

2024 TENTATIVE BUDGET

AVOIDING OBSTACLES

David VanLuven, Town Supervisor

Michael Cohen, Comptroller

Theresa Ungerer, Chief Accountant

September 27, 2023

2024 Budget Schedule

Town Board Meetings & Workshops

Unless otherwise noted all meetings begin at 6:00 pm

Town Board Meetings will be Webcast & Archived

- **Capital Plan** September 13 Town Board
- **Tentative Budget Presentation** September 27 Town Board
- **Continuing Budget Discussion** October 11 Town Board
- **Public Hearing/Preliminary Budget** October 25 Town Board
- **Final Budget Adoption** November 8 Town Board

**“2024 Town Budget”
link on the Town website
provides comprehensive information
and is regularly updated**

REMEMBER WHEN

Since 2019, we've been concerned about the financial effect of a change in the County EMS hiring practices. This consisted of a shift from relying on part-time employees with few benefits, to full-time employees with full benefits.

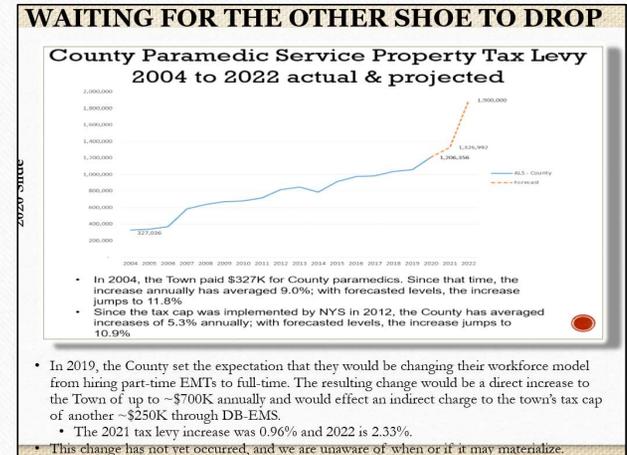
- That day has come.



Consumer Spending, Home Prices and Stock Values

Stock Values:

- The New York State and Local Retirement (NYSLR) bases future pension system contribution rates on how their investments fare in the previous year and how OSC feels about the economic environment heading into their new year.
 - The new ERS rates for the 2023 payment increased 1.9% (14.6%), 1.8% (14.0%) and 1.3% (15.9%) higher for tiers 3 & 4, 5 and 6, respectively.
 - The total state projected increase in the payment is \$216K. (\$1,200/empl)
 - The new PFRS rates for the 2023 payment 1.5% (4.9%), 1.5% (5.2%) and 1.0% (4.8%) for tiers 2, 5 and 6, respectively.
 - The total state projected increase in the payment is \$84K. (\$2,150/empl)
- **Early Trend?** These increases were generated prior to the March 31, 2023 valuation date when the Dow Jones decreased 1,404 points from the prior year.



Since 2020, we've been concerned that both the Employee Retirement System (ERS) and Police Retirement System (PFRS) were likely to explode given the rocky economic environment and negative market conditions.

- The steep increases have occurred.

2024 BUDGET HEADLINES

\$50.4 MILLION +\$2.0 MILLION ↑4.2%



- Albany County Ambulance increase \$454,000
- Retirement System projection from state shows increase of \$602,429 from 2023 expense
- Albany Water “Take or Pay” Contract has expired
- Greater investment in annual budget for recurring infrastructure
- Budget includes 2.5% COLAs as well as performance based steps for Town Employees.
- Continue to be below property tax cap since its inception in 2012
- Average tax rate increase is projected to be 2.72%
- Projected increase for Town Funds on average homeowner (\$270,000 assessed value) is \$30.37 (including \$29.60 directly attributable to Albany County Ambulance)
- 12% of your total property tax bill goes towards Town provided services

FISCAL RESPONSIBILITY

- In April 2019, the most recent review from an independent bond rating agency, Standard & Poor's stated that Bethlehem has: “Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology.” & “Strong budgetary performance”



- **STILL BEST CREDIT RATING IN ALBANY COUNTY**

Our Budget Preparation Guidance:

- Adhere to provisions within Fund Balance policy
- Multiyear budget projections/planning
- Comprehensive multiyear capital plan
- Do not use one-time resources to support ongoing expenses

