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November 8, 2024

The Honorable John Lombardi, III
Members of the Common Council
City of Lockport
Lockport Municipal Building
One Locks Plaza
Lockport, NY 14094

Report Number: B24-1-8

Dear Mayor Lombardi and Members of the Common Council:

Pursuant to Chapter 332 of the Laws of 2014, as amended by Chapter 147 of the Laws of 2015 (the Act), the New York State Legislature authorized the City of Lockport (City) to issue debt to liquidate the accumulated deficits in the City's general, water, sewer and refuse funds as of December 31, 2013.

The Act requires the City to submit to the State Comptroller each year, beginning January 1, 2015, and for each subsequent fiscal year during which the debt incurred to finance the deficit is outstanding, the proposed budget for the next succeeding fiscal year. The Act requires that the submission of the proposed budget be made to our Office no later than thirty days before the last date on which the budget must be adopted.

The Act further provides that the State Comptroller must examine the proposed budget and make recommendations as deemed appropriate to the Common Council no later than 10 days before the last date on which the budget must be adopted. Such recommendations are made after the examination of the City's revenue and expenditure estimates. The Common Council, no later than five days prior to the adoption of the budget must review the State Comptroller's recommendations and make adjustments to its proposed budget consistent with any recommendations made by the State Comptroller.

Our Office completed an independent evaluation (review) of the City's proposed budget for the 2025 fiscal year. The review addressed the following question:

- Are the significant revenue and expenditure projections in the City's proposed budget reasonable?

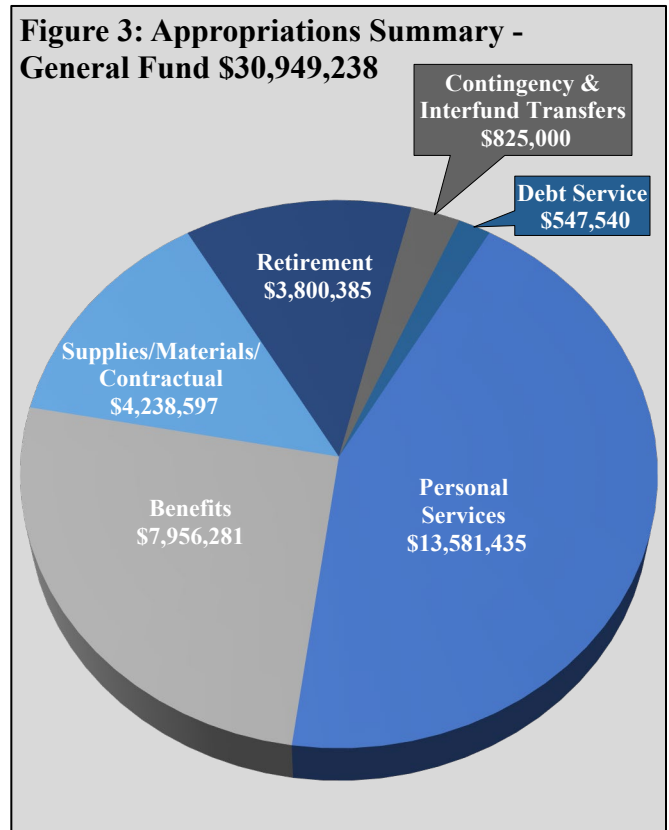
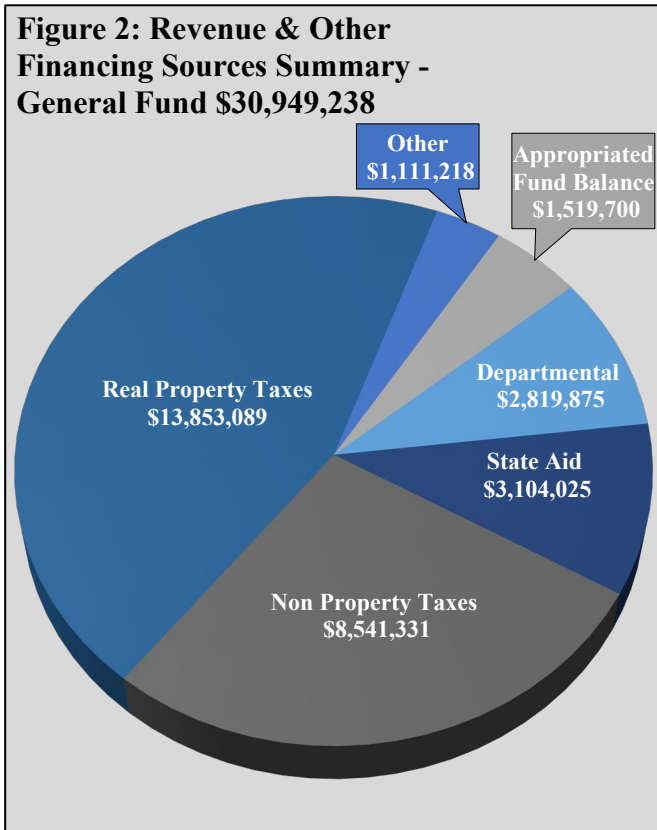
Based on the results of our review, we determined that the significant revenue and expenditure projections in the proposed budget appear reasonable.

