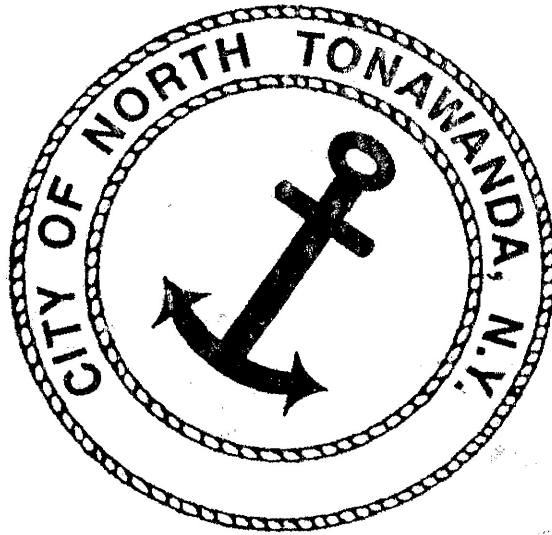


CITY OF NORTH TONAWANDA

MULTI YEAR FINANCIAL PLAN

2008 - 2011



DAVID R. JAKUBASZEK, CITY ACCOUNTANT
DEPARTMENT OF ACCOUNTING
216 PAYNE AVENUE, CITY HALL
NORTH TONAWANDA, NY 14120

City of North Tonawanda



Office of the Mayor
Lawrence V. Soos

November 8, 2007

Honorable Paul E. Francis
Director of the Budget and Senior Advisor to the Governor
New York State Division of the Budget
State Capitol
Albany, NY 12224

Dear Mr. Francis:

In accordance with the new fiscal performance plan requirements contained in the enacted 2007-08 State Budget and Chapter 50 of the laws of 2006, I hereby certify that the City of North Tonawanda has complied with the conditions associated with the increase in State aid under the Aid and Incentives for Municipalities (AIM) program as set forth in the appropriation for the AIM program.

Specifically, the City of North Tonawanda has: (a) developed a multi-year financial plan; (b) used the increase in State aid for real property tax relief; (c) prepared a Fiscal Improvement Plan that includes key fiscal goals and action plans necessary to achieve long term fiscal stability and; (d) prepared a Fiscal Accountability Report that describes accomplishments towards achieving efficiency and improvements.

If you have any questions, please contact David R. Jakubaszek, City Accountant, at telephone number (716) 695-8545.

Sincerely,

Lawrence V. Soos
Mayor

CC: Thomas P. DiNapoli, New York State Comptroller

Enclosure: Multi-Year Financial Plan

AIM CERTIFICATION 2008

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City of North Tonawanda

Multi Year Plan

2008 - 2011

Disclaimer

Although this document was prepared under the highest professional standards, the City of North Tonawanda, New York, including its officers, employees, and agents does not guarantee the accuracy or completeness of any information contained herein.

The assumptions, estimates, forecasts, and analysis presented in this document are those of the North Tonawanda City Accountant. The City Accountant makes no representation as to the fitness, merchantability, or use of such information for any purpose.

The information contained herein shall in no way be construed to represent an offer, ability, or willingness on the part of the City of North Tonawanda, including its officers, employees, or agents, to enter into or provide funding for a contract with any person or organization including but not limited to, vendors and employees.

The information contained herein shall in no way be construed to constitute a recommendation, or be relied upon, with respect to any personal or business decision, including but not limited to, the purchase or sale of debt issued by the City of North Tonawanda, New York.

Introduction

The *2008 - 2011 Financial Forecast* attempts to peek into the future and determine what effects various factors may have on the cost of delivering quality services. The information provided in this document will help in decision-making and planning, and allow us to consider how actions taken today might affect our future.

It is important to note that the information contained in this document cannot be relied upon for accuracy or timeliness, and in no event should it be used in making investment decisions. It is also important to note that the City Accountant, using his professional judgment and skills, developed the analyses and supporting criteria. Others may have selected different criteria, and may have developed different analyses even if the criteria were the same.

Perhaps most important is to understand the following limitations of forecasting:

- there will always be uncertainty about the future.
- there will always be factors unknown at the time the forecast is developed.
- formulating policy in response to a forecast will change the accuracy of the forecast.
- forecasts are based on current knowledge, trends, expectations, and policies, any and all of which may change, affecting the accuracy of the forecast.
- any reasonable assumption is as good as any other reasonable assumption.

Forecast Development - Funds Used

The *2008-2011 Financial Forecast* was developed using the following operating funds: General, Water and Sewer. Also contributing to the information on funds and funding was the *2008 Capital Improvement Plan*, which provided information on proposed capital projects.

Assumptions

Assumptions considered in developing these forecasts include:

Historical trends were used, from 2003 through 2007, in the General, Water and Sewer Funds.

Current Negotiated Contacts and current levels of employment.

Future debt service payments include a \$3,505,000 borrowing of new debt, in 2007, to finance various capital projects.

Conclusion

This *Financial Forecast* is meant to provide some data and analysis of that data based on a set of assumptions. It is meant to provide the reader with some thought on how current policy decisions may affect future operations, and to provide those managing the City with a tool to assist them in crafting policies for the future. This document draws no conclusion as to the appropriateness or inappropriateness of any given policy, and makes no claim as to the validity or applicability of assumptions used in developing the forecasts presented.

As with all documents produced by the Accounting Department, we look forward to your comments, questions, and suggestions that will help us improve future editions of this document. We thank you for taking an interest in this *Financial Forecast*, and hope that it stimulates your thoughts concerning our journey into the future.

COST ASSUMPTIONS

Materials and Supplies

The total amount expended for the purchases of materials and supplies generally vary little from year to year, so we assumed this category would reflect a small increase each year.

Utility Costs

The total amount expended for utilities, to include electricity, natural gas, fuel oil and telephone has increased significantly during the historical trend period, so we assumed this category would reflect a major increase each year.

Contractual Costs

Contractual costs differ widely in how they are calculated, so the assumptions we used were very specific to each cost. In general terms, the increase was moderate.

Employee Benefits

All full-time employees are required to be members of the New York State Retirement Systems (NYSRS). The rates went up significantly in 2003, then moderately in 2004 and 2005. While the actual rate used is dependent upon the position the employee holds and the date they joined the retirement system, the 2007 rate for regular employees under Tier 1 is 13.3%, Tier 2 is 12.2%, and Tier 3 and 4 is 9.8%. For public safety (police and firefighters), the rate is 17.2% for Tier 2 Fire and 20.3% for Tier 2 Police. The city has paid the liability on December 15 of the year it is due and has not used the extension date of February 1 and saves approximately \$25,000 in discount each year. The city has amortized the maximum allowed under law during the 3-year transition into the higher rates. The current payment of this amortized amount will further increase the yearly cost for retirement benefits.

In calculating estimated employer FICA contributions we used the rate of 7.65%. We applied this rate to the total of salaries and wages to arrive at the FICA employer contribution in each forecast year.

