 Shortfall - \$3.5M based on no tax levy increase**



# Projected 2012 Fund Balance



Operations	General	Highway	Water	Sewer
Budgeted Revenue	18,115,846	6,270,142	8,988,924	4,244,018
Budgeted Expenses	18,228,095	6,518,756	9,333,090	4,507,774
<b><i>Budgeted Surplus (Shortfall)</i></b>	<b><i>(112,249)</i></b>	<b><i>(248,614)</i></b>	<b><i>(344,166)</i></b>	<b><i>(263,756)</i></b>
Projected Revenue	19,001,002	6,348,328	9,087,708	4,154,974
Projected Expenses	18,235,158	6,098,905	9,030,476	4,454,417
<b><i>Projected Surplus (Shortfall)</i></b>	<b><i>765,844</i></b>	<b><i>249,423</i></b>	<b><i>57,233</i></b>	<b><i>(299,442)</i></b>
Fund Balance, 12/31/11	3,551,878	2,011,648	3,118,883	1,253,842
<b>Projected Fund Balance, 12/31/12</b>	<b>4,317,722</b>	<b>2,261,071</b>	<b>3,176,116</b>	<b>954,400</b>
Projected Non Spendable Fund Balance	423,021	601,013	133,095	86,905
Projected Assigned & Approp. Fund Balance	162,249	248,614	1,062,166	445,756
<b>Effective Fund Balance, 12/31/12</b>	<b>3,732,452</b>	<b>1,411,444</b>	<b>1,980,855</b>	<b>421,739</b>

# Reduced Workforce through Managed Attrition



- **Shared Services & Modernization:**
  - Shared services agreement between Parks & Recreation and Highway Department (June 11<sup>th</sup>)
  - Lockbox pilot (to be included 2013 Budget) takes advantage of a complimentary bank services (March 28<sup>th</sup>)
- **Replace employees only where absolutely necessary after careful consideration of impact.**
  - Currently open positions under evaluation for 2013 Tentative Budget Proposal – most will not be restored

# Effect of Attrition in 2012

## Full Time Equivalent Employees (FTEs)

## Total FTE's

1620 Shared Services

0.50

General Fund

8.34

3110 Dispatch

2.00

Highway Fund

4

3120 Police

4.00

Water Fund

2.83

7110 Parks Admin

1.00

Sewer Fund

1.83

5011 Highway

4.00

17.00

8530 Water Purification

1.00

**Current Staffing vs. 2012  
budgeted**

8540 Water Transmission

1.00

## Total 2012 Savings:

8515 Sewer Collection

1.00

General Fund\*

533,145.92

8590 DPW Admin

0.84

Highway Fund

254,214.66

8510 Water Admin

0.83

Water Fund

167,704.48

8510 Sewer Admin

0.83

Sewer Fund

114,207.19

Total

17.00

Total Savings

**\$1,069,272.25**

# Effect of Attrition in 2012

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
2012 Budgeted Surplus (Shortfall)	(112,249)	(248,614)	(344,166)	(263,756)
2012 Projected Surplus (Shortfall)	765,844	249,423	57,233	(299,442)
Increase (Decrease) from Budget	878,093	498,037	401,399	(35,686)
Attributable to Attrition	533,146	254,215	167,704	114,207
% Attributable to Attrition	61%	51%	42%	N/A
Attributable to Other Changes	344,947	243,822	233,694	(149,893)
% Attributable to Other Changes	39%	49%	58%	N/A

# 2012 Looks Positive, but...



- The increase to fund balance includes primarily:
  - Attrition
  - Weather related spending (lack of snow)
  - Reduced contractual expenditures
  - Better than expected Sales Tax (County split risk remains)
  - Federal and State aid from prior period expenditures relating to Hurricane Irene
- Reliance on one-time resources (i.e. fund balance) to address a structural gap is the wrong path to follow
- The \$3.5M projected budget gap in 2013 must be addressed through recurring savings

# Looking to 2013 and Beyond ...



- In 2013, there will be fewer opportunities to take advantage of routine attrition
  - ✦ Since 2008, Town staffing is down by 10%
  - ✦ Town employees are already shouldering a large burden resulting from attrition – more difficult to manage with reduced workforce
- State pension system increasing approx. \$450-500K every year, for the foreseeable future.
- In 2014, the Town will be facing a hike in the Albany Water Contract costing an additional \$450K/year
- Looking to find more restructuring opportunities, shared services

# Looking to 2013 and Beyond ...



- Department heads have over \$30M in capital projects requests in our multi-year capital projection
  - Replacement of aged water and sewer infrastructure, redevelopment of Delaware Ave, new and replacement sidewalks, etc.
- We have been working to reduce dependence on borrowing for asphalt
  - Working to reduce borrowing by \$100K/year until paving is paid for entirely through operations
- Reassessment has not been done in over 5 years
  - Values are out of date; especially non residential

# Fund Balance?



<b>Effective Fund Balance, 12/31/12</b>	<b>\$3,732,452</b>	<b>\$1,411,444</b>	<b>\$1,980,855</b>	<b>\$421,739</b>
Estimated Fund Balance Percentage	20%	22%	21%	9%

- Not all local government fund balances are created equal
- The Town's financial statements exclude the cost of Other Post Employment Benefits (OPEB), therefore the Town does not issue financial statements consistent with generally accepted accounting principles (GAAP)
  - 75% of local governments do not report OPEB, primarily relating to the implementation cost
- Each year, the financial statements are qualified by our independent auditors to say:
  - “In our opinion...the financial statements ...do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Town of Bethlehem, NY...”
- The current single year cost of OPEB is expected to exceed \$600K
  - If the Town were to book the liability, the actuarially generated cost would most certainly wipe out the fund balance

# Questions?

