OFFICE OF THE NEW YORK STATE COMPTROLLER

DIVISION OF
LOCAL GOVERNMENT AND SCHOOL ACCOUNTABILITY

Multiyear Financial Planning

With New Fiscal Performance Plan Requirements
Updated 2007

LOCAL GOVERNMENT MANAGEMENT GUIDE

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Overview

Multiyear planning can be a vital tool for local governments, especially those struggling with difficult financial conditions. It allows decision-makers to set long-term priorities and work toward goals, rather than making choices based only on the needs and politics of the moment. This is important when resources are limited, as they are in many fiscally strained localities, but can also be beneficial to all communities in avoiding future stress.

A plan can help residents and elected local government officials see the impact of their fiscal decisions over time. They can then decide what program funding choices to make in advance, avoiding sudden tax increases or dramatic budget cuts.

Planning is also particularly helpful in identifying one aspect of fiscal stress that affects many of New York's local governments, regardless of apparent current fiscal health – structural imbalances between revenues and expenditures. Simply put, local government costs have been growing more quickly than revenues. Expenditures have grown, on average, at nearly twice the rate of inflation – fueled by upward pressures caused by wages and salaries, healthcare costs and other employee benefits. Yet, revenues have grown more slowly or even declined – particularly in upstate cities struggling with stagnant property values, declining populations and troubled economies.

Without planning, fiscally-stressed localities sometimes try to limp along from year to year, spending down reserve funds or using various one-time revenues to keep afloat. But the practicality of those strategies is limited. As local governments ranging in size from New York City to Troy have discovered, putting off painful decisions doesn't make problems disappear – in fact, it usually makes them worse. Financial problems that remain hidden for a long time have a way of emerging suddenly as full-blown financial crises.

Until recently, long-term financial plans were generally only required of cities and counties that were already in fiscal crisis and under the management of State-imposed control boards. More recently, however, planning has been actively promoted by the State. First, in 2005, new planning requirements were added for cities receiving State aid accelerations or increases. Then, starting in 2006, the State required all cities to certify by March 31 that they had developed multiyear plans as a condition of receiving additional unrestricted State aid. As of March of 2008, three villages must also do so. Starting in fiscal year 2007-08, 41 cities must submit a fiscal performance plan, which is a multiyear plan that includes projections of fiscal condition under current policy, a description of proposed policy changes to improve future fiscal condition (a fiscal improvement plan) and a description of policy changes in the recent past (a fiscal accountability report). These three plans are due within 60 days of the adoption of each city's budget. (Appendix B outlines new financial planning requirements under the State Aid and Incentives for Municipalities (AIM) as of April 2007. Appendix C details which cities and villages are subject to them.)

This guide is intended to help local governments create an effective multiyear planning process that helps identify and manage potential fiscal difficulties before crises emerge. Developed with input and assistance from local officials across the State, this handbook provides general guidelines for the development of a financial planning process, including suggestions for how to:

- Make good long-term revenue and expenditure projections;
- Measure expected benefits from proposed local actions; and
- Draw those projections together in a useful document for local decision-makers and other audiences.

This guide also includes a template for local officials to use in completing a comprehensive multiyear plan. (Appendix A shows a sample plan created on the template. This financial plan, as well as a blank Excel template, can be found on the Office of the State Comptroller's website (www.osc.state.ny.us) or can be obtained on CD by contacting the Division of Local Government and School Accountability at (518) 486-3152.)

Multiyear Financial Planning Defined

A multiyear financial plan projects revenues and expenditures for several years into the future. Unlike a multiyear budget, it does not authorize expenditures (although it should be linked to the current budget). Instead, it illustrates what will happen to a government's ability to pay for and provide services, given a set of policy and economic assumptions. These projections help policy makers assess expenditure commitments, revenue trends, financial risks and the affordability of new services and capital investments.

Major Elements of a Multiyear Financial Plan

Although the size, complexity, narrative and level of detail can vary widely from one multiyear plan to the next, certain elements are essential to a good plan, including the following:

- **Revenue Projections:** These demonstrate trends in existing revenue streams to illustrate the level of available resources given current policy and projected economic assumptions. Projections can be done in the aggregate by major revenue type, or they can be very detailed to show variations in individual revenues.

- **Expenditure Projections:** These estimate the future costs of current services adjusted for inflation and known obligations (such as collective bargaining increases or lease escalations). Projections can be done by object (i.e., personal services, equipment, contractual services, etc.), by program or function (i.e., public safety, recreation, etc.), or some combination of the two.

- **Annual Deficits/Surpluses:** Comparisons of projected revenues and expenditures can highlight budget imbalances that often widen in future years.

- **Reserves/Fund Balances:** These reflect the reserves (both dedicated and unspecified) available to municipalities to help endure short-run fiscal pressures such as revenue shortfalls or unanticipated expenditures.

Additional Elements of a Fiscal Performance Plan

In addition to the elements above, a full fiscal performance plan contains two additional sections:

- **Fiscal Improvement Plan (FIP):** This part of the plan identifies goals to improve the long-term fiscal condition of the city, specifies the local actions necessary to achieve those goals, and defines performance measures that will help measure progress.

- **Fiscal Accountability Report (FAR):** This section reviews progress made toward goals set in prior years, and can also be used to discuss which goals and local actions may have changed.

Creating a Multiyear Plan – Getting Organized

The Office of the State Comptroller (OSC) has developed a template, based on discussions with local government officials, which will meet all State requirements as well as provide a basic structure for those creating a plan for the first time. (See Appendix A for a sample plan based on the template, and the OSC website for a blank Excel-based template for your own use.) Whether or not you choose to use the template, the following steps will help you determine the size and scope of your plan, and help you organize the data you need:

- **Gather data on recent financial results** to gain perspective on revenue and expenditure trends and average annual rates of change. Most long-range financial plans are based on **three or four years of actual data** for each category being projected, including the most recent year for which data are available. In the case of major revenues, such as property and sales taxes, a longer trendline is often useful to get a sense of patterns during different economic conditions. You may also find it helpful to compare **revenue trends to economic patterns** (such as non-farm employment growth, unemployment rates, inflation, etc.) and to look at **trends in factors affecting expenditures** (such as the number of government employees, energy prices, interest rates, etc.). (See Appendix D for suggested resources.)

- **Decide on a timeframe,** keeping in mind that projections are most useful if they cover a time period short enough to be predicted with some confidence, but long enough to reveal emerging shortfalls or other issues several years out. Most plans **project about three to five years,** including the upcoming budget year.

- **Describe your assumptions** about revenues, expenditures and the factors affecting them. Often plans have a set of broad assumptions described in a cover sheet, with specific assumptions for each individual projection laid out on a line-by-line basis.

- **Select a level of detail** that meets your needs and capacity. New York City does a lengthy, line item plan with narrative detail about economic projections and policy changes at the federal, State and local level. Buffalo, Rochester and Syracuse have also done line-item plans, although with relatively less complexity and narrative. The City of Troy compiles a less-detailed annual plan that shows major revenue categories (real property tax and tax items, non-property taxes, departmental income, etc.) and breaks expenditures down along broad functional areas (general government, public safety, etc.).

- **Be comprehensive** enough to ensure that the plan accurately describes the operations of your government. Include **all revenues and all expenditures,** even if you aggregate them, so that you can assess the bottom line. Make sure to include **all relevant funds**. If applicable, be sure the plan includes all the elements required by AIM (and any other State oversight, such as a control board). Most plans include the general fund and any major operating funds guaranteed by the general fund or that receive transfers from it. Cities generally include water and sewer funds, if applicable, and towns often include highway funds. However, most do not include other enterprise funds or small special purpose funds supported by dedicated revenue streams.

- **Revisit the multiyear financial plan at least annually.** Plans are not static documents. As with annual budgets, multiyear plans must be tracked and updated regularly in order to accurately guide policy decisions. New York City, for instance, updates its plan quarterly throughout the year as part of its budget monitoring process. Smaller entities may incorporate at least one mid-year update as part of their budget process.

- **Use the plan to generate public discussion.** A good plan can stimulate constructive discussions about budgetary priorities. Although there may be initial confusion about the plan's connection to the annual budget and why it may show out-year budget gaps (most do), good multiyear plans can help voters understand the issues facing their communities in the coming years. A number of local government officials in the State use informal, internal plans to give elected decision-makers information they can bring to their constituents in more traditional ways. Others make the multiyear plan part of their public budget discussions.

General Principles

This section of the guide discusses in more detail what to consider in preparing each portion of a multiyear plan, regardless of the plan's level of detail. It assumes that the plan will include revenues and expenditures for the general fund and other related funds as appropriate, and gives instructions for projecting broad categories of revenue and expense as well as specific types of revenue. The same general principles can also be applied to line-item plans, although the items themselves are not covered in detail.

Start with What You Know – Historical Trends

Historical trends are often a very good starting point for projections. As noted above, most plans are based on three to four years of **historical data**, as well as **current year** estimates and any available projections for the upcoming **budget year**. You can use these data to compute annual average changes to help you in projecting future years. Two handy sources of historical data are local **budget documents** and the **Annual Financial Report Update Document** (AFR or AUD) data you submit to the Comptroller's Office. (The template in Appendix A is designed for use with aggregated annual financial data, which can be generated from your own accounting system, or requested from OSC.)

While historical average growth rates are a very useful starting point, they should not be applied to future projections blindly, without considering current conditions or likely changes. For example, while personal service expenditures may have grown by 3 percent historically, if you know that you've committed to a 5 percent salary increase for a union that's not being offset by other savings, you should plan for that.

You may want to compare your annual average rate of change over the period with each individual year's rate of change to see if it reflects a stable trend, rather than a series of random swings. Watch, too, for trends upward or downward. If an expenditure category has risen by 15 percent annually, on average, but that average is based on 10 percent the first year, 13 percent the second year, and 19 percent the third year, you should consider the possibility that next year could be even higher than 19 percent, rather than close to 15 percent. Adjust also for the effects of one-time revenues or expenditures on your trend line – especially where one-time revenues may have distorted the underlying pattern.

Another way in which history can be a helpful guide is in the historical difference between prior years' projections and actual revenue collections/expenditures in those years. In general, according to the New York State Government Finance Officers' Association (NYSGFOA), if actual revenues or expenditures vary more than 5 to 15 percent from projections, you should analyze the reasons. Was there a specific unforeseeable occurrence in one year, or are you consistently under or overestimating? If expenditure projections have been off-base, encourage department heads to present more realistic budget needs, and be wary of utilizing projections in categories that have generally been off-target.

Consider Policy Changes – Local, State and Federal

Local, State and federal law changes all impact your bottom line. For example, if your county has recently changed the distribution of sales tax revenue, or if your city has pre-empted the county sales tax, incorporate that information in your projections. Make sure that department heads account for any recent policy changes that either increase or decrease expected spending. Pending legislation should also be considered. New York State municipal/professional associations, such as NYSGFOA, the Conference of Mayors and Municipal Officials (NYCOM), Association of Towns, Association of Counties (NYSAC), Council of School Superintendents (NYSCOSS), Association of School Business Officials (NYSASBO) and School Boards Association (NYSSBA) can help you track the status of State and federal legislation.

Be aware, too, of how previous years' policy decisions affected historical trends in those years. If you cut back on hours of operation in parks and libraries in a prior year, for instance, the 2 percent historical spending trend shown for culture and recreation could be misleading. It could reflect 4 percent annual growth, with one year of 5 percent decline when you cut services. Thus the additional cost of maintaining those shorter hours might actually be 4 percent per year. You may even face a spike if your historical spending growth reflects a period of under-spending that you intend to modify in coming years. For example, if your transportation costs look low due to deferred road maintenance, your projections for that category might have to be substantially higher in coming years than historical trends would indicate.