For workers compensation, life insurance, unemployment insurance, disability insurance, hospitalization and medical insurance, dental insurance, and vision insurance, we assumed an 8% increase for each year. This is based on discussions with insurance administrators and consultants, and a variety of articles appearing in the media.

Transfers Out to Other Funds

During the 1990's and early 2000's, the historical trend documented that the General Fund was subsidizing the Sewer Fund in a range of \$1.2 million to \$700,000, while the Water Fund was subsidizing the General fund in the range of \$250,000 to \$100,000. In 2004, the Mayor and Council made a decision that each fund would stand on its own and all subsidies stopped. The Water and Sewer funds are now financed on a user charge basis. Based on the decision to defer an increase in the water and sewer rates from 2005 to 2006, the Mayor and Council agreed to subsidize the water and sewer fund, if necessary, at the end of 2005. The Water Fund ended 2005 with a small surplus, but the Sewer Fund required a \$475,000 subsidy at year-end. At the conclusion of 2006, both Water and Sewer had a deficit. The Water Fund required a subsidy of \$50,000 and the Sewer Fund required a subsidy of \$300,000, from the General Fund. During the adoption of the 2007 Budget, a decision was made by the Mayor and approved by the Council that the water and sewer rate would remain unchanged, and the General Fund would subsidize the Sewer Fund with \$300,000. Future budgets project no increase in the water and sewer rates, with an increase in the General Fund Subsidy. The city will re-engineer the timing of meter readings in 2008, to provide a one-time increase of \$800,000 in water and sewer revenue and cash.

Salaries and Wages

Staffing levels of the city were reduced by 39 positions during the last four years, from 327 full time employees to 288 full time employees.

We assume that staffing would remain the same, with average increases as follows:

- Department Head Pay Group - Includes 11 full-time management personnel. This group of employees belongs to the Office and Professional Employees International Union (OPEIU) bargaining unit. Historically, this group has received a 3% percent increase per year. Their contract expired on December 31, 2006. Negotiations between the city and union are currently taking place.

- CSEA Unit – Includes approximately 100 full-time clerical, parks, signal, water and wastewater personnel. This group has a bargaining unit formed under the Civil Service Employees Association (CSEA). While the individual increases for employees would be determined by their salary grade and the number of years they have been employed, the average annual increases for this unit has been 3%. Their contract expires on December 31, 2010. Current contract reflects an increase of 2.5%.

- AFSCME DPW Unit – Includes approximately 79 full-time public works employees, with the exception of the Signal Division. This group has a bargaining unit formed under the American federation of State, County and Municipal employees (AFSCME). While the individual increases for employees would be determined by their salary grade and the number of years they have been employed, the average annual increases for this unit has been 3%. Their contract expires on December 31, 2007. Negotiations between the city and union are currently taking place.

- Police Officers - Includes 47 full-time sworn police officers. Police Chief is excluded. This group has a bargaining unit formed under the Police Benevolent Association (PTA). While the individual increases for employees would be determined by their salary grade and the number of years they have been employed, the average annual increases for this unit has been 3%. Their contract expires on December 31, 2008.

- Firefighters - Includes 38 full-time sworn firefighters. Fire Chief is excluded. This group has a bargaining unit formed under the International Association of Firefighters (IAFF). While the individual increases for firefighters would be determined by their salary grade and number of years they have been employed, the average annual increase for this unit is 3%. Their new contract is retroactive to January 1, 2006, was ratified on March 6, 2007 and expires on December 31, 2008.

- Part-time Employees - Includes all part-time employees to include employees who work every day at half time hours and seasonal employees who work full time for a season of the year, ie the swimming season, golf season. Part-time employee increases are determined by a resolution of the Common Council, approved by the Mayor and implemented by the City Accountant. A schedule was adopted for 2007, reflecting the minimum wage law, and provides an hourly rate based on job title and years worked.

Equipment

The total amount expended for purchases of equipment out of the operating budget generally vary little from year to year, so we assumed this category would reflect a small increase each year. Major equipment is traditionally purchased out of the Capital Fund using long-term indebtedness.

Indebtedness - The Capital Improvement Plan

The City annually reviews a multi-year capital improvement plan covering the forthcoming six-year period, listing all major infrastructure (streets, sidewalks, drains, sewers, etc.) equipment and building projects. This is accomplished during the current budget review process. The 2008 adopted Capital Budget reflects a total of \$2,790,000 in capital projects, of which \$1,878,000 is to be financed through bonding, 437,000 to be financed by State Grants and \$400,000 is to be financed by federal grants and \$75,000 financed by In Kind Service.

Revenues

We anticipate all revenues, major and non-major, to increase, based on the historical trend. We anticipated an increase in per capita state aid of \$361,616, based on AIM financing, for each year.

Taxable Assessed Valuation

In accordance with the City Assessor, we anticipate an increase in our taxable roll for fiscal 2006 through 2008. This increase is based on the requirement of revaluation to keep the assessment base within 5% of full market value of 100%. A decision was made in 2007 to no longer do partial re-assessments. The city will do a full re-assessment in 2009, which will be reflected in the 2010 Budget. Also, construction of building, homes and subdivisions will have a positive effect on the assessment.

Forecast

The figures included as a forecast for 2008 - 2011 represent the actual 2003 - 2006 amounts, increased or decreased by material changes, based on historical trend, since the adoption of the budget. While every attempt has been made to capture the changes that would have a dramatic effect on the original budget estimates, developing a more thorough year-end forecast would have required significant resources in time and personnel from every department.

**City of North Tonawanda
 Four Year Financial Plan, Fiscal Years 2008-2011
 Major Fund Summary**

	Actuals				Estimated	Projections			
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Revenues	\$25,198,436	\$26,004,570	\$28,324,379	\$31,931,427	\$30,129,911	\$31,186,627	\$32,480,972	\$33,832,897	\$35,245,093
Expenditures	\$26,128,983	\$25,787,915	\$27,743,461	\$30,155,506	\$30,129,911	\$31,186,627	\$32,380,536	\$33,613,465	\$34,851,644
Surplus (Deficit)	(\$930,547)	\$216,655	\$580,918	\$1,775,921	\$0	(\$0)	\$100,436	\$219,433	\$393,449
Water Fund									
Revenues	\$2,347,256	\$2,715,018	\$2,638,505	\$2,743,156	\$2,761,700	\$2,905,312	\$3,049,484	\$3,200,841	\$3,359,745
Expenditures	\$2,791,588	\$2,759,658	\$2,600,220	\$2,762,364	\$2,761,700	\$2,905,313	\$3,018,794	\$3,123,440	\$3,231,929
Surplus (Deficit)	(\$444,332)	(\$44,640)	\$38,285	(\$19,208)	\$0	(\$0)	\$30,690	\$77,402	\$127,816
Sewer Fund									
Revenues	\$3,570,687	\$3,908,944	\$4,387,579	\$4,341,586	\$4,511,500	\$4,680,461	\$4,914,484	\$5,160,208	\$5,418,219
Expenditures	\$3,971,570	\$4,012,837	\$4,347,662	\$4,361,391	\$4,511,500	\$4,680,461	\$4,869,002	\$5,046,694	\$5,231,298
Surplus (Deficit)	(\$400,883)	(\$103,893)	\$39,917	(\$19,805)	\$0	\$0	\$45,482	\$113,514	\$186,921
All Major Funds									
Revenues	\$31,116,379	\$32,628,532	\$35,350,463	\$39,016,169	\$37,403,111	\$38,772,400	\$40,444,940	\$42,193,947	\$44,023,056
Expenditures	\$32,892,141	\$32,560,410	\$34,691,343	\$37,279,261	\$37,403,111	\$38,772,400	\$40,268,332	\$41,783,599	\$43,314,870
Surplus (Deficit)	(\$1,775,762)	\$68,122	\$659,120	\$1,736,908	\$0	(\$0)	\$176,608	\$410,349	\$708,186