2024 Budget Compared to 2023

	Budget 2023	Budget 2024	Change	% Change
Revenues				
Real Property Taxes & PILOTS	16,382,554	16,982,211	599,657	3.7%
Sales and Use Tax	14,520,107	15,373,089	852,982	5.9%
Mortgage Taxes	975,000	940,000	(35,000)	-3.6%
Interfund Transfers - Revenue	548,111	593,547	45,436	8.3%
Metered Water Charges	7,901,620	7,800,000	(101,620)	-1.3%
Sewer Charges	2,902,000	2,850,000	(52,000)	-1.8%
Charges for Services ¹	2,076,400	2,220,050	143,650	6.9%
Other Revenue ²	<u>3,037,563</u>	<u>3,592,594</u>	<u>555,031</u>	18.3%
Total Revenues	<u>48,343,355</u>	<u>50,351,491</u>	<u>2,008,136</u>	4.2%
Expenditures				
Wages & OT	19,081,544	19,920,549	839,005	4.4%
Fringe & Payroll Taxes	8,444,523	9,108,895	664,372	7.9%
Equipment & Other Capital	1,557,810	2,611,800	1,053,990	67.7%
Paving	996,895	1,044,750	47,855	4.8%
Delmar Bethlehem EMS	188,509	392,339	203,830	108.1%
Albany County Paramedic	1,294,801	1,595,423	300,622	23.2%
Contractual Costs ¹	4,073,403	2,045,199	(2,028,204)	-49.8%
Other Appropriations ²	9,070,423	9,515,832	445,409	4.9%
Debt Service (Principal and Interest)	2,386,549	2,756,563	370,014	15.5%
Retiree Health Insurance	<u>1,248,898</u>	<u>1,360,141</u>	<u>111,243</u>	8.9%
Total Expenditures	<u>48,343,355</u>	<u>50,351,491</u>	<u>2,008,136</u>	4.2%

2024 Budget Compared to 2023

	Change	% Change	Explanation of Changes Over \$100K
Revenues			
Real Property Taxes & PILOTS	599,657	3.7%	Under the tax cap.
Sales and Use Tax	852,982	5.9%	Better economic outlook than previously anticipated.
Mortgage Taxes	(35,000)	-3.6%	
Interfund Transfers - Revenue	45,436	8.3%	
Metered Water Charges	(101,620)	-1.3%	No anticipated rate increases with lower expected volume.
Sewer Charges	(52,000)	-1.8%	
Charges for Services ¹	143,650	6.9%	Primarily Police, Engineering and Recycling Fees.
Other Revenue ²	<u>555,031</u>	18.3%	Bank interest rates expected to remain over 5%.
Total Revenues	<u>2,008,136</u>	4.2%	

Revenue

1. Charges for Services:
Tax Collector, Inspections, Police Fees, Engineering, Senior Services, Parks Programs, TDE Fees, Water and Sewer Admin Processing Fees, Taps & Meter Charges and Interest & Penalties
2. Other Revenue:
State & Federal Aid, Fines & Forfeitures, Cable, Refuse, Interest Income, Rental Income, Insurance Recoveries and Other

2024 Budget Compared to 2023

Categories	Expenditures	Change	% Change	Explanation of Changes Over \$100K
Personnel	Wages & OT	839,005	4.4%	Primarily 2.5% COLA and steps totalling over \$755K.
Fringe	Fringe & Payroll Taxes	664,372	7.9%	ERS up 22% and PFRS up 21%. Health up between 10.4% and 15.9%.
Equipment	Equipment & Other Capital	1,053,990	67.7%	See next slide.
Equipment	Paving	47,855	4.8%	
Contractual	Delmar Bethlehem EMS	203,830	108.1%	Albany County support increase and \$50K for equipment.
Contractual	Albany County Paramedic	300,622	23.2%	Albany County Advanced Life Support (ALS) increase.
Contractual	Contractual Costs ¹	(2,028,204)	-49.8%	Primarily due to savings from Albany Water contract.
Contractual	Other Appropriations ²	445,409	4.9%	Chemicals, Insurance and NSWTP Engineering up \$136K, \$56K and \$125K.
Debt	Debt Service (Principal and Interest)	370,014	15.5%	Debt service cost on \$6M note obtained in 2023.
Other	Retiree Health Insurance	<u>111,243</u>	8.9%	Health Insurance rates up between 10.4% and 15.9%.
	Total Expenditures	<u>2,008,136</u>	4.2%	

Expenditures

1. Contractual Costs:
Albany Water Contract, Maintenance Contracts and Other Contract Services
2. Other Appropriations:
All Other Supplies, Chemicals, Electricity, Engineers, Equipment Repair, Vehicle Maintenance, Fuel, Property Repairs, Road Materials, Salt, External Tax Payments and Other Appropriations