To accomplish the review’s objective, we requested your proposed budget, salary schedules, debt payment schedules and other pertinent information. We identified and examined significant estimated revenues and expenditures for reasonableness with emphasis on significant and/or unrealistic increases or decreases. We analyzed, verified and/or corroborated trend data and estimates, where appropriate. We identified any significant new or unusually high revenue or expenditure estimates, made appropriate inquiries and reviewed supporting documentation to determine the nature of the items and to assess whether the estimates were realistic and reasonable.

The scope of our review did not constitute an audit under generally accepted government auditing standards (GAGAS). We do not offer comments or make specific recommendations on public policy decisions, such as the type and level of services under consideration to be provided.

The proposed budget package submitted for review for the 2025 fiscal year consisted of the 2025 proposed budget and supplementary information. Figure 1 summarizes the proposed budget submitted to our Office. Figures 2 summarizes the general fund’s revenue and other financing sources, and Figure 3 summarize the general fund’s appropriations.

Figure 1: 2025 Proposed Budget				
Fund	Appropriations and Provisions for Other Uses	Estimated Revenues	Appropriated Fund Balance	Real Property Taxes
General	\$30,949,238	\$15,576,449	\$1,519,700	\$13,853,089
Water	4,542,458	4,438,091	104,367	0
Sewer	4,389,981	4,152,637	237,344	0
Refuse	1,451,891	1,451,891	0	0
Total	\$41,333,568	\$25,619,068	\$1,861,411	\$13,853,089



Overtime

In our review of the proposed 2024 budget, we recommended that, if City officials were unable to develop strategies to reduce fire department overtime, they should increase appropriations to align closer to anticipated expenditures. City officials reduced overtime costs within the fire department. As a result, overtime appropriations were reasonably estimated; we expect 2024 overtime expenditures to be within the adopted budget's overtime appropriations. The overtime appropriations in the proposed 2025 budget were reasonable.

Ambulance Services

In our review of the proposed 2024 budget, we recommended that the City's appropriations for ambulance purchases should be increased to align closer to anticipated expenditures and revenue estimates for ambulance services should be reduced to a more conservative estimate. City officials did not increase 2024 appropriations because the Common Council, the former Mayor and former Director of Finance did not anticipate an additional ambulance purchase in 2024. However, in October 2024, after we were presented with the proposed 2025 budget, the Common Council amended the 2024 budget by increasing appropriations by \$156,073 to purchase a new ambulance for the fire department using unanticipated State aid to fund the purchase. The Director of Finance told us that he intends to reduce the fire department's proposed 2025 budget appropriations by \$165,000 because officials do not intend to purchase another ambulance, but these appropriations would be transferred or reallocated to other areas, which were not known at the time of this report. City officials followed our previous recommendations and decreased ambulance revenue estimates closer to actual revenues from \$1,025,786 to \$991,420; actual collections were approximately \$941,000 as of September 30, 2024.

The City's ambulance appropriations and revenue estimates in the proposed 2025 budget were reasonable and conservative.

Tax Cap Compliance

New York State General Municipal Law Section 3-c establishes a tax levy limit on local governments. The law generally precludes local governments from adopting a budget with a tax levy that exceeds the prior year tax levy by more than 2 percent or the rate of inflation, whichever is less, unless the governing board adopts a local law to override the tax levy limit.

The proposed budget includes a tax levy of \$13,853,089 which is below the maximum levy the City can impose without the Common Council needing to override the tax levy limit. In adopting the 2025 budget, the Common Council should be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless it properly overrides the tax levy limit prior to adopting the budget.

We hope that this information is useful as you adopt the upcoming budget for the City. We request that you provide us with a copy of the adopted budget.

If you have any questions on the scope of our work, please feel free to contact Melissa A. Myers, Chief of Municipal Audits of the Buffalo Regional Office, at (716) 847-3647.

Sincerely,

Robin L. Lois
Deputy Comptroller

cc: Sue A. Mawhiney, City of Lockport Treasurer
Daniel Cavallari, City of Lockport Finance Director
Emily Stoddard, City of Lockport Clerk
Hon. Andrea Stewart-Cousins, NYS Senate Majority Leader
Hon. Carl E. Heastie, NYS Assembly Speaker
Hon. Liz Krueger, Chair, Senate Finance Committee
Hon. Helene E. Weinstein, Chair, Assembly Ways and Means Committee
Hon. Michael J. Norris, State Assembly Representative
Hon. Robert G. Ortt, State Senate Representative
Blake G. Washington, Director, Division of the Budget
Melissa A. Myers, Chief of Municipal Audits