Be Conservative

Although it is good to be as accurate as possible, it is best to err on the side of being conservative. If history shows weakness in a source of revenue, interpret signs of economic recovery with caution. If the recent past shows stronger-than-average revenue growth, don't assume that such growth will last indefinitely. For example, if past history showed healthy revenue growth in non-property taxes, but the economy appears to be slowing down, non-property tax revenue is likely to slow as well. Or, if past growth was anemic, more robust growth projections should be well-justified. In expenditures, of course, the risk is that things will cost more than originally projected. Be particularly careful in budgeting cost savings from policy changes – these take time to be fully effective and can easily be overstated.

Don't Sweat the Small Stuff

If a revenue source or item of expenditure is very small or very stable, do not worry about complicated formulas for projecting future years. Devote your efforts to large and fluctuating items that will have a major impact on your bottom line.

Revenue Projections

The first step in projecting revenues is to sort revenues according to type, and consider the economic and other factors that affect each. Some revenues are very sensitive to changes in the economy, while others depend far more on policy decisions or long-term development trends. Some are fairly predictable, while others are erratic. They can be controllable or completely out of your hands. Some represent large sources of revenue, while others do not make a discernable difference to the bottom line. These factors will all shape your assumptions about them. The list below discusses major revenue sources and how factors impacting these sources can be treated in doing projections:

- **Real Property Taxes** represent the largest portion of local government revenues. The property tax is both fairly stable and relatively easy to administer. While property values are affected by economic trends (including, for example, changes in interest rates), the property tax base is usually fairly stable, at least in the short-term. Both assessment frequency and rates are determined by local policy–makers. You should review the trends in total assessed value and consider other changes, such as reassessment or major changes in the tax base.

  You should also consider factors outside of local control, such as the outcome of major upcoming certiorari cases, and the impact of constitutional property tax limits on cities, villages and counties. If a local government exceeds its tax limit, the Comptroller is required by law to withhold certain State aid payments. Although only a small number of local governments are approaching their property tax limits, this number has been growing in recent years. Currently, the Comptroller notifies any local government that has exhausted 80 percent or more of its tax limit. This threshold indicates that the municipality has reduced revenue generating capacity and should pay closer attention to tax levies and exclusions, given its narrowing margin.

  It is generally best to hold property tax revenue constant in your initial calculations. Upward adjustments can be considered as part of the strategy to maintain fiscal balance.

  In addition to revenue, the State now requires cities to separately project assessments, tax rates and levies. (See Appendix A.) If your levy is not guaranteed by another level of government, you should already be using this information as part of your annual budget calculation of your overlevy or overlay. This calculates the amount you must levy in order to generate a certain amount of revenue, due to delinquencies in your own tax base and in the tax base of any subcomponent governments that your government must guarantee. Pay particular attention to high or increasing delinquency rates, because they will affect your overlay, and could indicate economic distress or a need for more enforcement.

- **Real Property Tax Items** include revenues from payments in lieu of tax (PILOTs), which generally follow a pre-determined payment schedule. For school districts, this category also includes STAR payments.

- **Sales and use tax and other Non-Property Taxes** such as utility, restaurant and hotel occupancy taxes are major revenue sources for counties, cities, and some towns and school districts. It is useful to track the sales tax separately from other non-property taxes, because it is often affected by different factors, and cities must do so in order to conform to AIM requirements. (The template in Appendix A does this) Sales taxes are collected by the State and distributed through counties (except in certain cities which pre-empt the county tax) to other local governments according to formulas based on factors such as population and property values.

  Sales and other non-property taxes are much more **volatile** than the property tax, being affected by **changes in the economy** with very little lag. They are also subject to **policy changes** at the State, county and sometimes municipal level, including changes to the rate (if the revenue impacted is shared with the government doing the projection), changes to the base (such as sales tax free weeks), or even municipal pre-emption of a portion of the rate by a city.

  Recent history will help you determine a starting place for your projections, and information about the local economy and policy changes should provide a good reality check. The State's Division of the Budget (DOB) publishes statewide forecasts of many of the factors that can have an impact on non-property tax revenues, including national GDP, employment trends, retail trade and wage growth. (These can be found in the part of the Executive Budget's Financial Plan entitled, "Explanation of Receipt Estimates.") You can get local data (but not projections) from the Bureau of Labor Statistics and Census of many of the same factors. **Be particularly conservative** in projecting this revenue source, because it is both large and volatile.

- **Departmental Income** is determined almost entirely by policy decisions which are made at the local level, including setting fee rates, and is therefore more easily predicted.

- **Other Local Revenues** include fines, licenses, sale of property, interest earnings and other small sources of revenue. If you aggregate some or all of these into a single category, it is best to project these based on either steady recent trends or by holding them constant, adjusting if necessary for major known changes to large revenue sources. If you are doing a line-item projection, these should be projected according to the most reasonable trend, such as inflation or known fee increases, or held constant.

- **State and Federal Aid** are generally unpredictable and beyond your control. The timing and relative health of the State budget affect most of its aid categories. It is generally accepted practice to hold these revenues constant, unless there is a reasonable possibility of a decrease or the solid expectation of a specific increase. For instance, many federal aid programs are designed as start-up grants, which end after a given period of time even though the program commitment continues at the local level.

  There are some exceptions, however. For example, the mortgage tax is classified as "State aid" even though it is really non-property tax revenue that is primarily affected by local housing activity and interest rates. The new template breaks mortgage taxes out from the rest of State aid for this reason. Similarly, certain intergovernmental aid programs are reimbursed based upon local costs or participation (many school aid grants fall into this category). Localities may contact the State agency administering the program for assistance with these types of aid projections.

- **Interfund Transfers:** These can reflect any number of transfers into the general fund, and thus will be affected by different factors. For example, transfers from the water fund into the general fund may be one-time only or ongoing. Ongoing transfers could, in turn, be due to a policy decision to raise rates to help fund general fund expenses, or they could result from a series of "one-time" general fund hole-plugging moves that deplete the water fund and hamper its ability to invest in its infrastructure. In the latter case, you may even be unaware of the fact that this is an ongoing issue.

- **One-Time Revenues:** OSC recommends using revenues from unexpected windfalls or other non-recurring sources for one-time needs or to build reserves, rather than spending them on recurring expenses. The template allows you to break out these non-recurring revenues and to track them separately from recurring revenues. Municipalities required to complete multiyear plans under the AIM legislation are required to do so. You may also wish to track non-recurring expenditures to determine if you are using one-time windfalls to fund one-time expenses or establish reserves. If, however, you are funding an increasing portion of your budget with such revenues, you may be using "one-shots" to address a structural imbalance between recurring revenue and recurring expenses. Your plan should aim to address this situation with long-term revenue or expenditure adjustments.

Expenditure Projections

Projecting expenditures by object (i.e., by categories such as personal service, equipment and capital outlay, contractual services, etc.) allows you to think in broad terms about trends by major type of expenditures. In order to identify relative size/growth of program areas it may be helpful to analyze expenditures by function as well.

Projecting By Object

- **Personal Service** costs are your biggest item of expense. These costs are mainly affected by two controllable factors: **number of staff** and **contracts with collective bargaining units.** Accordingly, you should project anticipated staffing levels as well as known commitments (such as cost of living increases and salary increments) contained in existing collective bargaining agreements. In most cases, there will be several labor agreements for different types of employees: civil service, fire, police and non-collective bargaining employees. (OSC's template has a page that lays these out.) Keep in mind that a 3 percent cost-of-living (COLA) increase may actually result in a 5 percent increase in salaries overall as employees move up job ladders and pay scales. Historical comparisons can help you determine this.

  One benefit of looking at employee contracts is that it will alert you to upcoming changes that you might not have fully considered. You may, for example, have had a history of 5 percent personal service growth and 14 percent employee benefit growth over the past four years, as shown by the historical data collected. However, if you recently signed a contract with one of your bargaining units which commits to a 6 percent a year COLA, your future projections will look different than your historical trends.

Multiyear plans can be useful in conducting future labor negotiations because they show the out-year effects of collective bargaining agreements on the bottom line.

Because personal service is such a large proportion of the budget, and your department heads generally do not budget for these costs, you may want to go a step beyond looking at broad historical trends and contract changes, and calculate a few items that will help you in making any programmatic budget changes in the future, including:

- Turnover and fill rates, including projected vacancies and retirements, average salaries of those leaving vs. those entering, and how much impact turnover has on fringe benefit costs;

- Analysis of the total cost of each additional 1 percent salary increase that would be driven by collective bargaining agreements;

- Total number of employees vs. full-time equivalents (FTE), and the impact of part-time staff on benefit rates; and

- Average salary rates by department – useful for calculating the amount it would cost to add employees, although the net savings from losing them will be affected by factors such as unemployment benefit payments, vacation-time buy-outs, retirement benefits, etc. (If layoffs are being considered, this number is also worth calculating.)

- **Equipment and Capital Outlay** includes all purchases of equipment and other capital outlay such as construction and purchase of rights-of-way, land or existing structures. Unlike personal services, these expenditures are usually budgeted on a departmental level, so department heads will be your best source for accurate projections. On the AUD (and in OSC's template), such purchases may actually show up in one of three different places. The equipment and capital outlay line will only include pay-as-you-go capital costs. Purchases financed through bonds will show up in an operating fund as either "debt service" or "interfund transfers" to the debt service fund. A long-range capital plan will help you determine if there are likely to be any major changes in capital outlay. The OSC template has a simple capital planning page. (For information on constructing a more detailed and accurate capital plan, please see our Local Government Management Guide on Multiyear Capital Plans.)

- **Contractual** expenses include materials, supplies and other consumable items, such as utilities. These too are generally in departmental budgets (except unallocated insurance and certain other items). Although these are often affected by factors such as inflation, you should take note of any components that are growing at a substantially different pace than the overall CPI, such as gasoline and fuel oil.

- **Debt Service** payments, as noted above, are generally repayments of debt issued to fund capital expenditures. Your capital plan should note when capital projects will be financed by bonds or notes and estimate the resulting debt service payments associated with them. (OSC's template has a simple form that creates a back-of-the envelope estimate of these, but it is not intended as a substitute for a true capital plan.) These payments should be added to any ongoing debt service payments.

If your municipality tracks debt service payments through a separate debt service fund, however, remember that those payments will show up as interfund transfers from the operating funds that ultimately support them, rather than as debt service expenditures. (See "Interfund Transfers" section.) Also, remember to account for costs associated with short-term borrowing (such as revenue, tax or bond anticipation notes) and bond-issuance.

- **Employee Benefits** costs are affected by various factors, including health care costs and pensions. Like personal services, these are rarely budgeted by department, although department heads will be able to project employment trends that affect these costs. Recently, health care costs have significantly outpaced inflation, while pension contribution rates have returned to historic norms following the end of the stock market boom. Health care providers and the various State pension systems can help you estimate these costs.

  Collective bargaining agreements also affect benefits. For example, if one of your bargaining units settled for lower cost of living increases in exchange for a generous post-retirement health insurance package, your out-year fringe benefit costs will likely be higher, especially if you're contemplating offering an early retirement package to reduce the workforce to pay for salary increases.