EQUIPMENT

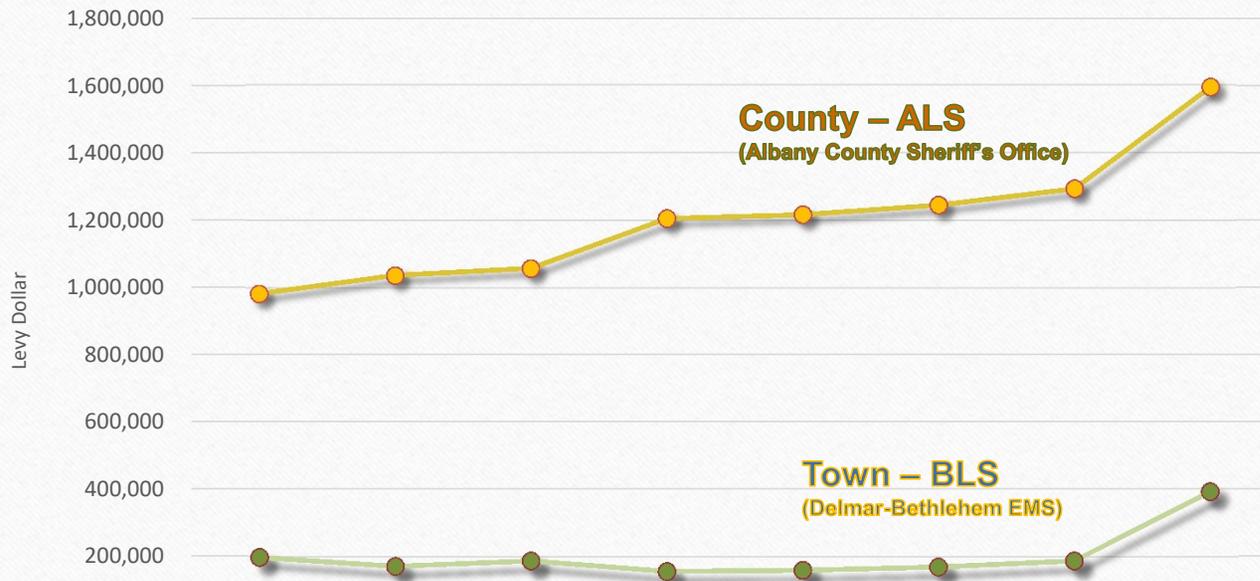
The Town intentionally delayed many capital improvement purchases until after the Albany Water Contract expired in order to avoid breaking the tax cap over the last several years. The following capital purchasing increases represent the larger changes in the Equipment category:



		<u>2023</u>	<u>2024</u>	<u>Change</u>
General Fund	Sidewalks	150,000	250,000	100,000
Highway Fund	Fleet	30,000	385,000	355,000
Water Fund	Water Meters	2,000	122,000	120,000
Water Fund	Water Mains	100,000	375,000	275,000
Sewer Fund	Sewer Mains	100,000	200,000	100,000
		<u>382,000</u>	<u>1,332,000</u>	<u>950,000</u>

The expectation is that these costs will be recurring annually to replace aging infrastructure/equipment.