City of North Tonawanda
 Four Year Financial Plan, Fiscal Years 2008-2011
 General Fund Revenues

	Actuals				Estimated 2007	Projected				Avg Ann Increase 2003- present	Assumptions					Description	
	2003	2004	2005	2006		2008	2009	2010	2011		2008	2009	2010	2011			
Revenues																	
Real Property Taxes*	\$10,921,398	\$10,891,644	\$12,201,695	\$12,677,708	\$12,896,904	\$13,396,659	\$13,852,145	\$14,323,118	\$14,810,104	4%	4%	3%	3%	3%			
Real Property Tax Items	992,463	923,625	1,154,668	1,220,720	1,065,000	1,144,875	1,172,352	1,200,488	1,229,300	2%	8%	2%	2%	2%			
Sales and Use Tax*	7,053,639	7,558,081	7,564,150	7,974,502	8,365,000	8,780,806	9,254,969	9,754,738	10,281,493	4%	5%	5%	5%	5%			
Other Non-Prop Taxes	0	0	0	0	0	0	0	0	0	NM							
Departmental Income	1,365,187	1,264,972	1,300,857	1,286,117	1,316,700	1,300,241	1,318,445	1,336,903	1,355,619	-1%	-1%	1%	1%	1%			
Other Local Revenue	983,539	1,173,544	1,887,823	1,715,645	1,714,000	1,427,608	1,490,422	1,556,001	1,624,465	15%	-17%	4%	4%	4%			
State Aid*	3,660,355	3,642,205	3,986,632	5,489,435	4,759,881	5,124,012	5,380,212	5,649,223	5,931,684	7%	8%	5%	5%	5%			
Federal Aid*	21,855	50,499	228,554	1,567,300	12,426	12,426	12,426	12,426	12,426	-13%	0%	0%	0%	0%			
Interfund Transfers	200,000	500,000	0	0	0	0	0	0	0	-100%	0%	0%	0%	0%			
Total Revenues	\$25,198,436	\$26,004,570	\$28,324,379	\$31,931,427	\$30,129,911	\$31,186,627	\$32,480,972	\$33,832,897	\$35,245,093	\$0	4%	4%	4%	4%			
Property Tax Worksheet																	
Assessed Value (000's)*	\$952,694,366	\$954,030,580	\$972,992,468	\$1,012,809,266	\$1,043,013,217	\$1,058,830,000	\$1,064,124,150	\$1,142,869,337	\$1,154,298,030	2%	1%	1%	7%	1%			
Tax Rate per \$1000*	\$11.44	\$11.40	\$12.51	\$12.48	\$12.32	\$12.65	\$13.02	\$12.54	\$12.83	2%	3%	3%	-4%	2%			
Levy*	\$10,943,788	\$10,904,876	\$12,212,463	\$12,677,709	\$12,896,904	\$13,396,995	\$13,852,416	\$14,327,027	\$14,810,349	4%	4%	4%	4%	4%			
Property Tax Limit (if applicable)	\$22,699,148	\$22,277,064	\$22,597,882	\$22,480,818	\$19,738,107	\$20,028,257	\$20,128,398	\$21,617,900	\$21,834,079	-3%	1%	1%	1%	1%			
Nonrecurring Revenues Included in Revenue, Above (List):*																	
State Aid SEMO				\$800,000													
Federal Aid FEMA				2,400,000													
Nonrecurring Revenues	\$0	\$0	\$0	\$3,200,000	\$0	\$0	\$0	\$0	\$0								
Recurring Revenues	\$25,198,436	\$26,004,570	\$28,324,379	\$28,731,427	\$30,129,911	\$31,186,627	\$32,480,972	\$33,832,897	\$35,245,093								

* Required by new State multiyear planning requirements for cities.

City of North Tonawanda
 Four Year Financial Plan, Fiscal Years 2008-2011
 General Fund Expenditures

	Actuals				Estimated	Projected				Avg Ann Increase	Assumptions				Description
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2003- present	2008	2009	2010	2011	
	Expenditures by Object**														
Personal Services*	\$12,390,992	\$12,299,331	\$12,779,256	\$13,326,151	\$13,526,494	\$14,164,945	\$14,646,553	\$15,144,535	\$15,598,871	2%	5%	3%	3%	3%	
Equipment and Capital Outlay*	72,907	84,735	83,721	83,474	84,506	85,858	89,636	93,221	96,950	4%	2%	4%	4%	4%	
Contractual*	5,304,960	5,305,190	5,114,311	7,012,977	5,622,472	5,698,663	5,759,601	5,796,759	5,832,578	1%	1%	1%	1%	1%	
Debt (Principal and Interest)*	2,860,394	2,940,304	2,971,424	2,610,563	2,772,439	3,003,106	3,033,137	3,063,468	3,094,103	-1%	8%	1%	1%	1%	
Employee Benefits*	4,739,072	5,158,355	6,319,749	6,772,341	7,824,000	8,234,056	8,851,610	9,515,481	10,229,142	13%	5%	8%	8%	8%	
Interfund Transfer	760,658	0	475,000	350,000	300,000	0	0	0	0	-21%	-100%	0%	0%	0%	
Total Expenditures (by Object)	\$26,128,983	\$25,787,915	\$27,743,461	\$30,155,506	\$30,129,911	\$31,186,627	\$32,380,536	\$33,613,465	\$34,851,644	4%	4%	4%	4%	4%	
Expenditures By Function**															
General Governmental Support	\$3,091,870	\$3,648,125	\$3,528,131	\$3,694,107	\$3,886,385	\$3,920,585	\$4,038,203	\$4,159,349	\$4,284,129	6%	1%	3%	3%	3%	
Public Safety	8,137,397	7,565,563	7,742,507	8,010,342	8,269,934	8,717,834	8,910,632	9,083,084	9,197,450	0%	5%	2%	2%	1%	
Health	29,937	0	0	0	0	0	0	0	0	-100%	0%	0%	0%	0%	
Transportation	2,959,407	3,163,503	3,439,156	3,701,700	3,687,562	3,767,398	3,936,931	4,114,092	4,299,227	6%	2%	5%	5%	5%	
Economic Opp & Developmt	170,355	174,213	134,291	187,784	156,112	165,166	166,818	168,486	170,171	-2%	6%	1%	1%	1%	
Culture and Recreation	1,885,745	1,614,054	1,825,001	1,793,572	1,718,975	1,831,568	1,849,884	1,868,382	1,887,066	-2%	7%	1%	1%	1%	
Home and Community Services	1,494,148	1,523,798	1,308,202	3,035,097	1,514,504	1,546,914	1,593,322	1,641,121	1,690,355	0%	2%	3%	3%	3%	
Employee Benefits / Fringes	4,739,072	5,158,355	6,319,749	6,772,341	7,824,000	8,234,056	8,851,610	9,515,481	10,229,142	13%	5%	8%	8%	8%	
Debt Service	2,860,394	2,940,304	2,971,424	2,610,563	2,772,439	3,003,106	3,033,137	3,063,468	3,094,103	-1%	8%	1%	1%	1%	
Interfund Transfers	760,658	0	475,000	350,000	300,000	0	0	0	0	-21%	-100%	0%	0%	0%	
Other Disaster (October Storm)	0	0	0	0	0	0	0	0	0	NM	0%	0%	0%	0%	
Total Expenditures (by Function)	\$26,128,983	\$25,787,915	\$27,743,461	\$30,155,506	\$30,129,911	\$31,186,627	\$32,380,536	\$33,613,465	\$34,851,644	4%	4%	4%	4%	4%	
Nonrecurring Expenditures Included Above (List):															
Other Disaster October Storm				\$3,200,000											
Nonrecurring Expenditures	\$0	\$0	\$0	\$3,200,000	\$0	\$0	\$0	\$0	\$0						
**Check: object vs. function	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0						