- **Interfund Transfers** are made between any number of funds, including other operating funds and, occasionally, the debt service fund. If all or most of your debt service runs through the debt service fund, make sure to account for additional debt service payments here. If your general fund is supporting a fund that had previously been self-supporting, this will show up here as well, and should be considered in your projections.

- **Other** expenditures might include contingency reserves, which are one way to plan for unforeseeable events, such as major tax shortfalls or emergency expenditures. Many municipalities do not budget contingency funds, preferring to legislatively appropriate any funds necessary to cover such situations. However, when used properly, they can give municipal executives or administrators the flexibility they may need in an emergency, and help balance budgetary risks.

Projecting by Function

After projecting by object, the extra effort to project by function as well is minimal, yet the benefits are great. Knowing how fast your personal services and benefits are growing might tell you that you need to consider revising staffing levels, but it won't tell you where potential cuts can be most efficiently made. If you see that a major function is large and growing fast, you may be more inclined to address your budget problems by investigating possible efficiencies in that department rather than pursuing across-the-board cuts to all departments.

Projecting by function also gives you the opportunity to assess whether you have incorporated all of the policy information you need. Department heads can describe any major new initiatives, mandates, etc., to their areas that will affect the estimates you have already made more globally.

Most functional expenses are driven primarily by personal services costs, which account for 60-70 percent of local government expenditures. Some communities distribute part or all employee benefit expenses by function; others reflect them centrally. Non-personal service costs (i.e., equipment/capital and contractual expenses) account for the rest.

If you do project by both object and function of expense, it may be useful to cross-check totals and adjust your assumptions as necessary to make sure they are not radically different in out-years. (The template does this automatically.)

The major functional categories are:

- **General Governmental Support** includes expenditures for executive, legislative, judicial and financial operations.
- **Public Safety** includes fire prevention and protection, police service and other public safety programs.
- **Health** includes expenditures for ambulance services, public health administration, registrar of vital statistics, and direct provision of services through departments, hospitals and nursing facilities. (Does not include Medicaid payments.)
- **Transportation** includes road maintenance, snow removal, street lighting and public transit if relevant.
- **Economic Opportunity and Development** includes both economic development programs and social services, such as income assistance, Medicaid, daycare and home energy subsidies.
- **Culture and Recreation** includes expenditures for parks, playgrounds, youth and adult recreation programs and libraries.
- **Home and Community Services** include expenditures for the collection and disposal of sewage and garbage, distribution of water, and development of the general environment (planning, zoning, etc.).
- **Employee Benefits/Fringes** include any employee benefits that are not distributed in the categories above. This can be all, none, or some portion of total benefits.
- **Debt Service** (see definition by object).
- **Interfund Transfers** (see definition by object).
- **Other** (see definition by object).

The Bottom Line: Your Fiscal Health

Now you can begin to assess your overall fiscal health. The simplest measure of this is the difference between your revenues and expenditures each year, otherwise known as your annual operating **surplus** or **deficit.** Persistent deficits usually indicate a problem, but if your municipality has fund balances or reserves from previous years, you may choose to spend it down purposefully over a period of time. However, be sure to track reserves and not overspend.

Also useful is the concept of **fund equity**, which represents the total of your current assets. These include reserved and unreserved fund balances. Reserved fund balance represents assets set aside for specific purposes (such as snow removal equipment replacement and other specific capital expenditures) that are unavailable for any other use. The amount left over after subtracting your reserved fund balance is your **unreserved fund balance** (or your true budgetary reserve). This number is the bottom-line indicator of fiscal health: **if it dips below zero for any year, that means you do not have enough funds** to cover all necessary expenses – even if your fund equity (including dedicated reserves) for that year is still positive.

In fact, you may wish to maintain a reasonable budgetary reserve as insurance against unanticipated expenditures or revenue shortfalls. State law allows most local governments to do this, and NYSGFOA suggests aiming for an unreserved fund balance of between 5 and 15 percent of total expenditures, depending on your cash flow needs and the size of your budget. (School districts, however, are subject to State restrictions on this.)[1]

Adding a Fiscal Improvement Plan

The multiyear financial plan may reveal a projected budget imbalance, particularly if conservative estimates are used. These shortfalls, however, are only a function of projected revenues and expenditures assuming continuation of current policies. A fiscal improvement plan (FIP)[2] outlines goals and local actions that will help achieve and maintain long-term fiscal stability. Ideally, these goals and actions should produce recurring benefits. However, the prudent use of non-recurring revenues (such as appropriated fund balance if available) could be used as a transition measure until an action with recurring benefit can be phased in.

The FIP required by the AIM legislation contains three elements:

- Key **fiscal performance goals** necessary to achieve and maintain long-term fiscal stability;
- Proposed **local actions** necessary to achieve such goals; and
- **Performance measures** necessary to assess the progress in implementing these local actions.

The fiscal accountability report (FAR) then assesses fiscal progress using these performance measures.

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1 State law governs the percentage of "surplus unexpended revenues" school districts may retain in fund balance.

2 The 2007-08 State budget requires fiscal improvement plans from all cities receiving both a 5 percent or greater increase and more than $100,000 in additional AIM funding in fiscal 2008, but they are useful for any municipality creating a multiyear plan.

Goals

Goals are the most basic elements of the fiscal improvement plan. At the broadest level, all multiyear plans have the same goals: to provide necessary municipal services and infrastructure, to maintain reasonable reserves and to minimize the impact of the costs associated with those services on taxpayers. There is a natural tension between these goals which should be recognized in discussing options for maintaining long-term balance.

Generally, goals to maintain balance fall under three broad categories:

- **Expenditure Reduction:** Recurring reductions in operating expenses can be achieved through many actions, including more efficient service provision, shared services or other methods. Additional AIM funding can be used to support investments in technology or other efficiency and productivity initiatives that permanently minimize or reduce the municipality's operating expenses.

- **Revenue Generation:** Recurring revenue can be generated in a variety of ways, such as generating growth in the municipality's real property tax base, increasing the sales tax base and bringing fees into line with the cost of providing services. Those municipalities subject to property tax limits should be mindful that projected property tax levels must be sustainable within those limits. In addition, municipalities with planned property tax increases should demonstrate that additional AIM funding is being used to minimize the required increase.

- **Reserves:** Maintaining a reasonable level of unreserved fund balance can provide insurance against unanticipated expenditures or revenue shortfalls.

Local Actions

These are the specific actions needed to achieve each goal. These should be concrete actions that result in quantifiable benefits. In some cases, there may be a short-term cost for implementation, but the multiyear plan provides the opportunity to show the long-term net effect of this investment. It may be helpful to break down an action into a series of "sub-actions" to determine the net fiscal impact over multiple years. For example, if a goal of reducing personal service expenditures on police and fire services requires a local action of reducing overtime in those departments, sub-actions might include installing management software and instituting regular monthly management meetings to plan staffing.

For those municipalities required to prepare fiscal improvement plans under AIM, the legislation requires that local actions include but not be limited to:

- Improved management practices;
- Initiatives to minimize or reduce operating expenses; and
- Shared service agreements with other municipalities.

Performance Measures

Performance measures are the quantifiable results of the proposed local actions – they allow citizens and elected officials to assess the intended results of specific actions and allow a comparison of estimated results to actual results. The Government Accountability Office (GAO) notes:

Performance measures may address the type or level of program activities conducted (process), the direct products and services delivered by a program (outputs), and/or the results of those products and services (outcomes).

Since the goals of the FIP are all related to fiscal health, many of the program outputs will be things that affect that budget balance. For example, if a municipality's action is to purchase management software and use it to reduce overtime, the output would be the FTE hours of overtime reduced from expected levels or from the prior year. The outcome would be a fiscal measure. In the example above, that would be the expected savings in overtime costs, net of the cost of purchasing management software.

Taken to its logical end, performance measurement should become part of a municipality's budgeting process. In this context, it is often used to measure progress toward goals other than achieving fiscal stability, such as the increased efficiency and effectiveness of government programs. Appendix D includes a bibliography of performance measurement resources for those municipalities interested in the topic, mostly taken from the Governmental Accounting Standards Board's (GASB) Service Efforts and Accomplishments Reporting Project.

AIM Requirements

The statutorily required fiscal improvement plan must include many elements, some of which are best suited to a narrative form and some of which are best presented in a table. The narrative document should describe the municipality's goals and the local actions required to achieve those goals. It may also touch on the performance measures. The accompanying table, provided as a worksheet in the multiyear planning template, will capture the details of the financial and non-financial performance measures associated with implementation of each local action. Together, these two documents will help offer a complete picture of a city's ongoing plan for budgetary balance.

A sample narrative for the general fund is provided below and the sample spreadsheet of actions and performance measures may be found in Appendix A, with the rest of the sample multiyear financial planning template.

Sample Fiscal Improvement Plan Narrative:

General Fund

In local fiscal year 2007-08, the City of Excelsior has three broad goals for working toward restoring fiscal balance:

1. Expand the tax base by increasing the number of properties that are currently on its tax rolls and finalizing two economic development projects.
2. Reduce personal service expenditures on police and fire services by reducing overtime in those departments.
3. Explore opportunities to achieve savings through shared service agreements, such as contracting with the County to provide the City's civil service function and shared highway services.

Goal 1: Expand the tax property base.
Local Actions:

- **Return properties to the tax roll.** Over the past two decades, there has been significant growth in the number of city-owned and managed properties that are not on the tax rolls. The City plans to create an inventory of these properties and set realistic annual goals for bringing them back on the tax rolls.

  Performance Measures: Success in achieving this action will be measured by the number of parcels remaining on the list of tax delinquent properties at the end of each fiscal year and by property taxes collected on those parcels returned to the tax rolls. Currently, we estimate that there are 100 parcels of tax delinquent property. Starting in local fiscal year 2009, we plan to reduce the total inventory of these properties by 20 percent over two years, resulting in an estimated $1,000,000 in additional annual property tax revenues once fully implemented and reducing the cost of maintaining these buildings.

- **Economic Development: Waterfront Development.** Through the development of two large projects, we hope to grow the tax base even further. First, the Bluewater River runs along our western boundary. Over the next four years, we will identify riverfront properties that are suitable for development, possible developers and available State and federal grants.

  Performance Measures: Progress on this project will be tracked more specifically as a comprehensive plan is developed.

- **Economic Development: Big Box Store.** We will continue to proceed with our plans for developing City land located east of Barrack Road for a big box retail store. Currently, our residents travel to the City of Bargain or the Town of Deal for much of their shopping.

  Performance Measures: Success in achieving this local action will ultimately be measured by the amount of property taxes and sales taxes collected as a result of this store, net of the expenditures made to ensure security and access. Although there are costs associated with the development of this project (for example, extending Barrack Road and adding to our police force), these costs will be offset by property and sales taxes collected from the store, with estimated net annual benefits of $6,000,000 in 2009 and over $10,000,000 in 2010 and 2011.

Sample Fiscal Improvement Plan Narrative:

Goal 2: Reduce personal service expenditures in public safety.
Local Action:

- **Reduce overtime expenses through better management.** Personal service costs account for the largest percentage of our budget. Further analysis shows that overtime costs account for a significant portion of this cost, especially in the police and fire departments. We researched how other local governments are using management software and periodic management meetings to reduce overtime expenditures, and have concluded that we would benefit by investing in this software and regularly monitoring progress. Depending on initial results, we could expand use to other municipal departments.

  Performance Measures: This action will be measured by the reduction in the number of overtime hours as well as the operating savings generated. We estimate that overtime will be reduced by 500 hours ($25,000) in 2009 and by 1,000 hours ($50,000) thereafter.

