

City of Northampton

Financial Trends and Projections for FY2025

MAYOR GINA-LOUISE SCIARRA

JANUARY 30, 2024

Agenda

- ❖ Budget Process
- ❖ Revenues
- ❖ Expenditures
- ❖ Financial Indicators and Comparative Communities
- ❖ Review of Revenue and Expenditure Trends
- ❖ Fiscal Cliff(s)
- ❖ Reserves
- ❖ FY25 – FY29 Fiscal Stability Plan
- ❖ Revenue and Expenditure Projections for Fiscal Year 2025
- ❖ Fiscal Year 2025 Budget Calendar
- ❖ Questions and Comments

Budget Process

Budget Process

- ❖ The budget process is governed by Massachusetts General Law (MGL) Chapter 44.
- ❖ MGL Ch. 44, § 31 states that all Massachusetts municipalities are required to prepare balanced annual budgets. This means the revenues match the expenses.
- ❖ Per the City Charter 7-2, the Mayor calls "a joint meeting of the city council, school committee, trustees of the Smith Vocational and Agricultural High School and the superintendents of both school districts before the commencement of the budget process to review the financial condition of the city, revenue and expenditure forecasts and other relevant information prepared by the mayor in order to develop a coordinated budget."
- ❖ The Mayor initiates the city budget process working closely with the Finance Director and department heads to maintain services and identify needs.
- ❖ The School Committee and Trustees of Smith Vocational & Agricultural High School adopt and submit a proposed budget to the Mayor 30 days prior to the date the budget is due to be submitted to Council.
- ❖ The Mayor submits the proposed budget to City Council at least 45 days prior to the beginning of the fiscal year.
- ❖ City Council holds a public hearing and must vote on the proposed budget within 45 days of receipt of the budget.

Revenues

Revenue Sources

- ❖ Taxes
- ❖ State Aid
- ❖ Charges for Services
- ❖ Intergovernmental – State, Federal, Operating
- ❖ Licenses and Permits
- ❖ Fines and Forfeits
- ❖ Miscellaneous Revenue
- ❖ Reserves

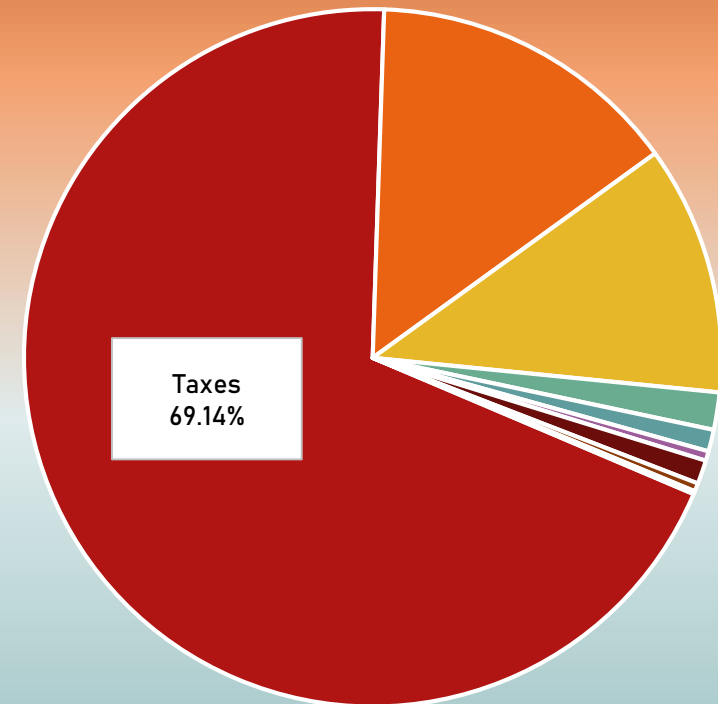
Taxes

Massachusetts municipal law permits two (2) types of property taxation

- Real Estate Tax- 63.06% of the projected revenue (FY24)
- Personal Property Tax- 1.66% of the projected revenue (FY24)

Other taxes (Meals, Hotel/Motel, Cannabis, Motor Vehicle Excise) and Payments in Lieu of Taxes (PILOTS) – 4.42% of the projected revenue (FY24)

City of Northampton
General Fund Revenues - FY2024
\$116,679,550



Term Definitions

- Proposition 2 ½: Prop 2 ½ sets the maximum limit a City may increase the property tax levy by each year to 2 ½% .
- Property Tax Levy: The amount the community can raise through real and personal property taxes. The levy can be any amount up to the levy limit.
- Levy Limit: The maximum the levy can be in a given year, calculated annually by the Department of Revenue.
- Levy Ceiling: The maximum the levy limit can be. The levy ceiling is determined by a calculation: 2.5 % of the full and fair cash value of all taxable real and personal property in the City.
- Levy Limit Increases: Every fiscal year, the levy limit increases by an automatic 2.5% increase over the last year's levy limit, plus the addition of new growth, plus any override the community has voted.
- New Growth: The amount of increased value of new development (building, construction, property divisions) that is not the result of revaluation.
- Proposition 2 ½ General Override: A vote by the residents of the City to permanently increase the levy limit base by the amount of the override question allowing the City to tax more.
- Levy Ceiling Changes: The total full and fair cash value of taxable real and personal property can change each year as properties are added or removed from the tax rolls and as market values increase or decrease.
- Levy Increases: The City may tax no more than its levy limit; however, there is no restriction on the dollar increase or percentage increase in its levy from year to year. Proposition 2 ½ restricts increases in the levy limit, not the levy itself. A community is permitted to tax up to its levy limit.
- Excess Levy Capacity: The difference between the levy (the amount the city taxes to) and the levy limit.

Property Tax Levy Calculation under Proposition 2 1/2

Proposition 2 ½ prohibits a community from raising and collecting more than 2.5% the maximum amount it was legally allowed to collect through property taxation in the previous year.

This refers to the total amount that the City collects from the community and not the amount collected from an individual taxpayer.

PROPERTY TAX LEVY CALCULATION

	FY2021 Budget	FY2022 Budget	FY2023 Budget	FY2024 Budget	\$ Change FY2023-FY2024	% Change FY2023-FY2024
Base Levy From Prior Year	61,649,762	66,740,564	69,508,933	72,260,937	2,752,004	3.96%
2 1/2% Increase	1,541,244	1,668,514	1,737,723	1,806,523	68,800	3.96%
Override	2,500,000	0	0	0	0	
New Growth	1,039,583	1,099,854	1,014,281	921,887	(92,394)	(0)
Levy Limit	66,730,589	69,508,932	72,260,937	74,989,348	2,728,410.43	3.78%
Police Station	633,442	620,476	585,396	575,932	(9,464)	
Subtotal Debt Exclusions	633,442	620,476	585,396	575,932	(9,463.77)	-1.6%
Max Allowable Levy (Levy Limit + Debt Excl)	67,364,032	70,129,409	72,846,333	75,565,280	2,718,947	3.7%
LESS: Actual Tax Levy	64,854,760	70,106,847	72,342,855	75,515,707		
Excess (Unused) Levy Capacity	2,509,272	22,562	503,478	49,573		
Actual Tax Levy	64,854,760	70,106,847	72,342,855	75,515,707		
Levy Ceiling (2.5% of Total Valuation)	93,343,062	97,969,322	114,177,485	124,285,232		

State Revenue

State Revenue makes up 14.50% of our projected budgeted revenue (FY24)

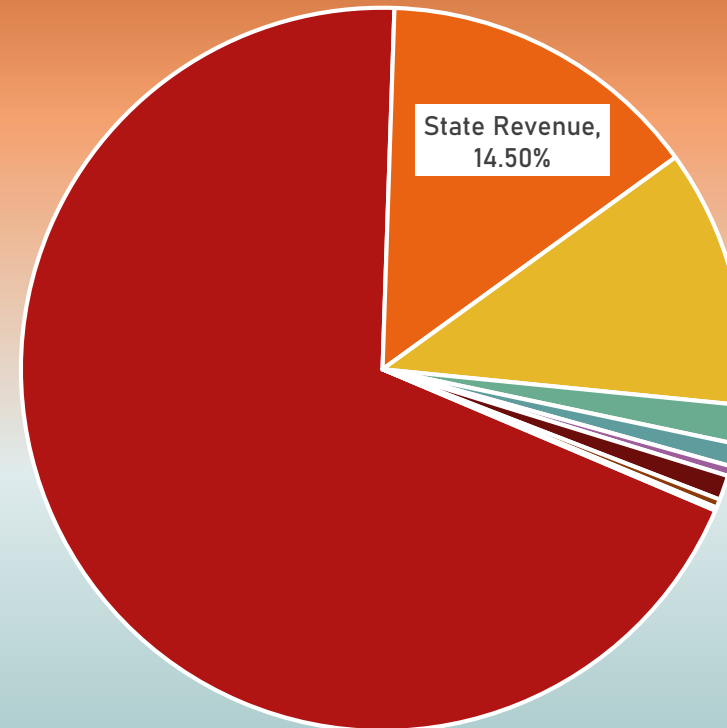
State Aid

- Chapter 70 School Aid
- Charter Tuition Reimbursement
- Unrestricted General Government Aid (UGGA)
- Payment in Lieu of Taxes (PILOT) for State Owned Land
- Veterans Benefits
- Abatements to Older Adults
- Offset: Incoming School Choice
- Offset: Public Libraries

Intergovernmental – State makes up 0.36% of our projected revenue (FY24)

- Other State Revenue
- MA Ambulance Certified Public Expenditure (CPE)

City of Northampton
General Fund Revenues - FY2024
\$116,679,550



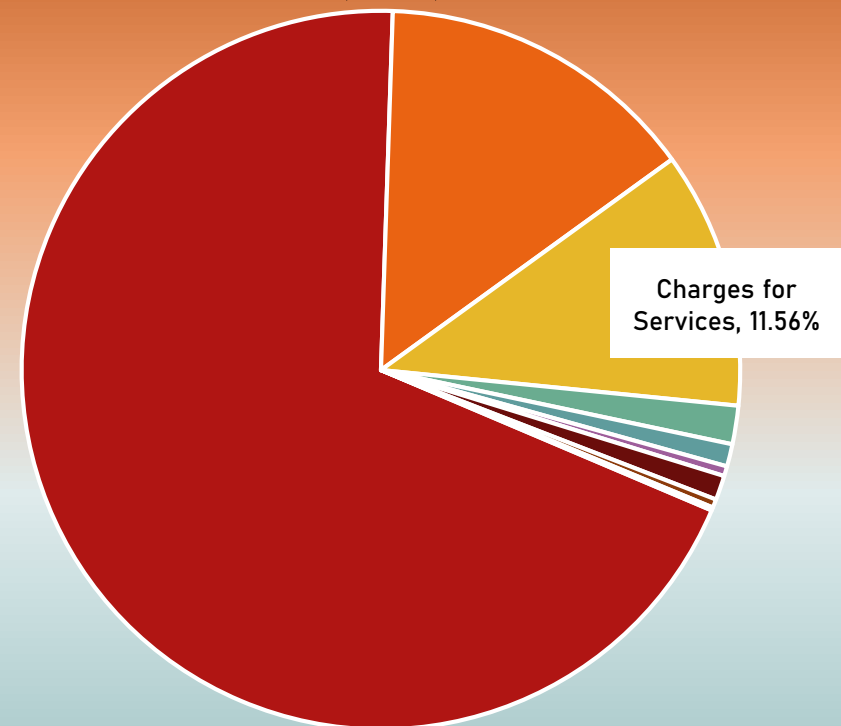
Charges for Services

Charges for Services makes up 11.56% of projected revenue (FY24)

- **Parking Revenues** – *Used for operations and maintenance of the Parking System. Not part of general City reserves*
- **Departmental Fees** (Recreation, Collector, City Clerk...)
- **Department Revenues** (Building Inspections, Health inspections...)
- **Tuition for Smith Vocational & Agricultural High School**
– *tuition from sending communities that goes to SVAHS*

* *Some of these revenues are restricted and not part of the City's General Fund.*

City of Northampton
General Fund Revenues - FY2024
\$116,679,550

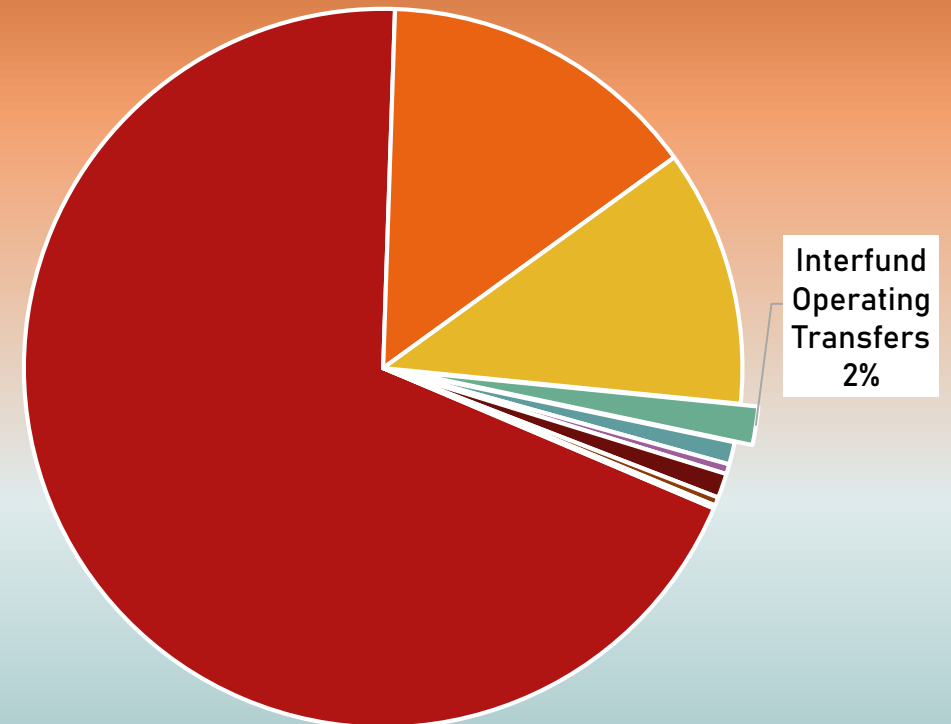


Interfund Operating Revenue

City of Northampton General Fund Revenues - FY2024 \$116,679,550

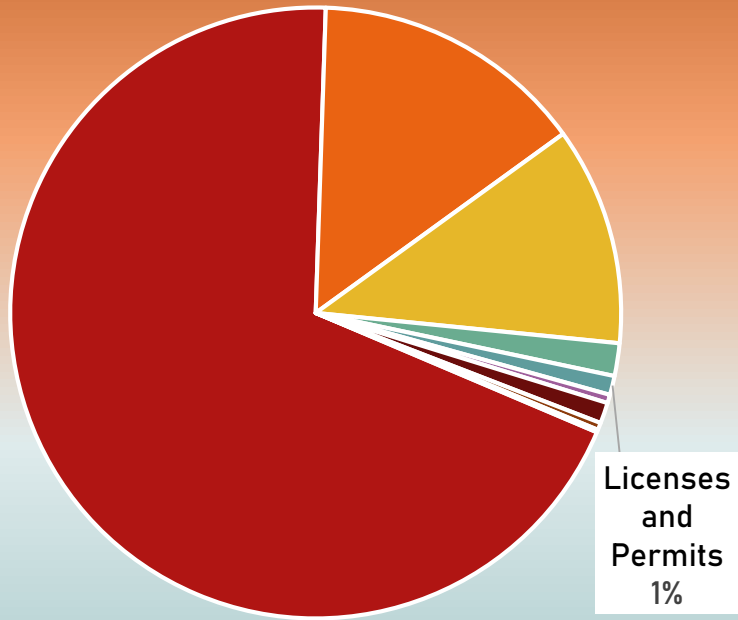
Interfund Operating Transfers
makes up 2% of projected
revenue (FY23)

- Interfund Transfers –
Enterprise Funds Indirects
- Community Preservation Act
(CPA) Funds

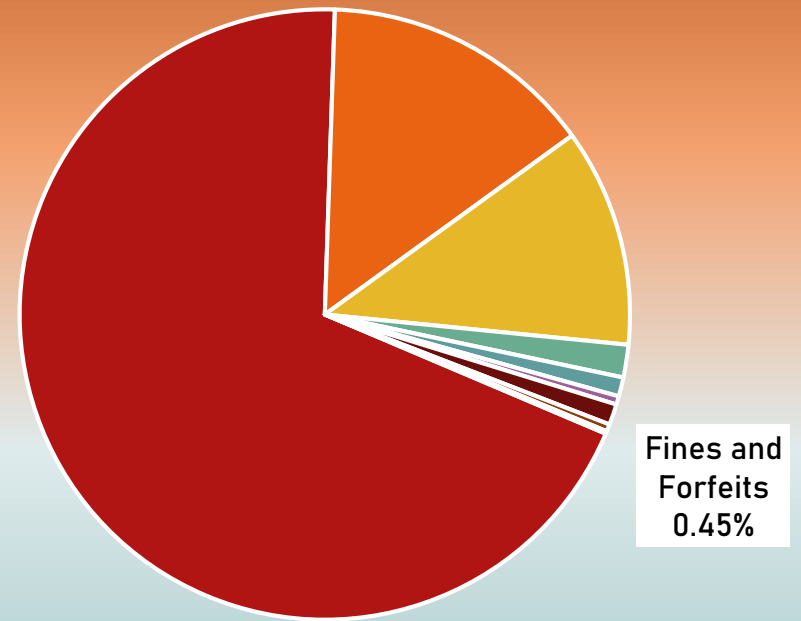


Licenses and Permits Fines and Forfeits

Licenses and Permits
1% of projected revenue
Liquor Licenses, Department Permits (City Clerk,
Health & Human Services, Fire...)



Fines and Forfeits
0.45% of projected revenue
Civil Motor Vehicle Infractions, Reimbursements
from the RMV, Parking Fines

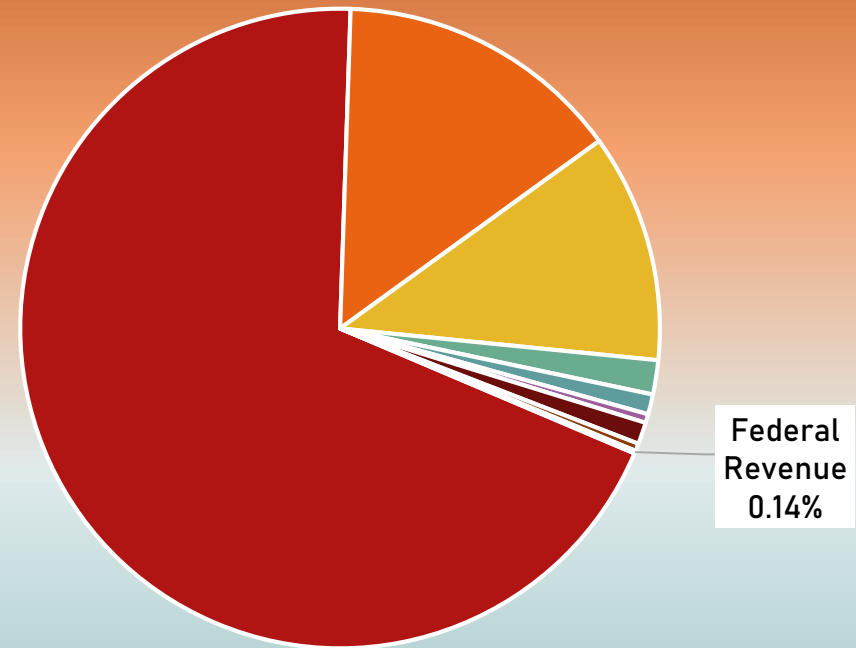


Federal Revenue

General Fund Revenues - FY2024 \$116,679,550

Federal revenue makes up 0.14% of our projected revenue (FY24)

- Medicaid Reimbursements - Schools



Miscellaneous Revenue

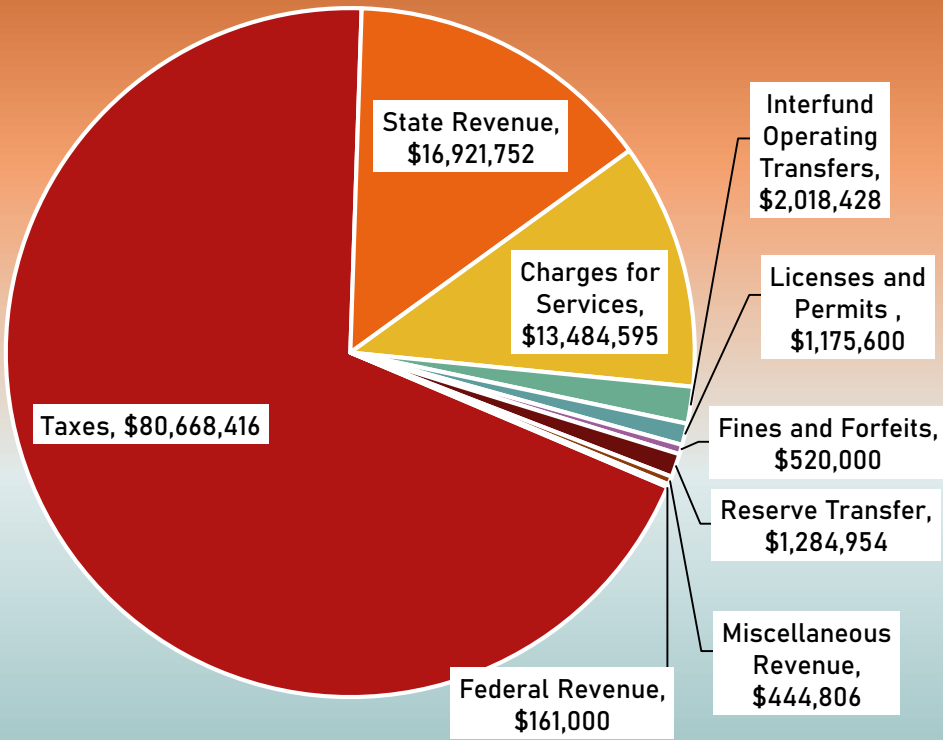
Miscellaneous Revenue makes up 0.38% of the projected revenue (FY24)

- ❖ PVTA - 5 College Reimbursement
- ❖ Interest on Investments
- ❖ Shared Services (Veteran Services Regional Assessment, Laserfiche Services, Weights and Measures)

FY2024 General Fund Revenues

City of Northampton
 Preliminary General Fund Revenues - FY2024
 \$116,679,550

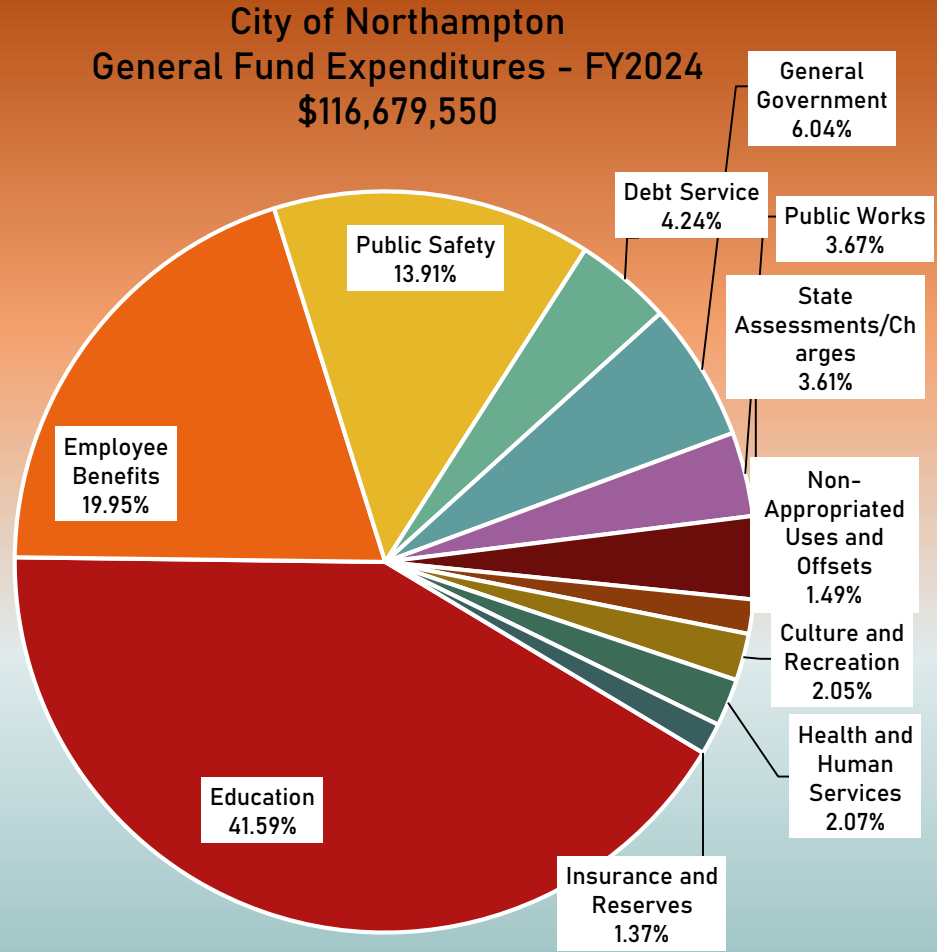
Fiscal Year 2024 - Revenues		
Taxes	80,668,415.68	69.14%
State Revenue	16,921,752.00	14.50%
Charges for Services	13,484,595.00	11.56%
Interfund Operating Transfers	2,018,427.75	1.73%
Licenses and Permits	1,175,600.00	1.01%
Fines and Forfeits	520,000.00	0.45%
Reserve Transfer	1,284,954.00	1.10%
Miscellaneous Revenue	444,806.00	0.38%
Federal Revenue	161,000.00	0.14%
	116,679,550.43	100.00%