* Required by new State multiyear planning requirements for cities.

**City of North Tonawanda
 Four Year Financial Plan, Fiscal Years 2008-2011
 General Fund Surplus (Deficit), Reserves, and Fiscal Balancing Strategies**

	Actuals				Estimated 2007	Projected			
	2003	2004	2005	2006		2008	2009	2010	2011
Surplus (Deficit)	(\$930,547)	\$216,655	\$580,918	\$1,775,921	\$0	(\$0)	\$100,436	\$219,433	\$393,449
Budgetary Reserves and Other Net Assets*									
Fund Equity, Beg. of Year	\$2,104,350	\$1,173,803	\$1,390,458	\$1,971,376	\$3,747,297	\$3,087,475	\$3,087,475	\$3,187,911	\$3,407,343
Fund Equity, End of Year	1,173,803	1,390,458	1,971,376	3,747,297	3,087,475	3,087,475	3,187,911	3,407,343	3,800,793
Reserved Fund Balance	1,171,542	1,020,070	1,131,901	2,407,819	1,544,449	1,544,449	1,544,449	1,544,449	1,544,449
Unreserved Fund Balance	\$2,261	\$370,388	839,475	\$1,339,478	1,543,026	\$1,543,026	\$1,643,462	\$1,862,895	\$2,256,344
Potential Strategies to Promote Fiscal Balance									
<i>Describe Recurring Local Actions:</i>									
<i>Describe Nonrecurring Local Actions:</i>									
<i>Describe State Actions:</i>									
<i>Describe Other Actions:</i>									
Total Effect of Potential Strategies to Promote Fiscal Balance						\$0	\$0	\$0	\$0

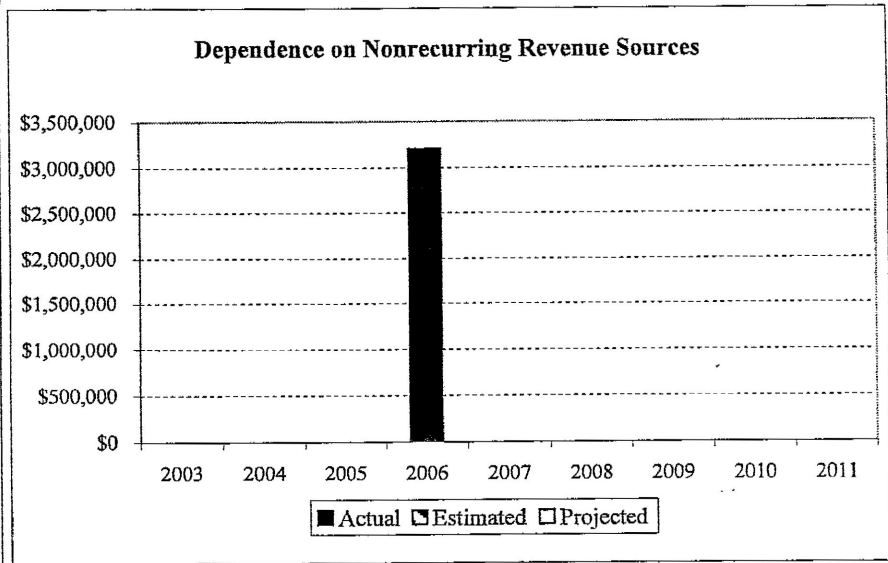
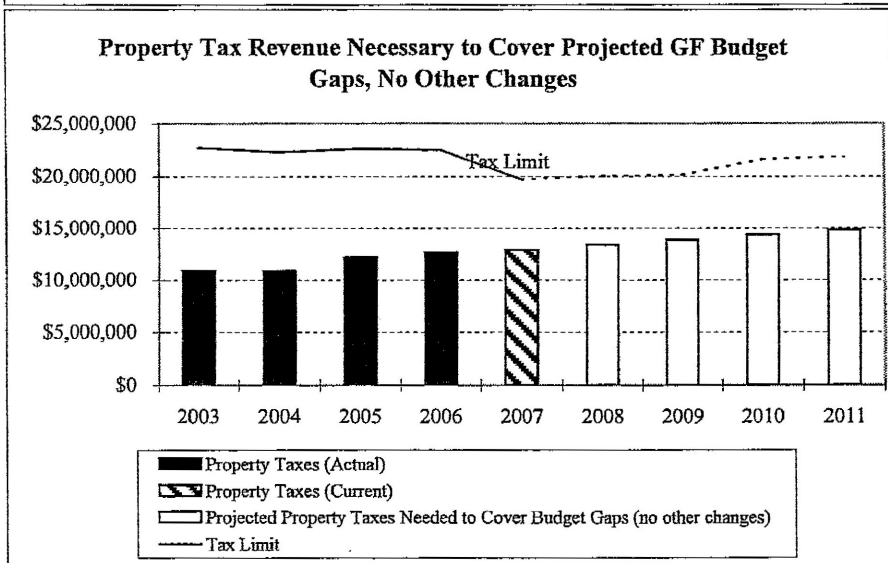
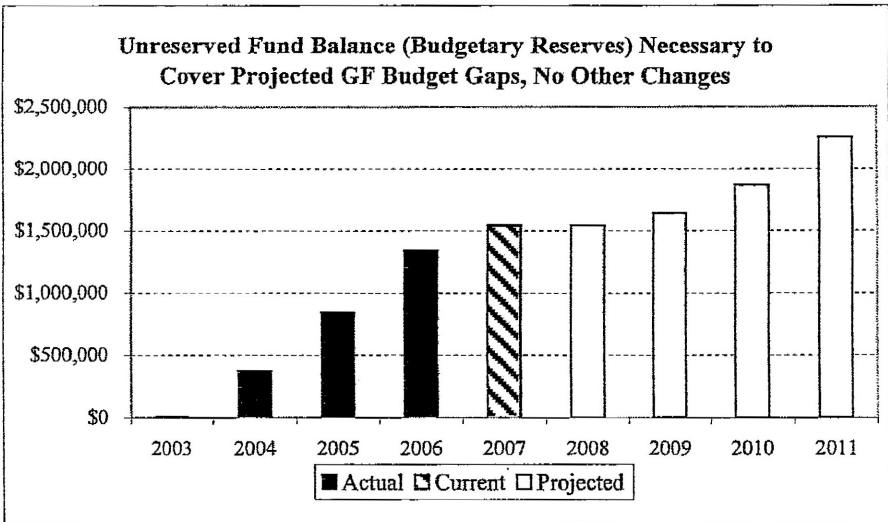
* Required by new State multiyear planning requirements for cities.