Goal 3: Explore opportunities to cut costs through shared services.
Local Actions:

- **Contract with the County to provide Civil Service function.** Starting in January 2008, we will contract with the County to provide our Civil Service function.

  Performance Measures: This action will be measured by the reduction in the number of City employees (two: one retiring and one transferring to the County) and the net financial benefit resulting from that reduction and the elimination of a City administrative office, offset by the contractual costs with the County. (The net savings will be about $40,000 annually).

- **Explore highway maintenance sharing with the County.** We have begun discussions with the County on the potential for a highway maintenance agreement.

  Performance Measures: This project is still in its initial phase; measures will be developed if discussions move forward.

General Fund Total Benefit of Local Actions:

While there will be considerable costs ($230,000) in 2008, we estimate that the above actions will have a projected net fiscal impact of over $6 million in 2009 and over $10 million in 2010 and 2011

Adding a Fiscal Accountability Report

A fiscal accountability report (FAR)[3] describes progress toward achieving management improvements, operational efficiencies and other actions necessary to achieve fiscal stability in recent years. The FAR is a place to discuss relevant changes to a municipality's fiscal goals and actions over time. To be most useful, these accomplishments should be described within the context of performance goals and measures identified in previous years' multiyear financial plans or fiscal improvement plans.

A FAR must be submitted by the 41 cities subject to this requirement (listed in Appendix C).

Statutory Requirements for 2007-08 Only

In 2007-08, the FAR contains a narrative describing accomplishments and progress toward achieving management improvements, operational efficiencies and other actions necessary to achieve fiscal stability. The report may also include a spreadsheet quantifying the financial benefits resulting from those management improvements, operational efficiencies and other actions. A template of such a spreadsheet has been developed for use by municipalities.

Statutory Requirements Starting in 2008-09

Starting in 2008-09, the FAR includes two major elements, which should be described in narrative form and quantified in a table where possible.

First, the FAR describes progress toward achieving fiscal performance goals identified in the previous year's FIP. The narrative should describe which of the proposed local actions from the FIP were actually implemented, as well as other local actions which may have been taken. It can address other issues, such as reasons actions were not taken or unanticipated circumstances encountered during implementation. The spreadsheet table should outline each action taken and any quantifiable results. These should be compared with the performance measures listed in the FIP, where appropriate.

Second, the FAR demonstrates how a city has used the prior year's AIM increase. According to statute, increased AIM funding must be used for the following purposes:

- To minimize or reduce the real property tax burden;
- To support investments in technology or other efficiency and productivity initiatives that permanently minimize or reduce the municipality's operating expenses; or
- To support economic development or infrastructure investments that are necessary to achieve economic revitalization and generate growth in the municipality's real property tax base.

These actions should be quantified where possible.

[3] The 2007-08 State budget requires these reports from all cities receiving both a 5 percent or greater increase and more than $100,000 in additional AIM funding in fiscal 2008.

Sample Fiscal Accountability Report Narrative for 2007-08 Only

- In order to minimize general operating expenses, the City streamlined its workforce, reducing the total number of FTE from 283 to 277 over the two-year period, and broadened civil service titles within the department of public works. For example, the City fitted garbage trucks with an automated lift system so that one City sanitation worker could operate a truck, reducing the sanitation workforce by half. Although some of these workers moved into open positions in the reorganized DPW, we estimate that the reduction in salary and benefits generated annual net savings of $100,000 in FY 2006 and $300,000 in FY 2007.

- To save money on health care, the City purchased health benefit coverage through a consortium of municipalities, resulting in annual savings of $300,000. The City also switched to a new prescription drug administrator when the contract expired and used that opportunity to make changes to the City's plan. The new plan, while offering a comparable array of benefits options, saved an estimated $125,000 annually.

- **The City also successfully implemented several shared service initiatives:**
    - The fire department dispatch function was transferred to the County Sheriff's Department at no cost, freeing up four firefighters to be assigned elsewhere and reducing overtime costs, for an estimated annual savings of $15,000.
    - The City joined a consortium for purchasing office supplies, wastewater chemicals and electricity/natural gas for government-owned buildings, saving an estimated $5,000 annually.
    - The City has coordinated a July 4th concert and fireworks display with the Town of Popinbag for the past two years, and worked with Popinbag to produce smaller events that residents from both municipalities could enjoy, saving an estimated $1,500 annually.

Using the Template

To make the process of multiyear planning easier, OSC has constructed a template that will guide you through the steps discussed above to ensure that you meet new State requirements for cities developing multiyear plans and fiscal performance plans. This template can be found on the OSC website (www.osc.state.ny.us) or can be obtained from OSC on CD.

The template is color-coded:

- The **green sections** are for historical data. If you are unable to populate these from your own accounting system, you may contact the Division of Local Government and School Accountability for historical data from your municipality's AUD.

- The **yellow sections** represent other data for you to fill in. Generally, these may be three different types of information: budget year projections, projections of out-year growth rates and other miscellaneous data that cannot be gathered from the AUD (such as the number of employees, bargaining unit contracts and capital plan estimates).

- If there is **no color coding,** there is nothing required in that cell. Often this is because there is already a formula there that will compute the appropriate numbers once the yellow sections are completely filled in. Sections that are clear include projected figures for out-years, which are computed based on the budget year projection increased by the assumed rate of growth in each year; projections of out-year fund balances; and calculations of surplus/deficit, etc.

The template is broken down into separate spreadsheets, with tabs for:

- Major Fund Summary
- Real Property Tax Worksheet (new)
- General Fund Revenues
- General Fund Expenditures
- General Fund Balances (previously "Strategies to Promote General Fund Balance")
- Water Fund
- Sewer Fund
- Fiscal Improvement Plan (new – required for 41 cities)
- Fiscal Accountability Report (new – required for 41 cities)
- Employment Worksheet
- Capital Plan Worksheet
- Balance and Levy Graphs
- Major Fund Graphs

Additional funds, graphics and detail may be added by the user as necessary.

Appendix A:
Multiyear Financial Planning Template

(With Sample Data)
(Blank Template on OSC Website)

City of Somewhere
Four Year Financial Plan, Fiscal Years 2008–2011
Major Fund Summary

	Actual				Estimated	Projected			
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
General Fund									
Revenues	$23,880,796	$25,842,739	$27,703,983	$30,971,185	$31,222,069	$31,486,937	$31,682,739	$31,977,817	$32,284,124
Expenditures by Object	$24,013,710	$27,297,436	$28,460,881	$31,344,924	$32,386,789	$34,484,683	$36,743,472	$39,240,725	$41,865,667
Surplus (Deficit)	**($132,914)**	**($1,454,697)**	**($756,898)**	**($373,739)**	**($1,164,720)**	**($2,997,746)**	**($5,060,734)**	**($7,262,908)**	**($9,581,543)**
Water Fund									
Revenues	$2,317,711	$2,119,597	$2,202,718	$2,286,667	$2,202,968	$2,181,091	$2,159,433	$2,137,991	$2,116,764
Expenditures	$1,848,264	$1,933,142	$2,507,664	$2,403,740	$2,502,686	$2,640,045	$2,785,849	$2,940,671	$3,105,128
Surplus (Deficit)	**$469,447**	**$186,455**	**($304,946)**	**($117,073)**	**($299,718)**	**($458,954)**	**($626,416)**	**($802,680)**	**($988,364)**
Sewer Fund									
Revenues	$3,181,130	$3,155,969	$3,000,599	$3,306,363	$3,187,120	$3,166,191	$3,166,191	$3,166,191	$3,166,191
Expenditures	$3,016,338	$3,122,574	$3,267,565	$3,462,565	$3,519,295	$3,658,104	$3,802,465	$3,952,601	$4,108,742
Surplus (Deficit)	**$164,792**	**$33,395**	**($266,966)**	**($156,202)**	**($332,175)**	**($491,913)**	**($636,274)**	**($786,410)**	**($942,551)**
All Major Funds									
Revenues	$29,379,637	$31,118,305	$32,907,300	$36,564,215	$36,612,157	$36,834,219	$37,008,363	$37,282,000	$37,567,080
Expenditures	$28,878,312	$32,353,152	$34,236,110	$37,211,229	$38,408,770	$40,782,832	$43,331,786	$46,133,997	$49,079,538
Surplus (Deficit)	**$501,325**	**($1,234,847)**	**($1,328,810)**	**($647,014)**	**($1,796,613)**	**($3,948,612)**	**($6,323,424)**	**($8,851,998)**	**($11,512,458)**

City of Somewhere
Four Year Financial Plan, Fiscal Years 2008–2011
Property Tax Worksheet

	Actual				Estimated	Projected				Avg Ann Increase 2003-	Assumptions				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	present	2008	2009	2010	2011	Description
Levy and Assessed Value / Rate															
Levy*	7,407,000	8,461,679	9,751,910	11,764,991	13,171,432	13,171,432	13,171,432	13,171,432	13,171,432	15%	0%	0%	0%	0%	Held constant in MYP; see FIP
Assessed Value of Taxable Property*	484,094,291	498,204,140	509,529,575	858,627,338	930,229,406	939,531,700	948,927,017	958,416,287	968,000,450	18%	1%	1%	1%	1%	No planned reassessment; some growth due to development
Tax Rate per $1,000 of Assessed Value*	15.30	16.98	19.14	13.70	14.16	14.16	14.16	14.16	14.16	-2%	0%	0%	0%	0%	Held constant in MYP; see FIP
Full Value and FV Rate															
Equalization Rate (available from ORPS)	93.8	88.1	78.0	100.0	100.0	100.0	100.0	100.0	100.0	2%	0%	0%	0%	0%	No planned reassessment; assumes market peaked
Full Market Value of Taxable Property (000's)*	516,257,109	565,755,326	653,243,045	858,627,338	930,229,406	939,531,700	948,927,017	958,416,287	968,000,450	16%	1%	1%	1%	1%	Assumes market has peaked; some new development
Tax Rate per $1000 of Full Value*	11.96	12.46	12.44	11.42	11.80	11.80	11.80	11.80	11.80	0%	0%	0%	0%	0%	No rate increase in MYP
Tax Limit															
Property Tax Limit	10,948,907	11,751,534	12,769,484	14,715,112	16,915,738	15,789,547	17,322,234	18,542,927	18,980,419	11%	-	-	-	-	Based on calculation (CTL=2% of full value 5-yr rolling avg)
Exclusions to Tax Limit	(1,421,212)	(1,846,305)	(2,377,860)	(2,482,589)	(1,159,079)	(1,159,079)	(1,159,079)	(1,159,079)	(1,159,079)	N/A	0%	0%	0%	0%	Held constant at 2008 level
Tax Levy Subject to Limit	5,985,788	6,615,374	7,374,050	9,282,402	12,012,353	12,012,353	12,012,353	12,012,353	12,012,353	19%	-	-	-	-	Calculated from levy minus exclusions
Factors Affecting Changes to Full Value of Taxable Property															
Portion due to development		6,195,085	33,945,320	156,778,331	20,607,056	9,302,294	9,395,317	9,489,270	9,584,163	N/A	1%	1%	1%	1%	
Portion due to changes in market value		53,202,774	71,039,944	89,682,820	65,315,426	0	0	0	0	N/A	0%	0%	0%	0%	