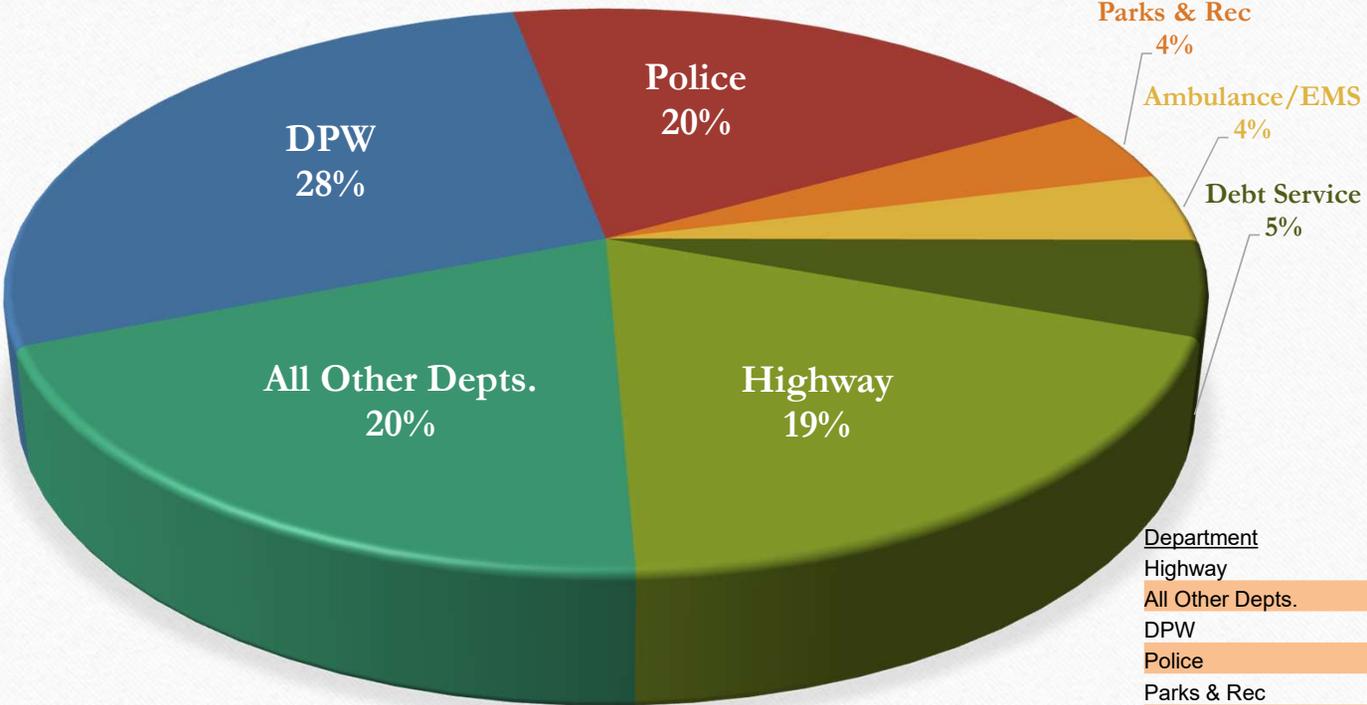
EMERGENCY MEDICAL SERVICE PROPERTY TAX LEVY 2017 THROUGH 2024



	2017	2018	2019	2020	2021	2022	2023	2024
● BLS - Town	199,000	172,422	187,991	157,297	161,000	169,998	187,991	391,814
● ALS - County	984,339	1,038,478	1,059,248	1,206,356	1,217,885	1,246,285	1,294,801	1,595,423



2024 BUDGET BY DEPARTMENT



Department	2024 Budgeted Expenditures*	\$ Change from 2023*	% Change
Highway	\$9,447	\$614	7.0%
All Other Depts.	\$9,933	\$755	8.2%
DPW	\$14,083	-\$879	-5.9%
Police	\$10,007	\$544	5.8%
Parks & Rec	\$2,136	\$100	4.9%
Ambulance/EMS	\$1,988	\$504	34.0%
Debt Service	\$2,757	\$370	15.5%
Total	\$50,351	\$2,008	4.2%

* Numbers shown in thousands

Staffing

Full Time Personnel Counts										
Final Check Run of the Year						Budget 2021	Budget 2022	Budget 2023	Budget 2024	Change in 2024 to 2023 Budget
Fund	Dept Code	Department Name	Actual 2021	Actual 2022	Actual 2023 thru 9/15					
110	1110	Justice	4.0	3.0	3.0	4.0	4.0	4.0	4.0	-
110	1220	Supervisor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	-
110	1315	Comptroller	5.0	4.0	4.0	4.0	4.0	4.0	4.0	-
110	1330	Tax Collection	2.0	2.0	2.0	1.0	2.0	2.0	2.0	-
110	1355	Assessment	2.0	3.0	3.0	3.0	3.0	3.0	3.0	-
110	1410	Town Clerk	2.0	2.0	3.0	3.0	2.0	3.0	3.0	-
110	1430	Human Resources	2.0	3.0	3.0	3.0	3.0	3.0	3.0	-
110	1620	Shared Services	4.7	4.6	3.5	4.8	4.8	4.8	4.8	-
110	1680	MIS	2.0	2.0	3.0	2.0	2.0	3.0	3.0	-
110	1685	GIS	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
110	3110	Telecommunications	10.0	10.0	9.0	11.0	11.0	11.0	11.0	-
110	3120/30	Police (Sworn & Non)	41.0	44.0	42.0	44.0	44.0	44.0	44.0	-
110	3620	Building	5.5	5.5	5.5	5.5	5.5	5.5	5.5	-
110	5010-60	Highway (General Fund)	10.9	4.3	6.2	8.5	8.5	4.5	4.5	-
110	6772	Seniors	6.0	7.0	7.0	7.0	7.0	7.0	7.0	-
110	7110-45	Parks	9.1	9.7	10.8	9.0	9.0	10.0	10.0	-
110	8020	Planning	4.5	5.5	6.5	5.5	5.5	5.5	6.5	1.0
110	8160	Recycling	-	5.3	5.3	-	-	5.0	5.0	-
110	8590/95	DPW Admin	5.7	4.4	5.4	5.7	5.7	5.4	5.4	-
210	5010-42	Highway Fund	40.3	42.0	42.4	46.7	46.7	47.7	47.7	-
220	8510-40	Water Fund	27.8	29.1	29.9	30.9	30.9	31.0	31.0	-
230	8510-45	Sewer Fund	17.5	15.6	16.5	17.5	17.5	17.7	17.7	-
Grand Total			205.0	209.0	214.0	219.0	219.0	224.0	225.0	1.0