City of North Tonawanda
 Annual Financial Plan, Fiscal Years 2008-2011
 Water Fund

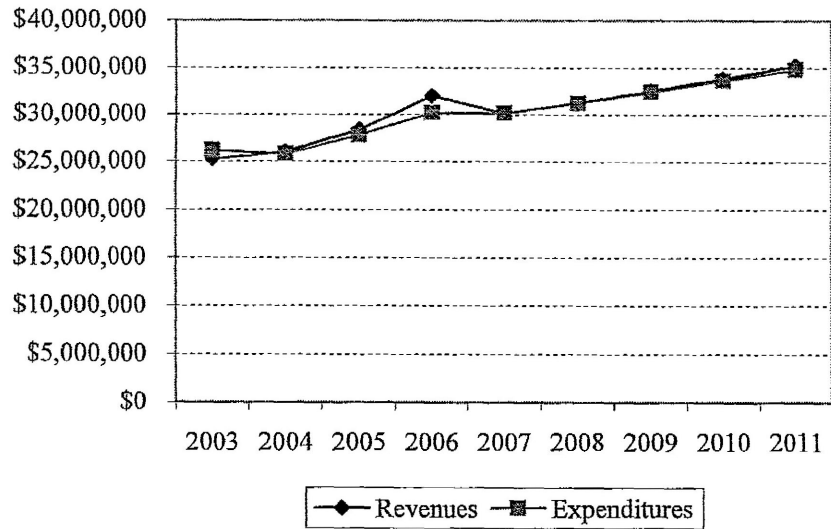
	Actuals				Estimated 2007	Projected				Avg Ann Increase 2003- present	Assumptions				Description
	2003	2004	2005	2006		2008	2009	2010	2011		2008	2009	2010	2011	
Revenues															
Department Income (Water Rents)	\$2,301,616	\$2,656,638	\$2,600,352	\$2,653,315	\$2,723,500	\$2,868,831	\$3,012,273	\$3,162,887	\$3,321,031	4%	5%	5%	5%	5%	
Interfund Transfer	0	0	0	50,000	0	0	0	0	0	NM	0%	0%	0%	0%	
Other (Permits, Fines, Sales, Misc.)	45,640	58,380	38,153	39,841	38,200	36,481	37,211	37,955	38,714	-4%	-5%	2%	2%	2%	
Total Revenues	2,347,256	2,715,018	2,638,505	2,743,156	2,761,700	2,905,312	3,049,484	3,200,841	3,359,745	4%	5%	5%	5%	5%	
Expenditures															
Special Items / Gen Govt Support	\$25,242	\$35,746	\$32,635	\$27,206	\$36,500	\$36,500	\$37,595	\$38,723	\$39,885	10%	0%	3%	3%	3%	
Home and Community (Water Sys)	1,832,289	1,721,958	1,728,272	1,819,543	1,788,946	1,850,128	1,905,632	1,962,801	2,021,685	-1%	3%	3%	3%	3%	
Employee Benefits / Fringes	392,680	431,568	456,391	500,924	547,000	658,041	704,104	739,309	776,275	9%	20%	7%	5%	5%	
Debt Service	341,377	320,386	382,922	414,691	389,254	360,644	371,463	382,607	394,085	3%	-7%	3%	3%	3%	
Interfund Transfers	200,000	250,000	0	0	0	0	0	0	0	-100%	0%	0%	0%	0%	
Total Expenditures	\$2,791,588	\$2,759,658	\$2,600,220	\$2,762,364	\$2,761,700	\$2,905,313	\$3,018,794	\$3,123,440	\$3,231,929	0%	5%	4%	3%	3%	
Surplus (Deficit)	(\$444,332)	(\$44,640)	\$38,285	(\$19,208)	\$0	(\$0)	\$30,690	\$77,402	\$127,816						
Potential Strategies to Promote Fiscal Balance															
<i>Describe Local Actions</i>															
<i>Describe State Actions</i>															
<i>Describe Other Actions</i>															
Total Effect of Potential Strategies to Promote Fiscal Balance															

City of North Tonawanda
 Four Year Financial Plan, Fiscal Years 2008-2011
 Sewer Fund