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Impact of Local Actions on General Fund Balances									
Total Effect of Changes	---	---	---	---	---	(230,000)	6,483,100	10,936,027	10,922,259
Surplus (Deficit)	---	---	---	---	---	(3,948,612)	(6,323,424)	(8,851,998)	(11,512,458)
Surplus / (Deficit) After Local Actions	---	---	---	---	---	(4,178,612)	159,676	2,084,029	(590,199)
Unreserved Fund Balance	3,035,755	(182,094)	1,197,913	(2,071,729)	352,850	(2,771,779)	(9,095,203)	(17,947,201)	(29,459,659)
Unreserved Fund Balance After Local Actions	---	---	---	---	---	**(3,001,779)**	**(2,612,103)**	**(7,011,174)**	**(18,537,400)**
Target Unreserved Fund Balance	---	---	---	---	---	3,683,422	3,700,836	3,728,200	3,756,708
FV Real Property Tax Rate Increase Necessary to Maintain Balance						54.4%	74.1%	94.7%	116.1%
FV Real Property Tax Rate Increase Necessary to Maintain Balance After Local Actions						56.5%	16.2%	-2.0%	20.5%

City of Somewhere
Four Year Financial Plan, Fiscal Years 2008–2011
General Fund Revenues

	Actual				Estimated	Projected				Avg Ann Increase	Assumptions				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2003-present	2008	2009	2010	2011	Description
Revenues															
Real Property Taxes*	$7,806,291	$8,666,461	$10,110,332	$11,887,678	$12,081,640	12,081,640	12,081,640	12,081,640	12,081,640	12%	0%	0%	0%	0%	Assumes no FV growth
Real Property Tax Items	543,686	571,528	631,853	463,930	505,389	505,389	505,389	505,389	505,389	-2%	0%	0%	0%	0%	Assumes no FV growth
Sales and Use Tax*	7,266,622	6,952,742	8,119,483	8,207,731	8,727,138	8,988,952	9,258,621	9,536,379	9,822,471	5%	3%	3%	3%	3%	CPI
Other Non-Prop Taxes*	1,663,317	1,668,246	1,648,493	1,728,095	1,788,569	1,842,226	1,897,493	1,954,418	2,013,050	2%	3%	3%	3%	3%	CPI
Departmental Income	1,537,072	1,543,092	1,492,636	1,449,605	1,403,086	1,360,993	1,320,164	1,280,559	1,242,142	-2%	-3%	-3%	-3%	-3%	Decreasing
Other Local Revenue	1,987,282	2,875,346	1,846,872	2,905,092	2,128,514	2,128,514	2,128,514	2,128,514	2,128,514	2%	0%	0%	0%	0%	Back to 2004 levels, steady
State Aid - AIM*	1,187,241	1,187,241	1,187,241	1,451,364	1,688,826	1,773,267	1,773,267	1,773,267	1,773,267	9%	5%	0%	0%	0%	AIM increase '08; unknown '09-'11
State Aid - Mortgage Tax*	1,163,686	1,567,759	1,714,707	1,991,720	1,859,034	1,766,082	1,677,778	1,677,778	1,677,778	12%	-5%	-5%	0%	0%	Projected decline, then constant
State Aid - Other*	531,890	557,174	575,867	571,607	702,143	702,143	702,143	702,143	702,143	7%	0%	0%	0%	0%	Assumes no change
Federal Aid*	173,709	247,402	365,991	217,375	98,899	98,899	98,899	98,899	98,899	-13%	0%	0%	0%	0%	Assumes no change
Interfund Transfers	20,000	5,748	10,508	96,988	238,831	238,831	238,831	238,831	238,831	86%	0%	0%	0%	0%	Assumes no change
Total Revenues*	**$23,880,796**	**$25,842,739**	**$27,703,983**	**$30,971,185**	**$31,222,069**	**$31,486,937**	**$31,682,739**	**$31,977,817**	**$32,284,124**	**7%**	**1%**	**1%**	**1%**	**1%**	

Nonrecurring Revenues Included in Revenue, Above (List):* NOTE: If none, please enter "NONE" below.

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sale of Real Property	$13,046	$12,117	$25,238	$32,528	$17,886	$0	$0	$0	$0
Nonrecurring Revenues	**$13,046**	**$12,117**	**$25,238**	**$32,528**	**$17,886**	**$0**	**$0**	**$0**	**$0**
Recurring Revenues	**$23,867,750**	**$25,830,622**	**$27,678,745**	**$30,938,657**	**$31,204,183**	**$31,486,937**	**$31,682,739**	**$31,977,817**	**$32,284,124**

** Required by AIM legislation.*

City of Somewhere
Four Year Financial Plan, Fiscal Years 2008–2011
General Fund Expenditures

	Actual				Estimated	Projected			
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenditures by Object									
Personal Services*	$13,691,379	$14,955,768	$15,343,477	$16,233,831	$16,807,708	$17,648,093	$18,530,498	$19,457,023	$20,429,874
Equipment and Capital Outlay*	705,201	672,024	674,833	839,301	720,636	727,842	735,121	742,472	749,897
Contractual*	4,750,997	5,320,943	5,575,576	5,685,883	5,951,251	6,308,326	6,686,826	7,088,035	7,513,317
Debt Service (Principal and Interest)*	26,125	0	3,050	34,667	5,597	21,000	46,000	146,000	197,000
Employee Benefits*	4,672,128	5,551,576	6,457,043	8,143,244	8,778,242	9,656,066	10,621,673	11,683,840	12,852,224
Interfund Transfers to debt service fund*	0	0	0	0	0	0	0	0	0
Interfund Transfers to other funds	167,879	797,125	406,902	407,998	123,355	123,355	123,355	123,355	123,355
Total Expenditures (by Object)	**$24,013,710**	**$27,297,436**	**$28,460,881**	**$31,344,924**	**$32,386,789**	**$34,484,683**	**$36,743,472**	**$39,240,725**	**$41,865,667**
Expenditures by Function									
General Governmental Support	$4,104,376	$4,679,978	$4,727,625	$4,798,153	$4,679,255	$4,819,633	$4,964,222	$5,113,148	$5,266,543
Public Safety	9,079,127	9,939,642	10,405,804	11,089,031	11,447,975	12,134,854	12,862,945	13,634,721	14,452,805
Health	72,026	81,774	31,512	18,386	16,079	16,079	16,079	16,079	16,079
Transportation	3,227,659	3,522,730	3,419,293	3,652,811	3,978,234	4,177,146	4,386,003	4,605,303	4,835,568
Economic Opportunity & Developmt	96,729	106,740	132,930	182,244	120,681	127,922	135,597	143,733	152,357
Culture and Recreation	2,003,781	2,074,266	2,111,710	2,125,014	2,214,290	2,280,719	2,349,140	2,419,614	2,492,203
Home and Community Services	563,880	543,605	754,997	886,851	1,023,081	1,064,004	1,106,564	1,150,827	1,196,860
Employee Benefits / Fringes	4,672,128	5,551,576	6,457,043	8,143,244	8,778,242	9,656,066	10,621,673	11,683,840	12,852,224
Debt Service	26,125	0	3,050	34,667	5,597	21,000	46,000	146,000	197,000
Interfund Transfers to debt service fund	0	0	0	0	0	0	0	0	0
Interfund Transfers to other funds	167,879	797,125	406,902	407,998	123,355	123,355	123,355	123,355	123,355
Other	0	0	10,015	6,525	0	0	0	0	0
Total Expenditures (by Function)	**$24,013,710**	**$27,297,436**	**$28,460,881**	**$31,344,924**	**$32,386,789**	**$34,420,777**	**$36,611,578**	**$39,036,621**	**$41,584,994**
Object and Function may not match in outyears, but should be close.	*$0*	*$0*	*$0*	*$0*	*$0*	*$63,906*	*$131,894*	*$204,104*	*$280,673*

	Avg Ann Increase 2003-present	Assumptions				
		2008	2009	2010	2011	Description
Expenditures by Object						
Personal Services*	5%	5%	5%	5%	5%	Historical trend
Equipment and Capital Outlay*	1%	1%	1%	1%	1%	Historical trend
Contractual*	6%	6%	6%	6%	6%	Historical trend
Debt Service (Principal and Interest)*	-32%					Based on capital plan
Employee Benefits*	17%	10%	10%	10%	10%	New health care consortium
Interfund Transfers to debt service fund*	N/A					N/A
Interfund Transfers to other funds	-7%	0%	0%	0%	0%	Held constant
Total Expenditures (by Object)	**8%**	**6%**	**7%**	**7%**	**7%**	
Expenditures by Function						
General Governmental Support	3%	3%	3%	3%	3%	Historical trend
Public Safety	6%	6%	6%	6%	6%	Historical trend
Health	-31%	0%	0%	0%	0%	Stabilized at current levels
Transportation	5%	5%	5%	5%	5%	Historical trend
Economic Opportunity & Developmt	6%	6%	6%	6%	6%	Historical trend
Culture and Recreation	3%	3%	3%	3%	3%	Historical trend
Home and Community Services	16%	4%	4%	4%	4%	Investments phased in
Employee Benefits / Fringes	17%	10%	10%	10%	10%	New health care consortium
Debt Service	-32%					Based on capital plan
Interfund Transfers to debt service fund	N/A					N/A
Interfund Transfers to other funds	-7%	0%	0%	0%	0%	Held constant
Other	N/A					No future education spending
Total Expenditures (by Function)	**8%**	**6%**	**6%**	**7%**	**7%**	

** Required by AIM legislation.*

City of Somewhere
Four Year Financial Plan, Fiscal Years 2008–2011
General Fund Surplus (Deficit), Reserves, and Impact of Local Actions

	Actual				Estimated	Projected			
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Surplus (Deficit)	**($132,914)**	**($1,454,697)**	**($756,898)**	**($373,739)**	**($1,164,720)**	**($2,997,746)**	**($5,060,734)**	**($7,262,908)**	**($9,581,543)**
Budgetary Reserves*									
Fund Equity, Beg. of Year	$6,745,403	$6,894,379	$5,439,682	$4,902,374	$4,528,635	$2,792,377	($205,369)	($5,266,102)	($12,529,010)
Fund Equity, End of Year	6,894,379	5,439,682	4,902,374	4,528,635	2,792,377	(205,369)	(5,266,102)	(12,529,010)	(22,110,553)
Reserved Fund Balance - Capital	893,687	747,532	427,082	1,237,211	1,178,355	500,000	500,000	500,000	500,000
Reserved Fund Balance - Other (please specify)	1,240,832	2,813,995	2,405,130	2,917,940	1,373,255	1,373,255	1,373,255	1,373,255	1,373,255
Unreserved Fund Balance - Appropriated	$1,870,001	1,491,624	72,144	964,827	75,044	0	0	0	0
Unreserved Fund Balance*	**$2,889,860**	**$386,531**	**$1,998,018**	**($591,343)**	**165,723**	**($2,078,624)**	**($7,139,357)**	**($14,402,265)**	**($23,983,808)**