Taxpayer Impact

Under Tax Cap:

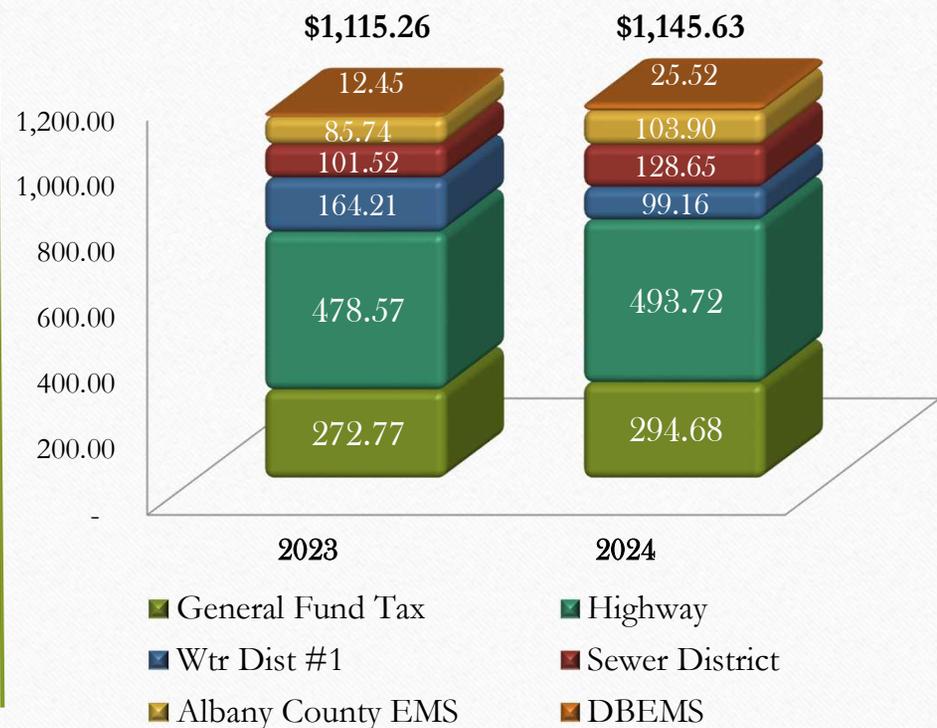
Total Levy Increase: 3.66%

- Town Growth: 1.0106%
- State Levy Growth Factor: 2%
- Retirement allowance: \$79,733

Tax Rate Increase: 2.72%

- \$30.37 bill increase
(\$270K assessment in all taxing districts)
- \$29.60 (97.5%) related to increase
in Albany County EMS costs

Distribution of Property Tax Dollars for
Average Homeowner
(\$270,000 Assessed Value)



Change in Tax Levy vs. Tax Bill

	<u>Tax Levy¹</u>	<u>Weighted Avg. Assessed Value²</u>	<u>Tax Rate (Per \$1,000 Assessed Value)</u>
<u>2023</u>	\$16,382,554	\$3,966,164,066	\$4.1306
<u>2024</u>	\$16,982,211	\$4,002,333,919	\$4.2431
<u>Increase</u>	3.66%		2.72%