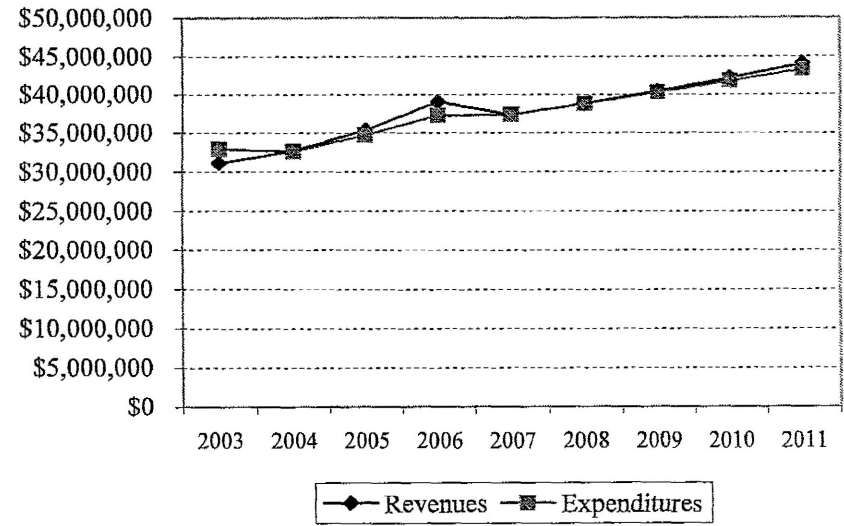
	Actuals				Estimated 2007	Projected				Avg Ann Increase 2003- present	Assumptions					Description	
	2003	2004	2005	2006		2008	2009	2010	2011		2008	2009	2010	2011			
Revenues																	
Departmental Income (Sewer Rents)	\$2,838,830	\$3,880,250	\$3,898,463	\$4,040,437	\$4,173,500	\$4,647,151	\$4,879,508	\$5,123,483	\$5,379,658	10%	11%	5%	5%	5%			
Misc. (use of money, sales, etc.)	31,857	28,694	14,116	1,149	38,000	33,310	34,976	36,725	38,561	5%	-12%	5%	5%	5%			
Interfund Revenues	0	0	0	0	0	0	0	0	0	NM	0%	0%	0%	0%			
Interfund Transfers	700,000	0	475,000	300,000	300,000	0	0	0	0	-19%	-100%	25%	25%	25%			
Total Revenues	\$3,570,687	\$3,908,944	\$4,387,579	\$4,341,586	\$4,511,500	\$4,680,461	\$4,914,484	\$5,160,208	\$5,418,219	6%	4%	5%	5%	5%			
Expenditures																	
Other	\$3,652	\$42,681	\$46,925	\$43,945	\$49,500	\$49,500	\$50,985	\$52,515	\$54,090	92%	0%	3%	3%	3%			
Home and Community (Sewer)	2,735,298	2,687,155	3,053,449	3,025,351	3,051,111	3,142,644	3,236,924	3,334,031	3,434,052	3%	3%	3%	3%	3%			
Fringes	498,907	566,419	637,447	694,182	783,000	918,068	982,332	1,031,449	1,083,021	12%	17%	7%	5%	5%			
Debt Service	733,713	716,582	609,841	597,913	627,889	570,249	598,761	628,699	660,134	-4%	-9%	5%	5%	5%			
Interfund Transfers	0	0	0	0	0	0	0	0	0	NM	0%	0%	0%	0%			
Total Expenditures	\$3,971,570	\$4,012,837	\$4,347,662	\$4,361,391	\$4,511,500	\$4,680,461	\$4,869,002	\$5,046,694	\$5,231,298	3%	4%	4%	4%	4%			
Surplus (Deficit)	(\$400,883)	(\$103,893)	\$39,917	(\$19,805)	\$0	\$0	\$45,482	\$113,514	\$186,921								
Potential Strategies to Promote Fiscal Balance																	
<i>Describe Local Actions</i>																	
Increase subsidy each year to ensure revenue growth.							\$0	\$0	\$0								
<i>Describe State Actions</i>																	
<i>Describe Other Actions</i>																	
Total Effect of Strategies to Promote Fiscal Balance							\$0	\$0	\$0								



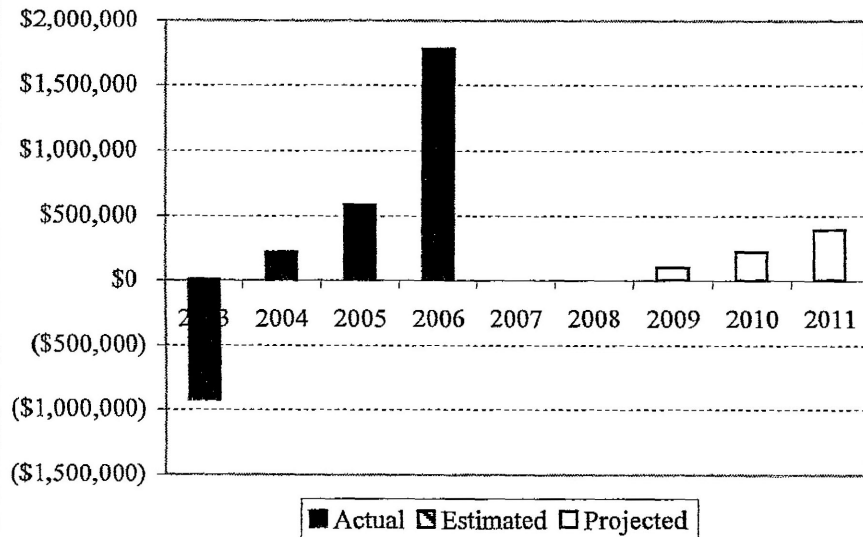
General Fund: Revenues and Expenditures



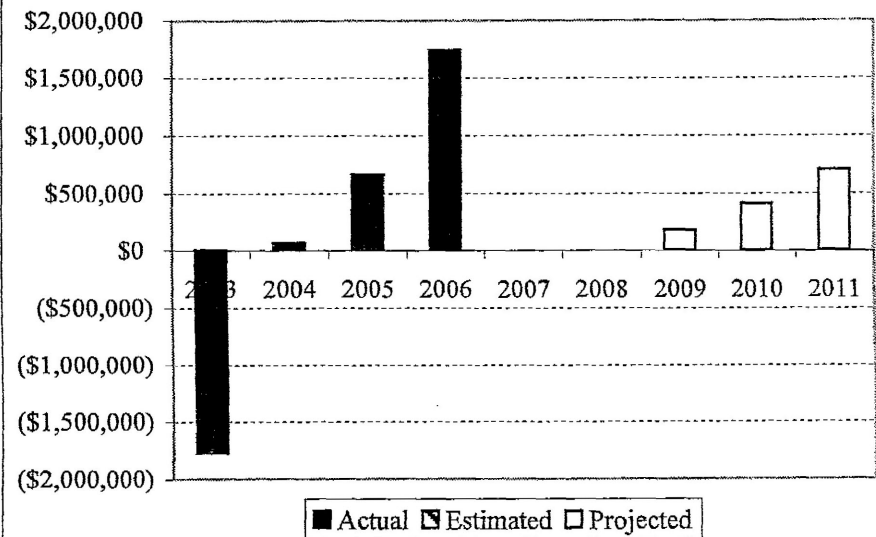
Major Funds: Revenues and Expenditures



General Fund: Surplus (Deficit)



Major Funds: Surplus (Deficit)



Fiscal Improvement Plan

Instructions: Please quantify local actions necessary to achieve fiscal stability goals, using fiscal and/or non-fiscal performance measures. These actions are for planning and discussion purposes only and should include proposed changes to current practice that will affect the "bottom line" of your multiyear plan. They must include management improvements, initiatives to minimize or reduce operating expenses and shared service agreements, but they may also include any other relevant local actions. Please DO NOT include subtotals. *(Required for certain municipalities.)*