** Required by AIM legislation.*

City of Somewhere
Four Year Financial Plan, Fiscal Years 2008–2011
Water Fund

	Actual				Estimated	Projected				Avg Ann Increase 2003-present	Assumptions				
	2003	2004	2005	2006	2007	2008	2009	2010	2011		2008	2009	2010	2011	Description
Revenues															
Real Property Tax and Tax Items	$0	$0	$0	$0	$0	$0	$0	$0	$0	N/A					N/A
Home and Community Services	2,314,586	2,115,622	2,191,168	2,232,584	2,187,691	2,165,814	2,144,156	2,122,714	2,101,487	-1%	-1%	-1%	-1%	-1%	Historical trend
Other (Permits, Fines, Sales, Misc.)	3,125	3,975	11,550	54,083	15,277	15,277	15,277	15,277	15,277	49%	0%	0%	0%	0%	Unpredictable: held constant
Interfund Transfers	0	0	0	0	0	0	0	0	0	N/A					N/A
Total Revenues	**2,317,711**	**2,119,597**	**2,202,718**	**2,286,667**	**2,202,968**	**2,181,091**	**2,159,433**	**2,137,991**	**2,116,764**	**-1%**	**-1%**	**-1%**	**-1%**	**-1%**	
Expenditures															
Personal Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	N/A					N/A
Equipment and Capital Outlay	1,638,651	1,720,989	2,281,196	2,156,779	2,156,779	2,264,618	2,377,849	2,496,741	2,621,578	7%	5%	5%	5%	5%	Trend outside of recent cap investmts
Contractual	159,613	212,153	226,468	246,961	303,649	334,014	367,415	404,157	444,573	17%	10%	10%	10%	10%	Based on current projections
Debt Service (Principal and Interest)	0	0	0	0	42,258	41,413	40,585	39,773	38,977	N/A	-2%	-2%	-2%	-2%	Based on recent capital investments
Employee Benefits	50,000	0	0	0	0	0	0	0	0	-100%					
Interfund Transfers to debt service fund	0	0	0	0	0	0	0	0	0	N/A					N/A
Interfund Transfers to other funds	0	0	0	0	0	0	0	0	0	N/A					N/A
Total Expenditures	**$1,848,264**	**$1,933,142**	**$2,507,664**	**$2,403,740**	**$2,502,686**	**$2,640,045**	**$2,785,849**	**$2,940,671**	**$3,105,128**	**8%**	**5%**	**6%**	**6%**	**6%**	
Surplus (Deficit)	**$469,447**	**$186,455**	**($304,946)**	**($117,073)**	**($299,718)**	**($458,954)**	**($626,416)**	**($802,680)**	**($988,364)**						
Budgetary Reserves															
Fund Equity, Beg. of Year	1,279,432	$1,780,517	$1,934,525	$1,603,569	1,408,276	$747,981	$289,027	($337,388)	($1,140,068)						
Fund Equity, End of Year	1,780,517	1,934,525	1,603,569	1,408,276	747,981	289,027	(337,388)	(1,140,068)	(2,128,432)						
Reserved Fund Balance - Capital	767,557	939,852	1,125,574	1,022,830	747,981	747,981	747,981	747,981	747,981						
Reserved Fund Balance - Other (please specify)	39,420	176,438	141,615	91,440	29,843	29,843	29,843	29,843	29,843						
Unreserved Fund Balance - Appropriated	$1,122,897	1,587,139	1,110,448	1,603,568	0	0	0	0	0						
Unreserved Fund Balance - Unappropriated	**($149,357)**	**($768,904)**	**($774,068)**	**($1,309,562)**	**(39,895)**	**($488,797)**	**($1,115,212)**	**($1,917,892)**	**($2,906,256)**						

City of Somewhere
Four Year Financial Plan, Fiscal Years 2008–2011
Sewer Fund

	Actual				Estimated	Projected				Avg Ann Increase	Assumptions				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-present	2008	2009	2010	2011	Description
Revenues															
Real property tax and tax items	$0	$0	$0	$0	$0	$0	$0	$0	$0	N/A					N/A
Departmental Income	3,129,964	3,082,431	2,943,930	3,239,142	3,098,308	3,098,308	3,098,308	3,098,308	3,098,308	0%	0%	0%	0%	0%	Historical trend
Misc. (use of money, sales, interfund revs., etc.)	51,166	73,538	56,669	67,221	67,883	67,883	67,883	67,883	67,883	7%	0%	0%	0%	0%	Unpredictable: held constant
Interfund Transfers	0	0	0	0	20,929	0	0	0	0	N/A	-100%	0%	0%	0%	No future transfers from GF
Total Revenues	**3,181,130**	**3,155,969**	**3,000,599**	**3,306,363**	**3,187,120**	**3,166,191**	**3,166,191**	**3,166,191**	**3,166,191**	**0%**	**-1%**	**0%**	**0%**	**0%**	
Expenditures															
Personal Services	$0	$30,370	$24,296	$81,940	$49,070	$49,070	$49,070	$49,070	$49,070	N/A	0%	0%	0%	0%	Unpredictable: held constant
Equipment and Capital Outlay	2,914,503	2,961,529	3,103,754	3,209,519	3,470,225	3,609,034	3,753,395	3,903,531	4,059,672	4%	4%	4%	4%	4%	Historical trend
Contractual	101,835	130,675	139,515	171,106	0	0	0	0	0	19%					N/A
Debt Service (Principal and Interest)	0	0	0	0	0	0	0	0	0	N/A					N/A
Employee Benefits	0	0	0	0	0	0	0	0	0	N/A					N/A
Interfund Transfers to debt service fund	0	0	0	0	0	0	0	0	0	N/A					N/A
Interfund Transfers to other funds	0	0	0	0	0	0	0	0	0	N/A					N/A
Total Expenditures	**$3,016,338**	**$3,122,574**	**$3,267,565**	**$3,462,565**	**$3,519,295**	**$3,658,104**	**$3,802,465**	**$3,952,601**	**$4,108,742**	**4%**	**4%**	**4%**	**4%**	**4%**	
Surplus (Deficit)	**$164,792**	**$33,395**	**($266,966)**	**($156,202)**	**($332,175)**	**($491,913)**	**($636,274)**	**($786,410)**	**($942,551)**	**-198%**					
Budgetary Reserves															
Fund Equity, Beg. of Year	$859,962	$1,024,754	$1,058,149	$791,183	634,981	$302,806	($189,107)	($825,381)	($1,611,792)						
Fund Equity, End of Year	1,024,754	1,058,149	791,183	634,981	302,806	(189,107)	(825,381)	(1,611,792)	(2,554,343)						
Reserved Fund Balance - Capital	0	0	0	0	0	0	0	0	0						
Reserved Fund Balance - Other (please specify)	36,760	0	18,908	14,622	15,252	15,252	15,252	15,252	15,252						
Unreserved Fund Balance - Appropriated	692,742	857,870	798,312	791,183	60,532	0	0	0	0						
Unreserved Fund Balance	**$295,252**	**$200,279**	**($26,037)**	**($170,824)**	**227,022**	**($204,359)**	**($840,633)**	**($1,627,044)**	**($2,569,595)**						

Fiscal Improvement Plan

***(Required only for certain municipalities – See Appendix C for more information)**

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.)

		Net Fiscal Impact / Financial Performance Measures					Non-Financial Performance Measures					Action Falls Into the Following Category:			
		2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	Manage-ment	Operat-ing	Shared Services	Other
Total Effect of Changes		---	(230,000)	6,483,100	10,936,027	10,922,259									
Goal #1:	**Expand Property Tax Base**														
Action1	Return properties to the tax roll											X			
	Number of delinquent properties	---	---	---	---	---	100 parcels	100 parcels	90 parcels	80 parcels	80 parcels				
	Estimated benefit to property tax receipts	---	---	500,000	1,000,000	1,000,000	---	---	---	---	---				
Action2	Economic development: Waterfront redevelopmen						NA	NA	NA	NA	NA				X
Action3	Economic development: Big box store														X
	Hire 4 police officers	---	(40,000)	(81,600)	(124,864)	(169,859)	---	1 FTE	2 FTE	3 FTE	4 FTE				
	Purchase 2 cruisers	---	(30,000)	0	(30,000)	0	---	1 cruiser	---	2 cruisers	---				
	Complete infrastructure	---	(150,000)	0	0	0	---	---	---	---	---				
	Estimated benefit to property tax receipts	---	---	5,000,000	5,000,000	5,000,000	---	---	---	---	---				
	Estimated benefit to sales tax receipts	---	---	1,000,000	5,000,000	5,000,000	---	---	---	---	---				
Goal #2:	**Reduce personal service expenditures in public safety**														
Action1	Reduce overtime expenses through better managemen	---	---	---	---	---	---	---	---	---	---	X			
	Purchase and install management software	---	(20,000)	---	---	---	---	---	---	---	---				
	Use results in monthly meetings to plan staffing	---	0	25,000	50,000	50,000	2,000 hours	2,000 hours	1,500 hours	1,000 hours	1,000 hours				
Goal #3:	**Explore opportunities to cut costs through shared services**														
Action1	Contract with County for Civil Service function												X	X	
	Reduce local staff	---	20,000	50,000	51,500	53,045	2 FTE	1 FTE	0 FTE	0 FTE	0 FTE				
	Cost of County contract for services	---	(10,000)	(10,300)	(10,609)	(10,927)	---	---	---	---	---				
Action2	Explore highway maintenance sharing with County	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		X	X	

Fiscal Accountability Report

***(Required only for certain municipalities – See Appendix C for more information)**

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

	Estimated Benefit 2006	Estimated Benefit 2007	Action Falls into Following Category: Management Improvement	Operational Efficiency	Other
Total Net Effect on Prior Two Years	**$128,000**	**$753,000**			
Workforce Changes:					
Broadened civil service titles within Dept. of Public Works	50,000	100,000	X		
Changed from 2-person to 1-person garbage pick-up system:					
Retrofitted existing garbage trucks (one-time cost)	(100,000)				
Reduced staffing from two-person to one-person trash pickup	150,000	200,000		X	
Health Care Savings:					
Purchased health care coverage through consortium of municipalities		300,000		X	
Switched to new prescription drug administrator		125,000		X	
Shared Service Initiatives					
Transferred fire department dispatch to County Sheriff Department at no cost, freeing-up four firefighters for reassignment and reducing overtime costs.	15,000	15,000	X	X	
Joined County and other municipalities in consortium for purchasing office supplies, wastewater chemicals and electricity / natural gas for government-owned buildings.	10,000	10,000		X	
Cooperated with the neighboring Town of X to cosponsor a July 4 concert / fireworks and several other festivals	3,000	3,000			X

City of Somewhere
Four Year Financial Plan, Fiscal Years 2008–2011
Employment / Salary Negotiations

	Date of Contract	Length of Contract	Actual				Estimated	Projected			
			2003	2004	2005	2006	2007	2008	2009	2010	2011
Percentage Increases by Bargaining Unit											
Police	4/1/2006	2 years	4%	4%	4%	4%	4%	4%	---	---	---
Fire	4/1/2006	2 years	4%	4%	4%	4%	4%	4%	---	---	---
Civil	4/1/2007	3 years	3%	3%	3%	3%	3%	3%	3%	---	---
Other	4/2/2007	4 years	3%	3%	3%	3%	3%	3%	3%	---	---
Number of Employees*											
Total			375	252	253	253	249	249	249	249	249
Full-time			175	178	176	177	175	175	175	175	175
Part-time			75	79	77	76	75	75	75	75	75
Seasonal			125	124	123	123	123	123	123	123	123
Full-time equivalents (FTEs)			274	285	283	280	277	277	277	277	277

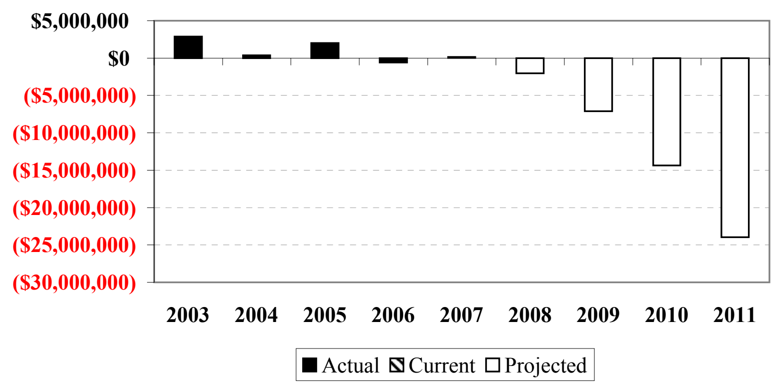
** Required by AIM legislation.*

City of Somewhere
Four Year Financial Plan, Fiscal Years 2008–2011
Major New Capital projects ***