\$3,966,164,066

\$4,002,333,919

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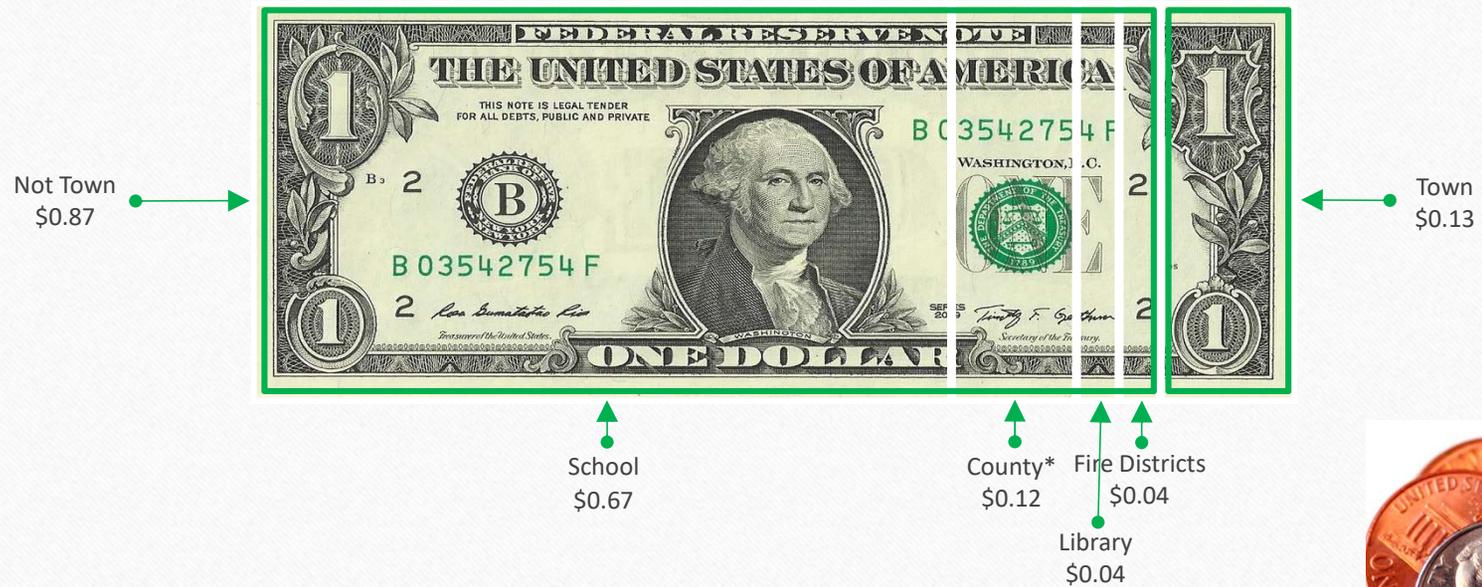


¹2023 Actual Tax Levy & 2024 Projected Tax Levy

²Cumulative Total Assessed Value of Town (Excludes Exempt Properties)

TAXPAYER IMPACT

Where your tax dollar goes

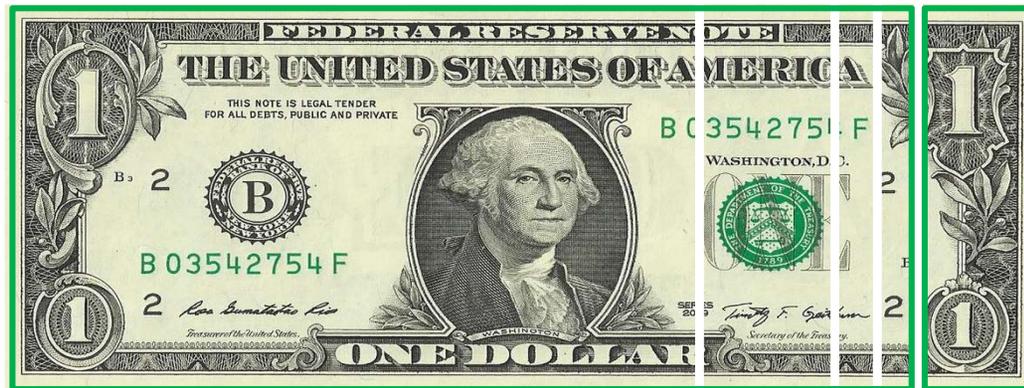


TAXPAYER IMPACT

Where your tax dollar goes

The County charges \$0.01/dollar through the Town for their ambulance service; so in reality, the Town only receives \$0.12 of every property tax dollar to provide critical town services.