		<u>Net Fiscal Impact / Financial Performance Measures</u>					<u>Non-Financial Performance Measures</u>					<u>Action Falls Into the Following Category:</u>			
		2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	Management	Operating	Shared Services	Other
Total Effect of Changes		270,000	1,160,000	415,000	1,415,000	1,415,000									
Goal 1	Expand Property Tax Base														
Action 1	Re-Assessment						30 M	15 M	6 M	78 M	12 M	X			
Action 2	New subdivisions (land available for development) AV						3 M	3 M	3 M	3 M	3 M	X			
Action 3	Big Box Store Wal Mart AV							10 M				X			
Goal 2	Workforce														
Action 1	Reduce workforce thru attrition	100,000	100,000	100,000	100,000	100,000	2 FTE	2 FTE	2 FTE	2 FTE	2 FTE		X		
Action 2	Title changes in Water and Wastewater Plant	35,000											X		
Goal 3	Fringe Benefits														
Action 1	Change Prescription card provider generic, mail order		115,000	20,000	20,000	20,000							X		
Action 2	Extend hospitalization co-pay for longer periods		10,000	10,000	10,000	10,000							X		
Goal 4	Cooperative Operations														
Action 1	Cooperate with Niagara County office supplies	10,000	10,000	10,000	10,000	10,000								X	
Action 2	Cooperate with Niagara County electric and gas	50,000	50,000	50,000	50,000	50,000								X	
Action 3	Cooperate with Niagara County chemicals	50,000	50,000	50,000	50,000	50,000								X	
Action 4	Cooperate with Tonawanda, July 4th fireworks	10,000	10,000	10,000	10,000	10,000								X	
Action 5	Cooperate with Tonawanda, Canal Fest	5,000	5,000	5,000	5,000	5,000								X	
Action 6	Study providing Sewer to Tonawanda and Lockport				500,000	500,000								X	
Action 7	Study providing Water to Tonawanda and Lockport				500,000	500,000								X	
Action 8	Cooperate with Niagara Cnty, town, cities for highway	10,000	10,000	10,000	10,000	10,000								X	
Goal 5	Other Opportunities														
Action 1	Windmills for electric production at WWTP			50,000	50,000	50,000							X		
Action 2	Re-engineer Tax Bill delivery time line			100,000	100,000	100,000		RAN	RAN	RAN	RAN		X		
Action 3	Re-engineer Water Bill time line		800,000				A/R						X		

Fiscal Accountability Report
(Required for certain municipalities)

Instructions: Please provide details of progress made toward achieving fiscal stability through management improvements, operational efficiencies or other actions:

	<u>Estimated Benefit</u>		<u>Action Falls into Following Category:</u>		
	<u>2006</u>	<u>2007</u>	<u>Management</u>	<u>Operational</u>	<u>Other</u>
	<u>Improvement</u>	<u>Efficiency</u>			
Total Net Effect on Prior Two Years	1,616,000	270,000			
Expand Property Tax Base					
Re-Assessment			X		
New subdivisions (land available for development)			X		
Big Box Store Wal Mart			X		
Workforce					
Reduce workforce layoff and attrition	200,000	100,000	X		
Cost: Unemployment	-75,000		X		
Civil Serviced moved to Niagara County	50,000		X		
Garbage lift system save manpower 1 vs 2 men X 5	225,000			X	
Cost: Retro fit 5 trucks, purchase 14,000 new garbage cans (one-time)	-555,000			X	
Fire reduce halls from 7 to 5 cut 8 Full Time positions by attrition	600,000		X		
Fire Dispatch moved to County Sheriff cut 4 FT by attrition	300,000		X		
Swimming Program, close under utilized pool	25,000			X	
Title changes in Water and Wastewater Plant	35,000	35,000		X	
Water Pump/Purify Single man shifts reduced 4 FT by attrition	240,000		X		
Fringe Benefits					
Hospitalization consortium with other governments	426,000		X		
Change Prescription card provider generic, mail order			X		
Extend hospitalization co-pay for longer periods			X		
Cooperative Operations					
Cooperate with Niagara County office supplies	10,000	10,000		X	
Cooperate with Niagara County electric and gas	50,000	50,000		X	
Cooperate with Niagara County chemicals	50,000	50,000		X	
Cooperate with Tonawanda, July 4th fireworks	10,000	10,000		X	
Cooperate with Tonawanda, Canal Fest	15,000	5,000		X	
Study providing Sewer to Tonawanda and Lockport				X	
Study providing Water to Tonawanda and Lockport				X	
Cooperate with Niagara Cnty, town, cities for highway	10,000	10,000		X	
Other Opportunities					
Windmills for electric production at WWTP				X	
Re-engineer Tax Bill delivery time line			X	X	
Re-engineer Water Bill time line			X	X	

**City of North Tonawanda
 Four Year Financial Plan, Fiscal Years 2008-2011
 Employment / Salary Negotiations**

	Date of Contract	Length of Contract	Projected Increases				
			Estimated 2007	2008	2009	2010	2011
Bargaining Unit							
Police	1/1/2004	5 years	4%	3%	NA	NA	NA
Fire	1/1/2006	3 years	3%	4%	NA	NA	NA
CSEA	1/1/2007	4 years	2.5%	2.5%	2.5%	2.5%	NA
AFSCME	1/1/2003	5 years	3.5%	NA	NA	NA	NA
OPEIU	9/16/2002	4 years	NA	NA	NA	NA	NA
Number of Employees*							
Total			517	515	513	511	509
Full-time			267	265	263	261	259
Part-time			250	250	250	250	250
Seasonal			0	0	0	0	0
Full-time equivalents (FTE's)			0	0	0	0	0

* Required by new State multiyear planning requirements for cities.

**City of North Tonawanda
Four Year Financial Plan, Fiscal Years
Major New Capital Projects*****

2008-2011

	Projected Cost of Project				Project Life (years)	Interest Rate	Fund
	2008	2009	2010	2011			
Bonding Projects (add additional years of projects on separate lines):							
Police Equipment	\$72,000	\$180,000	\$185,000	\$190,000	3	4.00%	General
Fire Equipment	0	400,000	400,000	45,000	20	4.00%	General
Public Works Equipment	538,000	500,000	500,000	500,000	15	4.00%	General
Recreation Equipment	125,000	100,000	100,000	100,000	5	4.00%	General
Engineering Projects	160,000	600,000	700,000	800,000	20	4.00%	General
Water Projects	765,000	120,000	140,000	160,000	20	4.00%	Water
Wastewater Projects	218,000	220,000	240,000	260,000	20	4.00%	Sewer
Pay-As-You-Go Projects:							
Street Resurfacing CHIPS State Aid	400,000	400,000	400,000	400,000	15		Capital
Engineer Tremont Street State Aid	400,000						Capital
Engineer Tremont Street In Kind	75,000						Capital
Recycling Bins DPW State Aid	37,000						Capital
Subtotal: Value of Projects Financed Through Bonding	\$1,878,000	\$1,780,000	\$2,265,000	\$2,055,000			
Subtotal: Pay-As-You-Go	\$912,000	\$400,000	\$400,000	\$400,000			
Total	\$2,790,000	\$2,180,000	\$2,665,000	\$2,455,000			
Debt Service Payments:	\$875,000	\$943,000	\$943,000	\$943,000			
Additional Pay-as-You-go Payments	\$912,000	\$400,000	\$400,000	\$400,000			
Total Additional Capital Payments	\$1,787,000	\$1,343,000	\$1,343,000	\$1,343,000			

*** This sheet is intended to generate rough, ballpark figures ONLY. Assumptions: All projects are tax exempt and NOT subject to a debt service reserve. OSC s recommends that you create a multiyear capital plan that is tailored to your own governments' specific needs. For more information on constructing a capital pla Local Government Management Guide, "Multi-Year Capital Plans."