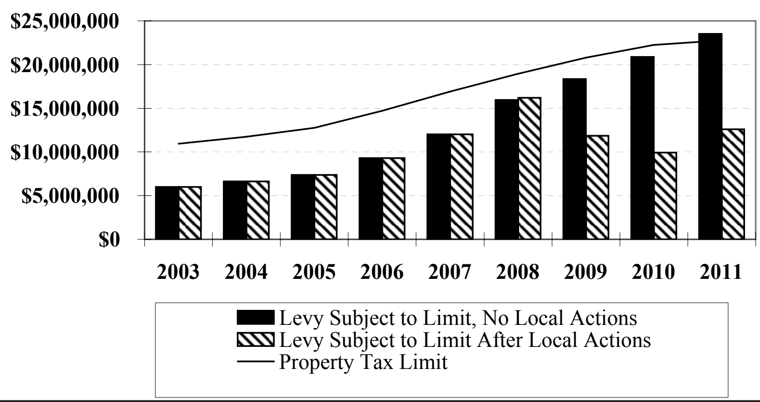
	Projected Cost of Project				Project Life (years)	Interest Rate	Fund	Source of Financing
	2008	2009	2010	2011				
Bonding Projects (add additional years of projects on separate lines):								
Renovation of City Hall - phase 1	$200,000				20	5.00%	General	Taxes
Renovation of City Hall - phase 2			150,000		20	6.00%	General	Taxes
Museum of Local Attractions - expansion		150,000			10	5.50%	General	Ticket sales
Pedestrian promenade along lakeside			100,000		5	6.00%	General	Taxes
Fire engines (4)			200,000		5	6.00%	General	Taxes
Replace downtown intersections with cobblestone				500,000	20	6.50%	General	Taxes
Pay-As-You-Go Projects:								
Commisioned artwork for City Hall	$15,000						General	Bequest
Computer replacements for employees	10,000	10,000	10,000	10,000			General	Taxes
Subtotal: Value of Projects Financed Through Bonding	$200,000	$150,000	$450,000	$0				
Subtotal: Pay-As-You-Go	$25,000	$10,000	$10,000	$10,000				
Total	$225,000	$160,000	$460,000	$10,000				
Debt Service Payments:	**$21,000**	**$46,000**	**$146,000**	**$197,000**				
Additional Pay-As-You-Go Payments	**$25,000**	**$10,000**	**$10,000**	**$10,000**				
Total Additional Capital Payments	**$46,000**	**$56,000**	**$156,000**	**$207,000**				

*** 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 strongly recommends that you create a multiyear capital plan that is tailored to your own government's specific needs. For more information on constructing a capital plan, see OSC's Local Government Management Guide, Multi-Year Capital Plans.

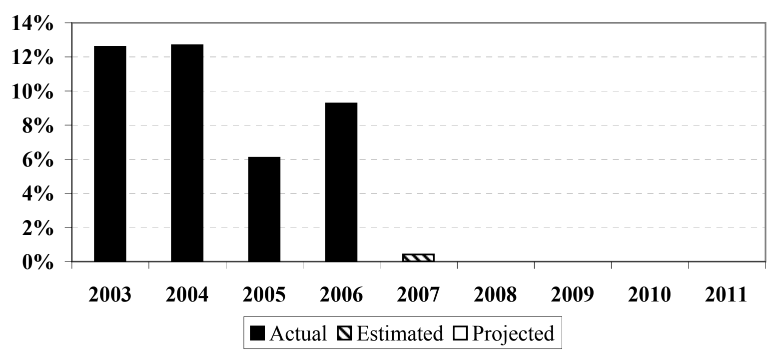
Unreserved Fund Balance (Budgetary Reserves) Necessary to Cover Projected GF Budget Gaps, No Other Changes



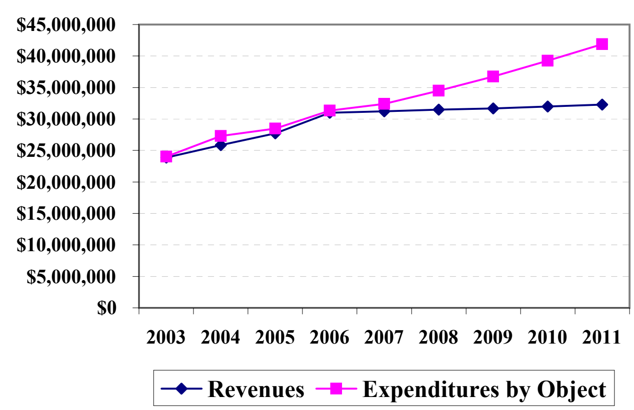
Property Tax Levy Necessary to Cover Projected Budget Gaps



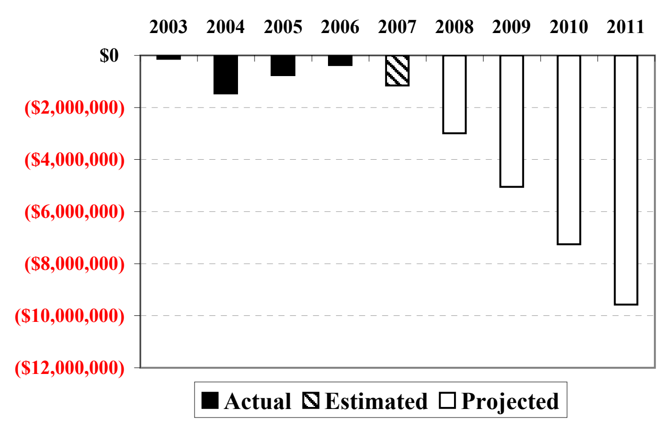
Dependence on Nonrecurring Revenue Sources as a Percent of Revenue, All Major Funds



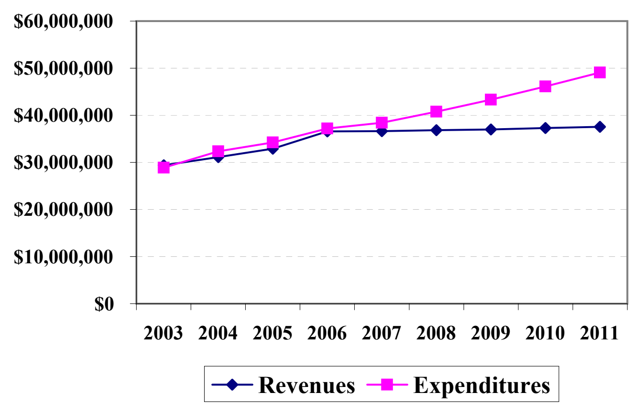
General Fund: Revenues and Expenditures



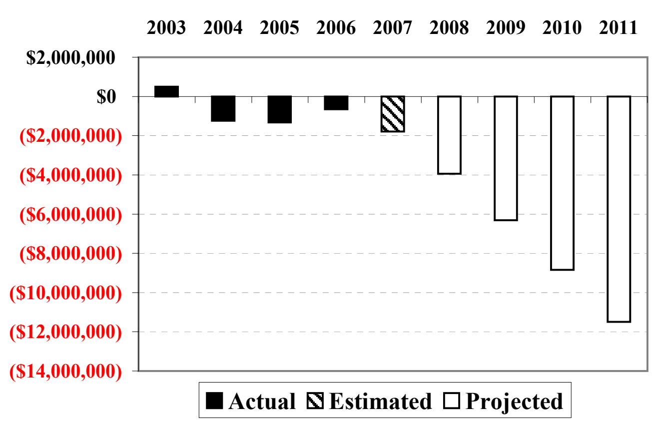
General Fund: Surplus (Deficit)



Major Funds: Revenues and Expenditures



Major Funds: Surplus (Deficit)



Appendix B:
Aid and Incentives for Municipalities (AIM) Program Description

The 2007-08 Enacted State Budget restructures the Aid and Incentives for Municipalities (AIM) program to target additional State aid primarily to fiscally distressed municipalities. An AIM increase of $50 million is authorized in 2007-08, and in each of the three following years, for a four-year total of $200 million. These increases are tied to enhanced accountability requirements that encourage local fiscal improvement. Finally, the 2007-08 AIM program continues to provide incentive grants to local governments that consolidate or share services under a $25 million Shared Municipal Services Incentive (SMSI) grant program.

Key features of the 2007-08 AIM program include:

A four-year, $200 million commitment of annual increases in State aid targeted to distressed municipalities: Beginning in 2007-08, AIM increases ranging from 3 to 9 percent will be provided to municipalities based upon their level of fiscal distress. Fiscal distress is measured using indicators that include:

- Full valuation per capita less than 50 percent of the statewide average.
- Less than 40 percent real property tax capacity.
- Population loss greater than 10 percent since 1970.
- Poverty rate greater than 150 percent of the statewide average.

Annual increases are awarded to eligible cities, large towns and large villages as follows:

- 9 percent if all four distress indicators are met.
- 7 percent if three distress indicators are met.
- 5 percent if one or two distress indicators are met.
- 4.5 percent maximum additional increase if these municipalities receive significantly less aid than their peers on a per capita basis.

A 5 percent increase in aid is provided to small towns (population less than 15,000) and small villages (population less than 10,000) who meet at least one of three distress criteria. Finally, municipalities that do not exhibit signs of fiscal distress would receive a 3 percent inflationary increase.

Accountability requirements: Distressed municipalities that receive over $100,000 in additional aid are required to use the AIM funding to: (i) minimize or reduce the real property tax burden; (ii) invest in economic development or infrastructure to achieve economic revitalization and generate real property tax base growth; or (iii) support investments in technology or other reengineering initiatives that permanently minimize or reduce operating expenses.

In addition, these municipalities are required to submit a comprehensive fiscal performance plan to the Director of the Budget and the Office of the State Comptroller within 60 days of their adopted budget. The plans would include:

- A multi-year financial plan, consistent with 2006-07 AIM requirements.[4]
- A new fiscal improvement plan that includes key fiscal performance goals and action plans necessary to achieve long term fiscal stability.
- A new fiscal accountability report that describes accomplishments toward achieving efficiency and improvements and, starting in 2008-09, details how AIM funding has been spent.

The Office of the State Comptroller is authorized to perform compliance reviews of the accountability requirements, and may recommend to the Director of the Budget that AIM increases be withheld for municipalities that do not comply.

Cities with additional aid under $100,000, cities that receive inflationary increases and large villages that meet all four fiscal distress indicators are required to prepare multi-year financial plans consistent with 2006-07 AIM criteria.

Local Shared Services and Consolidation Incentives: The 2007-08 Enacted State Budget includes $25 million for the Shared Municipal Services Incentive (SMSI) program. While continuing to support $15 million in grants for a range of local shared services activities, the SMSI program is modified to assign priority to grant applications. Municipalities will be able to apply to Department of State for grants of up to $200,000 per municipality with priority given to initiatives that include: distressed municipalities; consolidations or mergers; school districts with other municipalities; highway services; shared health insurance; and countywide shared services programs. In addition, a new $10 million consolidation incentive aid is created under SMSI that provides a recurring 25 percent AIM increase to municipalities that merge or consolidate beginning in 2007-08.