EXPENDITURES

FY2024 Budgeted Expenses

Fiscal Year 2024 - Expenditures		
Category	Total	Percentage
Education	\$ 48,525,769	41.59%
Employee Benefits	\$ 23,279,119	19.95%
Public Safety	\$ 16,234,929	13.91%
Debt Service	\$ 4,944,774	4.24%
General Government	\$ 7,049,968	6.04%
Public Works	\$ 4,284,193	3.67%
State Assessments/Charges	\$ 4,206,684	3.61%
Non- Appropriated Uses and Offsets	\$ 1,741,408	1.49%
Culture and Recreation	\$ 2,394,582	2.05%
Health and Human Services	\$ 2,416,297	2.07%
Insurance and Reserves	\$ 1,601,827	1.37%
TOTAL EXPENDITURES	\$ 116,679,550	100.00%

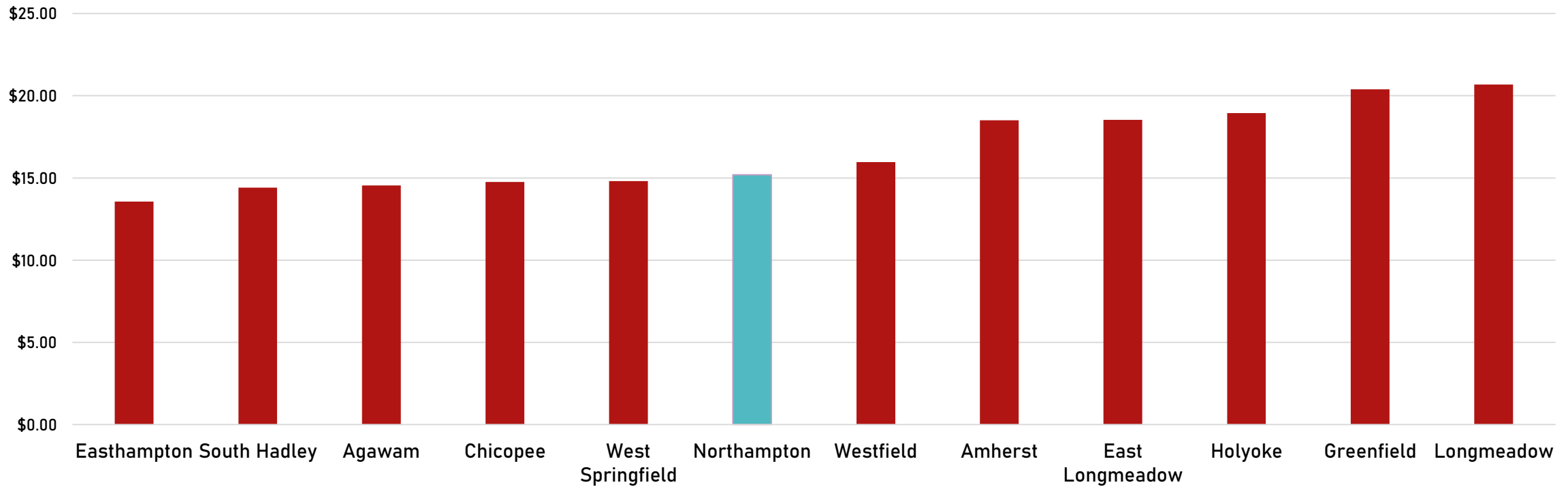


Comparison of Key Financial Indicators

- ❖ RESIDENTIAL TAX RATES
- ❖ COMMERCIAL TAX RATES
- ❖ SINGLE FAMILY HOME VALUE
- ❖ AVERAGE SINGLE FAMILY TAX BILL
- ❖ TOTAL NEW GROWTH VALUE
- ❖ REVENUE GENERATED BY NEW GROWTH
- ❖ OUTSTANDING DEBT PER CAPITA
- ❖ GENERAL FUND REVENUE BY PERCENTAGE OF TOTAL REVENUES

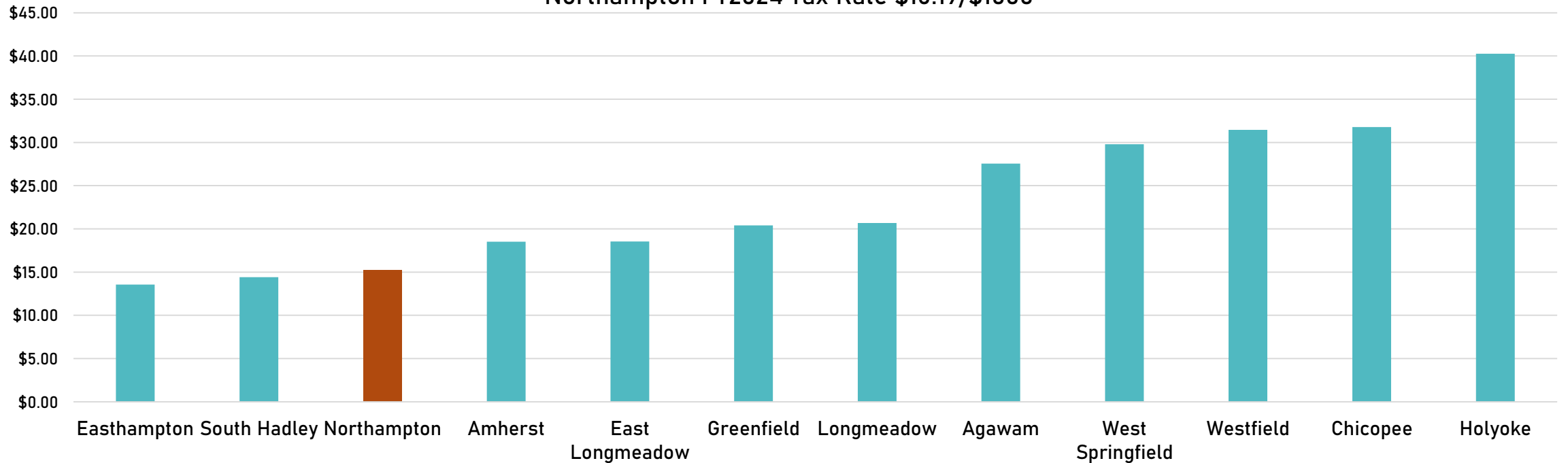
Residential Tax Rates

Residential Tax Rates - FY2024
Northampton \$15.19/\$1000



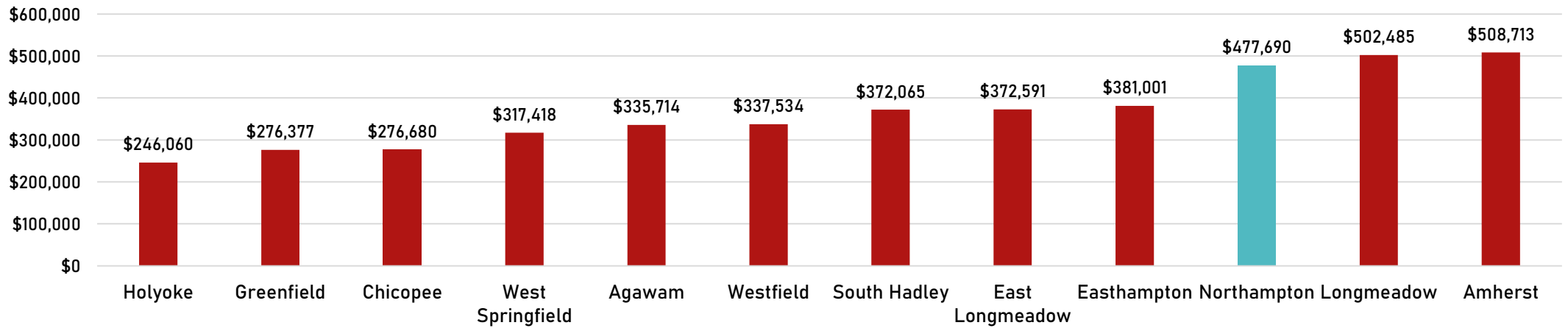
Commercial Tax Rates

Commercial Tax Rates - FY2024
Northampton FY2024 Tax Rate \$15.19/\$1000



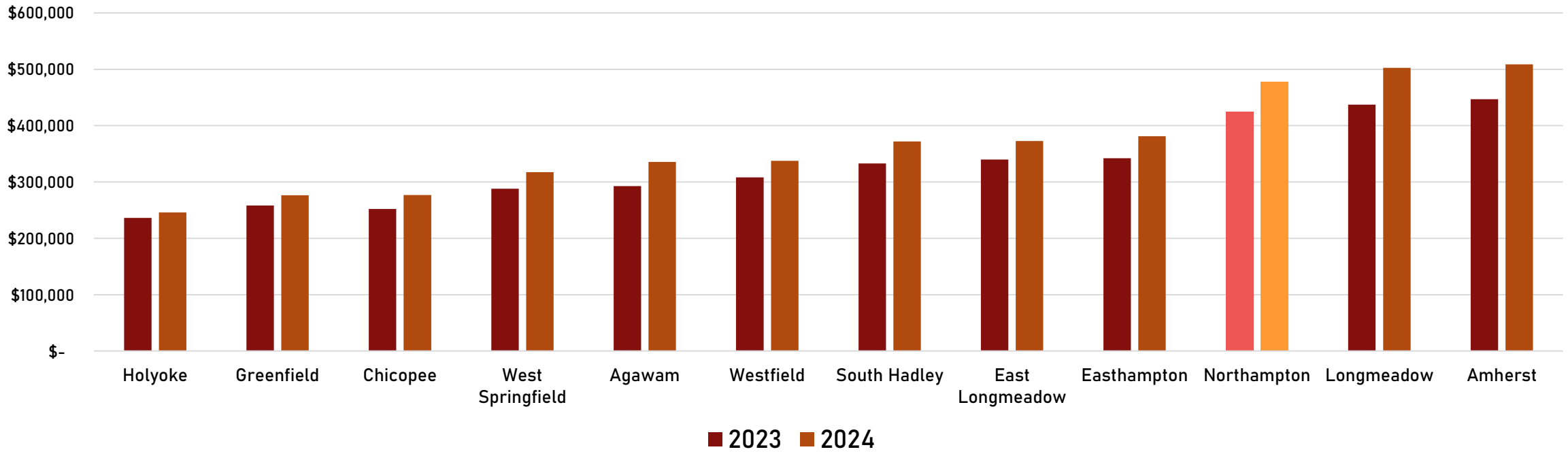
Average Single Family Home Value

FY2024 Average Single Family Home Value in Northampton \$477,690



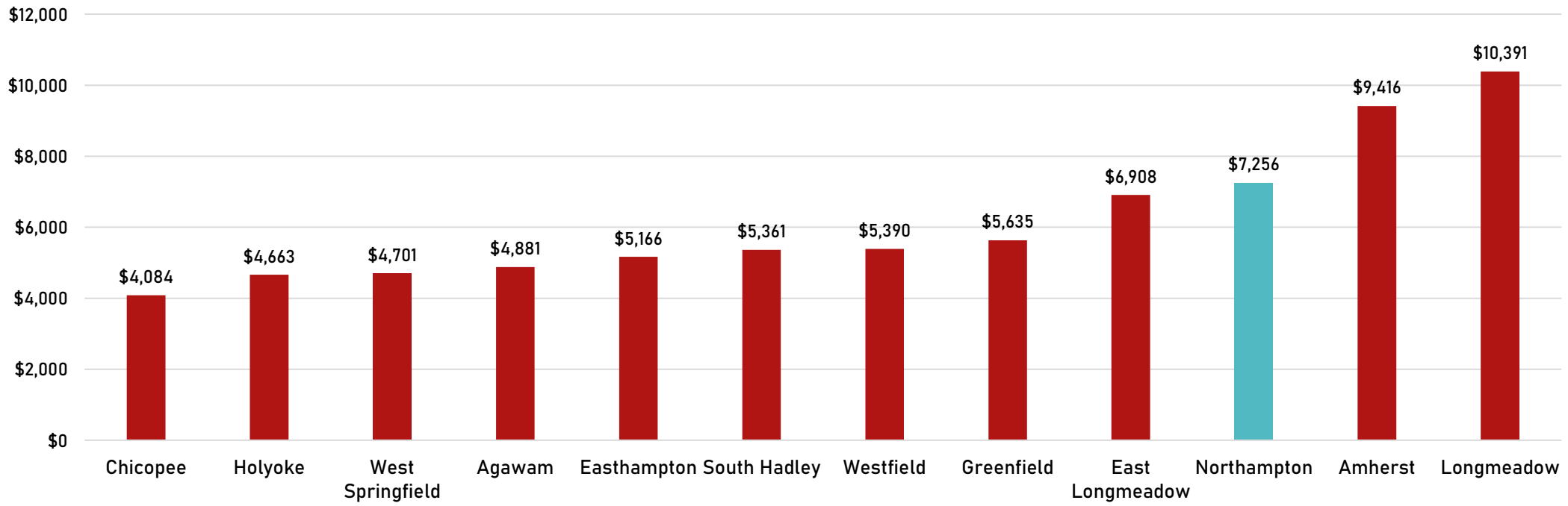
Average Single Family Home Value

Average Single Family Home Value
FY23 as compared to FY24



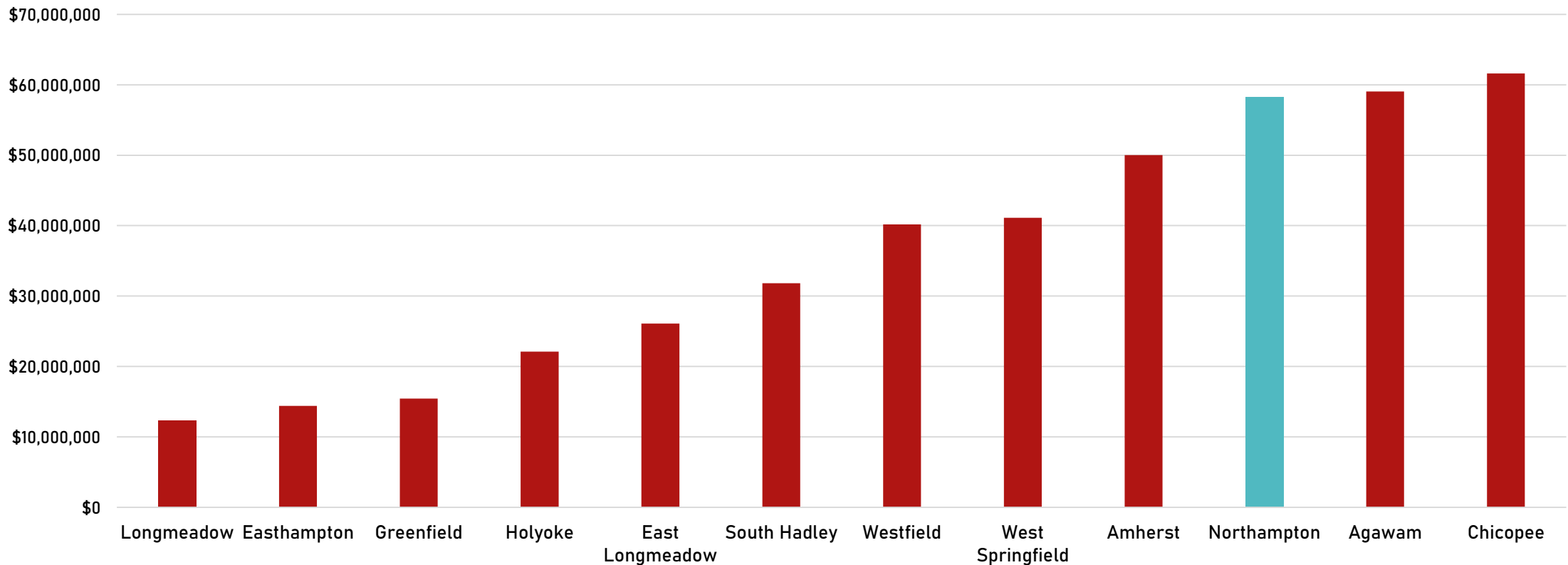
Average Single Family Tax Bill

FY2024 Average Single Family Tax Bill in Northampton \$7,256



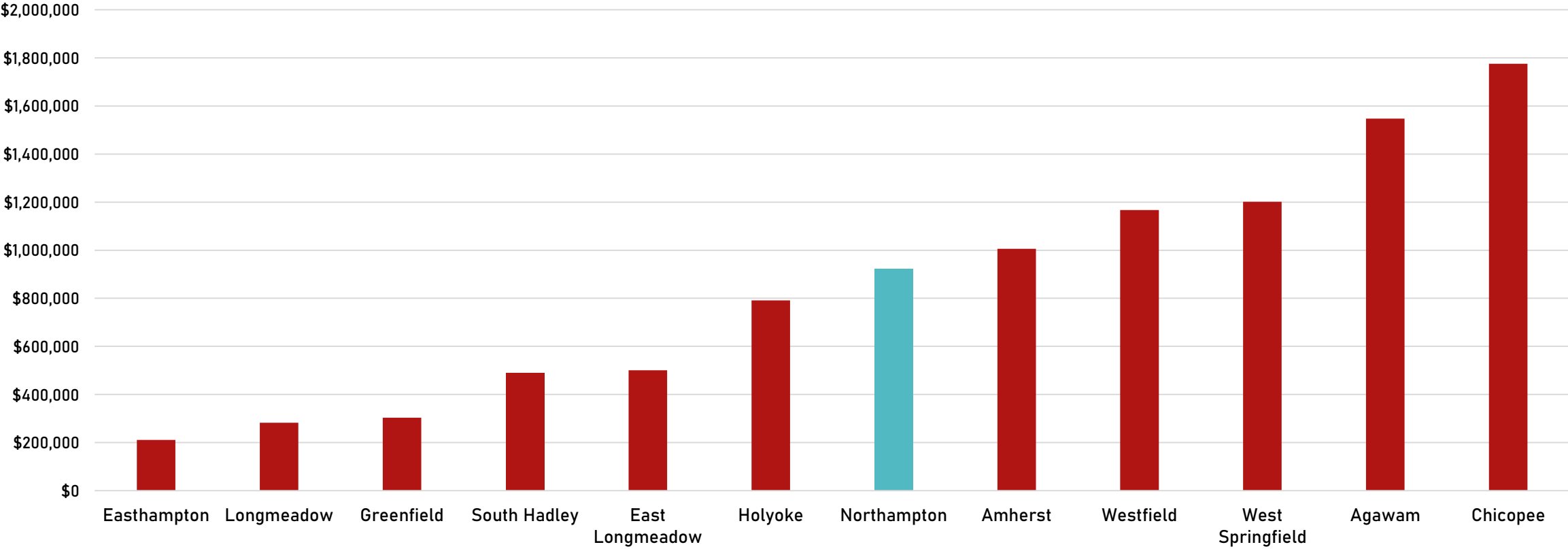
New Growth Value

FY2024 Total New Growth Value
Value of New Growth in Northampton \$58,199,964



Total New Growth

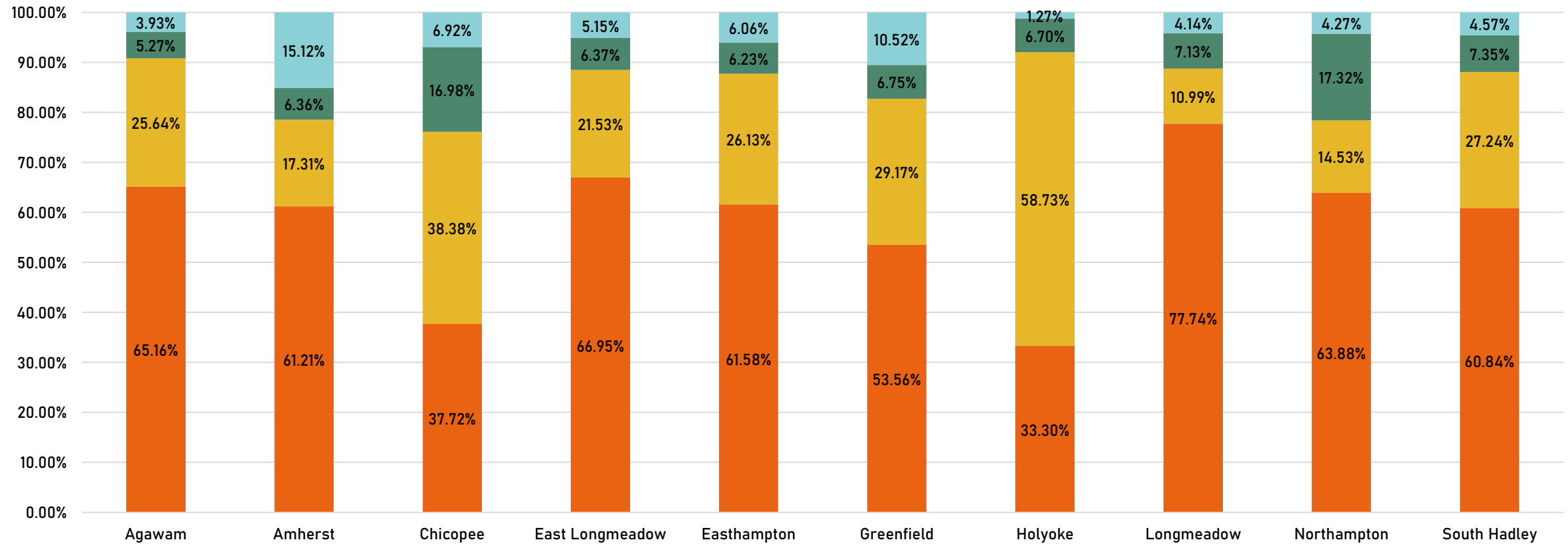
Total New Growth Revenue -FY2024
Northampton - \$ 921,887



General Fund Revenue by Source

Percentage of General Fund Revenue by Source - FY2023

Taxes State Revenue Local Receipts Other



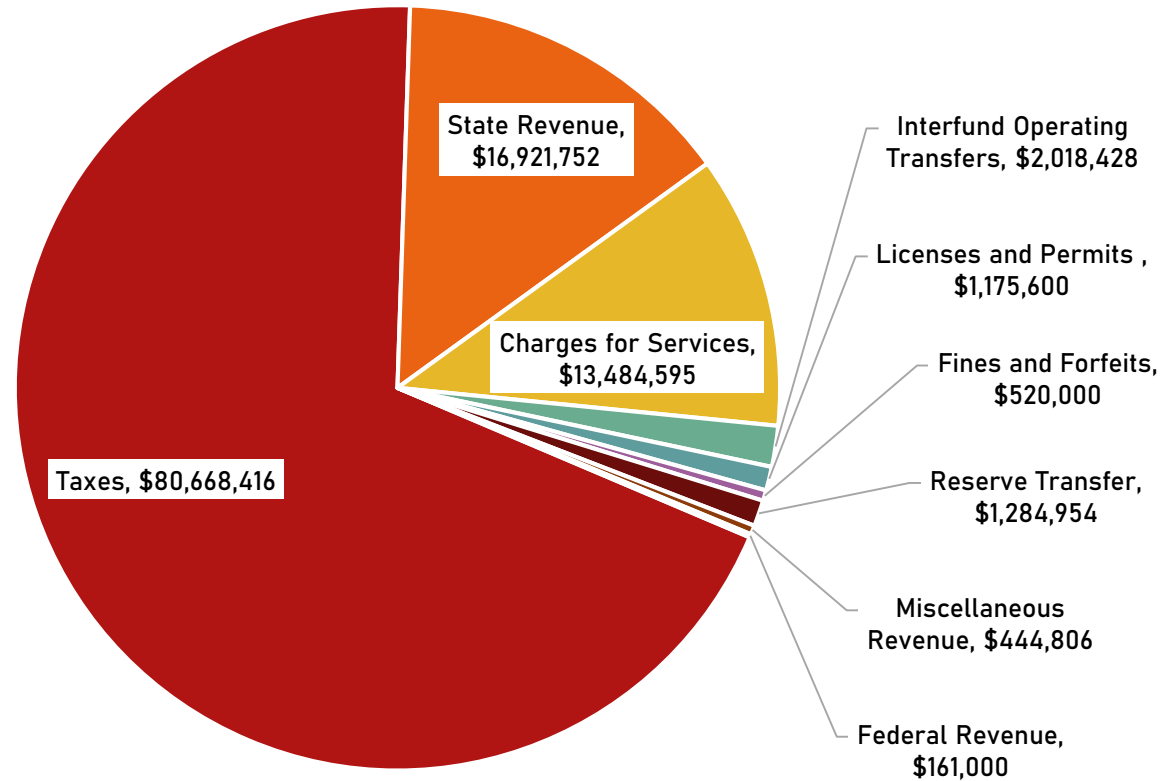
Review of Revenue and Expenditure Trends