Not Town
\$0.87



Town
\$0.12

School
\$0.67

County*
\$0.13

Fire Districts
\$0.04

Library
\$0.04



MULTI-YEAR PLANNING

Town of Bethlehem
Financial Plan, Fiscal Year 2023
Combined - Detail

	Actual		Budget		Projection		23 Bdt to 24 Bdt		Out Year Assumptions	
	2021	2022	2023	2024	2025	2026	Dollars	Percent	2025	2026
Revenues										
Real Property Taxes	\$15,109,744	\$15,577,339	\$15,999,390	\$16,607,128	\$17,237,339	\$17,582,676	607,738	3.8%	3.8%	2.0%
Payments in Lieu of Taxes	351,569	370,264	383,164	375,083	84,503	85,597	-8,081	-2.1%	-77.5%	1.3%
Sales and Use Tax	14,130,649	15,840,039	14,520,107	15,373,089	15,680,551	15,994,162	852,962	5.9%	2.0%	2.0%
Mortgage Recording Taxes	1,523,339	1,553,073	975,000	940,000	940,000	940,000	-35,000	-3.6%	0.0%	0.0%
State Aid	778,286	881,036	807,534	861,288	861,288	861,288	53,754	6.7%	0.0%	0.0%
Federal Aid	67,788	571,992	50,202	50,000	50,000	50,000	-202	-0.4%	0.0%	0.0%
Interfund Transfers - Revenue	573,738	604,556	548,111	593,547	605,868	618,458	45,436	8.3%	2.1%	2.1%
Fines and Forfeitures	188,331	216,544	170,000	180,000	190,000	190,000	18,819	11.8%	1.0%	1.0%
Cable Franchise Fees	642,650	643,696	628,550	614,721	583,985	554,786	-13,829	-2.2%	-5.0%	-5.0%
Refuse and Garbage Charges	456,556	386,560	302,596	380,000	380,000	380,000	77,404	25.6%	0.0%	0.0%
Interest Income	30,086	308,026	251,072	853,533	870,604	888,016	602,461	240.0%	2.0%	2.0%
Metered Water Charges	7,646,271	8,563,938	7,901,620	7,800,000	7,956,000	8,115,120	-101,600	-1.3%	2.0%	2.0%
Sewer Charges	3,038,068	3,064,733	2,902,000	2,850,000	2,907,000	2,965,140	-52,000	-1.8%	2.0%	2.0%
Charges for Services	1,993,703	3,086,884	2,076,400	2,220,050	2,250,877	2,282,186	143,650	6.9%	1.4%	1.4%
Rental Income	331,286	330,896	348,000	353,000	353,830	354,668	7,000	2.0%	0.2%	0.2%
Insurance Recoveries	99,406	162,372	55,000	60,000	64,694	74,894	5,000	9.1%	7.8%	15.5%
Retirement and Water Reserves	0	0	0	0	0	0	0	N/A	0.0%	0.0%
Use of Fund Balance	0	0	0	0	0	0	0	N/A	0.0%	0.0%
Other Revenue	627,955	605,462	426,609	230,052	232,393	234,757	-196,557	-46.1%	1.0%	1.0%
Total Revenues and Other Sources	\$47,569,425	\$52,847,510	\$48,343,355	\$50,351,491	\$51,250,830	\$52,175,366	\$2,008,136	4.2%	1.8%	1.8%
Expenditures										
Personal Services	\$16,436,856	\$17,572,176	\$19,081,544	\$19,920,549	\$20,518,165	\$21,133,710	\$839,005	4.4%	3.0%	3.0%
Health Insurance	2,484,030	2,405,417	2,953,221	3,142,427	3,299,548	3,464,526	189,205	6.4%	5.0%	5.0%
Employee Retirement System	1,813,923	1,455,173	1,688,112	1,940,779	2,039,759	2,184,392	252,667	15.0%	5.1%	7.1%
Police Retirement System	1,171,533	1,181,947	1,238,012	1,461,953	1,528,261	1,607,731	223,041	18.0%	4.6%	6.2%
Other Employee Benefits and Payroll Taxes	2,212,302	2,280,190	2,565,178	2,584,636	2,641,575	2,720,822	-542	0.0%	3.0%	3.0%
Retiree Health Insurance	1,021,990	1,075,066	1,248,898	1,360,141	1,428,148	1,499,555	111,243	8.9%	5.0%	5.0%
Equipment and Capital Outlay	711,527	1,628,990	1,557,810	2,611,800	2,648,460	2,316,850	1,053,990	67.7%	1.4%	-12.5%
Paving	1,060,979	970,746	996,895	1,044,750	1,031,650	1,031,650	47,655	4.8%	-1.3%	0.0%
Vehicle Maintenance	503,895	552,517	533,000	586,900	586,900	589,677	592,468	53.900	10.1%	0.5%
Gasoline & Diesel Fuel	332,969	597,851	497,614	329,446	336,830	344,407	-168,168	-33.8%	2.2%	2.2%
Road Materials	112,550	156,591	252,750	309,000	312,395	315,862	56,250	22.3%	1.1%	1.1%
Salt & Sand	157,365	219,922	250,000	257,500	258,788	260,081	7,500	3.0%	0.5%	0.5%
All Other Supplies	597,997	653,283	692,373	618,123	620,849	623,589	-74,250	-10.7%	0.4%	0.4%
Albany Water Contract	2,049,611	2,095,833	2,200,000	100,000	100,000	100,000	-2,100,000	-95.5%	0.0%	0.0%
Engineers	107,326	125,180	147,700	294,500	295,973	297,452	148,800	99.4%	0.5%	0.5%
Taxes - Town of New Scotland	407,586	411,572	425,000	426,000	426,130	430,271	1,000	0.2%	0.5%	0.5%
Equipment Repairs	135,364	235,925	324,550	385,650	387,678	389,516	61,900	18.6%	0.5%	0.5%
Property Repairs	116,879	293,661	233,315	342,925	344,137	345,858	109,610	47.0%	0.4%	0.5%
Electricity	1,030,395	1,380,319	1,502,478	1,188,704	1,200,591	1,212,597	-313,774	-20.9%	1.0%	1.0%
Chemicals	269,697	537,424	604,750	740,500	741,180	741,863	135,750	22.4%	0.1%	0.1%
Maintenance Contracts	184,961	178,698	301,250	315,355	331,123	347,679	14,105	4.7%	5.0%	5.0%
Other Contract Services	1,142,559	1,282,756	1,572,153	1,629,844	1,637,993	1,646,183	57,891	3.7%	0.5%	0.5%
Other Appropriations	3,057,830	3,035,540	3,608,893	4,038,584	4,056,767	4,077,051	429,691	11.9%	0.5%	0.5%
Debt Service (Principal and Interest)	3,279,707	3,285,477	2,386,549	2,756,563	2,913,624	3,165,041	370,014	15.5%	5.7%	8.6%
Interfund Transfers - Expenditures	4,174,916	6,981,722	0	0	0	0	0	N/A	N/A	N/A
Ambulance Charges	1,379,445	1,417,019	1,483,310	1,987,762	2,027,504	2,068,048	504,452	34.0%	2.0%	2.0%
Total Expenditures and Other Uses	\$45,957,192	\$51,990,395	\$48,343,355	\$50,351,491	\$51,718,706	\$52,917,394	\$2,008,136	4.2%	2.7%	2.3%
Surplus (Deficit)	\$1,612,233	\$857,115	\$0	\$0	-\$467,876	-\$742,027				