Source: Division of Budget: **http://www.budget.state.ny.us/localities/local/aim.html**

[4] The Division of the Budget's website for 2006-07 requirements refers back to the original 2005-06 requirements. According to those, the plans must, at a minimum, "contain the following elements: projected employment levels; projected annual expenditures for personal service, fringe benefits, non-personal service and debt service; estimated annual property tax revenues including a projection of property tax rates, the value of taxable real property and resulting tax levy; estimated annual sales tax and other annual non-property tax revenues; proposed use of one-time revenue sources, and estimated reserve fund amounts."

Appendix C:
Municipalities Subject to Multiyear Financial Plan and Fiscal Performance Plan Requirements in 2007-08

The 2007-08 Enacted Budget requires 60 cities[5] and three villages to complete multiyear financial plans. Forty-one of those cities must also complete a fiscal performance plan, which includes a multiyear financial plan, a fiscal improvement plan and a fiscal accountability report.

Multiyear Financial Plan

A basic multiyear financial plan projects revenues, expenditures and reserves under current policy. To meet AIM requirements, such a plan must project a minimum of four fiscal years, including the municipality's most recently completed fiscal year, its current fiscal year and the subsequent two fiscal years. The following municipalities must complete this type of plan and have the chief elected official submit written certification to the Director of the Budget on or before **March 31, 2008,** and in each successive year through 2011:

Cities		Villages
Beacon	Oneida	Endicott
Canandaigua	Peekskill	Johnson City
Corning	Port Jervis	Massena
Glen Cove	Rensselaer	
Johnstown	Salamanca	
Little Falls	Saratoga Springs	
Long Beach	Sherrill	
Mechanicville	Rye	
New Rochelle	White Plains	
Norwich		

Fiscal Performance Plans

Cities receiving AIM increases of at least 5 percent and more than $100,000 must complete a full fiscal performance plan, which includes not only the current policy projections of a multiyear financial plan, but also a fiscal improvement plan (FIP) and fiscal accountability report (FAR). The FIP describes a municipality's plan for achieving fiscal balance, setting fiscal performance goals and defining the local actions necessary to achieve these goals. A FAR looks backward and describes prior years' fiscal accomplishments, such as management improvements and operational efficiencies, and in future years will also detail how AIM increases were spent.

Each of the following cities is required to complete a comprehensive Fiscal Performance Plan and submit it to the Director of the Budget and the State Comptroller within 60 days of the adoption of the city's most recent budget or within 60 days of the start of the State's 2007-08 fiscal year, whichever is later:

[5] The City of Buffalo and New York City are exempted from completing or submitting a Multiyear Financial Plan or a Fiscal Performance Plan under AIM as these cities already do multiyear planning.

City	Beginning of local fiscal year	Adopted local budget*	60 days from local budget adoption
Batavia	April 1, 2007	March 1, 2007	May 31, 2007**
Hornell	April 1, 2007	March 1, 2007	May 31, 2007**
Utica	April 1, 2007	March 1, 2007	May 31, 2007**
Olean	June 1, 2007	May 1, 2007	June 30, 2007
Amsterdam	July 1, 2007	June 1, 2007	July 31, 2007
Auburn	July 1, 2007	June 1, 2007	July 31, 2007
Rochester	July 1, 2007	June 1, 2007	July 31, 2007
Syracuse	July 1, 2007	June 1, 2007	July 31, 2007
Watertown	July 1, 2007	June 1, 2007	July 31, 2007
Yonkers	July 1, 2007	June 1, 2007	July 31, 2007
Lackawanna	August 1, 2007	July 1, 2007	August 30, 2007
Albany	January 1, 2008	December 1, 2007	January 30, 2008
Binghamton	January 1, 2008	December 1, 2007	January 30, 2008
Cohoes	January 1, 2008	December 1, 2007	January 30, 2008
Cortland	January 1, 2008	December 1, 2007	January 30, 2008
Dunkirk	January 1, 2008	December 1, 2007	January 30, 2008
Elmira	January 1, 2008	December 1, 2007	January 30, 2008
Fulton	January 1, 2008	December 1, 2007	January 30, 2008
Geneva	January 1, 2008	December 1, 2007	January 30, 2008
Glens Falls	January 1, 2008	December 1, 2007	January 30, 2008
Gloversville	January 1, 2008	December 1, 2007	January 30, 2008
Hudson	January 1, 2008	December 1, 2007	January 30, 2008
Ithaca	January 1, 2008	December 1, 2007	January 30, 2008
Jamestown	January 1, 2008	December 1, 2007	January 30, 2008
Kingston	January 1, 2008	December 1, 2007	January 30, 2008
Lockport	January 1, 2008	December 1, 2007	January 30, 2008
Middletown	January 1, 2008	December 1, 2007	January 30, 2008
Mount Vernon	January 1, 2008	December 1, 2007	January 30, 2008
Newburgh	January 1, 2008	December 1, 2007	January 30, 2008
Niagara Falls	January 1, 2008	December 1, 2007	January 30, 2008
North Tonawanda	January 1, 2008	December 1, 2007	January 30, 2008
Ogdensburg	January 1, 2008	December 1, 2007	January 30, 2008
Oneonta	January 1, 2008	December 1, 2007	January 30, 2008
Oswego	January 1, 2008	December 1, 2007	January 30, 2008
Plattsburgh	January 1, 2008	December 1, 2007	January 30, 2008
Poughkeepsie	January 1, 2008	December 1, 2007	January 30, 2008
Rome	January 1, 2008	December 1, 2007	January 30, 2008
Schenectady	January 1, 2008	December 1, 2007	January 30, 2008
Tonawanda	January 1, 2008	December 1, 2007	January 30, 2008
Troy	January 1, 2008	December 1, 2007	January 30, 2008
Watervliet	January 1, 2008	December 1, 2007	January 30, 2008

*This assumes that each of these cities will have adopted a local budget at least one month before the start of the local fiscal year. For specific information on local budget adoption, please refer to individual local charters.

**As the start of the State fiscal year (April 1) is after the date of local budget adoption, these cities have until 60 days from the start of the State fiscal year (May 31) to submit plans in 2007. In 2008, 2009 and 2010, the cities of Batavia, Hornell and Utica must submit plans on or before April 30.

Appendix D:
Resources

Local Government Data

Office of the State Comptroller
Has historical data on all local government revenues, expenditures, debt, etc., on the local government services website.
www.osc.state.ny.us/localgov

New York State Agencies

Labor Department
Has data and analysis on unemployment and private sector jobs.
www.labor.state.ny.us

Department of Taxation and Finance
Has data and analysis of sales and use tax revenues, rates and bases by county.
www.tax.state.ny.us

Division of the Budget
Has budget documents, including Financial Plan, as well as economic reports and AIM legislation information.
www.budget.state.ny.us

Economic Data

U.S. Bureau of Labor Statistics (BLS)
Has data on consumer price index (CPI-U), employment, unemployment, wages, productivity and many other things related to workforce issues.
www.bls.gov.

U.S. Census Bureau
Has data on demographics and economic census (payroll, establishments by sector).
www.census.gov

Membership Organizations

All Financial Planners:

Government Finance Officers' Association (GFOA):

- National GFOA: **www.gfoa.org**
- New York State GFOA: **www.nysgfoa.org/**

Municipal and County:

New York State Association of Counties (NYSAC): **www.nysac.org**

New York State Association of Towns: **www.nytowns.org**

New York State Conference of Mayors and Municipal Officials (NYCOM): **www.nycom.org**

School District:

New York State Association of School Business Officials (NYSASBO): **www.nysasbo.org**

New York State Council of School Superintendents (NYSCOSS): **www.nyscoss.org**

New York State School Boards Association (NYSSBA): **www.nyssba.org**

Resources on Performance Measurement

Budgeting

A Guide to Developing and Using Performance Measures in Results-Based Budgeting, by Mark Friedman. Washington, DC: The Finance Project, May 1997.

A Guide to Selecting Results and Indicators: Implementing Results-based Budgeting, by Atelia I. Melaville. Washington, DC; The Finance Project, May 1997.

A Strategy Map for Results-based Budgeting: Moving from Theory to Practice, by Mark Friedman. Washington, DC: The Finance Project, September 1996.

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The Performance Budget Revisited: A Report of State Budget Reform, by K. Carter, ICMA: 1994.

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Economic Development Programs

Excellence in Managing; Practical Experiences from Community Development Agencies, by Hatry, Morley, Barbour, and Pajunen. Washington, DC: The Urban Institute Press, 1991.

Just the Facts 2001: Key Economic and Social Indicators for New York State, by The Public Policy Institute of New York State, Inc. Albany, NY: PPINYS, 2001.

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Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector, by David Osborne and Ted Gaebler. Reading, MA: Addison-Wesley, 1992.

General

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Creating High-Performance Government Organizations: A Practical Guide for Public Managers, edited by Mark Popovich. Jossey-Bass, 1998.

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Governing for Performance in the Public Sector. Report presented at the OECD/Germany High-level Symposium. Germany: OECD, March 2002.

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Government Service Efforts and Accomplishments Performance Reports: A Guide to Understanding, by Paul Epstein, James Fountain, Wilson Campbell, Terry Patton and Kimberly Keaton. Norwalk, CT: Governmental Accounting Standards Board, July 2005.

Implementing Performance Measurement in Government, by J.L. Leithe. Chicago: Government Finance Officers Association, 1997.

Making Performance Measurement Work, by Broom, Harris, Jackson, & Marshall. Washington DC: ASPA, 2001.

Measuring Program Outcomes: A Practical Approach, by Hatry, van Houten, Plantz, and Greenway. Alexandria, VA: United Way of America, 1996.

Measuring Up: Governing's Guide to Performance Measurement for Geniuses (and Other Public Managers), by Jonathan Walters. Governing Books: Washington, DC, 1998.

Performance Measurement and Evaluation: Definitions and Relationships. GAO Report No. GAO-05-739SP. Washington, DC: GAO, May 2005.

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Program Evaluation: Studies Helped Agencies Measure or Explain Program Performance. GAO Report No. GAO/GGD-00-204. Washington, DC: GAO, September 2000.

Public Sector Performance Measurement: Successful Strategies and Tools, by Charles Bens. Municipal World, 1998.

Quicker, Better, Cheaper? Managing Performance in American Government, edited by Dall W. Forsythe. New York: Rockefeller Institute Press, 2001.

Redefining Government Performance, by K. Ogata and R. Goodkey. Alberta Finance (formerly Alberta Treasury), Canada, July 16, 1998.

Reporting Financial Performance: A Proposed Approach, by Kathryn Cearns. Norwalk, CT: FASB, 1999.

Results-Oriented Cultures: Using Balanced Expectations to Manage Senior Executive Performance. By GAO. GAO Report Number GAO-02-966. Washington DC: GAO, September 2002.

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Special Report Summary: Reporting Performance Information: Suggested Criteria for Effective Communication, by James Fountain, Wilson Campbell, Terry Patton, Paul Epstein and Mandi Cohen. Norwalk, CT: Governmental Accounting Standards Board, October 2003.

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Using Performance Measurement in Local Government: A Guide to Improving Decisions, Performance, and Accountability, by Paul D. Epstein. New York: National Civic League Press, 1988.

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Retirement Information Services

Inquiries on Employee Benefits and Programs 474-7736

Bureau of Member Services 474-1101

Monthly Reporting Inquiries 474-1080
Audits and Plan Changes 474-0167
All Other Employer Inquiries 474-6535

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