Revenue Trends

- ❖ New Growth
- ❖ Cannabis
- ❖ Hotel/Motel and Meals
- ❖ Parking
- ❖ State Aid
- ❖ Building Permits

FY2024 General Fund Revenues

Total Revenue Budget \$116,679,550

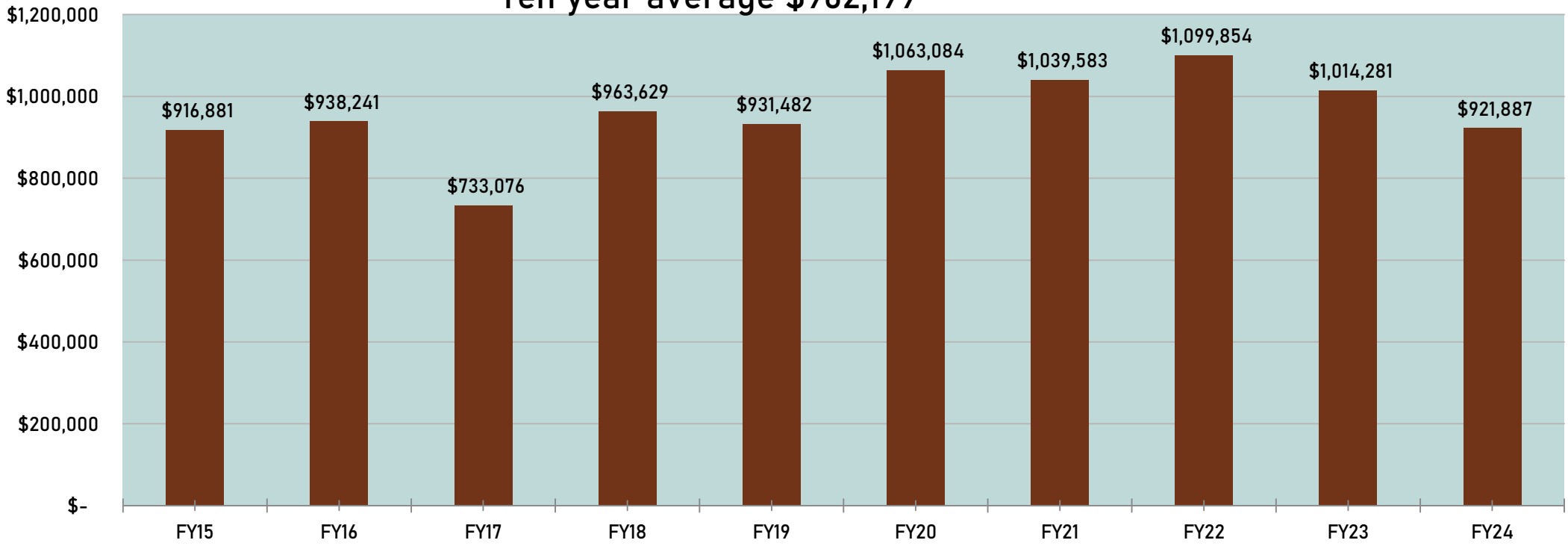


New Growth

Increase in the tax base due to new construction, parcel subdivisions, condominium conversions and property renovations

City of Northampton - 10 Years - New Growth Trend FY2015 - FY2024

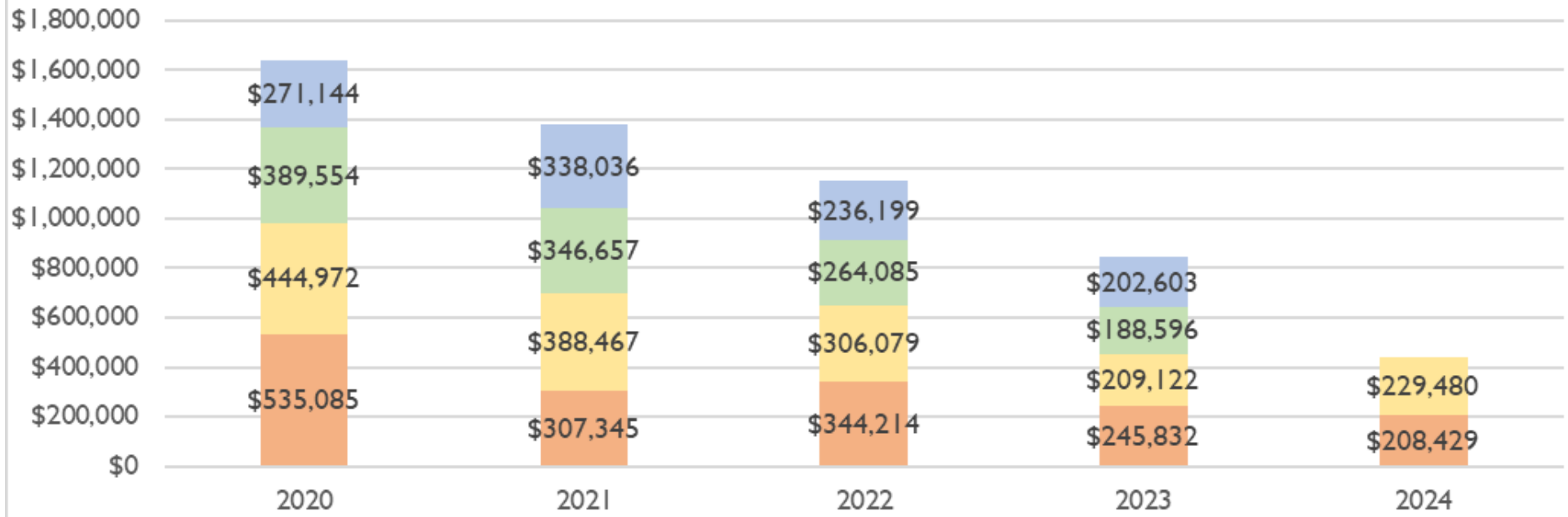
Ten year average \$962,199



Cannabis Excise Tax

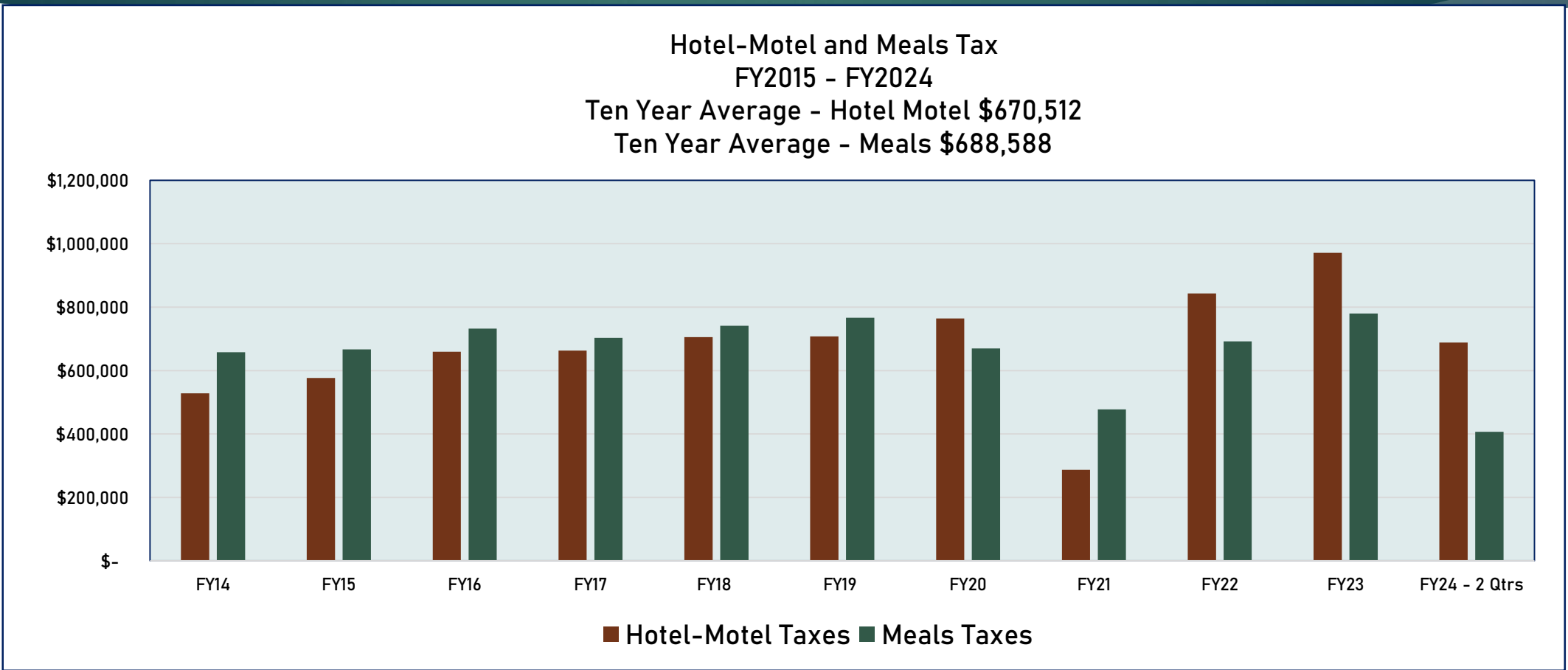
Local Option Adult Use Cannabis Excise Tax

- Quarter 1 -September payment
- Quarter 2 - December payment
- Quarter 3 - March payment
- Quarter 4 -June payment



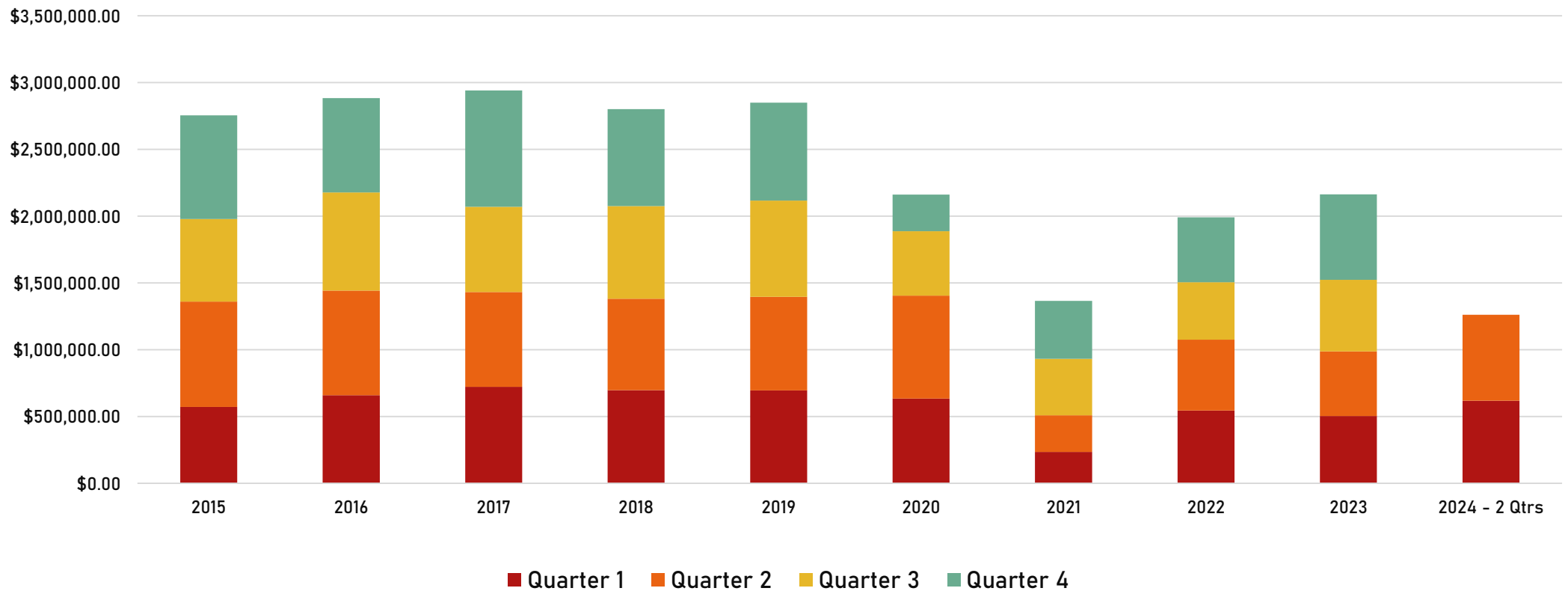
Hotel/Motel and Meals Tax

Hotel-Motel and Meals Tax
FY2015 - FY2024
Ten Year Average - Hotel Motel \$670,512
Ten Year Average - Meals \$688,588



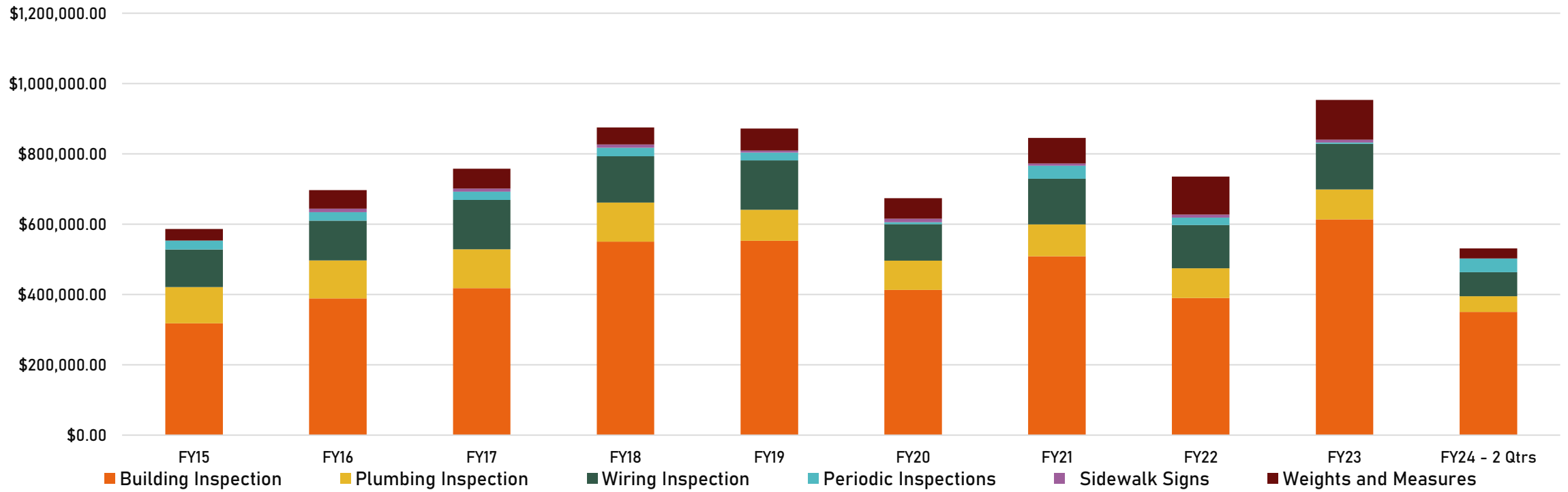
Parking Revenue

Total Parking Revenue by Year
includes garage, street, lots, passes, tickets



Building Permits

Building, Plumbing, Wiring and Weights and Measures Permit Fees
FY2015 - FY2024

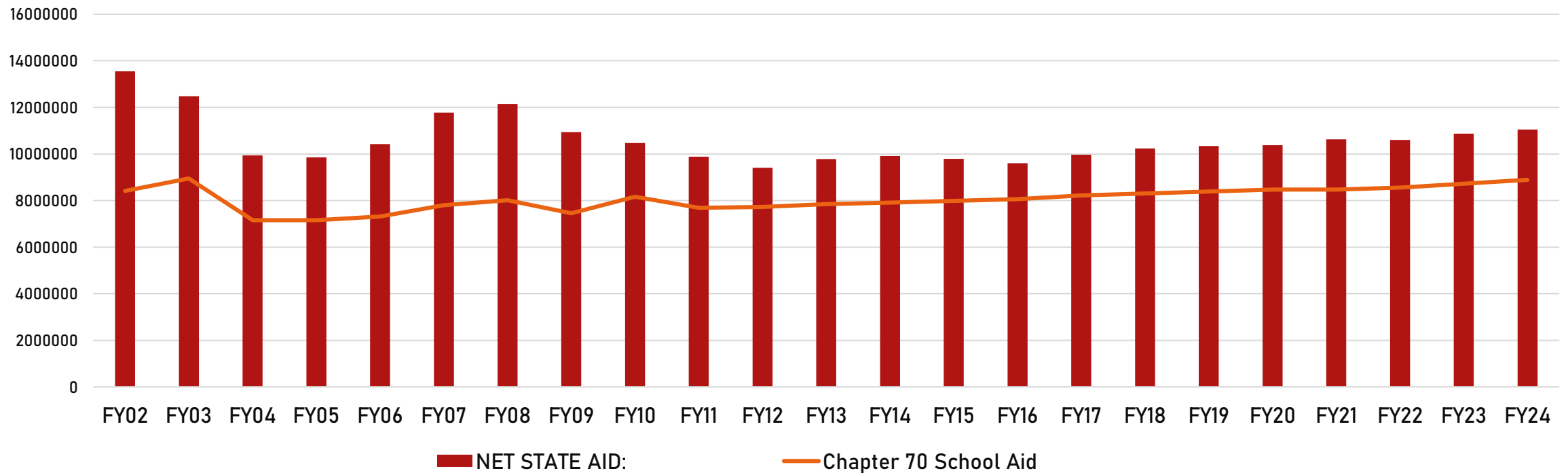


State Aid

23 years

36

Net State Aid
Excludes offsets for school of choice and libraries

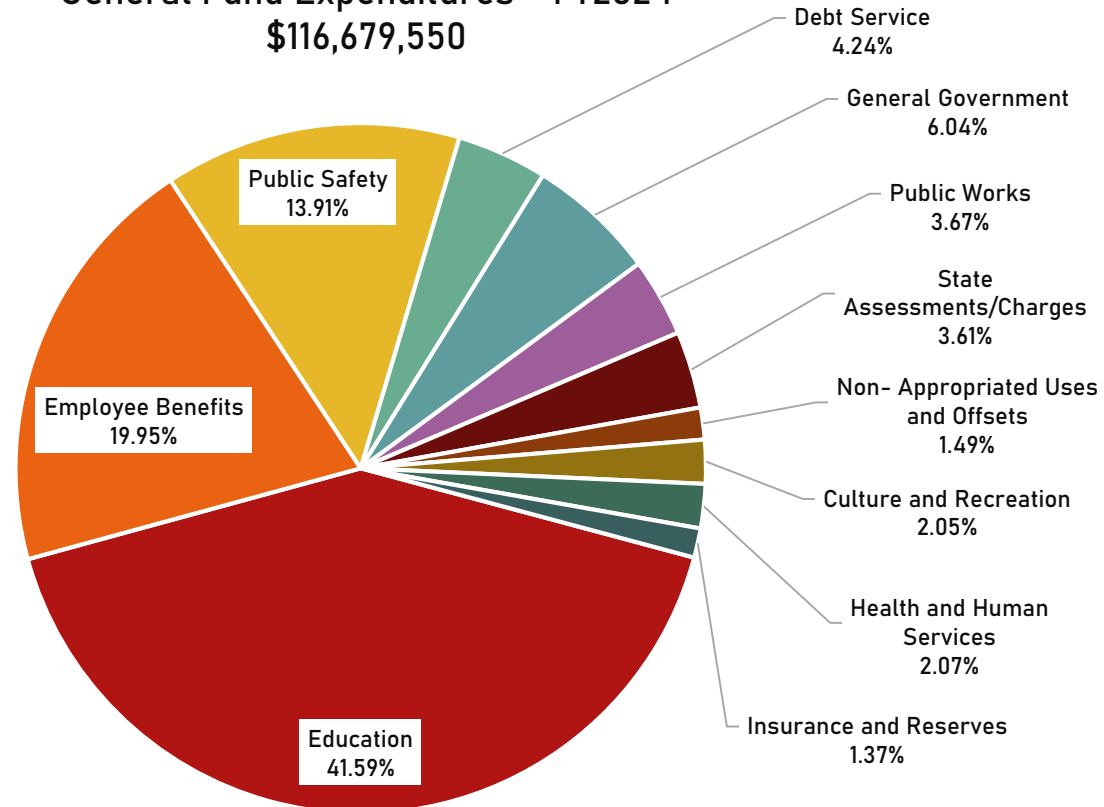


Expenditure Trends

- ❖ Health Insurance
- ❖ Retirement
- ❖ Other Insurances, Workers Comp
- ❖ City Departments
- ❖ Education

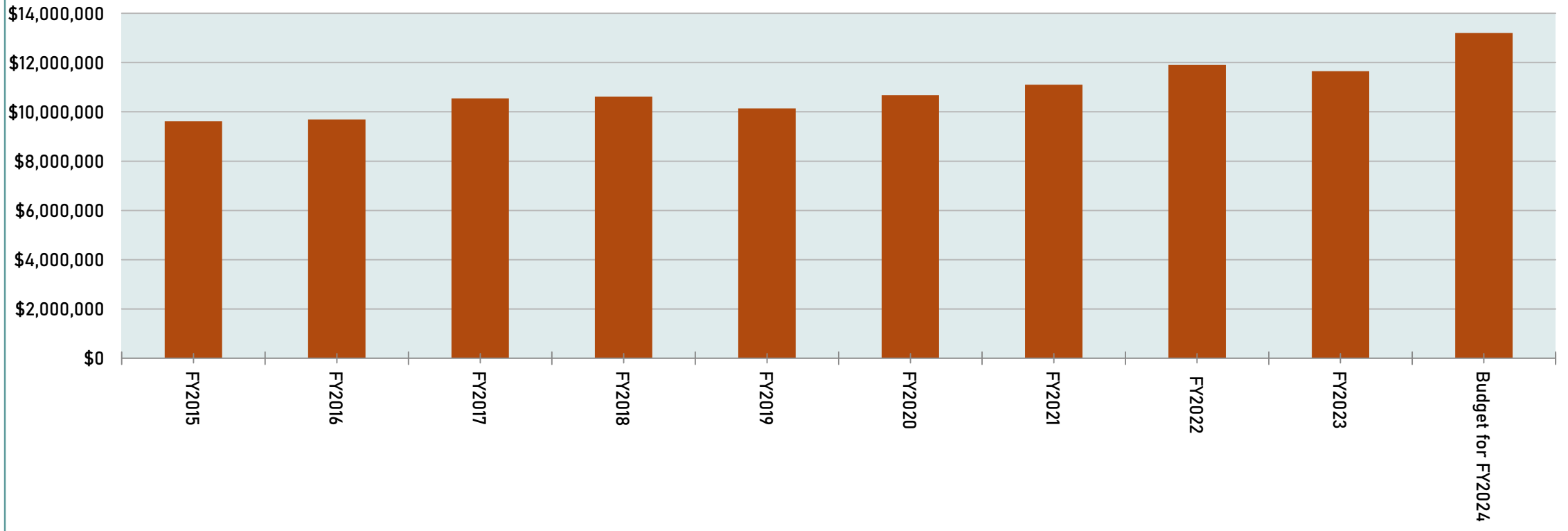
FY2024 General fund Expenditure

City of Northampton
General Fund Expenditures - FY2024
\$116,679,550



Health Insurance

Health Insurance Expenditures FY2015 to FY2024



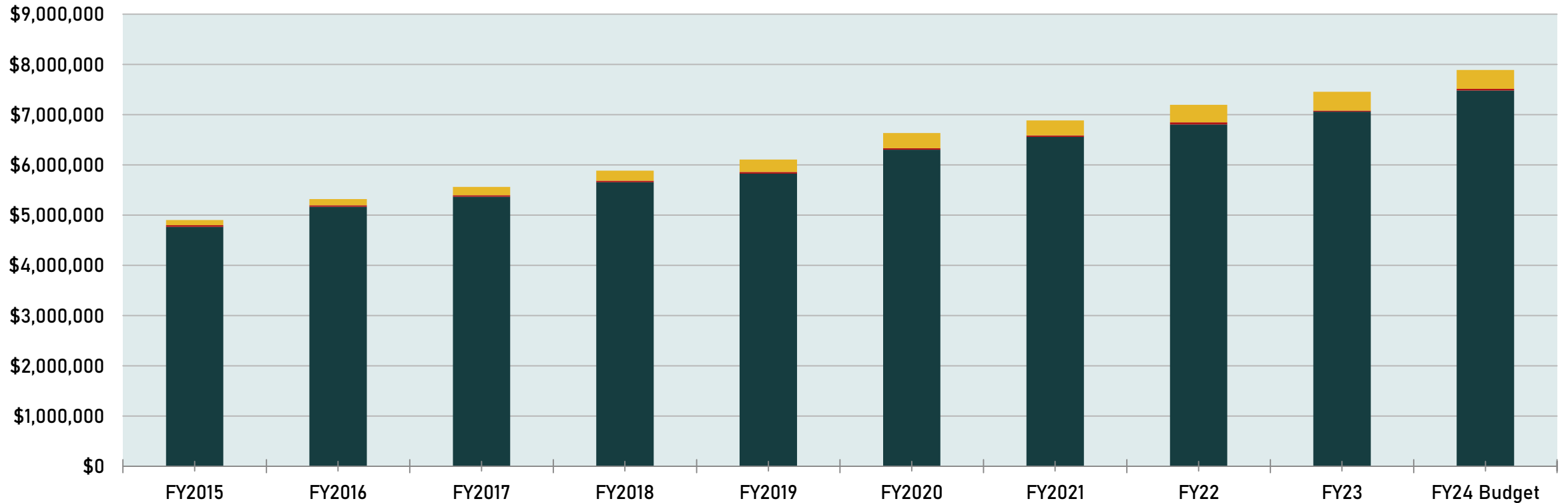
Health Insurance – Split between City and Employees for Active Employees