Benefits

- Assists in balancing the budget responsibly in future years
- Prepares for, and helps to prevent, revenue or service shocks
 - Expiration of the City of Albany Water Contract
 - Retirement and Albany County EMS increases
- Important tool for maintaining a healthy NYS Fiscal Stress score
- S&P Global Ratings has identified this as one reason for the Town's AA+ bond rating, resulting in lower borrowing rates

Only community in the Capital Region that prepares a multiyear plan

BEYOND 2024 – MULTI-YEAR PLANNING

- Projection shows deficits of (\$468K) and (\$742K) in 2025 & 2026, respectively
- The fund balance policy states that the “Town will strive to maintain a contingency fund balance” of 15% of the most recent budget.
 - The current projection shows that we should be appropriately funded at 16.8% and 15.4%.
 - The key changes relate to salaries and benefits, which are projected to increase almost \$2.1M over the next two years., while the property tax levy and sales taxes are projected to increase \$1.3M.



	Surplus/(Deficit)	
	2025 Projection	2026 Projection
General Fund	(\$514,946)	(\$527,106)
Highway Fund	(\$1,525)	(\$60,924)
Water Fund	\$155,183	(\$17,232)
Sewer Fund	(\$106,588)	(\$136,765)
Ambulance Fund - DBEMS	\$0	\$0
Ambulance Fund - County	\$0	\$0
Total	(\$467,876)	(\$742,027)
Fund Balance Percentage	16.8%	15.4%



Recap

- Under tax cap AGAIN
- 2024 tax rate change = 2.72%
Avg. homeowner up just \$30.37
- Majority of increased costs in 2024 comes from wages and benefits, especially retirement, County ambulance services, and a focus on getting recurring equipment purchases into the annual operating budget
- Only 12% of your property tax dollars go to the Town



Together we are one Bethlehem ♥