CITY OF NORTH TONAWANDA

FISCAL ACCOUNTABILITY REPORT NARRATIVE

WORKFORCE ACCOUNTABILITY

In order to minimize general operating expenses, the city of North Tonawanda streamlined its workforce over the last five years, through attrition and layoffs, from 327 full time employees to 288 full time employees, a reduction of 39 employees, with a projected annual savings of over \$1.5 million dollars. We feel that this action provide cost effective manpower utilization

Examples, to include but are not limited to, the following:

1. Our garbage truck fleet was fitted with a lift system and the city purchased new garbage cans for all home's and small businesses, to work with this system. Accordingly, we reduced our manpower from behind the five garbage trucks, from ten positions to five positions, resulting in a yearly saving of approximately \$225,000. Further, the number of workers compensation injuries associated with garbage removal has dropped significantly since this system was installed.
2. Over the last five years we have restructured our Fire Department and have reduced the number of active fire halls and equipment, from seven to five, resulting in the savings in manpower of eight full time positions and a yearly savings of approximately \$600,000.
3. We have consolidated our summer swimming program and have focused our efforts on our primary pool located on Payne Avenue. We have abandoned and demolished a smaller pool in Wurlitzer Park, because it was not cost effective to operate. Reduced part time employment by 10 employees, with a yearly savings of approximately \$25,000.
4. Reduced the staffing at the Water Purification and Pumping plants from two to one man per shift, saving 4 full time employees, with a yearly savings of approximately \$240,000.
5. Water employees at our Pumping and Purification Plant and Wastewater employees at our Wastewater Treatment Plant have had their titles changed so that they all can operate almost all functions in each plant, saving in overtime.

FRINGE BENEFITS ACCOUNTABILITY

To save money on health care, we have implemented a number of concepts to include, put not limited to the following:

1. We have restructured our hospitalization coverage to a single provider and became part of a consortium of local municipalities located in Niagara and Erie County. We were one of the first municipalities to become part of this consortium and successfully negotiated with the five unions to switch to this coverage. Our coverage is now experienced rated instead of community rated and resulted in an annual savings of \$426,000 or 19.2% of our previous cost. We are currently researching the concept of self-funding some higher deductibles, saving additional money.
2. On November 1, 2007, the city changed to a different prescription drug provider, which will provide yearly savings of approximately \$115,000, for the same coverage and co-pay. We are looking into the additional concept of purchasing by mail order vs retail and generic vs brand name drugs.
3. We are also looking into concepts involving wellness, offering employees incentive to reach certain goals. Examples are stop smoking, reduce weight and lower blood pressure. Based on predetermined performance goals, employees would be paid the incentive if they reach their goal. The benefit to the city is that a healthy workforce will be more productive and the cost of hospitalizing insurance will be reduced, saving the city money.
4. We are also working on increasing the length of time for the 25% hospitalization co-payments, for new employees, during various contract negotiations.

SHARED SERVICES ACCOUNTABILITY

To save money on shared services, we have implemented a number of concepts to include, but not limited to the following:

1. Cooperated with Niagara County and transferred the Fire Department Dispatch to the Niagara County Sheriffs Department at no cost, freeing up four firefighters to reduce manpower and overtime, resulting in a yearly savings of approximately \$300,000.
2. Cooperated with Niagara County and other municipalities to join in a consortium and participated in a consolidated bid for office supplies, which provided a yearly savings of approximately \$10,000.
3. Cooperated with Niagara County and other municipalities to purchase chemicals for our water and wastewater facilities, which saved money.
4. Cooperated with Niagara County and other municipalities to provide safety inspection at water and wastewater facilities, which saved money.
5. Cooperated with Niagara County and other municipalities to purchase electricity and natural gas for government owned buildings, which provided yearly savings of approximately \$50,000.
6. Fire and Police Departments have mutual aid agreements with neighboring municipalities, which provide for back up during major emergencies.
7. Cooperated with the City of Tonawanda, located on the other side of the Erie Canal, to co-sponsor the July 4th concert and fireworks display which provided yearly savings of approximately \$10,000. The larger event provides for increased enjoyment by residents of both municipalities.
8. Cooperated with the City of Tonawanda, located on the other side of the Erie Canal, to co-sponsor Canal Fest, a festival, which last for 8 days in July, to celebrate our heritage and the Erie Canal, which provided yearly savings of approximately \$5,000.

OTHER OPPORTUNITIES FOR 2008 AND 2009

The adopted 2008 budget proposes two business plans to enhance the cities revenue stream and cash flow position.

1. Our first business plan addresses the re-engineering of the collection of city property taxes. In reference to the real property tax levy, the charter states that the budget must be adopted on or before September 15th. However, the cities tax bill is mailed out six months later, on April 1st. The reason for this late mailing is that our prior charter set the budget adoption date at February 15, retroactive to the first of the year, so it was necessary to initiate the tax collection six weeks later, on April 1st. Based on the fact that we currently do not receive our tax money until the middle of the year, we had to borrow \$3.5 million in 2007 to pay our bills, resulting in an interest expense of \$60,000. We anticipate the 2008 interest expense to be \$95,000, if we had to again borrow money. Our business solution is to collect the 2009 tax levy in January, providing the opportunity for property owners to pay the entire bill at that time, or, one half in January and one half in July. The optional July payment would carry a small charge. This business decision will provide for at least half of our tax levy, which totals \$14 million, to be received in January, providing us with the necessary cash flow for the first half of the year, without having to borrow a significant amount of money. This action will benefit the city every year after it is established, and benefit the property owner by providing them with payment options. Payments can be made, with credit cards at the counter or over the Internet.

2. The second business plan addresses the re-engineering of the collection of water and sewer utility bills. Based on our current system of billing, the water consumed is not billed until three to five months after its use. The city has paid for the purification, pumping and distribution of the product, but does not receive payment until almost half a year later. As an example, the water consumed in July, August and September is not bill until December. Our business solution involves a number of options that we are studying, to include but not limited to: going back to the separate reader card system of documenting consumption, or, using a computer program to generate and maintain current consumption based on actual readings, or, bill our water consumption bi-monthly, once every two months instead of our current system of once every three months. This action will provide a one-time revenue in the water and sewer funds. This business solution will reflect a projected increase of \$800,000 in revenue, already owed to the city, not by increasing the rate, but by making the water and sewer consumption timely with the billing for those products. The Common Council modified the ordinance on November 6, 2007.