Health Insurance Split for Active Employees				
Municipality	HMO Family Plan	HMO - Individual Plan City / Employee Split	PPO Family Plan	PPO Individual Plan City / Employee Split
	City/ Employee Split Share		City / Employee Split	
Chicopee	60/40	60/40	50/50	50/50
East Longmeadow	61.4/38.6	68.5/31.5	50/50	50/50
Agawam	70/30	70/30	55/45	55/45
Amherst	80/20	80/20	75/25	75/25
Longmeadow	70/30	70/30	50/50	50/50
South Hadley	70/30	70/30	60/40	60/40
Easthampton	75/25	75/25	75/40	75/40
West Springfield	75/25	75/25	60/40	60/40
Westfield	77/23	77/23	65/35	65/35
Northampton	80/20	80/20	50/50	50/50
Greenfield	80/20	80/20	60/40	60/40
Holyoke *	NA	NA	68.5/31.5	72.5/27.5

Retirement

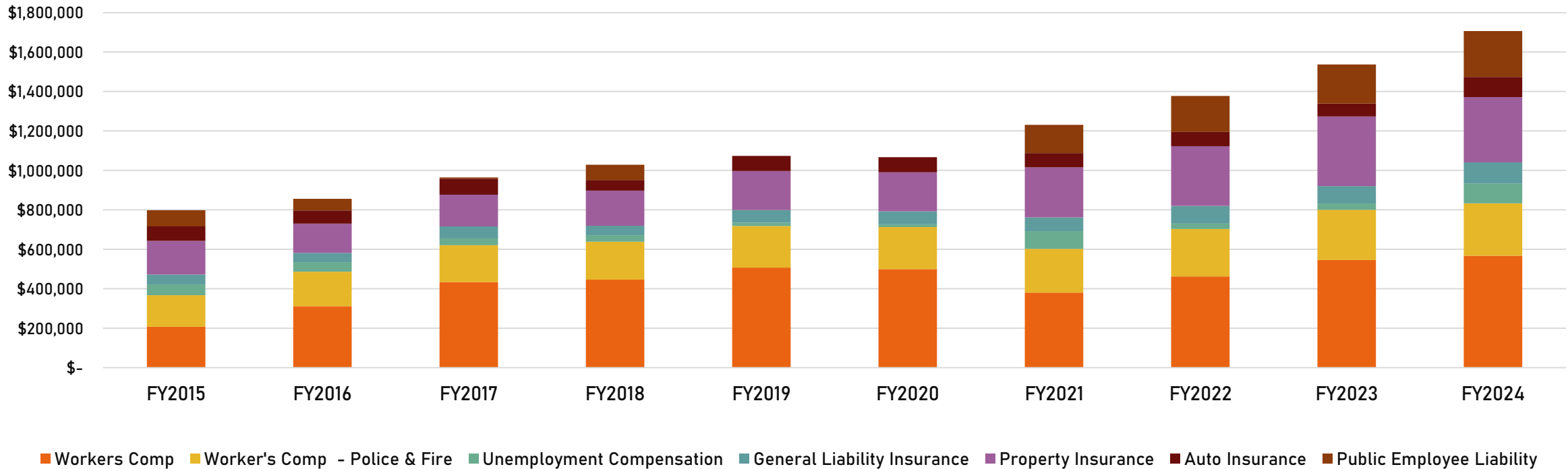
Retirement System Contribution and OPEB Trust for Retiree Health Insurance
FY2015 - FY2024

■ Contributory Retirement System ■ Pensions and Annuities Non Contributory ■ OPEB



Other Insurances

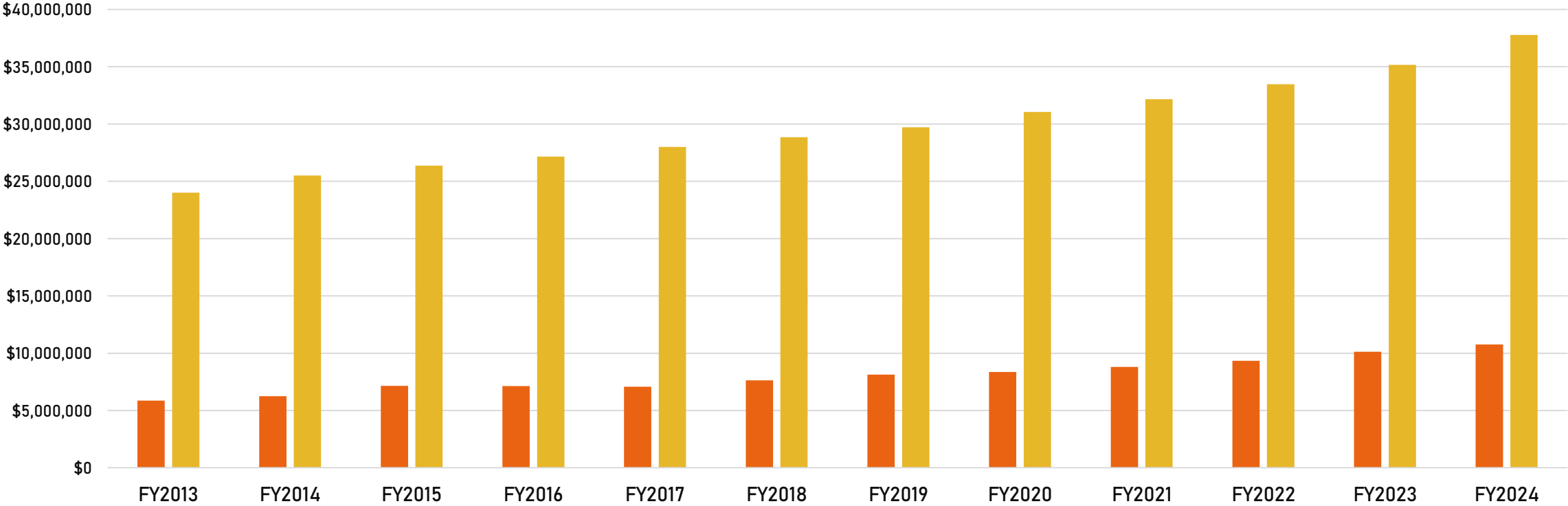
Other Insurances
FY2015 to FY2024



Education Spending

Appropriations for Northampton Public Schools and Smith Vocational and Agricultural High School

Smith Vocational & Agricultural High School Northampton Public Schools



FY2024 Total Education Spending out of City Funds: \$64,344,073 or 55%

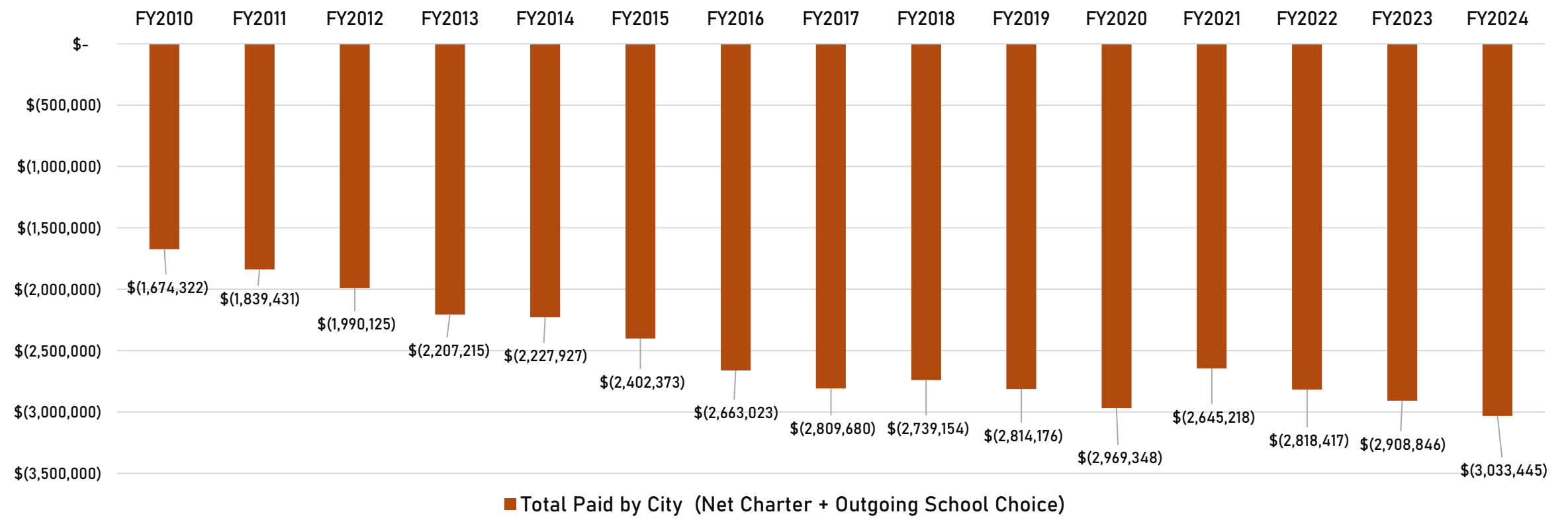
Spending on education, as defined and measured by the Department of Elementary and Secondary Education (DESE), is a combination of the direct appropriation to the schools plus the indirect expenditures not reflected in the school budget. This chart shows the total educational costs funded by the City.

Total City Funds spent on Education - FY2024

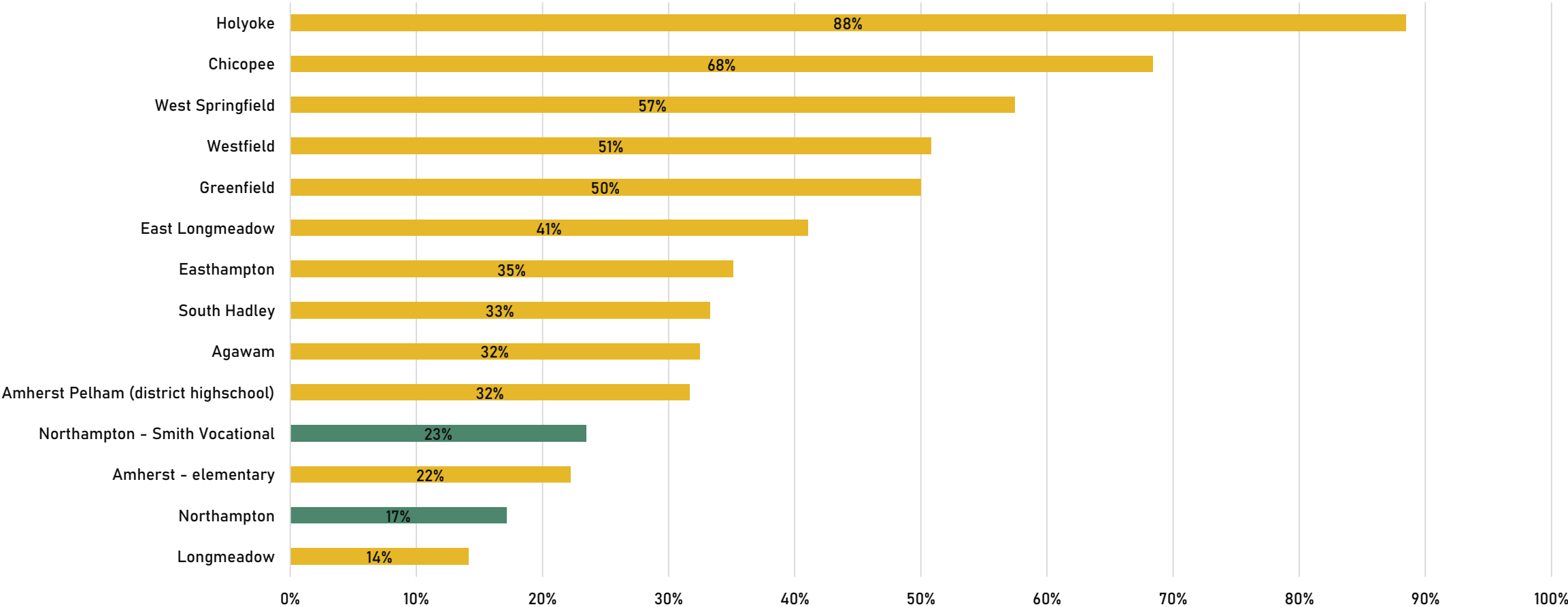
	NPS	SVAHS	Total
Employee Benefits	\$ 7,831,611	\$ 1,710,984	\$ 9,542,595
Insurance (Property, Vehicle, Liability)	\$ 187,665	\$ 66,818	\$ 254,483
Debt for School Capital Projects	\$ 309,740	\$ 186,492	\$ 496,232
Capital Spending Approved for FY24	\$ 1,170,000	\$ 274,987	\$ 1,444,987
General Government (IT, HR, Auditor, etc.)	\$ 503,720	\$ 133,962	\$ 637,682
Central Services, Forestry, Parks & Rec Division + Debt	\$ 331,824	\$ 77,056	\$ 408,880
Net Charter School Tuition for Outgoing Northampton Student	\$ 2,307,111		\$ 2,307,111
School Choice Tuition for Outgoing Northampton Students	\$ 726,334		\$ 726,334
TOTAL ADDITIONAL SPENDING ON EDUCATION IN FY2024	\$ 13,368,005	\$ 2,450,299	\$ 15,818,304
LINE ITEM SPENDING ON EDUCATION IN FY2024	\$ 37,765,747	\$10,760,022	\$ 48,525,769
TOTAL EDUCATIONAL SPENDING IN FY2024	\$ 51,133,752	\$13,210,321	\$ 64,344,073

Impact of Charter and School Choice on the Budget

Outgoing School Choice and Net Outgoing Charter = Net Loss of dollars to the General Fund



Chapter 70 aid as % of Net School Spending – FY2023



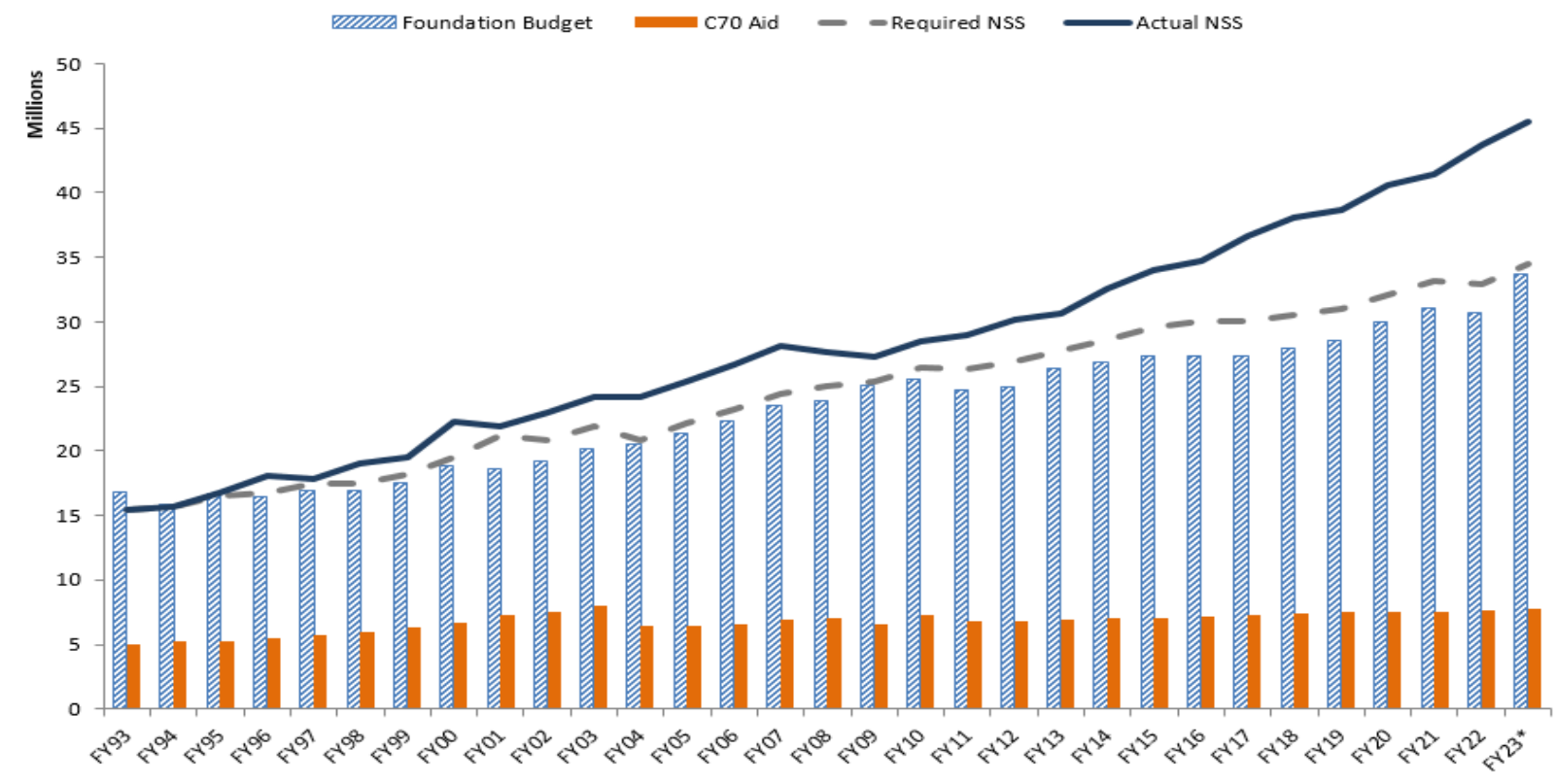
NPS District Profile



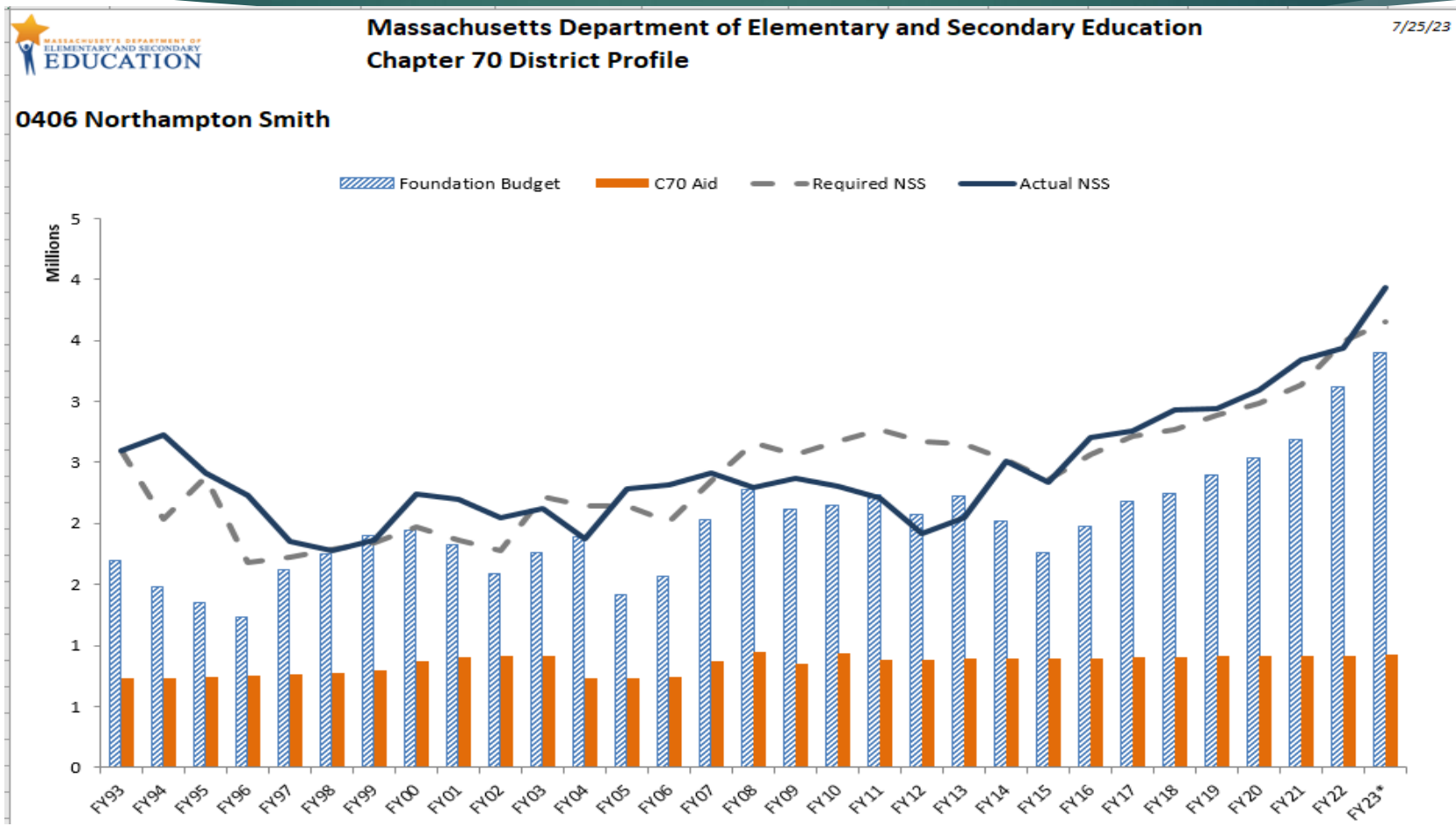
Massachusetts Department of Elementary and Secondary Education Chapter 70 District Profile

7/25/23

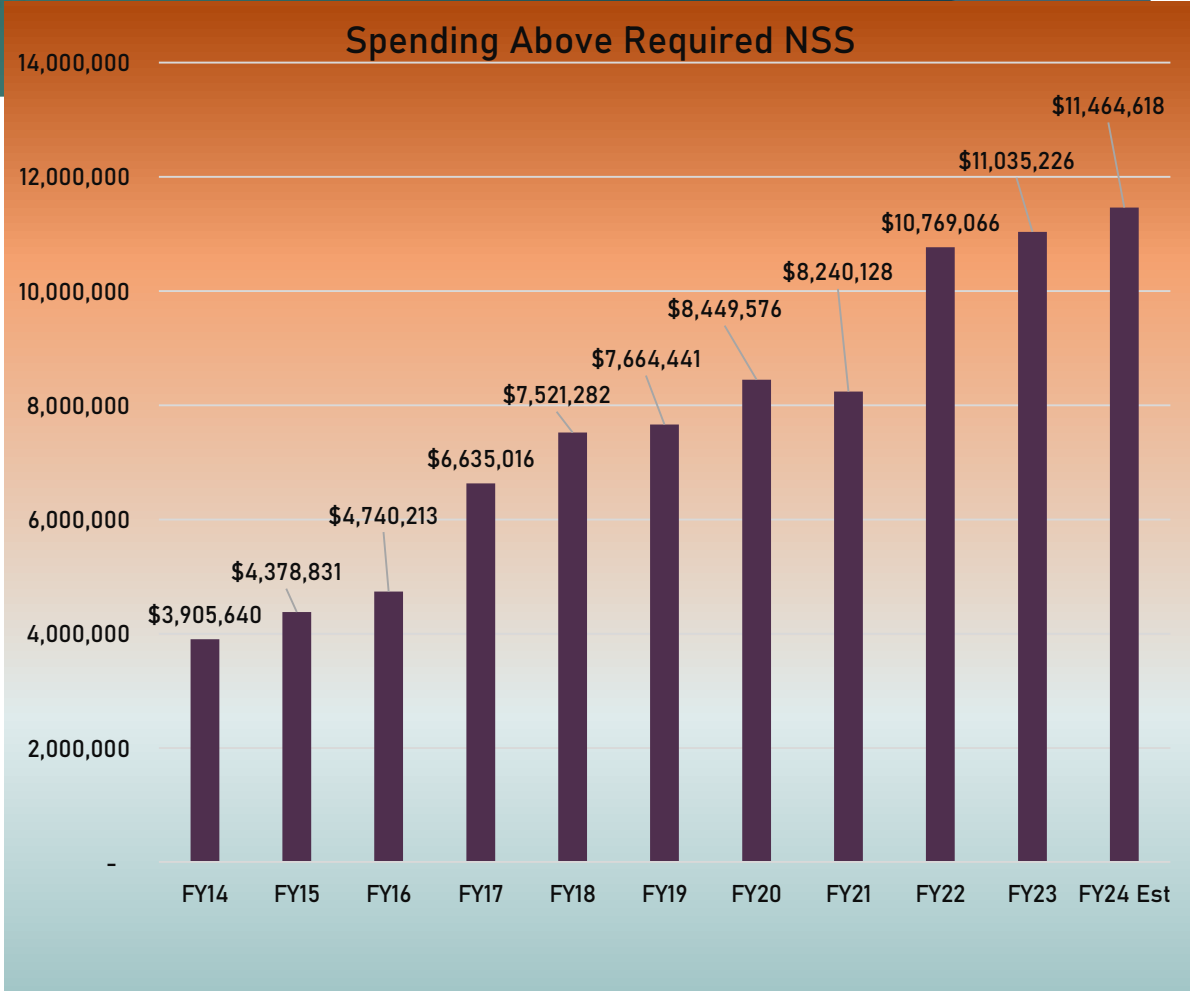
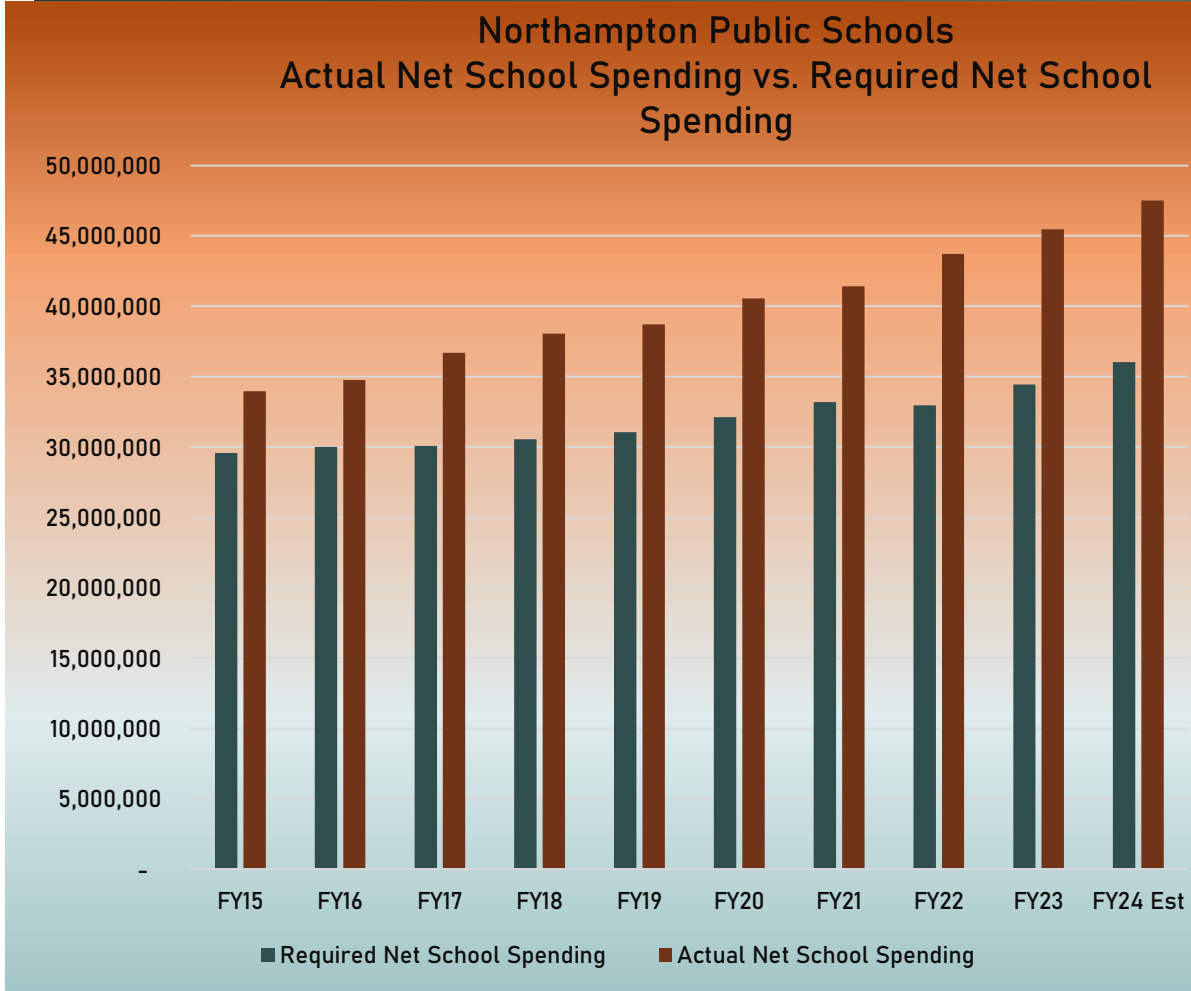
0210 Northampton



SVAHS District Profile

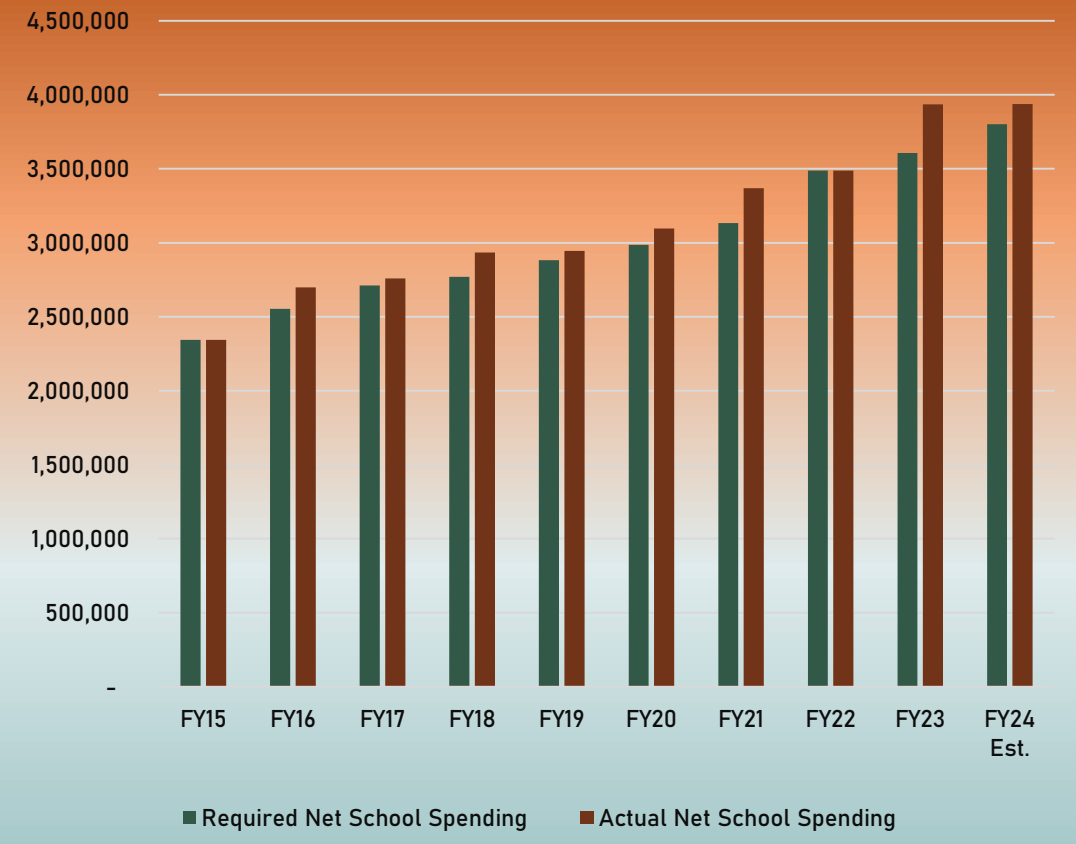


Northampton Public Schools Net School Spending

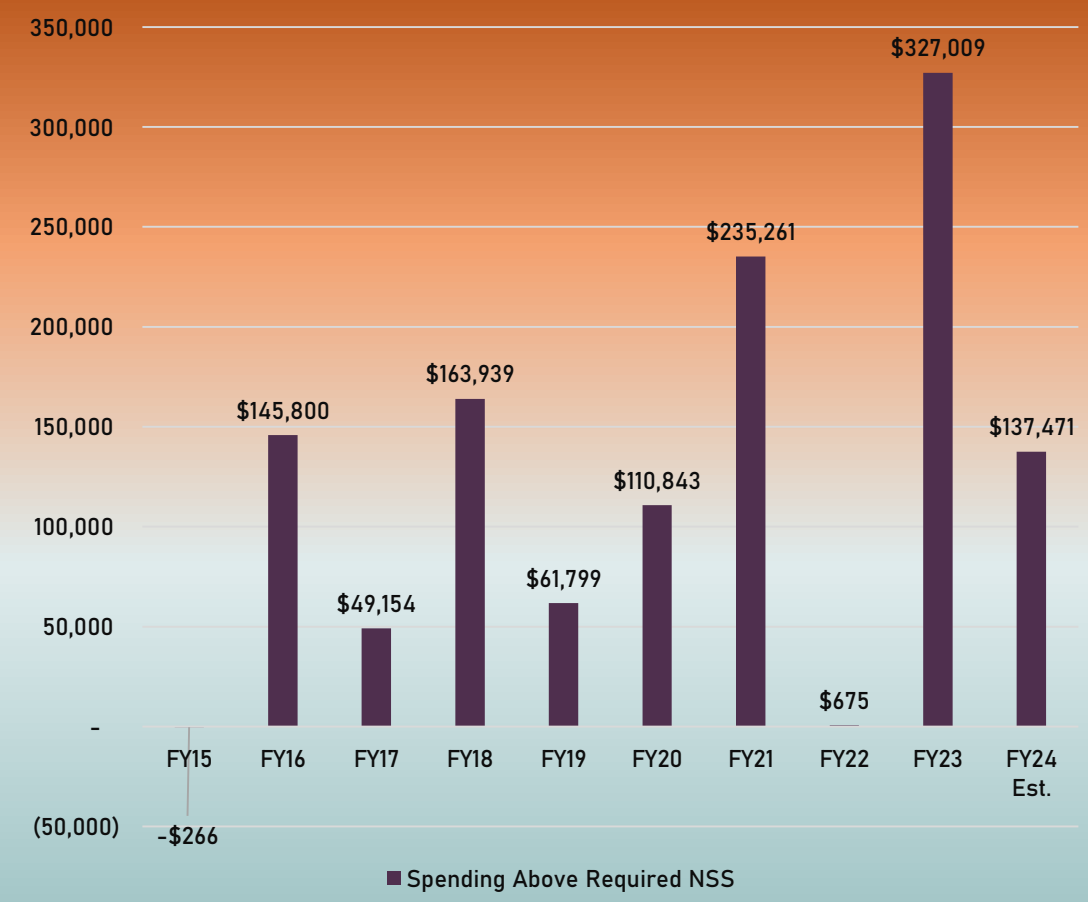


Smith Vocational & Agricultural High School Net School Spending

Smith Vocational Net School Spending vs. Required Net School Spending

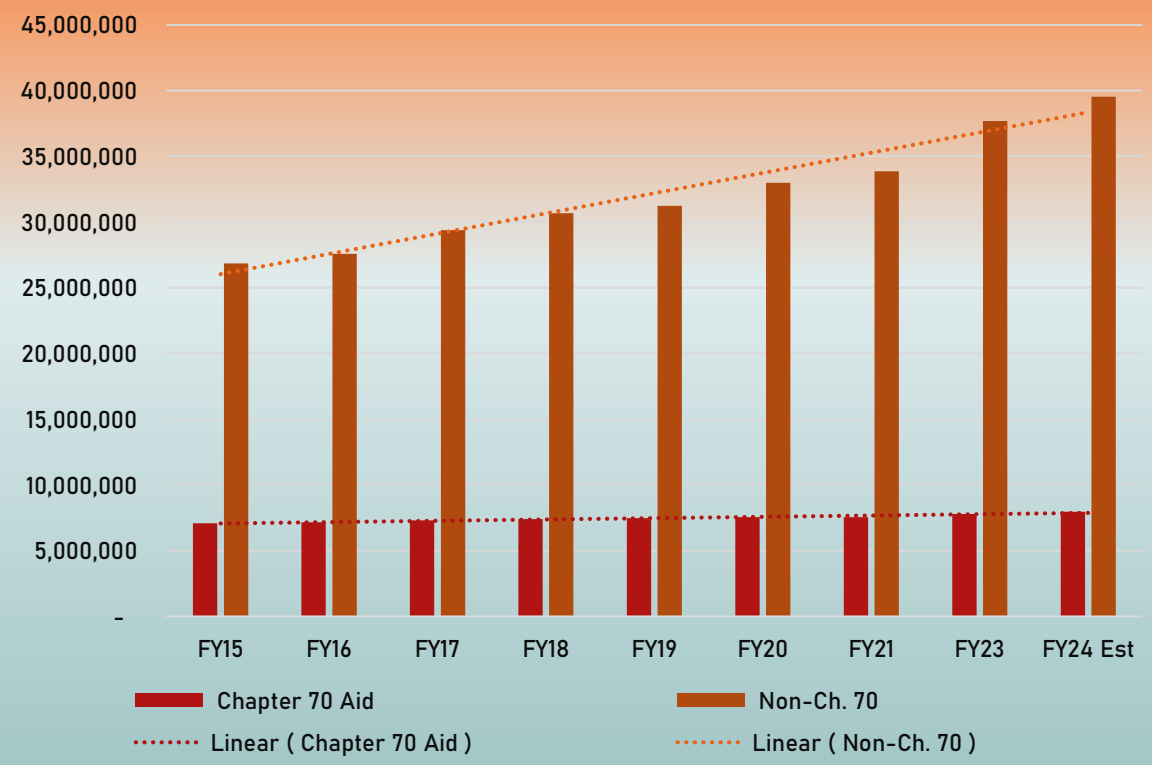


Smith Vocational Spending Above Required NSS

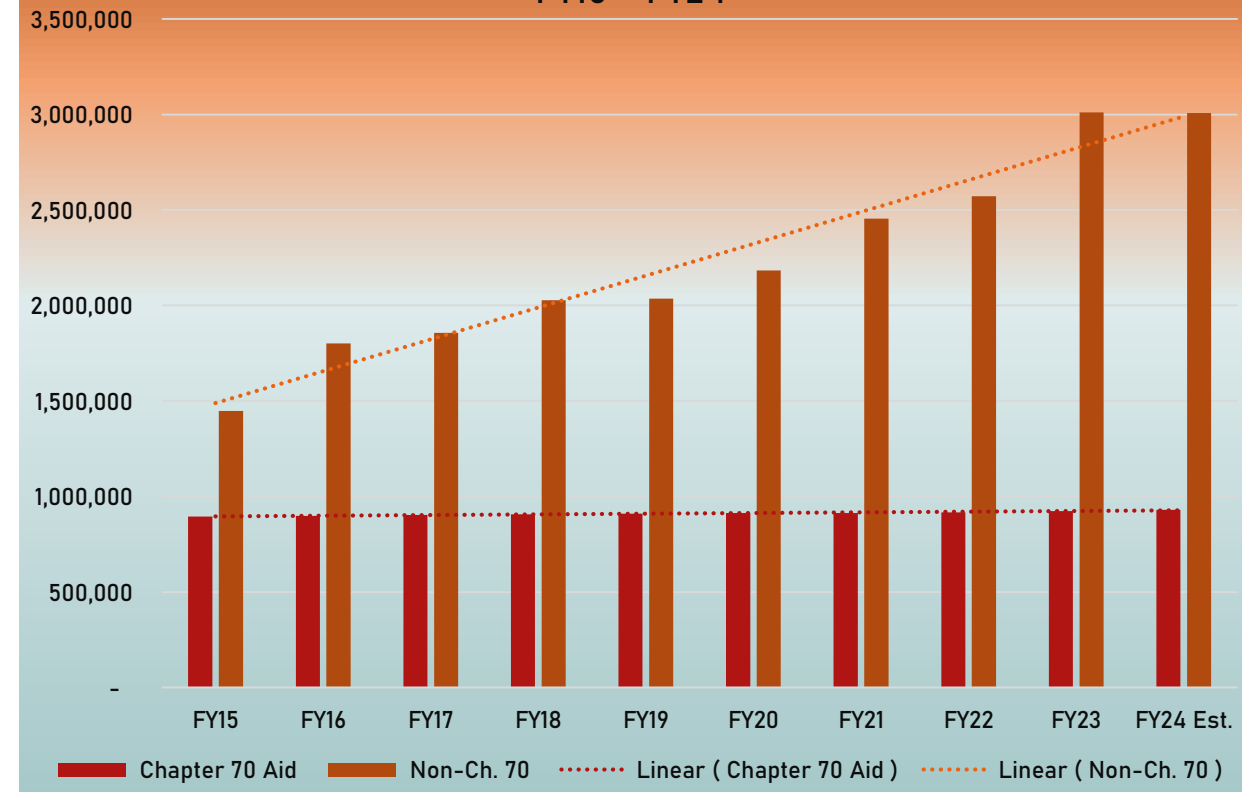


Chapter 70 vs. Non Chapter 70 funding

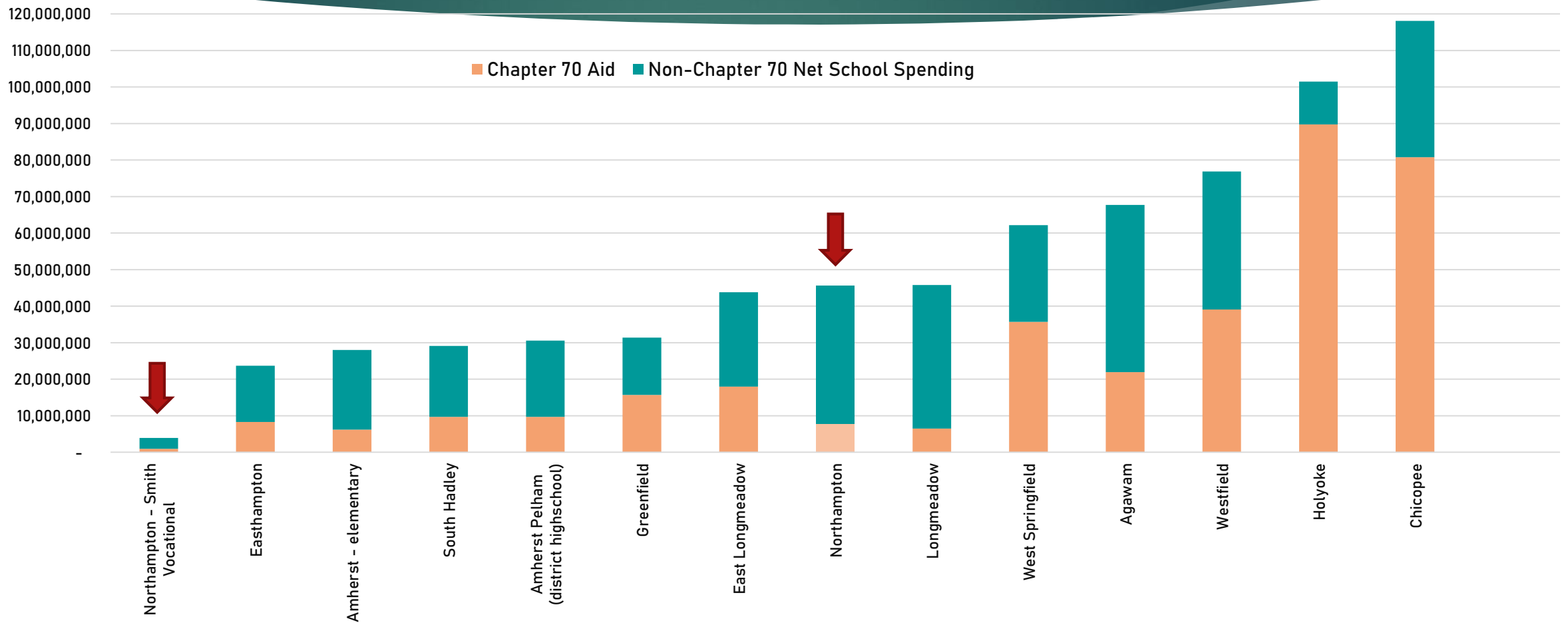
Northampton Public Schools
Chapter 70 Aid and Non-Chapter 70 Net School Spending
FY15 - FY24



Smith Vocational
Chapter 70 Aid and Non-Chapter 70 Net School Spending
FY15 - FY24

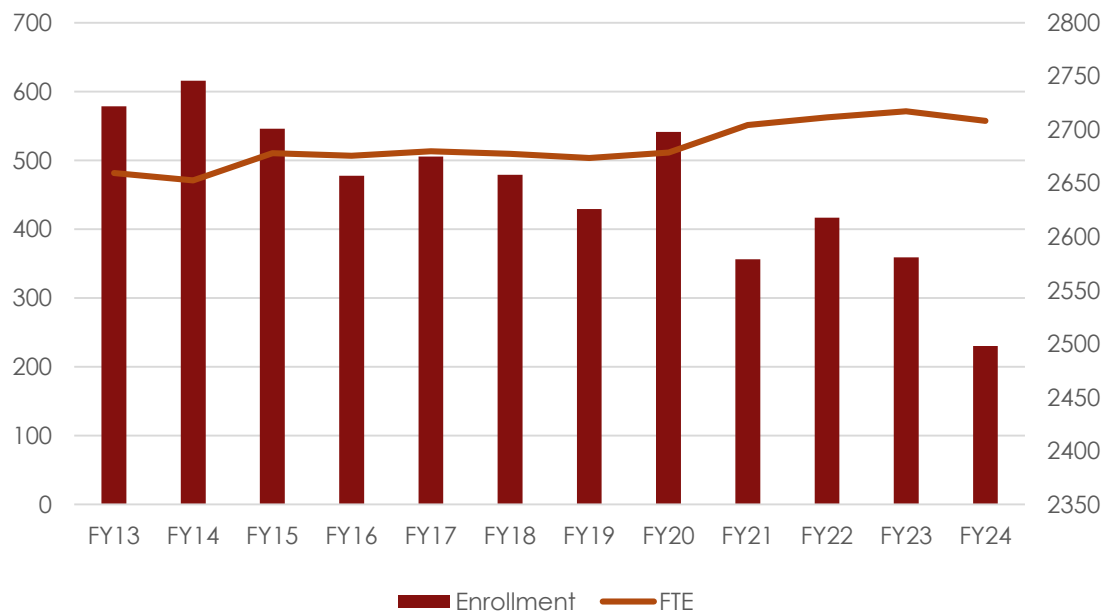


Total Net School Spending: Split of Non-Chapter 70 Net School Spending (City Funding) and Chapter 70 spending Comparison Communities (FY23)

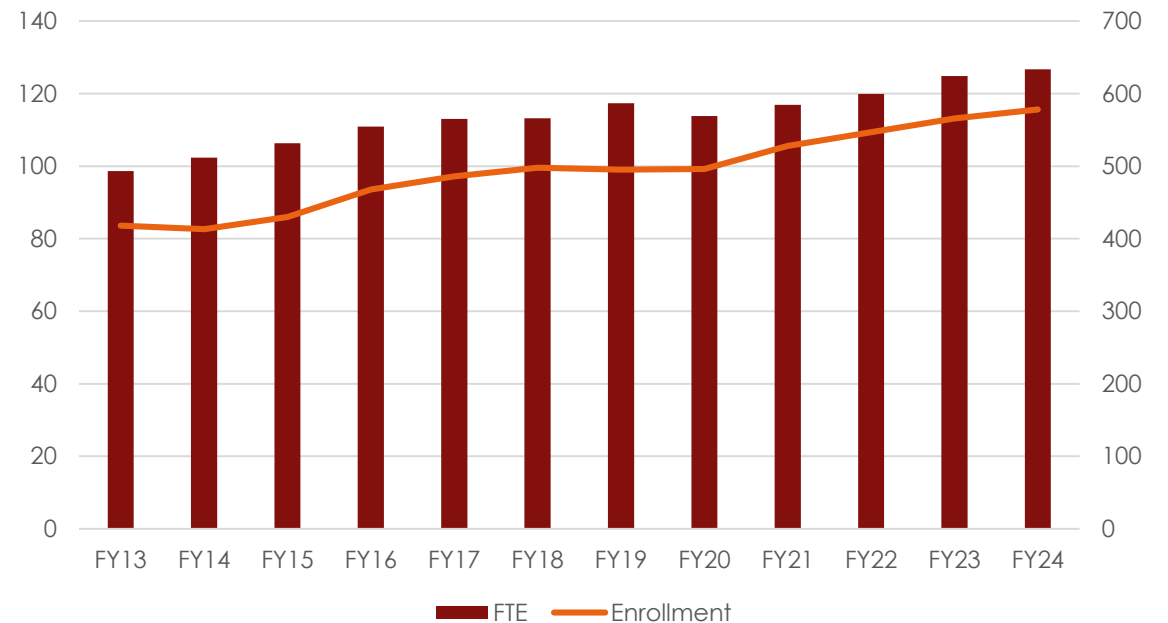


FTE & Enrollment

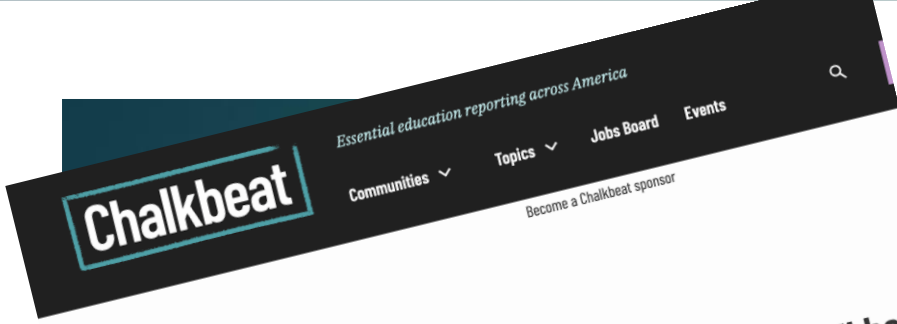
Northampton Public School



Smith Vocational & Agricultural High School



Fiscal Cliff(s)



SCHOOLS' NEW NORMAL POLITICS & POLICY FEDERAL POLICY AND REFORM

Schools face a funding cliff. How bad will the fall be?

By Matt Barnum | September 13, 2023, 11:13am EDT


The Washington Post
Democracy Dies in Darkness

EDUCATION Valerie Strauss Jay Mathews

Schools brace for challenges as once-in-a-lifetime cash runs out

As \$190 billion in pandemic relief expires, schools face tough budget decisions

FREE RE

 By [Lauren Lumpkin](#)

April 18, 2023 at 6:00 a.m. EDT

eSCHOOL NEWS
Education Innovations, Insights & Resources

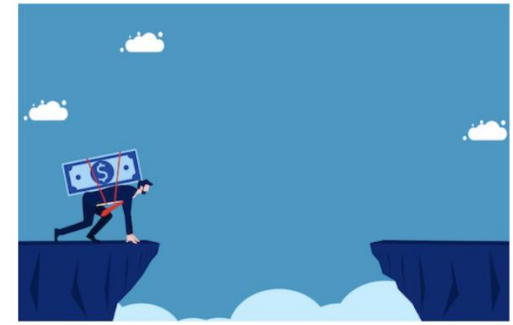
IT Leadership Innovative Teaching Educational Leadership STE

[Education Policy & Funding](#)

District leaders: Act now to avoid financial disasters after COVID relief funding ends

Jim Grady, Managing Director, Alvarez & Marsal
October 3, 2023

Districts must plan to identify and mitigate



impending budget gaps and build strategies for long-term financial health



Federal Pandemic Relief Funds

Northampton Public Schools	
CvRf Relief Food Service	\$ 11,145
Remote Learning Tec	\$ 155,412
CvRF Relief Grant	\$ 579,600
ESSER I	\$ 374,267
ESSER II	\$ 1,463,259
ESSER III	\$ 3,391,996
CARES Act Funding from City	\$ 1,047,075
Total	\$ 7,022,754

NPS recurring expenses from ending ESSER Grants

* from 12/14/23 School Presentation

ESSER Grants – In FY2024, the following recurring expenses were funded by the ESSER Grant which is not available in FY2025

- \$400,000 for Out of District tuition for SPED Students
- \$393,103 for Staff Salaries including: Math Interventionist, Reading Interventionist, Math Coach and 5 ESP's.

NPS Use of School Choice FY2015 – FY2025

58

* From the 12/14/23 NPS Budget Presentation

School Choice Projection

Updated 11/20/23

	<u>FY15 Actual</u>	<u>FY16 Actual</u>	<u>FY17 Actual</u>	<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Actual</u>	<u>FY22 Actual</u>	<u>FY23 Actual</u>	<u>FY24 Estimated</u>	<u>FY25 Estimated</u>
Start of Year Balance	\$ 2,169,297	\$ 2,701,616	\$ 3,397,884	\$ 3,682,068	\$ 4,019,114	3,779,395	\$ 4,059,582	\$ 3,621,475	2,658,751	1,069,135	51,244
Projected Revenues	1,827,864	1,829,052	1,617,281	1,417,286	1,253,307	1,316,678	1,241,420	1,319,206	1,120,576	1,150,009	1,150,009
Projected Expenses	<u>1,295,545</u>	<u>1,132,784</u>	<u>1,333,097</u>	<u>1,080,240</u>	<u>1,493,026</u>	<u>1,036,491</u>	<u>1,679,527</u>	<u>2,281,930</u>	<u>2,710,192</u>	<u>2,167,900</u>	<u>1,150,009</u>
Change to Balance	532,319	696,268	284,184	337,046	(239,719)	280,187	(438,107)	(962,724)	(1,589,616)	(1,017,891)	-
Projected End of Year Balance	2,701,616	3,397,884	3,682,068	4,019,114	3,779,395	4,059,582	3,621,475	2,658,751	1,069,135	51,244	51,244

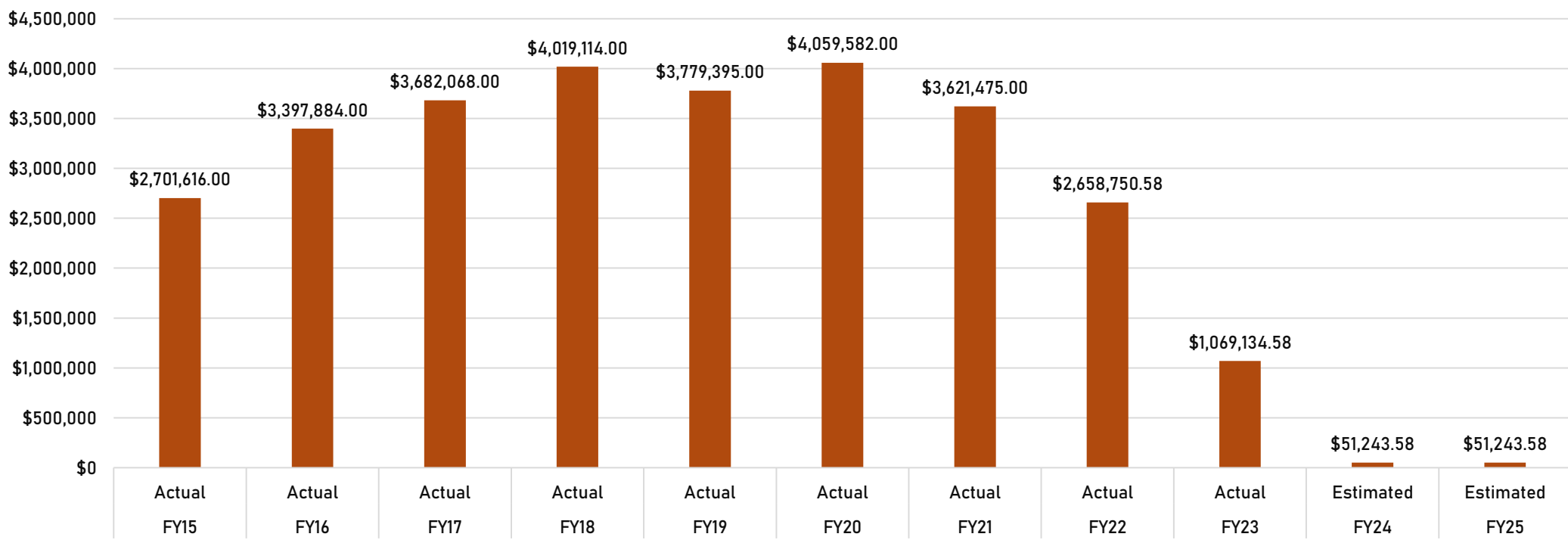
**SCHOOL CHOICE FUNDS
USED THAT EXCEEDED
INCOMING REVENUE:**

-	-	-	-	239,719	-	438,107	962,724	1,589,616	1,017,891	-
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Balance in School Choice at the end of each fiscal year

* From the 12/14/23 NPS Budget Presentation

Northampton Ending Balance in School Choice
Actual for FY15-FY23, Estimated for FY24 and FY25



RESERVES

Value of Financial Reserves

Financial reserves provide financial stability when there are:

- ❖ Natural weather related disasters such as flooding, excessive snow and ice, hurricanes, etc.
- ❖ Failures of major infrastructure such as a building boiler breaks, a bridge has to be closed due to structural deficiencies, a roof develops major leakage, etc.
- ❖ Revenue volatilities due to regional or national economic downturns, significant change or closure of a tax producing industry, or changes in state revenues, etc.
- ❖ Closures and restrictions under health emergencies.

Financial reserves provide operational stability to:

- ❖ Fund a Capital Improvement Program that reduces repair costs and improves operational efficiency, maintains infrastructure resulting in taxpayer savings
- ❖ Maintain the city's AAA Bond Rating (Standard and Poors) which results in lower borrowing costs for necessary capital improvements
- ❖ Provide planned contributions to the operating budget to extend periods of financial stability in keeping with the Fiscal Stability Stabilization Plan
- ❖ Maintain adequate reserves, leaving Northampton better positioned to deal with funding issues in difficult times and giving us the tools to provide continuity of services, as we experienced during the pandemic.

Financial Reserves Uses

GENERAL FUND RESERVES:

- ❖ Undesignated Fund Balance / Free Cash (for any one-time use)
- ❖ General Fund Stabilization Fund (for emergency or unforeseen costs)
- ❖ General Fund Capital Stabilization Fund (fund the Capital Plan projects)
- ❖ General Fund Fiscal Stability Stabilization Fund (intended for operating budget stabilization)
- ❖ Climate Change Mitigation Stabilization Fund (intended to support climate emergencies, mitigation and Northampton's progress towards carbon neutrality)

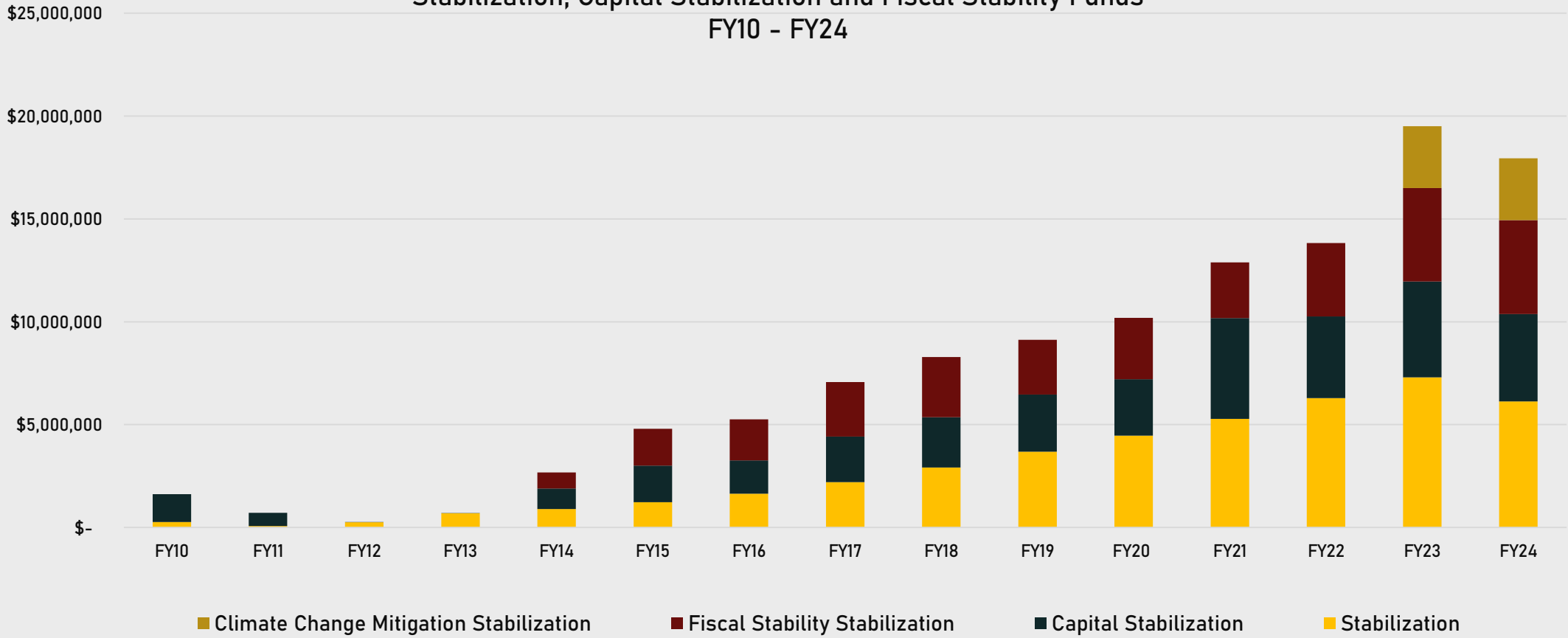
Financial Reserve Balances

GENERAL FUND RESERVES:

- ❖ Undesignated Fund Balance / Free Cash - \$6,094,527
- ❖ General Fund Stabilization Fund - \$6,123,343
- ❖ General Fund Capital Stabilization Fund - \$4,254,264
- ❖ General Fund Fiscal Stability Stabilization Fund - \$4,074,859
- ❖ Climate Change Mitigation Stabilization Fund - \$3,004,998

Reserves History

City of Northampton
General Fund History of Reserves
Stabilization, Capital Stabilization and Fiscal Stability Funds
FY10 - FY24



Contributions to Growth in Reserves

- ❖ In FY12 total reserves for the City were \$253,811
- ❖ Development of financial policies based on best practices from the Government Finance Officers Association, Mass DOR Division of Local Services, Financial Management Association, Standard & Poor's, and Northampton City Charter.
- ❖ It took over 12 years to build up the City reserves
- ❖ Careful use of one time funds for one time costs
- ❖ Conservative budget practices
- ❖ The growth in the last four years is from one-time federal pandemic relief FEMA, CARES Act, and ARPA funds. These one-time federal aid funds which have ended were used to support COVID mitigation activities during the pandemic, which saved the city funds and increased reserves which barring another global catastrophic event, we will not see again.

Bond Rating

Excerpts from Standard and Poors' Bond Rating for Northampton (September 2023):

"The town's financial performance has stayed strong over several years, which has allowed for the maintenance of very strong reserves..."

"...we believe performance will remain strong, despite the town identifying a budget shortfall of \$2.3 million in the school department. Management is budgeting to use \$1.2 million in stabilization reserves, and has initiated expenditure cuts to bring budgetary alignment in 2024."

"Very strong financial management environment that we expect will continue through recent personnel changes and a strong institutional framework."

Name	2023	Rating Agency
Northampton	AAA	S&P
Agawam	AA+	S&P
Amherst	AA+	S&P
East Longmeadow	AA+	S&P
Easthampton	AA+	S&P
Longmeadow	AA+	S&P
Chicopee	AA-	S&P
Greenfield	AA-	S&P
West Springfield	AA	S&P
Westfield	AA	S&P
Holyoke	A+	S&P

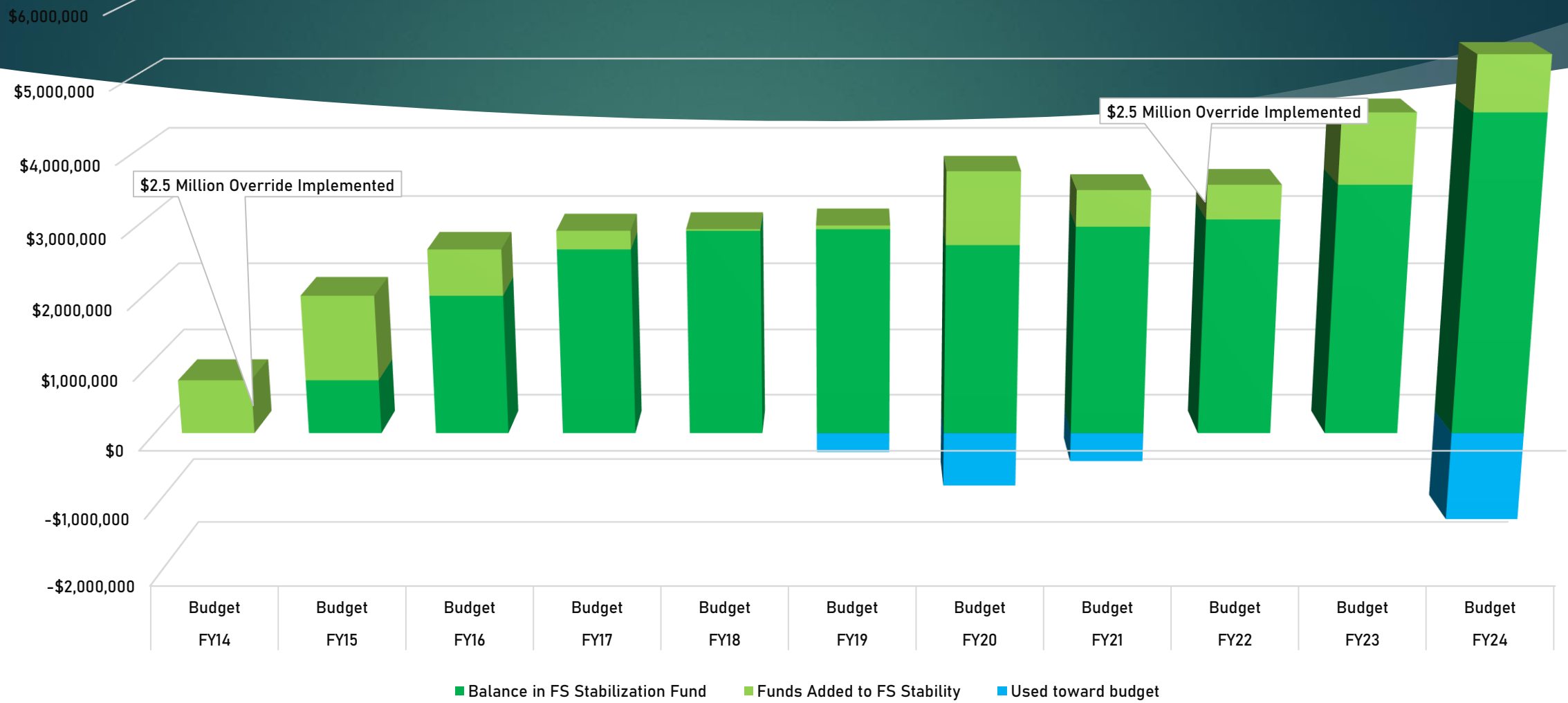
Fiscal Stability Plan

FY2015 – FY2024

Benefits of the Fiscal Stability Plan

- ❖ Enacted in FY2014, with a \$2.5 million override, the plan outlines the budget for five years with planned periodic overrides (generally every 4 to 5 years) to support increases in a planned and sustainable way. The first override provided stability for seven years allowing for steady increases.
- ❖ The second \$2.5 million override voted in March 2020 was not implemented until FY2022 due to the pandemic. It has been three years since it impacted the taxes.
- ❖ Commitment and agreement to the plan provides stability and predictability to the budget process and it allows for steady increases for all city services and the education of our students.
- ❖ Increasing the budget in excess of the plan, puts the fiscal stability of the city's finances in jeopardy.

Preliminary Updated Fiscal Stability Plan FY2014 – FY 2024



\$2.5 Million Override Implemented

\$2.5 Million Override Implemented

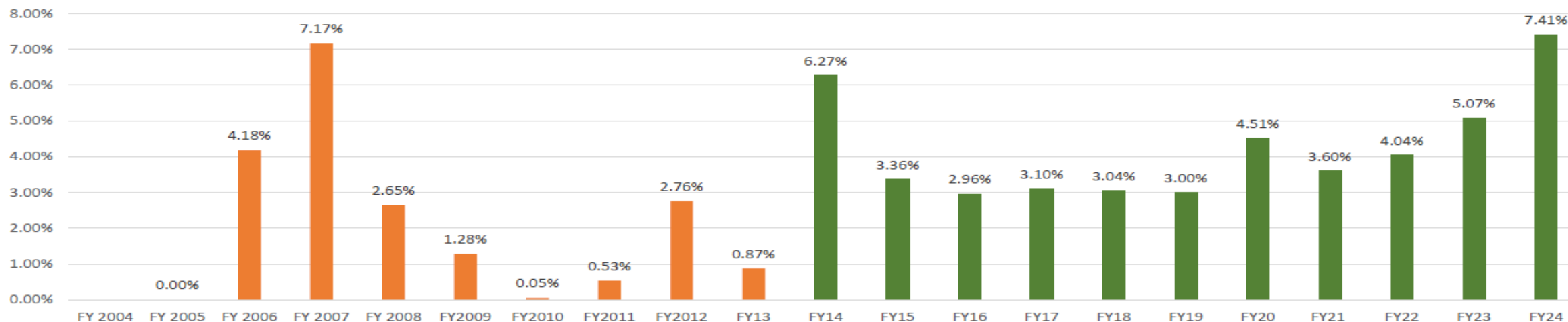
■ Balance in FS Stabilization Fund ■ Funds Added to FS Stability ■ Used toward budget

NPS Increases: Before and After the Creation of the Fiscal Stability Plan

* from 12/14/23 School Presentation

The City has continuously provided at a minimum, a 3% increase to the Northampton Public Schools budget since the inception of the Fiscal Stability Plan beginning in FY2014. Prior to the Fiscal Stability Plan there were years with level funding and more volatility in the appropriation.

City of Northampton Increases to Northampton Public Schools
FY2004 to FY2024
Fiscal Stability Plan enacted beginning FY2014



Fiscal Stability Plan FY25-FY29

4% Increase on base for schools

CITY OF NORTHAMPTON GENERAL FUND FISCAL STABILITY PLAN FY2025 - FY2029 4% Increase

REVENUES											
	FY2024	FY2025	Estimated	FY2026	Estimated	FY2027	Estimated	FY2028	Estimated	FY2029	Estimated
	Budget	Budget	Change	Budget	Change	Budget	Change	Budget	Change	Budget	Change
PROPERTY TAX											
Base Levy From Prior Year	72,260,937	74,989,348		77,739,081		80,582,558		83,497,122		86,484,551	
Amended New Growth from Prior Year											
2 1/2% Increase	1,806,523	1,874,734		1,943,477		2,014,564		2,087,428		2,162,114	
Override											
New Growth	921,887	875,000		900,000		900,000		900,000		900,000	
Levy Limit	74,989,348	77,739,081	3.67%	80,582,558	3.66%	83,497,122	3.62%	86,484,551	3.58%	89,546,664	3.54%
Unused Levy Capacity (49,573)											
Debt Exclusions	575,932	568,220		556,334		544,073		536,807		518,401	
Sub-total PROPERTY TAX:	75,515,707	78,307,301	3.70%	81,138,892	3.62%	84,041,196	3.58%	87,021,358	3.55%	90,065,065	3.50%
LOCAL RECEIPTS											
Motor Vehicle Excise Tax	2,599,683	2,800,000	7.71%	2,856,000	2.00%	2,913,120	2.00%	2,971,382	2.00%	3,030,810	2.00%
Hotel and Motel and Short Term Rental Local Option Tax	780,000	850,000	8.97%	900,000	5.88%	931,500	3.50%	964,103	3.50%	997,846	3.50%
Meals Local Option Tax	650,000	700,000	3.00%	721,000	3.00%	744,072	3.20%	767,882	3.20%	790,919	3.00%
Adult Use Marijuana Local Option Tax	744,395	736,951	-1.00%	729,582	-1.00%	722,286	-1.00%	715,063	-1.00%	707,912	-1.00%
Boat Excise, Interest on Taxes, Payment in Lieu of Taxes	378,631	389,879	3.00%	401,575	3.00%	413,623	3.00%	426,031	3.00%	438,812	3.00%
Parking Meter Receipts	1,210,000	1,270,000	4.96%	1,276,350	0.50%	1,282,732	0.50%	1,289,145	0.50%	1,295,591	0.50%
Ambulance and Recreation Receipts	2,800,000	3,000,000	7.14%	3,150,000	5.00%	3,307,500	5.00%	3,472,875	5.00%	3,646,519	5.00%
Smith Vocational Tuition	9,078,820	9,441,973	4.00%	9,819,652	4.00%	10,212,438	4.00%	10,620,935	4.00%	11,045,773	4.00%
Municipal Service Fees	395,775	426,000	2.00%	434,520	2.00%	443,210	2.00%	452,075	2.00%	461,116	2.00%
Licenses and Permits	1,175,600	1,200,000	2.50%	1,230,000	2.50%	1,260,750	2.50%	1,292,269	2.50%	1,324,575	2.50%
Parking and Motor Vehicle Infraction Fines	520,000	533,000	2.50%	538,330	1.00%	543,713	1.00%	549,150	1.00%	554,642	1.00%
Medicare and Medicaid Reimbursements	161,000	180,000	11.80%	181,800	1.00%	183,618	1.00%	185,454	1.00%	187,309	1.00%
Miscellaneous - PVTA 5 College, Invest Income, Vet District	444,805	459,049	2.50%	463,639	1.00%	468,276	1.00%	472,959	1.00%	477,688	1.00%
Sub-total LOCAL RECEIPTS:	20,938,709	21,986,852	5.01%	22,702,448	3.25%	23,426,838	3.19%	24,179,324	3.21%	24,959,513	3.23%
STATE AID											
Chapter 70 School Aid	8,889,234	8,970,804	0.92%	9,060,512	1.00%	9,151,117	1.00%	9,242,628	1.00%	9,335,055	1.00%
Charter School Tuition Assessment Reimbursement	627,896	499,659	-20.42%	499,659	0.00%	499,659	0.00%	499,659	0.00%	499,659	0.00%
Unrestricted General Government Aid	5,254,395	5,412,027	3.00%	5,559,234	2.72%	5,710,445	2.72%	5,865,769	2.72%	6,025,318	2.72%
Veterans Benefits Reimbursement	223,550	218,045	-2.46%	218,045	0.00%	218,045	0.00%	218,045	0.00%	218,045	0.00%
Exemptions for Qualifying Elderly, Blind and Veterans	101,554	109,591	7.91%	109,591	0.00%	109,591	0.00%	109,591	0.00%	109,591	0.00%
State Owned Land - Payment in Lieu of Taxes	161,730	162,502	0.48%	164,127	1.00%	165,768	1.00%	167,426	1.00%	169,100	1.00%
Off-sets - School Choice and Library	1,238,393	1,208,697	-2.40%	1,208,697	0.00%	1,208,697	0.00%	1,208,697	0.00%	1,208,697	0.00%
Election Reimbursement, CPE Ambulance, other	425,000	378,000	-11.06%	378,000	0.00%	378,000	0.00%	378,000	0.00%	378,000	0.00%
Sub-total STATE AID:	16,921,752	16,959,325	0.22%	17,197,865	1.41%	17,441,323	1.42%	17,689,816	1.42%	17,943,465	1.43%
OTHER FINANCING SOURCES											
Interfund Operating Transfers - Water, Sewer, Solid Waste	1,989,901	1,989,901	0.00%	2,019,750	1.50%	2,050,046	1.50%	2,080,796	1.50%	2,112,008	1.50%
Police Station Bond Sale Premium	15,848	14,450	0.00%	12,966	0.00%	11,187	0.00%	9,153	0.00%	7,119	0.00%
CPA Administration	12,680	12,680	0.00%	12,680	0.00%	12,680	0.00%	12,680	0.00%	12,680	0.00%
Fiscal Stability Stabilization Fund	1,284,954										
Sub-total OTHER FINANCING SOURCES:	3,303,383	2,017,031	-38.94%	2,045,396	1.41%	2,073,913	1.39%	2,102,629	1.38%	2,131,807	1.39%
TOTAL ALL REVENUE SOURCES:	116,679,550	119,270,509	2.22%	123,084,601	3.20%	126,983,269	3.17%	130,993,127	3.16%	135,099,850	3.14%

CITY OF NORTHAMPTON GENERAL FUND FISCAL STABILITY PLAN FY2025 - FY2029 4% Increase

EXPENDITURES	FY2024	FY2025	Estimated	FY2026	Estimated	FY2027	Estimated	FY2028	Estimated	FY2029	Estimated
	Budget	Budget	Change	Budget	Change	Budget	Change	Budget	Change	Budget	Change
DEPARTMENTAL BUDGETS											
General Government	7,049,968	7,343,063	2.50%	7,526,640	2.50%	7,714,806	2.50%	7,907,676	2.50%	8,105,368	2.50%
Public Safety	16,234,929	16,640,802	2.50%	17,056,822	2.50%	17,483,243	2.50%	17,920,324	2.50%	18,368,332	2.50%
Northampton Public Schools	36,565,747	38,028,377	4.00%	39,549,512	4.00%	41,131,492	4.00%	42,776,752	4.00%	44,487,822	4.00%
ONE TIME Emergency Appropriation to Stabilize NPS FY24 Budget	1,200,000			-	0.00%	-	0.00%	-	0.00%	0	0.00%
Smith Vocational	10,760,022	11,190,423	4.00%	11,638,040	4.00%	12,103,561	4.00%	12,587,704	4.00%	13,091,212	4.00%
Public Works	4,284,193	4,391,298	2.50%	4,501,080	2.50%	4,613,607	2.50%	4,728,947	2.50%	4,847,171	2.50%
Health and Human Services	2,416,297	2,476,704	2.50%	2,538,622	2.50%	2,602,088	2.50%	2,667,140	2.50%	2,733,818	2.50%
Culture and Recreation	2,394,582	2,454,447	2.50%	2,515,808	2.50%	2,578,703	2.50%	2,643,170	2.50%	2,709,250	2.50%
Sub-total OPERATING BUDGET:	80,905,738	82,525,114	2.00%	85,326,524	3.39%	88,227,500	3.40%	91,231,713	3.41%	94,342,973	3.41%
DEBT SERVICE AND CAPITAL											
Long/Short Term Debt	4,944,774	4,900,190	-0.90%	4,854,680	-0.93%	4,622,733	-5%	5,192,776	12.33%	5,446,845	4.89%
Cash Capital Projects	200,000	250,000	25.00%	300,000	20.00%	325,000	8.33%	350,000	7.69%	375,000	7.14%
Sub-total DEBT SERVICE AND CAPITAL:	5,144,774	5,150,190	0.11%	5,154,680	0.09%	4,947,733	-4.01%	5,542,776	12.03%	5,821,845	5.03%
EMPLOYEE BENEFITS											
Retirement	7,480,027	7,724,233	3.26%	8,017,408	3.80%	8,321,518	3.79%	8,637,435	3.80%	8,965,658	3.80%
OPEB	375,000	400,000	6.67%	425,000	6.25%	450,000	5.88%	475,000	5.56%	500,000.00	5.26%
Health Insurance (Active and Retired)	13,200,387	14,520,426	10.00%	15,972,468	10.00%	17,569,715	10.00%	19,326,687	10.00%	21,259,355	10.00%
Payroll Taxes	1,062,660	1,089,227	2.50%	1,116,457	2.50%	1,144,369	2.50%	1,172,978	2.50%	1,202,302	2.50%
Employee Benefits (Workers Comp, Unemp, Life Ins.)	1,161,045	1,207,487	4.00%	1,255,786	4.00%	1,306,018	4.00%	1,358,258	4.00%	1,412,589	4.00%
Sub-total EMPLOYEE BENEFITS:	23,279,119	24,941,372	7.14%	26,787,119	7.40%	28,791,619	7.48%	30,970,358	7.57%	33,339,904	7.65%
INSURANCE AND RESERVES											
Insurances - Liability, Property, Vehicle	851,827	894,418	5.00%	939,139	5.00%	986,096	5.00%	1,035,401	5.00%	1,087,171	5.00%
Capital Stabilization Fund	450,000	475,000	5.56%	500,000	5.26%	525,000	5.00%	550,000	4.76%	575,000	4.55%
Fiscal Stability Stabilization Fund											
Personnel Reserve	100,000	100,000		100,000		100,000		100,000		100,000	
Sub-total INSURANCE AND RESERVES:	1,401,827	1,469,418	4.82%	1,539,139	4.74%	1,611,096	4.68%	1,685,401	4.61%	1,762,171	4.56%
NON-APPROPRIATED USES:											
Overlay for Abatements and Exemptions (mandated reserve)	503,015	515,590	2.50%	528,480	2.50%	541,692	2.50%	555,234	2.50%	569,115	2.50%
Off-sets - School Choice and Library	1,238,393	1,208,697	-2.40%	1,208,697	0.00%	1,208,697	0.00%	1,208,697	0.00%	1,208,697	0.00%
Sub-total NON-APPROPRIATED USES:	1,741,408	1,724,287	-0.98%	1,737,177	0.75%	1,750,389	0.76%	1,763,931	0.77%	1,777,812	0.79%
STATE ASSESSMENTS											
Charter School and School Choice Sending Tuition	3,661,341	3,623,974	-1.02%	3,732,693	3.00%	3,844,674	3.00%	3,960,014	3.00%	4,078,815	3.00%
PVTA, RMV Surcharges, DEP Air Pollution, DESE	545,343	542,874	-0.45%	548,303	1.00%	553,786	1.00%	559,324	1.00%	564,917	1.00%
Sub-total STATE ASSESSMENT:	4,206,684	4,166,848	-0.95%	4,280,996	2.74%	4,398,460	2.74%	4,519,338	2.75%	4,643,732	2.75%
TOTAL ALL EXPENDITURES:	116,679,550	119,977,229	2.83%	124,825,636	4.04%	129,726,797	3.93%	135,713,518	4.61%	141,688,436	4.40%
BUDGET SURPLUS/(SHORTFALL)	0	\$ (706,721)		\$ (1,741,034)		\$ (2,743,528)		\$ (4,720,391)		(6,588,586)	

Fiscal Stability FY25-FY29
7.98% Increase on base for NPS

CITY OF NORTHAMPTON GENERAL FUND FISCAL STABILITY PLAN FY2025 - FY2029 - 7.98% Increase

REVENUES											
	FY2024	FY2025	Estimated	FY2026	Estimated	FY2027	Estimated	FY2028	Estimated	FY2029	Estimated
	Budget	Budget	Change	Budget	Change	Budget	Change	Budget	Change	Budget	Change
PROPERTY TAX											
Base Levy From Prior Year	72,260,937	74,989,348		77,739,081		80,582,558		83,497,122		86,484,551	
Amended New Growth from Prior Year											
2 1/2% Increase	1,806,523	1,874,734		1,943,477		2,014,564		2,087,428		2,162,114	
Override											
New Growth	921,887	875,000		900,000		900,000		900,000		900,000	
Levy Limit	74,989,348	77,739,081	3.67%	80,582,558	3.66%	83,497,122	3.62%	86,484,551	3.58%	89,546,664	3.54%
Unused Levy Capacity	(49,573)										
Debt Exclusions	575,932	568,220		556,334		544,073		536,807		518,401	
Sub-total PROPERTY TAX:	75,515,707	78,307,302	3.70%	81,138,892	3.62%	84,041,196	3.58%	87,021,358	3.55%	90,065,065	3.50%
LOCAL RECEIPTS											
Motor Vehicle Excise Tax	2,599,683	2,800,000	7.71%	2,856,000	2.00%	2,913,120	2.00%	2,971,382	2.00%	3,030,810	2.00%
Hotel and Motel and Short Term Rental Local Option Tax	780,000	850,000	8.97%	900,000	5.88%	931,500	3.50%	964,103	3.50%	997,846	3.50%
Meals Local Option Tax	650,000	700,000	7.69%	721,000	3.00%	744,072	3.20%	767,882	3.20%	790,919	3.00%
Adult Use Marijuana Local Option Tax	744,395	736,951	-1.00%	729,582	-1.00%	722,286	-1.00%	715,063	-1.00%	707,912	-1.00%
Boat Excise, Interest on Taxes, Payment in Lieu of Taxes	378,631	389,879	2.97%	401,575	3.00%	413,623	3.00%	426,031	3.00%	438,812	3.00%
Parking Meter Receipts	1,210,000	1,270,000	4.96%	1,276,350	0.50%	1,282,732	0.50%	1,289,145	0.50%	1,295,591	0.50%
Ambulance and Recreation Receipts	2,800,000	3,000,000	7.14%	3,150,000	5.00%	3,307,500	5.00%	3,472,875	5.00%	3,646,519	5.00%
Smith Vocational Tuition	9,078,820	9,441,973	4.00%	9,819,652	4.00%	10,212,438	4.00%	10,620,936	4.00%	11,045,773	4.00%
Municipal Service Fees	395,775	426,000	7.64%	434,520	2.00%	443,210	2.00%	452,075	2.00%	461,116	2.00%
Licenses and Permits	1,175,600	1,200,000	2.08%	1,230,000	2.50%	1,260,750	2.50%	1,292,269	2.50%	1,324,575	2.50%
Parking and Motor Vehicle Infraction Fines	520,000	533,000	2.50%	538,330	1.00%	543,713	1.00%	549,150	1.00%	554,642	1.00%
Medicare and Medicaid Reimbursements	161,000	180,000	11.80%	181,800	1.00%	183,618	1.00%	185,454	1.00%	187,309	1.00%
Miscellaneous - PVTA 5 College, Invest Income, Vet District	444,805	459,049	3.20%	463,639	1.00%	468,276	1.00%	472,959	1.00%	477,688	1.00%
Sub-total LOCAL RECEIPTS:	20,938,709	21,986,852	5.01%	22,702,448	3.25%	23,426,838	3.19%	24,179,324	3.21%	24,959,513	3.23%
STATE AID											
Chapter 70 School Aid	8,889,234	8,970,804	0.92%	9,060,512	1.00%	9,151,117	1.00%	9,242,628	1.00%	9,335,055	1.00%
Charter School Tuition Assessment Reimbursement	627,896	499,659	-20.42%	499,659	0.00%	499,659	0.00%	499,659	0.00%	499,659	0.00%
Unrestricted General Government Aid	5,254,395	5,412,027	3.00%	5,559,234	2.72%	5,710,445	2.72%	5,865,769	2.72%	6,025,318	2.72%
Veterans Benefits Reimbursement	223,550	218,045	-2.46%	218,045	0.00%	218,045	0.00%	218,045	0.00%	218,045	0.00%
Exemptions for Qualifying Elderly, Blind and Veterans	101,554	109,591	7.91%	109,591	0.00%	109,591	0.00%	109,591	0.00%	109,591	0.00%
State Owned Land - Payment in Lieu of Taxes	161,730	162,502	0.48%	164,127	1.00%	165,768	1.00%	167,426	1.00%	169,100	1.00%
Off-sets - School Choice and Library	1,238,393	1,208,697	-2.40%	1,208,697	0.00%	1,208,697	0.00%	1,208,697	0.00%	1,208,697	0.00%
Election Reimbursement, CPE Ambulance, other	425,000	378,000	-11.06%	378,000	0.00%	378,000	0.00%	378,000	0.00%	378,000	0.00%
Sub-total STATE AID:	16,921,752	16,959,325	0.22%	17,197,865	1.41%	17,441,323	1.42%	17,689,816	1.42%	17,943,465	1.43%
OTHER FINANCING SOURCES											
Interfund Operating Transfers - Water, Sewer, Solid Waste	1,989,901	1,989,901	0.00%	2,019,750	1.50%	2,050,046	1.50%	2,080,796	1.50%	2,112,008	1.50%
Police Station Bond Sale Premium	15,848	14,450	-8.82%	12,966	0.00%	11,187	0.00%	9,153	0.00%	7,119	0.00%
CPA Administration	12,680	12,680	0.00%	12,680	0.00%	12,680	0.00%	12,680	0.00%	12,680	0.00%
Fiscal Stability Stabilization Fund	1,284,954										
Sub-total OTHER FINANCING SOURCES:	3,303,383	2,017,031	-38.94%	2,045,396	1.41%	2,073,913	1.39%	2,102,629	1.38%	2,131,807	1.39%

CITY OF NORTHAMPTON GENERAL FUND FISCAL STABILITY PLAN FY2025 - FY2029 - 7.98% Increase

EXPENDITURES											
	FY2024	FY2025	Estimated	FY2026	Estimated	FY2027	Estimated	FY2028	Estimated	FY2029	Estimated
	Budget	Budget	Change	Budget	Change	Budget	Change	Budget	Change	Budget	Change
DEPARTMENTAL BUDGETS											
General Government	7,049,968	7,343,063	2.50%	7,526,640	2.50%	7,714,806	2.50%	7,907,676	2.50%	8,105,368	2.50%
Public Safety	16,234,929	16,640,802	2.50%	17,056,822	2.50%	17,483,243	2.50%	17,920,324	2.50%	18,368,332	2.50%
Northampton Public Schools	36,565,747	40,778,585	7.98%	42,409,728	4.00%	44,106,118	4.00%	45,870,362	4.00%	47,705,177	4.00%
ONE TIME Emergency Appropriation to Stabilize NPS FY24 Budget	1,200,000			-	0.00%	-	0.00%	-	0.00%	0	0.00%
Smith Vocational	10,760,022	11,190,423	4.00%	11,638,040	4.00%	12,103,562	4.00%	12,587,704	4.00%	13,091,212	4.00%
Public Works	4,284,193	4,391,298	2.50%	4,501,080	2.50%	4,613,607	2.50%	4,728,947	2.50%	4,847,171	2.50%
Health and Human Services	2,416,297	2,476,704	2.50%	2,538,622	2.50%	2,602,088	2.50%	2,667,140	2.50%	2,733,818	2.50%
Culture and Recreation	2,394,582	2,454,447	2.50%	2,515,808	2.50%	2,578,703	2.50%	2,643,170	2.50%	2,709,250	2.50%
Sub-total OPERATING BUDGET:	80,905,738	85,275,322	5.40%	88,186,740	3.41%	91,202,125	3.42%	94,325,324	3.42%	97,560,328	3.43%
DEBT SERVICE AND CAPITAL											
Long/Short Term Debt	4,944,774	4,900,190	-0.90%	4,854,680	-0.93%	4,622,733	-5%	5,192,776	12.33%	5,446,845	4.89%
Cash Capital Projects	200,000	250,000	25.00%	300,000	20.00%	325,000	8.33%	350,000	7.69%	375,000	7.14%
Sub-total DEBT SERVICE AND CAPITAL:	5,144,774	5,150,190	0.11%	5,154,680	0.09%	4,947,733	-4.01%	5,542,776	12.03%	5,821,845	5.03%
EMPLOYEE BENEFITS											
Retirement	7,480,027	7,724,233	3.26%	8,017,408	3.80%	8,321,518	3.79%	8,637,435	3.80%	8,965,658	3.80%
OPEB	375,000	400,000	6.67%	425,000	6.25%	450,000	5.88%	475,000	5.56%	500,000.00	5.26%
Health Insurance (Active and Retired)	13,200,387	14,520,426	10.00%	15,972,468	10.00%	17,569,715	10.00%	19,326,687	10.00%	21,259,355	10.00%
Payroll Taxes	1,062,660	1,089,227	2.50%	1,116,457	2.50%	1,144,369	2.50%	1,172,978	2.50%	1,202,302	2.50%
Employee Benefits (Workers Comp, Unemp, Life Ins.)	1,161,045	1,207,487	4.00%	1,255,786	4.00%	1,306,018	4.00%	1,358,258	4.00%	1,412,589	4.00%
Sub-total EMPLOYEE BENEFITS:	23,279,119	24,941,372	7.14%	26,787,119	7.40%	28,791,619	7.48%	30,970,358	7.57%	33,339,904	7.65%
INSURANCE AND RESERVES											
Insurances - Liability, Property, Vehicle	851,827	894,418	5.00%	939,139	5.00%	986,096	5.00%	1,035,401	5.00%	1,087,171	5.00%
Capital Stabilization Fund	450,000	475,000	5.56%	500,000	5.26%	525,000	5.00%	550,000	4.76%	575,000	4.55%
Fiscal Stability Stabilization Fund											
Personnel Reserve	100,000	100,000		100,000		100,000		100,000		100,000	
Sub-total INSURANCE AND RESERVES:	1,401,827	1,469,418	4.82%	1,539,139	4.74%	1,611,096	4.68%	1,685,401	4.61%	1,762,171	4.56%
NON-APPROPRIATED USES:											
Overlay for Abatements and Exemptions (mandated reserve)	503,015	515,590	2.50%	528,480	2.50%	541,692	2.50%	555,234	2.50%	569,115	2.50%
Off-sets - School Choice and Library	1,238,393	1,208,697	-2.40%	1,208,697	0.00%	1,208,697	0.00%	1,208,697	0.00%	1,208,697	0.00%
Sub-total NON-APPROPRIATED USES:	1,741,408	1,724,287	-0.98%	1,737,177	0.75%	1,750,389	0.76%	1,763,931	0.77%	1,777,812	0.79%
STATE ASSESSMENTS											
Charter School and School Choice Sending Tuition	3,661,341	3,623,974	-1.02%	3,732,693	3.00%	3,844,674	3.00%	3,960,014	3.00%	4,078,815	3.00%
PVTA, RMV Surcharges, DEP Air Pollution, DESE	545,343	542,874	-0.45%	548,303	1.00%	553,786	1.00%	559,324	1.00%	564,917	1.00%
Sub-total STATE ASSESSMENT:	4,206,684	4,166,848	-0.95%	4,280,996	2.74%	4,398,460	2.74%	4,519,338	2.75%	4,643,732	2.75%
TOTAL ALL EXPENDITURES:	116,679,550	122,727,438	5.18%	127,685,853	4.04%	132,701,422	3.93%	138,807,128	4.60%	144,905,791	4.39%
BUDGET SURPLUS/(SHORTFALL)	0	\$ (3,456,929)		\$ (4,601,251)		\$ (5,718,154)		\$ (7,814,001)		(9,805,941)	

Fiscal Stability FY25-FY29
13.35% Increase on base for NPS

REVENUES											
	FY2024	FY2025	Estimated	FY2026	Estimated	FY2027	Estimated	FY2028	Estimated	FY2029	Estimated
	Budget	Budget	Change	Budget	Change	Budget	Change	Budget	Change	Budget	Change
PROPERTY TAX											
Base Levy From Prior Year	72,260,937	74,989,348		77,739,081		80,582,558		83,497,122		86,484,551	
Proposed New Growth from Prior Year											
1/2% Increase	1,806,523	1,874,734		1,943,477		2,014,564		2,087,428		2,162,114	
Override											
New Growth	921,887	875,000		900,000		900,000		900,000		900,000	
Levy Limit	74,989,348	77,739,081	3.67%	80,582,558	3.66%	83,497,122	3.62%	86,484,551	3.58%	89,546,664	3.54%
Unused Levy Capacity	(49,573)										
Debt Exclusions	575,932	568,220		556,334		544,073		536,807		518,401	
Sub-total PROPERTY TAX:	75,515,707	78,307,302	3.70%	81,138,892	3.62%	84,041,196	3.58%	87,021,358	3.55%	90,065,065	3.50%
LOCAL RECEIPTS											
Motor Vehicle Excise Tax	2,599,683	2,800,000	7.71%	2,856,000	2.00%	2,913,120	2.00%	2,971,382	2.00%	3,030,810	2.00%
Hotel and Motel and Short Term Rental Local Option Tax	780,000	850,000	8.97%	900,000	5.88%	931,500	3.50%	964,103	3.50%	997,846	3.50%
Leads Local Option Tax	650,000	700,000	7.69%	721,000	3.00%	744,072	3.20%	767,882	3.20%	790,919	3.00%
Adult Use Marijuana Local Option Tax	744,395	736,951	-1.00%	729,582	-1.00%	722,286	-1.00%	715,063	-1.00%	707,912	-1.00%
Boat Excise, Interest on Taxes, Payment in Lieu of Taxes	378,631	389,879	2.97%	401,575	3.00%	413,623	3.00%	426,031	3.00%	438,812	3.00%
Parking Meter Receipts	1,210,000	1,270,000	4.96%	1,276,350	0.50%	1,282,732	0.50%	1,289,145	0.50%	1,295,591	0.50%
Ambulance and Recreation Receipts	2,800,000	3,000,000	7.14%	3,150,000	5.00%	3,307,500	5.00%	3,472,875	5.00%	3,646,519	5.00%
Smith Vocational Tuition	9,078,820	9,441,973	4.00%	9,819,652	4.00%	10,212,438	4.00%	10,620,936	4.00%	11,045,773	4.00%
Municipal Service Fees	395,775	426,000	7.64%	434,520	2.00%	443,210	2.00%	452,075	2.00%	461,116	2.00%
Licenses and Permits	1,175,600	1,200,000	2.08%	1,230,000	2.50%	1,260,750	2.50%	1,292,269	2.50%	1,324,575	2.50%
Parking and Motor Vehicle Infraction Fines	520,000	533,000	2.50%	538,330	1.00%	543,713	1.00%	549,150	1.00%	554,642	1.00%
Medicare and Medicaid Reimbursements	161,000	180,000	11.80%	181,800	1.00%	183,618	1.00%	185,454	1.00%	187,309	1.00%
Miscellaneous - PVTA 5 College, Invest Income, Vet Dist	444,805	459,049	3.20%	463,639	1.00%	468,276	1.00%	472,959	1.00%	477,688	1.00%
Sub-total LOCAL RECEIPTS:	20,938,709	21,986,852	4.99%	22,702,448	3.25%	23,426,838	3.19%	24,179,324	3.21%	24,959,513	3.23%
STATE AID											
Chapter 70 School Aid	8,889,234	8,970,804	0.92%	9,060,512	1.00%	9,151,117	1.00%	9,242,628	1.00%	9,335,055	1.00%
Charter School Tuition Assessment Reimbursement	627,896	499,659	-20.42%	499,659	0.00%	499,659	0.00%	499,659	0.00%	499,659	0.00%
Unrestricted General Government Aid	5,254,395	5,412,027	3.00%	5,559,234	2.72%	5,710,445	2.72%	5,865,769	2.72%	6,025,318	2.72%
Veterans Benefits Reimbursement	223,550	218,045	-2.46%	218,045	0.00%	218,045	0.00%	218,045	0.00%	218,045	0.00%
Exemptions for Qualifying Elderly, Blind and Veterans	101,554	109,591	7.91%	109,591	0.00%	109,591	0.00%	109,591	0.00%	109,591	0.00%
State Owned Land - Payment in Lieu of Taxes	161,730	162,502	0.48%	164,127	1.00%	165,768	1.00%	167,426	1.00%	169,100	1.00%
Off-sets - School Choice and Library	1,238,393	1,208,697	-2.40%	1,208,697	0.00%	1,208,697	0.00%	1,208,697	0.00%	1,208,697	0.00%
Collection Reimbursement, CPE Ambulance, other	425,000	378,000	-11.06%	378,000	0.00%	378,000	0.00%	378,000	0.00%	378,000	0.00%
Sub-total STATE AID:	16,921,752	16,959,325	0.22%	17,197,865	1.41%	17,441,323	1.42%	17,689,816	1.42%	17,943,465	1.43%
OTHER FINANCING SOURCES											
Interfund Operating Transfers - Water, Sewer, Solid Was	1,989,901	1,989,901	0.00%	2,019,750	1.50%	2,050,046	1.50%	2,080,796	1.50%	2,112,008	1.50%
Police Station Bond Sale Premium	15,848	14,450	-8.82%	12,966	0.00%	11,187	0.00%	9,153	0.00%	7,119	0.00%
OPA Administration	12,680	12,680	0.00%	12,680	0.00%	12,680	0.00%	12,680	0.00%	12,680	0.00%
Local Stability Stabilization Fund	1,284,954		-100.00%								
Sub-total OTHER FINANCING SOURCES:	3,303,383	2,017,031	-38.04%	2,045,396	1.41%	2,073,913	1.39%	2,103,630	1.38%	2,133,807	1.39%

CITY OF NORTHAMPTON GENERAL FUND FISCAL STABILITY PLAN FY2025 - FY2029 - 13.35% - Full funding Gap

EXPENDITURES											
	FY2024	FY2025	Estimated	FY2026	Estimated	FY2027	Estimated	FY2028	Estimated	FY2029	Estimated
	Budget	Budget	Change	Budget	Change	Budget	Change	Budget	Change	Budget	Change
DEPARTMENTAL BUDGETS											
General Government	7,049,968	7,343,063	2.50%	7,526,640	2.50%	7,714,806	2.50%	7,907,676	2.50%	8,105,368	2.50%
Public Safety	16,234,929	16,640,802	2.50%	17,056,822	2.50%	17,483,243	2.50%	17,920,324	2.50%	18,368,332	2.50%
Northampton Public Schools	36,565,747	42,805,908	13.35%	44,518,144	4.00%	46,298,870	4.00%	48,150,825	4.00%	50,076,858	4.00%
ONE TIME Emergency Appropriation to Stabilize NPS FY24	1,200,000			-	0.00%	-	0.00%	-	0.00%	0	0.00%
Smith Vocational	10,760,022	11,190,423	4.00%	11,638,040	4.00%	12,103,562	4.00%	12,587,704	4.00%	13,091,212	4.00%
Public Works	4,284,193	4,391,298	2.50%	4,501,080	2.50%	4,613,607	2.50%	4,728,947	2.50%	4,847,171	2.50%
Health and Human Services	2,416,297	2,476,704	2.50%	2,538,622	2.50%	2,602,088	2.50%	2,667,140	2.50%	2,733,818	2.50%
Culture and Recreation	2,394,582	2,454,447	2.50%	2,515,808	2.50%	2,578,703	2.50%	2,643,170	2.50%	2,709,250	2.50%
Sub-total OPERATING BUDGET:	80,905,738	87,302,645	7.91%	90,295,156	3.43%	93,394,878	3.43%	96,605,786	3.44%	99,932,009	3.44%
DEBT SERVICE AND CAPITAL											
Long/Short Term Debt	4,944,774	4,900,190	-0.90%	4,854,680	-0.93%	4,622,733	-5%	5,192,776	12.33%	5,446,845	4.89%
Cash Capital Projects	200,000	250,000	25.00%	300,000	20.00%	325,000	8.33%	350,000	7.69%	375,000	7.14%
Sub-total DEBT SERVICE AND CAPITAL:	5,144,774	5,150,190	0.11%	5,154,680	0.09%	4,947,733	-4.01%	5,542,776	12.03%	5,821,845	5.03%
EMPLOYEE BENEFITS											
Retirement	7,480,027	7,724,233	3.26%	8,017,408	3.80%	8,321,518	3.79%	8,637,435	3.80%	8,965,658	3.80%
OPEB	375,000	400,000	6.67%	425,000	6.25%	450,000	5.88%	475,000	5.56%	500,000.00	5.26%
Health Insurance (Active and Retired)	13,200,387	14,520,426	10.00%	15,972,468	10.00%	17,569,715	10.00%	19,326,687	10.00%	21,259,355	10.00%
Payroll Taxes	1,062,660	1,089,227	2.50%	1,116,457	2.50%	1,144,369	2.50%	1,172,978	2.50%	1,202,302	2.50%
Employee Benefits (Workers Comp, Unemp, Life Ins.)	1,161,045	1,207,487	4.00%	1,255,786	4.00%	1,306,018	4.00%	1,358,258	4.00%	1,412,589	4.00%
Sub-total EMPLOYEE BENEFITS:	23,279,119	24,941,372	7.14%	26,787,119	7.40%	28,791,619	7.48%	30,970,358	7.57%	33,339,904	7.65%
INSURANCE AND RESERVES											
Insurances - Liability, Property, Vehicle	851,827	894,418	5.00%	939,139	5.00%	986,096	5.00%	1,035,401	5.00%	1,087,171	5.00%
Capital Stabilization Fund	450,000	475,000	5.56%	500,000	5.26%	525,000	5.00%	550,000	4.76%	575,000	4.55%
Fiscal Stability Stabilization Fund											
Personnel Reserve	100,000	100,000		100,000		100,000		100,000		100,000	
Sub-total INSURANCE AND RESERVES:	1,401,827	1,469,418	4.82%	1,539,139	4.74%	1,611,096	4.68%	1,685,401	4.61%	1,762,171	4.56%
NON-APPROPRIATED USES:											
Overlay for Abatements and Exemptions (mandated rese	503,015	515,590	2.50%	528,480	2.50%	541,692	2.50%	555,234	2.50%	569,115	2.50%
Off-sets - School Choice and Library	1,238,393	1,208,697	-2.40%	1,208,697	0.00%	1,208,697	0.00%	1,208,697	0.00%	1,208,697	0.00%
Sub-total NON-APPROPRIATED USES:	1,741,408	1,724,287	-0.98%	1,737,177	0.75%	1,750,389	0.76%	1,763,931	0.77%	1,777,812	0.79%
STATE ASSESSMENTS											
Charter School and School Choice Sending Tuition	3,661,341	3,623,974	-1.02%	3,732,693	3.00%	3,844,674	3.00%	3,960,014	3.00%	4,078,815	3.00%
PVTA , RMV Surcharges, DEP Air Pollution, DESE	545,343	542,874	-0.45%	548,303	1.00%	553,786	1.00%	559,324	1.00%	564,917	1.00%
Sub-total STATE ASSESSMENT:	4,206,684	4,166,848	-0.95%	4,280,996	2.74%	4,398,460	2.74%	4,519,338	2.75%	4,643,732	2.75%
TOTAL ALL EXPENDITURES:	116,679,550	124,754,761	6.92%	129,794,269	4.04%	134,894,175	3.93%	141,087,591	4.59%	147,277,472	4.39%
BUDGET SURPLUS/(SHORTFALL)	0	\$ (5,484,252)		\$ (6,709,667)		\$ (7,910,906)		\$ (10,094,464)		(12,177,622)	

Impact on Reserves and Resulting Deficit

Built over 10 years

Gone in 2 years

CITY OF NORTHAMPTON GENERAL FUND FISCAL STABILITY PLAN FY2025 - FY2029 - Using Reserves

	FY2024 Budget	FY2025 Budget	Estimated Change	FY2026 Budget	Estimated Change	FY2027 Budget	Estimated Change	FY2028 Budget	Estimated Change	FY2029 Budget	Estimated Change
Show the budget Shortfall	(1,284,954)	(5,484,252)		(6,709,667)		(7,910,906)		(10,094,464)		(12,177,622)	
Fiscal Stability Stabilization Fund											
Balance at fiscal year start:	4,564,956	4,074,859		-		-		-		-	
Budget Surplus into Fiscal Stability Stabilization:	0	-		-		-		-		-	
Additional Appropriations and Interest Earned:	794,857	500,000		500,000		500,000		500,000		500,000	
Use of Fiscal Stability Stabilization:	(1,284,954)	(5,484,252)		(6,709,667)		(7,910,906)		(10,094,464)		(12,177,622)	
Balance at fiscal year end:	4,074,859	(909,393)		(6,209,667)		(7,410,906)		(9,594,464)		(11,677,622)	
Amount not covered		(909,393)		(6,209,667)		(7,410,906)		(9,594,464)		(11,677,622)	
Regular Stabilization Fund											
Balance at fiscal year start:	6,123,343	5,938,676		4,766,283		-		-		-	
Use of Regular Stabilization for School		(909,393)		(6,209,667)		(7,410,906)		(9,594,464)		(11,677,622)	
Additional Appropriations and Interest Earned:	315,333	500,000		500,000		500,000		500,000		500,000	
Use of Regular Stabilization for capital project	(500,000)	(763,000)		(541,784)		(100,000)		-		-	
Balance at fiscal year end:	5,938,676	4,766,283		(1,485,168)		(7,010,906)		(9,094,464)		(11,177,622)	
All reserves used up - can't cover FY2026				***** Not enough for FY2026							

FY2025 Revenue & Expenditure Projections

Major Revenue Sources in the General Fund and Projections for FY2025

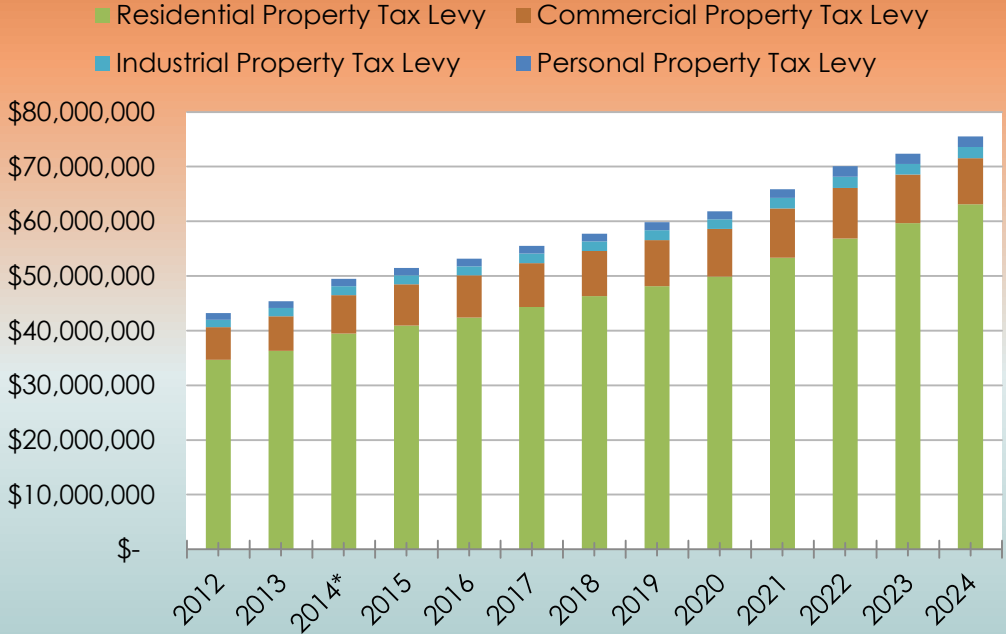
- ❖ Real Estate and Personal Property – Levy Limit
- ❖ State Aid – UGGA, Chapter 70, Charter School Aid, etc..
- ❖ Local Receipts:
 - Meals Excise Tax
 - Hotel/Motel/ Short Term Rental Excise Tax
 - Cannabis Excise Tax
 - Motor Vehicle Excise Tax
 - Parking Revenue – Parking and Tickets
 - Permit Revenue

Real Estate and Personal Property Tax Revenue For FY2025

ADDITIONAL REAL ESTATE AND PERSONAL PROPERTY TAX REVENUE FOR THE FY24 BUDGET

Proposition 2 1/2 Increase	\$ 1,874,734
New Growth Preliminary Estimate	<u>\$ 875,000</u>
Total:	\$2,749,734

Property Tax Revenue Trend FY2015 - FY2024



State Aid

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NET STATE AID Cherry Sheet Receipts versus Cherry Sheet Charges excludes offsets for School Choice and Library Aid

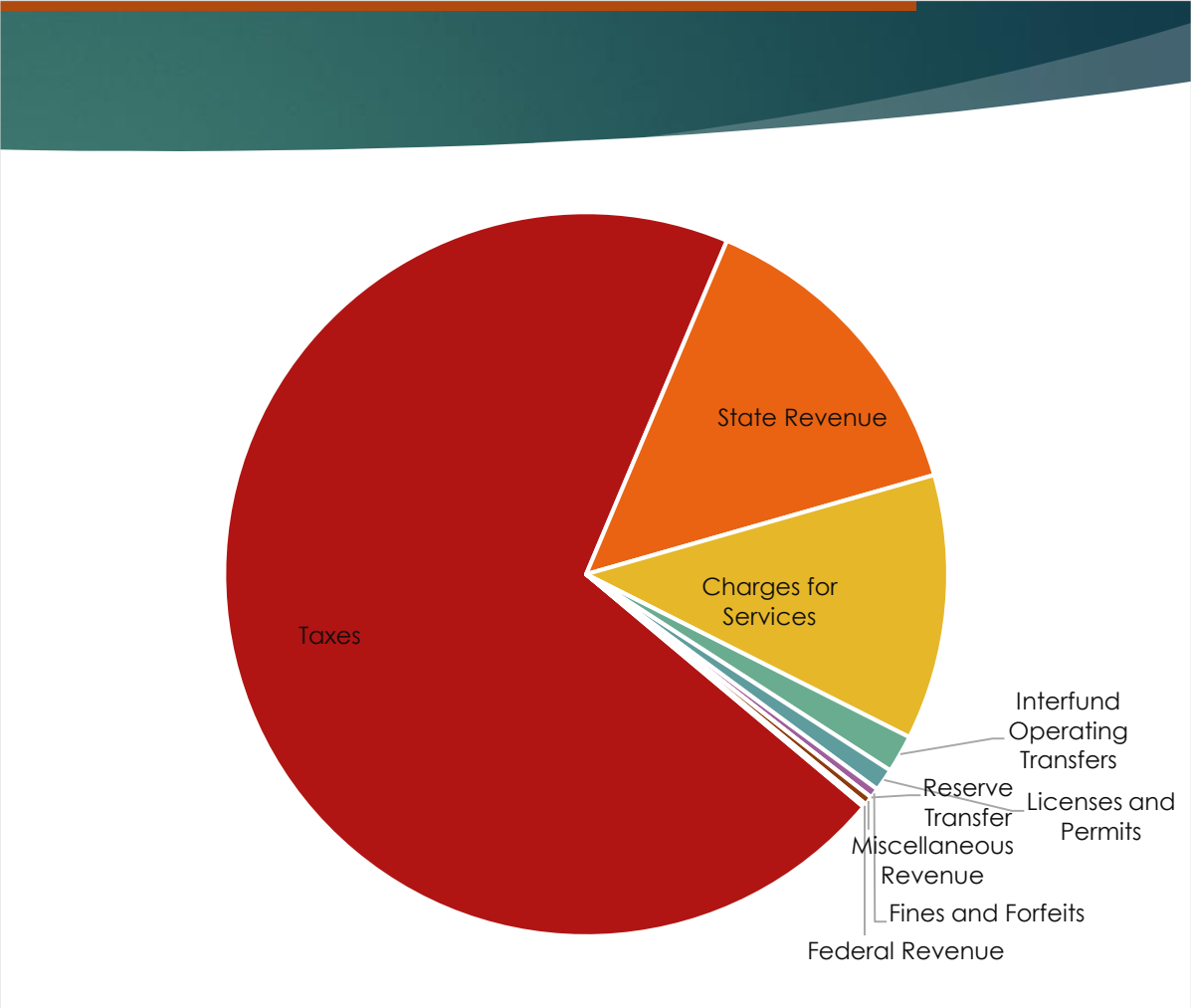
	Actual FY2021	Actual FY2022	Budget FY2023	Budget FY2024	Governor's Budget FY2025	Increase/ (decrease)	%
CHERRY SHEET - REVENUE							
Chapter 70 School Aid	8,471,394	8,554,554	8,722,254	8,889,234	8,970,804	81,570	0.92%
Charter Tuition Assessment Reimb.	416,217	227,129	642,261	627,896	499,659	(128,237)	-20.42%
Unrestricted Government Aid	4,667,261	4,830,615	5,091,468	5,254,395	5,412,027	157,632	3.00%
Veterans Benefits	428,261	365,312	354,050	223,550	218,045	(5,505)	-2.46%
Lieu of Taxes - State Owned Land	102,666	113,729	145,984	161,730	162,502	772	0.48%
Abatements to Blind, Elderly, Surviving Spouse	132,382	108,671	110,043	101,554	109,591	8,037	7.91%
Total Cherry Sheet Revenue:	14,218,181	14,200,010	15,066,060	15,258,359	15,372,628	114,269	
CHERRY SHEET - ASSESSMENTS							
Air Pollution Districts	8,494	8,520	8,832	8,932	9,155	223	2.50%
RMV Non-Renewal Surcharge	78,860	78,860	39,880	52,500	35,580	(16,920)	-32.23%
Regional Transit Assessment (PVTA)	437,349	457,194	443,732	458,345	479,712	21,367	4.66%
Special Education (Ch. 71B, ss. 10, 12)	3,547	6,075	10,881	25,566	18,427	(7,139)	-27.92%
Charter School Sending Tuition	2,569,632	2,458,493	2,855,543	2,935,007	2,969,769	34,762	1.18%
School Choice Sending Tuition	491,803	587,053	695,564	726,334	654,205	(72,129)	-9.93%
Total Cherry Sheet Assessments:	3,589,685	3,596,195	4,054,432	4,206,684	4,166,848	(39,836)	
NET STATE AID:	10,628,496	10,603,815	11,011,628	11,051,675	11,205,780		0%
Net New Aid from Previous Year:	246,849	(24,681)	407,813	40,047	154,105	154,105	

Projected changes in Revenue for FY25

Projected Changes in Revenue for FY2025		
Revenue Source	Status	Estimated Increase
Proposition 2 1/2	Actual	\$ 1,874,734
Unused Levy Capacity	Actual	\$ 49,573
New Growth	Estimate	\$ 875,000
Debt Exclusion Police Station	Actual	\$ (7,712)
Motor Vehicle	Estimate	\$ 200,317
Hotel/Motel/ Meals	Estimate	\$ 120,000
Cannabis	Estimate	\$ (7,444)
Parking Revenue	Estimate	\$ 60,000
Ambulance	Estimate	\$ 200,000
Fines and Forfeits	Estimate	\$ 13,000
State Aid * Excludes offset	Governor's Budget	\$ 114,269
Licenses and Permits	Estimate	\$ 23,237
Fees and Dept Revenue	Estimate	\$ 30,225
Ambulance CPE	Estimate	\$ (47,000)
Fiscal Stability FY2024	Actual	\$ (1,284,954)
Miscellaneous Changes	Estimate	\$ 43,092
Preliminary Estimate of Increases		\$ 2,256,337

Preliminary FY2025 Revenues - \$119,270,507

Fiscal Year 2025 - Revenues		
Taxes	83,784,129.54	70.25%
State Revenue	16,959,325.00	14.22%
Charges for Services	14,137,973.00	11.85%
Interfund Operating Transfers	2,017,030.00	1.69%
Licenses and Permits	1,200,000.00	1.01%
Fines and Forfeits	533,000.00	0.45%
Reserve Transfer	0.00	0.00%
Miscellaneous Revenue	459,049.00	0.38%
Federal Revenue	180,000.00	0.15%
	119,270,506.54	100.00%



Projected Changes in Expenditures for FY25

Projected Changes in Expenses for FY2025		
Expenditure Category	Status	Estimated Increase
Retirement Contribution	Actual	\$ 244,206
Debt Service	Proposed	\$ (44,585)
Charter School Sending Tuition	Governors Budget	\$ 34,762
School Choice Sending Tuition	Governors Budget	\$ (72,129)
Cherry Sheet Charges	Governors Budget	\$ (2,469)
Health Insurance	Estimate new Premiums	\$ 1,310,739
Smith Vocational & Agricultural HS	Actual	\$ 29,904
NPS	Actual	\$ 1,462,630
Known Increases		\$ 2,963,058
Estimated New Revenue		\$ 2,256,337
Remaining Revenue for Unknowns:		\$ (706,721)
Other Insurances		?
City Departmental Increases		?

What does this mean for the FY2025 Budget?

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- ❖ Northampton will continue to maintain a competitive residential/commercial tax rate compared with neighboring communities.
- ❖ Single family home values will remain strong as the city continues to maintain high-quality municipal services – schools, public safety, public works, public health, etc.
- ❖ New growth will continue to provide additional levy capacity, and is estimated at \$875,000 for FY25.
- ❖ Local receipts such as meals tax, and hotel/motel tax have rebounded and parking is just beginning to come back, though other revenues are declining; such as cannabis.
- ❖ The City and the schools need to work together to provide justifiable funding for educating students well and equitably today and into the future.
- ❖ Emergency Service Calls continue to rise hitting new high levels annually
- ❖ Hiring trends are beginning to reverse, but overtime for necessary services and emergency situations create budgetary pressure.
- ❖ Inflation and high energy costs continue to impact departmental budgets.
- ❖ Health Insurance costs continue to rise at a higher rate than revenue
- ❖ The City needs to continue to be conservative and careful in its budgeting and management practices to maintain financial stability.

FY2025 Budget Calendar

December 14, 2023 – NPS FY2025 First View Budget presented by Superintendent to School Committee per request by Mayor last spring to begin budget process earlier due to anticipated FY2025 budget gap for NPS after the FY2024 Budget agreement.

January 30, 2024 – Mayor's Joint meeting of the City Council, Northampton School Committee, Smith Vocational & Agricultural Trustees and School Superintendents

February 29, 2024 – Mayor submits the Five Year Capital Improvement Program to the City Council

April 16, 2024 – Deadline for Northampton Public Schools and Smith Vocational & Agricultural High School to submit adopted budgets to the Mayor

May 16, 2024 – Mayor submits proposed City of Northampton FY2025 Budget to the City Council

June 30, 2024 – Deadline for City Council to hold a public hearing and vote on the proposed FY2025 Budget

Thank you!